

# PUBLIC-PRIVATE PARTNERSHIP PROJECT PERTINENCE STUDY

GENEVA FORUM MEETING

18 APRIL 2013

## Attendance

### Present:

Lance THOMPSON, Conex (FR) – project co-coordinator  
Kevin ATKINSON, Crown Agents (GB)  
Anna BELMONTE, Italian Trade Commission (IT)  
James BLAIR, Crown Agents (GB)  
Tony BONNICI, UNECE (UN)  
Hamit BOZTEPE, Ministry of Customs & Trade (TR)  
Maria Rosaria CECCARELLI, UNECE (UN)  
Giovanna CHIAPPINI CARPENA, Italian Trade Commission (IT)  
Michael COFFEE, Department of State (US)  
Gordon CRAGGE, TFAS (GB)  
Maurice DIAMOND, Crown Agents (GB)  
Anders GRANGARD, GS1 (BE)  
Julien HUE, Soget (FR)  
Mitsuru ISHIGAKI, Jastpro (JP)  
Jasmine JANG, NIPA (KR)  
Michael KNOX, SGS (CH)  
Mahmet Zafer KOKSAL, Ministry of Customs & Trade (TR)  
Jae Sung LEE, UNCITRAL (UN)  
Youngkon LEE, KPU (KR)  
Remy MARCHAND, AFNET (FR)  
Sunho PARK, KL-Net (KR)  
Wonjae PARK, KL-Net (KR)  
Jari SALO, TIEKE (FI)  
Marco SORGETTI, FIATA (CH)  
Hisanao SUGAMATA, SIPS (JP)  
Paloma Bernal TURNES, Georgetown Univ (US)  
Evren YENI, Ministry of Customs & Trade (TR)  
Francesca ZADRO, Italian Trade Commission (IT)

### Absent interested parties:

Malcolm MCKINNON, MCM  
Trade Consulting (GB) –  
project co-coordinator  
Geoffrey HAMILTON, UNECE  
(UN)  
Trudi HARTZENBERG, Tralac (ZA)  
Marlynne HOPPER, WTO (WTO)  
Gauthier PIERENS, EU  
Commission (EU)  
Elbereth WENTZEL, Crown  
Agents (GB)

## Summary of the Forum Meeting

Several presentations were made to set the backdrop for Public Private Partnership (PPP) in general and PPP as it relates to trade facilitation. The slides will be made available in one way or another (probably through the UNECE secretariat on the Forum website) which will be announced at a later time. Some of the highlights from these presentations:

### **Johan PONTEN, (Trade Policy Advisor) Swedish Board of Trade and ITPD Coordinator**

Explanation of the International Trade Procedures Domain, how it fits into the rest of the UN/CEFACT organizational structure, the case for PPPs as they relate to trade facilitation and a presentation of trade facilitation. This notably briefly covered the potential benefits for trade facilitation which include:

- the number of signatures and documents needed for trade transactions correlates with the number of days spent at the border (OECD)
- trade transactions costs due to trade procedures: 1 to 15% of import value (OECD)
- every extra day needed to ready goods for export or import reduces trade by around 4% (OECD)

### **Lance THOMPSON, International Development Manager Conex and project co-coordinator**

Very brief presentation of the afternoon's organization and general presentation of PPP. The excused absence of several other organizations (WTO, EU Commission, etc.) was mentioned; these organizations expressed an interest in this project study but were unable to attend because of availability. Some of the key points brought up in the general presentation of PPP include:

- PPP aim at financing, designing, implementing and operating public sector facilities and services.
- PPP is not privatization and it is not procurement. (Public procurement methods are often used to identify and choose private partners of PPP). PPP can be a source of innovation.
- The role of public governance in PPP in seven key principles:
  - A coherent PPP policy
  - Strong enabling institutions
  - Legal framework « fewer, better, simpler »
  - Cooperative risk sharing and mutual support
  - Transparency in procurement process
  - Putting people first
  - Achieving sustainable development
- ITPD would be looking at PPP as it relates to trade facilitation only, which might include, electronic systems (customs clearance, single window...), outsourced border controls, trade-transit corridors...
- Some of the key points that ITPD would probably want to concentrate on include:
  - Ensuring that the cost of usage does not create an unreasonable financial barrier to trade
  - The choice of public agency in charge
  - References to best practices

### **Mr. Tony BONNICI, Secretary UNECE Team of Specialists on PPPs**

Brief presentation of the International PPP Centre of Excellence (ICoE), the resources available on this, how this is organized within UNECE, key concepts on PPP and a practical example of how UNECE and UNOG are calling upon PPP to conduct needed renovations in the *Palais des Nations*. Some of the key points raised include:

- PPP = risk sharing
- There are about 5000 PPP projects internationally; the ICoE is exploring and finding best practices.
- About 90% of all PPP projects are in a dozen countries (Brazil, India, US, Canada, Australia, Great Britain, France, Germany, Spain, Netherlands)
- The ICoE is divided into sectors which are based in different centers around the world. Senior private sector investors provide advice and join the center to identify and give appraisal of various PPP work.
- UNECE and UNCITRAL are working closely together. UNCITRAL provides normative work and UNECE provides capacity building.

### **Jae Sung LEE, (Legal Officer), UNCITRAL Secretariat**

Brief presentation of legislative work (model laws, legislative guides and model provisions) by UNCITRAL in the field of public procurement and PFIPs as well as the upcoming colloquium on PPP which will be held early May 2013. Some of the key references and points mentioned include:

- UNCITRAL Working Group I has been working on procurement and infrastructure development for several years.
- 1994, original Model Law on Public Procurement; 2011 revision of the Model Law (provides a template for the national level and gives some guidance on avoiding abuse in procurement

procedures, harmonization of international standards...), 2012 Guide to Enactment of the Model Law.

- Privately Financed Infrastructure Projects (Legislative Guide in 2000, model provisions in 2003)
- Colloquium on PPP on May 2-3 in Vienna is open to all. Two questions will be defined:
  - Is there a need for UNCITRAL to develop a text on PPP?
  - What would be the scope of that text?
- Outline of the provisional program (which includes many of the key points that will be discussed) could be a source of inspiration for the themes that the UN/CEFACT project could consider.

#### **Michael KNOX, (Business Development Manager), SGS**

A presentation on some of SGS's activities in the field of PPP (particularly in the area of Single Window implementation though other areas were mentioned such as scanner services, product conformity programs, valuation assistance). Some of the highlights include:

- PPP (joint venture BOT) created in Ghana in 1999 with objective to implement a single window system. Stakeholders include:
  - Customs, Ecobank, Ghana Commercial Bank, Ghana Shippers' Councils, SGS
- Some factors for consideration in success of Single Window / PPP:
  - Design and customization in conjunction with all stakeholders
  - Do not replace existing systems which perform satisfactorily
  - Operational and financial sustainability
  - Government provides direction, Private sector provides the drive
  - Sustainability of project / continuous development / evolution /
  - Careful consideration should be given to volumes (do not estimate, ensure that there is a critical mass that merit the investment...)
  - Care should be given to the choice of partners (ensure that everyone can bring something to the table with no conflicts of interest) – individuals (natural persons) do not make good partners
  - Training and ensuring that the users take possession of the tool
  - Business model should work for all partners

#### **Maurice DIAMOND, Director – Global Head of PPP Advisory, Crown Agents**

A presentation of the context and history of PPP, an overview of Crown Agents' activities in PPP and the lessons learned. The main points and these lessons include:

- Two types of PPP in trade facilitation: Technology (Single Window, Port community, scanners, e-procurement) and Infrastructure (One Stop Border Posts, Toll roads, bridges, railways, ports, airports)
- Technical issues (Ownership, quality standards integration, constraints on use)
- Commercial aspects (obligations IPR, profits, use of surpluses, due diligence)
- Practical aspects (local capacity building vs. international exploitation, exit strategies, retendering, unsolicited tenders, use of consultants, use of suppliers, governance)
- Ethical & National Sensitivities (due diligence, constraints on service providers, use of local staff)
- Legal framework consistent with procurement and project needs
- Open and transparent approaches
- Involve the appropriate stakeholders at the right time
- Must not create barriers to trade
- Appropriate risk sharing (risks that private sector can manage, they should take; risks that public sector can manage, they should take)
- Private sector has to make a reasonable return.

### **Discussions and brainstorming with the ITPD group**

- Terminology will need to be clarified and a clear definition of what is a PPP should be defined (aligning with UNECE work and UNCITRAL work).
- Alternatives to PPP – local initiative with local stakeholders...
- Repatriation of profits – external partner does not drain money out of the country (some countries require setting up joint-venture with local partners and limit expatriation of funds)
- Research other contracts that could affect the PPP (overlapping contracts)
- Monitoring and evaluation by a third party
- Change management (human nature is perhaps resistant to change)

### **Conclusion**

There is an interest in the subject and the UN/CEFACT is probably the ideal place to develop this.

The key themes that should be considered are **above in red**.

For the moment, it was decided to pursue this project (which may become a green paper or a background paper for another project):

- information gathering,
- try to identify cases when PPP makes sense from a financial & economical point of view)
- research of existing texts on the subject to see if the information gathered differs (if a UN/CEFACT project could bring an added value)
- identify if there are recommended practices which could provide short/clear guidance