

UN/CEFACT PPP-TF RECOMMENDATION

“Public Private Partnership in Trade Facilitation”

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- 3 Introduction to Main types of PPP in TF
- 4 Country Diagnostic. Business/economic/legal/institutional environment
- 5 Business Cases. Case models. Feasibility study (independent). Procurement Process.
6. Infrastructure other than ICT
7. Governance



PPP – Some Key Actors

- UNECE
 - <http://www.unece.org/ceci/ppp.html>
 - UNECE PPP ICoE (International PPP Centre of Excellence)
 - <http://www.unece.org/ceci/ppp.html>
- UNCITRAL
 - Model Law on Public Procurement
 - http://www.uncitral.org/uncitral/en/uncitral_texts/procurement_infrastructure/2011Model.html
 - International Colloquium on PPP 2-3 May, Vienna
 - <http://www.uncitral.org/uncitral/en/commission/colloquia/public-private-partnerships-2013.html>
- WTO
 - Government Procurement
 - http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm



Definitions

- PPP definition copy-pasted from UNECE “Guidebook on Promoting Good Governance in Public-Private Partnerships” of 2008
- Trade Facilitation definition proposed by former TBG15 Chair, Gordon Cragge
 - This definition was proposed with a view to be reusable in other ITPD or UN/CEFACT projects



PPP in Trade Facilitation

1. BASIC PRINCIPLES

- **1.1 Definition of PPPs in TF**

*Public-Private Partnerships (PPPs) in TF aim at financing, designing, implementing and operating public sector facilities and services through the **simplification, standardisation and harmonisation of procedures and associated information flows required to move goods from seller to buyer and to make payment***

They refer to ‘innovative methods used by the public sector to contract with the private sector, who bring their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and an improvement in the quality of life’.



PPP in Trade Facilitation

1. BASIC PRINCIPLES

Main Characteristics:

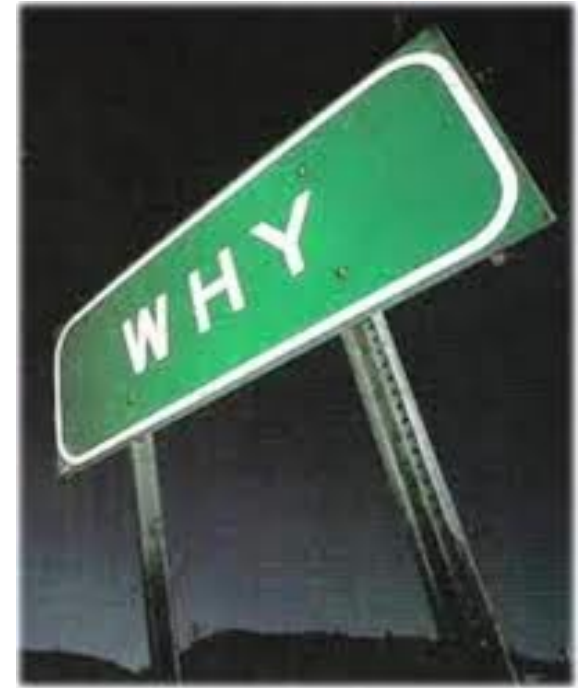
- *Long-term (sometimes up to 30 years) service provisions;*
- *The transfer of risk to the private sector; and*
- *Different forms of long-term contracts drawn up between legal entities and public authorities:*
 - Joint venture
 - Contractual (includes concessions)



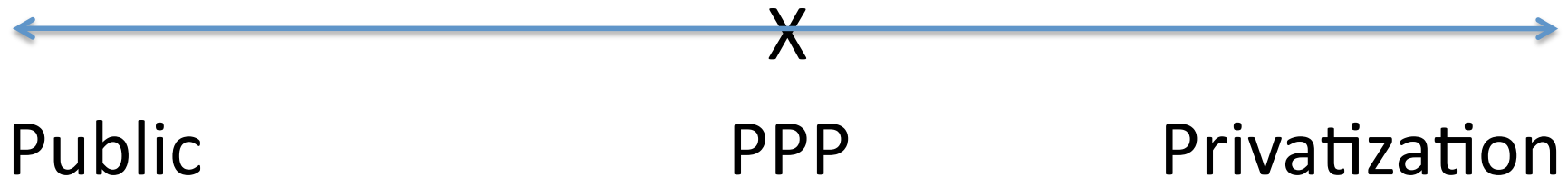
PPP in Trade Facilitation

1. BASIC PRINCIPLES

GOAL: FINDING THE REASON WHY



Why PPPs in Trade Facilitation????



PPP in Trade Facilitation

1. BASIC PRINCIPLES

Advantages of PPP :

- 1) Improve the project selection
- 2) Accelerate the infrastructure provision.
- 3) PPPs address the life-cycle cost optimization and
- 4) Maximize the revenue opportunities



PPP in Trade Facilitation

1. BASIC PRINCIPLES

Advantages of PPP in TF:

- 1) It brings stakeholders to design, implement and improve TF reforms in infrastructures, ICT, border management, corridors ... adding knowledge, operational experience, efficient business process and management, and financing projects.



PPP in Trade Facilitation

1. BASIC PRINCIPLES

Advantages of PPP in TF:

- 2) It brings stakeholders to coordinate, harmonize and standardize processes in international trade in a context of an organized free market to compete among private and public companies that could even attract foreign investments.



PPP in Trade Facilitation

1. BASIC PRINCIPLES

- **1.2. Definition of PPPs in Trade Facilitation**

Advantages of PPP in TF:

- 3) It brings stakeholders to simplify procedures which reduces costs in international trade. This cost reduction could come direct or indirectly by reducing administrative procedures, reducing the clearance time, increasing transparency and corruption, and accelerate economic development.



Scope of PPP in TF

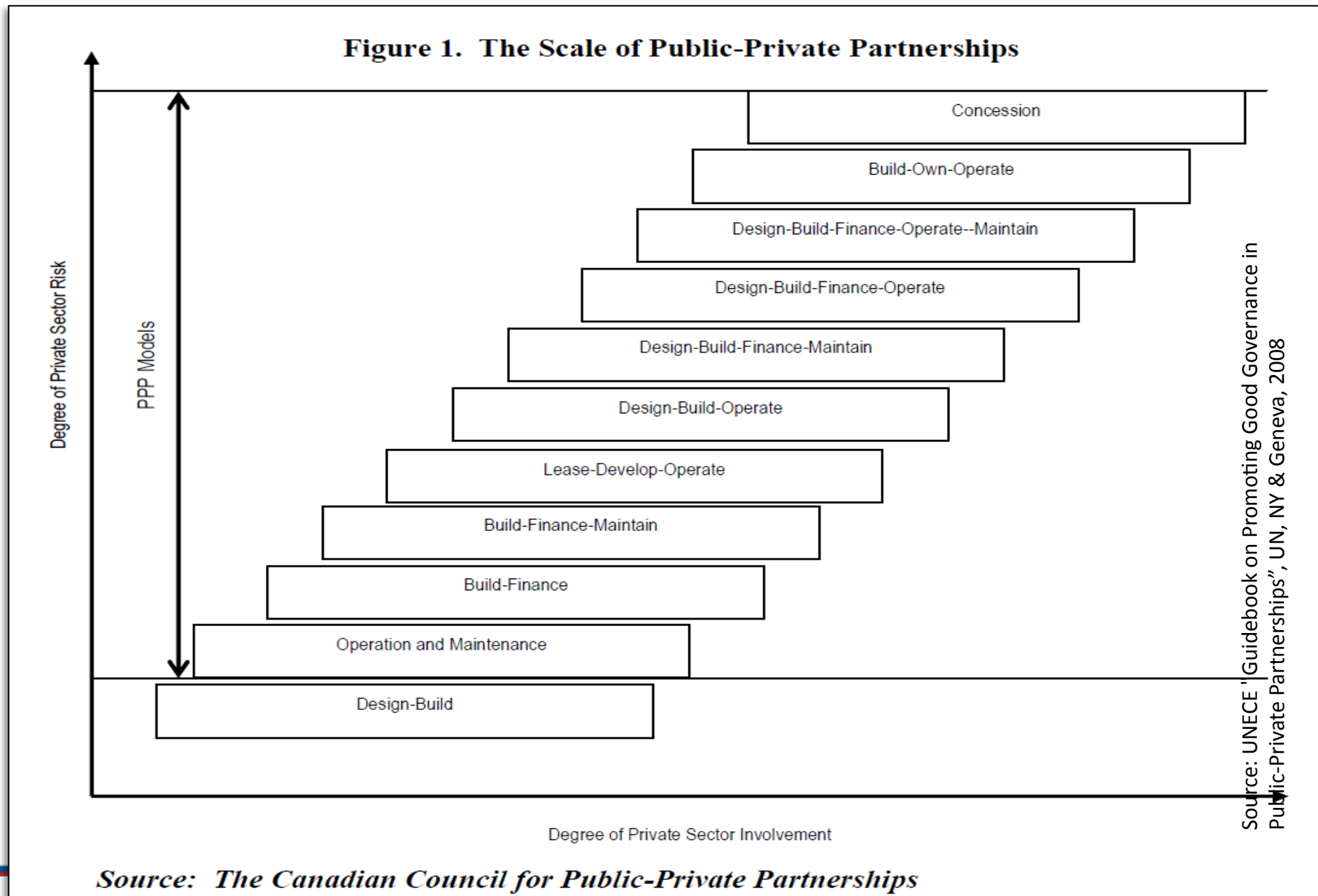
1. BASIC PRINCIPLES

- There is less guidance for specifically trade facilitation PPPs. We proposed a scope of these:
 - A National Trade Facilitation Organisation
 - Single Window
 - Port Communities
 - Trade Corridors
 - Coordinated Border Management
 - Infrastructure
 - Aligned Documents
 - Mobile Trade Facilitation

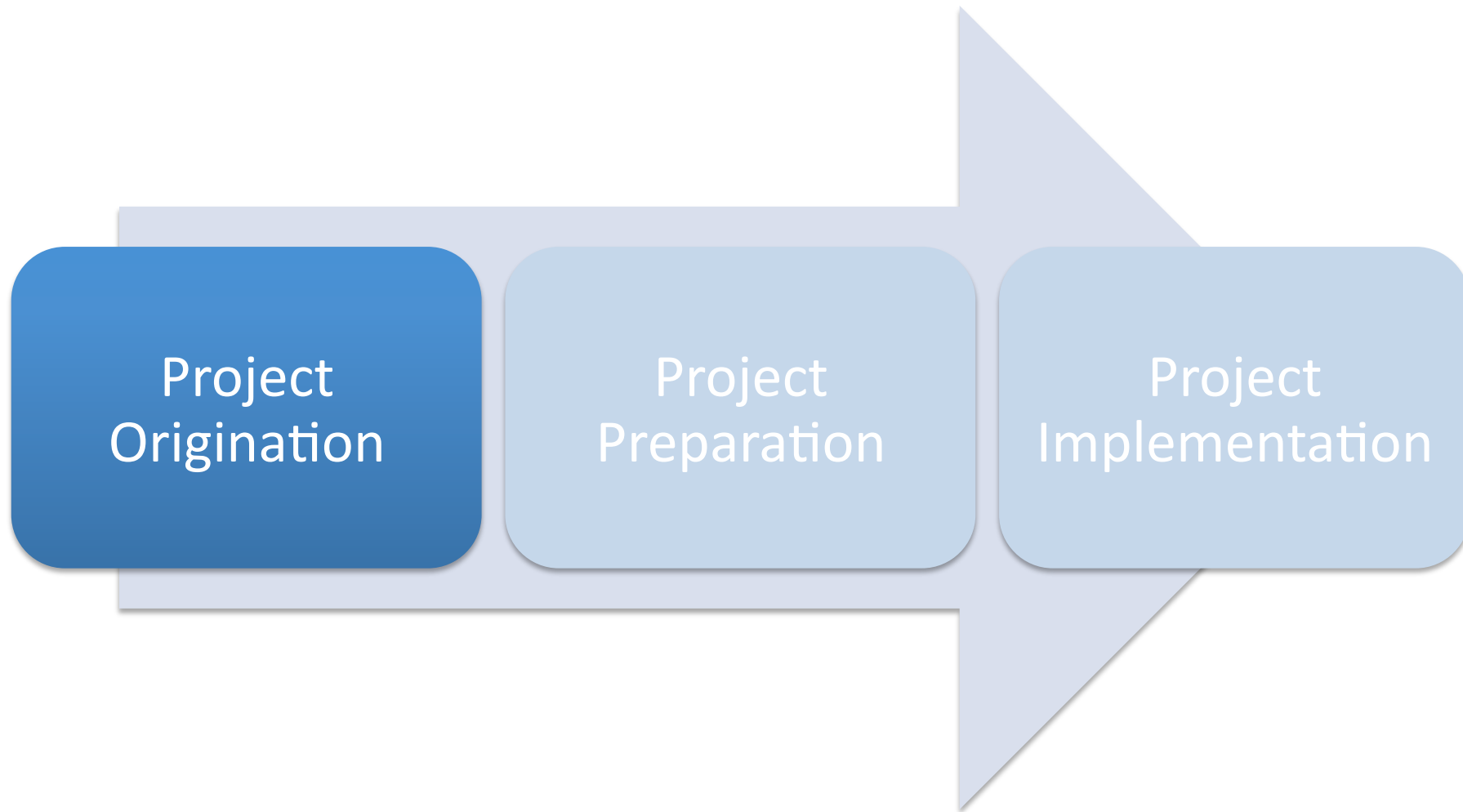


PPP General Presentation

- Various models of responsibilities & risk:



PPP Project Phases



Source: UNECE "Guidebook on Promoting Good Governance in Public-Private Partnerships", UN, NY & Geneva, 2008



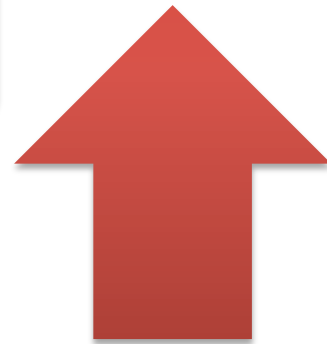
PPP in TF - Project Phases

Delivery mode: PPP????



Project Origination

**Value-for-money
analysis**
**On a whole life-
cost basis**



Costs



Benefits



PPP in TF - Project Phases

Delivery mode: PPP????

Project Origination

Costs

✓ Investment, Operations,
and Maintenance
✗ Financing costs,
transaction and contract
oversight costs

Benefits ✓ Improvements in
the service delivery

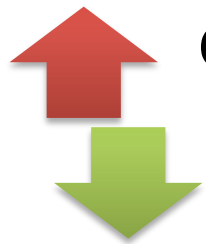
Value-for-money analysis on a whole life-cost basis



PPP in TF - Project Phases

Project Origination

PPP????



Costs

Benefits

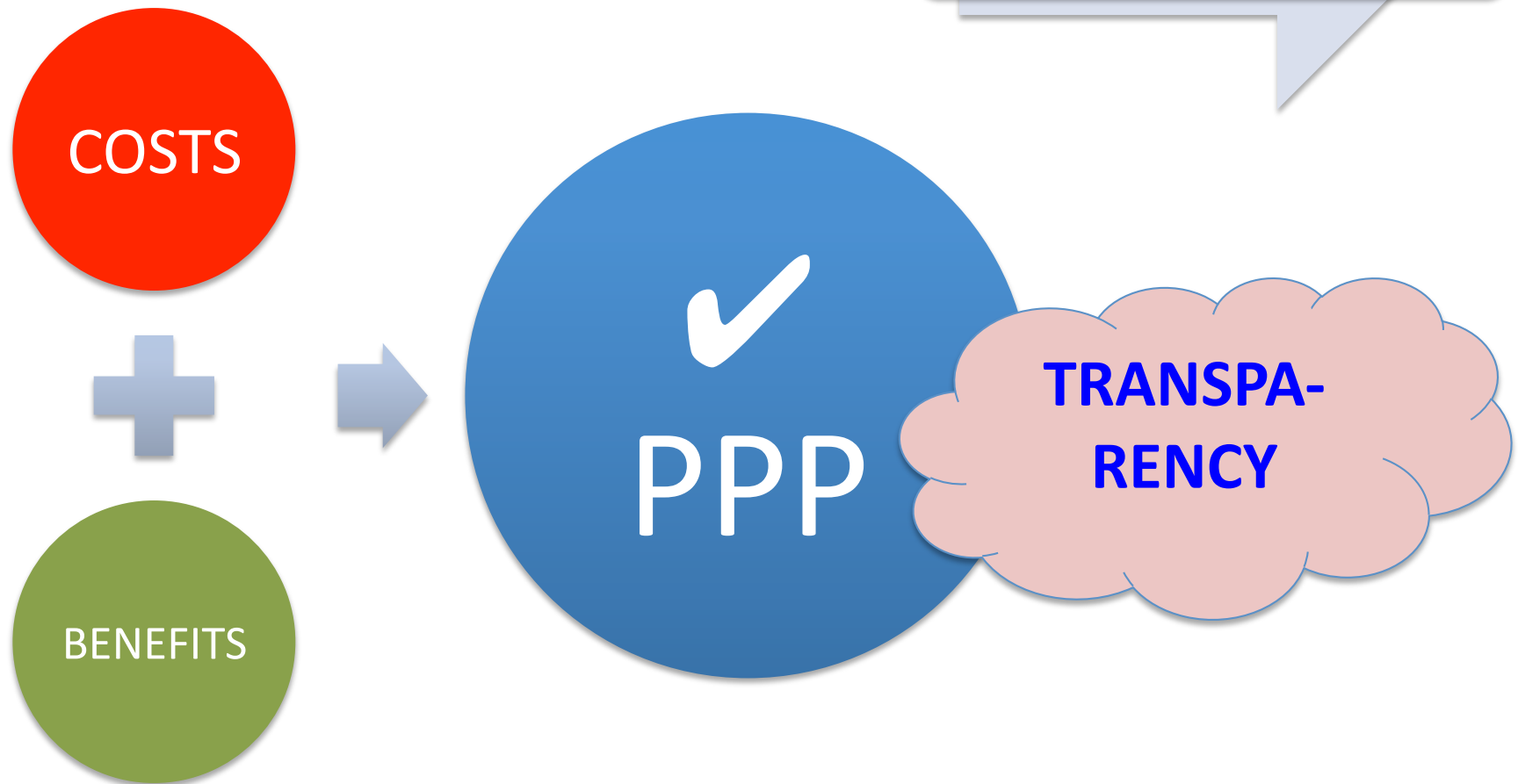
- Result of the value-for-money analysis typically depends on a number of factors
- Size of the capital expenditure involved and the project size
 - Real and accurate estimation of life-cycle costs and risks
 - Previous expertise of the private sector in the field of the PPP in TF
 - Long-term stability of technologies

Value-for-money analysis on a whole life-cost basis



PPP in TF - Project Phases

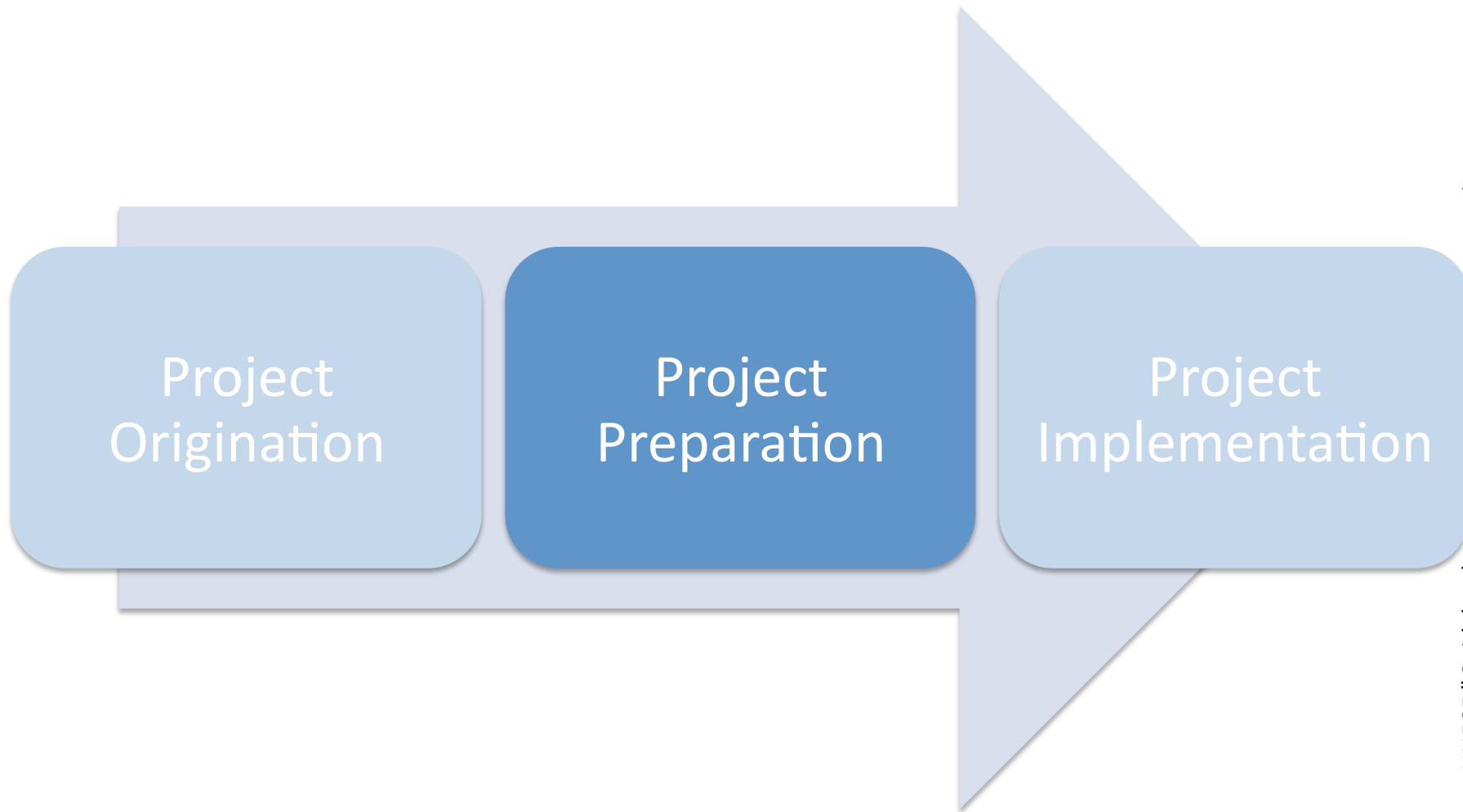
Project Origination



Value-for-money analysis on a whole life-cost basis



PPP Project Phases



Source: UNECE "Guidebook on Promoting Good Governance in Public-Private Partnerships", UN, NY & Geneva, 2008



PPP in TF - Project Phases



Project Preparation

Key elements:

- 1.- Rigorous project preparation process**
- 2.- Feasibility study**
- 3.- Risks allocation**



TRANSPARENCY



PPP in TF - Project Phases

Project Preparation

Key elements:

1.- Rigorous project preparation process

- Team and leadership
- Project management: decision-making process, monitoring system

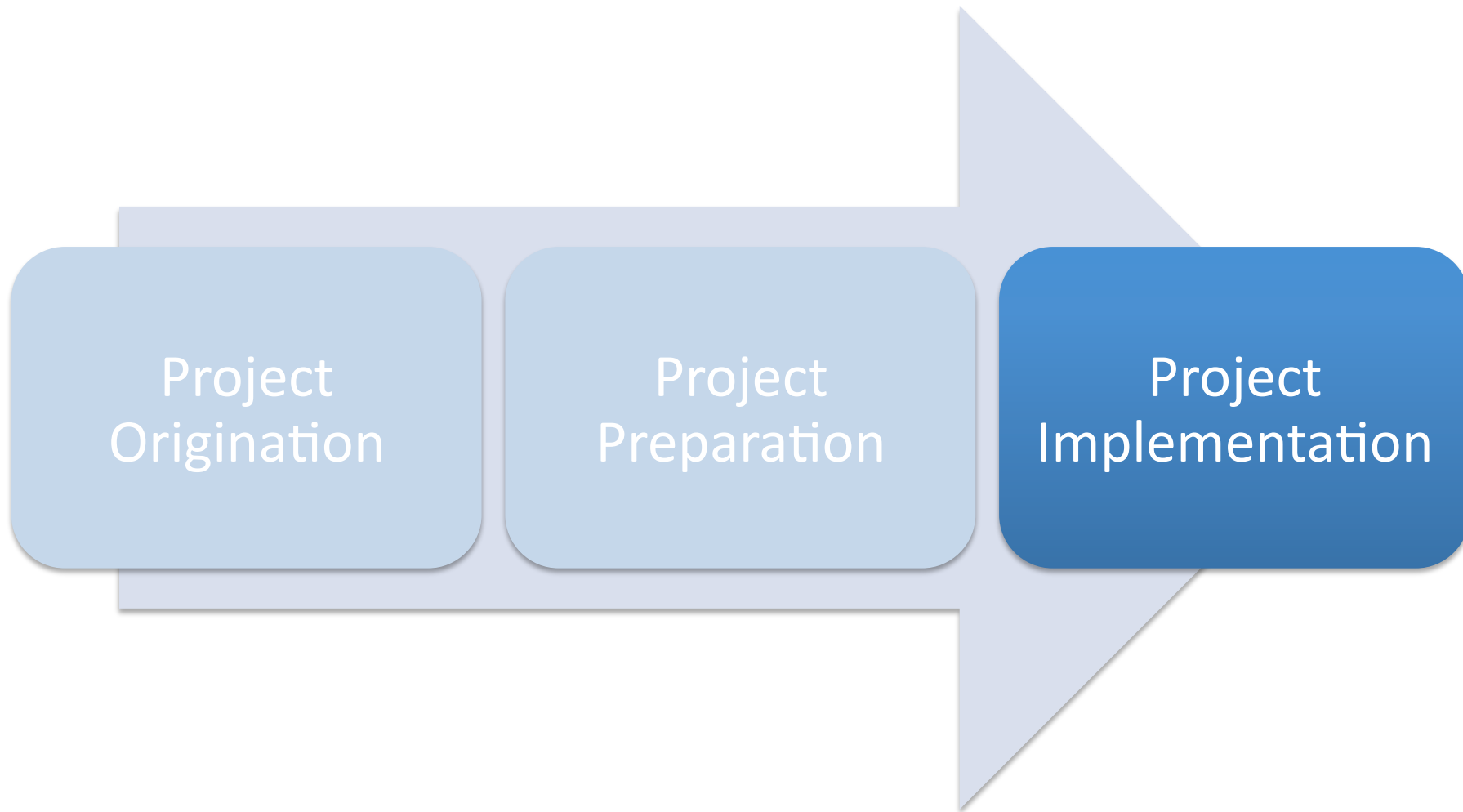
2.- Feasibility study:

- Technically & commercially
- Demand and business model

3.- Risks allocation and regulation



PPP Project Phases



Source: UNECE "Guidebook on Promoting Good Governance in Public-Private Partnerships", UN, NY & Geneva, 2008



PPP Project Phases



Project Implementation

- Rigorous and optimum execution and monitoring
- Competitive transparent process of maintenance, upgrades & renewals
- Assessment of environmental, private, public and societal impacts



BACKGROUND AND RATIONALE

DEFINITION OF TRANSPARENCY

Transparency is described as commonly shared knowledge about the economy, its performance, and the way policy influences it (Tibana 2003).

MAIN FINDINGS IN THE MACROECONOMY

LACK OF TRANSPARENCY  **FINANCIAL CRISIS**

TRANSPARENCY  **PERFORMANCE IN FINANCIAL MARKETS**

POOR GOOD GOVERNANCE → CORRUPTION

DIFFICULTIES TO GET THE METRICS

MULTIPLE ACTORS

TRANSPARENCY



SCENARIO IN TRADE FACILITATION

1. Predictability

Procedures

Quota or certificate

Tariff rate applied;

Rule, regulation, taxes or laws.

2. Simplification

Number of documents required to trade;

Speed and flexibility of getting import permissions;

Requirements for compliance to trade abroad;

Harmonizing procedures along the trade chain from producers to end clients.

3. Accountability.

The capacity to execute the right to make the different entities responsible; the capacity to agree warranties in contracts.

SCENARIO IN TRADE FACILITATION

1. Predictability

Article X of the General Agreement on Tariffs and Trade (GATT), published in 1994, stated the commitment of the World Trade Organization (WTO) to improve transparency through its internal and external communication. In this article, the WTO promised to make its operations more transparent through more effective and prompt dissemination of information and improved dialogue with stakeholders. The article also urged all members to publish and disseminate laws, regulations and judicial decisions that could be relevant to trade abroad. The essential implication of the article is that no trade regulation could be applied unless it had been published.

Doha Ministerial Declaration in 2001 recognized the need for the clarification of three cornerstones of international trade : non-discrimination, transparency, and procedural fairness.

SCENARIO IN TRADE FACILITATION

2. Simplification

Number of documents required to trade;

Speed and flexibility of getting import permissions;

Requirements for compliance to trade abroad;

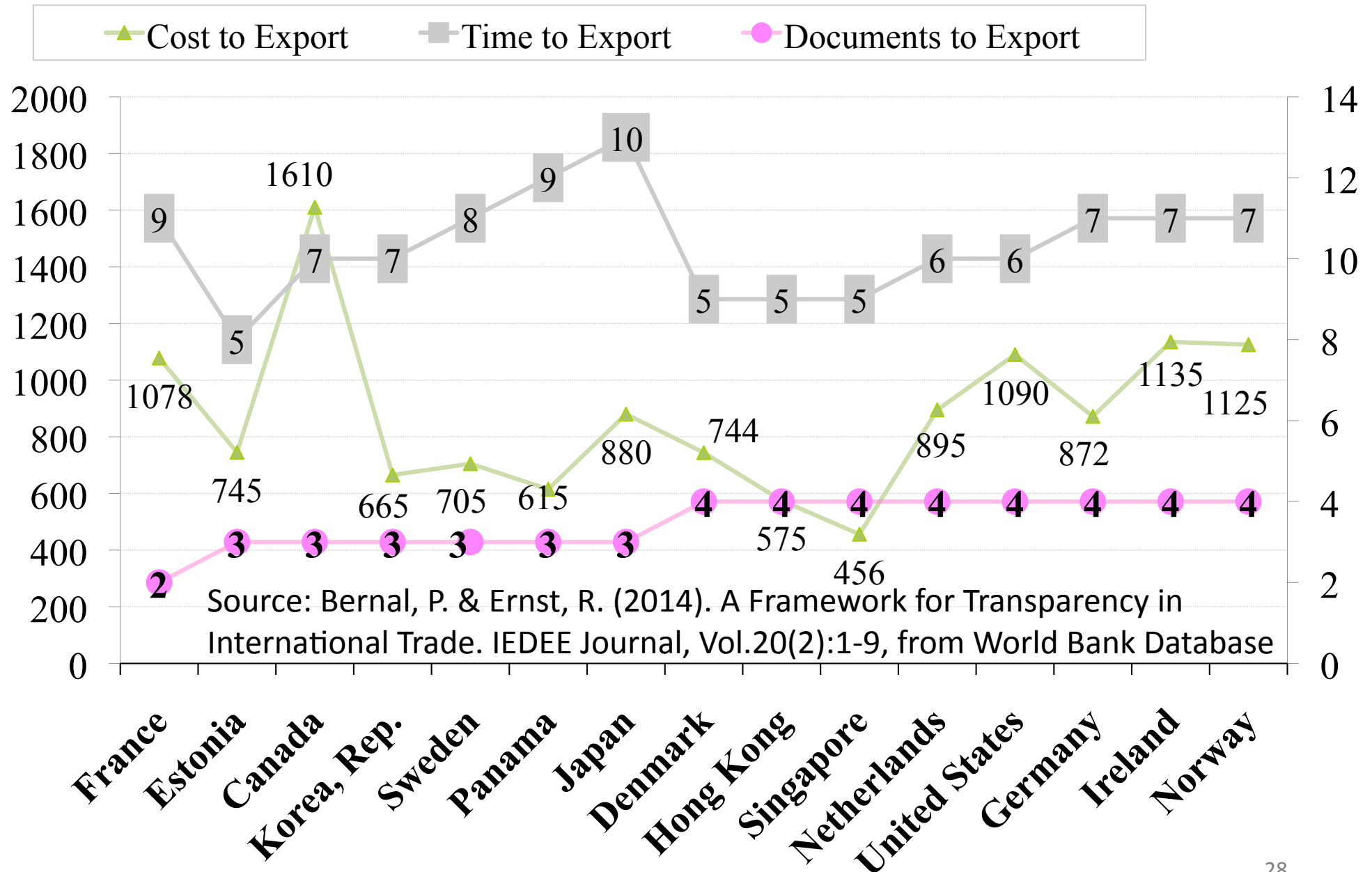
Harmonizing procedures along the trade chain from producers to end clients.

The Revised Kyoto Convention (RKC) of 2006 state that countries wishing to become contracting parties in this convention (as of July 2013 there were 82) must accept the General Annex to the RKC which includes the following principles:

- a) transparency and predictability of customs actions;
- b) standardization and simplification of the goods declaration and supporting documents;
- c) simplified procedures for authorized persons;
- d) maximum use of information technology;
- e) minimum necessary customs control to ensure compliance with regulations;
- f) coordinated interventions with other border agencies; and
- g) partnership among members of the supply chain (formal consultative relationships).

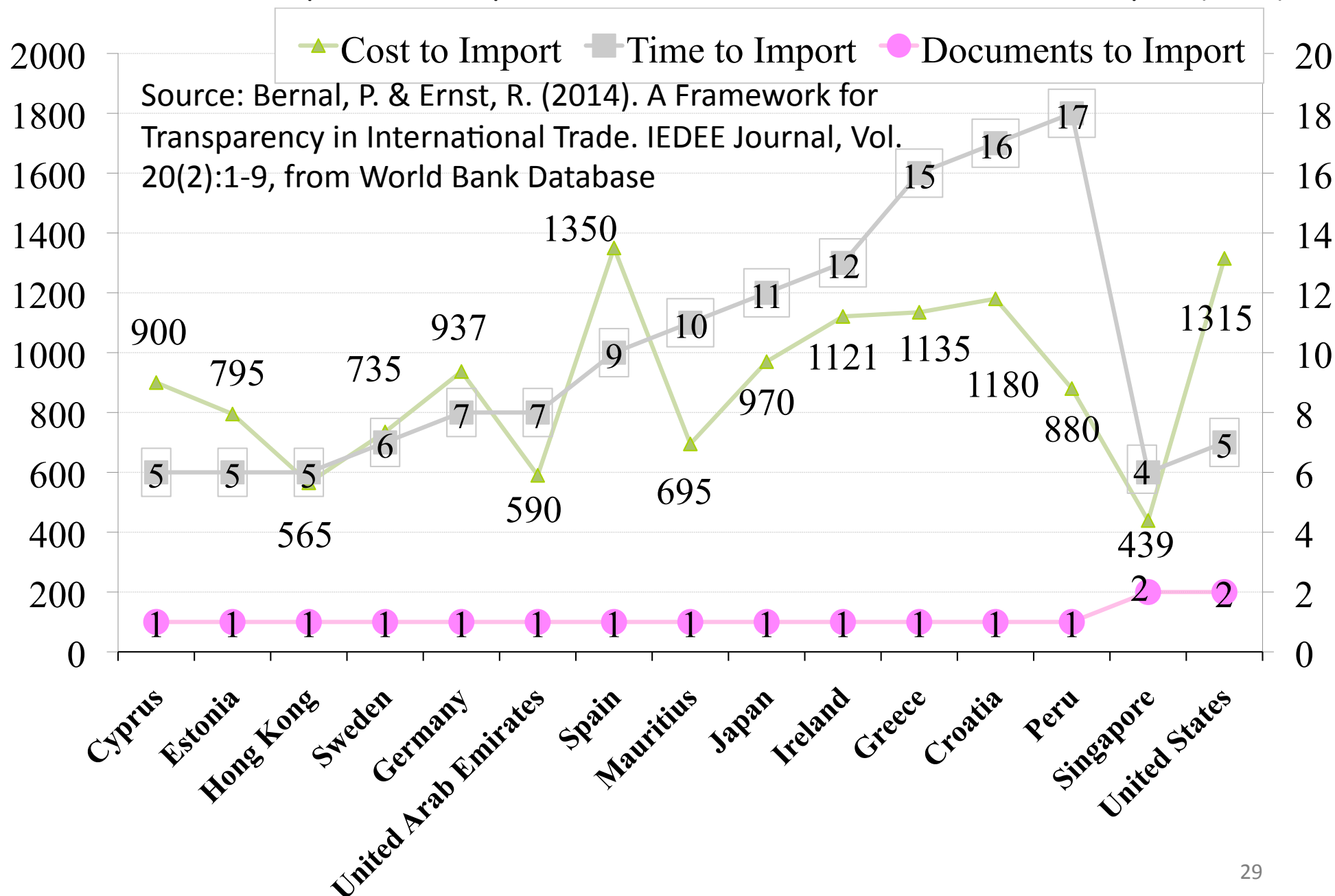
SCENARIO IN TRADE FACILITATION

Time and Cost to Export in the Top 15 Countries in Number of Documents to Export (2012).



SCENARIO IN TRADE FACILITATION

Time and Cost to Import in the Top 15 Countries in Number of Documents to Import (2012).

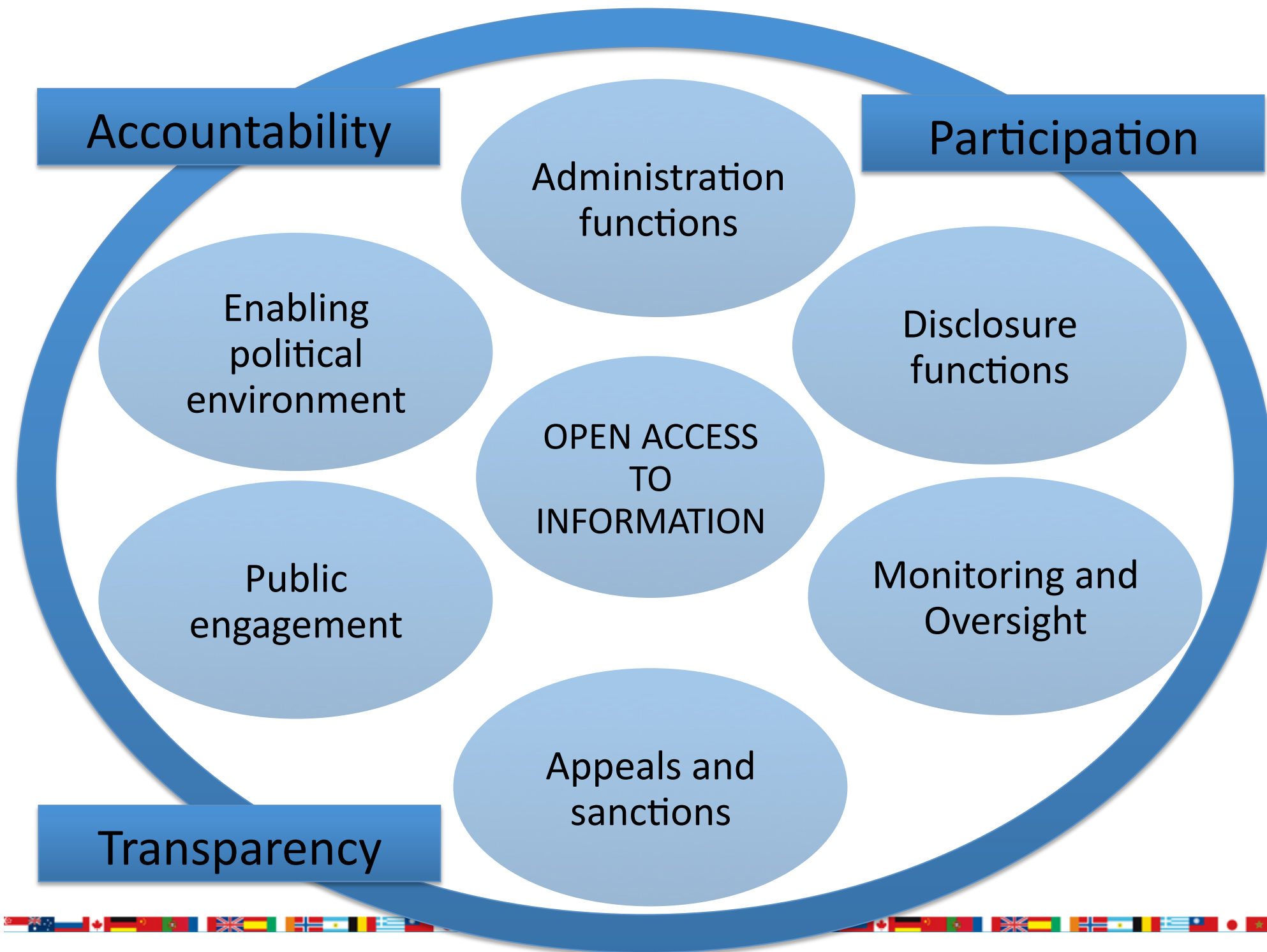


SCENARIO IN INTERNATIONAL TRADE

3. Accountability.

In 2009, the Organization of Economic Cooperation and Development (OECD) approved the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Projects in developing model laws.



PARTICIPATION IN TRADE FACILITATION

VOICE: Meaningful participation through access to information

POLITICAL PARTICIPATION

- SUPPORTING SECURITY
- INFORMING CITIZENS, AND TRADERS
- PROVIDING PLANNING TO DELIVER INFORMATION, SERVICES AND GOODS
- IMPLEMENTING QUALITY CONTROLS

COLLABORATIVE/ COMMUNITY-BASED PARTICIPATION

- CO-PRODUCED PLANNING
- CO-PRODUCED SERVICES AND PRODUCTS
- CO-PRODUCED INFORMATION
- CO-PRODUCED THE EVALUATION, MONITORING AND MAINTENANCE

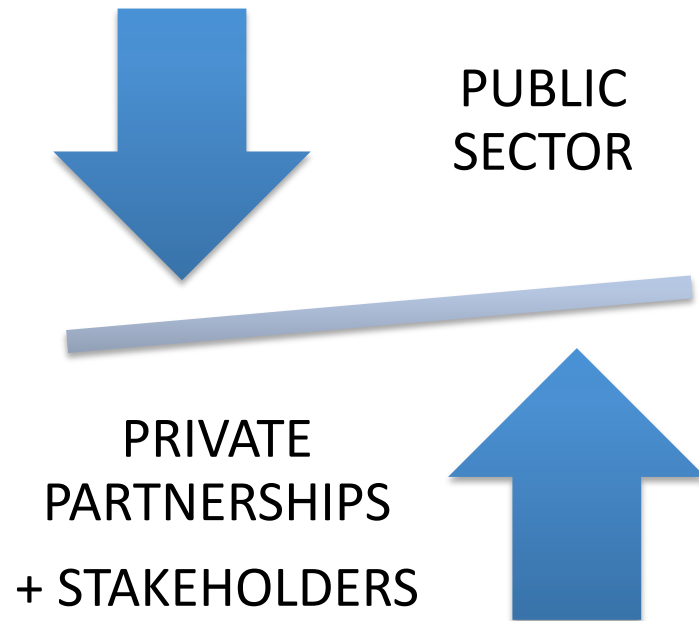
MARKET PARTICIPATION

- IMPROVING QUALITY OF DEMAND (BETTER-INFORMED CONSUMERS)
- IMPROVING QUALITY OF PROVISION (COMPETITION INNOVATION)
- COCREATING AND IMPROVING THE USAGE OF THE SERVICES AND PRODUCTS
- ENRICHMENT AND DISEMINATION OF THE INFORMATION PROVIDED



GOOD GOVERNANCE IN PPP IN TF

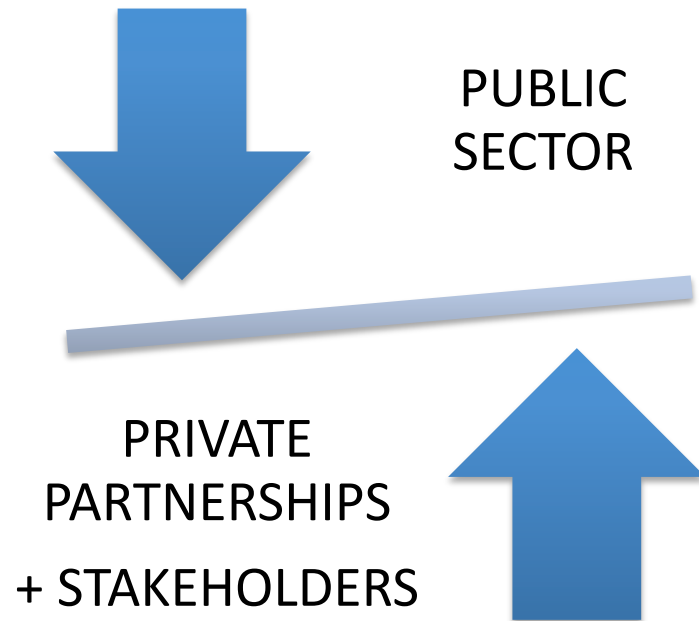
WHAT KIND OF DATA ARE WE TALKING ABOUT?



- Contracts and related documents
 - Evaluation of delivery mode: value-for-money assessments in PPP projects.
 - Government support to projects
 - Developing performance indicators
 - Gathering information from surveys to clients, contract management reports and audits
 - Creating financial penalties or rewards related to performance; and
 - Increasing the flows of sensitive information related to the project.
- * Implementing an auditable system to share the benefits of the project among the partners.

GOOD GOVERNANCE IN PPP IN TF

WHAT KIND OF DATA ARE WE TALKING ABOUT?

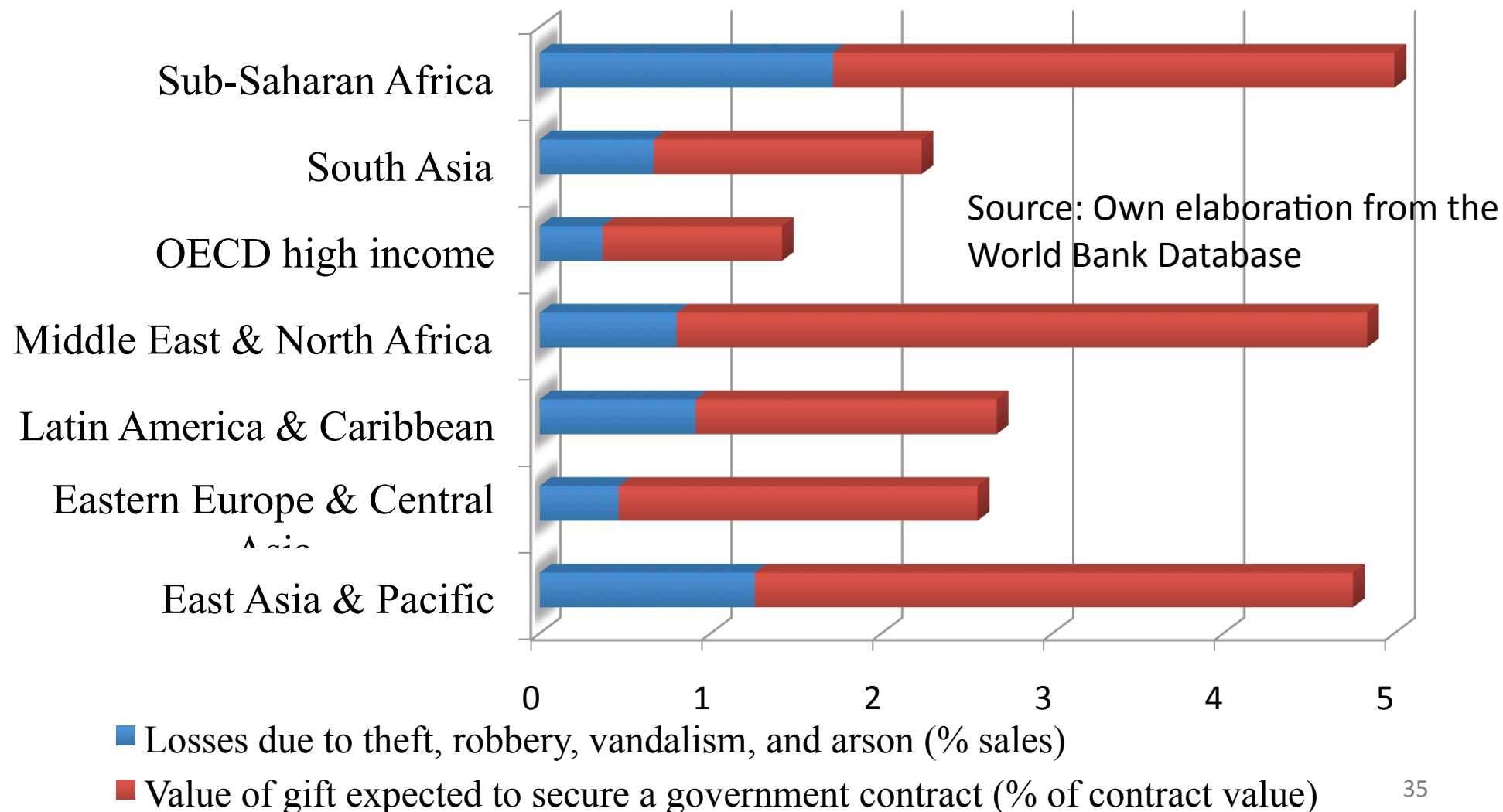


The public sector should be fully informed about:

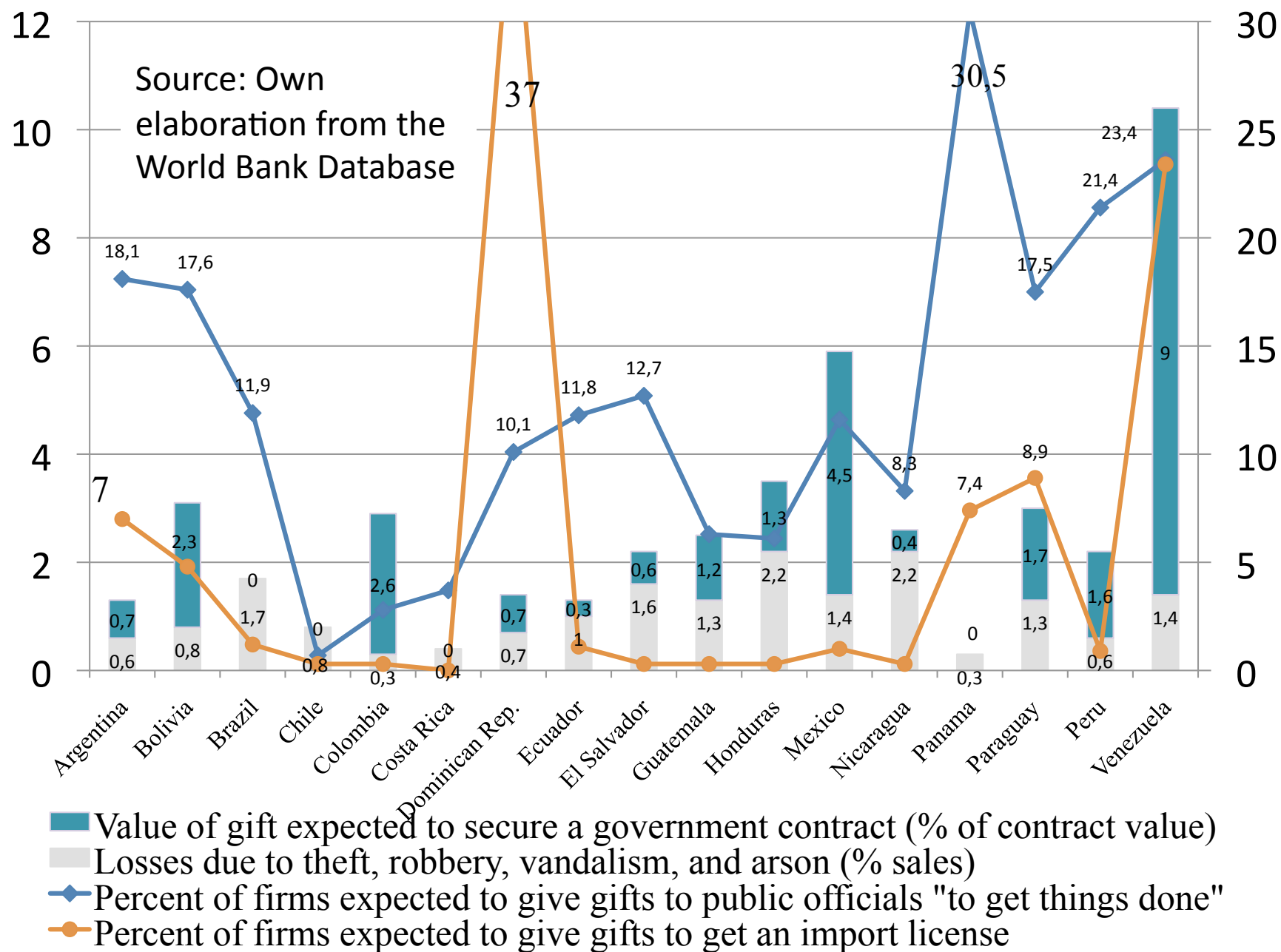
- the range of services and qualities of those services included in the contract and
- the performance levels agreed upon and the performance levels achieved; and
- the use of government grants

TRANSPARENCY AND CORRUPTION

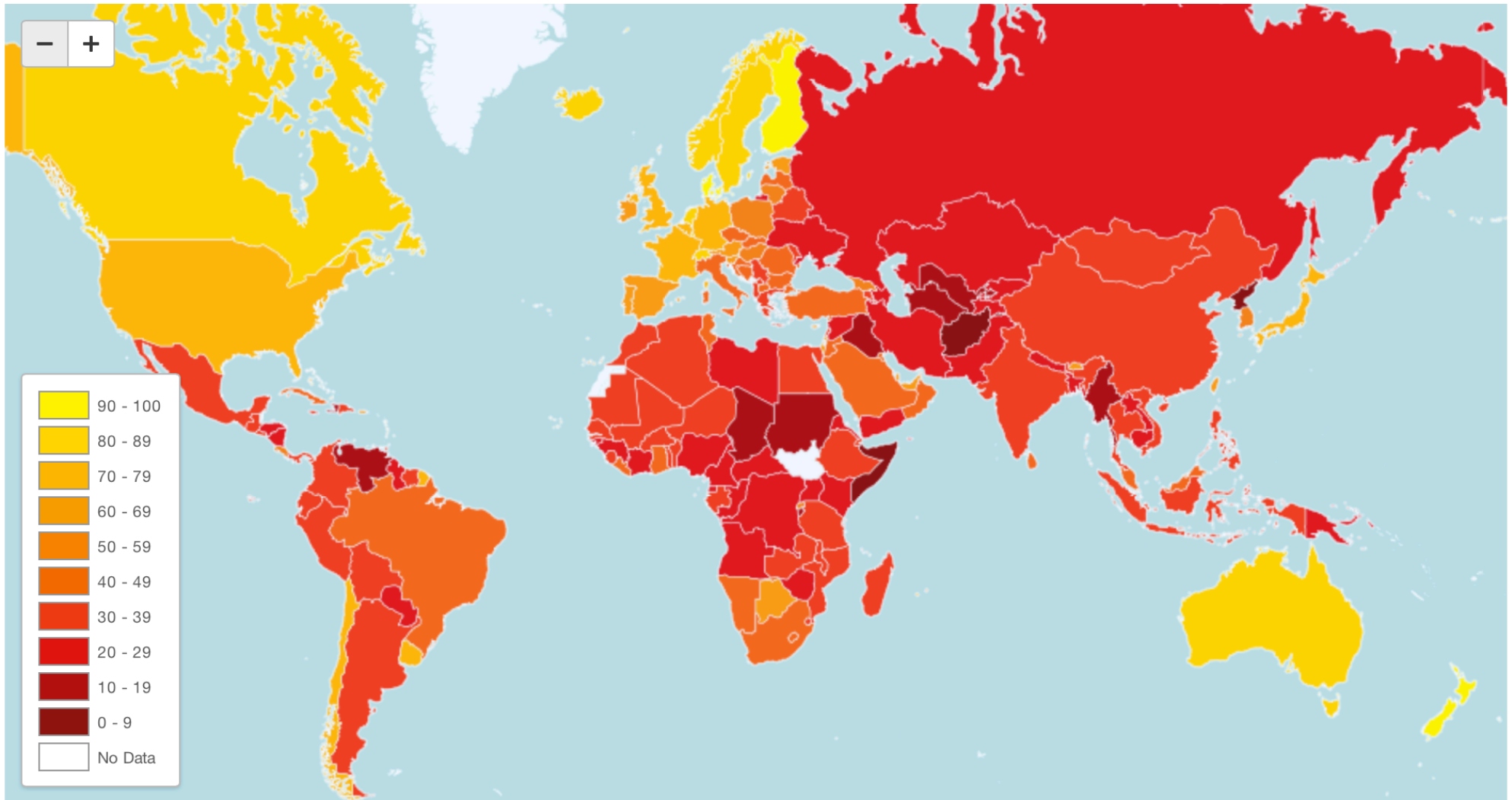
THE TRANSPARENT SCENARIOS IN INTERNATIONAL BUSINESS



TRANSPARENCY AND CORRUPTION



TRANSPARENCY AND CORRUPTION



Source: Corruption Perception Index (2013). Transparency International.

PPP General Presentation

- The role of public governance in PPP in seven key principles:
 - A coherent PPP policy
 - Strong enabling institutions
 - Legal framework « fewer, better, simpler »
 - Cooperative risk sharing and mutual support
 - Transparency in procurement process
 - Putting people first
 - Achieving sustainable development

Source: UNECE "Guidebook on Promoting Good Governance in Public-Private Partnerships", UN, NY & Geneva, 2008



PPP in Trade Facilitation

Some Considerations

- In contrast, PPPs combine the best of both worlds: the private sector with its resources, management skills and technology; and the public sector with its regulatory actions and protection of the public interest.



CASE STUDIES

OBJECTIVE: The examples of PPPs in TF focused on TF dialogue, networking and coordination, TF infrastructure, value chain development, transparent and consultation practices, joint public-private companies for TF implementation, trade corridors and single windows.

..... AND YOUR COLLABORATION IS NEEDED



CASE STUDIES TO INCLUDE RECOMMENDATION IN PPP IN TRADE FACILITATION (UN/CEFACT)

CASE STUDY – PPP FOR THE IMPLEMENTATION
OF A SINGLE WINDOW IN COTONOU, BENIN

CASE STUDY – International Trade Hub Italia
(ITH-Italia),



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

A.- Business Trade Context

B.- Details of the solution (PPP in place)

C.- Legal Context

D.- Implementation (of the PPP)

E.- Outcomes and practical results

F.- Lessons learnt

G.- Contacts details for more information



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

A.- Business Trade Context

- 1.- Please describe the business context / need to be addressed when opportunity to set a PPP occurred. What were the objectives?
- 2.- What is the scope of the PPP? What type of Trade Facilitation program is supported with this PPP?
- 3.- What is the current stage of plan of this project? Designing, implementing or running?
- 4.- How is sustainability managed within the PPP?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

B.- Details of the solution (PPP in place)

5.- What type of PPP is being put in place? (please check the appropriate type)

- ☐ Concession
- ☐ Build – Own – Operate
- ☐ Design – Build – Finance – Operate
- ☐ Lease – Develop – Operate
- ☐ Build – Finance
- ☐ Operate – Maintain
- ☐ Other



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

B.- Details of the solution (PPP in place)

6.- Who are the parties involved in the PPP?

7.- What types of risks have been identified?
How is the risk shared between parties of the PPP?

8.- What is the duration of the implementation of the project? What is the duration of running/monitoring the project?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

B.- Details of the solution (PPP in place)

- 9.- What is the general initial budget of the project?
Is there an aspect of revenue generation? Who
are the parties involved in the PPP?
- 10.- What is the business model behind this
project?
- 11.- What is the role of each partner? (possibly
including a governance structure).



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

C.- Legal Context

- 12.- 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.)
- 13.- How are exit strategies managed within the PPP?
- 14.- How are Intellectual Property Rights owned and protected within the PPP?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

D.- Implementation (of the PPP)

- 15.- What is the lead agency within the government? (for example, Customs Administration or Transport Administration... not just “French Government”).
- 16.- Are there multiple private partners? Is there a lead among these partners?
- 17.- What has been the procurement process to select and confirm the parties involved? What has made a difference in partners’ selection?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

D.- Implementation (of the PPP)

18.- 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?

19.- Please provide more details about the policy of the PPP. Are there specific objectives? Specific rules to ensure sustainability of the compatibility between parties?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

A.- Business Trade Context

B.- Details of the solution (PPP in place)

C.- Legal Context

D.- Implementation (of the PPP)

E.- Outcomes and practical results

F.- Lessons learnt

G.- Contacts details for more information



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

E. Outcomes and practical results

20.- What is the current status of the PPP?

21.- What is the operational model of the PPP?

22.- How is capacity building organized?

23.- What about promotion and communication?

24.- What are the tangible benefits of the implementation of this PPP?



CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

F.- Lessons learnt

25.- What have been the greatest obstacles when preparing the project?

26.- What have been the greatest obstacles during the project? ?

27.- What have been the success factors when preparing the project? ?

28.- What have been the success factors during the project? ?

G.- Contacts details for more information



CASES STUDY – PPP FOR THE IMPLEMENTATION OF A SINGLE WINDOW IN COTONOU, BENIN



If you are interested in this project, please do not hesitate to contact:

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