Se regarder dans le miroir II
Les contrats de performance dans les douanes camerounaises

Gazing into the mirror II
Performance contracts in Cameroon Customs

Minette Libom Li Likeng, Marcellin Djeuwo, Samson Bilangna
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“Gazing into the mirror II”

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Sub-Saharan Africa Transport Policy Program

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The SSATP is an international partnership to facilitate policy development and related capacity building in the transport sector in Sub-Saharan Africa.

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* * * * * *

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Foreword

Two years after the publication of the first volume on the Cameroon Customs reform, it is my great pleasure to write the preface for this second volume.

This paper revolves around the World Customs Organization’s (WCO) 2011 theme of the year, “knowledge as a catalyst for excellence”. The choice of the topic underlines the necessity for customs to analyze and demonstrate their performance to receive all possible support for their reforms, coming both from inside and outside the administration.

Moreover, it is very encouraging and informative for the whole customs community to see how a reform takes place over the long run. By ensuring a double continuity both through performance measurement as an attempt to improve the situation and the publication of results, Cameroon Customs has undertaken a challenging strategy that relies on technology and improvements in transparency.

The WCO has provided technical assistance for this reform and it is therefore possible for us to directly draw some conclusions for the entire global community. The example reported in this second publication illustrates the attention we have given to the empirical and pragmatic dimensions of any customs reform, and it considers the working culture which can be an obstacle to change but ultimately must evolve to foment progress.
The use of numbers and performance measurement change the image Customs officers and users have in relation to their own professions and relationships, and as a result leads them to higher ethics and compliance.

International supply chain stakeholders are called to more effectively perform their duties and this is essential for societies increasingly open to international trade. In this vein, this second volume will provide original food for thought to all reformers.

Kunio Mikuriya
Secretary General
World Customs Organization
Acknowledgements

Now that this work is complete, the authors would like to take this opportunity to express their sincere gratitude to Messrs. Thomas Cantens and Gaël Raballand who, in addition to the support from the institutions they represent (World Customs Organization and the World Bank), have played an instrumental role in shedding light on the policy for improving the performance of Cameroon Customs. They would also like to thank Messrs. Nestor Demanou, Andomo Elanga, Adoum Mahamat, and the entire staff of the Risk Management Unit (David Clovis Um Batta, Eugène Lucie Bela, Samuel Nhanag Moka, Abel Thierry Zogo, Vitus Landry Zambo, Rodrigue Boubou Kamdem, Victorine Tah Nasah, Marlyse Fossi, Raphael Athanase Hamadjam, Etienne Jean Baptiste Zhe Mekoulou, Ouseini Hadidja, Firmin Keambou, Jeanne d’Arc Mahabo, Pythagore Oumarou) for their multifaceted contributions to the realization of this publication and a follow up to an SSATP paper published in 2009.2

# Acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASYCUD</td>
<td>Automated SYstem for CUstoms DAta</td>
</tr>
<tr>
<td>CEPR</td>
<td>Center for Economic and Policy Research</td>
</tr>
<tr>
<td>CERDI</td>
<td>Centre d’études et de recherches sur le développement international</td>
</tr>
<tr>
<td>DG</td>
<td>Director General</td>
</tr>
<tr>
<td>DLP</td>
<td>Douala Port</td>
</tr>
<tr>
<td>ICTD</td>
<td>International Centre for Taxation and Development</td>
</tr>
<tr>
<td>MBO</td>
<td>Management by objective</td>
</tr>
<tr>
<td>p</td>
<td>page</td>
</tr>
<tr>
<td>q</td>
<td>quarter</td>
</tr>
<tr>
<td>RBM</td>
<td>Results-based management</td>
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</table>
Introduction

Arjan Van Weele\(^3\) describes “performance” as a combination of *effectiveness* and *efficiency*. Effectiveness is the measurement of the degree to which objectives are achieved, while efficiency is the ratio between the results attained and the resources used. Thus, performance measurement must not only ensure that the stated objectives have been met, but also that they have mobilized the minimum level of resources possible.

Performance measurements are not novel to Cameroon. Although several efforts yielding mixed results have indeed been made, they revealed the need to modernize the civil service.

In the early 1990s, “performance contracts” were concluded between the Government of Cameroon and parastatal companies in a bid to help these companies boost their competitiveness, which had been undermined by the then prevailing economic crisis. Owing to a lack of performance evaluation indicators and criteria, this initiative produced mixed results.

In the 2000s, the MBO concept (Management by Objectives, the distant relation of currently active performance contracts in Cameroon Customs) was introduced at the Ministry of Finance. In fact, ever since, the Ministry of Finance has established quantitative objectives for the various departments at the beginning of the fiscal year and provided them with the necessary resources. It evaluates each manager on the basis of results achieved. The system has a major constraint in that the sole measurable indicator is the amount of Customs duties and taxes collected, without any attempt being made to determine how this objective is achieved. However, the quality of the service provided and the interests of the economic operators are all factors that must be taken into consideration for a clear, accurate, objective and measurable assessment of performance.

Remains the RBM (Results-Based Management) project, which seeks to instill in government employees a performance culture in governance. As this new process is in its early stages and no evaluation has yet, to our knowledge, been conducted, its assessment becomes difficult.

On the basis of internal operational control indicators and consequently the performance contracts, Cameroon Customs launched a dynamic process aimed at achieving objectively measurable and quantifiable performances. To that end, on February 1, 2010, the Director General of Cameroon Customs signed individual performance contracts with Customs personnel working in the two key Customs offices in Douala: the Douala Port I office, which handles the importation of containerized goods, and the Douala Port V office, which has responsibility for vehicle imports. These offices have collected close to 60 percent of Customs revenues over the past four years.

These contracts are rooted in a specific context and environment and have been implemented using an original approach marked by patience and prudence.
As part of its efforts to implement its reform program, Cameroon Customs adopted the ASYCUDA++ system as a core component of the institutional modernization process. It was launched on January 2, 2007 against a backdrop of conflict marked by attacks in the press against the Customs hierarchy and pessimism stirred up by malicious persons. It was therefore necessary to provide policymakers with figures, not only to enlighten public opinion and demonstrate how the tool actually worked, but also to monitor the system against obstructions that could be created by corrupt Customs officers and operators seeking to justify their position.

To that end, the Directorate General of Customs implemented a system to facilitate daily reporting on ASYCUDA operations. The limitations of this system very quickly became evident, because it was essentially manually operated. A team was therefore put in place and tasked with improving and automating the production of these reports. Four types of indicators have been defined and are used in 11 Customs offices in Douala:

- **Activity indicators** which track Customs activity in order to place the variations in results achieved by each office in an economic context.

- **Performance indicators** which measure the full performance, including the individual performance of Customs officers and of partner professions.

- **Control indicators** which monitor sensitive Customs procedures so as to provide managers with information on the activity being carried out by their department and officers.
Risk indicators which serve to combat fraud in order to ensure compliance with control guidelines provided by the risk management team.

Customs has thus strengthened the internal operational control system, which helped correct information asymmetry between central services and operational services. This internal operational control policy ensures that the new procedures are actually implemented on the ground.

The various indicators, which are produced on a monthly basis, are covered in a report addressed to the Director General of Customs and operational managers, with a view to ensuring that everyone is fully informed and shares the same objective reality during monthly meetings organized for this purpose.

This system, which was dubbed “Gazing into the Mirror,” produced a form of self-regulation, thereby triggering a reduction in a number of bad practices and corruption. However, these indicators merely present a static picture that describes operations in Customs without proposing ways to make improvements. Didn’t Karl Marx⁴ say that philosophers had only interpreted the world, but that the point was to change it? To animate this static perspective of Customs operations, performance contracts were the natural pretext for shifting from the current, purely descriptive system for indicators to a prescriptive approach where quantitative and measurable objectives are established for inspectors and used to evaluate their performance.

⁴ Marx (Karl) Thesis on Feuerbach (1845), XI.
Structure of the contracts

The contracts clearly define the scope and procedures for their implementation.

Status of the contracting parties

The contract unequivocally identifies the relevant parties: the Director General of Cameroon Customs, who enters into the agreement in his/her official capacity and therefore commits the institution he/she represents and the specifically appointed government employee or, where applicable, the co-contracting economic operator. While the scope of the commitments covered in the contracts concluded between the Director General and the Customs officer appears to be less apparent owing to the hierarchical relationships that link them, this is not necessarily the case when two Directors (one from Customs and the other from an enterprise) enter into an agreement, thus precipitating the need for the parties to be clearly identified.

Objectives of Cameroon Customs and the performance contract

In light of the foregoing, the policy for performance contracts is part of the effort to implement the plan to reform the Customs Administration. These contracts aim to combat Customs fraud and corruption more effectively, and introduce speed and efficiency in the processing of files. In other words, the contracts, which are based on objective indica-
tors, seek performance, responsibility, and transparency, with a particular emphasis on ethics. Inspectors who sign the contract must work swiftly, while seeking to uncover fraud. To that end, they must be present at their work stations, behave in a professional manner, and themselves be confident that their contribution to efforts to reduce clearance times and costs of goods is essential.

Indeed, for several years Cameroon Customs has been making an effort to improve the quality of the services provided to users. This new culture must permeate its organizational structure and the conduct expected of its officers. The user must encounter simplified and streamlined procedures in an administration that is more accessible and responsive, and which is contributing fully to the country’s economic competitiveness.

In sum, the procedure seeks to enhance the performance of Cameroon Customs with a view to providing quality service to enterprises, improving the effectiveness of controls, and simplifying administrative procedures during border crossings.

**The performance measurement process and procedures**

In a bid to reconcile trade facilitation with effective anti-fraud efforts, eight indicators were defined (four for each category) and form the basis for evaluating the performance of inspectors. The primary goal was to measure performance using objective and quantifiable data obtained directly from the ASYCUDA computer system. Information obtained from non-verifiable and non-quantifiable sources is not taken into account in performance evaluations. While this decision may be open to criticism, it was driven by the desire to avoid the inclusion of arbitrariness or assessment errors in contracts. Ambiguities in the definition of the procedures for evaluating performance could produce differing interpretations and ultimately conflicts that could jeopardize a successful outcome. Moreover, the contracts provide the basis for eva-
luating the performance of inspectors and have implications for their careers. They must, therefore, be supported by meticulously precise tools. The absence of a solid foundation will also make it difficult to evaluate overall results, thereby preventing a determination of whether or not the objectives sought have been achieved.

Indicators are in place or have been recalculated on a monthly basis since January 2007, thus providing reliable basic indicators, because they are derived from thousands of observations. Median values were therefore calculated for all of these indicators (attached to the performance contract). Median values are in fact used to measure performance in order to set realistic objectives. It becomes then easier to expect results already achieved by more than half of the staff who found themselves in exactly the same position. Given that commitments are made to be fulfilled, the contracts were not designed to trap the individual, but to encourage him or her to improve his or her performance, thereby improving the overall performance of the group.

In practice, a table outlines the rating for each indicator, based on the past four years’ experience. This table is revised every three months for all inspectors from the same office in order to take the office’s performance trends into account.

The contract is considered fully executed when all indicators attain Level 3 (good) and when the values for each indicator are neither below nor above the minimum/maximum levels established for the indicator; these minimum and maximum levels are provided in a table attached to the contract. The ratings are as follows:

- Poor (1): a performance that is below the median
- Average (2): the median performance or a performance that is higher than a set percentage;
- Good (3): a performance above the median, up to a set percentage, and above the “average” level
• Very good (4): a performance above the median, in line with a set percentage, and above the “good” level.

**Mutual commitments**

The contracts specify the commitments made by the various parties. Specifically, inspectors who sign this contract undertake to comply with the contract’s provisions, to which they agreed during negotiations and on the basis of which their performance will be evaluated. These provisions include indicators that establish the performance figures to be attained. They also set forth the incentives guaranteed to those who satisfactorily fulfill their commitments, as well as the sanctions for those with a poor performance levels.

All parties have a vested interest in ensuring that the objective being sought is achieved. This is why the Director General undertook to supervise and support the inspectors who have signed the contract. To that end, he or she agreed to:

• Create a risk management unit tasked with, inter alia, performance measurement. This unit responds, as quickly as possible, to all questions raised by inspectors regarding their evaluation and performance contract. It is also responsible for ongoing monitoring, evaluation, and oversight of the contracts. This exercise must be conducted every ten days, every month, and every quarter. This unit is composed of civil servants capable of resisting pressure, including from operational staff who may employ various methods to request favorable modifications to results. This unit must exercise caution because any error on its part could have negative and serious repercussions for the career of an inspector. At any rate, it must remain impartial and fearless because, like a magistrate, it advocates on behalf of both parties.

• Address, in a specific manner, disputed amounts in the relevant offices in order to expedite payment of the disputed portions.
Incentives and sanctions

Incentives

The hierarchical relationships that link the two parties always serve as backdrop for contracts concluded with inspectors. As such, the Director General does not expect to receive incentives or sanctions from a subordinate. On the other hand, he or she must encourage the deserving inspector. The incentives system may be monetary. It is essential and even logical for an inspector who increases revenues to be rewarded. This type of reward may present a number of limitations: first, because no sum of money will suffice to compensate the “loss of income” suffered by civil servants who forgo easy profit and behave honestly by rejecting corruption, and second, because the political authority (Minister of Finance, Government, or Parliament) may fear provoking the ire of civil servants who fail to receive the same level of recognition. Lastly, non-financial incentives depend, in large measure, on the Director General alone, and appear to be equally gratifying and more long-lasting than financial ones. We can also understand why photographs taken with an immediate superior at official events have pride of place in the offices of most Cameroonian civil servants. Diplomas or medals awarded for “distinguished and loyal services rendered to the nation” are also within easy reach. It is nonetheless still important to ensure that reasonable financial incentives are combined with non-financial ones. Accordingly, in the Cameroonian context, the Director General has undertaken to:

- Adopt a more individualized management approach with respect to an inspector’s career, with the organization of an annual career interview aimed at providing him or her with information on professional growth opportunities.
Gazing into the mirror II

- Publish, in the Cameroon Customs information bulletin\(^5\) and on the Web site of the Directorate General of Customs, the names of the three inspectors with the highest average percentage in the execution of the contract in the office.

- Reward the top three performing inspectors during the previous quarter and record this bonus in their personnel file. Due most certainly to its modest amount, the sum of money is not part of the contract nor negotiable, particularly in comparison to what the officer would earn through corruption. The reward is essentially symbolic more than anything else.

- Finance additional training for the top three performing inspectors at the end of the previous half-year period.

**Sanctions**

As is the case with the incentives, the inspector is also subject to direct sanctions with the following conditions:

- An inspector who fails to achieve the required minimum and maximum levels over a one-month period will receive a warning.

- In cases where this situation occurs over two consecutive months, the inspector will automatically be summoned by the office manager or the sector manager.

- If this situation persists over three consecutive months or the inspector’s average performance is below 100 percent in the third

\(^5\) The Directorate General of Customs publishes on a monthly basis a bulletin entitled “Customs and Business Challenge” which describes performances of the Customs and other clearance officers. This bulletin is well known and read by all those involved in the sector. Having one’s name published in the bulletin for outstanding work gives much satisfaction.
Structure of the contracts

month, the inspector will be subject to disciplinary sanctions imposed by the Directorate General, which could even take the form of a disciplinary transfer and be recorded in the inspector’s personnel file.

The aim is to impose sufficiently dissuasive sanctions to keep inspectors on their guard and compel them to make an effort. These sanctions must also ensure that the lure of easy profit does not supersede the desire for reform.

Duration and revision of the contracts

The duration of the contract is six months. At the end of three months, the indicators included in the performance contract are subject to a mid-term audit for purposes of verifying their reliability and relevance. Any amendment to the contract may therefore be signed in cases where the selected indicators or performance targets have been modified; otherwise, the contract, by tacit agreement, remains in effect for six-month periods.
Implementation of the contracts

The implementation of the contracts was the culmination of a rigorous process that was designed to ensure continuity, irrespective of the obstacles that had to be overcome. It was necessary to be ever mindful of the fact that the innovative and even revolutionary nature of this initiative would disrupt customary practices. The Customs administration is reputed for being a conservative entity and all innovation efforts are viewed with suspicion. This approach was well incorporated into the adopted work methodology, and the team tasked with implementing the contract was aware of the prevailing skepticism.

Contract preparations

Implementation of the contracts is premised on a proactive approach adopted by the Director General. This will, coupled with a healthy dose of administrative courage, help to overcome obstacles and stay the course.

Overcoming the obstacles

Are civil servants who are already linked to the State owing to their general public service status obligated to sign contracts? This controversial question greeted the announcement of the introduction of performance contracts in Cameroon Customs. Indeed, a number of Customs officers have long spoken at length about the relevance of these contracts in an environment where the rights and obligations of the actors
are regulated beforehand by law. As can be seen, initial discussions therefore focused on the legal aspects, not with a view to examine the need for contracts, but instead to verify their appropriateness. The skeptics at times found support in unexpected places within the administrative and Customs hierarchy.

This was a fallacious argument as the contracts were designed not to challenge the civil servant status, but to serve as a simple management tool. In fact, it was not a stretch to believe that some Customs officers had a fear of the unknown. They feared the end of certain privileges and felt that a number of their convictions had been shaken. Poor performers knew that good performances posted by the top achievers would no longer mask their shortcomings and that they would be evaluated based on their results.

Again, a healthy dose of administrative courage was required to overcome the obstacles. The innovative character of the approach also bore its share of risk. It had to be implemented in successive phases, in a cautious yet decisive manner to avoid any digressions. Fears of a failed experiment loomed large as close to 76 percent of Customs revenues in Cameroon were at stake, and neither the policymakers nor public opinion would have forgiven the Customs administration for having taken such liberties for the sake of achieving performance. Those averse to change would have been provided with ammunition and would have called for heads to roll. The tabloids would have exaggerated the facts and demanded that those responsible be subject to sanctions.

To win over the skeptics and reassure all parties, an awareness-building campaign was organized to enable everyone to buy in to the experiment and ensure that it was launched without any hitches.

Communication

The communication effort sought to secure the buy-in of the relevant persons. The team responsible for this task was composed of individuals
Implementation of the contracts

who firmly believed in the merit of this initiative. It had to present a convincing case and, in particular, be receptive to contributions and criticisms. At no time could it give the impression that it was providing a straitjacket or a ready-made solution to be imposed on others. This participatory approach reassures the skeptics and encourages as many as possible to buy in to and take ownership of this initiative.

Discussions focused on all aspects of the contract. The presentation of the aims, which was a sort of preamble, did not pose any particular problems. Talks, however, hit a snag on the issues of the selection of the indicators, the reciprocal commitments of the parties, and potential incentives and sanctions. The team negotiating on the Director General’s behalf had to be very diplomatic and possess a sound understanding of the shortcomings of the system in place, because the goal of the commitments to be made was precisely to improve the one currently in place. To that end, the team itself had to have conducted various analyses and simulations in order to compare figures, whenever non empirical assertions were made by opponents.

Quantitative information proved particularly useful during the dialogue phase insomuch as it prevented a digression in the discussion to areas not germane to the objective being sought. The team displayed humility, and when it could not provide an immediate response to a concern that was raised, it did not hesitate to engage in brainstorming. It organized additional meetings when necessary, in an effort to remove most doubts, iron out major problems, and, most importantly, to stay the course. Some ten meetings were convened prior to the launch of the performance contracts in the two offices in the Douala Port. While the initial meetings were tumultuous, calm gradually prevailed, ultimately resulting in the definitive approval of the contracts. However, cognizant of the fact that all the inspectors would not accept the contracts, the Director General, gave people the choice to accept or decline the contract, with each choice bearing specific consequences. Those who sign the contract agree to take part in the reform process and to subject
themselves to criticism. As a result, they have a right to greater respect and consideration than those who opt not to subject themselves to this risk. On the other hand, the individual who declines the contract accepts the consequences by resigning and renouncing all attached benefits and prestige. No inspector has in fact chosen this second option and the signing of contracts was advertised well enough that all the clearance staff knew that a new culture had gained ground in the Customs sector. No doubt that this helped facilitate the contracting inspector’s work, who finally could depart from his bad practices and deals with corrupt forwarders or traders.

**Improving the contract environment**

It is unusual and even ill-advised to introduce contracts in all departments at the same time. Moreover, it may be difficult to introduce contracts in certain offices, owing to their specific nature. Under these circumstances, offices under contract necessarily co-exist with offices possessing a different status. Consequently, the rerouting of traffic usually handled by the former to the latter raises fears, as it poses the very real risk of “transhumance” of declarations. This practice involves crooked operators who divert traffic normally processed by the offices under contract to those not under contract, with a view to continuing to profit from favors granted by their “associates” who work at these locations. The offices under contract can compete to the extent of attracting the maximum traffic. The sector manager (who is immediately above the office manager) must function as a skilled mediator in this matter. Using accurate analyses, this manager ensures ongoing oversight of the movement of goods in order to guarantee a tranquil and improved environment for the contracts. The alternative would be disastrous to its future because some individuals would artificially honor their contractual commitments, without there being any evident impact on the overall performance of the departments. Under such circumstances, the objective will never be achieved.
Implementing an essential experimental phase

An experimental phase was key for the implementation of the contracts to allow Customs to:

- evaluate the positive and negative impact of the experiment;
- adapt the objectives of the contracts; and
- resolve technical or computer-related problems that could possibly surface during execution.

The various units of the administration (inspectors under contract, their immediate superiors, and even the monitoring and evaluation entity) were also able to adapt to and take ownership of the initiative during this phase. The contracts were a complete novelty, and, most of all, an unprecedented initiative. Cameroon Customs had only itself as a point of reference and had to find its own way. The initial six months of the contracts therefore proved beneficial in this regard. During this period progress was made, albeit in a cautious manner, by assessing each step taken, and problems were identified and resolved in time. The monitoring team therefore was instructed to only take moderate risks.

Explaining the hierarchical relationships

Synallagmatic or bilateral contracts are signed by two parties, the inspector and the Director General, and therefore set forth the rights and obligations for each party. As a result, the latter, without losing the deference due him or her becomes a contracting partner with an obligation to honor the commitments made to the other party. The credibility, relevance, and validity of the contracts will hinge on the Director General’s acceptance to be questioned by his or her staff member in the event of non execution or improper execution of his or her commitments, or, more simply, about the conditions governing execution of these commitments.
The contracts cast hierarchical relationships in the civil service in a different light. In principle, the appointment or assignment of a government employee must be subject to the discretionary power of the authority vested with this power, without there being a need to justify its decision. The contracts do not relieve it of this power, or obligate it to transfer or promote the employee to a specific post. However, the authority feels a greater obligation to promote its deserving contracting partner (keeping him or her in a prestigious post is in some measure a promotion), or, on the contrary, to impose a sanction, if need be. Contracts become another human resource management tool.

**Evaluations – an essential tool**

A meeting is convened each month to evaluate the performance of each actor. Inspectors who fail to achieve satisfactory levels are summoned by their immediate superiors to account for their poor performance. The superiors use this opportunity to provide generous advice to the inspectors. At the end of the quarter another meeting is organized, with a view not only to evaluate the inspectors’ performance for this period, but also to analyze the impact of the contracts on trends in the departments in question. At that time, those who achieve the set objectives are rewarded, which is documented in their personnel file. However, those who fail to meet the prescribed commitments risk being transferred to less prominent posts. Following the half-yearly evaluation of the contracts in 2010, three out of sixteen inspectors lost their position owing to unsatisfactory results, while the top six performers were promoted.

Successive evaluations have revealed encouraging results. Consequently, beginning in January 2011, these contracts were extended to two other Customs offices at the Douala Port (Customs airport office and the Customs transfer office).
Results achieved

Although the contracts are signed by individuals, their impact is measured on a broader scale, at the level of the Customs offices. Furthermore, period-to-period comparisons are made before and during the contract as well as from one year to the other in order to take seasonal effects into account. Their impact was quite substantial in terms of improvement in processing times as a direct consequence of the decline of bad practices between users and inspectors.

The impact on declaration processing times

The time elapsing between registration of the file and processing by the inspector has been significantly reduced in offices that were previously under contract (Douala Port offices I and V), as well as in the new offices (Douala Airport and Douala Transfer).

This processing time was about 4 hours during the last quarter 2010 at the Douala Port I\textsuperscript{6} office and fell to less than 2 hours during the last

\textsuperscript{6} The Douala Port I office is responsible for the clearance of containerized imported goods for domestic use, but does not handle vehicle imports. The Douala Port V office has responsibility for clearing imported vehicles, including in containers, for domestic use.
quarter 2011. In 2009 and during the same period but before the new contracting arrangements, the processing took 22 hours. The most significant time reduction was realized at the Douala Port V office, with a processing time dropping from 15 hours in 2009 to 2 hours and 31 minutes in 2011. The time reduction followed the same trend at Douala Transfer and Douala Airport. For the former, the delays went from around 60 hours in 2009 to 28 hours and 45 minutes in 2010 and 9 hours and 20 minutes in 2011. For the latter, the reduction fell from around 44 hours in 2009 to 42 hours in 2010 and to 11 hours and 38 minutes in 2011. It bears noting that shorter clearance times for goods generate immediate benefits and reduce the risk of development of corrupt practices.

The impact of the contracts on Customs revenues (Cantens 2011)

Whereas the level of activity (number of 20 foot containers) increased by just 17 percent between the first quarters of 2010 and 2011, respectively, Customs revenues grew by 22 percent. In addition, with the exception of the Airport office, the average profitability per declaration (the ratio between the volume of duties and taxes recorded and the number of declarations recorded) rose considerably during the first quarter of 2011 relative to the same period in 2010, 2009, and 2008.
Based on the foregoing, therefore, it can be inferred that the quality of controls improved and that procedures were more closely followed.

Revenues from declarations processed in offices under contract since 2011

At the Airport office, the impact on revenues from declarations was not significant at the end of three months. The results for the first quarter of 2011 are nonetheless better than those for the same period in 2010 and 2008. However, they are lower than the global results for 2009 and 2008.

At the Transfer office, the positive trend is clear. Once declarations that received exemptions are excluded, average revenues for the first quarter of 2011 are the highest since 2008 (see table 2).

Table 2: Revenues from declarations in offices under contract since January 2011 in comparison with previous years

<table>
<thead>
<tr>
<th>Period</th>
<th>Airport Average revenue</th>
<th>Average revenue (exemptions excluded)</th>
<th>Transfer Average revenue</th>
<th>Average revenue (exemptions excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,268,043</td>
<td>1,509,090</td>
<td>1,839,194</td>
<td>1,538,992</td>
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<tr>
<td>Q1 2008</td>
<td>968,822</td>
<td>1,125,881</td>
<td>1,868,934</td>
<td>1,647,297</td>
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<tr>
<td>2009</td>
<td>1,273,184</td>
<td>1,353,728</td>
<td>2,156,864</td>
<td>1,603,662</td>
</tr>
<tr>
<td>Q1 2009</td>
<td>1,370,103</td>
<td>1,430,124</td>
<td>2,047,522</td>
<td>1,643,444</td>
</tr>
<tr>
<td>2010</td>
<td>1,119,354</td>
<td>1,149,748</td>
<td>1,833,128</td>
<td>1,595,468</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>1,030,654</td>
<td>1,015,219</td>
<td>1,856,306</td>
<td>1,564,831</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>1,200,244</td>
<td>1,221,287</td>
<td>2,048,330</td>
<td>1,805,618</td>
</tr>
</tbody>
</table>

* In CFAF

7 The term « exemptions excluded », implies that the total or partial exemption was not part of the calculation.
Revenues from declarations processed in offices under contract since 2010

The results are positive at the Douala Port I office, where revenues for the first quarter of 2011 were the highest for all the periods. Considerable progress was made: +7.7 percent in comparison to the first quarter of 2010, an estimated increase of CFA Francs 5.8 billion.

As indicated earlier, activity during the first quarter of the year at the Douala Port V office is significantly lower than in subsequent quarters. A comparison of the quarters is therefore valid. In this context, revenues for 2011 are 4 percent higher than revenues for 2010, an increase of CFAF 730 million. Although the increase is lower than that posted at the Douala Port I office, it had already been significant between 2009 and 2010 (+19 percent).

Table 3: Revenues from Declarations in Offices under Contract since January 2010 in comparison with previous years

<table>
<thead>
<tr>
<th>Period</th>
<th>Average revenue</th>
<th>Average revenue (exemptions exc)</th>
<th>Average revenue</th>
<th>Average revenue (exemptions exc)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Douala Port I</td>
<td></td>
<td>Douala Port V</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>9,913,574</td>
<td>9,246,106</td>
<td>2,440,705</td>
<td>2,374,569</td>
</tr>
<tr>
<td>Q1 2008</td>
<td>10,056,668</td>
<td>9,174,723</td>
<td>2,498,897</td>
<td>2,459,816</td>
</tr>
<tr>
<td>2009</td>
<td>9,746,136</td>
<td>9,039,497</td>
<td>2,047,148</td>
<td>1,986,711</td>
</tr>
<tr>
<td>Q1 2009</td>
<td>10.128.108</td>
<td>9,469,814</td>
<td>2,310,758</td>
<td>2,264,097</td>
</tr>
<tr>
<td>2010</td>
<td>10.063.401</td>
<td>9,354,801</td>
<td>2,441,657</td>
<td>2,386,523</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>9,818.084</td>
<td>9,246,085</td>
<td>2,075,466</td>
<td>2,036,619</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>10,574,029</td>
<td>9,733,657</td>
<td>2,161,758</td>
<td>2,020,352</td>
</tr>
</tbody>
</table>

In comparison, the 2011 revenues for the Douala Port VI office (Customs office not under contract) declined.
The inspectors at the Douala Port I office should, in principle, be credited with the revenue increase at that office, as revenues from the 11 enterprises that signed operator contracts either declined or remained stable, depending on whether or not all of their declarations are taken into account or whether those that received exemptions are excluded (see table 4).

**Table 5: Revenues from the declarations from the 11 importers under contract, by year and by quarter**

<table>
<thead>
<tr>
<th>Period</th>
<th>Average revenue*</th>
<th>Average revenue (exemption excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>18,815,569</td>
<td>10,406,552</td>
</tr>
<tr>
<td>Q1 2008</td>
<td>19,833,623</td>
<td>14,012,270</td>
</tr>
<tr>
<td>2009</td>
<td>17,597,625</td>
<td>8,360,034</td>
</tr>
<tr>
<td>Q1 2009</td>
<td>21,066,913</td>
<td>11,630,914</td>
</tr>
<tr>
<td>2010</td>
<td>17,894,409</td>
<td>9,947,931</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>17,241,456</td>
<td>10,005,329</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>15,840,264</td>
<td>10,506,897</td>
</tr>
</tbody>
</table>

*In CFA franc

**Impact on efforts to combat fraud**

Two criteria are used to evaluate this impact:

- The effectiveness of the control (amount of duties and taxes collected following the control/total amount of duties and taxes assessed)

- The quality of the control (average amount of duties and taxes collected with respect to disputed amounts)
Disputed amounts in new offices under contract in 2011

The impact is significant at the Airport office, as the ratio of evaded duties to assessed duties for the first quarter of 2011 is the highest since the launch of ASYCUDA (1.76 percent), bringing in an additional CFAF 100 million (approximately EUR 152,440), with an average disputed amount of CFAF 265,000 (approximately EUR 404).

Table 5: Quarterly Trends for Disputed Amounts in Offices under Contract since 2011 and in comparison to previous years

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Airport Ratio*</th>
<th>Average disputed amount**</th>
<th>Transfer Ratio*</th>
<th>Average disputed amount**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Q1</td>
<td>0.58</td>
<td>680,119</td>
<td>0.46</td>
<td>673,902</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.20</td>
<td>1,481,100</td>
<td>0.91</td>
<td>705,765</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>1.69</td>
<td>1,528,984</td>
<td>2.62</td>
<td>616,951</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>0.43</td>
<td>421,298</td>
<td>3.36</td>
<td>679,304</td>
</tr>
<tr>
<td>2008</td>
<td>Q1</td>
<td>1.26</td>
<td>1,061,578</td>
<td>2.70</td>
<td>487,220</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.15</td>
<td>596,683</td>
<td>1.61</td>
<td>396,385</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>0.97</td>
<td>678,440</td>
<td>1.79</td>
<td>498,361</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>0.75</td>
<td>259,208</td>
<td>1.04</td>
<td>377,912</td>
</tr>
<tr>
<td>2009</td>
<td>Q1</td>
<td>1.69</td>
<td>253,238</td>
<td>1.10</td>
<td>376,798</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.02</td>
<td>141,550</td>
<td>1.48</td>
<td>51,009</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>1.47</td>
<td>229,670</td>
<td>0.68</td>
<td>278,456</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>1.21</td>
<td>267,620</td>
<td>1.15</td>
<td>283,925</td>
</tr>
<tr>
<td>2010</td>
<td>Q1</td>
<td>1.14</td>
<td>190,136</td>
<td>1.60</td>
<td>586,389</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.32</td>
<td>193,892</td>
<td>0.30</td>
<td>250,332</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>1.60</td>
<td>277,095</td>
<td>0.47</td>
<td>321,498</td>
</tr>
<tr>
<td>2011</td>
<td>Q4</td>
<td>1.33</td>
<td>261,455</td>
<td>0.62</td>
<td>300,617</td>
</tr>
</tbody>
</table>

* evaded duties collected/assessed duties (%)  
** in CFA franc
Inspector contracts had little impact on disputed amounts in the Transfer office. Although the ratio of evaded duties to assessed duties for the first quarter of 2011 is high (1.4 percent – CFAF 41 million) relative to previous quarters (from 0.3 percent to 0.6 percent), it is still lower than ratios for the first quarter of 2010 (1.6 percent) and several quarters between 2007 and 2008. The average disputed amount increased to CFAF 511,000, the second highest after the first quarter of 2010 (CFAF 586,000).

Disputed amounts in offices under contract since 2010

At the Douala Port I office, disputed amounts decreased in 2009 and increased in the last two quarters of 2010. The numbers fell again in the first quarter of 2011 by 0.7 percent, which represents CFAF 538 million in evaded duties collected.

However, a comparison can moderate this poor result. The figure of 0.7 percent attributed to a team of new inspectors must be compared to the figure of 0.6 percent posted in the first quarter of 2010, the period during which the contracts were first introduced, when the team had already been in place for several months. The result posted in the first quarter is therefore encouraging.

The average disputed amount (“evaded duties collected on average for each disputed amount”) rose sharply during the period under contract, and this trend held steady with the arrival of new inspectors.

At the Douala Port V office, disputed amounts increased significantly under the contract system, holding steady at a high level of 1 percent. With a team of new inspectors in place, the result from the first quarter was 0.98 percent.

The average disputed amount fell slightly during the first quarter of 2011 (CFAF 631,000, the equivalent of approximately EUR 950), suggesting that the inspectors achieved their results with respect to disputed amounts by imposing penalties on a more frequent basis. Once
again, the result is promising. It bears recalling that the result for the first quarter of 2010 was 0.7 percent, a lower average disputed amount (CFAF 624,000, or approximately EUR 951).

**Disputed amounts involving the 11 importers under contract**

With respect to the 11 importers under contract using the blue channel, no disputed amounts were collected.

**Table 6: Quarterly Trends for Disputed Amounts in Offices under Contract since 2010 in comparison with previous years**

<table>
<thead>
<tr>
<th></th>
<th>Douala Port I</th>
<th></th>
<th>Douala Port V</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ratio*</td>
<td>Average disputed amount**</td>
<td>Ratio*</td>
<td>Average disputed amount**</td>
</tr>
<tr>
<td>Q1</td>
<td>1.02</td>
<td>989,392</td>
<td>0.49</td>
<td>790,530</td>
</tr>
<tr>
<td>Q2</td>
<td>0.89</td>
<td>772,078</td>
<td>0.85</td>
<td>665,935</td>
</tr>
<tr>
<td>Q3</td>
<td>0.91</td>
<td>749,566</td>
<td>0.62</td>
<td>456,868</td>
</tr>
<tr>
<td>2007 Q4</td>
<td>0.80</td>
<td>784,579</td>
<td>0.45</td>
<td>259,159</td>
</tr>
<tr>
<td>Q1</td>
<td>0.83</td>
<td>860,506</td>
<td>0.97</td>
<td>1,333,410</td>
</tr>
<tr>
<td>Q2</td>
<td>1.39</td>
<td>1,258,337</td>
<td>1.33</td>
<td>1,503,656</td>
</tr>
<tr>
<td>Q3</td>
<td>1.28</td>
<td>1,216,898</td>
<td>1.12</td>
<td>627,965</td>
</tr>
<tr>
<td>2008 Q4</td>
<td>1.24</td>
<td>1,207,997</td>
<td>0.79</td>
<td>680,203</td>
</tr>
<tr>
<td>Q1</td>
<td>1.14</td>
<td>1,528,443</td>
<td>0.53</td>
<td>670,800</td>
</tr>
<tr>
<td>Q2</td>
<td>1.19</td>
<td>1,245,729</td>
<td>0.84</td>
<td>1,118,503</td>
</tr>
<tr>
<td>Q3</td>
<td>1.25</td>
<td>1,388,492</td>
<td>0.71</td>
<td>1,003,157</td>
</tr>
<tr>
<td>2009 Q4</td>
<td>0.94</td>
<td>1,041,792</td>
<td>0.23</td>
<td>276,770</td>
</tr>
<tr>
<td>Q1</td>
<td>0.64</td>
<td>1,373,782</td>
<td>0.73</td>
<td>624,466</td>
</tr>
<tr>
<td>Q2</td>
<td>0.86</td>
<td>2,750,727</td>
<td>1.43</td>
<td>1,186,054</td>
</tr>
<tr>
<td>Q3</td>
<td>1.31</td>
<td>4,538,816</td>
<td>0.80</td>
<td>851,152</td>
</tr>
<tr>
<td>2010 Q4</td>
<td>1.07</td>
<td>4,697,090</td>
<td>1.04</td>
<td>807,731</td>
</tr>
<tr>
<td>2011 Q1</td>
<td>0.69</td>
<td>2,468,333</td>
<td>0.98</td>
<td>631,961</td>
</tr>
</tbody>
</table>

* evaded duties collected/assessed duties (%)

** in CFA franc
Overall, disputed amounts outside the blue channel involving the 11 importers have also fallen since 2010, none being collected in the fourth quarter of 2010. During the first quarter of 2011, the level was 0.1 percent, holding steady at the Douala Port V and Douala Port I offices.

Table 7: Quarterly Trends for Disputed Amounts in Offices under Contract since 2010 in comparison with previous years

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Ratio*</th>
<th>Average disputed amount**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Q1</td>
<td>0.58</td>
<td>1,098,166</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.04</td>
<td>1,428,740</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>1.07</td>
<td>1,253,147</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>0.51</td>
<td>1,043,453</td>
</tr>
<tr>
<td>2008</td>
<td>Q1</td>
<td>0.50</td>
<td>951,317</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>1.40</td>
<td>1,965,642</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>0.86</td>
<td>1,810,602</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>1.16</td>
<td>2,092,457</td>
</tr>
<tr>
<td>2009</td>
<td>Q1</td>
<td>1.01</td>
<td>2,264,437</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>0.63</td>
<td>1,590,700</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>0.29</td>
<td>879,173</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>0.48</td>
<td>1,142,728</td>
</tr>
<tr>
<td>2010</td>
<td>Q1</td>
<td>0.15</td>
<td>994,403</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>0.28</td>
<td>2,344,846</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>0.17</td>
<td>1,922,604</td>
</tr>
<tr>
<td>2011</td>
<td>1T</td>
<td>\N</td>
<td>\N</td>
</tr>
<tr>
<td></td>
<td>2T</td>
<td>0.12</td>
<td>2,133,779</td>
</tr>
</tbody>
</table>

* evaded duties collected/assessed duties (%)

** in CFA franc

Disputed amounts involving these importers are likely an “adjustment variable.” In fact, inspectors exempt these established importers from controls that have to be promptly executed. This is a positive result of
the contracts, provided the post-clearance disputed amount offsets this lower level of vigilance of these operators. This trend is moving toward post-clearance challenges (investigations).

**Impact on bad practices**

The impact is measured for bad practices that were incorporated into the contracts. The quarterly evaluation of the contracts highlighted the decline in certain identified behaviors, potential sources of corruption. Some examples include “cross entries” and “reroutings.”

Rerouting declarations from the yellow channel to the red channel is more effective. While inspectors are not, in principle, forbidden from redirecting declarations from the yellow channel (documentary and minor controls) to the red channel (more rigorous control using scanners and possibly physical inspections), this practice must, however, be more effective with respect to disputed amounts because it is the result of individual targeting by inspectors. In the past, rerouting was used as a tool to intimidate users. The share of adjusted declarations from among those rerouted from the yellow to the red channel increased.

The impact was measured in offices under contract since 2010.

At the Douala Port I office, reroutings fell from 5 percent (quarterly average for 2009) to 1.6 percent (quarterly average for 2010), while the disputed amount rate jumped from 18 percent (quarterly average for 2009) to 50 percent (quarterly average 2010).

The new team of inspectors redirected fewer declarations (0.6 percent), but in a more effective manner (75 percent of rerouted declarations were adjusted). It is possible that they shared the same fears regarding rerouting, as was observed in early 2010. The office manager could remind them of the terms of the contract and of the fact that the target
for adjustments to rerouted declarations is not particularly high, which should encourage them to reroute declarations on a more regular basis.

At the Douala Port V office, the impact is more evident, as there was very little variation in the rate of reroutings between 2009 and 2010 (0.58 percent compared to 0.56 percent). However, the rate of adjustments to rerouted declarations jumped from 5 percent in 2009 to 62 percent in 2010 (on average for quarterly averages).

At the Airport office, the contracts imbued inspectors with the confidence to reroute declarations. The rerouting rate was extremely low, generally less than 0.1 percent of declarations. This rate stood at 0.36 percent for the first quarter of 2011. The results have improved as 94 percent of reroutings were positive in terms of controls, whereas this rate had been zero in previous years.

At the Transfers office, the impact depends considerably on the section. Eight of the ten warehouses show identical trends: more reroutings as well as more effective reroutings than in the past. Two of the ten warehouses, however, registered no change, as they rerouted few declarations or none at all.

“Operation time for the ASYCUDA system”. The operation times in the Douala Port I and Douala Port V offices are very long: respectively 6.9 and 7.5 hours, the longest periods since the launch of the ASYCUDA system in both offices (Cantens 2011).

Impact on cross entries (declarations assessed in the yellow channel and subsequently modified following assessment by the same inspector). This had been a tactic used by inspectors to secure as many files as possible, no doubt in an effort to boost their chances of having contact with users or easily identifying disputed amounts (it bears noting that in Cameroon, officers who uncover offenses receive a share of the fine). This practice is harmful to the work environment and has a deleterious
effect on the performance of the office. It has dramatically diminished in all offices from 424 cases in 2009 to 130 cases in 2010 and to 33 cases in 2011.

**Table 8: Decline in Cross Entries**

<table>
<thead>
<tr>
<th>Offices</th>
<th>Q3 2009</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douala Aéroport</td>
<td>160</td>
<td>115</td>
<td>13</td>
</tr>
<tr>
<td>Douala Port I</td>
<td>166</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Douala Port V</td>
<td>53</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Douala Transfer</td>
<td>45</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>424</td>
<td>130</td>
<td>33</td>
</tr>
</tbody>
</table>

**Unsound competition between inspectors.** The volume of declarations is an important issue: the more the number of declarations processed, the higher the number of frauds uncovered and the more chances for the inspector to legally or illegally earn money. A misuse of the information technology, some of them were able to process three to six times more declarations than their colleagues. This competition was dangerous as some of them were trying to appear “more pleasant” than their colleagues to the users. Though this practice is less prevalent today, it is still considered as a problem by some inspectors who required that after a year of implementation, a new objective be included in the contracts to report and limit the volume of declarations processed on a monthly basis (Cantens, Raballand, Bilangna, Djeuwo, 2011).

The graph below shows the number of cases when an inspector has managed to double the number of declarations processed than the median of colleagues.

**Non-quantifiable impacts:** Inspectors who have signed the contract are subject to greater transparency with respect to disputed amounts involving users. If any adjustment is made, the inspector must have the
user sign a report acknowledging the infraction. In the past, the inspector would make the adjustment and then await the user’s arrival. The pressure exerted on the user stemmed essentially from the calculation of the expected gain between recovered duties and the fine on one hand, and the port warehouse charges (demurrage fees) on the other. Under the contract, inspectors face a double constraint—speed and the processing of disputed amounts. To achieve their goal, they must be convinced of the legal merits of the adjustments they are imposing (Cantens 2011).
A new phase: Operator contracts

Context

Despite the promising results of performance contracts with inspectors, the conduct of a number of actors in the Customs clearance chain, including intermediaries, can be a source of concern and may mitigate the beneficial effects of this initiative. This is why Customs is introducing pilot contracts with enterprises, the primary instructing parties for certain stakeholders over whom they exercise some control (clearing agents, Customs brokers, banks for the payment of Customs duties and taxes…).

This experiment involves a small sample of enterprises that meet certain criteria based on, for example, volume of activity, frequency of operations, financial standing, and especially the willingness of these companies to serve as a barometer for clearance times at the Douala Port. In fact, the 20 importers currently being used by the national facilitation committee (FAL Committee) to establish a gauge for Customs clearance at the Douala Port were invited to negotiate contracts. Eleven of them accepted the terms and ultimately signed individual contracts with the Directorate General of Customs.

The “performance contracts for operators” are similar to the concept of “Authorized Economic Operators” in the way that the concept is devel-
oped in various international legal instruments and at the World Customs Organization; all parties are concerned with the security of the logistics chain and seek to grant facilities to a number of importers that satisfy conditions stipulated by the Customs Administration. It is, however, preferable to preserve the notion of “performance contracts” for the following reasons:

- contracts allow for greater flexibility, by frequently adapting granted facilities to the “performance” of the importers. This performance is objectively and frequently assessed.
- the term “performance contract” has been a part of the professional culture of Cameroon Customs since February 2010, and is a follow-up to the “performance indicators” introduced in January 2008. There was an apparent need to ensure this semantic continuity (Cantens 2010).

These “operator contracts” will be piloted over a six-month period between January and June 2011 to allow Customs to:

- evaluate the positive and negative effects of the facilities granted;
- adapt its operations to monitor compliance with the conditions by importers benefiting from facilities; and
- solve any technical or computer-related problems that could arise during use.

This approach requires streamlining of the internal organizational structure of the Customs offices and procedures; a number of declarations submitted by importers under contract are now being processed by specially-appointed staff following a specific procedure implemented for this purpose, pursuant to a decision adopted by the Administration on January 3, 2011. It also entails the definition and implementation of a revamped chain of controls, increasing the use of modern methods for audits, risk analysis, and targeting, and taking into account the op-
operators’ level of reliability. In this context, post-clearance controls must effectively follow up immediate controls in order to avoid loss of revenue. This approach also involves the introduction of a professional training plan geared toward the new Customs clearance professions, with a view to increased professionalization of certain tasks, such as audits, management of procedures, the supervision and conduct of controls, or the provision of information to users. And lastly, it requires the transformation of the relationship between Customs and importers, which is often marked by mistrust, for the creation of mutually beneficial partnerships.

The desired objectives

The contracts seek to reduce the costs and time for clearing goods and improve the collection of Customs revenues, thus resulting in the implementation of simplified procedures contractually agreed to by reliable operators. Contracts are a part of this vision, especially as they constitute an agreement outlining the mutual obligations with respect to results, with a view to enhancing the effectiveness of Cameroon Customs and the competitiveness of the port and enterprises. The contract is, first and foremost, designed to be a dialogue tool which creates the conditions for dynamic growth within Cameroon Customs.

The contracts will ultimately contribute to transparency in Customs operations (monthly meeting with operators and mutual experience sharing) and to the predictability of Customs actions and enterprise activities (a minimum threshold for the channel without controls varying on the basis of the results posted by the enterprise, creating a transparent sanctions system, and rewards).

The contracts are based on seven indicators. However, prior to this pilot phase, the various parties have been meeting on a monthly basis to assess the execution of their respective commitments. A mid-term eval-
uation of this experiment was conducted in April 2011, revealing rather promising results.

**The performance measurement process and procedures**

The seven indicators are stated as follows:

1. The disputed amount rate (percentage of the volume of adjusted duties and taxes/amount of duties and taxes assessed);

2. Recurrence with respect to disputed amounts (percentage of the number of adjusted declarations/number of declarations recorded by the same operator during the period);

3. Promptness of payments by importers (percentage of the amount of duties paid on the day on which the declaration is assessed/total amount of duties assessed during the period);

4. The share of projected declarations (percentage of the amount of duties and taxes indicated on the declarations recorded, at the latest, on the day of the vessel’s arrival/total amount of duties indicated on declarations recorded during the period);

5. Outstanding payments (amount of the outstanding payments five days after the assessment date/total amount of the duties assessed for declarations from the same operators during the same period);

6. Revenues from each declaration (amount of duties assessed, all taxes included/number of declarations assessed, all taxes included);

7. Homogeneity between authorized Customs brokers and importers (identity of the authorized Customs brokers used by the same operator during period n/identity of the authorized Customs brokers used during period n-1). This indicator is used purely for statistical purposes and will not be used for assessing the performance of enterprises.
The procedures for calculating the performance of operators are identical to the ones used to assess inspectors. The indicators have therefore been calculated each month since January 2007 with a view to providing reliable bases, as they are established on thousands of observations made in the three offices supporting the contract initiative (Douala Port I, V, and VI offices). Median values were calculated for all these indicators. A table provides the rating given to each indicator, based on the experience over the past four years. Another table outlines the calculation method for performance of the contract.

**Commitments by the various parties**

The Director General of Customs has undertaken to:

- Submit to operators, on a monthly basis, their performance rating for each indicator, as well as their performance trend over the previous three months;

- Grant blue channel access for 40 percent of the declarations, whether or not a prepaid account exists. The blue channel is an express Customs clearance channel requiring no Customs controls for release of the goods. It is supported by a rigorous targeting system to reduce some of the abuses, and involves periodic physical inspections of goods at places of business. The blue channel rate varies by a range of 10 percent and is contingent on the ability of operators to satisfactorily meet their respective commitments.

The operator has undertaken to:

- Avoid committing fraud or errors at the level determined by the rating scale;

- Avoid committing infractions itemized in the contract;

- Pay duties within the time frame specified in the contract;
Submit declarations on the day of the arrival of the ship at the latest, in accordance with the level specified in the rating scale;

Submit declarations using the blue channel (complete files) in person to the assessing inspector prior to release of the goods. Where applicable, the parties must agree to the venue and time for an inspection at the place of business.

Incentives and sanctions

The Directorate General of Customs agreed to gradually increase the blue channel rate using a 10 percent per quarter with respect to contract performance, up to a maximum rate of 80 percent. However, it may, in exceptional circumstances, increase this percentage for certain enterprises based on their performance or on other criteria of its choosing. Operators that achieve the 80 percent target for the blue channel will also receive a Customs and excise bond. In this case, importers will be able to remove their goods prior to assessment and payment of duties, by depositing a bank-secured guarantee for payment of these duties within a specified time frame.

If, however, an operator fails to achieve the required minimum/maximum levels over a one-month period, this operator will receive a warning from the Directorate General of Customs. Should this situation occur over two consecutive months, a second warning is then issued. In cases where this situation occurs three months in a row or the operator’s average performance rating is below 100 percent in the third month, the operator will once again be at the basic level with minimum facilities at his or her disposal. The operator will suffer a loss of privileges leading to termination of the contract should the following infractions be committed by him or her or by his or her agents (transporters, brokers, etc.): smuggling, imports without declarations, and obstruction of duties.
Mid-term results

Generally speaking, two of the 11 operators met all the conditions of their contracts during the quarter. These two operators are the best organized companies which had, at an early stage, revised their internal procedures. Their partners (banks, Customs brokers, etc.) were notified of the need to commit to the new work environment. One of the companies also threatened to part ways with its bank unless it paid, in a timely manner, duties assessed by the Customs Administration. These threats bore fruit as the banks revised their procedures for transferring funds to the public treasury. From that standpoint, the contracts have had the immediate effect of driving the relevant importers and their partners to usefully reorganize their modus operandi.

One operator achieved 100 percent of the target values but is having difficulty with two indicators relating to speed (payment and projections).

Seven operators achieved stable contract execution levels, a clear indication that an additional effort would enable them to achieve their objectives.

One operator is experiencing difficulty and is working along with the Risk Management Unit to pinpoint the specific problems and identify possible solutions.

In addition, three months after the launch of the experiment, the time elapsing between the vessel’s date of arrival and release of the goods is as follows:

- 8.5 days compared to 10.5 days in the pre-contract period for the top two performers;
- 12 days compared to 13.4 days for all operators under contract;
for operators not under contract, this period increased even further, from 19 days to 22 days.

Furthermore, the quarterly average in terms of number of days for goods using the blue channel is 11.5 days, while the quarterly average for goods using the other channels (red and yellow channels) is 22 days.

For the first quarter of 2011, prompt payment of duties and taxes on the day of assessment in the blue channel improved by 5.3 percent relative to the control channel, and by 31.1 percent relative to operations carried out by importers not under contract.

The rate for duties and taxes that were outstanding five days after assessment is zero for operations carried out in the blue channel, 18.4 percent for operations not carried out under contract, and 9.8 percent for operations conducted using the control channel.

Duty payment times were shortened, as the payment of duties and taxes on the day of assessment improved by 5.3 percent relative to duties
assessed for declarations in the control channel, and by 31.1 percent in relation to operations not under contract.

However, the decline in the volume of taxes and duties recorded on the day of the vessel’s arrival at the latest, relative to performance during the same period the previous year, shows that operators under contract should make an even greater effort with respect to projections of their Customs operations.

**Initial lessons to be learned from operator contracts**

The contracts provided an opportunity for enterprises under contract to reorganize their internal operations and review their relationship with their partners (Customs brokers, banks, etc.). It bears recalling that the main rationale for the contracts was precisely to encourage enterprises to urge their intermediaries, whose conduct posed problems, to improve their performance.

Operators that achieved the contracts’ objectives gained the right to a higher blue channel access rate than planned (60 percent instead of 50 percent, thereby suggesting that Customs honored its commitments).

The competitiveness requirement at the Douala Port calls for import projections and greater involvement of all stakeholders operating at the port without whom it would be impossible to significantly reduce the overall port processing time for goods.

The Customs administration has placed its trust in certain operators, taking risks in terms of facilities granted. The experiment shows that the provision of these facilities did not result in any specific deviations from normal practices, as the level of disputed amounts was brought under control, thus suggesting an effective targeting level.
General conclusion

Love them or hate them, no one at Cameroon Customs showed indifference to the performance contracts. They introduced a new type of relationship between the upper and lower levels of the Customs hierarchy, and between the Customs Administration and its users. These contracts have shaped and continue to shape the new Customs culture, which involves ongoing evaluation of individual and collective performances, as well as accountability. The notion of accountability goes hand in hand with the closely related notions of freedom and responsibility. The administration grants all officers sufficient flexibility to achieve their respective objectives; at the same time, these officers understand that everyone will be fully apprised of all their actions. Thus, each officer assumes his or her respective responsibilities and is accountable for his or her actions. In the final analysis, the contracts are an essential tool for internal operational control and human resource management.

The Cameroonian experiment has gained traction internationally, and several countries have demonstrated a genuine desire to implement it. These countries must understand the spirit of the contracts and tailor them to suit their respective contexts. This is of paramount importance, particularly because each country has its own history and geography, its concerns and its desires, its culture and traditions—in sum, its own unique environment.
Cameroon, for its part, must encourage research on or beyond the contract initiative in order to better grasp the concept of contracts and give consideration to the post-contract period. If discussions subside, inspiration fades, or research momentum stalls, then routine practices will regain the upper hand and no one will be in a position to predict the outcome of this step backward.
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