

## Case Story

### The use of the WCO Time Release Study to measure border performance in a landlocked developing country (Uganda)

#### Executive Summary

- (1) A Time Release study (TRS) is a unique tool<sup>1</sup> and method to measure the actual performance of border procedures including Customs activities in a systematic and standardized way by measuring the time taken to release and/or clear<sup>2</sup> goods. This tool was developed by the World Customs Organization (WCO) to assist Customs administrations, other Government agencies (OGA) and business to measure effectiveness, to identify bottlenecks and to find an opportunity for further improvement in border procedures and logistics.
- (2) In 2008, Uganda Customs launched a TRS project in order to ascertain where problems existed in the clearance process, and identify the types of problems, the reasons for those problems, and possible solutions to them. With the support of the WCO, Uganda completed the TRS project and compiled a TRS report which includes various recommendations to enhance efficiency at Uganda's borders. This case story focuses on the experience and results of the TRS project in Uganda in 2008.

#### 1. Issues Addressed

- (3) The Uganda Revenue Authority (URA) has been undergoing a reform process to provide a better service that would lead to unprecedented revenue increase. Customs has embraced URA's overall reform drive by pursuing the goal of creating a client friendly environment. To achieve this goal, the Customs Modernization Plan for the year 2006 to 2009 spelled out four major deliverables : business process reform, improved communication, having a professional workforce and developing an improved working environment.
- (4) A TRS was regarded as an important factor in this process. The TRS was conducted in 2008, with the help of the WCO, to measure the average time from the arrival of goods at the border to their delivery to the importer or, in the case of transit and exports, their dispatch to another country. The TRS, used to assess efficiency in border procedures under the reform process, provided Uganda with an opportunity to have a record of reliable and objective information on the time taken to release goods at various stages of Customs processes.
- (5) The TRS task force was successfully established. It was responsible for preparing and implementing the Study, and drafting a report. Many stakeholders, such as the Ministry of Agriculture, the Civil Aviation Authority, the Freight Forwarders Association, the Clearing and Forwarding Association and the Traders Association, participated in the TRS task force. Uganda Customs played a leading role in the task force. For the purposes of centralization, Uganda Revenue Authority (URA)/Customs designed a scope and methodology for the TRS for use by stakeholders, and even identified staff in OGA to participate in the Study.

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<sup>1</sup> "The WCO Guide to Measure the Time Required for the Release of Goods"  
[http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/Time\\_Release%20Study\\_ENG.pdf](http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/Time_Release%20Study_ENG.pdf)

<sup>2</sup> In the context of the WCO Revised Kyoto Convention (International Convention on the Simplification and Harmonization of Customs procedures (as amended)), "release of goods" means the action by the Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned, and "clearance" means the accomplishment of the Customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another Customs procedure.

- (6) The Study was conducted at selected Customs stations, and data collection was carried out over a period of 7 days, using a survey questionnaire that was developed for the purposes of TRS. The WCO TRS Online Software was used to develop the survey questionnaire, and to capture and calculate the results in accordance with set criteria. The report was presented to Customs management in December 2008.
- (7) The participation of various stakeholders helped Uganda Customs not only to implement the TRS, but also to further improve the process through close communication during the TRS project. Uganda Customs made a commitment to conduct regular reviews in collaboration with stakeholders, with the aim of achieving better service delivery within Uganda Customs.

## **2. Objectives Pursued**

- (8) The Customs Modernization Project, among other project outputs, is mandated to simplify Customs business processes in collaboration with other stakeholders and Government agencies.
- (9) Delays in the release of goods are very often attributed to the procedural and documentary requirements of Customs. Therefore it is in the interest of URA, and Uganda Customs in particular, to initiate measures for faster clearance of goods through the system and to monitor release times through regular reviews.
- (10) The broad objective was to determine where in the process of clearing goods problems existed and identify the types of problems, the reasons for these problems, who was involved, and possible solutions. Likewise the Study results would help to measure the impact and progress of ongoing Customs modernization initiatives currently being undertaken by the Department.

## **3. Design and Implementation**

- (11) The Scope of the TRS in Uganda was as follows.
  - The time taken between the arrival of goods at the border and their release;
  - A calculation of the average time required for the release of goods by Customs clearance point, type of traffic (road or air) and Customs regime;
  - The average time taken for the release of goods in respect of the intervention of other organisations/agencies;
  - The average time taken for the release of goods under duty exemption;
  - The average time taken for the release of goods selected for Green, Yellow (examination of documents) and Red (physical examination of goods) channel status;
  - To identify where in the procedures problems exist and ascertain the nature of those problems; and
  - To develop possible corrective measures and recommendations.
- (12) The detailed design of the TRS in Uganda was as follows.
  - a) Sampling

Due to the large volumes of goods cleared and the time factor, there was a need to select transactions for the Study. Thus, a sampling strategy was applied which catered for a representative sample that ensured the validity and reliability of the data. The sample was drawn from entries<sup>3</sup> lodged at stations (Customs offices).
  - b) Methodology
    - Stations were selected based on the number of declarations cleared by them over a two-year period.

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<sup>3</sup> Goods declaration for importation, exportation and transit.

- A proportional method based on the share of cleared entries per station was also used to select stations for the Study.
- A systematic random sample was taken, based on the number of clearances at a station and the number of questionnaires to be administered.
- A standard questionnaire was developed by the working group with the help of the WCO.
- Sensitization of staff and all stakeholders involved in the survey (especially those who were to administer or complete the questionnaire) was conducted.
- Customs staff and OGA involved in the clearance process were briefed and given guidelines on how to complete the questionnaire during the sensitization period.

c) Data Collection and Analysis

Most of the procedures used by Uganda Customs and at major Customs stations are automated. However, even though the automated systems record the time when an action is taken, based on the WCO Guidelines the TRS team decided to use a questionnaire to collect the data. A detailed questionnaire was developed with the help of a WCO expert, using the WCO TRS Guide and the WCO TRS Online Software.

The questionnaire was attached to entries which were selected for the purposes of the survey, from (i) the point where the truck entered the country at the border, (ii) the point of lodgement in the case of inland ports, and (iii) the point of cargo trucking at the airport.

Completed questionnaires were collected by Regional Liaison officers and forwarded to the TRS statistician for data capture. The WCO TRS Online Software (data capture and reporting program) was also used by the TRS task force to record the data and retrieve relevant reports for analysis purposes.

d) Coverage of the TRS

- Process Coverage:

The Study measured the time from the arrival of the goods at the airport, or the inland or land border station, until they were released and physically removed from Customs control.

- Type of Procedures:

The Study covered both automated and manual Customs procedures.

- Type of Goods:

i) imports, exports and transit, ii) transactions by road and air, iii) both dry and wet cargo and iv) goods of commercial value, excluding baggage.

- Geographical scope:

The busiest Customs stations in terms of traffic volume (airport, inland ports and land border crossings). These included: Malaba, Busia, Jinja, Kampala, Entebbe, Mutukula and Katuna.

The stations sampled accounted for 99.36% of the total declarations processed in the country. Using the WCO TRS Guide, 3000 questionnaires were developed and supplied for data collection.

e) Duration and Timing of the Study

The Study was timed to coincide with the normal business flow, avoiding extreme periods. The data collection exercise was conducted between 23<sup>rd</sup> and 28<sup>th</sup> June 2008. In accordance with the WCO TRS Guide, the Study covered seven consecutive days of all stations' survey samples.

#### 4. Problems Encountered<sup>4</sup>

- (13) As Uganda is landlocked and relies heavily on Mombasa Port in Kenya, the post-election situation in Kenya affected the Study timelines; whereas the target was to complete report writing in June 2008, the report was in fact produced in November 2008.

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<sup>4</sup> These challenges were overcome during the implementation of the TRS project in Uganda.

- (14) There was suspicion among the staff of Customs and other agencies, and especially the Customs brokers, about the purpose, impact and intention of the Study. "Buying in" was a hurdle that had to be addressed through rigorous sensitization of Customs and OGA staff.
- (15) The collection of the completed questionnaires took longer than planned.
- (16) Inadequate funding for TRS activities sometimes affected the process and the planned timelines. For developing countries, external funding may be required in some cases.
- (17) The process of data capture and analysis was delayed because of a slow network connection to the WCO TRS Online Software. Also several requests were made for updates in the Software, to permit data capture and report generation.

## **5. Factors for Success/Failure**

- (18) An explicit and simple international tool (WCO TRS Guide), along with a supporting tool such as the WCO TRS Online Software and sufficient technical support from the WCO, were factors for successful TRS implementation.
- (19) TRS is also a tool for the self assessment of border procedures which can be undertaken at relatively low cost. Ownership of the project was the main factor in the success of TRS in Uganda. Uganda Customs took a leading role among stakeholders, including OGA and business, providing them with detailed guidance, an opportunity to learn and reliable assistance.
- (20) Uganda Customs has made efforts to streamline interagency procedures at the border with different parties. In order to ensure that facilitation measures are applied in an effective manner, it is necessary to review and update procedures associated with cross-agency co-operation and collaboration, including Customs-to-business partnership. The participation and involvement of many stakeholders, such as the Ministry of Agriculture, the Civil Aviation Authority, the Freight Forwarders Association and the Clearing and Forwarding Association was also a key factor for the success of the TRS project in Uganda.

## **6. Results Achieved**

- (21) The Study provided estimates of the time taken to clear goods from the moment when a vehicle/aircraft arrives at a Customs border post to the moment when the goods are released to the taxpayer. The clearance time taken by other stakeholders in the process is also measured; hence the involvement of other stakeholders in the Study. Some of the results and findings are summarized below.
- Overall, the clearance of goods through Customs control took an average of 3 days. However, clearance through Entebbe and Kampala individually took an average of more than 5 days.
  - Consignments cleared at land border stations took less time than those cleared at inland and airport stations. There was a very big difference between clearance times at land border stations (1 day) and inland stations (6 days).
  - Exempted/relief and dutiable goods took more time to be cleared out of Customs control than did goods under other regimes. Exempted/relief goods took 2 days and 17 hours whereas dutiable goods took 2 days and 14 hours, suggesting that there was more focus on examining exempted goods than dutiable ones.
  - Where mode of presentation is concerned, loose cargo took the most time to be cleared out of Customs control, followed by containerized and finally bulk cargo.

- It took more time to clear mixed goods out of Customs control than single item consignments. The average of 3 days for mixed goods, and 2 days for single item consignments, was on the higher side for a system which was already computerized. However Kampala took an average of 6 days (mixed goods) and 5 days (single item consignments), followed by Entebbe at 5 days in both cases.
- Clearance times at Malaba were much lower than at any other station, mainly because Malaba handled transit transactions where little, if any checking was done.
- At Entebbe International Airport, handlers took an abnormally long time to manifest because they only manifested during the day, whereas the flow of goods continued day and night.

(22) As a result of this entire process, several general benefits accrued to Uganda Customs. These include :

- Uganda Customs was able to provide baseline information on the time taken to clear goods out of Customs control.
- Areas of improvement were identified in both the Customs and the OGA processes, and this led to process re-engineering of Customs procedures.
- Linkages with OGA involved in the clearance process were established, making it easy to re-engage with them in the event of other studies.
- Specific initiatives were put in place to correct the problems identified, in accordance with the recommendations made in the report. Customs procedures have since been re-engineered, joint border management has been introduced at Malaba and Katuna, an accreditation process has been initiated and 24-hour operation has been introduced at some Customs stations in order to improve service delivery to the client.
- Customs had previously put certain initiatives in place in order to improve the system, but time measurement had not been carried out to assess the impact of implementing those initiatives, although estimated times were being reported. The TRS results revealed a processing time which was completely different from the estimates. This demonstrates the importance of scientifically derived results.
- Some OGA processes were improved through engagements by the Customs Administration as a result of the Study recommendations.

## **7. Lessons learned**

(23) Based on the results of the TRS, the task force developed a series of recommendations for the further improvement of border procedures in Uganda.

- The risk management function in Uganda Customs should be further strengthened to target a few consignments, for the purposes of facilitating trade.
- Partnership with taxpayers should be explored, accrediting them to do business with little intervention from Customs and be audited at a later stage.
- Post clearance audits should be strengthened to deal with cleared consignments.
- The use of ASYCUDA++ system administrative reports should be made mandatory, and data quality should be emphasized at the data capture stage.

(24) It was also found that the TRS requires strong management commitment and supervision in order to be effective, and it should include as many as possible of the stakeholders in the

clearance process – Customs, Other Government Agencies, Port Authorities, PSI/DSI companies, Freight Forwarders/Agents and Banks.

(25) In order to provide for a useful analysis, the TRS must be accompanied by other data including : goods group, mode of transport, location, OGA intervention, inspection channel. In order to obtain an accurate picture, the variation of data must be captured in addition to the average time. In order to accurately identify the cause of any delays, the measurement of time must be supplemented by a questionnaire to be completed by stakeholders.

## 8. Conclusion (applicability to other programmes)

(26) The TRS methodology can obviously serve different goals or objectives, such as:

- **Macro-Economic Approach** - To **measure** the arithmetic mean time between the arrival of the goods and their release into the economy;
- **Strategic Planning Approach** - To **estimate** with some precision, based on the standardized system, the time required for each intervening event between arrival and release of the goods, i.e. unloading, storage, presenting the declaration, inspection, release, removal of goods, intervention by other services, etc;
- **Management Approach** - To **inform** the administration's officials in a precise manner, with proper statistical methods, of the time required for Customs release of goods;
- **CBM Approach** - To **identify** the constraints affecting Customs release, such as granting of authorizations or permits, application of other laws, inspections by other services, etc, consider possible corrective actions, if necessary in co-operation with other parties, and select solutions;
- **Modernization Approach** - To **compare** the results obtained in this Study by means of the standardized system with previous studies, especially when introducing changes in Customs or border procedures under modernization, reform or trade facilitation programmes;
- **Customs to Business Partnership Approach** - To **undertake** TRS with Business to find bottlenecks in border procedures in order to discuss reasons for delays caused by Customs, other border agencies and/or the private sector, and where necessary to formulate an action plan for improvement; and
- **Customs to Customs Partnership Approach**- To **collaborate** with neighbouring countries and with other countries with/or in a Customs/Economic Union on TRS, so as to identify bottlenecks in a common border crossing or in a supply chain from export to import and find the necessary solutions.

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