Trade Related Technical Assistance to PNG Phase 2

Single Window Feasibility Study Report
Trade Related Assistance Project – Phase II

Implemented by the Department of Trade, Commerce and Industry & funded by the European Union

DELEGATION of the EUROPEAN UNION

Papua New Guinea

Contract N°2016/374-943

Single Window Feasibility Study Report

7th April 2017

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# Trade Related Assistance Project – Phase II

*Implemented by the Department of Trade, Commerce and Industry & funded by the European Union*

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<thead>
<tr>
<th><strong>Project title:</strong></th>
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<tbody>
<tr>
<td><strong>Project reference:</strong></td>
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**Beneficiary:**

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| **Submission date:** | April 2017 |
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1. Introduction

1.1. Background

This document entitled the “Single Window Feasibility Study Report” has been developed as part of the EU Trade Related Technical Assistance to PNG Programme - Project reference EuropeAid/128513/C/SER/BD, Contract number 2016/374-943.

Through this Trade Related Assistance Programme Phase 2 (TRA 2), the European Union supports Papua New Guinea in its efforts to boost trade for economic sustainable development, that will also assist with enhancing the benefits from the free trade agreement (FTA) between PNG and the EU i.e. the interim Economic Partnership Agreement (iEPA). The TRA 2 has three components:

- Support to institutional reform and strengthening of trade institutions
- Development of a National Trade Policy Framework and international trade agenda
- Trade Facilitation Support

One element under the third component, Trade Facilitation Support, is the conduct of a Feasibility Study for a Single Window system. This document is that Feasibility Study report.

1.2. Purpose and scope of the Feasibility Study

The purpose of this study at a high level is to determine the feasibility of implementing a Single Window system in Papua New Guinea and if it is feasible, establish a roadmap that builds the business case, confirms operational priorities and identifies requirements for new regulations and standards that will lead to its establishment.

The activities during this study included collecting and documenting the different variables involved with establishing a Single Window system; defining the business objectives of the system; and assessing and proposing the functionality of the new system.

In addition the study will:

- identify who the main stakeholders will be
- explore the indicative costs for establishing and implementing a Single Window
- document what is needed in terms of the legal framework (the legislation that will be required)
- provide a roadmap for establishing a Single Window system
- document the training needs for its successful implementation

The document has been completed as a result of data gathering exercises/assessments and evaluations of the current systems within government trade regulatory agencies. Our data gathering exercises have included some face-to-face meetings but mostly the information has been gleaned from talking in depth with PNG Customs and receiving responses to
questionnaires that were circulated to agencies. The opportunity to talk directly to relevant agencies and viewing their operations was unfortunately limited.

1.3. **Intended Audience and Suggested Uses**

This document is intended for both the stakeholders and the potential developers of the PNG SW system. The stakeholders include all PNG government organizations who are involved in the management of trade, as well as the PNG and International business community such as importers, exporters, transporters, and brokers. However, the PNG Trade Department will need to determine the extent of release of this document to the private sector.

This document can be used in several ways. For stakeholders, it can provide an overview of how the system may operate and what they can expect once it is implemented. For potential developers, it can provide a good baseline for functional and technical requirements that the PNG SW should contain.

This document is based on a specific approach and technical design of a single window system. While the design represents international best practices and lessons learned, it does not represent the only scenario in which the PNG SW could be developed. Finally, this document only represents recommendations and proposals of the EU Team. It should be viewed as such and open to changes based on the PNG government decisions moving forward.

1.4. **Summary of Contents**

This document is divided into 6 (six) sections as follows:

- **Section 1 – Introduction (this section)**
  - Purpose and scope of the Feasibility Study
  - Intended audience and suggested uses
  - Summary of contents
  - Acronyms and abbreviations
  - Points of contact & contributors
  - Assumptions and dependencies
  - Feasibility Study references

- **Section 2 – Executive Overview**
  - Movement towards Single Window Systems
  - Definition of a Single Window
  - The current PNG environment
  - Business objectives
  - Legal framework
  - Single Window Road Map
  - Antipated risks
  - Summation and recommendations for moving forward

- **Section 3 – System Justification**
  - Problem statement
  - Business Objectives & Organisational Impact
  - Process Impact

- **Section 4 – Proposed System**
  - Current State versus Desired State
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- The appropriate Single Window Model for Papua New Guinea
- Desired State – Scenario of a Trader
- Functionality requirements for the Papua New Guinea Single Window
- Training & Change Management requirements
- Indicative costing

• Section 5 – Legal Framework
  - Legislative Requirements
  - Current Status of eCommerce legislation in PNG
  - Required Action Plan
  - Summation and Recommendation

• Section 6 – System Roadmap
  - Political Mandate
  - Lead Agency
  - Further Study and Project Planning
  - Stakeholder Engagement
  - Business Case
  - Governance
  - Legal
  - System Design
  - Implementation
  - Post Implementation
  - PNG Single Window Road Map and Plan

1.5. Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>AWP</td>
<td>Annual Work Plan</td>
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<tr>
<td>BDA</td>
<td>Boarder Development Authority</td>
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<tr>
<td>CEPA</td>
<td>Conservation and Environment Protection Authority</td>
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<tr>
<td>COPRA</td>
<td>COPRA Marketing Board</td>
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<tr>
<td>DAL</td>
<td>Department of Agriculture and Livestock</td>
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<tr>
<td>DFA</td>
<td>Department of Foreign Affairs</td>
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<tr>
<td>DJAG</td>
<td>Department of Justice and Attorney General</td>
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<tr>
<td>DoH</td>
<td>Department of Health</td>
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<tr>
<td>DTCI</td>
<td>Department for Trade, Commerce and Industry</td>
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<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FIMS</td>
<td>Fisheries Information Management System</td>
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<tr>
<td>GoPNG</td>
<td>Government of Papua New Guinea</td>
</tr>
<tr>
<td>IA</td>
<td>Imprest Administrator</td>
</tr>
<tr>
<td>IAO</td>
<td>Imprest Accounting Officer</td>
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<tr>
<td>IBD</td>
<td>International Business Division</td>
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### Abbreviation Table

<table>
<thead>
<tr>
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<tr>
<td>ICCC</td>
<td>Independent Consumer and Competition Commission</td>
</tr>
<tr>
<td>iEPA</td>
<td>Interim Economic Partnership Agreement</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>IPA</td>
<td>Investment Promotion Authority</td>
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<td>IPO</td>
<td>Intellectual Property Office</td>
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<td>IPR</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>IRC</td>
<td>Internal Revenue Commission</td>
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<tr>
<td>KE</td>
<td>Key Expert</td>
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<td>MSG</td>
<td>Melanesian Spearhead Group Trade Agreement</td>
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<tr>
<td>NAO</td>
<td>National Authorising Officer</td>
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<td>NAOSU</td>
<td>NAO Support Unit</td>
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<tr>
<td>NAQIA</td>
<td>National Agriculture Quarantine and Inspection Authority</td>
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<tr>
<td>NARI</td>
<td>National Agricultural Research Institute</td>
</tr>
<tr>
<td>NBS</td>
<td>National Board of Statistics</td>
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<tr>
<td>NEC</td>
<td>National Executive Council (the Cabinet)</td>
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<tr>
<td>NFA</td>
<td>National Fisheries Authority</td>
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<tr>
<td>NICTA</td>
<td>National Information &amp; Communication Technology Authority</td>
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<tr>
<td>NISIT</td>
<td>National Institute of Standards and Industrial Technology</td>
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<tr>
<td>NKE</td>
<td>Non Key Expert</td>
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<tr>
<td>NMSA</td>
<td>National Maritime Safety Authority</td>
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<td>NSO</td>
<td>National Statistics Office</td>
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<td>NTO</td>
<td>National Trade Office</td>
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<tr>
<td>OWP</td>
<td>Overall Work Plan</td>
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<tr>
<td>PACER</td>
<td>Pacific Agreement on Closer Economic Relations</td>
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<tr>
<td>PE</td>
<td>Programme Estimate</td>
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<td>PICTA</td>
<td>Pacific Island Countries Trade Agreement</td>
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<td>PNG</td>
<td>Papua New Guinea</td>
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<td>PNGNFA</td>
<td>PNG National Forest Authority</td>
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<tr>
<td>PMU</td>
<td>Project Management Unit</td>
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<td>PPD</td>
<td>Public Private Dialogue</td>
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<td>PSC</td>
<td>Project Steering Committee</td>
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<tr>
<td>ROO</td>
<td>Rules of Origin</td>
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<tr>
<td>SPS</td>
<td>Sanitary and Phyto-sanitary Standards</td>
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<tr>
<td>STE</td>
<td>Short Term Expert</td>
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<td>STTA</td>
<td>Short Term Technical Assistance</td>
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<tr>
<td>SW</td>
<td>Single Window</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<tr>
<td>TAT</td>
<td>Technical Assistance Team</td>
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<td>TD</td>
<td>Trade Division</td>
</tr>
<tr>
<td>TBT</td>
<td>Technical Barriers to Trade</td>
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<tr>
<td>TIC</td>
<td>Trade Information Centre</td>
</tr>
<tr>
<td>TNA</td>
<td>Training Needs Analysis/Assessment</td>
</tr>
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1.6. Points of Contact & Contributors

Points of contact:
Department of Trade - Ms. Helen Apuai (Assistant Secretary)
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PNG Customs - Mr. John Sam (Assistant Commissioner)
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- Mr. Timothy Little (Key Expert 3)
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- Mr. John Nakiria (ASYCUDAWorld PM)
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- Mr. Nelson Kapo (South Regional Office)
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- Mr. Alphonse Bannick (Chief Quarantine Officer)
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- Mr. John Lakani
Police Constabulary - Mr. Anthony Mota (Chief Superintendent)
NICTA - Mr. Kila Gulo-Vui (Consumer & International Affairs)
- Mr. Jackson Kariko (International Affairs)
APEC Liaison Office - Ms. Marie Eorage
Business Council - Mr. Kee Lim (Director)
- Mr. Wesley Waiwai
Manufacturers Council - Mr. Murray Woo (Chairman)
- Mr. Chey Scovell (CEO)
Inchcape Shipping - Mr. Malcolm Middleton (Manager)
- Mr. Peter Toua (Senior Broker)
1.7. Assumptions and Dependencies

This document is based on several assumptions about PNG’s ability to support the Single Window. It is assumed that before the Single Window is implemented, PNG will have taken the appropriate steps to ensure the following conditions are in place:

- the trade related government agencies involved in the Single Window will be willing and legally allowed to accept electronic documents from traders where paper documents are only accepted today
- PNG’s internet, power and the government technology infrastructure become stable and are able to support the PNG SW system
- whatever entity or agency is responsible for hosting the PNG SW system, the necessary technical capabilities, bandwidth and infrastructure must exist to support the increased transaction volumes in a 24/7 operational environment

1.8. Feasibility Study References

The following references are used in preparation of this document

UNECE - The National Single Window Concept
UN/CEFACT Recommendation Number 33
UNESCAP – Electronic Single Window Legal Issues
UNESCAP – Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific
APEC – Single Window Capacity Building Projects
WCO – Report to PNG Customs Phase 3 Progress Evaluation
2. Executive Overview

2.1. Introduction

This Executive Overview has been produced based on certain findings, discussions and feedback via meetings and questionnaires the team have performed with PNG government agencies and private companies and associations.

It provides background information as to why developing nations have/are moving towards establishing National Single Window systems; it provides a summary of the current issues/problems being experienced in PNG and that will be addressed by a Single Window system; and it shows the business objectives that will be achieved by establishing and implementing a Single Window system.

This section is divided into 8 (eight) sub-sections as follows:

• Movement towards Single Window systems
• Definition of a Single Window
• The current PNG environment
• Business objectives
• Need for a Legal framework
• Single Window Road Map
• Anticipated risks
• Summation and recommendations for moving forward

Two points of note:

*Our discussions held with the few government agencies we were able to meet show that they seem generally very supportive of a Single Window system and they see establishing a Single Window as helping facilitate trade – faster clearance times and ease of doing business for traders*

*Discussions with the local trading community show they appear eager to support a Single Window programme which they see as helping to cut their costs, speed up clearance times and ensuring consistent application of regulations.*

2.2. Movement towards Single Window systems

The clearance of imports and exports by customs and other agencies are among the most problematic links in global supply chains. They are frequently blamed for undermining the capacity of developing countries to compete in global markets.

In spite of significant encouragement from development and donor organisations, border management inefficiencies continue to impact heavily on the competitiveness of developing countries.

Research undertaken by the “The World Bank” in recent years has shed some new light on the reasons why progress has been so slow:

*“While improving the performance of customs remains a high priority for many countries, it is only one of the many agencies involved in border processing, and is frequently the most modernized. Customs agencies are often responsible for no more than one-third of regulatory delays. Data from the Logistics Performance Index (LPI) suggests that logistics professionals across the world rate their level of satisfaction with customs much*
higher than that of other border management agencies. In most countries, customs agencies already employ IT systems to process declarations and use some form of risk management to ensure all shipments are not inspected. In addition, they normally attempt to balance their control responsibilities with trade facilitation objectives and are guided by international standards developed in the World Trade Organization and the World Customs Organization. Many other border management agencies have simply not modernized to the same extent.

The focus of reform efforts therefore needs to shift beyond customs to tackle the systems and procedures employed by other border management agencies, such as health, agriculture, quarantine, police, immigration, standards and a myriad of other organizations involved in regulating trade flows.”

Currently, transacting public involved in trade has to regularly prepare and submit large volumes of information and documents to government agencies to comply with import, export and transit-related regulatory requirements. This information often has to be submitted through various different agencies, each with their own specific process and paper forms. These extensive requirements, together with associated compliance costs, constitute a serious burden to both government agencies and the transacting public.

Trade facilitation remains a high priority of the Papua New Guinea government pushing PNG towards being an important player in the global economic and trading arena. PNG government agencies must be able to minimize the costs of doing business for their clients and subsequently promote exports and investments.

2.3. Definition of a Single Window

An approach to address these problems is the establishment of a Single Window system whereby trade related information and documents need only be submitted once and at a single entry point via the internet. This enhances the availability and handling of information, expedites and simplifies information flows between trade and government agencies and results in a greater sharing of relevant data across governmental systems, bringing meaningful gains to all parties involved in cross-border trade.

Countries around the World are turning to Single Window systems to help solve these problems. Closer to home, the idea of an APEC Single Window was born in 2007 to enable governments to electronically process information, documents and fees, both faster and more accurately. Consumers and companies subsequently benefit from faster clearance and release times, speeding up the supply chain and facilitating trade.

**UNECE Statement:**

‘The value of Single Window systems - for traders to submit information to governments so as to fulfill import or export related regulatory requirements - has taken on increased importance in the new security environment with emphasis on advance information and risk analysis.’

‘The efficiency with which information can be submitted to official agencies is becoming a key factor in the competitiveness of firms or agencies involved with cross-border activities.’

On a daily basis, international traders have to prepare and submit increasing amounts of information to various government controlling authorities. These extensive information
requirements can become a significant obstacle to business and can hinder the development of international trade.

The current situation is shown diagrammatically below:

![Current system diagram](image)

A Single Window environment aims to expedite and simplify information flows between trade and government and bring meaningful gains to all parties involved in cross-border trade. A Single Window can be described as “a system that allows traders to lodge information with a single body to fulfill all import or export related regulatory requirements”

With a Single Window system in place, transaction flows would look like this:

![A 'Single Window' environment](image)
The concepts underlying the establishment of a National Single Window can be likened to the concepts underlying the Kyoto Convention on harmonization and simplification of Customs procedures and the automated customs declaration processing systems that are used at Customs authorities throughout the World.

The basis of these declaration processing systems is the standardisation of the forms, documents and information required by Customs, converting this data into electronic format and submitting it for processing electronically.

The Single Window extends this simplification, harmonisation and standardisation to the documents of the other trade related regulatory agencies. It allows the documents to be electronically submitted and managed so that government agencies receive the information they require whilst the burden on the trader to provide this information is kept to a minimum.

**UN/CEFACT**

UN/CEFACT Recommendation Number 33, recommends that Governments and those engaged in the international trade and movement of goods implement a Single Window facility that allows:

- parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit related regulatory requirements. If information is electronic, individual data elements should only be submitted once
- the sharing of all information in respect of international trade transactions
- the single entry point to disseminate, or provide access to, the relevant information to participating governmental authorities or authorised agencies and where appropriate, to co-ordinate the controls of the various governmental authorities
- a legal framework that provides privacy and security in the exchange of information

**APEC**

In February 2014, Ms. Hu Lan, Chair of the APEC Sub-Committee on Customs and Procedures said:

“When APEC's Sub-Committee on Customs Procedures (SCCP) adopted the vision for Single Window in 2007, it identified two key stages. The first one was to achieve Single Window systems within each APEC member economy and the second one was to promote international interoperability between Single Window systems and paperless trading between these systems within APEC”.

The goal of the APEC Single Window Capacity Building Projects is to develop Single Window systems within each APEC member economy by 2020.

**2.4. The current PNG environment**

Section 3 of this document describes the PNG trading environment detailing all the stakeholders in both government and the private sector and provides a problem statement with the current situation.

For the transacting public the problems are:

- a broker has to gain permits from different agencies to secure the required documentation that is needed for Customs to clear shipments
- most of these agencies require brokers to travel to Port Moresby in person to accomplish this which may take up to 3 or 4 days to accomplish
• there are cases where an approval from one agency is required in order to obtain a license/permit from another agency. This approval adds to the time needed to fulfil qualifying requirements in order to progress the primary transaction (i.e. Customs clearance).

For government agencies the problems are:
• almost all the regulatory agencies process licenses, permits and clearances manually without any computer automation
• they have their own specific systems and paper forms for issuance of permits, licenses and clearances
• the absence of effective and efficient interfaces between agencies renders authentication and validation of submitted licenses difficult to manage (e.g. a broker blacklisted by one agency may be able to continue transacting with other agencies)

2.5. Business objectives

Establishing and implementing a Single Window programme will achieve huge gains in the area of trade facilitation. The Single Window will feature:
• automated application for the issuance of licenses, permits and clearances
• automatic authentication/validation of issued licenses, permits and clearances
• re-engineered end-to-end processing in the relevant agencies
• rationalised, simplified and harmonised forms and processes

We have defined the business objectives for the programme below and in Section 3 they are shown again with the associated organisational impact that will be expected. The business objectives are:

Business objective 1: Allow electronic submission with a single entry of data at a single entry point for multiple transactions

Business objective 2: Linking trade related agencies for process/procedure efficiency through re-engineering and information sharing

Business objective 3: Improve the processing time for approval of relevant permits, licenses and clearances

Business objective 4: Overcoming geographical barriers for submitting data

Business objective 5: Improve accuracy and visibility of data

Business objective 6: Provide predicable and consistent interpretation of rules

Business objective 7: More efficient deployment of resources

Business objective 8: Correct revenues collected

Business objective 9: Improve trader compliance

Business objective 10: Increase in trader risk management

Business objective 11: Removing cash payments at offices (ePayment)

Business objective 12: Privacy and security in the exchange of information
Business objective 13: Provide standard connectivity to other Single Window systems through regional co-operation

Business objective 14: Encourage competition by making private participation easier

2.6. Need for a Legal framework

Detailed in Section 5 of this document is the current status of the Legal Framework in relation to establishing a Single Window programme and shows what needs to be completed before the programme can start.

Issues that need to be considered in PNG are:

- there is currently no law in Papua New Guinea to enable eCommerce (doing business electronically). A new law is required to address such issues as electronic data interchange, data quality, data privacy, data protection, electronic signatures, electronic contracting etc.
- after the eCommerce Law is passed, then an Executive Order will be needed to establish the Single Window Programme

2.7. Single Window Road Map

In Section 6 of this document there is a System Road Map for establishing a Single Window system in Papua New Guinea.

As Papua New Guinea is part of APEC, we felt it appropriate to align our Road Map with the ‘APEC SCCP Single Window Roadmap’ for establishing and implementing a Single Window. The Road Map shows the activities recommended to move forward with this Single Window initiative in an appropriate timeframe.

2.8. Anticipated risks

Key factors that hinder the establishment of an electronic linkage by other government agencies with Customs clearance system are:

- lack of information and communication technology (ICT)
- budget and human resource constraints
- inadequate legal framework
- difficulties in inter-agency co-ordination
- lack of government support and political will
- lack of national infrastructure power and communications

These items should be noted as risks and should be addressed and mitigated in the planning stages of the Single Window programme

2.9. Summation and recommendations for moving forward

We are at the start of the journey to establish a Single Window system in Papua New Guinea.
In the Sections 3 – 6 of this Feasibility Study there are examples of how Single Window systems can help developing nations resolve the many issues, delays and problems in the trade process. This study has also identified the problems areas that need to be addressed within the local environment here in PNG.

The Feasibility Study also recognises the goal of the APEC Single Window Capacity Building Projects which is...

“...to develop Single Window systems within each APEC member economy by 2020”

The key result of this Feasibility Study is that it certainly appears that...

“...there is great benefit for the PNG government to move forward with a Single Window programme”

From Section 3
We show the future state where the...

“...the submission and approval process for permits, licenses, clearances etc will be automated via the Single Window with electronic submissions by traders and approvals by government via workflow systems in each office"  

From Section 4
It is recommended that an Automated Information Transaction System model for Papua New Guinea be implemented whereby...

“...the Single Window system coverage includes the integration of all trade related entities (government agencies, brokers etc) into one system”

In order to achieve the 'Desired State', Section 4 shows...

“...the system’s main functionality that will be required for the PNG Single Window”

Initial indicative costing is provided to establish and implement a Single Window in PNG. These figures must be regarded as indicative only at this stage as there has been minimal input from regulatory agencies during this study and the team has had to base these costings on experience with other Single Window initiatives...

“...we have provided initial indicative costing to establish and implement a Single Window in PNG”

Section 5
It is recommended that that if a green light is given to establish the PNG Single Window programme, then one of the first activities as shown in the Single Window Road Map should be...

“...the development of the PNG eCommerce Law as part of the Legal Framework”

It is highly recommended that preparation work commence immediately on the eCommerce Law so that it can be presented at the APEC meetings in PNG in 2018.

Section 6
As Papua New Guinea is part of APEC, we felt it appropriate to...
3. System Justification

3.1. Introduction

This Section of the Feasibility Study report provides a justification for establishing a Single Window system in Papua New Guinea. It has been produced based on certain findings, discussions and feedback via meetings and questionnaires the team have performed with PNG government agencies and private companies and associations.

This section is divided into three (3) subsections as follows:

- Problem statement
- Business Objectives & Organisational Impact
- Process Impact

3.2. Problem Statement

Placing our focus now on the PNG trade environment and the feasibility of establishing a Single Window system, we must first document the current situation as it is today. First we will define the parties that will be involved in using the Single Window in one form or another - these are called the stakeholders.

A list of stakeholders that will be involved is provided below. The list is divided into government stakeholders and private stakeholders.

3.2.1. Government agency stakeholders

This study shows that in PNG there are thirty-four (34) government agencies/bodies that would benefit from access to the Single Window system. Of these thirty-four (34), there are twenty-three (23) that are currently involved in issuing or processing various import/export licenses, permits and clearances for trade over PNG borders. The remaining eleven agencies may have permission rights to access the system for management statistics, trends, planning purposes etc.

These twenty-three (23) trade regulatory agencies are:

1. Cocoa Board
2. Coffee Industry Corporation
3. Conservation and Environment Protection Authority (CEPA)
4. Dept. of Agriculture and Livestock
5. Department of Finance
6. Dept of Health
7. Dept. of Trade, Commerce and Industry (DTCI)
8. Dept. of Transportation & Infrastructure
9. Food Authority
10. Independent Consumer and Competition Commission (ICCC)
11. Internal Revenue Commission
12. Kokonas Indastri Koporesen (KIK)
13. National Agriculture Quarantine and Inspection Authority (NAQIA)
14. National Agricultural Research Institute (NARI)
15. National Fisheries Authority
16. National Forest Authority (PNGNFA)
17. National Information & Communication Technology Authority (NICTA)
18. National Institute of Standards and Industrial Technology (NISIT)
19. PNG Customs
20. PNG Ports Corporation
21. PNG Spice Board
22. Royal PNG Constabulary
23. The Bank of Papua New Guinea (Central Bank)

In terms of percentages, there appears to be only three (3) or four (4) agencies that process 80% of the total of the required licenses, permits and clearances.

The other eleven (11) non-regulatory agencies are:
1. Border Development Authority (BDA)
2. Department of Communications and Information
3. Department of National Planning and Monitoring
4. Department of Treasury
5. Immigration and Citizen Service/Border Police
6. Intellectual Property Office
7. Investment Promotion Authority
8. National Maritime Safety Authority (NMSA)
10. PNG Air Services
11. PNG Post

3.2.2. Private sector stakeholders

These are the typical private sector stakeholders:

- Customs brokers, freight forwarders and shipping agents (trade professionals)
- international maritime ports and airports
- container handlers, terminal operators
- shipping and container consolidators
- the maritime harbour, bulk storage and general cargo freight logistics and stevedore communities
- the transport, storage, handling and logistics communities
- financial, banking and payment services
- the maritime and trade insurance industry
- the import/export trader community

It was noted that only Customs accredited brokers (of which there are around 100) are authorised to submit import or export documentation to PNG Customs.

3.2.3. Problems with the current situation

For government agencies:
the twenty-three (23) trade regulatory agencies have varying levels of automation for their internal systems but (apart from Customs) only one (1) agency (NFA) is understood to have an automated system for processing licenses, permits and clearances although the team has not sighted this

these 23 regulatory agencies have their own specific systems and paper forms for issuance of permits, licenses and clearances. These are mandatory requirements and must be secured by the broker before he can have Customs clear a shipment

due to the lack of IT systems in most of these agencies, it means that it can take up to 3 or 4 days (or longer) at the agency to process the necessary approvals

the absence of effective and efficient interfaces between agencies renders authentication and validation of submitted licenses, permits and clearances difficult to manage (e.g. a broker blacklisted by one agency may be able to continue transacting with other agencies)

problems exist during Customs clearance of “Green Lane” shipments (no examination required), as other agencies inspect shipments randomly. In some locations 100% of shipments are examined by other regulatory agencies

For the transacting public:

dependent on the types of goods being shipped, a broker may have to gain permits from several different agencies to secure all the required clearances. Most of these agencies require brokers to travel to Port Moresby in person to accomplish this

there are cases where an approval from one agency is required in order to obtain a license/permit from another agency. This approval adds to the time needed to fulfil qualifying requirements in order to progress the Customs clearance

3.3. Business Objectives & Organisational Impact

The table below identifies the Single Window business objectives and shows the organisational impact of them being achieved:

<table>
<thead>
<tr>
<th>Business objective 1: Allow electronic submission with a single entry of data at a single entry point for multiple transactions</th>
<th>Organisational impact 1:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• traders will save on time and compliance costs</td>
</tr>
<tr>
<td></td>
<td>• re-training required for concerned agency staff</td>
</tr>
<tr>
<td></td>
<td>• agency efficiency improvement in specific processes/procedures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business objective 2: Linking trade related agencies for process/procedure efficiency through re-engineering and information sharing</th>
<th>Organisational impact 2:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• greater availability of correct/relevant data</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business objective 3: Improve the processing time for approval of relevant permits, licenses and clearances</th>
<th>Organisational impact 3:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• traders save on time and compliance costs</td>
</tr>
<tr>
<td></td>
<td>• re-training required for concerned agency staff</td>
</tr>
<tr>
<td></td>
<td>• agency efficiency improvement in specific processes/procedures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business objective 4: Overcoming geographical barriers for submitting data</th>
<th>Organisational impact 4:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• traders save on time and travel costs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business objective 5: Improve accuracy and visibility of data</th>
<th>Organisational impact 5:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• greater availability of correct/relevant data for decision making</td>
</tr>
</tbody>
</table>
Business objective 6: Provide predictable and consistent interpretation of rules

Organisational impact 6:
- greater compliance
- less opportunity for arbitrary decision making

Business objective 7: More efficient deployment of resources

Organisational impact 7:
- improved approval times
- improved effectiveness

Business objective 8: Correct revenues collected

Organisational impact 8:
- increase of relevant revenues
- reduction in leakages

Business objective 9: Improve trader compliance

Organisational impact 9:
- reduction in non-compliance
- Increase in “green lane” shipments

Business objective 10: Increase in trader risk management in concerned agencies

Organisational impact 10:
- detection and identification of violations and violators
- reduction in violations

Business objective 11: Removing cash payments at offices (ePayment)

Organisational impact 11:
- removal of face-to-face transactions

Business objective 12: Privacy and security in the exchange of information

Organisational impact 12:
- reliable relevant data for reporting and management purposes

Business objective 13: Provide standard connectivity to other Single Window systems through regional cooperation

Organisational impact 13:
- greater regional and international trade efficiency for the national economy

Business objective 14: Encourage competition by making private participation easier

Organisational impact 14:
- Increase in quantity and quality of clients and/or their processes

3.4. Process Impact

This can be shown by comparing the ‘Current State’ of the process against the ‘Desired State’

Current state

Government - Information gathered from the government agencies indicates that apart from PNG Customs, the level of automation in the trade process is low:
- apart from Customs all other regulatory agencies have little to no automation to process applications for permits, licenses and clearances
- there seems to be only informal arrangements between agencies and Customs for inspecting goods
- regulating agencies seem to have their own mandate to inspect shipments ‘at will’

Traders - Information gathered from the trading community indicates that obtaining regulatory documentation in order to import or export goods is all based on paper and the approval process in the agencies are in the main not automated:
- dependent on the commodity, traders have to visit several government offices and wait hours and sometimes days to gain approvals
- for most commodities government approvals are performed centrally meaning traders have to travel to Port Moresby to gain the necessary approvals

Desired State
Government & Traders – the submission and approval process for permits, licenses, clearances will be automated via the Single Window with electronic submissions by traders and approvals by government via workflow systems in each office:

- all applications and all approvals will be electronic (leading to paper-less offices)
- no need for face-to-face interaction (leading to queue-less offices)
- ePayments for fees direct to the bank (leading to cash-less offices)
- formal procedures and agreements between agencies in regard to inspection of goods
- the trade process is transparent, consistent and predictable
4. Proposed System Functionality

4.1. Introduction

This Section of the Feasibility Study report provides the functionality requirements of a Single Window system that would be suitable for Papua New Guinea. It has been produced based on the team’s findings during our meetings, discussions and returned questionnaires with/from the Papua New Guinea government agencies and private companies and associations.

Many issues and problems have been raised to us by the private sector regarding the process of performing trade transactions within the country. The same can be said for the regulatory agencies that we have received information from, in regard to their largely manual and lengthy approval processes. These issues and problems have been detailed in Section 3 of this document – System Justification.

The team has considered all these issues and problems and has developed the functionality requirements that a Single Window system would need to address and resolve the current situation.

This section is divided into six (6) subsections as follows:

- Current State versus Desired State
- The appropriate Single Window Model for Papua New Guinea
- Desired State – Scenario of a Trader
- Functionality requirements for the Papua New Guinea Single Window
- Training & Change Management requirements
- Indicative costing

4.2. Current State versus Desired State (‘as is’ - ‘to be’)

Current state

Government - Information gathered from the government agencies indicates that apart from PNG Customs, the level of automation in the trade process is low:

- apart from Customs all other regulatory agencies have little to no automation to process applications for permits, licenses and clearances
- there seems to be only informal arrangements between agencies and Customs for inspecting goods
- regulating agencies seem to have their own mandate to inspect shipments 'at will''

Traders - Information gathered from the trading community indicates that obtaining regulatory documentation in order to import or export goods is all based on paper and the approval process in the agencies are in the main not automated:

- Dependent on the commodity, traders have to visit several government offices and wait hours and sometimes days to gain approvals
- For most commodities government approvals are performed centrally meaning traders have to travel to Port Moresby to gain the necessary approvals
Desired State

Government & Traders – the submission and approval process for permits, licenses, clearances will be automated via the Single Window with electronic submissions by traders and approvals by government via workflow systems in each office:

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- ePayments for fees direct to the bank (leading to cash-less offices)
- formal procedures and agreements between agencies in regard to inspection of goods
- the trade process is transparent, consistent and predictable

4.3. The appropriate Single Window Model for Papua New Guinea

There are three common models of a Single Window as defined by the WCO:

- a Single Authority model - an entity that coordinates between all relevant agencies to ensure that the logistics chain remains unhindered

- a Single Automated System model - which is an automated information system that integrates and interfaces with a group of systems, such as customs, immigration, quarantine, transport- basically serving as a hub from all border agencies

- an Automated Information Transaction System model - that provides a transaction integration hub to all authorities. All declarations, permits, licences are received by electronic data interchange in one single application and processed by the relevant individual authorities

Based on our experience in similar environments, we recommend the Automated Information Transaction System model for Papua New Guinea whereby the Single Window system coverage includes the integration of all trade related entities (government agencies, brokers etc) into one system.

The Single Window will provide a ubiquitous platform for one-stop services for all clearance procedures, to enable traders to submit their documents and obtain clearances from the appropriate government agencies with a one-time electronic submission of data. It simplifies a myriad of trading procedures by providing anytime, anywhere online services, making it unnecessary to visit the authorities. This will assist with the elimination of cumbersome manual processes, increased transparency and a reduction in the time and cost factors associated with the clearance process.

This platform should seamlessly provide an integrated online workspace of all trade-related functions of the government regulatory trade agencies. The platform will facilitate the processing of all trade-related affairs including:

- Import and Export Licenses
- Permits and Authorizations
- Payments
• Declaration processing
• Customs clearance

The platform will link networks of trading related entities for each trade process as illustrated in the following diagram:

4.4. Desired State – Scenario of a Trader

In order to visualise how the Single Window will affect the trading community, let us first consider this trader scenario after the Single Window is implemented. In this scenario, the trader is a Mr. Lopez and he is wishing to export a consignment of sugar:

Scenario – Mr. Lopez

Mr Lopez, a sugar exporter, prior to agreeing a trade transaction with his potential buyer, may log on to the Trader Information Portal of the Single Window, a public, no-restricted section of the Single Window for trade information.

From this page he will be able to locate a directory of officials and locations of offices for the Single Window; the approval processes/procedures/policies; number of day’s
turnaround; and the timelines and documents to be submitted for his sugar export transaction. This information will be available for all agencies he will be required to interact with for this sugar export.

Mr. Lopez may consult the Single Window information site anytime, anywhere during the trade cycle and beyond, without restriction.

To initiate the trade transaction, Mr. Lopez will be required to register with the Single Window system via the Trader Portal. He may initiate the process anytime, anywhere, by accessing and submitting the registration form of the Single Window system via his mobile phone or the internet.

The Single Window system sends an acknowledgement receipt to Mr. Lopez via his preferred communication method of text and/or email.

The embedded business processing and business rules engine within the Single Window system validates his application against qualification criteria, in addition to crosschecking the data with other identified government agency databases such as the blacklist database, before accepting him as a successful registrant.

Based on the Single Window subscription fees model (if applicable), Mr. Lopez will complete his registration by paying his subscription fees using the payment module of the Single Window system which provides the facility for traditional payment methods or the integrated ePayment facility.

Mr. Lopez will then be supplied with his account and login details, including his Unique Reference Number (URN), Username, Password and confirmation of his preference details e.g. preferred mode of communication and registered mobile phone number etc.

Whereas the Username and Password can be changed at a later stage, the URN is a permanent fixed number allocated for the lifetime of the registrant in the system.
To proceed with the trade transaction, Mr. Lopez accesses the Single Window again and creates a transactional folder via the Single Window’s Trader Portal.

A transaction folder is created by the Single Window for this specific sugar export transaction.

This transactional folder will contain all documents and communications relating to this specific sugar export only.

Mr. Lopez selects the agency he needs to interact with from the Trader Portal and he is presented with all the necessary application forms he is required to submit.

Mr. Lopez completes the forms including his digital signature. He may “save” the forms and complete them later without losing the data previously entered.

He is provided with “error messages” and “prompts” by the system, if he keys in wrong data. This ensures that he does not submit incorrectly filled forms which will be rejected by the agencies. This is a considerable cost and time saving compared to the previously manual processes which made little allowance for genuine human error.

When he presses the “Submit” button, the application form is routed by the system to the appropriate agency for processing.

Mr. Lopez is presented with an acknowledgement message by text or email for all the forms submitted, providing him with tracking details for enquiries.

Following the agency’s processing of the applications, Mr. Lopez will be notified of the outcome i.e. Approved, Referred or Declined, via text or email. Assuming a successful permit application, he will be presented with payment details by the Single Window system. Using the system’s Trader Portal he can make payment of the permit fees (ePayment or traditional) and he will be sent the permit document.
All the permit applications being complete, Mr. Lopez can now create and submit an export declaration via the Single Window. The declaration will be pre-populated with data elements from all the previous documents saved in the transaction folder, saving significant time and administrative errors. The declaration will have a link to the related transactional folder to ensure that the Customs officials have access to all documents required for decision making.

Mr. Lopez submits the declaration to Customs via his Single Window portal.

An Assessment Notice would be transmitted directly by Customs to Mr. Lopez showing the amount to be paid for Customs duties and taxes.

The payment order will be transmitted to an Authorized Agent Bank by Customs for the payment of the duties and taxes. The Authorized Agent Bank waits for the approval from Mr. Lopez and upon his order to proceed the Authorized Agent Bank sends the payment to Customs using the system exchange process. The Single Window puts all the document exchanges in the transactional folder of the trader.

The Customs clearance message will be transmitted to the Single Window by the Customs ASYCUDAWorld System. The Single Window then notifies Mr. Lopez of clearance via text and email.

During this scenario, you will have noticed that Mr. Lopez accessed various modules of the Single Window. In fact there are several more modules that make up a Single Window and they can be illustrated as follows:
4.5. Functionality requirements for the Papua New Guinea Single Window

In order to achieve the ‘Desired State’, the following shows the system’s main functionality that will be required for the PNG Single Window:

1. Transaction Processing
2. Risk Management
3. e-Payment
4. eMail Notifications
5. Traders/Brokers Dashboard
6. Transacting Agency’s Dashboard
7. Report Generation

4.5.1. Transaction Processing

This feature contains the bulk of the system’s activity where users are able to create, edit and submit their applications. Once an application is submitted, the system will forward the application to the next phase. Corresponding users on that phase will then be able to view the application and continue with the transaction.
Government agencies will specify the process of the application since the process may differ per government agency. However, an application will typically have the following phases: New, Received, Process, Payment, and Authorize. These phases are triggered once the previous phase has been marked as complete. The detailed sequence of the function is as follows:

1. The trader/broker creates a new application
2. The trader/broker submits the application
3. The regulatory agency receives the application
4. The regulatory agency user processes the application according to required evaluation checks
5. The application is forwarded to the cashier where they will validate the payment
6. The cashier will mark the application as paid.
7. When all processes are finished the final authorizer marks the application as approved and complete

4.5.2. Risk Management

Risk Management is an important module within the Single Window solution, as it provides management of Risk Profiles, which are essential to the effective deployment of resources to combat fraud and corruption. This module ensures the timely risk information sharing across the PNG trade related agencies and facilitates the risk management of all identified documents and processes across the trade agencies, providing a pre-emptive and predictive risk management environment.
The Risk Management module provides all the functionality necessary to generate profiles, specify the action required and monitor their subsequent performance.

4.5.3. e-Payment

Government agencies will have the ability to offer traders/brokers the option to settle fees through e-Payment. This feature may not be mandatory for all government agencies, but should the agency decide to avail of this feature, the system will have the ability to communicate with the agent banks’ system to confirm payment transactions.

The detailed sequence of the function is as follows:

1. The cashier receives the application submitted by the trader/broker
2. The cashier sets the payment fees
3. The broker/trader opens the application and is informed of the fees that he needs to pay
4. The broker/trader pays the fees through the bank
5. The broker/trader opens the application form and inputs details of the payment
6. The system verifies that the payment is correct
7. The system forwards the application to the next phase

4.5.4. eMail Notifications

This feature allows the user to be updated with the progress of the application. Once an application completes a phase or when the payment details are updated, the system will send an email to the trader/broker informing him of the change in the application.
Emails will trigger when forms pass a certain state, or when the payment details are updated. Note that government agencies will have different processes, thus the form states/phases may differ per agency. The list below highlights when an email may trigger:

1. The agency user tags the application form as “Received”
2. The agency user tags the application as “Pending” and types in the reason for the action
3. The agency user tags the application as “Processed”
4. The cashier updates the payment details to set the fees
5. The cashier sets the application as “Paid”
6. The authorizer approves the application
4.5.5. Trader/broker Dashboard

This feature gives users statistics of all their on-going and completed transactions. Users will be given a general overview of the applications state and at which agencies the applications were submitted to:

1. The trader/broker logs in to the system
2. The system retrieves all current and past applications logged by the trader/broker
3. The system displays the list of applications in a table with the list of form names and agencies where the forms where submitted to. The number of completed, on-going, pending, rejected, and saved transactions are displayed

4.5.6. Transacting Agency’s Dashboard

This feature gives the agencies statistics of all their on-going, on-hold and rejected transactions. It has been found that this feature provides metrics transparency that ultimately drives process improvements and better clearance timelines.

1. The agency user logs in to the system
2. The system retrieves all current and past applications submitted to the agency
3. The system displays the list of applications with the list of form names and the number of on-going, pending, and rejected transactions
4. The user clicks on a form name
5. The system displays the list of transactions submitted by traders/brokers to the agency using the selected form name. The system also displays: the transaction numbers associated with the submissions; the dates when the forms were submitted and last updated; and the specific office where the submission was forwarded to, be it national office or regional office

4.5.7. Report Generation

A myriad of reports can be generated by the system and a sample list is shown below. This feature is for regulatory agencies and designated agencies that have been authorised to gather data and statistics:

2. Commodity Statistics by Value
3. Commodity Statistics by Port of Entry/Loading
4. Commodity Statistics by Volume/Value
5. e-Payment Collection Report
6. Leading Traders
7. Performance Statistics
8. Top Countries of Import/Export
4.6. Training & Change Management requirements

Training

Training will focus on the three main groups of personnel in the agencies, namely:

- **Management** – although the management of the Single Window agencies will almost certainly not be the major users in terms of overall access to the system, it is vital that they are able to utilise the functions available. It is important therefore, to establish their training needs to allow them to access the system and to derive full benefit from the functionality. It is also important that we gain their firm commitment to and support for the programme. The training needs of managers are significantly different from those of other groups.

- **General Users** – the users benefit greatly from lecture based introductions to the system, supported by practice and backed by access to technical manuals and support facilities. These lecture based and hands-on training sessions will ensure the general users are capable of utilising its facilities efficiently and effectively.

- **IT Specialists** – training needs to be provided to support the introduction of the IT systems, revisions to the operating systems and databases and procedures which would be established to enable the collection and analysis of data.

Training needs to take place at appropriate points within the delivery of the system, so that the staff involved can utilise some of the skills they have learnt in the development and delivery of the rest of the deployment.

The exact nature and schedule of the training courses will be determined at the project planning stages, but what should be planned for are the following courses for each respective user type:

<table>
<thead>
<tr>
<th>User Type</th>
<th>Course Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>• Overview of the System&lt;br&gt;• Reports&lt;br&gt;• Statistics</td>
</tr>
<tr>
<td>General Users (up to 500 users)</td>
<td>• Overview of the System&lt;br&gt;• General Use of System&lt;br&gt;• Workflow&lt;br&gt;• Reports&lt;br&gt;• Troubleshooting</td>
</tr>
<tr>
<td>IT Specialists (up to 500 users)</td>
<td>• Overview of System&lt;br&gt;• Configuration&lt;br&gt;• Troubleshooting&lt;br&gt;• Interfaces/Connectivity&lt;br&gt;• Backup/Recovery</td>
</tr>
</tbody>
</table>
Change Management

The majority of large technology implementation projects that fail do not do so because hardware and systems architecture have been inadequately designed or installed – they fail because the human and organisational changes necessary to support the introduction of the new technology have not been adequately addressed.

To ensure the successful implementation of the PNG Single Window project is to overcome the inherent organisational resistances within stakeholder organisations and instead build the necessary buy-in and commitment to implemented changes across multiple organisations and operating cultures.

The approach needs to focus on communicating and collaborating throughout multiple levels of the Single Window stakeholders in order to build the required level of support from all individuals (government and private) who will ultimately be involved with the final Single Window operating environment. It needs to examine the organisational impact (manpower resources) within the agencies to address and weaknesses and make recommendations to improve as necessary. It needs to identify the potential social and cultural issues that may arise in connection with the establishment of the Single Window, considering the affect if any, on the project implementation.

The approach also needs to review the legal issues, privacy and data protection laws associated with the implementation of the Single Window Project, including the submission of information by stakeholders, the exchange of information between government agencies and the use of electronic signatures.

The approach needs to be based on key change management principles relevant to, and custom-tailored for the Single Window project. This includes:

Engage and Communicate with Stakeholders

- identify stakeholders
- inform stakeholders
- engage stakeholders

Mobilize and Align Leaders

- effective change leadership
- articulating a shared purpose for change

Enable Workforce

- Change leaders throughout the organisation should pay careful attention to how their staff is reacting to the change. Common concerns about change can include, but are not limited to:
  - shifting workloads
  - addition or elimination of a position or positions
Trade Related Assistance Project – Phase II

Implemented by the Department of Trade, Commerce and Industry & funded by the European Union

- existing work relationships being broken
- moving to new working locations

• Sponsors need to identify these impacts and work to either lessen or eradicate them.

Performance Measurement

Performance measures for the Change Management Programme need to be used to collect data on progress regarding activities and communications. A survey approach may be used to measure the success of the Single Window project as it relates to change management and communications. Measures will be used to refine activities and communications and improve performance.

Communications Plan

Communication is the most important component in any project. Success of most projects, whether worked by a dedicated or a cross-functional team, depends on the communication skills and techniques the organisation uses to disseminate and render information into an easy to understand format.

Communication should occur throughout the life of the Single Window project and is also a formal scheduled event with senior management.

4.7. Indicative Costing

In the table below, it shows the initial costing to establish and implement a Single Window in PNG. However, these figures must be regarded as indicative only at this stage as there have been only two (2) regulatory agency sites visits to confirm the environments and no confirmation of any transaction volumes from any agency. The team has had in the main to base these figures on experience:

• Estimated trade transactions at 250 per day, estimated permits issued 100 per day
• The Central site will have five (5) servers connected to the internet, 50TB storage for the Single Window databases, two (2) network printers and necessary software
• There will be a Disaster Recovery Centre which will have a similar hardware and software configuration to the Central site and this will be located in a government office away from the central site
• There will be twenty-three (23) regulatory agency offices that will need five (5) laptop computers and 1 network printer each
• The remaining Single Window agencies that will need access to the Single Window system infrequently for information analyses, will use their own computers
• There will be network equipment and communications costs for agency offices and the two main centres
• There will be maintenance costs and consumables costs
• The Single Window project will be a bespoke software development
Costing for budgetary purposes is shown as:

<table>
<thead>
<tr>
<th>Item</th>
<th>USD</th>
<th>PGK @ 3.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware &amp; Software</td>
<td>2,032,800</td>
<td>6,382,992</td>
</tr>
<tr>
<td>Development &amp; Implementation Services</td>
<td>4,040,000</td>
<td>12,685,600</td>
</tr>
<tr>
<td>Communications &amp; Networks</td>
<td>310,000</td>
<td>973,400</td>
</tr>
<tr>
<td>Consumables</td>
<td>115,200</td>
<td>361,728</td>
</tr>
<tr>
<td>Maintenance &amp; Support</td>
<td>620,000</td>
<td>1,946,800</td>
</tr>
<tr>
<td><strong>Total (w/o tax)</strong></td>
<td><strong>7,118,000</strong></td>
<td><strong>22,350,520</strong></td>
</tr>
</tbody>
</table>

After we completed these estimates we made a costing comparison with budgets from three (3) other Single Window initiatives (one in Asia, one in ASEAN and one in APEC). These countries have similar issues as Papua New Guinea and they have a similar Single Window model as recommended in this Feasibility Study. These countries are currently in the procurement cycle and their budgets are in line with our estimates for the PNG Single Window.
5. Legal Framework

5.1. Introduction

This section of the Feasibility Study report relates to the Legal Framework requirements for the establishment of a Single Window system in Papua New Guinea. The United Nations Single Window Legal Issues Guide has been used as reference material for this section and it is highly recommended that the Guide be used as support material during the setting up of the Legal Framework.

This section of the study also details the current situation of the legislation in Papua New Guinea in regard to Electronic Commerce (eCommerce). This information has been captured by the study team through our discussions with PNG government agencies (most importantly the Legislative Counsel).

Finally this section details the required action that is needed to have the correct legislative framework in place before eCommerce initiatives are implemented including the establishment of a Single Window system.

The section is divided into three (3) as follows:

- legislative requirements as a pre-requisite to a Single Window
- current status of the eCommerce Legislation in PNG
- required action plan

5.2. Legislative Requirements

Developed and developing countries alike are increasingly engaged in the development of paperless trading systems, often as part of broad based e-government or trade competitiveness initiatives.

Computerized or automated customs systems are already in place in many countries, including many of the least developed and landlocked developing economies. Governments are now going further, as they realize that replacing only some of the paper documents involved in a trade transaction by electronic ones may not yield the intended benefits. Therefore, they are actively working on the development of electronic single windows to provide a unique national platform through which all trade transaction information can be communicated by traders to all regulatory agencies.

To ensure that these paperless trading platforms can operate and ultimately replace paper-based systems, it is essential that an enabling legal framework be put in place.

Taken from the UN Single Window Legal Issues Guide:

- the necessity of creating an enabling legal infrastructure has emerged as a critical element for the success of a Single Window (SW) facility at the national level and to the extent possible, as a predicate for a harmonized approach at the regional and international levels

- the extent to which trade facilitation can be achieved through the operation of a SW nationally and across borders indeed depends on the legal environment in which
relevant stakeholders served by the SW as well as those along the international supply chain, operate

- this legal environment, therefore, includes not only the Single Window enabling law at the national level but also the legal framework for electronic transactions that will provide a foundation on which the electronic Single Window will be operating

In this context, it is important to identify the essential legal issues related to the creation and operation of a Single Window in order to fully understand what types of legal gaps exist in national laws

**5.3. Current status of eCommerce legislation in PNG**

Having discussed the legislative framework that is needed to conduct eCommerce in the country with the Legislative Counsel, we have confirmed that there is currently no enabling eCommerce law to allow the establishment of a PNG Single Window. Apparently each government agency has its own law by which it acts but there is no overall law linking them together.

**5.4. Required action plan**

It is now essential that a law to enable eCommerce (doing business electronically) be effected to address such issues as electronic data interchange, data quality, data privacy, data protection, electronic signatures, electronic contracting etc.

In order to start this process we suggested to the Legislative Council the use of the UNCITRAL (United National Commission on International Trade Law) template for eCommerce and as it appears that PNG have used UN templates before when drafting laws regarding transport and airlines, it is the team’s recommendation to use the UNCITRAL template for Commerce, as many other countries have done successfully.

It is further suggested that either the Trade Department or PNG Customs (through the Treasury Department) could take the lead in progressing the eCommerce Law through the legal process.

The passing of the eCommerce Law is....

“...the most important aspect in the Legislative Framework for the establishment of the Single Window”

After the eCommerce Law is passed, there will need to be two further items to be agreed under the framework. The first one will be an...

“...an Executive Order to officially establish the Single Window programme”

This will define the government agencies that will be involved and identify the lead agency for the programme.

Then in order to ensure the full participation and cooperation of the Single Window agencies, there will need to be...

“...an enabling mechanism (e.g. Memorandum of Agreement or an appropriate issuance) between them”
5.5. Summation and Recommendation

If a green light is given to establish the PNG Single Window programme, then one of the first activities as shown in the Single Window Road Map should be...

“...the development of the PNG eCommerce Law as part of the Legal Framework”
6. System Road Map

6.1. Background

This Section of the Feasibility Study report provides a System Road Map for establishing a Single Window system in Papua New Guinea.

The feasibility Study recognises the goal of the APEC Single Window Capacity Building Project which is to develop Single Window systems within each APEC member economy by 2020. To this end, this Road Map shows the activities recommended to move forward with this initiative in an appropriate timeframe. As Papua New Guinea is part of APEC, we felt it appropriate to align our Road Map with the ‘APEC SCCP Single Window Roadmap’ for establishing and implementing a Single Window.

In addition, as Papua New Guinea is hosting APEC in 2018, it is thought to be very beneficial to report to the APEC Single Window Committee that the PNG Single Window journey has well started before the end of 2017 - this is reflected in the Road Map.

The Road Map has been produced after an assessment of our findings taken from meetings and questionnaires the team have performed with PNG government agencies and private companies/associations.

This section is divided into 11 (eleven) sub-sections as follows:

- Political Mandate
- Lead Agency
- Further Study and Project Planning
- Stakeholder engagement
- Business Case
- Governance
- Legal
- System Design
- Implementation
- Post Implementation
- PNG Single Window Road Map and Plan

6.2. Political Mandate

- Establish political commitment encouraged by Department of Trade and perhaps Treasury
- Identify and assign a lead agency (e.g. Customs)
- Establish the eCommerce Law to allow electronic trading
6.3. Lead Agency

- Obtain a Project Sponsor as champion the Project - could be Dept of Trade or Treasury (the latter on behalf of Customs)
- Customs to be lead agency – it has sufficient resources, financial and technical
- Ensure the lead agency and the relevant stakeholders have effective financial management policies in place
- Ensure the lead agency establishes strong links with industry
- Ensure the lead agency establishes strong lines of communication with other government agencies
- Establish a heads of agency mandate and steering committee
- Identify the role of the lead agency in managing private sector vendors

6.4. Further Study and Project Planning

- We have investigated systems in other economies – Asia, APEC and ASEAN
- We have undertaken an environmental scan
- Reference capacity building programmes when identifying areas that will require capacity building
- We have identified impacts and risks
- Stakeholders have been identified with impact analysis
- The Feasibility Study provides outcomes that will assist in determining the value in proceeding
- Conduct cost/benefit analysis
- Recommendations are in place for moving forward
6.5. **Stakeholder engagement**

- Obtain strong and formal commitment from government driven by Department of Trade
- Obtain strong commitment from industry
- Develop an effective communication strategy to ensure early and ongoing involvement and support from all stakeholders
- Identify stakeholder responsibilities and liabilities

6.6. **Business Case**

- Identify and quantify benefits, manage issues, mitigate risks
- Identify intent (Vision, Mission, Best Practice, Scope)
- Establish funding required
- Identify potential sources of funding (Public, Private, PPP)
- Determine expected budget
- Identify avenues of cost recovery
- Establish key milestone, timeframes and project stages
- Establish business buy-in, collaboration and support
6.7. Governance

- Ensure sustainability of project
- Establish a Single Window agency committee and sub-committee and include private sector stakeholders where required
- Establish protocol for engagement and participation of private sector stakeholders for the duration of the project
- Ensure accountability is maintained – Stage gates
- Establish a project management framework
- Identify and manage risks and issues

6.8. Legal

- Current legal environment has no provision for eCommerce
- Potential legislative changes include eCommerce Law, Executive Orders and MOA’s
- Limitations have been identified
- Establish the legal authority of the lead agency and participating agencies using for example a Memorandum of Agreement
- Establish service level agreements with stakeholders
- Establish guidelines for the delegation of power and decision making
- Consider the issue of privacy and confidentiality in regard to the sharing of information between agencies and including industry including establishing security arrangements. Align to international legal principles. Consider legislating the adoption of international standards e.g. WCO Data Model incorporated into the Security and Accountability for Every Port (SAFE) Act of 2006
6.9. System Design

- Undertake relevant business process modelling
- Consider “as is” (current) and “to be” (future) single window environments
- Identify user requirements
- Work towards rationalisation, standardisation and harmonisation
- Ensure efficient and cost effective IT platforms
- Establish an expected timeframe for delivery
- Incorporate system security requirements
- Establish strong business owners
- Align to international standards and instruments

6.10. Implementation

- Oversee and facilitate system build
- Determine transitional procedures (e.g. new system running simultaneously with legacy system)
- Conduct user training
- Provide staff training and client education
- Implement a broad communications strategy e.g. fact sheets, workshops and seminars
- Provide adequate user support including a help desk facility
- Undertake capacity building activities
- Report on the progress of the implementation process
- Allocate sufficient time and resources for effective trials and pilot projects
- Ensure open publication of regulations and requirements
6.11. Post Implementation

- Review the progress at regular intervals/stage gates
- Assess whether the project will deliver the expected benefits and will achieve the intent
- Conduct cost/benefit return analysis
- Measure outcomes against established success criteria
- Ensure ongoing stakeholder engagement
- Maintain ongoing communication with key stakeholders
- Establish maintenance procedures
- Establish a post implementation decision making body to consider stakeholder requests for updates, submissions and changes

6.12. PNG Single Window Road Map and Plan

Sub-sections 6.2 to 6.11 explain the separate components of the Single Window Road Map. When combined, the Road Map shows a comprehensive plan for the establishment and implementation of the PNG Single Window (see below).

An indicative timeframe plan for the important stages of the PNG Single Window programme (covering the next 12 months) is also attached.