Minutes of the
CAREC Workshop on Single Electronic Window Development
14-17 July 2008

I.   Introduction

1.   The Central Asia Regional Economic Cooperation (CAREC) program has been actively promoting the adoption of a single window (SW) scheme to streamline transport, freight forwarding, trade logistics and customs operations and thus enhance the competitiveness of the CAREC countries. A number of workshops have been organized, not only by ADB but also by various other donors, to introduce concepts and international best practices on SW development to CAREC countries.

2.   This week's workshop was designed to discuss the findings of the case studies on four countries – Azerbaijan, the Kyrgyz Republic, Mongolia, and Uzbekistan – that are in various stages of SW implementation. Various issues regarding SW development, including the latest trends and best practices, were to be taken up. The workshop also aimed to develop national roadmaps for SW development in CAREC countries, and to discuss approaches towards developing a regional SW roadmap for CAREC.

3.   **Ms. Angela Png,** IES, during her welcome remarks, pointed out that international trade is vital for economic development and that information technology can be an important tool to improve trade competitiveness.

4.   **Mr. Ying Qian**, ADB, noted that the workshop provides an excellent opportunity for countries to share experiences and learn from each other. He acknowledged the role and contribution of other development partners in SW development - GTZ, USAID, and WCO. He informed the workshop participants that ADB will continue to provide support for SW development through the sharing of experiences and best practices, as well as the provision of technical assistance and investments.

5.   In his keynote address, **Mr. Satya Prasad Sahu,** World Customs Organization (WCO), informed the participants that the development of a single electronic window (SEW) is well aligned with one of the building blocks of the WCO roadmap ("Customs in the 21st Century" or C21): Coordinated Border Management. He noted that developing countries may face challenges including poor data infrastructure, lack of human resource skills, and changing mindsets of people about introducing modern procedures and integrated services. He stressed that SW design should be based on (i) intended services to be provided; (ii) requirements of national legislation; and (iii) international standards and guidelines (e.g. WCO Data Model). He then discussed the WCO data model which enables data harmonization for SW implementation and provides a common platform for data exchange. Mr. Sahu also reported the following WCO initiatives to facilitate trade in countries: (i) portal /repository of SW developments; (ii) compendium of best practices on how to develop SW; and (iii) workshops on data harmonization (Data Model). He likewise highlighted key success factors such as political will, capacity building, and continuity of knowledge transfer

II.   Experiences Sharing

6.   Mr. **Mr Sathasivam,** Crimson Logic, gave an overview of Singapore's experience in adopting its SW system, TradeNet,[1] discussing the system's history, evolution, and impetus, and the challenges that Singapore faced in developing and maintaining it. He highlighted the benefits and critical success factors (i.e., clear mandate, high-level Government commitment, private sector involvement) of the system and explained its business model for TradeNet. He also discussed the status and future plans (TradeExchange) for Singapore's SW program.

7.   **Mr. Chan Fook Seng** then focused on the following **issues,** which, based on the Singapore experience**, should be taken into consideration in SW system development and implementation**:

- identification of lead agency,
- mobilization of private sector support and engagement,
- provision of partial government grants and financial assistance,
- provision of training and technical support,
- ensuring of the confidentiality/security/integrity of processing criteria and data, and
- the formulation and installation of the legal framework of the new system, with Customs Law allowing for the electronic submission of documents.

8.   He also shared the **benefits from TradeNet** as follows: reduced turnaround time and documentation, prepayment of customs duties, and faster and more accurate compilation of trade statistics. He reported that following the implementation of TradeNet, the trading community realized 35% savings in trade declaration costs. He stressed that it is important that users/trading community realize cost savings in terms of early release of cargo and reduced number of documents submitted to encourage traders to use the system. He also mentioned that training for users of the system should be conducted, not only to increase their competence in participating in the system but also to allay fears of the unknown, which often increase aversion to innovation and change.

9.   The **critical success factors** for TradeNet include commitment at the Government's highest level, creation of a multi-agency steering committee, creation of subcommittees, establishment of a corporate vehicle (special purpose vehicle), identification of technical service providers, and phased implementation.

10.   **Mr. Chan Fook Seng**, also presented the **ASEAN experience in implementing SW**. He provided the background/context for the ASEAN SW and the objective of the initiative, which is to enhance the economic competitiveness of ASEAN and to process trade and trade-related documents electronically. He informed the participants that the ASEAN SW concept involved the single submission of data and information, single processing of data and information, single decision making for customs release and clearance. He identified milestones and discussed roadmap for implementation, which involved implementation in 4 phases. He identified the **challenges and issues for consideration** in implementing the ASEAN SW, namely, the identification of the operator, cost-sharing scheme, and lead agency of the regional SW; and ensuring the impartiality of the system. He stressed that the road to a regional SW (for ASEAN) is a long and difficult one but that the benefits are tremendous.

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[1]   TradeNet is a nationwide electronic trade documentation system which allows the trading community to submit permit applications electronically to the relevant government agencies for processing and approval. It is the world's 1st nationwide trade documentation system.

III.   CAREC Case Studies

11.   CAREC members have indicated in earlier workshops for SW that while they appreciate the introduction of the general principles of SW, training on how to implement SW development programs in the field will also be most useful at this point. For training to be more targeted and effective, diagnostic studies on pending issues of SW development in the region were needed to be undertaken. Four countries, in various stages of implementing SW were chosen – Azerbaijan, the Kyrgyz Republic, Mongolia, and Uzbekistan. The case studies were undertaken to asses the progress of SW initiatives in the 4 countries, and determine further training needed to help streamline the implementation or adoption of the SW schemes. The case studies serve as bases for developing both the roadmaps and the SW training program.

12.   **Mr. Chan Fook Seng/Mr. Tesvin Choon**, ADB Consultants presented the **key findings and lessons learned from the case studies** of the four countries. Common findings include:
  – High level decision/mandate underpins SW implementation.
  – The lead agency is usually Customs.
  – There is a lack of coordination among government agencies involved.
  – There is a need for training on basic ICT.
  – There is a need to build awareness on the right concept of SW,
  – Most initiatives are aligned with national goals.

He also highlighted recurring lessons:

  – Political will critical.
  – The lead agency should be neutral, with strong leadership, able to lead in a collaborative manner.
  – Close public-private collaboration is required.
  – The private sector must be well represented in working groups.
  – There is a need to establish a common concept of SW.
  – There is a need to close the ICT gap among agencies, which have varying levels of computerization.
  – International organizations must work together to avoid duplication and overlap in efforts to support the development of SW.

13.   Country representatives reported on the mandate, concept, milestones, scope, and benefits of single window as implemented in their respective countries. The presentations show that countries recognize the benefits of adopting/implementing SW and have taken the decision to implement the scheme as evident in the issuance of presidential decrees and government resolutions. However, countries have different understandings of the concept of SW, ranging from it meaning the existence of one building, to a single counter, to a one paper documentation, to joint cargo clearance. The representatives also reported on the status/progress of implementation of SW initiatives in their countries. Some courtiers are in an advanced stage of implementation, while some are in the planning stage. It was noted that while a few countries are lagging behind others, they can benefit from the experiences and avoid the pitfalls of the other countries.

IV.   National Roadmap

14.   **Mr. Chan Fook Seng**, ADB Consultant, identified the issues and approaches for the development if national roadmaps for SW. These include the:

  (i)   need for a high-level decision and political will in support of SW, in order to

trigger subsequent steps/activities;

(ii)   need for establish a legitimate status for the effort to establish SW, through the issuance of a decree or a public announcement;

(iii)   need to align SW with national strategies;

(iv)   designation of a lead agency;

(v)   creation of a national transport and trade facilitation committee (council) or a national working group with representatives from key government agencies, and adequate private sector representation not only from big businesses but also SMEs to ensure the buy-in of smaller firms which constitute the bulk of the system's potential users;

(vi)   conduct of a feasibility study, which should assess demand level for SW, and cover HR training issues, the technical aspects, legal framework, implementation approach, and business model of the system, as well as the promotion/ mass adoption/ communication programs to harness support for it;

(vii)   creation of subcommittees – such as subcommittees to take up issues concerning form and data harmonization, legislative requirements, business process re-engineering, and procurement – and the acquisition of the services of international consultants/experts to guide their work; and

(viii) establishment of project implementation team to manage the implementation of the SEW, including the designing and implementation of the IT system, and the conduct of a Change Management Program to manage people's expectations to reduce resistance.

15.   **Mr. Chan Fook Seng** assessed the status/existing conditions of SW implementation in case study countries vis-à-vis the road map mentioned above. The table below summarizes his findings.

Roadmap	AZE	MON	KGZ	UZB
High level decision and political will Legitimate status	Yes (President's Decree)	Yes (Government Resolution)	Yes (Presidential Decree)	Yes (Cabinet Minister's Resolution)
Alignment with national strategies	Part of National Action Plan	Aligned with Transit MON)	Aligned with national goal to improve ranking in WB Doing Business Survey	Aligned with Regional Transport Corridor Initiative
Decision on lead agencies	State Customs Committee	MON Customs General Administration	State Customs Committee	State Customs Committee
National Transport and Trade Facilitation committee (council) or National Working Groups	None by State Customs Committee is the *de facto* WG Suggest to create WG with reps from other agencies and private sector reps	MON Customs General Administration and MNCCI WG but WG has not been endorsed by the Government	Trade agencies, private sector, international organizations	Yes, chaired by the Ministry of Foreign Economic Relations, Trade and Investment
Preparation of Feasibility Study	No. SW implementation following PD	No formal FS	GTZ prepared FS Following FS, SW Blueprint prepared with ADB assistance	None yet but preparation of FS was recommended by WG
Creation of subcommittees	No subcommittee	No subcommittee; tasks to be undertaken by WG	None yet. SEW experts recommended to establish SW	Conceptualization, recommended to form subcommittees
Establish Project Implementation	No, hasn't reached project	No hasn't reached project	No hasn't reached project	No hasn't reached project

Roadmap	**AZE**	**MON**	**KGZ**	**UZB**
Team	implementation stage	implementation stage	implementation stage	implementation stage

16.   He summed up common observations and lessons learned from the case studies as follows:

- The SW initiative in all the countries have the support of Government
- The SW initiatives are closely aligned with national goals
- It is important that international organizations closely coordinate with each other to avoid duplication and overlap.
- To maximize the potential of the SEW platform, its scope must be defined as wide as possible and practical.
- It is important to designate a strong lead agency.
- Other government agencies and the private sector must be involved is the early stages of planning and implementation.
- The private sector must perceive the benefits of SW implementation and to translate these benefits into real cost-savings to businesses.
- ICT support must keep pace with the implementation of the one-stop shop as otherwise, benefits cannot be fully realized.
- SW implementation is at differing stages among CAREC countries.
- It is important that SW initiatives tap the experience and expertise of external consultants to expedite implementation.

V.   Regional Roadmap

17.   In his presentation on a **possible approach for a Regional Road Map for CAREC**, Mr. Chan explained the rationale for a regional single window, namely, (i) to expedite cross border trade; (ii) save time and costs in data re-entry; (iii) eliminate data entry errors; and (iv) ensure consistency of value and details of consignment. He also elaborated that a regional SW for CAREC will: (i) be consistent with unified approach to upgrade infrastructure, IT and management capacities; (ii) support CAREC's shared vision of *Good Neighbors, Good Partners and Good Prospect*; and (iii) facilitate movement of goods transiting across the region.

18.   He discussed the objectives and goals, guiding principles, and challenges of the ASEAN SW from which CAREC can learn from. He proposed the following steps for a CAREC regional SW:

- Issuance of a joint decision to undertake the initiative, and a declaration of a strong political will for such an undertaking
- Alignment of the initiative with CAREC strategies
- Establishment of a steering committee
- Establishment of sub-committees
- Development of a common data structure for CAREC – using international standards (WCO Data Model)
- Creation and installing of a project implementation team

19.   Mr. Chan likewise identified the common weaknesses and issues that need to be addressed before a regional SW for CAREC could be established. The then proposed measures to address these weaknesses. His presentation is summarized below.

Weakness or Issue	Proposed Measure	Responsibility Center
Differing concept and	– Conduct seminars and workshops to	– SEW Working Group jointly with

Weakness or Issue	Proposed Measure	Responsibility Center
understanding of Single Electronic Window	create more public awareness on the right concept of SEW, its functions and benefits − Impart knowledge of SEW through newsletters, press releases, notices issued by trade agencies and business associations.	representatives from the private sector − Funding can be from the State, private sector or International Organizations, such as ADB − Workshops can be conduced by international consultants or international entities such as WCO, UNESCAP, etc
Differing level of computerization among trade agencies	− To provide assistance to these trade agencies in drawing up an ICT master plan for the region	− Respective ministry or International Organizations, such as ADB through Technical Assistance
Inadequate level of e-readiness among public and private sector staff	− To provide training on basic use of computer and ICT familiarization to raise the general level of ICT literacy, especially among staff below managerial level through engaging training institutes to provide low-cost ICT training − To include this as part of the national program to raise the general level of ICT literacy in the country	− Organized by the State − Organized by the State and funded by the State and / or International Organizations
Scope of SEW definition is too narrow	− Working Group to study successful cases of SEW implementation in other countries and their scope through research papers or study tours	− To be organized by the SEW Working Group − Funded by State or International Organizations
Insufficient participation from Other Trade Agencies	− Working Group to create awareness among other government agencies on the SEW initiative and to involve them as early as possible to minimize resistance and lack of ownership of the initiative and participation in later stage	− Working Group

VI.   Summary of Comments, Issues Raised During Discussions

20.   **Definition and Purpose of SW**. An SEW is an integrated electronic platform that allows parties involved in trade and logistics to (i) lodge standardized information and documents (ii) with a single point of entry (iii) to fulfill import, export, and transit regulatory requirements (iv) where individual data elements are submitted only once. SW pertains to the pre-arrival approval of documentation (trade declaration), The purpose of SW is to allow the electronic processing of trade declarations (front-end processing) with the overarching objective of facilitating trade. The consultants clarified that SW is more than just a routing system/facility. It is also a facility for the approval of declarations and issuance of permits without need for human intervention.

21.   **Scope of SW.** Although the basic function of SW is to expedite trade, the scope of SW can be expanded by the Government to include other functions such as business registration, tax collection, and B2B communications. Once scope has been decided, the Government can decide on the appropriate lead agency to spearhead the initiative. In defining the scope of SW, it is vital to consider the demand level for other e-government services (e.g., legal system, health care, etc). It was noted that the integration of duties collection, commodity inspection, and phyto-sanitary standards implementation into the SW, which is being undertaken in Azerbaijan. is not common among the other CAREC countries implementing SW.

22.   **Distinction between SW and risk management functions.** During discussions, the need to make a distinction between SW and risk management activities became apparent, It

was explained to the participants that SW relates to front-end processing, i.e., submission of information (trade document) before goods arrive at the border. Risk management, on the other hand, involves the making of a decision after the arrival of the goods at the border and concerns the physical inspection of the goods before release. Risk Management (back end function of Customs) pertains to the physical inspection of goods.

23.   **Roadmap for National and Regional Single Window.** The consultants emphasized that the roadmap/steps in SW implementation may not be sequential as some steps may be done simultaneously. They also noted that the roadmap for the development of a national single window also applies to the establishment of a CAREC SW, and that the starting point is the **high-level decision and political will** to adopt SW.

24.   **Alignment with National Strategy. The i**mpetus for SW implementation differs across countries. It could be to enhance competitiveness (Singapore, ASEAN) and improve a country's ranking in the World Bank's Doing Business Index. In any case, by aligning the SW initiative to national strategies/goals, support and resources from state organs, and the backing of relevant stakeholders are easier achieved.

25.   However, some participants expressed reservations about the methodology used in the WB Doing Business Index. It was suggested that the World Economic Forum Index (which considers economic, logistics performance, and has academic backing) may be a better measure. The consultants/resource persons indicated that the absolute ranking is not as important as the relative ranking (costs compared to other countries, e.g., top 20 countries), and how to narrow gap with the top 20 countries.

26.   **Identification of Lead Agency.** The choice of lead agency depends on each country's circumstances. In most countries, Customs is the de-facto lead agency for SW development/implementation. Singapore is one of the few cases where Customs was not the lead agency, having designated the Trade Development Board to lead the initiative because it is a neutral agency.

27.   The consultants observed that CAREC countries had not **established sub-committees** in their efforts to develop their respective national SWs (NSWs). They suggested that countries establish Technical Subcommittee to resolve data harmonization issues, and a Legal Subcommittee to look into laws that may need to be amended to implement SW. These laws include: (i) Law on Electronic Signature, (ii) Customs Act should allow electronic submission of docs, (iii) Evidence Act to recognize electronic transmission of documents. The participants were informed that in the case of Singapore, the Law on Electronic Signature did not need to be adopted/amended; trade declarations do not need to be digitally signed because TradeNet is a trusted service provider, its system having registration, authentication and authorization features

28.   **Support and Cooperation of Stakeholders.** The participants recognized that SW is not just a Customs initiative. Other government regulatory agencies and the private sector must be well-represented in Working Group meetings and involved from the early stages of development. Development partners in CAREC countries also need to work together closely among themselves and with Governments to avoid duplication and overlap.

29.   The **choice the business model** (whether state-financed, public private partnership, or some other similar model) to adopt in implementing SW depends on a country's situation

30.   **Development of a regional single window for CAREC**. It was noted that while the road to a regional SW (as is the case for ASEAN) is long and difficult, the benefits are tremendous. CAREC has much to learn from the ASEAN SW model, where members developed national single windows with the long-term goal of integrating national single

windows in the future. Participants opined that it may be early to discuss a regional SW and that a regional SW for CAREC can viewed as a long-term goal. Some countries indicated that they would need technical assistance to establish their NSWs.

VII.   Conclusion and Next Steps

31.   **Priorities Given to NSW**. A well-developed NSW is a necessary step for the eventual development of a regional SW. Countries, based on their own capacities, will need to establish timelines for implementation. ADB, through the CAREC Program, will help countries identify missing gaps according to the most adequate national roadmaps and address some of the key impediments either through technical assistance or investment projects. Although the actual development of a regional SW is a long-term goal, the preliminary work should be started through knowledge forums, and situation analyses, so that the NSW development could be kept consistent with the regional objectives in order to reap the maximum benefits both nationally and regionally.

32.   **Engagement of other stakeholders**. CAREC will exert more efforts to bring in other government agencies and private sector stakeholders into the SW development forums.

33.   **Interim regional measures to enhance connectivity and exchange of information at the regional level**. CAREC will support initiatives, particularly those from private sector operators, to build regional B2B and B2G data exchange portals that connects to respective NSWs as a means to facilitate information flow. Lessons learned from operations of those platforms would be valuable in the eventual development of the regional SW.

34.   Mr. Qian thanked the country delegates for providing useful insights and expressed gratitude to the consultants/resource persons for their advice and technical support.