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**The Establishment and Operation of an
Electronic Single Window:
Case Study of Guatemala**

Report by the UNCTAD secretariat

Executive Summary

A Single Window is a 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. Guatemala introduced a first Single Window for export procedures in 1986. This first initiative led to a reduction of the time to process and issue an export licence from 10–12 days to 6–8 days. In 2000, a pilot of an electronic and more advanced version of the Single Window was successfully launched. By 2003, the new system covered companies accounting for 65 per cent of all export transactions and an export licence can now be obtained within a few minutes. Other advantages of the new system include a reduction of costs, the possibility to obtain licences outside office hours, a cutback in the number of required documents, and increased transparency and predictability. The successful implementation of the Single Window depended heavily on four key factors, i.e. 1) political will and commitment from government and business, 2) a strong and resourceful lead agency, 3) the establishment of the required legal framework, and 4) financial support for the necessary investment in technology and capacity building.

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ABBREVIATIONS AND ACRONYMS

In English

CACM	Central American Common Market
CAFTA	Central American Free Trade Agreement
FTAA	Free Trade Area of the Americas
IADB	Inter-American Development Bank
ICT	Information and Communication Technology
XLM	eXtensible Markup Language

In Spanish

(Translations into English are not official)

AGEXPRONT	Asociación Gremial de Exportadores de Productos No-tradicionales Association of Exporters of Non-traditional Products
BANGUAT	Banco de Guatemala Central Bank of Guatemala
CONAPEX	Consejo Nacional de Promoción de Exportaciones National Council for Export Promotion
CONACOEX	Comisión Nacional Coordinadora de Exportaciones National Export Coordination Commission
DEPREX	Declaración Para el Registro de las Exportaciones Declaration for the Registry and Control of Exports
FAUCA	Formulario Aduanero Único para Centro América Uniform Central American Customs Form
SAT	Superintendencia de Administración Tributaria Superintendency of Tax Administration
SEADDEX	Servicio Electrónico de Autorización de Exportaciones Electronic Service for the Authorization of Exports
VUPE	Ventanilla Única Para las Exportaciones Export Single Window

OVERVIEW

Export procedures in Guatemala used to be a cumbersome administrative obstacle to trade. Procedures were slow and inconsistent, transparency was lacking and office hours limited. The extensive administrative requirements and associated costs constituted a severe burden for the business community and a serious barrier to developing the export sector. Consequently, there was an urgent need for improvement.

The first reform to simplify export-related procedures was introduced in 1986 with the creation of the “single window”, i.e. the gathering of all government agencies involved in export documentation and information in one entity with a single entry point, where the exporter could fulfil all export requirements. With this reform, the time to process an export licence was reduced from 10–12 days to 6–8 days.

After some years, the exporters in Guatemala started to sense urgency to further simplify procedures, to reduce time and costs in order to remain competitive in the international market. In addition, neighbouring countries and trading partners, in particular El Salvador and Costa Rica, had taken significant steps in automating trade procedures. Yet, the Government did not respond to this need because of the lack of political stability, continuity, political will, and economic means.

In view of the situation, Agexpront — the largest exporters’ association — took the initiative to propose to the Government to transform the existing paper-based process into an electronic system. They requested to be the lead agency of the project.

A private-public partnership presented an opportunity to both sectors to cooperate and establish a common platform to mutual benefit. In 1998, with explicit legislative provisions and a clear division of responsibilities, Agexpront was given administrative authority and functions for the single window, as well as the task to develop a corresponding electronic system.

Critical pre-requisites were that the electronic system had to be self-sustained and not create costs for the Government, and that previously employed staff would be transferred to the new organization.

According to the persons involved in the project, the main success factors in realizing the project successfully within one year were: 1) the informal organizational approach adopted that permitted adjustment and problem-solving actions when needs emerged; 2) the Inter-American Development Bank loan to finance hardware and software investments; and 3) the role of Agexpront that had a clear vision and direction to serve the export sector.

However, many obstacles emerged during the project’s development and implementation phases. Standardization and rationalization work generated some unforeseen negative effects and huge amounts of time were put into lobby activities and presentation meetings. The project had to be revised several times.

The pilot was launched in the beginning of the year 2000 facing two additional obstacles, the lack of computerization and technological resources among the potential users, and reluctance to change. The implementation had to be approached in stages in order to handle the infrastructural changes needed to support the system. By 2003, the system was successfully installed in 576 companies that make 65 per cent of all export transactions. An export licence can now be obtained within a few minutes.

The project simplified and facilitated the export-related process bringing benefits for both traders and governmental authorities. For the Government, the establishment of a partnership with the private sector delivered a solution for the business community that would have been impossible to achieve otherwise. The private sector gained time and money, and enjoys improved export conditions: it is less subject to corrupted behaviours, it is easier to plan for delivery dates which can lead to new business opportunities, particularly for smaller producers of perishable items. Agexpront is able to offer a high quality service to the exporter, acting as a focal point of information and support for export operations.

Some of the gains accruing to both the private and the public sector include:

- Concentration of all governmental entities in one agency;
- Improved efficiency, competitiveness and business opportunities;
- Significant reduction of costs,
- Export transactions can be completed outside official hours;
- Reduction of the number of documents required and requirements of unnecessary signatures, stamps, photocopies, etc. were abolished;
- Increased transparency and predictability restricted the discretionary powers of officials.

In Guatemala, the successful implementation of the Export Electronic Single Window is based on four key factors:

Political will. The most critical factor for success was the existence of a strong political will and commitment from both government and business. In the case of Guatemala, facilitating export procedures required significant changes, a clear mandate, and involvement of various governmental authorities and private sector organizations. Streamlining the administration process also involved revision of responsibilities and far-reaching changes for government officials. These difficult issues needed very strong leadership to implement key decisions.

Strong lead agency. Another key factor that may enhance the chances of success is the requirement of a strong and resourceful organization with collective motivation for change. This organization must have enough driving force, as people are naturally resistant to change. Appropriate political support and adequate human and financial resources are also critical factors.

Legal support. Providing the legal basis was another pre-requisite to implement the project. A private entity such as Agexpront lacked the legal authority to issue documents, handle information or enforce rules. In delegating the administration of export procedures, it was consequently necessary to also delegate legal power and authority.

Financial support. A strong investment in technology was needed to initiate the project and although the sum was relatively small, the investment could not have been totally financed by the private sector. External financing was essential. A public-private partnership was the model adopted for financing the project.

1. COUNTRY CONTEXT

1.1. Geography and economy

Guatemala is located in the northern part of Central America. The country borders Mexico to the north and west, Belize and the Atlantic Ocean to the east, Honduras and El Salvador to the southeast, and the Pacific Ocean to the southwest. The country covers a total area of 108,889 square km divided into 22 departments, the most populous of which are Guatemala City and the southwest coastal districts.

With a population of 12.3 million and a per-capita GNI of US\$ 1,910,¹ it is Central America's largest economy. Guatemala has an arterial infrastructure, with port facilities on the Pacific and the Atlantic oceans, local and international airports, cargo train and a developed cross-country highway network.

Agriculture plays a major role in Guatemala's economy, with more than 50 per cent of the labour force engaged in farming, forestry and fishing. The country's most important export goods are coffee, sugar, bananas, cardamom and "non-traditional" products.

Although traditional agricultural products make up for 35 per cent of Guatemala's export income, "non-traditional" export products, such as vegetables and fruits, consumer goods, textiles and apparel have expanded and are making an important contribution to the economy.

A series of macroeconomic policies were introduced in Guatemala from 1991 onwards with the aim of creating conditions for sustainable economic growth. This involved a number of structural reforms in the area of trade, finance, public administration, monetary policy and fiscal policy.

Since the signing of the Peace Accords in December 1996, which ended 36 years of internal armed conflict, one of the main objectives of the authorities has been to restore security and stability, and achieve sustainable economic growth. The Government has undertaken a programme of economic liberalization and public sector modernization in order to open Guatemala to the global market and to increase efficiency of public services. In this context, a fundamental goal in recent years has been to reduce the role of the State in the economy and policy measures directed towards the modernization of the public sector were introduced.

1.2. Trade policy

With regard to trade policy, the Central American Common Market (CACM), which includes El Salvador, Honduras, Nicaragua and Costa Rica, is the focal point of trade and regional integration, and progress has been made in the construction of a customs union. Negotiations of the Central American Free Trade Agreement (CAFTA) between CACM and the United States were concluded in December 2003 and the treaty is subject to approval by the US Congress in 2004.² Guatemala also participates in the Free Trade Area of the Americas (FTAA), with negotiations to be completed by January 2005. In the desire to speed up integration with its main partners, other free trade treaties have been signed and trade agreements are being negotiated.

¹ World Bank figures for 2003. See www.worldbank.org.

² The treaty is also subject to approval by the Guatemalan Congress.

1.3. Development of exports

In the early 1980s, Guatemala was characterized by an inward-looking economic development policy and an import substitution model that implied closing the economy to foreign competition. However, new measures aimed at breaking away from the previous situation were introduced from 1985 onwards and efforts were directed at bringing about a fully competitive market. This trade strategy aimed at increasing Guatemala's integration in the world economy, opening new export markets, and intensifying initiatives for greater regional integration.

Conditions had to be created to attract investments to develop the industry. The National Council for Export Promotion³ (CONAPEX) and the National Export Coordination Commission (CONACOEX) were created in 1986 with the aim of advising the President of Guatemala on export policy formulation, making recommendations on promotion and diversification of exports, as well as overseeing policy implementation. Two important decrees were issued in 1989 to encourage investment through exemption from import taxes and duties of the inputs used for finished products for export,⁴ these decrees were the: "Export Promotion and Maquila Law" (Decree 29-89)⁵ and the "Free Trade Zones Law" (Decree 65-89)

These new policies contributed to a diversification and increase in exports during the 1990s, and lead to the availability of more non-traditional products. There are now close to 900 enterprises operating under the Export Promotion and Maquila Law, mainly in the textile and apparel industry and 13 free trade zones in the country.

1.4. The National Council for Export Promotion

CONAPEX is a high-level body of representatives from both the public and private sector. The Minister of Economy chairs the Council, composed at public sector level by the Ministries of Finance, Agriculture, Foreign Affairs, and Public Infrastructure, Central Bank of Guatemala and Superintendency of Tax Administration. The private sector is represented by the Chamber of Industry, Association of Exporters of Non-traditional Products (Agexpront,⁶ hereon), Chamber of Commerce, Sugar Producers Association, National Coffee Association and Guatemala Tourist Commission.

CONAPEX decisions are coordinated and implemented by CONACOEX, which is made up of representatives at technical level from each of the member organizations of CONAPEX.

Progress in opening up the economy to the outside world started within the framework of CONAPEX. The main purpose was to promote exports, investment and business opportunities and create favourable conditions for Guatemalan and foreign investors. The work of CONAPEX was concentrated on creating new legislation, trade promotion programs and on simplifying export-related procedures in the country.

³ Spanish abbreviation Comisión Nacional Coordinadora de Exportaciones . The author will use abbreviations in Spanish throughout the report to correspond to the terminology used in Guatemala.

⁴ The finished product must be exported to countries outside CACM within one year after acceptance of the import documents of the inputs.

⁵ Maquila enterprises are exempt from income taxes over a period of ten years.

⁶ Spanish abbreviation Asociación Gremial de Exportadores de Productos No-tradicionales.

2. EXPORT PROCEDURES PRIOR TO THE REFORM

2.1. The situation until 1986

Until recently, export procedures in Guatemala were a cumbersome administrative obstacle to trade and there was an urgent need for improvement. CONAPEX created a working group to undertake a study on the procedures. The results were quantified in time and number of transactions involved. The outcome of the study showed a highly bureaucratized and complicated state structure where the level of discretionary power of the public employees was very high.

For every product to be exported, exporters must apply for an export license. An ordinary export licence took between 10 to 12 days and it could only be obtained in Guatemala City. It was necessary to cover around 117 kilometres to go through an average of 12 governmental authorities involved in issuing documents, permits, certificates, stamps, signatures and paying the corresponding fees. There were not only delays and lack of coordination among governmental entities, but exporters were faced with corruption, slow and inconsistent processing, lack of transparency, and limited office hours.

2.2. Export Single Window - VUPE

These extensive administrative requirements and associated costs, constituted a severe burden for the business community and a serious barrier to developing the export sector. In view of the problem to be addressed, CONAPEX took the decision to request CONACOEX to design a solution to simplify the process. The immediate resolution was to develop a type of “single window” concept, i.e. to gather all government agencies involved in export documentation and information in one entity with a single entry point, where the exporter could fulfil all export requirements. The project was fully supported by CONAPEX, which was a key factor due to the high level of political commitment and cooperation needed, between the private and public sectors, during the implementation period.

The first Export Single Window (VUPE)⁷ was created under the Ministry of Economy in 1986 by Governmental Decision 790-86. A Director-General was appointed and offices were provided by the Ministry of Finance. The business community contributed furniture and supplies. VUPE brought together the following agencies:

- Ministry of Agriculture, responsible for issuing phytosanitary and zoosanitary certificates;
- National Forest Institute, responsible for the control of the legal origin of forest products;
- National Council of Protected Areas, controls the export of endangered species;
- Ministry of Public Health, responsible for all issues related to processed food;
- Superintendency of Tax Administration, replaced the General Direction of Customs in November 1998;
- Central Bank of Guatemala, responsible for foreign currency control⁸ and statistical information on exports.

⁷ Spanish abbreviation, Ventanilla Única Para las Exportaciones.

⁸ The export licence was the document used as tool for foreign currency control.

The new organization brought physically together, in one office, all 60 public employees working at different governmental authorities. Although the number of requirements remained the same and the exporter still had to go through the same procedures, the time was reduced to 6–8 days. Yet, export licences were issued only in Guatemala City.

VUPE would basically remain as it began for several years. Some attempts were made to simplify and harmonize documents and information without greater success. Several factors contributed to the status quo, such as:

- Frequent political changes, a common characteristic of Guatemala's political system, especially in the case of the Minister of Economy whose average term in office has been one year.
- Lack of continuity, an immediate consequence of the constant changes, policies and experts are replaced with every new minister in post.
- Budget restrictions, as priorities change, resources are allocated accordingly.

In view of the situation, the Exporters Association, among the private sector associations and main interested part in achieving some progress, started to lobby among governmental authorities in the search of a platform to contribute with a solution.

3. PUBLIC-PRIVATE PARTNERSHIP

3.1. The Association of Exporters of Non-traditional Products - AGEXPRONT

Founded in 1982, Agexpront is a private, non-profitable organization, which promotes and develops the export of non-traditional products. It is the largest exporters organization and represents an innovative business sector that throughout the years has increased its share in the total exports of the country and is succeeding in expanding trade into new markets.⁹

Since there is no public intervention or financial support to promote and stimulate exports, Agexpront developed a well-established and solid organizational structure to attend to exporters needs.

With the vision “to make Guatemala an exporting country” and to accomplish its objectives, the association is divided in four areas: 1) Competitiveness Promotion and Market Access, 2) Technical Services, 3) Research and Development, 4) Decentralized Services. A wide range of activities is carried out by the divisions, providing services to their members that contribute to the promotion, support and development of the export sector. The association is also particularly active in the design of foreign trade related policies, strategies and plans; lobbying at governmental and international levels; and solving exporters' problems with government services.

3.2. The negotiation process

Exporters in Guatemala felt an urgent need to simplify export procedures, to reduce time and costs in order to remain competitive in the international market. In addition, neighbouring countries and trading partners, in particular El Salvador and Costa Rica, had taken significant steps in automating trade procedures. In view of the situation, and responding to the needs of its members, Agexpront took the initiative to propose to the Government to transform the

⁹ Agexpront, institutional presentation.

existing paper-based process into an electronic system. The system would facilitate the process of providing and sharing information to fulfil export-related requirements for both traders and authorities.

Agexpront had the driving force and collective motivation to undertake such project: a very strong organization with the necessary vision, financial and human resources and technical capacity needed to solve the existing problems.

The first action was to prove their capacity and obtain the political backing from the members in CONAPEX, especially from the ministries involved, the Central Bank of Guatemala — the entity that controlled the use of foreign currency and produced export statistics — and Customs, under the authority of the Superintendency of Tax Administration. Although the initiative was accepted immediately both in the public and private sector, the negotiation process continued along the project's development phase.

The second very important step was to search for the explicit formal support, the legal authority and power to enforce rules, from the Government. Governmental Decision 575-98 granted the legal provisions in September 1998, that:

- Created the Electronic Service for the Authorization of Exports (SEADEx,¹⁰ hereon) within the framework of VUPE
- Defined roles and responsibilities
- Established a technical commission

3.3. Roles and responsibilities

According to Article 2 of Governmental Decision 575-98, VUPE remains as an agency of the Ministry of Economy but the administrative authority and functions are delegated to Agexpront as well as the task to develop the electronic system SEADEx. The technical commission is constituted by a representative of the Ministry of Economy and five SEADEx customers appointed by Agexpront. Article 4 empowers this Commission as a decision-making body to plan, execute, coordinate, evaluate and supervise export-related activities.

Critical prerequisites were that the electronic system had to be self-sustained and not represent costs for the Government, and that previously employed staff¹¹ would be transferred to the new organization. However, financial aspects of initial investments in hardware (approximately US\$ 900,000) were paid with part of a government loan from the Inter-American Development Bank (IADB).

Under these conditions VUPE was transferred to the premises of Agexpront with a staff of 42 people and continued with paper-based processes for one year until the implementation of the electronic service, SEADEx. In the meantime efforts were concentrated in making the process more efficient and decreasing the length of processing time from 6–8 days to 2–3 days.

¹⁰ Spanish abbreviation Servicio Electrónico de Autorización de Exportaciones.

¹¹ The staff was further reduced to 42 employees.

4. THE EXPORT ELECTRONIC SINGLE WINDOW

4.1. Project development

According to the interviewed persons involved in the project, it was agreed that the main success factors in realizing the project within one year were: 1) the informal organizational approach adopted that permitted adjustments and problem-solving actions when needs emerged. The working method claimed to be based upon a “logical sequential order”. Thus, the preliminary project design had little in common with the outcome of the product; 2) a loan to finance hardware and software investments; and 3) the role of Agexpront with its clear vision and direction to serve the export sector.

a. Project organization

Implementing SEADDEX (Electronic Service for the Authorization of Exports) was a significant project that involved and required the commitment of many stakeholders in both government and business community. It was extremely important to conduct the project with careful negotiations in all development stages without underestimating or undermining the role and importance of the players involved. Yet, the entrepreneurial spirit, dynamics and readiness that characterizes the working culture of Agexpront, and eagerness to achieve results in a short time were the main factors in deciding to adopt an informal approach.

- A project concept with general guidelines and flexible enough to adjust rapidly to unforeseen changes.
- No project organization of its own: the project would be absorbed by the organizational structure of Agexpront and with its own technical and managerial staff to carry out the tasks required.
- A Project Management Team made up of the Board of Directors of Agexpront with global overview to provide leadership, and a small project team for executing the project.

b. Project concept

The project aimed to modernize and to transform the export-related process, export statistics and export promotion activities into an electronic system. It should lead to an improvement of the export process efficiency and to a rationalization of methods and procedures. It had to include the creation of infrastructure for:

- effective control of export;
- interconnecting all agencies involved in the authorization and control of exports;
- remote authorization of export licences;
- creation of remote windows; and
- adapting changes in domestic and international legislation (rules and procedures).

c. Objectives

The project's objectives were

- to facilitate, simplify and eliminate formalities and procedures;
- to reduce time in procedures and document authorization;
- to help to obtain up-dated and timely information;
- to improve the country's competitiveness in international trade; and
- to supply accurate statistics.

d. Financial model

The Inter-American Development Bank loan of approximately US\$ 900,000 covered 60 per cent of the total costs and 100 per cent of the computerized system (equipment, software, databases, interface system). Agexpront financed all operational costs (staff, infrastructure facilities, equipment maintenance and development, business capacity) with an investment of Q 1.2 million (approximately US\$ 150,000), which represents a significant sum for a non-profitable organization in Guatemala.

e. Legal environment

The legal environment is given by the following Government Decisions and Decrees.

- Governmental Decision 790-86, creation of VUPE.
- Governmental Decision 575-98, creation of SEADDEX.
- Decree 94-2000, lifted the control of foreign currency and released the Central Bank from export control functions. The export licence was no longer a tool for foreign currency control.
- Governmental Decision 142-2001, creation of the Declaration for the Registry and Control of Exports (DEPREX,¹² hereon) a document for export registration and statistical purposes.

f. Rationalization of procedures and construction of databases

This phase dealt with the most delicate issues of the entire project. The aim was to rationalize existing procedures and to remove unnecessary requirements, and to streamline and re-engineer the administrative process. External consultants in cooperation with public sector officials reviewed all affected and relevant rules and legislations.

Revising and adapting the existing processes to electronic databases demanded huge efforts and amounts of time in negotiating with all governmental agencies involved. Removing unnecessary procedures, abolishing stamps and signatures, or reducing the information requested, was seen as job threatening and generated strong opposition from employees. The involvement and support of high-level representatives from all ministries concerned were therefore decisive factors in overcoming conflicts.

A similar situation was found in the case of the Central Bank of Guatemala that caused delays due to the high level of resistance to standardize and integrate definitions and requirements of information. The system interface was probably the most complicated issue to negotiate in view of the security aspects implicated when the bank's systems had to be connected with a system administrated by the private sector. After one year of negotiation on technical aspects, the Law on the Domestic Use of Foreign Exchange (Decree 94-2000), enacted in December 2000, lifted the control of foreign currency and released the Central Bank from this duty. The Central Bank would have no direct involvement in the project, as the export licence would no longer be a tool for foreign currency control but for export statistic purposes only. Governmental Decision 142-2001 introduced DEPREX in April 2001 that replaced the formerly required export licences.

¹² Spanish abbreviation Declaración Para el Registro de las Exportaciones.

g. System design

An external consultant¹³ was hired to determine the overall technical requirements of the system to be selected. It had to handle the new functions for SEADEx, integrate them with the system requirements of Agexpront, interface with governmental agencies and be capable of adding modules to for extra services in the future.

In the search of an appropriate model, existing single window solutions in Costa Rica and El Salvador were studied, as both countries had technological standards comparable to Guatemala. The system adopted was inspired by a combination of both models, an Internet-based system that allows working off-line and synchronizes with a server to send information and receive confirmation. However, Internet services were barely developed outside Guatemala City, which later proved to be a major obstacle to recruiting customers.

In June 1999, terms of reference were drafted for the acquisitions of the new system's hardware and software. A register of suppliers was established in order to qualify companies. Presentation of offers were received and qualified by the same consultant, who was also responsible for acquisitions and driving the implementation phase.

Many obstacles surfaced during this period and negotiations had to be intensified. Apart from the security concerns in the case of the Central Bank, the Superintendency of Tax Administration that handles import procedures and import duties collection, had little priority in simplifying and improving export procedures. Other organizations in the private sector, as the Chamber of Industry and the Chamber of Commerce, not invited to be directly involved in the project development, felt neglected in the process and losing influence as stakeholders.

Various lobby activities and presentation meetings had to be held at different ministerial levels and board of directors of the private sector associations. The project was revised and the compromise achieved expanded the scope to three levels:

- Institutional. The central system that processes the data flow would be located at and managed by Agexpront.
- Exporters. The system would be installed at the exporters premises.
- Organizational. "Remote systems" would be placed at the Chamber of Industry, Chamber of Commerce, International Airport, and in the two regions of Petén and Xela.

h. Implementation timeframe

- SEADEx: created by Governmental Decision 575-98, enacted in September 1998.
- System design: 1 year, completed by February 2000 and tested by 25 companies.
- Marketing, sales and training: 2 years intensively, during 2001 through 2003.

i. Human resources and training

VUPE's personnel experienced a tough cultural clash when transferred to the private sector. A far-reaching reorganization was needed and modifications introduced with the electronic system required fewer staff, causing unemployment for some and reallocation or early retirement for others. Although training was offered to a certain extent, only one person remained out of the staff of 42.

¹³ The consultant was later recruited by Agexpront.

The new administrative tasks required more efficient, well-informed and service-minded staff with computer, information and communication technology (ICT) skills. Personnel to cover the new functions were also needed, for example in management, help-desk and customer services, system operation instructors, and computer technicians.

The new organization was downsized to 16 employees made up of one director, one operation manager, and 14 desk officials. Technical services are covered by the nine IT technicians of Agexpront.

4.2. Implementation of SEADEx

The pilot was launched in the beginning of the year 2000 with 25 companies taking part. The system was further developed and improved on a trial and error basis. Simultaneously, a marketing and sales plan started to reach potential users.

Two important obstacles were soon encountered during this phase:

- The lack of computerization and technological resources among the potential users.
- Reluctance to change.

Among exporters, few companies had computers or computerized systems, only 10 per cent had e-mail and less than 5 per cent had an Internet connection. In addition, they were reluctant to implement a new system fearing the costs involved and the implications of giving-up a “paper-based culture” where a piece of paper equalled securing a transaction.

The challenge prior to selling and installing the electronic system, was to stimulate computerization of the business community and introduction of IT solutions. Agexpront organized economical computer and Internet packages and hired instructors to deliver the training needed. SEADEx software was included in the deal at the additional cost of US\$ 450.

The implementation was approached in stages in order to handle the infrastructural changes to support the system. Offensive marketing and sales activities were undertaken during the first two years targeted to larger export companies who had the capacity to buy the software. Later, the system was sold at very low prices or distributed free of charge. By 2003 the system was installed in 576 companies that make 65% of all export transactions.¹⁴

According to users interviewed, there is a general satisfaction with the system. They claim it is easy to use; help-desk and customer support service are very good and transactions can be done in just few minutes 24 hours a day all year around.

All services are charged for; hence, SEADEx and VUPE are not only self-sustained but also generate enough resources to proceed with additional investments for further facilitating exports and trade.

¹⁴ Seadex statistics, 2003.

4.3. Export procedures after the reform

a. General procedures

For every export transaction, the exporter must obtain a DEPREX (former export licence) for registration purposes and present a Custom Declaration for Exports for customs procedures. For exports to CACM countries, exporter must present the Uniform Central American Customs Form (FAUCA). The information required from the exporter in DEPREX and FAUCA complies with international standards. Exports subject to particular conditions or quotas must be accompanied by corresponding documentation (phytosanitary and zoosanitary certificates, textiles quota visa, certificate of origin, etc).¹⁵ Each export licence costs Q 35 (approximately US\$ 4).

The project contemplated adopting a dual system of allowing the submission of export-related documentation:

- 1) **Paper-based system, or "traditional way"**- Exporters present the required documentation at VUPE's front-desk and it is digitalized by the desk official. The system is intended for exporters with limited access to Internet who process few transactions. It is restricted to opening hours, and the export licence is issued the same day.
- 2) **Electronic service** - Exporters submit information by computer from their offices and receive an electronic licence and signature within a few minutes. To use this system, exporters must be SEADDEX subscribers.

In any of these two cases, data transmission, validation process, registration, and electronic signatures are processed through an encrypted XLM protocol that takes approximately 3 seconds. DEPREX has to be presented later at Customs for customs clearance and often a physical inspection of goods occurs. After crossing borders, the exporter has 8 days to comply with a post-clearance audit or Custom Declaration for Exports, normally handled by a custom agent. This procedure is being subject of negotiations at present.¹⁶

b. Beneficiaries

In terms of beneficiaries, the project simplified and facilitated the export-related process for both traders and governmental authorities. For the Government, the establishment of a partnership with the private sector delivered a solution for the business community that would have been much more difficult to achieve by their own means and resources. By assuming a facilitating role, the Government could free itself of a problem, decentralizing the administration of export procedures to the main stakeholder. Furthermore, the project provides up-to-date export information and accurate databases. The private sector gained time, money and enjoys improved export conditions. It is less subject to corrupt behaviours, and it is easier to plan for delivery dates which can lead to new business opportunities, particularly for smaller producers of perishable items. Agexpront is able to offer a high quality service to the exporter, serve as a focal point of information and support to export operations.

¹⁵ See 4.3, c. Other facilitation measures.

¹⁶ See 4.3, c. Other facilitation measures.

In general, many of the gains are intertwined and although concrete measurements of the impact of the project are not available, inputs from both the private and the public sector underlined:

- Concentration of all governmental entities in one agency.
- Increased speed and agility.
- Significant reduction of costs (time and money), improved efficiency, competitiveness and business opportunities.
- Export data is submitted only once, fewer error possibilities.
- Exporters accessed the use of computers and Information and Communication Technology (ICT).
- Export transactions can be completed outside official hours.
- Reduction of the number of documents required.
- Requirements of unnecessary signatures, stamps, photocopies, etc were abolished.
- Increased transparency and predictability restricted the discretionary powers of officials.
- More efficient, well-informed and service-minded staff.

c. Other facilitation measures

A number of projects are in the pipeline to complement the project and further facilitate export procedures and foreign trade. The following were in progress or under negotiation at the time of producing this report:

- 1) Electronic service for phytosanitary and zoosanitary certificates, textiles quota visa and forest products registry. The system will interface with the certifying professional, concerned ministry, certifying authority, information identification database.
- 2) Transforming DEPREX into a Custom Declaration for Exports.
- 3) Development of a regional network application to electronically interconnect single windows and customs in Central America in the framework of the Customs Union. The project includes standardizing databases, communication protocols, legislation, electronic border controls, etc.

5. POTENTIAL FOR REPLICATION

An increasing number of countries are making progress towards implementing electronic trading systems, and as pointed out in this report, existing single window solutions were studied to develop the project. The system designed was indeed inspired by the experiences of other countries in Central America.

According to VUPE's Director, there is a concrete interest on behalf of the Government of Colombia to buy SEADDEX and two more countries in Latin America have expressed interest in getting the system. The value argumentation is simply to "tell the story"; explain how the system functioned "before" and "after"; the immediate benefits in terms of time, money and opportunities; and to listen to the users' comments.

5.1. Lessons learned

The project can certainly be replicated in other countries and Guatemala has made its contribution by becoming an example worth studying from the lessons learned:

a. Informal approach

In the case of Guatemala, the informal approach adopted throughout the entire project worked to reach the objectives because of the political and personal relationships that exist at high level of decision-makers. The network and cooperation among the members of CONAPEX, built through many years of collaboration, proved also to be important in solving the problems encountered in the different stages of the process. Under these conditions, the informal approach provided a flexible and agile environment to change the course of actions when needed.

However, many of the obstacles and risks could have been identified in advance if a simple feasibility study or possible scenarios had been considered from the beginning. Examples of this are the obstacles described in section 4.2.

Another aspect that would have been important to consider was keeping a basic project library. Writing key documents can be a good communication tool for keeping all stakeholders informed on the project.

Finally, rather than starting from “scratch”, it would have been helpful to make use of existing recommendations, standards and other tools developed by intergovernmental agencies and international organizations.¹⁷

b. Impact assessment

The potential impacts of the project would have also been important to determine already at the outset. Even if the task can be difficult, one has to examine the economic, social and environmental aspects of implementing the project. Empirical work in measuring direct benefits and risks should have been undertaken, particularly of those related to savings in for example transaction costs, increase in exports, time-costs, business opportunities,¹⁸ opportunity costs,¹⁹ compliance costs, etc. Many of these costs would have been possible to estimate not least due to the rather limited scope of the project.

c. Building consensus and participation of stakeholders

The need for and value of building consensus cannot be overemphasized. This should be based on careful analysis of the needs, ambitions, and contributions of all relevant stakeholders. This should also involve establishing a clearly defined agenda and strengthening common vision and commitment.

As stated previously, the success of the project depended on the involvement and commitment of all, but not enough efforts were made to engage all parties in the process. The desire to materialize the project soon collided with the need of time some organizations had in order to adjust to changes. Probably, less negotiation instances would have been needed if all main

¹⁷ Tools available are listed in “Recommendation and Guidelines on Establishing a Single Window”, UN/CEFACT, 2004.

¹⁸ Lost business or business not considered.

¹⁹ Time lost in waiting, taking documents from one agency to another.

stakeholders had participated in all stages of the project, from initial development to implementation.

Another aspect that could have been considered was a broader representation in the project management team. The fact that other organizations were not invited to participate in the decision-making process had a negative impact in building consensus. Some of the organizations interviewed questioned issues concerning legitimacy, openness and transparency.

d. Human resources management

Facilitating export procedures required not only staff reductions but also personnel to cover other functions where new skills were needed. This led to strong opposition from trade unions that boycotted the project along the path. There were also internal conflicts among those employees who saw the project as a chance and those who wanted to keep the status quo. The private sector was perceived to have little consideration for securing employment. The Government on its part chose to leave the responsibility for personnel to Agexpront.

Thus, to avoid or minimize these types of confrontations that can damage a public-private partnership, it would have been positive to consider alternatives for the earlier involvement of the staff in the process, offering them opportunities for professional development.

5.2. Conditions for success

a. Political will

The most critical factor for success was a strong political will and commitment from both government and business. In the case of Guatemala, facilitating export procedures required significant changes, a clear mandate, and involvement of various governmental authorities and private sector organizations. Streamlining the administration process also involved revision of responsibilities and far-reaching changes for government officials. These difficult issues needed very strong leadership to implement key decisions.

b. Strong lead agency

Another key factor that enhances the success is the requirement of a strong and resourceful organization with collective motivation for change. This organization must have enough driving force, as people are naturally resistant to change. Appropriate political support and adequate human and financial resources are also crucial factors.

c. Legal support

Providing the legal bases were another pre-requisite to implement the project. A private entity as Agexpront lacked the legal authority to issue documents, handle information or enforce rules. In delegating the administration of export procedures, it was consequently necessary to also delegate legal power and authority.

d. Financial support

A strong investment in technology was needed to initiate the project and although the sum was relatively small, the investment could not have been totally financed by the private sector. External financing was essential. A public-private partnership was the model adopted for financing the project.

REFERENCES

The main source of information for this report are interviews with several persons from the Government and business community that have been involved in different stages of the project. Due to the lack of project documentation, the information obtained is largely built upon the contributions of those interviewed. Some documents, property of Agexpront, and laws were consulted. The following documents and sources were also used:

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