



**Report on the Self-assessment
Phase of the First Cycle of the
WCO Performance Measurement
Mechanism (PMM)**

October 2024





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ABBREVIATIONS AND ACRONYMS

AEO	Authorized Economic Operator
AIRCOP	Airport Communication Project
AMS	South America, North America, Central America and the Caribbean
API	Advance Passenger Information
ARCHEO	Real-time communication tool for the exchange of information and co-operation in order to prevent trafficking in cultural property
A-CIP	Anti-Corruption and Integrity Promotion Programme
A/P	Far East, South and South East Asia, Australasia and the Pacific Islands
CBM	Coordinated Border Management
CCP	Container Control Programme
CENcomm	Customs Enforcement Network Communication Platform
CFCH	Customs-FIU Cooperation Handbook
CI	Confidence interval
CTS	Cargo Targeting System
DM	Data Model
EPCB-HRMP	Executive and Professional Competency-Based Human Resource Management Programme
ESA	East and Southern Africa
EUR	Europe
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
GED	Gender Equality and Diversity
GEOAT	Gender Equality Organizational Assessment Tool
GNC	Globally Networked Customs
GTAS	Global Travel Assessment System
HRM	Human Resource Management

HS	Harmonized System
INCU	International Network of Customs Universities
IOs	International Organizations
IPR	Intellectual Property Rights
IT	Information technology
KPI	Key Performance Indicator
MENA	North of Africa, Near and Middle East
MoE	Margin of error
nCEN	nCEN - National Customs Enforcement Network
NCP	National Contact Point
PCA	Guidelines for Post-Clearance Audit
PGS	Programme Global Shield
PITCH	Handbook on Prevention of Illicit Trafficking of Cultural Heritage
PMM	Performance Measurement Mechanism
PMMPT	Performance Measurement Mechanism Project Team
PNR	Passenger Name Record
PSCG	Private Sector Consultative Group
RAD	Revised Arusha Declaration on Integrity and Good Governance in Customs
SAFE Framework	SAFE Framework of Standards to Secure and Facilitate Global Trade
SDGs	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs of Switzerland
STCE	Strategic Trade Control Enforcement
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WCA	West and Central Africa
WCO	World Customs Organization
WGPM	Working Group on Performance Measurement
WTO	World Trade Organization

Table of Contents

1. Executive Summary	9
2. Background.....	10
2.1. Establishment of the WCO Performance Measurement Mechanism (PMM).....	10
3. Introduction.....	10
3.1. WCO Performance Measurement Mechanism and its objectives.....	10
3.2. Performance Dimensions and Expected Outcomes	11
4. PMM Data Collection and Methodology of Analysis	12
4.1. PMM version 1	12
4.2. Overview of the PMM Dimensions	13
4.3. Development of PMM KPIs.....	14
4.4. PMM Data Collection Process of Self-assessment Phase.....	15
4.5. Scope of Data Collection and Analysis.....	15
4.6. Sample Size and Response Rates	17
4.7. KPIs Responses Across the Four Dimensions.....	19
4.8. KPI Analysis Across Dimensions.....	22
4.9. KPI performance	59
4.9.1. KPI performance based on response rates and blank responses	59
4.9.2. KPI Performance Analysis.....	65
4.10. Increased Trust in the Relationship with Trade from the PMM Perspective	66
4.11. PMM at the Crossroads of Integrity, Accountability and Good Governance.....	74
4.12. Application of the main WCO Instruments and Tools.....	82
4.13. PMM and the UN Sustainable Development Goals	87
5. Conclusions and Recommendations.....	91
<i>Annex I. KPI Performance/Productivity</i>	<i>97</i>
<i>Annex II. Application of the main WCO Instruments and Tools.....</i>	<i>97</i>
<i>Annex III. Application of the main WCO Instruments and Tools (with alternative methodological approach).....</i>	<i>97</i>

List of Tables

Table 1. Type of the selected KPIs.....	24
Table 2. Correlation coefficients of the KPIs and the respective WCO tools.....	86

List of Figures

Figure 1. Geographic representation of PMM participation	18
Figure 2. Representation of Members by different categories (out of a total of 62 participating Members)	18
Figure 3. Overall KPI response rate by PMM dimension	20

Figure 4. Response rate of the selected KPIs	23
Figure 5. Rate of Electronic Declarations by WCO region, geographical type, income grouping and administration type	25
Figure 6. Rate of Electronic Declarations (%) versus GDP (USD billion)	27
Figure 7. Data Standardization by WCO region, geographical type, income grouping and administration type ...	28
Figure 8. Share of E-commerce Shipments by WCO region, geographical type, income grouping and administration type	30
Figure 9. Share of E-commerce Shipments (%) versus GDP (USD billion)	31
Figure 10. Distribution of Share of E-commerce Shipments by geographical grouping.....	32
Figure 11. The Ratio of Binding Rulings on Classification to Import Declarations by WCO region, geographical type, income grouping and administration type	33
Figure 12. Degree of Non-compliance with Classification Rules by WCO region, geographical type, income grouping and administration type (This Figure does not include the result of the WCO's MENA region and the administration type Border Protection Service, since there is only one Member in the group. The disclosure policy of this KPI is at WCO level.)	35
Figure 13. Post-clearance Control Performance by WCO region, geographical type, income grouping and administration type.....	37
Figure 14. Effectiveness of Post-clearance Controls by WCO region, geographical type, income grouping and administration type.....	39
Figure 15. Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections by WCO region, geographical type, income grouping and administration type	41
Figure 16. Degree of Maturity of Risk Management on Goods and Passengers by WCO region, geographical type, income grouping and administration type	42
Figure 17. Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections (%) versus Degree of Maturity of Risk Management on Goods and Passengers	44
Figure 18. Variation in the Number of Cigarettes Seizures by WCO region, geographical type, income grouping and administration type.....	45
Figure 19. Variation in the Number of Cigarettes Seizures (%) and GDP (USD billion)	46
Figure 20. Effectiveness of Controls on Cigarettes by WCO region, geographical type, income grouping and administration type.....	47
Figure 21. Gender Balance Ratio by WCO region, geographical type, income grouping and administration type	49
Figure 22. Distribution of Gender Balance Ratio (%) by region	51
Figure 23. Gender Balance Ratio (%) versus GDP (USD billion)	52
Figure 24. Gender Balance Ratio (%) by job grade and WCO Region	52
Figure 25. Gender Balance Ratio (%) by job grade and income grouping.....	53
Figure 26. Maturity of Competency Development by WCO region, geographical type, income grouping and administration type.....	55
Figure 27. Access to training by WCO region, geographical type, income grouping and administration type	57
Figure 28. Distribution of Rate of Access to Training (%) by region	58
Figure 29. Rate of Access to Training (%) versus GDP (USD billion).....	59
Figure 30. Ten KPIs with the lowest rate of blank responses.....	60
Figure 31. Fifteen KPIs with the highest rate of blank responses.....	61
Figure 32. Top 5 KPIs with blank responses and reasons provided	62
Figure 33. Total number of blank responses versus percentage of blank responses per Member (%) by WCO region	63
Figure 34. Reasons for providing blank responses by WCO Region.....	64
Figure 35. Overview of the KPI Private Sector Engagement with a global average of 80.5%.....	68
Figure 36. Overview of the KPI Variation in the Number of AEOs with global average of 33.8%.....	70
Figure 37. Overview of the KPI Involvement in Trade with global average of 21.2%	72
Figure 38. Overview of the KPI Disciplinary Compliance with global average of 3.38%	76
Figure 39. Overview of the Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice with global average of 59.43%	78
Figure 40. Overview of the KPI Maturity of Anti-corruption and Integrity Preventive Measures with global average of 86.5%.....	80
Figure 41. PMM KPIs response rate (%) versus Expected Outcomes and SDGs	88

1. Executive Summary

1. The WCO Performance Measurement Mechanism (PMM) was established to create a politically recognized, evidence-based and scored assessment that can be used to improve Customs performance while making an impact on the economic development and business environment at national and international levels. In line with the WCO's strategic mandate, its Conventions, instruments, tools and recommendations, the PMM is therefore designed with the aim of improving the performance of Customs administrations.
2. The WCO PMM is to be considered a global assessment coordinated by the WCO, including a self-assessment and a peer review stage, at the Members' request. The PMM covers common performance areas/dimensions and enables benchmarking at the regional and global level to improve Customs performance in the areas of:
 - Trade Facilitation and Economic Competitiveness;
 - Revenue Collection;
 - Enforcement, Security and Protection of Society; and
 - Organizational Development.
3. Each performance dimension includes a specific set of expected outcomes, which are measured by key performance indicators (KPIs).
4. This Report presents the results of the self-assessment phase of the first cycle of the PMM which was conducted through a dedicated data collection platform.
5. The PMM platform provides a range of options for filtering and extracting the KPI results and tabulating the filtered data according to the KPI classifications (e.g. WCO region, income grouping, administration type etc). **While the data presented in this Report is always at the aggregate level (e.g. WCO region), rather than at the level of individual Members, reporting at the level of individual Members is possible on the PMM platform.**
6. **62 members have submitted partial information for the reference period (2022).** It should be noted that the PMM KPIs were set based on the assumption that not all KPIs would apply to all Members. With this in mind, for the 62 respondents not all information is available for each KPI. Respondents were able to select a reason why they were not able to provide an answer for a KPI from a predefined list.
7. The Report provides an outline of the rates of responses on aggregated levels across the WCO regions, income grouping, geographic type and the type of administrations. **A set of KPIs was selected for in-depth analysis** based on several factors, covering areas such as electronic declarations, data standardization, e-commerce shipment shares, applications for binding rulings, compliance with classification rules, performance and effectiveness of post-clearance control, risk-based compliance management, cigarette seizures and the detection of illicit cigarette trade, competency-based human resource management, and gender balance.
8. As part of the analysis, **areas were identified where additional capacity-building activities could be beneficial**, based on the provided responses.
9. The Report also reviews the performance of all 49 PMM KPIs based on the number of responses as well as the context and **outcome of the KPI**. When submitting the PMM responses, Members had the option to leave a KPI blank and provide one of five pre-defined reasons why data was not provided. The analysis of these

responses indicates that future rounds of PMM self-assessment are likely to include a lower proportion of responses left blank for these KPIs.

10. **Two expected outcomes** (Increased Trust in the Relationship with Trade and Advanced Level of Integrity) were selected for detailed analysis with their corresponding KPIs. This analysis allowed various aspects of the same expected outcome to be compared and analysed, as each KPI contributes to the overall goal from a slightly different perspective. **This section focuses on cross-analysis between KPIs.**
11. The PMM is designed primarily to assess the efficiency and effectiveness of all Customs competencies within four dimensions of Customs performance. The PMM also aims to measure the application of the main WCO instruments and tools that have a major impact on the corresponding expected outcomes under the PMM. In this context, the **Report analyses the use and awareness of the WCO's main instruments and tools.** Finally, **the Report examines how the collected KPI data contributes to achieving the UN Sustainable Development Goals (SDGs)** from the Customs side while continuously ensuring a secured and transparent trading environment.

2. Background

2.1. Establishment of the WCO Performance Measurement Mechanism (PMM)

12. In June 2019, the WCO Council approved the establishment of a Working Group on Performance Measurement (WGPM), mandated to develop the WCO Performance Measurement Mechanism to support a more strategic and evidence-based policy-making process. In June 2023, the WGPM accomplished its mandate while delivering the PMM. The 88th Session of the Policy Commission and 141st/142nd Session of the Council approved the first version of the PMM (PMM V.1). In addition to this, the PC and Council approved the maintenance and governance arrangements for the PMM implementation through the establishment of the Performance Measurement Mechanism Project Team (PMMPT).

3. Introduction

3.1. WCO Performance Measurement Mechanism and its objectives

4. The WCO PMM was established to create a politically recognized, evidence-based and scored assessment that can be used to improve Customs performance while making an impact on the economic development and business environment at national and international levels.
5. While promoting the role of the WCO as the leading organization in assessing and measuring Customs performance, the overall objective of the evidence-based, scored WCO PMM is to assist national economies in the process of revenue mobilization and the safe and smooth movement of people and goods. The PMM outlines the following specific objectives:

- Enable a strategic and evidence-based policy-making process in Customs administrations;
 - Incorporate all Customs competencies (revenue collection, trade facilitation and economic competitiveness, enforcement, security and protection of society, etc.) to assess and improve efficiency and effectiveness;
 - Reflect the extent to which the relevant WCO tools and Conventions are applied in support of revenue mobilization and the safe and smooth movement of people and goods;
 - Contribute to an introspective view of the effectiveness of the WCO process on Members' performance.
6. In line with the WCO's strategic mandate, its Conventions, instruments, tools and recommendations, the PMM is therefore designed with the aim of improving the performance of Customs administrations. WCO Members have been requesting technical assistance and capacity building in the area of performance measurement to advance in their level of maturity of performance evaluation. Establishing the necessary data architecture and processes would enable not only a consistent and effective strategic management process and evidence-based decision-making, but also participation in the WCO PMM, leveraging on a credible global assessment at the outcome level.
7. The PMM will provide several benefits to Customs and the WCO. It will make it possible to:
- identify strengths and weaknesses in Customs administration processes;
 - make informed decisions and secure impactful investments on a national scale;
 - set the reform agenda;
 - set performance goals and targets for continuous improvements through evidence-based benchmarking;
 - monitor and evaluate reform progress;
 - assess the contribution to the UN Sustainable Development Goals through enhanced performance;
 - design evidence-based WCO capacity-building interventions; and
 - identify the effectiveness of the main WCO tools, ensuring that they are fit for use.

3.2. Performance Dimensions and Expected Outcomes

8. The WCO PMM is to be considered as a global assessment coordinated by the WCO, envisaging a self-assessment and a peer review stage, at the Members' request. The PMM covers common performance areas/dimensions and will enable benchmarking at the regional and global level to improve Customs performance in the areas of:
- Trade Facilitation and Economic Competitiveness;
 - Revenue Collection;
 - Enforcement, Security and Protection of Society; and
 - Organizational Development.

9. The WCO PMM methodology allows the assessment of the efficiency and effectiveness of all Customs competencies within these four dimensions of Customs performance further broken down into specific expected outcomes. The current version of the PMM has 23 [expected outcomes](#) with the corresponding [Key Performance Indicators \(KPIs\)](#). In the future, additional expected outcomes and KPIs will be reviewed and elaborated as part of the next cycles of the PMM.
10. The PMM expected outcomes have been selected on the basis of the most commonly measured performance areas by the WCO Members, and are not exhaustive in terms of what Members measure at the national level, in relation to their specific strategic objectives.
11. The PMM also aims at measuring the application of the [main WCO instruments and tools](#) that have a major impact on the corresponding and correlated expected outcome under the PMM.
12. [The UN Sustainable Development Goals \(SDGs\) were also mapped against the PMM's expected outcomes](#), thereby positioning the PMM with respect to the global impact, beyond the outcome level. Each expected outcome has SDGs and SDG targets associated with them to ensure greater alignment in terms of the overall and specific objectives of the PMM.

4. PMM Data Collection and Methodology of Analysis

4.1. PMM version 1

13. The PMM assessment is voluntary and is to be conducted in two consecutive phases (self-assessment and peer review), in order to ensure the credibility of the assessment process. The self-assessment was conducted through a dedicated data collection platform developed specifically for the PMM. The source for this Report was the data collected through this platform. The development of the PMM was supported by the State Secretariat for Economic Affairs of Switzerland (SECO).
14. The peer phase review is conducted only if Members request it after the self-assessment stage. However, the completion of the peer review should be a prerequisite for a thorough performance evaluation. It will enable the WCO to ensure data quality and to provide evidence-based technical assistance and capacity-building support. For instance, capacity-building assistance might be prioritized if the need for such assistance is identified in a PMM assessment that includes the peer review stage.
15. The PMM also aims to measure the application of the main WCO instruments and tools that have a major impact on the corresponding expected outcome under the PMM. The instruments and tools were mapped against performance dimensions and expected outcomes. As part of the data collection process, the Members were invited to provide feedback on the use and awareness of the main WCO instruments and tools under the PMM. This will allow the WCO to understand the level of awareness and utilization of its main tools. It will also help to understand where additional awareness-building activities might be needed.

16. The PMM maintenance procedure envisages updating the list of the main WCO tools and instruments that have a major impact on the corresponding expected outcomes, as and when necessary.

4.2. Overview of the PMM Dimensions

17. The PMM and the PPM platform is centred around the four dimensions: Trade Facilitation and Economic Competitiveness, Revenue Collection; Enforcement, Security and Protection of Society; and Organizational Development.
18. These dimensions were agreed and discussed via the WCO Working Group on Performance Measurement (WGPM). The Group ensured that the dimensions aligned with wider objectives mapped against the PMM Expected Outcomes.
19. The PMM Expected Outcomes had been selected on the basis of the most commonly measured performance areas, and are not exhaustive in terms of what Members measure at the national level, in relation to their specific strategic objectives.
20. In addition, the Group also mapped the expected outcomes against the Sustainable Development Goals (SDGs).
21. The four dimensions include the respective expected outcomes.

Trade Facilitation and Economic Competitiveness:

- Increased Trust in the Relationship with Trade;
- Smoother Movement of People;
- Smoother Movement of Goods;
- Paperless Trade;
- Increased Quality of Services; and
- More Efficiency of Clearance and Delivery in E-commerce.

Revenue Collection:

- Increased Compliance with Classification Rules;
- Increased Voluntary Revenue Compliance; and
- Fairer Revenue Collection.

Enforcement, Security and Protection of Society:

- Increased Use of Technical Targeting and Detection Capabilities on Goods and Passengers;
- Increased Effectiveness in Combating Illicit Trade in Excisable Products (tobacco, alcohol, petroleum and oil...);
- Increased Effectiveness in Combating Illicit Trafficking of Cultural Heritage;
- Increased Effectiveness in Safeguarding Public Health;
- Increased Effectiveness in the Fight against Counterfeit Goods and Piracy, including Sustainability in the Disposal of Seized Goods;
- Increased Effectiveness in Combating Drug Trafficking;
- Increased Effectiveness in the Fight against Environmental Threats;

- Increased Public Security by Combating the Proliferation of Weapons and Materials of Mass Destruction, Trafficking of Small Arms and Explosives, and Illicit Diversion of Dual-use Goods; and
- Enhanced Efficiency and Accuracy in Financial Investigations Aimed at Combating Money Laundering and Terrorism Financing, including Asset Recovery.

Organizational Development:

- More Accurate Budget-based Strategic Planning;
- More Competent and Engaged Staff;
- Advanced Level of Accountability;
- Advanced Level of Integrity; and
- Improved Gender Balance of Staff at all Levels.

4.3. Development of PMM KPIs

22. The PMM v.1 includes a set of KPIs which have been linked to the respective expected outcomes and the four dimensions of Customs performance. The KPIs were developed and selected based on set criteria. The Members were invited to participate in the development of the KPIs. A [template for submitting proposals on KPIs](#) was developed, alongside the KPI [selection criteria](#). Several meetings were held under the leadership of the Members while drafting and finalizing the KPIs. Moreover, a limited set of KPIs were piloted. The aim of the pilot was not to deliver an analytical report of the data collected but to evaluate the feasibility of the collection of data for the selected KPIs to ensure data quality, consistency and reliability of the WCO Performance Measurement Mechanism (PMM). Additional objectives of the pilot were related to the opportunity to assess the costs and benefits of data collection for the PMM, as well as to consider further proposals for the revision of the selected KPIs included in the pilot. The pilot was also aimed at assessing the feasibility of gathering disaggregated data, in order to assign a further level of detail to the relevant KPIs. Based on the results and findings of the pilot further updates and revisions were applied.
23. Consultations were also held with other stakeholders (the Private Sector Consultative Group (PSCG), the International Network of Customs Universities (INCU), and other international organizations (IOs)) on the KPIs and means of verification.
24. In addition, in the process of digitalizing the KPIs in the PMM platform and preparing the IT infrastructure, the Secretariat carried out a further screening of the PMM deliverables and the PMMPT endorsed the proposed minor revisions/modifications aimed at rectifying some typing errors and/or clarifying the meaning of certain KPIs.
25. In the process of development and finalization of the KPIs, the disclosure policy was defined and agreed with respect to each KPI result and the relevant disaggregated data. However, the PMM platform still allows a different disclosure policy to be set for each KPI. With that in mind, the disclosure policy identifies the possibility of reporting specific KPIs at different levels according to Member administration preferences:
 - Public level: available on the public site;
 - WCO level: available to all NCPs and peer reviewers of all WCO Members, plus Secretariat staff

- Union level: available to NCPs and peer reviewers of Members of the Union, plus Secretariat staff; and
- Country/National level: available to NCPs and peer reviewers of the Member to be reviewed, plus Secretariat staff.

4.4. PMM Data Collection Process of Self-assessment Phase

26. In October 2023, the WCO Secretariat circulated a letter inviting all the Member administrations to designate the National Contact Points (NCP) to participate in the self-assessment phase of the first cycle of the PMM. The first cycle of the self-assessment assessment phase of the PMM V.1 was launched in November 2023, inviting the nominated PMM NCPs from the Member administrations to submit the data for the 2022 calendar year through the PMM platform.
27. The PMM NCPs were asked to provide data points for each KPI. The PMM platform gathered the data from participating Member administrations and processed it by applying pre-defined calculation methods per KPI.
28. The nominated PMM NCPs received detailed guidance on how to navigate the PMM data collection platform and submit the relevant data. Two global online NCP meetings were conducted by the WCO Secretariat while addressing the questions raised by the NCPs and finding solutions to emerging challenges and technical needs. The Meetings were conducted with the support of the [WCO Anti-Corruption and Integrity Promotion \(A-CIP\) Programme](#). Additionally, permanent support was ensured by the Secretariat on bilateral levels, as needed and requested by the NCPs.
29. The PMM self-assessment collection period was initially due to end in April 2024, but was extended until July/August 2024 at the request of Members and given the low levels of responses.
30. The PMM data and information were provided based on goodwill. The PMM does not embed any performance-rating criteria or ranking tools. This Report presents a summary of a historical database of various competencies of Members.
31. The PMM platform provides a range of options for filtering and extracting the KPI results, and then tabulating the filtered data according to the KPI classifications (e.g. WCO region, income grouping, performance dimension etc). The table values are determined using specific calculation criteria (number of KPI, average result, percentage of KPI completed etc). While the data presented in this Report is always at the aggregate level (e.g. WCO region), rather than at the level of individual Members, reporting at the level of individual Members is possible on the PMM platform.

4.5. Scope of Data Collection and Analysis

32. During the self-assessment phase of the first cycle of the PMM V.1, respondents provided data on the KPIs applicable to them. As a result, not all Members were in the position to provide data for every KPI under each expected outcome. Where data was not available, the respondents were asked to select the reason from a predefined list, namely:
 - The database has not been set up yet, but I have started collecting the data;

- The database has not been set up yet, but I am now planning to build one;
 - The database has not been set up yet and I am not planning to build one;
 - The database does not provide this level of detail; or
 - It was difficult to provide data in the given measuring unit.
33. The platform interface is therefore designed to work with the partial data set. When data is summarized and results presented in the Report, the sample size and the number of responses are indicated. Furthermore, the self-assessment phase provides information on the availability or variability of KPIs, as well as their regional and global average or median that are used as benchmarks in this exercise. Break-downs are provided while grouping the administrations according to different categories:

a) **WCO regions¹**

- South America, North America, Central America and the Caribbean (AMS)
- Europe (EUR)
- East and Southern Africa (ESA)
- North of Africa, Near and Middle East (MENA)
- West and Central Africa (WCA)
- Far East, South and South East Asia, Australasia and the Pacific Islands (A/P)

b) **World Bank income groups²**

- low-income economies
- lower-middle-income economies
- upper-middle-income economies
- high-income economies

c) **Geographic type**

- landlocked
- island
- others

d) **Administration type**

- Customs Agency
- Revenue Authority
- Ministry Department
- Border Protection Service
- Others

34. An overview of the rate of data submission related to the relevant KPIs also demonstrates the level of contribution to the achievement of the UN Sustainable Development Goals (SDGs). The Report also provides information with respect to the level

¹ [World Customs Organization \(wcoomd.org\)](http://wcoomd.org)

² <https://datahelpdesk.worldbank.org/knowledgebase/articles/378834-how-does-the-world-bank-classify-countries>

of use and awareness of the main WCO instruments and tools which are mapped to contribute to expected outcomes under each performance dimension.

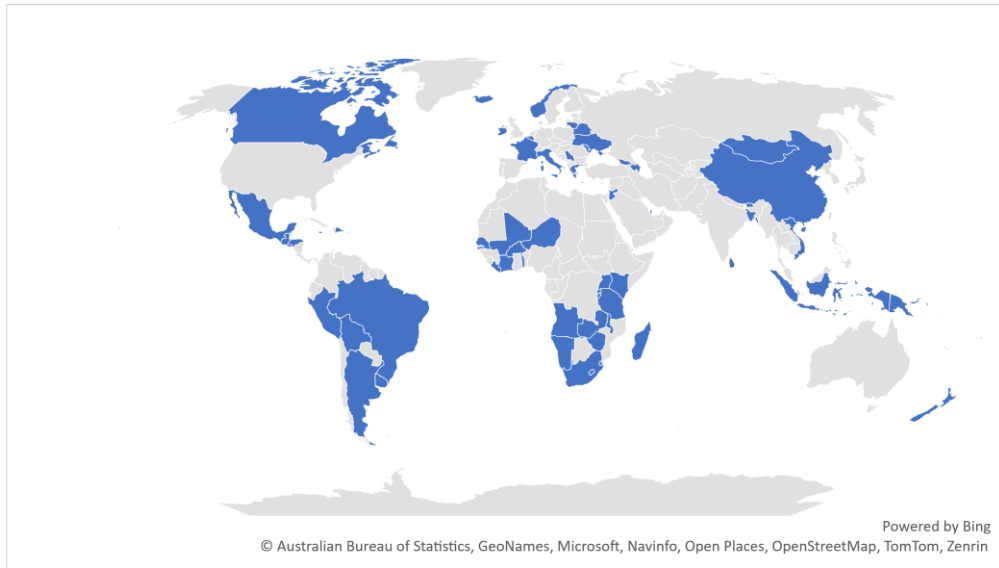
35. The analysis with respect to the average level of data submission per KPI, the average performance per KPI and the level of awareness and use of the relevant main WCO instruments and tools can also provide an overall evaluation of the need for capacity-building interventions in certain areas.

4.6. Sample Size and Response Rates

36. The PMM NCPs were invited to submit the data for the 2022 calendar year. Initially, 105 Member administrations expressed interest in the PMM by nominating the NCPs. However, only 62 Members³ submitted sufficient data to be included in the PMM V.1.
37. 62 members have submitted partial information for the reference period (2022). It should be noted that the PMM KPIs were set based on the assumption that not all KPIs will apply to all Members. With this in mind, for the 62 respondents not all information is available for each KPI. Respondents were able to select a reason why they were not able to provide an answer for a KPI from a predefined list.
38. The data submitted via the PMM platform has undergone a data quality check by the PMM team within the WCO Secretariat, alongside the automated checks provided by the platform itself. This process was designed to ensure the correctness and validity of the data. The PMM team went through all of the responses provided and highlighted any outliers, missing data and data that appeared incorrect and might have resulted from a misunderstanding of the KPI request. The results of the review were collected and sent to each respondent in the form of a detailed table. The respondents were invited to review their data and were provided with further instructions for completion. In addition, individual meetings were held with a number of respondents to clarify the data and answer any questions they might have had.
39. The data quality check was an important part of the PMM process. It was introduced to increase the reliability of the results and ensure conclusions could be drawn from the initial round of responses despite a fairly small sample size. The data quality check will also be an integral part of future PMM cycles. In addition, further guidance will be provided for Members in the next cycles of the PMM to ensure a better understanding of the KPIs and increased uptake of the PMM.
40. The geographic representation of 62 participating Member administrations is shown in blue in Figure 1.

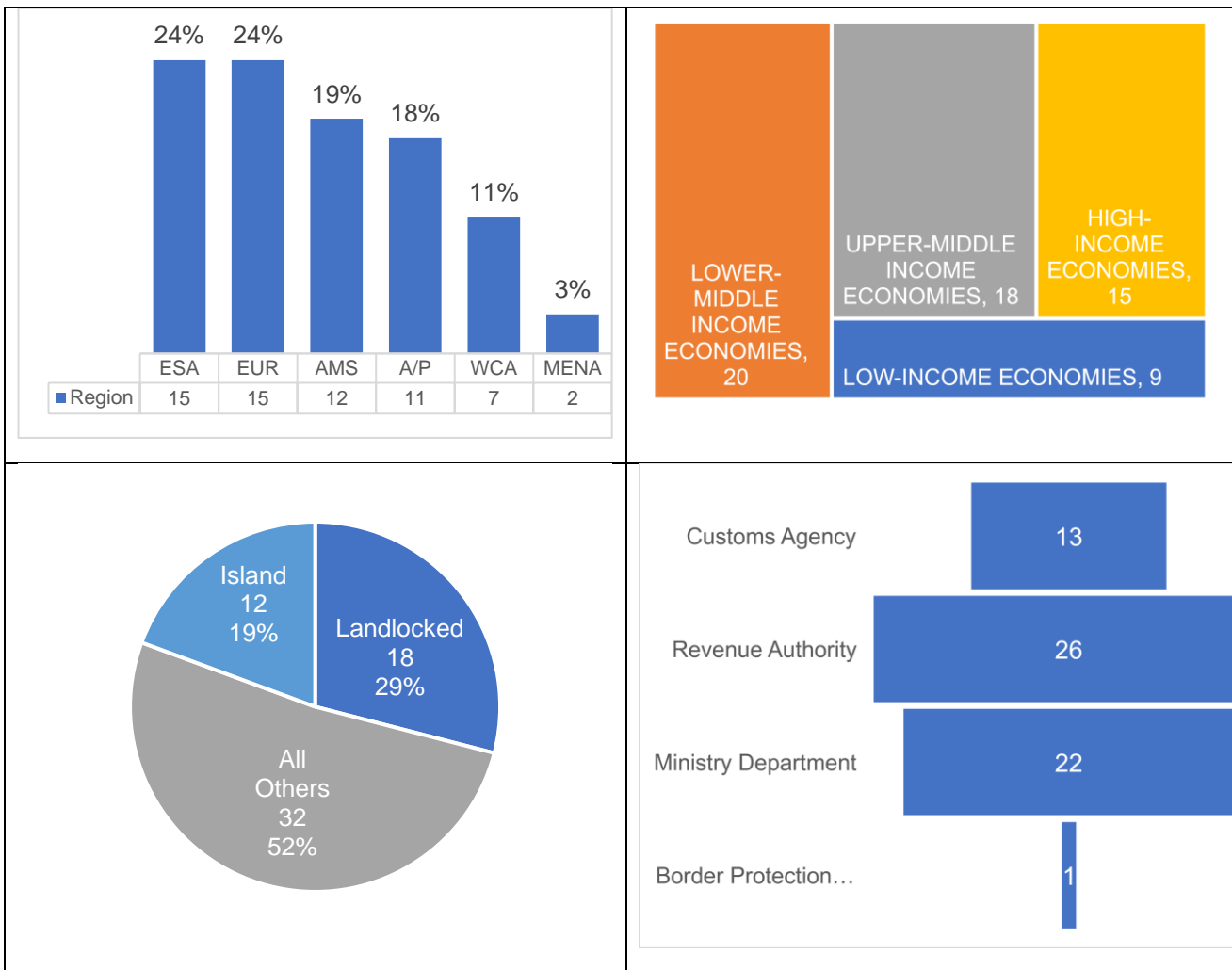
³ Angola, Argentina, Azerbaijan, Bangladesh, Belarus, Belgium, Bhutan, Bolivia, Brazil, Burkina Faso, Burundi, Canada, China, Côte d'Ivoire, Dominican Republic, El Salvador, Eswatini, France, Georgia, Greece, Guatemala, Honduras, Hong Kong (China), Iceland, Indonesia, Ireland, Italy, Jamaica, Jordan, Kenya, Lesotho, Liberia, Lithuania, Madagascar, Malawi, Mali, Malta, Mauritius, Mexico, Moldova, Mongolia, Namibia, New Zealand, Niger, Norway, Papua New Guinea, Peru, Qatar, Rwanda, Senegal, Serbia, Singapore, South Africa, Sri Lanka, Tanzania, Togo, Uganda, Ukraine, Uruguay, Vietnam, Zambia and Zimbabwe

Figure 1. Geographic representation of PMM participation



41. Figure 2 illustrates the participation rate of the 62 Members across the WCO Regions, income grouping, geographic type and type of administration.

Figure 2. Representation of Members by different categories (out of a total of 62 participating Members)



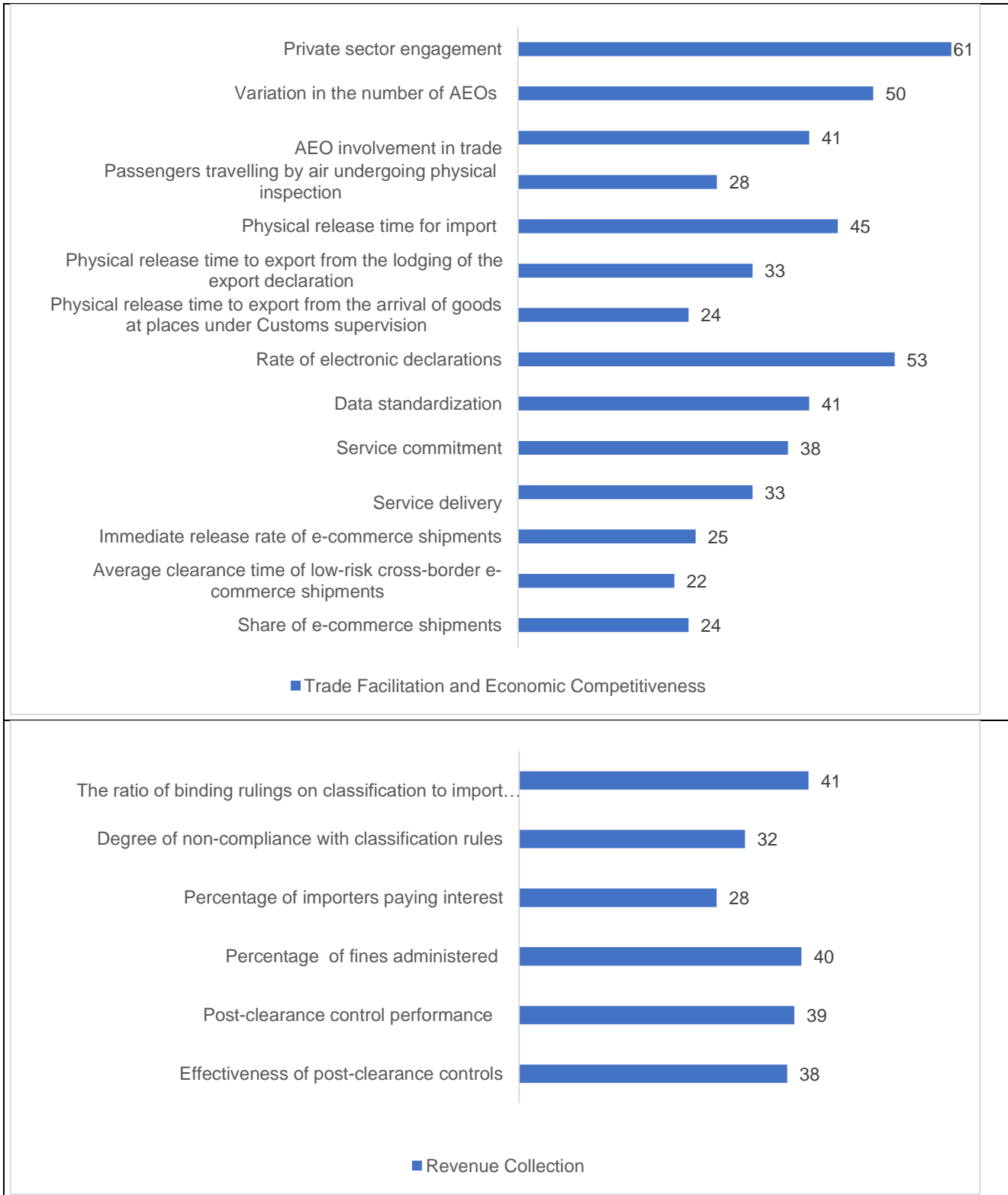
42. Although the number of responses is relatively balanced among the various categories, there are some categories that are underrepresented. This includes the MENA region, low-income economies and border protection services. This might impact the analysis. Therefore, further efforts will be needed to encourage greater participation in the next cycles of the self-assessment phase and thus ensure the balance across the Membership.

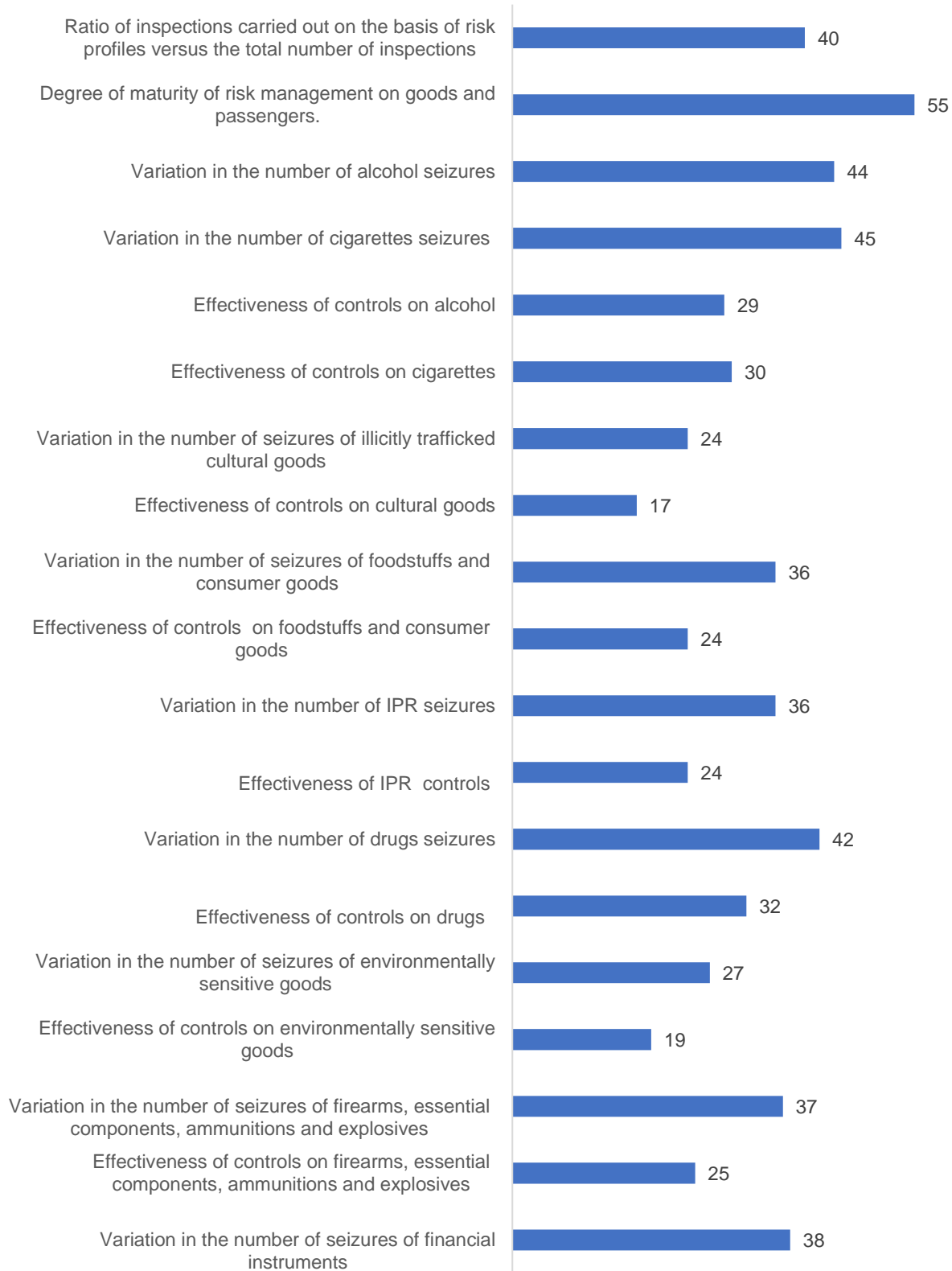
4.7. KPIs Responses Across the Four Dimensions

43. There was a variation in terms of the number of responses for different KPIs. This may result from the complexity of the data requested, the lack of national tools for capturing such data or simply the difficulty with providing the data on the platform. Further consideration should be also given to the reluctance to provide data due to the sensitivity and confidentiality aspects, despite the fact that the disclosure policy for each of the KPIs had already been predefined and agreed upon.
44. In terms of the Trade Facilitation and Economic Competitiveness dimension, the Private Sector Engagement KPI had by far the highest number of responses, with 61 out of 62 Members completing the binary YES/NO questionnaire. This KPI measures the existence and level of capabilities that are necessary to have an effective (responsive, transparent and reliable) outreach platform that enables dialogue on recurring or emerging Customs matters that are of importance to the industry.
45. Conversely, the KPI Average Clearance Time of Low-risk Cross-border E-commerce Shipments was completed by just over one-third of respondents.
46. In the Revenue Collection dimension, the responses were fairly evenly distributed. The lowest rate of responses was provided for the KPI on the Percentage of Importers Paying Interest.
47. The Enforcement, Security and Protection of Society dimension KPIs had the highest variation in terms of responses. 55 Members completed the KPI on the Degree of Maturity of Risk Management on Goods and Passengers, calculated on the basis of a binary YES/ NO questionnaire. Only 17 respondents were able to provide data for the KPI Effectiveness of Controls on Cultural Goods.
48. Finally, the Organizational Development dimension had the highest overall number of responses to all KPIs. The KPI Competency Development, measuring the average discrepancy between the required and the acquired competency, was the exception, with only 15 responses. Figure 3 below shows the number of responses for each KPI.
49. Overall, across all dimensions, the KPI concerning Competency Development was the lowest-scoring KPI with the lowest number of responses (15). On the other hand, the Private Sector Engagement KPI was the highest-scoring KPI with 61 out of 62 responses.

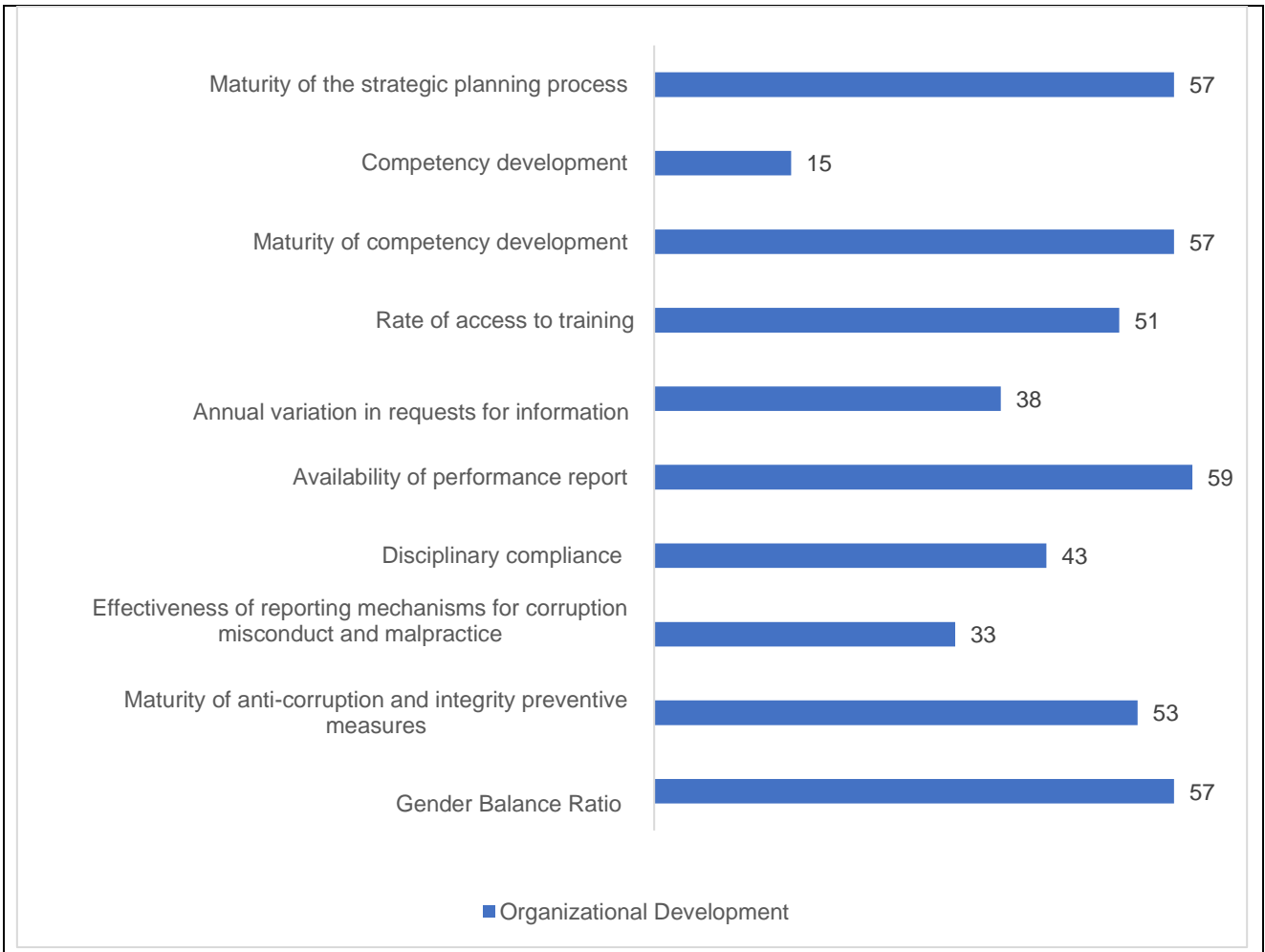
50. The sample size, along with the low level of responses for some of the KPIs, may affect the analysis. Additional efforts should be made to address this in future cycles of the PMM and ensure increased participation across the WCO Membership.

Figure 3. Overall KPI response rate by PMM dimension





■ Enforcement, Security and Protection of Society



4.8. KPI Analysis Across Dimensions

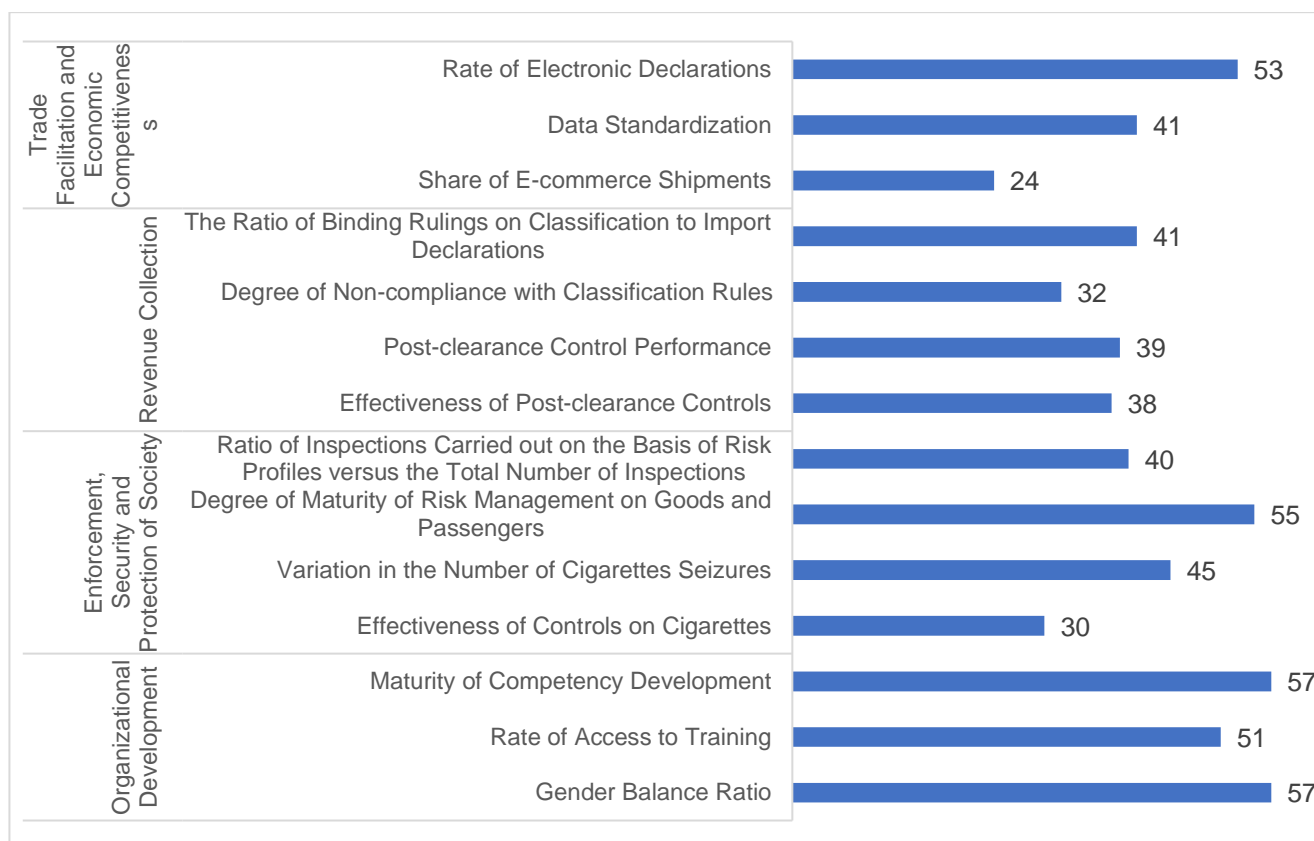
51. Fourteen KPIs across four PMM Performance Dimensions have been selected for in-depth analysis in this Report, based on the following criteria:

- High Response Rate:** the selected KPIs must have achieved a minimum threshold of more than 53% (33 Members) in the response rate and, ideally, 85% (53 Members)⁴ out of the 62 Members participating in the data collection. A higher response rate ensures that the analysis remains pertinent and useful to the participating Members. Notably, exceptions have been made for the KPIs Share of E-Commerce Shipments, Degree of Non-compliance with Classification Rules and Effectiveness of Controls on Cigarettes due to their fulfilment of other critical criteria.

⁴ Based on the total number of 62 participating Members, to achieve a **95% confidence level with a ±10% margin of error**, a response rate of 53% or 33 Members is needed; to achieve a **95% confidence level with a ±5% margin of error**, 85% or 53 Members is needed.

The confidence interval is the range within which the true population parameter is expected to fall, while the margin of error is the maximum amount by which the sample results may differ from the true population value, both based on a chosen confidence level (e.g., 95%).

Figure 4. Response rate of the selected KPIs



- **Balanced group representation:** the KPIs should offer a balanced reflection of performance across multiple dimensions, including regional representation, income grouping, geographical types, and types of administrations. This ensures that the analysis provides a holistic and equitable overview of results.
- **Comprehensive Coverage of main WCO tools:** KPIs selected under each Performance Dimension should provide comprehensive coverage in terms of their relevance to the use of the main WCO instruments and tools. This approach facilitates a thorough assessment of the effectiveness and efficiency of the main WCO instruments and tools.
- **Diverse KPI types:** The selection must also encompass a variety of KPI types, presenting a mix between effectiveness and efficiency-based indicators, leading and lagging indicators, as well as quantitative and qualitative measures.

Table 1. Type of the selected KPIs

KPI	Type of KPI		
	Effectiveness/ efficiency	Lagging/ leading	Quantita- tive/qualitive
Rate of Electronic Declarations	effectiveness	lagging	quantitative
Data Standardization	effectiveness	lagging	quantitative
Share of E-commerce Shipments	effectiveness	lagging	quantitative
The Ratio of Binding Rulings on Classification to Import Declarations	effectiveness	leading	quantitative
Degree of Non-compliance with Classification Rules	effectiveness	lagging	quantitative
Post-clearance Control Performance	effectiveness	lagging	quantitative
Effectiveness of Post-clearance Controls	effectiveness	lagging	quantitative
Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections	efficiency	lagging	quantitative
Degree of Maturity of Risk Management on Goods and Passengers	efficiency	leading	qualitative
Variation in the Number of Cigarettes Seizures	effectiveness	lagging	quantitative
Effectiveness of Controls on Cigarettes	effectiveness	lagging	quantitative
Maturity of Competency Development	efficiency	leading	qualitative
Rate of Access to Training	effectiveness	lagging	quantitative
Gender Balance Ratio		lagging	quantitative

52. Some of the KPIs included additional questions on disaggregated data. The respondents had the option to leave these questions blank if no data was available. Out of the 14 KPIs selected for in-depth analysis, only one had a sufficient response rate to allow for the analysis of disaggregated data. To ensure adequate representation of the responses, a threshold for the number of responses is set based on a 95% confidence interval (CI) with a margin of error (MoE) of either 5% or 10%. The KPI on Gender balance received 57 responses; with a 95% CI and 10% MoE, the minimum threshold is 37 responses. As 38 Members provided disaggregated data by job grade, this qualifies the KPI for analysis based on job grade.

All data in this Report refers to the calendar year 2022.

The KPI results disclosed in this Report are aggregated statistics at the group level (by region, income, geography and type of administration), rather than at the Member level. If there is only one Member in the group, the KPI result is shown only when the KPI's disclosure policy permits public disclosure. When the disclosure policy of the KPI is at the WCO level, Union level or Country/National level, group-level results with only one Member are removed from this Report.

For quantitative KPIs, the analyses are based on their global average. For qualitative KPIs, calculated on the basis of binary answers of YES (1) and NO (0), results are more likely to be skewed towards higher values; the median value is used for the analyses

Dimensions Trade Facilitation and Economic Competitiveness

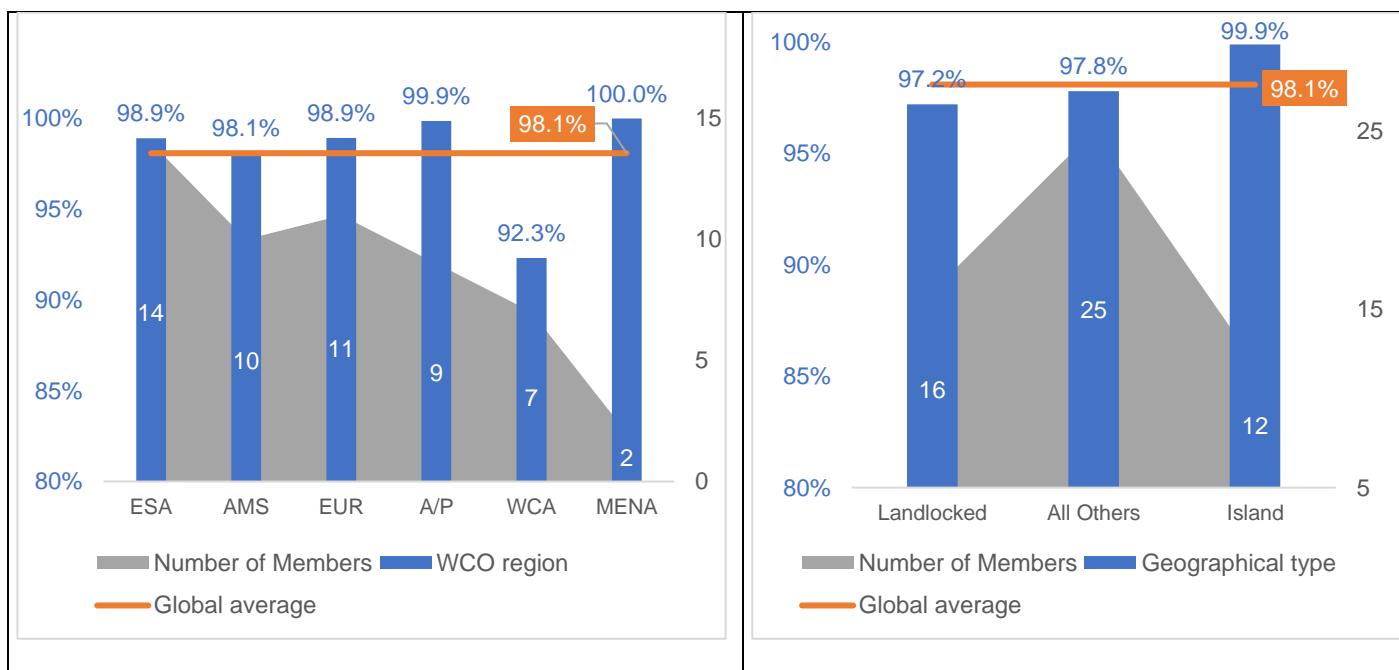
KPI Rate of Electronic Declarations

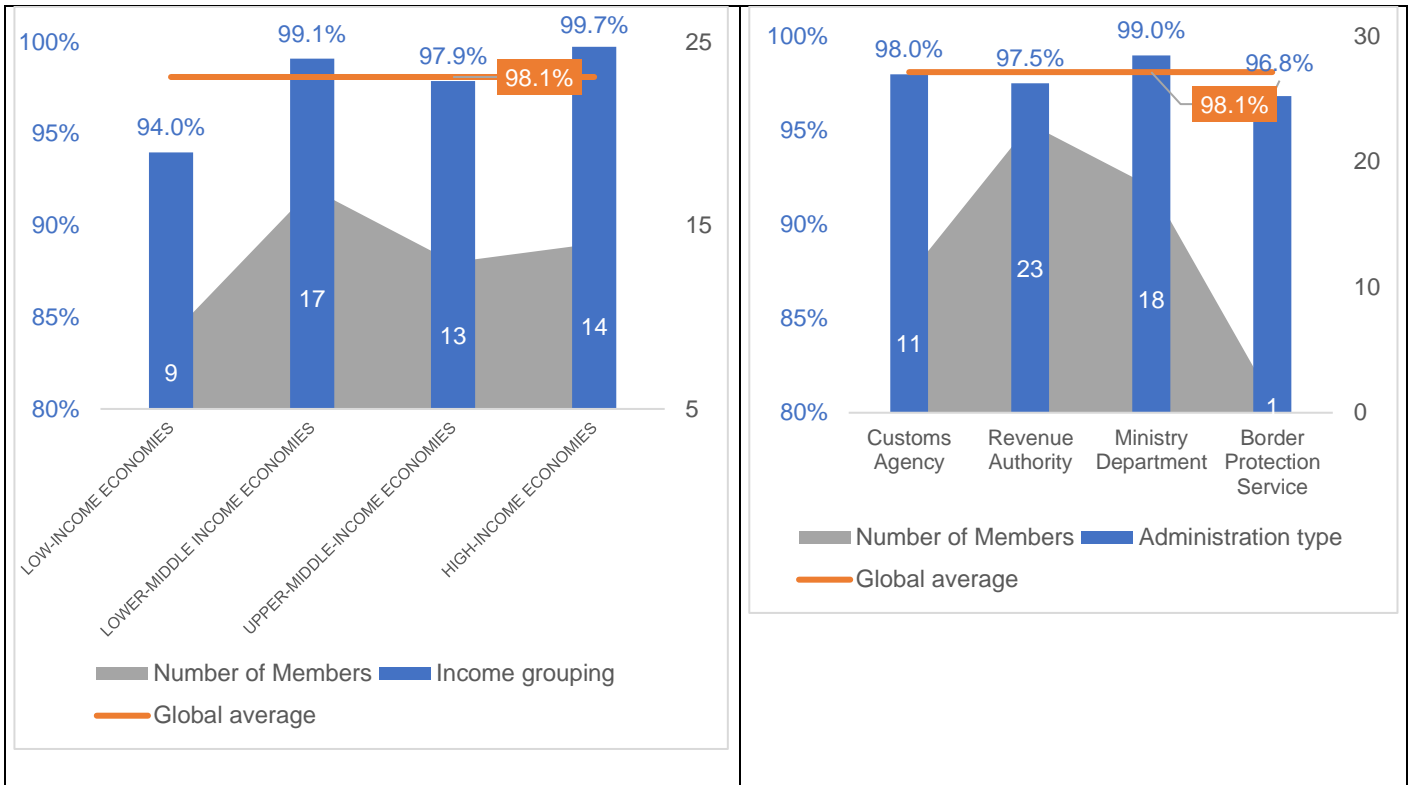
53. The KPI Rate of Electronic Declarations measures the percentage of declarations (import, export, transit and cargo) submitted electronically including through the Single Window. This is an important KPI indicating the rate of digitalization of Customs procedures and the degree of adoption of paperless trade.

KPI overview

Total number of responses: 53

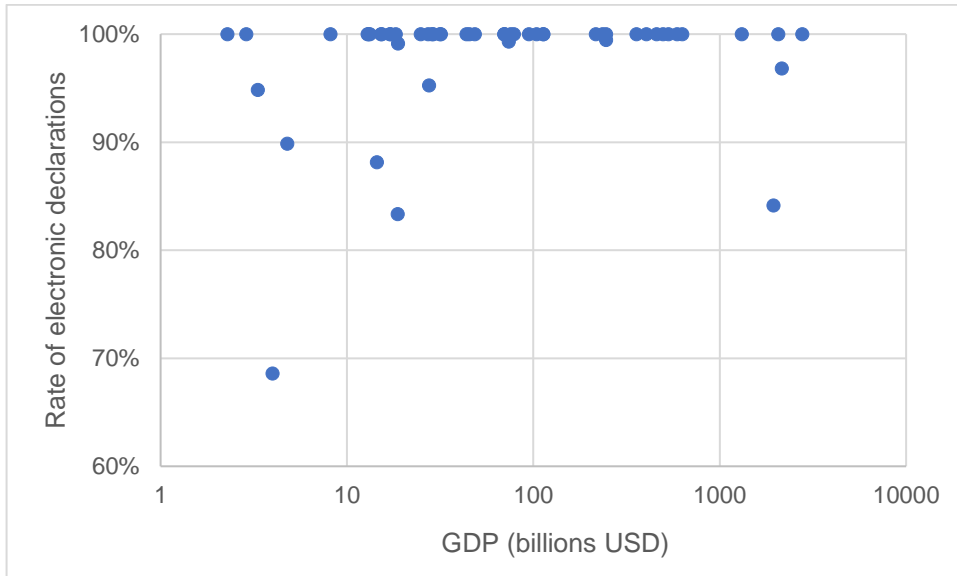
Figure 5. Rate of Electronic Declarations by WCO region, geographical type, income grouping and administration type





54. Overall, the results for this KPI were relatively high with a global average of 98.1%. This indicates a high level of adoption of electronic declarations across all regions and groupings, with limited application of paper-format Customs procedures. This KPI also had a high percentage of responses with only 9 out of 62 countries leaving it blank. In total, 15.1% of all respondents scored below the global average.
55. In terms of WCO regions, the results indicate that WCA was the only WCO region with an overall score below average. The regional average, 92.3%, 5.8% below the global average of 98.1%, was caused by three out of seven respondents in this region scoring lower.
56. The results for this region may indicate that additional support is required to fully digitize Customs declarations. On the other hand, the A/P and MENA regions did not have any Members with results lower than the average.
57. Although low-income economies have an average result of 94.0%, which is below the global average, there is no statistical indication of a relationship between a country's GDP and its rate of electronic declarations. In other words, among the responding Members, the rate of electronic declarations does not grow consistently with the increase in GDP. Therefore, while low-income economies are more likely to need additional support in adopting electronic declarations, the rate of adoption cannot be explained solely by GDP. In addition, in low-income economies, a paper alternative to an electronic declaration might be a useful option in cases where there is no option to submit an electronic declaration.

Figure 6. Rate of Electronic Declarations (%) versus GDP (USD billion)



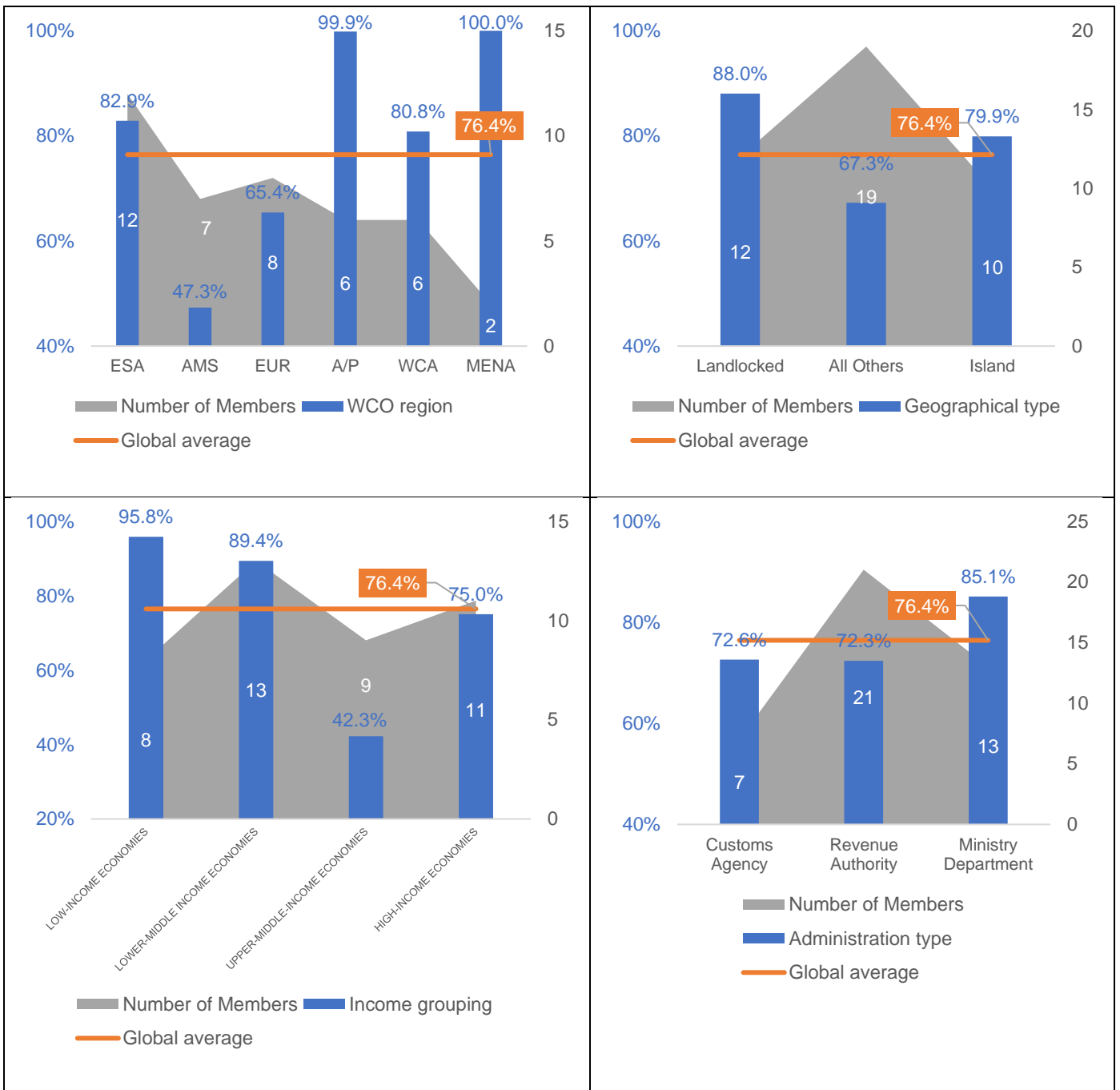
KPI Data Standardization

58. This KPI tracks the percentage of Customs declarations having undergone a process of data standardization through the adoption of the WCO Data Model (DM). The indicator measures the conformity of the different types of Customs declarations (import, export, transit, cargo declaration) with the WCO DM. Both this and the previous KPI contribute to the Primary Expected Outcome of Paperless trade.

KPI overview

Total number of responses: 41

Figure 7. Data Standardization by WCO region, geographical type, income grouping and administration type



59. The average result for this KPI was 76.4% among the 41 responding Members. Overall, 29.3%, or 12 Members, scored below the global average. This is nearly twice as much as for the previous KPI, Rate of Electronic Declarations, indicating that while a relatively high number of all declarations are digitalized, not all of them are aligned with the WCO DM.

60. The AMS region declared the lowest result (47.3%) with 71.4% of Members below the global average. The EUR region was the second lowest-scoring region with 65.4%. 50.0% of Members in EUR scored below the global average.

61. On the other hand, the MENA and A/P regions were the highest-scoring regions with results of 100.0% and 99.9% respectively. No Members in these regions scored below the global average of 76.4%.
62. In terms of geographical grouping, both landlocked and island Members scored above the global average, while all other respondents averaged 67.3%.
63. Low-income economies declared the highest percentage of data standardization with an average of 95.8%. Interestingly, low-income economies scored the lowest out of all income groupings when it came to the KPI Rate of Electronic Declarations, yet by far the highest in terms of the degree of adoption of the WCO Data Model. This may be caused by the adoption of the WCO DM as part of various capacity-building activities and programmes supported by the WCO. The results indicate that low-income economies predominantly rely on the Data Model for their Customs declarations.
64. The second highest-scoring income grouping was lower-middle-income economies. This region also scored above the 76.4% global average with a result of 89.4%.
65. The other two groups, upper-middle income and high-income economies scored below the global average. The upper-middle economies had the lowest result (42.3%). Interestingly, high-income economies, while also below the global average, had a significantly higher result of 75% and a higher rate of alignment with the WCO DM.
66. KPIs Rate of Electronic Declarations and Data Standardization both contribute to the same primary expected outcome of Paperless Trade. However, these two KPIs focus on different aspects of the digital transformation process. The Rate of Electronic Declarations measures the degree of digitalization in all Customs declarations. Data standardization, on the other hand, assesses the extent of alignment with the WCO DM. Because of the differences between the two KPIs – digital adoption versus data harmonization – their results may not necessarily correlate or closely match, despite both being essential to achieving the outcome of Paperless Trade.

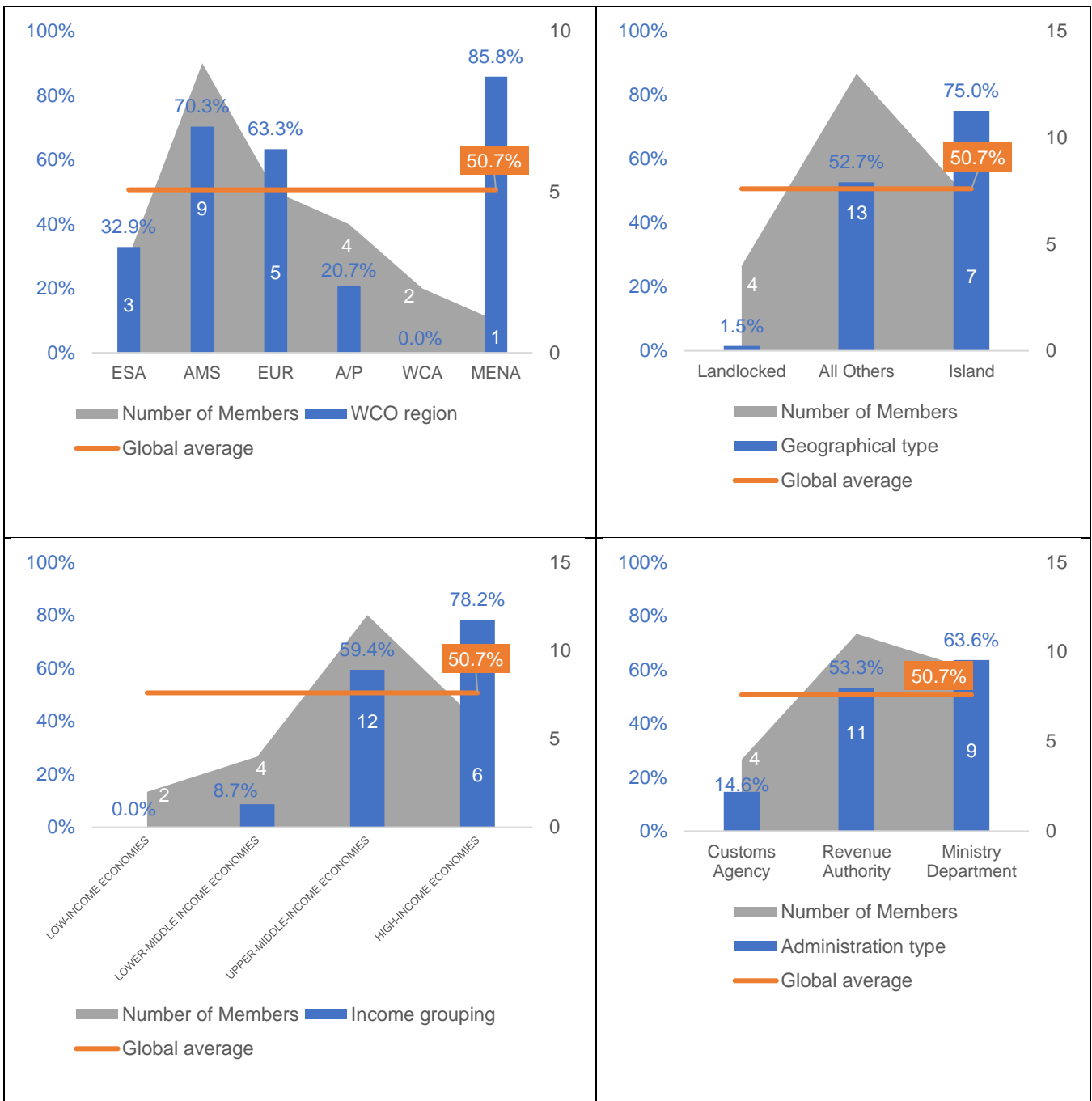
KPI Share of E-commerce Shipments

67. This KPI measures the share of e-commerce to overall trade, including both import and export shipments. The term e-commerce refers here to all transactions which are conducted digitally through a computer network and result in physical goods flows subject to Customs formalities and destined to a consumer. This includes both Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C) transactions. The KPI measures the proportion of these transactions to the total number of shipments (import and export).

KPI overview

Total number of responses: 24.

Figure 8. Share of E-commerce Shipments by WCO region, geographical type, income grouping and administration type



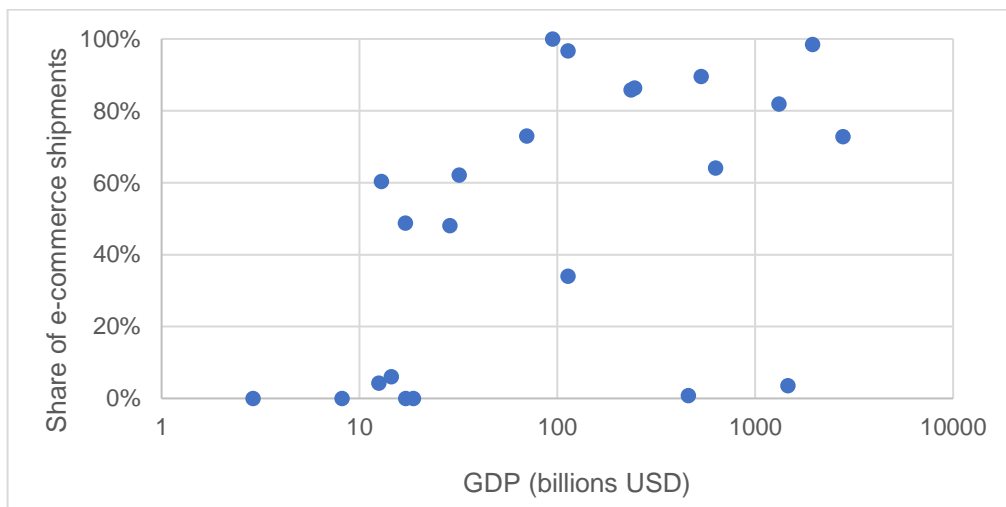
68. The average result of this KPI is 50.7% among the 24 responding Members. With 24 responses, the KPI had a relatively low level of responses. A further 36 Members provided a justification for leaving this KPI blank: 20 stated that their database did not provide this level of detail, and 25 that they were not planning on collecting this data in the near future.

69. The reported average of 50.7% is relatively high. It is difficult to correctly measure the share of e-commerce as, in many Members, such shipments are classed as low-value shipments and are not always reported in the same way as commercial freight shipments. However, most estimates indicate a much lower global average. For example, in 2021, the UNCTAD indicated that B2C and B2B sales were

equivalent to 30% of global gross domestic product that year.⁵ According to the UNCTAD technical note, “Business e-commerce sales and the role of online platforms”, “the share of business turnover generated through e-commerce varies widely in the economies analysed, from less than one per cent to as much as 30 per cent”.⁶

70. There were generally large discrepancies in the results, with some Members reporting 0% of e-commerce shipments and others 100%. This might indicate that further guidance and efforts are needed to understand the rationale of the KPIs related to e-commerce while following the WCO Framework of Standards on Cross-Border E-Commerce.⁷
71. When compared amongst the WCO regions, there were great differences in the results. The MENA region declared 85.8% rate of e-commerce shipments (although this was based on only one response) and the AMS 70.3%. At the same time, the WCA region declared 0% and the A/P region scored 20.7%.
72. According to the results, there was a large gap between the results of the two lower-income groups and the two high-income groups. Low-income economies scores indicated the lowest result (0%) and the high-income economies scored the highest (78.2%). However, further analyses of the correlation and regression between the KPI result and the Members’ GDP do not reveal a statistically significant relationship. In other words, GDP alone does not provide enough explanatory power to reliably predict changes in the share of e-commerce shipments.

Figure 9. Share of E-commerce Shipments (%) versus GDP (USD billion)



⁵ Source: <https://unctad.org/news/global-e-commerce-jumps-267-trillion-covid-19-boosts-online-sales>

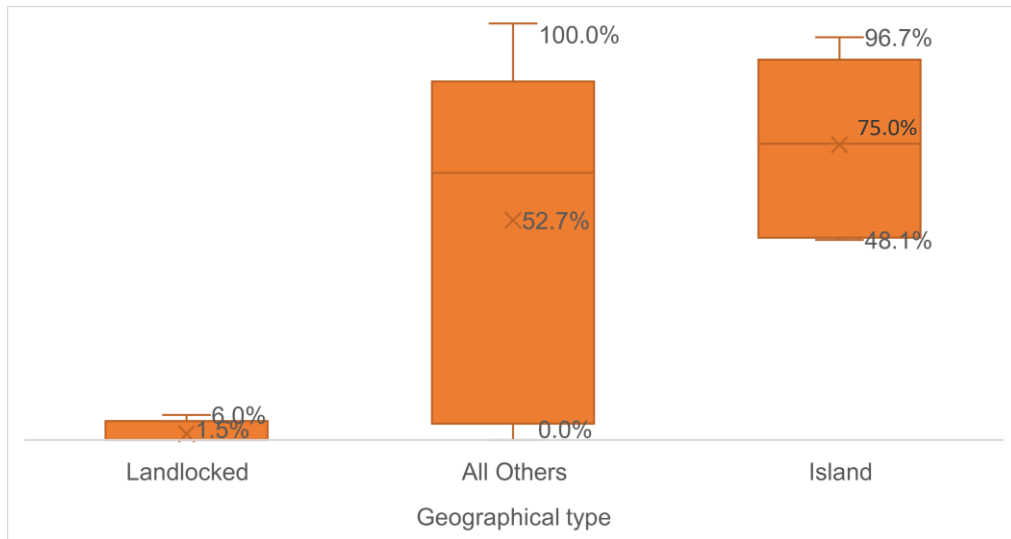
⁶ Source: <https://unctad.org/publication/business-e-commerce-sales-and-role-online-platforms>

⁷ The WCO Framework of Standards on Cross-Border E-Commerce characterizes e-commerce as:

- online ordering, sale, communication and, if applicable, payment,
- cross-border transactions/shipments,
- physical (tangible) goods, and
- destined to consumer/buyer (commercial and non-commercial).

73. There were also significant differences by geographical grouping. Landlocked Members reported on average 1.5% of the share of e-commerce declarations, while island Members reported 75% on average. All others scored an average of 52.7%. Regression analysis of the 24 responding Members further confirms that differences by geographical grouping are significant. Specifically, the share of e-commerce declarations observed in island Members is notably higher, while in landlocked Members it is significantly lower. Such differences are not accidental.

Figure 10. Distribution of Share of E-commerce Shipments by geographical grouping



Dimension Revenue Collection

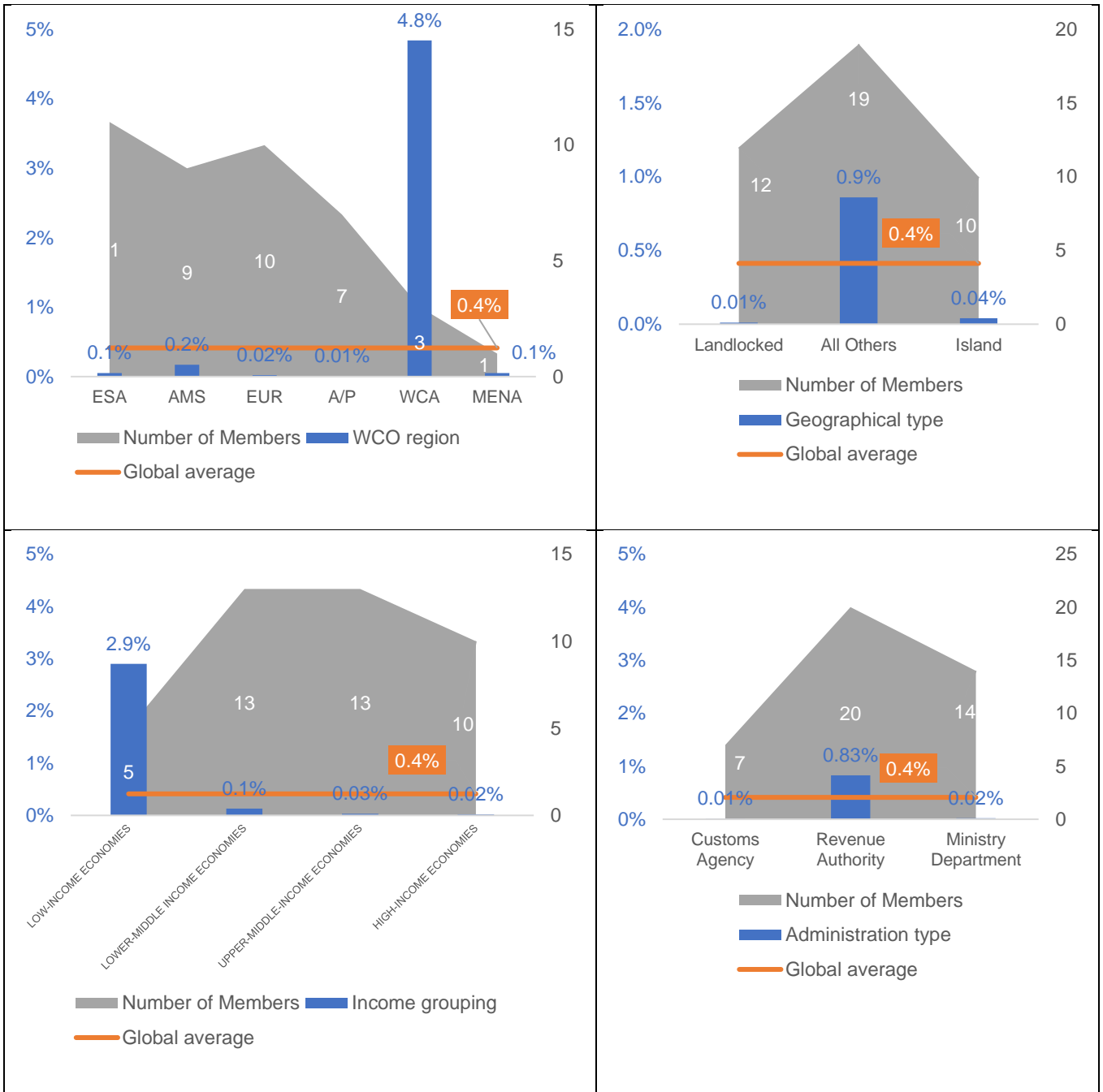
KPI The Ratio of Binding Rulings on Classification to Import Declarations

74. This KPI tracks the ratio of the total number of binding rulings on classification valid in the calendar year to the number of import declarations. Binding classification rulings give businesses increased certainty regarding the tariff rate applicable to their imported products.

KPI overview

Total number of responses: 41.

Figure 11. The Ratio of Binding Rulings on Classification to Import Declarations by WCO region, geographical type, income grouping and administration type



75. The overall average for this KPI was 0.4%. This is because binding classification rulings are not mandatory and often not necessary. Companies would apply for a binding classification ruling only under certain circumstances, for example when there is a reasonable doubt regarding the classification of a product. At the same time, the availability of binding rulings is part of Members' obligations under the WTO Trade Facilitation Agreement (Article 3).

76. About two-thirds of respondents provided information on this KPI (41 out of 62). 8 out of 19 Members who left this response blank stated that they were planning to set up a database and collect the information.

77. Out of all the regions, only the WCA reported results above the global average - 4.8%. Both the EUR and A/P regions reported nearly 0%. Binding classification rulings are available in many countries in these regions, but the results indicate that the share of trade under Binding Tariff Information (BTIs) is very small.
78. When comparing results across the geographic type, both landlocked and island Members reported almost 0%, while all others scored above the average with a result of 0.9%.
79. In terms of income grouping, the results indicate that low-income economies tend to rely on binding classification rulings more than other groups of economies. They reported the highest result with 2.9%. This might be explained by the fact that less guidance and sources of information might be available in these economies. In cases when companies are less familiar with the process of classification, a binding ruling can be a useful tool. Lower-middle-income economies reported a result of 0.1% with the two higher-income groups both declaring close to 0%.
80. The results were also above average for revenue authorities (0.83%) versus other types of administrations.

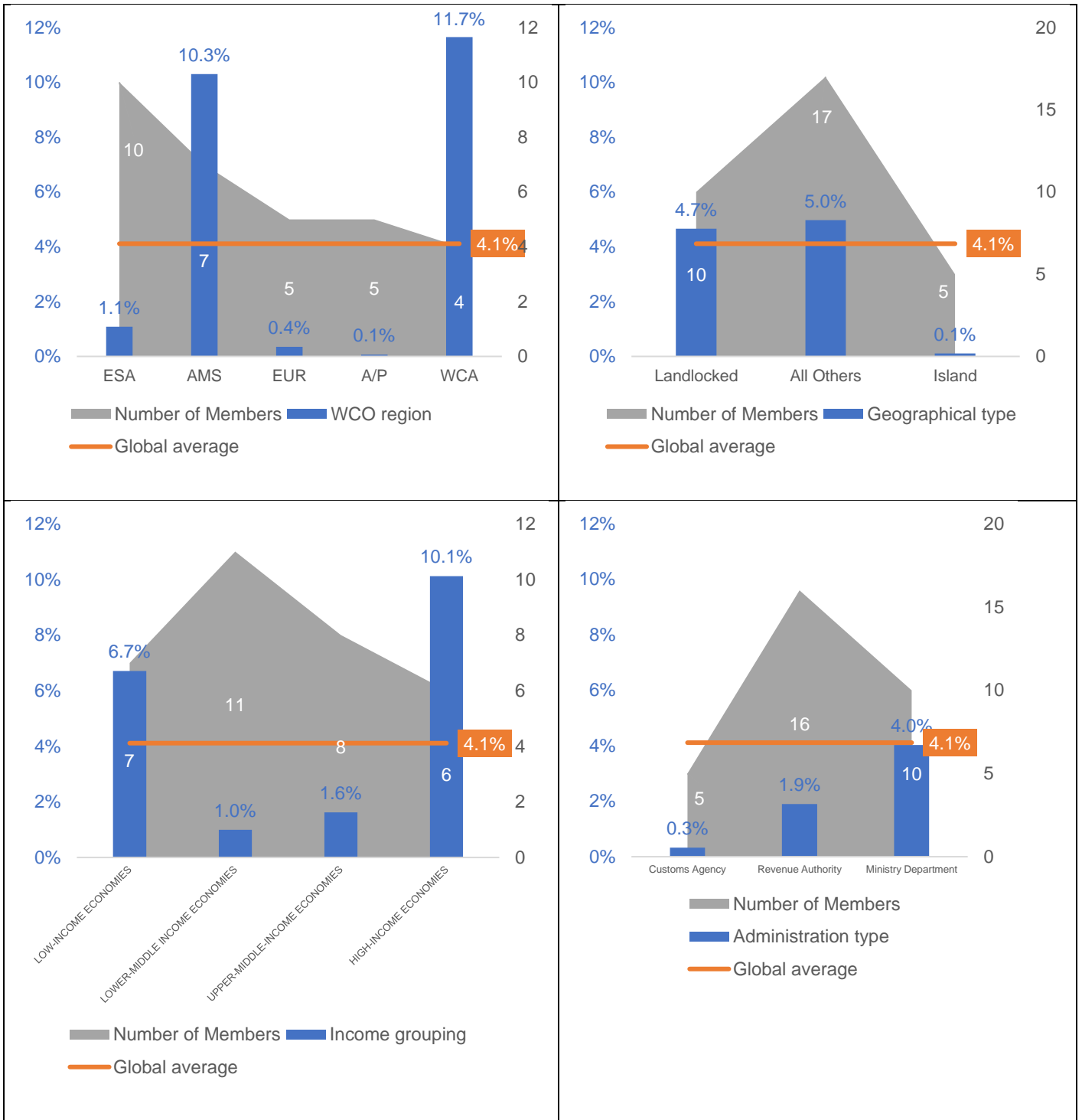
KPI Degree of Non-compliance with Classification Rules

81. This KPI measures the number of classification violations compared to the number of all Customs declarations submitted in the same period. This is based on instances of misclassifications that have been identified by Customs during importation.

KPI overview

Total number of responses: 32.

Figure 12. Degree of Non-compliance with Classification Rules by WCO region, geographical type, income grouping and administration type (This Figure does not include the result of the WCO's MENA region and the administration type Border Protection Service, since there is only one Member in the group. The disclosure policy of this KPI is at WCO level.)



- 82. The global average for this KPI was 4.1% with just over half of respondents providing answers to this KPI (32 out of 62).
- 83. The two WCO regions scored above average. The WCA region had the highest percentage of identified classification violations to all trade with a result of 11.7%, and the AMS region 10.3%, with 71.4% of Members in this region reporting a number of violations that was above average. These results indicate that classification

is still posing a problem for local companies and that additional capacity-building support could be helpful. They also indicate a high degree of checks and controls being carried out that lead to identifying cases of misclassification.

84. The results varied between different income groupings; however there was no direct correlation. Lower-middle-income economies scored the lowest, with only 1% of classification violations. Here again, this might be caused by the number of controls rather than the degree of understanding of classification. On the other hand, high-income countries reported 10.1% of misclassification.
85. There are differences between results reported by different types of administration types, ranging from 0.3% for Customs agencies to 1.9% for Revenue Authorities and 4.0% for Ministry Departments.

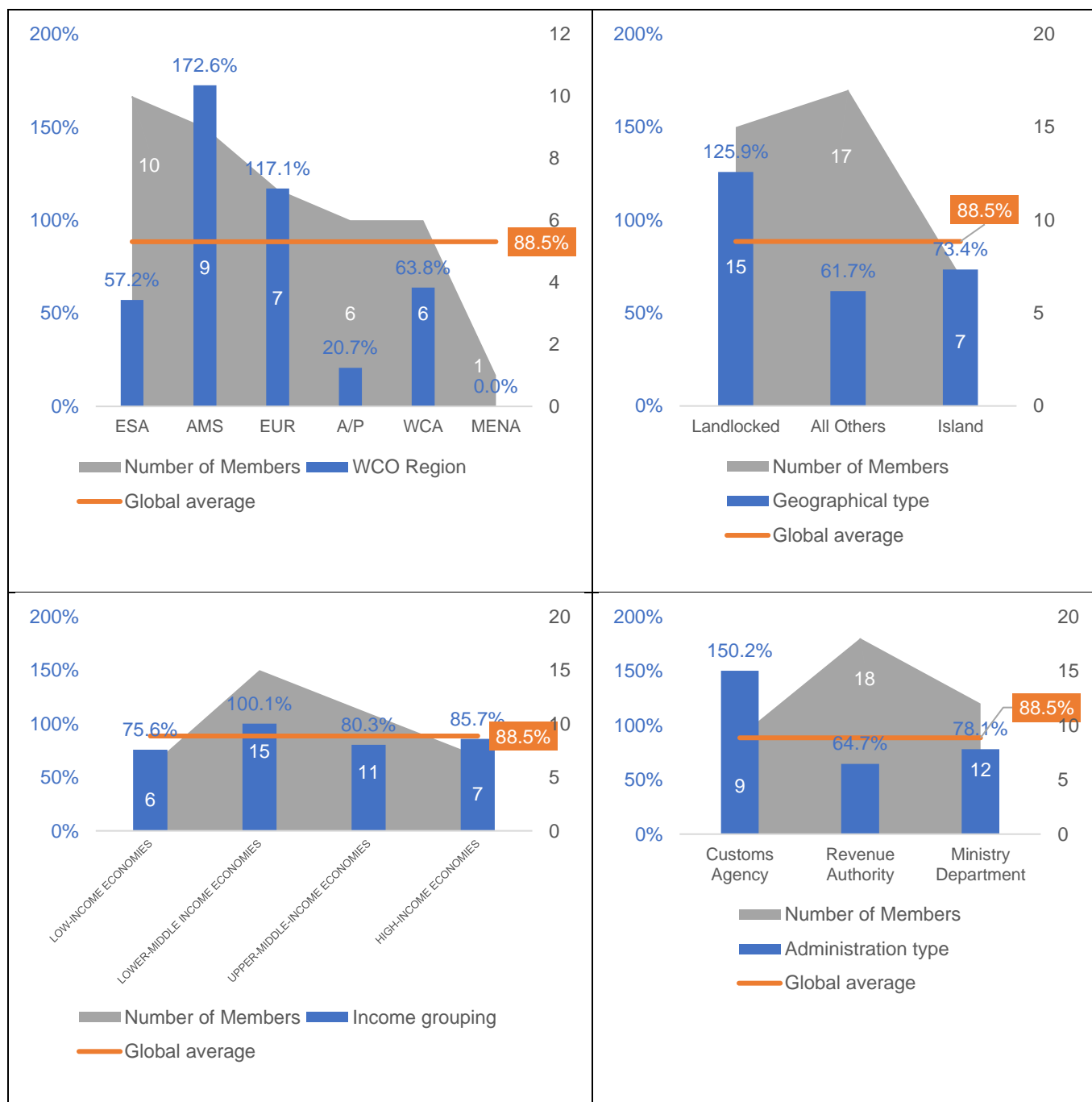
KPI Post-clearance Control Performance

86. This KPI measures the proportion of the net amount assessed/imposed, also considering the Customs adjustments to the amount of revenue as a result of post-clearance control, including post-clearance audit. The KPI asked about (a) the total annual amount of Customs duties assessed/imposed and adjusted as a result of post-clearance controls, and (b) the average of the total annual amount of Customs duties assessed/imposed in the last three years. The three-year period used in the calculation of the denominator (b) is intended to provide an indicator of the volume of trade; it does not relate to the exact timeframe of the post-clearance controls. The KPI contributes to the Primary Expected Outcome of Fairer Revenue Collection.

KPI overview

Total number of responses: 39.

Figure 13. Post-clearance Control Performance by WCO region, geographical type, income grouping and administration type



87. 62.9% of respondents provided information on this KPI (39 out of 62 countries). Only 4 of the 19 Members who left this KPI blank declared that they were planning to collect the data on this KPI in the future.
88. There are significant outliers in the data provided for this KPI. In a number of cases, the results were above 100%. This would indicate that the total amount of adjusted duties as a result of post-clearance controls would exceed the average of the total amount of duties in the last three years.
89. The global average of this KPI was 88.5%. However, the responses varied greatly: the AMS region declared a high result of 172.6%. The EUR stated a result of 117.1%. At the same time, both regions had a high percentage of Members who scored below the global average of 88.5% (55.6% and 71.4% respectively). This

indicates that there were substantial variations in responses across the regions as well as the Members within them. Indeed, respondents in the AMS region declared results varying from 0.06% to 951.4%. At the same time, A/P declared a result of 20.7%, the ESA of 57.2% and the WCA of 63.8%.

90. In addition to showing that the performance of post-clearance controls may vary across Members, such high discrepancies in the results could also suggest a need for verification of respondents' understanding of the methodology and calculation of this KPI.
91. The results also varied significantly depending on a geographic grouping. Land-locked countries reported a result of 125.9% while the result for other types of countries was less than half (61.7%).
92. Finally, there was a major difference across type of administrations. The results were the highest for Customs agencies (150.2%) and the lowest for revenue authorities (64.7%) with ministry departments close behind (78.1%).

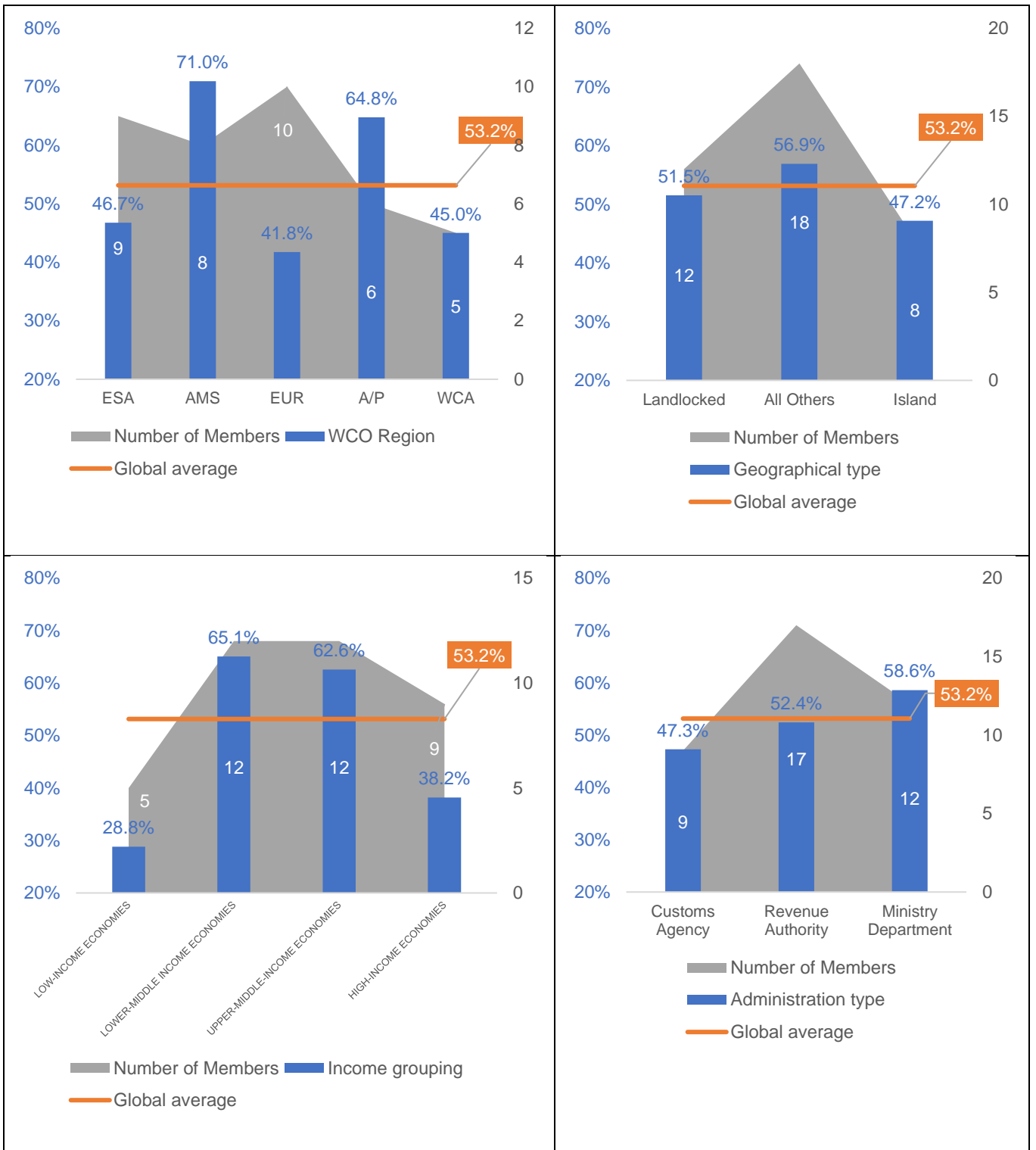
KPI Effectiveness of Post-clearance Controls

93. This KPI measures the proportion of post-clearance control activities resulting in findings compared to the total number of post-clearance control cases, including post-clearance audits. It tracks post-clearance control activities resulting in findings in the last calendar year compared to the total number of cases of controls in the same period.

KPI overview

Total number of responses: 38.

Figure 14. Effectiveness of Post-clearance Controls by WCO region, geographical type, income grouping and administration type



94. Only 38 out of 62 Members (61.3%) provided a response to this KPI. Out of 22 that provided a reason for leaving a blank response, only 8 were planning to collect the data in the future. The average result of this KPI was 53.2%, indicating that more than half of post-clearance control activities result in findings.

95. Three regions scored below the average result: The EUR (41.8%), The WCA (45.0%) and the ESA (46.7%). The A/P region declared that 64.8% of post-clearance controls resulted in findings and the AMS region 71%.
96. The results were evenly distributed for different types of geographic groupings with island Members scoring the lowest (47.2%). In addition, the differences were also fairly small when it came to the type of administration. Customs authorities had the lowest percentage of post-clearance controls with findings with a result of 47.27%. Furthermore, there was no correlation between the KPI result and income grouping.
97. However, this KPI has certain limitations. For example, it does not specify the type of findings. Additionally, the low effectiveness of post-clearance controls may not necessarily reflect inefficiency in Customs operations. Instead, it may be indicative of a higher degree of compliance and a greater awareness of the Customs regulations among traders. Customs administrations should aim at detecting non-compliance and promoting traders' awareness at the same time, such as through developing guidance and educational materials.

Dimension Enforcement, security and protection of society

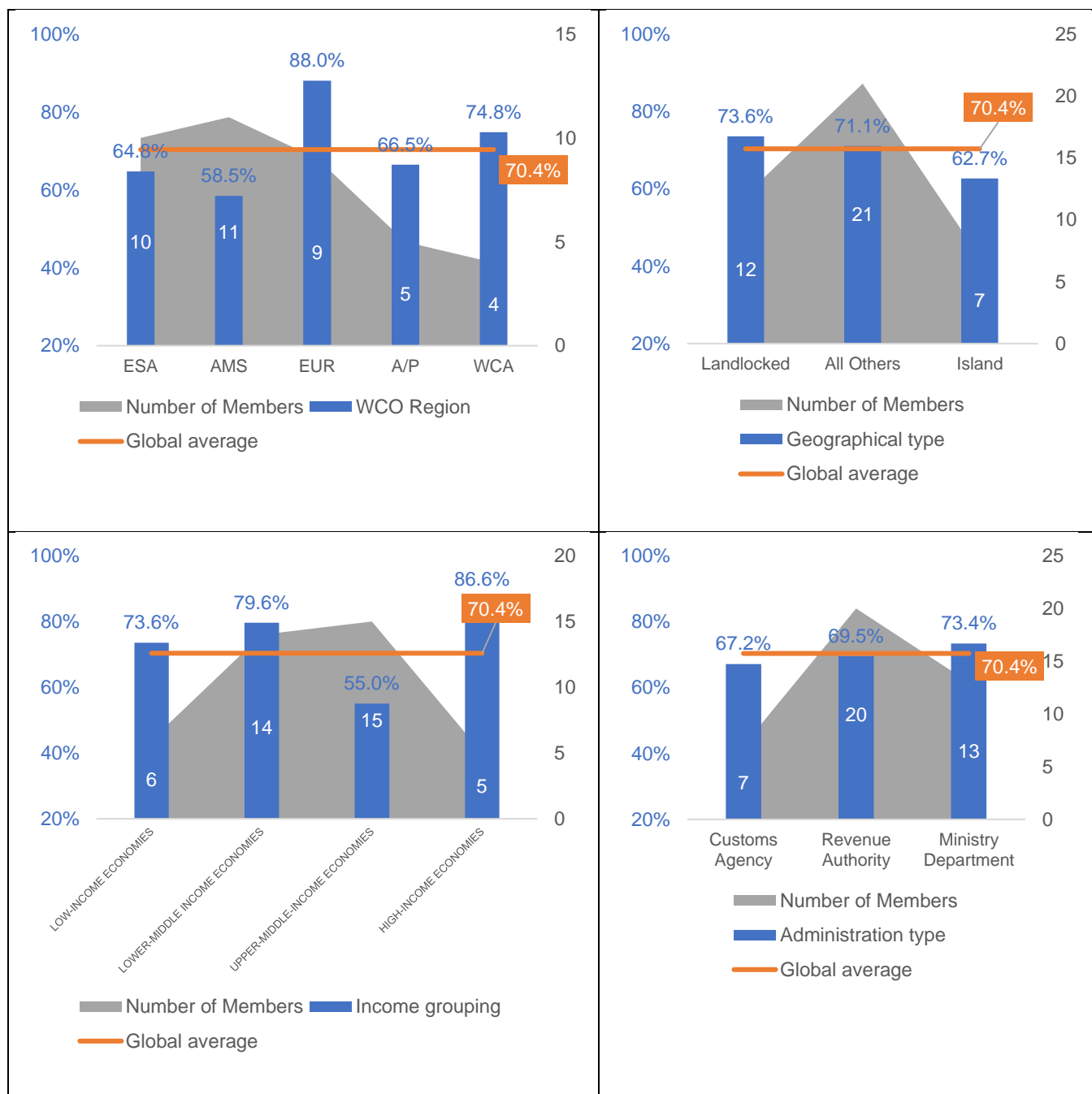
KPI Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections

98. This KPI tracks the ratio of inspections carried out based on risk profiles versus the total number of inspections. It tracks the number of inspections carried out based on risk profiles as a percentage of all inspections carried out based on both manual processes and risk profiles. The KPI is linked to the expected outcome of Increased Use of Technical Targeting (risk-based analysis) and Detection Capabilities on Goods and Passengers.

KPI overview

Total number of responses: 40.

Figure 15. Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections by WCO region, geographical type, income grouping and administration type



99. The global average of this KPI is 70.4% with 40 out of 62 Members providing a response. The results indicate a high degree of adoption of risk-based profiles overall.
100. The EUR region had on average the highest result with 88% of risk based-inspections while the AMS(58.5%) and the ESA (64.8%) regions had the lowest. In both cases, over 50% of the Members had results below the global average. This indicates a higher number of inspections based on manual profiles or randomized inspections, rather than on risk analytics.

101. The results were fairly evenly split between different geographic groupings. However there were discrepancies when it came to income grouping. The upper-middle-income economies had the lowest share of risk-based inspections with a result of 55%. Low-income economies had the second lowest result with 73.6%. Lower-middle-income economies and high-income economies scored 79.6% and 86.6% respectively.
102. Similarly, there was not much variance between different types of administration with ministry departments slightly leading the way as the only group above average (73.4%).

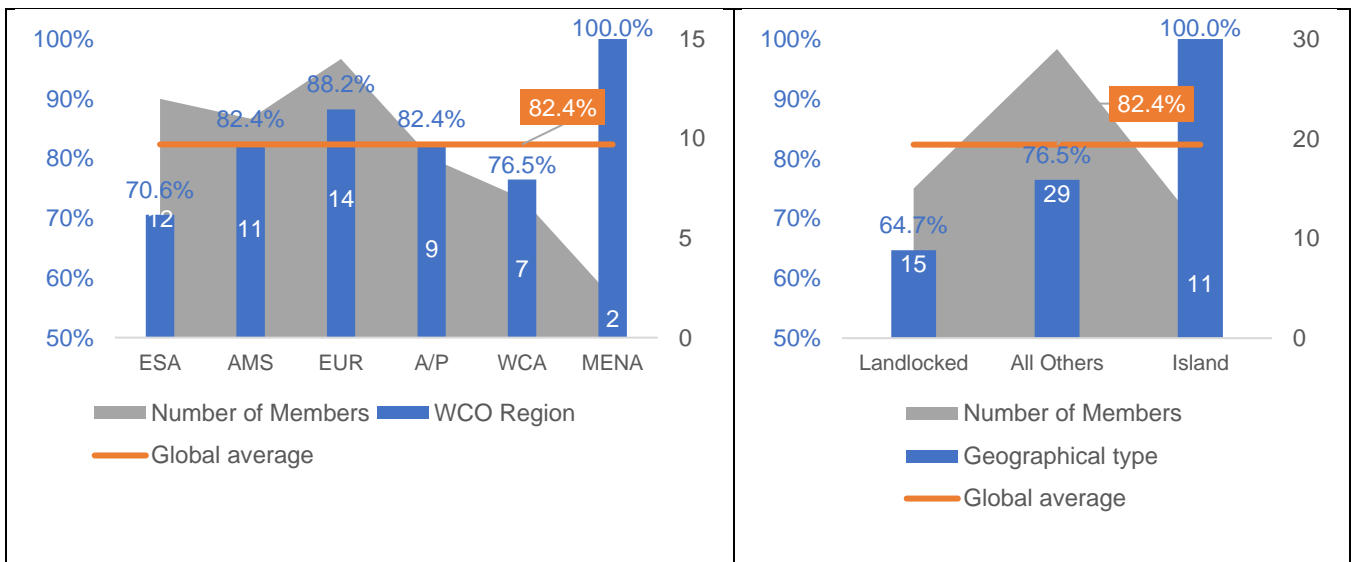
KPI Degree of Maturity of Risk Management on Goods and Passengers

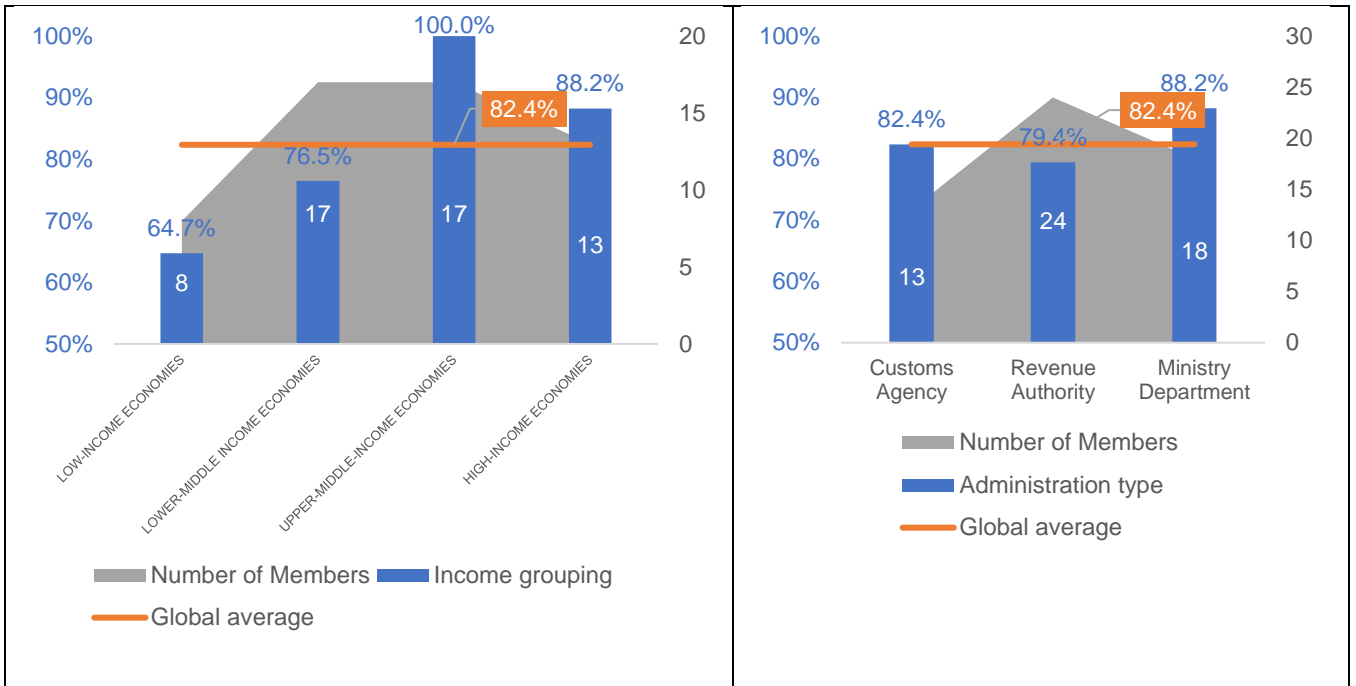
103. This KPI contributes to the same expected outcome of Increased Use of Technical Targeting and Detection Capabilities on Goods and Passengers. It tracks the level of adoption, usage and enhancement of risk management tools and techniques applied for goods and passenger flows. The KPI is a questionnaire with seventeen questions that are aligned with the “Risk Management Maturity Level” provided in the WCO Customs Risk Management Compendium. The KPI is calculated as a percentage of questions where a YES answer was selected.

KPI overview

Total number of responses: 55.

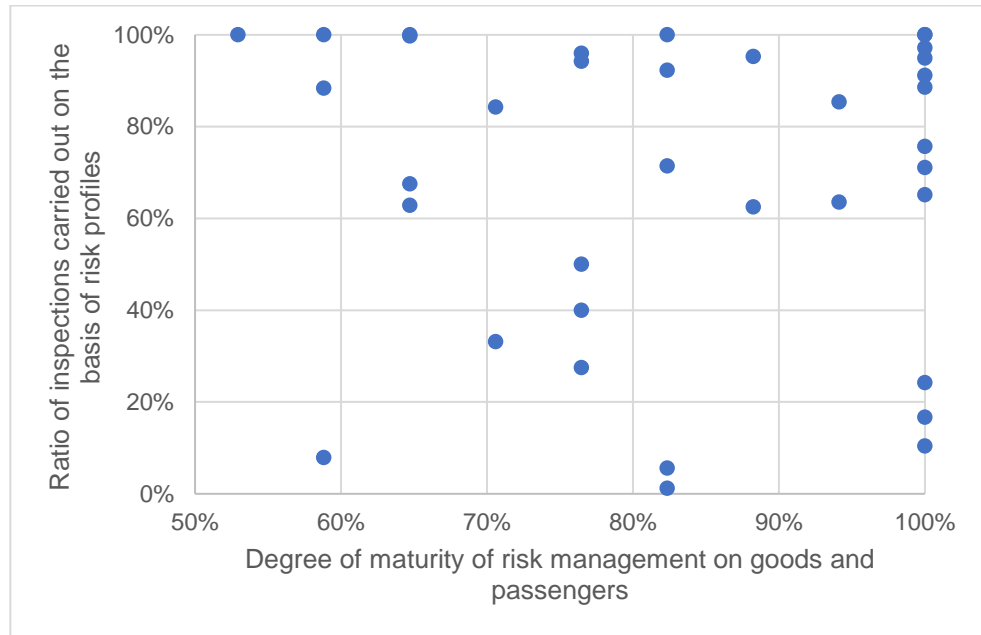
Figure 16. Degree of Maturity of Risk Management on Goods and Passengers by WCO region, geographical type, income grouping and administration type





104. 55 out of 62 Members provided information on this KPI, making it one of the top three KPIs in terms of response rate of the fourteen KPIs selected for in-depth analysis. Furthermore, three Members are either already starting to collect the data or planning to set up a database that would enable tracking this KPI in future.
105. The median of this KPI was 82.4%. Three regions indicated results above the median value: the MENA region -100%; the AMS region - 91.2%; and the EUR region - 88.2%. The A/P region's result was equal to the median.
106. On the other hand, both the WCA and ESA regions reported a result below the average - 76.5%. Both regions had six Members with results below the median. This indicates that a potential need for additional capacity-building in the area of risk-based controls. When comparing the result to the previous KPI, which was also linked to the same Expected Outcome, the ESA region scored significantly below average on that KPI as well.
107. However, at the Member level, there is no statistical evidence of any relationship between the maturity of risk management on goods and passengers and the ratio of risk-based inspections. This may suggest that there is still a gap between the legal, procedural, and technical provision of risk management guidelines and the implementation in practice.

Figure 17. Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections (%) versus Degree of Maturity of Risk Management on Goods and Passengers



- 108. The results show differences between geographical groupings. Island economies declared a much higher adoption rate with a 100% result. Both landlocked and other economies scored below the average.
- 109. In terms of administrative grouping, ministry departments scored the highest and are the only type of administration scoring above the average (88.24%).

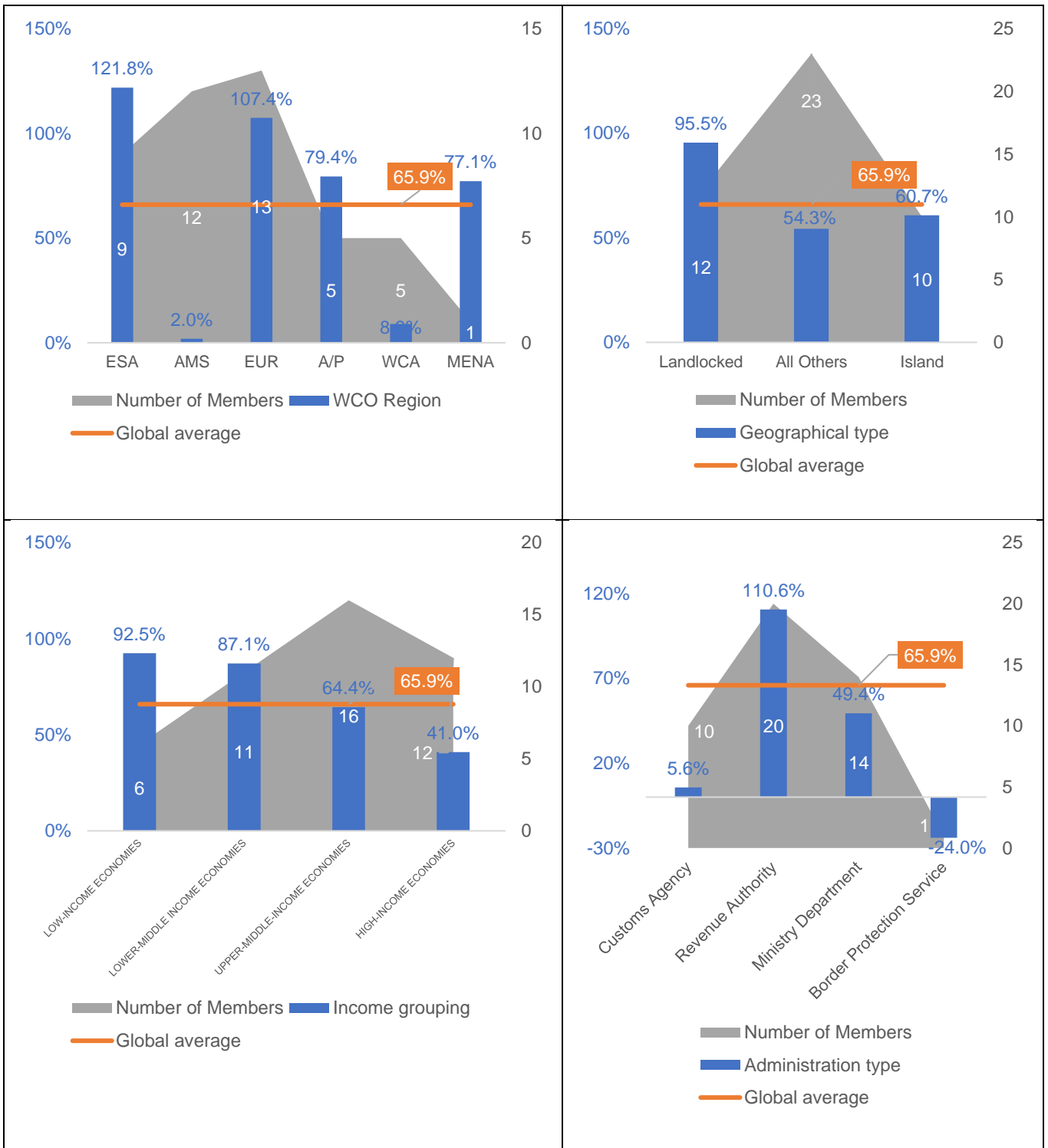
KPI Variation in the Number of Cigarettes Seizures

- 110. This KPI is one of a range of KPIs contributing to an expected outcome of Increased Effectiveness in Combating Illicit Trade in Excisable Products. This KPI tracks the variation of cigarette seizures as compared with the previous year.

KPI overview

Total number of responses: 45.

Figure 18. Variation in the Number of Cigarettes Seizures by WCO region, geographical type, income grouping and administration type



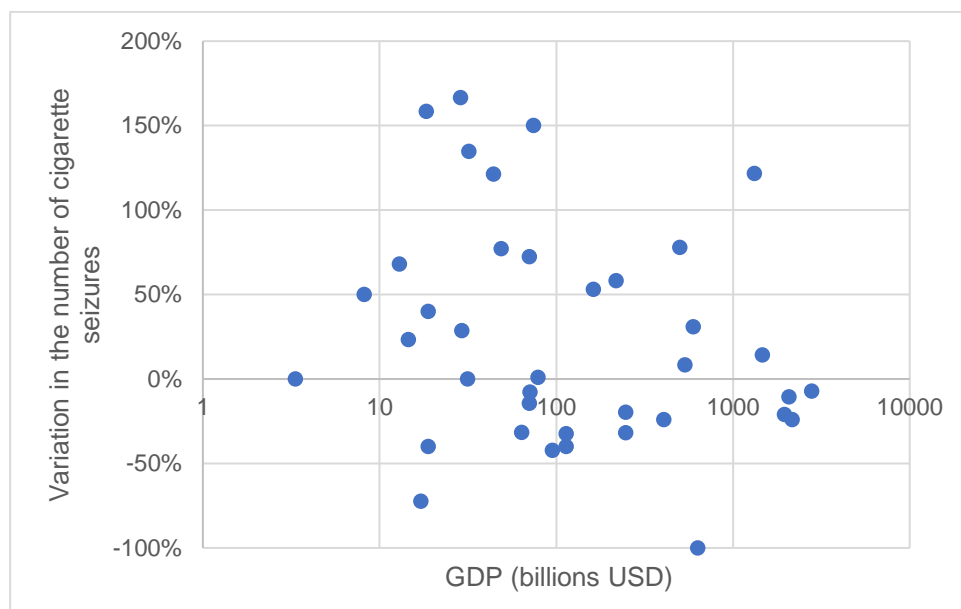
111. 45 out of 62 Members provided the information on this KPI and on average there was a 65.9% increase in cigarette seizures compared to the previous year.

112. The variation in the number of cigarette seizures depends on a number of factors in addition to the actual number of illicit cigarette shipments seized, including the

number of seizures in the previous year. A high result may indicate that the results in the previous year were low or that new controls have recently been introduced. This can also explain the high variances in the results reported by Members. This KPI should be reviewed together with the other KPI tracking the effectiveness of controls on cigarettes.

113. Two regions, ESA and EUR, declared results above 100% (121.8% and 107.4% increase in cigarette seizures respectively). At the same time, 4 and 10 Members in both regions respectively declared results lower than the average of 65.9%. Furthermore, there are differences in results declared by Members in these regions. For example, for the ESA region the results varied from 0% to above 400%. The AMS (2.0%) and the WCA (8.9%) regions declared the lowest increase in the number of cigarette seizures.
114. Landlocked Members increased the number of seizures by 95.5% while island Members and all others lagged behind with 60.7% and 54.3% respectively.
115. In terms of type of administration, there was a significant difference in the results. Customs agencies declared only a 5.6% increase in cigarette seizures, while revenue authorities saw a 110.6% increase.
116. Low-income economies increased the number of seizures by 92.5%. Lower-middle-income economies were in second place with 87.1% and upper-middle-income economies were in third place with 64.4%. Finally, high-income economies scored the lowest with 41.0%.
117. However, analysis of Members' data shows that the level of income does not provide enough statistical significance in predicting the outcome of variation in the number of cigarette seizures. In other words, high-income economies do not necessarily have smaller or larger variations in seizures.

Figure 19. Variation in the Number of Cigarettes Seizures (%) and GDP (USD billion)



118. This KPI, however, has some limitations: Members with controls that result in low variation in seizures may already have had a high number of seizures in the previous year. This KPI tracks only the variation and not the actual number, quantity or value of the seized cigarettes. Therefore, the results of this KPI should be

considered together with the KPI Effectiveness of Controls on Cigarettes, to offer a more comprehensive view of cigarettes seizures.

119. Moreover, increases or decreases in Customs seizures do not necessarily indicate purely positive or negative trends. An increase might indicate that Customs is effective at intercepting illegal goods, although it can be also be an indication of the increased turnover of illegal trade and smuggling activities. A decrease in the number of seizures might be the indication of a more compliant trade, but can also indicate inefficiency and the ineffectiveness of Customs enforcement capacity.

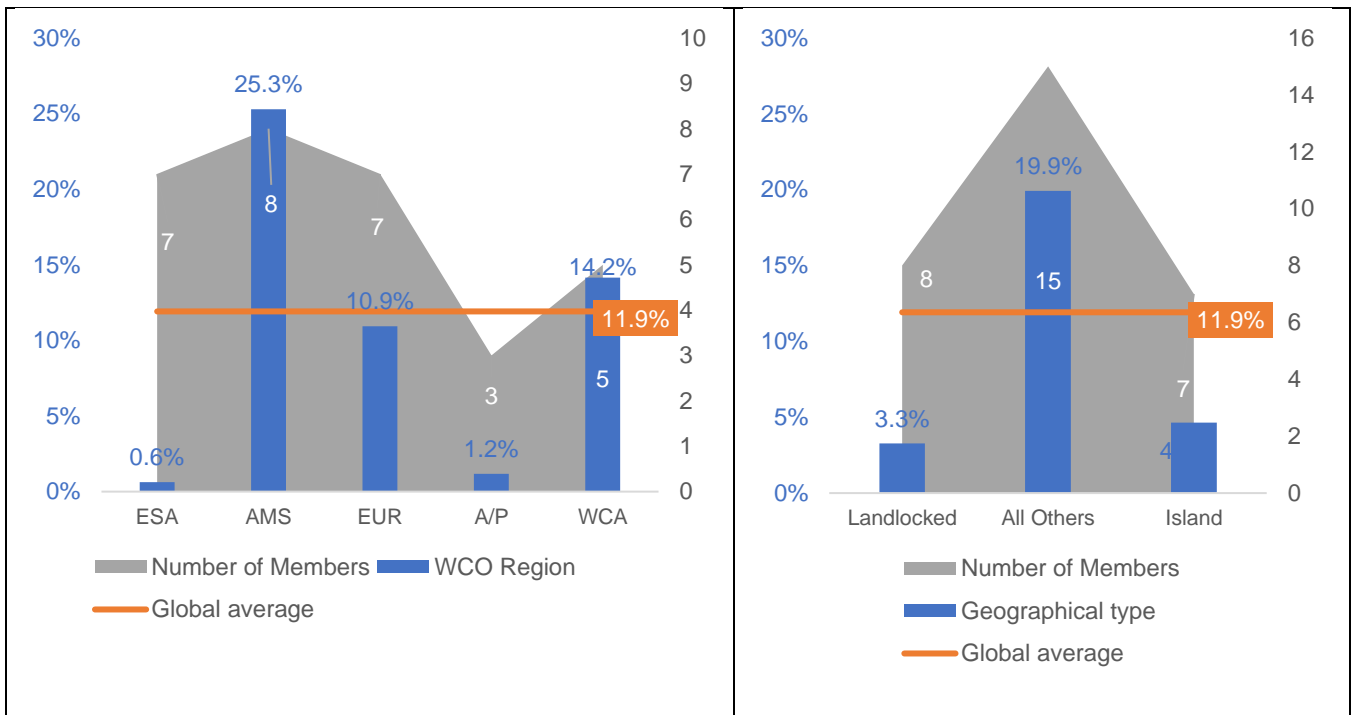
KPI Effectiveness of Controls on Cigarettes

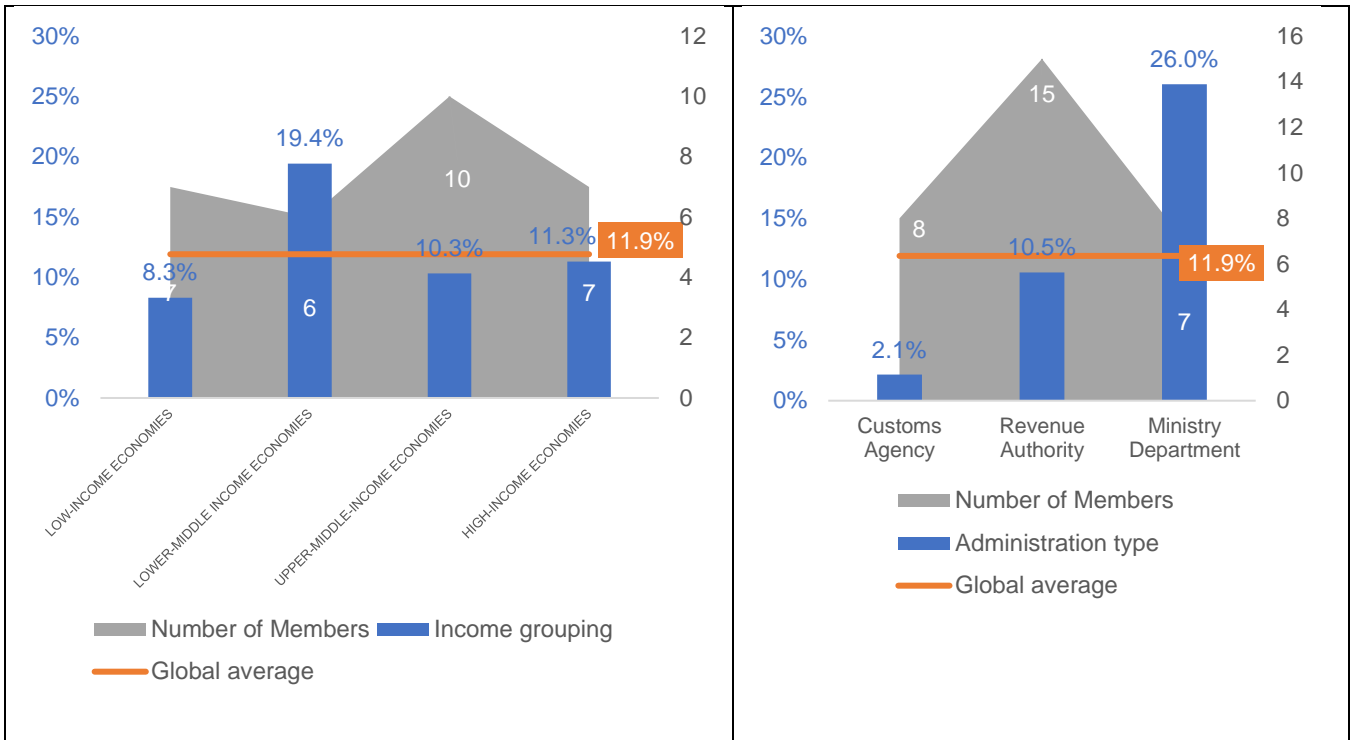
120. This KPI is closely linked to the same expected outcome. The KPI tracks the success rate of controls leading to the discovery of illicit trade in cigarettes. It is calculated as a percentage of the total number of seizures of cigarettes in the last calendar year versus the total number of physical inspections on goods and passengers performed by Customs or jointly with other government agencies.

KPI overview

Total number of responses: 30.

Figure 20. Effectiveness of Controls on Cigarettes by WCO region, geographical type, income grouping and administration type





121. Fewer Members responded to this KPI compared to the previous KPI on variations in seizures. Less than half of the respondents (30 out of 62 Members) responded to this KPI. Out of 26 Members who left this answer blank, 21 responded that the database did not provide this level of detail or that it was difficult to provide data in the given measuring unit. This meant that the capacity-building support should focus on developing national databases to capture seizure statistics. On average, the 30 Members had a success rate of 11.9% in cigarette controls – in 1 out of 10 controls they were able to seize illicitly traded cigarettes.
122. In terms of the WCO regions, the AMS (25.3%) and WCA (14.2%) regions scored above average, while ESA (0.6%) and A/P(1.2%) scored the lowest, with 100% of respondents in both regions declaring results below the weighted average.
123. The highest scoring regions, the AMS (25.3%) and WCA (14.2%) regions, were by far the two lowest scoring regions under the previous KPI measuring the variation in cigarette seizures. While these regions indicated that there was little increase in terms of the number of seizures compared to the previous year, they declared that the controls undertaken were highly effective, with a high percentage of controls leading discovery of illicit trade in cigarettes. The small increase in seizures when compared to the previous year might result from an overall high effectiveness of controls.
124. There was no strong correlation with income grouping. Lower-middle income economies were the only economies to score above the average with a result of 19.4%. Low-income economies had the lowest result of 8.3%. The results indicate that factors other than income contribute to the effectiveness of controls.
125. Ministry departments declared the highest increase in the effectiveness of controls out of all administration types (26.4%). Landlocked and island economies both declared an increase below 5%, while all other types of countries increased the effectiveness of controls by 19.9%.

Organizational Development Dimension

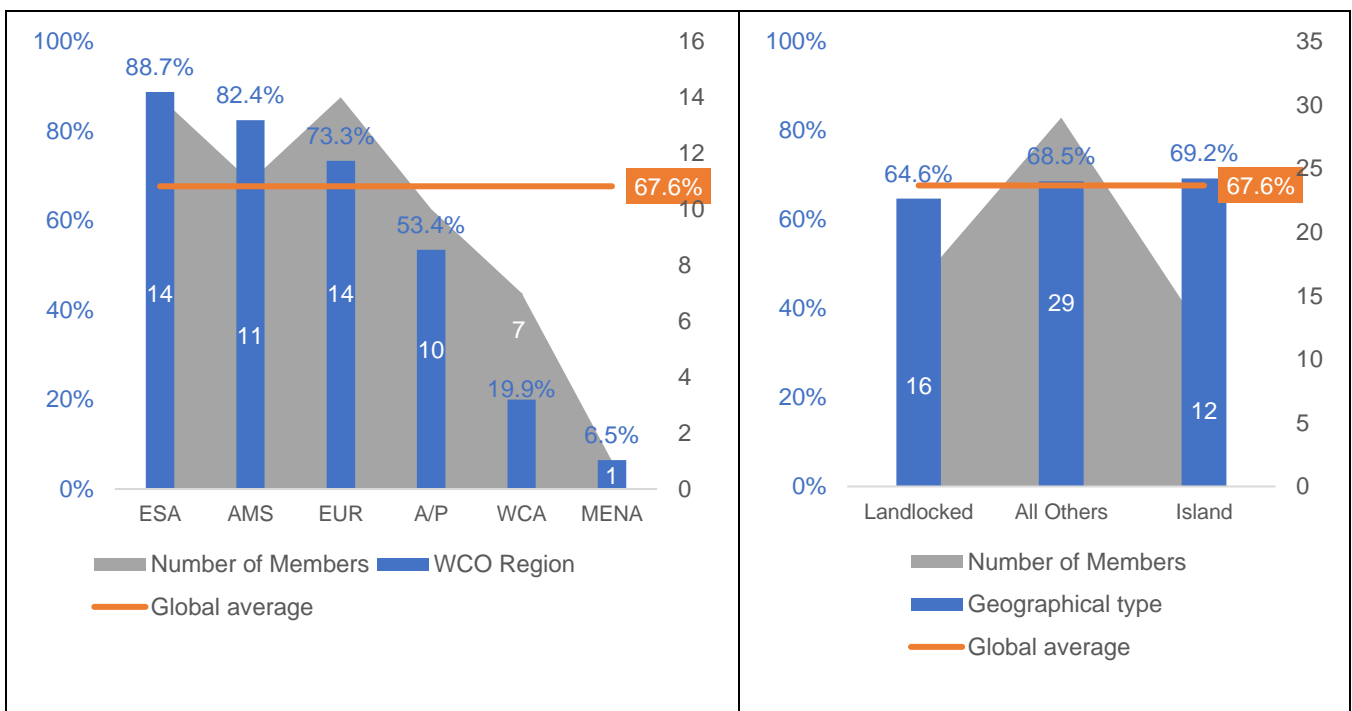
KPI Gender Balance Ratio

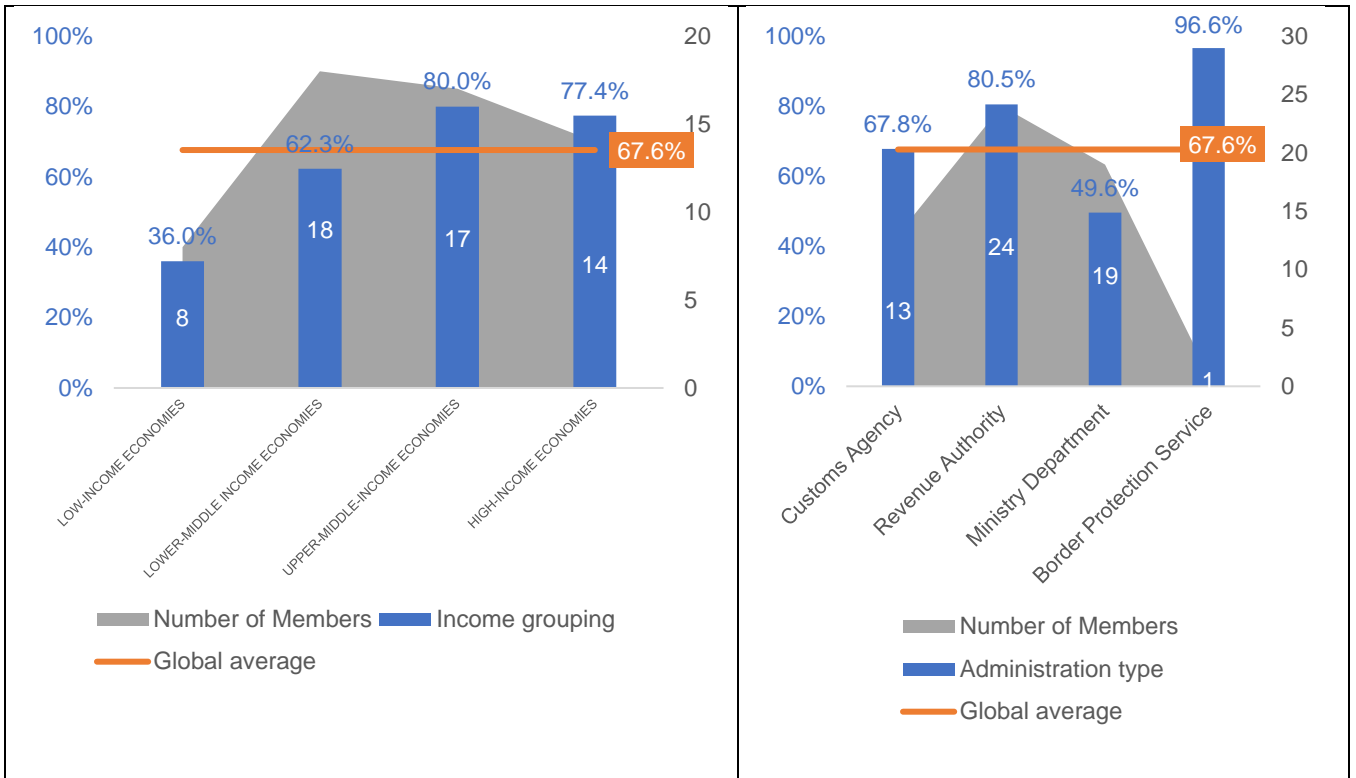
126. It is important for Customs authorities to be inclusive and strive for a good gender balance amongst Customs officials. Gender Equality is a priority of the UN's International Development Agenda for 2030 and one of the objectives of the Sustainable Development Goals (SDGs). The PMM measured gender balance across the WCO Membership. The gender balance KPI measures the total number of female staff at the end of the year compared to the total number of male staff.

KPI overview

Total number of responses: 57.

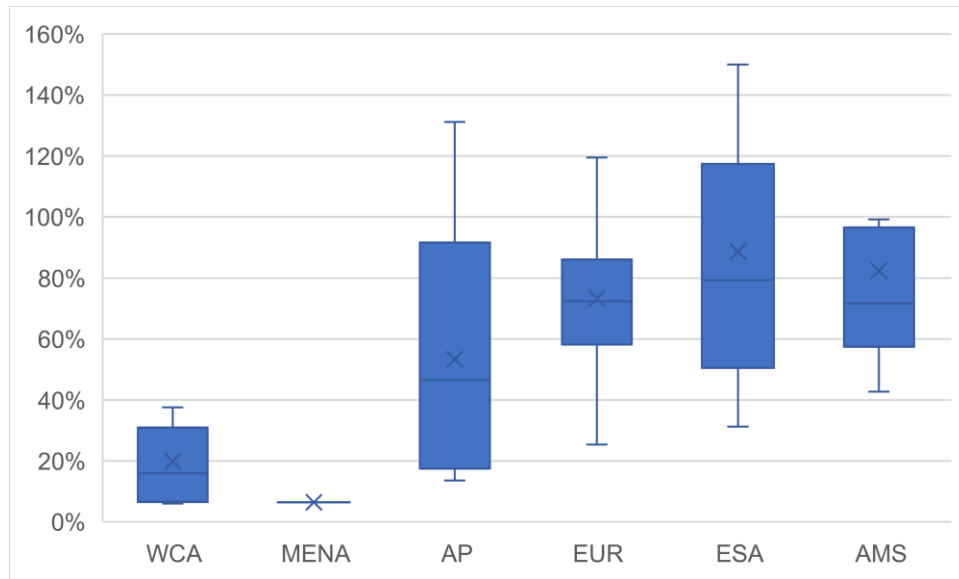
Figure 21. Gender Balance Ratio by WCO region, geographical type, income grouping and administration type





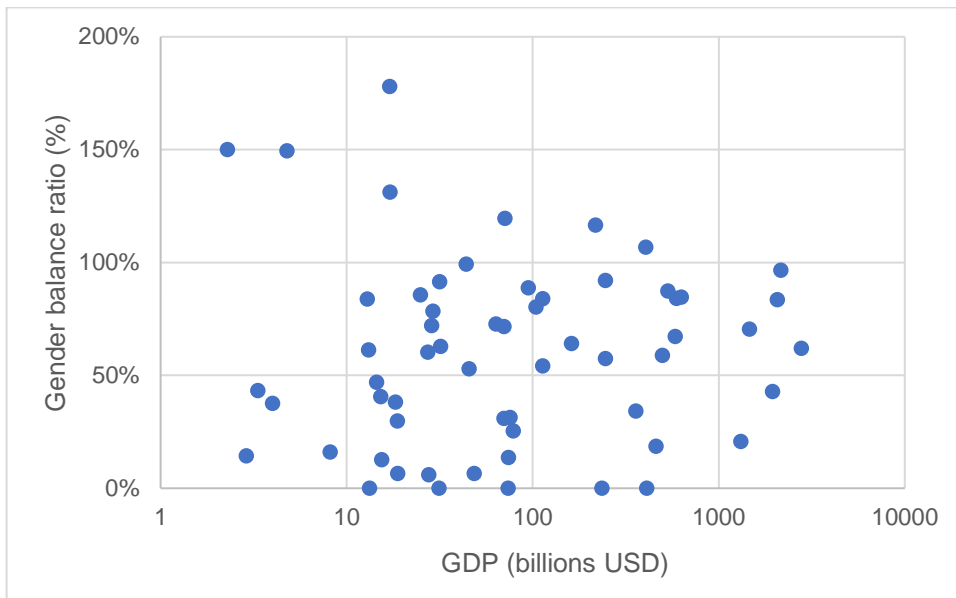
127. This KPI has one of the highest rates of response, with 57 out of 62 Members providing information. The global average of this KPI was 67.6%, indicating a continued gender imbalance in the Customs sector. 27 Members in total (47.4% of the 57 responding countries) had a ratio below the average.
128. Eight Members indicated that they had more female staff than men, with another four declaring a score close to 100%. At the same time, eight Members declared results below 20%. There are a number of reasons for a higher number of male staff and this KPI should be reviewed in the wider context of WCO's analysis and efforts to promote Gender Equality and Diversity (GED).
129. There are significant differences in gender balance across the WCO regions. The ESA (88.7%) and the AMS (82.4%) regions have the highest female to male staff ratio, the closest to an equal balance between female and male staff.
130. On the other hand, the MENA and the WCA regions have fallen behind with an average of 6.5% and 19.9% respectively. The result for the MENA region may not be representative of the entire region as there was only one response provided for this KPI. Nonetheless, the statistical test shows that the regional differences are significant.

Figure 22. Distribution of Gender Balance Ratio (%) by region



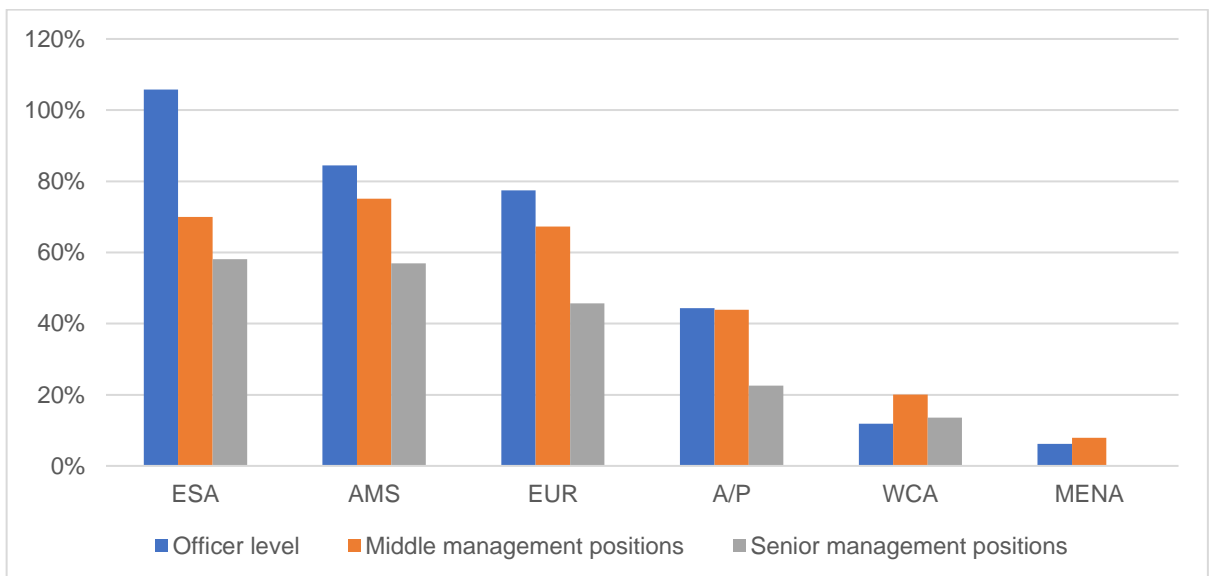
131. The results indicate that there is further work necessary to ensure Customs authorities are gender balanced. In some cases, this might also require putting in place measures ensuring appropriate training for staff as well as ensuring safety and security for female staff. Further capacity building will be required to address the challenges limiting the participation of female Customs specialists in the workforce.
132. The results were evenly distributed across geographic types with all three groupings averaging between 64.6% and 69.2%.
133. The results can be also broken down by income grouping. The two higher-income groups scored higher and above the average of 67.6%. The upper-middle-income Members score the highest in this KPI (80%), with the high-income economies close behind (77.4%). Both results are still below an even 50/50 split between female and male staff. Low-income economies are a clear outlier here with a low result of 36%. However, at the Member level, there is no statistically significant proof of the correlation between income level and female to male ratio of staff in the administrations.

Figure 23. Gender Balance Ratio (%) versus GDP (USD billion)



134. In terms of administration types, border protection services came in first with a result of 96.6%. However, the result is based on only one response. Revenue authorities came second with 80.5% and the highest number of respondents in that group. On the other hand, ministry departments declared the lowest score, with 49.6%.
135. This KPI also had a sufficient response rate for the analysis of disaggregated data collected. Respondents were asked to provide the number of male and female staff members by job grade.

Figure 24. Gender Balance Ratio (%) by job grade and WCO Region

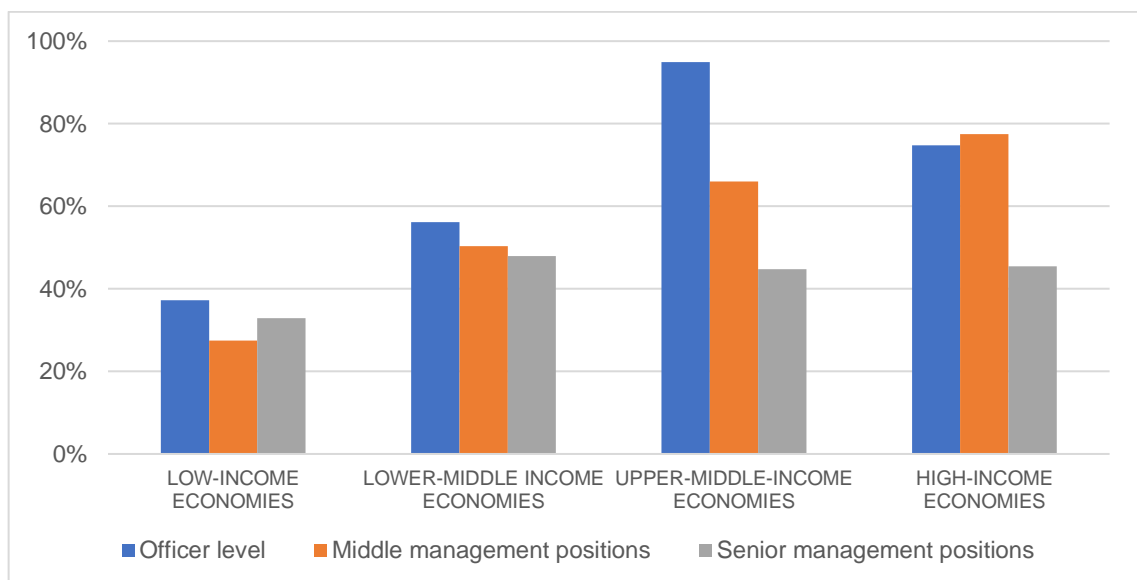


136. While looking at the overall KPI results, the ESA region had the highest percentage of female workers. The disaggregated data indicates that out of the three job

grades, the highest percentage of female staff was at the officer level. The second highest number was from middle management positions and the lowest for senior management positions.

137. In fact, across all regions, senior management positions had the lowest percentage of female staff in all but one region. In five regions, the percentage of female workers in senior management positions was the lowest out of the three job grades. This included the MENA region, which had only one respondent. In four regions, the second highest percentage of female staff was declared for middle management. This means that that while there was a difference in the overall results and the number of female workers, they also consistently worked at lower grades while management grades had a higher percentage of male workers.
138. The one exception was the WCA region which was the second lowest-scoring region for the overall KPI. For this region, the highest proportion of female staff was reported for middle management roles (20.1%) with senior management roles in second place (13.6%). Officer-level staff members had the lowest percentage of female staff (11.8%).
139. When disaggregated by WCO region, the majority of Members had a significantly higher proportion of female staff at officer level grade (82.3%) than at senior management grade (33.7%). The results were more evenly spread for other geographical types. For landlocked Members, the lowest percentage of female staff was reported at a middle management grade (45.5%) and the highest at the officer level (61.3%). The difference between the two results is much smaller. For island Members, which were represented by 12 respondents, the highest percentage of female staff was reported for middle management roles (69.8%) and the lowest for senior management roles (55.5%).

Figure 25. Gender Balance Ratio (%) by job grade and income grouping



140. There were some similarities across income groups. For three out of four income groups, the senior manager grade was reported to have the lowest percentage of female staff. The exception was low-income economies where middle management positions had the lowest number of female staff. The two higher-income groups (upper-middle-income economies and high-income economies) had the most

- significant differences when it came to the number of female employees at officer level versus higher management. For the upper-middle income group, this was 94.9% and 44.8% respectively, and for high-income economies, 74.8% and 45.5%.
141. These Members had the higher overall score for this KPI. The results indicate that while for the two lower income groups the main issues are to increase the overall number of female staff, for the two higher income groups it is to ensure a more even distribution across job grades and ensure a fair representation of female workers in high management positions.
 142. Gender imbalance in staff grades has also been identified as an issue by a number of administrations in the WCO 2023 Gender Equality and Diversity in Customs Compendium.⁸
 143. The KPIs Gender Balance Ratio measures the gender balance of staff. However, the gender balance of staff is not necessarily directly correlated with measures promoting Gender Equality and Diversity (GED) in Customs, nor does it point to the general work environment. Therefore, it is recommended to expand the coverage of the KPI and align it with the metrics related to the policies/measures related to the GED.

KPI Maturity of Competency Development

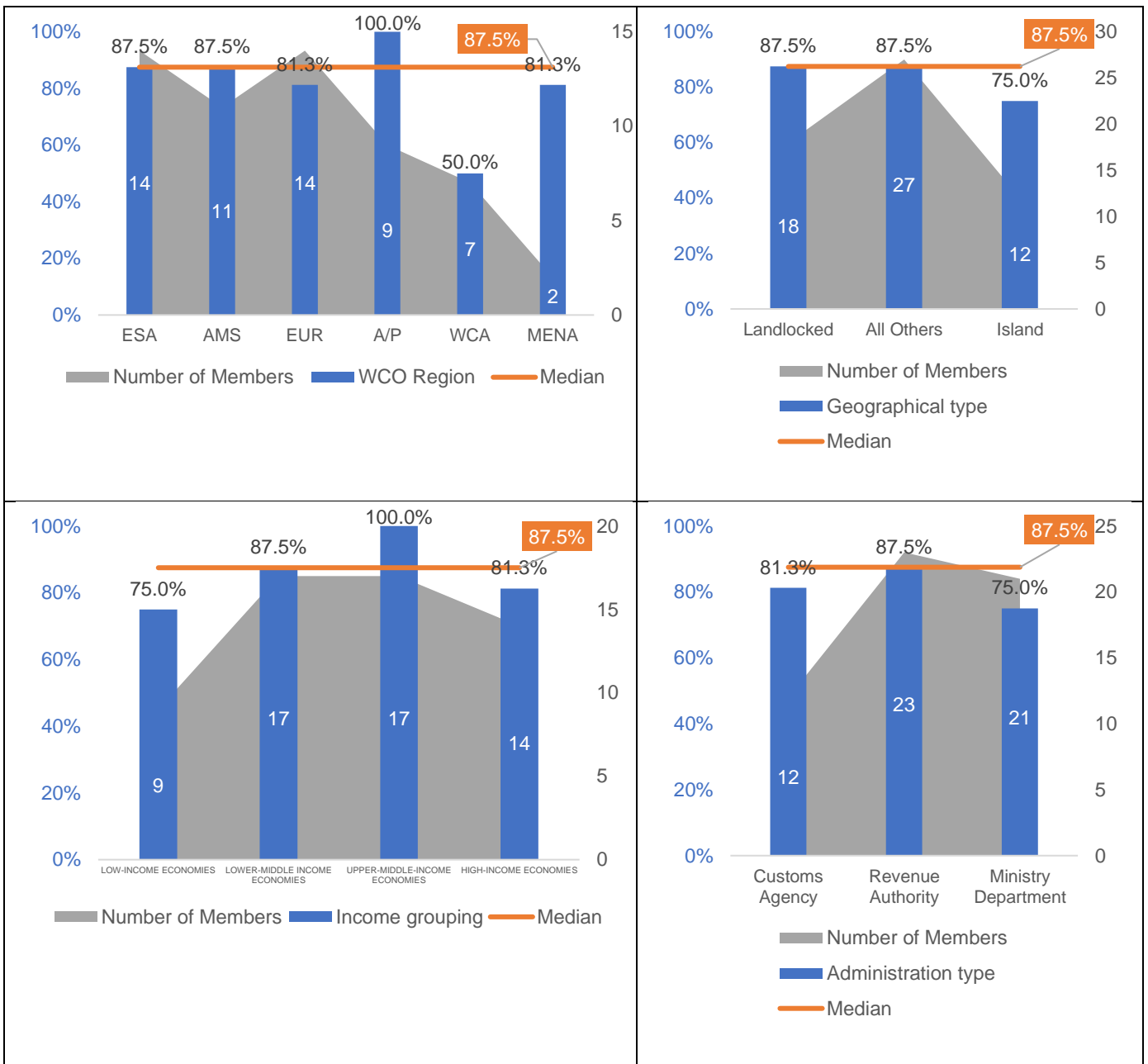
144. This KPI measures the level of adoption, usage and enhancement of the competency development process for all job holders including the existence of HR policy based on the competency approach, training policy, competency dictionary, job descriptions, individual development plans, assessment tools (review of competencies) and HR IT systems. The KPI tracks eight YES/NO questions and calculates a percentage of positive responses.

KPI overview

Total number of responses: 57.

⁸ Source: https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/capacity-building/activities-and-programmes/gender-equality/gender-equality-compendium_edition2_en.pdf?la=en

Figure 26. Maturity of Competency Development by WCO region, geographical type, income grouping and administration type



- 145. This KPI had a high number of responses, with 57 out of 62 Members providing answers to the questionnaire.
- 146. The median for the questionnaire was 87.5%. The WCA region had by far the lowest result with 62.5%. This indicates that further efforts to increase competency development might be required. The EUR and MENA regions both declared a need for further development in this area with a result of 87.5%.
- 147. Respondents from the A/P region declared a result of 100% while the ESA and the AMS regions were in second place with 87.5%.
- 148. There was no direct link to income, with upper-middle-income economies scoring the highest (100%) and low-income economies the lowest (75%). There was also an even distribution in terms of administration type. In addition to one border

protection service declaring 100%, revenue authorities scored 87.50%. Ministry departments achieved the lowest result with 75%.

149. Further observations were made while comparing this KPI to the KPI on Competency Development, which measures the average discrepancy between the required and the acquired competency. The KPI on Competency Development is used to assess staff competency development. It is based on a competency assessment report (refer to the competency-based job descriptions and competency dictionary) in line with the “WCO Guide to Implementing Competency-Based Human Resource Management in a Customs Administration Environment”.
150. The response rate to the KPI on Competency Development is low, with responses from only 15 Members in total. Of the 47 Members who were not able to provide data, 45% of respondents stated that their database did not provide this level of detail; 35% of respondents were either planning to build the database to collect the data or had already started the data collection process.
151. In addition, analysis of the 15 responses to the KPIs Competency Development and Maturity of Competency Development suggests that there is no correlation between the responses, i.e. Members with a higher degree of maturity of competency development do not necessarily have a smaller competency gap. This analysis, however, is based on a small sample of 15 countries.
152. The low level of response with respect to the average discrepancy between the required and the acquired competency raises the question of the credibility of the KPI on Maturity of Competency Development which scored quite high. This leads to the eventual necessity of assessing the competency-based HR systems in the Members.

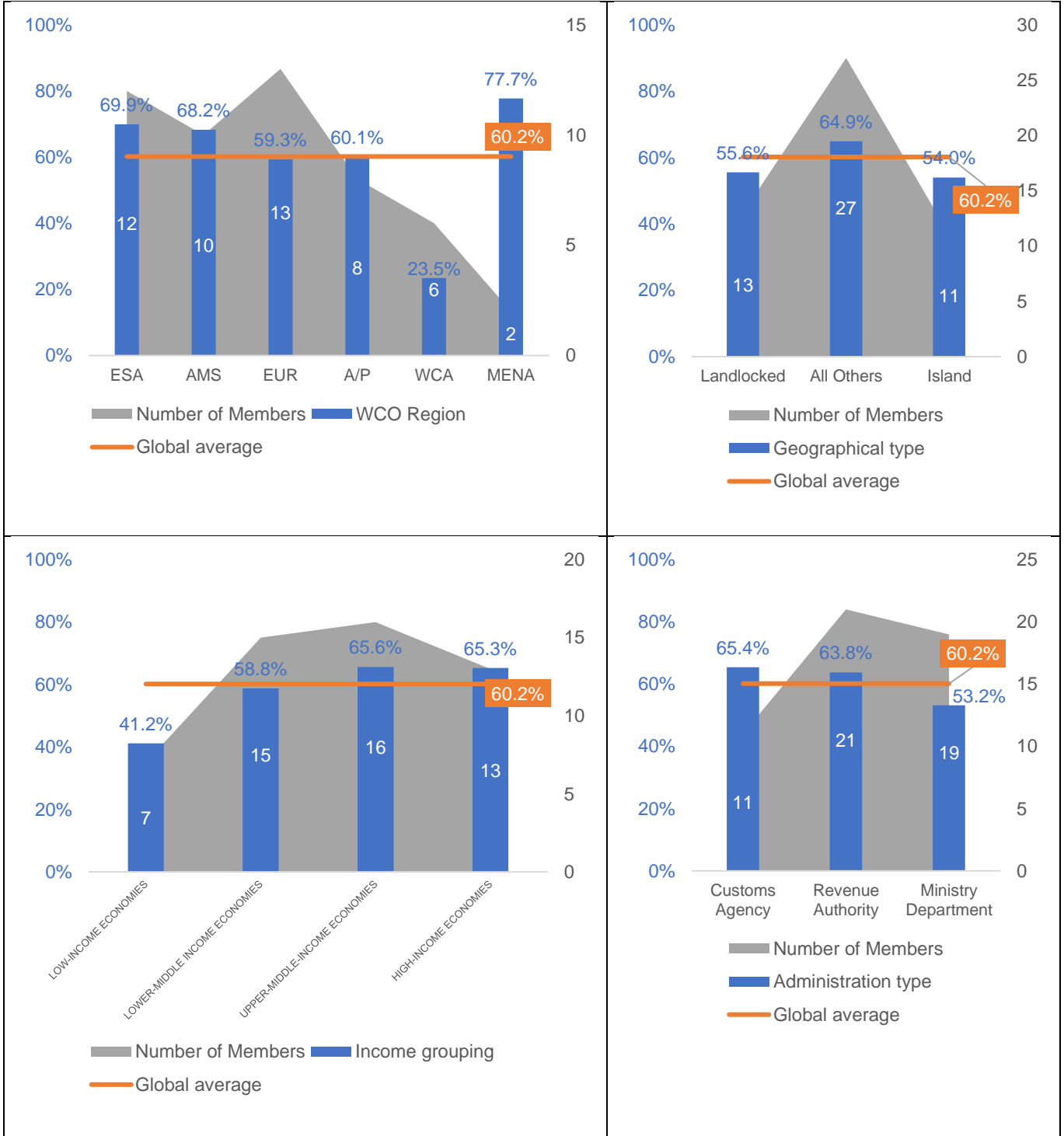
[KPI Access to Training](#)

153. This KPI also contributes to the expected outcome of More Competent and Engaged Staff. It measures the proportion of employees who have benefited from at least one training course during a year versus the total number of employees.

KPI overview

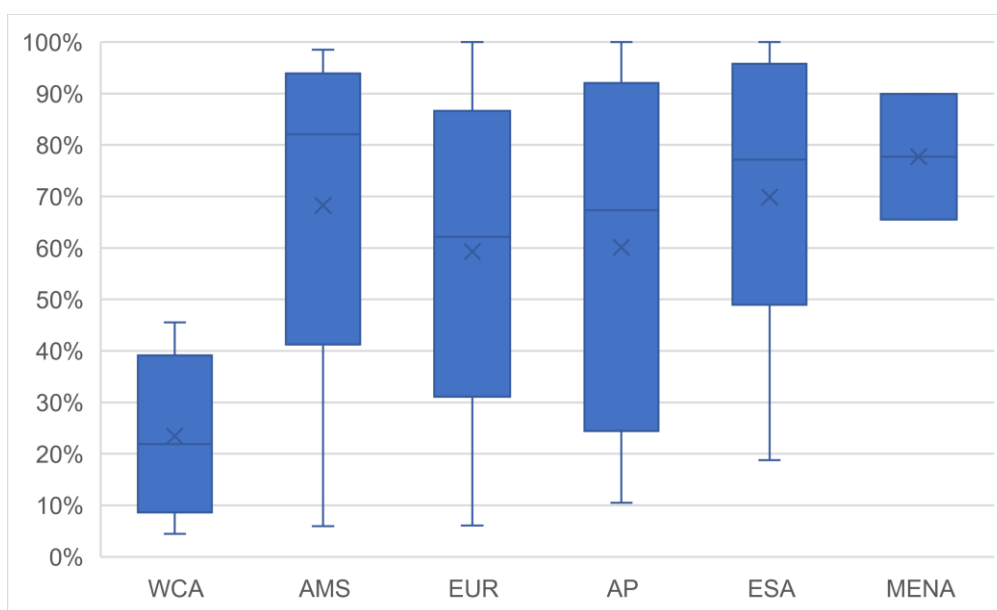
Number of responses: 51.

Figure 27. Access to training by WCO region, geographical type, income grouping and administration type



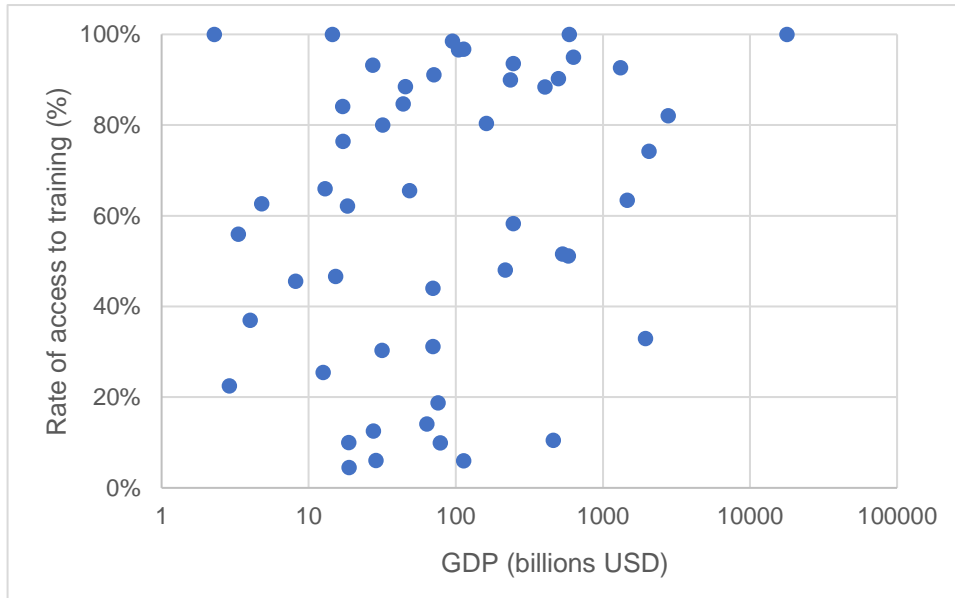
154. 51 Members responded to this KPI with a global average of 60.2%, meaning that 60.2% of the staff in these Customs administrations were able to benefit from at least one training course during the year.
155. In terms of the WCO regions, the WCA region had the lowest result with only 23.5% of staff benefiting from access to training. The second lowest score was from the EUR region, with 59.3% of staff attending at least one training event in the year assessed. The A/P region scored just below the average with 60.1%. The highest result was declared by the MENA region, with over three quarters of staff attending at least one training event (77.7%). This result was, however, based on only two responses. Regression analysis confirmed that regional differences were statistically significant.

Figure 28. Distribution of Rate of Access to Training (%) by region



156. The results were relatively evenly spread between geographic groupings, with island Members achieving a slightly lower score of 54%. They were also even by different types of administrations, with ministry departments declaring access to training below the average (53.2%).
157. There was a significant correlation between access to training and the income level of a Member. This is confirmed by both the descriptive statistics – two higher income groupings, upper-middle income and high-income economies, declaring the two highest scores, with 65.6% and 65.3% respectively, as well as by regression analysis between GDP and rate of access to training. When GDP increases, the rate of access to training grow.

Figure 29. Rate of Access to Training (%) versus GDP (USD billion)



158. These results indicate the need for additional support, especially for lower-income economies, in making training available to more staff within national administrations. On the one hand, Members from higher income economies may be the source of best practices around supporting staff Members in benefiting from training. When resources for in-person training are limited, distance learning tools such as those available through the WCO CLiKC! can be leveraged to reach a wider coverage. This is particularly important in a fast-changing field such as Customs where new developments require staff to stay up-to-date.

4.9. KPI performance

4.9.1. KPI performance based on response rates and blank responses

159. When submitting the responses, Members had the option to leave a KPI blank and provide one of five pre-defined reasons why data was not provided. These reasons were:

- The database has not been set up yet, but I have started collecting the data;
- The database has not been set up yet, but I am now planning to build one;
- The database has not been set up yet and I am NOT planning to build one;
- The database does not provide this level of detail; and

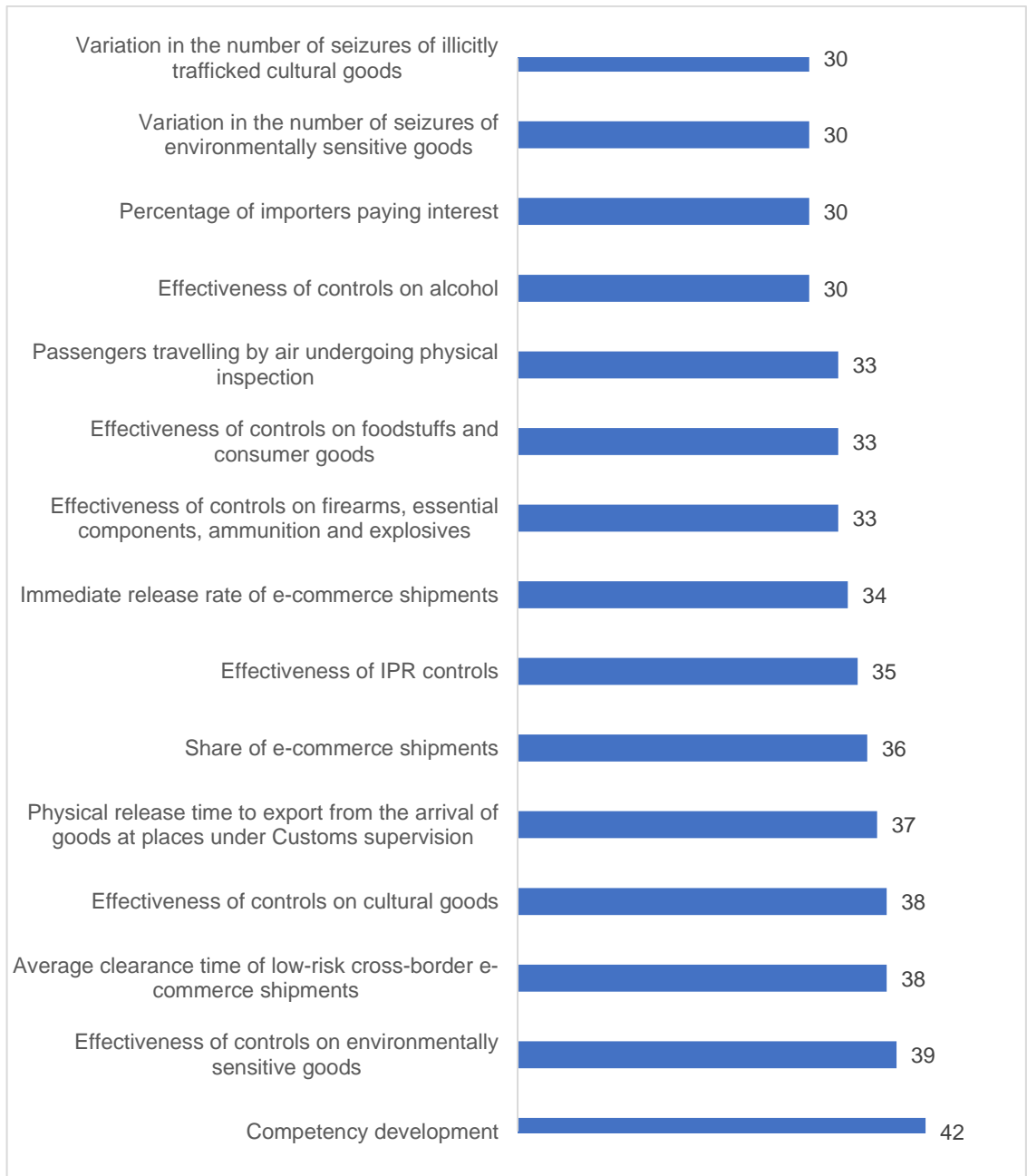
- It was difficult to provide data in the given measuring unit.
160. It is therefore possible to see which KPIs were left blank for the highest number of respondents. Based on this, inferences can be made as to the level of difficulty or understanding of various KPIs by respondents. This information can also be a helpful indicator of where further capacity-building efforts might be required in order to support and ensure a higher uptake of the self-assessment phase in the next cycles of the PMM.
161. In such cases, further support might be needed before the next self-assessment phase. As indicated earlier in the Report, respondents provided data on the KPIs applicable to them. As a result, not all Members were in the position to provide data for every KPI under each expected outcome.
162. Figure 30 below provides the list of the ten top KPIs with the lowest rate of responses left blank.

Figure 30. Ten KPIs with the lowest rate of blank responses



163. The Private Sector Engagement KPI was only left unanswered once, with 61 out of 62 Members responding. This was followed by Availability of Performance Reports and Gender Balance Ratio KPIs, with three and four cases of blank responses respectively. The results for these KPIs indicate that they were well understood by respondents and set at the level which allows Members to provide data.
164. Figure 31 below provides the top 15 KPIs with the highest rate of responses left blank.

Figure 31. Fifteen KPIs with the highest rate of blank responses

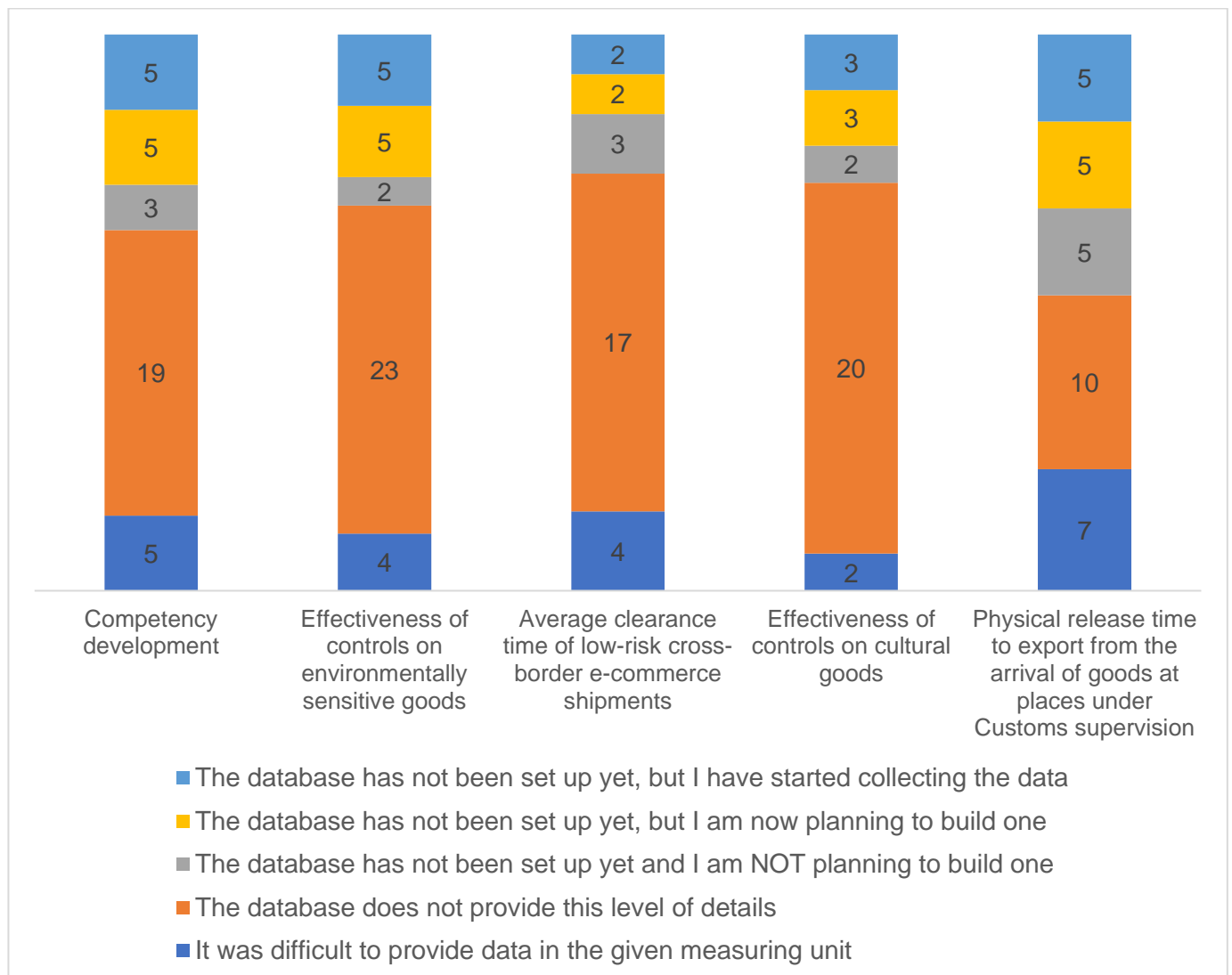


165. In principle, the KPIs would have been left blank when data was not available for any of the pre-defined reasons indicated above. At the same time, it may also be an indication that some of the KPIs have not been clearly understood and additional

support might be helpful for Members in collecting and providing data. The results might also indicate that the analysis for some of these KPIs was not set at the right level. These KPIs could be further reviewed before the next self-assessment phase to ensure the data collection is feasible for a higher number of participating Members. As guided by the mandate of the WCO PMMPT and the PMM Maintenance procedure, the PMM KPIs will go through a comprehensive review process based on the results of the self-assessment phase of the PMM V.1.

166. Out of the responses received from the 62 respondents, the KPI Competency Development was left blank on 42 occasions. On 27 occasions, respondents indicated that they were not planning to collect the data or considered the unit of measure too difficult to provide data. On 19 occasions this was due to the fact that the database did not provide this level of detail. Out of the 42 cases of this KPI being blank, in 10 cases, the respondents indicated that while the database had not yet been set up, they were planning to build one.
167. The KPI Effectiveness of Controls on Environmentally Sensitive Goods was in second place with 39 blank responses. The KPI Average Clearance Time of Low-risk Cross-border E-commerce Shipments was third with 38 blank responses.

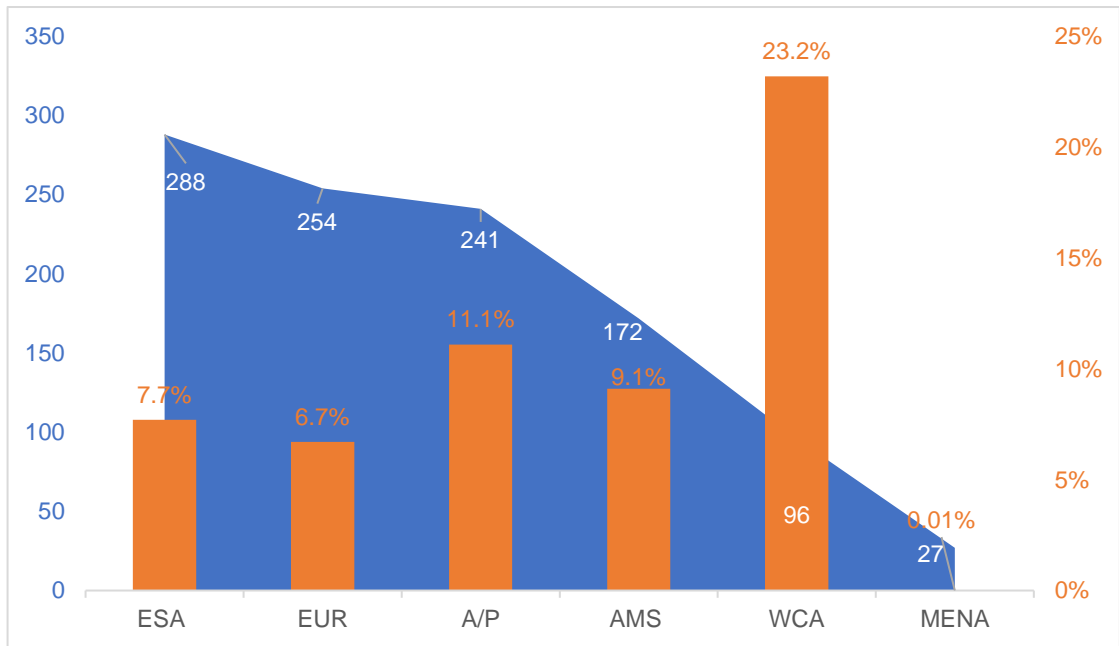
Figure 32. Top 5 KPIs with blank responses and reasons provided



168. For all five KPIs, the second response (“The database does not provide this level of detail”) was the most commonly selected reason for leaving the KPI blank. The other KPIs relating to the effectiveness of controls of different types of goods (alcohol; cigarettes; cultural goods; foodstuffs and consumer goods; IPR goods; drugs; and firearms, essential components, ammunitions and explosives) also fall under the same range of blank responses. Before the next round of analysis, a review of the underperforming KPIs should be conducted.

169. When broken down by the WCO regions, the results of the responses left blank are as follows:

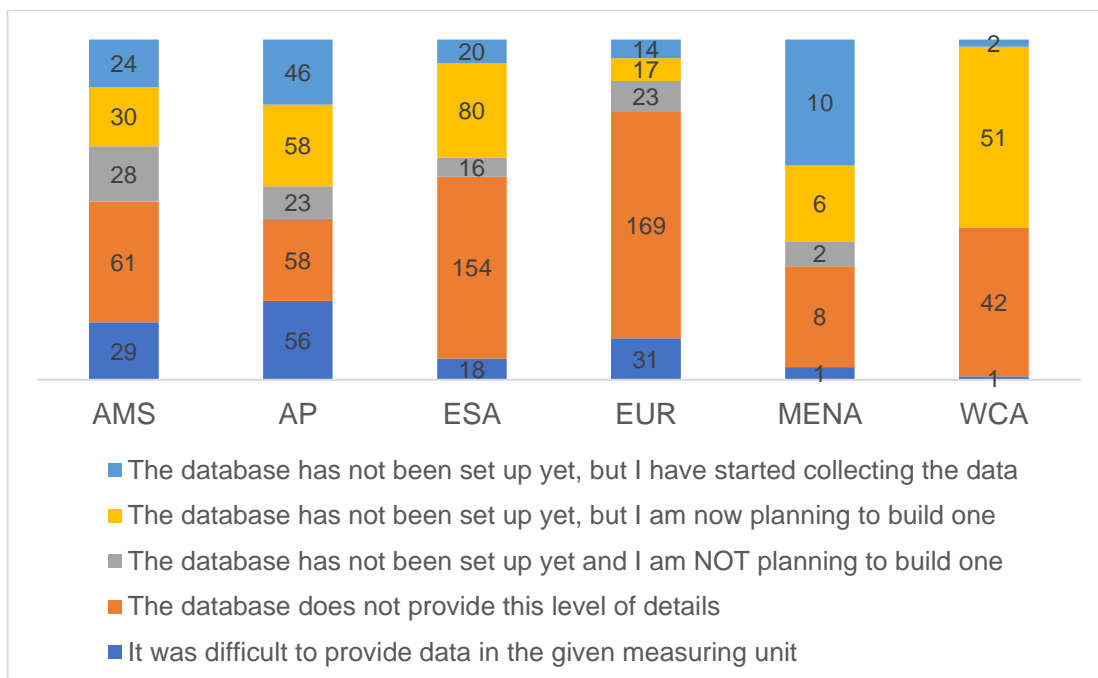
Figure 33. Total number of blank responses versus percentage of blank responses per Member (%) by WCO region



170. The ESA region had the highest number of responses left blank (288), followed by the EUR (254) and the A/P in (241). In terms of the average percentage of blank responses per Member, the WCA region scored highest with 23.2%, followed by the A/P with 11.1%. The MENA region, although represented by two Members, had the lowest number of blank responses with an average of 0.01% of blank responses per Member.

171. The reason for leaving the answers blank varies across regions as well.

Figure 34. Reasons for providing blank responses by WCO Region



172. The leading reason for blank responses was that the database did not provide the appropriate level of detail. This once again reinforces the need for the development of a data-driven culture across the Membership to ensure data feasibility with the ultimate objective of making evidence-based decisions and setting a reform agenda.

173. The blank responses also indicate areas where it will be possible to obtain more data in the next self-assessment rounds. With respect to certain KPIs the respondents indicated either that the database had not been set up yet, but they were planning to build one, or that the database had not been set up yet, but they had started collecting the data. In such cases, it is likely that KPI data collection could be improved in the future years of the self-assessment phase.

174. When looking at responses for individual KPIs, certain KPIs are most likely to show improvement in terms of data collection rates, as the data is already being collected or respondents are planning to set up the database. This applies in particular to the following KPIs:

- AEO Involvement in Trade;
- Physical Release Time for Import;
- Physical Release Time to Export from the Arrival of Goods at Places under Customs Supervision;
- Physical Release Time to Export from the Lodging of the Export Declaration;
- Average Clearance Time of Low-risk Cross-border E-commerce Shipments;
- Immediate Release Rate of E-commerce Shipments;

- Share of E-commerce Shipments;
 - The Ratio of Binding Rulings on Classification to Import Declarations;
 - Degree of Non-compliance with Classification Rules;
 - Disciplinary Compliance;
 - Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice;
 - Competency Development; and
 - The PMM KPIs concerning the variation of seizures and effectiveness of controls with respect to different types of goods (alcohol; cigarettes; cultural goods; foodstuffs and consumer goods; IPR goods; drugs; environmentally sensitive goods; and firearms, essential components, ammunitions and explosives).
175. The KPI Competency Development had one of the lowest rates of responses, but this is also likely to improve in the following rounds of self-assessment. However, this also depends on whether there is a need for, and the capacity for, developing and implementing competency-based HR systems.
176. Future rounds of PMM self-assessment are likely to include a lower proportion of responses left blank for these KPIs. It is also likely that the overall level of data collection will increase in future rounds, as Members are expected to become more familiar with the overall PMM process and with the structure of the KPIs and the data requirements.

4.9.2. KPI Performance Analysis

177. The productivity, or performance, of KPIs can be assessed by examining the extent to which their values align to and conform with the desired end of the outcomes. In other words, KPIs that should have values that are as high as possible, but are skewed towards lower values on the left are considered “low performing”. Moreover, KPIs that should have values that are as small as possible but that contain a higher number of bigger values are also considered to be low performing. The greater the degree of skewness – or the more skewed towards the left/right on the graph – the lower performing the KPI is. On the other hand, KPIs that are skewed towards the desired end are considered to be performing well (“well performing”). Certain KPIs cannot be evaluated from the perspective of skewness due to their specific values and nature (see Annex I; Members only).
178. Based on the criteria provided, the skewness of the KPIs has been calculated and the relevant interpretation of their performance has been provided. This indicated 14 “low-performing” KPIs and 24 relatively “well-performing” KPIs. Due to their value and nature, it was impossible to assess 11 KPIs. It should be clarified that that this criteria has been applied to all KPIs notwithstanding the response rate. For example, a KPI might have a high rate of response, but the value/actual results of the KPI might not be positive. On the other hand, in some cases, the KPI might have a lower number of responses but the actual value and results were positive.
179. The areas of “low performance” can be identified as areas requiring further capacity-building efforts. In addition to this, the KPIs with fewer than 33 responses should be considered as low response KPIs (a high response rate envisages a 95%

confidence interval and 10% margin of error). While leveraging on the KPIs with relatively low response rate together with a “low-performing” scenario, the following capacity building needs/trends can be identified across the WCO Membership participating in the PMM V.1:

- Authorized Economic Operators;
- Physical Release Time;
- Digitalization of Customs and reduction of paper-format Customs procedures;
- Standardization of electronic declarations;
- Service commitments and service delivery to the private sector;
- E-Commerce and its share in international trade;
- Correct application of binding rulings; correct application of classification rules;
- Fair collection of revenue by guaranteeing high compliance in the performance of post-clearance control and fair trade within the Customs environment;
- Compliance of traders with respect to revenue requirements;
- Passenger profiling and control;
- Customs seizures and targeting the right shipments to control and ensure a smooth flow of legitimate trade (alcohol; cigarettes; cultural goods; foodstuffs and consumer goods; IPR goods; drugs; environmentally sensitive goods; and firearms, essential components, ammunitions and explosives); and
- Competency-based human resources management and human resource development.

4.10. Increased Trust in the Relationship with Trade from the PMM Perspective

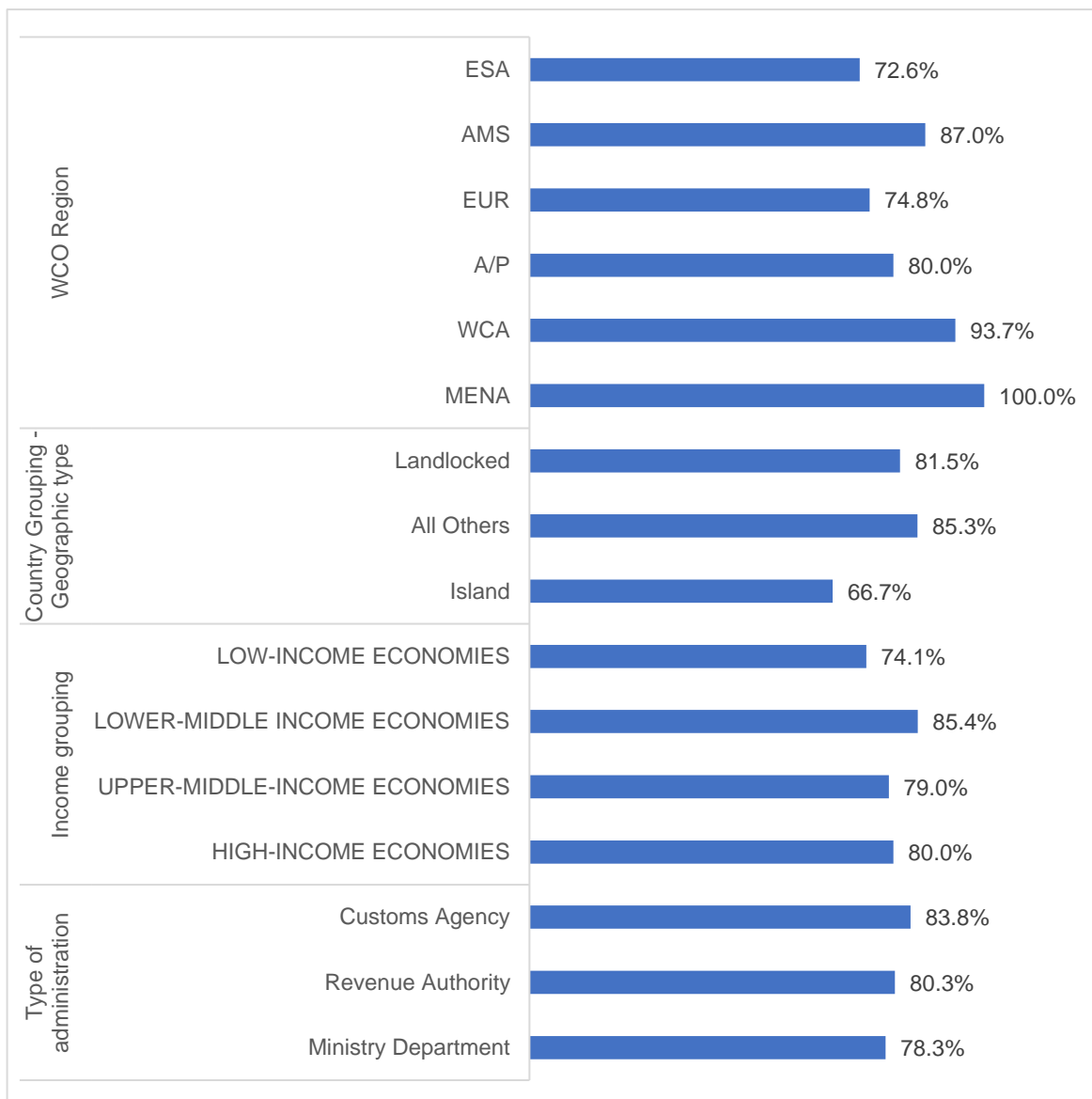
180. One of the expected outcomes measured by the PMM is the Increased Trust in the Relationship with trade.
181. Trust and cooperation between Customs authorities and trade (i.e. all key stakeholders: economic operators as well as service providers such as Customs brokers and freight forwarders) promote increased efficiency and security of global trade. They help to ensure that cross-border trade adheres to domestic and international trade and Customs rules. This is achieved by supporting compliance with Customs rules and obligations amongst operators and, in return, increasing the proportion of trade by compliant traders. Mutual trust and cooperation between Customs authorities and trade is also necessary in order to successfully implement any reforms, introduce trade facilitation measures or modernize existing processes.
182. Under the PMM, the expected outcome of Increased Trust in the Relationship with Trade was measured by three KPIs. Each contributes to the goal of building trust with trade in different ways.

KPI Private Sector Engagement

183. The KPI measuring private sector engagement was the highest-scoring KPI in terms of response rates. This KPI asked nine questions about the engagement with the private sector via regular meetings and fora. The KPI was calculated on a binary basis with YES and NO questions.
184. The relationship with the private sector is crucial to Customs authorities' ability to collect revenue, but also to ensure compliance. Engagement with the private sector has two main purposes. Firstly, the authorities are able to provide information and further guidance regarding any changes in domestic rules or legislation. They can clarify existing regulations and stress the need for compliance. They are also able to consult with the private sector on various Customs matters, for example, when considering introducing changes and attempting to understand their impact. On the other hand, the private sector can highlight any challenges it may be facing on the ground to Customs authorities. This can be, for example, any issues with the implementation of Customs-related policies, changes in circumstances leading to longer waiting or clearance times at the borders, issues with access to information etc.
185. Engagement with the private sector benefits both sides and ensures consistent and effective application of Customs policies and processes. The PMM measures engagement with the private sector by tracking the existence of a mechanism for periodic stakeholder engagement. It asks questions about the frequency of the meetings and the procedures for collecting feedback and recommendations.
186. Out of 61 respondents that submitted information for this KPI, 28 reported a 100% level of engagement with trade and a further 18 reported above 77%. Only seven responses were below 50%. This indicates that the majority of respondents have structures in place for regular engagement with the private sector.
187. Out of the 61 respondents, 53 responded to the first question indicating that the administrations had established mechanisms to enable periodic engagement with the private sector to discuss Customs-specific issues.

KPI overview

Figure 35. Overview of the KPI Private Sector Engagement with a global average of 80.5%



188. Overall, this KPI had a very high average response rate indicating a strong degree of cooperation between Customs administrations and the private sector. The ESA and the EUR regions are the only two regions with an average response below 80%.
189. The situation looks slightly different when broken down by geographic type. While there is little difference between landlocked and all other Members, the results for island respondents are low (66.7%), indicating a need for greater engagement with the private sector.

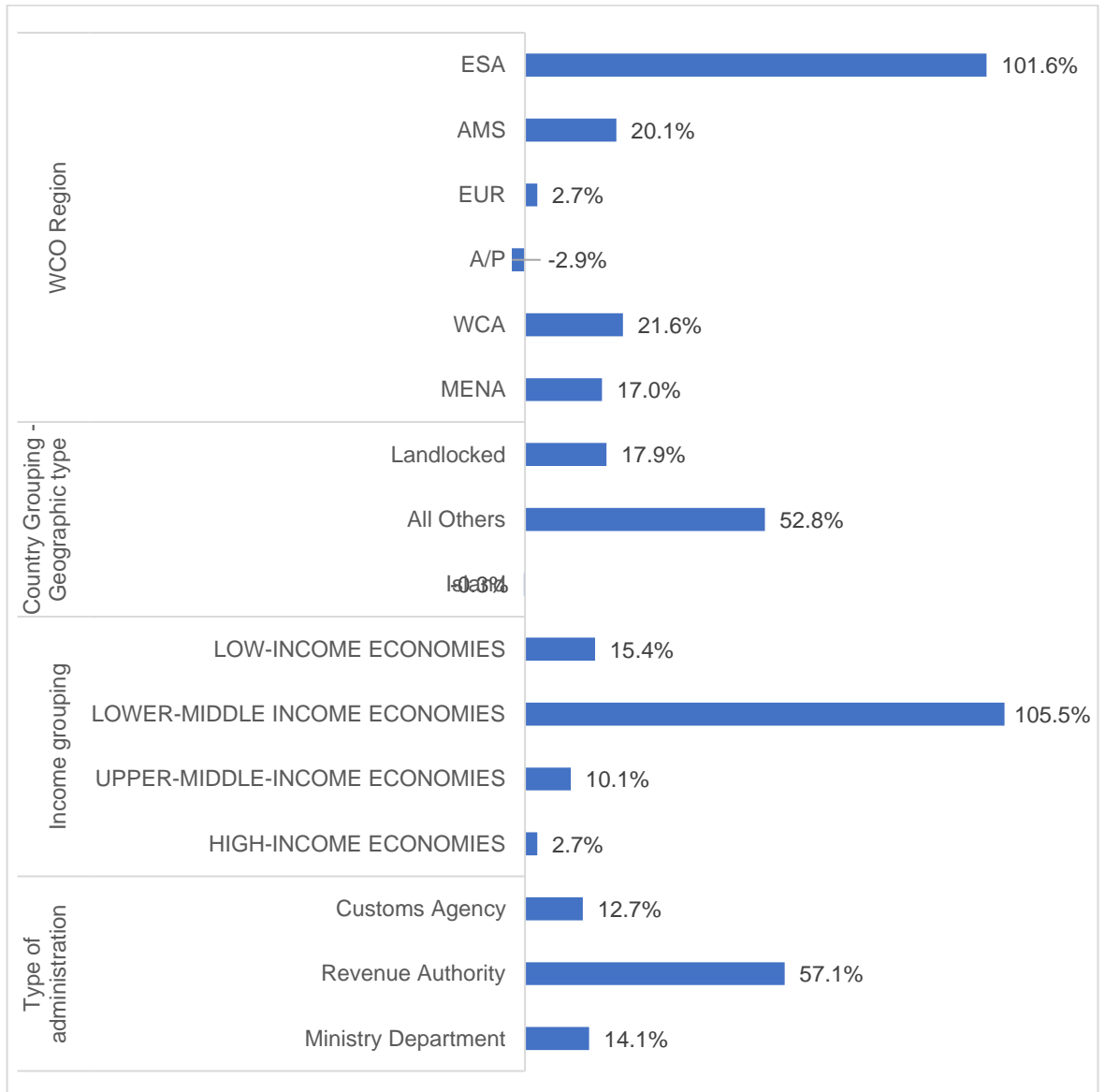
190. On the other hand, income grouping does not seem to make a difference for this KPI. The distribution of responses amongst the four income types is very even, with a small variation between the lowest and highest average result.

KPI Variation in the Number of AEOs

191. Authorized Economic Operator (AEO) programmes (known in some countries as trusted trader programmes) facilitate trade by operators who have a proven track record of compliance. AEO programmes support streamlining of legitimate trade while granting traders that meet strict compliance conditions of the programme, special facilitation benefits for border procedures and Customs clearance. AEO programmes vary across the Membership, offering different benefits to traders. While AEO programmes follow the guidelines of the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), each Member structures them differently. They also differ in terms of their structure and the requirements to obtain the status.
192. Two PMM KPIs are focused on AEOs: one on the increase in the overall number of AEOs and the other on their participation in trade, i.e. the annual trade value of imports and exports by AEOs versus the overall value of imports and exports.
193. A decrease in the number of AEOs might mean a number of things. For example, if local Customs authorities apply strict controls to companies which hold an AEO status to ensure consistency and compliance, and one of those companies no longer meets AEO criteria, an authorization would be revoked. Alternatively, a company might simply cease to exist.
194. The increase in the number of AEO-certified companies indicates an interest in the benefits offered by such programmes. It also points into an increase in compliant and secured trade. It can also indicate that an AEO programme was introduced for the first time, leading to a significant increase in the number of authorizations to promote the AEO programme.
195. A significant increase or decrease in the number of AEOs on its own do not necessarily indicate how the adoption of the AEO programme is progressing. This KPI should be cross-referenced with the next KPI relating to the involvement of AEO companies in trade.

KPI overview

Figure 36. Overview of the KPI Variation in the Number of AEOs with global average of 33.8%



196. The highest increase in the number of AEOs in the reference year took place in the ESA (101.6%). This high number is mainly due to one of the Members reporting a considerable increase in AEO numbers as a result of introducing the AEO programme. There was a huge difference between this region and the WCA region. The WCA region declared a 21.6% increase and the AMS region a 20.1% increase. The A/P region indicated that the number of AEO traders had decreased (-2.9%). This is due to one of the seven respondents in this region declaring a 40% decrease.

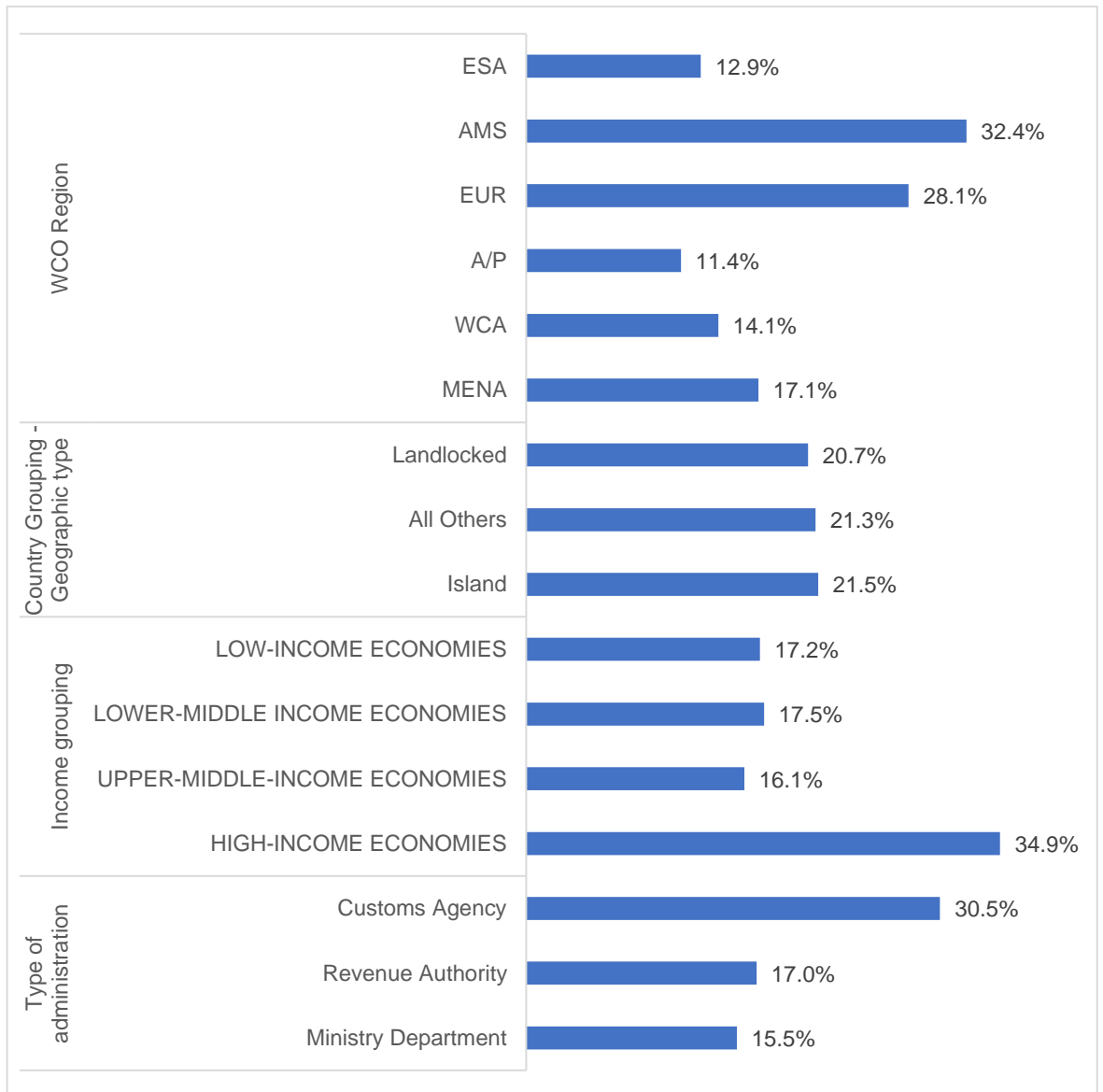
197. When compared across geographic types, island economies indicated a small decrease in the number of AEOs (-0.3%), while all other types of economies demonstrated that their AEO programmes were growing quite fast (52.8%).
198. There is a significant difference in terms of results for different income groups. The lower-middle income group declared the highest increase in the number of AEOs with a result of 105.5%. This indicates that the AEO programmes are developing quickly in these countries. Low-income and upper-middle-income countries indicated a growth of 15.4% and 10.1% respectively. On the other hand, AEO programmes seem quite stable in high-income economies with a result of 2.7%.
199. Finally, the growth in terms of AEO authorizations was the highest for revenue authorities (57.1%), with the other two types of authorities indicating results similar to each other.

KPI AEO Involvement in Trade

200. The final KPI related to this expected outcome is the AEO Involvement in Trade. This KPI measures the percentage of the annual trade value (i.e. the volume of trade) generated by AEOs versus the total value of trade. The respondents were asked to provide the annual trade value of import and export (in USD) by AEOs with a valid AEO status and the total trade value. Out of 62 respondents, 41 provided data for this KPI while 18 provided a reason for leaving it blank.
201. An increase in the proportion of trade generated by AEO operators can indicate more about overall compliance. It should also be considered in the context of the previous KPI to provide a more accurate overview of the situation.

KPI overview

Figure 37. Overview of the KPI Involvement in Trade with global average of 21.2%



202. The results broken down by WCO regions were much more evenly distributed than for the number of AEO traders under the previous KPI. The ESA region, which declared 101.6% growth in terms of the number of AEOs, indicated the second-lowest score for the share of AEOs in overall trade with 12.9%. While the AEO programmes in this region are growing fast, the share of trade remains quite low.

203. The A/P region, which declared a decrease in terms of the number of AEOs, also showed the lowest share of AEOs in trade (11.4%). This indicates not only that AEO

programmes face a decrease in this region but also that their overall share in trade is less significant than for other regions.

204. The AMS region declared the highest share of AEOs in overall trade, at 32.4%. The region declared a steady increase in the number of AEOs (20.1%). The results indicate the importance of AEO programmes for the region, with a significant volume of trade being generated by AEOs.
205. The region with the second highest share of AEO in trade, the EUR region, declared a result of 28.1%. The region had the lowest positive result for the increase in the number of AEOs (2.7%). The results indicate that the AEO programmes in the region are fairly saturated and growing at a very slow rate. At the same time, significant volumes of trade are done by companies with AEO status, indicating the importance of these programmes for the region and the high number of already existing companies with AEO status.
206. The results were also evenly split across income groups, with the exception of high-income economies. High-income economies declared only a 2.7% increase in terms of the number of AEOs, but a 34.9% share of AEOs in trade. This indicates the importance of AEO programmes for high-income economies as well as their maturity and stable growth.
207. Lower-middle-income economies which indicated the highest growth in terms of the number of AEOs (105.5%) also declared the second-highest share of AEOs in trade (17.5%). This indicates that the impact of the AEO programmes in trade is growing.
208. Upper-middle-income economies declared the lowest share of AEOs in trade (16.1%) and the second-lowest increase in the number of AEOs (10.1%). The results point to a slow growth of AEO programmes for the economies in this group.
209. In terms of the type of administration, Customs agencies declared the highest share of AEOs to the overall volume of trade (30.5%). At the same time, they also declared the lowest growth of AEOs (12.7%). While revenue authorities are growing their AEO programmes the fastest (57.1% variation in AEOs), the share of AEOs in trade is relatively low (the second lowest result of 17.0%).
210. Finally, while all three KPIs contribute to the expected outcome of Increased Trust in the Relationship with Trade, there is no clear statistical correlation between the responses given to the KPI Private Sector Engagement and the two AEO KPIs. However, the KPI Private Sector Engagement lays the foundations for building a trusted relationship with the private sector and offers provisions and recommendations for Members on how best to proceed. In the longer term, Members' maturity in private sector engagement would have a progressive, positive impact on the increase of the AEOs and their contribution to compliant trade turnover.

4.11. PMM at the Crossroads of Integrity, Accountability and Good Governance

211. In order to manage Customs competencies effectively and efficiently, a high level of integrity, accountability, and good governance are necessary. A perceived lack of integrity and/or the presence of corruption can jeopardize legitimacy and trust in Customs administrations, making it difficult for Customs authorities to fulfil their tasks.⁹ The adverse effects of corruption, the perceived lack of integrity, and a perceived lack of good governance measures within a Customs administration may include:
- revenue leakage;
 - distortion of economic incentives;
 - reduction in public trust and confidence in government institutions;
 - reduction in the level of trust and cooperation between Customs administrations and other government agencies;
 - low staff morale and esprit de corps;
 - increased costs which are ultimately borne by the community;
 - reduction in the level of voluntary compliance with laws and regulations;
 - undermining of national security and community protection; and
 - creation of unnecessary barriers to international trade and economic growth.
212. In order to manage the above-mentioned adverse effects, it is essential to make Customs administrations more efficient, effective and accountable through an appropriate performance measurement system that includes a set of indicators that measure how well desired/expected outcomes are achieved, and at the same time to apply the principles of integrity, accountability and good governance. Those principles are embedded in the 10 Key Factors of the [Revised Arusha Declaration \(RAD\)](#): Leadership and Commitment, Regulatory Framework (harmonization and standardization), Transparency, Automation, Reform and Modernization (process efficiency and effectiveness), Audit and Investigation (internal controls), Code of Conduct, Human Resource Management, Morale and Organizational Culture, and Relationship with the Private Sector.
213. The relationship between Customs performance and integrity is twofold. The implementation of the above-mentioned 10 key factors enables the attainment of the desired/expected outcomes. The progress achieved for each of the Expected Outcomes in the PMM also gives an indication of the implementation of the RAD 10 Key factors thus ensuring integrity, accountability and good governance. Having this in mind, a mapping/correlation has been developed between the [PMM Expected Outcomes and the RAD 10 Key factors](#).
214. The PMM also provides direct evidence of the level of integrity and the manifestation of corruption, through its expected outcome “Advanced level of Integrity” being measured by three KPIs: Disciplinary Compliance, Effectiveness of Reporting

⁹ [WCO Integrity Development Guide \(IDG\)](#)

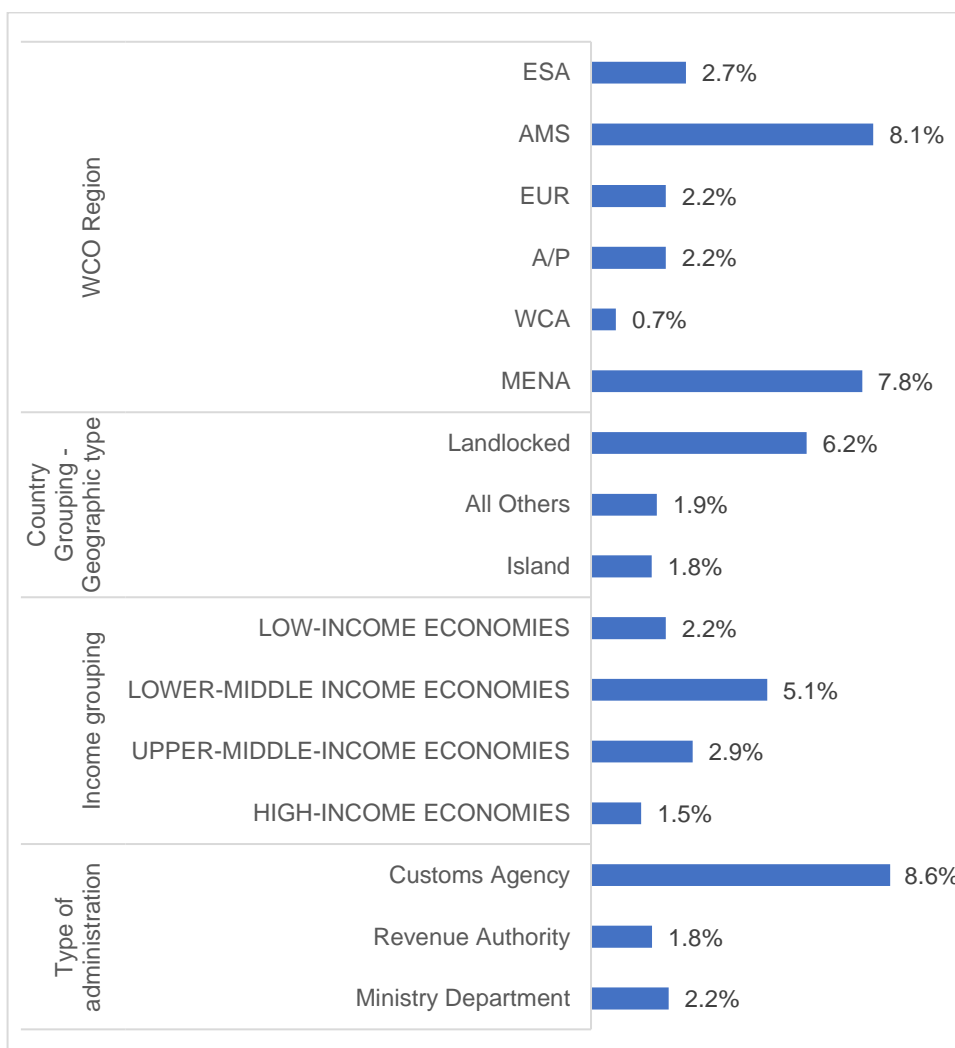
Mechanisms for Corruption Misconduct and Malpractice, and Maturity of Anti-corruption and Integrity Preventive Measures”. The analysis of the KPIs was complemented with the observation of the application of the principles of integrity, accountability and good governance as detailed in the correlation table of PMM Expected Outcomes and the RAD 10 Key factors.

KPI Disciplinary Compliance

215. This KPI measures the percentage of officials subject to disciplinary measures for violation of the code of conduct or/and anti-corruption provisions stipulated by laws or regulations. The calculation envisages an annual number of officials subject to disciplinary measures over a total number of all officials.
216. A key element of a sound integrity programme is the development, issuing and acceptance of a comprehensive code of conduct that sets out, in very practical and clear terms, the minimum standards of behaviour expected of all Customs employees.
217. A low score would indicate that a low percentage of officials are subject to disciplinary measures. That can mean a high degree of integrity amongst officials, although it might mean lower levels of checks and lower effectiveness of reporting mechanisms. Therefore, this KPI should also be reviewed in the context of the other two KPIs under the expected outcome Advanced Level of Integrity. 43 Members provided a response to this KPI.

KPI overview

Figure 38. Overview of the KPI Disciplinary Compliance with global average of 3.38%



218. The region with the lowest percentage of disciplinary measures was the WCA region with a result of 0.72%. The EUR, the A/P and the ESA regions had similar scores (2.16%, 2.16% and 2.74% respectively). The two highest scores were declared by the MENA region (7.82%) and the AMS region (8.14%). The last two results signify a relatively high proportion of staff being subject to disciplinary measures.
219. There was a difference between landlocked Members and the other two geographic groupings. While island and all other Members declared a result below 2% (1.75% and 1.90% respectively), landlocked Members had a result of 6.22%.
220. There was a discrepancy when it came to the type of administration. Customs agencies declared a high result of 8.63%, while the result was much lower for ministry departments (2.24%) and revenue authorities (1.76%).
221. The Members from the MENA and ESA regions, and the landlocked Members with a relatively high percentage of officials subject to disciplinary measures, should aim at further improvements in establishing and implementing the principles of a

comprehensive code of conduct set out in very practical and unambiguous terms while specifying the penalties for non-compliance. Moreover, leadership plays a pivotal role in setting examples that are consistent with the code of conduct. The commitments made by the leadership should therefore be translated into transparent and appropriate actions to maintain high levels of integrity in all aspects of Customs work.

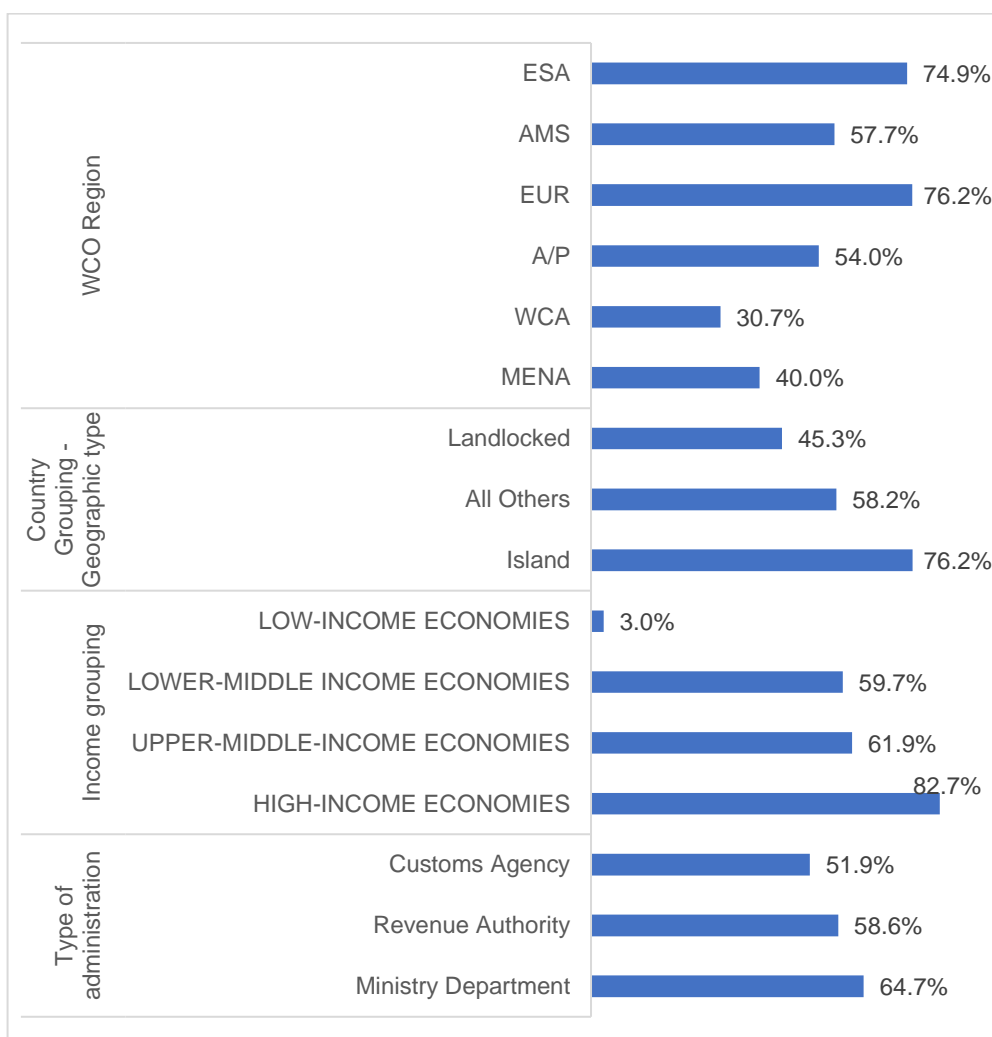
222. The percentage of officials subject to disciplinary measures is likely to decrease in the WCO regions concerned (MENA and AMS) and across the landlocked Members, as officials are more likely to act with integrity when morale is high, human resource management practices are fair and there are reasonable opportunities for career development and progression. Therefore, further considerations are to be taken in building and developing morale and organizational culture while leveraging the active involvement of officials in anti-corruption programmes. The relatively high percentage of officials subject to disciplinary measures might lead to the need for a comprehensive review of Human Resource Management systems, with particular attention to reasonable remuneration, recruitment and retainment of officials with high standards of integrity, competency-based promotion and appropriate performance appraisal and management systems, to reinforce sound practices and foster high levels of personal and professional integrity.
223. The above-mentioned principles, related to the practical code of conduct, morale and organizational culture, and sound human resource management policies and procedures, should be addressed under a broader reform and modernization umbrella focusing on all aspects of Customs operations and performance.

KPI Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice

224. This KPI monitors the percentage of investigations and/or internal control measures initiated as a result of reporting mechanisms for corruption misconduct and malpractice. Reporting mechanisms for corruption misconduct or malpractice are used to implement a credible and safe channel for employees, business partners and clients to report wrongdoing in relation to the administration's operations. Report mechanisms include hotlines, national media, reporting to supervisors, reports from internal investigations, intelligence reports etc.

KPI overview

Figure 39. Overview of the Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice with global average of 59.43%



225. The reporting mechanisms for corruption misconduct and malpractice seem particularly important for two regions: EUR (76.17%) and ESA (74.94%). In both of the regions about three-quarters of internal control measures are initiated as a result of reporting mechanisms.
226. The two regions with the lowest percentage of investigations and/or internal control measures initiated as a result of reporting mechanisms for corruption misconduct and malpractice were the WCA (30.71%) and MENA (40.00%) regions. In addition to the lowest of investigations, the WCA also scored the lowest on disciplinary compliance in the previous KPI on Disciplinary Compliance.
227. Regional differences suggest that, to successfully design and make use of the reporting mechanisms, Customs administrations must take into consideration the existing cultural and behavioural differences. Certain channels of reporting may be effective for some Members but may give the wrong perception to others.
228. Island economies declared the highest percentage of investigation and/or internal control measures initiated as a result of reporting mechanisms, at 76.23%. The

lowest percentage was declared by landlocked countries. Interestingly, island countries were also the ones with the lowest percentage of disciplinary compliance, while landlocked countries had the highest percentage of disciplinary compliance.

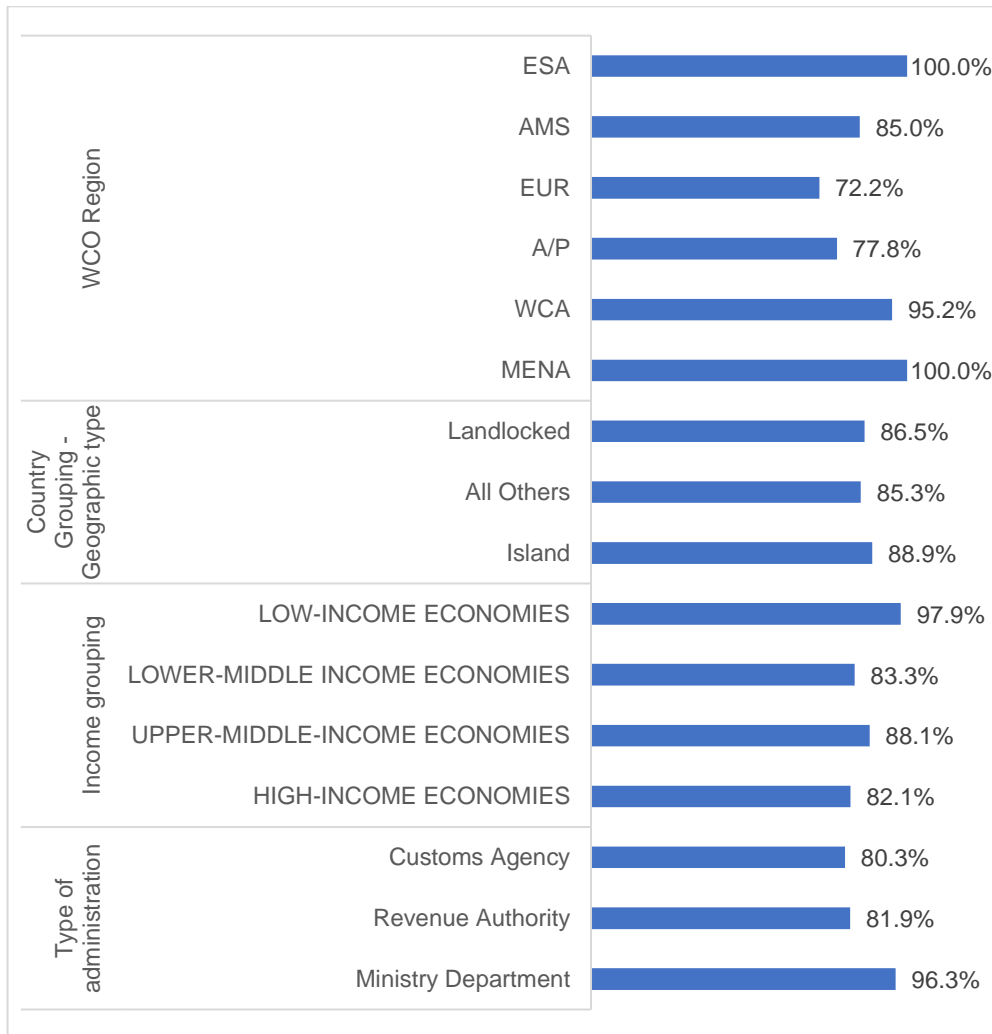
229. The group average of the percentage of investigation and/or internal control measures initiated as a result of reporting increases from 3.03% of the low-income economies to 82.72% of the high-income economies. High-income economies are by far the most effective in terms of investigation and/or internal control measures initiated as a result of reporting mechanisms. There is also a large gap between low-income economies (3.03%) and lower-middle-income economies (59.74%).
230. The results were evenly distributed for different types of administrations, with ministry departments scoring the highest (64.68%) and Customs agencies the lowest (51.93%). Customs agencies indicated the highest percentage for disciplinary compliance and the lowest for the percentage of investigation and/or internal control measures initiated as a result of reporting mechanisms.
231. The high-income economies, being the most effective in terms of investigation and/or internal control measures initiated as a result of reporting mechanisms, point to the proper application of monitoring and control mechanisms such as internal check programmes, internal and external auditing and investigation and prosecution regimes. Low-income and lower-middle-income economies consequently need to make further efforts to identify incidences of corruption and to discipline or prosecute the officials involved, thus establishing and promoting a positive culture of audit and investigation. While encouraging officials and the overall public to report corrupt and illegal activities, the protection of the investigation sources should be ensured, and trust built.

KPI Maturity of Anti-corruption and Integrity Preventive Measures

232. This KPI measures the level of the maturity of anti-corruption and integrity preventive measures. It is calculated on a binary basis with YES and NO questions related to the existence and execution of an anti-corruption and integrity action plan. The Revised Arusha Declaration underscores the need to have an anti-corruption and integrity plan to ensure the implementation of the respective measures. 53 out of 62 Members responded to this KPI. 48 respondents confirmed that they had an anti-corruption and integrity action plan in place. Out of these, 40 respondents declared that their action plans were aligned with the WCO Revised Arusha Declaration on Good Governance and Integrity in Customs.

KPI overview

Figure 40. Overview of the KPI Maturity of Anti-corruption and Integrity Preventive Measures with global average of 86.5%



233. In terms of regional distribution, the average result of the KPI is 100% in the case of the ESA and MENA regions. The WCA region also declared a high result, at 95.24%. This indicates that anti-corruption and integrity action plans play a significant role in Customs administrations across the continent and are widely used. Not only do they have an anti-corruption action plan in place, but it is also Customs-specific, with structures for tracking and reporting, and is aligned with the WCO Revised Arusha Declaration on Good Governance and Integrity in Customs.
234. However, such positive results are not fully in line with the results of the KPIs Disciplinary Compliance, and Percentage of Investigation and/or Internal Control Measures Initiated as a Result of Reporting Mechanisms. The WCA and MENA regions had the lowest percentage of investigations following corruption reports. The MENA region also had the highest rate of staff subject to disciplinary measures.
235. Such misalignment shows that while the administrations may be successful and mature enough in inaugurating anti-corruption action plans, there are still gaps between the guidelines of the action plan and how they are actually implemented, which are not captured by this KPI. For instance, this KPI assesses whether the

action plan includes sensitization measures such as training and educational campaigns, but does not consider the quality or the outcome of the training or the campaigns. Moreover, this KPI sees the management of corruption risks as one of the key elements but does not evaluate the effectiveness of management of corruption risks.

236. The misalignment of maturity of anti-corruption and integrity preventive measures and the results of the other two KPIs under the expected outcome Advanced Level of Integrity may also indicate that the self-assessment of the KPI Maturity of Anti-corruption and Integrity Preventive Measures requires more robust proof and validation.
237. The EUR region declared the lowest result with 72.22%. At the same time, the region had the highest percentage of investigation and/or internal control measures initiated as a result of reporting mechanisms. Certain non-applicable integrity and anti-corruption preventive measures, as specified in the KPI description, do not prevent the region from having the most effective reporting mechanisms for corruption misconduct and malpractice.
238. The results for geographic types were evenly distributed, with island economies scoring the highest (88.89%) and all others scoring the lowest (85.33%).
239. Low-income economies had the highest result of 97.92% of maturity, with high-income economies scoring the lowest at 82.05%. However, low-income economies also scored the lowest for the percentage of investigations initiated as a result of reporting, and high-income economies declared the highest level of effectiveness of reporting mechanisms despite the lowest score in this category. It should be reiterated that the establishment of anti-corruption and integrity action plans has not yet been translated into high-effectiveness of reporting mechanisms for corruption misconduct and malpractice.
240. The differences in the results for the KPI Maturity of Anti-corruption and Integrity Preventive Measures and the KPI on Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice were visible for the types of administrations. Customs administrations had the lowest percentage of investigation and/or internal control measures initiated as a result of reporting mechanisms (51.93%) and in terms of the maturity of preventive measures (80.30%) as well. On the other hand, ministry departments had the highest result under this KPI (96.30%) as well as for the KPI concerning the percentage of investigation and/or internal control measures initiated as a result of reporting mechanisms (64.68%).
241. The findings raise reasonable questions on the credibility of the implementation of anti-corruption and integrity preventive measures reflected in YES and NO questions, as their existence does not necessarily mean that they are applied properly in practice. Additionally, this finding leads to the necessity of revisiting the reform and modernization agenda across the WCO Membership to ensure the establishment of consistent legal and operational provisions on the one hand and their execution in practice on the other.

4.12. Application of the main WCO Instruments and Tools

242. The PMM is designed primarily to assess the efficiency and effectiveness of all Customs competencies within four dimensions of Customs performance (Trade Facilitation and Economic Competitiveness; Revenue Collection; Enforcement, Security and Protection of Society; and Organizational Development) further broken down into specific expected outcomes and KPIs. The PMM also aims to measure the application of the [main WCO instruments and tools](#) that have a major impact on the corresponding expected outcomes under the PMM.
243. As one of the deliverables of PMM V.1, the following criteria had been applied in selecting the forty-six (46) main WCO instruments and tools under the PMM:
- Substantive tools (e.g. conventions and associated guidelines and handbooks);
 - Root tools, from which other tools are derived as a specification or a detail;
 - Tools that have a more direct impact when compared to other tools that might be related and relevant but have a more mediated impact;
 - Updated tools;
 - Framework tools (including and referring to other tools. e.g. SAFE FoS, RKC);
 - Specific tools that can be considered as key performance drivers (i.e. SW, API, etc.)
 - Tools having a “residual coverage” value with respect to a specific expected outcome, when no other tools are available.
244. The PMM covers 23 expected outcomes, under which 49 KPIs are clustered. Each of these expected outcomes, with the corresponding KPIs, were mapped against the main WCO instruments and tools which were expected to have an impact on them when implemented.
245. As part of the self-assessment phase of the PMM V.1, Members were asked to provide information about the awareness and use of the main WCO instruments and tools under the PMM. Members were asked to answer closed-ended questions (single-choice) by selecting YES or NO answers as to whether they were aware of each of the main WCO instruments/tools. Further information was requested through closed-ended questions (multiple-choice) on the usage of the main WCO instruments/tools. The closed-ended questions (multiple-choice) included the following selection options: currently in use; plans to use it; and no plans to use it. 61 responses were collected and analysed as part of this exercise.
246. A mixed methodological approach was used to assess the application of the main WCO instruments and tools. The response rates were calculated on the awareness and usage of each of the main WCO instruments and tools. The findings of these calculations were further analysed in the context of the performance/productivity of the KPIs linked to the mapped expected outcomes (Annex II; Members only).
247. The response rates for questions regarding the awareness of all the WCO instruments (except one tool, “Global Travel Assessment System (GTAS)”) were relatively high. However, in the case of 24 instruments/tools (out of 46), the responses indicated that only a small percentage of Members (an average of 16%) were planning to use these tools in future. These were the following tools:

- Capacity Building Development Compendium;
- Guide to Implementing Competency-Based HRM in a Customs Administration Environment;
- Executive and Professional Competency-Based Human Resource Management Programme (EPCB-HRMP);
- Gender Equality Organizational Assessment Tool (GEOAT);
- Customs Laboratory Guide;
- Global Travel Assessment System (GTAS);
- STCE Implementation Guide;
- Cargo Targeting System (CTS);
- (Punta Cana Resolution) Resolution of the WCO Policy Commission on the Role of Customs in the Security Context;
- CENcomm Closed User Group: ENVIRONET;
- CENcomm Closed User Group: TobaccoNET;
- CENcomm Closed User Group: ARCHEO;
- CENcomm (FinCRIME On-line Library);
- CENcomm Closed User Group: AIRCOP;
- Recommendation of the Customs Co-Operation Council concerning Actions Against Cross-Border Environmental Offences (28 June 2008);
- WCO Handbook on Prevention of Illicit Trafficking of Cultural Heritage (PITCH);
- Resolution of the Customs Co-Operation Council on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects (July 2016);
- Recommendation of the Customs Co-Operation Council on the Development of Co-ordinated Enforcement and Intelligence Operations aimed at Identifying and Intercepting Concealed Illicit Drugs (13 June 1985);
- Customs - Police Cooperation Handbook;
- PGS Pocket Guide;
- Customs-FIU Cooperation Handbook (CFCH);
- Framework of Standards on Cross-border E-commerce;
- API Guidelines & PNR Reporting Standards; and
- WCO Handbook on Globally Networked Customs (GNC).

248. Moreover, correlation of the awareness/use of the WCO instruments/tools and the KPIs performance/productivity (“well-performing” KPIs) indicates that KPI performance (“well-performing” KPIs) is not always impacted by the application of the corresponding instruments/tools. This can be an indication that the respective instruments/tools, due to their relatively low rate of usage, might need further review from the perspective of their relevance and/or might require amendments and updates to address the rationale of the PMM KPIs concerned. This refers to the following tools:

- Capacity Building Development Compendium;
- Guide to Implementing Competency-Based HRM in a Customs Administration Environment;
- Executive and Professional Competency-Based Human Resource Management Programme (EPCB-HRMP);
- WCO Model Code of Ethics;
- Gender Equality Organizational Assessment Tool (GEOAT);

- WCO Handbook on Globally Networked Customs (GNC);
 - API Guidelines & PNR Reporting Standards;
 - Framework of Standards on Cross-border E-commerce;
 - Global Travel Assessment System (GTAS); and
 - Cargo Targeting System (CTS).
249. On the other hand, the performance of “low-performing KPIs” has a significant correlation with low use of the main WCO instruments and tools. In such cases, the results indicate that the usage and awareness of the instrument/tool is lagging and the instrument/tool would benefit from additional awareness-building activities. In addition, further revisions or updates to those instruments/tools might be needed to ensure their relevance and better uptake by the WCO Members. It can be further observed that these were mainly the instruments/tools clustered under the dimension of Enforcement, Security and Protection of Society. This refers to the following instruments/tools:
- Gender Equality Organizational Assessment Tool (GEOAT);
 - Framework of Standards on Cross-border E-commerce;
 - API Guidelines & PNR Reporting Standards;
 - WCO Handbook on Globally Networked Customs (GNC);
 - STCE Implementation Guide;
 - Cargo Targeting System (CTS);
 - CENcomm Closed User Group: TobaccoNET;
 - CENcomm Closed User Group: ARCHEO;
 - CENcomm Closed User Group: AIRCOP;
 - WCO Handbook on Prevention of Illicit Trafficking of Cultural Heritage (PITCH);
 - Resolution of the Customs Co-Operation Council on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects (July 2016);
 - Recommendation of the Customs Co-Operation Council on the Development of Co-ordinated Enforcement and Intelligence Operations aimed at Identifying and Intercepting Concealed Illicit Drugs (13 June 1985); and
 - Customs - Police Cooperation Handbook.
250. Overall, while assessing the correlation between the “well-performing” KPIs and the main WCO instruments and tools with high usage rates, the tools falling under the dimension of Revenue Collection have the highest usage rates. This indicates a high uptake of the recommendations of the instruments and tools concerned. The following tool/instruments fall under this specific assessment:
- Most recent HS Nomenclature (2022, 2017, etc.);
 - HS Explanatory Notes;
 - Compendium of Classification Opinions;
 - Technical Guidelines on Advance Rulings for Classification, Origin and Valuation;
 - Guidelines on Customs Infrastructure for Tariff Classification, Valuation;
 - CliKC! and E-Learning Platform;
 - Revised Arusha Declaration on Integrity and Good Governance in Customs (RAD);
 - International Convention on the Simplification and Harmonization of Customs Procedures, as amended (Revised Kyoto Convention);

- Single Window Compendium;
 - WCO Data Model (DM);
 - Time Release Study;
 - Coordinated Border Management (CBM) Compendium;
 - Container Control Programme (CCP); and
 - Guidelines for Post-Clearance Audit (PCA).
251. Further analysis was done on two key questions with a complementary methodological approach:
- Does the awareness and use of these instruments/tools impact Members' capacity to provide data for the PMM KPIs?
 - Can the awareness and use of these instruments/tools be linked with the results of the KPIs provided by Members in the PMM? In other words, can the better use of tools be associated with higher or lower values for the KPIs?
252. In order to assess the relationship between the awareness of the main WCO instruments and tools and KPI results, a correlation coefficient was calculated between Members' responses to relevant instruments and tools, and the KPI data collected via the PMM platform. Responses to the awareness and use of the main WCO instruments and tools were converted to a numeric scale as follows:
- 0: Not aware of the tool;
 - 1: Aware but no plans to use it;
 - 2: Aware and plan to use it;
 - 3: Aware and currently using the tool.
253. The KPI data was analysed in two ways:
- Capacity to provide data: KPI submissions were coded as binary (0 = No data submitted, 1 = Data submitted);
 - KPI results: the actual KPI results (for example: Percentage of fines administered, percentage change in the number of seizures).
254. The correlation coefficients, when above 0.5 or below -0.5, are considered significant as a rule of thumb. Results within the range of -0.5 and 0.5, are considered as not giving enough evidence that there is a relation between the response to the awareness and use of the main WCO instruments and tools and results of the PMM KPIs. The significant correlation coefficients can be interpreted as follows:
- Positive correlation: a positive correlation would suggest that better awareness and use of the instruments and tools can be associated with higher KPI values. For example, if a particular instrument has a positive correlation with a KPI, this implies that Members who are more aware or make more use of it tend to achieve higher values in that KPI.
 - Negative correlation: a negative correlation suggests the opposite. In these instances, greater awareness or use of the tool correlates with lower KPI values.
255. It is important to note that the higher or lower values of certain KPIs do not necessarily point to better or poorer performance in the area measured by the certain KPI. For certain KPIs, higher values indicate better performance, while for some other KPIs, it is the lower values that are indicative of a better performance.
256. The analysis of the complementary methodological approach revealed that Members' capacity to provide data does not depend on their awareness or use of WCO

tools. There was no significant correlation between tool awareness and the ability to submit data for any of the KPIs. The highest correlation coefficient observed was 0.396, which is not large enough to indicate a meaningful relationship.

257. Moreover, there is evidence that awareness and use of certain WCO instruments and tools do have an impact on specific KPI results. However, this effect is not consistent across all instruments/tools and KPIs. Significant negative correlations were found for certain tools and the respective KPIs, indicating that increased awareness and use of tools might correlate with lower KPI results.
258. In the case of the KPI Percentage of Importers Paying Interest, the negative correlation coefficient of -0.77, between the result of this KPI and the main tool Technical Guidelines on Advance Rulings for Classification, Origin and Valuation, suggests that Members using this tool registered a lower percentage of importers paying interest. Therefore, enhanced understanding and use of this particular tool is beneficial for achieving a higher degree of voluntary compliance by importers.
259. However, in certain cases, the negative correlation might be the indication that better awareness and application of the instrument or tool does not guarantee positive performance of the KPI. This is the case for the KPI Effectiveness of Controls on Cigarettes, where a better understanding and use of Guidelines for Post-Clearance Audit (PCA) is linked with a lower effectiveness in the controls of cigarettes. It was also found that the awareness and application of nCEN do not result in greater effectiveness of controls on cultural goods.
260. Even though this complementary analysis does not cover the whole WCO Membership, there are still implications on how the WCO instruments and tools can be further leveraged. The implications are twofold. On the one hand, Members with a better understanding and more successful application of certain instruments or tools are competent in providing capacity building or technical assistance on how to improve the performance areas targeted by these instruments or tools and measured by the respective KPIs. On the other hand, the specific provisions (related to the rationale of the KPIs) of certain WCO instruments and tools may not yet be applied properly by Members, or the instruments and tools require reviews to assist the further development of the rationale of the existing KPIs.
261. The analysis presented in Table 2 below covers the example of four main WCO instruments and tools with significant negative correlations, indicating that increased awareness and use of tools correlate with lower KPI results.

Table 2. Correlation coefficients of the KPIs and the respective WCO tools

Instrument/Tool - KPI	Correlation coefficient
Guide to Implementing Competency-Based HRM in a Customs Administration Environment - Competency Development	-0.53
Technical Guidelines on Advance Rulings for Classification, Origin and Valuation - Percentage of Importers Paying Interest	-0.77

Instrument/Tool - KPI	Correlation coefficient
Guidelines for Post-Clearance Audit (PCA) - Effectiveness of controls on cigarettes	-0.51
Guidelines for Post-Clearance Audit (PCA) - Effectiveness of controls on cultural goods	-0.59
nCEN - Effectiveness of controls on cultural goods	-0.60

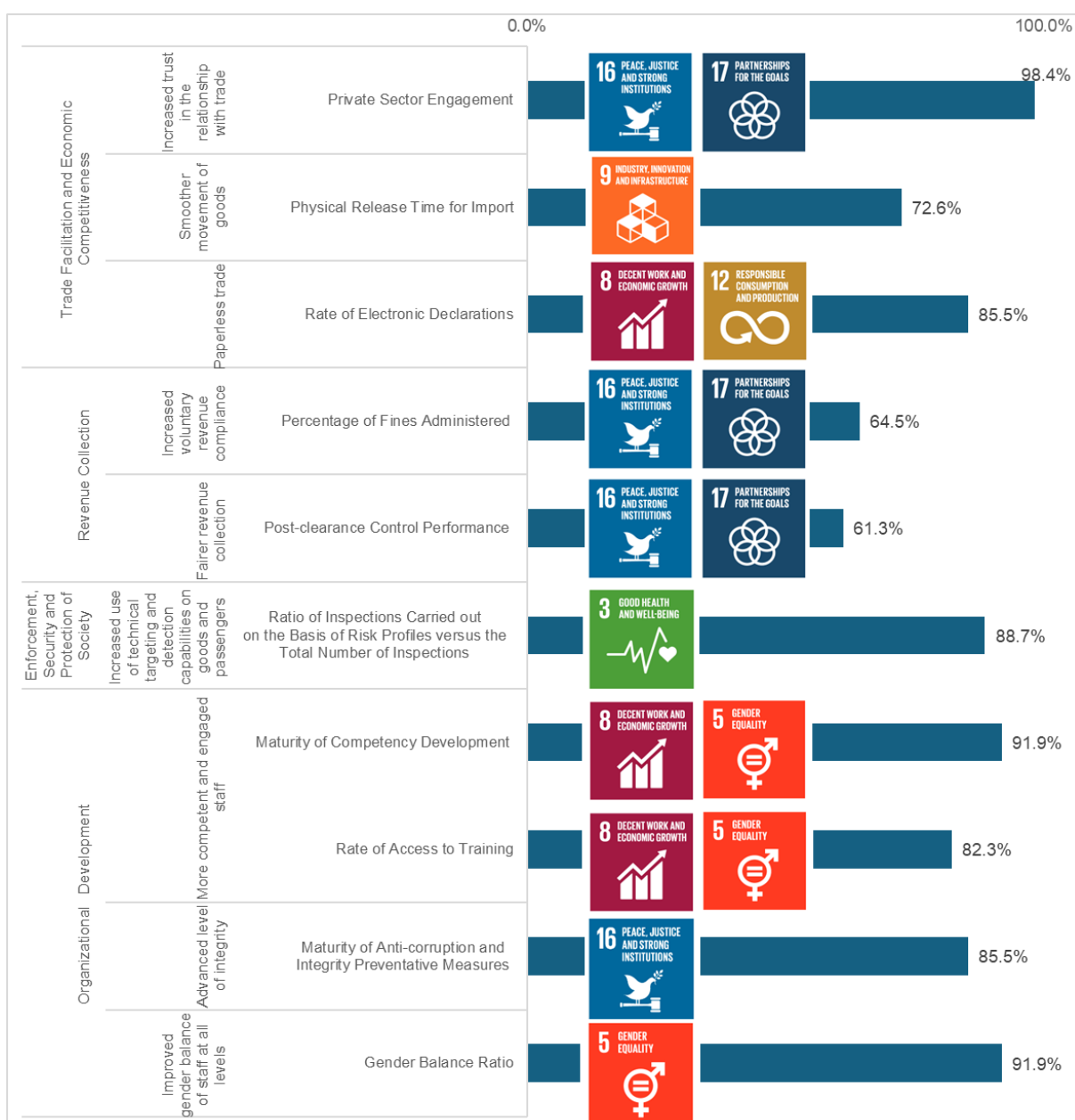
262. The full list of the main WCO instruments/tools analysed with the complementary methodological approach is shown in Annex III (Members only).

4.13. PMM and the UN Sustainable Development Goals

263. [The 2030 Agenda for Sustainable Development](https://www.un.org/sustainabledevelopment/), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.¹⁰
264. Customs plays a pivotal role in supporting the achievement of the UN SDGs. Its contribution spans multiple SDGs by ensuring the efficient movement of goods and promotion of legitimate trade, securing national borders, protecting people and the environment, ensuring health and safety, generating revenue and fostering economic growth. In this respect, the [UN SDGs](#) were mapped against the PMM’s expected outcomes, thereby placing the PMM in the wider context of the global impact.
265. Following analysis of the “well-performing” KPIs and the KPIs with relatively high rates of responses, it was possible to connect them with the respective SDGs and identify the SDGs with the most productive contribution from the Customs side while continuously ensuring a secured and transparent trading environment (Figure 41).

¹⁰ <https://sdgs.un.org/goals>

Figure 41. PMM KPIs response rate (%) versus Expected Outcomes and SDGs



266. SDGs 16 and 17 underline the importance of developing effective, accountable and transparent institutions at all levels while promoting effective public, public-private and civil society partnerships. Members (98.39% response rate to KPI Private Sector Engagement) have been striving to establish responsive, transparent and reliable outreach mechanisms to enable dialogue on recurring or emerging Customs matters that are of importance to the industry and increase the trust in partnerships. With this in mind, a high number of Customs administrations have mechanisms in place to enable periodic engagements with the private sector and facilitate discussions on specific topics. Members ensure the designated representations for coordination with and solicitation of inputs from partner government agencies.

Moreover, SDG 16 highlights the critical need to substantially reduce corruption and bribery in all their forms. In this respect, the rule of law is at the core of Customs while supporting legal and ethical trade practices, reducing corruption and enhancing transparency at borders. The majority of Members (85.48% response rate to KPI Maturity of Anti-corruption and Integrity Preventative Measures) have been gradually establishing anti-corruption and integrity preventive measures, having anti-corruption and integrity action plans in place and covering the areas related to leadership and commitment, regulatory frameworks, transparency, automation, reform and modernization, audit and investigation, codes of conduct, human resource management, morale and organizational culture, and relationships with the private sector. Members have been conducting relevant sensitization measures (i.e. training, educational and publicity campaigns, engagement on code of conduct etc.).

267. Members have been promoting voluntary revenue compliance while improving domestic capacity for tax and other revenue collection (relevance to the SDG 17). Accountability and transparency have been identified as core principles to be shared between Customs and the private sector. Members (64.52% response rate to KPI Percentage of Fines Administered) have been administering the fines imposed while identifying cases of non-compliance and setting relevant targets to improve voluntary revenue compliance. Moreover, while progressively and effectively applying post-clearance controls, Members have been ensuring fair collection of revenue by guaranteeing compliance in the performance of post-clearance control (61.29% response rate to KPI Performance of Post-clearance Controls) and fair trade within the Customs environment.
268. The SDG 9 seeks to develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being and ensure smooth movement of passenger and freight volumes. Members (72.58% response rate to KPI Physical Time of Release) have been monitoring the flow of imported goods with the objective of identifying trends regarding the processing time by Customs and other border agencies and identifying areas for possible improvement to foster trade facilitation. Customs administrations, in collaboration with relevant border agencies and stakeholders, have been assessing the efficiency and effectiveness of border clearance processes, in order to optimize trade facilitation and formulate tailor-made solutions to address inefficiencies in the overall clearance and release process thereby leading to a reduction in clearance times and trade transaction costs.
269. SDG 8 outlines the importance of progressively improving global resource efficiency in consumption and production and endeavours to decouple economic growth from environmental degradation. Moreover, SDG 12 leads to the necessity of sustainable management and efficient use of natural resources. In this regard, Customs sees the dematerialization of documents as an indispensable part of a paperless processing environment. By adopting digital solutions, Customs continues to enhance supply chain security and promote transparent trade practices. Increasing the application of electronic declarations (85.48% response rate to KPI Rate of Electronic Declarations), while replacing traditional paper-based processes, not only ensures simplified and transparent Customs operations but also indicates the enhanced practice of the paperless environment while contributing to minimizing deforestation and carbon emissions.

270. Gender equality is a priority of the UN's International Development Agenda for 2030. SDG 5 outlines the need for providing women and girls with equal access to education, health care, decent work and representation in political and economic decision-making. In this respect, Members have been implementing relevant capacity-building development programmes to ensure gender equality. The average result of the Gender Balance Ratio (ratio between females and males on board) across the WCO Membership equals 67.59% leaving room for further work and improvements to create and implement policies and practices that foster a fair, safe and inclusive work environment across all the WCO regions.
271. The increased volume of international trade, technological innovations, emerging security challenges and the need for trade facilitation put pressure on Customs to be more efficient, effective and resilient. In this respect, the human capital and management of human capital have a direct impact on the successful execution of Customs competencies effectively and efficiently. Therefore uptake of the competency development policy/process for all job holders (including HR policy based on competency approach, training policy, competency dictionary, job descriptions, individual development plans, assessment tools and HR IT systems) has been prioritized by the Members (91.94% response rate to KPI Maturity of Competency Development). Moreover, Members have been giving equal access to all employees for the training to assess the organizational effort in training (including coaching, seminars, workshops etc.) and skills development (82.26% response rate to KPI Rate of Access to Training). These efforts should be perceived as continuous promotion of different development-oriented policies that support productive activities and overall economic growth (relevance to the SDG 8).
272. Customs plays an important role in safeguarding public health (relevance to the SDG 3) while preventing the movement of dangerous goods, setting compliance standards and executing them. In times of crises, such as pandemics or natural disasters, Customs facilitate the smooth clearance of the respective goods. In those cases, the efficiency and effectiveness of Customs are ensured by the application of risk management systems to focus on high-risk goods/consignments/passengers and carry out targeted controls and consequently facilitate legitimate trade. Members have set the respective legal and institutional arrangements with the involvement of technological solutions to apply risk-based controls (88.71% response to KPI Ratio of Inspections Carried out on the Basis of Risk Profiles versus the Total Number of Inspections). The ratio of inspections carried out based on risk profiles versus the total number of inspections, including all of the different types of inspection sources, has been 70.35% across the WCO Members. Inspections based on risk profiles prevent all human errors and inconsistencies that might occur during Customs control. Risk-based controls, while leveraging technological solutions, ensure efficient adjustments of compliance trends while addressing large volumes of transactions. Moreover, risk-based controls are targeted controls while reducing additional interventions for legitimate trade turnover.

5. Conclusions and Recommendations

273. The Report outlined the process and results of the self-assessment phase of the first cycle of the PMM. With the acknowledgment of underrepresentation in one WCO region and a certain type of administration, the Report offers a comprehensive analysis of the PMM data from multiple perspectives. The differences in WCO regions, income groups, different geographic and types of administration illustrates the potential for using the PMM platform to gather data from a broader range of Members in future PMM cycles. As anticipated in the initial self-assessment phase of the first cycle of PMM V.1, the participation rate was not high. However, it is expected to increase in the future PMM cycles by applying the lessons learned and prioritizing the benefits deriving from the PMM application.
274. The analysis demonstrated the specific standards of Customs competencies across various groupings of the WCO Membership. The following findings have been observed:
- There is relatively a high level of adoption of electronic declarations regardless of the WCO region, geographical type, income level, or type of administration, with a global average of 98.1%, although data standardization of electronic declarations according to the WCO Data Model is relatively low (76.4% on average).
 - There are generally large discrepancies in the results across Members by different groupings, when analysing the share of e-commerce in trade overall. Among the 24 responding Members, the average of the share of e-commerce shipments reached 50.7%.
 - The application of binding rulings (HS) is low across all WCO regions and other groupings (global average 0.4%). The degree of non-compliance with classification rules is also low (global average 4.1%).
 - The effectiveness of post-clearance controls is not very high, given that, on average, over half (53.2%) of the post-clearance controls resulted in findings. However, this may not necessarily reflect inefficiency in Customs operations. Instead, it may be indicative of a higher degree of compliance and a greater awareness of the Customs regulations among traders.
 - While the majority of Members indicated that they were advanced in terms of the adoption, use and enhancement of risk management tools and techniques applied for goods and passenger flows (82.5% on average), not all of them were able to implement risk-based and targeted physical inspections. On average, only 70.2% of the inspections were carried out on the basis of risk profiles. There is still a gap between the adoption of legal, procedural, and technical provisions of risk management guidelines and their implementation in practice.
 - Increases or decreases in Customs seizures compared to the previous year do not necessarily indicate positive or negative trends. An increase might indicate that Customs is effective at intercepting illegal goods, although it can be also be an indication of the increased turnover of illegal trade and smuggling activities. A decrease in the number of seizures might be the indication of a more compliant trade, but can also indicate inefficiency and the ineffectiveness of Customs enforcement capacity. Therefore, changes in the

numbers of seizures need to be analysed in combination with the success rate of controls leading to the discovery of illicit trade. The example of cigarette controls shows that the success rate is relatively low across the Members (11.9% on average), indicating the need for risk-based and targeted controls.

- While addressing gender imbalance, the global average of a 67.7% female-to-male ratio indicates that Customs is still a male-dominated domain. For some Members with a ratio far below the global average, there is still a need to increase the number of female staff. In addition, for most Members, managerial positions are male dominated (59% female-to-male ratio for middle management positions and 44% for senior management positions).
- The implementation of the competency-based HR system remains challenging, as evidenced by the fact that over 75% of Members did not provide the necessary data.
- There is a considerable increase in the number of AEOs, with the ESA region (+101.6%) and lower-middle income economies (+105.5%) experiencing the most rapid growth. However, AEOs generate a small percentage of the annual trade value (i.e. trade volume). This is especially evident in certain WCO regions (A/P – 11.4%, ESA – 12.9% and WCA – 14.1%)
- The foundations for building a trusted relationship with the private sector have been in place across all WCO Members, as shown by the 81.0% average maturity of private sector engagement.
- The anti-corruption and integrity action plan is in place for the majority of the WCO Members. While WCO Members may be successful and mature enough in inaugurating anti-corruption action plans (average maturity of 86.4%), there are still gaps between the existence of the respective provisions and their implementation.

275. The analysis specified the KPIs requiring improvements and/or expansion of its coverage, assessed the level of application of the main WCO instruments and tools, observed the contribution of Customs to the achievement of the UN SDGs and identified evidenced-based capacity-building needs/trends.

PMM KPI Improvements

276. In certain cases, the results and the analysis of the KPIs indicated that more accurate responses and/or a higher number of responses could have been achieved if there had been better clarification of the KPIs and more guidance. Moreover, the number one reason for not providing the data was that the domestic database did not provide the required level of data. A review and potential adjustment of these KPIs might allow a higher proportion of Members to provide answers in the future cycles of the PMM. Additionally, the coverage of some of the KPIs could be expanded to better reflect and contribute to the expected outcomes associated with them. The following recommendations have been made for consideration:

- The calculation method for the KPI Post-clearance Control Performance should be further reviewed to better clarify its denominator;

- The data feasibility for the KPIs related to e-commerce (Immediate Release Rate of E-commerce Shipments, Average Clearance Time of Low-Risk Cross-border E-commerce Shipments, and Share of e-commerce shipments) should be ensured with further clarification and guidance on the common definition of e-commerce shipments;
- The KPIs related to the effectiveness of controls of different types of goods (success rate of controls leading to discovery of illicit trade) require further review to better clarify the common denominator of these KPIs;
- Further details should be provided with respect to the definition of the “number of seizures”;
- The calculation method for the KPI Effectiveness of Reporting Mechanisms for Corruption Misconduct and Malpractice should be further reviewed to better clarify its denominator;
- The KPI Competency Development should be addressed to review the complexity of the calculation of the competency gap and the average percentage of gaps between the required competencies;
- Maturity type KPIs (e.g. Degree of Maturity of Risk Management on Goods and Passengers; Maturity of Competency Development; Maturity of Anti-corruption and Integrity Preventive Measures etc.) are calculated on a binary basis with Yes and No questions. In other words, those KPIs track Yes/No questions and calculate a percentage of positive responses. However, those KPIs do not track the quality of implementation of the standards/provisions envisaged under the Yes/No questions. The low level of the implementation of certain standards/provisions was observed while correlating the maturity type KPIs with the linked quantitative KPIs under the same expected outcome. Therefore, the implementation of all the respective standards/provisions and their monitoring could be ensured with in-depth assessments.

Application of the Main WCO Instruments and Tools

277. As part of the self-assessment phase of the PMM V.1, Members were asked to provide information about the awareness and use of the main WCO instruments and tools under the PMM. The analysis provided an outline of the application of the main instruments and tools in correlation with the performance/productivity of the KPIs.
278. The respective instruments/tools, due to their relatively low rate of current and future usage, might need further promotion and/or review from the perspective of their relevance and/or might require amendments and updates to address the rationale of the PMM KPIs concerned. These include the following tools, for instance:
- Capacity Building Development Compendium;
 - Guide to Implementing Competency-Based HRM in a Customs Administration Environment;
 - Executive and Professional Competency-Based Human Resource Management Programme (EPCB-HRMP);
 - Gender Equality Organizational Assessment Tool (GEOAT);
 - WCO Model Code of Ethics;
 - Framework of Standards on Cross-border E-commerce;

- WCO Handbook on Globally Networked Customs (GNC);
- Customs Laboratory Guide;
- Global Travel Assessment System (GTAS);
- STCE Implementation Guide;
- Cargo Targeting System (CTS);
- API Guidelines & PNR Reporting Standards;
- Guidelines for Post-Clearance Audit (PCA);
- PGS Pocket Guide;
- CENcomm Closed User Group: ENVIRONET;
- CENcomm Closed User Group: TobaccoNET;
- CENcomm Closed User Group: ARCHEO;
- CENcomm (FinCRIME On-line Library);
- CENcomm Closed User Group: AIRCOP;
- WCO Handbook on Prevention of Illicit Trafficking of Cultural Heritage (PITCH);
- Customs - Police Cooperation Handbook;
- Customs-FIU Cooperation Handbook (CFCH);
- Resolution of the WCO Policy Commission on the Role of Customs in the Security Context (Punta Cana Resolution);
- Recommendation of the Customs Co-Operation Council concerning Actions Against Cross-Border Environmental Offences (28 June 2008);
- Resolution of the Customs Co-Operation Council on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects (July 2016); and
- Recommendation of the Customs Co-Operation Council on the Development of Co-ordinated Enforcement and Intelligence Operations aimed at Identifying and Intercepting Concealed Illicit Drugs (13 June 1985).

PMM and the UN Sustainable Development Goals

279. The analysis outlined the contribution of Customs with respect to the UN SDGs and their respective targets.
280. SDGs 16 and 17 underline the importance of developing effective, accountable and transparent institutions at all levels while promoting effective public, public-private and civil society partnerships. In this respect WCO Members have been striving to establish responsive, transparent and reliable outreach mechanisms to enable dialogue on recurring or emerging Customs matters that are of importance to the industry and increase the trust in partnerships. Moreover, SDG 16 highlights the critical need to substantially reduce corruption and bribery in all their forms. In this respect, the rule of law is at the core of Customs while supporting legal and ethical trade practices, reducing corruption and enhancing transparency at borders. The majority of Members have been applying anti-corruption and integrity preventive measures. Members have been promoting voluntary revenue compliance while improving domestic capacity for tax and other revenue collection (relevance to the SDG 17). Members have been ensuring fair collection of revenue by guaranteeing

compliance in the performance of post-clearance control and fair trade within the Customs environment.

281. SDG 9 seeks to develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being and ensure smooth movement of passenger and freight volumes. Members have been monitoring the flow of imported goods with the objective of identifying trends regarding the processing time by Customs and other border agencies to foster trade facilitation.
282. Customs sees the dematerialization of documents as an indispensable part of a paperless processing environment. The replacement of traditional paper-based processes not only ensures simplified and transparent Customs operations but also indicates the enhanced practice of the paperless environment while contributing to minimizing deforestation and carbon emissions. These efforts of Customs are in line with the SDG 8 (progressively improving global resource efficiency in consumption and production and endeavours to decouple economic growth from environmental degradation) and SDG 12 (necessity of sustainable management and efficient use of natural resources).
283. SDG 5 outlines the need for providing women and girls with equal access to education, health care, decent work and representation in political and economic decision-making. In this respect, Members have been implementing relevant capacity-building development programmes to ensure gender equality. The average result of the Gender Balance Ratio (ratio between females and males on board) across the WCO Membership equals 67.59% leaving room for further work and improvements to create and implement policies and practices that foster a fair, safe and inclusive work environment across all the WCO regions.
284. Members' gradual and challenging efforts to establish competency-based human resources management and human resource development are to be considered as continuous promotion of different development-oriented policies that support productive activities and overall economic growth (relevance to SDG 8).
285. Further considerations should be given to Customs role in safeguarding public health (relevance to SDG 3) while preventing the movement of dangerous goods, setting compliance standards and executing them.

Capacity-building Needs/Trends

286. The self-assessment phase of the PMM aimed at assessing the efficiency and effectiveness of all Customs competences and assisting Members in advancing their level of maturity of performance evaluation. However, the data collected through the PMM self-assessment phase can also be a useful indicator of capacity-building needs/trends across the WCO Membership. Throughout the Report, various such areas were identified:
 - Authorized Economic Operators;
 - Physical Release Time;
 - Digitalization of Customs and reduction of paper-format Customs procedures;
 - Standardization of the electronic declarations (WCO Data Model);

- Service Commitments and service delivery to the private sector;
- E-Commerce and its share in international trade;
- Correct application of binding rulings; correct application of classification rules;
- Fair collection of revenue by guaranteeing high compliance in the performance of post-clearance control and fair trade within the Customs environment;
- Compliance of traders with respect to revenue requirements;
- Passenger profiling and control;
- Customs seizures and targeting the right shipments (risk-based selectivity) to control and ensure a smooth flow of legitimate trade (alcohol; cigarettes; cultural goods; foodstuffs and consumer goods; IPR goods; drugs; environmentally sensitive goods; and firearms, essential components, ammunitions and explosives);
- Competency-based human resources management and human resource development;
- Gender Equality and Diversity;
- Implementation and monitoring of anti-corruption and integrity action plans;
- Establishment and implementation of reporting mechanisms for corruption misconduct and malpractice;
- Development of national databases to capture seizure statistics; and
- Development of a data-driven culture to ensure data feasibility with the ultimate objective of making evidence-based decisions and setting a reform agenda.

Annex I. KPI Performance/Productivity (Members only)

Annex II. Application of the main WCO Instruments and Tools (Members only)

Annex III. Application of the main WCO Instruments and Tools (with alternative methodological approach) (Members only)



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