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Reforming Customs by measuring performance: a Cameroon case study

Thomas Cantens, Gaël Raballand and Samson Bilangna

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Abstract

Many Customs administrations have suffered from corruption and struggled to identify options for ameliorating this malady. In seeking to reduce corruption, while simultaneously strengthening performance (such as raising revenue collection and enhancing trade facilitation), policymakers should conduct experiments that can assist in identifying constructive policies. Such an experiment has been tested for Cameroon Customs, with some preliminarily positive results. In 2007, Cameroon launched a reform of its Customs administration, which included the installation of ASYCUDA (an automated Customs clearance system). In February 2010, as a continuation of the reform, Cameroon Customs introduced a system of performance contracts signed between the Director General and a number of front-line officers in the port of Douala. The core of the performance contracts is an agreement that the practices of the customs officers will be recorded and reported to the Director General. After four months of their implementation, initial results are encouraging (including lower corruption, higher revenue collection, and shorter clearance times) and may point to the birth of a new professional culture. This paper focuses on the experience and results so far of the performance contracts aspect of the reform, and suggests that replication may be beneficial for other Customs administrations.

Des Lupeaulx: 'After all, though statistics are the childish foible of modern statesmen, who think that figures are estimates, we must cipher to estimate. Figures are, moreover, the convincing argument of societies based on self-interest and money, and that is the sort of society the Charter has given us, in my opinion, at any rate. Nothing convinces the "intelligent masses" as much as a row of figures. All things in the long run, say the statesmen of the Left, resolve themselves into figures. Well then, let us figure.'

H de Balzac 1844, *Les Employés* ['Bureaucracy'], Chapter 9.

1. Introduction

In 2007, Cameroon Customs launched a reform and modernisation initiative. In particular, the reform was intended to reduce corruption which had long been a constant stain on the reputation of the administration and hindered fulfilment of its mandates. The reform began with the installation of ASYCUDA, a Customs clearance system, which would enable the administration to not only track the processing of each consignment, but also to measure a substantial number of criteria relevant to the reform, such as compliance with the deadline for recording the manifest by consignees.

For almost two years, upper management and front-line officers shared the same reality thanks to 'figures' (performance indicators) to measure how the reforms initiated by the former were applied by the latter. While this initial quantification phase bore fruit, its impact gradually declined. In identifying

this problem, a possible solution was adopted: beginning in 2010 quantification became prescriptive in that objectives have been set for the customs officers. More specifically, Cameroon Customs introduced a system of individual performance contracts to comprehensively measure the actions and behaviours of customs officers operating at two Douala port bureaux using indicators extracted from ASYCUDA.

Preliminarily, the results from this experiment are encouraging. The Cameroon Customs bureaux that are the experimental group have generated better results than the control group on matters such as revenue collection, reducing corruption, and trade facilitation. This paper traces the Cameroon reform from the introduction of the performance indicators to the preliminary measured results of performance contracts.

The paper's second section provides an overview of measurement theory and the Cameroon Customs reform. The third section begins by narrating the events and decisions which over the last four years gradually led Cameroon Customs to introduce quantification of their action. The fourth section discusses the principles and results of the last stage, the introduction of performance contracts. These contracts have had a positive impact on inspectors' professional practices as well as facilitating border-crossing and strengthening law enforcement. The fifth section provides an analysis of the long-term impact of the difficulties raised by the introduction of performance measurement, and the final section concludes and presents the next possible steps.

2. New public management and performance contracts

In his novel *Les Employés*, which deals with public servants,² the 19th-century French author Honoré de Balzac makes one of his characters, the secretary general of finance Monsieur Des Lupeaulx, admit that figures are of some importance to reform. When reform was applied to a ministry, however, it generally meant that a number of bureaucrats were themselves '*réformés*' ('reformed', in the sense of fired) using the term current at the time (Ymbert 1825).

Over a century later, in the 1970s, *new public management* (NPM) theory introduced private sector management techniques into the public sector. NPM encompasses a heterogeneous range of instruments and ideas which find common ground in the neoliberal critique of the welfare state. Initially a 'simple' desire to reduce the power of the State, above all by privatising its actions in the social sectors, it expanded into a softer and more consensual version with the introduction of the 'public entrepreneur' figure: a public servant who, in order to achieve global objectives, enjoys a degree of flexibility in organising their resources.³

In February 2010, Cameroon Customs launched an experiment which shares a number of '*mots d'ordre*', *credo*, with NPM: 'autonomy', 'performance' and 'quantification'. This pilot resulted in the implementation of individual 'performance contracts' signed between the Director General of Customs and two key customs offices in the port of Douala. These contracts represent a new step in the process of improving performance which began three years earlier.

Performance contracts are based on the objective measurement of the actions of public servants and financial incentives or career advancement policies. In Cameroon, the global objective of the performance contracts is to encourage customs officials to adopt good professional practices. Indeed, fighting bad practices is a key element in improving customs revenues. Corruption has a direct negative impact on customs revenues and competition in the private sector.

The history of Cameroon Customs demonstrates the same capacity of the public sector to gradually absorb private sector techniques as do those countries where NPM⁴ developed: a pre-shipment inspection company (in place since 1987) is responsible for evaluating imported goods and some exports; public servants – including customs officials – were dismissed and public sector salaries cut in the wake of structural adjustment plans (1992, 1994).

Moreover, this process of introducing techniques from the private sector has often been imposed by external constraints, in particular the structural adjustment plans of the 1990s, in the same way that many countries have seen an evaluation culture imposed from outside. The 1990s therefore saw their first ‘*déflatés*’, a French term coined to describe lay-offs, including voluntary departures, from the public service (Mbonji 1999), which echoes Balzac’s ‘*réformés*’.

Nevertheless, the flexibility of Cameroon Customs’ contracts differs from that of the NPM’s ‘public entrepreneur’. The background of corruption means that the Director General is less well-informed than his subordinates: (s)he does not know exactly how or to what extent agents are applying the reforms which have been adopted. This finding can be extended to a large number of administrations in sub-Saharan Africa (Mbembe 1999; Raffinot 2001; World Bank 2005). The contracts also aim to recreate and strengthen the hierarchy in order to achieve reform. The Cameroon experiment does not, therefore, have the same vision as the NPM policies which question the Weber model of the administration (Rouban 1998; Spanou 2003) and result from agency theories based on principal-agent models.

Despite its strong presence in debates on state reform, measurement of performance in itself is not so widespread that the literature on this subject abounds (Julnes & Holzer 2001). The impact of incentives policies is rarely measured rigorously and studies often focus on those public services dubbed social services (health, education) and on front-line agents (Considine & Lewis 2003). No project has been carried out in fiscal administrations anywhere in the world, nor *a fortiori* in sub-Saharan Africa, to our knowledge.

Moreover, although there are often claims of resistance to these policies of quantifying public action, little research relates their implementation in the form of a narrative which points out the key moments (Wholey & Hatry 1992). This is the angle taken by this paper, which aims to present the policy of performance measurement in Cameroon Customs by correlating, as much as possible, the history of the reform and figures which measure its results.

3. History of the reform

Not everyone in Douala celebrated 1 January 2007. On that day, the head of the IT Division of Cameroon Customs became, in the eyes of his colleagues and of freight forwarders, the main agent of a mini-revolution: by disconnecting the PAGODE⁵ computerised customs clearance system, he put an end to 20 years of sometimes tormented history of a software system which processed 90% of customs revenue. The following day, not without some apprehension, he launched Customs activities on ASYCUDA,⁶ a system developed by UNCTAD.⁷ This seemingly exclusively IT switchover was, in reality, the culmination of an opportunity taken over the previous eight months to prepare a reform of customs procedures.

The impact of automation

All customs procedures have been automated using the options offered by ASYCUDA. This process of automation abolished the ‘release note’, which obliged customs brokers or importers to return to the customs inspector once they had paid their customs debt in order to obtain that document.

Automation has been accompanied by a process of greater empowerment on the part of customs clearance actors who have been obliged to use the customs computer system to carry out their operations from their own premises. This refocused customs officials on their job. The common customs clearance halls were closed; customs officials no longer jointly manage customs warehouses and areas in the port together with their private owners, and they no longer manage the connections to the customs network.

Greater empowerment and automation constituted advances in themselves, but it is the combination of the two which consolidated change.

A turbulent launch in the port of Douala

From the first week of its operation, ASYCUDA was challenged; its installation and effectiveness questioned. In Cameroon, customs revenues represent 27% of national revenues, the state remains the biggest employer,⁸ and most consumer products are imported. When the newspapers accused Customs of losing over 2,300,000 Euros a day, rumours of commercial disorder and a loss of fiscal revenue posed a social and political threat. In the first days, goods did not go out, containers piled up and, according to its operator, the container terminal risked blockage. Paralysis threatened to such an extent that a manager of the container terminal took the unfortunate initiative of asking shipping agents not to send any more vessels to Douala. This message provoked the ire of the authorities who requested immediately to convey a counter-message.

The challenge was also propagated from within Customs itself. The simplification of procedures had distanced customs officials from users. Those who had had to leave the customs warehouses and areas no longer received the legal bonuses previously paid to them for their work, part of which was also redistributed to all customs officials. Many customs officials therefore criticised the launch of a system which they considered to have been imported and installed under pressure from outside (Cantens 2007).

The Director General and the minister chose to expose the reality as objectively as possible, by opposing rumours with figures. This was a decisive moment for the future institutionalisation of performance measurement.

Their message initially aimed to prove that no duties or taxes had been lost since, if the goods did not leave the port, their presence represented a guarantee. Nevertheless, this argument was risky and liable to cause concern in the event that too many advantages were granted with too few guarantees.

The Director General was therefore keen to distinguish which customs clearance professionals used ASYCUDA. A week after the launch, at a public meeting in Douala, in the presence of importers and exporters, the Director General asked his head of IT division to read out the first figures taken from the system: 30 professionals listed already worked on ASYCUDA, and the Director General advised importers to work with them rather than with the other 90 who had not yet operated on the new system due to a failure to properly install it on their premises.

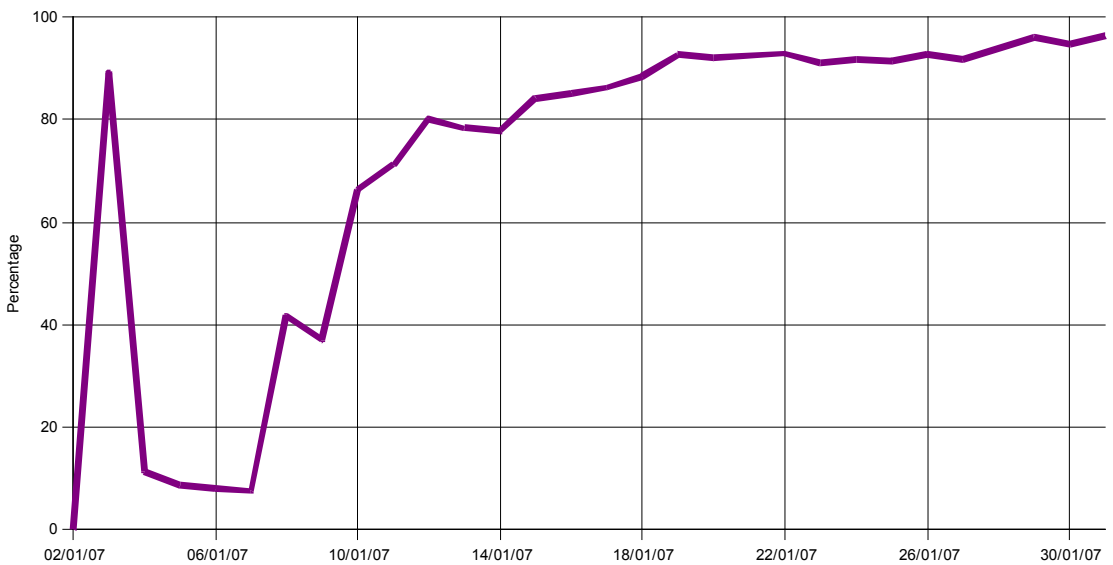
After two weeks of operation, the Director General requested a list of front-line inspectors who were still reluctant to use the system. A few inspectors were holding 40% of duties and taxes registered but not yet paid (see Figure 1). He contacted them directly and the declarations were immediately assessed. The habit of using figures as a means of controlling the quality of service took hold; inspectors were now aware that their hierarchy was checking up on them via the computer system.

In the following months, a team was constituted to reply to specific requests from the Customs and political hierarchies: to provide daily information on revenues, declarations which had not yet been assessed by inspectors, and the number of containers which had left the port. The Director General brought operational managers together on a regular basis, brandishing the notes submitted by this team and warning that he had the figures and knew the names of agents who were not facilitating customs clearance.

The rapid assessment and increased monitoring of front-line services bore fruit: the system took off and, despite the rumours, in January 2007 it recorded revenue 15% higher than in January 2006, 18% higher than in January 2005 and 24% higher than in January 2004. January 2007 was also a very good month in terms of processing times: as Figure 2 shows, in 2007, processing times declined in the following months, which were not subject to the same pressure.

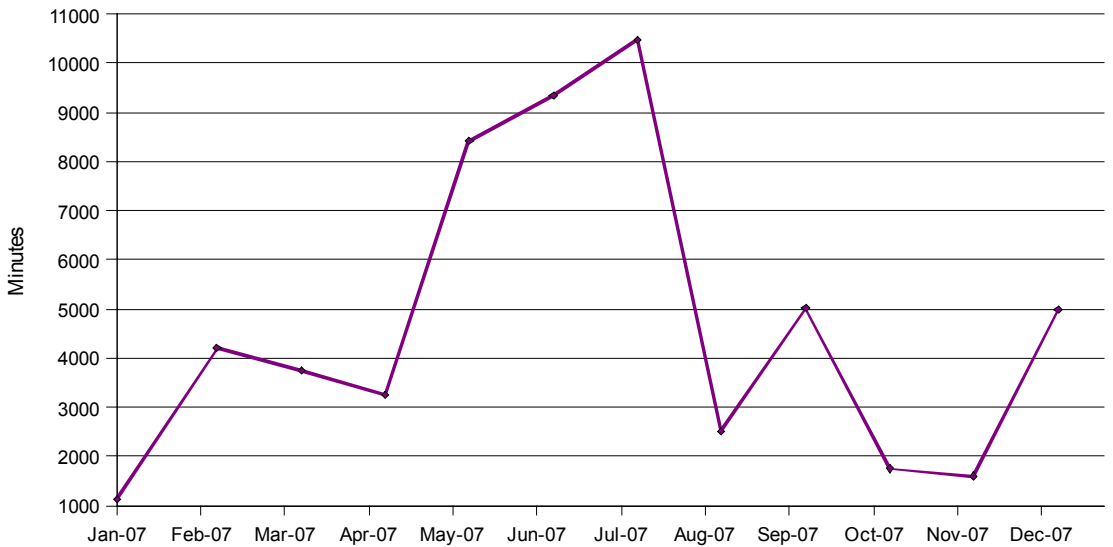
Nevertheless, no solution was found to other problems in 2007. Shipping agents did not comply with the new rule requiring submission of the manifests 24 hours before the vessel's arrival, which slowed down the process and prevented any targeting. Front-line control was ineffective; some bad practices

Figure 1: The ratio of the number of declarations assessed by inspectors divided by the number of declarations registered by brokers during ASYCUDA's launching month (January 2007) (by percentage)



Source: Cameroon Customs

Figure 2: Monthly average customs release time in 2007 (in minutes)



Source: Cameroon Customs

remained, raising doubts as to the inspectors' ethics. Thus, a competition to process more declarations created tensions between inspectors in the same office and made some inspectors nostalgic for the old IT system.

By the end of 2007, all customs officials were aware of the system's potential vis-à-vis internal audit of the service, having themselves been victims or having exploited it. The cross-checking of data was a potential threat which also weighed on the operational managers in their reports to the Director General: it had become clear that it was no longer possible to systematically explain a drop in revenue by a decline in economic activities.

The launch of a measurement policy, a key pillar of the Cameroon Customs reform

In January 2008, the Director General decided to make performance indicators a pillar of his reform policy and set up a team of computer experts and customs officials. Structuring the flow of information back to the Director General responds to an obvious difficulty he faced. Not being in the field, he is, in a context of corruption, less well-informed than his operational staff. This situation has been accentuated by the relocation of the Directorate General to Yaoundé, over three hours away from the port by road. The Director General's 'co-management' of current customs operations, as described by some senior officers who denounced it in 2006, nevertheless gave operators the possibility of complaining rapidly to the superior authority. By relocating, the Director General deprived himself of simple access to direct sources of information.

From February 2008, the team put in place 25 indicators for the 11 customs offices in Douala. These indicators measured economic activity from a customs viewpoint, the times taken by customs officials and brokers to process files, the effectiveness of controls and of sensitive procedures, and compliance with the customs channels.⁹ The principles of indicators have already been widely discussed. They rest on the key idea that fraud and corruption are necessarily linked (Libom, Cantens & Bilangna 2009). After the gains generated by automating procedures, the next revenue niches lie in the fight against corruption.

Evaluation therefore achieved a certain level of institutionalisation, making it more effective than sporadic controls, and thus became a 'social process' (Varone & Jacob 2004). By introducing this system of indicators, the Director General made a choice radically different from that of his predecessors who managed PAGODE. Because it is automated, no customs clearance system, be it PAGODE or ASYCUDA, can compete with the vivid imagination of fraudsters and their empirical pugnacity which drives the hope of high profits. Under PAGODE, the general development policy was to strengthen the system permanently by uncovering detected frauds, on a case-by-case basis. Ultimately, the system's complexity created insecurity and a strong dependence on computer experts. Under ASYCUDA, this policy was reversed. The system continues to offer computer security, designed to ascertain the identity of the actors and the irreversibility of their acts. But it is also judged on its capacity to provide the most realistic image possible of customs clearance in the field.

In 2008 and 2009, the Director General and operational managers met in Douala to examine the monthly report on indicators. This report was distributed to them before the meeting, with each of them noting their own results and the results of their colleagues, of each unit and of each inspector. These meetings gave managers the opportunity to better control their subordinates.

The impact of the measurement policy

The results were tangible.¹⁰ The tax yield of a declaration increased consistently: +21% between the first quarter of 2007 and the second quarter of 2009 despite the tax exemption measures for staple food adopted in March 2008. For containerised imported goods for domestic use, the average yield of a declaration increased by 10% in 2007.¹¹ Disputed claims increased without any additional pressure being placed on operators: the share of duties and taxes collected following controls rose from 0.75% to 1.02%

of revenue. The duties and taxes collected in this way thus increased by 56% while the number of disputed claims increased by only 12%. In terms of facilitation, 75% of maritime manifests were recorded in the system 24 hours before the arrival of the vessel, allowing 18% of declarations to be submitted before unloading the goods. In the port of Douala, between 2007 and 2009, the average assessment time¹² of all customs offices collectively was reduced from 1.2 days to 0.8 day. The total processing time¹³ between 2007 and 2009 was reduced from 6.5 days to 5 days. Efforts were also made by the freight forwarders and managers of customs warehouses and customs clearance areas.

This significant improvement in processing time for the maritime professions shows the existence of indirect impacts. By equipping themselves with performance indicators, customs officials strengthened their capacity for dialogue with the private sector and weakened the intermediation of the shipping agents. By disseminating some indicators to importers and exporters, the Director General was therefore able to demonstrate the responsibility of all actors in the customs clearance process. As a result, some freight forwarders processing large volumes of goods reduced their intervention times by half between the beginning of 2008 and the end of 2009.

Other non-quantifiable results pointed to a gradual acceptance of the constraints linked to performance measurement and its integration into hierarchical reports. At meetings, some operational managers appeared with a laptop allowing them to view the report on indicators directly. Others submitted a monthly report matching the indicators with their own data which they had been obliged to collect. Indeed, some indicators raised questions which forced the heads of operational services to carry out their own internal investigations in order to justify the results. In one particular case, where the interpretation of the results continued to oppose that of the directorate general and operational services, cross-checks revealed the failings of the pre-shipment inspection provider.

After two years of operation, the directorate general of Customs considered that the operational services in Douala had had sufficient time to adopt the performance measurement techniques, while at the same time a wind-down of this policy threatened to combine with the impact of the economic crisis.

On the one hand, economic activity linked to external trade was dwindling. Exports dropped by 40% in 2009 against 2008, and imports concomitantly declined (see Figure 3).

On the other hand, revenue targets continued to grow (+6% in 2010) while there was a gradual fall in values declared from the end of 2009 onwards. At the same time, the enforcement action of customs officials in the field appeared to have levelled off. While this has little impact on revenue, it nevertheless remains an indicator of relations between customs officials and users.

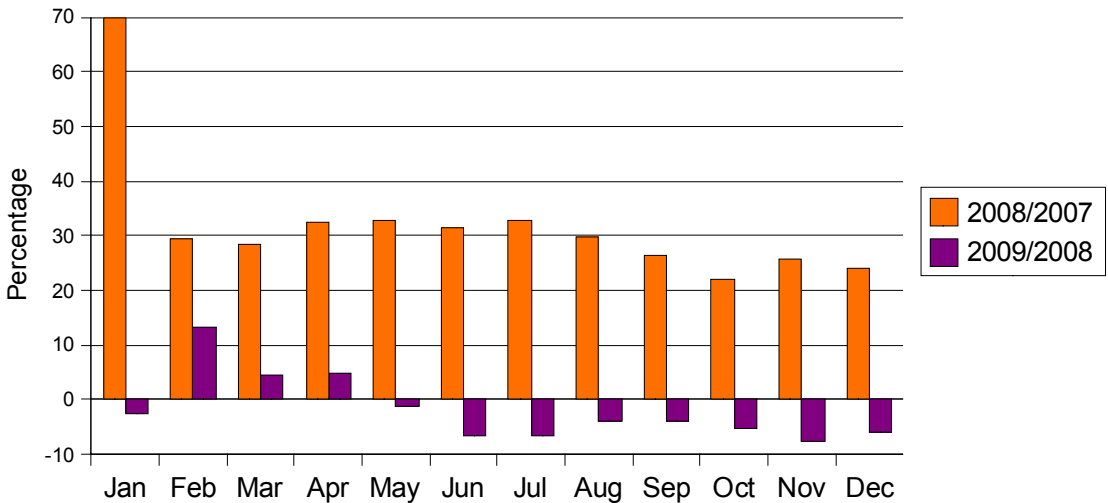
4. Performance contracts, a new step

One of the solutions envisaged was to move from a purely descriptive performance measurement to a prescriptive measurement. At the end of 2009, Cameroon Customs obtained funding from the World Bank to support, over a six-month experiment period, their draft performance contracts in the port of Douala.

Principles

In this pilot stage the performance contracts were launched in two of the seven offices in the port of Douala. These two offices collect 76% of the port's revenue. Office DP I handles imports of goods in containers for clearance for home use, with the exception of vehicles, has 10 to 11 inspectors and collects 60% of revenue. Office DP V handles imports of vehicles, including in containers, has 5 to 7 inspectors and collects 16% of revenue.

Figure 3: Comparison of the monthly value of imported goods (2009 vs 2008, and 2008 vs 2007) (by percentage)



Source: Cameroon Customs

Like any other contract, the performance contracts formalise an agreement between two parties specifying mutual obligations as regards results. The contracts go beyond revenue targets, which are fixed annually by Customs for the Government. Nevertheless, these revenue targets as well as the distribution of products of disputed claims and of protocols already formed a ‘numbers system’ which regulated reality (Ogien 2010). This situation is common to all fiscal administrations and offers favourable ground for performance measurement.

The Cameroon contracts incorporate two specific features which take account of the context of corruption. First, they are signed between the Director General and, individually, the head of sector (who heads the region), the two heads of office and the customs inspectors. Each commits themselves directly to the Director General and not to a direct hierarchical superior. Second, the global objectives inherent to every Customs administration (facilitation and enforcement) are complemented by objectives which aim to abolish bad practices.

Unlike NPM, which seeks to ‘optimise’ an administration/structure in relation to its objectives (Wholey & Hatry 1992; Strathern 2001), the Cameroon contracts are not based on a relationship between resources allocated and services provided. In Cameroon, the goal is, above all, that individuals comply with the formal structure: the match between their action and the rules of the structure is measured, which reinforces the formal framework and does not call into question Weber’s model of organisation of the administration. The contracts evaluate the adherence of individuals to the organisation’s rules.

On the other hand, the principle of rational choice which assumes that individual behaviour is guided by seeking to maximise individual profit and which characterises NPM (Mascarenhas 1993) is, in Cameroon, pushed to its extreme by the individualisation of the contracts.¹⁴ The system of incentives and sanctions is therefore at the heart of the reform. A clear distinction must therefore be made between sanctions and incentives.

Cameroon Customs have long since adopted a policy of financial incentives via the distribution of the yield from fines and various memoranda of understanding with its partner professions (Bilangna 2009; Cantens 2009). During meetings with the inspectors and their superiors to draft the contracts, exchanges showed the importance of non-financial incentives. Indeed, given the method of distributing the yield from fines which legally guaranteed each inspector 10% of the fine imposed with no upper limit, inspectors did not prove particularly interested in additional financial incentives. At any rate, they did not appear to believe that the administration could better this 10% any more than it could compensate, in the case of those inspectors who were corrupt, for the profits lost due to ethical behaviour. A number of incentives have therefore been envisaged: congratulatory letters, entering the congratulations on agents' personnel files, easier access to the Director General by a regular meeting ultimately also reviewing the professional aspirations of successful agents, further training courses, etc. As regards sanctions, a process of interviews and warnings has been introduced. The main sanction remains, for agents, eviction from those offices with strong fiscal potential and where the possibilities of earning money legally through disputed claims are high.

From this point of view, the threat of sanction by transfer to an office with little earning potential would therefore have a greater impact on personal behaviour than the hope of an incentive. This concurs with the observations of Besley and Ghatak (2005) who found no evidence that incentives were important in organisations structured around the notion of mission rather than of profit. The Cameroon experience therefore rests more on contractual governance of deviant behaviour (Crawford 2003): five of the eight contract objectives relate explicitly to bad practices that must be curtailed, even though the eight objectives are equally split between four facilitation objectives and four enforcement objectives, following the two cardinal missions of every Customs administration. These objectives are described in the following sections.

The experimental protocol

For each objective, a comprehensive review was carried out to determine which parameters were to be taken into account and, once these parameters had been defined, the performance contract set a minimum or maximum threshold. This threshold is a median calculated on the basis of the declarations processed by the offices over the previous three years, 2007, 2008 and 2009. The sample covers 74,591 declarations for Office DP I and 63,761 for Office DP V.

Then, every 10 days and once a month, each objective was the object of an individual calculation by an inspector to evaluate to what extent the threshold had or had not been achieved. The results were presented to the inspectors and to the heads of office by the team in charge of the project.¹⁵

Two opposing objectives have been integrated into the contracts: releasing the goods more quickly and increasing the numbers of disputed claims. It is the balance of the two objectives which limits the harmful effects: facilitation alone would not regulate corruption issues, while enforcement alone could likewise legitimise corruption if facilitation constraints were not imposed.

The trade facilitation indicators

The first global objective of facilitation is the time measured between the declaration's entry by the customs broker and its assessment by the customs office inspector.¹⁶ The study of the sample from the last three years showed that a very large majority of declarations were assessed the same day or the next day, in both offices. The difference lay at the level of same-day assessment, with DP V processing over 80% of declarations the same day, compared with over 64% in DP I. But ultimately, by the end of the next day, both offices had assessed over 90% of declarations entered in the system. A second, smaller, tranche was cleared by the maximum three-day deadline, by which time 96-97% of declarations had been assessed. After this, progress was slower.

Thus the global objective of facilitation has been defined in two measurable objectives: a minimum threshold of declarations assessed with zero days, and a maximum threshold of declarations assessed within five or more days.

Two potential problems have made it necessary to integrate two more objectives into the contracts. The first is the non-assessment of declarations. Not assessing problematic declarations and leaving them on hold in the system artificially reduces the assessment time. The contract has therefore set a maximum threshold for non-assessed declarations.

The second, more complex, problem is the speed of assessment and the offsetting entry. Inspectors choose to offset after assessment rather than amending the declaration prior to the assessment. This practice concerned 80% of adjustments, regardless of control channel, be it physical or documentary. It reduces the assessment time, which thus no longer shows the time actually taken by the inspector to carry out their control.

This choice is a bad practice which may be interpreted in two ways, each compatible with the other. First, once offsetting entries becomes routine, users are at permanent risk of readjustment by the inspector who assessed their declaration. Second, by systematically offsetting their adjustments, inspectors ensure that they have a maximum number of declarations to process. ASYCUDA automatically assigns declarations to inspectors on the basis of their workload calculated on the basis of the numbers of declarations already assigned to them which are awaiting assessment. By carrying out the assessment rapidly, inspectors keep their workload at a low level but are obliged to adjust declarations via offsetting entries. Apart from the negative impact on the relevance of the assessment time, this practice results in competition between the inspectors. On average, in Office DP I, the 'fastest' inspector manages to process up to six times more declarations a day than the 'slowest'. This competition adversely affects the equal treatment of users and can at the same time induce corruption.

The contracts therefore laid down two objectives. The first, in the contracts for heads of customs offices, requires a maximum deviation of 1.5 between inspectors' processing speeds; the head of a customs office may suspend inspectors who process declarations too 'rapidly'. The second objective, in the contracts for inspectors, fixes a maximum threshold for offsetting entries by the inspector who has also assessed the declarations redirected from the physical inspection channel to the documentary control channel.

The fight against fraud and bad practices indicators

The second global objective is enforcement. The amount of duties and taxes raised increases based on both the number of declarations collected and the additional amounts collected following the controls. The green channel is not currently activated, and so all declarations are subject either to documentary controls or to a physical inspection.

The contracts set a global objective for inspectors: a minimum percentage of amounts of duties and taxes collected following adjustments compared to the amounts of duties and taxes assessed.

However, this objective may be affected by two biases. The first is the size of the disputed claim. To achieve a minimum amount of adjustments, inspectors could increase the number of small disputed claims. Analysis has confirmed the average size of disputed claims over recent years. In Office DP V, 65% of adjustments were below 300 Euros (compared with an average assessment of over 3,000 Euros). In Office DP I, the red channel showed a paradox: in numerical terms, low-level adjustments predominate over high in the case of high-risk declarations. Forty per cent of disputed claims yielded between 1% and 5% of the amounts assessed. To remedy this tendency the contracts fixed a maximum threshold in numerical terms for small disputed claims and a minimum threshold for the highest disputed claims in the red channel.

The second thing which may potentially affect this objective is linked to the rerouting of declarations.¹⁷

Rerouting by inspectors is a legitimate action. However, rerouting through the red channel (physical inspection) may also be a means of pressure on the user. Thus it was necessary to monitor the adjustments carried out on those declarations rerouted to the red channel. The contracts have not set a limit on the number and proportion of declarations rerouted; moreover, the operational services already had enough constraints obliging them to rapidly process low-risk declarations. The only measurable objective consisted of fixing a rate of adjustment for declarations rerouted to the red channel greater than that for those declarations that were not rerouted.

The impact of performance contracts

Preparations for the deployment of the performance contracts lasted several months, from September 2009 to February 2010. The inspectors and their managers were involved in all stages of preparations, from the drawing up of the contracts to the choice of indicators and periodic performance reviews. Before the launch, stakeholders were brought together in a contract design workshop. This prompted the creation of a unit specifically in charge of the program in question, made up of customs officials and computer staff. It is supported by the World Bank and the World Customs Organization.

During the preparation stage, however, the contracts did not give rise to much debate, given their newness and above all the distrust of the operational actors. While this facilitated the signing of the contracts, the first regular meetings (held every ten days) were very turbulent: most operational actors had not properly foreseen the consequences. This obliged the project team to adapt some indicators rather than rewriting them completely as some parties to the contracts wished. This tension, a sign of gradual acceptance, continued and led to a number of amendments in the course of the first quarterly evaluation.

After 13 weeks of implementation, halfway through the experiment, the results proved positive surprisingly quickly. This testifies as much to the effectiveness of the contracts as to the willingness of the agents and their growth potential.

The impact on revenue is measured in relation to economic activity for which it is difficult to obtain reliable data in virtual real time. Hence the selection of numbers of container imports, values declared, numbers of articles and tonnage – all data which can easily be extracted from the ASYCUDA system. None of this data is absolutely reliable, but points to trends which may help interpret revenue developments.

In Office DP I, the duties and taxes assessed over the period increased by 1.5% in 2010 over 2009, while the values declared fell by 3.5% and the number of imported containers by 22%. Taking the previous three-month period (November 2009-January 2010) as a point of comparison, the fall in values and in the number of containers imported had already begun: -7% for value and -3% for containers, while assessments had also fallen by 3.9%.¹⁸ Moreover, the tax yield of the declarations rose by 5% over the contract period compared to the previous three months, or 1.5 million Euros per month (on the 30 million Euros collected) and by 3% if compared with the quarter prior to that. Thus, it could be said that the contracts had reversed the trend of the previous months: despite a significant fall in activity and in values declared, the revenue collected was on the increase.

In Office DP V, the duties and taxes assessed over the period increased by 26% in 2010 over 2009, which is in line with the increase in values (+30%), volumes (+41%) and the number of declarations (+33%). Taking the previous three-month period (November-January) as a point of comparison, despite a small increase in declarations and imported volumes (+17% and +6%), the values declared and the duties and taxes collected fell (-9% and -8%).

The average yield per declaration has increased by 10% compared to the three months preceding the introduction of the contracts and 16% compared to the six-month period preceding the introduction of the contracts. However, this sizeable increase must be put into perspective. In 2009, apart from the month of December, the values declared and the number of declarations stagnated at low levels for ten consecutive months. In 2008, the average yield per declaration was greater than the values noted

in the period of application of the contracts. Thus, for Office DP V, it is difficult to conclude that the performance contracts have had a positive impact in terms of revenue collection, unless they are being compared only with the continuous decline over the months prior to the introduction of the contracts.

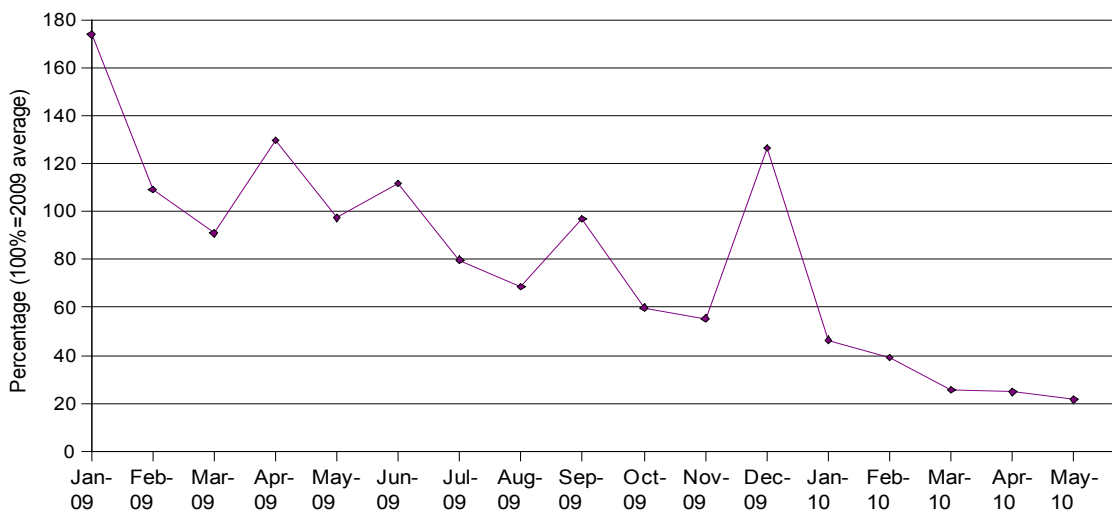
The impact on deadlines is more homogeneous. The months under contract have recorded the best times since 2008 (see Figures 4 and 5). A qualitative threshold, reached in 2009, has been exceeded: almost 90% of declarations are assessed the day they are entered compared with less than 80% previously. At Office DP I, 100% of inspectors processed at least 75% of their declarations the same day in April, 70% in February and March and 50% the previous months. At Office DP V, 100% of inspectors processed at least 85% of their declarations the same day in April, 83% in March and 30% in February. During the previous months, only one inspector reached this threshold in October 2009. Processing speeds have, moreover, evened out. Whether measuring the standard deviation of daily processing speeds or the relationship between the fastest and slowest speeds, the indicators have been halved. Inspectors therefore no longer engage in stiff competition to process as many declarations as possible.

The impact of the performance contracts on disputed claims is also very important. In quantitative terms, revenue from disputed claims has increased +17% for Office DP I and +322% for Office DP V between the period under contract and the preceding period of the same length.

At Office DP I, while positive, the impact measured must be placed in the context of the months preceding the experiment: the months of February, March and April 2010 have reversed the downwards trend initiated in 2009 but the levels of disputed claims attained in March and April 2010 remain lower than those attained in 2008. At Office DP V, the months of February, March and April 2010 represent a significant increase over the period after the steady fall since mid-2008 (apart from two exceptional months in 2009).

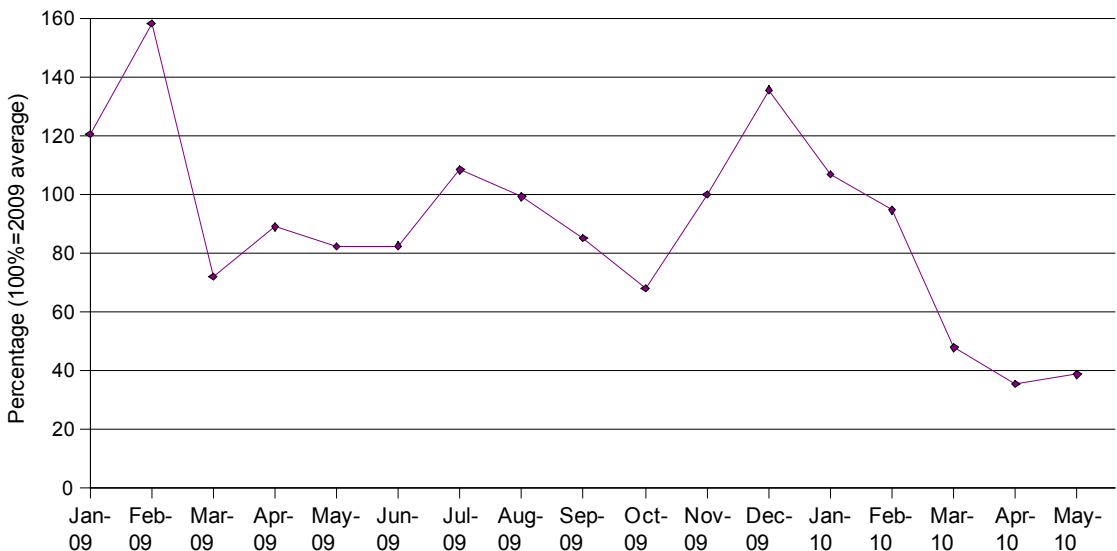
In qualitative terms, the performance contracts marked a break. The inspectors abandoned low-level disputed claims to concentrate on major ones. In Office DP I, in March and April 2010, all inspectors collected an average of more than 1,500 Euros per adjustment. They were at 30% to 50% of that amount in the preceding months. The median adjustment increased from around 1,500 Euros in the months prior to the period under contract to over 3,000 Euros in March and April 2010. At Office DP V, half the

Figure 4: Assessment time at Douala Port I (January 2009-May 2010) (by percentage)¹⁹



Source: Cameroon Customs

Figure 5: Assessment time at Douala Port V (January 2009-May 2010) (by percentage)



Source: Cameroon Customs

inspectors carried out adjustments averaging over 1,500 Euros in March and April 2010. One third of inspectors achieved this in January and February 2010, and none attained this threshold in the months prior to that.

The contracts have also had an impact on bad practices. First, rerouting from the yellow channel to the red channel is more effective in terms of disputed claims. From this point of view, the inspectors have shown true discipline. At Office DP I, 42% of rerouted declarations were the subject of litigation in April 2010. The rate was between 10% and 12% in February and March and below 10% the previous months. At Office DP V, the rate was 58% for the month of April 2010. It was 11% and 15% respectively in February and March 2010. Previously it ranged from 0% to 5%.²⁰ Second, the practice of systematically offsetting declarations in the yellow channel has declined sharply and some inspectors have put an end to it entirely. While on average 80% of declarations adjusted in the yellow channel were adjusted via an offsetting entry by the inspector who carried out the assessment, this proportion fell to 7% in April for Office DP I and 19% for Office DP V.

Non-quantifiable results

Three non-quantifiable impacts have also been found. The operational managers used the contracts as an argument to organise greater fluidity in inspection procedures with the operator of the container terminal, a request which had previously gone unanswered for over two years.

The inspectors are, moreover, now more 'diligent', in their own words and those of their superiors. The strong constraint of facilitation and the end of the competition to attract most declarations requires a more constant presence in the office.

Finally, relationships between the inspectors and their heads of office have improved by making the actors more aware of their responsibilities. Having become accountable to the Director General for their litigation results, the inspectors refused to have to assume responsibility for rerouting declarations at the request of their superiors. The superiors themselves reroute declarations where their information shows this to be necessary.

The review of these results augurs a real change in Cameroon Customs after three years of introducing quantification systems and a policy of patient implementation.²¹ Front-line inspectors have a precise account of their actions in the system giving them evidence and justifications in the event of blacklisting. While it is impossible to say whether these changes are irreversible, the conditions required to establish such irreversibility must be examined.

5. Towards a new professional culture?

This reform shows the key role of the Director General. This involvement is a strong characteristic of the reforms linked to NPM and poses the question of how durable their policy may be once they leave their posts.

The involvement of the organisation's senior managers is often found to be an essential factor in the success and implementation of a new culture (Behn 2002) insofar as they are the main beneficiaries, having widened their authority from technical to management fields (Wholey & Hatry 1992; Franklin 2000; Julnes & Holzer 2001). In Cameroon, the indicators and the contracts have tackled the information asymmetry generally found in ministries of finances between headquarters and grassroot officials (Mascarenhas 1993; Raffinot 2001). At the same time, the objectivity of the performance of inspectors may help a manager to turn down external requests to the administration 'to place' a protégé in an office with high revenue potential.

Despite these advantages, the future directors general of Customs will continue this quantification of performance only under two conditions: first if the quantification of action serves as a framework for reflection and for everyday work for all customs officials, in other terms if a new professional culture is established; and second if this quantification is dynamic.

This section examines the conditions underpinning professional culture, and questions the need for utilisation of a performance measurement system.

Why performance contracts may have an impact

Performance measurement does not take root on virgin ground. Customs officials have professional associations and demonstrate an esprit de corps linked to their important role in financing the developmental state (Cantens 2009). It is interesting to understand just how the contracts feed this culture.

One of the first conditions for a professional culture is the existence of a professional distinction (Elias 1950; Fischer 1966). Customs officials already have their own technical language and the contracts reinforce this distinction: a common language of quantity, problematic associations of technical terms, a common culture of presenting results in the form of graphs and tables which end up becoming a vernacular of their own (Porter 1995).

Secondly, the contracts induce a new way of generating acceptable standards without completely disrupting the existing hierarchical relations. The contracts take into account the fact that the coercive exercise of administrative authority does not function satisfactorily and rests, in the main, on the willingness of those who are supposed to carry out the orders. The contracts do not clash with this situation but exploit it: calculated on the basis of the medians for recent years, the contractual thresholds therefore take account of the behaviour of all, and thus establish a practical standard of behaviour which, because it is based on a median behaviour, will be recognised and therefore become acceptable.

Third, the contracts strengthen freedom of decision-making, a freedom which already existed and is peculiar to every repressive administration. Customs officials have the power to reach a compromise settlement for disputed claims and the concept of 'risk analysis' is familiar to them: faced with the size of flows, and traders' demands for speed, the administration recognises, in controlling only those cargoes

it deems to be high risk, that it cannot counter all frauds or all forms of corruption comprehensively. The contracts strengthen this possibility. By emphasising the pressure on two conflicting constraints – to release goods more rapidly and to impose more sanctions – inspectors are strongly encouraged to decide for themselves which cases should be investigated. Sociological analyses of public servants exercising policing missions have shown that they prioritise their interventions, given that they cannot process all cases which are submitted to them (Montjardet 1992, 1994; Favre 2001; Mouhanna 2001; Macci 2002).

Professional distinction, generation of ‘acceptable’ practical standards, freedom of decision-making are all conditions required for the development of professional culture, conditions which raise the problem of the relationship with the law. Performance contracts, like all contracts, place the law in the background, which raises two questions.

First, the indicators melt fiscal policy into fiscal technique: they do not take into account the fact that certain flows or operators are easier to tax than others. How can we take account of the administration’s efforts to extend the tax base of certain operators reputed to be difficult? Performance contracts lay down global thresholds which it is assumed that inspectors in the field will somehow ‘make do with’.

Secondly, to what extent does this freedom exist within Customs itself? We are asking heads of customs offices to be ‘managers’, and distancing them from customs clearance functions, but every managerial function needs to be accompanied by a certain freedom of decision making. However, this freedom is not guaranteed by a legal text but linked to appointment methods which rely largely on the political authority. Sociological issues combine with political issues – for instance, tribalism is invoked to explain why heads of customs offices are not allowed to choose their own subordinates, or corruption to avoid the development of preferential networks. Yet, just as inspectors and customs brokers are given the option of carrying out customs clearance badly, shouldn’t we give the heads of customs offices the possibility of making a poor choice of subordinate, so that they can truly be judged on their managerial capacity?

The sustainability and irreversibility issues

Continuing participation in the development of the content of the contracts helps render performance measurement irreversible. The problem is even more critical as it may be simple to design a system of measurement but it is much more complicated to use it and thus to make it transparent so as to open it up to criticism. Use of it is therefore a process (Julnes & Holzer 2001).

Indeed, the rapid results of the Cameroon experiment are also connected to its fragility. There is no standardisation of performance measurement through national agencies as in the United Kingdom, France or the United States (Franklin 2000). Such agencies may increase implementation times by generating conflicts with the administrations (Kelly 2008). In Cameroon, the absence of such centralisation has certainly accelerated the process by promoting implementation: measurement comes from below, from the operatives. Whether or not the process of performance indicators will be irreversible therefore depends on the capacity of customs officials to meet a number of challenges in years to come.

The first is to keep internal debate open in order to promote the genuine involvement of agents in building their culture. However, how can a debate be kept open when the knowledge produced rests on measurement? Measurement leads to an objectivity which tends to restrict any kind of debate: if a figure is ‘bad’, there is no other solution than to seek to ‘improve it’. However, the measurement of human activities is never completely satisfactory as it includes neither intention nor meaning (Ogien 2000). If we were to measure economic activity precisely and in real time, with incontrovertible figures, we would also be measuring the willingness of the agents in the field to adopt best practices. However, we must resign ourselves, the complexity of trade flows and the weaknesses of control resources mean that it is impossible to establish a reliable and constant measurement system: the indicators can only provide warnings and performance contracts can only provide a common frame of reference, not the best administration possible. To maintain lasting internal debate, the next step would be to give front-

line inspectors information on the impact of their individual performances in terms of revenue and facilitation.

The second challenge is data abundance and the capacity to cross-check and summarise them so as to bring out their meaning. Assuming the establishment of a new professional culture based on quantification, figures will abound. This is what is currently happening. Teams which had to manage just a few indicators in 2007 now have to manage over 300 (30 indicators multiplied by 11 offices) plus 136 objectives (8 objectives multiplied by 17 inspectors). This trend is also coming from outside, with the proliferation of performance measurement frameworks. Other actors are seeking to impose their own measurements. The fact that figures are being imposed by outside forces is a condition governing irreversibility but makes the situation more complex.

This excessive complexity does not affect the operational services but the central services. One of the consequences will certainly be the increased power of advisers responsible for cross-matching the figures and producing clear information which is argued objectively. It is likely, and certainly desirable, that the profusion of figures will ultimately move them into the background, to be used solely as argumentative data and as a tool for criticism and development.

The final challenge, at least, will be to administer the short-term evolution of the contracts. After four months of operation all, or almost all, customs office inspectors have reached or even surpassed 100% of objectives. Moreover, some objectives are now attained systematically and no longer need to be monitored, other than to verify their quality does not decline. Moreover, the number of objectives in the contracts cannot increase indefinitely. The solution is probably twofold.

First, the contracts will have to lose some indicators and integrate new ones. The contracts will be used to focus the attention of inspectors on an issue at a given point in time.

Second, the thresholds for the objectives will have to evolve. There is another alternative policy. If it is a matter of getting rid of the less productive staff on an objective and transparent basis, then the thresholds will have to increase on the basis of the medians: the medians are taken as objectives for the year N but calculated solely on the basis of the year N-1. If the priority is to achieve the revenue targets and therefore above all to reward the best, then the objectives would have to be increased proportionally to the increase in the revenue targets adopted by the government.

6. Conclusions

This paper traces the Cameroon Customs reform from the introduction of the performance indicators to the preliminary measured results of performance contracts. Moreover, the paper demonstrates the positive, although preliminary, results of individual performance contracts implemented in two Douala port bureaus using indicators extracted from ASYCUDA. Several lessons can be drawn from the Cameroon case study.

Customs' performance contracts are at the meeting point between two concepts which are the subject of much research and controversy: governance on the one hand, and new public management on the other. Performance contracts are interesting in that they penalise corruption and poor practice while distancing themselves from any points in common with corruption. As in the case of a crime or offence (Crawford 2003), the contracts allow a return to the idea of a 'situation of governance' (Blundo 2002) and the need for empirical research; corruption is a question of opportunities and acts and not of predisposition or specific individuals. Given the threat they pose, and their use of a standard calculation method, the contracts therefore constitute a policy of corruption prevention and of detection, to some extent.

The fact that this is a pilot and not a vast, structured program has two advantages. First, Cameroon Customs have controlled the risk that a major conceptual reform might pose to revenue collection. There was no question that the contracts would compromise the level of revenues collected. On the other hand,

the contractual dimension demonstrates to all agents that the hierarchy really is committed to granting more flexibility, which always remains in doubt (Behn 2002).

Wholey and Hatry (1992) defined four conditions for performance measurement: the right time (not necessarily when drawing up the financial balance sheet), a comparison (with the past or with an objective), a selection (it is not possible to measure everything) and low cost. In the case of Cameroon Customs, we have seen that timing was a key element in success: taking time to implement the contracts was the leitmotiv of the directors general. In addition, the objectives of the contracts have always been calculated on the basis of performances in previous years. The historic dimension is essential – any reform must also help clarify what change it is helping to bring about. Finally, in terms of costs, all IT developments specific to performance measurement have been achieved using free software.

Establishing a policy of indicators and performance contracts has the advantage of giving more weight to the empirical knowledge of how the administration actually operates and of offering the framework for its own evaluation (Varone & Jacob 2004). However, this advantage is often perceived as more of a risk: quantification of public action is a leap into the unknown and the heads of administration may be afraid of revealing the failings of their structure. In a way it is inevitable. The Cameroon pilot is of interest in that it was carried out in a context where public servants were all labelled corrupt by the public. There was, therefore, little resistance on their part to investing in performance culture in order to demonstrate that this was not true and to highlight the efforts made.

As next steps, at the end of the pilot, more lessons could probably be drawn. If results are confirmed, which is likely, performance contracts will be expanded to more offices and the replication question to other Customs administrations will be worthy of consideration.

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Endnotes

- 1 The authors would like to thank Melinda Hollingsworth for translating the paper from French into English, Robert Ireland, Stella Hamill and an anonymous referee for their comments and suggestions. The findings, interpretations and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the views of the WCO, WCO officials or staff members, or the Customs administrations they represent. Any mistakes are those of the authors.
- 2 *Les Employés* has been translated into English variously as 'Bureaucracy' or 'The Government Clerks'.
- 3 A number of authors have already traced this development and drawn preliminary conclusions in countries where these principles have been applied, in particular the United States, the United Kingdom, New Zealand and Australia (Mascarenhas 1993; Considine & Lewis 2003; Julnes et al. 2001).
- 4 Mainly the United States and the United Kingdom (see Merrien 1999; Considine & Lewis 2003).
- 5 PAGODE: *Procédures Automatisées de Gestion des Opérations de la Douane et du commerce Extérieur* (computerised management procedures for Customs and external trade operations).
- 6 Automated SYSTEM for CUsToms DATa.
- 7 United Nations Conference for Trade And Development.
- 8 The State employs 170,000 public servants and military servicemen.
- 9 **Activity indicators** (number of manifests recorded, number of containers recorded, number and amounts of declarations recorded, removal notes validated) – **Performance indicators** (compliance with the deadline for recording the manifest by the consignees, assessment period, payment period, average time between assessment and issue of removal note by freight forwarder, number of declarations not assessed, removal notes not found, reporting time by freight forwarder) – **Control indicators** (adjustment manifests, amendments before assessment and offsetting entries, value added of the amendments and offsetting entries by inspector, declarations assessed but not paid, exemptions, reassignments of declarations, workload by inspector, declarations cancelled, declarations paid without removal note) – **Risk management indicators** (declarations in the red channel with removal report but not seen by scanner, declarations rerouted to other channels, value-added of rerouting declarations, transit documents cancelled, monitoring volumes and number of operations carried out by physical persons).
- 10 All figures are calculated for the import declarations cleared for home use, which represent 80% of declarations in terms of amounts and in numbers at the port of Douala. The calculation thus avoids taking account of the different offices for which the remit may have been amended, or of changes in rules affecting special procedures or procedures specific to public contracts.
- 11 In all offices, the number of items per declaration has not varied significantly, the indicator of average assessment remains relevant over the period.
- 12 Assessment period: period between the submission of the declaration by the freight forwarder and assessment by the Customs service.
- 13 Total of three periods: assessment period, payment period (period between the assessment by the customs officer and payment by the customs broker) and removal period (period between payment and obtaining the removal note issued by the manager of customs clearance warehouses).
- 14 The idea of team performance, however, is also present insofar as indicators targeting the operation of the team have been introduced for heads of the customs office and of the sector.
- 15 This calculation is performed via an IT application run on the ASYCUDA database.
- 16 The times are calculated in terms of full days, excluding only those public holidays falling on a Saturday or Sunday.
- 17 'Rerouting' means the redirection of the declaration to a processing channel other than the original channel.
- 18 The fall in activity is explained above all by the sudden drop in imports of goods subject to low rates of tax (20% between February-April 2009 and February-April 2010). However, these goods represent around one-third of values declared.
- 19 To protect confidentiality and to point out the deviation before the contracts, data are expressed in percentages of the 2009 average for Figures 4 and 5.

20 These rates are almost too high. During the mission, the inspectors expressed cautiousness with which they carried out any rerouting of declarations. They had set themselves a very high rate of disputed claims, much higher than the objective set in the contracts. The objective (one rerouted declaration out of six had to be the subject of a disputed claim) was re-worded so as not to provoke, in the long run, a perverse effect which would see inspectors no longer rerouting declarations but carrying out, at their discretion, physical checks on declarations in the yellow channel.

21 This is confirmed by surveys of customs agents, in particular during the contract experiment period.

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