24th UN/CEFACT FORUM

Supply Chain PDA
Finance & Payments Domain

Liliana Fratini Passi
Domain Coordinator

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Supply Chain PDA: the new structure

Vice Chair:
Raffaele Fantetti

Supply Chain PDA (SC PDA)
Domain and Coordinators

Finance & Payments
(coordinator: Liliana Fratini Passi)

Procurement
(coordinator: André Hoddevik & Bernard Longhi)

Transport & Logistics
(coordinator: Dominique Vankemmel)

Supply Chain Management
(coordinator: Karina Duvinger & Edmund Gray)
New Supply Chain Strategic Plan*

- provide an overview of the supply chain domain in which we will work;
- identify the scope within that domain on which we will concentrate;
- propose future projects for inclusion in the UN/CEFACT Programme of Work.

New Finance & Payments domain Strategic Plan *

- ensure the UN/CEFACT project responds to market requirements (public and private);
- follow the Stakeholders Requirements in terms of cross-border interoperability;
- reduce overlap and the duplication of work with other organizations and communities of experts.

New Purchase Order Financing Request Proposal

- Presentation of the first Finance & Payment proposal: POF project
- Feedback gathering and project proposal review

* to be elaborated in the context of UN/CEFACT documents

The F&P domain session introduced the gap analysis between payment areas and ISO standards (cf. next slide).

Refer to the annexed last version
The SC PDA looks at F&P domain as to define and progress Financial and Payment projects in the future.

The shown F&P headings are greatly covered by ISO (also EDIFACT in some cases) international standards and messages.

In order to answer stakeholders req., it would be essential to focus the effort on sparsely standardized activities (Trade and above all Supply Chain Finance)
**Purchase Order Financing (POF) Request** is the very first F&P project endorsed by the SC PDA.

**Scope**

The purpose of the project is to develop a UN/CEFACT business standard guidelines for Purchase Order Financing Request.

**Short Term Solution**

POF shall give to the companies a short term solution for funding inventory in order to complete sales transactions.

**Credit Line**

POF could be covered by a banking credit line or by other financial agent, which caters for direct payment to the supplier.

**Receivable Payable**

POF could be both addressed to “receivable” (similar to factoring) or “payable” (financing of commercial debits) items. It might be based on both purchase orders released/received or contracts already signed between customer and supplier.
PO Financing Request
Project Scope

Receivable payable

POF could be both addressed to “receivable” (similar to factoring) or “payable” (financing of commercial debits) items. It might be based on both purchase orders released/received or contracts already signed between customer and supplier.

Receivable

A type of financing arrangement in which a company (seller) uses its receivables - which is money owed by customers - as collateral in a financing agreement.

The company receives an amount that is equal to a reduced value of the receivables pledged.

payable

A type of financing arrangement in which a company (buyer) needs a credit line to solve a short-term debt.

The Buyer can then take ownership of the goods and use them to grow his business.

The purchase order financing service gives companies the opportunity to transform orders into working capital. In fact, it allows companies to get the money needed, for example, to pay their suppliers.
PO Financing "receivable" side

Let’s have a focus on the case that the seller lacks the funds to pay his suppliers.

The PO Financing Request scope is to develop a UN/CEFACT business standard for Purchase Order Financing Request, represented at step three of the picture.
As defined by UN/CEFACT ODP (Open Development Process), the request for new project must be supported by 3 HoDs. 
**Already received** (Italian, Swedish and Netherlands* HoDs)

The project proposal will be **endorsed by the Bureau** hopefully during the current New Delhi Forum

Call for Participation from UN/CEFACT on Project «**Purchase Order Financing Request**» and Project Team startup

Project Inception / Launch

**By end 2014 \(T_0\)**

**Netherlands HoD advise**

“The Netherlands delegation is of the view that the outputs produced by this new project should aim to be syntax neutral, and therefore can be used by other available (standards) organizations.”
UN Economic Commission for Europe

UN Economic Commission for Europe

UN/CEFACT ODP

(Open Development Process)

• As per ODP, a project will be developed and maintained by the project team after the acceptance by the Bureau.
The Liaison Officer to ISO TC68 (Financial services domain of ISO) will ensure a constant dialogue and alignment between UN/CEFACT and ISO in the cross-border standardization of financial domain.

New project proposals (POF case)

Before starting a new project endorsed by the SC PDA, it should be checked if any standardization activity is either envisaged to be carried out on the same subject at ISO level.

Existing project in the financial domain

Liaison will manage any future request from ISO TC68 about the same subject.

A report about the POF project will be given to the next ISO TC68 Forum.
Q&A session

Any question?
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Thank you

Liliana Fratini Passi
Domain Coordinator

l.fratinipassi@cbi-org.eu
it.linkedin.com/in/lilianafratinipassi/it
@lilianafratinip
www.cbi-org.eu

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