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I. RECOMMENDATION^[XX]: PUBLIC-PRIVATE PARTNERSHIPS IN TRADE FACILITATION

INTRODUCTION

A large number of public projects are today undertaken as Public-Private Partnerships (PPPs). These projects allow the public sector to use and benefit from private sector funding, expertise and capacity while allowing the private sector to partner with the public sector in providing a critical public service and to realise a reasonable return on investment for such effort. Initially used to deliver hard infrastructure, PPPs can combine infrastructure and/or equipment delivery with the provision of related services. A good deal of guidance has been devoted to PPPs in infrastructure (hospitals, toll roads, energy, etc.), but little substantive work has been put together on PPPs in the domain of Trade Facilitation as defined herein. This recommendation draws upon the practical experience of practitioners in order to provide advice on PPPs in Trade Facilitation.

PURPOSE AND SCOPE

PPP is just one potential solution for financing and implementing public projects. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) does not necessarily recommend PPP over other financing methods but acknowledges its emerging efficiency and frequency of use as well as its potential for bringing enhanced efficiency and value to the delivery of public services. This recommendation and its guidelines, therefore, aim at highlighting the best practice for using PPPs in Trade Facilitation, especially in the context of international agreements and consequent implementation planning.

The aim of “Trade Facilitation” is to simplify, harmonize and standardize international trade. There are a number of areas within Trade Facilitation where PPPs could be appropriate. Not only can traditional PPPs in infrastructure, like ports and improvements to rail and road networks, facilitate trade, but so can PPPs in specific infrastructure and supportive systems such as a Single Window system, a National Trade Facilitation Body, infrastructure support for port communities, trade and transit corridors, and coordinated border management.

BENEFITS

A number of potential advantages could be realized by choosing a PPP contract in Trade Facilitation.

Infrastructure and services dedicated to international trade could accelerate trade and bring key stakeholders together in a more coordinated, harmonized and standardized way. A PPP in Trade Facilitation can facilitate an enhanced open and transparent market, increase competition and even attract foreign investment.

Trade Facilitation can also contribute to reductions in the cost of performing international trade. These reduced costs could come directly or indirectly from simplifying commercial practices and modernizing regulatory and administrative procedure. Lower costs could also result from the speedier and more predictable movement of traded goods, such as cutting clearance times, increased transparency of controls and enhanced integrity, and the generation of the correct (or increased) revenue yield accelerating economic and trade development.

There are other potential benefits that can be driven by PPPs in Trade Facilitation. These include having access to the skills and resources of the private sector which can increase the potential for streamlining and bringing cost effective processes through more effective service

delivery. Further the increase in access to investment that a PPP can offer could enable process re-engineering and enhance capacity while providing more flexibility and structure to public systems.

INTERNATIONAL GUIDANCE AND STANDARDS

These guidelines are aimed at PPPs in Trade Facilitation; however additional detailed guidance and reference materials exist internationally (although arguably more developed in infrastructure PPPs).

The United Nations Economic Commission for Europe (UNECE) has a section specializing in Public-Private Partnerships, under the Economic Cooperation and Integration Division (ECI). This section has a wealth of resources on international PPP best practices and implementation, including good governance and is developing sectoral based international standards in PPPs. Furthermore, the PPP Alliance of the UNECE was established in 2001 to improve the awareness, capacity and skills of the public sector in developing successful PPPs in Europe. To this end, the Alliance prepares guidelines on best practices in PPPs and other PPP-related educational and training materials, including sponsoring PPP conferences and workshops.

The United Nations Commission on International Trade Law (UNCITRAL) has also been working on guidance concerning PPP implementation and the procurement process. The World Bank, the Organisation for Economic Co-operation and Development (OECD) and the UN Convention against Corruption also have made a number of contributions to good governance in PPP implementation.

UN/CEFACT strongly advises the use of the international guidance and standards (and other best practices) published by these international organizations. If a PPP is selected as the preferred option for a Trade Facilitation project, the use of these materials and other available resources will assist in the design, development and delivery of the project to the collective benefit of all the partners.

RECOMMENDATION

UN/CEFACT recommends to governments and those involved in international trade to actively consider implementing Trade Facilitation through Public-Private Partnerships as one possibility for partnering with the private sector, accessing additional financing and capacity, and delivering Trade Facilitation projects. If PPPs are selected, the following should be considered:

1. Analysing the potential benefits that a Public-Private Partnership can bring to progressing projects that will benefit from the application of private sector know-how or investment or are otherwise unaffordable.
2. Ensuring that the procurement process is undertaken in a transparent manner and that it delivers affordable and value-for-money services, within an effective and robust governance structure.
3. Ensuring that contractual mechanisms are in place to minimize behavior that could lead to an increase rather than a reduction in barriers to trade.
4. Considering common risks in PPPs that might undermine the desired outcome of Trade Facilitation and establish systems and controls to avoid this situation.

II. GUIDELINES TO RECOMMENDATION^[XX]: PUBLIC-PRIVATE PARTNERSHIP IN TRADE FACILITATION

A. INTRODUCTION

Increasingly, governments are turning to the private sector for the financing, design, construction, and operation of core governmental services, from infrastructure projects to information and communication technology (ICT). Successful implementation of PPPs in Trade Facilitation can increase the quality of services provided, reduce costs, increase efficiency, reduce disputes among partners, and even eliminate corruption.

PPPs, however, are just one among the many ways that the public sector may decide to provide such a trade facilitation service, especially under budgetary constraints. These guidelines aim to provide a better understanding of Public-Private Partnerships (PPP) in Trade Facilitation (TF), and outline some of the more common risks which might undermine the overall objective, should a government decide that, under particular circumstance, PPPs are the preferred approach.

A.1. Definition of Trade Facilitation (TF)¹

Trade Facilitation is defined as the simplification, standardization and harmonization of procedures and associated information flows required to move goods and services from seller to buyer and to make payments.

The fundamental purpose of Trade Facilitation is to simplify the trading process whether domestic or international. To achieve this objective, Trade Facilitation aims at transparency in all commercial and regulatory rules and procedures in order to allow the trading community to prepare and comply in an efficient manner. UN/CEFACT aims to contribute to a comprehensive set of efficient and effective trade processes, as well as to optimize the level of government control and oversight so that these are consistent with the costs and risks involved.

Trade Facilitation activities (especially in relation to the application of electronic business) can be broadly divided into three categories – simplification, harmonization and standardization:

- Simplification is the streamlining of trade procedures by removing redundant requirements and activities, and reducing the cost and burdens in administering the trade transaction.
- Harmonization is the means for aligning or rationalizing the information flows that accompany the movement of goods or services in the domestic marketplace or in international transit, especially at national borders.
- Standardization is the means for ensuring that required information is described, understood and applied in a consistent manner. Many international standards development organizations, consortia and communities have developed standards concerning the description, definition, use and transfer of information related to international trade.

¹ Page 5 of "A Strategic Framework for UN/CEFACT Activities" UN/CEFACT, December 2014. Document number ECE/TRADE/C/CEFACT/2015/7.

A.2 Definition of Public-Private Partnerships (PPP)

There is no global consensus in terminology, scope or content about PPPs. Legal frameworks, when present, vary enormously from country to country. Additionally, there is a wide variety of business models in PPPs and they can vary by sector, which makes it more difficult to identify them.

These recommendations rely, in part, on the descriptions contained in the UNECE “Guidebook on Promoting Good Governance in Public-Private Partnerships” of 2008² and consider PPPs to have some of these distinguishing characteristics:

- A public service, which is financed in part or in whole through private sector contribution.
- A procurement process to allow the public sector to choose the private sector partner, resulting in a contract between the public and private sectors and in which the risks are distributed; such a procurement process needs to be in line with national law and international agreements.
- The private sector will seek to find a return on investment during the operational phase of such a project.

PPPs are defined more fully below. However, these differences are highlighted so that a government considering a PPP can be better equipped to decide whether or not to engage and, if yes, how.

A.3. Sample Trade Facilitation PPP projects

Public-Private Partnerships are typically contractual or structural partnerships between the public sector (government agencies or ministries, for example), the private sector (commercial companies, for example). PPPs can involve ‘third sector’, not-for-profit organizations, non-governmental organizations (NGOs), foundations and/or company social responsibility programmes. However, from the government’s perspective, these play the private sector role within a PPP. There should be a recognition of the particular expectation of the third sector organization which might not necessarily be expressed in the same way as a purely commercial, private sector partner (and, for example, might accept a lower return on investment).

For the purposes of this guidance, the parties agree to share risks and to provide funding and support in kind although they may work together or share the delivered service and any generated revenues. This type of PPP does not necessarily have a contract and as such are sometimes not considered a PPP.

Infrastructure versus information, communication and technology (ICT) PPPs will be explained as they are the most common projects for Trade Facilitation PPPs. Certain of the most widely used contractual approaches will also be highlighted in order to demonstrate the related PPP structure and discuss the expected benefits.³

² Descriptions start on page 1 of the "Guidebook on Promoting Good Governance in Public-Private Partnerships" UNECE, 2008, available at: <http://www.unece.org/fileadmin/DAM/ceci/publications/ppp.pdf>

³ Other models can exist; these are detailed in the UNECE document on “Guidebook on Promoting Good Governance in Public-Private Partnership” of 2008.

For example, infrastructure PPPs often have a significant underlying asset that is constructed or renovated and then maintained as part of a service contract. Trade Facilitation infrastructure PPPs can include buildings, road or rail networks, ports and dry ports that promote trade. They are typically longer-term contracts of up to 20 or 30 years and could be even longer for roadway or bridge projects. The service provider will expect to earn their return on investment through some form of payments made by the public partner or user fees related to the use of the infrastructure, or a mix of both.

Information, communication and technology (ICT) PPPs can include Single Window systems, international trade websites, and also supporting ICT components of other projects such as trade corridors and coordinated border management facilities. They can differ in that the inherent characteristics of technology must be taken into consideration. For example, the constant and rapid change in technology results in a shorter life cycle for technology assets. Thus, private sector partners will be very reluctant to take on the contractual risk in an ICT PPP beyond the life cycle of the ICT deliverable, which could be as short as five or ten years. As a result, contract lengths can be shorter and the return on investment expectations of the private partner accelerated. Also, given the complexity of technology and the need to integrate with other systems, ICT PPPs require very clear procurement and contract documentation detailing, for example, how the interface complications will be handled and who bears such risk.

Though various approaches to partnering exist, Trade Facilitation PPPs are typically contractual PPPs where the public sector engages a private sector partner to provide services, often including financing the project, in return for a reasonable return on that private sector investment.

For example, in infrastructure PPPs, the most common form of engagement is the contractual, Design Build Operate and Transfer (DBOT) model. A DBOT is a PPP project that is designed and built by the private sector partner (to the public sector's satisfaction) and long-term operation of the asset is performed primarily by the private sector partner, with ownership of the asset passing back to the public sector at the end of the contract term. Each of these elements can exist in varying degrees. Therefore, for example, the public sector partner can elect which elements of operation will be performed by the private sector and which will be retained by the public sector.

DBOTs are also typically sequential, with the Design, Build, Operate, and Transfer tasks unfolding as follows:

- a) Design (led by the private sector, to the public sector's satisfaction)
- b) Build (by private sector)
- c) Operate (wholly private or a negotiated level of public and private sector activity)
- d) Transfer (by private sector back to public sector)

These three general types of PPPs can be summarized with the main characteristics detailed in Figure 1.

Figure 1 - Main Characteristics of Institutional, Blended and Contractual PPP Projects.

1	Characteristics	Developmental/Institutional	Hybrid/Blended/Triangular	Contractual/Commercial
2	Contractual Relationship	Not always required, but varies from some kind of memorandum of cooperation to joint venture relationships	A contract is required that defines the responsibilities/ obligations and liabilities of each party	A contract is required that defines the responsibilities/ obligations and liabilities of each party
3	Joint Funding	Typically there will be inputs from two or more providers. Provision may be by inputs given in kind as well as direct financing	Yes and/or other risk sharing	There may be project finance (loan finance or similar) and self-financing
4	Service Delivered	Typically public/private sector fund that contracts services	By private sector on behalf of the public sector. May be some third sector delivery	By the private sector on behalf of the public sector
5	Risks	Donors/Third sector funders agree responsibilities and risk profile.	Some (or all) of the private sector risk may be underwritten by the third sector	Risks shared but significant risk should be borne by the private sector
6	Payments	Normally jointly managed funds into which they contribute and then make payments to implementers	Service delivered – could be concession (payments made by service users) or public sector unitary charge or combination of both	Service delivered – could be concession (payments made by service users) or public sector unitary charge
7	Length of Service	The length of the contract should be such that the contractor is responsible for the asset for a period that represents the life of the asset and all loans can be repaid by the supplier whilst charges made by the supplier to the user or the public sector can be low enough for them to be deemed acceptable and affordable whilst being able to also make a reasonable return. 7-10 years ICT service arrangements that include associated infrastructure 25-30+ years large infrastructure projects		

There are multiple benefits that could motivate the public sector to call upon the private sector to deliver a Design Build, Operate, Transfer (DBOT) project. The design captures the innovation of the private sector and allows exploration of potential solutions that may not have been previously considered. It can be structured such that the design is a joint exercise between the public authorities and the private sector, or that it is separate and, for example, the risk of design implementation can be allocated between the design team and the service provider, rather than resting with the public partner. It is common for conceptual design risk to sit with the public sector whilst the detailed design risk is with the implementing and delivery partner.

The build phase and associated construction risk almost always remain with the private sector. This follows the assumption that the private sector can best manage the risks associated with the build phase and is better suited to bear the risk of delivering the project on time and on budget.

Although many infrastructure PPPs have followed a Design Build Operate Transfer (DBOT) delivery path where the private sector partner ‘owns’ the asset during the operation phase, increasingly, public sector sponsors are requiring asset transfer back to the public sector

immediately upon completion and prior to the commencement of service. This is particularly true for assets that are deemed strategic to the government. The appropriate transfer timing and mechanism, as well as the allocation of the risks until such time, is dealt with through the contract.

An important feature of this approach is that, in the event that the PPP is cancelled or the service provider fails to complete the asset or commence service using a DBOT, the asset (or what is completed of it) is under the control of the public sector and can be brought into operation to deliver the required public services.

The operation of the service often remains with the private-sector service provider for the duration of the contract; however, it is subject to performance and contract terms.

B.1. PPP in Single Window

Single Window (SW) is defined in UNECE Recommendation 33 as a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once. The private sector could be involved in a Single Window facility either as a builder and implementer of the ICT infrastructure or at the operational and service level. A Single Window facility could involve multiple projects including the establishment of conformance standards to be met as part of the operational control of the SW authority (transmission protocols, licensing, security, insurance).

The implementation of a Single Window project under a PPP will involve a number of steps. First, the services to be achieved in Single Window implementation should be defined. At this step, the integration or the possibilities for sharing information with other Single Window facilities must be analyzed. The public institutions that will be involved in the collaboration will also need to be defined.

Then, the information should be classified according to the lead agency in charge of the Single Window facility. This could be created around a stand-alone customs system, a stand-alone partner cross-border regulatory agency system, a port community system or a community logistics system. Such classified information should be defined, analyzed and reconciled as outlined within UNECE Recommendation 34⁴.

The drafting of any PPP contract on Single Window should take into consideration a number of aspects. Of course, the goals and services must be defined, but also the scope of functions to be covered by the private-sector partner (development, operation, maintenance). Financial aspects will also need to be addressed in such a contract, identifying how the private-sector partner will be remunerated, what will be the source of the revenue, but also what will be the value added to end-users taking into consideration the expected demand and contingency financing in case of low demand.

B.2. PPP in trade and logistics corridors

A corridor is the link from the production site for a product to its final destination and is designed to facilitate the ease of transportation. This could integrate an entire supply chain

⁴ Recommendation N°. 34 : Data Simplification and Standardization for International Trade

nationally, within a region and/or internationally. In terms of Trade Facilitation, a corridor allows the harmonization and simplification of the procedures from origin to destination, which should, in turn, enhance trade opportunities.

In a corridor, the elements that facilitate trade could come from very different sources: the improvement, upgrading and expansion of transport infrastructure (port, airports, railways, and road networks); intermodal facilities and procedures; cargo tracking systems; customs information systems; regulation of transport; procedures to export and import products; regulation in trade; number of documents for trade and tariffs; development of Single Window facilities; and many other trade issues. A corridor has a geographical dimension, but additionally could be specialized in a specific sector or product. The private sector could provide the knowledge to increase efficiency in terms of time and cost, in terms of the traded products and/or in terms of reducing bottlenecks and technical barriers to trade. Given the private sector interest in such developments, a PPP project could be a pertinent financing and development solution. It is essential for both the public and private sectors to make the facility usable on a fair and open basis and promote usage by SMEs

If a PPP solution is chosen for a trade corridor, the private participation could be rather diverse. The choice of partner(s) will largely depend upon the goals and objectives of the resulting corridor and how the cost of these services will be passed on to the ultimate end-users. These choices will define the nature and type of PPP. It should be noted that both the private and public sector parties need to understand their responsibilities under a PPP contract in order for it to work effectively and to reach its contractual end date.

B.3. PPP in ports

Seaports and airports are key logistics sites in international trade. Any port will include both services and infrastructure and eventually ICT solutions. The various services that are proposed include customs clearance processes, licensing, cargo handling and storage, as well as tracking and tracing of merchandise. The various infrastructures will include the actual port terminals, the warehouses and offices, the hinterland (sites in proximity but not geographically part of the physical port), the equipment to load or unload freight, and other facilities.

In developing a port environment as part of its governmental role, the public sector may wish to create a PPP with private sector partners to either enhance the services or improve the infrastructure within ports, or eventually both. The private sector will often have a direct interest in such projects since they will want to render these key logistics sites more effective and efficient. Furthermore, the private sector often has experience in other ports and they would be able to bring best practices to the service of the public sector partner.

B.4. Coordinated Border Management

Coordinated Border Management is another area where cooperation between government departments and the private sector through a PPP can produce efficiencies at the border of a country to the benefit of its trading community. This can include involvement of software and IT services companies. It is important to ensure that a shared technical platform is built to allow this coordination to operate smoothly. Multiple agencies within government should be involved, but it is also important to ensure the inclusion of the private sector in the development and implementation of border management and cooperation.⁵ At the same time,

⁵ See WCO Research Paper No.2 on Coordinated Border Management from June 2009, section 5.

it is important to take into account the compatibility and Intellectual Property Rights (IPR) issues that might arise and give consideration as to how these might be mitigated.

C. FEASIBILITY STUDY

C.1. Introduction - the Strategic Case

Private sector participation in Trade Facilitation measures should increase the quality of the services provided. At the same time, care must be taken and mechanisms must be created to ensure that services are procured in a transparent manner. The contractual mechanism itself should be designed to reduce barriers to trade and also to encourage the service provider to innovate in order to reduce barriers to trade.

In this context, an initial feasibility study needs to be developed. It is important to ensure that there is real transparency and this needs to start at the very beginning of the project cycle. This should involve consultation with identified stakeholders, which is one of the key tools employed to improve transparency, efficiency and effectiveness.⁶ The consultation process should be used to improve management effectiveness, regulation and governance and, conversely, to avoid pitfalls and conflicts of interest.

Although some of the data within the feasibility study may remain confidential and undisclosed by the public partner, for example because of commercial concerns or a desire to maximize competition, as much of the study as possible should be disclosed, and also shared and discussed with stakeholders. Transparency and accountability are the best tools to ensure lack of corruption. One of the characteristics of transparency is access to information.

Such information should include:

- a) The business aim needs to be clearly articulated – why do we need to undertake this project? (At this stage it should not be stating whether the project is a PPP or not.)
- b) The range of services included in the contract.
- c) The revenues, benefits and performance levels agreed and to be achieved as well as the cost of the project and payments to be made.
- d) The use of government grants, guarantees and other financial support including significant risk-bearing.
- e) The creation of mechanisms to reduce corruption, inefficiencies or protect against individual interests (e.g. IT solutions, supervision agency, verification systems).

C.2. PPP Maturity Model

As part of the feasibility study it is important to be able to identify, assess and quantify risks that might arise that are associated with each particular option identified. The challenge is to fully identify the risks associated with conventional (i.e. non-PPP) contracting versus those associated with PPP, which for many governments entertaining PPPs are not fully understood.

⁶ See UN/CEFACT Recommendation 40 on Consultation Approaches, 2014.

Risks are not just public sector risks, but also risks that may deter (or fully prevent) a private sector partner from bidding on the project. One such risk is the contracting environment that exists within each country and the country's attitude towards using the private sector to deliver public sector services. To this end, it is very important to undertake a PPP maturity model/readiness review. This comprises seven key elements and focuses on the maturity of thinking on PPP (private sector engagement) in the public sector, the ease of doing business and the economic environmental factors:

- Enabling framework (appropriate legislative framework and PPP-aware public servants).
- Ease of doing business (how easy it is to set up a business operation within the country, i.e. number of days, need for local partners).
- Political Attitude – there is a widely held (or shared) belief amongst politicians and civil servants that the private sector has a role to play in the delivery of public sector services.
- Money Markets: What is the state of the financial market place? How familiar are the local financial institutions with PPP as a concept? How quickly will they assess and respond to funding requests? How will they assess the risk? Will interest rates be reasonable or loaded, making projects unaffordable?
- State of the economy: If there is a period of high inflation, how will the private sector protect its income stream? Is it the right time to invest in the local marketplace?
- Availability and sophistication of investors: Is there a wide choice of investors and who are they? Will the proposition result in investment into the country but also ultimately be withdrawn from the economy? To what extent do investors understand the business model?
- Availability of competent service deliverers: To what extent are builders and operators available locally? Is there a labour force readily available? What level of training would be required to bring the employees to an appropriate level of competency? Are there any funded programmes or grants that are available to build up local competencies and business and would the service provider have access to these? To what extent is the supply of experienced competent workers clearly engaged on other projects? Would the project be more or less risky than competing PPP projects being developed elsewhere?

Good practice would be to undertake two assessments, the first based on the domestic market and the second based on the international market. The outcome of the assessment enables stakeholders to assess the risk of the project failing and this data can be fed into the feasibility study as part of the risk-adjusted whole-life cost assessment that is undertaken as part of the economic assessment. The outcome does not mean that the PPP will or will not succeed, but will indicate the areas of risk and enable practitioners to take these into account when developing the risk-sharing model and imposing any contractual constraints.

C.3. Economic assessment

To decide on the delivery mode of a specific service or project, governments and the private sector should conduct a value-for-money analysis that considers a variety of public and private delivery options.

A value-for-money analysis is the evaluation of the cost and the benefits of the project. It is a quantitative assessment of a PPP project that includes the costs of the design, build and operations, including upgrading and maintenance, and financing, transaction and other

contract governance costs. The value-for-money assessment should also weigh the particular benefits provided by a PPP project, such as improvements in the service delivery and predictable changes in end-user requirements. At the same time, projects should consider options and variations and compare these to the original project specification (in technical requirements, technology, methodology) in order to achieve best value for money.

The analysis should also include an economic impact study (not just the facility delivery, but the impact on the economy itself, e.g. the local area). This is undertaken using discounted cash flows and by calculating an equivalent annual charge.

The analysis should test whether a PPP approach delivers the best value for money and would be the best option based on a risk-adjusted whole life cycle cost basis, as compared to a public sector approach.

The intention is to identify the project that delivers best overall value for money. The assessment is based on whole-life-cycle costing, starting with the upfront design and capital build costs to the revenue cost over the life of the contract and any exit costs. All cost and benefits are matched in the years that they arise and then discounted back to a specific date using an agreed discount. This mechanism is “whole life costing”; to this, the cost associated with risk and risk mitigation needs to be added in order to arrive at the overall risk-adjusted whole-life-cycle costing.

This process has to be based on the best available unbiased data, and a clearly specified and standardized evaluation process in order for the most appropriate investment decision to be identified (See Annex C.1. Value for money assessment).

One advantage of PPP is that the private sector may propose innovative solutions, options and variations and, subject to the rules of the procurement, these can be taken into account and compared to the original project specification (in technical requirements, technology, and methodology). If the solution still meets the output-based specification and achieves best value for money, then consideration should be given to adopting the more innovative or variant approach.

When a bidding process is used in any infrastructure or concession project to select the private sector party, the efficiency is increased by selecting the best proposal based on the technical solution, the budget needed, the operational feasibility, the quality and variety of services provided and the compliance with environmental standards and/or the society. The best solution that wins the bid reduces the risks of the project (it is not necessarily the cheapest project).

There are specific factors in calculating value for money for each type of PPP in TF project, each with their own challenges. Value for money depends on risk assessment, risk allocation (public or private), the length of the PPP project, the demand, and the sources of revenue for the project (e.g. taxes, grants, price paid by customers).

A number of options should be evaluated to determine the option that provides the best value for money. The financial source of investment could come from the private sector in the form of debt or equity and the source of the revenue that will pay back the investment (by taxes, user charges, or price of the services). However, the financial source of investment is more linked with the risks of a PPP project, and the source of the revenue is more linked with the business model and the value for money in a PPP project. PPP projects allow joining the best

of two approaches: the private sector introduces terms of efficiency (reducing cost, allocating resources, and increasing profitability), client orientation and service quality; and the public sector brings the defense of general interest, planning and regulation.

For completeness, it is recommended that two model costings are prepared: one based on the public sector delivering the service, known widely as a Public Sector Comparator (PSC), and one for the private sector often referred to as a reference bid.

C.4. Affordability

As well as assessing value for money, the feasibility study also needs to assess the affordability of the project. Governments must examine how the project is going to be funded and whether sufficient funds be available throughout the whole life of the contract to make payments to the service provider. It may be that budget or other financial/treasury constraints mean that the only affordable option for a government is to seek external funding such as through a PPP.

Where users are expected to make payments, the fees should be set at an affordable level to encourage end-user engagement.

In some cases, there may be conflict between the project that delivers best value for money over the time of the contract and the project that is most affordable on an annual cost basis. The project implementation should ideally be self-financing from revenues generated. If there is a net cost and there is no availability of government budgetary support (e.g. subsidy) but the project is a vital economic growth enabler, then other financing solutions should be considered, such as seeking third sector involvement. If budgetary support or third sector funding is not available, then ways of reducing the cost should be considered (this could be a reduction in scope, output requirement, or performance levels). If the project still cannot be modelled to show that it will breakeven or make a surplus over time (i.e. make a financial return for the private sector service provider(s)), then it should not be pursued. The project would be neither affordable nor economically viable.

Another reason that there might be a funding gap is as a result of pledging resources that may or may not materialize. An example of this may be a trade corridor that involves more than one country and one country either decides not to go ahead with its part of the deal or can no longer afford to make contributions to the unitary charge.

For completeness, it is recommended that two model costings are prepared: one based on the public sector delivering the service known widely as a Public Sector Comaparator (PSC) and one for the private sector often referred to as a reference bid.

C.5. Good governance

Good governance encompasses the need for a clear, predictable, legitimate and appropriately resourced institutional framework. This will involve public awareness through consultations on the relative costs, benefits and risks of PPPs and public procurement. It further involves the need to maintain key institutional roles and responsibilities (to ensure a prudent procurement process and clear lines of accountability) as well as the need for regulations to be clear, transparent, enforced and not excessive. A transparent budgetary process minimizes fiscal

risks and ensures integrity of the procurement process in PPPs, with disclosure of all costs and contingent liabilities and the need to ensure the integrity of the procurement process.⁷

Ensuring appropriate good governance standards is a critical pre-requisite where private sector or third sector funds are sought as co-financing. In many cases, it may be desirable that the PPP operate under the country's own framework. If the private sector or third sector partner agrees to this use of country systems, the fiduciary assurance obligations of the private sector or third sector partner will require them to be as rigorous as their own. Clearly, there are additional considerations if the private sector is contracting with a supranational or cross-border agency.

Contracts are more likely to fail if there is poor governance. The governance arrangements within the contract need to be robust as well as adherence to them. At the outset of the contract, it should be agreed, as part of the process, that there should be an agreement on the level and type of information to be published throughout the life of the contract. Stakeholders should be made aware of:

- a) The state of evolution of the project on a regular basis;
- b) Any contract or specification changes since the contract was originally signed; and
- c) Any relevant side agreements including government guarantees.

For all these reasons, it is important to create effective data collection systems and tools among partners in order to monitor PPP projects. Disclosure of information has to be a standard practice undertaken as a matter of course, in which information is accessible without specific active request.

The tender procedure will be one of the key milestones of a PPP; this must be open, fair, equal, and transparent to ensure efficiency throughout all its stages to select the private partner. These stages include tender preparation, bid preparation, bid submission, bid evaluation, and tender award. The national legal framework will play a large role in this procedure; care should be taken since often there is no clear definition of the boundaries and scope applicable to PPPs, which might in turn threaten contract validity.

D. Main aspects to be considered with PPPs in TF

One of the advantages of a Public-Private Partnership is that the participating partners can share the risks of the projects. Ideally, each party should do what it does best in order to allocate risks to the party that can minimize them better. A joint risk schedule should form part of the contract that clearly identifies the ownership of risks. At the lowest level each risk should be allocated to a specific party, (ie no risks should be "shared") thereby giving clarity as to who is responsible for mitigating and managing risks.

The public sector should retain the right to cancel the contract as a consequence of inadequate provision or non-performance. If the contract is a DBOT (develop-build-operate-transfer) PPP,

⁷ See the work of the OECD as of March 2015:

www.oecd.org/governance/oecdprinciplesforpublicgovernanceofpublic-privatepartnerships.htm as well as that of the World Bank as of March 2015: <http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupal-acquia/wbi/WBIPPIAFPPReferenceGuidev11.0.pdf> and the work of the UN Convention against corruption as of March 2015: www.unodc.org/documents/corruption/Technical_Guide_UNCAC.pdf

the underlying asset will be with the private-sector partner and a transfer clause is required for the government to recover the asset.

In any type of PPP project, risk allocation and management are critical in order to provide responsibility and accountability. For this, several aspects need to be taken into consideration including the objectives of the project, the funding or financing structure through the length of the contract, the quality of service standards agreed, the variability of the demand and the value of assets at the end of the contract.

General considerations for risks to be considered are outlined within Annex 3 and are also incorporated into Annex 1. However, the more general risks are detailed below.

D.1 Return on investment

Contractual PPP projects will be between the public sector and the private sector. The latter participates within PPP projects in the expectations that they will make a reasonable return on investment. Except in projects with third sector organizations, the business case of PPP projects is usually based on the ability of the private sector to make a return and for the project to be affordable (to end-users) over the period. In addition to undertaking a full value-for-money assessment, using a risk-adjusted whole life costing, there also needs to be careful consideration of the contractual commercial clauses associated with payment and reward mechanisms, step-in and exit clauses and the freedoms, rights and constraints the contractor (the private sector) has in order to operate the service and to generate additional revenue streams.

D.2. Insufficient funds

PPPs risk failure because they are underfunded. If a project is publicly supported, the level of public funding available within the national (or regional or supranational) budget must be determined. Before the project commences, the public authority will need to secure the revenue funding required to support the project.

In PPPs where charges are levied on end-users, there may be a need to subsidize the operation. The public sector will often regulate the value of charges that can be levied from end-users. It is important to assess the extent to which regulation may result in a shortfall of income. Depending on the nature of the PPP, the public sector may or may not be willing to top up a shortfall in income. The need for any top-up, including the value and reason, will need to be identified and negotiated prior to the contract being signed.

For example, a government department may sign a deal with a private sector contractor, which contains a price escalator to deal with the impact of inflation over the period of the contract. The basis may be the same as that used internally within government, in which case if internal funding continues on the current basis for the period of the contract and the funding is available there should not be a funding gap. However, if the funding basis changes or the government adopts a different inflation escalator over a period of time, the government department may no longer have the funds to support the contract. If the department applies for additional funds and these are not forthcoming, the public sector may have to renegotiate terms or default.

As a consequence of the affordability analysis, if there are insufficient funds, the appropriate actions suggested are:

- 1) Seek additional funds to support the project (from internal or external sources).

- 2) Review the project to see if the scope or specification or performance levels can be adjusted to reduce the overall cost.
- 3) Consider different and mixed charging and budget support mechanisms.
- 4) Renegotiate the terms of the initial contract.
- 5) If the budget gap cannot be bridged, to make a clear decision not to go ahead with the project.

D.3. Contract length

There are three considerations when agreeing the length of a PPP contract: investment cost, affordability and life of the asset.

The length of time it takes for the service provider to pay off its debts and to make a reasonable return will be affected by the need to keep the prices affordable. A large infrastructure project will typically have a longer contract length, as it will need a longer period before the initial investment is recovered before a reasonable return can be achieved. The earlier the private sector service provider can repay the loan, the lower the overall cost of the loan, thus potentially improving the return made by the service provider. This depends on how much the end-users and government can afford or are willing to pay. If at the outset of the project financial modeling indicates that a shorter contract period might be possible, this can be considered taking all factors into account but it is not necessarily the right thing to do.

D.4 Tender process

It is important to engage procurement experts that understand both developing good practice and the pitfalls associated with contracting for PPPs. It is essential for the public sector to prepare and issue complete and clear documentation that describes:

- a. the business need;
- b. the service required;
- c. the procurement process;, and
- d. high-level scoring and evaluation methodology.

In order to ensure an effective competition, it is beneficial to attract at least three bidders. Having more than one or two bidders should encourage better quality submissions and competitive pricing. Having excessive bidders has the separate effect of becoming unmanageable given the complexity and cost of many PPPs. This may require the public sector to undertake a “market making” exercise such as a bidders’ conference where interested companies, both domestic and international, can meet and potentially form consortia.

The investment made by companies preparing bids can be significant, so it is important to ensure that they are properly scrutinized and evaluated. Bidders should be given an equal opportunity to present, discuss and clarify their bid submissions. Although given equal opportunity, the bidders need not take advantage of the time made available to them.

Best practice recommends that PPP contracts include a hierarchy of precedence for the controlling documents and deliverables, which should include a schedule or series of specifications that clearly identifies the government’s requirements (and as far as possible on an output basis), and any service provider written schedules that describes how they are going to meet those requirements. Where this is an acceptable contracting approach within a jurisdiction, this approach is to be encouraged, as it retains the public sector output-

based requirements as well as provides some comfort as to the method of service delivery mechanism to be used.

D.5. Barriers to trade

It is important that the private sector is restricted from operating in a manner that will or might create barriers to trade. These barriers could be in the form of fees (tolls, levies) or physical such as invasive searches or the time associated with the administration required to pass through border posts. It will be important to be forward-thinking when creating the contract and to lay clearly down all such considerations.

D.6. Cooperation of all relative parties

Some projects, such as those involving a Single Window, will require cooperation among several government agencies to create a new border-related service. These agencies will need to coordinate with each other as well as with all the private sector partners and other stakeholders. In order to address this, it would be pertinent to perform a risk assessment of the partners and clearly define the relationships, rights, obligations and liabilities of each partner.

As described in UNECE Recommendation 33, it is important to ensure the full participation of all relative government agencies as early on in the process as possible.

D.7. Public Perceptions

The overt use of the private sector can lead to resentment from the end-users and if they believe the private sector is unfairly benefitting from the contractual arrangements. In some cases it can lead to problems, non-compliance and avoidance.

Public authorities usually have the risk of applying administrative and procurement law. This allocation of risk might lead to a situation where private partners are overly keen on suggesting different partnership ideas to the public party, not considering the legal consequences and even hoping to obtain an exclusive right through the partnership. Here the public authority runs the risk of breaching principles of transparency and non-discrimination.

As long as the rules on PPP are not completely clear, private partners can see PPPs as ways to obtain a competitive edge in the markets without having to take part in competition for related projects (by way of concluding public contracts). Public authorities could be convinced of thinking that they can choose private partners as they wish. The fact that legal risk tends to go to the public partner might encourage private firms into trading with public authorities. It is, however, uncertain whether the outcome of this is actually more facilitating to trade (in general) than trading with public authorities through transparent procurement procedures.

Some solutions to this would be to consider all legal issues pertinent to the proposed project and also to include all interested parties (especially end-users) in the process as early as possible through relevant consultation approaches (see UNECE Recommendation 40).

D.8. Protection of commercially or otherwise sensitive information

While the principle should be full disclosure between the parties to the PPP contract, there need to be appropriate safeguards to avoid the disclosure of information that should remain confidential. The public authority may occasionally be prohibited by law from disclosing some information (for example, public health and welfare information), depending on the nature of the market concerned, or where national law requires prior judicial authorization for

disclosure. More commonly, commercially sensitive information that could impede fair competition under the current PPP in TF or a future PPP in TF should not be disclosed.

An example of this might include a set of two competitors for a particular contract, in which information arising in one contractual relationship might affect competition in other contractual relationships. Given the need to apply the overriding principle and to avoid abusive reliance on this type of exemption, the law allowing any exceptions from disclosure should be quoted describing the information that can be withheld, and the categories of authorized or unauthorized persons allowed to use the data.

D.9. Risks in ICT PPPs

Data (ownership, hosting, management manipulation, archiving, retrieval and disclosure) is another significant issue with ICT PPPs. The data should not be in the public domain and will need to be in compliance with both local privacy laws and any relevant legislation concerning the access to information. Access to data by the public sector when required is critical to the normal operation of government.

Data ownership should be compatible with national laws governing this issue. This should vary from one legislation to another. However, for effective ICT implementation, the private sector, which is operating the solution, will likely need to use the data for the intended purpose. Where the data is managed, maintained and distributed may be dictated by this need to use the data. However, the ultimate responsibility of the data should be with the public sector in order to protect its security and privacy. Depending on national legislation on the subject, the end-user originally providing the data may be considered the legal owner of the data and as such, it may be necessary to allow that party to exercise a number of rights such as: a) access to their data; b) verify the accuracy, proper maintenance and upgrading of the data; and c) preserve their privacy. Instruments, such as National Agencies of Data Protection, can help to solve conflicts that might occur among the owner, the administrator, and the party responsible to warehouse the data.

It may be the case that the supplier wishes to mirror data on its own servers for back-up purposes. Access to servers and use, storage and destruction of data must be carefully considered by government when contracting with the private sector. The importance of these issues should not be underestimated. For example, the government may not wish data to be held on servers in another country, in which case, this must be made clear to the service provider. Such constraints could have a negative impact on price and should be considered as part of the business case. Equally, if these matters are not addressed, the risk of data going missing or not being accessible should be included in the business case and the costs associated to the data risks (for being inaccessible, inaccurate, or lost) must be included in the risks assessment.

When establishing the procurement and the contract, a choice will need to be made between the private sector and the public sector as to the final party responsible for the stewardship, collection, use, maintenance and disclosure of the data. It would be advisable to opt for the public sector partner to retain such responsibility. This implies that the government retains a constant access to the servers even beyond the lifecycle of the contract and regardless of any claims from the private sector partner. Care should be taken as the private sector usually provides more advanced knowledge and skills in providing software and hardware.

In the event that the private sector partner goes bankrupt, the public sector will need to continue to use the systems on which the trade data is held. This needs to be considered

during negotiations and dealt with appropriately in the contract. Consequently, it is advisable that ownership can be transferred. If licences are held by the PPP private sector partner, arrangements should be made for the public sector to inherit the licenses at the end of the contract period or ensure that they can be transferred to a new private sector partner chosen by subsequent procurement.

Finally, when a new private sector service provider is contracted, the existing data should be freely handed over to the new supplier without the original private sector partner creating commercial or technical blockages. Such considerations will need to be addressed in the procurement and contract.

D.10. Legal considerations

There are a number of legal risks involved in PPPs. Organizing PPPs usually touches on a range of different laws (contract law, administrative law, etc).

The legal framework in multiple countries can also be a potential source of risk. Where countries have signed up to various trade treaties, those treaties typically will identify the legislative authorities, mediators and arbiters and conflict resolution routes. Even if a specific contract is silent or a contradictory situation arises, it is possible to fall back onto international trade agreements to which the host country is a signatory.

For example, some countries will require companies based in their territory to respect certain legal obligations no matter where they conduct their business. In this way, the private sector partner who responds to a procurement tender may need to respect not only the legal constraints outlined in the procurement tender, but also those of the country linked to their head office. This could eventually provide further guarantees to the public sector publishing the tender, just as this could provide multiple constraints on the private sector respondent.

Critically, issues arise where a TF-based project requires contracts to be signed with authorities in different jurisdictions. Where countries are facing different and possibly difficult economic situations, or have different political philosophies or legal systems, these risks need to be considered early on in the procurement process by potential service providers. If the commitment or management approach is likely to create governance problems, these need to be factored into the bidders' risk model.

The PPP in Trade Facilitation is more likely to be successful if it conforms to a set of contract rules. In order for a PPP in TF to deliver benefits, it will need to consider the technical and economic performance of each project. The qualitative and quantitative factors to evaluate the project need to be considered within its appropriate regulatory context, all within a framework of good governance with effective mechanisms of supervision, monitoring and control.

E. GOVERNANCE OF PPPs AND TF

Many projects fail because of poor governance. Good governance is not just about implementing best practice guidance but also about effective and experienced contract managers who are capable of negotiating on equal terms with the private sector service providers. The following identifies the in-country help and support that can be provided when setting up and procuring services through a PPP and the close post-commercial monitoring and evaluation mechanism required to maintain value for money.

E.1. PPP Units

A PPP unit maybe a single unit within central government cutting across departments, or a central entity with additional separate units in those departments undertaking PPP projects for the promotion, coordination and development of the common good. In countries with a federal structure, there may be a federal PPP unit or units as well as a unit at state or provincial level. The PPP units should collate and disseminate procurement and contractual best practice and lessons learned.

It is therefore critical to find out if there is a PPP unit with responsibility for scrutinizing or supporting projects and defining and setting the local rules, regulation and legislation. Where there is a PPP unit, it would be typical for a member of staff from the unit to be assigned to one or more PPPs projects to provide expert advice.

In terms of Trade Facilitation, sometimes PPP units are very knowledgeable about infrastructure or concession PPPs and familiar with health, power, transport or ICT. However, usually they are not specialized and do not bring much experience with regard to the area of Trade Facilitation and the goals of intergovernmental or international bodies.

Furthermore, although the World Trade Organization (WTO) instruments and best practice guides are recognised as the basis for sound Trade Facilitation administration throughout the world, a generalist PPP specialist will not be familiar with them. It will therefore up to the Trade Facilitation practitioners to ensure any PPP does not conflict with WTO and other internationally acknowledged best practice, whilst the PPP practitioner will have responsibility to ensure that due process is followed with regard to procuring, monitoring and managing PPP service providers.

The key objectives of a PPP unit will differ depending on the local environment and the extent to which the principles for PPP are already embedded in a particular market. PPP units should, as far as possible, work together across national boundaries to ensure that best practice is shared internationally as well as within a country. In doing so, it should provide an enabling environment for cross-boundary and supranational PPPs. The benefits of a PPP unit include:

- Promotion and coordination of PPPs within a country/area of responsibility.
- Development and dissemination of best practice.
- Prioritisation of schemes seeking funding.
- Source of reviewers to monitor quality of projects being progressed.
- Bringing together of partners (investment and delivery).

It is worth noting, however, that the creation of a PPP unit is neither a necessary or prerequisite condition for a successful PPP programme. PPP units tend to struggle when:

- Senior politicians do not support the PPP programme.
- Procurement of infrastructure and capital works is not transparent or competitive.
- Coordination within government is weak.
- There is limited or no cross-boundary cooperation.

E.2. Monitoring and Evaluation

One of the characteristics of a PPP contract is that income streams are not guaranteed. Rather, the PPP service provider is remunerated according to the quality and level of service delivered compared to that specified. The model that underpins the performance and payment regime needs to be established in principle at the outset of the procurement. The actual mechanism used during the life of the contract will be negotiated and finalised before contract signature. The contract and governance procedures should allow for changes to the mechanism according to the contractually-based predefined set of rules.

Actual monitoring of performance needs to be transparent and the parties should meet on a regular basis to agree on the nature and reason for performance failures. Where the level of performance is such that it results in deductions being applied to payments, the level of deduction needs to be agreed between the parties. Any disputed “service failures” will not lead directly to a deduction but instead be referred to the appropriate governance board and go through a pre-agreed procedure in order to achieve resolution. The mechanism should allow the authority and the service provider limited flexibility in their application. For example, the mechanism may be used only as a tool to assess and improve performance in the initial inception phase of the project (which typically may be up to one year) and not lead to financial deductions.

Repeating failures should not be encouraged and therefore the mechanism should result in an increasing impact as the failure is repeated or continues over time. On the other hand, the mechanism should allow for rectification periods during which repairs can be made and for which deductions are not calculated.

The mechanism should allow for “key indicators” and “other indicators”. Typically, key indicators lead to financial deductions whilst other indicators are simply measured to ascertain overall quality of performance and to identify areas of improvement. Typically, the authority is allowed to undertake limited swapping of “key” and “other” indicators on an annual basis. This seeks to ensure that the focus of the monitoring and evaluation continues to be relevant throughout the contract.

As part of the governance process, a Partnering Board should be held at least annually between the authority and senior representatives of the delivery partner to discuss the performance of managing staff and the partnership as a whole.

ANNEX 1: PPP IN TF – KEY CHARACTERISTICS

A. DEVELOPMENT/INSTITUTIONALS

Key characteristics	<p>Development PPPs are those Public Private Partnerships where Public money (such as USAID) is combined with private monies (from companies, Foundations, NGOs) in a joint fund to achieve a development objective.</p> <p>Typically, it may be capacity building, civil society system strengthening health delivery programs.</p> <p>A development PPP may be used to train Customs and Revenue officials</p>
Best practices model	<p>Joint Venture: the public sector with the private sector control the capital, the risks and the administration of the joint venture. The joint venture has the advantage of being a separate legal entity different and independent of their founders, but it has the disadvantage of having surety bond responsibility, which brings difficulties to have a clear leadership in the project (partners have veto rights).</p>
Barriers to trade	<p>No Implication Investment in TF Development PPPs should lead to a more transparent environment as it would focus providing resources for implementing best practice and capacity building.</p>
Charging	<p>User charges</p> <p>These programs are normally free to the recipients. Contracts are let to third parties to deliver the program on behalf of the Fund Partners. The service delivery may be through training, or through technical support and advice.</p>
Performance models	<p>Contracts will be signed with service providers. Payments will be made to the service provider.</p> <p>The contract mechanism based on the quality of service will be subject to outcomes achieved as a consequence of the service provided. For example the generation of increased revenues.</p>
Contract length	<p>These PPP programs are relatively short from a few months to three to five years (although in the health sector they may be as much as 7 years)</p>
Asset ownership	<p>There are normally no significant assets associated with a development PPP.</p>
Risk management	<p>Development PPPs often use computers and related software. A key issue is to ensure that any such training would be undertaken on appropriate platforms.</p>

B. INFORMATION AND COMMUNICATIONS TECHNOLOGY

Key characteristics	<p>ICT (Information and Communication Technology) Infrastructure</p> <ul style="list-style-type: none"> a) E.g. single-window b) E.g. E-procurement systems c) E.g. CCTV/identification cameras/charging cameras
Best practices model	<p>Design, Build, Implementation, Transfer, Operate</p> <p>Design System to integrate appropriately with related wider government systems. System to reflect local conditions, i.e. reliable power supply, back up power supply, robust kit, secure comms. (possibly by satellite)</p> <p>Build Supplier to recommend and supply kit to authority. Supplier to take risk on compatibility issues regarding the recommended kit.</p> <p>Implementation Supplier to install all equipment and commission the system.</p> <p>The supplier may have a simple support contract to maintain the ICT or may have a wider brief to provide the full service or part of the service.</p> <p>Transfer Following build and implement all hardware and communications equipment to be transferred to the ownership of the authority.</p>
Barriers to trade	<ul style="list-style-type: none"> a) Incompatible systems – failure of systems to talk to one another – lack of a genuine single window and the time / cost associated with that. b) User Charges- entry/processing/registration charges set a level that may discriminate against SMEs and local service providers, c) Charges set by supplier (service provider) rather than controlled and capped by a public authority d) An unexpected consequence of contractual performance and payment causes the Operator behaving in a way that maximizes their revenue that slows down or impedes trade
Charging	<p>User charges</p> <p>Ideally use a unitary charge payable by government and subject to a performance and availability mechanism</p> <p>Transaction charges to the user – these may need to be limited so as not to impede trade and should be set by government and not be linked to the cost of the contract.</p> <p>Otherwise there is state shadow charging</p> <p>The Supplier should be paid a pre-agreed fee or set of fees.</p> <p>Any element specifically tied to the generation of additional revenues should be capped to ensure that supplier does not generate super profits by operating the service on behalf of the public sector.</p>
Performance models	<p>There are two elements:</p> <ul style="list-style-type: none"> 1) Performance (i.e. speed of response) and availability of the system 2) Availability of the system – and ability to handle a specific amount of traffic at anyone point. <p>This would normally be an acceptable risk to the contractor – although this may limit the ability to future proof the technology (for example if trade doubles beyond expected growth over the contract period)... although in that scenario you could define server response</p>

	times.
Contract length	<p>PPP is a poor choice for long-term PPP contracts and typically ICT contracts are shorter than Infrastructure projects due to the rapidly changing pace of technology.</p> <p>ICT service providers will not typically take on the risk of technological change after the first “refresh” (normally approximately 5 years and certainly no more than 10 years).</p> <p>Typical Contract lengths:</p> <ul style="list-style-type: none"> • Three to Five years (departmental or local projects) • Five to Seven years Large (departmental and expensive projects) • Eight to ten years (large national ICT project) • Ten to fifteen years (Major very expensive nationally important ICT projects) <p>The smaller the ICT component and the larger the service domain element the more the likelihood is for a five year contract with possible extension and that trade software would need to be mobile technology for smaller traders – particularly in Africa where mobile technology is more mobile based than in say the UK where there is a greater proliferation of land based internet technology.</p>
Asset ownership	<p>As far as possible assets should be transferred into public ownership as soon as possible following construction. Depending on the type of PPP (DBOT may transfer ownership a later time; but many recent PPPs are looking to have the transfer of ownership at an earlier stage)</p>
Risk management	<p>Ideally the Public Sector should contract separately for the wider service delivery and restrict the “PPP” contract to the technical delivery of the system.</p> <p>All hardware, software and communications to be “recommended”, provided and implemented, by the contractor</p> <p>The System implementation and operation should be integrated with existing government systems, based on fixed fee for implementation and operation.</p> <p>Performance and availability mechanisms should be in place with the opportunity for a supplier to earn back some of the income lost by improved performance etc.</p>

C. INFRASTRUCTURE

Key characteristics	<p>Design Build Operate Transfer (DBOT) or similar.</p> <p>Typically longer term contracts of up to 20, 25 or 30 years.</p> <p>These include buildings, road and dry ports. Service provider may require third party financing. Roadways and bridge projects could be even longer. As with all PPP projects fees are earned by the service provider during the operation phase of the projects</p> <p>Fees earned during service phase of contract NOT during the construction phase</p>
Best practices model	Design, Build, Implementation, Transfer, Operate
Barriers to trade	<p>a) Need to align cross border applicable legislation</p> <p>b) Need to align existing systems and processes which may be incompatible with existing systems and processes</p> <p>c) Any Service provider should be seeking to minimize processing time</p> <p>d) If possible, along a trade corridor repeat processes should be eliminated.</p>
Charging	<p>Unitary Charge (example of topics that could be included)</p> <p>In order to minimize the barriers to trade the supplier should be paid according to a robust payment model. The service provider should be paid according to performance and availability of service. There should be no direct association between the level of charges at the border posts dry ports etc. and the receipt of income by the service provider. Rather the number of units charge and the accuracy of that charging should be the clear indicators used to pay the service provider against an agreed initial payment schedule. Any bonuses must be limited in scope and financed from the use of best practice operations rather than through perceived harassment or the slowing down of traffic creating a trade barrier. With direct charging the income collection by the service provider is vulnerable to alternative routes that enable their service points to be bypassed.</p> <p>The unitary charge may comprise budgetary sourcing from more than one national entity. In such circumstances it may be case that direct charging is less risky for the service provider</p>
Performance models	<p>The performance mechanism associated with the unitary charge should be taken into account, and also any such policies that affect the usage and payment of dues by users on the service provider. Some examples that could be used as a performance model.</p> <p>On the assumption that users are not directly charged and an availability of asset seems easiest solution.</p> <p>Roads can be done on number of lanes availability or average time travelled between two points</p> <p>Ports on number of docking spaces available, or turnaround times.</p> <p>More analysis is required on specific projects to understand the benefits of one approach over another.</p> <p>Government sets a KPI (for the operator / service provider).</p> <p>Service model (how should the Service Provider respond to customers)</p>

Contract length	<p>A Monitoring and evaluation mechanism needs to be established.</p> <p>Length of contract should depend on the type of PPP project. Long enough for the asset to generate suitable income for the private sector and allow secondary investments – thus making it an attractive investment prospect.</p> <p>Keeping in mind that it should not become a barrier to trade.</p> <p>Overall compensation to the Service Provider needs to provide them with a reasonable return.</p> <p>Public sector aspects to be brought in here.</p> <p>Contract needs to be long enough to allow private sectors to want to participate in PPP; but also important for public sector to look over how contract is managed/operated so that when and if they take over the project, they will have been able to absorb the aspects that make it work in the first place.</p>
Asset ownership	<p>Once infrastructures are built assets are transferred to the institutional unit intends to use them in production.</p>
Risk management	<p>Important to consider local legislation. For example</p> <p>Facilities such as ports may not be able to be held as private sector assets</p> <p>Legally the private sector may not be able to deliver certain services – if legislative environment is not taken into consideration, it might be perceived as a barrier to bidding for the PPP).</p> <p>A PPP service may start and later be proven that it is actually not a service which can be provided by the private sector –in some jurisdictions health services, for example) Therefore consideration must be given to revising local legislation</p> <p>Risks associated with the physical assets remain with the service provider regardless of ownership</p>

ANNEX 2: VALUE FOR MONEY (VFM) FACTORS

The VFM of a PPP is defined as the maximum of the difference between the value of the services provided and the costs. Some of the factors that affect the assessment of VFM in a PPP project are the following:

- a) Bid criteria.
- b) Delays during the project.
- c) Penalties mechanisms (e.g. lack of quality, unreachable deadlines).
- d) Poor specification of risks allocation and management (and the cost associated with the transferable and retained risks).
- e) Unrealistic affordability calculation (poor cash-flow estimation and unrealistic assessment of the capability to attend payment commitments).
- f) Possibility to re-competing contracts in regular intervals during the PPP project in TF.
- g) Low demand of the service.
- h) Inappropriate pricing or taxes recovery.
- i) Investments in new capital assess during the contract duration.
- j) Property rights payments associated to the service delivery of the PPP project in TF.
- k) The use of economies of scale in any stage of the project.
- l) Interest rates, taxes, inflation, discount rates, and exchange rates estimation.
- m) Variable, semi-variable and fixed (direct and indirect) costs.

ANNEX 3: RISKS

The risks assessment should reflect the evaluation of potential of additional costs and the consequences of each risks. When an accurate monetary evaluation of risks is made in a PPP project it is easier to estimate the price that each party should be willing to pay to transfer the risks from the public to the private sector and vice-versa.

To provide the value for risks, a probability factor is introduced using the following formula:

$$\text{Value of risks} = \text{Outcome} - \left(\left(\frac{\text{Consequences of risks/risks severity}}{\text{Probability of risks events}} \right) + \frac{\text{Contingency/mitigation} + \text{Loss of revenues}}{\text{}} \right)$$

The contract should include a comprehensive list of risks. Partners should assume the risks that can handle best, and the responsibilities assumed by each partner must be agreed in the contract.

Any risk will be calculated in terms of costs, which is named risks assessment. We calculate the value of risks as the result of normal outcomes minored by the risks assessment. Thus, any risk has to be associated to a probability of occurrence and a severity of the damages that any risks could cause in monetary terms.

Also, the contract will consider ways to avoid those risks (mitigation or contingency plan, as insurances, management of risks, etc.) and calculate the value of the mitigation plan. Finally, it will be specified in the project for each risks the losses of revenues produced when an uneven take place (because the tasks to be performed in the PPP project are not fulfilled 100% when the risks occurs, and those underperformed tasks have a cost for the PPP, that must to be assessed).

In order to evaluate the consequences of a risk in monetary terms, a risk identification and its consequences analysis must be made. In a PPP project the types of risks that could occur should be:

Types of risk	Risk description	Monetary consequences of risk
1. Macro economic risks (Xu et al. 2012)⁸		
Political risks	Unsecured legal framework, dispute resolution, the regulatory framework, government policy, taxation, expropriation and nationalization.	Asset costs, financial costs, interest rate costs, inflation, discount costs
Foreign exchange fluctuation	Increase of overall costs of the project by unpredictable and high changes of money value	Cost of construction and/or maintenance, cost of exchange rate insurances, less revenues

⁸ Xu, Y., Yang, Y., Chan, A. P.C., Yeung, J. F.Y. & Cheng, H. Identification and Allocation of Risks Associated with PPP Water Projects in China. International Journal of Strategic Property Management, 15(3) :275-294.

Interest rate fluctuation	Increase of financial cost during the full length of the project	Financial cost Less revenues
Types of risk	Risk description	Monetary consequences of risk
2. Construction and operation risks (Xu et al. 2012)		
Design risks	The project design is unable to meet the performance and service requirements in the output specification.	Redesign costs, construction costs and/or delay costs.
Commissioning risks	This risk appears when a license, administrative permission, or an output specifications needed is not reached	Costs from delays and maintenances
Construction risks	Delays, exceed the budget or not follow the specification	Cost of construction and/or maintenance
Operating risks	Inefficiencies in the project development and exploitation, operation cost overrun	Less revenues, maintenance costs
Project/operation changes	The project needs to be redesign and improve its construction and/or operation.	Redesign costs, construction costs and/or delay costs.
Conflicting and imperfect contract	The contract under defines tasks and responsibilities to undertake during the project	Construction and operational costs and/or delay costs. Financial risks. Less revenue.
Price change	Unexpected price increases	Construction and operational costs, and financial risks. Less revenue.
Latent defect risks	Inherent and hidden risks in the construction of the project (infrastructure, software, equipment or other)	Permission costs, delay costs, construction and maintenance costs
Technical and technological risks	The project is unable to provide a valid solution for partners and/or consumer and clients	Less revenues, maintenance costs
Residual value risks	The loss of the value of assets budgeted at the moment to transfer the contract	Financial costs
Industrial relation risks	Risk of conflict of interest management among the partners of a project	Financial costs, construction costs and/or delay costs
Data risks	Inaccurate data, data lost, or data inaccessibility	Costs from delays and maintenances
Financial risks	Funding risks	Delay costs, financial costs
Performance risks	The project is unable to reach the results defined in the contract.	Less revenues, maintenance costs
3. Government maturity risks (Xu et al. 2012)		
Government corruption	Risks of unequal decisions, lack of information and transparency, conflict of interest	Permission costs, delay costs, construction and maintenance costs. Less revenues.
Imperfect law and supervision system	Unfair competition and non transparent market	Permission costs, unexpected taxes, delay costs, construction and maintenance costs. Less revenues.
Poor public decision-making process	Immaturity of public institutions and bureaucracy processes	Permission costs, delay costs, construction and maintenance costs. Less revenues.

Types of risk	Risk description	Monetary consequences of risk
4. Market environment risks (Xu et al. 2012)		
Demand risks	The demand for the service or the infrastructure was overestimated and it is not used as much as expected.	Financial cost, less revenues
Environmental and social risks	Environmental externalities	Construction and maintenance costs
5. Economic viability risks (Xu et al. 2012)		
Subjective project evaluation method	Lack of methodology to evaluate mainly assets, liabilities, demand and risks.	Construction and maintenance costs. Financial cost, less revenues
Insufficient project finance supervision	Insufficient cash-flows generated, access to higher interest rates	Financial cost, less revenues

ANNEX 4: GOVERNANCE PROCESS AND PERFORMANCE PROCESS

Figure 4. Contract Governance: Reporting and Monitoring and Management an approach.

	Governance body	Responsibility	Sub committees reporting	Core membership
1.1	Annual partnering board		Deal with high level relationship issues and any staffing concerns High level strategic discussion	Senior representation from Govt. dept. meets senior rep from Private sector partner others by invitation only
1.2	Quarterly contract board	Board sits on a quarterly basis to consider contractual issues including contract changes Quality management risk management performance and payments resolution	Sub Committees a) Contract Changes b) Performance and Payment Dispute Resolution c) Processes and Procedures d) Quality Management e) Exit and transfer of Assets	Public and Private Reps Service Director Legal Financial Contract Manager Commercial Users
1.3	Monthly performance board	Agree Performance report and Authorise payments to supplier	Report to Quarterly Contract Sub Committee Prepare Performance Report and calculation of payments	Commercial managers Contract Managers Service Managers
1.4	Weekly meeting	Small issues that can be quickly resolved, Report to Monthly Board on Activity	Local contract manager (meeting could be by phone) But any actions taken must be reported to Monthly Board	Service Manager

ANNEX 5: SINGLE WINDOW SERVICES

List of Services that can be provided by the Single Window:

Trading Services	Trading partner discovery
	Product Discovery services
	Catalogue services
	Quotation Services
	Scheduling services
	Ordering Services
	Invoicing services
	Dispatch Services
	Remittance Services
	Booking Services
Transportation Services	Cargo pick-up
	Transport Billing service
	Cargo Tracking
	Partial Monopoly in ports/ airports
	Carry in & Carryout services
	Port operations
	Nautical services
	Ship Inspection
	Stevedore services
	Port Entry & Departure
	Transshipment operations
	Fumigation services
	Unloading and loading
	Tally Services
	Cargo Delivery workflow
	Billing for port handling
	Warehouse & port handling service
	Pilot and Tugging services
Regulatory Services	Conveyance reporting
	Advance Regulatory reporting
	Goods declaration for export
	Goods declaration for import
	Goods Release authorization
	Cargo Reporting of export
	Cargo Reporting of Import
	Regulatory product Certification
	Regulatory inspection – e.g. Veterinary
	Regulatory licensing services
Technical Services	Security screening services
	Electronic Messaging Services
	Application to application services
	Business computing services
	webhosting services
	Identity management services
	Certifying authority services
	Information security services

ANNEX 6: COORDINATED BORDER MANAGEMENT

One Stop Border Posts (OSBP)

In line with all new initiatives it is important to ensure that the appropriate building blocks have been put in place in order to facilitate the success of the initiative. Both PPP and One Stop Border Posts (OSPBs) are relatively new initiatives in trade facilitation and, at the time of writing there are relatively few practitioners who are both familiar with both PPP and OSBP. This guidance assumes an understanding of OSPBs but identifies the key elements that need to be considered and addressed in order to facilitate a successful PPP.

Enabling environment

One Stop Border Post (OSBP) operation requires a firm legal framework and involves linking policy, appropriate international legal instruments, revised domestic legislation, implementing regulations, together with procedures and processes, to enable the extra-territorial exercise of powers, discharge of duties and application of regulations, standards and compliance / control regimes. Ideally, this should all be in place prior to OSBP operations.

The nature of the legislative framework is critical, and will be key in determining the attractiveness of a PPP to a potential PPP operator. If the OSBP is to be provided through a PPP then the legislation must be drafted in such a way that explicitly states:

- the identity of the contracting authority or authorities,
- the scope of the service that the private sector may be asked to provide,
- the specific duties to be undertaken on behalf of the public sector, and
- the responsibility taken by each party for different aspects of the service.

An OSBP may require a country agency to apply regulations in the territory of another, thus requiring a bi-lateral agreement, regional convention, treaty, protocol or similar act (e.g. the East African Community's OSBP Act), which covers the powers of the agency personnel with an 'at the border' remit, allowing the interruption of international supply chains; the territorial extent of their writ; cross designation of responsibilities; the scope of the arrangements; the modality of applying controls; and, possibly, risk profiling and management. All of this needs to be considered in deciding the overall scope of the service that may or may not be contracted out to the private sector and the extent to which the private sector may have to operate in joint teams with the public officials.

It may be preferred to simply outsource to the private sector the underlying support services and for the contract to be scoped as a Design Build Finance Operate Transfer for the underlying accommodation service rather than providing for any of the front line customs service and its associated ICT. Regardless of whether the private sector is providing front line services it will need to have certainty and clarity regarding:

- the contract itself,
- the public sector partners to the contract,

- each parties obligation and responsibilities,
- the payment and performance régime,
- how government intervention or legislative programme could impact on its ability to make a reasonable return, and
- arrangements between third party contractors that could impact on income.

Effective OSBP operation also requires appropriate institutional arrangements be put in place. These should include structures for the involvement of relevant public and private sector stakeholders in the redesign of procedures and processes, and continuous improvement thereafter (e.g. a Joint Border Post Committee) to ensure a level of sustainable buy-in and ownership of the new approach. Three topics are important here :

- The relationship between such a Joint Border Post Committee and a PPP private sector operator needs to be clearly articulated in the governance arrangements
- The potential for any conflict of interest between Private sector users and PPP operators needs to be avoided
- The potential for the Private sector users to apply undue pressure on the PPP service Provider also needs to be considered.

There should also be embedded governance structures for ‘at the border’ inter-agency cooperation, both domestically and cross-border, to build institutional trust and there needs to be a shared mission between PPP Operators, OSPB Agency personnel and sponsoring governments. As with any PPP there is a need to identify :

- strong sponsorship in each of the participating territories
- strong political and technical desire to embed the changes made
- An inter-agency collaborative border management model to be established

This is critical for designated trade/transport/transit corridors to be effective and to enable the improvement of trade facilitation for market integration. Specifically with regard to transit corridors the private sector will only find contracts attractive if clear decisions have been made regarding :

- the financing of road building and maintenance programmes, and
- who will be responsible for the collection, allocation and use of monies, and
- the strength of mandate of the managing authority and its ability to fulfil that mandate.

Those decisions are considered be reasonable and fair and that the private sector can potentially make a profit.

Procedures

Operationally Well-implemented OSBPs constitute a new operational environment approach to border management, with combined control and facilitation activities and potentially a shared risk management and data exchange system. OSBPs assume a single framework to cover the official procedural requirements for each country - one combined set of control and facilitation activities making best use of modern technology and techniques. Governments may also agree :

- to joint operational teams,
- permit joint risk analysis and profiling, and/or
- share exchange of transactional data depending on the degree of integration with which they are comfortable.
-

Moving away from the conventional approach to border management, therefore, requires adjustments to border agency procedures and processes to ‘transition’ from the ‘as is’ position to the OSBP operational environment. Business Process Redesign (BPR) is central to effective OSBP operation.

Using BPR helps to analyse and harmonise data, documentation, procedures and processes of the respective border agencies for OSBP operation, particularly for electronic data transference. This can be done at the national level, or as a joint exercise between countries, potentially increasing the efficiency gains for both sides. This is something that can be done :

- prior to the introduction of the private sector,
- As part of the process itself
- Subsequent to the service being outsourced (and allowing for the PPP Partner to deliver business change).

Infrastructure and Equipment

Conversion of a conventional border crossing point to OSBP operation may require a certain level of investment in the physical structures and in equipping the border post appropriately (e.g. ICT, cargo handling and inspection equipment). How a border post is physically configured and equipped can help or hinder OSBP working. In particular, from a trade facilitation point of view, it is critical that, when necessary, consignments and their conveyances can be detained in a secure area without interrupting main traffic flows.

Under a PPP arrangement the private sector may be invited to design build operate and maintain such a facility, (although this may not include the user facing transactional/frontline services). It needs to be agreed between the parties the extent that the private sector operator is held responsible for the design risks. The PPP may not be considered to be attractive if the extent of the design risk causes it to be held responsible for reduced governmental income, or reduced traffic flows.

Another example is the configuration of office space, which can impact positively or negatively on practical, day to day, inter-agency cross-border cooperative working. When contemplating the design of the physical layout for OSBPs it is important that it should reflect the BPR process / procedures flow, not vice-versa—that is, that the functionality be determined by procedures. This would suggest that the BPR exercise should

- Precede any PPP procurement process
- Be part of the procurement process (unless it over complicates the procurement itself)
- Follow the selection of the PPP service provider (but thereby delaying the finalisation of designs and the operational date before which the PPP service provider may receive income from services delivered).

One way of mitigating this last impact would be to engage the successful PPP service provider and to undertake the BPR exercise as part of an inception phase for which they may specifically receive payment.

Information and Communications Technology

Border management is based on receiving, analysing, processing and sharing information. Selecting, implementing and operating the most appropriate ICT systems that also provide for wider governmental connectivity are essential to maximising efficiency and effectiveness, both domestically and internationally, between the various agencies operating at the border. This is particularly so in respect of the control zone where there are joint border operations.

Ideally, the ICT required for OSBP operation should be carefully planned from the outset, and the adoption and implementation of systems should reflect revised border procedures and processes that have been simplified and harmonised, and designed to be compatible with OSBP / Joint Border Post (JBP) operation, following a preceding business process redesign exercise.

Whilst it is clear that each government and agency involved must have access to data, an overarching (although possibly simple) ICT strategy needs to be agreed. For example should the PPP operator implement their own systems regardless of the ability to communicate with client agencies and governments.

In terms of access to ICT system data by the cooperating agencies at OSBPs, options range from, for example, enabling read-only access to other agencies' systems by vetted staff, to more complex solutions, such as 'Single Window' and joint risk management modules, depending on the degree to which the agencies and governments involved are comfortable with cooperative working. As part of the strategy it needs to be agreed whether the PPP service provider

- will take on some or all of the ICT services and implement its own compatible systems
- will be required to take on some or all of the ICT services but implement systems as specified in the ICT strategy
-

or whether an existing or fourth party ICT Service Provider(s) is/are required to deliver to the ICT services at the OSBP.

Staffing and Capacity Building

Rules of engagement and Relationship Management between the different public and private sector operators need to be devised, communicated and followed. Relevant border agency personnel (e.g. Customs, Health, Police, Forestry, Veterinary, Immigration, Standards) as well as the PPP service provider and their staff must be comfortable with the new operational approach and with working to the new procedures, processes, systems and culture. Therefore, as part of an overall change management strategy, it is important to identify and plan the capacity strengthening needs of the main stakeholders that are impacted

- by implementing an OSBP operation and
- contracting with the private sector to provide a range of services.

In the interests of sustaining and embedding change, a training and personnel development programme should be developed taking into the changed needs and responsibilities for ensuring operational delivery (eg from the public sector being a service provider to being a contract manager). Dependant on the services outsourced and local attitudes to PPP it may be necessary to tailor stakeholder education and training to fit the countries and operations concerned.

Payment models

Regardless of whether the PPP service provider is engaged in frontline activities or not, the service provider should not be seeking to collect payment for their services directly from income collected from Users of the OSBP. This can create a perceived if not actual conflict of interest where Users of the OSBP believe that the operation of the facility is being managed in order to generate higher income for the PPP Service Provider rather than to operate an effective service on behalf of the customs services involved. Therefore where the PPP service provider may be providing Frontline/Operational (which is the more understandable term) services, it is more appropriate for the PPP service provider to hand over all receipts to the Contracting Authority and for a separate “net payment for services received” to be made back to the service provider (ie payment based on a suitably transparent and auditable performance model comprised of appropriate availability and performance elements).

ANNEX 7: SPECIAL LEGAL AND CONTRACTUAL CLAUSES

- | | |
|---------------------------------------|---|
| 1 Contracting Parties | This will clearly state the contracting parties, which on behalf of the private sector may be in the form of a special purpose vehicle. The public sector may be an inter-government agency, it is important to ensure that the legal jurisdiction that applies is articulated in the contract. |
| 2 Indemnities and gaurantees | It is normal for parent company guarantees to be sort by the Authority and indemnities to be provided. |
| 3 Services Required | The Authority Requirement (this has precedent over “Services to be Provided”). |
| 4 Services to be provided | The Service Provider’s Response. |
| 5 Payment and Performance | Contract specific negotiation about performance regime. |
| 6 Direct Agreements | Agreement between the Public Sector with Funders in the event that the service provider fails and the funder has to step in to run the business for a period. |
| 7 Contract Change | Contract change mechanism that simplifies the contract change process |
| 8 Dispute resolution | Pre-agreed process using project governance structures mediation and experts to resolve disputes. |
| 9 Condition Surveys | Mechanism to ensure that there is a asset status baseline at he outset of the contract (if the serve involves refurbishing existing assets and at the end of the contract to establish the need for any dilapidation payments to be paid, or renewal works to be undertaken by the service provider. |
| 10 Acceptance of any underlying Asset | The authority should not “accept” the underlying asset as this would suggest that the asset is of sufficient quality thereby removing the design and build risk from the service provider. Instead a third party expert should be jointly appointed to assess that certain pre specified tests have been undertaken and that he outcome has been successful enabling the building to be occupied and the services to begin. |
| 11 Ownership of Assets | The contract should clearly state who owns the asset and on what basis. |
| 12 Ownership and Use of Data (ICT) | The conditions under which the private sector may collect, host,share, manipulate and dispose of data must be clearly articulated. It is important that the data is also held in manner that is accessible and readable to the authority in the event that the service provider suddenly ceases to provide the service. |
| 13 Condition of Assets | Any requirements associated with the condition of he asset when it is transferred (back) to the public sector |
| 14 Public Sector Audit Rights | The authority needs to retain the right to inspect and audit all records associated with the projects. The service provider should be charged with keping the records in good order and make them easily accessible. |
| 15 Governance | A proper governance structure needs to be articulated in the |

- contract and then adhered to. The structure should allow for simple service changes to be rapidly agreed at minimal cost, consider and agree the level of performance of the project and confirm the payments to be made.
- 16 Exit Clauses The contract should include specific arrangements with regard to what should happen in the event that the Service provider wishes to terminate the contract early or at term. As mentioned above the contractor may be held to certain clauses requiring the facilities to be maintained to a certain standards.
- 17 Possible clauses re transfer of staff Depending on the jurisdiction and the nature of the service, there may be a need to transfer staff from the Authority who are already engaged in delivering the service as public employees to the private sector entity or other private sector entity.
- 18 Risk Schedule A risk schedule needs to be included in the contract that clearly allocates risk to the relevant party. The schedule needs to be developed to a sufficient level of detail so that it can be used as a tool for identifying the party responsible for taking responsibility in order to rectify a problem when it occurs.

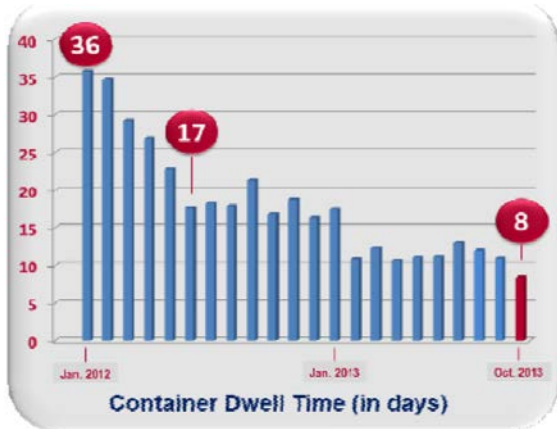
CASE STUDY
PPP for the Implementation of a Single Window
in Benin – Cotonou
Bureau Veritas BIVAC - SOGET
Date : 14/01/2014


Business Trade Context	
Please describe the business context / need to be addressed when opportunity to set a PPP occurred. What were the objectives?	<ul style="list-style-type: none"> • International Trade Facilitation • Monitoring of Corridors of Transport of Goods <p>Financial purposes for technological platform and operations on behalf the Authority.</p> <p>The port of Cotonou, Benin, faced severe operational challenges in clearance process and transit time. This was clearly damaging its competitiveness. Port Authority of Cotonou, with the support of the Ministry of Maritime Economy, has launched the implementation of an electronic Single Window. The need for a single window emerged with three prime objectives:</p> <ul style="list-style-type: none"> - to reduce the transit time of goods and associated costs, enhancing the performance of the Port of Cotonou - to improve the transparency and efficiency of the whole logistic and administrative process for goods transiting through the Port of Cotonou (import, export, transit and transshipment regimes), - secure customs revenues for the Republic of Benin (52% of government revenue) as well as those of other public actors and major private stakeholders <p>The government of Benin has selected a PPP approach to support the implementation of the Single Window initially at the Port, with extensions to a national scope (airports and land borders).</p>
What is the scope of the PPP? What type of Trade Facilitation program is supported with this PPP?	<ul style="list-style-type: none"> - Single Window Concession for global facilitation of the supply chain at import, export, transit and transshipment. - Public and Private Stakeholders. <p>The PPP has been decided to deliver and operated initially a Port Single Window but is now being extended along the logistic chain.</p> <p>The main features are:</p> <ul style="list-style-type: none"> - Implementation of a system allowing a complete automation of all processes and formalities relative to the transit of ships and goods (import-export-transit) at the port of Cotonou (with possible geographical extensions), - System / datacenter: hardware and software developing and local implementation; permanent management of the system H24, - Project management through the project structures /committees and workshops, gathering all the concerned stakeholders (private and public), - Building of interfaces in order to allow electronic data interchange (EDI) with existing stakeholder's systems, - Training of all users, - Permanent customer support, - Diffusion of technical information towards the Port community, - Issuance of a final "single invoicing summary" (BFU), - Collection of fees and taxes on behalf of the stakeholders, - Production of statistics for Government use.
What is the current stage of plan of this project? Designing, implementing or running?	Running with extensions of scope
How is sustainability managed within the PPP?	The sustainability is ensured through the transfer of property, operations and management of the single window platform to a global partnership between private and public stakeholders within the framework of a concession.

Details of the solution (PPP in place)	
What type of PPP is being put in place? (please check the appropriate type)	<input checked="" type="checkbox"/> _ Concession <input type="checkbox"/> _ Build – Own – Operate <input type="checkbox"/> _ Design – Build – Finance – Operate <input type="checkbox"/> _ Lease – Develop – Operate <input type="checkbox"/> _ Build – Finance <input type="checkbox"/> _ Operate – Maintain <input type="checkbox"/> _ Other.....
Who are the parties involved in the PPP?	The Single Window in the Port of Cotonou has been successfully rolled out by SEGUB, a semi-public company (public-private partnership between two private companies, Bureau Veritas BIVAC – SOGET. Consortium, and the Ministry of Maritime Economy, Maritime Transport and Port Infrastructures).
What types of risks have been identified? How is the risk shared between parties of the PPP?	<p>Within SEGUB, the private companies have taken most of the Financial risk / investment. The return on investment has been conditioned to the successful implementation. With such mechanism, the public partner could have a strong commitment from the private partners. The public partner was at risk already with:</p> <ul style="list-style-type: none"> - the possible consequences of an unsuccessful implementation of the Port Single Window on the economy of the country, - the possible complexity of changes involved that could put bring difficulties in changing some procedures
What is the duration of the implementation of the project? What is the duration of running/monitoring the project?	<p>The PPP has been agreed for 10 years.</p> <p>The implementation phase has taken 10 months including an initial 6 months pilot.</p>
What is the general initial budget of the project? Is there an aspect of revenue generation?	Confidential information
What is the business model behind this project?	<p>Capital and Operational expenditures are covered by Bureau Veritas BIVAC, the leading concessionaire. The return on Investment is based on a transaction fee per operation during the concession period. As a consequence no public financial resources are required whilst it provides a strong incentive for the PPP's efficient operations and quick results.</p> <p>SOGET charges a supplier service to Bureau Veritas BIVAC for its trade & technological expertise throughout the implementation.</p>
What is the role of each partner? (possibly including a governance structure).	<p>The Ministry of Maritime Economy is the decision-maker but uses a representative committee of major stakeholders impacted by the change before making decisions.</p> <p>Bureau Veritas BIVAC leads the overall project and the overall PPP, including financing. Technical tasks (such as: studies, training support and software development) of the implementation are subcontracted to SOGET.</p>
Legal Context	
Please underline main aspects of legal agreement between the partners of the project. (terms of contract, scope of project, revenue collection / guarantee of revenues, ownership of physical goods, etc.)	<p>10 years concession:</p> <ul style="list-style-type: none"> - implementation and operation of the system at the Port of Cotonou, with possibilities of geographical and functional extensions, - operation through a local entity, managing a data center and a customer care service, - management of the project implementation and follow-up structure - provision of communication and training towards the stakeholders and the business community in general, - management of technical evolutions according to the needs during the term of the agreement - revenue collection through a single “invoicing summary” document for the main stakeholders, including the concessionaire itself. - possibility of handing over the physical goods at the end of the contract, where the contract is not renewed
Legal Context (Continue)	

How are exit strategies managed within the PPP?	The contract allows a handing over of equipment property, software licenses and operational staff's contracts in case the customer wishes to operate himself the system at the end of the contract.
How are Intellectual Property Rights owned and protected within the PPP?	The Intellectual Property Rights remain the ownership of the concerned softwares editors.
Implementation (of the PPP)	
What is the lead agency within the government? (for example, Customs Administration or Transport Administration... not just "French Government")	The lead agency is The Ministry of Maritime Economy, but the project is highly visible to the President, quite involved as a sponsor.
Are there multiple private partners? Is there a lead among these partners?	There are two private partners, Bureau Veritas BIVAC and SOGET. Bureau Veritas BIVAC leads the overall project and the overall PPP. Technical tasks (such as: studies, training support and software development) of the implementation are subcontracted to SOGET.
What has been the procurement process to select and confirm the parties involved? What has made a difference in partners' selection?	<p>After an international call for tenders the Bureau Veritas BIVAC – SOGET consortium has been awarded the concession.</p> <p>Partners' joint expertise in trade facilitation programs and added value services to Port Authorities, Port Communities and Customs Authorities have made the difference in the selection process, plus a strong expertise in foreign trade in Africa for more than 20 years.</p> <p>Bureau Veritas BIVAC has selected best in-class option to provide the most adapted IT solution to support this major change. Difference has been made on references and experience of similar needs implemented at benchmark level.</p>
<p>Please provide more details about the governance of the PPP. How are stakeholders involved? How is the efficiency of the PPP ensured?</p> <p>How are decency and transparency maintained within stakeholders? How are accountabilities distributed?</p>	<p>The project organization involves 2 high level managing committees, 3 working commissions and as many working groups as needed:</p> <ul style="list-style-type: none"> - The « Supervision committee », in charge of supervising the project at "political" level and providing governance. This committee comprises the ministers directly concerned by the project. - The « Steering committee », in charge of managing the implementation of the Single window at Stakeholders level. Led by a representative of the Government and driven by the concessionaire, this organization comprises a high level representative of each entity involved. - The "Change management", "Procedures", and "Training" commissions. <p>According to the needs, each commission created and managed working groups in charge of studying in detail all technical issues within specific workshops and executing the necessary actions at stakeholder's level for allowing the progression of the project. The concessionaire was in charge of supporting and conducting The Steering Committee met regularly during the implementation phase, as often as needed. Detailed meeting reports were made systematically, which allowed any stakeholder and authorities to be officially aware of the accurate situation and necessary detailed actions, including the progression of the project, the actions required from each stakeholder and the project next steps. The leading representative of the Government was especially in charge of ensuring the cooperation of all stakeholders and raising any significant issue at Supervision Committee level, mainly where new regulatory decisions were necessary.</p> <p>Good practices on methodology are circulated, especially matching a strong communication plan.</p>
Please provide more details about the policy of the PPP. Are there specific objectives? Specific rules to ensure sustainability of the compatibility between parties?	The Single Window requirements included the evolution of the system according to the needs and constraints of different stakeholders, as far as the said evolutions were consistent with the common objectives and approved by the executive committees of the project.

Outcomes and practical results	
What is the governance structure?	<p>The project organization involves 2 high level managing committees:</p> <ul style="list-style-type: none"> - The « Supervision committee », in charge of supervising the project at “political” level and providing general governance. This committee comprises the ministers directly concerned by the project. - The « Steering committee », in charge of managing the implementation and follow-up of the Single window at Stakeholders level. Led by a representative of the Government and driven by the concessionaire, this organization comprises a high level representative of each entity involved.
What are the operational processes of the project? (How do partners interact more-or-less on a daily basis within the framework of the agreement? Regular meetings, reports for example.)	<ul style="list-style-type: none"> • A committee led by The Ministry of Maritime Economy makes the decisions. Frequent meetings are scheduled to manage the project life. During implementation phase this committee gets inputs from other commissions focuses on some specific topics (i.e. training, processes, change...) • Bureau Veritas BIVAC leads the projects, animates commissions and committees and coordinates with SOGET the delegation of some technical tasks. A strong project organization is in place both locally and remotely from head offices to support all aspects of usual major change management projects. Processes aligned on ITIL & Lean Management approaches are in place to make sure the project sticks to its objectives from its very beginning and day after day. The reduction of the transit time of goods through the Port of Cotonou was one of the clear objectives of the implementation and operation of a Single Window through the Public-Private Partnership. The operational implementation has been delivered through a typical Trade Facilitation Approach. • An initial business process analysis (BPA) leading to decisions in terms of target process • A continuous participation of all Port Community stakeholders through • dedicated committees. • A parallel evolution of procedures and regulations to adopt the change. • Training to more than 2000 people. • The continuous search for simplification and electronic processing • Automation of the exchanges whenever possible • The use of standard exchange messages whenever applicable (in particular with maritime companies) • The constant adaptation to the new requirements of the Government concerning the integration of the foreign trade items such as land borders, airports, etc. • The public-private operator is also running the service as a concession • once implemented. The good principles are still running with an animated • community whose leader is the concessionaire in permanent liaison with the relevant Authorities.
Is capacity building an aspect of the project? Is it desired outcome? How is this organized? (during the life of the project or especially at the end of the project – training, delegation, technical assistance, maintenance licenses...)	<p>Capacity building is part of the project, both at the level of Port / logistic community (more than 2000 people trained) and at the level of the concession itself (when partners leave, the entity must remain sustainable).</p> <p>Bureau Veritas BIVAC commits on setting up a concession mainly with local people who get trained and evolve with the project in order to make the organization sustainable. These people are not trained as an output of the project implementation but as a mean, i.e. the successful implementation is an indicator of the robustness of the organization. Maintenance licenses (including technical assistance) are transferred at the end of the concession.</p>

Outcomes and practical results (Continue)	
How is promotion and communication organized?	<p>The communication plan is totally part of the overall project. Target audiences are identified as well as events. Use of all media can be mobilized. Political support at the highest level, led by the President himself. Some factors are also key for promotion & communication of change:</p> <ul style="list-style-type: none"> • Creation of a website constituting the reception desk of the Single Window system: <ul style="list-style-type: none"> · Ensuring promotion among the national and international stakeholders · Providing real-time information to the general public · Easing access to the very site of the tool <p>It contains public pages and secured pages accessible with login and password.</p> <ul style="list-style-type: none"> • Close relationship between the Single Window operator, professional organizations and trade-unions • Pro-active B-to-B campaign to promote the project and convince the port community. • Significant publicity campaign via popular medias (TV, radio, newspapers) • Creation of a formal dialogue structure to reach consensus on those key procedures • Development of training plans and training of 2000+ users. • On-going procedure reviews to maintain the level of training of final users.
What are the tangible benefits of the implementation of this PPP?	<p>Gain of money, gain of time:</p> <ul style="list-style-type: none"> • productivity (administrative tasks) • efficiency (strong technology) • autonomy / flexibility (file management) <p>The project exceeded the three objectives, as it radically changed the way the port community was working. Rapid information exchange, coupled with accurate performance indicators has reduced dwell time from 5 weeks to less than 8 days as shown below.</p>  <p>In May 2013, the Port Authority of Cotonou received the IAPH* 2013 Gold IT in recognition of the successful implementation and operation of the Port Single Window.</p> <p>* International Association of Ports & Harbours</p> <p>Through the use of the Single Window, all traffic through the port can be monitored from container dispatch up to on-board manifest. Tracking shipments in this manner enhances the safety and security in line with the WCO SAFE guidelines. Single Window has allowed procedures to be redesigned resulting on solving difficult operational issues: considerable traffic congestion, even on the city streets, was created by the lack of transport management, with parked trucks paralyzing the traffic flow. There were no effective controls on transport and as a result Freight forwarders found it difficult to schedule transport delivery. The truck appointment system module of the Single Window, together with the building of a new parking facility by the Millennium Challenge Corporation, has successfully brought this situation to an end. The Single Window enables the port access managers to easily control inwards and outwards truck movements. Besides initially being a port single window, it has been deployed to other</p>

international trade information flows such as export, transit, land borders...	
Lessons learnt	
What have been the greatest obstacles when preparing the project?	Prejudices against the Single Window, relative to ignorance regarding the objectives and features of the system.
What have been the greatest obstacles during the project?	Change management was difficult as expected, but could be overcome thanks to the strong project management structure (committees) and the efficient support of the highest Authorities.
What have been the success factors when preparing the project?	Mainly the project structure (in place from the beginning), involvement of all the stakeholders, regular committees and constant reporting, a wide and strong communication, as well as a permanent political support.
What have been the success factors during the project?	Same as above.
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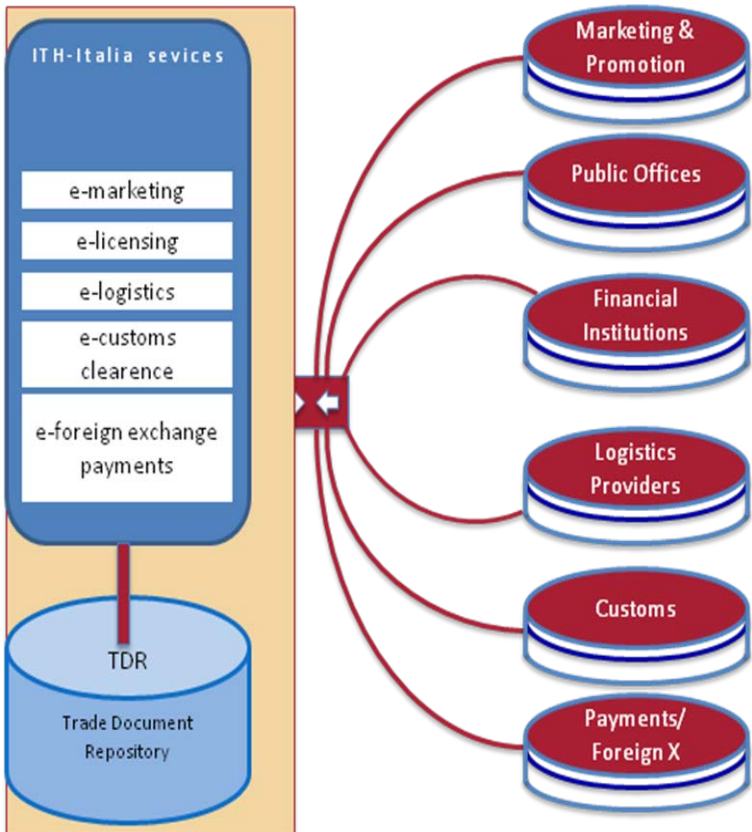
CASE STUDY

PPP for the implementation of International Trade Hub Italia (ITH) in Italy

Date : 29.10.2014

Business Trade Context	
<p><u>Please describe the business context / need to be addressed when opportunity to set a PPP occurred. What were the objectives?</u></p>	<p>Main reason: <u>Facilitation of international trade is a goal for the Government and a necessary service for the companies. BECAUSE IT BRINGS ECONOMIC GROWTH</u></p> <p>Facilitation as part of general policy for simplification. Italian Gov. Act for Simplification (27 January 2012)</p> <p>Digitalization as one of the main tool for simplification in order to:</p> <ul style="list-style-type: none"> • Reduce bureaucracy • Speed up procedures • Abolition of unnecessary rules <p>The need for an international trade platform emerged with three prime objectives:</p> <ul style="list-style-type: none"> • To reduce transactions and internationalization costs for companies, providing a single access point (single window) to relevant information, services and procedures in the phases of trade and internationalization; • To improve transparency and efficiency of the whole administrative and logistics procedures and authorizations needed to go internationalize. <p>To facilitate the research for business opportunities, business partners and the opening of new markets abroad.</p> <p>Italian SMEs are more than 4.5 millions (99%), covering 2/3 of the GDP, but less than 180,000 are export Companies (only 4% of the total).</p> <p>Main reasons why only 4% of SMES are export oriented are the lack of information, they ignore the actions needed to internationalise, how to select market/international distribution, what kind of information they need and where to find them, therefore there is a need to help companies to customize their own export business plan.</p> <p>In light of the above, the Government of Italy (the Ministry of Economic Development) has elected a PPP Hybrid approach to boost the implementation of a trade facilitation platform to support Italian companies and mainly SMEs to internationalize.</p>
<p><u>What is the scope of the PPP? What type of Trade Facilitation program is supported with this PPP?</u></p>	<p>The scope of International Trade Hub-Italia (ITH-Italia) PPP is about to set up an innovative and technologically advanced tool to allow companies to compete and succeed in the globalized economy.</p> <p>This international trade hub is more than one stop shop or single window as it integrates all the processes related to import-export activities and internationalization quoting UNCEFACT “<i>By the end of this decade, all the major IT HUBs will be interconnected</i>”.</p> <p>The main targets connected to the project are:</p> <ul style="list-style-type: none"> • COSTS REDUCTION – (Hidden costs of international transactions) • MORE COMPETITION <ul style="list-style-type: none"> ○ Less Bureaucracy ○ More Efficiency • MORE ATTRACTIVENESS for Foreign Direct Investments • LESS DELOCALIZATION of Italian companies abroad
<p><u>What is the current stage of play of this paper? Designing, implementing or running?</u></p>	<p>The preparation phase (within the implementation phase) is completed and now, after the pilot phase, the Platform went successfully through the final test.</p>
<p><u>How is sustainability managed within the PPP?</u></p>	<p>The private sector gives its contribution through the fees that each company pays to enter the platform.</p> <p>The system implementation will be self-financed from the monthly revenues generated by users fees.</p>

Details of the solution (PPP in place)	
<u>What type of PPP is being put in place? (please check the appropriate type)</u>	<input type="checkbox"/> _ Concession <input type="checkbox"/> _ Build – Own – Operate <input type="checkbox"/> _ Design – Build – Finance – Operate <input type="checkbox"/> _ Lease – Develop – Operate <input type="checkbox"/> _ Build – Finance <input type="checkbox"/> _ Operate – Maintain <input checked="" type="checkbox"/> Other... Design, Finance, Operate, Maintain.....
<u>Who are the parties involved in the PPP?</u>	18 Partners: MISE (Ministry of Economic Development), MAE (Ministry of Foreign Affairs), Finance Police, ICE-Agenzia , SIMEST, SACE, Regione Marche (representing Italian Regions system), Confindustria, Confcommercio, Consorzio CBI-ABI, Confapi, Invitalia, Assocamerestero, AICE-Associazione Italiana Commercio Estero, Retitalia Internazionale, Credimpex-Italia, ICC-International Chamber of Commerce Italia.
<u>What types of risks have been identified? How is the risk shared between parties of the PPP?</u>	<p>Political risks: the main partners involved in the project are governmental entities. Political sensitiveness towards ITH project can change as a consequence of political cycle.</p> <p>Funding risks: public funding allocation to the project is due to cover the "start-up phase". The fully-operational phase should be self-sustained by the participation fees paid by private companies.</p> <p>This kind of risk is strictly connected to "Demand risks": the "break-even-point" of self-sustainability requires the application of av. 10,000 companies.</p> <p>Design and performance risks: the operability of the ITH project has been tested via a "Beta test" addressed to a sample of companies. Nevertheless, effectiveness of the ITH platform can be carefully and fully tested only in the long term. Effectiveness of the project will be directly affected by the interest of companies to confirm the usefulness of the service provided by ITH in the following years.</p> <p>Operating risks: depend on the effective commitment of partners to share with the others their know-how and any other relevant information. Partners will be responsible for regular updating and upgrading the flow of information recorded and the provision of services.</p> <p>Industrial relations risks: Such risks could be generated in case of divergent outcomes among partners due to a poor sharing of interests and unbalanced commitment among partners.</p> <p>In the Value for Money assessment all the costs regarding the initial investment, the maintenance and the upgrading of the project have been considered. The assessment covered the whole life of the project.</p> <p>The intended outcome of the ITH is considered to be a net gain for the Italian SMEs community and for the overall performance of the Country in terms of GDP growth.</p> <p>Economic indicators included in the economic impact study are: export growth in terms of increased value over the following three years since the project will be full operational and the increase in the number of new exporting SMEs in the Country.</p> <p>Other indicators are: direct and indirect costs reduction of administrative and custom procedures.</p>
<u>What is the duration of the implementation of the project?</u> <u>What is the duration of running/monitoring the project?</u>	<p>The institutional stakeholders provide the implementation of the project for the first 3 years. After the third year of public funding, the project will be self-sustainable.</p> <p>Assumed sustainability flat affordable rate per year per beneficiary company to cover main maintain costs of the project.</p>
<u>What is the general initial budget of the project? Is there an aspect of revenue generation?</u>	Confidential Information

<p><u>What is the business model behind this project?</u></p>	<p>Trade facilitation does not have a business model properly for the public entity (MISE). Streamlining of public sector assistance for internationalization of Italian companies through the tool “single window”.</p> <p>The <i>International Trade Hub-Italia</i> (ITH-Italia) is the digital web based tool that can facilitate trade, increase competitiveness, and promote the internationalization for SMEs by :</p> <ul style="list-style-type: none"> - The conversion every single doc from paper to digital version, - from e-marketing to the e-customs clearance; - through e-logistics, - e-payment, and - e-certification. <p>As an ultimate result, by creating a TDR (Trade Document Repository), the system records and maintains electronically all docs and data with legal validity.</p> <p>Therefore, the business model behind the PPP project is to create an on-line system able to allow companies to make transactions with legal validity. Additionally, to reduce time and costs connected to business transactions.</p> <p>The main idea behind, is to create a single “International trade system” connected with the other international trade hubs.</p>
<p><u>What is the role of each partner? (possibly including a governance structure)</u></p>	<p>The public partner, MISE, is the decision maker and the budget owner. The project is in process of identifying the implementing agency,</p> <p>COMPANIES/OPERATORS</p> 
<p><u>Please list a website when available</u></p>	<p>It will be under the ITH Italia Website (www.ith-italia.it)</p>

Legal Context	
<u>Please underline main aspects of legal agreement between the partners of the project. (terms of contract, scope of project, revenue collection / guarantee of revenues, ownership of physical goods, etc.)</u>	<ul style="list-style-type: none"> - ICT PPP project in Trade Facilitation (TF). - Project MoU (Memorandum of Understanding) between MISE and the 18 partners - National Committee on TF structure - Private companies participation and contribution to the project is limited to the management of the services provide by the Website - Users will pay a yearly fee to cover the costs of the services - Financial resources to build the ICT are provided by the public partner. which has also attracted bank association, Consorzio CBI-ABI, to sustain the project.
<u>How are exit strategies managed within the PPP?</u>	This is a pending point to agree within the partnership, because the project is in the stage to identifying the implementing private partner and agree these details.
<u>How are Intellectual Property Rights owned and protected within the PPP?</u>	<p>All the information are public available on partners websites and remain the ownership of the party concerned.</p> <p>Disclaimer of usage of information only for the aim of the project.</p> <p>Confidentiality policy about companies information.</p> <p>The main responsible of keeping data of the users confidentially will be the implementing agency.</p> <p>The partners are allowed to use the data of the users only to provide the services that are within the scope of the project.</p>
Implementation (of the PPP)	
<u>What is the lead agency within the government? (For example, Customs Administration or Transport Administration... not just "French Government")</u>	The Lead Agency is the Ministry of Economic Development of Italy – Directorate General for Internationalization and Trade Promotion.
<u>Are there multiple private partners? Is there a lead among these partners?</u>	There are mainly institutional partners, private partners are partners within a private structure, but public assets. The project will have only one leader (the Lead Agency). The project is still in the process to choose the implementing agency, which will be a single partner within the project.
<u>What has been the procurement process to select and confirm the parties involved? What has made a difference in partners' selection?</u>	Considering the specific peculiarities of this PPP hybrid approach, the partners selection has been done on the basis of their main role in the internationalization scenario in Italy according to their institutional functions. Each and any of the partners selected, has been identified on the basis of its institutional and functional roles. The procurement process will be launched in order to select the implementing agency.

<p><u>Please provide more details about the governance of the PPP. How are stakeholders involved? How is the efficiency of the PPP ensured? How are decency and transparency maintained within stakeholders? How are accountabilities distributed?</u></p>	<p>On the basis of UN/CEFACT Recommendation N°33 and following the 2nd International Conference about Trade Facilitation (14th UN/CEFACT FORUM) a “Standing Committee” on Trade Facilitation was set up by the Italian Ministry for Economic Development on December 2009.</p> <p>In February 2011, it has been signed a Memorandum of Understanding (MoU) between the Ministry of Economic Development, and the Italian Banking Consortium (CBI) of the Italian Banking Association (ABI). After the signature, the constituency parties left room for other “Interested Parties” to join the MoU. The “Standing Committee” on Trade Facilitation, recently renamed as “National Committee” on Trade facilitation, involves all the project partners and it is organized in four Working Groups:</p> <ol style="list-style-type: none"> 1. The Working Group Operators’ problems 2. The Working Group Financial Services 3. The Working Group Interoperability 4. The Working Group Aid for Trade <p>The “National Committee” on TF is in charge of bringing good governance and transparency in the project and among partners. It also coordinates the respective actions and initiatives to achieve common goals by calling regular meetings, and exchanging experiences and best practices of the different sectors within the working groups.</p>
<p><u>Please provide more details about the policy of the PPP. Are there specific objectives? Specific rules to ensure sustainability of the compatibility between parties?</u></p>	<p>The specific rules to ensure sustainability are embedded in the following principles:</p> <ul style="list-style-type: none"> - Developing the Trade Facilitation policy - Setting up the Service Agreement among partners - Sharing information and relevant data
<p>Outcomes and practical results</p>	
<p><u>What is the governance structure?</u></p>	<p>The governance structure of ITH Italia includes two Committees:</p> <ul style="list-style-type: none"> • The Steering and Coordination Committee; and • The Technical Committee. <p>The main operational areas and related processes of ITH Italia are:</p> <ul style="list-style-type: none"> • Relationship Management among the Steering and Coordination Committee, the Technical Committee, the ITH Italia Management Organization, and partners organizations. • Management of the information flow to support decisions and strategies implementation. • Risk management and problem solving management. • Communications management. • Change management. • Strategic and operational planning.
<p><u>What are the operational processes of the project? (How do the partners interact more-or-less on a daily basis within the framework of the agreement? Regular meetings, reports for example.)</u></p>	<p>The partners’ participation in the operational processes is regulated by Service Agreements among the ITH Italia Management Organization and Partner Organizations. These Agreements regulate:</p> <ul style="list-style-type: none"> • the set of technical and organizational solutions for which partner’s information and services are made available, in whole or in part, through ITH Italia; • the information supply chain and the communications responsibilities needed to ensure the effectiveness and efficiency of the services provided by ITH Italia. • The Service Agreements also defines: • the roles and responsibilities of the parties; • the methods (both tools and formats), and the frequency of communication between the parties involved; and • the control and monitoring procedures.

<p><u>Is capacity building an aspect of the project? Is it a desired outcome? How is this organized? (during the life of the project or especially at the end of the project – training, delegation, technical assistance, maintenance licenses...)</u></p>	<p>Capacity building is considered a key aspect for the success of ITH Italia. An appropriate technical and operating <i>training will be provided regularly</i> to the ITH Italia Back Office Team Members to support users adequately, and keep them updated through courses, seminars, forums, and other training initiatives.</p>
<p><u>How is promotion and communication organized?</u></p>	<p>Promotion and communication is organized accordingly to the recipients. They can be grouped into the four following categories:</p> <ol style="list-style-type: none"> The companies that are already operating with foreign countries who know the operational areas and are interested in speeding up processes. The companies that still do not work with foreign countries, or do not know the operating environment, and therefore, they are not accessible through the available media in the foreign trade sector. These companies are interested in getting support and guidance to gain markets access. The companies that offer products "Made in Italy", included those that operate through retailing distribution systems. The companies that already have settled businesses with foreign firms, interested to get mutual exchange of business information through the ITH Italia platform. <p>The companies mentioned in a), and part of those included in c) and d) can be targeted through promotion and dissemination tools, such as:</p> <ul style="list-style-type: none"> publications and information available on specialized websites; advertisements issued by institutional "mailings" ; specific promotional demos, ad-hoc initiatives, and internal events held during conferences organized by private entities, local associations and unions, etc. <p>The companies mentioned in b) can be targeted through traditional media as:</p> <ul style="list-style-type: none"> commercial public information; dissemination of information through sector publications (electronic reports, business associations magazines, and paper publications) presentations given during specific initiatives, workshop/conferences, and events.
<p><u>What are the tangible benefits of the implementation of this PPP?</u></p>	<p>Boosting the internationalization of Italian companies developing systemic solutions providing benefits in terms of:</p> <ul style="list-style-type: none"> market information delivery; rationalization of administrative proceedings; speeding up import/export practices. <p>Operationally, these benefits can be deployed by:</p> <ul style="list-style-type: none"> submitting standardized information and documents through a single entry point in order to fulfill the regulatory requirements of import, export and transit proceedings; offering support in international marketing techniques (information, counterparts research, contracts, national and cross-national concessions, financial instruments, etc.); providing managerial support in financial operations and cash flows reinforcing relationships with banking institutions; supporting the promotion of "Made in Italy"; providing a secured and centralized data management in all import/export operations through ITH Italia platform, in benefit of public institutions and economic operators.

Lessons learnt	
<u>What have been the greatest obstacles when preparing the project?</u>	<ul style="list-style-type: none"> • Prejudice from project partners against a single platform for internationalization. • Competition fear: some of the project partners developed a distorted perception of how ITH Italia would adversely affect the role and overshadow the image of the project partners. • Delays about the appointment of the ITH Italia Management Authority within the PPP.
<u>What have been the greatest obstacles during the project?</u>	<ul style="list-style-type: none"> • Weak operational involvement and cooperation from some of the project partners. • During the project, the development of some competing platforms has been started, which are very similar to ITH Italia, have some partners in common with ITH Italia itself. • There is an absence of common technical standards among partners. The consortium is developing an agreement about this within the PPP project.
<u>What have been the success factors when preparing the project?</u>	<ul style="list-style-type: none"> • Potential usefulness and success based on international best practices and standards adopted abroad. • Thorough investigation on the most appropriate technological frameworks and tools to implement on ITH Italia platform. • Right selection of the project partners. • Right selection of services provided by the ITH Italia platform • Standardization of interoperability levels to provide default integration paths. • Development of solutions that could be managed almost entirely through Back Office processes. Development of strong parameterization of the data model has been an early goal for the project, to manage and to operate the services offered through the portal with non or a minimum impact on software.
<u>What have been the success factors during the project?</u>	<ul style="list-style-type: none"> • Agile project management approach that has allowed the periodic release of deliverables and improvements during the project implementation. Also, smooth enlargement of the consortium with new partners that integrate additional services enriching the services provided to the users. • Positive feedback received by companies and industry associations about its user friendly platform, useful information deployment, and the centralization of operational services in a single hub.
Contacts details for more information	
<p>MISE – Ministry of Economic Development</p> <p>ICE – Italian Trade Agency</p>	