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# Effective participation of private sector: a recipe for success of NTFCs

Kiev, Ukraine, 25 and 26 February 2016



# Private sector must become a natural partner of policymakers in the area of TF



Private sector is at the **core of border regulatory agencies' mission**

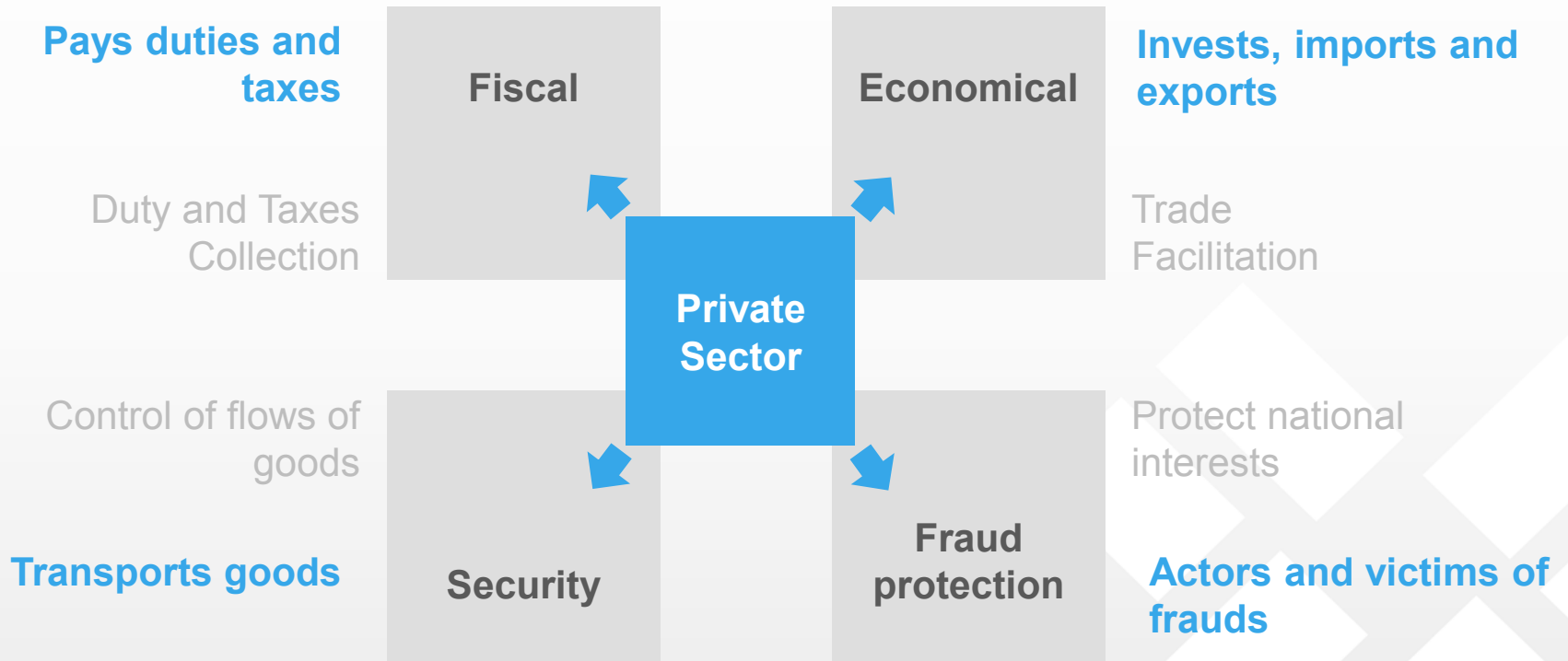


Private sector is the **main victim** of cross-border procedures inefficiencies



Private sector is the **main beneficiary** of the implementation of the WTO Trade Facilitation Agreement

# Private sector is at the core of border regulatory agencies missions



**Businesses are the main users/clients of the border regulatory agencies and they should be involved in their reforms**

# Public-private dialogue must be leveraged at each step of policy making process

**Structured dialogue**

**Workable reforms**

**Reforms that work**

**Diagnostic**

**Solution Design**

**Implementation**

**Monitoring and evaluation**

- Engagement
- Definition
- Empowerment

- Consensus building
- Filtering

- Ongoing support
- Watchdog
- Resources

- Watchdog
- Feedback loop

**PPD contributes to all steps of reform process**

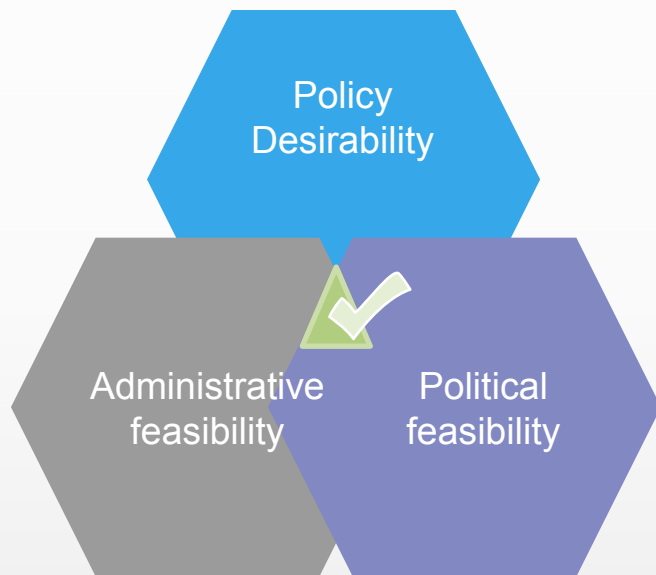


Source: International Finance Cooperation

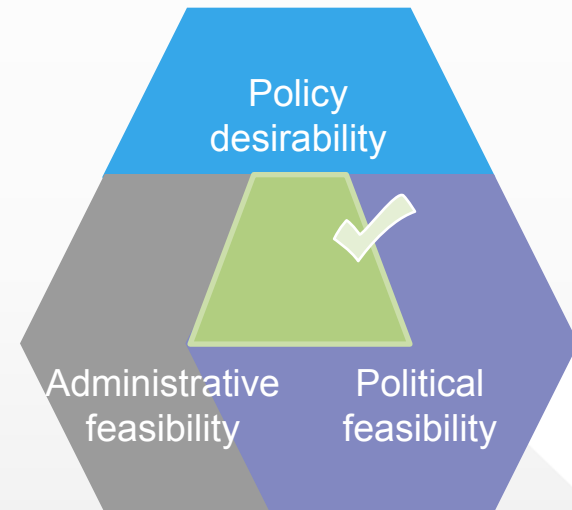
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# PPD enhances the benefits of trade policy formulation

## Impact of reforms when the private sector IS NOT involved



## Impact of reforms when the private sector IS involved



- Raising the importance of issues on the government's agenda
- Increasing the policy desirability and feasibility of these reforms
- Building a constituency for reform
- Officials are exposed to exchange of experiences

# Private sector faces challenge to engage in PPD

## Information

- Lack of awareness on the existing PPD mechanisms
- Lack of information on the potential impact of lobbying activities

## Expectations

- No guaranties on the results of the advocacy activities
- Long term effects vs. Short term business operational requirements

## Resistance to change

- Some actors are satisfied by the status quo and are not favorable to reforms

## Coordination

- Need to mobilize a large number of businesses to legitimize advocacy activities (and business coordination is not spontaneous)

## Resources

- Lack of resources to crystalize a common private position

# 3 provisions of the TFA specifically provide for strengthened PPD

**Art. 2.1**

**Opportunity to Comment and Information before Entry into Force**

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**Art. 2.2**

**Consultations**

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**Art. 23.2**

**National Committee on Trade Facilitation**

# Private sector should play a major role in the NTFC

## **The private sector should be involved in the governance of the Committee**

- Co-presidency mechanisms or alternate presidency between the public sector and the private sector

## **The private sector should be represented in all its diversity**

- Representatives of different professions / industries involved in international trade such as SMEs, large exporters, freight forwarders, carriers, shipping companies, banks, insurance ...

## **The private sector should finance the Committee together with the government agencies**

- Ex. Provision of premises, financing the secretariat, funding of activities

## **The sector must be involved in the development of the Committee's technical recommendations by bringing (realistic) proposals forward**



# 6 key principles for consultation

1

## Partnership and trust

- Understanding of each side's needs and point of view
- Return on investment for both Trade and Government
- Trade and Government should come to the table as equal partners

2

## Transparency

- Early availability of information for all stakeholders
- Opportunity to prepare for consultation
- Concept should not be fully agreed to prior to consultation

3

## Managing differences of interests

- Interest of all parties are represented
- Avoid bias toward any majority
- The protection of minority interest should also be taken into account

# 6 key principles for consultation (con'd)

4

## Results oriented

- Each stakeholder must clearly identify key initiatives and priorities
- Dialogue must be driven to focus on achievable results
- Each side must understand the need for collaboration and compromise

5

## Iterative process

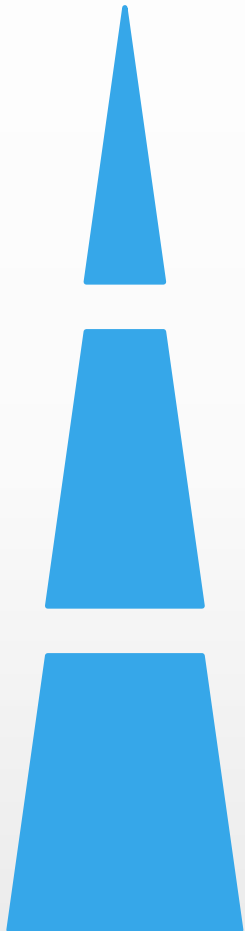
- Parties have to meet consistently
- Discussions should not be a singular event but approached as systematic
- Ensure «touching base» routing with stakeholders

6

## Accountability and responsibility

- Keep record of the changes to be implemented and results achieved
- Truthfully and faithfully report back
- Establish a formal reporting structure

# 3 distinct levels of participation



## Strategic

- Discussions would include trade facilitation policy issues taking into account regional and international obligations and agreement.
- Participants should include senior official and senior decision maker of MNC and national companies

## Operational

- Discussion would include the development of legislation and official procedures and practices to allow the smooth implementation of measures
- Participants include senior government officials and business managers

## Technical

- Focus on specific technical tasks to achieve a higher strategic objective (e.g. change management, communication, trainings...)
- Participants include all organization, companies and individual involved in the development of solution to support the implementation

# Principles in action: Tajikistan Trade Facilitation Committee (TTFC)

## Preparation

**The private sector was actively involved in the elaboration of recommendations for establishing the TTFC**

- Over 50% of the participants to the TTFC establishment workshop came from the private sector

## Governance

**The private sector is a Member of the Tajikistan Council on Trade Facilitation**

- Created under the chairmanship of the First Deputy Prime Minister, this body will provide high-level guidance to the TTFC

## Informed participation

**The private sector will compose over 50% of the TTFC Membership and they have been trained to effectively contribute to the policy discussion**

- 22 private sector representatives involved in the TTFC
- 3 private sector focused training sessions organized

# Thank you for your attention

