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**Recommendations, standards, and deliverables supporting implementation:****Recommendations****Recommendation No. 48: Private Sector  
Participation in National Trade Facilitation  
Bodies****Submitted by the Bureau***Summary*

This Recommendation No. 48 emphasizes the importance of active engagement of the private sector in the national trade facilitation bodies (NTFBs) for strengthening their relevance, legitimacy and performance. Recognizing that there are many barriers to active private sector engagement with NTFBs, this recommendation provides practical guidance in creating a trusted, permanent and effective environment for public-private sector dialogue within NTFBs. This recommendation builds on the ECE Recommendation No. 4 and Recommendation No. 40, which stressed that governments and the trading community should aim to establish NTFBs that embrace the views and opinions of all stakeholders and pursue agreement, cooperation and collaboration.

Document ECE/TRADE/C/CEFACT/2023/7 is submitted to the twenty-ninth session by the Bureau for decision. The Bureau and the secretariat will continue working with member States on mobilising necessary extra-budgetary resources for further implementation of ECE recommendations.



## **I. Recommendation No. 48: Private Sector Participation in National Trade Facilitation Bodies**

### **A. Introduction**

1. The purpose of this recommendation is to communicate to governments how important the active engagement of the private sector is in national trade facilitation bodies (NTFBs) for strengthening their relevance, legitimacy and performance. The United Nations Economic Commission for Europe (ECE) Recommendation No. 4, originally approved in 1975 and revised in 2015, stressed that governments and the trading community should aim to establish NTFBs that embrace the views and opinions of all stakeholders and pursue agreement, cooperation and collaboration. Furthermore, Recommendation No. 40 presented basic principles for trade facilitation consultation approaches and highlighted the importance of NTFBs to facilitate private-public dialogue.
2. Many countries have set up their own NTFBs, which are frequently referred to as national trade facilitation committees. Private sector representatives may be included in the membership and/or even chairmanship of these bodies, but not all NTFBs are successful in securing active private sector engagement.
3. Recognizing that there are many barriers to active private sector engagement in NTFBs, this Recommendation provides practical guidance in creating a trusted, permanent and effective environment for public-private sector dialogue within NTFBs.

### **B. Purpose and scope**

4. Over the past number of years, governments, donors and international organizations have invested in establishing NTFBs and such bodies currently exist in many countries around the world. According to the latest 2023 United Nations Digital and Sustainable Trade Facilitation Survey, 111 out of 163 respondent economies have established NTFBs and 37 have partially established NTFBs. In the ECE region, 31 out of 48 countries have established NTFBs and 9 have partially established NTFBs.
5. A motivational driver for governments to set up such a body is the implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA), which entered into force in 2017. Pursuant to Article 23.2 of the TFA, governments must set up a national committee for the implementation of the TFA or entrust this function to an existing body. While the provision does not prescribe the composition of such committee, guidance from UN system and partner agencies such as ECE, the International Trade Centre (ITC), the Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Conference on Trade and Development (UNCTAD), and the World Customs Organization (WCO) stresses that such committees should have balanced membership from both the public and private sectors.
6. Surveys on the current state of NTFBs show that most have at least one formal private sector representative. This is a first step in giving the private sector a voice in discussions, deliberations and decisions. However, formal membership is not, in itself, sufficient to ensure active engagement, which entails active participation, ownership, commitment and trust. In fact, multiple factors work against active engagement, such as the cost of in-person participation, knowledge and language gaps, conflicting interests and perspectives, lack of reputation, lack of political commitment to the NTFB, lack of feedback and results, and the risk that open participation may result in exposure to regulatory repercussions. In light of the above, an NTFB must actively manage private sector participation in a manner that is inclusive, transparent, informed and empowering.
7. This recommendation addresses the challenge of mobilizing private sector engagement. It provides guidance on how to actively strengthen access to NTFBs for private sector representatives, to motivate private sector representatives to engage, and to strengthen the impact of NTFBs for the private sector.

## C. Benefits

8. Strong private sector engagement positively impacts the relevance, legitimacy and credibility of an NTFB and encourages a business-centric approach to trade facilitation.
9. Firstly, consultation with the private sector leads to holistic solutions that respond better to actual trade facilitation needs and problems. The private sector has direct, first-hand knowledge of bottlenecks and inefficiencies and can therefore provide meaningful input on the pros and cons of government regulations and procedures.
10. Secondly, private sector representatives can share their knowledge of solutions and practices with the government, such as those gleaned from piloting new technologies like artificial intelligence (AI), blockchain technology and the internet of things (IoT). Involving and learning from the private sector can increase innovation within the public sector and promotes fresh thinking.
11. Thirdly, the private sector is an invaluable contributing partner in trade facilitation. This refers both to the private sector internalizing and taking responsibility for compliance, as well as their ability to contribute information and data for problem identification and decision-making.
12. Fourthly, encouraging women-led businesses and their representatives to participate in NTFBs—many of which are small, cross-border traders—would enable a gender-inclusive approach to trade facilitation initiatives.
13. Finally, it is well known that the legitimacy and acceptance of decisions and reforms is often contingent upon private sector consultations. A trusted dialogue is key to overcoming resistance to change from certain stakeholders.

## D. Related international standards

14. This recommendation complements ECE Recommendation No. 4 on national trade facilitation bodies and Recommendation No. 40 on consultation approaches by providing focused insights on the ability of NTFBs to facilitate private-public dialogue.
15. Recommendation No. 4 recognizes the importance of private membership in NTFBs and recommends that such bodies include representatives from all industry sectors, all types and sizes of businesses and institutions taking part in international trade: manufacturers, importers, exporters, freight forwarders, customs brokers, carriers, banks, insurance companies, etc.
16. Recommendation No. 40 lists six basic principles to be met for trade facilitation consultation approaches, including for NTFBs: partnership and trust, transparency, managing differences of opinion and interests, results orientation, consultations as an iterative process with respect for time and timing, and accountability and responsibility.

## E. Recommendations

17. Considering the above, UN/CEFACT recommends the following:
  - Ensure that the private sector is sufficiently represented as formal NTFB members and regularly assess their ability to freely contribute using transparent criteria, with a view to proposing changes to strengthen engagement, if needed;
  - Ensure inclusivity by offering flexible channels and processes for participation beyond formal membership, to allow for a diversity of businesses with various types, sizes and locations, including SMEs and women-led businesses;
  - Stress the business orientation of the NTFB by providing opportunities for the private sector to shape the agenda, contribute to deliveries, voice their needs and interests and secure trust in the dialogue without fear of retribution or simply serving as window dressing;

- Ensure there is a strong secretariat to support the functioning of the NTFB. The secretariat should be equipped with motivated staff and an adequate budget to carry out and monitor the agreed actions and activities and to provide other support services; and
- Ensure that the NTFB is recognized by both the public and private sectors as the go-to body for expert advice on trade facilitation by institutionalizing the decisions and contributions it makes, by assigning concrete deliverables to the NTFB, and by monitoring and measuring its performance.

## **II. Guidelines to Recommendation No. 48: Private Sector Participation in National Trade Facilitation Bodies**

### **A. Barriers to overcome**

18. The formal membership of private sector stakeholders will not automatically result in active engagement. It takes time and effort for collaborative partnership to be developed and maintained. The success depends on many factors, some of which are country specific, others generic. A first step is to acknowledge the factors that work against and those that work towards active engagement. The second is to adopt practices that foster engagement, trust and impact.

#### **1. Different perspectives and priorities**

19. The private and public sectors have different priorities and perspectives on policy issues and risks. These different positions can affect the level of trust among members and reduce their willingness to contribute and be open about feedback. At its most extreme, the control orientation and priorities of government agencies may lead to mistrust and fear of repercussions for speaking up and criticizing. Aligning goals can also be difficult.

20. An NTFB must make decisions aligned with sustainable development overall, rather than individual companies and sectors, and reforms may take time to materialize or impact individual businesses. The NTFB must be perceived as a credible arena where a balance between different positions can be established, including a balance between various private sector interests.

#### **2. Knowledge and language gap**

21. Frequently, dialogue is marred by knowledge gaps. For many in the private sector, WTO matters, including the WTO TFA and trade facilitation matters, are not very well known, while the public sector often has limited understanding of actual business operations. This gap has been exacerbated by the effects of the recent pandemic, which has resulted in a rise in paperless trade, e-commerce and remote working for the private sector, while conversely, for the most part, the public sector remains legally tied to “hard copy” mode and face-to-face meetings.

22. The private sector is often not properly informed about trade policy objectives and initiatives, while the public sector, at management level, may be little aware of the situation the private sector is facing when dealing with procedures.

23. Use of different languages and terminologies often amplifies the knowledge gap. The public sector tends to use legal language and refers to the de jure design of procedures while the private sector uses business terminology and reports on the de facto application of rules and procedures. Additionally, frequent turnover of NTFB members negatively affects the shared knowledge and understanding necessary for successful dialogue and trust.

#### **3. Communication and perception**

24. The reputation of the NTFB, both among its peers and in the public sector, matters for its attractiveness. High level political commitment to trade facilitation and consultation with the private sector must be seen and heard through clear messaging. Often, the government,

its administration and the private sector has little knowledge of the work going on within the NTFB, and an NTFB with key actors missing lacks relevance. Frequently, success stories and achievements are not actively communicated and, worse still, private sector members may focus on pointing out shortcomings over achievements. Irregular NTFB and technical group meetings can discourage the active participation of members in the long run and a lack of communication with the public and its members can lead to the perception of the NTFB as an opaque, static and irrelevant body.

25. As a government-led initiative, there is the risk that the NTFB may be perceived by potential private sector participants as something forced upon them—or an obligation that is disconnected from their needs and realities. From a business perspective, compliance with the WTO TFA matters very little to operations. For the private sector, there must be demonstrable evidence that their participation is valuable and generates results in terms of trade facilitation and makes doing business easier. In the most positive scenario the private sector will feel ownership of the NTFB.

#### **4. Cost of participation**

26. Participation in NTFBs is resource intensive. Businesses must allocate staff and time for the activities and provide funding for things like transportation and accommodation for physical meetings and internet access for online meetings. Larger companies with dedicated government relations or compliance departments can cover these costs much easier than smaller businesses. Businesses that are not located in the capital, such as small-scale cross-border traders, are less likely to participate in meetings due to transportation costs and time away from the workplace. Micro, small and medium-sized enterprises (MSMEs), women traders and regional businesses may therefore not be able to participate as equals with bigger businesses, which increases the risk that fewer private sector interests are represented.

#### **5. Acknowledgment and feedback**

27. NTFBs are advisory bodies without legislative or executive authority. The private sector frequently questions the lack of follow-up on decisions and the lack of visible impact of NTFBs. Associations and businesses also risk their reputation with their members if different and divergent opinions are not properly acknowledged and represented in the official communications and decisions. The private sector is not interested in being part of a box-checking, private sector consultation exercise.

#### **6. Channels of participation**

28. Participation in activities is often limited to the formal members, as defined in the legal mandate of the NTFB. Commonly, the private sector is represented by professional and/or sectoral associations. Participation through representation can have its advantages, but it may also be a barrier for interested businesses who wish to voice their concerns and be heard if their association lacks an active and inclusive process to collect feedback from their members—namely non-capital-based businesses and SMEs. This lack of voice also applies to interested parties who are not formal members of the NTFB and who are not represented by an association. Interest in the NTFB may be low when certain sectors feel that their ability to present their views is limited or when only dominant or large player interests are voiced.

29. Secondly, there may be too many government committees. A multitude of working groups, committees and networks with overlapping or similar mandates is confusing for the private sector and will make the NTFB less attractive. Bodies and initiatives that function well for the private sector, such as those at the substate or agency level, should not be closed or crowded out by a new initiative to establish an NTFB.

### **B. Drivers of private sector participation**

30. There are drivers that positively influence the engagement of the private sector, which has concrete expectations of trade facilitation reforms such as a reduction in customs release times and a decrease in administrative formalities and paperwork. The achievement of these interests is a key factor in motivating the private sector to spend time and money on the

NTFB. Results and progress need to be documented and communicated regularly, ideally using real life examples of the benefits for the private sector.

31. NTFBs offer advantages that motivate private sector participation in meetings and activities on either personal or company time. The private sector values first-hand, early information on initiatives, projects and the drafting of legislation. This way, they can get a sneak peek at the proposed rules which, in turn, enables them to evaluate the potential impact to the general business environment and to provide feedback and workable alternatives, as well as the opportunity to propose possible penalties for non-compliance ahead of any public hearing.

32. Participating in an NTFB also helps the individual employee both enhance their knowledge and participate in professional development by expanding their professional network on a global level. Individuals from the private sector often have a genuine interest and participate on a volunteer basis, which should be encouraged. Their presence at meetings not only raises their own visibility but also enhances their personal knowledge of trade facilitation principles.

## **C. Good practices to strengthen private sector participation**

33. The following are concrete steps to increase the engagement of the private sector in NTFBs. The solutions presented are applicable to any type or form of NTFB and can be adapted to fit the specific legal and organizational context of each NTFB. The steps are grouped into the following three action areas: motivation, access and impact.

### **Action area 1: motivation**

#### **C.1 Empowerment**

34. It is imperative for both private and public sectors to see themselves as customers of each other and at the same time critical stakeholders in the success of the NTFB, but primarily it is imperative that the private sector see the results of their participation and what impact they have made.

#### **Recommended actions:**

##### *1. Delegation of responsibilities to both the private and public sectors*

35. Commitment to the NTFB stems from a feeling of ownership and empowerment. For this the private sector needs to clearly see the impact it has in participating in an NTFB. Delegating responsibility for activities to the private sector will ensure their participation in the work plan of the NTFB.

36. This starts with involving the private sector in developing the strategy and work plan, which is a clear map of the NTFB activities and objectives. In this process, the private sector should identify their contribution to the activities and take on responsibilities for carrying out or providing leadership for the implementation of specific activities that are relevant to them. A member of the private sector and a member of the public sector can also co-lead projects and the private sector can take on responsibilities for technical working groups.

##### *2. Inclusive agenda setting*

37. The private sector should have a voice in the agenda setting, action planning, annual programming and have the power to call a meeting. Ideally, private sector members will be consulted during the preparation of the agenda and invited to propose points to be included prior to a meeting. Private stakeholders must also be given an opportunity to propose or prioritize actions to be carried out by the NTFB. All stakeholders must appreciate that the majority of NTFB action items should be created with the help and support of the private sector.

## C.2 Creation of incentives

38. Convincing representatives to participate in NTFB activities can be a difficult sell: the work is unpaid, it carries opportunity costs for the company and it adds to the workload of individuals. Motivating people requires answering the question “What’s in it for me?”.

### 1. *Professional skills development*

39. Training and practical guidance on how to trade and how fulfil documentary requirements are much sought after by private businesses, in particular SMEs. However, such training is not commonly delivered by the NTFB but rather by government agencies, export or trade promotion bodies or private sector associations. The NTFB can facilitate access to such training by keeping a directory and disseminating information to its members on existing training offered by academia, professional bodies, government agencies, international organizations and on technical assistance projects. NTFBs can also carry out regular needs assessments for its members and work with government agencies to prepare and deliver adequate training programs.

### 2. *Community of practitioners*

40. NTFBs can strive, when they become a recognized platform, to share experiences, knowledge and solutions among practitioners from the private and public sectors. Time should be allocated for learning from each other and learning about best practices and trade facilitation solutions. Visits to border crossing points, government agencies, logistics centres and private companies will help build a better understanding of each other and identify competencies and ideas that can contribute to solutions. Cooperation with other NTFBs can be established to share practices across borders.

### 3. *Access to first-hand information*

41. Access to first-hand information on government plans is a key driver for the private sector to participate in an NTFB. A session dedicated to information on legal, regulatory or operational initiatives can be integrated as a recurring agenda item in NTFB meetings. However, access to this information should be contingent upon active and regular participation to prevent companies/organizations from occupying seats only to obtain the information, without having the bandwidth or the interest to actively participate in the NTFB. There should be a baseline expectation that private sector NTFB members actively participate in its activities.

### 4. *Shared understanding of objectives*

42. Members need to feel that they belong or feel part of the committee. A shared statement of purpose in plain language is useful to create a mutual understanding of the vision, spirit of collaboration and principles of interaction. The statement should state in simple language “who we are, what we do and don’t do, and what is expected from all participants”.

## Action area 2: access

43. The recommended practices seek to ensure the inclusion and representation of the private sector in an NTFB, particularly MSMEs, women traders, individual businesses, and those businesses whose locations lie outside the political capital.

## C.3 Strengthen inclusivity

44. Successful private sector engagement depends on the ability to reach out and engage the actual players, to include women traders, MSMEs and new businesses. The challenge for an NTFB is to identify important stakeholders and attract their collaboration at the right level of NTFB work.

**Recommended actions:***1. Pragmatic and flexible attitude towards membership*

45. NTFBs have members from both the public and private sectors, and they should all have equal rights and obligations. In defining membership, an NTFB needs to commit to its legal rules while also remaining flexible with regards to inclusivity and engagement of private sector.

46. Flexibility entails combining permanent members, such as business federations or sector associations, with observers, and allowing individual companies into the process. Observers, as opposed to members, may be invited for a defined period or on an ad-hoc basis, such as when participating in a technical working group. Observers can state their opinion but do not have a right to vote. Private sector members should also be allowed and encouraged to take on the role of chairperson of technical working groups.

47. Individual companies and persons may submit a request to become observers, but must be approved by the NTFB through a vetting process. Individual companies may also be invited to provide additional input at single meetings when needed. In some contexts, specific rules for nomination of observers and acceptance of individual companies will need to be defined in the legal mandate. In others, transparency of this process may be sufficient.

48. An NTFB should also periodically review its formal membership to either add new or replace members. Some NTFBs have adopted the principle of rotation of the private sector membership among associations to ensure that different and potentially competing associations are represented.

*2. Public consultation sessions*

49. It may be good practice to include a public consultation session at all the meetings of an NTFB. This session would be open to any member of the private sector to attend and to speak. The main objective of the session would be to provide updates on regulatory or legislative changes and initiatives. This would be an opportunity to keep non-members informed, showcase achievements and attract interest.

*3. Reach out to MSME, regions and women traders*

50. To overcome the challenge of limited representation of women traders and MSME in professional associations, it is recommended that a participation goal for each sector be set and to work towards it. For example, the private sector goals could be to include 30 per cent small businesses and 30 per cent women traders. Assigning a “regional”, “small business” or “women trader” representative on a yearly rotation could also be a practical solution to increase representation.

**C.4 Lower barriers for participation***1. Create and maintain the virtual presence of an NTFB*

51. A virtual presence on social media platforms is useful in keeping the broader public informed about NTFB activities, to offer channels for engagement outside of meetings, and to increase awareness of the NTFB in general. It can also be used to collect feedback on specific issues and activities. Another form of open communication is an email inbox where members can send questions or suggestions.

52. A website is also helpful in raising awareness about the work being done by an NTFB and in keeping stakeholders (including the public) informed. Websites, however, demand financial resources and should only be considered if they are essential for delivering NTFBs objectives.

*2. Use of digital tools for communication with members*

53. Hybrid meetings enable both digital and in-person participation from the private sector. Participants who do not have the time and resources to travel to physical meetings may find it easier to participate virtually. However, going 100 per cent virtual is not



recommended. Virtual meetings are useful when broad participation is needed to ensure all members are included, such as for yearly programming. For transparency purposes a meeting report should always be made available; however, meetings should not be recorded as this may prevent people from interacting for fear of reprisal. Yearly physical networking events which allow for face-to-face interaction in a less formal setting are also important to mobilize participation.

54. Digital tools can also be used for immediate communication. During the COVID-19 pandemic some NTFBs effectively used messenger forums or chat groups to keep communication going. Chat groups have been effective in alerting the groups to problems and in seeking direct action. This form of communication needs to be used with caution.

### **Action area 3: Impact**

55. The recommended practices seek to improve the impact and relevance of the NTFB by including private sector interests in the planning process and improving performance management.

#### **C.5 Mainstreaming business orientation**

##### **Recommended actions:**

1. *Develop a business-centric strategy for the NTFB*

56. The vision and work plan of the NTFB need to set clear goals with tangible benefits for the private sector in the vision and agenda. This requires the use of a consultative mechanism to design the work plan. Private sector surveys and focus group meetings can be used to collect broad input from the private sector, including individual companies. It is recommended that one goal be prioritized per year, or a subset of goals in an annual program.

2. *Evidence-based activities*

57. An NTFB can develop a channel of communication to report bottlenecks and ensure that the reported issues filter into the work of the NTFB. To this end, they can operate an email inbox to receive various on-the-spot reports on bottlenecks. The secretariat can periodically evaluate the reported issues and present them to the NTFB for discussion. This is a useful mechanism to align the activities of the NTFB with private sector concerns and will lead to well-informed recommendations.

#### **C.6 Strengthening performance measurement**

##### **Recommended actions:**

1. *Progress measurement and communication*

58. An NTFB should measure the status of implementation of the annual and midterm work plan and progress towards the achievement of objectives using the benchmarks and indicators defined in the work plan. It should also continuously and regularly report to its own members on the progress made.

59. UNCTAD has developed an online tracking tool—the so-called reform tracker—that can be used by NTFBs to following up and communicate about activities post meetings. It allows individuals to log in to check the status or monitor the progress of an activity without having to meet every time.

2. *Adoption of an evaluation framework*

60. ECE Recommendation No. 40 states that “dissatisfaction with the process and participants’ perception of ineffective involvement may lead to their disengagement and the

failure of consultation processes”<sup>1</sup>. It recommends carrying out evaluations at the outcome and process level. At the process level the evaluation can measure whether the process was effective in reaching out to and engaging the private sector and whether contribution from the private sector could be mobilized. Examples of relevant evaluation criteria for which data can be easily collected are the level of participation in meetings, the number of activities carried out by the private sector and the number and type of activities carried out with the private sector as a target.

61. An example of an evaluation framework is the so-called NTFC Maturity Framework, jointly rolled out by the Economic Community of Western African States (ECOWAS) and the Western African Economic and Monetary Union (UEMOA) within the West Africa region. It is a self-assessment methodology and a user-friendly tool to identify the NTFB maturity baseline, to develop or strengthen their action plan and to regularly monitor their maturity progress.

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<sup>1</sup> ECE Recommendation No. 40: Consultation Approaches, Best Practices, in Trade and Government Consultation on Trade Facilitation Matters (ECE/TRADE/C/CEFACT/2015/9/Rev.) 2015.