



RIGA TECHNICAL
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Aldis Čevērs

SYSTEMIC SOLUTION FOR CUSTOMS PROCESS MANAGEMENT AND ORGANISATION EVALUATION

Summary of the Doctoral Thesis

RIGA TECHNICAL UNIVERSITY

Faculty of Engineering Economics and Management
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DECLARATION OF ACADEMIC INTEGRITY

I hereby declare that the Doctoral Thesis submitted for the review to Riga Technical University for the promotion to the scientific degree of Doctor of Science (Ph. D.) is my own. I confirm that this Doctoral Thesis had not been submitted to any other university for the promotion to a scientific degree.

Aldis Čevers (signature)

Date:

The Doctoral Thesis has been written in Latvian. It consists of Introduction, 3 chapters, 9 sections, Conclusions and Proposals, 45 figures, 16 tables, 14 appendices; the total number of pages is 223 not including appendices. The Bibliography contains 240 titles.

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INTRODUCTION

In the field of public management as a sub-branch of science, issues related to the organization of public administration play an important role. The capacity (performance) of public administration, which is reflected in all elements of work organization, is a constant focus. The importance of this issue is evaluated at different levels of management. Capacity is seen as the capacity of the organization's management, as a special ability of a company, person or organization to perform certain functions in a high-quality, timely and efficient manner.

The improvement of the organization and building its capacity must begin with the definition of functions, work planning, strategy development, followed by the improvement of the organization's work and processes, while the usefulness of the measures taken can be judged only by properly organizing the evaluation system. The performance assessment system has several important objectives. It can be used to help senior management to achieve strategic goals, to promote behaviour consistent with the organizational goals, to take decisions about employee remuneration, it is a communication tool for setting goals, ensuring feedback and guiding action, identifying training needs.¹

The range of issues related to customs performance, its role in the national economy and globalized society, the evaluation of its activity is wide enough. Although the main task of customs has always been to register and monitor goods moving across borders, in countries where customs have long been the only office operating at the border, it has been used as a term for all border management.²

¹ Management Theory and Practice, 8th Edition. Gerald A. Cole and Phil Kelly. 2015, Cengage Learning EMEA. p. 223

² Border management modernisation. Gerard McLinden, Enrique Fanta, David Widdowson, Tom Doyle. The International Bank for Reconstruction and Development/The World Bank. Washington, 2011. <http://documents.worldbank.org/curated/en/986291468192549495/pdf/588450PUB-0Bord101public10BOX353816B.pdf>

Even today, in most countries, the customs authorities play a key role in coordinating all the agencies involved in border control.³

Today's task is to create a modern and operational customs that can effectively solve the tasks assigned to it both in the short and long term and it depends on many internal and external conditions; different methods are used to improve its operations, various stakeholders are involved in its processes, its reforms need various types of support.

Today, threats to public security and health, consumer and intellectual property rights, environmental protection and many other areas must also be taken into consideration. When researching customs matters, the first question to be addressed is: how the customs authorities can help the state to realize the tasks set by the society and how it can best be done according to the specific situation and need. Customs has a number of common, strategically important requirements: transparency, minimal interference, security, partnership and professionalism.⁴

Successful work of customs is based on a correct legal framework, staff who are educated, motivated and honest. Proper organization of customs processes at all levels, use of modern technical means and technologies, implementation of the necessary cooperation is the basis for successful operation of the customs authorities. If any of these elements is poorly developed, the implementation of service functions will inevitably suffer.

When organizing the work of customs authorities, certain peculiarities must be taken into consideration, which make both the organization and the research process more complicated:

- customs must simultaneously perform both service and law enforcement functions;

³ Russell Hillberry, Xiaohui Zhang. Policy and Performance in Customs Evaluating the Trade Facilitation Agreement. World Bank Group, Development Research Group Trade and International Integration Team, March 2015. <http://documents.worldbank.org/curated/en/734151467999115368/pdf/WPS7211.pdf>

⁴ The WCO Capacity Building Development Compendium. "A Columbus programme phase 2 Implementation tool." <http://wcoomdpublications.org/capacity-building/capacity-building.html>

- customs performance must have the right balance between trade facilitation and control as a tool for public protection;
- there are many possibly variable and constant things in customs performance;
- customs, which originally acted as a guardian of national interests, is increasingly becoming a guarantor of international interests.

Topical issues of modern customs performance require evaluation of work priorities, management methods, work organization at different levels, use of instruments available to customs, necessity, usefulness and results of reform and modernization measures, as well as many other aspects aimed at ensuring the service's quality in performing its functions. Management processes will be properly organized if it is possible to verify the quality of the performance of functions and if the assessors have the right methodology for evaluating customs performance, which will allow to achieve correct, reliable and objective results.

In order to achieve excellence in public management by organizing the work of public administration, in the context of the customs authorities it is necessary to

- define what is meant by efficient work – what is the purpose of customs performance;
- develop performance evaluation criteria and methodology;
- develop a plan of measures to increase performance effectiveness;
- develop and implement a system for measuring progress.

It is the effectiveness that relates to the extent to which the objectives are reached and the relationship between the expected and actual results in achieving the objectives.⁵

It is important to realize that in today's world, customs is no longer just a national issue. When developing a methodology for evaluating customs performance, it is necessary to work more widely, to study the problems of customs functions at the regional

⁵ Performance Evaluation Indexes in Public Administration. Some issues of their actual usefulness. Laura Tampieri. <http://uprava.fu.uni-lj.si/index.php/CEPAR/article/view/51/50>

and international level, to create a general effectiveness evaluation system regardless of national territory, population or geographical location, taking into consideration customs administration peculiarities and specifics in particular countries.

The goal of the research is to develop a systemic solution for the evaluation of the work and process management and organization of customs based on the study of factors influencing customs activities on the basis of a common evaluation of customs functions and tasks and using an appropriate system of evaluation criteria and indicators. When developing an evaluation solution, the objectives and strategic directions of customs policy as well as the theoretical guidelines of management processes must be taken into consideration. The development of an evaluation system would serve as a basis for the improvement of customs management methods in accordance with the requirements of today's dynamically changing environment.

To date, not enough research has been done in analysing and developing customs activities. The contribution of international organizations such as the World Customs Organization (hereinafter referred to as WCO), the World Trade Organization (hereinafter referred to as WTO), and the World Bank (hereinafter referred to as WB) in managing various customs programs and modernization projects are to be evaluated positively. The research will include information on individual countries' efforts to evaluate and modernize customs. Although there is very little scientific research aimed directly at the organization of customs performance and processes, it should be noted that the issues of productivity and effectiveness in production and public administration have been sufficiently studied in the scientific literature.

In order to achieve the goal of the promotional work, the following tasks must be implemented:

1. To identify the role of customs in national economy, in implementation of state functions, in achievement of various goals and the solution of problems that are important to society.
2. To study the definitions of theoretical categories and separate concepts important in the management of customs processes – “customs functions”, “customs tasks”,

“effectiveness of customs performance”, “results and indicators of customs performance”, “effectiveness evaluation criteria”, to characterize their historical development and provide theoretical analysis.

3. To perform the analysis of customs process management. In accordance with the conditions of economic globalization, to update, group and classify customs functions and tasks, identifying problems in the world, regions and Latvia.
4. To study scientific and theoretical guidelines in the public sector, providing their theoretical and analytical vision, to identify traditional methods of determining productivity, capacity and effectiveness and to apply them in the evaluation of the performance of the customs authorities.
5. To identify, assess and group external and internal conditions, existing and future measures and processes that may facilitate or hinder the development of customs. To study and evaluate the potential possibilities of solutions in the organization and management of customs processes in a timely manner, taking into consideration the factors influencing customs activities and processes.
6. To study and group possible criteria, indicators and parameters for the evaluation of customs performance, which would form the basis for the development of a systemic evaluation solution.
7. To study the methods, models and systems of customs performance evaluation in the world, experience of individual countries in evaluation and improvement of customs performance results, as well as the methodology of the program of evaluation of customs performance and processes (problem diagnostics) of international organizations, which is used in the modernization of customs institutions, taking into consideration the cross-border nature of customs matters, modern economic integration and globalization trends.
8. To find out the opinion of customs professionals on the elements of customs activities and processes that are important in planning, organizing and evaluating the performance of the customs authorities, accurately identifying customs functions and tasks, assessing their priorities and

interaction, selecting the most appropriate performance criteria, analysing the impact of internal and external environment conditions.

9. To develop a solution for the establishment of a customs process management and organization evaluation system, substantiating its use depending on the purpose, level, priorities of evaluation in accordance with the planned strategies and taking into consideration changes in the environment.

The **object** of the research is the customs authorities (customs) as a state administration institution, which is entrusted with the implementation of a number of functions and tasks important to the society.

The **subject** of the research – the operation of the customs authorities, the effectiveness of the processes organized and managed by it and its evaluation.

The working **hypothesis**, which determined the subject and directions of the research – by accurately identifying the functions and tasks of customs authorities, indicators characterizing its work results and internal and external factors influencing it, it is possible to improve the customs process management system, and to choose the criteria for evaluating the performance results accordingly.

Theses to be defended:

T1. The customs authority is able to fully perform its functions if its strategic management is implemented in accordance with theory and practice; the element of the strategic management is a performance evaluation system aimed at controlling the effectiveness of the institution, evaluating performance and identifying necessary work organization improvement measures.

T2. With the help of the results of the research on the effectiveness of production and provision of services, taking into consideration the specifics of determining the effectiveness of public administration institutions, as well as adding the experience of international organizations and individual countries, it is possible to develop a universal approach to customs evaluation.

Limitations are related to the difficulty of obtaining data and information relevant to the research topic, as some of the data and information is of limited availability due to the specifics of customs

activities, such as strategic planning and reporting documents, and performance system guidelines of Latvia and other countries, EU documents. Statistical data in Latvia and in the world, information from the WCO and the European Union have been used in accordance with the specific aspect of the research. Statistical data related to financial indicators can be presented in different currencies in the research due to the fact that the research covers the period during which the official currencies of Latvia were Lats and later Euros.

The promotional work consists of 5 parts. Data acquisition methods such as systematic literature research on existing customs studies as well as interviews were used to develop the conceptual framework of the work (Parts 1–3). The obtained information was systematically summarized and, before being included in the empirical study, it was evaluated using various criteria, including the relevance of factors and indicators to the analysed unit – operation of customs as an element of public administration as a whole. In the part of the empirical research of the work (Parts 4 and 5) the quantitative method – questionnaire – was used to obtain data. Prior to data collection, the developed questionnaire was approved and tested to ensure its compliance with the purpose of the empirical study. Using the method of focus group analysis, the most important elements of planning, organizing and evaluating the performance of the customs authorities were identified. The statistical data analysis and processing tool SPSS was used to process the research results. Based on the results of the study, proposals have been developed to assess the effectiveness of customs operations. Among the **methods used in the research**, the generally accepted quantitative and qualitative methods of economic science research – grouping, analysis and synthesis, induction and deduction, logically constructive, as well as mathematical statistics, expert, etc. methods can be mentioned.

The research uses a systemic approach that allows customs to be described, firstly, as a single system consisting of several interconnected subsystems, allowing the analysis of the economic, financial, managerial and technical effectiveness of customs, and, secondly, as a subsystem in the common (integrated / coordinated) management system.

The study is based on classical management theories, on the basis of a model of bureaucratic organization characterized by a tightly controlled structure, a high level of division of labour, laws, regulations, instructions and formal empowerment. Theories of bureaucratic political control play an important role in raising awareness of complex public administration. They are varied and tested.

The theme is **topical** from both international and national perspective. From the international perspective, the result of the research could become a guideline for evaluating the results of customs institutions and modernizing systems, whereas from the national perspective it is possible to assess the role, current situation, opportunities for improvement and other elements of the customs of the Republic of Latvia. It should be taken into consideration that Latvian customs protects the external border of the European Union (hereinafter EU), protects the EU internal market and EU society, collects customs duties for the EU budget. In the territory of Latvia, there are EU customs border checkpoints both on land and on railway, seaports and airports, which in turn means a great diversity in customs control and connection with various modes of transport. The possibility of using different modes of transport for the movement of goods in transit through Latvia means links with different regions, which in turn means diverse groups of goods, various risks regarding possible illegal movement of excisable goods, drugs, strategic goods, counterfeit goods. Latvian customs should serve as a stable link in international supply chains of goods, both as a trade facilitation link and as a filter for cross-border crime. The customs authorities must develop appropriately and in harmony with the development of freight and passenger flows and transport infrastructure.

Until now, customs activities in Latvia have been studied mainly in connection with the country's fiscal interests, as well as in connection with the need to successfully join the Customs Union in accordance with the development of customs matters in the interests of the EU. International research has also been mainly related to the possibilities of customs modernization in accordance with the needs of facilitating international trade, the need to ensure customs control, mentioning the need for an efficient customs management

system but still focusing on simpler and easier to determine effectiveness criteria.

Scientific research on the effectiveness of customs authorities can complement the theoretical findings of economics on the role of public administrations, and in particular the importance of the activity of services related to border management in the economic development of a country. It is vital to study the impact of customs performance on various sectors of the national economy, to provide an insight of the use of opportunities and resources available to customs to protect various public interests.

Scientific **novelties** of the promotional work:

1. A solution has been prepared for the development of a customs process management and organization evaluation system, substantiating its use depending on the purpose, level, priorities of evaluation in accordance with the planned strategies and taking into consideration changes in the environment.
2. Based on the performed research, factors influencing customs activities have been identified and grouped. A system of customs performance results, performance indicators, internal and external factors to be used in the evaluation process has been developed and substantiated. The criteria for determining the effectiveness of customs operations have been defined and classified on the basis of the model of the customs economic, technical and organizational system (see Appendices No. 3, No. 4, No. 5).
3. An analytical evaluation of the customs process management and organization has been performed, a catalogue of functions and tasks of the customs process management system has been created (see Appendices No. 1 and No. 2)
4. A lexicographic analysis of certain concepts related to customs matters has been performed in the aspect of social sciences to clarify their explanations, which is the basis for further research of the evaluation system of customs process management and organization. The concepts "customs", "customs matters", "customs processes", "customs functions", "customs tasks", "customs performance results and indicators", "factors influencing customs performance

results”, “customs performance evaluation criteria” and “effectiveness of customs performance” have been defined more precisely.

The results of the research can be used when selecting and applying different methods of performance evaluation for various purposes and consolidating them in normative-political documents, creating proposals for changes in regulatory enactments, developing customs modernization projects and measures for better organization, evaluation and improvement of customs activities (customs strategies, quality management, organizational structure, etc.).

The theoretical and practical benefits from the use of research results stem from the fact that the research

- has shown close connection of the effectiveness of customs operation with the performance of full-fledged functions and has confirmed close connection of customs with the development of the national economy and society in general and various sectors separately;
- has described the most important customs development trends in the world at the regional level and in Latvia;
- has described other socially important indicators related to the effectiveness of customs performance and which can be used to improve customs performance and processes;
- has defined a set of effectiveness indicators which corresponds to the content of the research object – a system of effectiveness indicators (e.g. economic activity effectiveness indicators, financial performance, technical and managerial effectiveness indicators), which can be used in planning, organizing, evaluating and modernizing customs performance and processes.

On the topic of the promotional work, a total of 7 scientific articles and 1 other publication have been published; 14 reports at scientific conferences and seminars, lectures at the Ukrainian Customs Academy, St. Petersburg State University of Information Technology, Mechanics and Optics, Institute of International Business and Law, Uzbekistan Military Customs Institute have been delivered. The results of the research have been discussed and tested in various international projects, such as the EC project

on combating financial crime, the Border Management Program in Central Asia (BOMKA), customs training program preparation processes for accreditation at the World Customs Organization, EC Customs Training Program Certification Assessment Board, etc.

Publications related to the topic of the promotional work

1. Čevērs, A. **Definitions of Customs Functions in the Context of Economic Integration and Globalization.** *Customs Scientific Journal*, 2013, No. 2, pp. 20–30. ISSN 2308-6971.
2. Gulbis, A., Čevērs, A. **Muitas darbības pamati.** Rīga: RTU, 2014. 380 lpp. ISBN 978-9934-10-522-7.
3. Rudzītis, N., Čevērs, A. **Development of Customs Fiscal Function in Latvia.** *Ekonomika un uzņēmējdarbība*. No. 27, 2015, pp. 23–28. ISSN 2256-0386. e-ISSN 2256-0394.
4. Čevērs, T., Čevērs, A. **Smuggling of Cultural Property as a Threat to the Intellectual Safety of the Society: Criminal Law and Its Challenges.** *Customs Scientific Journal*, 2017, Vol. 7, No. 2, pp. 6–16. ISSN 2308-6971. e-ISSN 2518-1599.
5. Čevērs A., Rudzītis N. (2018). **Promotion of Economic and Border Security: BOMCA Experience.** The 22nd World Multi-Conference on Systemics, Cybernetics and Informatics, July 8 – 11, 2018 – Orlando, Florida, USA. Proceedings, Volume III, pp. 1–6. (International Institute of Informatics and Systemics (IIIS)).
6. Čevērs A., Gaile-Sarkane, E. (2019). **Indicators, factors and criteria for assessing of the customs performance.** The 23th World Multi-Conference on Systemics, Cybernetics and Informatics, July 6 – 9, 2019, Orlando, Florida, USA. Proceedings, Volume III, pp. 1–6. (International Institute of Informatics and Systemics (IIIS)).
7. Čevērs A., Rudzītis N., Gulbis, A. (2021) **Facilitation of Legal Trade: Implementation of AEO.** The 25th World Multi-Conference on Systemics, Cybernetics and Informatics, July 18–21, 2021, Orlando, Florida, USA. Proceedings, Volume III, pp. 107–112. (International Institute of Informatics and Systemics (IIIS)).
8. Čevērs A., Gaile-Sarkane, E. (2021) **Different approaches to the development of customs work and process evaluation system.** The 25th World Multi-Conference on Systemics, Cybernetics and Informatics, July 18–21, 2021, Orlando, Florida, USA. Proceedings, Volume III, pp. 101–106. (International Institute of Informatics and Systemics (IIIS)).

Participation in international conferences

1. The International Scientific Conference at the International Institute of Business and Law, St. Petersburg State University of Information Technology, Mechanics and Optics, St. Petersburg, Russian Federation, October 2010. Report: **“Determining the Efficiency of Customs Operations”**.
2. The International Conference “State Foreign Trade Policy and Current Problems in Customs Matters” organized by the Ukrainian Customs Academy, Dnepropetrovsk, Ukraine, November 2012. Report: **“Evaluation of Customs Performance”**.
3. The international conference “Current Problems of State and Law Development in the Conditions of International Integration” organized by the Ukrainian Customs Academy, Dnepropetrovsk, Ukraine, November 2013. Report: **“Determination of Customs Functions in the Conditions of International Integration and Globalization”**.
4. Riga Technical University 55th International Scientific Conference (SCEE’2014), Riga, October 2014. Report: **“Evaluation of Customs Work as a System of Logically Related Elements”**.
5. Riga Technical University 57th International Scientific Conference (SCEE’2016), Riga, September 30, 2016. Report: **“Indicators, Factors and Criteria in Customs Work Evaluation”**.
6. Riga Technical University 58th International Scientific Conference (SCEE’2017), Riga, October 13, 2017. Report: **“Liability for violations of customs regulations and its application in the conditions of economic integration”**.
7. The 22nd World Multi-Conference: Systems, Cybernetics and Informatics (WMSCI 2018), Orlando, Florida, USA, July 8–11, 2018. Report: **“Promotion of Economic and Border Security: BOMCA Experience”**.
8. Riga Technical University 59th International Scientific Conference (SCEE’2018), Riga, October 18, 2018. Report: **“Promotion of Legal Trade: AEO in Latvia”**.
9. The 23rd World Multi-Conference: Systems, Cybernetics and Informatics (WMSCI 2019), Orlando, Florida, USA, July 9, 2019. Report: **“Indicators, Factors and Criteria for Assessing the Customs Performance”**.
10. The 6th Conference of the Central and Eastern European Academy of International Business (AIB-CEE): International Business in a Dynamic Environment: Changes in Digitization, Innovation and Entrepreneurship, Kaunas, Lithuania, September 2019. Report: **“Facilitation of Legal Trade: Implementation of AEO”**.

11. Riga Technical University 60th International Scientific Conference (SCEE'2019), Riga, October 18, 2019. Report: **“Modern Customs in Modern Society”**.
12. Riga Technical University 61st International Scientific Conference (SCEE'2020), Riga, October 16, 2020. Report: **“Customs clearance optimization opportunities in ports”**.
13. The 25th World Multi-Conference: Systems, Cybernetics and Informatics (WMSCI 2021), Orlando, Florida, USA, July 19, 2021. Report: **“Facilitation of Legal Trade: Implementation of AEO”**.
14. The 25th World Multi-Conference: Systems, Cybernetics and Informatics (WMSCI 2021), Orlando, Florida, USA, July 19, 2021. Report: **“Different approaches to the development of customs work and process evaluation system”**.

1. THE ROLE OF CUSTOMS IN SOCIETY AND THE NATIONAL ECONOMY

Part 1 of the work consists of three chapters, it includes 24 figures and 4 tables.

Customs processes are a set of activities that allow to perform customs functions and tasks. This is an issue that can be developed to meet the aspirations and needs of many stakeholders in quality customs performance. Without an effective national customs administration, governments will not be able to achieve their political goals in revenue collection, trade facilitation, trade statistics and public protection. The contribution of customs to the country's development is potentially huge and can significantly change the lives of many poor people around the world.⁶ National governments need to recognize that investing in the modernization and reform of their customs administrations will have a short-term impact on revenue collection and a long-term reference to national prosperity.⁷

A fundamental understanding of customs matters by all those involved in trade will be the basis for transparent, consistent and efficient international trade.⁸ Practically, all over the world, customs matters refer to the procedures established in the country by which goods are moved across the customs border and are subject to customs duties, customs formalities are applied, customs control is performed, as well as other means by which customs policy is implemented.⁹

⁶ The WCO Capacity Building Development Compendium. "A Columbus programme phase 2 Implementation tool." <http://wcoomdpublications.org/capacity-building/capacity-building.html>

⁷ Customs modernization and the international trade superhighway. Michael H. Lane. Greenwood Publishing Group, 1998. p. xii

⁸ Customs modernization and the international trade superhighway. Michael H. Lane. Greenwood Publishing Group, 1998. p. 1

⁹ A. Gulbis, A. Čevērs. Muitas darbības pamati. RTU izdevniecība. 2014. 15. lpp.

Customs authorities have different roles (meanings) in the world and have different levels of resources and powers. For example, while all customs administrations collect taxes, for some it is a top priority. The role of customs in the control of sanitary and phytosanitary norms, in the supervision of animal movements, in the control of environmental regulations should also be emphasized. Customs authorities are interested in the movement of timber and fish products, organic products, chemicals, waste, drugs, dangerous substances, dual-use goods, cultural objects, objects that can be used for torture.¹⁰

Customs organizations around the world have a unique role to play, both at the national level and in the international community.

The term “customs matters” refers not only to the movement of goods across the customs frontier and the elements of that process, but also the related operations and processes both before and after the actual movement of the goods. Customs matters consist of the customs policy, the mechanism of its implementation and the activity of the customs authorities in the implementation of the functions determined by the state.¹¹ Customs matters can also be seen as a specific branch of management. Analysing customs matters means describing what exists in the current situation and assessing its components individually and in interaction. This research will provide various historical interpretations of the term “customs”, but describing the present situation, the author will use it referring to the customs authorities – a public administration body that supervises and controls the movement of goods across the customs border, collects customs duties and implements customs policy on behalf of the state. Within the framework of the promotional work, a lexicographic analysis of certain concepts related to customs matters from the aspect of social sciences has been performed.

¹⁰ Lyons, Timothy. EC customs law. Oxford: Oxford University Press, 2018. p. 74

¹¹ Косенко В. П., Опошнян Л. И. Основы теории эффективности таможенного дела М.: ПТА, 2006, с. 9.

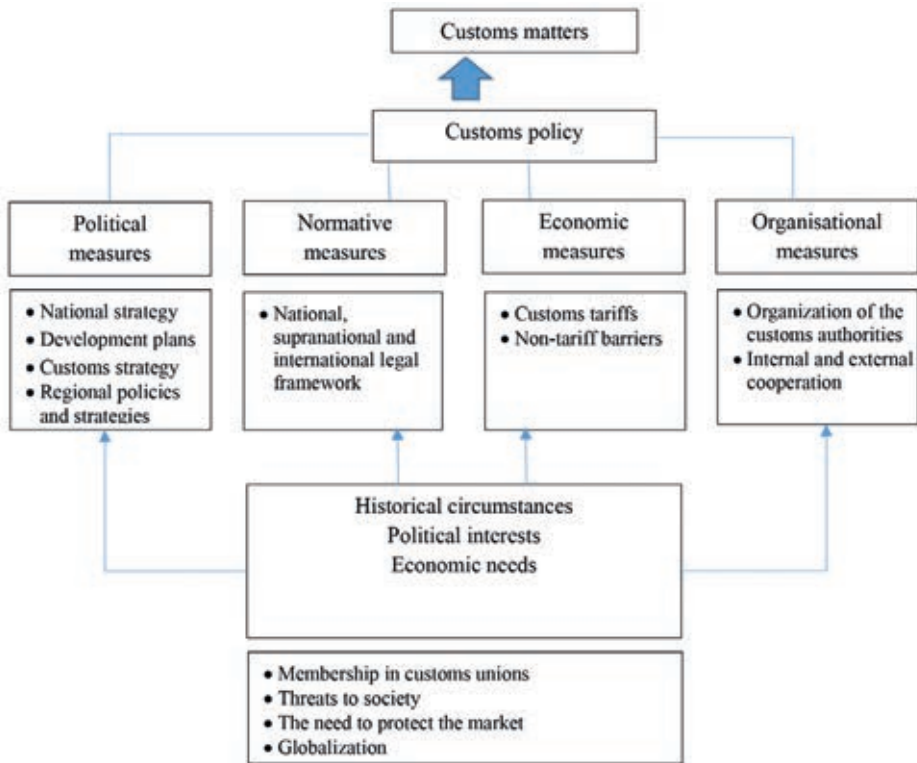


Fig. 1.1. Elements of customs policy, methods of regulation, influencing factors (developed by the author – novelty).

Customs and process management is needed as a series of systematic activities aimed at creating the end result in customs matters. Process-based management is the approach that perceives the service as a set of processes for the performance of functions.

Successful trade transactions are the result of cooperation between all parties involved in trade – customs authorities, importers, suppliers, manufacturers, customs professionals, trade facilitators, policy makers.¹²

Border regulation is a major factor influencing international trade. Actions taken by customs and other government agencies

¹² Customs modernization and the international trade superhighway. Michael H. Lane. Greenwood Publishing Group, 1998. p. 1.

at national borders, even before the movement of goods, can have a positive or negative impact on international supply chains.¹³ In order to more accurately describe the customs authorities (customs) as a public administration institution entrusted with the implementation of a number of functions and tasks important to society, it is necessary to analyse the customs environment and potential threats in both local and global contexts.

Statistical data indicate the development trends of international trade, directions of goods flow, the main players in the world economy. By analysing these data, it is possible to predict the required level of supervision and control, high-risk areas, routes and areas. This allows for strategic planning of customs authorities, setting of current priorities and correct allocation of resources. Within the framework of the promotional work, statistical indicators directly related to the provision of customs performance have been analysed. For example, the development of international trade in goods in the EU-28 in 2009–2019 indicates a doubling of trade over the last 10 years, from 1,200 billion to almost 2,300 billion Euros. Growth has been observed in both the import and export sectors, with the trade balance remaining almost unchanged.

Many customs administrations find that their staff, budget and other resources do not cover the growth rates of international trade and travel.

The EU's economic integration processes are based on the foundations of the Customs Union and the common foreign trade policy. The common external customs border makes it necessary to organize the work of customs authorities according to common threats, as entering the internal market from any third country, the goods acquire the status of EU goods and can be moved taking advantage of the free movement of goods.¹³ One of the key elements of the customs union is the area of freedom, security and justice, respecting fundamental rights, the legal systems and traditions of the member states. The figures characterising the volume and structure of trade must be analysed in the context of other issues of public and national importance in addressing which the customs

¹³ Lyons, Timothy. EC customs law. Oxford: Oxford University Press, 2018. p. 7.

authorities are involved. It must be taken into consideration that the cross-border flow of goods can not only bring economic benefits to the national economy, but also pose a threat to national security, protection of the public and the environment. States and regional associations must take into consideration the conclusions about the trends and peculiarities of international trade when planning the control of the flow of import and export goods.

The work of customs authorities needs to be organized in such a way that they are able to react quickly to changes, consistently setting priorities and carrying out their functions in the national and public interest, so that trade facilitation is increasingly at the forefront of customs performance. The definition of trade facilitation includes relatively specific “border” elements, such as port effectiveness and customs administration, the local regulatory environment and the infrastructure that will allow the use of e-business.¹⁴

The threats that the customs authorities are involved in are still real and present. In recent years, the PMO’s Illicit Trade Report¹⁵ has become a very important publication. The report is considered a world-class analytical document thanks to the PMO’s specialized information systems¹⁶ and information provided by 135 customs administrations. The 2019 edition highlights the most pressing threats in areas such as cultural heritage, drugs, the environment, intellectual property rights, health and safety, revenue and security.¹⁷

Import duties remain an important source of government revenue in many developing countries, although their share has declined. Tariff rates have also been reduced through multilateral, regional, bilateral and unilateral initiatives. The fight against tax evaders is still one of the goals of customs in many countries around the world. 27 % of

¹⁴ Trade facilitation and economic development: measuring the impact. John Sullivan Wilson, Catherine L. Mann, Tsunehiro Otsuki, World Bank. Development Research Group. Trade. World Bank, Development Research Group, Trade, 2003, p. 4.

¹⁵ WCO Illicit Trade Report.

¹⁶ Customs Enforcement Network (CEN).

¹⁷ Illicit Trade Report 2019. <http://www.wcoomd.org/en/media/news-room/2020/july/the-wco-issues-its-2019-illicit-trade-report.aspx>

national customs collect more than 10 % of national tax revenue. Customs authorities are also empowered to collect other revenue, such as value added tax and / or excise duty on imported goods.¹⁸

Global trade and international supply chain security issues have attracted a great deal of attention in the international community in the face of growing threats. The cross-border movement of dangerous goods which pose a threat to public health and safety is a global problem that continues to attract political and public attention.

182 WCO member states that make up 98 % of world trade			
The strategic goals of customs:			
<ul style="list-style-type: none"> • to promote security and facilitation in international trade • to promote fair and efficient tax collection • to protect the public, public health and safety, to contribute to the fight against crime and terrorism • to promote the introduction of digital customs, the establishment of Coordinated Border Management and the exchange of information between all stakeholders • to strengthen customs capacity • to enhance the performance indicators of customs • to organize research and analysis 			
Types of customs organization			
Department in the Ministry	Revenue Service	Customs authorities	Border Guard Service
780,000 customs officers worldwide			
More than 600 million customs declarations are processed worldwide each year			
Customs authorities contribute to tax revenue from 24.6 % to 40.5 % (depending on the region)			
86.7–95.4 % of electronic declarations (depending on the region)			

Fig. 1.3. Indicators characterising customs performance.¹⁹

¹⁸ WCO Research Paper No. 31. Customs Environment Scan 2014. <http://www.wcoomd.org/en/topics/research/activities-and-programmes/~media/57364A26496A4C34A2B9604F3156C595.ashx>

¹⁹ WCO Annual Report 2017–2018 http://www.wcoomd.org/-/media/wco/public/global/pdf/media/annual-reports/annual-report-2017_2018.pdf

Counterfeit and non-compliant goods pose a threat to the health and safety of society. Counterfeit or substandard medicines, tobacco products and batteries are just a few examples of everyday consumer goods.

Table 1.1

Comparison of customs authorities of individual EU member states²⁰ (developed by the author using information from the PMO annual report)

State	Type of customs organization	CPC location	Length of land customs border (km) ²¹	Number of customs officers	Number of declarations made (IM)	Number of declarations made (EX)	Contribution to tax revenue (%)
Austria	Department in the Ministry	land airports	180 ²²	1676	1,409,370	1,589,647	no information
Belgium	Department in the Ministry	ports airports	-	3283	5,552,858	10,015,230	no information
Estonia	Revenue Authority	land ports airports	338.6 ²³	583	158,308	131,233	6.3

²⁰ WCO Annual Report 2017–2018. http://www.wcoomd.org/-/media/wco/public/global/pdf/media/annual-reports/annual-report-2017_2018.pdf

²¹ calculated taking into account the country's participation in customs unions

²² Austria–Switzerland border. https://en.wikipedia.org/wiki/Austria%E2%80%93Switzerland_border

²³ Estonia. <https://en.wikipedia.org/wiki/Estonia>

Table 1.1

**Comparison of customs authorities of individual
EU member states** (developed by the author using information from
the PMO annual report)

Italy	Customs Agency	ports airports	744 ²⁴	8634	5,487,600	13,058,609	3.4
Latvia	Revenue Authority	land ports airports	407 ²⁵	988	152,678	184,628	2.0
UK	Revenue Authority	ports airports	-	5000	39,136,877	7,002,777	5.7
Poland	Revenue Authority	land ports airports	767 ²⁶	58744	1,418,459	2,231,463	28.2
Germany	Customs Agency	land ports airports	362 ²⁷	35222	18,656,227	21,147,839	8.7

On an international platform such as the World Customs Organization, in line with the overall strategic goals, customs authorities carry out a very large amount of work in different circumstances (see Fig. 1.3). Customs authorities can be organized in different ways, the amount of work done is impressive, the number of employees involved in the implementation of customs functions is

²⁴ Italy-Switzerland border. https://en.wikipedia.org/wiki/Italy%E2%80%93Switzerland_border

²⁵ Latvijas ģeogrāfija. https://lv.wikipedia.org/wiki/Latvijas_%C4%A3eogr%C4%81fija

²⁶ Poland-Russia border. https://en.wikipedia.org/wiki/Poland%E2%80%93Russia_border. Poland-Ukraine border. https://en.wikipedia.org/wiki/Poland%E2%80%93Ukraine_border

²⁷ Germany-Switzerland border. https://en.wikipedia.org/wiki/Germany%E2%80%93Switzerland_border

relatively small in relation to the flow of controlled goods, the level of modernization of customs institutions is different.

Internal and external factors that affect the results of customs performance can be determined for each country – border crossing possibilities, border length, type of customs organization, number of customs officers, volume of import and export goods flow, tasks given to the customs authorities, etc.

In the context of the customs union (see Table 1.1), many indicators are similar, but it is useful to analyse some of them, such as the number of Belgian customs officers in relation to the length of the customs border or the contribution of Polish customs to total tax revenue. The tasks assigned to the customs authorities must correspond to the specified internal and external conditions, which must also be taken into consideration when assessing the results of the work. Thanks to the work of the World Customs Organization, information describing the organisation and results of customs performance is regularly collected and analysed, which allows judging the trends in the development of customs performance. Looking at similar indicators in other countries of the world, which also traditionally differ according to different criteria, it can be concluded that the model of customs performance is also different.

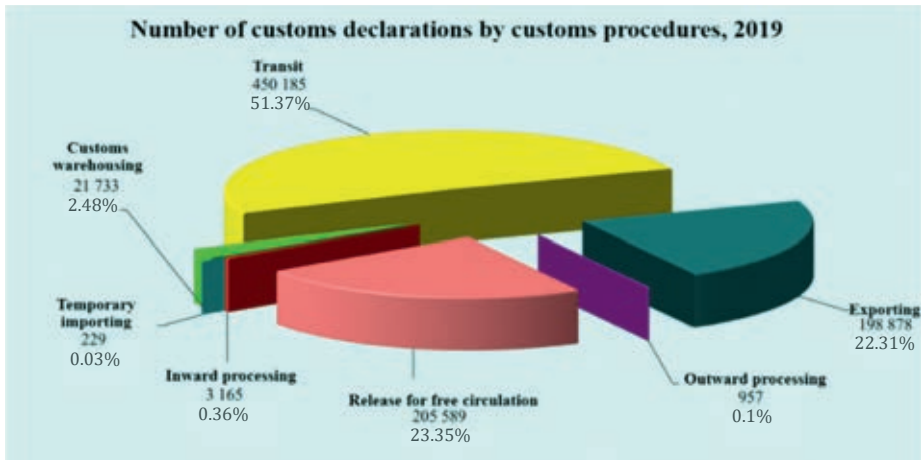


Fig. 1.4. Number of customs declarations by customs procedures.²⁸

²⁸ Latvijas muitas statistika. https://www.vid.gov.lv/sites/default/files/lms_s-02410b_2019.pdf

Analysing the customs statistical data of the Republic of Latvia, it is possible to evaluate both the threats to the EU external customs border and the main tasks and priorities of Latvian customs. The collected information on the declarations made by the customs officials of the Republic of Latvia in accordance with certain customs procedures indicates that the volume of customs performance is still large and continues to grow. The design and implementation of various customs procedures is associated with increasing amount of resources required. The share of the transit procedure in the total amount of executed procedures is 51.37 % (see Fig. 1.4), thus the capacity of the customs authorities related to the execution of this procedure should be promoted.

The aim of customs modernization is to minimize barriers to international trade, which results in real costs for national governments and traders.²⁹ Weak and inefficient customs procedures have a negative impact on both the public and private sectors.

It is important to study the issues of strategic management, work organization, performance measurement and necessary modernization of customs in order to ensure effective customs and border control management, to be able to respond quickly to changes in the internal and external environment, to perform governmental tasks and comply with international obligations.

²⁹ Changing customs: challenges and strategies for the reform of customs administration. Michael Keen, International Monetary Fund, 2003, p. 13.

2. CUSTOMS AS A COMPONENT OF PUBLIC ADMINISTRATION, ITS FUNCTIONS, TASKS AND PROCESSES

Part 2 of the promotional work consists of three chapters; it includes 7 figures and 1 table.

The mission of the state is to provide the necessary benefits for the society by performing certain functions. The customs mission in this context is simple: to monitor legal trade and prevent illegal activities.³⁰ Customs, in monitoring and controlling foreign trade, carry out this mission very specifically in the interests of society and the economy in various fields and aspects. Among the functions of the state are those which are performed directly by the customs authorities and those in the implementation of which they participate indirectly. Customs authorities contribute to the realization of the country's external functions such as maintaining peace and peaceful coexistence, protecting the independence of its territory, integrating into the world economy, protecting the citizens' rights, building partnerships with other countries to solve global problems.

External trade statistics show that most areas of life are related to high-quality customs performance – the internal market, public health, national security, the procedures specified by the state administration, the environment, nature, culture, property and rights. In Fig. 2.1, the author shows a very close connection between the interests of public and state functions, as well as the role of customs in the implementation of these functions. This is necessary in order to evaluate the customs authorities as an institution with such a wide range of functions and tasks that it requires a specific approach in setting up its evaluation system.

Customs is expected to contribute to the security function by participating in the international fight against terrorism, controlling the cross-border movement of goods of strategic importance, and preventing illegal import, export and transit of goods and items

³⁰ Lyons, Timothy. EC customs law. Oxford: Oxford University Press, 2018. p. 72.

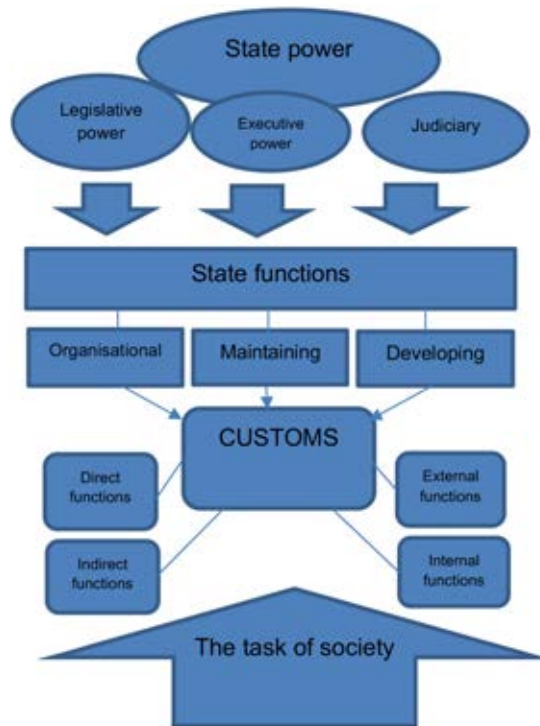


Fig. 2.1. Distribution of state power and place of customs in it (developed by the author).

that pose a threat to public security. The unique role of customs in society must be taken into consideration, as it acts both as a service institution and as a law enforcement authority.

As a result of the research, the author concluded that in the field of public administration, there is no concept of uniform and accurate use of terms in relation to the operation of institutions and authorities. Terms such as policy, program, plans, processes, vision, mission, etc. are also used.

Researching these terms within the framework of the promotional work, a very logical link emerges: vision, mission, goals-strategy-measures and indicators (a map of results).³¹ Governments

³¹ Management Theory and Practice, 8th Edition. Gerald A. Cole and Phil Kelly. 2015, Cengage Learning EMEA. p. 225.

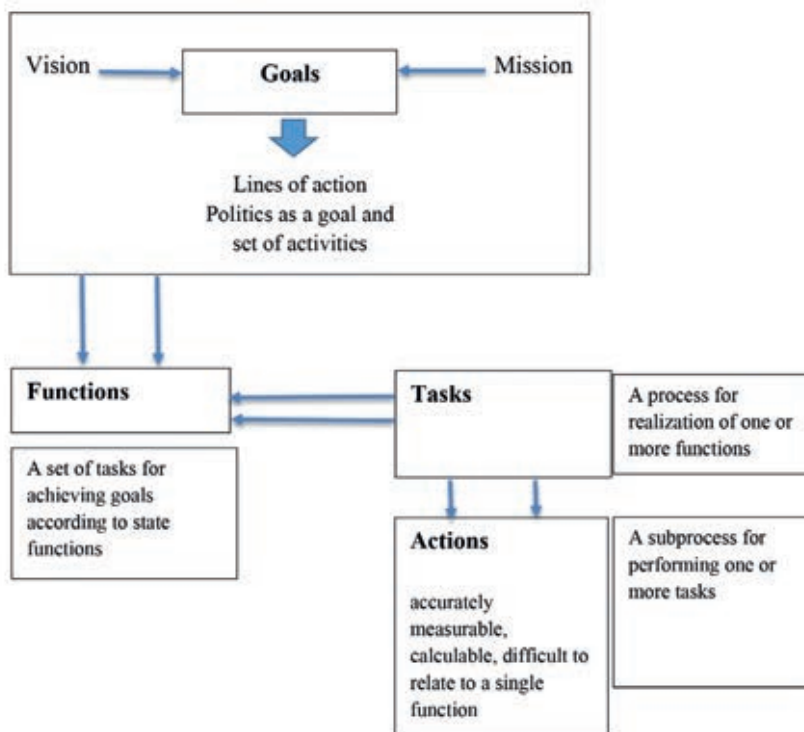


Fig. 2.2. Goals, functions, tasks and processes of customs performance (developed by the author).

and administrations are often intimidated by the reform challenge they face, this task requires a well-defined strategy and action plan to implement it. One strategy is not always suitable for every customs administration. However, there are some common principles, especially in countries where revenue collection is the main purpose of customs.³²

In Fig. 2.2, the author points to the logic that must be used in order to organize the work of the institution, determining the actions to be performed in accordance with the set goal. In today's world, customs administration needs a more strategic approach in order to fulfil its national functions. Management must include strategic

³² Changing customs: challenges and strategies for the reform of customs administration. Michael Keen, International Monetary Fund, 2003, p. 67.

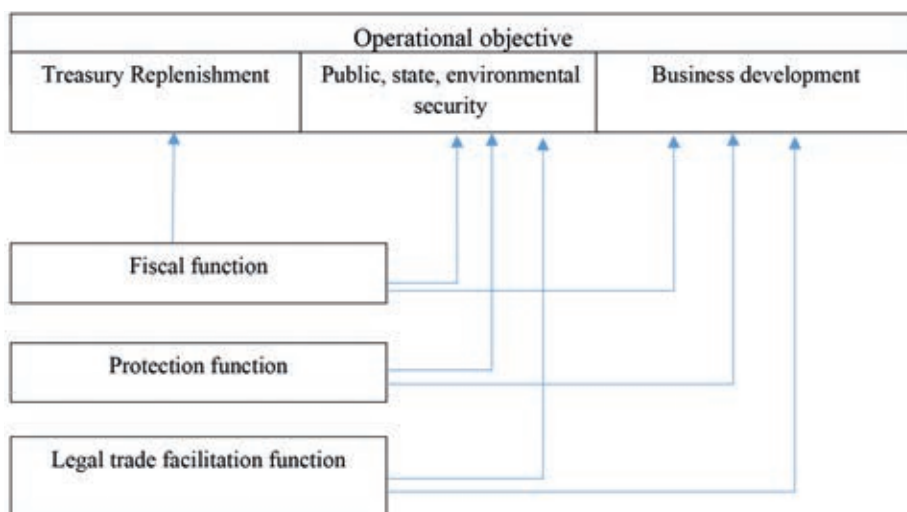


Fig. 2.3. Interaction of customs functions (developed by the author).

management, program management, direct business skills, advanced management monitoring and evaluation methods.³³

Description of customs functions can be found in research made by scientists from various countries, in legislation at different levels, and in project and planning documents. The components of a customs matter involving customs performance and processes are, by their very nature, always pursuing economic, law enforcement and regulatory objectives or, in other words, customs must perform protection, trade facilitation, statistical and fiscal functions.³⁴

Each of the mentioned functions has its own content, place in the implementation of the state policy and compliance with the state objectives, as well as various implementation instruments. The author notes that Fig. 2.3 shows the three most important customs functions, taking into consideration the fact that the protection function can be divided into sub-functions, for example, protection of the state, society, environment, consumer rights,

³³ The WCO Capacity Building Development Compendium. "A Columbus programme phase 2 Implementation tool." <http://wcoomdpublications.org/capacity-building/capacity-building.html>

³⁴ A. Gulbis, A. Čevērs. *Muitas darbības pamati*. 2010., 27. lpp.

intellectual property. By performing tasks derived from these functions, it is possible to achieve customs goals. Working with functions means an accurate and comprehensive description of their content, identification of the tasks to be performed and actions to be performed corresponding to each function. For each of the tasks, a technology is developed – an implementation document (technological scheme, instruction, standard) taking into consideration all internal and external environmental conditions.

In order to perform the specified functions, tasks are assigned to each country’s customs authorities. One task can also be used to implement several functions (see Fig. 2.4). For each function it is possible to find the tasks needed to implement it, for example:

- for the implementation of the fiscal function:
 - collection of customs duties,
 - customs debt administration,
 - recovery of arrears;
- to promote legal trade:
 - introduction of measures to speed up the flow of goods,
 - monitoring the application of reliefs,
 - ensuring customs modernization processes;
- for the implementation of the protection function:
 - prevention of drug smuggling,

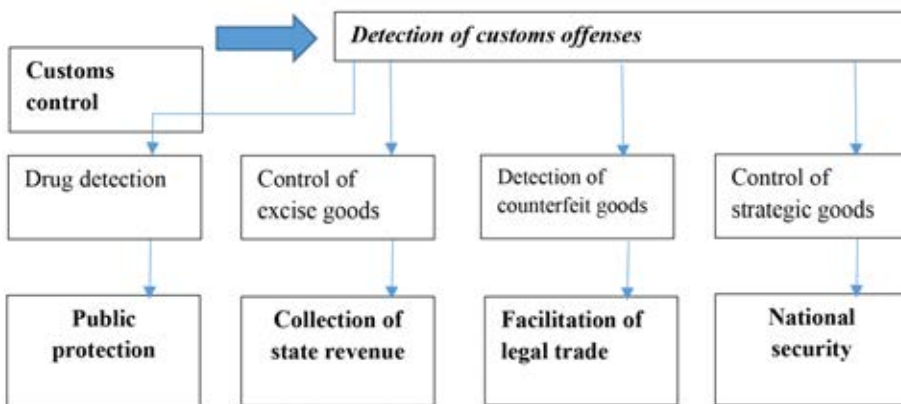


Fig. 2.4. One task – several functions (developed by the author).

- prevention of the movement of counterfeit goods across the customs border,
- implementation of export control measures for strategic goods,
- application of customs tariffs,
- compliance with the licensing system.

The author offers a more complete catalogue of customs functions and tasks in Appendices No. 1 and No. 2 of the promotional work.

As can be seen in Fig. 2.5, the implementation of the protection function covers a particularly wide range of issues of public importance, affects various entities and concerns different groups of goods, therefore it is especially important to organize the work of the customs authorities as a priority. The tasks require certain activities, which may also overlap with various functions and tasks, such as document inspection, cargo handling for physical control, sampling, cargo scanning and weighing, interviewing persons, calculations, document preparation, development of methodological materials, counselling of persons, etc. Looking at each activity separately, it is not always easy to link it to the implementation of

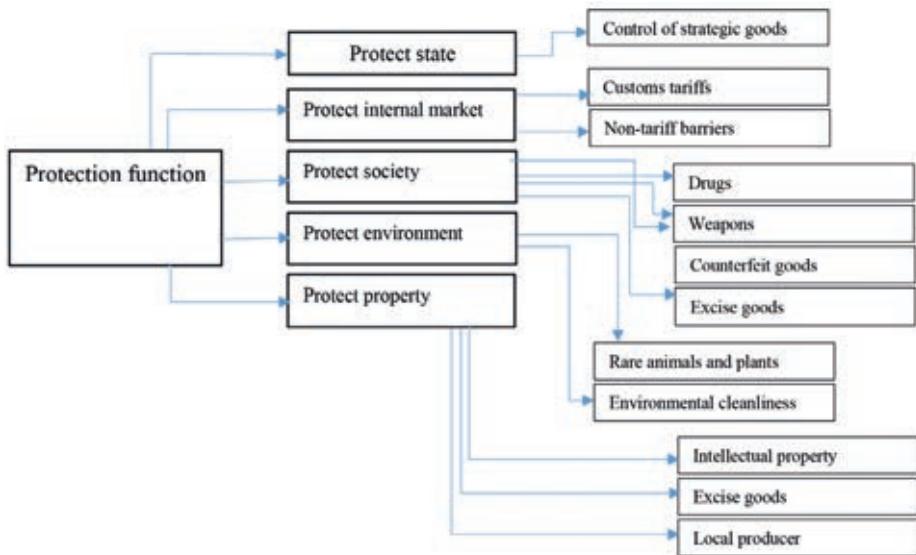


Fig. 2.5. One function – many tasks (developed by the author).

a specific function or task, such as entering data into a customs information system, performing chemical analyses to identify goods or performing calculations to determine customs value.

Over time, customs functions change and are widened due to various circumstances, the priorities of the customs authorities also change:

- the importance of the fiscal function in the work of customs authorities is changing (decreasing), which is related to the importance of customs control in relation to the risk of partial or complete non-collection of customs duties;
- the reduction of import tariffs and the establishment of regional customs unions based on the principle of free movement of goods reduce the importance of the internal market protection function;
- international agreements and treaties indicate that interest in facilitating international trade through the optimization and simplification of customs controls, as well as the reduction and even elimination of financial barriers to international supplies, has increased significantly;
- the improvement and simplification of customs procedures, the organization of the work of the customs authorities at the highest level, using all possible methods and means, can serve as a tool in the fight against corruption in public institutions;
- the role of the public protection function has increased due to the ability of the customs authorities to delay and prevent the cross-border movement of goods that may endanger public health, consumer rights and safety, trademarks and intellectual property rights, endangered plant and animal species, national security, environmental protection.³⁵

Trade facilitation is increasingly explicitly mentioned as a priority customs function in both developed and developing countries. This is generally interpreted as facilitating the rules of legitimate trade without compromising the necessary controls under domestic and international law.³⁶ Trade facilitation is defined as an economic category, as measures that enhance the capabilities

³⁵ Customs Modernization Handbook. World Bank. p. 5–7

³⁶ Customs Modernization Handbook. World Bank. p. 5–7

of business, trade and administrative organizations, such as simplification, standardization and automation of documents, processes and procedures, and increased transparency.³⁷

The customs performance measurement system should be developed by setting key measurable objectives and preparing concrete measures derived from the strategy; be put in place by setting up systems and procedures for collecting and processing certain data; should be used to assess the implementation of the strategy and to evaluate the strategic assumptions. The evaluation system should include an effective mechanism for reviewing goals and standards, a process for developing individual measures to change performance and circumstances, a process for periodically reviewing all sets of measures used in response to change, and the possibility to challenge strategic assumptions.³⁸

In connection with the functions of customs and its changing role in international trade, customs development programs are being prepared in the European Union and in the world, attention is paid to the simplification and harmonization of customs procedures, security initiatives, and management of globalization processes. Better border management is not just about customs clearance. These are issues related to

- increased global competition;
- understanding of the costs to traders because of outdated, inefficient border formalities;
- expectations for faster and more predictable import and export processing;
- strengthening policy and procedural requirements directly linked to international commitments;
- conclusion of regional trade agreements which complicate customs performance;

³⁷ Economics of trade facilitation. Nirmal Sengupta. Oxford University Press, 2007.

³⁸ Bourne M., Mills J., Wilcox M., Neely A., Platts K. Designing, implementing and updating performance measurement systems. *International Journal of Operations & Production Management*, Vol. 20, No. 7, 2000, pp. 754–771.

- greater expectations for respect for integrity and good governance;
- raised awareness of the need for customs and other border control agencies to play a greater role in strengthening national security.³⁹

Modern issues in international trade and international relations are constantly introducing changes in the range of customs functions and tasks. Ensuring international security and the fight against terrorism is a relatively new function, but protection tasks have been in place for a long time. Issues of protection of counterfeit goods and intellectual property rights are new challenges but well-known actions. Environmental protection is not one of the traditional customs tasks, but CITES Convention has created additional obligations for customs authorities. Customs authorities must be involved in the process of economic integration, but also in combating the consequences of illegal immigration.

³⁹ Border management modernisation. Gerard McLinden, Enrique Fanta, David Widdowson, Tom Doyle. The International Bank for Reconstruction and Development/The World Bank. Washington, 2011. <http://documents.worldbank.org/curated/en/986291468192549495/pdf/588450PUB-0Bord101public10BOX353816B.pdf>

3. EFFECTIVE PUBLIC ADMINISTRATION AND ITS CAPACITY

Part 3 of the promotional work consists of three chapters; it includes 1 figure and 2 tables.

Public administration is a set of processes, structures, functions, methods and procedures.⁴⁰ Classical organization theory points to the need for research and planning that would make an organization more competitive.⁴¹ Studies show the need for performance measurement in the public sector, strategy management at all levels, organizational transparency, organizational objectivity, effectiveness, performance improvement and effectiveness. Measuring and managing the performance of organizations is not just a planning tool that helps these organizations evaluate their impact, results and outcomes. It can also be seen as a powerful tool for internal feedback and learning.⁴² One of the responsibilities of public administration is to achieve effectiveness at all levels. Public authorities are responsible for providing citizens with the public goods and services they need without discrimination in terms of accessibility. Thus, the multidimensional objectives of public administration require that the activity is not only limited to a simple cost-benefit analysis, but also includes an essential element that provides a certain value to the population.⁴³

⁴⁰ Alvydas Raipa. Public Policy and Public Administration: Development, Structure and Reciprocity. <https://www3.mruni.eu/ojs/public-policy-and-administration/article/view/2543#:~:text=Public%20administration%20is%20the%20set,choices%20associated%20with%20that%20process>.

⁴¹ Introducing public administration / Jay M. Shafritz, E. W. Russell, Christopher P. Borick. New York: Pearson/Longman, 2009, p. 267.

⁴² Performance Measurement and Management in Non-Governmental Organizations. Mohammed Abo Ramadan, Elio Borgonovi. https://pdfs.semanticscholar.org/1e16/20635939099dce3c971a2cc3d1baba971418.pdf?_ga=2.182292129.742796451.1587400289-1794151784.1587400289

⁴³ Azhar Manzoor. A Look at Efficiency in Public Administration: Past and Future. SAGE Open, October–December 2014: 1–5. <https://journals.sagepub.com/doi/pdf/10.1177/2158244014564936>

In order to find out how to evaluate whether the customs authorities properly perform their functions and operate with sufficient effectiveness, it is necessary to study concepts such as administration, good governance, work organization, processes, administrative capacity, and effectiveness of the public administration.⁴⁴

The term that is widely used today to describe the quality of work of a company, institution or organization is “governance”. Governance has become a peculiar modern reality that affects not only the country’s position in rating tables and indices, but also the competitiveness of each company in the market and the operation of public administration organizations. Although there are many explanations and interpretations of the concept of governance in the world, the essence of this contradictory and multifaceted concept is very simple – for each individual and organization to perform their duties well and qualitatively.⁴⁵ Theories and concepts related to the word “governance” are becoming increasingly important for public administration scientists.

The functions delegated by the state may be fully and qualitatively performed by the institutions provided there is an appropriate work organization. Work organization is a governance issue that begins with strategic planning and ends with performance measurement. Proper organization of work is one of the preconditions for the effectiveness of governance, while public administration institutions will be as efficient as the capacity they have. Performance is considered as the governance capacity of an organization, as a special ability of a company, person or organization to perform certain functions in a high-quality, timely and efficient manner. WCO capacity building is defined as activities that strengthen individuals’ knowledge, abilities, skills and behaviours and improve institutional structures and processes so that the organization can effectively achieve its mission and goals in a sustainable manner. Strengthening customs capacity is directly linked to the modernization of customs (which essentially means a

⁴⁴ Ibid, p. 39

⁴⁵ Labas pārvaldības rokasgrāmata. Latvijas Darba devēju konfederācija. 2010. 3. lpp.

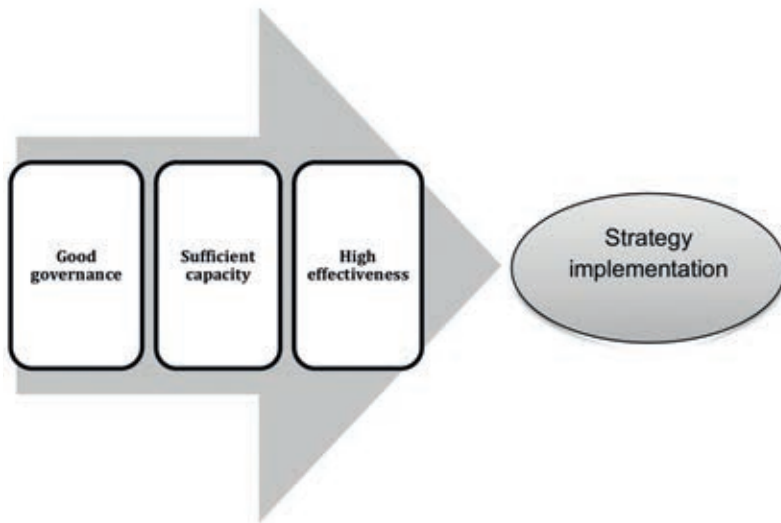


Fig. 3.1. Preconditions for the effectiveness of organizations (developed by the author).

strategy to improve the effectiveness, efficiency, transparency and predictability of the administration so that it better meets present requirements). Thus, customs modernization is an idea and a goal, while capacity building is a means or an action.⁴⁶

In order to ensure that the performance corresponds to certain indicators, the necessary changes must be measured and evaluated. The issue of organizational productivity and effectiveness is a logical continuation of the research. At the beginning of the capacity building process there should be a definition of functions, planning, strategy development, followed by improvement of the organization's work, while the usefulness of the measures taken can be judged only by properly organizing the evaluation system.

As can be seen in Fig. 3.1, the implementation of the strategy is possible in an organization with good governance, the necessary capacity to perform functions and tasks in all aspects, which allows to operate with high effectiveness.

⁴⁶ The WCO Capacity Building Development Compendium. "A Columbus programme phase 2 Implementation tool". <http://wcoomdpublications.org/capacity-building/capacity-building.html>

Public administration has traditionally been based on ensuring effectiveness in the work of public institutions in order to achieve goals related to the provision of public goods and services. Thus, effectiveness finds a permanent place in public administration research and government work. Performance measurement is always related to the organization's mission and activities, as well as the environment in which it operates.⁴⁷ There are several definitions of the term "effectiveness", which are discussed in more detail in the promotional work. Summarizing the definitions discussed in this work, it can be concluded that a system can be called effective if in the specific state, level or degree of operation it shows the best results in performing its functions while respecting the need to use the allocated resources efficiently and sensibly. On the other hand, when studying the effectiveness of public administration institutions, it should be taken into consideration that the understanding of the implementation of functions is difficult to measure and it is variable, while it would not be right to expect a permanent reduction in costs in today's context of increasing complexity of functions and related problems.

The research concludes that effectiveness is the result of purposeful work, which is based on the development and implementation of a strategy – a set of planned and justified activities that will allow the organization to work for a long time and successfully. The strategy includes all the essential activities of the company, indicating the directions of the company's activities and the purpose of existence, as well as stimulating the necessary changes, which are determined by the operating environment.⁴⁸ The strategy must not only be developed, it must also be implemented. Various models of strategic management are mentioned and described in the literature. Mostly they are similar, several elements and their place in the management process differ.

⁴⁷ Azhar Manzoor. A Look at Efficiency in Public Administration: Past and Future. SAGE Open, October–December 2014: 1–5. <https://journals.sagepub.com/doi/pdf/10.1177/2158244014564936>

⁴⁸ Stratēģiskā vadīšana. A. Dziedona redakcijā. Birznieka SIA „Kamene”, 1998., 15. lpp.

Effective public governance in the broadest sense of the principle is flexible and responds in time to political demand by providing transparent services with low administrative costs, recognizing the needs of the target group and ensuring the maximum possible principle of equity. Thus, effectiveness is the degree to which the system (public administration) or its components achieve the desired result (perform their functions) in comparison with the consumption of resources.⁴⁹ Effectiveness in public administration means that employees are focused on achieving results and developing public administration policies and providing services where the greatest possible benefit to the national economy and population could be achieved with the least possible resources. The professionalism of employed persons is reflected in the ability to reduce administrative burdens by offering solutions to simplify procedures, reduce costs and move towards higher productivity in the public sector.⁵⁰

Many authors have proposed definitions of performance measurement. For example, Poister points out that performance measurement is a method of identifying, monitoring, and regularly using a variety of objective indicators of an organization's operations and programs. Lindblad considered performance measurement as information on the achievement of objectives. Ferreira and Otley treated it as a mechanism for evaluating the performance of people, the team and the overall organization. Muller saw performance measurement as a method for evaluating the effectiveness, efficiency and impact of the program. Carman argued that performance

⁴⁹ Valsts pārvaldes politikas attīstības pamatnostādnes 2014.–2020. gadam. https://ilgtspejigaattistiba.saeima.lv/attachments/article/702/MKPamn_valsts_parvalde_231014.2799.pdf

⁵⁰ Efektīva, atbildīga un elastīga Latvijas valsts pārvalde. Priekšlikumi diskusijai par valsts pārvaldes reformām 2016. <https://tai.mk.gov.lv/img/74f16a08-3d5a-46f4-a4c5-f2ce410fb1ed.pdf>

measurement is a systematic study of program outcomes, investments, and threats.⁵¹

As Robert Behn points out, it is a major challenge to assess the government's performance. Too often it is impossible to measure what is actually sought. Sometimes it is possible to get quite close to what we really want, but rarely are we able to measure exactly what we want. And if we cannot measure what we really want, how do we get it? Usually what we really want is an outcome, but all we can actually measure is an output. Often, we cannot measure what we want, and so we measure something that (we hope) is close to what we want. And what is being done is something that (again, we hope) is close to what we really want.⁵²

Research shows that investment and performance indicators are most commonly used in evaluation, but productivity indicators and quality measurements are still rarely used. The lower the number of performance indicators, the more difficult it is to obtain an accurate assessment of performance. The number of parameters / indicators / criteria is important in the evaluation, as well as whether the indicators have been developed for all the tasks to be performed.⁵³ State policy often has many and sometimes contradictory goals.

Measurement initiatives are often developed without knowledge of the organization's critical success factors and without an understanding of how to assess the consequences of an event. In order to evaluate the results measurement system well, it must be established that the institution has knowledge of critical success factors at all levels, a balanced scorecard is implemented, and key performance indicators (KPIs) are monitored regularly and

⁵¹ Performance Measurement and Management in Non-Governmental Organizations. Mohammed Abo Ramadan, Elio Borgonovi. https://pdfs.semanticscholar.org/1e16/20635939099dce3c971a2cc3d1baba971418.pdf?_ga=2.182292129.742796451.1587400289-1794151784.1587400289

⁵² What to Measure? Robert D. Behn. <https://www.governing.com/columns/mgmt-insights/What-to-Measure.html>

⁵³ The Performance Paradox in the Public Sector. S. van Thiel, F. L. Leeuw. <https://repub.eur.nl/pub/1577/>

according to the level of responsibility.⁵⁴ Key performance indicators are those that focus on the aspects of the organization's performance which are most critical to the organization's current and future success.⁵⁵

Most performance measurement authors of public agencies agree that performance measurement is dominated by three variables.

- Economy: it is a focus on costs that are relatively easy to measure, but which do not show how well the public program achieves its objectives.
- Efficiency: this is usually determined by comparing the result with the investment. Economists commonly refer to this as technical efficiency or cost-effectiveness.
- Effectiveness: this is quite complex as it relates to the social objectives of the program. This value should show how well the program achieves these objectives.⁵⁶

Performance measurement systems in the public sector require the development of a specific framework, the identification of specific measurement features, types and characteristics, in order for the system to be suitable for effective use by the public and non-profit organizations.

Summarizing the issues studied in this part, the author concludes that public administration is a special area of society and its work organization, good governance, institutional capacity, efficiency and effectiveness depend on a variety of conditions. The customs authorities must not be seen in isolation from the public administration as a whole. When promoting the overall effectiveness of public administration by increasing the total capacity, the customs authorities will also benefit. The next step is to improve the operation of the authorities, taking into consideration the specifics

⁵⁴ Key Performance Indicators for Government and Non-profit Agencies: Implementing Winning KPIs Kindle Edition. by David Parmenter 2012. https://media.wiley.com/product_data/excerpt/44/04709445/0470944544-97.pdf

⁵⁵ Transforming your enterprise through ascertaining your critical success factors & associated KPIs. <https://kpi.davidparmenter.com/>

⁵⁶ Measuring the Performance of Public Services. Principles and Practice. Michael Pidd. Cambridge University Press, 2012, p. 25

of the field. Based on the general findings on public administration capacity building, strategic planning and management, as well as performance measurement, it is necessary to find out what is effective customs, how to evaluate the implementation of its functions, what results, indicators and criteria to use for the basis of the evaluation, how to develop the system of elements mentioned above.

4. EFFECTIVENESS OF CUSTOMS PERFORMANCE, POSSIBILITIES FOR ITS EVALUATION

Part 4 of the promotional work consists of four chapters; it includes 3 figures, 10 tables, 6 formulas.

The term “performance measurement” usually refers to a continuous collection of data from specific functional areas. This means a continuous process of monitoring and reporting by the customs administration on the achievement of its organizational objectives. The purpose of performance measurement is to help make decisions and understand progress towards the implementation of the strategic plan and action plan. Strategic plans and action plans usually have related objectives. One of the most difficult tasks for managers is to set indicators that show progress towards goals. Studies show that even countries that have been using this approach for many years continue to struggle with measurement issues to determine the achievement of objectives. This applies in particular to the outcome of customs work.⁵⁷

Over time, based on the analysis of the organization and results of customs work, customs experts and researchers have studied the factors that could indicate efficient operation of customs services, the level of performance of functions and tasks that allow to appreciate the results of the service. The most important are: development of customs infrastructure, improvement of customs control organization and equipment, improvement of qualification of customs officers, improvement of customs clearance, improvement of tariff and non-tariff regulation system, automation of customs document control. Whereas, the following factors indicate inefficient customs: customs regulations are too complex, information on customs regulations, administrative guidelines and decisions is lacking, customs authorities are unable to protect intellectual

⁵⁷ The WCO Capacity Building Development Compendium. A Columbus programme phase 2 Implementation tool. Organizational Performance Measurement. http://wcoomdpublishations.org/downloadable/download/sample/sample_id/130/

property rights at borders, customs procedures are not coordinated with those of partner countries, there are problems with appealing customs decisions, temporary admission, classification and evaluation of goods.⁵⁸

There are several approaches to evaluating an organization's performance. WCO member states choose approaches based on setting organizational goals and on a regular basis monitoring their achievement:

1. Evaluation of implementation
2. Evaluation of outcomes
3. Impact assessment
4. Cost-benefit assessment⁵⁹

There are authors who believe that customs performance and processes should be evaluated according to the following elements:

- effectiveness of customs policy;
- effectiveness of customs administration;
- effectiveness of the administrative management potential of the customs authorities;
- effectiveness of the use of customs information resources;
- effectiveness of the use of the material and technical base at the disposal of customs;
- effectiveness of the human factor in customs.⁶⁰

According to Fig. 4.1, it can be concluded that when evaluating the effectiveness of public administration in the field of customs, it is necessary to be clearly aware of the purpose, level and subject of the evaluation.

⁵⁸ The Economic Impact of Trade Facilitation. Michael Engman. <http://tradefacilitation.free.fr/download/Trade%20Facilitation/The%20Economic%20Impact%20of%20Trade%20Facilitation%20OECD%202006.pdf>

⁵⁹ The WCO Capacity Building Development Compendium. A Columbus programme phase 2 Implementation tool. Organizational Performance Measurement. http://wcoomdpublishings.org/downloadable/download/sample/sample_id/130/

⁶⁰ Барышникова Е. Ю. Факторы эффективности в управлении таможенным делом. http://morvesti.ru/archive/tdr/element.php?IBLOCK_ID=66&SECTION_ID=1389&ELEMENT_ID=4763



Fig. 4.1. Various possibilities for assessing the effectiveness of public administration in the field of customs (developed by the author).

Depending on the chosen objective, a specific aspect of effectiveness, scope of customs work, use of staff and resources can be measured.

Formulating the basic problem in the evaluation of customs performance indicators, the author concludes that it is difficult to do it today, because there is no common opinion on the evaluation of customs work and processes, the criteria and indicators used do not reflect the results of customs performance objectively. It is necessary to determine the categories of customs work results, to formulate the work objectives of the customs authorities, to create indicators that would adequately reflect the results of customs performance.

When creating a customs performance measurement system, it must be possible to evaluate it from various aspects: administrative effectiveness; functional, technical, financial, operational efficiency, etc. When assessing the effectiveness of the customs service, the

specifics of public administration, customs tasks and functions, internal and external environmental conditions, current priorities must be taken into consideration. It is possible and necessary to evaluate the results of customs work using different methodologies in relation to different levels of structural units, different tasks, processes and functions.

Some benchmarks are needed to measure and evaluate the results of certain activities and processes. Processes are implemented and activities are performed to implement certain functions and tasks. In theory and practice we can find several notations for the indicators that are used for evaluation – indicators, criteria, factors. Each of them can be used in a different way. The indicator is the most comprehensive of the notations of the elements used in the analysis and evaluation. It is a detailed quantitative and / or qualitative descriptor that describes what the organization is doing or has done.⁶¹

Taking into consideration the objectives, functions and tasks of the customs authorities, as well as the operating conditions, environment and scale, the results may be classified in accordance with the criteria specified in Table 4.1. This allows for a better understanding and evaluation of the results of customs performance.

Summarizing the collected information on indicators that can be classified and used in various ways, it is necessary to precisely mark the role and place of each evaluation element in the evaluation process (see Fig. 4.2). The author believes that the elements included in Fig. 4.2, when creating the system of evaluation of the results of customs performance, cannot be considered as synonyms because each one can be used differently. Indicators can be used to measure any results, figures, facts and circumstances related to customs performance; indicators show changes, development trends, criteria will be used to evaluate the work, but factors allow to refine the evaluation results, taking into consideration the internal and external environment.

⁶¹ The WCO Capacity Building Development Compendium. A Columbus programme phase 2 Implementation tool. Organizational Performance Measurement. http://wcoomdpublishings.org/downloadable/download/sample/sample_id/130/

Table 4.1

Possible classification of customs performance results (indicators) (developed by the author)

Customs performance indicators			
Type	Level	Term	Compliance
<ul style="list-style-type: none"> • Macro effects • Policies • Activities 	<ul style="list-style-type: none"> • Management • Territorial • Operational 	<ul style="list-style-type: none"> • Short-term • Medium term • Long-term 	<ul style="list-style-type: none"> • For evaluation purposes • For function • For the task • For the quality requirements • For the purpose of change • For investment • For benefit

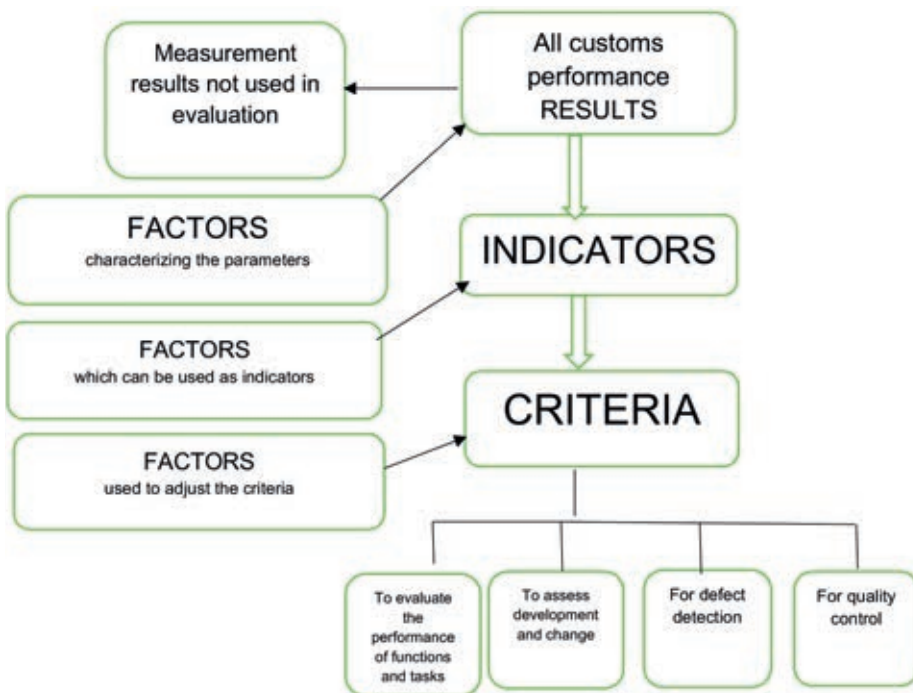


Fig. 4.2. System of parameters, indicators, factors and criteria for evaluation of work and processes (developed by the author – novelty).

Indicators are the basis of the evaluation process, which can also become evaluation criteria according to a certain methodology. An indicator can be defined as a parameter or value that provides information about a phenomenon. Indicators are usually developed for a specific purpose. Their task is to accurately describe the situation and provide information to the decision maker.

Each individual indicator must be clearly defined, measurable, and objective so that it can accurately and reliably assess the performance of functions, the impact of the external environment, trends, progress, effectiveness of activities, identify gaps, inform the public, communicate and cooperate.

Good indicators are:

- appropriate because they reveal the tasks and competences of the institution;
- useful, as they allow the activity to be assessed;
- completely safe;
- verifiable because they are easy to calculate;
- repeatable.⁶²

Indicators can also be assessed as general and priority according to the customs functions, tasks and activities to be performed. If a periodic change in the priorities of the institution's functions and tasks is allowed, then it is important to be able to predict how the change in the priorities of the indicators affects the overall assessment of the institution's performance.

Factors or conditions may indicate a particular state of the system and the presence of contributing or interfering elements. In customs matters, they play a very important role: if there are elements in the customs system such as a risk analysis system, an anti-corruption program, a post-clearance audit system, maximum use of information technology, this indicates a good work organization that should produce good results fostering customs performance. At the same time, they can also be used as criteria for evaluating customs work and processes; here you can also search for indicators necessary for evaluating work, establishing results, comparing and forecasting.

⁶² Ilgtspējīgas attīstības principi un indikatori pašvaldībās. <http://www.bla21f.net/projects/sail/latvia/bs4.pdf>

Table 4.2

Possible classification of indicators in customs matters
(table created by the author)

Indicators				
Origin	Structure	Level of complexity	Type of effectiveness	Purpose of use
<ul style="list-style-type: none"> • Measured • Detected • Calculated • Forecasted 	<ul style="list-style-type: none"> • According to the function • According to the task • According to the operation • Quantitative • Qualitative • Analytical 	<ul style="list-style-type: none"> • Simple • Complex • Initial indicators • Intermediate indicators 	<ul style="list-style-type: none"> • Economic • Financial • Functional • Governance • Technical • Quantitative • Qualitative 	<ul style="list-style-type: none"> • Problem identification • Fixing preconditions • Evaluating the results of change • Determining the level of performance of functions and tasks

Without an environmental impact assessment, measurement of the results will not be accurate and may lead to the choice of the wrong criteria. The most important variables within the governance are goals, tasks, structure, technology and personnel. The most important variables of the external environment are the political process, the state of the economy, scientific and technical progress, socio-cultural changes, the impact of group interests.⁶³

Factors that affect customs work can be classified according to their origin and influence (see Fig. 4.3).

According to the definitions developed by specialists, a **criterion** is a determining, important indicator, according to which something is evaluated, defined, classified. Defining criteria promotes the study of a phenomenon, they are inferred from the subject, the ideal model of the process, which in turn is the result of scientific research of the phenomenon of this subject. Also, when studying the origin of

⁶³ Н. А.Баранов. Теория и методология анализа эффективности политико-административного управления. http://nicbar.ru/adm_sist_lekzia3.htm

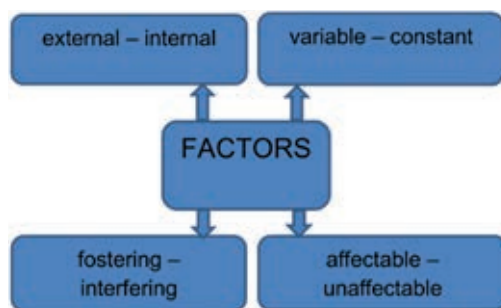


Fig. 4.3. Factors influencing the results of customs performance (developed by the author – novelty).

this concept, it is concluded that it means a feature (or one of several features) according to the existence or degree of which something is evaluated, determined, classified or qualified; gauge.⁶⁴

Indicators, criteria and factors will be different in each research area, process or system. There will also be differences in their size, the proportion between internal and external indicators, their accuracy and the methods of calculation, determination or reading. The methods and possibilities of their evaluation and use differ.

Today, there are various concepts regarding the choice of criteria for the evaluation of customs work and processes. The evaluation criteria are most often referred to as indicators in foreign literature and methodologies, but this does not change the essence of the case because, as indicated above, certain indicators can be used as criteria. Within the framework of the existing concepts, different groups of indicators are used, setting different priorities and assigning different importance to the internal environment and external conditions of customs work, factors influencing customs performance, the role and importance of indicators. Indicators are related to the implementation of customs functions and tasks, various aspects of effectiveness, quality management requirements.

⁶⁴ Letonika.lv. Autoru kolektīvs Valentīnas Skujiņas vadībā: Inārs Beļickis, Dainuvīte Blūma, Tatjana Koķe, Dace Markus, Arvils Šalme; Zvaigzne ABC, 2000; © Tilde, 2009

Table 4.3

**Possible criteria for evaluating customs activity
in the field of combating illicit drug trafficking**
(developed by the author)

Factors / Indicators / Evaluation criteria		
Factors (Preconditions for a successful fight against drugs)	Indicators (Results of customs performance)	Evaluation criteria
<ul style="list-style-type: none"> • funding allocated to customs • number of employees involved • available technical equipment • existence of a canine service / level of organization • organized cooperation in this field with other state organizations • public support for the customs service 	<ul style="list-style-type: none"> • number of customs inspections carried out (in the field of drugs) • number of inspections performed by the canine service • number of cases of use of technical means • initiated criminal proceedings • number of joint actions with other institutions 	<ul style="list-style-type: none"> • drug seizure cases and total weight • number of persons detained in connection with illicit movement of drugs • violations detected as a result of cooperation measures • decisions taken as a result of administrative proceedings regarding the application of a penalty • decisions taken as a result of administrative record keeping regarding the termination of record keeping

In order to arrive at the evaluation criteria, it is necessary to study all types of indicators, including those that indicate effective work, those that indicate unused potential, and those that indicate deficiencies in work or significant external conditions.

Criteria and indicators for the evaluation of customs performance and processes can be found in national strategies, operational programs and plans, regional and international programs, guidelines of international organizations, business interests, public needs, customs authorities' reports on their work, modernization project descriptions, quality management regulations, various diagnostics results, survey results, special methodologies.

As part of the EU Customs Performance Review project⁶⁵, the baseline indicators reported by Member States on a quarterly basis were:

- completed import and export declarations;
- electronically entered declarations;
- documentary and physical control measures taken;
- simplified procedures.

At the national level, the criteria for assessing customs effectiveness are most often grouped according to the main directions of customs performance.

The promotional work compares the customs in the Baltic region (Estonia, Lithuania and Latvia) and their approach to the selection and application of customs evaluation criteria (see Table 4.4).

Table 4.4

**Criteria used in the evaluation of customs performance
in the Baltic States** (developed by the author)

State	Directions of action / objectives / functions	Criteria selected for evaluation
Estonia ⁶⁶	<p>The main goals and sub-goals of the service:</p> <ul style="list-style-type: none"> • providing simple and convenient services to taxpayers: <ul style="list-style-type: none"> ◦ business support ◦ creation of a modern service ◦ creating a good climate for international trade • to ensure the implementation of tax and customs matters in business in an environment of equal competition: <ul style="list-style-type: none"> ◦ to improve cooperation in order to increase compliance with tax procedures ◦ to increase fair competition in business 	<p>In the general context of the institution:</p> <ul style="list-style-type: none"> • country rating according to the Doing Business index • changes in value added compared to the same period of the previous year • logistics performance index • the ratio of the estimated tax losses of the ETCB to the declared tax liabilities • the share of the shadow economy in tax revenues

⁶⁵ The Measurement of Results Project. Since 2002, information on the performance of EU Member States in the field of customs is being collected.

⁶⁶ Estonian Tax and Customs Board Strategic Development Plan 2017–2020. http://www.emta.ee/sites/default/files/contacts-about-ETCB/structure-tasks-strategy/emta_eng.pdf

**Criteria used in the evaluation of customs performance
in the Baltic States (developed by the author)**

Lithuania ⁶⁷	<p>Strategic goals:</p> <ul style="list-style-type: none"> • customer support in performing customs formalities properly and conveniently • enhancing the fight against illegal international trade, crime, threats to national and international security • expanding institutional competences 	<ul style="list-style-type: none"> • Implementation of projects identified in the work program of the Union Customs Code • trust in Lithuanian customs • the percentage of illegal tobacco in relation to the total Lithuanian market share • increasing motivation of employees to work in Lithuanian customs
Latvia	<p>SRS strategic goals⁶⁸:</p> <ul style="list-style-type: none"> • fair competitive environment and reduction of the shadow economy in the SRS area of influence • a high level of public safety and security, preventing the import of goods and substances dangerous to humans and the environment into Latvia • strong taxpayer culture in society • open and proactive cooperation with public, non-governmental and private sector partners • fast, convenient and understandable SRS services for the client • image corresponding to SRS values and strong reputation in the society • open, responsible and trust-based SRS organizational culture • clear and predictable remuneration and motivation system, qualification improvement based on operational priorities • professional, cooperative, honest, responsible and loyal employees • maximally optimized internal processes • effective management of priorities and projects • green thinking in the efficient use of funds allocated by the SRS. 	<ul style="list-style-type: none"> • the excise duty gap on cigarettes in the previous year • the proportion of criminal proceedings for initiation of criminal prosecution returned from the Prosecutor's Office to the SRS • proportion of serious and particularly serious criminal offenses out of all criminal proceedings sent for prosecution • effectiveness of customs physical controls • satisfaction of industry associations, clients, SRS employees with the work organization of the SRS • the proportion of substantiated corruption incidents out of all corruption incidents received • the amount of revenue collected per employee • implemented projects

⁶⁷ Business strategy of the lithuanian customs for 2016–2020. <https://www.lrmuitine.lt/web/guest/veikla/planavimodokumentai/strategija#en>

⁶⁸ VID darbības un attīstības stratēģija 2017.–2019. gadam. https://www.vid.gov.lv/sites/default/files/vid_darbibas_un_attistibas_strategija_2017-2019_1310.pdf

The researchers point out that the evaluation of customs performance can be described as follows:

1. A tool for assessing progress by providing historical, local and social information in the context of modernization. It is an opportunity to announce the success of the reform to the funded persons, experts and officials.
2. A way to reduce information asymmetries between decision-makers (such as customs managers) and reform officials. Evaluations allow an objective examination of whether reforms have remained at the political level or are actually being implemented.
3. A way to enable administrations to negotiate with the private sector, identifying who is responsible for delays and costs, by providing a tool for dialogue on what to do together in a given reality.
4. A prerequisite for testing new procedures and technologies before they are applied to the whole administration.⁶⁹

The evaluation system of customs performance and processes depends on the structure and place of the customs authorities in the public administration system. The strategic management of any institution begins with planning. All strategic management efforts use a substantially similar approach to planning when an organization wants to achieve a specific goal within a set timeframe.⁷⁰

As shown in Table 4.5, the type of customs authorities and planning documents differ from country to country. Although the problems of customs matters are similar all over the world, the theoretical concepts of public administration are well-known, there are not many options for the choice of evaluation elements;

⁶⁹ Ireland, R., Cantens, T., and Yasui, T. 2011, An Overview of Performance Measurement in Customs Administrations: WCO Research Paper No. 13, WCO: Brussels. http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/13_performance_measurement_2011.pdf?la=en

⁷⁰ Introducing public administration / Jay M. Shafritz, E. W. Russell, Christopher P. Borick. New York: Pearson/Longman, 2009, p. 364

but although there should be a close link between planning and evaluation, the process is actually different in all countries.

Table 4.5

Customs work planning in different countries

(developed by the author according to publicly available information)

State	Type / structure of service	Most recent planning document*
United States	Customs and Border Protection Service	Vision and Strategy 2020
Russia	Federal Customs Service	Development strategy of the Federal Customs Service until 2020 Federal Customs Service Action Plan (2013–2018) Annual public declaration of goals and objectives
Latvia	State Revenue Service (VID)	SRS operation and development strategy for 2017–2019 Strategy map for 2017–2019 Work plan of the State Revenue Service for 2019
Lithuania	Customs Department	Customs Strategy (2016–2020)
Estonia	Tax and Customs Board	Strategic Development Plan (2017–2020)
Poland	Customs Service	Customs Service Strategy (2014–2020)
Republic of South Africa	Revenue Service	Revenue Service Strategic Plan (2016/17–2020/21)
Australia	Customs and Border Protection Service (since 01/07/2015 – Australian Border Force)	Strategy 2020

When assessing the effectiveness of a customs service, certain easily perceptible, significant indicators, such as the time required for cargo handling, are most often used as criteria. Given that, from the importer's point of view, the entire period during which the consignment is not available to the owner has an impact on the transaction costs, the time between the arrival of the consignment at the border crossing point and its complete physical release must be calculated. Thus, the *effectiveness of all involved persons is measured* – checkpoint staff, warehouse management, controlling authorities, brokers, banking sector, etc. *This effectiveness indicator can be supplemented by other indicators* – the amount of duties collected and the number of declarations processed at the customs office. These indicators can be supplemented by data obtained from interviews with border crossers, though they cannot be considered absolutely objective. The time spent on border control also depends on various adjacent factors: the nature and characteristics of the goods to be moved, the organizations involved in the control, the country of origin of the goods, the degree of risk identified, the value of the goods, the border crossing point (land border, port or airport); the method of submitting the declaration (electronically or on paper), type and methods of control, etc.⁷¹

Effective border procedures could reduce trade costs for businesses and thus attract foreign direct investment. Customs-related indicators are used in a number of trade facilitation studies:

- World Bank research (Doing Business Trading across borders) and business surveys,
- OECD Trade Facilitation Indicators (TFIs),
- UN Global Survey on Trade Facilitation and the Implementation of Paperless Trade,
- World Bank International Logistics Performance Index (WII),
- World Economic Forum, Report on Global Trade Developments.⁷²

Various measurements on customs and other border control issues in different countries are published regularly (Logistic

⁷¹ Ibid. p. 26

⁷² Indicators for Trade Facilitation: A Handbook. http://tfig.unece.org/pdf_files/Indicators-for-Trade-Facilitation-ESCAP-OECD-Handbook.pdf

Performance Index, Enabling Trade Index, Doing Business Rank, Global Competitiveness Index, World Competitiveness Ranking). In addition, the Global Express Associate published a “Customs Performance Report” for 137 countries. Most of these reports do not always accurately reflect reality. There are concerns about the methodology used for the use of various indicators. The OECD’s trade facilitation indicators aimed to measure border crossing procedures in 11 dimensions using 98 indicators. The World Bank’s Customs Assessment Trade Toolkit (catt) measures 130 customs indicators in seven dimensions. The IADB’s Customs Performance Measurement Indicator contains 13 strategic indicators and 35 performance indicators.⁷³

Looking at the basics and practical aspects of customs effectiveness theory, we face a number of problems today, such as the lack of a scientific and methodological approach to solving and researching customs effectiveness issues; the theories are too abstract and vague. Nevertheless, in practice, there are a variety of approaches and methods for evaluating customs performance in order to compare performance against the functions and tasks to be performed, objectives set, investments, historical periods and other benchmarks.

The aim of the system called **COEI** (customs operational effectiveness index⁷⁴) is to determine the real efficiency and effectiveness of customs operations on the basis of various indicators, providing an objective and verifiable analysis of customs systems.⁷⁵ It is considered that the application of this system and methodology is independent of the subject matter of the research and can therefore be applied to the analysis of customs systems in any country, providing the necessary data and analysis for the country under investigation. The analysis uses the main variable – market size, given that all customs systems have to respond to their market needs and requirements, but they are not able to significantly

⁷³ WCO Research Paper No. 31. Customs Environment Scan 2014.

http://www.wcoomd.org/en/topics/research/activities-and-programmes/~/_/media/57364A26496A4C34A2B9604F3156C595.ashx

⁷⁴ Effectiveness index of customs operations

⁷⁵ Unpublished materials of WCO

influence the fluctuations of foreign trade in the country, rather market pressures directly affect customs requirements. Additional variables are the number of customs control points, the agencies or institutions involved in the first level of control, the number of stages of customs clearance procedures, staff, etc. are taken into consideration, given that the effectiveness of customs systems will be reflected in their functioning under certain variables.

The shortcomings of the system:

- not all of the important elements are tested;
- the work of individual structural units is not evaluated;
- the methodology is not focused on the control of the performance of all customs functions;
- general utility is often detrimental to the specificity and depth of the measurement;
- it does not allow drawing conclusions regarding the effectiveness of the operation of the customs system.

In production, effectiveness can be calculated mathematically by comparing the resources invested with the result obtained. To some extent, such a method can also be used to measure customs performance, but it applies to certain elements and aspects. For example, the effectiveness of customs authorities could be calculated by determining the relationship between the customs duties actually collected by a particular customs office and the actual number of employees at that customs office. Russian customs experts have developed a series of mathematical formulas, which are used to develop the calculations, leading to the determination of many other important indicators and factors of customs performance by the mathematical method.⁷⁶

The notional efficiency (C_n) of a customs office can be calculated as follows:

$$C_n = \frac{FP_n^t + R_n}{P_t}, \quad (4.1)$$

⁷⁶ Теория и методология таможенного дела. Сборник научных трудов. Проблемы совершенствования организации и деятельности таможенной службы. 1999. Москва: РИО РТА, с. 343

where

$t = 1, \dots, T$;

R_n – total value of confiscated goods;

P_t – the average amount of state budget revenue provided by the specified category of customs authorities, which in turn is calculated as follows:

$$P_t = \frac{\sum_{j=1}^{K_t} FP_j^t}{K_t}, \quad (4.2)$$

where K_t is the number of customs authorities belonging to the category t ; and FP_j^t is the amount of actual customs duties.

The absolute efficiency of the n th customs office can be calculated according to the following formula:

$$C_n^{abs} = \frac{S_n}{n_n^f}, \quad (4.3)$$

which is the ratio between the customs duties actually collected by the n th customs authority (S_n) and the actual number of employees of the n th customs office.

Evaluating the described mathematical model, it can be positively assessed that:

- this method has a high degree of calculation accuracy;
- important elements of customs matters have not been overlooked;
- the calculations are as close as possible to the real conditions;
- the conditional effectiveness of the customs authority is separated from the absolute.

The disadvantages are:

- it is not possible to take into consideration all the factors affecting customs operations;
- the calculations are not directly related to all customs functions;
- no goal is set to measure the degree of realization of customs functions;
- measurements are linked to one (n th) customs office.

Given the wide range of functions performed by customs authorities, it is believed that the evaluation of the effectiveness of customs operations should be carried out using an integral indicator, taking into consideration the results of the work in each of the listed directions.

5. CUSTOMS PERFORMANCE MEASUREMENT SYSTEM

Part 5 of the promotional work consists of two chapters; it includes 9 figures.

In order to improve the operation of the customs authorities, it is necessary to precisely identify customs functions and tasks, taking into consideration their priorities and interactions, to select the most appropriate criteria for evaluating the results of work, to analyse the impact of internal and external environmental conditions. The evaluation procedure must be included in the strategic management system of the customs authority, laying the foundations already in the institution's strategy. Evaluation should be regular and used to improve management.

In order to gain confidence in the compliance of the author's conclusions made during the research with practice, a focus group discussion was organized, the aim of which was to find out the opinion of the customs professionals, incl. public administration employees, persons involved in the customs business and academic staff related to the customs field, regarding the elements of customs matters that are important in the planning, organization and evaluation of the work of the customs authorities. The discussion participants were leading employees of the Latvian Customs, representatives of the business and academic environment who have been involved in customs matters in various aspects for many years. Issues discussed were related to:

- customs functions and tasks, their priorities and interactions;
- outcome of customs performance, indicators for evaluation;
- criteria for the evaluation of the work and processes of the customs authorities;
- impact of internal and external environmental conditions on the results of customs performance;
- planning, organization and evaluation of customs performance;
- strategic management of the customs authorities;
- improvement of the operation of the customs authorities.

In order to find out the opinion of a wider circle of customs professionals on the issues covered in this study, the author created a questionnaire targeted at customs-related public administration employees and those involved in customs business.

The author asked the respondents to evaluate various statements related to the planning, organization and evaluation of customs performance. Respondents had to express their opinion on modern customs functions, tasks of the customs authorities, organization of the work of the customs authorities and ability to perform the specified tasks.

Evaluating the results of the statistical analysis, the main conclusions are as follows:

- Of the 4 functions considered, the statistical function does not fit into the overall concept and should be assessed separately or considered as secondary.
- Priorities of customs functions may change. Customs tasks can be divided into groups and levels. Tasks may vary from country to country, especially in detail.
- Customs performance is hindered by a lack of resources.
- The hierarchy of problems to be solved follows from question 13:
 - lack of resources;
 - level of employees' qualification;
 - organizational structure, legal framework, cooperation (internal and external);
 - the country's international obligations and insufficient technical support.
- The indicators in question 18 can be used to assess the performance of the customs management system.

Evaluating the groups of questions, the author's opinion

- on the customs functions and their priorities was confirmed;
- on the tasks to be performed in order to implement the functions was confirmed;
- on the indicators of customs performance was partially confirmed;
- on the evaluation criteria was partially confirmed;
- on the factors affecting the customs performance was confirmed;

- on the main administrative elements affecting the customs performance was confirmed.

In order to ensure real and complete control of the situation in the field of assuring the effectiveness of the work of the institution, it is necessary to create **evaluation of customs process management and organization as a system – a set of methods and elements that allow to achieve certain goals or perform certain functions**, including:

- considering effectiveness evaluation as an element of strategic planning and organizing all processes accordingly;
- choosing evaluation methods for various purposes and consolidating them in normative-strategic documents;
- examining existing systems and processes according to the methods chosen to determine whether the illusion of effective customs is true.

By developing systemic evaluation solutions, it will be possible to measure both individual elements and the overall effectiveness, the effectiveness of the performance of individual tasks of the institution, and the degree of implementation of all defined functions. Overall effectiveness will always be difficult to display in precise figures, but it is a necessary measure to distance itself from the often-deceptive optimism of accurately measurable indicators, to compare different institutions and to use them in other management processes.

The above means that a system for evaluating the performance of the complex customs authorities must be established taking into consideration all the most important elements of customs matters (see Fig. 5.1). For the development of the customs process management and organization evaluation system, the author offers the following solutions:

- to start building the evaluation system from the bottom up according to the competence to measure and determine the contribution of each employee and structural unit to the overall effectiveness of the institution;
- to precisely determine the functions, the most characteristic tasks for their implementation and then to evaluate their performance, adjusting the outcome depending on the internal and external conditions;

- to name all types of effectiveness of the institution and then evaluate the degree of implementation of tasks depending on the type.

In Fig. 5.1, the emphasis is on determining the objective of evaluation, assigning priority, determining the level of evaluation. These are the first important steps in starting the evaluation process.

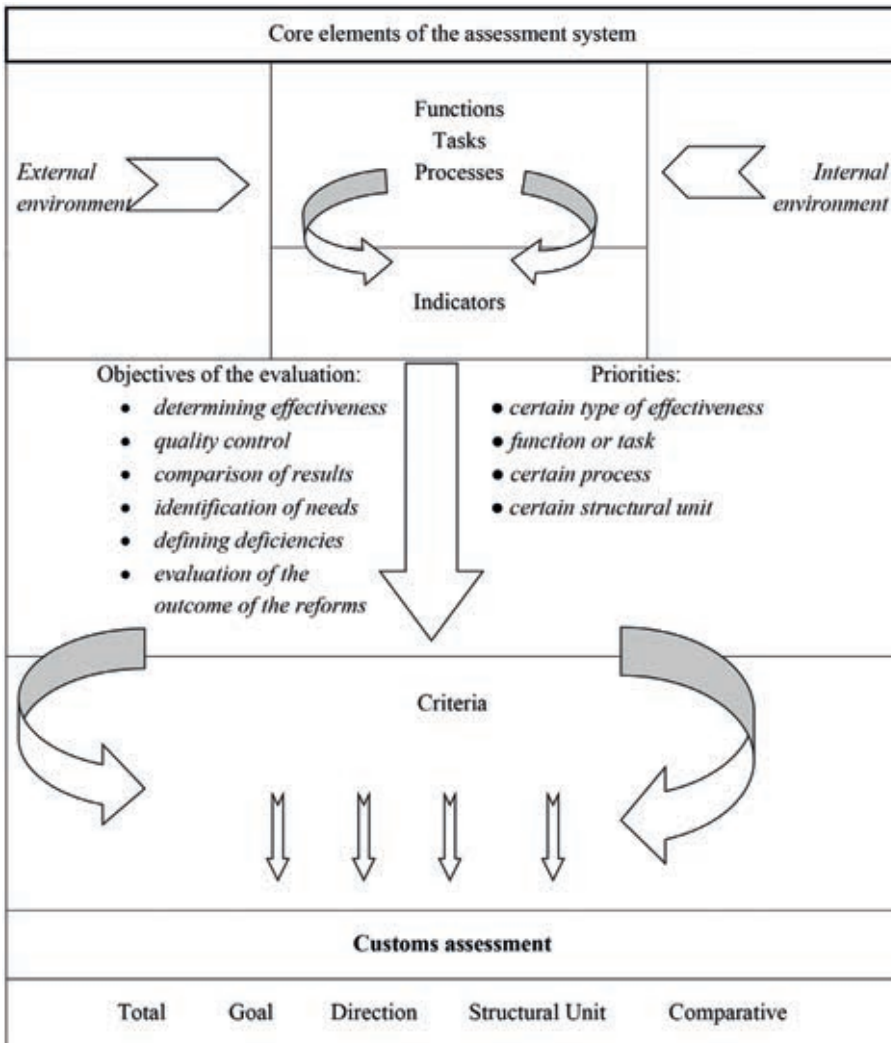


Fig. 5.1. Core elements of the evaluation system (developed by the author)

In order to use the indicators, factors and criteria identified above as elements of evaluation, they must first be linked to specific **evaluation objectives**.

Option 1 – the overall effectiveness of the customs authorities is assessed:

- the performance of all functions, tasks and processes should be evaluated;
- various aspects of effectiveness (administrative, financial, operational, etc.) should be evaluated;
- a peer review should be carried out.

Option 2 – the work of the customs authorities in the performance of its functions (one, several or all) is evaluated, i.e. assessing each function and taking into consideration:

- what results are perceived as indicators for performance measurement;
- how we use them so that they become criteria;
- what internal and external factors we take into consideration to adjust the evaluation outcome.

Option 3 – one activity direction is assessed – process management, quality, use of resources, use and maintenance of infrastructure and technical means; a narrower range of criteria and indicators should be chosen, which is in accordance with the specifics of the direction.

Option 4 – the outcomes of a strategy, plan, project, reform are evaluated – the objectives to be achieved must be already set in the plan or project; the conditions to be affected, the systems to be implemented, the shortcomings to be eliminated and the criteria for evaluating the results must be clearly indicated.

In order to stop at one generally applicable method for evaluating customs performance, the author recommends to set the determination of the overall / general effectiveness of the customs authorities as the main goal (see Fig. 5.2), because when implementing this goal it will not be possible to circumvent certain aspects or types of activities, not to pay attention to the results of the work of a structural unit, the quality of customs processes, conditions fostering or hindering effectiveness.

To develop this method, the following has to be done:

1. Provision shall be made for the overall effectiveness to be assessed by considering:

- functional efficiency,
 - management efficiency,
 - technical efficiency,
 - financial efficiency.
2. The determination of functional efficiency must be taken as a basis, because it is actually related to the realization of the objectives of the service in the interests of the state and society.

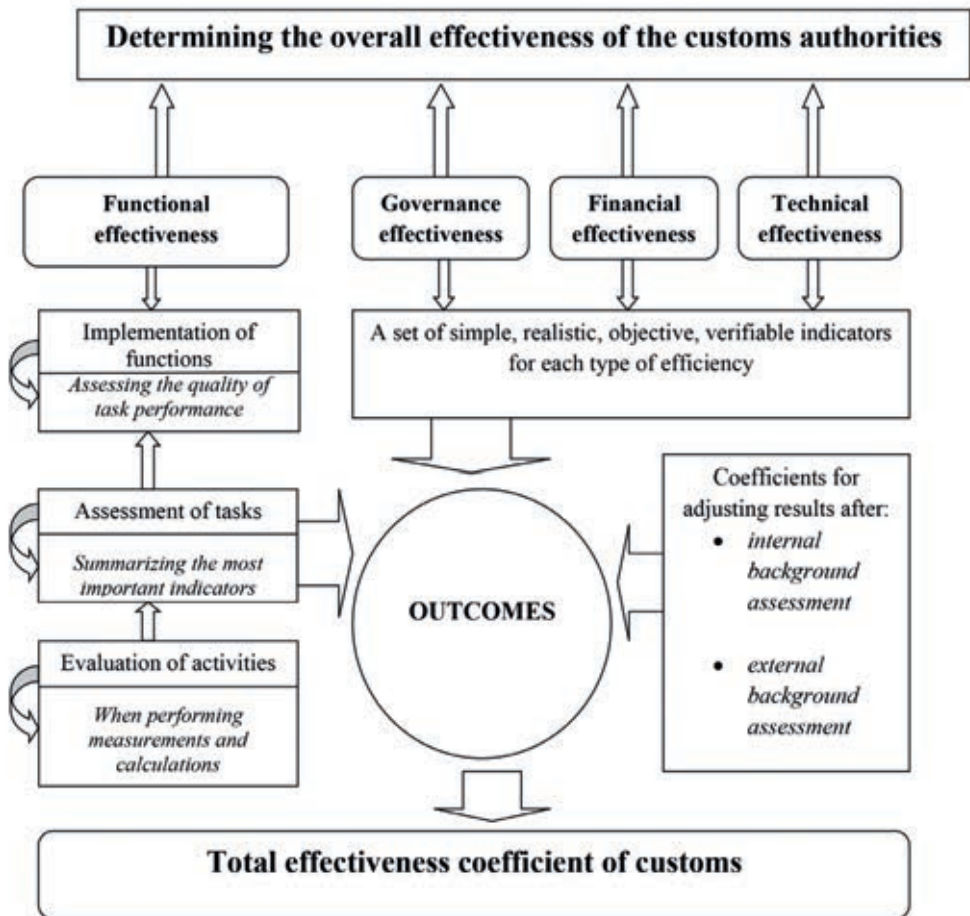


Fig. 5.2. Systemic solution for determining the effectiveness of the customs authorities (developed by the author).

3. The evaluation of other types of efficiency can be used as an additional indicator, because the administrative, technical and financial activities of the institution serve as support for the implementation of functions.
4. When evaluating functional efficiency, specific functions are evaluated:
 - protection,
 - promotion of legal trade,
 - fiscal,
 - statistical.
5. For each function:
 - the tasks and activities that will be evaluated are named;
 - measurable indicators must be defined for each task (activity);
 - evaluation criteria must be defined for each task;
 - a performance factor should be assigned on the basis of the evaluation criteria;
 - the coefficient must be adjusted to take into consideration the fostering and hindering conditions and the results of comparison with other values;
 - the extent to which the degree and quality of the performance of the tasks makes it possible to judge the achievement of the goals of the customs authorities, the contribution of each task to the implementation of the specific function must be assessed.
6. The results of the interaction of functions must be evaluated (one task can contribute to the implementation of several functions).
7. It should be possible to change the elements of the scheme in order to adapt the evaluation to narrower needs – by prioritizing a certain function, a modernization project, changes in the operation of customs, etc.

When evaluating the implementation of one function, the central issue is the effectiveness of performing a specific task or activity. Before applying this method, it is necessary to make sure that all the necessary tools for its implementation, which are shown in Fig. 5.1, have been identified and selected.

When developing a methodology for evaluating the performance of a service or institution, it is first necessary to select indicators from the exact outcomes of the work and to determine the **evaluation criteria**. Criteria for performance evaluation are developed methodologically using results and indicators. The simplest way to formulate a criterion is to ask – has the task been completed, has the goal been achieved, has the problem been eliminated, has a system been introduced?

This can be done if the specific task is sufficiently accurately formulated. If the set task is to protect the public from drugs, then

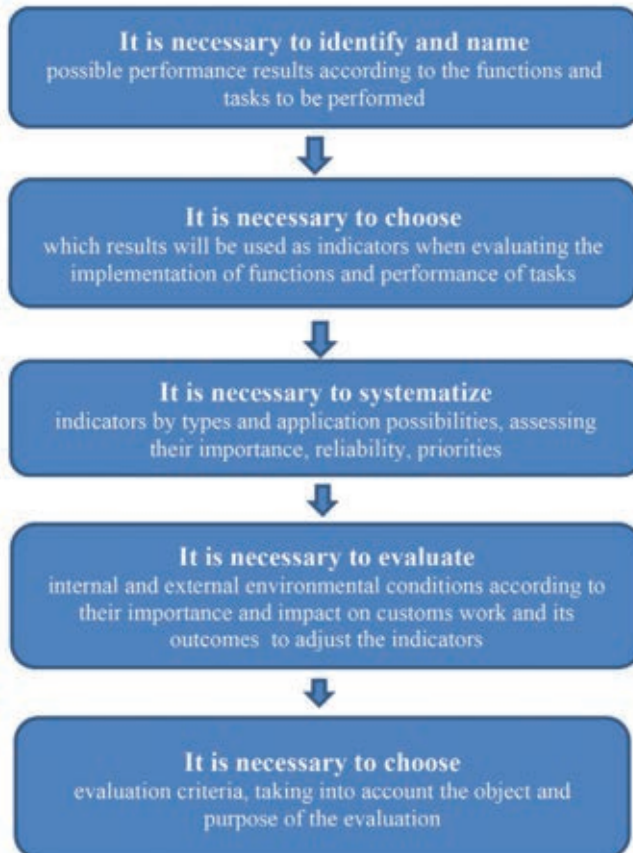


Fig. 5.3. Classification of activities for identification of elements of customs performance evaluation system (developed by the author).

the criterion can be formulated simply – whether or not drugs have entered the customs territory by illegally moving them across the customs border. But this is already a matter of evaluation methodology. Criteria may be more general or more specific, those that provide an insight into the overall activities of the institution and those that describe the outcomes of a single structural unit, work direction or system. In any case, it is important not only to name the criterion, but also to determine the procedure for assessing it.

The development of a system of customs performance parameters, indicators, internal and external environmental factors requires guidelines that correspond to the functions, tasks and directions of the activity to be performed and can be further used to determine evaluation criteria and develop a methodology (see Fig. 5.3). It is necessary to understand which function or activity should be evaluated, which groups of indicators should be used and which are the most typical, even the performance of each employee: what task and function he / she performs with his / her activities; his / her contribution; whether the value of the work outcomes should be increased or decreased by means of a coefficient, taking into consideration the internal and external background.

The elements of the systemic solution proposed in this part of the promotional work can be used to assess effectiveness in both a broader and narrower sense, by designing them more precisely and adapting them to specific situations and needs, given that evaluation is also a decision-making process that must follow an optimal decision-making process, which is like a closed circle and involves certain steps from problem definition to solution.

CONCLUSIONS

As a result of the research, the hypothesis put forward in the introduction – that by accurately identifying the functions and tasks of customs authorities, indicators characterizing its performance outcomes and internal and external factors influencing it, it is possible to improve the customs process management system, objectively assess the customs work and choose performance criteria – has been confirmed.

1. The development trends of international trade clearly indicate the increase in the volume of customs work and threats, thus the importance of customs for the national economy and society is growing. Customs participates in the implementation of practically all state functions. A wide and diverse circle of persons is interested in high-quality customs performance outcomes, where each person has a special evaluation scale.
2. In order to ensure effective customs and border control management, it is important to study the issues of strategic customs management, work organization, performance measurement and necessary modernization, as a result of which customs authorities would be able to react quickly to changes in the internal and external environment, perform the tasks given by the government of the respective country qualitatively and fulfil international obligations.
3. The Customs authorities, as a public administration institution, needs a new theoretical concept for evaluating work effectiveness. This can be done by defining within the customs authority such theoretically important concepts as customs functions, tasks and processes, indicators characterizing the outcomes of customs performance, criteria for evaluation of customs performance, effectiveness of customs performance and methods of its determination.
4. The research shows that well-defined customs functions are a precondition for high-quality work organization and the establishment of an evaluation system. If functions are defined inaccurately, narrowed down or expanded, it is difficult to derive tasks from them and evaluate their execution.

5. Although customs functions are understood and defined differently in different countries and international organizations, the research identified four main functions that correspond to the modern understanding of the work of customs authorities and the threats in the world:
 - collection of customs duties;
 - protection (of state, society, market, environment);
 - promotion of legal trade;
 - provision of statistical information.
6. A full-fledged performance evaluation system cannot be established if the criteria for determining the effectiveness of customs operations arising from the model of customs economic, technical and organizational system are not defined and classified, systemic solutions for determining the effectiveness of customs operations, which characterize the importance of key elements in performing customs functions using the resources at its disposal, are not developed.
7. The parameters characterizing customs activities can be very diverse, so it is desirable to systematize them according to the goals and functions of the organization. The term “indicator” is most often used in foreign literature to denote both different types of indicators and criteria for evaluating results. The author believes that by using the terms “outcome”, “parameter”, “indicator”, “criterion”, “factor” (in Latvian : “rezultāts”, “rādītājs”, “indikators”, “kritērijs”, “faktors”), it is possible to more precisely mark the elements of the organization’s performance evaluation system and their significance in the process. In addition, the elements mentioned are not considered synonymous, as each is used differently. Parameters can be used to understand any results, figures, facts and circumstances related to customs activities; indicators indicate changes, development trends; criteria will be used to evaluate performance; but the factors allow to refine the evaluation results, taking into consideration the internal and external environment.
8. The evaluation of the external and internal environment is an extremely important element of customs performance – in this way the factors influencing the outcomes of customs

performance are summarized. Studies show that for the analysis of customs performance, external environmental factors must be classified according to at least two criteria:

- to what extent they affect functions / tasks and which functions / tasks;
 - which of them can be affected (directly and indirectly) by customs and which cannot.
9. External environmental factors, such as foreign trade parameters, cargo flows, business activities, public awareness and health, cross-border crime indicators, are not so easily influenced, a whole complex of different factors and circumstances is of great importance here. Internal environmental factors are related to the basis, organization and resources of customs. These factors can be decisive in the quality of tasks and functions. It should be taken into consideration that the quality of implementation of functions cannot be determined using separate criteria – it is the sum of the performance of certain tasks.
 10. The research confirmed that the evaluation of the quantitative indicators traditionally used so far cannot provide a complete answer to the questions – whether the customs authority as a whole works effectively, whether individual departments work effectively to ensure the performance of entrusted functions, whether certain customs activities are performed efficiently, whether all processes are realized qualitatively? Traditionally, performance indicators are used to assess the performance of the customs authorities – the number of customs declarations made, the number of controls performed, time and resources spent on customs operations, human resources used, breaches of customs rules detected, assistance provided under international agreements, etc. It is necessary to supplement them with other indicators that comply with the principles of modern management.
 11. The capacity of public administration has the closest connection with public management and it is manifested in all elements of work organization. To verify capacity, it must be measured and evaluated. Evaluation is one of the basic elements of management, its basic principles must be included already in the

strategic planning documents in accordance with the functions and tasks of the specific institution.

12. The key performance indicators (KPIs) are used to assess the performance of various organizations around the world. These are indicators related to those aspects of the organization's operations that are most important for the current and future success of the organization. These indicators are needed to inform stakeholders and help to build an important multi-level governance tool. Key performance indicators, when evaluating, for example, port effectiveness or the success of legal trade facilitation, also relate to customs matters but do not fully reflect all the aspects.
13. The effectiveness of the customs authorities can be evaluated from various aspects: administrative, technical, financial, operational efficiency. The research confirmed that effective customs authorities perform the set tasks by implementing the entrusted functions in accordance with the set requirements and priorities, using the available resources and favourable conditions, minimizing the risks and the impact of adverse conditions. Thus, it is possible to evaluate individual elements of work organization or work outcomes, as well as the entire work organization and outcomes of the institution as a whole using one indicator – effectiveness. When assessing the effectiveness of customs, the specifics of the state administration, customs tasks and functions, background of activities, current priorities must be taken into consideration. It is possible and necessary to evaluate the outcome of customs performance using various methodologies in relation to different levels of structural units, different tasks, processes and functions.
14. When looking at the fundamentals and practical aspects of the theory of customs effectiveness, a number of modern problems have to be faced, for example, lack of scientific and methodological approach to solving and researching customs effectiveness issues, theories are too abstract and vague. Nevertheless, in practice, there are a variety of approaches and methods for evaluating customs performance in order to compare performance with the functions and tasks to be performed, objectives set, investments, historical periods and

other factors. When assessing the effectiveness of the customs authorities, the specifics of the state administration, customs tasks and functions, background of activity, and current priorities must be taken into consideration. It is possible and necessary to evaluate the results of customs performance using various methodologies in relation to different levels of structural units, different tasks, processes and functions.

15. Various measurements on customs and other border control issues in different countries are published regularly (Logistic Performance Index, Enabling Trade Index, Doing Business Rank, Global Competitiveness Index, World Competitiveness Ranking). In addition, the Global Express Associate published a “Customs Performance Report” for 137 countries. However, it must be acknowledged that most of these reports do not always accurately reflect reality.
16. When assessing the use of the mathematical model for the evaluation of customs performance in practice, it can be positively concluded that:
 - this method has a high degree of calculation accuracy;
 - important elements of customs matters have not been overlooked;
 - the calculations are as close as possible to the real conditions.Disadvantages include the following:
 - it is not possible to take into consideration all the factors affecting customs operations;
 - the calculations are not directly related to all customs functions;
 - no goal has been set to measure the degree of realization of customs functions;
 - measurements are linked to one specific customs authority.
17. The shortcomings of the EU Measurement of Results Project include:
 - the results and reports of the project are intended only for internal use; therefore, they cannot reach the experts, specialists, researchers outside customs who could evaluate them, and make proposals for better use of measurement results;
 - not all aspects, functions, tasks, processes, and activities of customs performance are evaluated;

- the purpose of the measurements and data processing is not always clear;
 - statistics and trends are not linked to the necessary changes;
 - it does not take into consideration that the indicators are more closely interlinked than indicated in the project reports.
- However, part of this methodology can be used at the national level, working with specific indicators and assessing certain aspects of customs performance.
18. Evaluation is one of the basic elements of management, its basic principles must be included in the strategic documents of operational planning in accordance with the functions and tasks of the particular institution. The systemic solutions proposed in this research can be used to evaluate effectiveness both in a broader and narrower sense by developing them more precisely and adapting them to specific situations and needs, given that evaluation is also a decision-making process that must follow an optimal decision-making process, which is like a closed circle and involves certain steps from problem definition to solution.
 19. The objectives of the evaluation may be different: identifying weaknesses in the system, determining compliance with specific tasks or situations, evaluating the performance of individual tasks or functions, checking the performance of individual elements, checking system resilience, testing resource effectiveness, assessing overall system efficiency and effectiveness working for the benefit of society. Customs performance can be evaluated in the context of state policy and national economic strategy, innovation projects, overall system modernization, quality management, infrastructure use, staff policy outcomes, comparing the work of customs departments and services in different regions, with different functions, at different levels, with different internal and external factors.
 20. The evaluation options must be wide and varied:
 - by levels – individual work of customs officers, performance results of structural units, management;
 - by tasks, regardless of functions, in different structural units;
 - by priorities;

- in accordance with the planned strategies of the customs authorities and taking into consideration changes in the internal and external environment;
- for the customs authorities as a whole, taking into consideration the internal and external environment compared to previous periods, compared to the expected results, compared to services in other countries, the situation in the region and the world.

The theses to be defended have also been confirmed (T1 – see conclusions 8–15; T2 – see conclusions 16–21).

PROPOSALS

1. The customs authorities need to develop and economically substantiate a mathematical model of the economic performance and relationships of customs activities, which allows the analysis of the multifaceted impact of customs on the national economy and society. When creating the optimal model of the customs economically-technical and organizational system, the system of customs performance outcomes, performance indicators, internal and external factors to be used in the evaluation process should be developed and substantiated.
2. Within the framework of customs authorities, when evaluating the results of the work of the institution, both the effectiveness of the performed activities and the compliance of the set of activities with the set tasks must be taken into consideration. Measuring the effectiveness of the implementation of functions only by mathematical methods when determining the results of activities should be avoided. The interrelationships of all elements and their place in the overall system need to be assessed.
3. When creating a customs performance measurement system, it must be possible to evaluate it from various aspects: administrative, functional, technical, financial, operational efficiency, etc. When assessing the effectiveness of the customs authorities, the specifics of public administration, customs tasks and functions, internal and external environmental conditions, current priorities must be taken into consideration.
4. In order to ensure real and complete control of the situation in the field of ensuring the effectiveness of the work of the institution, it is necessary:
 - to consider effectiveness measurement as an element of strategic planning and to organize all processes accordingly;
 - to choose evaluation methods for various purposes and to stipulate them in normative-strategic documents;
 - to examine the existing systems and processes according to the methods chosen to determine whether the illusion of effective customs is true.

5. When developing the evaluation system in the customs authorities, it is necessary to clearly distinguish terms such as the outcomes, indicators, criteria and factors of customs performance. In order to obtain evaluation criteria, all possible indicators must be identified and classified according to tasks and functions. For example, when using performance indicators, it is necessary to distinguish between indicators that show productivity and indicators that show the performance of functions, between quantitative indicators and qualitative indicators. The management of the customs authorities must always know what effectiveness, to what extent, at what level, in relation to what functions and tasks, for what reason and against what background is measured.
6. The state must create a regulatory framework for planning, organizing and evaluating the work of the customs authorities by developing a strategy for customs activities and control mechanisms for its implementation. It should be noted that:
 - specific and uniform terminology in all relevant documents must be used;
 - the functions must be clearly separated from the tasks and activities to be performed;
 - the performance of a function cannot be measured as the result of a specific activity;
 - it is necessary to understand what amount of activities can be assessed as the performance of a specific task;
 - it is necessary to understand solution of which tasks allows to implement a certain function;
 - it is necessary to specify the percentage of contribution of the execution of certain tasks to the implementation of a certain function;
 - it is necessary to record which structural units / officials and to what extent are involved in the performance of the task and, consequently, also in the performance of the function;
 - it is necessary to outline evaluation criteria for functions, activities and tasks;
 - factors affecting customs performance must be identified and taken into consideration when adjusting measurement and evaluation results.

7. It is recommended to evaluate customs performance and processes using various methodologies in relation to different levels of structural units, different tasks, processes and functions, incl. those developed in other areas of public administration with a similar purpose. Given the cross-border nature of customs matters, it is appropriate to recommend the World Customs Organization and the European Union to develop generally accepted / cross-border guidelines on customs effectiveness, its role in national, societal, business contexts, effectiveness measurements and calculations, and preconditions for effectiveness measurement and improvement.
8. When developing a system for assessing the overall effectiveness of the customs authorities, it should be taken into consideration that:
 - the implementation of each customs function is an issue to be considered separately, evaluating the outcomes of the most characteristic tasks, using the most useful and reliable indicators;
 - the evaluation criteria must cover all the tasks and functions which characterize the operation of the institution and the results expected from it;
 - the contribution of all structural units and officials to the implementation of certain tasks and functions must be evaluated;
 - the results of the evaluation must be adjusted considering the internal and external environmental conditions prevailing during the assessment period (using appropriate coefficients);
 - it is necessary to regularly update the evaluation of priorities in order to assess the interaction of functions;
 - it is still useful to evaluate the performance outcomes in comparison with previous periods and as planned;
 - the evaluation of the work outcomes must be adjusted by a coefficient in accordance with the provided support services and investments in the improvement of the work of the institution.
9. When evaluating functional effectiveness, the implementation of specific protection, legal trade facilitation, fiscal and statistical

functions is assessed. Each of them must name the tasks and activities subject to evaluation, indicators to be measured for each task (activity), evaluation criteria. On the basis of the evaluation criteria, a performance factor should be assigned, which should be adjusted to take account of incentive and disincentive conditions, as well as the results of comparisons with other values.

10. The outcomes of the interaction of functions must be evaluated (one task can contribute to the implementation of several functions). It should be possible to change the elements of the scheme in order to adapt the evaluation to narrower needs – prioritizing individual functions, modernization projects, changes in the operations of the institution, etc.
11. All institutions and structural units involved in the provision of customs activities must create a complex system of evaluation of the activities of the customs authorities as an algorithm – a precise and unambiguous prescript, which determines all the necessary actions to be performed in sequence. The system must meet all the requirements of the algorithm – unambiguity, formality, certainty, generality, finality and effectiveness. The system must be flexible, with the possibility of changing elements, priorities and objects to be evaluated. It is necessary to create a series of successive activities, which form the basis for high-quality operation of the institution, which is unthinkable without an evaluation system and which are:
 - national development strategic plans drawn up also taking into consideration international requirements;
 - distribution of functions among various state institutions;
 - strategy, vision, mission, action plan for the customs authorities;
 - methodology for control of the performance of various functions and calculation of the overall effectiveness of the work of customs;
 - report of the customs authorities with an indication regarding the performance or non-performance of the given tasks.
12. In addition to the specially developed national methodology for evaluating the implementation of functions and tasks, all administrative institutions involved in customs activities

need to conduct regular customer and employee surveys, use methodologies developed by international organizations and the most advanced methods from other countries. That will help to evaluate the results of modernization measures, certain elements of work organization that are important for the institution's work (organizational model, personnel policy, use of IT, etc.), as well as continuous monitoring of capacity, gaps and needs, taking into consideration expert assessments and recommendations. Public policy makers need to stipulate the methods of evaluating the results of customs performance in normative-political documents. The customs authorities may prepare proposals for changes in regulatory enactments, developing customs modernization projects and measures for better organization, evaluation and improvement of customs activities (customs performance strategies, quality management, organizational structure, etc.).

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