

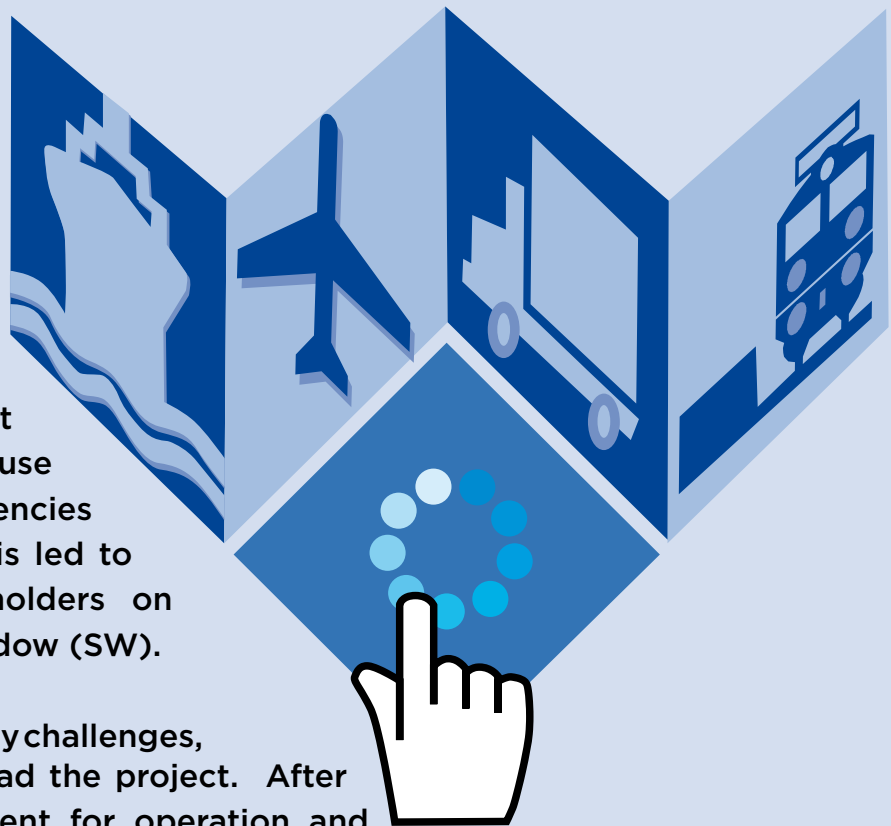
TOWARDS A SINGLE WINDOW TRADING ENVIRONMENT

Senegal's Transition from a Paper-based System to a Paperless Trading System

Senegal's effort to implement a paperless trading system began in the mid-1980's with the computerization of customs procedures, which later culminated into the establishment of the customs automated system called GAINDE in 1990s. However, the automation of customs procedures was insufficient to improve trade environment because other trade-related government agencies were left with manual processes. This led to a strong consensus among stakeholders on establishing an electronic Single Window (SW).

Establishing a SW in Senegal faced many challenges, including the issue of who was to lead the project. After clarifying the institutional arrangement for operation and appointing the Customs as a lead agency, the effort to establish a SW became a reality in 2004 with the creation of a new public private partnership entity called GAINDE 2000.

This Brief introduces Senegal's GAINDE 2000, which is regarded, not only in the African region but also globally, as a successful case of implementing a Single Window environment. This Brief describes how Senegal has transformed its paper-based trade practices to paperless Single Window trading environment, and illustrates how careful change management can facilitate such transition.



Senegal's Transition from a Paper-based System to a Paperless Trading System

Senegal's experience in paperless trade implementation started in the mid-1980s when government authority (Ministry of Finance) made the decision to computerize official processes, in general, and trade procedures, in particular. Implementation really took shape in the 1990s, with the reform initiated by customs to improve clearance formalities. These efforts later culminated into the establishment of the customs automated system better known as GAINDE.

A parallel process was launched in the mid-1990s by the Ministry of Commerce to develop the idea of having a Single window (SW) for trade. There was a broad consensus of stakeholders and the Government on the fact that an electronic Single Window would significantly improve trade formalities.

To facilitate customs involvement, the Government eventually transferred the project from the Ministry of Commerce to the Ministry of Finance. The project became a reality in 2004 with the creation, by Customs, of a new Public Private Partnership entity exclusively dedicated to SW operation named GIE GAINDE 2000.

The Single Window system of Senegal called ORBUS¹ launched in 2004 was designed to facilitate trade transactions through electronic exchanges among stakeholders. Its main objectives were to: (i) bring stakeholders of foreign trade into closer contact; (ii) improve work processes; (iii) simplify and harmonize procedures; (iv) reduce trade-related costs and time; and (v) introduce new technologies in the government administration and within the business community.

With the implementation of the SW most of the processes have been automated, even though paper-based documents are still required at various stages of the clearance chain.

PHASE 1 (1986 – 1990): COMPUTERIZATION OF CUSTOMS PROCEDURES

In the mid-1980s, the Government of Senegal realized that to secure the collection of customs revenues and allow traders to have the possibility to be connected to customs and to send their declarations remotely, it was necessary to automate customs operations.

Computerized systems were very rare in Senegal at the time and expensive. UNCTAD was launching the ASYCUDA system for ECOWAS (Economic Community of West African States) countries. The easiest decision then was to implement the ASYCUDA system and to avoid high expenditures and benefit from having the same system operated by all West African countries.

But the Government's objective was not just to have a computerized system to collect statistics, but a comprehensive automated customs system that would allow traders and shipping companies to submit their declarations online. Thanks to the telecommunication environment that was aligned with the latest technologies, that option was deemed viable and feasible. Eventually, the Government opted for the development of its own system called GAINDE with local experts assisted by international experts.

Under the leadership of the Division of National Automation of the Ministry of Finance, the project was launched in 1986. The project took 4 years and by the mid-1990s, the new system named GAINDE was up and running. GAINDE is probably one of the very first customs automated systems in Sub-Saharan Africa, covering a large scope of functionalities and allowing traders and shipping companies to lodge their declarations online.

During the first year of operation, teething problems related to performance, availability of the system and stability of the connection were encountered. This sparked a huge outcry calling for a return to the paper-based system. But the leadership of the Director of National Automation Division and the strong support of the Finance Minister, plus the commitment of the team helped to overcome the resistance. Today GAINDE is a well-recognized success.

PHASE 2 (1995 – 1996): ELECTRONIC SINGLE WINDOW MODEL DEFINITION

The implementation of the customs automation system, GAINDE, was a big step toward paperless trade. But the time spent on the upstream collection of physical documents before declarations were lodged with customs was still long and the processes were complex. With the introduction of Internet technologies

¹"ORBUS" refers to the pre-clearance, single window customs declaration system; "GIE GAINDE 2000" is the name of the company set up to operate ORBUS; "TRADE X" is the international name of the customs management system currently in use in Senegal, while its local name is "GAINDE;" and "CORUS" is the name of the electronic payment system connected to the other systems.

in the mid-1990s, the Ministry of Commerce launched a consultation process to establish a Single Window² for pre-clearance operations in Senegal. A key trigger for the Single Window project occurred in 1995 when a delegation from the Department of Foreign Trade participated in a symposium organized by the United Nations Conference on Trade and Development. Back in Senegal, the head of the Senegalese delegation launched a formal initiative to improve trade facilitation, with the support and assistance of Senegal's Ministry of Trade and the UN Trade Point Program³.

The Department of Foreign Trade, a division of the Ministry of Trade, was in charge of conducting the consultation process in order to improve the overall trading environment and promote trade facilitation. In 1995, the Ministry set up the Association for Trade Effectiveness (AEC) as a think-tank reflecting on ways to facilitate trade. AEC comprised representatives of private sector associations involved in trade - including import-export groups, shipping companies and banks - customs and government agencies involved in the clearance chain. Based on AEC recommendations, the Government established Trade Point Senegal (TPS) in 1996 as an independent body commissioned to: (i) facilitate trade broadly, and (ii) implement a Single Window for customs clearance that would also provide information to support export initiatives.

The first step was to decide whether the solution would be a physical or a virtual single window. A virtual window would eliminate more "red tape" and ensure that the service would be available nationwide. To identify the most suitable SW model for Senegal, a TPS team visited a number of countries that had automated their border control systems. The Team then decided that it was better to develop a customized system. In 1996, TPS launched a study to identify the needs of all stakeholders of the business community, as the basis of a customized Single Window solution. A workshop was later held to bring together key private and public sector entities to unveil the recommendations of the study.

PHASE 3 (1997 – 2002): ELECTRONIC SINGLE WINDOW DEVELOPMENT

A strong technical team has been set up to

conduct the technical development phase. From the consensus on the new processes, the team has developed the platform using the latest technologies of the 1990's. The platform was ready in 1999 and the infrastructure was acquired. Now the challenge was to test the system in real conditions and to go live.

The resistance from customs led the Project to a standstill from 1999 to 2002. Despite all the efforts made to develop the SW platform, there would be no added value in the system if customs were not connected. Customs' resistance was not linked to their acceptance of the Single Window concept or a fear for automated procedures. Customs was already the pioneer of automated procedures in the public administration. The problem was that customs could not accept to be a mere stakeholder of a major initiative of modernization of trade procedures.

Then the Ministry of Commerce and the Ministry of Finance decided to transfer the Project Management from Trade Point Senegal (TPS) to the Customs Administration. The latter created in 2002 a public private partnership named GAINDE 2000 and assigned the mission to develop modern IT systems by applying international standards in customs administration. Thank to this new framework, customs was ready to embark on the bandwagon. Stakeholders felt also more comfortable knowing that customs would accept permits and certificates that they would issue through the SW platform.

Eventually, the absence of legislation on electronic document and electronic signature⁴ was no longer an obstacle, because the central position of customs in the platform allowed acceptance of any transactions made in the platform as it is already the situation in the customs clearance platform.

PHASE 4 (2002 – 2004): ELECTRONIC SINGLE WINDOW IMPLEMENTATION

GAINDE 2000 has implemented the national SW named ORBUS, which has been in operation since 2004, and is now mandatory for pre-clearance procedures in Senegal. .

The pilot phase was the transition from the existing environment to an automated

²A "single-window" system for trade and goods clearance enables traders to lodge information with a single body to fulfill all import- and export-related regulatory requirements. This "entrance" is managed by one agency informing all the appropriate agencies and directing combined controls.

³The United Nations Trade Point program is an UNCTAD initiative launched in 1994 to help small and medium-sized enterprises access trade opportunities and benefit from trade facilitation based on information and communication technology. Senegal adopted the initiative in 1995.

⁴In 1990 when the customs administration launched the automated customs clearance system and in 2004 when the SEW was launched, there was no legal framework to support acceptance of electronic document and electronic signature. The law was adopted only in 2008.

environment. GAINDE 2000 organized it in three steps:

- A. Parallel use of the system with the existing environment** (it's an extended test phase. The transactions on the system are just meant to complete the test phase and to see how the system behaves on the live environment).
- B. Selective use of the system** (here the transactions are effective, but only some types of operations are accepted on the system. The phase is to allow the assistance team to work closely with users and maintain a certain level of quality of service).
- C. Global use of the system** (when all indicators are green, the global use of the system can start.)

PHASE 5 (2005 – 2008): ELECTRONIC SINGLE WINDOW OPERATION

In its first stage, Senegal's single-window system provided a technological platform and a set of services to facilitate transactions among more than 300 key players in the trading community. The second stage, which is currently underway, will consist in allowing access to the port

authority and other transport service providers. The single-window system replaced numerous trade-related documents previously required in the pre-clearance chain, with a single form submitted electronically by the clearing agent through its web-based interface. The system automatically dispatches the single form to the various public and private bodies - banks, insurance companies, and the inspection service - involved in the transaction, according to the nature of the transaction.

Upon submission of a request in the Single Window, the system proposes a set of electronic documents required for the transaction in question, and the request is automatically forwarded to the relevant stakeholders involved in the transaction, such as the banks, insurance company, and inspection service. Similarly, a separate web-based interface dedicated to customs officers and other agencies connected to the system enables them to receive and process trade requests. Through embedded functions, the interface enables processing officers to validate, reject requests, or ask for modifications. The system now allows traders to collect all the documents required before submitting their declaration to customs in 0.5 day.

Figure 1: Operation model of Senegal Single Window

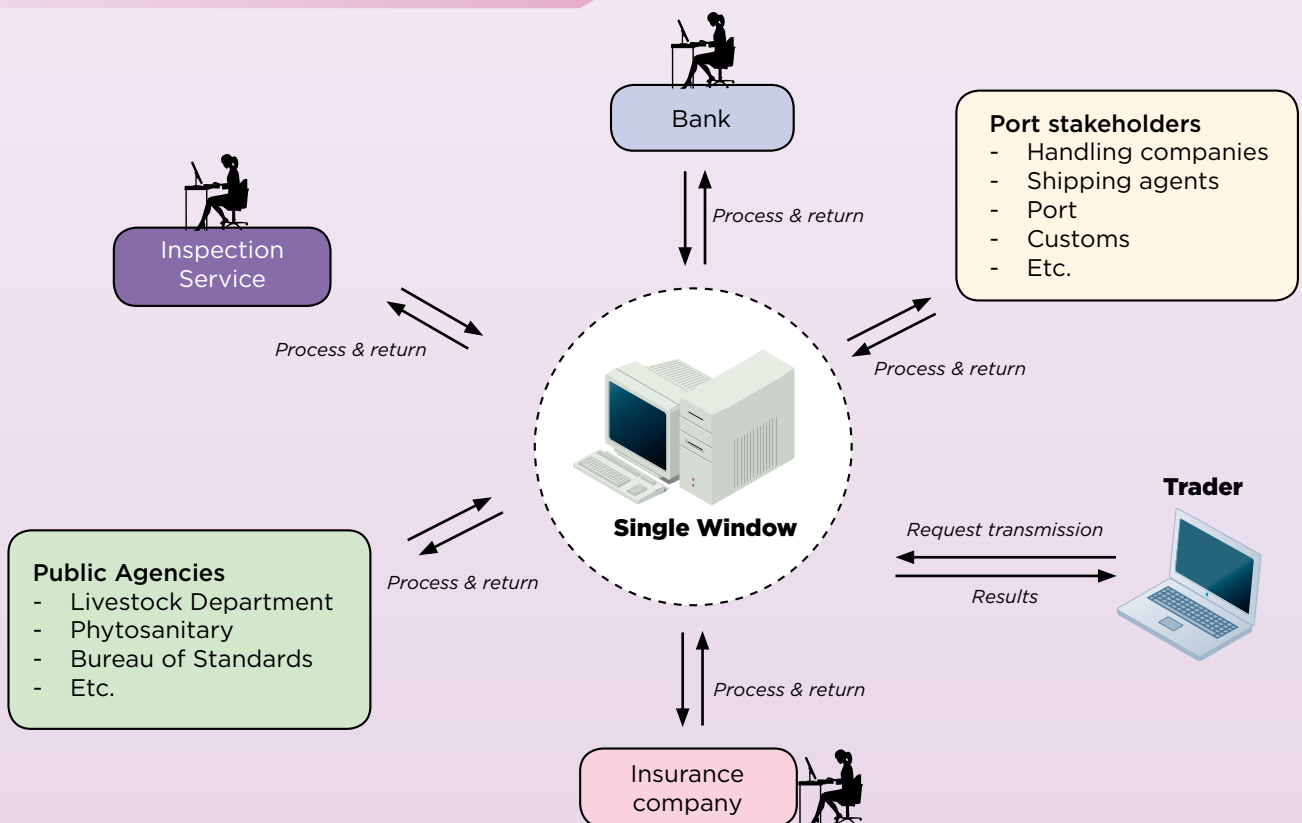


Figure 2: Evolution of the average time to collect documents

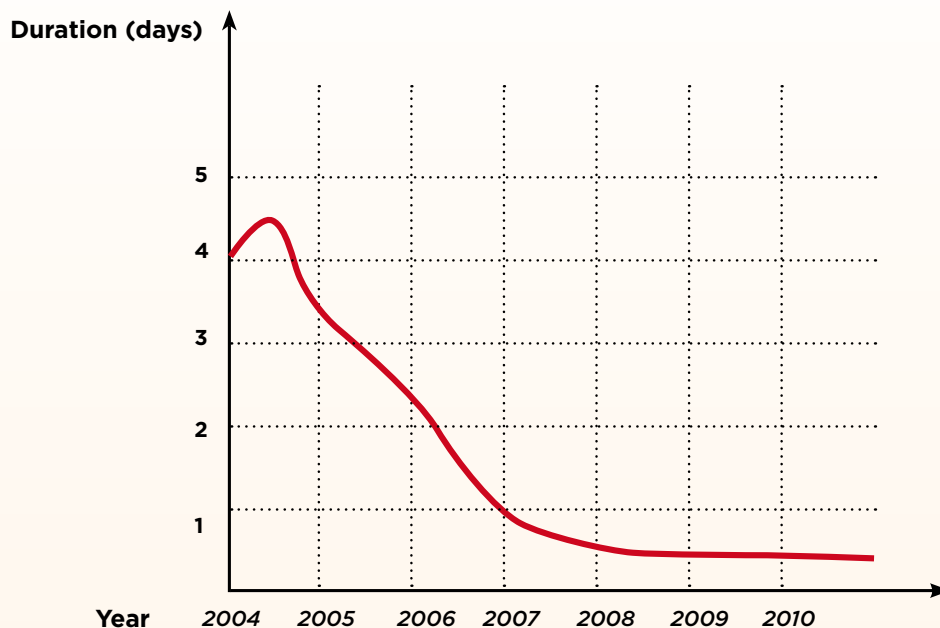


Table 1: Evolution of the Single Window features

Year	Number of ORBUS brokers	Average processing time (days)	Number of active ORBUS stakeholders
2004	196	04	05
2005	245	3.5	13
2006	259*	2.5	20
2007	293	1.0	23
2008	312	0.5	23
2009	345	0.5	24
2010	365	0.5	25

* ORBUS was mandatory for 100% import/export operations. The main stakeholders, private and public entities came on board as from 2006

PHASE 6 (2008 – 2010): INTEGRATED e-TRADE SOLUTION AND PAPERLESS TRADE

In 2008, GAINDE 2000 embarked on a landmark project aimed at eliminating paperwork from the entire clearance chain. This ambitious paperless trade project seeks to ensure:

- The exchange of international documents,
- The interconnection of the SW with the customs and payment systems.
- The sharing, in a portal, of Cargo Manifest information and the exchange of information and e-documents required in the goods release process.

The paperless trade project is funded thanks to the support of the Investment Climate

facility for Africa (ICF) and is the offshoot of the first phase completed successfully with the extension of the Single Window scope and the marked reduction of the processing time.

Boosted by these performances, GAINDE 2000 convened all stakeholders of the trade chain to reflect on ways to establish paperless trading in Senegal, thus consolidating the country's vanguard position in trade facilitation. The Project is actually aimed at eliminating paperwork from the clearing process, from the exchange of documents (Certificates of Origin, invoices) between Senegalese traders and their suppliers abroad to the effective release of goods.

New applications and modules have been developed to accommodate electronic or digitized documents signed electronically, and all the automated systems used in the process will be interconnected to facilitate seamless procedures that stakeholders and users will perform from the comfort of their offices or homes.

This new dynamic is sustained by a favourable legal framework set up in early 2008 and which allows trade stakeholders to give concrete expression to their resolve to embark on this revolutionary project.

Figure 3: Paperless trade process flow

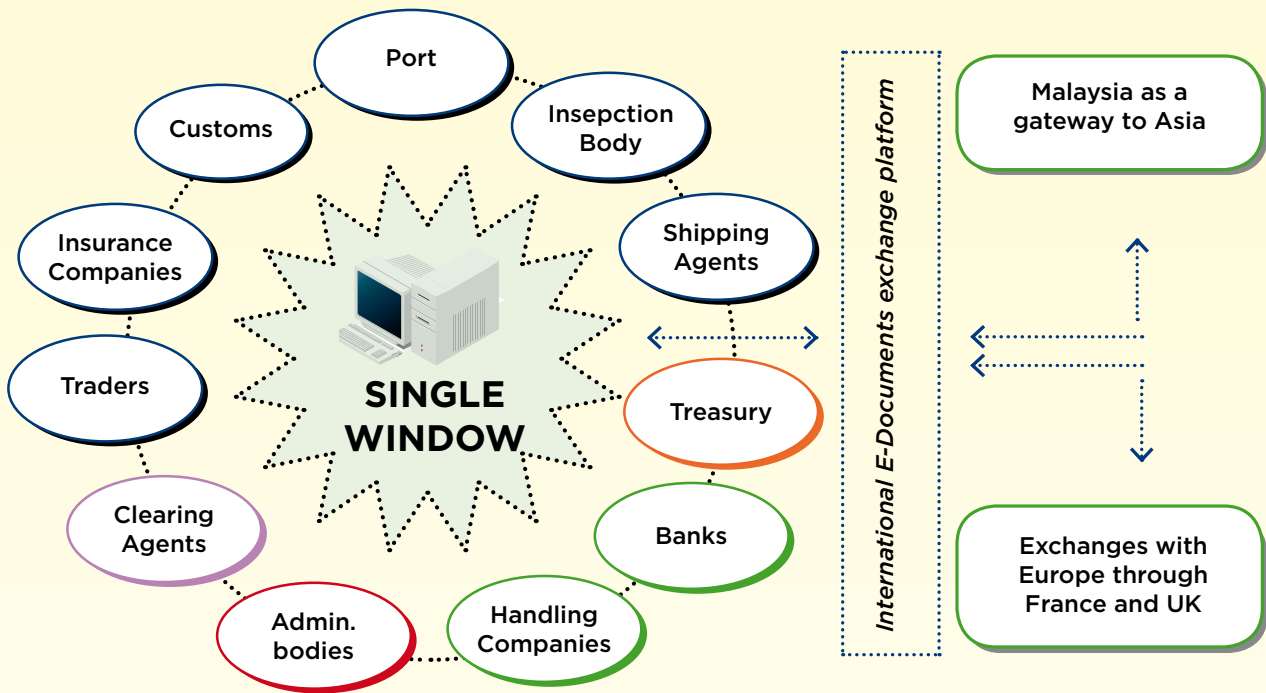
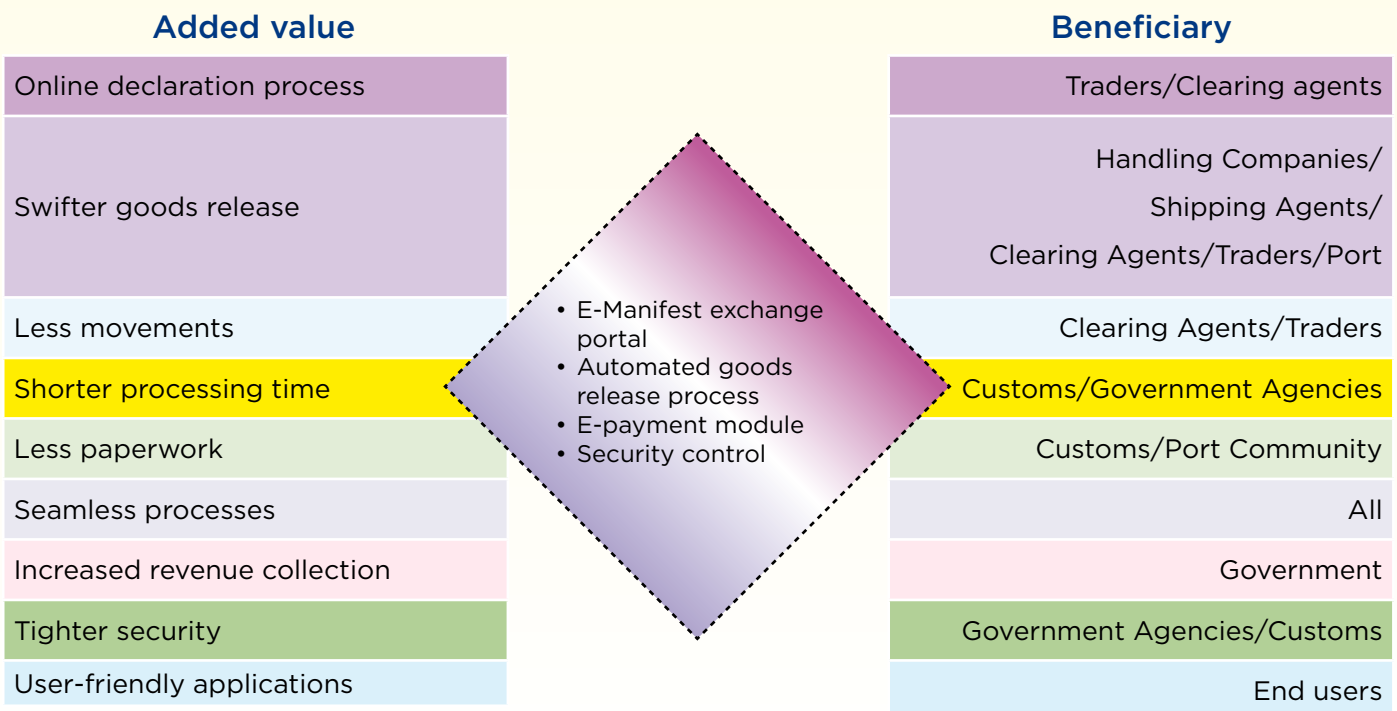


Figure 4: Evolution of the Single Window features



Box 1: Senegal's legal framework for Single Window

Once the Single Window was up and running, the customs administration made it mandatory for any import/export transaction. To this end, the Director General of Customs issued an official note whereby he informed trade stakeholders of the operation of the system that would henceforth be the only medium for the collection and issuance of trade-related permits and certificates.

After a few years of Single Window operation and boosted by its noteworthy performance, the customs administration moved a step further with the paperless trade project launched in 2008. This coincided with the establishment of a legal framework governing online transactions in Senegal. Thus, Senegalese law-makers voted in early 2008 the Information Society Act along with other laws on electronic transactions, the electronic signature and the protection of personal data.

Apart from these laws governing the information society in general, the Director General of Customs has recently issued a note on the paperless trade platforms' operation rules, while the Prime Minister has signed an order (August 2010) on paperless trade procedures in Senegal, thus paving the way for effective online trade transactions in Senegal.

This framework conducive for electronic transactions was essential, not only to ensure secured online operations, but also to reassure users and stakeholders on the lawfulness of paperless trade formalities.

CONCLUSION AND LESSONS LEARNED

Senegal has indisputably gained a lot from the automation of its process in general and from the paperless trade project in particular. Indeed, the implementation of the paperless trade project has been phased in a bid to mitigate resistance to change and enable all the parties concerned to get accustomed to the New Generation processes.

In order to leave no stone unturned and to get all the components of the business community on board, the ORBUS Single Window targeted both the formal and the informal sectors: (i) the large-scale traders having a sizeable volume of transactions (formal sector); and the small traders (informal sector).

Great strides have been made in a bid to simplify traders' life, going from a context of shuttling from one office to another to collect documents, to a situation where they can, from the comfort of their offices or homes, send requests, with the possibility of keeping track with the evolution thereof. The system allows traders to collect all the documents required prior to submission of their declaration to customs in 0.5 Days.

The process was long and very enlightening. The main lessons learned can be summarized as follows:

- The easiest way to get a large consensus on Single Windows is to focus more on the common benefits that the new system will bring to stakeholders and traders rather than

focussing on the legal implications and the business process reengineering that can be addressed at a later stage after consensus is reached;

- It is fitting to involve all stakeholders, mainly customs, at the initial stage and make sure that it's a strong involvement and not just a formal presence of customs during meetings;
- The implementation process may put more emphasis on the setting up of an operational platform linking the main stakeholders that will be taken on board gradually to mitigate implementation difficulties;
- The SW project must integrate the equipment, the interfaces and the training of all public agencies to avoid potential problem of budget that will delay their participation;
- SW project requires **Vision** (high level government) + **Leadership** (on champion Ministry or Administration such as customs) + **Change Management** abilities (Consultants is not enough. Local motivated project team is critical).

If the experience took so long it is mainly because in 90's there were not many experiences in the world to benefit from in regard with the context of Senegalese economy. But now the experience described in this paper could benefit a lot of developing countries and transition economies. It can be a powerful "fast track" for paperless trade implementation.



This Brief was prepared by Mr. Ibrahima Diagne, General Manager, GAINDE 2000, Senegal. For questions and comments on the specific details of the case, readers may write to idiagne@gainde2000.sn. The Brief was reviewed, edited and published by the Trade Facilitation Section of UNESCAP on behalf of UNNEXT.

We welcome your feedback as well as expressions of interest in our work on trade facilitation. For further information, please write to Director, Trade and Investment Division, ESCAP

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The United Nations Network of Experts for Paperless Trade in Asia Pacific (UNNEXT) provides a networking and knowledge-sharing platform for policy makers, practitioners and technical experts to bridge the implementation gaps between the countries with different level of trade facilitation. Its mission is to establish an ongoing community of knowledge and practice to facilitate the implementation of single window and paperless trade in the Asia-Pacific region. The UNNEXT intends to enhance capacity of its members to make informed decisions about policy issues at stake and to implement related international instruments and standards. It is operated jointly by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Economic Commission for Europe (ECE).

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