



USAID | **EGYPT**
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M&E BEST PRACTICES FOR CUSTOMS REFORM AND TRADE FACILITATION

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LIST OF ACRONYMS

ACTF	Agreement on Customs and Trade Facilitation
APEC	Asia Pacific Economic Cooperation
ASYCUDA	Automated System for Customs and Administration data
ATA	Temporary Admission Carnet.
BAH	Booz-Allen Hamilton
CIP	Commodity Import Program
CMR	The Contract for the International Carriage of Goods by Road
CRU	Customs Reform Unit
ECA	Egyptian Customs Authority
ECES	The Egyptian Center for Economic Studies
ESCWA	The UN Economic Commission for Western Asia.
EU	European Union
GCI	The Global Competitiveness Index.
GDP	Gross Domestic Product
GFP (WB/GFP)	The world Bank Global Facilitation Program.
GOE	Government of Egypt
GOEIC	General Authority for Exports and Imports Control
HS	The Harmonized System.
ICAs	Investment Climate Assessments
ICC	The International Chamber of Commerce.
ICIS	Integrated Customs Information System
IMF	International Monetary Fund
IITC	Initial Implementation Task for Customs
ISO	The International Standard Organization.
IT	Information Technology
ITU	International Telecommunication Union
M & E	Monitoring and Evaluation
MCTC	Model for Customs and Taxes Center
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
PI	Performance Indicator
PMP	Performance Monitoring Plan
SMEs	Small and medium size enterprises.
SO	Strategic Objective
TAPR	Technical Assistance for Policy Reform
TF	Trade Facilitation
TIR	Transports Internationaux Routiers or International road transport
TTFSE	Trade and Transport Facilitation in Southeast Europe Program (TTFSE)
UAE	United Arab Emirates
UN/ECE	The UN Economic Commission for Europe.
UN/CEFACT	The UN Center for Trade Facilitation and Electronic Business

UN/EDIFACT	The UN Electronic Data Interchange for administration and Customs and Transport
UNCTAD	The UN Conference on Trade and Development.
USAID	United States Agency for International Development
VAT	Value Added Taxes
WB	World Bank
WBES	World Business Environment Survey
WCO	World Customs Organization
WTO	World Trade Organization

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EXECUTIVE SUMMARY

In 2002, USAID initiated the Assistance for Customs and Trade Facilitation project (ACTF) to assist the Egyptian government to create a modern, efficient and effective Customs Authority that fully facilitates international trade. In order to compare how well ACTF is being implemented against these expected results, USAID/Egypt and the Customs Reform Unit (CRU) within the Ministry of Finance (MOF) have developed a series of indicators to be utilized in the project's performance monitoring plan. The objective of this report is to assess these performance indicators and the macro and micro level results. Relying on USAID guidelines and a review of best practice indicators developed by the World Bank, U.S. Customs, and others, the report provides a number of recommendations for performance indicators that take into consideration the complexity of Egyptian customs procedures and the inadequate infrastructure within the Egyptian ports.

Chapter One begins with a description of the objectives of the ACTF project and lists the expected results and performance indicators as described in the ACTF Grant Agreement. The Agreement, signed by USAID and the Government of Egypt (GOE), includes both macro and micro level results that are measured by a number of primary macro-level indicators. The chapter also reviews USAID guidelines on selecting results and indicators. It concludes by defining the range of areas that make up trade facilitation, and highlights the expected benefits of customs and trade facilitation reform.

Chapter Two reviews the best practices performance indicators to measure customs reform and trade facilitation. According to the World Bank, the available data in this area are limited and suffers from a lack of consensus on harmonized definitions and measurement tools, limited country coverage, and other shortcomings. This chapter therefore analyzes a series of performance indicators for trade facilitation utilized by relevant international organizations, trade facilitation programs, and individual country initiatives. The chapter particularly focuses on recommended performance indicators from the Global Facilitation Program (GFP) and the Trade and Transport Facilitation Program in South East Europe (TTFSE) of the World Bank as well as the United States Customs Office.

Chapter Three examines two sets of performance indicators that have been designed to measure progress in customs reform and trade facilitation in Egypt. The first set of indicators was developed under the ACTF grant agreement by USAID with the objective of measuring the performance of both customs reform and trade facilitation activities. The second set has been designed by the Customs Reform Unit (CRU) to monitor the performance of customs reform activities implemented by the Egyptian Customs Authority (ECA). Referencing USAID performance indicator criteria illustrated in Chapter One and best practice indicators highlighted in Chapter Two, a "gap analysis" is performed of the ACTF and CRU indicators and identifies the advantages and drawbacks of each set.

Regarding the results listed in the ACTF Grant Agreement, the assessment team found that the macro results are indirectly related to trade facilitation, and that more micro results need to be developed to more adequately assess progress in trade facilitation in Egypt. With respect to the ACTF performance indicators, the team noted that each performance indicator wasn't linked to a specific result. The team also found that three of the five macro indicators were not suitable because they broadly measured a number of factors influencing the environment for trade and investment, of which trade facilitation was only one part. The remaining two macro indicators were direct measures of trade facilitation with minor modifications. An analysis of the performance indicators developed by the CRU indicated that they were consistent with the international standards of best practices and which may need modification.

The final chapter builds on this assessment to develop a suggested list of macro and micro performance indicators for customs reform in Egypt. The analysis links the suggested macro and micro results to recommended performance indicators, defines the unit of measurement, identifies the data source, and describes the underlying rationale for the selection of each indicator.

CHAPTER ONE: INTRODUCTION

Overly complex customs procedures and inadequate infrastructure often result in added transport and trade costs for local producers and consumers. It is worth noting that, logistics costs account for 30 percent of shipments, while administrative and customs costs add 20 percent, and higher inventory raises costs of production by 20 percent.¹ The reduction of these costs contributes to trade facilitation, stimulating trade and contributing to a higher GDP growth rate. Successful customs reform efforts not only reduce the standing time for clearing traded commodities at borders, a major source of added costs, but also reduce opportunities for corrupt practices, the costs of which are otherwise passed on to consumers. In order to compare how effectively customs reform efforts are proceeding against expected results, policy makers and project managers need effective performance monitoring plans which define the expected results and the indicators to be used to measure changes in customs and trade facilitation areas.

1.1 EGYPTIAN CUSTOMS REFORM AND USAID

Egyptian customs suffers from many problems that contribute to high import costs, weaken the competitiveness of Egyptian producers, and adversely affect the Egyptian economy.² The primary difficulties related to customs in Egypt are: a lack of transparency; the large number of employees involved in the process; lengthy procedures requiring many signatures and generating significant amounts of paper work; errors in paper work processing; and unclear standards for the valuation of goods. Additionally, the numerous control entities involved in the process (including the Ministry of Agriculture, the Ministry of Health, GOEIC, the Ministry of Culture, and the National Security Authority) have different policies and procedures and lack effective coordination mechanisms. These problems have led to high logistical and procedural costs, excessive delays, and low customs tariff revenues.

¹ Mann, Catherine L., Otsuki, Tsunehiro, Wilson, John S., "Panel Session on Trade Facilitation and Capacity Building: A Global Perspective" APEC Capacity-Building Workshop, Bangkok, October 8, 2003.

² In 1999/2000, the ESCWA conducted a study titled "Transport and Trade Facilitation in ESCWA region including customs and border controls in East Mediterranean countries". The transport and Trade Facilitation study covered five countries (Egypt, Jordan, Lebanon, Syria, and UAE). This paper was published in 2003. In the same year, The ECES has published a paper authored by Dr. Omneia Helmy. This paper discusses ways to enhance the efficiency and effectiveness of Egypt's customs administration. It addresses the main problems facing both market participants and the Customs Authority, which include high transaction costs, low tariff collection rates, and recurring disputes between traders and customs authorities.

In response to these and other obstacles facing customs in Egypt, the Egyptian and U.S. governments signed a project grant agreement for “Assistance to Customs and Trade Facilitation” (ACTF) on September 30, 2002. According to the project Grant Agreement, ACTF along with other activities funded under Strategic Objective 16 (Environment for Trade and Investment Strengthened) are expected to contribute to the achievement of the following macro results:

- An improved policy framework for trade and investment;
- Increased private sector competitiveness; and
- Enhanced opportunities for business growth

On the micro-level, the stated expected results of ACTF as listed in the ACTF grant agreement include:

- The reduction of the average clearance time and cost for goods at ports;
- The reduction of clearance process steps;
- The reduction in the number of customs disputes; and
- An increase in the percentage of customs goods declarations transmitted electronically

In order to measure the above results, USAID/Egypt developed the following performance indicators:

- The Global Competitiveness Index (an index of economic competitiveness published by the World Economic Forum);
- Non petroleum exports and imports of goods as a percent of GDP;
- Progress in WTO compliance;
- Trade weighted average tariff (an indicator reflecting the reduction in trade barriers, measured as total revenue collected from the tariff divided by the total value of imports expressed as a percent);
- Value of exports in selected sectors.
- In addition to these indicators, progress in achieving results will be measured through reduction in time and cost involved in the clearance of goods from customs.

1.2 REPORT OBJECTIVE

This study aims to assess the customs reform and trade facilitation performance indicators listed in the ACTF Grant Agreement and the customs reform performance indicators designed by the Customs Reform Unit (CRU) within the Ministry of Finance (MOF). Based on this assessment, the report recommends a number of revised performance indicators for measuring the effectiveness of customs reform based on best practices. These suggested indicators take into consideration the complex procedures currently governing customs activities and the inadequate infrastructure within the Egyptian ports.

1.3 METHODOLOGY

In order to develop a more comprehensive understanding of performance monitoring in the area of customs and trade facilitation, the report team carried out a literature review of best practices in customs reform and trade facilitation. This review included documents from the World Bank Global Facilitation Program, the World Trade Organization, the World Customs Organization, and the US Customs Authority. In developing the proposed list of performance indicators, the team also carried out discussions with the CRU team during the RRSA Monitoring and Evaluation workshops.

1.4 ORGANIZATION OF THE REPORT

This report is divided into four chapters. Chapter one reviews USAID guidelines for designing results frameworks and performance indicators. This chapter also develops a definition of trade facilitation and highlights the benefits of trade facilitation reform. Chapter two reviews existing trade facilitation and customs reform performance indicators utilized by the World Trade Organization (WTO), the World Bank (WB), and the World Customs Organization (WCO). Chapter three assesses the existing performance indicators of the Agreement on Customs Reform and Trade Facilitation project (ACTF) and those designed by the CRU. Based on these analyses, chapter four recommends a list of performance indicators to monitor the results of ACTF. The chapter also addresses the feasibility of obtaining empirical data and developing a baseline for each of the recommended indicators.

1.5 USAID GUIDELINES FOR SELECTING RESULTS AND PERFORMANCE INDICATORS

This section briefly highlights the guidelines developed by USAID for selecting results and performance indicators. These guidelines are utilized in developing the proposed results and indicators for customs reform in chapter four.

**BOX 1.1: USAID CRITERIA
FOR STRATEGIC OBJECTIVES AND INTERMEDIATE RESULTS**

Results statement. Each SO and intermediate result should express an outcome.

Clear and measurable. Each SO and intermediate result should be stated clearly and precisely and in a way that can be objectively measured.

Unidimensional. An SO or intermediate result ideally consists of only one result. Unitary results statements help clarify management questions, improve the targeting of USAID resources, and permit a more straight Forward assessment of performance than do multidimensional results.

Time frame. The time frame for an SO affects what is feasible for achievement—a longer time frame would allow for greater impact. Time frames for SOs in sustainable development programs are typically five to eight years, whereas for programs operating under short-term transitional circumstances or under conditions of uncertainty, the time frame may be shorter. The time frame for intermediate results need not be the full length of the time frame for the relevant SO. Intermediate results, which can become “active” midstream in a strategy or may be achieved or dropped after only two or three years, generally reflect a three- to five-year time frame. Also note that the time frames for the strategic objective and intermediate results provide the time boundaries for the activities undertaken to achieve the results.

Source: Performance Monitoring And Evaluation – TIPS No. 6, USAID Center for Development Information And Evaluation: Selecting Performance Indicators, 1996, Number 6.

BOX 1.2: USAID CRITERIA FOR ASSESSING PERFORMANCE INDICATORS

1. DIRECT. A performance indicator should measure as closely as possible the result it is intended to measure. It should not be pegged at a higher or lower level than the result being measured.

If using a direct measure is not possible, one or more proxy indicators might be appropriate.

2. OBJECTIVE. An objective indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. It is both unidimensional and operationally precise. To be *unidimensional* means that it measures only one phenomenon at a time. Avoid trying to combine too much in one indicator, such as measures of both access and use. *Operational precision* means no ambiguity over what kind of data would be collected for an indicator.

3. ADEQUATE. Taken as a group, a performance indicator and its companion indicators should adequately measure the result in question. A frequently asked question is "how many indicators should be used to measure any given result?" The answer depends on a) the complexity of the result being measured, b) the level of resources available for monitoring performance, and c) the amount of information needed to make reasonably confident decisions. For some results that are straight forward and have tried and true measures, one performance indicator may be enough.

4. QUANTITATIVE, WHERE POSSIBLE. Quantitative indicators are numerical (number or percentage of dollar value, tonnage, for example). Qualitative indicators are descriptive observations (an expert opinion of institutional strength, or a description of behavior). While quantitative indicators are not necessarily more objective, their numerical precision lends them to more agreement on interpretation of results data, and are thus usually preferable. However, even when effective quantitative indicators are being used, qualitative indicators can supplement the numbers and percentages with a richness of information that brings a program's results to life.

5. DISAGGREGATED, WHERE APPROPRIATE. Disaggregating people-level program results by gender, age, location, or some other dimension is often important from a management or reporting point of view. Disaggregated data help track whether or not specific groups participate in and benefit from activities intended to include them. Therefore, it makes good management sense that performance indicators be sensitive to such differences.

6. PRACTICAL. An indicator is practical if data can be obtained in a timely way and at a reasonable cost. Managers require data that can be collected frequently enough to inform them of progress and influence decisions. USAID operating units should expect to incur reasonable, but not exorbitant, costs for obtaining useful performance information. A rule of thumb, given in the reengineering guidance, is to plan on allocating 3 to 10 percent of total program resources for performance monitoring and evaluation.

7. RELIABLE. A final consideration in choosing performance indicators is whether data of sufficiently reliable quality for confident decision-making can be obtained. But what standards of data quality are needed to be *useful*? The data that a program manager needs to make reasonably confident decisions about a program is not necessarily the same rigorous standard a social scientist is looking for. For example, a low cost mini-survey may be good enough for a given management need.

Source: Performance Monitoring And Evaluation – TIPS No. 6, [USAID Center for Development Information and Evaluation: Selecting Performance Indicators](#), 1996, Number 6

1.6 TRADE FACILITATION³

1.6.1 Definitions of Trade Facilitation

In December 1996, the WTO added trade facilitation to its agenda when the Singapore Ministerial Declaration directed the Council for Trade in Goods “to undertake exploratory and analytical work, drawing on the work of other relevant organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area.”⁴ A number of international organizations now address the issue of trade facilitation, and each organization has developed its own understanding of what "trade facilitation" does, and does not, entail. This section provides a brief exploration of how this term is used by these organizations, and from this, lays out the assessment team's definition of trade facilitation.

The WTO defines trade facilitation as “the simplification and harmonization of international trade procedures.” By trade procedures it means the “activities, practices and formalities related to collecting, presenting, communicating and processing data required for the movement of goods in international trade from its origin to a final destination.” Activities in this sense cover import and export procedures (e.g. customs or licensing procedures); transport procedures at the port; and payments, insurance, and other financial requirements.

The Organization for Economic Cooperation and Development (OECD) also defines trade facilitation as addressing a range of activities related to the cross-border movement of goods. However, the OECD broadens the definition of trade facilitation to cover a number of non-tariff barriers, including product testing and impediments to labor mobility.⁵

Raven, from the World Bank Global Facilitation Program, defines trade facilitation as simplifying and harmonizing trade procedures and enhancing the flow of information required to move goods internationally.⁶ A second World Bank definition put forth by Staples, however, broadens the concept to include the trade in goods and any services directly related to it.⁷

The Economic Commission for Europe of the UN (UN/ECE)⁸ includes a number of concepts in its definition of trade facilitation. UN/ECE's usage of the term cuts across a wide range of areas such as government regulations, the efficiency of trade and management activities, transportation, communication, and information technology. UN/ECE defines trade facilitation as a complete and comprehensive approach that tends to reduce the level of complexity and cost of carrying out trade transactions at different stages. Trade facilitation additionally provides a more transparent, efficient and stable environment for such activities.

³ See Annex One for International System for Trade Facilitation.

⁴ World Trade Organization, Trade Facilitation: Overview, 2002. <http://www.wto.org>

⁵ OECD, “Trade Facilitation: The Benefits of Simpler, more Transparent Border Procedures”, OECD Policy Brief, August 2003.

⁶ Raven, John, Trade and Transport facilitation: A Toolkit for Audit, Analysis and Remedial Action, WB GFP for Transport and Trade, p. 81, December 2001.

⁷ Staples, Brain Rankin, Trade Facilitation, Draft, October 19, 1998 www1.worldbank.org/wbiep/trade/papers_2000/BPfacil.PDF

⁸ UNECE, Trade Facilitation in a Global Trade Environment, Committee for Trade, Industry and Enterprise Development, sixth session, 28-31 May 2002.

The mission statement of the UN Center for Trade Facilitation and Electronic Business (UN/CEFACT)⁹, in turn, refers to trade facilitation as encompassing the systematic rationalization of procedures and documentation for international trade, where trade procedures are the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.

Based on the above definitions of the term "trade facilitation," the assessment team considers trade facilitation to encompass a series of procedures aiming to reduce the costs associated with carrying out trade transactions and to improve countries' rules and regulations governing trade. In particular, trade facilitation entails the simplification of trade procedures through:

- Reduced transport costs
- Improved port facilities
- Efficient and transparent customs procedures
- Transparent and harmonized regulations
- Transport systems and related infrastructure
- Improved communication/information

1.6.2 Why Trade Facilitation?

Trade facilitation has gained increasing attention by the international community as the volume of trade has grown, tariff levels have fallen, and modern technology improving the management of trade and distribution has become more readily available. Trade facilitation aims to address a number of factors that continue to impede trade, including: excessive documentation requirements; the lack of automation and underutilization of information technology; the lack of transparency, including unclear and unspecified import and export requirements; inadequate procedures, particularly the lack of audit-based controls and risk-assessment techniques; and the lack of coordination among customs and other government agencies. Customs procedures in specific has received such attention from the WTO work on trade facilitation not only because of its importance in international trade, but also because lack of consensus among the WTO members to agree to lift up customs and look a little deeper underneath at aspects like transportation, standards, banking and so forth.

Trade facilitation is a priority issue for developing countries, affecting both large and small businesses as well as consumers. Many developing economies face supply-side constraints in trying to expand their exports, despite structural reform. According to research published by the OECD, part of this constraint has to do with the lack of intermediate institutions¹⁰ needed to meet the quality requirements of developed economy markets — a classic trade facilitation issue. In this case, the concern is primarily with transport.

Trade facilitation is of particular importance to small and medium size enterprises (SMEs). In developing economies, SMEs generally constitute a more significant share of the business sector, and trade impediments typically comprise a larger share of SMEs' costs than of larger

⁹ Recommendation 18, See UN Center for Trade Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT), International Trade Procedures Working Group (ITPWG). Draft Agenda, Geneva: 3-5 April 2000..

¹⁰ Intermediate institutions refer to export- and production-related services.

companies. The burden of administrative and procedural requirements for cross-border trade has, therefore, been a deterrent for SMEs to engage in international transactions.

The obstacles faced by developing economies in undertaking trade-related regulatory reforms are, however, considerable. In the standards field alone, the list includes issues such as:¹¹

- Lack of awareness concerning international standards obligations;
- Lack of coordination between agencies;
- Lack of trained personnel and effective means of communication/data processing;
- Lack of national infrastructure and of conformity assessment facilities to ensure compliance;
- Lack of harmonized methodology for preparation of technical regulations;
- Difficulties in meeting requirements of international standards

1.6.3 The Expected Gains of Trade Facilitation

The World Bank has recently measured the potential benefits of trade facilitation to a developing economy. In "Trade Facilitation and Economic Development," it was estimated that a reduction in the customs clearance time of one day equals a 0.5 percent reduction in tariffs. With respect to e-commerce, a 10% increase in web-hosts increases trade by 1%. In addition, a 10% fall in telecommunications costs increases trade by 8%.¹² As Box 1.3 discusses below, the benefits of trade facilitation to businesses are equivalent to the savings in transaction costs plus the significantly increased business opportunities resulting from the introduction of trade facilitation measures.

¹¹ Wilson, John S and Yuen Pau Woo, Cutting Through Red Tape: New Directions for APEC's Trade Facilitation Agenda. Vancouver: Asia Pacific Foundation of Canada, October 2000.

¹² Mann, Catherine L., Otsuki, Tsunehiro, Wilson, John S., Trade Facilitation and Economic Development: Measuring the Impact, World Bank Policy Research Working Paper 2988 p.5, March 2003.

BOX 1.3: THE BENEFITS OF TRADE FACILITATION MEASURES FOR BUSINESSES

The UN/ECE notes that trade facilitation leads to reductions in the following:

- Compliance costs (producing and transmitting required documents).
- Service charges (banking, insurance, cargo handling, transport, etc.).
- Time-costs (processing time, procedural time).
- Business opportunities cost (lost business or business not considered).
- The “hassle” factor associated with dealing with a complex and time-consuming trade process
- Personal opportunity cost (time lost in waiting at customs, taking documents from one agency to another, etc), which is particularly severe for SMEs
- Costs related to unpredictability and corruption.

UNECE, "Trade Facilitation in a Global Trade Environment," Committee for Trade, Industry and Enterprise Development, Sixth Session, 28-31 May 2002

Trade facilitation therefore has far-reaching benefits that extend beyond growth in trade volumes. By boosting efficiency, strengthening governance, and increasing transparency in government administration, facilitation initiatives fundamentally build a more robust economy.

CHAPTER TWO

BEST PRACTICES PERFORMANCE INDICATORS FOR TRADE FACILITATION AND CUSTOMS REFORM

2.1 INTRODUCTION:

As summarized in the previous chapter, trade facilitation entails the simplification of trade procedures through:

- Reduced transport costs
- Improved port facilities
- Efficient and transparent customs procedures
- Transparent and harmonized regulations
- Transport systems and related infrastructure
- Improved communication/information

This chapter analyzes a series of performance indicators for trade facilitation utilized by relevant international organizations, trade facilitation programs, and individual country initiatives. This chapter particularly focuses on recommended performance indicators from the Global Facilitation Program (GFP) of the World Bank, the Trade and Transport Facilitation in Southeast Europe Program (TTFSE), and the United States Customs Office.

The World Bank Global Facilitation Program identifies four groups of indicators for trade facilitation. These groups are: 1) Port Efficiency; 2) Customs Environment; 3) Domestic Regulatory Environment; and 4) Services Sector Infrastructure. The World Bank also classifies trade facilitation indicators into two main categories: macro and micro indicators:

Macro Development Indicators: Data for macro indicators are collected at the national level. These indicators are intended to be used as management tools by policy makers and implementers.

Micro Indicators: These are usually collected by surveyors at pilot sites, and reflect the performance of border or inland clearance agents. They are not only devoted to customs activities, but also reflect the work of all agents involved in the inspection and clearing of goods.

**BOX 2.1: BEST PRACTICES CRITERIA
FOR SELECTING PERFORMANCE INDICATORS**

When developing indicators, the following should be taken into account:

- Develop indicators that measure the following:
 - Processes as well as results
 - Financial and non-financial aspects of the activity
 - Measures that lag and measures that lead results
- Be selective in choosing a small number of the most important measures
- Avoid using indicators that produce little information about how the strategy is working
- Avoid using indicators that are overly burdensome for the staff responsible for reporting on these indicators.
- Develop benchmarks. Benchmarking enables management to assess progress against stated results.
- Develop both lagging and leading measures, relying primarily on leading indicators. The definitions of these measures are found in Table 2.1 below.

Table 2.1: Definition of Lagging and Leading Measures

Measure Type	Definition
Lagging measure	This type of indicator measures and reports on a result at the conclusion of a particular activity.
Leading measure	This type of indicator measures and reports on results during the course of the activity. Leading measures assist management to make modifications and changes in policy directions as needed.

Sources: Rohm, Howard, "Improve Public Sector Results with a balanced scorecard: Nine Steps to Success", U.S. Foundation for Performance Measurement, 2002. www.balancedscorecard.org; Young, Robin , "Measure What Really Matters," Kearney Ltd. www.balancedscorecard.org; Learns, "A partnership of Northwest Regional Educational Laboratory (NWREL) and Bank Street College of Education," London, 2004; Ferguson, Ian, "Taking Performance Measurement to the Next Level," www.balancedscorecard.org ; Bank Universal's website at <http://www.bankuniversal.co.id>. Reprinted from Competitive Edge, the Newsletter of the Novus Consulting Group, Volume 4, issue 2.

2.2 PERFORMANCE INDICATORS OF TRADE FACILITATION

According to the Global Facilitation Program of the World Bank (GFP/WB), no one data source is best for quantifying trade facilitation. However, the following data sets are a good place to start, as they capture progress in different areas of trade facilitation:

- The World Business Environment Survey polls over 10,000 firms in 80 countries and provides comparative measurements in areas like corruption, the judiciary, lobbying, and the quality of the business environment (including customs clearance times);
- The Investment Climate Assessments (ICAs) of the World Bank;
- The Global Competitiveness Report provides the perceptions of leading business executives and entrepreneurs for rating railroad services, port facilities and air transport services;
- Trade and Transport Facilitation in Southeast Europe Program (TTFSE) computes comprehensive performance and customs efficiency indicators;
- Logistics cost data from the Cass Annual US State of Logistics Report, IMF statistics.
- Road statistics from the IRF World Road Statistics, the International Road Transport Union, and the World Bank Railway Database.
- Data on telecommunications indicators from the International Telecommunication Union; indicators related to services and information technology compiled by the World Bank.

In addition to these datasets, the World Bank (WB) has developed both macro and micro indicators in a number of WB presentations, studies and reports.¹³ This section highlights some of the selected indicators according to trade facilitation components (customs facilitation, port facilities, transport facilitation, and regulation as a proxy for trade facilitation). The section additionally examines the set of indicators that were designed by the WB for the Trade Facilitation program for South East Europe (TTFSE). The main focus of the TTFSE is on border and clearance facilitation. Although it recognizes that Customs play a leading role in processing cross-border traffic, the TTFSE also addresses the activities of other agencies (see Box 2.1). The GFP program furthermore provides additional performance indicators of transport and trade facilitation based on data collected at pilot sites (ports, inland, and borders).

2.2.1 Selected Performance Indicators designed by the World Bank

Table (2.2) outlines the main trade facilitation indicators as provided by the World Bank.

¹³ For more details see “Trade Facilitation and Development: From Theory to Bank Practice” Sponsored by Transport and Urban Development Department and PREM International Trade Department. Wednesday, March 31, 2004, World Bank, Room MC13-121. www.worldbank.org/transport/ports/tr_fac_course/agenda_final.htm

**TABLE 2.2: SELECTED WORLD BANK
TRADE FACILITATION INDICATORS ACCORDING TO ITS COMPONENTS**

Trade Facilitation Component	Performance Indicator	Type: Macro/Micro	Source
Customs	- Average gross release time (Imports) ¹⁴ - Average gross release time (Exports)	Micro	Goldmark, Susan, "Trade Facilitation and Bank Operations: From Theory to Practice," World Bank: Private Sector Development Cluster, Latin America and the Caribbean Region, March 31, 2004.
	- Days to clear imported inputs	Micro	Investment climate assessments(ICAs) ¹⁵
	- Percentage of firms evaluating customs/trade regulations constraints as major or moderate	Micro	World Business Environment Survey (WBES) ¹⁶
Port Facilities	- Average cargo transit time through port (imports) - Average cargo transit time through port (exports) - Average container handling cost	Micro	Goldmark, Susan, "Trade Facilitation and Bank Operations: From Theory to Practice," World Bank: Private Sector Development Cluster, Latin America and the Caribbean Region, March 31, 2004.
	- Index of Port Efficiency	Macro	World Economic Forum: Global Competitiveness Report (GCR)
Transport Cost	- Average Road Transport Cost	Micro if used at pilot sites and according to means and ways of transport and type of cargo. Macro if used for estimating the average transport cost in general.	Goldmark, Susan, "Trade Facilitation and Bank Operations: From Theory to Practice," World Bank: Private Sector Development Cluster, Latin America and the Caribbean Region, March 31, 2004.
Regulations	- Hidden Trade Barriers	Macro	World Economic Forum: Global Competitiveness Report (GCR)

¹⁴ Export procedures might be expected to be less costly and less time consuming than import procedures as export procedures are often relatively simple, since customs inspections are rarely being undertaken and no special documents, such as rules of origin or health and safety certificates, need to be submitted. However, in a number of cases, pre-shipment inspection (PSI) leads to a shift of procedures from the importing to the exporting side. Indeed, more than a quarter of all WTO members – mainly developing countries in Asia, Africa, and Latin America – regularly use designated PSI-companies to inspect shipments at exporting locations for imports to PSI-using countries (WTO, 1999). The available empirical studies suggest that Trade Transaction costs are roughly the same on the import and the export side. According to a report by US-NCIT (1971), the absolute magnitude of documentation costs for exports is very similar to that for imports. A more recent World Bank survey of import and export procedures in CIS countries found for some countries that costs and delays on the import side exceeded those on the export side, while for other countries the inverse relationship prevailed (World Bank, 2002). Moreover, another survey found almost equal waiting times at borders of 3.5 days for imports to and 3 days for exports from Japan (MRI, 2001). Source: Walkenhorst, Peter and Yasui, Tadashi, "Quantitative Assessment of the Benefits of Trade Facilitation", WP (2003) 31, OECD, November 13th, 2003.

¹⁵ Investment Climate Assessments (ICAs), a part of the World Bank Group's Private sector development strategy, represent an initiative to systematically analyze conditions for private investment and enterprise growth in countries throughout the world. The ICA indicators include an indicator on how firms rate customs and trade regulations as constraints. Unfortunately, Egypt is not included in the surveyed countries. In fact from the Middle East only Morocco and Algeria are included.

¹⁶ The World Business Environment Survey (WBES) is a World Bank Group initiative which, in partnership with other institutions, seeks to assess the state of the enabling environment for private enterprise in at least 100 countries (including Egypt), surveying at least 100 firms per country. It provides Indicators for Assessment and Benchmarking. In the context of economic globalization, member countries are increasingly concerned with the conduciveness of their business environment to private investment and business development, the priorities for reform, and their relative standing in their region or globally <http://info.worldbank.org/governance/wbes/index1.html>.

2.2.2 World Bank Global Facilitation Partnership (GFP) Trade Facilitation Indicators¹⁷

The Global Facilitation Partnership for Transportation and Trade (GFP) aims to bring together all relevant parties—public and private, national and international—who have an interest in improving transport and trade facilitation in Bank member countries. Trade facilitation indicators found in the GFP website are listed below in Table 2.3.

Table 2.3: GFP Facilitation Indicators

Ports: (for homogeneous commodities: containers, unitized cargoes, vehicles)	
Average Cargo Dwelling Time	- Imports: From ship unloading to leaving port grounds - Exports: From entering port grounds to ship loading
Average Customs Clearance Time	- From submission of customs documentation to clearance notification (where goods are cleared before arrival, clearance time should be recorded nil).
Percentage of Physical Control	- % of boxes opened (containers) - % of consignments physically checked
Average Time for Additional Clearance	From submission of cargo documentation tolerance notification (health, phytosanitary, etc.)
Average Turnaround Time for Truck Pick-up/Delivery	- From arrival at the port gate to leaving the port grounds.

Source: Raven, John, Trade and Transport facilitation: A Toolkit for Audit, Analysis and Remedial Action, WB GFP for Transport and Trade, December 2001.

2.2.3 Performance Indicators designed by the World Bank for the TTFSE Program

World Bank performance indicators collected under the TTFSE program are based on the World Bank's TTFSE program manual. A description of the TTFSE program is shown in Box 2.2. This manual provides a list of indicators with corresponding descriptions and methods of data collection for each indicator

It is important to note that the indicators designed and developed under TTFSE program primarily aim to measure TTFSE progress in facilitating inland border crossing of trucks and trains for transit and trade between Southeastern Europe countries. Consequently, some of these indicators, particularly those which have been developed from pilot sites and at the micro level, may require some degree of modification if used to measure the results of the ACTF program. However some of the indicators cited in Table 2.4 are used worldwide for measuring the performance of trade facilitation programs.

¹⁷ United Nations Trade Facilitation Network, Global Facilitation Partnership for Transportation and Trade website <http://www.gfptt.org/>

**Box 2.2: The World Bank's Trade and Transport Facilitation
in Southeast Europe Program (TTFSE)**

The TTFSE has been created by the World Bank to foster trade by promoting more efficient and less costly trade flows across countries in Southeast Europe. The main expected results of the project are to reduce non-tariff costs to trade and transport, to reduce smuggling and corruption at border crossings, and to strengthen and modernize the customs administrations and other border control agencies. The initial participants in the program include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, and Romania. Moldova and the Federal Republic of Yugoslavia have recently joined the Program. The program is the result of a collaborative effort between the national governments in the region, the World Bank, and the United States in collaboration with the European Union.

The main activities under the current six country projects are (i) institutional strengthening of Customs, (ii) trade facilitation, (iii) provision of IT equipment for clearance and cross-border management, and (iv) infrastructure (essentially border facilities and related equipment). Components (i) and (ii) are funded by US grants. Although all the projects have now been approved by the Bank, and most of them are effective, the trade facilitation component has only just started.

The TTFSE program in South East Europe consists of the following project components: Customs Services Procedures Reform, Trade Facilitation Development, Support to Integrated Customs Information System (ICIS), Improvement of Roads and Border Crossing Facilities, and Program and Project Implementation. This is why the report team is interested in studying the indicators designed to measure the performance of TTFSE.

Box 2.2: Continued: The World Bank's Trade and Transport Facilitation in Southeast Europe Program (TTFSE)

TTFSE Performance Indicators

Because it is often difficult to evaluate operational difficulties and the impact of reforms due to the lack of reliable and harmonized statistical data, TTFSE assesses program effectiveness through the use of statistics collected at pilot sites, which are developed into performance ratios. A harmonized set of indicators has been agreed upon by all participating countries to measure both general performance and the real time impact of pilot site initiatives.

TTFSE indicators were designed bearing in mind the objective of the regional program, which is to facilitate international trade and the transit of both goods and tourists. TTFSE additionally aims to improve work conditions and the performance of border administrations. As such, although it recognizes the importance of Customs as a key player in international traffic, it also acknowledges that other agencies have an impact on overall efficiency. The indicators were therefore designed to take into account an integrated approach to trans-border processing.

In the context of designing the TTFSE's performance indicators, the program outlined first the main customs strategies. These are:

• Principles of Customs reform plans

- *Elaboration:* What Customs wants to do, and how they can achieve it realistically within a given time frame.
- *Endorsement:* Customs essentially applies externally imposed regulations, are at the cross-roads between enforcement and revenue collection, and need clear guidelines and support from the government.

• The role of Customs (examples)

- Revenue collection
- Protection (border security, interdiction, monitoring of traffic)
- Border policing (i.e., the "green border")
- Cooperation with other agencies (tax administration, especially for VAT purposes, collection of domestic excise)
- Statistical processing
- Intelligence (the Customs international networking is a significant source of intelligence)

• The impediments

- The overwhelming presence of the police, reminiscent of the police state mentality;
- The negative image of corruption and lack of professionalism;
- The rigidity of the administrative structure;
- Occasional under-funding;
- Lack of coherence among policies

• The tools

- The (revised) Kyoto Convention
- The EU accession blueprints for Customs reform
- The Geneva Convention on the Harmonization of the Control of Goods at the Frontier (1982)
- The body of international conventions (Barcelona, on transit, TIR, etc.)

Source: Economic Reconstruction and Development in Southeast Europe, Trade and Transport Facilitation in Southeast Europe Program (TTFSE), Performance Indicators: TTFSE Manual – Clearance and Administrative Simplification, November 2002.

TABLE 2.4: TTFSE PERFORMANCE INDICATORS

No.	Indicator	Description	Data Collection
1	Import clearance time	Time spent between entrance of a cargo into the terminal and release of goods.	Information on truck identification and time of arrival and departure will be recorded with the use of computer terminals or time clocks installed at the terminal entry and exit points
2	Physical examination	Number of times that goods are examined or the cargo compartment is searched compared to the total number of import, export, and suspense declarations.	Information will be derived from the computer system that records all declarations and from the requirement to prepare an automated report of the results of each physical examination
3	Trucks cleared in less than 15 minutes	Number of times that a truck completes import clearance (time between entry into the terminal and departure after release of goods) in less than fifteen minutes compared to the total number of import clearances.	Information will be developed using the same system that provides the data on import clearance times.
4	Irregularities/ Number of examinations	Number of irregularities discovered during physical examinations compared to the total number of physical examinations carried out.	Information will be obtained from the automated reporting of the results of all physical examinations. Data can also be assessed, when more reliable, on a monthly basis.
5	Reported occurrence of corruption	Number of cases when a driver makes, or is asked to make, an unauthorized payment compared to the total number of survey responses	Information to calculate this indicator will be derived from records of received reports of corruption maintained by the Customs administrations.
6	Revenue collected/ Customs staff	Total revenues collected/Total number of customs employees	Information to be obtained from records maintained by the Customs administrations.
8	Revenue collected/ Salaries	Total agency salaries, overtime, bonuses, and benefits/Total revenue collected irrespective of its destination.	Information to be obtained from records maintained by the Customs administrations.
9	Trade Volume/ Customs staff	Trade Volume/Number of customs employees	Information to be obtained from country statistical data.
10	Annual number of declarations/ Customs staff	Total number of declarations (import, export, suspense regimes, but excluding transit), irrespective of the number of items/Total staff employed by Customs	Information to be obtained from records maintained by the Customs administrations.
Source: Economic Reconstruction and Development in Southeast Europe, Trade and Transport Facilitation in Southeast Europe Program (TTFSE), Performance Indicators: TTFSE Manual – Clearance and Administrative Simplification, November 2002.			

2.2.4 Customs Modernizing and Managing Performance Indicators (United States)

The United States Customs Service has also developed a series of performance indicators. These indicators aim to assess progress in the priority areas determined by the Commissioner of Customs outlined in the FY 2000-2005 U.S. Customs Strategic Plan. The Strategic Plan, prepared by Customs senior managers to reflect these priorities, contains the following:¹⁸

- Strategic goal (high level statement of what needs to be achieved);
- Objectives (specific statements of what is to be accomplished);
- Strategies (specific actions that are to be taken to reach an objective);
- Performance targets (what and by when); and
- Performance indicators (quantitative measurements of how to assess that the target is met).

Trade and economic growth is a central objective of the Plan. This objective is to: "Stimulate and protect the economic interests of the United States by maintaining a sound trade management system that maximizes compliance with import and export laws and moves legitimate cargo efficiently."

Examples of US Customs Strategic Targets for the trade and economic growth objective for Fiscal Years 2000-2005

- Maintain an overall 90 percent major transactional (significant) compliance rate.
- Achieve and maintain a 95 percent major transactional (significant) compliance rate for Primary Focus Industries.
- Collect at least 99 percent of duties, taxes and fees.
- Improve trade compliance processing efficiency.
- Increase the number of fraud investigative case hours dedicated to high impact investigations.

Examples of relevant Performance Indicators used to measure performance by year 2005:

- Percentage of compliance for all trade transactions for Primary Focused Industries (PFI) transactions. PFI is defined as industries identified as vital to the national economy and directly impacted by the level of trade compliance with United States national trade laws.
- Revenue Gap: The difference between revenue that should be collected if all entries for imported goods are correct and compliant and revenue actually collected
- Number of importer accounts: Number of accounts handled electronically.
- Import/Export Targeting Effectiveness: Total number of positive examinations divided by the total number of targeted examinations.
- Ratio of Special Agent hours assigned to high impact fraud cases to the total number of Special Agent hours dedicated to fraud cases.

¹⁸ U.S. Customs Service, "U.S. Customs Service Strategic Plan, Fiscal Year 2000-2005", <http://www.customs.treas.gov>.

CHAPTER THREE

EVALUATION OF PERFORMANCE INDICATORS UNDER THE ACTF GRANT AGREEMENT

3.1 INTRODUCTION

This chapter examines two sets of performance indicators designed to measure progress in customs reform and trade facilitation in Egypt. The first set of indicators has been designed under the ACTF grant agreement by USAID with the objective of measuring the performance of both customs reform and trade facilitation activities. The second set has been designed by the CRU in the Ministry of Finance (MOF) to monitor the performance of customs reform activities to be implemented by the Egyptian Customs Authority (ECA). Referencing USAID performance indicator criteria illustrated in Chapter One and best practices indicators highlighted in Chapter Two, Chapter Three performs a Gap Analysis of the ACTF and CRU indicators and identifies the advantages and drawbacks of each set.

3.2 ASSESSING ACTF GRANT AGREEMENT RESULTS AND PERFORMANCE INDICATORS

The ACTF Grant Agreement lays out a series of performance indicators to measure three macro results and four micro results. The performance indicators are as follows:

Performance indicators for measuring macro results are:

- The global competitiveness index (published by the World Economic Forum);
- Non petroleum exports and imports of goods as a percentage of GDP;
- Progress in WTO compliance;
- Trade weighted average tariff (to reflect the reduction in tariff barriers, measured as total revenue collected from tariffs divided by the total value of imports expressed as a percentage); and
- Value of exports in selected sectors.

Performance indicators for measuring the micro results are:

- The reduction in time in the clearance of goods from customs;
- The reduction in the cost involved in the clearance of goods from customs.

These indicators measure the following macro and micro results:

ACTF Grant Agreement Macro Results:

- An improved policy framework for trade and investment ;
- Increased private sector competitiveness; and
- Enhanced opportunities for business growth.

ACTF Grant Agreement Micro Results:

- The reduction of average clearance time and cost for goods at ports;
- The reduction of clearance process steps;
- The reduction in the number of customs disputes; and
- An increase in the percentage of customs goods declarations transmitted electronically.

3.2.1 Assessing ACTF Grant Agreement Results

Prior to assessing the feasibility of the ACTF performance indicators, it is important to clarify how these indicators are linked to the ACTF results. First, the macro results of ACTF are the same broad results utilized to measure all SO16 activities, and are therefore not designed specifically for the ACTF project. Second, the micro results are limited to the reduction in the time, cost and complexity of customs clearance, the decrease in the number of customs disputes, and the increase in customs automation. All of these results can be viewed as performance measures. For example, the reduction of the average clearance time for goods at the ports is a result that is measured by calculating the time of customs clearance of goods. However, there are other aspects of customs reform and trade facilitation micro results that have not been addressed. This includes areas such as transparency, flexibility, reliability and safety. As noted in Chapter One, these areas are mentioned by the GFP in its definition on trade facilitation indicators. Chapter Four elaborates on this and includes a section on results.

Turning to the linkage between the results statements and the performance indicators, the ACTF Grant Agreement states that the five macro indicators described above will be utilized to measure the three macro results. However, according to the Agreement, these results will also be measured using the reduction in time and the reduction in cost involved in the clearance of goods from customs. These indicators are micro measures that are not suitable to measure macro results. Additionally, there is no mention of using any indicator(s) to measure micro level results.

Based on these observations, there is a need to design macro results that reflect the objectives of customs reform and trade facilitation in general. In addition, it is important to design micro results to reflect progress in the different task areas of ACTF, such as training, publications, workshops, etc. In terms of the performance indicators, each indicator or set of indicators should be assigned to a certain result, and both macro and micro results should have different indicators.

Furthermore, the results listed do not definitively detail what the expectations are of ACTF trade facilitation activities. Trade facilitation by definition is more comprehensive than the customs reform area, as it includes ports facilities, transport costs, and related communication and information areas. While the activities described under the ACTF project do not include any trade facilitation areas other than customs, it is important to highlight the lack of other trade facilitation indicators given that USAID is still in the process of designing the trade facilitation components of ACTF.

Based on USAID guidelines for developing Strategic Objectives and Intermediate Results, the assessment team does not have any further comments concerning the macro and micro results. However, the team does have one observation concerning the time frame covered by the results. As noted in Chapter One, the time frame for intermediate results need not be the full length of the time frame for the relevant SO. The Grant Agreement does not discuss the time frame of the micro results, and this may need clarification.

3.2.2 Assessing ACTF Grant Agreement Performance Indicators

According to the classification of indicators into macro and micro measures laid out in Chapter two, the first five indicators listed in the ACTF Grant Agreement are considered macro measures. These indicators measure improvements in the overall environment for trade facilitation and do not signal specific improvements in the customs field directly. In addition to these indicators, the ACTF Grant Agreement includes indicators to measure the reduction in time and cost involved in the clearance of goods from customs. These indicators are at the micro level as they measure changes in a direct aspect of customs—clearance procedures—that can be at least in part attributed to ACTF technical assistance.

Table 3.1 illustrates the team's assessment of the ACTF performance indicators based on USAID criteria for assessing performance indicators. The selected indicators must be direct, objective, useful for management, practical, attributable to the program's activities, timely and adequate. The main summary points of the table are the following:

- Three of the five macro level indicators (the global competitiveness index, non-petroleum exports and imports of goods as a percentage of GDP, and the value of exports in selected sectors) under ACTF are relevant measures for the overall performance of the business and economic environment. They do not, however, directly reflect a change in customs or trade facilitation.
- The remaining two macro indicators (the trade weighted average tariff and progress in WTO compliance) are the most relevant direct measures of trade and customs facilitation from the listed indicators. With respect to the first indicator, trade facilitation performance is not reflected by changes or reductions in tariff barriers. Trade facilitation reflects the handling of non-tariff barriers and the practical aspects of the movement of goods from point of origin to destination. As discussed earlier, trade facilitation is designed to address the problems that clients encounter at borders. Therefore "the trade weighted average tariff" indicator, by definition, does not articulate any achievements regarding the measurement of ACTF results in the field of trade facilitation. Chapter Four will lay out the team's recommendations for improving these two indicators.

TABLE 3.1: ACTF PERFORMANCE INDICATORS AS PER THE GRANT AGREEMENT¹⁹

Indicator	Type	Indicator Assessment			
		Direct/Indirect Measure of Trade Facilitation	Frequency of Data Collection	Objectivity	Quantitative/Qualitative ²⁰
1. The global competitiveness index	Macro	Not a direct trade facilitation indicator	One year lag	Multidimensional	Qualitative
2. Non petroleum exports and imports of goods as a percentage of GDP	Macro	Not a direct trade facilitation indicator. This indicator is used to measure the relative openness among countries. Any change in this indicator is related more to changes in the trade sector, exchange rate, and GDP rather than in trade facilitation.	Annual	Unidimensional	Quantitative
3. Progress in WTO compliance	Macro	A direct indicator for trade facilitation as it measures compliance in areas such as customs, rules of origin, and technical barriers to trade (TBT).	Annual	Multidimensional	Qualitative, descriptive indicator based on expert opinion
4. Trade weighted average tariff²¹	Macro	This indicator reflects the reduction in tariff barriers. It could be a trade facilitation indicator if used to measure the reduction in non tariff barriers.	Annual	Unidimensional	Quantitative
5. Value of exports in selected sectors	Macro	Not a direct trade facilitation indicator.	Annual	Unidimensional	Quantitative
6. Customs clearance time	Micro	Direct trade facilitation indicator and the most frequently used in the literature.	Annual	Unidimensional	Quantitative
7. Customs clearance cost	Micro	Direct trade facilitation indicator and the most frequently used in the literature.	NA	Unidimensional	Quantitative

Source: Designed from the ACTF Agreement.

¹⁹ See Annex three for indicators' definitions.

²⁰ Quantitative indicators are not necessarily more objective, but their numerical precision lends them to more agreement on the interpretation of results data. Qualitative indicators supplement the numbers with a richness of information that brings results to life.

²¹ This indicator is defined as the total revenue collected from the tariff divided by the total value of imports expressed as a percent. A decline in the trade weighted average tariff is relevant to measuring progress in Sub IR 16.1.1: Trade Barriers Reduced. If the tariff schedule has remained constant from one period to the next, any change in this indicator would either reflect changes in the mix of imports or variations in collection practices.

- The results of trade facilitation programs are better measured if micro level or pilot site indicators are introduced. The ACTF agreement lists two micro level indicators: the reduction in time of customs release and the reduction in cost of customs release. Table 3.2 assesses the appropriateness of these two micro indicators. Table 3.2 additionally evaluates the applicability of the micro results that are also considered indicators.
- It is important to note that the activities to be undertaken under ACTF cover areas other than the time and cost of customs release. These activities currently lack indicators to measure them.

In the area of customs, reforms include:

- Modernization of customs legal frame work,
- Simplification of customs procedures and controls,
- Strengthening of inspection and enforcement mechanisms,
- Introduction of management and post-audit procedures,
- Streamlining of customs duty relief regimes, and
- Strengthening of human resource management and training.

In the area of trade facilitation, reforms include:

- Enhancement of uniform customs product standards and sampling procedures and
- Improving customs service provision and streamlining the inspection of goods.

Table 3.2: Assessment of ACTF Micro indicators

Key ACTF Micro Indicators	GAP Analysis	
	Pros	Cons
Customs Clearance Time	This indicator is based on best practices, i.e. it is widely used in different trade facilitation programs to monitor customs reform.	The indicator is highly aggregated and needs to be disaggregated by the time each process takes (such as customs inspection, documentation and other agencies inspection ...etc) to be able to detect the source of customs clearance delay.
The number of clearance process steps	Best Practices Indicator	None
The number of customs disputes	Best Practices Indicator	The indicator can be more representative if disaggregated by code, value and origin.
The percentage of customs goods declaration transmitted electronically.	A good and relevant IT micro indicator if full automation is applied to customs.	This is not a best practices indicator. The available best practices ones are all macro and can be used in comparative analyses between Egypt and other countries. Examples are competition in ISPs and the availability of online government services from the International Telecommunications Union.
Customs clearance cost	Best Practices Indicator	The indicator is highly aggregated and needs to be disaggregated by the cost of different customs or trade facilitation processes.

Source: Assessment team analysis based on the ACTF Grant Agreement.

3.3 CRU PERFORMANCE INDICATORS²²

3.3. 1 Background on the CRU

The Customs Reform Unit (CRU) was established within the Ministry of Finance (MOF) in 2002 to promote customs reform in Egypt. The CRU is composed of eleven committees related to the following customs issues and functions: Legislation, Tariffs, Information Center, Procedures, Valuation, Anti-smuggling and Security, Information Technology, Human Resources, Exemptions and Special Regimes, Communications, and Monitoring and Performance Management.

The implementation plan designed by the CRU with USAID assistance in April 2004 outlines a series of tasks aiming to achieve customs reform by the nine committees within the CRU. Customs reform as espoused by the CRU entails the following:

Customs Reform Vision:

- Create a modern, efficient and effective customs authority.
- Achieve the highest international standards and best practices.
- Fully facilitate international trade and safeguard the optimal collection of revenue.
- Support economic growth by enhancing national industries and private sector external competitiveness.
- Achieve full compliance with international obligations.
- Provide quality service and create an effective partnership with the trade community.

Reform principles:

- The legislative framework should be clear, flexible and transparent.
- Ports should be gates rather than warehouses.
- The importer – broker should share responsibility with customs.
- Selectivity- risk management techniques should be used in document verification and physical inspection.
- Post clearance audit should replace excessive direct control.
- Customs should operate in an electronic/paperless environment.
- Tariffs should be non-prohibitive and easy to apply in order to enhance voluntary compliance.

The following section provides a brief assessment of the performance indicators of the CRU and ECA in light of USAID guidelines and best practices indicators discussed in Chapters one and two.

²² Sources of this section come from Customs Reform Unit (CRU) Implementation Plan –Executive Summary (Not for Distribution), April 2004.

3.3.2 Evaluating CRU Indicators

USAID provided the assessment team with two groups of similar performance indicators designed by the CRU. These two groups of indicators cover the main deliverables and results of the CRU and its nine committees. Table 3.3 on the following page summarizes the team's assessment of these performance indicators. The first three columns of the table were designed by the CRU. In this context, "measurement criteria" as listed in the table refers to performance indicators. The second column discusses the usefulness of the indicator and the third column describes the expected trend of the indicator. For some indicators, the CRU has only given the unit of measurement without clarifying what the expected target is for the indicator. The team's comments are found in the fourth column. The analysis primarily focuses on how adequately these indicators measure trade facilitation based on best practices performance indicators for trade facilitation modules discussed in Chapter Two. It is important to note that that Table 3.4 is concerned only with the performance indicators related to the customs reform results level and *not* the activity/organization level.

Table 3.3: Selected Performance Indicators of Customs Reform Project

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
1. For All Customs Reform Unit Committees			
Major Objective: Timely and comprehensive completion of the reforms as outlined in the Implementation Plan and supporting schedule of activities (GANTT chart)			
1.1 Feedback from trade community and stakeholders	Direct assessment from users	Increased engagement; positive news	Until Egyptian customs reaches a moderate level of compliance, it will be difficult to measure the performance of the CRU based on public opinion. ECA performance would be better measured in terms of trade-related factors such as the number of complaints or disputes or compliance. Also, under trade facilitation modules, it is recommended that customs committees be established to serve as focal points for matching stakeholders' needs with customs reform policies. This committee can include traders, freight forwarders, brokers, trade associations, and concerned government agencies.
1.2 Time required for customs processing of goods - release times	Most visible and effective success criteria	Sharp decline, then steady gradual improvements	Good micro indicator and based on best practices
1.3 Costs for traders to clear goods entering or leaving Egypt	Financial impact for traders	Gradual decrease	Good micro indicator and based on best practices
1.4 Revenues collected	Financial impact for GOE	Stable, gradual increase in longer-term	Macro indicator usually used under the trade facilitation programs of the WB. However, it would be more indicative if it is the <i>ratio</i> of the revenue collected and the number of customs staff or the customs revenue collected to total tax revenues.

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
2. Legislation			
Major Objective: A new Customs Law, including executive regulations			
2.1 Number of disputes per month arising from the new Customs Law	Clarity of the law and regulations	Decreasing	Clear and good micro indicator. It can also be used to measure compliance of trade processes. The only suggestion is to break it down by code and value on origin disputes.
2.2 Average monthly rate of disputes resolved through arbitration	Transparency in application of law	Upward trend on resolutions	Good indicator to measure the fairness of the arbitration process as long as the arbitrators equally represent all parties.
2.3 Average monthly rate of abandoned goods	Worthwhile to pursue release	Downward trend	This indicator is important because abandoned goods are not necessarily related to tariffs. Rather, they are related to the level of ambiguity of tariffs and regulations, and to the overall integrity of customs.
3. Procedures:			
Major Objective: Developed and streamlined Customs procedures			
3.1 Average time per ship in port (amount of delay penalties)	Indicator of potential customs-related concerns	Gradual, but consistent reductions in time per ship	This is a good measure for port efficiency/ trade facilitation.
3.2 Average rate of different types and levels of complaints	Consistency in the customs program and between ports	Becoming more complex; dealing with exceptions	It is not clear if “complaint” has a different meaning than disputes.

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
3.3 Average rate of cases of customs violations and smuggling	Quality of information management; Inspection abilities	Increase in significant cases	This indicator best measures the efficiency of security and detective control.
3.4 Daily examination rates and percentage of reviews to discrepancies found	How risk management is working	Reports are being produced sincerely and regularly	We suggest using this indicator to measure the application of risk-based management inspection. The value of this indicator is expected to decrease when compliance increases. This indicator is used to measure the accuracy of the internal auditing process of the ECA.
3.5 Number of statistical data related to customs- related processes	Information driving decision- making	Managers using daily	Vague and related mainly to the management process.
4. Tariff			
Major Objective: Simplified tariff structure through reducing number of tariff nomenclature			
4.1 Level of pressure from media, trade community and international bodies regarding Egypt's Tariff	Impact at Government of Egypt level	Declining sense of concern or urgency	We suggest replacing this indicator by number of cases of tariff escalations.
4.2 Improved abilities from ECA staff in classification and origin matters	Consistent treatment	Demand for advanced training	This is a result and not an indicator. It is important to state how this result can be measured.

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
4.3 Average weekly rate of exports	Major indicator of WTO Trade Facilitation efforts	Annual growth	This indicator does not directly measure the effect of customs reform on increasing exports.
5. Exemptions and Special Regimes			
Major Objective: Developing and implementing effective Customs special regimes and rationalized exemptions			
5.1 Value of goods entered under exemptions as a percentage of the total rate of revenue collected in customs taxes	Program's breadth of coverage; possible abuse	Stabilization of program; effective compliance	Good indicator to control the efficiency of the exemption regime.
5.2 Time required for customs processing of imported goods under special customs regimes	Reducing release time as a major indicator	Downward trend	A good indicator but it needs to be disaggregated to the Drawback & Temporary Admission systems.
5.3 Average monthly rate of complaints concerning special Customs regimes	Consistency in the customs program and between ports	Becoming more complex; dealing with exceptions	A good indicator if disaggregated by complaints in different customs regimes.
6. Human Resources, Organization, Staffing, Management & Training			
Major Objective: A new organizational structure, training policies and updated hiring and promotion policies			
6.1 Number of organizational changes	Defining stability	Major changes less frequent	Organizational level indicator

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
6.2 Number of monthly enquiries from the regional offices to headquarters	Identifies organization and roles	Decrease in frequency and increase in complexity	Organizational level indicator
6.3 Average rate of complaints concerning the lack of skills and experience of staff	Identifies gaps in skills	Decreasing	Organizational level indicator
6.4 Percentage of employees of different job levels covered by training programs annually	Identifies improvement of staff and management	Increasing	
6.5 Investigation of staff's degree of satisfaction with incentives and promotions (questionnaire)	Qualitative analysis	Level of satisfaction increases	Organizational level indicator
7. Valuation			
Major Objective: Optimal application of Customs Valuation Agreement			
7.1 Number of weekly cases where a valuation concern is a main factor for delayed customs processing of goods - release times	Most visible and effective criteria of success	Average time of release decreasing	Good indicator.
7.2 Average rate of acceptance of values declared by stakeholders	Stakeholder and customs buy-in	Percentage increase	The number of disputes as an indicator is already mentioned. Measuring the opposite is redundant.

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
8. Information Technology			
Major Objective: Defining and implementing the user, operational and functional systems requirements for the ECA's on-going and future IT needs.			
7.3 Level of engagement from trade community on IT-related initiatives (ex: MCTC)	Confidence from trade community	Level of participation increasing	Organizational indicator, but it does not measure or reflect any achievements in the trade facilitation areas.
7.4 Feedback from the trade community through stakeholder consultations, unsolicited messages, and other forms of feedback	Direct assessment from users	Increased engagement; positive news	This indicator can measure some progress in trade facilitation but will not be reliable unless compliance measures are completed.
7.5 Weekly number of complications with the use of the IT system	Performance of the IT function	System glitches minimized	Organizational measure. There is no good measure of IT services in enhancing trade facilitation.
9. Information Center			
Major Objective: Electronic publishing of all CRU committee deliverables and development of the valuation database.			

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Comments
9.1 Feedback from Customs officials on the usability of the valuation database	Direct assessment from users	Increased engagement; positive news	This indicator measures the reliability of the customs' value database for a wide range of traded goods from different origins. The database values are compared with the values provided by traders (invoice value, declared value, accepted value, etc.), and is an acceptable indicator for measuring the reliability of customs value database.
10. Anti-Smuggling			
Major Objective: Optimization, including possible restructuring, of enforcement, inspection and security activities.			
10.1 Number of monthly anti- smuggling cases	Performance of the area	Increasing	Good measure for activities related to surveillance and border control. It is used by the US-anti smuggling customs committee
10.2 Number of weekly inspections	Quantitative measure	Downward trend until steady plateau	Good measure to risk based management inspection.

Source: The first three columns from the CRU, "Final report of customs reform program (Appendix E)." Column four has been prepared by the assessment team.

CHAPTER FOUR

RECOMMENDED PERFORMANCE INDICATORS TO MONITOR THE USAID-ACTF PROJECT AND ACTIVITIES

4.1 INTRODUCTION

The previous chapters presented a series of performance indicators based on best practices trade facilitation modules developed by the World Bank and US Customs, among others. Based on these best practices indicators and referencing USAID guidelines, the team assessed ACTF's performance indicators (PIs) in Chapter Three. This chapter builds on this assessment to develop a suggested list of PIs for customs reform in Egypt. Our criteria for selecting best performance indicators for customs reform in Egypt are the following: the best measures of ACTF results, best practices indicators, and data availability. The cost of collecting the data required for the selected indicator(s) is not a factor of selection as the majority of indicators that have been selected rely on data available from the ECA. There is therefore no cost involved in collecting this data.

As a final note, the suggested PIs in this chapter cover only the customs component of trade facilitation, as USAID has not yet developed the scope of ACTF activities for the other components of trade facilitation. Until this is done, the list of possible performance indicators for the other areas of trade facilitation based on best practices can be referenced from Chapter Two.

4.2 SUGGESTED LIST OF PERFORMANCE INDICATORS TO MONITOR CUSTOMS REFORM

The team suggests that both a macro and micro set of performance indicators be developed to monitor customs reform initiatives undertaken by USAID and the GOE. At the macro level, the indicators are assumed to measure economic development areas that are directly related with customs reform such as trade compliance and trade facilitation enhancement. The micro set of indicators, in turn, measures areas related to the customs environment such as clearance time and cost, valuation, procedures, tariffs, information technology, and legislation.

The tables below outlines the suggested lists of PIs and includes the following: suggested result to be measured, indicator selected, unit of measurement, source of indicator, source of data, and rationale of indicator choice.

4.2.1 Suggested list of Macro Performance Indicators

The team recommends eight performance indicators to measure the following results:

1. Increased Trade Facilitation Compliance
2. Increased Customs Revenues as a Result of Trade Facilitation
3. Increased Efficiency of Customs Revenues Collection
4. Hidden Economic Barriers Reduced

These results have been selected to reflect the assumption that the primary customs areas that affect economic growth are compliance, increased revenues, and a reduction in non-tariff barriers to trade. Table 4.1 on the following page shows in detail the suggested indicators to measure customs reform at the macro level.

Table 4.1: Suggested Macro Performance Indicators for the Customs Components of Trade Facilitation

Suggested Macro Result	Performance Indicator	Unit of Measurement	Source of Data	Rationale of Indicator Choice
Increased Trade Facilitation Compliance	Progress in WTO Compliance	Cumulative Index that measures Egypt's compliance with different WTO issues including the customs area	USAID - Assistance for Trade Reform Activity (ATR)	This indicator measures Egypt's compliance with different WTO issues including the customs area. The expected trend: UPWARD
Increased Customs Revenues as a Result of Trade Facilitation	Customs Revenue/ Total Taxes Revenues	Percentage	Ministry of Finance and the Egyptian Customs Authority	These indicators are very significant, especially given that Egypt is a developing country and customs is one of the main sources of revenues. The expected trend: UPWARD
	Customs Revenue/GDP	Percentage		
	Customs Revenue/ Customs Salaries	Percentage		
	Customs Revenue/ Number of Customs Staff	Percentage		
Customs Revenue Collection is More Effective	The difference between the actual rate of customs revenue collection and average weighted tariff rate	Percentage	The Egyptian Center for Economic Studies (ECES)	This indicator is better than the previous PMP indicator which is the trade weighted average tariff rate. A decline in the trade weighted average tariff reflects the reduction in tariff. However, if the tariff structure remains constant from one period to the next, the difference between the two rates reflects variations in collection practices. The expected trend: DOWNWARD
	Revenue Gap: The difference between revenue that should be collected if all entries for imported goods are correct and compliant and revenue actually collected	Percentage	US Customs Performance Indicators	Same rational as the previous indicator The expected trend: DOWNWARD
Hidden Economic Barriers Reduced	Hidden Economic Barrier	Index	World Competitiveness Report published by the World Economic Forum	This indicator measures barriers other than published tariffs and quotas that importers face. Customs is considered one of these barriers. The expected trend: DOWNWARD

4.2.2 Suggested list of Micro Performance Indicators

The team recommends ten micro performance indicators to measure the following results:

1. Customs procedures are simplified;
2. Customs procedures are more transparent;
3. Customs clearance average cost is reduced;
4. The percentage of customs goods declaration transmitted electronically increased;
5. Customs regulation improved;
6. Corruption in customs areas reduced

These areas have been chosen to correspond with the results selected for the ACTF project. Table 4.2 on the following page details the suggested indicators to measure customs reform at the micro level.

Table 4.2: Suggested Micro Performance Indicators for the Customs Components of Trade Facilitation

Suggested Micro Result	Performance Indicator	Level of Aggregation	Unit of Measurement	Source of Data	Rationale of Indicator choice
Customs Procedures are Simplified	Number of customs procedures	Disaggregated by number of steps, signatures, and documents	Number of steps and signatures	The Egyptian Customs Authority	Based on best practices and useful for comparative analysis between Egypt and other countries The expected trend: DOWNWARD
	Annual number of declarations/ Customs staff	Disaggregated by type of customs regimes	Ratio of number of declaration to number of staff	The Egyptian Customs Authority	Based on best practices and useful for comparative analysis between Egypt and other countries The expected trend: UPWARD
	Customs clearance time ²³	Disaggregated by imports and exports and transit time procedures	Number of days	The Egyptian Customs Authority	Based on best practices and useful for comparative analysis between Egypt and other countries The expected trend: DOWNWARD
Customs Procedures are More Transparent	Number of customs disputes as a percentage of total declarations	Disaggregated by codes, values, and origin of goods. Results of disputes solved by arbitration and average time taken to resolve disputes	Monthly ratio of customs disputes to total declarations	The Egyptian Customs Authority	Most relevant indicator for assessing increased transparency of customs regulations The expected trend: DOWNWARD
Customs Clearance Average Cost is Reduced	Cost per declaration ²⁴	Aggregated	LE/declaration	The Egyptian Customs Authority	Based on best practices. The expected trend: DOWNWARD
The Percentage of Customs Goods Declarations Transmitted Electronically Increased	Number of electronically transmitted declaration/ total number of declarations	Aggregated	Percentage	The Egyptian Customs Authority	These are the most relevant measurements. The expected trend: UPWARD
	Progress toward application of ASYCUDA customs IT system	Disaggregated by ports	Progress	The Egyptian Customs Authority	
	No. of steps processed electronically as a percentage	Disaggregated by ports	Percentage	The Egyptian Customs Authority	

²³ Customs clearance time is measured as the time taken from the start of customs declaration to final release.

²⁴ A survey of customs stakeholders can be implemented and a question on informal payment in customs declaration can be included.

Suggested Micro Result	Performance Indicator	Level of Aggregation	Unit of Measurement	Source of Data	Rationale of Indicator choice
	of total steps of customs release				
Customs Regulation Improved	Percentage of firms evaluating customs and/or trade regulations constraints as major or moderate	Aggregated	Percentage	World Business Environment Survey (WBES) ²⁵	Useful for comparative analysis between Egypt and other countries The expected trend: DOWNWARD
Corruption in Customs Areas Reduced	Monthly percentage change in arresting smuggling cases to the change in customs salaries and incentives	Aggregated	Percentage change	The Egyptian Customs Authority	The indicator assumes a correlation between the changes in number of cases of smuggling arrests to changes in customs incentives to arrest these cases. Specifically, if customs officers are economically rewarded for arresting smuggling cases, more cases should be counted. If not and they are paid illegally to let smuggling pass, then this is a case of corruption. The expected trend: UPWARD

²⁵ The WBES will not be repeated in the same form it was administered in 1999. This is because the World Bank Group's core survey for evaluating country investment climate (or business environment) conditions has changed. The revised instrument on the WB's "Investment Climate Assessments" (ICAs) can be found online at http://www.worldbank.org/privatesector/ic/ic_ica.htm. An ICA is currently programmed for Egypt in for the Fiscal Year 2006 (July 2005-June 2006). The World Bank informed the report team that if we want to replicate WBES exactly, we should contact Professor Samiha Fawzy of the Egyptian Center for Economic Studies (ECES), who was a partner in the earlier work. If USAID finds the indicator suitable, a complete survey of customs stakeholders can be implemented and this indicator can be part of the questions.

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ANNEX ONE

THE INTERNATIONAL SYSTEM OF TRADE FACILITATION

The objective of this subsection is to show the reader a quick glance at the international system of TF including the main organizations involved, the components of TF and the TF tools. Today, Trade Facilitation encompasses a near complete system of:

Trade Facilitation Organizations

There are a number of world and regional organizations concerned with TF and contributed significantly in highlighting the idea and weighting its benefits against losses for all trading partners at different levels. Examples of such organizations are:

World Trade Organization (WTO), UN Conference on Trade and Development (UNCTAD), UN Economic Commission for Europe (UN/ECE), UN Center for Trade Facilitation and Electronic Business (UN/CEFACT), World Customs Organizations (WCO), and World Bank Global Facilitation Partnership (GFP).

Trade Facilitation Components

The efforts of the above organizations on TF demonstrated certain components as the main subjects of any TF program. Such issues, as mentioned before, move toward three principal areas: Trade, Transport, and Customs. Practically they concluded under two main areas: Trade and Transport Facilitation and Trade, and Customs Facilitations.

Trade Facilitation Tools

There are a set of tools, means of application and measurements that developed during the work on TF programs. Examples of such tools are provided below. Practically, our report will categorize the tools available under Trade Facilitation issues into two main groups:

The Obligatory Tools of Trade Facilitation

- The tools provided within the GATT/ WTO framework as a part of Multilateral Trading System based on the "Single of the Under Taken" principle. Such tools include:
 - The Articles V (of free transit), VIII (of Fees and documentations of export and import), X (of trade regulations) of WTO text.
 - Related agreements of WTO especially: Customs Valuation, Import Licensees, Pre-shipping inspection, Rules of Origin, Technical barriers for trade, Sanitary and Phytosanitary agreements.
- The Legal Instruments related to trade, transport and customs under the UN Conventions and agreements umbrella. The most important Legal instruments related to TF are:
 - Revised Kyoto convention managed by the WCO
 - Conventions and agreements developed by UN/ECE under the umbrella of the UN and related for example to:
 - Transport ion of dangerous goods, Transport ion of perishable goods, The Contract for the International Carriage of Goods by Road (CMR), International customs transit procedures, Transports internationaux Routiers or International road transport (TIR) and Temporary admission carnet (ATA Carnet).

It's important to note that all the obligatory tools are designed, applied and developed based on best practices and their effect and benefits unchallengeable.

The Voluntary Tools of Trade Facilitation

- UN trade facilitation recommendations: The UN Center for Trade Facilitation and Electronic Business (UN/CEFACT)
- The Single Window or One Stop Shop approach
- The UN Electronic Data Interchange for administration and Customs and Transport (UN/EDIFACT)
- The Columbus declaration on Trade Efficiency
- The world bank tools on Trade and Transport Facilitation : Global Facilitation Partnership for Transport and TRADE (GFP)
- ICC recommendations and related to Incoterms and Documentary Credits.
- ISO and HS.

The TF Tools concluded in the context of technical assistance and capacity building programs which include:

ASYCUDA project provided by UNCTAD, UN/CEFACT project provided by UNCTAD and UN/ECE, WB/GFP, The ESCWA effort

ANNEX TWO

MAIN DATA SOURCES RELATED TO TRADE FACILITATION

Data	Country Coverage	Years	Variables/Description
OVERALL			
World Business Environment Survey (WBES)	80	1999-2000	Corruption, judiciary, quality of business environment, efficiency of customs (including time taken to clear customs), quality and efficiency of public services
World Bank : Investment Climate Assessments (ICAs)	12 : Bolivia, Algeria, Morocco, Eritrea, Ethiopia, Mozambique, China, Bangladesh, Bhutan, India, Nepal, Pakistan		Indicators on entry regulation, infrastructure indicators, regulatory and administrative delays (including customs clearance)
Global Economic Prospects 2004 database (Chapter 5) : Based on Wilson, Mann, Otsuki (2003)	75	For year 2000	Port efficiency; Customs environment; Regulatory environment; Service sector infrastructure
World Economic Forum : Global Competitiveness Report (GCR)	70-80	Various years	Growth Competitiveness Index and other measures of economic performance; Index of perception of roads, railway and air services; Index of Port efficiency
Cass Annual Logistics Costs		1981 - 2002	Logistics costs/GDP
Lauri Ojala	68	2003	Logistics Friendliness Index
CUSTOMS AND BORDER CROSSINGS			
International Exhibition Logistics Associates (IELA)	55	Current	Average days required for customs clearance for sea and air cargo

Trade and Transport Facilitation in South East Europe (TTFSE)	8 : Albania, Bosnia-Herzegovina, Bulgaria, Croatia, FYR Macedonia, Moldova, Romania, Serbia and Montenegro	1999-2002	Performance and efficiency of customs administration, and data on border crossing and clearance times at 23 pilot sites
World Business Environment Survey	80	1999-2000	Time taken to clear customs
International Road Transport Union		1998-2002; and weekly data	Waiting Times at Border Crossings
Walkenhorst and Yasui (2003)	80-100		Border process quality and Border waiting time
UNESCAP : Transit Transport Issues in Landlocked and Transit Developing Countries	Asian countries		Average and Maximum Waiting Times at Borders
TRACECA : BordAudit Database	13		
PORTS			
US Department of Transportation	US and trading partners		Maritime Transport Costs
Maersk Sealand		current	Maritime Transport Costs
International Monetary Fund (IMF) : International Finance Statistics			CIF/FOB
UNCTAD Review of Maritime Transport	World	Since 1968	Freight Costs as a percentage of Import Value
Clark, Micco, Dollar (2002)	35		Container Handling Charges
Fink, Mattoo, Neagu (2001)	37 developing and 22 developed countries		Cargo handling restrictions index, Mandatory port restrictions index.
Global Economic Prospects 2004 database (Chapter 5) : Based on Wilson, Mann,	75	For year 2000	Port efficiency

Otsuki (2003)			
TRANSPORT INFRASTRUCTURE			
International Road Transport Union	178		Road and railway networks
UN Economic Commission of Latin America and Caribbean (ECLAC)	11: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela.	2000	Foreign trade and transport statistics
World Bank : Railways database	90	1980-99	Scale, output and performance
U.N. Global Urban Indicators Database	230 cities	1993, 1998	23 key indicators and qualitative data
International Road Federation	189		Road and vehicle statistics
International Air Transport Association			World Air Transport Statistics (data on IATA member airlines), Air Cargo Annual (market trends in air cargo)
INFORMATION AND COMMUNICATION TECHNOLOGY			
World Bank : ICT Tables	184	2001	ICT infrastructure and access, Computer and internet information, ICD business and government environment data.
McConnell International	53	2001	E-readiness
International Telecommunications Union : World Telecommunications Indicators Database	200	1960, 1965, 1970, 1975-2002	80 telecommunication indicators (Telephone mainlines per 1000 people; Waiting List in thousands; International telecommunications, outgoing traffic; Number of personal computers; Internet Users; Internet Hosts)
World Economic Forum : Global Information Technology Report	About 80	2001-03	Networked Readiness Index; Broadband internet access availability; Local specialized IT services availability;
OECD : Measuring the Information Economy 2002	80		Number of websites, number of internet hosts per 1000 inhabitants, number of businesses with internet access, internet penetration by activity, businesses using internet for purchasing and selling etc.
World Information Technology and			ICT Expenditure (\$ million, as a percentage of GDP, and on a

Services Alliance			per capita basis)
GCR (2002-03)			Competition in ISPs; Government online services availability
NUA International		current	Number of people online (million)
STANDARDS AND TECHNICAL REGULATIONS			
World Bank : Standards and Trade Database	17 developing countries	2001-02	Government standards, regulations and technical barriers to trade
EU Market Access Database			Sectoral and trade barriers
Tuck School of Business, Dartmouth University : Emerging Market Access Index	44 emerging market economies		16 areas of market access
PERINOM Database	18 countries, 650,000 records		Bibliographic database on standards and technical regulations
Mounies (2003)			Stock of Standards
INVESTMENT CLIMATE			
Governance database	160	1996-2002	Voice and Accountability, Political Stability, Government Effectiveness, Regulatory Framework, Rule of Law, Corruption Control
World Competitiveness Yearbook	59	Since 1989	Competitiveness factors (economic performance, government efficiency, business efficiency, and infrastructure)
Transparency International	Between 90-100 countries	1995-2002	Corruption Perception Index
Doing Business Database	130 : 22 (high-income OECD countries), 25 (ECA), 33 (SSA), 5 (SA), 21 (LAC), 14 (MENA), 13 (EAP)	Benchmarked to January 2003	Indicators of regulatory costs of business and enforcement
EBRD Transition Report	26 Eastern Europe and CIS countries		Quality of business environment

Source: Wilson, J.S. and S. Bagai (2004) "Trade Facilitation and the Data to Measure its Impact: A Primer."

ANNEX THREE ACTF PERFORMANCE INDICATORS

I.R. 16.1: Policy Framework for Trade and Investment Improved

Performance Indicator (including precise <u>Unit of Measurement</u>): Non-petroleum Exports and Imports of Goods as a Percent of GDP											
Unit: Percent											
Results Data	Baseline Year: 98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Targeted		21	21	22	23	25	26	27	28	29	30
Actual	22	20	19	20	22						
<p>Indicator Description (Definition): This indicator is defined as exports plus imports of goods minus crude petroleum and petroleum products. The baseline for 98/99 is an average for the period 96/97 - 98/99. An economic variable is usually distributed around a mean with a variance; the baseline should be that estimated mean; the least complex way to estimate that mean is to use an average over a sample period such as three years.</p>											
<p>Data Source: Primary Source: The Central Bank of Egypt monthly statistical bulletin for trade data and for GDP and International Financial Statistics (IFS) for Exchange rate.</p> <p>Secondary Source: The Economic Intelligence Unit: Egypt Country Report</p>						<p>Rationale/Critical Assumptions for Indicator: The indicator is widely used to compare the relative openness among countries. Open economies such as Singapore score well above 150%. Relatively closed, or import substitution, economies typically score below 50 %.</p>					
<p>Schedule/Frequency of Data Collection: Annual at the close of the GOE fiscal year (June 30).</p>						<p>Method/Approach of Collection/Calculation: Merchandise trade figures have one month lag. Services are reported quarterly with a one quarter lag. The indicator is calculated as exports and imports of non-petroleum products divided by GDP. GDP converted from LE to US\$ using an average rate of LE5.3/\$ for the period July'02 to June'03.</p>					
<p>Responsible Officer: Manal El Samadony, EG/SPP</p>											
<p>Data Limitation and Quality Assessment: The data on exports and imports obtained from the Central Bank of Egypt are aggregated and then divided by GDP obtained from the Central Bank of Egypt.</p>						<p>Data Analysis/Dissemination Plan: Results monitoring by the SO team and for submission to Program Office for the Annual Report.</p> <p>Other Donors in Sector: WB, IMF and others</p>					
<p>Indicator's Relevance to Gender: The indicator does not provide information by gender.</p>											
<p>Indicator's Relevance to Poverty: The indicator does not provide information directly relevant to poverty concerns.</p>											
<p>Additional Comments: A current PMP performance indicator for I.R. 16.1, Policy Framework for Trade and Investment Improved, is the ratio of non-petroleum imports and exports to GDP. As a measure of economic openness, one would wish to see this ratio increase over time. The baseline period (1996/97 to 1998/99) ratio was 22% and the targeted projection was for this ratio to increase, on average, one percentage point annually. The importance of external trade in Egypt increased from 20% to 23%. This dramatic reversal of the trend of the previous three years reflects the impact of two major factors. First, in a major policy change the GOE floated the pound which declined to LE6.13/\$. Second, there was increased GOE attention given to external trade. The Ministry of Foreign Trade (MOFT) issued/implemented a number of decrees designed to facilitate trade such as expediting the time taken for testing imports and the Ministry of Finance/Customs (MOF) began is reform program which almost immediate impact on reducing clearance times for goods. The implementation of these improvements was facilitated by the two technical assistance activities – the Assistance for Trade Reform (ATR) working with MOFT and Assistance for Trade Facilitation (ACTF) working with Egyptian Customs. In comparison with the previous fiscal year, non-petroleum exports increase by 6.5% after a period of stagnation for the previous couple of years and non- petroleum imports started to show a slight increase 2.8% after a declining trend over the previous three fiscal years. Looking at the data, the increase in imports and exports started to appear in the fourth quarter and this could be explained by the time lag between the announcement of the floating exchange rate in January 2003 and the last quarter in the fiscal year. The actual figure 23 has been revised since reported at the Annual Report as 25 due to the exchange rate calculation of LE5.3/\$ for the period July'02 to June'03.</p>											

I.R. 16.1.1: Trade Barriers Reduced

Performance Indicator (including precise <u>Unit of Measurement</u>): Progress in WTO Compliance											
Unit: Percent (Cumulative)											
Results Data	Baseline Year: 99/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	
Targeted		34	44	54	64	74	84	94	100	100	
Actual	29	36.4	40.9	55.1							
<p>Indicator Description (Definition): This indicator is a composite index of key compliance areas under various agreements of the World Trade Organization, (WTO). The index is a composite indicator that takes account of 15 WTO Compliance areas: Rules of Origin (4%), Technical Barriers to Trade, TBT (12%), Sanitary and Phytosanitary, SPS (12%), Antidumping/subsidies and safeguards (4%), Trade Related Investment Measures, TRIMS (4%), tariffs and import bans (8%), Intellectual Property Rights, IPR (12%), Basic Telecommunication Agreement, BTA, (4%), Information Technology Agreement, ITA (8%), Customs and customs valuation (12%), General Agreement for Trade in Services, GATS (4%), Market access in agriculture and non-agricultural products (4%), Singapore issues (4%), institutional developments that enhance WTO compliance (4%) and other factors of enhanced transparency, and removal of trade barriers (4%). Individual policy items identified as components of each agreement's indicator are attached. Complete compliance in all 15 agreements is, by design, equal to 100%. USAID targets a 10 percentage-point increase in this indicator each year.</p>											
<p>Data Source: Primary Source: Egypt's communication with the WTO, Trade Policy Review of Egypt's economic policy, passage of laws and regulations, Egypt's schedules of commitments under the WTO agreements Secondary; Source: Assessments conducted by USAID funded projects in compliance areas i.e. TASER annual assessments</p>						<p>Rationale/Critical Assumptions for Indicator: The indicator is based on extensive consultation with experts and previous work in the area of Egypt's compliance with various WTO Agreements. The choice of WTO areas to be covered and how much weight is attached to each item has been governed by an evaluation of specific elements that are conducive to a more liberalized trade regime. The total value of the index, if all items covered are met, will total 100% by the end of the evaluation period.</p>					
<p>Schedule/Frequency of Data Collection: Annual compilation to be conducted for the index. The actual compliance measures and when they are actually met are not limited to specific dates or frequencies.</p>						<p>Method/Approach of Collection/Calculation: Individual policy items under each agreement receive equal weights; thus if 3 measures are listed under an agreement that has 8% points attached to it, then each item represents $8/3 = 2.67$. If another agreement has 3 items but the collective weight of the agreement is 4, then the weight attached to each individual policy measure is $4/3=1.33$. It is possible that points are deducted from the indicator if new policies that are not consistent with Egypt's WTO commitments are introduced. It is also assumed that once Egypt addresses the backlog of commitments, 100% WTO compliance is a realistic target.</p>					
<p>Responsible Officer: Manal El Samadony, EG/SPP</p>						<p>Data Analysis/Dissemination Plan: Results monitoring by the IR team and for submission to Program Office for the Annual Report.</p> <p>Other Donors in Sector: EU, CIDA</p>					
<p>Data Limitation and Quality Assessment: Weights have been attached to each agreement, given the current assessment of the relative importance of each of these agreements; an assessment is then made to rank these according to the degree to which they represent barriers to trade liberalization.</p>											
<p>Indicator's Relevance to Gender: The indicator does not provide information on gender issues.</p>											
<p>Indicator's Relevance to Poverty: Export-Led poverty reduction is a central goal and focus of reports by the International Trade Center Geneva.</p>											

Additional Comments: Compliance with WTO Agreements is a complex issue: However, it is one of the areas where the Government of Egypt needs to demonstrate its will to comply. The areas that have been identified will be used as the basis for evaluating Egypt's compliance with the WTO. Within this general area, there will always be individual items that have to be evaluated relative to developments in the WTO, and other efforts of the Government of Egypt to Liberalize trade, and possibly investment. In the year 2002/2003, the indicator improved by almost 15 percentage points due to the efforts exerted by the GOE and USAID technical assistance to the Ministry of Finance and Ministry of Foreign Trade. Egypt completed its assessment of Rules of Origin, Anti-dumping, and Technical Barriers to Trade agreements. The Ministry of Foreign trade is working with the TA to address the non compliance areas and sent a notification to WTO related to the Rules of Origin agreement. In addition, Egypt signed the Information Technology Agreement in April 2003. Under the agreement, the government is committed to remove by January 2005 all tariffs on IT imports. The actual figure has been revised to 55% since reported at the Annual Report as 50% compliance as mentioned above that Egypt completed its assessment of Rules of origin, anti- dumping, and Technical Barriers to Trade agreements.

IR.16.1.6: Customs Procedures and Trade Facilitation Streamlined

Performance Indicator (including precise Unit of Measurement): The Number of Days Required Between the Time the Imported Commodities Arrive in a Port and Their Clearance to the Consignee											
Unit: Number of days (measured as the median for all shipments)											
Results Data	Baseline Year: 98/99	99/00 Baseline Trend	00/01 Baseline Trend	01/02 Baseline Trend	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Targeted		16	15	14	13	10	5	3	2	2	1
Actual	17	15	14	13	15*						
Indicator Description (Definition): The indicator measures the median number of days from arrival of imported commodities in port to clearance from Egyptian ports.											
Data Source: Primary Source: Commodity Import Program (CIP), USAID.						Rationale/Critical Assumptions for Indicator: Days for clearance is an aggregate measure that captures direct customs delays, as well as problems with other trader requirements. A substantial portion of the total non-tariff financial and non-financial costs of importing are closely associated with the number of days taken to clear the commodities. A reduction in the number of days is expected to be correlated with a reduction in the total cost and risk of international trading. In turn this is expected to increase exports and lower prices to consumers and producers in Egypt. Initial examination of data reveals that factors such as seasonality, complexity in valuing certain commodities, customs procedures unique to certain commodities, and experiences of shipping and custom clearance agencies influence the duration in clearing the commodities in the ports.					
Secondary Source: GOE reporting under the ACTF project and opinion surveys of the private sector trade community are used to confirm changes in outcomes and the reasons for the changes.											
Schedule/Frequency of Data Collection: Continuous data collection will be summarized quarterly; annual tabulations are made for this PMP at the end of the fiscal year.						Method/Approach of Collection/Calculation: The indicator is calculated as the median number of days. The baseline for 1998/99 was estimated at 17 days. Given the wide fluctuation in the number of days for clearance of imported commodities from the mean, the measure of median days is preferred to mean days. The targeted value for each year is estimated on the basis that Egypt will meet a regional standard of two days by the end of USAID's ACTF project and international standards of less than one day by the end of USAID's current strategic plan. Initial reductions to three days are relatively easier to achieve than the reductions from three to one day, so reductions are slower in later years.					
Responsible Officer: Rasha Abdel Hakim, EG/SPP											
Data limitation and Quality Assessments: Data is based on the total number of CIP transactions per year and they relate to commodities (capital, raw materials, and intermediate products) imported under CIP program only. Consumer products and other capital and raw materials imported under normal trade channels and under other government or donor-supported programs are not included.						Data Analysis/Dissemination Plan: The commodity import program database has 666 transactions during this year with a median of 15 days derived from this population. This indicator and analyses used to understand the components of clearance time will be used in policy discussions with the GOE and targeting USAID support for streamlining the customs and facilitating trade.					
						Other Donors in Sector: N/A					
Indicator's Relevance to Gender: The indicator does not provide information by gender.											
Indicator's Relevance to Poverty: The indicator does not provide information directly relevant to poverty concerns.											

IR.1 16.1.6: Customs Procedures and Trade Facilitation Streamlined, Cont.

Additional Comments: Streamlining the customs procedures is one of the major thrusts of the Assistance for Customs and Trade facilitation (ACTF) project. The project will focus on the information management system, human resource development, institutional development, and the legal framework. It may require additional analysis to examine if other factors such as the number of ships in the port, seasonality, and the types of clearing agents have any significant affect on the number of days. A weighting procedure for different commodities will also be explored for next year.

* An increase in the number of median days for 2002-03 is attributed to randomness rather than from any adverse effects from customs procedures. However, compared to the data from the previous years, a relatively larger percentage of shipments took between 20 and 30 days for clearance. It is recommended that the primary source of data for this indicator be changed for next year to another source that measures the customs clearance days from the start of customs declaration procedure to customs release excluding the arrival date of imported commodities.

I.R. 16.2: Private Sector Competitiveness Increased

Performance Indicator: Egypt's Business Competitiveness Index Country Rank											
Unit: Index for Egypt as a rank compared among 59 countries—The lower the rank the better the country's position											
Results Data	Baseline Year: 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Targeted		-	38	37	36	35	34	33	32	31	30
Actual	43	39	40	N.A*	46						
<p>Indicator Description (Definition): The Business Competitiveness Index aims to measure the conditions that determine a nation's sustainable level of productivity. This index builds on the Microeconomic Competitiveness Index introduced in 1998 and 1999. The current competitiveness elements are divided into two major categories: Sophistication with which a nation's firms compete. This aims to gauge the knowledge, technology, physical capital, and managerial skills reflected in the firms' operating practices and strategies. 2) Quality of the nation's business environment. This measures the quality of the infrastructure, skills, technology stocks, rules and regulations and institutions that constitute the context in which a nation's firms operate.</p> <p>The index is translated to a country ranking among participating countries. The lower the rank the better the country's current competitiveness. Moreover, year to year changes in rank should be interpreted more as an indication of the general trend in Egypt's relative competitiveness rather than a precise measure of such change. Currently over 95 countries are ranked, but this indicator ranks Egypt among the 59 originally ranked in the 1999 baseline data.</p>											
<p>Data Source: Primary Source(s): Global Competitiveness published by the World Economic Forum (Geneva, Switzerland). Secondary Source(s): Egyptian Center for Economic Studies (ECES)</p>						<p>Rationale/Critical Assumptions for Indicator: The index measures the conditions that determine a nation's sustainable level of productivity. The index represents state-of-the-art thinking on new competitiveness rankings among countries. It contains internationally accepted elements needed to promote competitiveness.</p>					
<p>Schedule/Frequency of Data Collection: Annual in February. Survey data has a six-month lag. Quantitative data has a one-year lag.</p>						<p>Method/Approach of Collection/Calculation: The index reviewed research on economic growth to obtain a broad list of possible growth of micro and macroeconomic determinants. These indicators include variables that contribute to levels of productivity; to high rates of capital accumulation and determinants of innovation and improvements in productivity. Each variable covered the 1960-1990 economic growth period, based on previously published empirical studies. Each variable was tested to see which was statistically related to growth rates during the 1992-1999 period. Year 1992 was chosen as a beginning year to avoid the recessions of the early 1990s. This testing resulted in a smaller set of "recent growth determinants" from which they constructed the index and the weights.</p>					
<p>Responsible Officer: Gary Robbins, EG/CAD</p>											
<p>Data Limitation and Quality Assessments: Sample survey includes less than a few dozen firms and only those attending the World Economic Forum. The survey of these large firms may not represent an accurate report of broader conditions for other smaller firms throughout Egypt. * The Egyptian data for the 2002 Report was not released by the World Economic Forum since the Egyptian Government did not approve of the survey results.</p>						<p>Data Utilization/Dissemination Plan: monitoring by the SO team, discussions with counterparts related to progress toward the agreed upon objectives, and for submission to Program Office for the Annual Report.</p> <p>Other Donors in Sector: WB, IMF, and others.</p>					
<p>Indicator's Relevance to Gender: The indicator does not provide information on gender issues</p>											
<p>Indicator's Relevance to Poverty: The indicator does not provide information on poverty</p>											
<p>Additional Comments: It is strongly recommended to keep this indicator in the PMP since the non participation of the GOE to the 2002 ranking was not permanent. It is a global index of competitiveness with strong microeconomic foundations, simple to interpret and with a world wide audience. It also provides a standard against which the Government can judge itself. It is important to mention that the name of the indicator has been revised based on the new published name or the report as stated above.</p>											

I.R. 16.2: Private Sector Competitiveness Increased

Performance Indicator: Value of Private Exports in Selected Sectors (Processed Foods, Fresh Horticultural Products and Apparel/Made-ups)												
Unit: Value in million US dollars												
Results Data	1998 to 1999 Baseline	1999 to 2000	2000 to 2001	2001 to 2002	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009	
Targeted		1186	1294	1402	1510	1618	1726	1834	1942	2050	2158	
Actual	1178	1112	1505	1436	1539							
Indicator Description (Definition): This indicator captures the annual value of private sector exports in the largest sectors where USAID/Egypt is playing a major role in assisting producers and exporters to better compete in global markets, apparel and made-ups including ready-made garments, made ups and clothing accessories (both knitted and non-knitted), processed food and horticultural products (including all fresh, dried, frozen, preserved and concentrated fruits and vegetables, as well as juices and beverages). Ornamental horticultural products such as cut flowers and nursery stock are not included.												
Data Source: Primary Source(s): ExpoLink, Aleb, HEIA, CAPMAS						Rationale/Critical Assumptions for Indicator: USAID is helping provide technical assistance to help firms better understand global production, prices, customs, standards, information on competitors, and other requirements required for increasing exports. For processed foods, textiles and horticultural produce USAID also provides technical assistance for producers and export related services. Exporting is Egypt's major challenge for economic growth.						
Secondary Source(s): , Eurostat import data from Egypt												
Schedule/Frequency of Data Collection: July each year						Method/Approach of Collection/Calculation: The primary sources of information are IR2 partners, complemented by CAPMAS data. The export values for each of the three major categories are tracked to keep track of the progress made in each of them and then aggregated. Targeted values are estimated econometrically.						
Responsible Officer: Gary Robbins, EG/CAD						Data Utilization/Dissemination Plan: These are compared to data on exports from contractors' and grantees' quarterly and annual reports for their clients. Monitoring of progress at the Sub-IR is accomplished for submission to Program Office for the Annual Report. Trends in exports will be discussed with partners and used for refining work plans in subsequent periods. Other Donors in Sector: JETRO (Japanese) GTZ (Germans) Dutch, and EU						
Data Limitation and Quality Assessments: Partners' data may show some limitations because of under reporting problems. CAPMAS statistics on exports and import data from other countries will be used to verify the accuracy of Egyptian export statistics for these sectors.												
Indicator's Relevance to Gender: The indicator does not provide information on gender issues.												
Indicator's Relevance to Poverty: The indicator does not provide information on poverty.												
Additional Comments: Targeted values are aggregates estimated from the data sets collected for the different sectors involved (processed food, fresh horticultural products and apparel and made-ups). For the fiscal year 2002- 2003, the observed value of exports is \$1539 million of which \$115 million is for processed food, \$163 million for fresh horticultural products and \$1,261 for apparel and made-ups. N.B. The value for FY02/03 covers only through August 2003.												

I.R. 16.1.1: Trade Barriers Reduced.

Performance Indicator (including precise Unit of Measurement): Trade weighted average tariff											
Unit: Percent											
Results Data	Baseline Year: 98/99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Planned		19%	18%	18%	17.5%	17%	16.5%	16.5%	16%	16%	15%
Actual	19.1%	15.1%	14.9%	13.8%							
<p>Indicator Description (Definition): The total revenue collected from the tariff divided by the total value of imports expressed as a percent. A decline in the trade weighted average tariff is relevant to measuring progress in this Sub-IR <u>only if the decline is associated with a reduction of rates in the tariff schedule.</u> If the tariff schedule has remained constant from one period to the next, any change in the indicator reflects changes in the mix of imports or variations in collection practices. A decline in the average tariff would indicate a reduction in specific tariff rates or a shift in imports to items which carry a lower tariff rate or a combination of the two. (The change attributable to a rate change is calculated as the difference in the average tariff when the old and the new rate schedules are applied to the same basket of imports. Any difference between this calculated effect of the change in tariffs and the indicator reported above reflects changes in the mix of imports from the previous period).</p>											
<p>Data Source: Primary Data: Ministry of Finance for tariff revenue data and the Central Agency for Public Mobilization and Statistics (CAPMAS) for data on the value of imports.</p>						<p>Rationale/Critical Assumptions for Indicator: There will be no significant short term shifts among the categories of imports. (See Comment below). A decline in the average tariff would indicate a reduction in specific tariff rates or a shift in imports to items which carry a lower tariff rate or a combination of the two.</p>					
<p>Secondary Source: Ministry of Economy and Central Bank monthly and quarterly statistical reports and websites</p>											
<p>Schedule/Frequency of Data Collection: Annually at the close of the GOE fiscal year (June 30).</p>						<p>Method/Approach of Collection/Calculation: The indicator is calculated as tariff collections divided by total value of imports. A service fee of 3% -4% on imports is then added to calculate the total burden of imports. Time lag for data is about 3 months.</p>					
<p>Responsible Officer: Rasha Abdel Hakim</p>											
<p>Data Limitation and Quality Assessments: The main source of data on customs revenues is the Ministry of Finance. The validity of the indicator depends on using the tariff rates prevailing at the time of the calculation.</p>						<p>Data Utilization/Dissemination Plan: Results monitoring by the IR Team and for submission to SCS for the Annual Report. This indicator is also useful in policy discussions with the GOE.</p>					
						<p>Other Donors in Sector: N/A</p>					
<p>Indicator's Relevance to Gender: The indicator does not provide information on gender issues.</p>											
<p>Indicator's Relevance to Poverty: The indicator does not provide information on poverty.</p>											
<p>Additional Comments: In addition to the tariff rate, imports are subject to a service fee ranging between 3% and 4% (3% for commodities that are subject to a tariff rate of 30% or above and 4% for goods subject to a tariff rate less than 30%). Imports are also subject to an average sales tax of 10% calculated on the value of imports inclusive of tariffs and fees. As reported in 2001, the decline in the trade weighted average tariff rate is not the result of a change in tariff rates, most probably, it results from a change in the composition of imports and a shift towards imports subject to a lower tariff rates. This could have been induced by the shortage in foreign currency and liquidity.</p>											
<p>Recommendation: This indicator is under verification</p>											

ADDENDUM

The M&E Best Practices for Customs Reform and Trade Facilitation report was produced in June 2004 to review best practices in the field of customs and trade facilitation and discuss USAID/Egypt performance measurement indicators used prior and until May 2004. In April 2005, the Performance Monitoring Plan Indicators were changed to reflect the new strategy adopted by USAID/Egypt Economic Growth as of the second half of 2004. As this report predates the change in USAID/Egypt's strategy, these changes are beyond the scope of this report and not discussed in this text.