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Recommendations and standards:

Implementation support material

Report of Trade Procedures Facilitation Domain on Private Sector Participation in National Trade Facilitation Bodies

Submitted by the Bureau

Summary

This report evaluates practices and solutions to strengthen private sector participation in National Trade Facilitation Bodies (NTFBs), to make them more effective and to strengthen the impact of NTFBs on trade facilitation reforms. Public-private dialogue is vital for trade facilitation as it ensures a service-centred approach and collaboration. NTFBs should therefore strive to get meaningful contribution and commitment from relevant private stakeholders.

It addresses the challenge of mobilizing private sector engagement. It provides guidance on how to design and facilitate an NTFB with a view to strengthen the contribution, ownership, and representation of the private sector. It complements ECE Recommendation No. 4 on National Trade Facilitation Bodies and Recommendation No. 40 on Consultation Approaches by providing focused insights on the ability of NTFBs to facilitate private-public dialogue.

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I. Introduction

1. This report evaluates practices and solutions to strengthen private sector participation in National Trade Facilitation Bodies (NTFBs), to make them more effective and to strengthen the impact of NTFBs on trade facilitation reforms. Public-private dialogue is vital for trade facilitation as it ensures a service-centred approach and collaboration. NTFBs should therefore strive to get meaningful contribution and commitment from relevant private stakeholders.

II. Purpose and scope of this paper

2. An NTFB aims to provide a trusted, permanent, and effective environment for public-private dialogue on trade facilitation. Over the past years governments, donors and international organizations have invested into establishing NTFBs, and such bodies currently exist in many countries around the world. The focus now shifts from setting up NTFBs to ensuring that these NTFBs are sustainable, effective and have a meaningful impact on trade facilitation reform.

3. Trade facilitation aims to simplify paperwork, speed up customs and border clearance, and make cross-border trade more predictable and efficient. It lowers the costs and reduces the barriers for participating in international trade for all trading companies, including small and medium size enterprises (SMEs) and women traders. It also delivers efficiency gains that reduce the adverse environmental impact of trade and facilitates the flow of essential goods in times of crisis. Private sector participation in NTFBs should not depend on government affections or disaffections; their participation should be guaranteed by the statute of the NTFB.

4. A defining factor in successful trade facilitation initiatives is bringing in the private sector as stakeholder and partner. The existence of an NTFB is precisely to ensure public-private partnership in trade facilitation. Every NTFB must ensure that private sector representatives are offered membership which grants them an equal voice in NTFB discussions, deliberations, and decisions. However, membership in an NTFB is only the first step to a successful private-public dialogue on trade facilitation. The NTFB needs to be shaped into a trusted and effective collaborative partnership. This requires a dedicated focus on motivating the private sector to actively engage in and to trust the process. Insignificant participation from the private sector is a risk to the credibility, impact and sustainability of NTFBs.

5. This report addresses the challenge of mobilizing private sector engagement. It provides guidance on how to design and facilitate an NTFB with a view to strengthen the contribution, ownership, and representation of the private sector. It complements ECE Recommendation No. 4 on National Trade Facilitation Bodies¹ and Recommendation No. 40 on Consultation Approaches² by providing focused insights on the ability of NTFBs to facilitate private-public dialogue.

¹ ECE Recommendation No. 4: National Trade Facilitation Bodies (ECE/TRADE/425), New York and Geneva, 2015.

² Recommendation No. 40: Consultation Approaches: Best Practices in Trade and Government Consultation on Trade Facilitation Matters (ECE/TRADE/423), New York and Geneva, 2015.

A. Background

6. Since the 1970s, ECE has recommended that governments establish NTFBs as a platform for stakeholder coordination and public-private consultation. The first edition of ECE Recommendation 4 on NTFBs was published in 1974, a second edition with guidelines was issued in 2001 and revised again in 2015.

7. Since Recommendation No. 4 was published, NTFB has been used generically to describe trade facilitation organizations with private-public membership. In fact, various types of NTFBs with different names and organizational structures currently exist. Nowadays, most of these are referred to as national trade facilitation committees. This paper does not distinguish between the different types; it uses NTFB in reference to all relevant organizations.

8. ECE Recommendation No. 4 recognizes the importance of private membership in NTFBs and recommends that “private sector participants in such bodies should include representatives from all industry sectors, all types and sizes of business, and institutions taking part in international trade: manufacturers, importers, exporters, freight forwarders, customs brokers, carriers, banks, insurance companies, etc.”³

9. Specifically, this includes the following:

- Private sector traders (importers and exporters) who can benefit from such solutions in their international trade transactions; and
- Private sector trade services providers (carriers, freight forwarders, multimodal transport operators, banking institutions, insurance companies, software providers, etc.) who can offer market-oriented trade and transport solutions within the framework of national and international trade and transport practices, obligations and laws.

10. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) contains the obligation to set up a national trade facilitation committee. Article 23.2 of the TFA however does not define the composition of such a national committee and does not contain a reference to the participation of the private sector.⁴ International organizations such as the United Nations Economic Commission for Asia Pacific (UNESCAP) do, however, recommend “a balanced membership from both public and private sectors”⁵ for such national trade facilitation committees. In fact, the majority of national trade facilitation committees that have been set up in the context of the WTO TFA implementation do have private sector members.

B. Status quo of NTFBs

11. While NTFBs have existed since the 1970s, their number has increased significantly since the WTO TFA came into force in 2017. According to the 2020 United Nations Digital and Sustainable Trade Facilitation Survey⁶, 101 out of 142 respondent economies have established NTFBs and 26 have partially established NTFBs.

³ ECE/TRADE/425.

⁴ World Trade Agreement on Trade Facilitation: Protocol of Amendment (WT/L/940), 28 November 2014. Article 23.2 “Each member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.”

⁵ Asian Development Bank (ADB) and UNESCAP, *Designing and implementing trade facilitation in Asia and Pacific, 2013 Update*, Bangkok, UNESCAP, 2013.

⁶ Survey and data can be accessed under <https://www.untfsurvey.org>

12. Most of the existing NTFBs have a private–public dimension. The United Nations Conference on Trade and Development (UNCTAD) database of National Trade Facilitation Committees provides information on NTFBs worldwide.⁷ In July 2021, all the 112 NTFBs listed in the repository had at least one member from the private sector. On average, each NTFB has eight representatives from the private sector. The NTFB in Canada, the Border Commercial Consultative Committee, has more than 40 private sector members and the one in Nigeria more than 20 private sector members. Overall, the ratio of private-public members across all the 112 entities varies from five to 83 per cent.⁸ The most frequent private sector members are the respective national chamber of commerce and other professional or sectoral associations such as transport and logistics associations. Few NTFBs have individual businesses as formal members. While the private sector is well represented in the membership, they are not often included in the chairmanship of the NTFB. Only six out of the 112 entities in the UNCTAD database are co-chaired by the public and private sector.

13. The formal establishment of an NTFB is a first step but is not in itself a sufficient condition for its success. A closer examination of the qualitative aspects of existing NTFBs reveals that many meet irregularly, lack a strategy, and some are dependent on donor support for funding and expertise. They face multiple challenges on the way to becoming an effective platform for trade facilitation consultation and coordination.

14. A global survey carried out by UNCTAD in 2019 found that the involvement of the private sector is one of the four factors contributing to the sustainability of NTFBs.⁹ This confirms findings from a previous WTO survey, published in 2017, that reported an inclusive involvement of the private sector was considered the most important success factor.¹⁰

C. Value of private sector involvement

15. Strong private sector engagement in NTFBs positively impacts their relevance, legitimacy, and credibility and encourages a business-centric approach to trade facilitation.

16. Firstly, consultation with the private sector leads to holistic and co-creative solutions that respond better to actual trade facilitation needs and problems. The private sector has direct, first-hand knowledge of bottlenecks and inefficiencies. It thus can be the link between government interventions and business operations, providing meaningful input on the real pros and cons of regulations and procedures.

17. Secondly, the private sector has knowledge of practices in other countries and sectors which they can share with the government. An example would be the experiences of the trade and logistics sector with new technologies to facilitate trade, such as artificial intelligence, blockchain technology and the Internet of Thing (IoT). Involving and learning from the private sector can strengthen public sector innovation capacity and promote fresh thinking.

18. Thirdly, the private sector is also a contributing partner in trade facilitation. This refers both to the private sector internalizing and taking responsibility for compliance, as well as the private sector contributing information and data for problem identification and decision-making.

⁷ Accessible at <https://unctad.org/page/trade-facilitation-committees-around-world> (accessed July 2021).

⁸ Ibid.

⁹ See UNCTAD, “National trade facilitation committees as coordinators of trade facilitation reforms”, *Transport and Trade Facilitation, Series No. 4*, United Nations, Geneva 2020, UNCTAD/DTL/TLB/2020/1, page xi.

¹⁰ Accessible at https://www.tfafacility.org/sites/default/files/2022-01/10-tfa_national_committees_trade_facilitation_web_e.pdf

19. Finally, it is often said that consulting with the private sector is a contingent and mediating factor that can promote acceptance and legitimacy of decisions and reforms. Public and private partnership may even be key to overcoming resistance to change from individual stakeholders, both from the public and private sectors.

20. If an NTFB is mainly government driven, there is a possibility that outputs will lack relevance or, even worse, increase burdens when not aligned with business operating models. Conversely, if the NTFB is mainly private sector driven, there is a risk of a disconnect with public sector strategy and decisions that may be biased towards a few vocal participants at the expense of smaller non-participatory stakeholders. Limited private sector involvement results in lack of accountability and failure to adopt good governance principles in public policymaking processes.

III. Determining factors for private sector participation in NTFBs

21. The nomination of private sector members alone is not sufficient for a successful private-public dialogue. It takes time and effort for collaborative partnership to be developed and maintained. With the right motivation and commitment, it is possible for private sector participation to become a success factor for an NTFB. A closer look into what drives private sector participation helps guide design choices for the NTFB with a view to strengthen private sector engagement.

A. Basic principles for successful consultation

22. ECE Recommendation No. 40¹¹ lists six basic principles to be met for trade facilitation consultation approaches, including for NTFBs:

- Partnership and trust;
- Transparency;
- Managing differences of opinion and interests;
- Results orientation;
- Consultations as an iterative process with respect for time and timing; and
- Accountability and responsibility.

23. Both members from the private and the public sector need to be committed to these principles and share responsibilities for the success of an NTFB. Trust among both sectors plays an important role not only for the success of NTFBs but for trade facilitation reforms in general.¹² NTFBs therefore need to invest in trust building among members. A trusted collaborative work environment is characterized by “willingness to rely on and share information with the other sector”.¹³

¹¹ ECE/TRADE/423.

¹² Global Alliance for Trade Facilitation, “Trade Facilitation Reform as a Trust Catalyst”, Lessons Learned Series Paper #4, November 2021. Available at <https://www.tradefacilitation.org/content/uploads/2021/11/2021-alliance-trust-ll-paper-final.pdf>. (Accessed 6 May 2022.)

¹³ Ibid.

1. Different perspectives and priorities

24. The private and public sectors have different priorities and perspectives on policy issues and risks. While they may share a common public goal, such as health and safety, environment, etc., they may have a different understanding of how to ensure such goals. This flows from their different mandates and objectives. The public sector is responsible for setting trade policy, defining the regulatory framework, and ensuring that trade is compliant with these regulations and the collection of taxes and duties. The private sector is guided by business objectives and seeks competitiveness and the reliability of its operations and supply chains. These different positions can affect the level of trust among members and reduce their willingness to contribute and be open about feedback. At its most extreme, the control orientation and priorities of government agencies may lead to mistrust¹⁴ and fear of repercussions by government agencies for speaking up and criticizing.

25. Private and public sectors may measure achievements in a different way. An NTFB must make decisions for the general good of the economy, rather than individual companies and sectors. It can be a challenge to align policy with business interests. Trade facilitation reforms may take time to materialize and to trickle down to the level of costs and time savings for individual businesses. The NTFB must be perceived as a credible arena where the balance between the different positions can be established, including the balance between different private sector interests. This requires a trusted framework for dialogue and a mutual understanding of each other's positions.

26. It is imperative for both sectors to see themselves as customers of each other and at the same time critical stakeholders in the success of NTFBs; but primarily it is imperative that the private sector see what impact they make or bring.

2. Knowledge and language gap

27. Frequently, dialogue is marred by knowledge and language barriers. For many in the private sector, WTO matters, including the WTO TFA and trade facilitation matters, are not very well known, while the public sector often has limited understanding of the actual business operations. The private sector is often not properly informed about the trade policy objectives and initiatives, while the public sector, at management level, may be little aware of the situation the private sector is facing when dealing with procedures.

28. Use of different language and terminologies often amplifies the knowledge gap. The public sector tends to use legal language and refers to the *de jure* design of procedures while the private sector uses business terminology and reports on the *de facto* application of rules and procedures. Frequent rotation in participation of members can negatively affect the shared knowledge and understanding necessary for successful dialogue and trust.

3. Communication and perception

29. Participation in an NTFB is attractive for the private sector when the NTFB enjoys a good reputation among its peers and in the public sector. Several factors impact the reputation. Of foremost importance is the messaging that is being sent out by the political leadership of the NTFB. High level political commitment to trade facilitation and consultation with the private sector must be seen and heard. Commitment must also be shared across the different branches of government. In many countries, however, the legislative

¹⁴ For example, a study by the Global Alliance for Trade Facilitation on trust between customs and the private sector associations in Colombia revealed that the history of drug trafficking in the country led to a 'control orientation' by customs which led to a mutual distrust between the sectors. The study found that to overcome this mutual suspicion took consistent dialogue, making progress on promised reforms, strong leadership, and the presence of a neutral third party to mend any damaged relationships. Source: *ibid.*

branches and political appointees in the public administration have little awareness of the work of the NTFB and too frequently not all government agencies participate at the same level. While customs administrations frequently take an active role within NTFBs, other government agencies that directly impact trade facilitation are rarely involved, if at all. An NTFB will lack relevance if relevant public stakeholders are not participating in it.

30. The reputation also depends on transparency about the NTFB. Without good communication, the private sector may perceive the NTFB as non-transparent and have limited information on the objectives and organizational details such as how they can participate. Attractiveness is also linked to the perception of dynamism and proactive enthusiasm. Irregularity of NTFB and technical group meetings discourage active participation of members in the long run.

31. And finally, the perception of the role and impact of NTFB determines private sector involvement. As a government-led initiative, there is the risk that the NTFB is perceived as something forced on them, with potential negative impacts such as additional taxes or obligations, and that the formal objectives are disconnected from the realities of businesses. From a business perspective, compliance with the WTO TFA matters very little for operations. The private sector expects a clear message and measurable activities that can reduce paperwork and speed up customs and border clearance. For the private sector, there must be demonstrable evidence that their participation is valuable and generates results in terms of trade facilitation and makes doing business easier. In the most positive scenario, the private sector will feel ownership of the NTFB.

B. Organizational aspects

1. Cost of participation

32. Participation in NTFBs is resource intensive. Businesses must allocate staff and time for the activities, and transportation costs or expenses for internet access to attend physical and online meetings. Larger companies with dedicated government relations or compliance departments can cover these costs much easier than smaller businesses. Businesses which are not located in the capital are also less likely to participate in meetings due to transportation costs. Small, medium and micro-sized enterprises, women traders and regional businesses may therefore not be able to participate as equals with bigger businesses, which increases the risk that fewer private sector interests dominate and control the private sector participation.

2. Acknowledgment and feedback

33. NTFBs are advisory bodies without legislative or executive authority. The ability to impact policy and regulatory decisions depends on the legitimacy and reputation of the NTFB. The private sector frequently questions the lack of follow-up on the decisions and the lack of visibility of the impact of NTFBs. Associations and businesses also risk their reputation with their members if different and divergent opinions are not properly acknowledged and represented in the official communications and decisions. The private sector is not interested in being part of a box-checking private sector consultation exercise.

3. Membership and participation

34. The organizational design may play out in favor of or against active involvement of the private sector. The selection of private sector members determines representatives and participation. The formal mandate of the NTFB defines the membership composition and mostly includes professional or sectoral associations (see box 1 below on the pros and cons of representation). It is common for NTFBs to be based in a country's capital city. There is the risk that businesses which are based where their main operations are undertaken—for

example at the country's borders—may not participate in and/or be aware of the NTFB as much as capital-based businesses.

35. Interest in the NTFB may also be low when relevant sectors feel that their ability to present their views is limited or when only dominant or large player interests are voiced. What matters to the private sector is that all actors, including micro, small and medium-sized enterprises (MSME), women traders and enterprises outside the capital, have access to participate in the NTFB indirectly or directly. When defining the membership, the right level of participation must be identified depending not only on the segment/level of expertise and level of impact on either trade volume/values, but also in terms of impact on economic development (MSMEs, women traders, national producers/exporters, etc.).

36. Secondly, there may be too many government committees. A multitude of working groups, committees, and networks with overlapping or similar mandates is confusing for the private sector and will make the NTFB less attractive. Bodies and initiatives that function well for the private sector, such as at sub-state or agency level, should not be closed or crowded out by a new initiative to establish an NTFB.

Box 1:

Pros and cons of representation

Professional and sectoral associations represent their members. Relying on them to engage the private sector in NTFBs has advantages and disadvantages.

Advantages

- Reduces the cost of participation and reduces knowledge gaps for individual members
- Increases weight of opinions as they represent a larger number of businesses
- Promotes neutrality of opinion as they present the entire membership and not single players
- Better reflects the diversity of private sector and in particular opinions of SME and MSME
- Increases quality of participation as trained and dedicated staff, experienced in administrative affairs, can work on the issues

Disadvantages

- Insufficient resources and limited knowledge of associations' staff, for newly established bodies or bodies without a mandatory and fee-paying membership
- Lack and weakness of associations representing new sectors, e-commerce or women traders
- Risk of centralization of members to the capital in countries with a large geography
- Political interference and competing associations with different political support
- Unequal level of consultation process within association
- Crowds out individual businesses that are eager to participate in the activities

C. Drivers for private sector participation

37. The private sector has concrete expectations of trade facilitation reforms: a reduction in customs release times and a decrease in administrative formalities and paperwork. The achievement of these interests is a key factor in motivating the private sector to spend time and money on the NTFB. Results and progress need to be documented and communicated regularly, ideally using real life examples of the benefits for the private sector.

38. The desire or requirement to attend regular, likely unpaid, meetings on either personal or company time, often with no one covering outstanding workload, is quite a hard sell. Nonetheless NTFBs offer other incentives for the private sector which motivate them to participate in meetings and activities: The private sector values first-hand, early information on initiatives, projects, and legislative drafting. They get a sneak peek at proposed rules which enables them to evaluate the potential impact to the general business environment and provide feedback and workable alternatives, as well as propose possible penalties for non-compliance, to the public sector ahead of any public hearing.

39. Participating in an NTFB does help in building a professional network and helps the individual employee (a) enhance their knowledge and (b) participate in professional development by expanding their professional network on a global level. The individuals from the private sector that participate often have a genuine interest and volunteer their participation, which should be encouraged, as their presence at meetings not only raises their own visibility but also enhances their personal knowledge of trade facilitation principles.

IV. Good practices to strengthen private sector participation

40. The following chapter allows us to plan concrete steps to improve the engagement of the private sector in an NTFB. The solutions presented are applicable to any type and form of NTFB and can be adapted to fit the specific legal and organizational context of each NTFB. The steps are grouped in the following three action areas: empowerment, access and impact.

A. Action area 1: Motivation

41. The recommended practices seek to attract and motivate the private sector to engage with the NTFB by strengthening empowerment and ownership.

1. Empowerment

Recommended actions:

- (i) Delegation of responsibilities to both private and public sector:
 - Commitment to the NTFB stems from a feeling of ownership and empowerment. For this the private sector needs to clearly see the impact it can make and bring to an NTFB. Delegating responsibilities for activities to the private sector will ensure their participation in the work plan of the NTFB.
 - This starts with involving the private sector in developing the strategy and a workplan, which is a clear map of the NTFB activities and objectives. In this process, the private sector should identify their contribution to delivering the activities and take on responsibilities for carrying out or providing leadership for the implementation of specific activities that are relevant to them. A member of the private sector and a member of the public sector can also co-lead projects and the private sector can take on responsibilities for technical working groups.
- (ii) Inclusive agenda setting:
 - The mandate or internal procedures should give a voice to the private sector in agenda setting, action planning, annual programming, and the power to call for a meeting. Ideally, private sector members are consulted during the preparation of the agenda and invited to propose points to be included prior to a meeting. Private stakeholders must also be given an opportunity to propose or prioritize actions to be carried out by the NTFB. All stakeholders must appreciate that the majority of NTFB action items are created with the help and support of the private sector.

2. Creation of incentives

42. Convincing representatives to participate in NTFB activities can be a difficult sell: it's unpaid, carries opportunity costs for the company and adds to the workload of individuals. Motivating people requires answering the question "What's in it for me?"

(i) Professional skills development:

- Training and practical guidance on how to trade and on fulfilling documentary requirements are much sought after by private businesses, in particular SMEs. However, such training is not commonly delivered by the NTFB but rather by government agencies, export or trade promotion bodies or private sector associations. The NTFB can facilitate access to such training by keeping a directory and disseminating information to its members on existing training offered by academia, professional bodies, government agencies, international organizations, and technical assistance projects. NTFBs can also carry out regular training needs assessments for its members and work with government agencies to prepare and deliver adequate training programs.

(ii) Community of practitioners:

- NTFBs can strive, when they become a recognized platform, to share experience, knowledge and solutions among practitioners from private and public sectors. Time should be allocated for learning from each other and learning about best practices and trade facilitation solutions. Visits to border crossing points, government agencies, logistics centers, and private companies will help build a better understanding of each other and identify competencies and ideas that can contribute to solutions. Cooperation with other NTFBs can be established to share practices across the borders.

(iii) Access to first-hand information:

- Access to first-hand information on government plans is a key driver for the private sector to participate in an NTFB. A session dedicated to information on legal, regulatory or operational initiatives can be integrated as a recurring agenda item of NTFB meetings. However, access to this information should be contingent on active and regular participation to prevent companies/organizations from occupying seats only to obtain the information without the bandwidth or the interest to actively participate in the NTFB. There should be a baseline expectation that private sector NTFB members actively participate in its activities.

(iv) Team spirit:

- Members need to feel that they belong or feel part of the committee. A shared statement of purpose in plain language is useful to create a mutual understanding of the vision, spirit of collaboration and principles of interaction. The statement should state in simple language "who we are, what we do and what we don't do and what is expected from all participants".

B. Action area 2: Access

43. The recommended practices seek to ensure the inclusiveness and representativeness of the private sector in an NTFB, particularly with regards to MSMEs, women traders, individual businesses, and those businesses whose locations lie outside the political capital.

1. Strengthen inclusivity

44. Successful private sector engagement depends on the ability to reach out to and engage the actual players, to include women traders, and to include MSMEs and new businesses (see box 2 on importance of involving MSMEs). The challenge for an NTFB is to identify important stakeholders and attract their collaboration at the right level of NTFB work.

Recommended actions:

- (i) Pragmatic and flexible attitude towards membership:
 - NTFBs have members from both the public and private sectors, which all should have equal rights and obligations. In defining membership, an NTFB needs to commit to its legal rules while also remaining flexible with regards to inclusivity and engagement of private sector;
 - Flexibility entails combining permanent members with observers and allowing individual companies into the process. Observers, as opposed to members, may be invited for a defined period or activity, such as when participating in a technical working group. Observers can state their opinion but not have a right to vote. Private sector members should also be allowed and encouraged to take on the role of chairperson of technical working groups;
 - Individual companies and persons may request to become observers but must be approved through a vetting process by the NTFB. Individual companies may also be invited to provide additional input to single meetings when needed. In some contexts, specific rules for nomination of observers and acceptance of individual companies will need to be defined in the legal mandate. In others, transparency of this process may be sufficient; and
 - An NTFB should also periodically review its formal membership to either add new or replace members. Some NTFBs have adopted the principle of rotation of the private sector membership among associations to ensure that different and potentially competing associations can be represented.
- (ii) Public consultation sessions:
 - It may be a good practice to include a public consultation session at all the meetings of an NTFB. This session would be open to any member of the private sector to attend and to speak at. The main objective of the session is to provide updates on regulatory or legislative changes and initiatives, as discussed in Section IV, Chapter A, point 2.
- (iii) Reach out to MSME, regions and women traders:
 - To overcome the challenge of limited representation of women traders and MSME in professional associations, it is recommended to set a goal of participation from each sector. The private sector could include 30% small business, 30% women traders, 30% SMEs. Assigning a “regional”, “small business” or “women trader” representative with a yearly rotation is also a practical solution to increase representativeness.

Box 2:

Why is it important to reach out to MSMEs

Micro-sized enterprises have limited lobbying power; many of these are women-owned and are small scale, cross-border traders. They are often not formally registered as business entities and have little awareness of and formal training in conducting international trade. They also have specific interests which need to be taken care of and these may be

relevant to the wider group of businesses, such as opening hours at border crossings and protection from harassment.

Small and medium sized enterprises also have specific interests as they are often newly created businesses or are operating in niche and new sectors and they bring grass roots experiences to the table. The cost of participating in an NTFB is higher for small and medium sized enterprises with less staff.

2. Lower barriers for participation

- (i) Create and maintain the virtual presence of an NTFB:
 - A virtual presence on social media platforms is useful for keeping the broader public informed about the activities, offering channels of engagement outside of meetings, and increasing awareness of the NTFB in general. It can also be used to collect feedback on specific issues and activities. Another form of open communication is an email inbox where members can send questions or suggestions.
 - A website is also helpful for raising awareness about the work being done by an NTFB and in keeping stakeholders (including the general public) informed. Websites, however, demand financial resources and should only be considered if they are essential for delivering NTFBs objectives.
- (ii) Use of digital tools for communication with members:
 - Virtual or hybrid meetings enable digital and in person participation from the private sector. Participants who do not have the time and resources to travel to physical meetings may find it easier to participate in an internet call. However, going 100% virtual is not recommended (see box below). Virtual meetings are useful when broad participation is needed to ensure inclusivity of all members, such as yearly programming. For transparency purposes a meeting report should be made available. However, meetings should not be recorded as this may prevent people from interacting for fear of reprisal. Physical networking events, which allow for face-to-face interaction in a less formal setting on a yearly basis, are also important to mobilize participation; and
 - Digital tools can also be used for immediate communication. During the COVID-19 pandemic some NTFBs have been effectively using messenger forums or chat groups to keep communication going. Chat groups have been effective in alerting the groups of problems and in seeking direct action. This form of communication needs to be used with caution (see box 3 below on the shortcomings of using digital tools).

Box 3:

Shortcomings of using digital tools

Digital tools are good for overcoming cost and location barriers to participation and are also more environmentally friendly. Nevertheless, virtual meetings are not likely to replace all in-person meetings for several reasons. Virtual meetings are less effective when it comes to a real exchange of ideas and personal networking, which is a reason that many participants from the private sector to engage. Bandwidth and the price of internet connectivity may also lead to exclusion of some participants, namely SMEs and traders in remote locations. It is also necessary to educate people on the use of digital tools, and legal issues of data privacy and protection complicate the use of digital communication and related software. A combination of in-person meetings with virtual meetings and a digital presence is the best approach for engaging with private sector members. Virtual meetings allow for good one-way communication for large group settings, and for interaction in small groups

where individuals already know each other. While people tend to speak out less in video calls, they do use the chat function to raise questions.

Using chat to report immediate problems should not confuse the role of the NTFB and undermine due administrative processes. An NTFB is neither a help desk nor a body for lodging individual complaints. Other channels, such as chat fora, may be more effective for solving immediate problems; however, instead of involving everyone, they risk focusing on single issues affecting few. When operating such a channel it is necessary to filter the issues to only address those that affect trade in general, and report to all members on actions taken.

C. Action area 3: Impact

45. The recommended practices seek to improve the impact and relevance of the NTFB by mainstreaming private sector interests into the planning process and improving performance management.

1. Mainstreaming business orientation

Recommended actions:

- (i) Develop a business-centric strategy for the NTFB:
 - The vision and work plans need to set clear goals with tangible benefits from the private sector in the vision and agenda. This requires the use of a consultative mechanism for designing the work plan. Private sector surveys and focus group meetings can be used to collect broad input from the private sector, including individual companies. It is recommended to prioritize one goal per year or a subset of goals in an annual program.
- (ii) Evidence-based activities
 - An NTFB can develop a channel of communication to report bottlenecks and ensure that the issues reported filter into the work of the NTFBs. To this end, they can operate an email inbox to receive various on-the-spot reports on bottlenecks. The secretariat will periodically evaluate the reported issues and present relevant issues to the NTFB for discussion. This is a useful mechanism to align the activities of the NTFBs with private sector concerns and will lead to well-informed recommendations.

2. Strengthen performance measurement

Recommended actions:

- (i) Progress measurement and communication:
 - An NTFB should measure the status of implementation of the annual and mid-term work plan and progress towards the achievement of objectives using the benchmarks and indicators defined in the work plan. It should also continuously and regularly report to its own members on the progress made, and
 - UNCTAD has developed an online tracking tool, the so-called reform tracker, that can be used by NTFBs for following up on the communications of activities post meetings. It allows individuals to log in to check the status or monitor the progress of an activity without having to meet every time (see box 4 on the Reform Tracker below).

Box 4

Madagascar and the Reform Tracker of UNCTAD¹⁵

The establishment of the reform tracker in 2021 is proving how digitalization can support the National Trade Facilitation Committee of Madagascar to achieve its mandate. The reform tracker helps to manage and monitor the progress of trade facilitation agreement implementation at the national level in real time. Moreover, the reform tracker plays an important role for the national trade facilitation committee of Madagascar to coordinate their activities online.

Team management tool: The reform tracker allows the National Trade Facilitation Committee to organize information about its members and other trade facilitation practitioners, such as their contact information and roles, and systematically inform them of the latest updates related to international trade and trade facilitation.

Tracking of priority actions: The reform tracker allows for a coordinated interagency implementation of priority trade facilitation initiatives through the involvement of all cross-border stakeholders from the public and private sectors.

Monitoring of results: The reform tracker provides a platform that allows the committee and its working groups to monitor progress in implementation, and to take necessary measures in case of setbacks.

Sustainability: The reform tracker assures sustainability of the committee, as it facilitates project documentation and allows for systematic knowledge transfer. New members of the committees have access to current and past projects and can get acquainted with their new role in no time.

(ii) Adoption of an evaluation framework

- ECE Recommendation No. 40¹⁶ states that “dissatisfaction with the process and participants’ perception of an ineffective involvement may lead to their disengagement and the failure of consultation processes”. It recommends carrying out evaluations at the outcome and process level. At the process level the evaluation can measure whether the process was effective in reaching out to and engaging the private sector and whether contribution from the private sector could be mobilized. Examples of relevant evaluation criteria for which data can be easily collected are the level of participation in meetings, the number of activities carried out by the private sector, and the number and type of activities carried out with the private sector as target.
- An example of an evaluation framework is the so-called NTFC Maturity Framework, jointly rolled out by the Economic Community of Western African States (ECOWAS) and the Western African Economic and Monetary Union (UEMOA) within the West Africa region. It is a self-assessment methodology and user-friendly tool to identify the NTFC maturity baseline, develop or strengthen their respective action plan and to monitor in a regular manner their maturity progress (see box 5 on the NTFC Maturity Framework below).

¹⁵ Available at <https://unctad.org/topic/transport-and-trade-logistics/trade-facilitation/reform-tracker>.

¹⁶ ECE/TRADE/423

Box 5:
the ECOWAS NTFC Maturity Framework

The tool, developed under the Trade Facilitation for West Africa Program (TFWA), has been progressively rolled out since 2020 under the supervision of the Economic Community of Western African States (ECOWAS) and the Western African Economic and Monetary Union (UEMOA). Acknowledging that NTFBs are the right platform to bring together civil society and the public and private sectors to address trade bottlenecks and improve trade facilitation within the region, the ECOWAS National Trade Facilitation Committee (NTFC) Maturity Framework is structured around three pillars supporting the adapted operationalization of international recommendations and best practices and fosters a regional network of practices and exchange of experience.

The NTFC Maturity Framework revolves around three pillars for high performing NTFBs:

Pillar 1: Institutional capacity and decision-making and the NTFB ability to operationalize an efficient institutional framework to advocate for relevant technical recommendations and effectively influence the government reform agenda related to cross-border trade

Pillar 2: Strategic planning, project management and monitoring & evaluation and the NTFB ability to plan, monitor and evaluate the execution and implementation of sustainable trade facilitation measures, ensuring strategic alignment and operational coherence through a result-based approach

Pillar 3: Consultation and inclusiveness and the NTFB ability to integrate inclusive participatory processes into trade facilitation policymaking to guarantee institutional efficiency and public accountability

The use of the self-assessment tool has ensured transparency and ownership: it is done either in plenary or by a restricted NTFC working group gathering public and private NTFB members before its validation in plenary, together with the updated action plan.

The effective participation of the private sector in the NTFB work and deliberations is considered a cross-cutting enabler and is integrated through numerous self-assessment indicators in all three pillars. Without being exhaustive, some indicators are presented below.

The tool measures the adoption and effectiveness of a service-centered approach (for example, through the development and operationalization of an NTFC quality charter) and the frequency of usage of stakeholder mapping to systematically identify new relevant stakeholders to the NTFB. It also measures the respect of diversity and gender-sensitivity at the level of institutional membership (such as involving less obvious Ministries, like the one in charge of women's affairs as a key to supporting the African Continental Free Trade Area (AfCFTA) focus on women and youth). In addition, it evaluates the adoption of trade facilitation performance indicators on the diversity of private sector operating models, including the adoption of gender-sensitive monitoring and evaluation tools to support women entrepreneurship, and assesses the reporting mechanisms used to liaise with local consultative platforms in the field. Finally, the NTFBs are invited to reach a higher maturity level and strengthen their communications strategy through direct outreach to the trade facilitation stakeholders and users through 360° surveys or interviews to ensure that the NTFBs are proactively managing their stakeholders' relationships.