SINGLE WINDOWS: FINANCING AND SUSTAINABILITY

AAEC SINGLE WINDOW CONFERENCE
CONGO, BRAZZAVILLE

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Introduction

- So far from the various speakers we have noted that Single Window is the least notified under category A, i.e. those provisions that developing country members designate for implementation by the time the TFA enters into force.

- SW has also been identified as one of the measures that requires a lot of technical support to implement.

- Also seen that SW can play a major role in the WTO TFA implementation and its importance cannot be gainsaid.

- However, a lot still needs to be done in this area.

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- To develop a Single Window is typically a massive undertaking involving interlinking and information-sharing by Customs and all government agencies responsible for trade, and also the trading community.

- It requires new ways of processing trade and necessitates streamlined business processes – involving business re-engineering

- It also requires data harmonization across different players among other things.

- Due to the complex change management, Single Window development always follows a gradual evolutionary and staged pathway.

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- Experience has shown that implementing SW System is not cheap.

- Total cost estimates can range from USD10 million or more depending on the model you adopt in developing the SW.

- Kenya has for example spent almost USD 11.0 million to develop the SW – and that is not all.

- The cost will even be higher given the post implementation maintenance and other requirements.

- In addition unforeseen frequent change requests require funding especially where there is no internal capacity to do the same.

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- The cost will also depend on the selected system – **inbuilt or off the shelf and domesticated**; use of internal capacity or procured vendors will all determine the costs.

- Funding of SW development can therefore be either:
  - Full government funded – e.g. Kenya
  - Public-Private Partnership (PPP) - e.g. Ghana
  - Concession- e.g. Benin

- There can also be instances of development Partner support in the funding.

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- In the case of PPPs, the common structure consists of a special purpose vehicle (SPV) whose ownership is a judicious mix of government and private entities.
- In some cases, the SPV could be entirely owned by the government.
- The SPV is given the concession or a mandate to operate the Single Window on behalf of the government for a specified period of time.
- Equally for a concession, the concessionaire assumes responsibility for a period of time (maybe 10 years and above) and bears all the development and implementation costs and risk.

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- **For sustainability** of the SW there is need to make an early decision on the charge/business model to be adopted. Services can either be at cost or at no cost.

- To meet the continuing cost of operating and sustaining the maintenance of the Single Window, many countries charge fees based:
  - per transaction
  - based on data transmitted
  - based on value of transaction
  - Other countries provide Single Window services free of charge

- Where charging for services is not envisioned, **then full funding by the Government** (or any other financier) must be forthcoming.

- However, to meet the continuing cost of operating and sustaining the maintenance of the Single Window, a number of countries charge fees.

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- One key consideration in coming up with charges of course is tied to the **savings** that the SW avails to the Users as well as the actual and **projected costs of running the SW.**

- Costs cut across other players given that some Government Agencies may require to automate their services or re-engineer their processes.

- However, **timing for charging** is of critical importance. Successful charge model are those effected early during the implementation of the SW.

- Charging a couple of years after implementation will often meet a lot of resistance.

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- Our experience has however shown that there is need to provide resources for activities such as:

  - Training and sensitization
  - Change management related costs
  - Change requests
  - Contract extensions if initial period is not sufficient – tied to resistance and slowed down implementation – exogenous factors.
  - Etc

- SW costing and implementation will however vary from country to country and it is not be a *“**one coat fits all**”* experience.

- It is therefore advisable to study the different models existing in other countries to be able to determine the best model for a country given the existing environment in respective countries.

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