

**CUSTOMS EFFICIENCY EVALUATION
IN CONDITIONS OF INSTITUTIONAL CHANGES,
COVID-19 AND MARTIAL LAW IN UKRAINE**

Yuliia Kasperovych¹

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Abstract. Customs authorities' efficiency evaluation based on performance indicators of costs, productivity, effectiveness and quality is the most continuous, sustainable and reliable tool. *The purpose* of the paper is to evaluate customs authorities' efficiency based on performance indicators in the conditions of institutional changes, COVID-19 quarantine and martial law in Ukraine. The solution of such research problems determines the logic of the presentation of the studied material in the paper: to investigate the evolution and modern approaches to customs authorities' work and customs policy efficiency evaluation, to reveal the trends of four groups of performance indicators of the State Customs Service of Ukraine. *Methodology* of the study is based on the general research methods of analysis and synthesis, induction and deduction, observation and abstraction, which are used to systematize achievements in the theory and practice of customs authorities work. *Results* of the survey show that traditional cost performance indicators are the number of staff units and the number of authorities of the State Customs Service. The productivity performance indicators are the volume of tax custom revenues to the revenue part of the State Budget of Ukraine, the number of completed customs declarations and the number of vehicles passed through the customs border. Effectiveness performance indicators are derived from three basic productivity indicators per employee. Quality performance indicators can be conventionally grouped into five thematic blocks: performance level, provision level, average time of customs clearance, risk management system quality, quantitative and cost efficiency of consideration of customs

¹ PhD in Economics,
Senior Researcher at the Department of Economic Strategy,
Center for Economic and Social Research,
The National Institute for Strategic Studies, Ukraine

disputes in court. Thus, quality indicators are the most numerous and diverse among the performance indicators of the State Customs Service of Ukraine. *Practical implications.* The customs authorities' work efficiency evaluation with the application of a complex and systematic approach proved the existence of a significant potential for its improvement for the state, business and society interests. *Value/originality.* Customs authorities' efficiency evaluation with the analysis of four groups of performance indicators is possible and expedient to apply in conditions of significant influence of external factors.

1. Introduction

The State Customs Service in Ukraine has gone through a long path of institutional development. Customs authorities' work efficiency evaluation developed along with their formation, transformation and reformation. After the declaration of Independence of Ukraine, the State Customs Committee of Ukraine (11.12.1991–29.11.1996) and the State Customs Service of Ukraine (29.11.1996–24.12.2012) were formed. Later, the customs service was merged with the tax service into the Ministry of Revenue and Duties of Ukraine (24.12.2012–21.05.2014) and the State Fiscal Service of Ukraine (21.05.2014–18.12.2018 and 01.01.2022). The State Customs Service of Ukraine in its current form was formed together with the State Tax Service of Ukraine by Resolution of the Cabinet of Ministers of Ukraine “*On the Formation of the State Tax Service of Ukraine and the State Customs Service of Ukraine*” dated 18.12.2018 No. 1200 by reorganization of the State Fiscal Service of Ukraine through division.

The State Customs Service of Ukraine, after a certain delay, started functioning on 08.12.2019 following the adoption of the Decree of the Cabinet of Ministers of Ukraine “*Issues of the State Customs Service*” dated 04.12.2019 No. 1217-r. In parallel, somewhat earlier, the State Tax Service of Ukraine started functioning with a similar Order of the Cabinet of Ministers of Ukraine dated 21.08.2019 No. 682-r.

According to the Regulation on the State Customs Service of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine dated 06.03.2019 No. 227, the State Customs Service of Ukraine is the central body of the executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister

of Finance. The State Customs Service implements state customs policy, state policy in the field of combating offenses during the application of customs legislation.

After its formation, the State Customs Service of Ukraine received separate funding from the State Budget of Ukraine from 2020 under two budget programs – the main CPCEC¹ 3506010 “*Leadership and management in the field of customs policy*” and the auxiliary CPCEC 3506610 “*Implementation of the project on the development of border road infrastructure and arrangement of checkpoints*”. Also, in 2020–2021, there was a budget program of CPCEC 3506090 “*Implementation of measures provided for by the Agreement on financing the program “Support of sectoral policy of border management in Ukraine”*”.

Passport of the budget program CPCEC 3506010 “*Leadership and management in the field of customs policy*” in 2021–2022 defined the reform of customs as the goal of state policy. Earlier in 2020, in our opinion, it was formulated more successfully. Namely, honest exporters and importers of Ukraine and citizens have transparent, simple and predictable rules of customs control and customs clearance, while their economic interests and interests regarding equality of competitive conditions are protected. The purpose of the budget program is the implementation of state customs policy, state policy in the field of combating offenses during the application of legislation on state customs matters. The specified goal of the budget program and its tasks correspond to the Regulations on the State Customs Service of Ukraine.

2. Evolution of customs authorities’ work and customs policy efficiency evaluation

The evolution of customs authority’s efficiency evaluation has gone through three stages of development. At the first stage, the reference point for the formation of a list of performance indicators for the main managers of budget funds, including of the State Customs Service of Ukraine, was the Order of the Ministry of Finance of Ukraine “*On approval of the Exemplary list of effective indicators of budget programs*” dated 14.01.2011 No. 15. Soon the Order became invalid according to the order of the Ministry of

¹ Code of program classification of expenditures and budget crediting.

Finance of Ukraine dated 05.08.2015 No. 699. The evaluation of the customs authorities then provided for indicators that are partially used until now.

At the second evolution stage of customs authority's efficiency evaluation in September 2016, a separate assignment from the Minister of Finance of Ukraine to the Head of the State Fiscal Service of Ukraine, which at that time included customs authorities, became a defining event. On September 27, 2016, the Minister of Finance approved and sent a letter to the Head of the State Fiscal Service (SFS) key performance indicators (KPI) in the SFS reform. KPI were developed by the Ministry of Finance in cooperation with public experts of the Resuscitation package of reforms in partnership with the Research Institute of Fiscal Policy and the Institute of Tax Reforms with the participation of experts of the National Institute for Strategic Studies [1–2]. KPIs included groups of indicators for the tax block, indicators for tax and customs blocks together, indicators for customs block. So, three separate KPIs were established specifically for customs authorities.

The modern third evolution stage of customs authorities' efficiency evaluation is outlined in the Order of the Cabinet of Ministers of Ukraine *“On approval of conceptual directions for reforming the system of bodies implementing state tax and customs policy”* dated 27.12.2018 No. 1101-r. Later, they were detailed in the joint tax and customs Regulation of the Cabinet of Ministers of Ukraine *“Some issues of implementation of conceptual directions of reforming the system of bodies implementing state tax and customs policy”* dated 07.05.2019 No. 542 and later issued in a separate customs Regulation of the Cabinet of Ministers of Ukraine *“Some issues of implementation of conceptual directions of reforming the system of authorities, that implement the state customs policy”* dated 13.05.2020 No. 569-r. Performance evaluation indicators are defined in two areas – personnel development and reforming. Under the direction of *“Personnel development, reforms to ensure integrity and anti-corruption measures”*, it is envisaged to conduct an analysis and review of tasks, key indicators of effectiveness, efficiency and quality of official activity of civil servants of the State Customs Service who hold public service positions of categories “B” and “C”, taking into account, in particular, the key performance indicators established by the Ministry of Finance for customs authorities, and plans for the development of the organization and the introduction of a system

for monitoring their implementation (item 17). Under the “*Transparency and controllability of the reform*” direction, operational monitoring of the implementation of measures to implement the reform of the State Customs Service is envisaged based on the key performance indicators established by the Ministry of Finance; publication of reports on the implementation of key performance indicators on the official web portal (item 29). In addition, timely, accessible and complete information on legislation and procedures, strategic goals of customs authorities and reports on key performance indicators are provided (item 32).

3. Modern approaches to customs authorities’ work and customs policy efficiency evaluation

State authority efficiency evaluating is an important process of public policy implementation. Key Performance Indicators (KPI) of customs authorities at the level of wide-profile assessment experts [3] and narrow-profile World Customs Organization [4–6] are most often associated with the five main functions of customs (in alphabetical order): (1) Border protection; (2) Compliance and Risk Management; (3) Revenue Collection; (4) Social Protection, Immigration and travel; (5) Trade Facilitation. Domestic Ukrainian scientists also propose to analyze the customs authority’s efficiency from the standpoint of management using four approaches: efficiency as a ratio of activity results and costs; efficiency as the degree of achievement of the corresponding goal (effectiveness); efficiency as the degree of compliance with the standard; efficiency as the degree of satisfaction of process participants [7]. In our opinion, the efficiency of the risk management system is equally important.

On the part of the domestic Ukrainian business as a participant in the customs clearance process, the operational customs authorities’ efficiency evaluation is summarized in the analytical reports of the *Institute for Economic Research and Policy Consulting* within the framework of the projects “*Dialogue on Trade Promotion*” and “*Support of the Public Initiative “For Fair and Transparent Customs*”. During 2016–2021, six analytical reports were published based on the results of six waves of surveys of Ukrainian exporters and importers “*Simplification of trade procedures in Ukraine: assessments and expectations of business*” [8]. After the start of a full-scale war, the reports from May 2022 were

transformed into a monthly survey of enterprises “*Ukrainian business during the war*”. The Customs Index based on the results of a survey of customs experts of the European Business Association was also an indicative tool for customs authorities’ efficiency evaluation [9]. Thus, the customs authorities’ efficiency evaluation requires a comprehensive and systematic approach.

4. Performance indicators as the main tool for customs authorities’ efficiency evaluation

After numerous attempts to evaluate the efficiency of state authorities, in particular customs, the most continuous, sustainable and reliable tool ensures the application of the program-target method in the budget process. The method was introduced in Ukraine together with the adoption of the *Budget Code of Ukraine* in June 2001, improved with the update of the Budget Code of Ukraine in July 2010, and further developed by introducing amendments to the Budget Code of Ukraine regarding the introduction of medium-term budget planning by the Law of Ukraine dated 06.12.2018 No. 2646-VIII (with a forced pause during martial law). Currently, the program-target method in the budget process is a method of managing budget funds to achieve specific results at the expense of budget funds with the use of evaluating the efficiency of the use of budget funds at all stages of the budget process.

According to Article 20 of the Budget Code of Ukraine, special components of the program-target method in the budget process are budget programs, responsible executors of budget programs, passports of budget programs, performance indicators of budget programs.

Performance indicators of the budget program are used to evaluate the efficiency of the budget program in terms of the use of budget funds and include quantitative and qualitative indicators that determine the result of the implementation of the budget program, characterize the progress of its implementation, the degree of achievement of state policy goals in the relevant field of activity, the formation and/or implementation of which the chief administrator of budget funds ensures the achievement of the goal of the budget program, the fulfillment of the tasks of the budget program, and highlights the scope and quality of public service provision.

The list of performance indicators for each budget program is developed by the chief managers of budget funds in accordance with the regulatory act of the Ministry of Finance of Ukraine.

The performance indicators of the budget program must be confirmed by official state statistical, financial and other reporting, accounting, statistical and internal economic (management) accounting data.

Performance indicators of budget programs are divided into the four following groups: cost indicators, productivity indicators, effectiveness indicators, and quality indicators. Let's consider their brief description according to the main budget program of the State Customs Service of Ukraine CPCEC 3506010 "*Leadership and management in the field of customs policy*".

5. Cost performance indicators in customs authorities' efficiency evaluation

Cost performance indicators traditionally determine the volume and structure of resources that ensure the implementation of the budget program, characterize the structure of costs of the budget program and may include the number of employees of the budget institution, including those involved in the provision of public services, the number of persons entitled to receive public services, the amount of payments, established by regulations, the amount of equipment, the area of buildings, etc., that require maintenance (repair, reconstruction, restoration), the total amount of work that must be performed in the current and subsequent years (general need), the total cost of investment projects (construction projects).

According to the main budget program of the State Customs Service of Ukraine CPCEC 3506010 "*Leadership and management in the field of customs policy*", cost performance indicators include several items. Their composition varied in different years. Two basic indicators are traditional among them – the number of staff units and the number of authorities of the State Customs Service. With the established maximum number of employees of the State Customs Service (11 308 people), including apparatus (571 people) and territorial authorities (10 737 people), the actual number was less. From 01.07.2021, the State Customs Service started work in the format of a single legal entity. The number of authorities of the State Customs Service is 29 units.

The next cost indicator is the total number of stationary-type scanning systems for the inspection of passenger vehicles and minibuses, which must be installed at checkpoints of the State Customs Service (75 units according to the plan in 2022), including the number of stationary-type scanning systems for the inspection of passenger vehicles, necessary for the arrangement of priority checkpoints of the State Customs Service (36 units according to the plan in 2022). Accordingly, the number of priority checkpoints was determined State Customs Service and the necessary volume of expenses for their arrangement. This arrangement involves the installation of stationary scanning systems, weighing complexes, intelligent video control systems, major repairs, construction and reconstruction of checkpoints. The amount of expenses is determined without taking into account the funds of the loan of the Republic of Poland.

The plan of measures for arranging priority checkpoints for 2021–2023 was approved by the Order of the Cabinet of Ministers of Ukraine dated 24.03.2021 No. 246-r. The beginning of the full-scale war of the Russian Federation against Ukraine on February 24, 2022 radically changed the plans for the arrangement. Along with the closure of the state border in the east, south and north of Ukraine, the closure of air and sea space (with the exception “grain corridor” for United Nations Black Sea Grain Initiative from 01.08.2022), customs checkpoints were closed accordingly. The arrangement of checkpoints on the Ukrainian-Russian and Ukrainian-Belarusian sections of the state border has lost its relevance for a long time.

In the passport of the budget program CPCEC 3506010 for 2022, the number of passenger cars in the State Customs Service was also included among the indicators, which, in our opinion, is superfluous among the performance indicators.

6. Productivity and effectiveness performance indicators in customs authorities’ efficiency evaluation

Next to the group of cost performance indicators are two groups of productivity and effectiveness indicators.

Productivity performance indicators traditionally characterize the results of the activities of the chief administrator for the corresponding budget period within the budget program, can reflect the volume of products

produced, public services provided or works performed, the number of people to whom public services have been provided.

According to the main budget program of the State Customs Service of Ukraine CPCEC 3506010 “*Leadership and management in the field of customs policy*”, the productivity performance indicators include several items. Three basic indicators are traditional among them. The first product indicator is the volume of tax custom revenues to the revenue part of the State Budget of Ukraine, which is controlled by the State Customs Service. The amount is determined every year by the Law of Ukraine “*On the State Budget of Ukraine*” for the corresponding year. The next second and third productivity indicators are the number of completed customs declarations and the number of vehicles passed through the customs border. The source of data for the two indicated indicators is the Unified Automated Information System of the State Customs Service. The dynamics of the three basic indicators of the product are presented below in Table 1.

As reported by the State Customs Service, in 2020 the non-fulfillment of the planned indicators regarding the volume of tax custom revenues to the revenue part of the state budget, which are controlled by the State Customs Service of Ukraine, from the general fund of the state budget (by -8,8%) was explained by the non-compliance with the forecast rate and the dynamics of imports to the forecast; a decrease in the volume of natural gas imports by NJSC “Naftogaz of Ukraine”; the ban and restrictions of the Government of the Russian Federation on the export of certain goods to Ukraine and the introduction by the Government of Ukraine of mirror measures for some goods originating in the Russian Federation; a ban on the import into Ukraine of mineral fertilizers, cement, goods of light industry and metal products; tariff preferences for the payment of import duties in trade with the EU in accordance with the Association Agreement between Ukraine and the EU; by establishing additional benefits from the payment of customs payments for goods necessary to overcome the coronavirus disease (COVID-19); provision of installments for the payment of VAT on the import of equipment. The overachievement of the planned indicators for the special fund (+7,6%) was explained by the increase in the volume of registration of fuel and vehicles.

In 2021, the situation changed from negative to the opposite positive. overachievement of planned indicators was ensured due to an increase in

Table 1

The dynamics of some productivity performance indicators of the work efficiency of the State Customs Service of Ukraine in 2020–2022

Indicator	Year	Plan	Fact	Absolute Deviation	Relative Deviation, %
The volume of tax customs revenues to the revenue part of the State Budget of Ukraine, which is controlled by the State Customs Service, in 2020–2022, millions UAH	2020 GF	325 471,0	296 959,2	-28 511,8	-8,8
	2020 SF	57 292,0	61 657,4	+4 365,4	+7,6
	2020 TOTAL	382 763,0	358 616,7	-24 146,4	-6,3
	2021 GF	357 353,0	409 319,1	+51 966,1	+14,5
	2021 SF	56 510,2	75 557,9	+19 047,7	+33,7
	2021 TOTAL	413 863,2	484 877,0	+71 013,8	+17,2
	2022 GF	433 958,2	275 482,3	-158 475,9	-36,5
	2022 SF	70 979,6	25 319,7	-45 659,9	-64,3
	2022 TOTAL	504 937,8	300 801,9	-204 135,8	-40,4
Number of completed customs declarations, units	2020	4 850,0	4 464,6	-385,4	-7,9
	2021	4 900,0	5 159,3	+259,3	+5,3
	2022	5 856,6	3 534,3	-2 322,3	-39,7
The number of vehicles passed through the customs border, units	2020	18 500,0	8 932,7	-9 567,3	-51,7
	2021	9 500,0	10 648,5	+1 148,5	+12,1
	2022	12 390,0	9 461,7	-2 928,3	-23,6

Source: compiled according to data [10–12]

Note: hereinafter GF is the general fund of the State Budget of Ukraine, SF is the special fund of the State Budget of Ukraine.

taxed imports by weight and value. In addition, the increase occurred due to the main budget-forming goods, namely the registration of oil products, passenger cars, petroleum gases, coal, telephone sets, insecticides, fungicides, herbicides, mineral fertilizers.

In 2022, the beginning of the full-scale war of the Russian Federation against Ukraine from February 24, 2022, had a negative impact on the receipt of customs payments to the state budget of Ukraine. The main reason was the reduction of import volumes due to the economic crisis, the provision of a number of new tax benefits to support citizens and businesses, victims and the Armed Forces of Ukraine (Figure 1).

External factors had consequences on the number of completed customs declarations and the number of vehicles passed through the customs border.

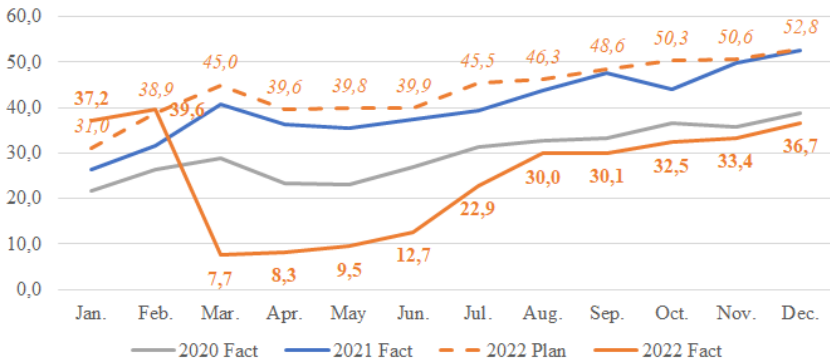


Figure 1. Dynamics of tax custom revenues administered by the State Customs Service of Ukraine to the State Budget of Ukraine in 2020–2022, billion UAH

Regarding customs declarations, as reported by the State Customs Service in 2020, the calculation of indicators was carried out based on the forecasted indicators of the volume of export-import transactions. Due to objective reasons (the implementation of measures aimed at preventing the emergence and spread of the COVID-19 disease), the actual volumes of exports and imports were significantly lower than the forecasted ones. In 2021, the turnover exceeded the forecast, which led to an increase in the number of completed customs declarations.

Regarding vehicles, as reported by the State Customs Service, in 2020 the main reason for non-fulfillment of the planned indicator of the number of vehicles passed through the customs border (by -51,7 %) there was a sharp and significant reduction in the number of border crossings by private motor vehicles, which is associated with the adoption of measures aimed at preventing the emergence and spread of the COVID-19 disease caused by the SARS-CoV-2 coronavirus. First of all, this concerns the crossing of borders with EU countries, Belarus and Moldova. The number of border crossings related to family ties (visiting relatives) decreased. The reduction of the indicator is also connected with unfavorable conditions for the wage earners and the failure of the tourist season. There was also a reduction in air travel and sports. The second important factor was the blocking of Ukrainian exports and transit by

the Russian Federation and corresponding countermeasures by Ukraine, which primarily led to a reduction in railway transportation. In 2021, the situation changed from negative to the opposite positive. Exceeding the indicator was connected with the increase in the number of border crossings by personal vehicles, which is due to the easing of border crossing measures for citizens vaccinated against COVID-19 (the return of wage earners to their workplaces in the EU) and the adoption of a set of measures to ensure the legality of the importation of motor vehicles by citizens and the completeness payment of taxes by them. First of all, this applies to crossing borders with EU countries, including Poland, Romania, and Slovakia. There was also a significant revival of air traffic compared to 2020.

It is important that the effective indicators of the product include the number of countries with which electronic exchange of customs information is carried out, which was stable at only 5 countries and did not change during 2020–2021. During 2022, during the martial law, Ukraine received on 23.06.2022 the status of a candidate in members of the European Union, made the relevant next European integration changes to the Customs Code of Ukraine (Law of Ukraine dated 15.08.2022 No. 2510-IX), joined two EU customs conventions – *the Convention on the Simplification of Formalities in Trade in Goods and the Convention on the Common Transit Procedure* (Laws of Ukraine dated 30.08.2022 No. 2554-IX and No. 2555-IX). Accession of Ukraine to “customs visa-free” from October 1, 2022 with full application of New Computerized Transit System (NCTS) allows real-time exchange of customs information on transit cargo with 35 countries – 27 EU members, 4 members of the European Free Trade Association (EFTA) (Iceland, Liechtenstein, Norway, Switzerland), Great Britain, Turkey, North Macedonia and Serbia.

In addition, the performance indicators of the product during 2021–2022 include the number of priority checkpoints of the State Customs Service, which were equipped with equipment and the number of purchased stationary scanning systems for the inspection of passenger vehicles. Earlier in 2020, less significant total indicators of the number of purchased network switches, computer equipment and office equipment were included.

Effectiveness performance indicators traditionally characterize the economy in spending budget funds, the ratio between the product obtained

and the resource spent and are defined as the cost of resources per unit of the product indicator, the ratio of the number of goods produced (work performed, services provided) to the amount of resource spent.

According to the main budget program of the State Customs Service of Ukraine CPCEC 3506010 “*Leadership and management in the field of customs policy*”, effectiveness performance indicators include three positions. They are derived from the three basic product performance indicators analyzed above per employee. The dynamics of the effectiveness indicators are presented in Table 2 and analyzed below.

Table 2

The dynamics of effectiveness performance indicators of the work efficiency of the State Customs Service of Ukraine in 2020–2022

Indicator	Year	Plan	Fact	Absolute Deviation	Relative Deviation, %
The volume of tax custom revenues to the revenue part of the State Budget of Ukraine per 1 employee of the State Customs Service, thousand UAH	2020 GF	28 782,4	28 252,2	-530,2	-1,8
	2020 SF	5 066,5	5 866,0	+799,5	+15,8
	2021 GF	31 601,8	39 735,9	+8 134,1	+25,7
	2021 SF	4 997,4	7 335	+2 337,6	+46,8
	2022 GF	38 376,2	27 617,3	-10 758,9	-28,0
	2022 SF	6 276,9	2 538,3	-3 738,6	-59,6
The number of completed customs declarations per 1 employee of the State Customs Service (from the number of employees of customs posts), unit	2020	429	425	-4	-0,9
	2021	762	803	+41	+5,4
	2022	931	562	-369	-39,6
The number of vehicles passed through the customs border, per 1 employee of the State Customs Service (from the number of employees of customs posts), unit	2020	1 636	850	-786	-48,0
	2021	1 478	1 656	+178	+12,0
	2022	1 970	1 504	-466	-23,7

Note: the number of customs posts employees was taken into account: 6 492 people in 2020, 6 429 people in 2021 and 6 289 people in 2022.

Source: compiled according to data [10–12]

As reported by the State Customs Service, in 2020, as a result of non-fulfillment of the planned indicators regarding the volumes of revenues to the revenue part of the state budget, which are controlled by the bodies of the State Customs Service of Ukraine, from the general fund of the state budget (by -8,8 %), the volume of tax custom revenues to the revenue part of the State budget in per employee of the State Customs Service (the maximum number of employees) decreased (by -1,8 %). At the same time, the specified indicator for the special fund was more than planned (+ 15,8 %), which was due to an increase in the volume of revenues for the special fund (according to the first indicator of the product). As a result of non-fulfillment of the planned indicators of the number of completed customs declarations and vehicles passing through the customs border, their number per 1 employee of the customs post decreased compared to the planned indicator.

In 2021, the situation changed from negative to the opposite positive. Due to the overachievement of the planned indicators regarding the tax custom revenue to the revenue part of the state budget, which are controlled by the authorities of the State Customs Service of Ukraine, and the availability of vacant positions at the end of the year, the volume of tax custom revenue to the revenue part of the State budget per 1 employee increased from the general and special budget fund (by + 8 134,1 thousand UAH and +2 337,6 thousand UAH) in accordance with the planned indicators determined by the passport. Due to exceeding the planned indicators of the number of completed customs declarations and vehicles passing through the customs border, their number per 1 employee of the customs post increased compared to the planned indicator (by +41 units and +178 units, respectively).

In 2022, a full-scale war led to a deterioration of the **productivity** performance indicators and their derivative **effectiveness** performance indicators. The increase in the number of completed customs declarations and non-commercial vehicles is due to the huge number of Ukrainian refugees, significant volumes of international humanitarian and military aid to support the affected citizens and strengthen the defense capabilities of the Armed Forces of Ukraine.

7. Quality performance indicators in customs authority's efficiency evaluation

Next after the three groups of cost, productivity and effectiveness performance indicators is the fourth group of quality performance indicators.

Quality performance indicators traditionally characterize the dynamics of achieving the goal and fulfilling the tasks of the budget program, compliance of the created product with the established standards (normatives), the level of implementation of investment projects (over the entire period since the beginning of the implementation of these projects), performance of works, the degree of readiness of construction objects, the quality of the created product; the level of satisfaction of users of public services in accordance with their purpose, the level of provision of public services to persons entitled to them; highlight the weakening of negative or strengthening of positive trends in the economy (the relevant field of activity), the benefit to society from the implementation of the budget program, including from the point of view of ensuring gender equality.

According to the main budget program of the State Customs Service of Ukraine CPCEC 3506010 "*Leadership and management in the field of customs policy*", one and a half dozen quality performance indicators are provided. They can be conditionally grouped into five thematic blocks:

– *performance level*. The level of implementation of indicative indicators of state budget revenues, which are controlled by the State Customs Service, is traditionally planned at the level of 100%. In 2020, the withdrawal rate was -8,8% for the general fund and +7,6% for the special fund, in 2021 +14,5% and +33,7%, respectively (Table 1). In 2022, the beginning of a full-scale war of the Russian Federation against Ukraine led to a large underperformance of the planned indicators for the general and special funds of the State Budget (Figure 1). Also, in 2020, the performance indicators of quality included the ratio of expenditures of the general fund of the budget program to the volume of revenues to the revenue part of the state budget, which is controlled by the bodies of the State Customs Service. In the following 2021–2022, it was removed from the list of quality indicators.

– *provision level*. In 2020, the quality indicators included: the level of performance of works on the development and construction of facilities of the State Customs Service (capital construction, repair and reconstruction);

the level of updating of computer equipment and office equipment to ensure the functioning of IT equipment, including to reduce the time of customs clearance and control; the level of providing access level network switches for local computing networks. In 2021–2022, the quality indicators included: the level of provision of checkpoints with fixed-type scanning systems for the inspection of passenger vehicles and minibuses; the level of implementation of measures to arrange priority checkpoints. Also, in 2020–2021, the quality indicators included the indicator of the level of repayment of payables registered in the authorities of the State Treasury Service of Ukraine.

– *average time of customs clearance*. Traditionally, quality indicators include three coefficients of the efficiency of using the time determined for customs clearance in the customs regime of import / export / transit of goods for which the list of customs formalities was not generated by the Automated Risk Management System (ARMS). The indicative indicator for import is 0,5 times, for export – 0,3 times, for transit – 0,2 times. As we know, according to the first part of Article 255 of the Customs Code of Ukraine, customs clearance is completed in the shortest possible time, but no more than four working hours from the moment of presentation to the customs body of goods, commercial vehicles subject to customs clearance (if according to this According to the Code, goods, vehicles for commercial purposes are subject to presentation), submission of a customs declaration or a document that replaces it in accordance with the law, and all necessary documents and information.

– *risk management system quality*. The indicator determines the share of customs declarations, according to which ARMS determined the need to perform customs formalities regarding customs inspection / additional verification of documents (less than the approved indicator of 5% and 30%, respectively). The share of customs declarations is also determined, according to which officials of customs authorities, on the basis of the results of the application of ARMS, determined the need to perform customs formalities regarding customs inspection / additional verification of documents (less than the approved indicator of 3% and 6%, respectively). Other indicators are given in Table 3. The overachievement of the approved indicator “*The share of decisions in cases of violation of customs rules*” was due to the improvement of the quality of the protocols on violations

of customs rules drawn up by customs, ensuring the proper collection of evidence during the proceedings, as well as a comprehensive and complete investigation of the circumstances of the offense committed when issuing a decision by customs in the case of violation of customs rules. Exceeding the approved indicator “*The share of cases of violations of customs rules*” was due to the improvement of the quality of protocols on violations of customs rules drawn up by customs and the level of evidence collection during proceedings, as well as the proper provision of cases in courts. The overachievement of the indicator “*Share of agreed monetary obligations*” was due to the improvement of the quality of conducting and processing the results of documentary checks, compliance by enterprises with the legislation of Ukraine on customs matters (Table 3).

– *quantitative and cost efficiency of consideration of customs disputes in court.* As evidenced by the indicators in Table 3, the actual indicators are often significantly worse than the planned ones. They testify to the existence of significant shortcomings in the work of customs authorities. The State Customs Service explains the non-fulfillment of planned indicators with objective reasons. Based on the analysis of court cases, the State Customs Service year-to-year considers that the main number of decisions taken against the customs authorities are made up of cases whose subject of consideration is the appeal of the decisions on the adjustment of the customs value and on the determination of the product code. When deciding cases, the subject of consideration of which is the appeal of decisions on the adjustment of customs value, the courts in their conclusions note that the activation of the ARMS system is only a recommendation to the official of the customs authority to analyze the conditions of the foreign economic transaction in more detail and cannot be an unconditional basis for refusing to process the goods under the customs value declared by the declarant. Determining the right of the customs authorities to demand additional documents in the event of discrepancies in the submitted documents regarding the components of the customs value of the goods, the courts do not consider the documents to be those that affect the correctness of its determination. In cases, the subject of consideration of which is the appeal of the decisions on the determination of the product code, the courts give preference to the evidence and explanations provided by the plaintiffs and the conclusions of other authorities, institutions, organizations, which,

Table 3

The dynamics of some quality performance indicators of the work efficiency of the State Customs Service of Ukraine in 2020–2022, %

Indicator	Year	Plan	Fact	Deviation, %
The share of resolutions in cases of violation of customs rules, based on the results of checking the legality and reasonableness of which the State Customs Service made a decision to leave the resolution of the customs office on bringing persons to justice in force (not less than the approved target indicator)	2020	50	52	+2
	2021	40	52	+12
	2022	40	81	+41
The share of cases on violation of customs rules, based on the results of which a decision was made in favor of the state out of the total number of cases sent to court (not less than the approved target indicator)	2020	n/a	n/a	n/a
	2021	50	79,6	+29,6
	2022	50	89,2	+39,2
The share of agreed money obligations, added as a result of checks of compliance with the legislation of Ukraine on customs matters, in the total amount of money obligations added as a result of these checks	2020	30	29,8	-0,2
	2021	25	46	+21
	2022	30	49,8	+19,8
The share of customs disputes resolved by courts of various instances in favor of the State Customs Service in the total number of customs disputes resolved by courts of various instances (quantitative efficiency of consideration of customs disputes in court)	2020	50	19	-31
	2022	39	14	-25
	2022	33	22	-11
Share of the amount of lawsuits for disputes resolved by courts in favor of the State Customs Service bodies in the total amount for disputes resolved by courts of various instances (cost efficiency of consideration of customs disputes in court)	2020	46	49	+3
	2021	50	15	-35
	2022	50	72	+22

Source: compiled according to data [10–12]

according to the requirements of part eight of Article 69 of the Customs Code of Ukraine, are of an informational or reference nature.

Thus, quality indicators are the most numerous and diverse among the performance indicators of the State Customs Service of Ukraine.

8. Conclusions

Customs authorities' work efficiency evaluation developed along with formation, transformation and reformation of the State Customs Service of Ukraine. The evolution of customs authority's efficiency evaluation has gone through three stages of development. The modern third evolution stage involves the implementation of the conceptual directions of customs authorities' reform approved by the Government. Performance evaluation indicators are defined in two areas – personnel development and reforming. Key Performance Indicators (KPI) of customs authorities at the level of wide-profile assessment experts and narrow-profile World Customs Organization are most often associated with the five main functions of customs. On the part of the domestic Ukrainian business as a participant in the customs clearance process, the operational customs authorities' efficiency evaluation is summarized up in the analytical reports by “think tank” research organization and business association. Thus, the customs authorities' efficiency evaluation requires a comprehensive and systematic approach. After numerous attempts to evaluate the efficiency of state authorities, in particular customs, the most continuous, sustainable and reliable tool ensures the application of the program-target method in the budget process. Performance indicators of budget programs are divided into the following groups: cost indicators, product indicators, effectiveness indicators, and quality indicators. Traditional cost performance indicators are the number of staff units and the number of authorities of the State Customs Service. The productivity performance indicators are the volume of tax custom revenues to the revenue part of the State Budget of Ukraine, the number of completed customs declarations and the number of vehicles passed through the customs border. Effectiveness performance indicators are derived from three basic productivity indicators per employee. Quality performance indicators can be conventionally grouped into five thematic blocks: performance level, provision level, average time of customs clearance, risk management system quality, quantitative and cost efficiency of consideration of customs disputes in court. Thus, quality indicators are the most numerous and diverse among the performance indicators of the State Customs Service of Ukraine. As the analysis shows, the external factors of the strict quarantine of COVID-19 in 2020 and the full-scale war of the Russian Federation against Ukraine from 2022 caused a significant negative

impact on the performance indicators of the customs authorities. Taking into account the mentioned factors and business assessments, the efficiency of the State Customs Service of Ukraine work during 2020–2022 can be evaluated as relatively satisfactory. There is a significant potential for improving customs work for the state, business and society interests.

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