

CASE STUDY

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

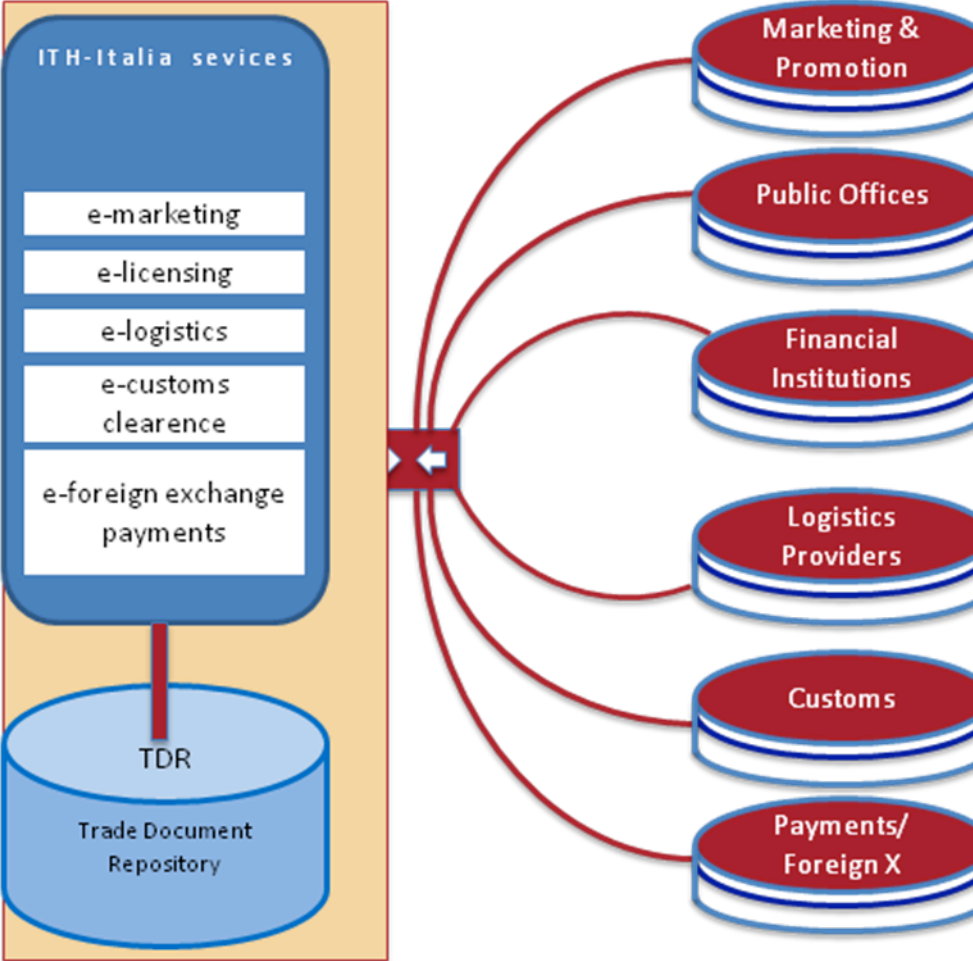
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Business Trade Context	
<p><i>Please describe the business context / need to be addressed when opportunity to set a PPP occurred. What were the objectives?</i></p>	<p>Main reason: <u>Facilitation of international trade is a goal for the Government and a necessary service for the companies. BECAUSE IT BRINGS ECONOMIC GROWTH</u></p> <p>Facilitation as part of general policy for simplification. Italian Gov. Act for Simplification (27 January 2012) Digitalization as one of the main tool for simplification in order to:</p> <ul style="list-style-type: none"> • Reduce bureaucracy • Speed up procedures • Abolition of unnecessary rules <p>The need for an international trade platform emerged with three prime objectives:</p> <ul style="list-style-type: none"> - To reduce transactions and internationalization costs for companies, providing a single access point (single window) to relevant information, services and procedures in the phases of trade and internationalization; - To improve transparency and efficiency of the whole administrative and logistics procedures and authorizations needed to go internationalize. <p>To facilitate the research for business opportunities, business partners and the opening of new markets abroad.</p> <p>Italian SMEs are more than 4.5 millions (99%), covering 2/3 of the GDP, but less than 180,000 are export Companies (only 4% of the total).</p> <p>Main reasons why only 4% of SMES are export oriented are the lack of information, they ignore the actions needed to internationalise, how to select market/international distribution, what kind of information they need and where to find them, therefore there is a need to help companies to customize their own export business plan.</p> <p>In light of the above, the Government of Italy (the Ministry of Economic Development) has elected a PPP Hybrid approach to boost the implementation of a trade facilitation platform to support Italian companies and mainly SMEs to internationalize.</p>

<p>What is the scope of the PPP? What type of Trade Facilitation program is supported with this PPP?</p>	<p>The scope of International Trade Hub-Italia (ITH-Italia) PPP is about to set up an innovative and technologically advanced tool to allow companies to compete and succeed in the globalized economy.</p> <p>This international trade hub is more than one stop shop or single window as it integrates all the processes related to import-export activities and internationalization quoting UNCEFACT “<i>By the end of this decade, all the major IT HUBs will be interconnected</i>”.</p> <p>The main targets connected to the project are:</p> <ul style="list-style-type: none"> • COSTS REDUCTION – (Hidden costs of international transactions) • MORE COMPETITION <ul style="list-style-type: none"> • Less Bureaucracy • More Efficiency • MORE ATTRACTIVENESS for Foreign Direct Investments • LESS DELOCALIZATION of Italian companies abroad
<p>What is the current stage of play of this paper? Designing, implementing or running?</p>	<p>The preparation phase (within the implementation phase) is completed and now, after the pilot phase, the Platform went successfully through the final test.</p>
<p>How is sustainability managed within the PPP?</p>	<p>The private sector gives its contribution through the fees that each company pays to enter the platform.</p> <p>The system implementation will be self-financed from the monthly revenues generated by users fees.</p>
<p>Details of the solution (PPP in place)</p>	
<p>What type of PPP is being put in place? (please check the appropriate type)</p>	<p><input type="checkbox"/> Concession <input type="checkbox"/> Build – Own – Operate <input type="checkbox"/> Design – Build – Finance – Operate <input type="checkbox"/> Lease – Develop – Operate <input type="checkbox"/> Build – Finance <input type="checkbox"/> Operate – Maintain <input type="checkbox"/> Joint Venture <input type="checkbox"/> Alliance <input checked="" type="checkbox"/> Other_Design, Finance, Operate, Maintain</p>
<p>Who are the parties involved in the PPP?</p>	<p>18 Partners: MISE (Ministry of Economic Development), MAE (Ministry of Foreign Affairs), Finance Police, ICE-Agenzia , SIMEST, SACE, Regione Marche (representing Italian Regions system), Confindustria, Confcommercio, Consorzio CBI-ABI, Confapi, Invitalia, Assocamerestero, AICE-Associazione Italiana Commercio Estero, Retitalia Internazionale, Credimpex-Italia, ICC-International Chamber of Commerce Italia.</p>

<p><i>What types of risks have been identified? How is the risk shared between parties of the PPP?</i></p>	<p>Political risks: the main partners involved in the project are governmental entities. Political sensitiveness towards ITH project can change as a consequence of political cycle.</p> <p>Funding risks: public funding allocation to the project is due to cover the "start-up phase". The fully-operational phase should be self-sustained by the participation fees paid by private companies.</p> <p>This kind of risk is strictly connected to "Demand risks": the "break-even-point" of self-sustainability requires the application of av. 10,000 companies.</p> <p>Design and performance risks: the operability of the ITH project has been tested via a "Beta test" addressed to a sample of companies. Nevertheless, effectiveness of the ITH platform can be carefully and fully tested only in the long term. Effectiveness of the project will be directly affected by the interest of companies to confirm the usefulness of the service provided by ITH in the following years.</p> <p>Operating risks: depend on the effective commitment of partners to share with the others their know-how and any other relevant information. Partners will be responsible for regular updating and upgrading the flow of information recorded and the provision of services.</p> <p>Industrial relations risks: Such risks could be generated in case of divergent outcomes among partners due to a poor sharing of interests and unbalanced commitment among partners.</p> <p>In the Value for Money assessment all the costs regarding the initial investment, the maintenance and the upgrading of the project have been considered. The assessment covered the whole life of the project. The intended outcome of the ITH is considered to be a net gain for the Italian SMEs community and for the overall performance of the Country in terms of GDP growth.</p> <p>Economic indicators included in the economic impact study are: export growth in terms of increased value over the following three years since the project will be full operational and the increase in the number of new exporting SMEs in the Country.</p> <p>Other indicators are: direct and indirect costs reduction of administrative and custom procedures.</p>
<p><i>What is the duration of the implementation of the project? What is the duration of running/monitoring the project?</i></p>	<p>The institutional stakeholders provide the implementation of the project for the first 3 years. After the third year of public funding, the project will be self-sustainable.</p> <p>Assumed sustainability flat affordable rate per year per beneficiary company to cover main maintain costs of the project.</p>
<p><i>What is the general initial budget of the project? Is there an aspect of revenue generation?</i></p>	<p>Confidential Information</p>

<p><i>What is the business model behind this project?</i></p>	<p>Trade facilitation does not have a business model properly for the public entity (MISE). Streamlining of public sector assistance for internationalization of Italian companies through the tool “single window”.</p> <p>The <i>International Trade Hub-Italia</i> (ITH-Italia) is the digital web based tool that can facilitate trade, increase competitiveness, and promote the internationalization for SMEs by :</p> <ul style="list-style-type: none"> - The conversion every single doc from paper to digital version, - from e-marketing to the e-customs clearance; - through e-logistics, - e-payment, and - e-certification. <p>As an ultimate result, by creating a TDR (Trade Document Repository), the system records and maintains electronically all docs and data with legal validity.</p> <p>Therefore, the business model behind the PPP project is to create an on-line system able to allow companies to make transactions with legal validity. Additionally, to reduce time and costs connected to business transactions.</p> <p>The main idea behind, is to create a single “International trade system” connected with the other international trade hubs.</p>
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<p>What is the role of each partner? (possibly including a governance structure)</p>	<p>The public partner, MISE, is the decision maker and the budget owner. The project is in process of identifying the implementing agency, COMPANIES/OPERATORS</p>  <p>The diagram shows a central box for 'ITH-Italia services' containing a list of services: e-marketing, e-licensing, e-logistics, e-customs clearance, and e-foreign exchange payments. Below this is a 'TDR Trade Document Repository'. To the right, a central hub connects to six stakeholders: Marketing & Promotion, Public Offices, Financial Institutions, Logistics Providers, Customs, and Payments/Foreign X.</p>
<p>Please list a website when available</p>	<p>It will be under the ITH Italia Website (www.ith-italia.it), but the final link is not available yet.</p>
<p>Legal Context</p>	
<p>Please underline main aspects of legal agreement between the partners of the project. (terms of contract, scope of project, revenue collection / guarantee of revenues, ownership of physical goods, etc.)</p>	<ul style="list-style-type: none"> - ICT PPP project in Trade Facilitation (TF). - Project MoU (Memorandum of Understanding) between MISE and the 18 partners - National Committee on TF structure - Private companies participation and contribution to the project is limited to the management of the services provide by the Website - Users will pay a yearly fee to cover the costs of the services - Financial resources to build the ICT are provided by the public partner. which has also attracted bank association, Consorzio CBI-ABI, to sustain the project.
<p>How are exit strategies managed within the PPP?</p>	<p>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.</p>

<p><i>How are Intellectual Property Rights owned and protected within the PPP?</i></p>	<p>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.</p>
<p><u>Implementation (of the PPP)</u></p>	
<p><i>What is the lead agency within the government? (For example, Customs Administration or Transport Administration... not just "French Government")</i></p>	<p>The Lead Agency is the Ministry of Economic Development of Italy – Directorate General for Internationalization and Trade Promotion.</p>
<p><i>Are there multiple private partners? Is there a lead among these partners?</i></p>	<p>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.</p>
<p><i>What has been the procurement process to select and confirm the parties involved? What has made a difference in partners' selection?</i></p>	<p>Considering the specific peculiarities of this PPP hybrid approach, the partners selection has been done on the basis of their main role in the internationalization scenario in Italy according to their institutional functions. Each and any of the partners selected, has been identified on the basis of its institutional and functional roles. The procurement process will be launched in order to select the implementing agency.</p>

<p><i>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?</i></p>	<p>On the basis of UN/CEFACT Recommendation N°33 and following the 2nd International Conference about Trade Facilitation (14th UN/CEFACT FORUM) a “Standing Committee” on Trade Facilitation was set up by the Italian Ministry for Economic Development on December 2009.</p> <p>In February 2011, it has been signed a Memorandum of Understanding (MoU) between the Ministry of Economic Development, and the Italian Banking Consortium (CBI) of the Italian Banking Association (ABI). After the signature, the constituency parties left room for other “Interested Parties” to join the MoU. The “Standing Committee” on Trade Facilitation, recently renamed as “National Committee” on Trade facilitation, involves all the project partners and it is organized in four Working Groups:</p> <ol style="list-style-type: none"> 1. The Working Group Operators’ problems 2. The Working Group Financial Services 3. The Working Group Interoperability 4. The Working Group Aid for Trade <p>The “National Committee” on TF is in charge of bringing good governance and transparency in the project and among partners. It also coordinates the respective actions and initiatives to achieve common goals by calling regular meetings, and exchanging experiences and best practices of the different sectors within the working groups.</p>
<p><i>Please provide more details about the policy of the PPP. Are there specific objectives? Specific rules to ensure sustainability of the compatibility between parties?</i></p>	<p>The specific rules to ensure sustainability are embedded in the following principles:</p> <ul style="list-style-type: none"> - Developing the Trade Facilitation policy - Setting up the Service Agreement among partners - Sharing information and relevant data
<p>Outcomes and practical results</p>	

<p>What is the governance structure?</p>	<p>The governance structure of ITH Italia includes two Committees:</p> <ul style="list-style-type: none"> - The Steering and Coordination Committee; and - The Technical Committee. <p>The main operational areas and related processes of ITH Italia are:</p> <ul style="list-style-type: none"> - Relationship Management among the Steering and Coordination Committee, the Technical Committee, the ITH Italia Management Organization, and partners organizations. - Management of the information flow to support decisions and strategies implementation. - Risk management and problem solving management. - Communications management. - Change management. - Strategic and operational planning.
<p>What are the operational processes of the project? (How do the partners interact more-or-less on a daily basis within the framework of the agreement? Regular meetings, reports for example.)</p>	<p>The partners’ participation in the operational processes is regulated by Service Agreements among the ITH Italia Management Organization and Partner Organizations. These Agreements regulate:</p> <ul style="list-style-type: none"> - the set of technical and organizational solutions for which partner’s information and services are made available, in whole or in part, through ITH Italia; - the information supply chain and the communications responsibilities needed to ensure the effectiveness and efficiency of the services provided by ITH Italia. <p>The Service Agreements also defines:</p> <ul style="list-style-type: none"> - the roles and responsibilities of the parties; - the methods (both tools and formats), and the frequency of communication between the parties involved; and - the control and monitoring procedures.
<p>Is capacity building an aspect of the project? Is it a desired outcome? How is this organized? (during the life of the project or especially at the end of the project – training, delegation, technical assistance, maintenance licenses...)</p>	<p>Capacity building is considered a key aspect for the success of ITH Italia. An appropriate technical and operating <i>training will be provided</i> regularly to the ITH Italia Back Office Team Members to support users adequately, and keep them updated through courses, seminars, forums, and other training initiatives.</p>

<p><i>How is promotion and communication organized?</i></p>	<p>Promotion and communication is organized accordingly to the recipients. They can be grouped into the four following categories:</p> <ol style="list-style-type: none"> a. The companies that are already operating with foreign countries who know the operational areas and are interested in speeding up processes. b. The companies that still do not work with foreign countries, or do not know the operating environment, and therefore, they are not accessible through the available media in the foreign trade sector. These companies are interested in getting support and guidance to gain markets access. c. The companies that offer products "Made in Italy", included those that operate through retailing distribution systems. d. The companies that already have settled businesses with foreign firms, interested to get mutual exchange of business information through the ITH Italia platform. <p>The companies mentioned in a), and part of those included in c) and d) can be targeted through promotion and dissemination tools, such as:</p> <ul style="list-style-type: none"> - publications and information available on specialized websites; - advertisements issued by institutional "mailings" ; - specific promotional demos, ad-hoc initiatives, and internal events held during conferences organized by private entities, local associations and unions, etc. <p>The companies mentioned in b) can be targeted through traditional media as:</p> <ul style="list-style-type: none"> - commercial public information; - dissemination of information through sector publications (electronic reports, business associations magazines, and paper publications) - presentations given during specific initiatives, workshop/conferences, and events.
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<p><i>What are the tangible benefits of the implementation of this PPP?</i></p>	<p>Boosting the internationalization of Italian companies developing systemic solutions providing benefits in terms of:</p> <ul style="list-style-type: none"> - market information delivery; - rationalization of administrative proceedings; - speeding up import/export practices. <p>Operationally, these benefits can be deployed by:</p> <ul style="list-style-type: none"> - submitting standardized information and documents through a single entry point in order to fulfill the regulatory requirements of import, export and transit proceedings; - offering support in international marketing techniques (information, counterparts research, contracts, national and cross-national concessions, financial instruments, etc.); - providing managerial support in financial operations and cash flows reinforcing relationships with banking institutions; - supporting the promotion of “Made in Italy”; - providing a secured and centralized data management in all import/export operations through ITH Italia platform, in benefit of public institutions and economic operators.
<p>Lessons learnt</p>	
<p><i>What have been the greatest obstacles when preparing the project?</i></p>	<ul style="list-style-type: none"> - Prejudice from project partners against a single platform for internationalization. - Competition fear: some of the project partners developed a distorted perception of how ITH Italia would adversely affect the role and overshadow the image of the project partners. - Delays about the appointment of the ITH Italia Management Authority within the PPP.
<p><i>What have been the greatest obstacles during the project?</i></p>	<ul style="list-style-type: none"> - Weak operational involvement and cooperation from some of the project partners. - During the project, the development of some competing platforms has been started, which are very similar to ITH Italia, have some partners in common with ITH Italia itself. - There is an absence of common technical standards among partners. The consortium is developing an agreement about this within the PPP project.

<p><i>What have been the success factors when preparing the project?</i></p>	<ul style="list-style-type: none"> - Potential usefulness and success based on international best practices and standards adopted abroad. - Thorough investigation on the most appropriate technological frameworks and tools to implement on ITH Italia platform. - Right selection of the project partners. - Right selection of services provided by the ITH Italia platform - Standardization of interoperability levels to provide default integration paths. - Development of solutions that could be managed almost entirely through Back Office processes. Development of strong parameterization of the data model has been an early goal for the project, to manage and to operate the services offered through the portal with non or a minimum impact on software.
<p><i>What have been the success factors during the project?</i></p>	<ul style="list-style-type: none"> - Agile project management approach that has allowed the periodic release of deliverables and improvements during the project implementation. Also, smooth enlargement of the consortium with new partners that integrate additional services enriching the services provided to the users. - Positive feedback received by companies and industry associations about its user friendly platform, useful information deployment, and the centralization of operational services in a single hub.
<p>Contacts details for more information</p>	
<p>MISE – Ministry of Economic Development</p> <p>ICE – Italian Trade Agency</p>	