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This background document[1] has been prepared to facilitate discussions on Standing Committee Agenda item 2d, which focuses on the prioritization of cross-border paperless documents for pilot projects.

Studies conducted by the secretariat of ESCAP and ICC underscore the significant volume of trade-related documents involved in cross-border paperless trade. For instance, ESCAP's study[2] reveals that up to 29 regulatory control documents may be implicated, not to mention other document types such as those pertaining to commercial transactions, transport, logistics, and payments.

When a country embarks on initiatives toward cross-border paperless trade, research by ESCAP's secretariat on cross-border paperless trade in China[3], Mongolia[4], and the Republic of Korea[5] indicates that countries often begin with a selected few documents, such as certificates of origin or phytosanitary certificates. However, the importance of specific documents varies from one country to another. For example, documents related to seafood export may hold significance for an island developing country, while transit documents may be more relevant to a landlocked country.

The primary challenge lies in how countries can effectively prioritize documents for cross-border paperless trade when initiating pilot projects. In this context, this document presents a methodology designed to assist any country in the prioritization of document selection. The Standing Committee is encouraged to offer feedback on this methodology.

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[1] Mr. Tengfei Wang from the secretariat of ESCAP prepared this document. Useful comments were provided by Jonathan Koh and Dennis Dennis Pantastico and all the participants of the national workshop on national action strategy for advancing cross-border paperless trade of Turkmenistan held on 20 and 21 May 2024 in Ashgabat, Turkmenistan.

2 https://www.unescap.org/sites/default/d8files/event-documents/Agenda%20item%202j%20draft%20reference%20map.pdf

3 https://www.unescap.org/kp/2024/advancing-cross-border-paperless-china-reviewing-selected-documents-and-exploring-pilot

4 https://www.unescap.org/kp/2024/advancing-cross-border-paperless-mongolia-reviewing-selected-documents-and-exploring-pilot

5 https://www.unescap.org/kp/2024/advancing-cross-border-paperless-republic-korea-reviewing-selected-documents-and-exploring

A methodology for prioritizing cross-border paperless documents for pilot projects

I. Introduction

Studies conducted by the secretariat of ESCAP and ICC underscore the significant volume of trade-related documents involved in cross-border paperless trade. For instance, ESCAP's study[6] reveals that up to 29 regulatory control documents may be required (see Table 1), not to mention other document types such as those pertaining to commercial transactions, transport, logistics, and payments.

When a country embarks on initiatives toward cross-border paperless trade, research by ESCAP's secretariat on cross-border paperless trade in China[7], Mongolia[8], and the Republic of Korea[9] indicates that countries often begin with a few documents, such as certificates of origin or phytosanitary certificates. However, the importance of specific documents varies from one country to another. For example, documents related to seafood export may hold significance for an island developing country, while transit documents may be more relevant to a landlocked country.

The primary challenge lies in how countries can effectively prioritize documents for cross-border paperless trade when initiating pilot projects. In this context, this document presents a methodology designed to assist any country in the prioritization of document selection. The Standing Committee is encouraged to offer feedback on this methodology.

DRAFT

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Table 1. Documents related to official regulatory controls sector

Category	Cross-border process		Documents
	Main process	**Sub process**	
Official Control	1. Conformity Certifying activity at exporting and importing country	Quarantine	1.1. Phyto-Sanitary Certificate 1.2. Fumigation Certificate 1.3. Veterinary Certificate 1.4. BSE/TSE Free Certificate 1.5. Common Veterinary Entry Document 1.6. Sanitary Certificate 1.7. Health Certificate 1.8. Food Certificate 1.9. Organic Certificate 1.10. Certificate of Environmental Radioactivity Level
		Standards and quality control	1.11. ISO and other international standards and quality certificates 1.12. National standard and quality certificates 1.13. (Lab) Test Certificate 1.14. Certificate of Analysis 1.15. Certification of Electrical and Electronic Components, Equipment and Product 1.16. Certificate for medical devices 1.17. CPP (Certificate of a Pharmaceutical Product) 1.18. Certificate of Analysis 1.19. MSDS (Material Safety Data Sheet) 1.20. HALAL Certificate
		Others	1.21. Certificate of Manufacture 1.22. CITES Certificate
	2. Regulatory compliance activity at exporting country (and importing country)	Country of Origin	2.1. Certificate of Origin 2.2. FTA Certificate of Origin, GSP Certificate of Origin, GSTP Certificate of Origin, Origin Declaration, Back-to-Back Certificate of Origin, APTA Certificate of Origin
		Quota	2.3. VISA
		Permit	2.4. Import Permit
		Licensing	TBC
		Crew/Passenger	2.5. Crew/Passenger list
	3. Customs Export and Import Clearance	Import Declaration	3.1. Export Declaration
		Risk Management	
		AEO	3.2. AEO List (Profile)

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II. Methodology

This report proposes the following step-by-step methods for narrowing down the selection of the most important documents for cross-border paperless trade.

Step 1. List all possible documents related to cross-border paperless trade of a country

For this step, the government officials, freight forwarders, exporters and importers and any other stakeholders are invited to list all possible documents related to cross-border paperless trade of a country. The outcome of this step is the list of documents (a sample of the list is shown in the first column of the Table 2).

Step 2. Weighing the importance of each document according to the criteria

For this step, the government officials, freight forwarders, exporters and importers and any other stakeholders are invited to weigh the importance of each document. The key criteria include the following factors.

- **Frequency of Use**: This criterion assesses how frequently the document is utilized in trade transactions. A higher frequency of use implies that the document plays a significant role in trade operations, indicating a strong business case for adopting paperless trade solutions.
- **Technological Readiness**: This criterion evaluates the current technological infrastructure and capabilities within the trade ecosystem. A higher score suggests that the technological environment is conducive to implementing paperless solutions effectively.
- **Legal Readiness**: Legal readiness examines the extent to which the regulatory framework supports the adoption of paperless solutions for the selected document. A higher score indicates alignment with legal requirements.
- **Financial Resources**: Assessing financial resources considers the availability of funds and support by development partners to invest in the development, implementation, and maintenance of paperless trade solutions. A higher score indicates the presence of sufficient financial resources.
- **Human Resources**: This criterion evaluates the availability of skilled personnel and expertise required to implement and manage paperless trade solutions effectively. A higher score suggests the presence of qualified personnel, ensuring smooth deployment and operation of the chosen solution.
- **Stakeholder Buy-in**: Evaluating stakeholder buy-in assesses the level of support and commitment from relevant stakeholders, including government agencies, industry associations, and trade partners. A higher score indicates widespread acceptance and endorsement of paperless solutions, fostering cooperation and collaboration among stakeholders.

DRAFT

- **Opportunities for Learning**: This criterion considers the availability of opportunities to learn from existing practices and experiences, including best practices from other countries or successful implementations in similar contexts. A higher score signifies ample opportunities for knowledge exchange and capacity building, facilitating informed decision-making and implementation strategies.

For each criterion, the government officials, freight forwarders, exporters and importers and any other stakeholders are invited to weigh the importance of each document in the following manner:

- **Frequency of Use**: Rate the frequency of usage of the document on a scale of 1 to 7, where 1 indicates the least frequent use or uncertainty, and 7 indicates the highest frequency of use.
- **Technological Readiness**: Assess the technological readiness for adopting a paperless solution on a scale of 1 to 7, where 1 signifies no readiness or uncertainty, and 7 denotes full readiness.
- **Legal Readiness**: Evaluate the legal readiness for adopting a paperless solution on a scale of 1 to 7, where 1 signifies no readiness or uncertainty, and 7 indicates full readiness.
- **Financial Resources**: Determine the availability of financial resources to adopt a paperless solution on a scale of 1 to 7, where 1 signifies no resources or uncertainty, and 7 signifies availability of resources.
- **Human Resources**: Assess the availability of human resources to adopt a paperless solution on a scale of 1 to 7, where 1 signifies no resources or uncertainty, and 7 signifies availability of resources.
- **Stakeholder Buy-in**: Evaluate the potential buy-in by stakeholders for adopting a paperless solution on a scale of 1 to 7, where 1 signifies no stakeholder willingness or uncertainty, and 7 signifies full stakeholder readiness.
- **Opportunities for Learning**: Determine the opportunities to learn from existing practices, such as practices in other countries, on a scale of 1 to 7, where 1 signifies no opportunity or uncertainty, and 7 signifies concrete opportunities for learning.

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Table 2. A methodology to weighing the importance of documents related to cross border paperless trade

Trade related documents for cross-border paperless trade of a country (note: a country has flexibility to amend the following list (for example, removing some documents, add more documents)	The document is frequently used (1: the least frequently or do not know the answer; 7: the most frequently used)	Technological readiness for adopting paperless solution (1: not ready at all or do not know the answer; 7 ready)	Legal readiness for adopting paperless solution (1: not ready at all or do not know the answer; 7: ready)	Financial resources to adopt paperless solution (1: no resources or do not know the answer; 7: available)	Human resources to adopt paperless solution (1: no resources or do not know the answer; 7: available)	Potential buys-in by the stakeholders (1: no stakeholder wants to adopt paperless solution or do not know the answer; 7: all stakeholders are ready to adopt the paperless solution)	Opportunities to learn from existing practices such as the practices by other countries (1: no opportunity or do not know the answer; 7: concrete opportunities)
Phytosanitary certificate							
Fumigation Certificate							
Veterinary Certificate							
Sanitary Certificate							
Health Certificate							
Food Certificate							
Organic Certificate							
(Lab) Test Certificate							
Certificate of Analysis							

DRAFT

Certificate of Analysis							
Certificate of Origin							
Origin Declaration							
Bill of lading							

Table 3. An illustrative example of sum up of the weighing

Trade related documents for cross-border paperless trade of a country	**The document is frequently used**	**Technological readiness for adopting paperless solution**	**Legal readiness for adopting paperless solution**	**Financial resources to adopt paperless solution**	**Human resources to adopt paperless solution**	**Potential buys-in by the stakeholders**	**Opportunities to learn from existing practices such as the practices by other countries**	**Sum up of the weighing**
Phytosanitary certificate	5	2	7	4	4	3	7	**32**
Fumigation Certificate	7	1	3	1	6	4	1	**23**
Veterinary Certificate	5	3	2	6	3	4	3	**26**
Sanitary Certificate	6	4	3	4	2	2	1	**22**
Bill of Lading	2	8	1	3	2	3	1	**16**

Note: this table is for the purposes of illustration only and does not represent the situation of any country. In this hypothetical situation, and if a country decides to prioritize two documents for cross border paperless trade, phytosanitary and veterinary certificates, which receive higher scores than other documents, may be prioritized to be the candidate documents for pilot project on cross-border paperless trade.

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Step 3. Sum up of the weighing

At this stage, a sum up of the weighing is available which shows the score of each document. The documents with the highest scores may be considered for further consideration to be included in any pilot projects. An illustration is provided in Table 3.

Step 4. Further in-depth analysis of the selected documents

After a few documents are identified in step 3, more in-depth analysis should be carried out to further mapping trade process and procedures, and carry out costs and benefits for adopting paperless solutions to the selected documents.

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