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**UNITED NATIONS**  
**CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS**  
**(UN/CEFACT)**

**INTERNATIONAL TRADE PROCEDURES DOMAIN GROUP**  
**Trade and Transport Programme Development Area**

**Recommendation**

Trade and Transport Facilitation Monitoring Mechanism

**SOURCE:** Recommendation of Trade and Transport Facilitation Monitoring Mechanism  
**ACTION:** Nearing a finalized draft for experts' consideration  
**STATUS:** Draft v0.2

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# TTFMM - RECOMMENDATION

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## Draft Outline of the Recommendation on TTFMM

- I. Recommendation No. ##: Establishment of Trade and Transport Facilitation Monitoring Mechanism (TTFMM)
  - A. Introduction
  - B. Purpose
  - C. Scope
  - D. Benefits
  - E. Recommendation
- II. Guidelines to Recommendation No. ##:
  - A. Introduction
  - B. Institutional arrangement (YANN DUVAL, BILL LUDDY)
  - C. Scope of monitoring (TENGFEI, SOMNUK, MITSURU)
    - C1. Evolving strategy
    - C2. Products (Erwan)
    - C3. Trade routes and corridors (Erwan)
    - C4. Overall national trade and transport facilitation performance (Erwan and Bismark)
  - D. Data collection (PALOMA, TENGFEI)
    - D1. Principle for data collection and benchmarking: SMART
    - D2: Business Process Analysis Plus
    - D3. International cross-country indicators
    - D4. Construction and updating of national database
  - E. Data analysis and recommendations (PALOMA, TENGFEI)
    - E1. Presentation of data and key results
    - E2. Analytical report (including, among others, key policy recommendations)
  - F. Policy formulation and action plans (BILL LUDDY)
    - F1. Communicate the results and recommendations
    - F2. Formulating policy or action plans
  - G. National capacity development (Tengfei and other experts tbc)
  - H. Resources (Tengfei and other experts tbc)
  - I. International support (Tengfei and other experts tbc)
  - J. Collaboration with neighboring countries (Tengfei and other experts tbc)

103 **Draft Outline of the Recommendation on TTFMM**

104 I. Recommendation No. ##: Establishment of Trade and Transport Facilitation Monitoring  
105 Mechanism (TTFMM)

- 106 A. Introduction
- 107 B. Purpose
- 108 C. Scope
- 109 D. Benefits
- 110 E. Recommendation

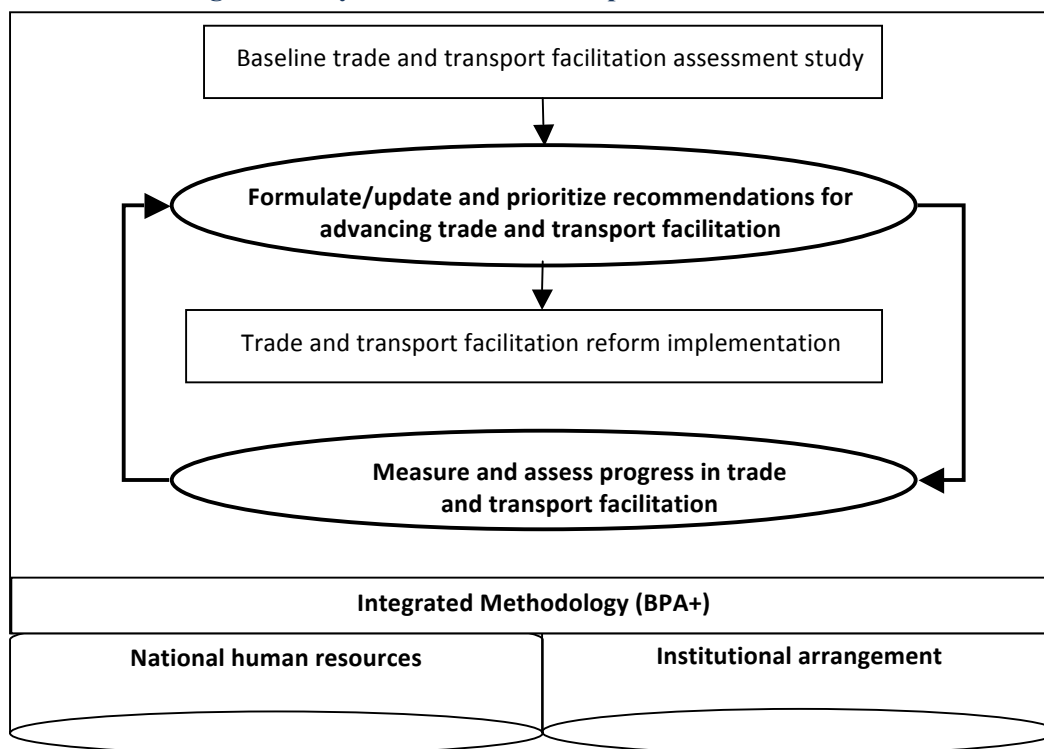
111 **II. II. Guidelines to Recommendation on Establishment of Trade and**  
112 **Transport Facilitation Monitoring Mechanism (TTFMM)**

113 **A. Introduction**

114 TTFMM aims to support overall implementation of trade and transport facilitation reform  
115 and has two inter-related functions: (a) to formulate, update and prioritize recommendations for  
116 trade and transport facilitation; (b) to measure and assess progress in trade and transport  
117 facilitation. As shown in figure 1, once an initial set of recommendations has been formulated and  
118 prioritized for implementation, typically through a first (baseline) assessment study, progress in  
119 trade and transport facilitation is measured and assessed on a regular basis. The regular assessments  
120 provide the information needed to update or formulate new recommendations to ensure the trade  
121 facilitation reform remains relevant and is implemented as effectively as possible.

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**Figure 1. Key Functions and Components of TTFMM**



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126 **B. Institutional arrangement**

127 Institutionalizing TTFMM is a prerequisite to ensuring its sustainability. To this end, an  
128 executive body is required to be established. In principle, the executive body should comprise

129 representatives of all stakeholders related to trade and transport facilitation. As such, the executive  
130 body should be the – or under the - National Trade and Transport Facilitation Committee (NTTFC) or  
131 similar institution, if already in place<sup>1</sup>. In fact, operation of TTFMM should be a core function of such  
132 Committee because TTFMM will provide the information needed to make decisions and drive the  
133 trade facilitation reform. If such a national Committee or institution is not in place, an inter-agency  
134 trade facilitation performance assessment and monitoring Committee could be initiated by/under  
135 the trade facilitation lead agency – to be eventually upgraded and integrated into a National trade  
136 facilitation body.  
137

### 138 **C. Scope of monitoring (input provided by Tengfei for consideration)**

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140 The scope of monitoring should be decided by the countries according to the specific  
141 situation of the countries. It is envisaged that two different countries may have different  
142 priorities for the monitoring. For instance, a landlocked country may be keen to monitor transit  
143 procedures while an island country is concerned about the performance of port and shipping.  
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145 In deciding the scope of monitoring, countries may take the following factors into  
146 consideration.  
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#### 148 **C1. General Principle for monitoring**

149

150 The countries, whenever appropriate, are encouraged to adopt a whole-of-supply-chain  
151 approach for the monitoring exercises to ensure that the solutions to enhancing trade and  
152 transport facilitation are encompassing and comprehensive. In this respect, the Buy-Ship-Pay  
153 model<sup>2</sup>, as shown in figure 2, should be considered by the countries in setting up the framework  
154 of monitoring.  
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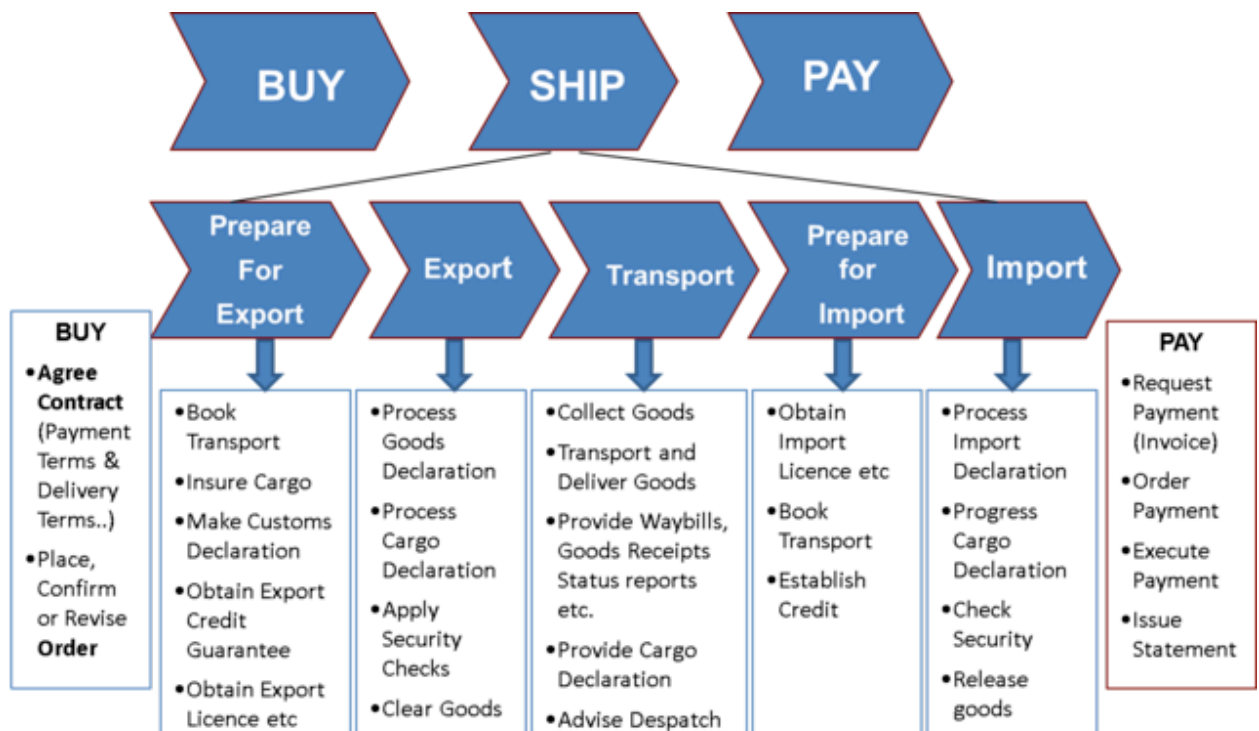
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<sup>1</sup> Such institution may include National Committee on Trade Facilitation as per requirement of Art. 23.2 of the WTO Trade Facilitation Agreement.

<sup>2</sup> The model is also included in the UNCEFACT Recommendation 18



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161 Monitoring should adopt the SMART principle, i.e., Specific, Measureable, Achievable,  
162 Relevant and Time-bound.

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**Specific:** the areas for monitoring need to be clear and unambiguous

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**Measureable:** concrete criteria need to be set for measuring progress toward the attainment of the goal

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**Achievable:** a country must review its resources and capacity for the monitoring exercise. If the monitoring exercise is carried out for the first time in the country, the country may be focused on a small number of strategically important products and trade routes for the monitoring exercises. Over time, with the enhanced national capacity and experiences, more products and trade routes can be included for monitoring.

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**Relevant:** the area for monitoring must be strategically important for a country

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**Time-bound:** the time-frame and target dates for the monitoring exercises need to be clear to all stakeholders.

## 180 C.2 Identifying Criteria

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The BPAs shall always be conducted keeping in mind it should ultimately “serve as a base line for implementing trade facilitation measures”<sup>3</sup> (Business Process Reengineering (i.e. changing the

<sup>3</sup> UN, *BPA Guide to simplify trade procedures*

184 processes of an organization), Business Requirements for further automation (i.e. set up a PCS or a  
185 TSW), legal actions (changing the law or enacting decrees) or a contract review (i.e. amending a  
186 concession agreement with a terminal operator)).

187

188 The international supply chain has a close number of use cases, actions, stakeholders' categories,  
189 triggers and expected results. Thus analysts shall first work on the definition of the variables prior  
190 working on the model. As a landscape architect will first work on the sunshine, the temperature, the  
191 humidity, the earth and the passageway prior designing a garden, a TTF analyst will first work on the  
192 product, the stakeholders, etc. prior designing use case and activity diagrams.

193 Analysts shall consider the supply chain as a limited number of use cases which may or may not exist  
194 depending on the triggers. Activities under the use cases are more or less complex, long and costly  
195 depending on the level of simplification and harmonization. Number of use cases and activities could  
196 be compared between countries or regions.

197 Here below a methodology per steps for BPA as to have an effective impact on further TTF actions:

198

### 199 **C2.1. Products**

200

201 Selecting products for a BPA requires a horizontal systemic approach. The first difficulty analysts will  
202 find is on the denomination of the products: from one organization to another, the name of the  
203 products will not cover the same product or the same category of products ("seats", may  
204 denominate car seats, dentist chair, wheel chair, chair-lifts, etc.). Yet products are triggers of any use  
205 case scenario. If the products are not clearly limited, then the described activities may either be  
206 irrelevant, either inappropriate. Therefore **harmonization of product denomination shall be a**  
207 **prerequisite for any BPA.**

208

209 This exercise shall be considered as being an integral part of a BPA on TTF also because in practice  
210 stakeholders suffer the negative effects of the situation. The lack of harmonization is surely  
211 something stakeholders want to avoid:

212

- 213 - one to one negotiations on the nature of a product and its consequences (subject to a tax, a  
214 permit, sampling, special handling, escorts etc.)
- 215 - vagueness and indecision with respect to GAs taking ownership of a file
- 216 - communication issues, misunderstandings between Gas and other organizations

217

218 Therefore, we would recommend the analyst to conduct workshop with stakeholders on  
219 rationalizing of the denomination of products. Due to the extent of the catalogue and its mandatory  
220 use, it is advisable to agree with GAs and other organizations to base their product classification (and  
221 then the scope of product they are covering) on the tariff nomenclature of customs. The complexity  
222 of the task should not be underestimated.

223

224 In selecting the products for monitoring, the following factors should be taken into  
225 consideration whenever possible.

226

- 227 • The products should be strategically important for the country or the areas.
- 228 • The products should be relevant and important for farmers and SMEs.
- 229 • The products should have great contribution to employment
- 230 • The product should have high frequency of shipments
- 231 • The trade process of the product should include common (or many) bottlenecks/high  
232 number of agencies/inefficient procedures

233 I would just like to present a quick evaluation of the two approaches:  
 234

	Product	Process
Pro	<ul style="list-style-type: none"> <li>- Accessible methodology to perform surveys</li> <li>- Politicalexposure</li> <li>- Quicksectorial adjustments</li> <li>- Evaluationof the supply chain of a sector over time</li> </ul>	<ul style="list-style-type: none"> <li>- Mapthe entire supply chain mechanism of a country</li> <li>- Clear KPIs that can be compare from a country to another for TTF monitoring</li> <li>- Structural adjustments on the whole supply chain</li> </ul>
Against	<ul style="list-style-type: none"> <li>- Partial vision of the supply chain</li> <li>- Oneproduct is not representative of the entire flow</li> <li>- Sectorial reforms may have negative impacts on the rest of the chain. (“fast track” lane necessarily impact the rest of the flow negatively.)</li> </ul>	<ul style="list-style-type: none"> <li>- Quite demanding in terms of resources</li> <li>- Limitedimmediate political exposure</li> <li>- Heavy preparation work</li> </ul>

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The two approaches are complementary.

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- C.2.2 Authorizations
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- Listing mandatory authorization to undertake trading activity for any product, O&D, etc. is also fundamental prior carrying out a BPA. **The list shall embrace authorization to its broadest sense.** To cover the entire BSP model analyst shall extend the list not only to LCPO obtained during the regulatory procedures as defined by the WCO<sup>4</sup> but also for the commercial (i.e. confirmation of the credit letter), transport (i.e. BL issuance, EIR, Release/delivery orders, CTN) and financial procedures (i.e. xxxx).
- 
- For the purpose of the BPA, **authorizations shall be defined as any mandatory event given by the public or the private sector for a shipment to move up to its final destination. These events can be related to the status of the stakeholder (i.e. AEO), the product (i.e. Phytosanitary Certificate) or the means of transport (i.e. berthing authorization).**
- 
- C.2.3 Customs regime and B/MTA
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- At this stage it is necessary to introduce the customs procedures and the B/MTA as other components of the parameters to take into account prior starting the actual mapping of the use case scenario and activity diagrams.
- Indeed customs procedures impact the authorization to be provided for the same product. For instance, it may not be required to provide a phytosanitary certificate for a shipment in transit in the country of transit but it may be necessary to have a guaranty. This should apply to the 8 different customs procedures.
- B/MTA are also triggering deferent processes. Impacting mainly whether or not CoO are needed, it could also impact the question of quota, etc...
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- C2.4 Stakeholders
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<sup>4</sup> WCO data model



- 267 • Stakeholders of a given territory shall also be listed. The level of granularity is important for
- 268 several reasons. First different department within the same organization may produce
- 269 different authorizations (use case diagram level). Second, from TTF measures perspective,
- 270 changes need to be operated at a micro level within organizations, consequently if several
- 271 steps within an organization (i.e. reception/control/validation/signature) are needed to
- 272 produce an authorization, then analysts should go down to this level of granularity (activity
- 273 diagram level).
- 274 •
- 275 • At this step, we would recommend to list all organization and departments in charge of
- 276 providing authorization. At a later stage, during the elaboration of the activity diagrams, to
- 277 refine the granularity up to individual if necessary.
- 278 •
- 279 • C.3 Hierarchizing the priority processes
- 280 •
- 281 • Once the above frame is set up, choice is to be made on which process to start with. They
- 282 are two things to take into account when starting a BPA: the volume and the stakeholders
- 283 involved.
- 284 •
- 285 • The selection of a product shall be based on the volume of expeditions (BL of the main
- 286 means of transport – CMR or RWBL for landlocked countries): the more, the better because
- 287 the impact on TTF for the overall flow will be higher than with “marginal” flows. This
- 288 information can be obtained by customs. Alternatively, analyst can choose the volume of
- 289 tonnage, but should avoid B&BB shipment as the ratio authorizations/volume will be small
- 290 and have less impact on the overall.
- 291 •
- 292 • Then analyst shall prioritize analyzes of use cases involving B2G or G2G relationships. In
- 293 facts, B2B relationships are rarely cumbersome; businesses have the same interests and
- 294 therefore are more inclined to have simple, harmonized and cost effective processes. On the
- 295 BSP model, focus shall therefore be on transport and regulatory procedures and then on
- 296 commercial and financial procedures.
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#### 299 **D. Data collection and indicators**

300  
 301 Data collection, including among others, the types of data and data collection methods,  
 302 should be decided by the scope of monitoring. Countries, whenever appropriate, may take the  
 303 following factors into consideration.

304  
 305 The recommendation to collect data primarily consists of collecting data ad-hoc directly from  
 306 countries by use of electronic questionnaires, which are more convenient than paper  
 307 questionnaires. This source of information should use the advantages of using mobile technologies  
 308 for data collection and statistical production.

309  
 310 The statistical national bodies should apply harmonized and standardized parameters useful for  
 311 comparable and predictive statistics and models to identical variables in a database.

312  
 313 The methods for data collection, calculation and aggregation must be facilitated and should be  
 314 aligned, harmonize and/or converge to facilitate national and international comparisons. The  
 315 integration of the productive and trade system and the harmonization of fiscal and budget policies  
 316 and programmes should all be part of a convergence effort, which will be subject to regular checks

317 with harmonized statistics. Local and regional circumstances into account for collecting data should  
318 be detailed (such as, volatility, data disruptions,...).

319

320 Data collection must be done on regular basis able to analyze data with a timely periodicity  
321 of monthly, quarterly and yearly.

322

323 The data collected must be fulfil some requirements for data transmission, such as, the  
324 commodities that are covered, valuation method (CIF, FOB,..), quantity measured, currency used,  
325 partner country, currency, mode of transport.

326

#### 327 **D1. Relevant data in the automated system should be utilized to a maximum level possible**

328

329 Relevant data in the automated system such as ASYCUDA should be utilized to a maximum  
330 level possible if such data are already available in the system. This will avoid duplication of efforts for  
331 collecting the same data for multiple times.

332 In designing automation system, data related to trade and transport facilitation monitoring  
333 should be included whenever possible.

334 Data transmission must be done in a consistent data structure and format through database  
335 files commonly or universally accepted easily to integrate with national and international databases.

336

#### 337 **D2. Business Process Analysis as a potential method for data collection**

338

339 Whenever appropriate, country may consider utilize *Business Process Analysis of trade*  
340 *procedures*<sup>5</sup> for the purpose of data collection and analysis, as well as construction of trade and  
341 transport monitoring indicators.

342 Other trade and transport facilitation monitoring methods such as, but not limited to, Time-  
343 Cost-Distance (TCD)<sup>6</sup>, Corridor Performance Measurement and Monitoring (CPMM)<sup>7</sup> and WCO Time  
344 Release Studies (TRS) can also be utilized to supplement BPA (the so-called BPA plus).

345 Depending on each country's specific need and context, other trade facilitation assessment  
346 and monitoring methods such as those introduced in the World Bank Trade and Transport Corridor  
347 Management Toolkit may also be integrated into TTFMM.

348

#### 349 **D3. International cross-country indicators**

350 Data on international cross-country trade and transport facilitation indicators should be  
351 included for assessment. Such data include, but not limited to, ESCAP-World Bank Trade Cost  
352 database, World Bank Logistics Performance Index, World Bank Doing Business / Trading Across  
353 Borders Indicators, UNCTAD Liner Shipping Connectivity Index, OECD Trade Facilitation Indicators,  
354 United Nations Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey  
355 database.

356

#### 357 **D4. Construction and updating of national database**

358 The executive body of TTFMM, such as NTFC, should develop, maintain and update a  
359 national TTFMM database. It should have the authority to decide which types of data can be

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<sup>5</sup> <http://unnex.unescap.org/pub/tipub2558new.asp>

<sup>6</sup> More information is available at <http://www.unescap.org/resources/timecost-distance-methodology>

<sup>7</sup> More information is available at ADB, 2014, Central Asia Regional Economic Cooperation Corridor Performance Measurement and Monitoring: A Forward-Looking Retrospective, Manila.

360 publicized publicly and what data should be kept confidential or limited to government agencies  
361 only.

362 The database should at least include the following data.

- 363 • International cross-border indicators whenever appropriate
- 364 • Description, activity diagram and related rules/regulations for each trade & transport  
365 procedure for selected products along selected corridors
- 366 • Time, Cost, and Number of documents for each process/procedure

367

## 368 **E. Data analysis and recommendations**

### 369 **E1. Presentation of data and key results**

370 Data should be presented in a very user-friendly manner whenever possible. For this  
371 purpose, data may be grouped into different tiers. The top tier data should be a small number of  
372 indicators which are targeted for policy makers or general public. The lower tier of data should be  
373 as detailed as possible for any possible analysis.

374 To harmonize standards and methods of statistics production requires to strength  
375 collaboration between institutions and establish an effective coordination mechanisms (ports,  
376 corridors,...), that should include the design of a handbook that includes the description of good  
377 practices in compilation of distribute trade and transport facilitation indices.

### 378 **E2. Analytical report (including, among others, key policy recommendations)**

379 The study team leaders together with the Executive Committee of TTFMM should work  
380 together to ensure that a consistent set of recommendations emerges from the analysis of the data  
381 collected through BPA, TRS and TCD.

382 While the conduct of BPA itself involves a significant amount of consultations with a wide  
383 array of stakeholders, it is strongly recommended that national consultation(s) be also held to  
384 validate the results of BPA+, with a focus on endorsing prioritizing recommendations put forward by  
385 the Executive Committee.

386 Recommendations emerging from BPA+ should be linked to on-going and planned trade  
387 facilitation reform and projects to increase the likelihood that they will be implemented in a timely  
388 manner. While the Executive Committee of TTFMM should have a good and comprehensive  
389 understanding of the various trade facilitation reforms taking place in the country, specific  
390 consultations with trade and transport facilitation project managers and organizations supporting  
391 them (including bilateral donors and international financial institutions) may be particularly useful at  
392 that stage.

393

## 394 **F. Policy formulation and action plans**

### 395 **F1. Communicate the results and recommendations**

396 Once the study is finalized, the Executive Committee of TTFMM (e.g., the NTTFC) needs to  
397 communicate relevant results and recommendations to target audiences and stakeholders. In line  
398 with the general principle of transparency, as much of the study results as possible should be made  
399 publicly available. At the same time, the Executive Committee, in consultation with the relevant  
400 study teams and working groups (e.g., TRS working group) may decide to only release part of the  
401 results and performance data - or to release them in a more aggregated form.

### 402 **F2. Formulating policy or action plans**

403 Key recommendations and brief summary of study report should be presented to high-level  
404 policy and decision makers. The buy-in and political support from them is not only essential for

405 sustainability of TTFMM but also to ensure that the recommendations generated by TTFMM can be  
406 translated into concrete actions and reforms  
407

## 408 **G. National capacity development**

409  
410 As part of ensuring the sustainability of TTFMM, national human capacity needs to be  
411 developed and maintained. National experts, rather than international experts, should be used to  
412 conduct the assessment and performance studies, with project resources available for establishment  
413 of TTFMM allocated essentially to building national capacity.

414 Instead of relying on individual experts, it may in fact be best to involve an existing national  
415 think-tank or research institution that already has a mandate for trade or economic development,  
416 and which could therefore support the trade facilitation performance studies under its existing – or a  
417 slightly expanded - mandate.

418 To further increase sustainability, a “training of trainer” mechanism may be established,  
419 whereby those receiving initial training (from international experts/consultants) to conduct the BPA+  
420 study as project leaders or analysts, are asked to commit to sharing knowledge gained and training  
421 others. The ultimate goal is to create a pool of proficient local experts (or institutions) to conduct all  
422 the essential studies.

423 Priority for participation in capacity building activities should be carefully thought out and  
424 given to those most likely be involved directly in the implementation of the BPA+ studies and related  
425 activities, including, e.g., NTTFC members and Secretariat staff (or those of the Lead Agency),  
426 Customs officers, personnel from trucking associations, and staffs of trade-related research  
427 institutions.  
428

## 429 **H. Resources**

430 In the long term, the operation of TTFMM is likely to be underpinned by national resources,  
431 as well as external assistance from development partners or donors. While an adequate and  
432 separate budget may be provided by the Government for operation of TTFMM given its broad social  
433 and economic benefit, innovative solutions towards system sustainability may be examined, such as  
434 key government agencies providing qualified staffs on a part-time or full-time basis to conduct the  
435 studies. While this latter solution may raise issues regarding neutrality of the outputs of TTFMM, this  
436 approach could be useful in building capacity of officials that will continue to serve - or ultimately  
437 return to - their original agency.

438 A Public-Private Partnership (PPP) modality could also be envisaged: part of the resources of  
439 TTFMM may come from private sector organizations such as Chambers of Commerce or Industry  
440 Associations considering the benefits TTFMM can bring to the business community. The private  
441 sector contribution may come in the form of an in-kind contribution (e.g., staff or staff time to  
442 collect and/or analyze data). In that context, communicating with the general public on the benefits  
443 of TTFMM, presenting useful results on a regular basis and showcasing the achievements will be  
444 important to win continuous and broad-based support – including financial support - from a wide  
445 range of public and private stakeholders.

446 Once the usefulness of TTFMM is fully recognized by all relevant stakeholders (it is envisaged  
447 that this process takes two to three years), development partners/financing  
448 institutions/international donors are also likely to support the operation of TTFMM. This would be  
449 particularly useful for the least developed countries and landlocked developing countries with  
450 limited resources.  
451

452 **I. International support**

453 Some countries, especially least developed countries and landlocked developing countries,  
454 may face difficulties in putting TTFMM in place on their own and may need to be provided technical  
455 and financial assistance, at least in the first few years of establishment and operation. International  
456 organizations and development partners should extend such assistance whenever possible.  
457

458 **J. Collaboration with neighboring countries**

459 While TTFMM is of national scope, some countries, particularly landlocked developing  
460 countries, are very much dependent on other countries in facilitating trade (e.g., transit countries).  
461 In such cases, bilateral or sub-regional mechanisms will be needed to enable sharing of information  
462 and to conduct cross-border BPA+ studies for monitoring progress and identifying reforms needed  
463 along the trade route.  
464  
465