Public-Private Partnerships Towards a Single Window

Submitted by: Crimson Logic
Public-Private Partnerships towards a Single Window

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CrimsonLogic Pte Ltd

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Agenda

1. Single Window Models - A Recap
2. Establishing the Single Window - What are the Costs?
3. Operating the Single Window - What’s involved?
4. PPP Approach - Managing & Transferring Risk
5. Structuring the PPP - Establishing a “Special Purpose Vehicle
6. Suggestions for the Way Forward
We work in partnership with Governments so that they may serve their citizens better by harnessing the transformative power of information technology.

Incorporated in March 1988
Four shareholders:

<table>
<thead>
<tr>
<th>Country</th>
<th>Project</th>
<th>Go Live Date</th>
<th>Business Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Singapore</td>
<td>TradeNet® / TradeXchange</td>
<td>1989</td>
<td>PPP</td>
</tr>
<tr>
<td>2 Mauritius</td>
<td>Mauritius TradeNet</td>
<td>1994</td>
<td>PPP</td>
</tr>
<tr>
<td>3 Ghana</td>
<td>Ghana Community Network</td>
<td>2002</td>
<td>PPP</td>
</tr>
<tr>
<td>4 Panama</td>
<td>Panama Canal Authority</td>
<td>2004</td>
<td>Self Funded</td>
</tr>
<tr>
<td>5 Panama</td>
<td>Colon Free Trade Zone</td>
<td>2008</td>
<td>Self Funded</td>
</tr>
<tr>
<td>6 Panama</td>
<td>Panama Customs</td>
<td>2009</td>
<td>Self Funded</td>
</tr>
<tr>
<td>7 Saudi Arabia</td>
<td>SaudiEDI</td>
<td>2006</td>
<td>PPP</td>
</tr>
<tr>
<td>8 Madagascar</td>
<td>Madagascar (GASYNET)</td>
<td>2007</td>
<td>PPP</td>
</tr>
<tr>
<td>9 India</td>
<td>Port Community System</td>
<td>2007</td>
<td>Self-Funded</td>
</tr>
<tr>
<td>10 Ivory Coast</td>
<td>Ivory Coast TradeNet</td>
<td>2008</td>
<td>PPP</td>
</tr>
<tr>
<td>11 Qatar</td>
<td>Qatar Customs Clearance Single Window</td>
<td>2010</td>
<td>Self Funded</td>
</tr>
<tr>
<td>12 Trinidad &amp; Tobago</td>
<td>Trinidad &amp; Tobago Single Electronic Window</td>
<td>2011</td>
<td>Self Funded</td>
</tr>
<tr>
<td>13 Mozambique</td>
<td>Mozambique TradeNet</td>
<td>2011</td>
<td>PPP</td>
</tr>
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</table>
Single Window Models – A Recap

Trade Facilitation Value Drivers

<table>
<thead>
<tr>
<th>Value drivers</th>
<th>Enabling strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearance speed</td>
<td>Fundamental strategies: 1. Disengage payment process from physical transaction 2. Enable and encourage electronic information input and submission 3. Develop public-private partnership models with trading community 4. Integrate internal governance process across relevant departments 5. Enhance collaborative training</td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
</tr>
</tbody>
</table>

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### Trade Facilitation Concepts

- **Paperless environment** - Maximising the use of electronic documents/electronic data interchange (EDI)
- **E-Commerce Platform** for electronic trade and modern working methods - Guidelines, Legal provisions
- **Harmonisation & Simplification** of existing practices & procedures – alignment to International and regional conventions
- **Data Collection** of accurate management and statistical information in order to make better business decisions
- **Risk management & Profiling** to reduce fraud
- **Zone Trade Community**
  - Green Lane / Super Green Lane
  - Electronic Funds Transfer / Collection for Customs

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**UN/CEFACT Recom 33 – Single Electronic Window (SEW)**

**APEC SW Implementation Guidelines**

**Interfaced Model**

**Integrated Model**
Trade Facilitation Platform

Business-to-Govt
Single Electronic Window

- Customs Authority
- Ports Community
- Free Trade Zones
- Chambers of Commerce
- Trade Facilitation System
  - SEW Portal
    - Trader Registration
    - Messaging & Translation Engine
    - Decision Tree Configurator
    - Payment & Billing
    - Security
- Traders
- Shipping Agents
- Freight Forwarders
- Chambers of Commerce
- Customs Management System
- Govt. Controlling Agencies
- Shipping Lines

Positioning for National SW

- The National SW as Key Project for eCommerce B2G2G transactions
- Identify a Agency as lead Govt agency in:
  - Role model for B2G transactions (eGov)
  - Role model for G2G interaction (iGov)
  - Centre of excellence for risk management
  - Usually the Customs Authority or Ministry of Finance or Ministry of Commerce are candidates as the lead Govt agency
What are the Costs Involved

SW Development Cycle

PLAN
Strategy and Roadmap
Chart vision
Create strategic plans
Streamline processes

BUILD
Development
Design architecture
Setup infrastructure
Develop service applications

SUSTAIN
Operations
Service support
Drive adoption
Continued service enhancements

SINGLE WINDOW SERVICES
Services 1 | Services 2 | Services 3 | Services 4 | Services 5

CHANGE MANAGEMENT & ADOPTION
Communication Campaigns
Customer Relationship Management
Call Center | Training | Technical Support | Service Bureau

SERVICE-ORIENTED ARCHITECTURE

COMMON SINGLE WINDOW COMPONENTS

SCALABLE TECHNICAL INFRASTRUCTURE

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Costs in Single Window?

Design & Development Costs
- Typically >> 10 M
- Funded by Govt
- Loans or Grants from Int'l Orgs

Cost increases if ...
- SW (to Customs only?)
- SW (Customs + # of OGAs)
- SW + Modernisation of Customs Mgt + Border Mgt

Time to implementation
- 2 years?

Operating Costs
- Annual cost - typically 20~30% of D&D cost
- Operate, Support & Maintenance of SW assets
- Drives Change Mgt, Adoption & Training
- Min. 40 to 50 staff initially to start SW Operations
- Continual support for Infra, Network, Systems Software, Security, Training
- Servicing to Trading Community: Customs, OGAs

SW Operation Model

Strategic Imperatives
- Need for quick adoption
- Need adequate recurring funding
- Need for focus on coping with changes and improvements

Strategic Actions
- Mandate the use of SW services to all stakeholders
- Adopt cost recovery approach by enforcing user service fee
- Identify/establish a trusted entity to be SW operator and known as "National Trusted Information Broker"

Sustainable SW Operating Model

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Scope of Typical SW Operations

A. SW Application system
   • Maintenance and support for Application and Network Infrastructure (Level 2 & 3)
   • Hosting and data centre operation
   • Disaster recovery Services
   • IT security management
   • Quality management

B. Service support
   • 24/7 Call centre (Level 1) to all users
   • Provision of service centre services (manual transaction)

C. Capacity development, training and eService Adoption
   • Train the trainer - Customs and Other government Agencies (OGAs)
   • Training programme
   • Mass training approach - trading community

D. General Management and Governance
   • Vendor Management
   • Audit
   • Quality of Service Management (QoS)
1. **Public Administration Services** which will be used by Customs and Other Government Agencies to administer the trade procedure and regulations. For example, the processing and approval of trader registration, customs declaration, cargo manifest, and many others.

2. **SW Services** - consumed by the business trading community.

   - **Regulatory Services** and **Value-Added Services**.
     - **Regulatory Services** are mandatory services governed by public regulatory frameworks normally enacted in the administrative law. For example, the filing of customs declaration, import permits, etc.
     - **Value-Added Services** are services that do not fall under the regulatory framework and should be introduced and used on a voluntary basis.

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**Type of Single Window Services**

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>User(s)</th>
<th>Mandatory (Yes/No)</th>
<th>Chargeable (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Account Activation</td>
<td>Dealer</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Importer</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Exporter</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Customs Clearing Agent</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Shipping Agent</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Pre-Arrival Cargo Information</td>
<td>Land Owner</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Air Carrier</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Shipping Agent</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Post Discharge List</td>
<td>Shipping Agent</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Cargo Manifest</td>
<td>Shipping Agent</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Air Cargo Handler</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Land Owner</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Cargo Location Information</td>
<td>Shipping Agent</td>
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<td>N</td>
</tr>
<tr>
<td></td>
<td>Air Cargo Handler</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Customs CLEAX Application (for Electronic Declaration Submission and Temporary Import Application)</td>
<td>Dealer</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Importer</td>
<td>Y</td>
<td>N</td>
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<tr>
<td></td>
<td>Exporter</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>Customs Clearing Agent</td>
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<td>Appeal Application</td>
<td>Importer</td>
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<tr>
<td></td>
<td>Exporter</td>
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<tr>
<td>e-Payment</td>
<td>Customs Clearing Agent</td>
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<td>N</td>
</tr>
<tr>
<td></td>
<td>Importer</td>
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<td>N</td>
</tr>
<tr>
<td></td>
<td>Exporter</td>
<td>Y</td>
<td>N</td>
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<td>Refund Application</td>
<td>Importer</td>
<td>Y</td>
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<td></td>
<td>Exporter</td>
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<td>AEO Application</td>
<td>Importer</td>
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<td></td>
<td>Exporter</td>
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<td>Y</td>
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<tr>
<td>Click Permit Application</td>
<td>Customs Clearing Agent</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Temporary Import Application</td>
<td>Customs Clearing Agent</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Passenger Cargo Customs Declaration</td>
<td>Passenger</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>
SW Revenue Assumptions & Growth

- Government mandate the use and fee of regulatory services
- Revenue is from Subscriptions & Transactions
- Revenue sharing model is adopted
- Subscription excludes government and official users

Example of Projected Growth

<table>
<thead>
<tr>
<th>B2G eServices</th>
<th>Revenue Breakdown by %</th>
<th>Expected High Growth Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>61.43%</td>
<td></td>
</tr>
<tr>
<td>Import Manifest</td>
<td>22.74%</td>
<td>✓</td>
</tr>
<tr>
<td>Temporary Import Permit</td>
<td>0.09%</td>
<td>✓</td>
</tr>
<tr>
<td>Transit Approval</td>
<td>0.01%</td>
<td>✓</td>
</tr>
<tr>
<td>Passenger Cargo Declaration</td>
<td>5.82%</td>
<td>✓</td>
</tr>
<tr>
<td>Service Bureau Surcharge</td>
<td>10.22%</td>
<td></td>
</tr>
</tbody>
</table>

Type of SW Charges for Operation

- Registration and Subscription Fee
- Transaction Fee
- Service Fee – change request, service request, professional services and etc
- Service center surcharge
PPP – Managing & Transferring Risk

Partnership between governments and private companies in developing and implementing services on a risk- and investment-sharing basis

Risk Allocation

Risk Allocation – Traditional Procurement Model

- Government

INPUTS

- Design
- Development
- Operation
- Asset Renewal

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Risk Allocation – Typical PPP Model

- **Objective:**
  - Risk taken by party best placed to manage it

- Optimal risk transfer will enhance Value for Money
Structuring the PPP – Establishing a “Special Purpose Vehicle”

Contractual Arrangement for SW Operations

- Appoint “Special Purpose Vehicle” (SPV) as National Information Trusted Broker and award the concession to collect user service fee for a minimum period of 5 years
- Signed with Customs who will represent OGA
- Sharing IP ownership with SPV
- Allow SPV to introduce value-added services
Structuring a PPP Contract – Typical Special Purpose Vehicle (SPV) Structure

- **Equity Investors**
- **Government**
- **SPV – PPP Contractor**
- **SPV Consultants**
- **Lenders**
  - Debt or Bond

**Equity Shareholder Agreement**

**Design & Development**

**Multi-Year Operations**

**Market Adoption**

Examples of SPVs in Asia Pacific

**Government Owned SPV**
- Singapore - CrimsonLogic
- Taiwan – TradeVAN
- Korea – KTNet
- Japan - NACCS

**Public or Public-Private SPVs**
- Hong Kong – TradeLink
- Ghana - GCNet
- Mauritius – MNS
- Madagascar - GasyNet

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1. PAA members are local market leaders in e-commerce
2. Strong & close relationship with local government
3. Mass customer base
4. Long years of experiences on electronic document exchange
5. Cross border document exchange can go through PAA network and be input into domestic government system
The PPP Process for Single Window Implementation

### PPP – SPV Engagement

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timeline</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility Phase</td>
<td>3 to 12 months</td>
<td>• Identify possible PPP opportunity&lt;br&gt;• Establish Project Management Team&lt;br&gt;• Examine viability of PPP&lt;br&gt;• Define objectives&lt;br&gt;• Prepare outline output based definition of the required service&lt;br&gt;• Test market and bankability&lt;br&gt;• Produce business case</td>
</tr>
<tr>
<td>Contracting Phase</td>
<td>12 to 24 months</td>
<td>• Advertise the opportunity&lt;br&gt;• Hold industry briefing day&lt;br&gt;• Issue PQQ&lt;br&gt;• Gain approvals&lt;br&gt;• Issue ITN&lt;br&gt;• Evaluate proposals&lt;br&gt;• Negotiate Contract&lt;br&gt;• Best and Final Offer&lt;br&gt;• Select Preferred Bidder&lt;br&gt;• Gain approvals&lt;br&gt;• Place Contract</td>
</tr>
<tr>
<td>SW Operational Phase</td>
<td>24 months beyond</td>
<td>• Implement contract&lt;br&gt;• Manage Contract&lt;br&gt;• Change Management for all stakeholders&lt;br&gt;• Conduct PPE</td>
</tr>
</tbody>
</table>

### SW Operation Structure – Initial Start-up

#### National Steering Committee
- Chair by Govt & Private Sector
- Representatives from Customs, OGA’s, Port Authorities
- Representative from trading community
- Representative from SW Operator

#### Sub-working Group
- Policy & Process Group
- Legislative Group
- ICT Group

#### SW Operator
- SPV Management
- SW Operations Director
- ICT Group (12 pax)
  - Application Support
  - Infra Support
  - IT Security
  - QMS
- Service Operation Group (14 pax)
  - Helpdesk
  - Service Centre
  - Data Centre Ops
- Customer Service Group (8 pax)
  - Adoption
  - Marketing & Communication
  - Training
- Admin, Finance & HR (6 pax)
**Critical Success Factors**

**Successful delivery of PPPs for Single Window**

- Critical Success Factors include:
  - Coordinated, realistic, efficient approach to procurement
  - Commitment from politicians, civil servants and the private sector
  - Public sector realism for what the private sector can deliver
  - Private sector empathy for what the public sector is seeking
  - Legal framework consistent with procurement and project needs

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**NEW SKILLS NEEDED BY PUBLIC AND PRIVATE SECTORS**

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**The hard facts of today's world**

- A Balancing Act ....
  - National Single Window are complex projects
  - Offerings have to be right-sized based on experience
Arigatou
Gozaimasu