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Q1: Respondent details

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Q2: Country or Customs territory

- MULTILATERAL OR REGIONAL DEVELOPMENT BANK

Q3: Organization

Other (please specify)
 The World Bank Group (WBG) consists of five international organizations: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

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Q4: Title of case story

Using automated data exchange to improve sanitary registration and boost regional trade in Central America

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract

Companies seeking to trade in food and beverages regionally in Central America must comply with sanitary registration procedures. Existing regulations mandate recognition of registries among Central American countries. Yet, traders still must travel to each country to submit required paperwork, slowing the pace and increasing the cost of regional trade. In response, the World Bank Group has embarked on a pilot to simplify and automate sanitary registration for processed foods and beverages in the region.

In June 2016, the Bank Group launched a regional ICT system facilitating recognition of sanitary registrations. Already the project has improved five processes and reduced time required to register from five days to three. The project is expected to reduce the time, cost, and number of documents needed for sanitary registration by 25 percent, generating estimated private sector savings of \$17 million within three years of completion, contributing to regional economic integration and accelerating growth.

Q7: Who provided funding?

Other (please specify)
USAID, FIAS, and the World Bank Group

Q8: Project/Programme type

Regional

Q9: Your text case story

- The origin of the project

The design of the project seeks to benefit businesses large and small by simplifying procedures, but the problem it seeks to solve is particularly acute for smaller businesses for which extensive international travel can quickly become a prohibitive expense. Project planners developed a narrative story to advance their idea for the pilot: Imagine a fictitious entrepreneur named Laura, owner of an innovative small business in Central America. Her company makes the tastiest cookies in the country. Recently, Laura's company created a new variety of cookies. Before she could begin selling them, Laura visited the sanitary registry in her country and requested permission to sell the new variety of cookies. The cookies were such a success in Laura's country that consumers from other Central American countries soon wanted to buy them as well. Exporting cookies would be a great boost to Laura's business. However, selling the cookies in the other countries required that Laura register her cookies with the sanitary registry in each country. Moreover, Laura would have to travel to each of the Central American countries and request recognition locally, in person. Doing so would entail investing a lot of time and money. Naturally, the idea of exporting the cookies to other Central American countries no longer seemed as profitable.

To solve this problem, in 2013, the Council of Ministers for Central American Economic Integration (COMIECO) asked the International Finance Corporation (IFC), a member of the World Bank Group (WBG), to provide technical assistance to simplify processes and help create a computer system for the regional recognition of sanitary registrations in Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. The financial support of the United States Agency for International Development (USAID) made this possible.

- How the project was designed

The project started at the end of 2013. After visiting each of the five countries, the team, now part of the Trade and Competitiveness (T&C) Global Practice within the WBG, reviewed the countries' sanitary registration processes, prepared proposals to streamline procedures, and created an initial high-level design of the regional system. In June 2014, The T&C team presented this initial design to a workshop with representatives of the public and private sectors. The team proposed using the Secretariat for Central American Economic Integration (SIECA)'s regional information and communication technology (ICT) platform for transmitting customs declarations. After a vibrant debate—and some negotiations—all five countries reached consensus on the system concept and the mechanism of information sharing. Participants also agreed on functional requirements for the regional system and the list of hardware for each country. Because T&C could not provide the necessary hardware, COMIECO decided to acquire the equipment using funds from a project financed by the European Union.

At the same workshop, INCAE Business School, which was one of the contractors for this project, presented and discussed a study regarding the baseline cost and time to register food and beverages.

An important part of the project was the establishment of a Public-Private Technical Committee, with delegates and a coordinator appointed by each country. This committee has provided feedback on the system development over the course of project implementation.

- How the project has been managed and who has participated

The team hired a contractor who worked with SIECA and the ministries of health of each country to develop the regional ICT system. A T&C task force comprised of regional and global teams reviewed all the processes and deliverables. USAID's officers also provided feedback. The private sector representatives in the Public-Private Technical Committee coordinated the participation of four companies (Walmart, Unilever, Dinant, and Mondelez) to test the system throughout development and implementation.

T&C provided technical assistance to improve the national systems of El Salvador, Honduras, and Nicaragua, as well as the interconnectivity of all five countries with the regional system. The project is also providing technical assistance to support implementation of national reforms, such as reduction of legal requirements and interinstitutional coordination, to improve and facilitate sanitary registration procedures.

With the assistance of the T&C team, the five ministries of health are holding workshops to train private sector companies on the use of the system and to collect feedback. Based on the feedback, the contractor will adjust the system.

- What the project sought to achieve and short and medium-term outputs and outcomes

At a Central American presidential summit in June 2016, the team launched the new ICT system facilitating recognition of sanitary registration of processed food and beverages across the region. Although it is too early to measure results, and the private sector is still learning about the advantages of the new system, the team estimates that it has improved five processes and reduced time from five days to three. T&C also expects that the improvements will decrease the number of documents required for registration by 25 percent. Please refer to the following video, which we presented at the launch event: (<http://www.worldbank.org/en/news/video/2016/07/05/centroamerica-avanza-en-el-reconocimiento-de-registros-sanitarios-para-alimentos-y-bebidas>).

Both the private and public sectors are delighted with the results. Unilever states, “The system is user-friendly, and the process is simple and easy to understand.” Walmart called the system “important tool to achieve competitiveness. It is a transcendental step towards modernization in matters of sanitary registrations which will allow us to achieve prompt and efficient processes. It will also diminish operational costs, which emphasizes the need to make the agreements required to transition from the pilot phase to implementation as soon as possible.” The Council of Ministers of Economic Integration – Presidencia pro tempore de Honduras – declared that “This platform [is] a concrete tool to increase competitiveness, and impact productivity in the Central American region.”

The regional ICT system currently handles processed food and beverages from Central America. In the future, it could expand to medications, cosmetics, and fertilizers, as well as products from other regions. If Laura and her company did exist, soon enough, all Central American countries would enjoy her delicious cookies.

- Expected medium- and long-term impacts

The T&C team estimates that the number of products registered by recognition will increase by 10 percent and that the project will have a total impact of \$17 million three years after completion. In addition to reducing the time and cost of trading, this project will contribute to regional economic integration, diversify products, increase trade, facilitate global integration, and accelerate growth. In the long term, the region and its people will benefit from higher incomes and improved living conditions.

Q10: Lessons learnt

The project team expected that the regional requirements for sanitary registration were already standardized according to law. However, during consultations, the team found that, while requirements were standardized, operational practices differed in each country. Similarly, the team assumed that it would be possible to work with the various Central American countries to quickly finish the ICT regional system, provide support on their national systems for sanitary registration of foods and beverages, and implement national and regional reforms. However, due to internal discussions and coordination among countries, it has taken much more time than expected to agree upon a minimum set of standard, streamlined requirements and upon an appropriate ICT model at both the regional and national levels.

Due to these delays, the ICT contractor took more time than expected to finish the system. The extra time resulted in a change order that increased the amount of the contract. The T&C team could not ensure that further delays would not happen. The team, therefore, required counterparts to launch the system publicly after initial testing. The announcement of the public launch caused government agencies to accelerate their work on resolving pending issues so that they would be ready in time for the launch.

Private sector participation in the project was also critical. The private sector validated the streamlined design requirements and was actively involved in the testing phase, making sure to alert developers to problems in the system before it went live. The private sector also lobbied governments to adopt the system.

Several lessons emerged from the process: (1) In regional projects, it is important to allow sufficient time for review and coordination among countries. A single discussion can delay the whole project. (2) Similarly, when building regional systems, it is important to consider unexpected expenses due to the extra time needed for finalizing negotiations among the countries. (3) Public launches accelerate reforms and force public agencies to commit to the process. (4) Finally, the role of the private sector as champions helps secure political commitment.
