UN/CEFACT
International Trade Procedures PDA

New Delhi Forum
October 2014
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# New Delhi 2014 Forum Schedule for International Trade Procedures Domain (ITPD)

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<th>Monday 27 Oct</th>
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<th>Friday 31 Oct</th>
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<td>Forum meeting: Open Plenary Meeting</td>
<td>Project on promoting CEFACT technical deliverables</td>
<td>Forum meeting: Authentication / Security projects</td>
<td>Project on promoting CEFACT technical deliverables</td>
<td>Forum meeting: Closing Plenary Meeting</td>
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### Lunch Breaks:
- **Monday 27 Oct**: ITPD workitems
  - Welcome information
  - Perspective projects
- **Tuesday 28 Oct**: Single Window mini-conference:
  - Indian Port Community
  - French/EU interoperability projects
  - Japan NACCS system
  - WCO
- **Wednesday 29 Oct**: Update of active projects:
  - Single Window Interoperability projects
- **Thursday 30 Oct**: Trade Facilitation Task Force meeting
- **Friday 31 Oct**: (no afternoon sessions)
• Project Leader: Maurice Diamond
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UN/CEFACT PPP-TF RECOMMENDATION

“Public Private Partnership in Trade Facilitation”

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Paloma BERNAL TURNES, Georgetown University & PPP in TF Project Editor

Maurice DIAMOND, Crown Agency & PPP in TF Project Lead

UN/CEFACT Forum India
October 28, 2014
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1. DEFINITION OF PPP IN TF

PPP – Some Key Actors

• UNECE
    o UNECE PPP ICoE (International PPP Centre of Excellence)

• UNCITRAL
  o Model Law on Public Procurement
  o International Colloquium on PPP 2-3 May, Vienna

• WTO
  o Government Procurement
    ▪ [http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm](http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm)
1. DEFINITION OF PPP IN TF

• 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
  o This definition was proposed with a view to be reusable in other ITPD or UN/CEFACT projects
1. DEFINITION OF PPP IN TF

• 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’. 
1. DEFINITION OF PPP IN TF

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:
  o Joint venture
  o Contractual (includes concessions)
PPP in Trade Facilitation

1. BASIC PRINCIPLES

GOAL: FINDING THE REASON WHY

Why PPPs in Trade Facilitation????

Public   PPP   Privatization
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2. POTENTIAL BENEFITS OF PPP IN TRADE FACILITATION

Advantages of PPP:

1) Improve the project selection
2) Accelerate the infrastructure provision.
3) Simplify procedures and reduce costs.
2. POTENTIAL BENEFITS OF PPP IN TRADE FACILITATION

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.
2. POTENTIAL BENEFITS OF PPP IN TRADE FACILITATION

Advantages of PPP in TF:

2) Accelerate the infrastructure provision. 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.
2. POTENTIAL BENEFITS OF PPP IN TRADE FACILITATION

Advantages of PPP in TF:

3) Simplify procedures and reduce costs. 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.
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3. MAIN TYPES OF PPP PROJECTS

- Institutional or Developmental PPP
- Hybrid/Blended/Triangular Contractual
- Capacity Building
- Civil Society Strengthening
- Health and Delivery Programmes
- Infrastructure (DBTO, etc.)
- Information and Communication Technologies (ICT)
- Services
3. MAIN TYPES OF PPP PROJECTS

Scope of PPP in TF

- A National Trade Facilitation Organisation
- Single Window
- Port Communities
- Trade Corridors
- Coordinated Border Management
- Infrastructure
- Aligned Documents
- Mobile Trade Facilitation
3.1. INSTITUTIONAL PPP Projects

• One or more public sector bodies, the private sector, and third sector organisations (NGOs, foundations,..), develop PPP where public money are combined with private monies in a joint fund to achieve a development objective. Typically, it may be capacity building, civil society system strengthening, and health delivery programmes. Traditionally, institutional PPPs weren’t considered as a type of PPP.
3.2. HYBRID PPP Projects

- This type of PPP project consist of a public sector infrastructure or Information and Communication Technologies (ICT) project that needs to be undertaken with the private sector. However the potential financial return sometimes is insufficient to attract private sector investors. (Ex. dry ports).

- For such PPPs, it is important that the objectives of the third sector donor (NGOs), and the service delivered will be complementary or aligned to the public sector’s objectives in order to be successful.
3.2. HYBRID PPP Projects

In a hybrid PPP project, the donor, usually a non-governmental organization (NGO) or a foundation, may 1) provide direct (such as top up finance), or 2) indirect support (such as loan guarantees):

1. Provision of direct budgetary support. An NGO or a foundation provides third party financial backing to make a PPP project affordable. These direct financial contributions, are sometimes referred to as budgetary support. As the private sector is only financing a proportion of the overall project cost, the contract should become more affordable.

2. A loan guarantee (for instance, underwriting the loan) may help a service provider obtain cheaper finance from a bank at minimal cost to the organisation underwriting the loan. In turn, the cheaper finance will contribute to making the project more affordable.
3.3. INFRASTRUCTURE PPP PROJECTS

An infrastructure PPP project has place if there is a significant underlying asset that is constructed or renovated and then maintained as part of a service contract. Examples would include significant border control buildings, roadways and dry ports.

Main characteristics:
• Design Build Transfer and Operate (DBTO) or similar projects of DBTO.
• Typically longer term contracts of up to 20, 25 or 30 years. Roadways and bridges projects could be even longer.
• The types of infrastructure projects in PPP in TF include buildings, roadways, ports, trade corridors, customs, and dry ports. Service provider may require third party financing.
• As with all PPP projects fees are earned by the service provider during the operation phase of the projects.
• Fees earned during service phase of contract, but NOT during the construction phase.
3.3. INFRASTRUCTURE PPP PROJECTS

3.3.1. ICT PROJECTS

There are significant issues that need to be considered with regard to ICT (Information and Communication Technology). The Supplier need to consider what ICT is required for their project, and at the same time, needs to consider whether the ICT can be standalone or needs to integrate with other governmental ICT.

If the ICT needs to integrate with other governmental ICT this must be clearly expressed at feasibility study phase so that it is not a surprise to any private sector bidders. If there is a need to integrate or to communicate with other existing systems, this will have direct impact on the choice and cost of the ICT selected to deliver the PPP service.

Typically shorter term contracts last of up to 7 to 10 years. Because of the speed of advancement in technology, suppliers are reluctant to take on the technology upgrade beyond the first refresh. Therefore, there is no effective risk transfer with regard to redundancy of technology beyond approximately five years, so unless the supplier is willing to take on this risk longer term, there is no “PPP” value in the contract when the second refresh occurs at year 10.
3.3. INFRASTRUCTURE PPP PROJECTS

3.3.1. ICT PROJECTS

Cautions must be taken regarding the ownership of the data held on the systems by the private sector supplier. Firstly, the data should not be in the public domain and will be covered by both local privacy and access to information legislation. Secondly, the access to that data by the public sector when required is critical to the normal operation of Government. Therefore, there are a number of issues that need to be addressed:

• a) Who will own the ICT?
• b) Who will own the licences (Government)?
• c) Can the ownership of the licences be transferred?
• d) Who will own the data?
• e) Will the data sit on supplier servers?
3. MAIN TYPES OF PPP PROJECTS IN TF

- Infrastructures
  - Ports
  - Airports
  - Corridors
  - Single Windows
  - International Trade Web Site Portal
- Technologies
  - Licencing
- Services
  - Coordinated border management
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4. GENERAL HEALTH WARNING ON SUITABILITY OF PPP FOR TF

• To decide on the delivery mode of a specific service or project, governments and private sector should conduct a value-for-money analysis that determines whether delivery as a PPP or a traditional procurement financing is the cheapest option on a whole-life-cycle cost basis. The value-for-money consist of the evaluation the cost and the benefits of the project. This process has to be unbiased and thus should be based on high-quality data and a clearly specified and standardized evaluation process. The value-for-money appears in PPP if the net positive gain is greater than any alternative way to provide the service.
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5. RISKS ASSESSMENT

In any type of PPP project, risks allocation and management are critical in order to provide responsibility, accountability and back the cost associated with the following topics:

• Objective of the project.
• The funding and financing structure.
• The quality of service standards agreed.
• The variability of the demand and the appearance of competitors.
• The residual value of assets when the transfer risks and the end of the contract occurs.
5. RISKS ASSESSMENT

• 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:

\[
\text{Value of risks} = \text{Outcome} - ((\text{Consequence of risk} \times \text{probability of risk event}) + \text{contingency})
\]
## 5. RISKS ASSESSMENT

<table>
<thead>
<tr>
<th>TYPE OF RISKS</th>
<th>RISKS DESCRIPTION</th>
<th>MONETARY CONSEQUENCES OF RISKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioning risks</td>
<td>This risk appears when a licence, administrative permission, or an output specifications needed is not reached</td>
<td>Costs from delays and maintenances</td>
</tr>
<tr>
<td>Construction risks</td>
<td>Delays, exceed the budget or not follow the specification</td>
<td>Cost of construction and/or maintenance</td>
</tr>
<tr>
<td>Demand risks</td>
<td>Less revenues</td>
<td>Financial cost</td>
</tr>
<tr>
<td>Design risks</td>
<td>The project design is unable to meet the performance and service requirements in the output specification.</td>
<td>Redesign costs, construction costs and/or delay costs.</td>
</tr>
<tr>
<td>Political risks</td>
<td>Unsecured legal framework, dispute resolution, the regulatory framework, government policy, taxation, expropriation and nationalisation.</td>
<td>Asset costs, financial costs, interest rate costs, inflation, discount costs</td>
</tr>
<tr>
<td>Environmental and social risks</td>
<td>Environmental externalities</td>
<td>Construction and maintenance costs</td>
</tr>
</tbody>
</table>
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<th>MONETARY CONSEQUENCES OF RISKS</th>
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</thead>
<tbody>
<tr>
<td>Financial risks</td>
<td>Funding risks</td>
<td>Delay costs, financial costs</td>
</tr>
<tr>
<td>Performance risks</td>
<td>The project is unable to reach the results needed</td>
<td>Less revenues, maintenance costs</td>
</tr>
<tr>
<td>Operating risks</td>
<td>Inefficiencies in the project development and exploitation</td>
<td>Less revenues, maintenance costs</td>
</tr>
<tr>
<td>Latent defect risks</td>
<td>Inherent and hide risks in the construction of the project (infrastructure or equipment)</td>
<td>Permission costs, delay costs, construction and maintenance costs</td>
</tr>
<tr>
<td>Technical and technological risks</td>
<td>The project is unable to provide a valid solution for partners and/or consumer and clients</td>
<td>Less revenues, maintenance costs</td>
</tr>
<tr>
<td>Residual value risks</td>
<td>The loss of the value of assets budgeted at the moment to transfer the contract</td>
<td>Financial costs</td>
</tr>
<tr>
<td>Industrial relation risks</td>
<td>Risk of conflict of interest management among the partners of a project</td>
<td>Delay costs, financial costs, construction costs and/or delay costs</td>
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6. AFFORDABILITY

• Affordability is measured by the term Value-for-Money (VFM) is the balance of revenues and costs of any PPP project. The business model should derive a positive Value for Money. If there is a negative VFM assessment, this means that there are negative synergies that cause inefficiencies to the project.
6. AFFORDABILITY

The main factors that affect the assessment of VFM in a PPP project are the following:

• Bid criteria.
• Delays during the project.
• Penalties mechanisms (lack of quality, unreachable deadlines,....).
• Poor specification of risks allocation and management.
• Unrealistic affordability calculation (poor cash-flow estimation and unrealistic assessment of the capability to attend payment commitments).
• Possibility to re-competing contracts in regular intervals during the PPP project in TF.
• Low demand of the service.
• Inappropriate pricing or taxes recovery.
• Investments in new capital assess during the contract duration.
• Property rights payments associated to the service delivery of the PPP project in TF.
• The use of economies of scale in any stage of the project.
• Interest rates, taxes, inflation, discount rates, and exchange rates estimation.
• Positive and negative externalities of the project.
• Variable, semi-variable and fixed (direct and indirect) costs.
6. AFFORDABILITY

Affordability of the project is about to think here how the project is going to be funded and will sufficient funds be available to the government throughout the whole life of the deal to make payments to the service provider, or where users are expected to make payments will the fees be low enough not be affordable, or at least not be so high as to be off putting to the users, resulting in insufficient demand for the services offered.
6. AFFORDABILITY

If there are insufficient funds the appropriate actions suggested are:

• To seek additional funds to support the scheme (from internal or external sources).

• Review the scheme to see if the scope or specification or performance levels can be adjusted to reduce the overall cost.

• Consider different and mixed charging and budget support mechanisms.

• If the budget gap cannot be bridged to make a clear decision not to go ahead with the scheme.
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7. TRANSPARENCY
7. TRANSPARENCY

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
7. TRANSPARENCY

DIFFICULTIES TO GET THE METRICS

MULTIPLE ACTORS

TRANSPARENCY
7. TRANSPARENCY

- Including the participation of the private sector in trade facilitation could increase the quality of the services provided, but care must be taken and mechanisms must be created in procuring the services in a transparent manner and ensuring that the contractual mechanisms are in place to minimise behaviours that effectively lead to an increase rather than a reduction in the barriers to trade.

- In this context, public consultation is one of the key tools employed to improve transparency, efficiency and effectiveness. Any consultation process in PPPs improve management effectiveness, regulation and governability (see Recommendation of Best Practices in Trade and Government Consultation on Trade Facilitation Matters, UN/CEFACT 2014).
7. 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.
7. TRANSPARENCY

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.
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).
7. TRANSPARENCY

To assure transparency partners in a PPP project in TF should be fully informed about:

• The range of services included in the contract.
• The level of execution/performance of the project in regular basis.
• The revenues, benefits and performance levels agreed and achieved.
• The use of government grants, guarantees and other financial support including significant risk-bearing.
• The stream of payments and costs of the project.
• Any changes made since the contract was originally signed and side agreements including government guarantees.
• The creation of mechanisms to reduce corruption, or inefficiencies (IT solutions, supervision agency, verification systems,...).
• Future stream of payments and government commitments under PPP contracts.
• Risks allocation and accountability system to protect the aim of the project against individual interests.
SCENARIO IN TRADE FACILITATION

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

Source: World Bank Database
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.
OPEN ACCESS
OPEN ACCESS TO INFORMATION

Accountability
- Administration functions
- Enabling political environment
- Public engagement
- Appeals and sanctions

Transparency
- Disclosure functions
- Monitoring and Oversight

Participation
VOICE: Meaningful participation through access to information

<table>
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<tr>
<th>POLITICAL PARTICIPATION</th>
<th>COLLABORATIVE/COMMUNITY-BASED PARTICIPATION</th>
<th>MARKET PARTICIPATION</th>
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<tr>
<td>• SUPPORTING SECURITY</td>
<td>• CO-PRODUCED PLANNING</td>
<td>• IMPROVING QUALITY OF DEMAND (BETTER-INFORMED CONSUMERS)</td>
</tr>
<tr>
<td>• INFORMING CITIZENS</td>
<td>• CO-PRODUCED SERVICES AND PRODUCTS</td>
<td>• IMPROVING QUALITY OF PROVISION (COMPETITION INNOVATION)</td>
</tr>
<tr>
<td>• PROVIDING PLANNING TO DELIVER SERVICES AND GOODS</td>
<td>• CO-PRODUCED INFORMATION</td>
<td>• COCREATING AND IMPROVING THE USAGE OF THE SERVICES AND PRODUCTS</td>
</tr>
<tr>
<td></td>
<td>• CO-PRODUCED THE EVALUATION, MONITORING AND MAINTAINANCE</td>
<td></td>
</tr>
</tbody>
</table>
8. GOOD GOVERNANCE

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.
TRANSPARENCY AND CORRUPTION

THE TRANSPARENT SCENARIOS IN INTERNATIONAL BUSINESS

- Sub-Saharan Africa
- South Asia
- OECD high income
- Middle East & North Africa
- Latin America & Caribbean
- Eastern Europe & Central Asia
- East Asia & Pacific

- Losses due to theft, robbery, vandalism, and arson (% sales)
- Value of gift expected to secure a government contract (% of contract value)
TRANSPARENCY AND CORRUPTION

- Value of gift expected to secure a government contract (% of contract value)
- Losses due to theft, robbery, vandalism, and arson (% sales)
- Percent of firms expected to give gifts to public officials "to get things done"
- Percent of firms expected to give gifts to get an import license
TRANSPARENCY AND CORRUPTION
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10. BUSINESS CASES
8. GOOD GOVERNANCE

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

• Good governance in PPPs is a topic that has recently been addressed in international norms and standards. The UN Convention against Corruption (UNCAC) contains provisions relevant to PPPs in article 9 (“Public procurement and management of public finances”) and article 12 (“Private Sector”), supplemented by requirements in article 10 for public reporting and transparency (access to information concerning public administration and periodic public reporting).

• Article 9 focusses on procedures for the adoption of the national budget; timely reporting on revenue and expenditure; accounting, auditing and oversight; risk management and internal control systems; and measures to preserve the integrity of relevant documentation. Article 12 requires measures to prevent corruption involving the private sector, referring specifically to PPPs and corporate governance.
8. GOOD GOVERNANCE

• The OECD’s Principles for the Public Governance of PPPs set out the need for a clear, predictable, legitimate and appropriately resourced institutional framework — involving public awareness through consultations of the relative costs, benefits and risks of PPPs and public procurement; the need to maintain key institutional roles and responsibilities (to ensure prudent procurement process and clear lines of accountability); and the need for regulation to be clear, transparent, enforced and not excessive.

• They also discuss the need for a transparent budgetary process to minimize fiscal risks and ensure integrity of the procurement process in PPPs, with disclosure of all costs and contingent liabilities.
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9. SPECIAL LEGAL AND CONTRACTUAL CLAUSES

- Protection of commercially or otherwise sensitive information
- Services Required
- Services to be provided
- Payment and Performance
- Direct Agreements (Public Sector with Funders)
- Contract Change
- Dispute resolution
- Condition Surveys
- Acceptance of any underlying Asset
- Ownership of Assets
- Ownership of Data (ICT)
- Use of Data (ICT)
- Condition of Assets
- Public Sector Audit Rights
- Governance
- Exit Clauses
- Possible clauses re transfer of staff
- Risk Schedule
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CASE STUDIES

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**

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International Trade Hub Italia (ITH-Italia)

TEMPLATE – MAIN TOPICS

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

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D.- Implementation (of the PPP)

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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

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B. - Details of the solution (PPP in place)
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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).
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TEMPLATE – MAIN TOPICS

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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
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?
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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?
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
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

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CASES STUDIES FOR THE RECOMMENDATION IN PPP IN TF

TEMPLATE – MAIN TOPICS

F.- Lessons learnt

19.- What have been the greatest obstacles when preparing the project?
20.- What have been the greatest obstacles during the project?

19.- What have been the success factors when preparing the project?
20.- What have been the success factors during the project?

G.- Contacts details for more information
A.- Business Trade Context

1.- Context/Needs and Objectives to address

• Main reason: Facilitation of international trade is a goal for the Government and a necessary service for the companies. BECAUSE IT BRINGS ECONOMIC GROWTH

• Facilitation as part of general policy for simplification - Italian Gov. Act for Simplification (27 January 2012). Digitalization as one of the main tool for simplification in order to:
  • Reduce bureaucracy
  • Speed up procedures
  • Abolition of unnecessary rules
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A.- Business Trade Context

1.- Context/Needs and Objectives to address

The need for an international trade platform emerged with three prime objectives:

• 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.
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A.- Business Trade Context

1.- Context/Needs and Objectives to address

To facilitate the research for business opportunities, business partners and the opening of new markets abroad.

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).

• 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.
A.- Business Trade Context

1.- Context/Needs and Objectives to address

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.

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.
A.- Business Trade Context

2.- Type of Trade Facilitation Program in PPP

• The 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 “By the end of this decade, all the major IT HUBs will be interconnected”.

The main targets connected to the project are:

• COSTS REDUCTION – (Hidden costs of international transactions)
• MORE COMPETITION
  o Less Bureaucracy
  o More Efficiency
• MORE ATTRACTIVENESS for Foreign Direct Investments
• LESS DELOCALIZATION of Italian companies abroad.
A.- Business Trade Context

3.- What is the current stage of plan of this project? Designing, implementing or running?

The preparation phase (within the implementation phase) is completed and now, after the pilot phase, the Platform went successfully through the final test.

4.- How is sustainability managed within the PPP?

The private sector gives its contribution through the fees that each company pays to enter the platform. The system implementation will be self-financed from the monthly revenues generated by users fees.
B.- Details of the solution (PPP in place)

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

☑ Other_ ......Design, Finance, Operate, Maintain

☐ Build – Own – Operate
☐ Design – Build – Finance – Operate
☐ Lease – Develop – Operate
☐ Build – Finance
☐ Operate – Maintain
☐ Joint Venture
☐ Alliance
☐ Other_ ......Design, Finance, Operate, Maintain
B.- Details of the solution (PPP in place)

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

• 18 Partners:

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

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

- Political risks
- Funding risks:
- Design and performance risks
- Operating risks
B.- Details of the solution (PPP in place)

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

• 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.

• Assumed sustainability flat affordable rate per year per beneficiary company to cover main maintain costs of the project.
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?

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

10.- What is the business model behind this project?

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”.

The *International Trade Hub-Italia* (ITH-Italia) is the digital web based tool that can facilitate trade, increase competiveness, and promote the internationalization for SMEs by:

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

10.- What is the business model behind this project?

As an ultimate result, by creating a TDR (Trade Document Repository), the system records and maintains electronically all docs and data with legal validity. 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.

The main idea behind, is to create a single “International trade system” connected with the other international trade hubs.
B.- Details of the solution (PPP in place)

11.- What is the role of each partner? (possibly including a governance structure).

The public partner, MISE, is the decision maker and the budget owner.

The project is in process of identifying the implementing agency,

- COMPANIES/OPERATORS
11. What is the role of each partner? (possibly including a governance structure)
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.)

- 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.
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C.- Legal Context

13.- How are exit strategies managed within the PPP?
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.

14.- How are Intellectual Property Rights owned and protected within the PPP?
All the information are public available on partners websites and remain the ownership of the party concerned.
Disclaimer of usage of information only for the aim of the project.
Confidentiality policy about companies information.
The main responsible of keeping data of the users confidentially will be the implementing agency.
The partners are allowed to use the data of the users only to provide the services that are within the scope of the project.
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”).

The Lead Agency is the Ministry of Economic Development of Italy – Directorate General for Internationalization and Trade Promotion.
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D.- Implementation (of the PPP)

16.- Are there multiple private partners? Is there a lead among these partners?

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.
D.- Implementation (of the PPP)

17.- What has been the procurement process to select and confirm the parties involved? What has made a difference in partners’ selection?

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
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?

- On the basis of UN/CEFACT Recommendation N° 33 and following the 2\textsuperscript{nd} International Conference on Trade Facilitation (14\textsuperscript{th} UN/CEFACT FORUM) a “Standing Committee” on Trade Facilitation was set up by the Italian Ministry for Economic Development on December 2009.

- In February 2011, has been signed a Memorandum of Understanding between the Ministry of Economic Development with ABI-CBI – the Italian Banking Association.
After the signature, the constituency parties left the 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:

- Working Group Operators’ problems
- Working Group Financial Services
- Working Group Interoperability
- Working Group Aid for Trade

The National Committee on TF grants the governance and transparence within the system and among the partners and coordinate the respective actions and initiatives in view of the common goals by regular meetings and exchange of experiences and best practices in the different sectors.
D.- Implementation (of the PPP)

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?

- Trade facilitation policy
- Service Agreement among the partners
- Sharing information and relevant data
D.- Implementation (of the PPP)

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

Weak operational involvement and cooperation of the Project Partners.

During the project, the development of some competing platforms has been started; these platforms, very similar to ITH Italia, have shared partners with ITH Italia itself.

Technically, the absence of common technical standards among the Partners.
If you are interested in this project, please do not hesitate to contact:

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THANKS FOR YOUR ATTENTION!!!!!!

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