

# Train for Trade II

EU-UNCTAD joint Programme for Angola



Transport  
and  
logistics

## WEBINARS DE CAPACITAÇÃO EM PPPs PARA PLATAFORMAS LOGÍSTICAS EM ANGOLA

**PROMOTING PUBLIC-PRIVATE PARTNERSHIP (PPP)  
TO DEVELOP LOGISTICS PLATFORMS IN ORDER TO ENHANCE SUPPLY  
CHAIN CONNECTIVITY**

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# Agenda

- Introduction
  - What's in a name?
    - Logistics Platforms/Hubs
    - Logistics parks
    - Dry ports
  - Confusing terminology & scope
- Rationale for PPPs in logistics platforms
- Logistics platforms:
  - PPP experiences from selected economies
    - Vietnam/Thailand/Chinese Taipei/Singapore
- Proposed PPP Framework based on lessons learned

# Introduction

- There is no single/unified definition of logistics hubs, logistics platforms, logistics park, dry ports, etc.
- Hierarchy in the literature but no consensus...

## **Level 3: Agglomeration capability**

Various facilities & services

Access to international corridors

## **Level 2: Platform for cooperation**

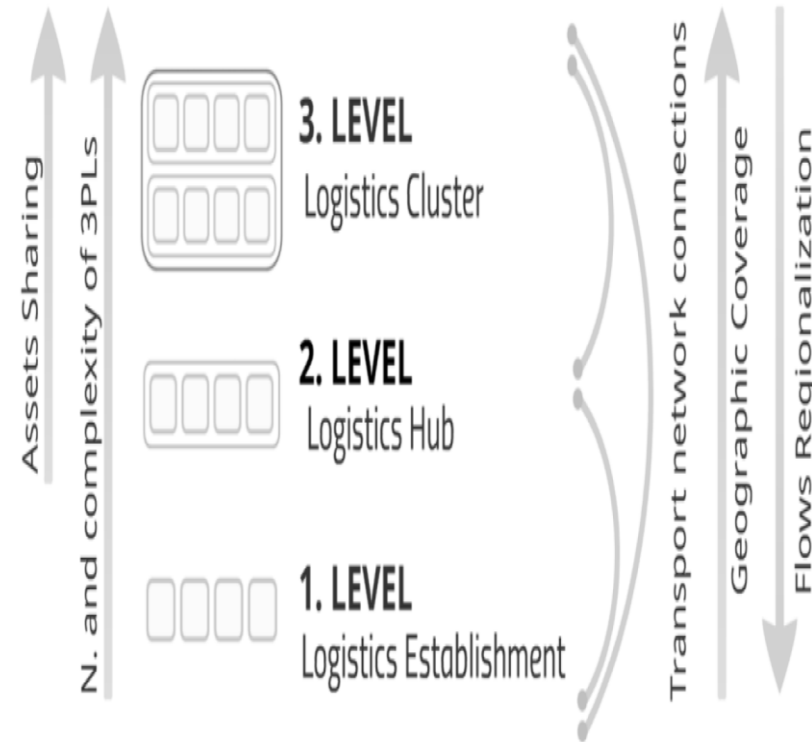
More complex logistics services available.

Geographical coverage

## **Level 1: Stand Alone**

Single operator

Limited services



Source: Vieira et al (2016)

# Logistics Platforms/Hubs



- Definition:

*“a defined area within which all activities relating to transport, logistics and the distribution of goods, both for national and international transit, are carried out by various operators. It is run by a single body, either public or private, and is equipped with all the public facilities to carry out the above mentioned operations”*

(Source: European Association of Freight Villages EUROPLATFORMS)

- Different types of logistic platforms:

- Unimodal distribution centres
- Logistic areas/hubs
- **Multimodal** platforms

# Logistics Parks

- A common user facility where activities related to logistics, distribution, transport and other value-added services, both for national and international shipment, are performed
- The logistic park concept is based on 3 important elements:
  - (1) Territorial planning alongside infrastructure rationalization;
  - (2) Transport quality; and,
  - (3) the development of **multimodal** transport.

*Agility Logistics Park in Maputo, Mozambique*



# Dry Port/Inland Clearance Depot

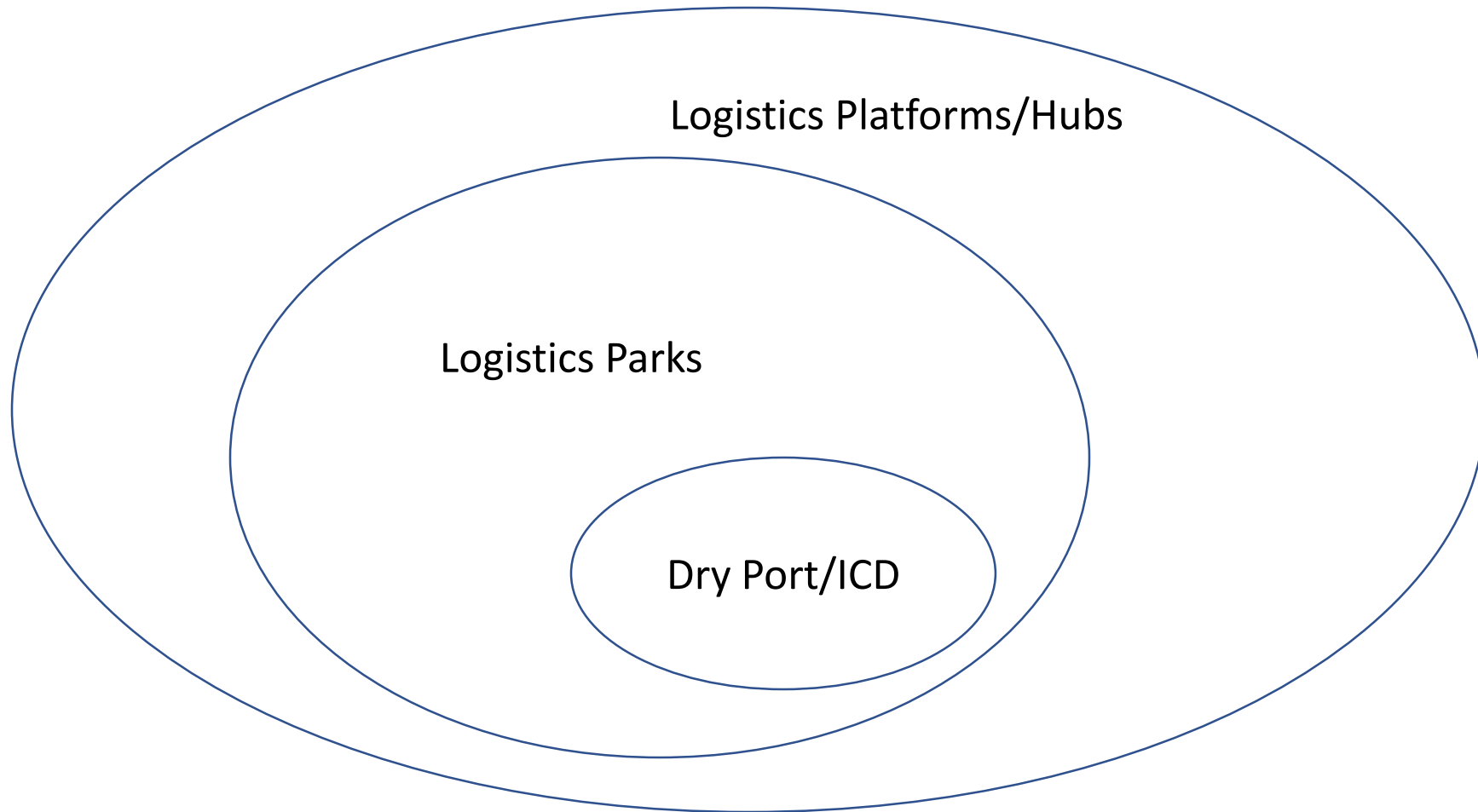
## *Inland dry port in Nigeria*



The introduction of dry ports is closely related to the promotion of **multimodal** transport & supply chain connectivity

- Dry ports are sites to which imports and exports can be consigned for inspection by Customs & can be specified as the origin or destination of goods in transit
- At a dry port intermodal transfer between transport modes can take place
- Dry port can be categorized as a type of logistics parks that permits consignments to remain unbroken from a place close to the shipper to a place close to the consignee.

# Confusing terminology & scope



# Rationale for PPP in logistics platforms

- There is no broad international consensus on what constitutes a public-private partnership (PPP).
- International experience shows that Public Private Partnerships (PPP) works well in the investment and operation management of dry ports/logistics parks/logistics platforms
- PPP refers to arrangements between the public and private sectors
  - Services that fall under the responsibilities of the public sector are provided by the private sector
  - Need clear agreement on shared objectives for delivery of public infrastructure and/or public services.
- Most often cited is as an alternative additional source of funding to meet a funding gap.

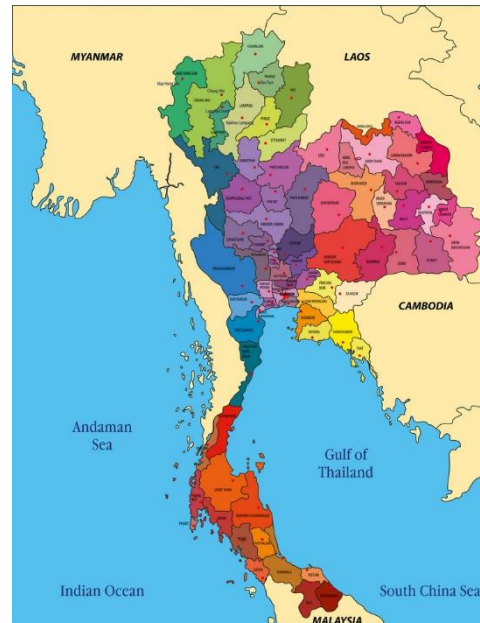
## ***HOWEVER...***

- Partnership with the private sector can help foster new solutions for aging infrastructure and for more efficient services.



# PPP experiences

- Further guidance for the planning, design, structuring and execution of PPP projects may be obtained from the experiences of selected Asian economies...



# PPPs in Vietnam

- There is a dedicated institutional framework for PPP in Vietnam.
- Dedicated PPP Units appear at two levels:
  - The Steering Committee for the country level
  - A PPP Board in ministries or provinces to facilitate the development and implementation of specific PPP projects.
- The Ministry of Transport is responsible for dry ports
- The Ministry of Industry and Trade is responsible for logistics parks.
- A comprehensive approach to the development dry ports and logistics parks should therefore be considered for the benefit of PPP development in Vietnam.

# PPPs in Thailand

- The concept is for the dry port operator should be the one who provide the lowest total cost to exporters and importers in the country while still meeting certain minimum level of service.
- There will be less income generated from concession fees but this will be offset by increase in revenue from other freight related activities
- Two key criteria are now considered in the selection of new private sector concessionaires
  - The ability to efficiently and effectively operate the ICD
  - The commitment to offer the lowest service rates to end customers.

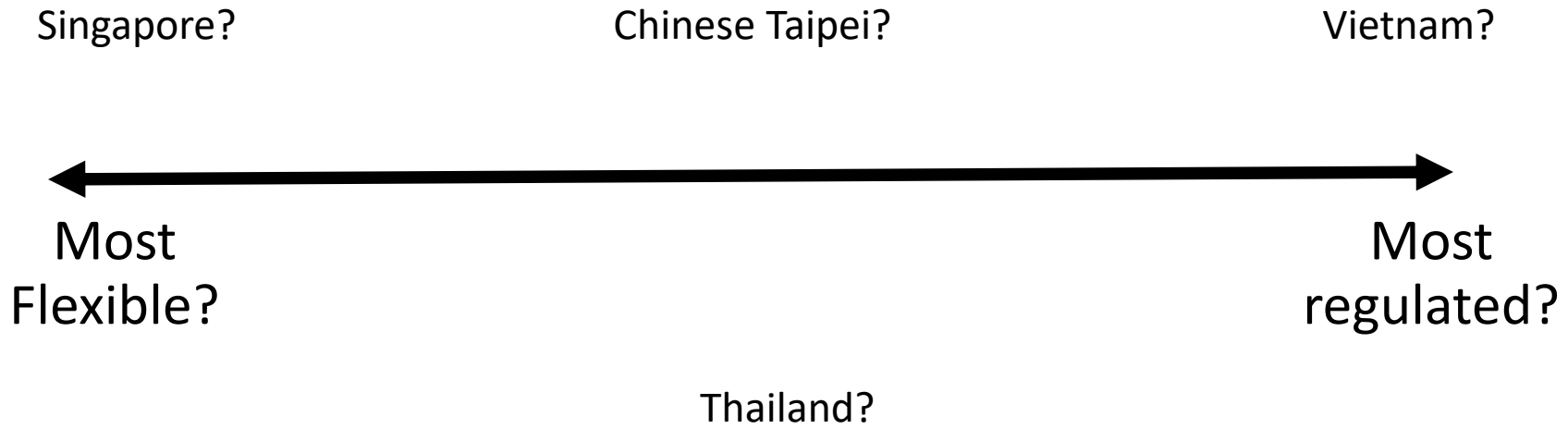
# PPPs in Chinese Taipei

- There is a dedicated responsible government entity that was set up to facilitate the PPP process.
- Logistics parks can receive government assistance in obtaining land or arranging land use changes.
- It is also possible for the private sector to obtain preferential loans of up to 3.5 Million US\$.
- Tax concession for logistics parks are also offered in order to mitigate such tax exposure and develop Chinese Taipei as a regional logistics hub for multinational firms.

# PPPs in Singapore

- The Ministry of Finance acts as the central coordinating agency.
- The PPP must have the potential to provide value for money and quality of services needed
- PPP framework in Singapore is quite flexible and creative with an emphasis that does not need to focus solely on the revenues or fees paid to the Government.
- Even though there are no PPP per se on dry port or logistics park in Singapore, there are interesting approaches to PPP which could be replicated in other economies.

# PPP spectrum



# Common issue in PPPs for Logistics Platforms

Issues	Public	Private
<b>Policy Framework</b>	PPP feasibility	Types of PPP
<b>Infrastructure</b>	Transport Mode Integration	Transport Mode Performance
<b>Institutional</b>	Contractual Counterpart	Competent Authorities
<b>Legislation</b>	Safeguards & Flexibility	Clearly Defined Legislation
<b>Service Delivery</b>	Competent & Capable Provider	Public Service Delivery

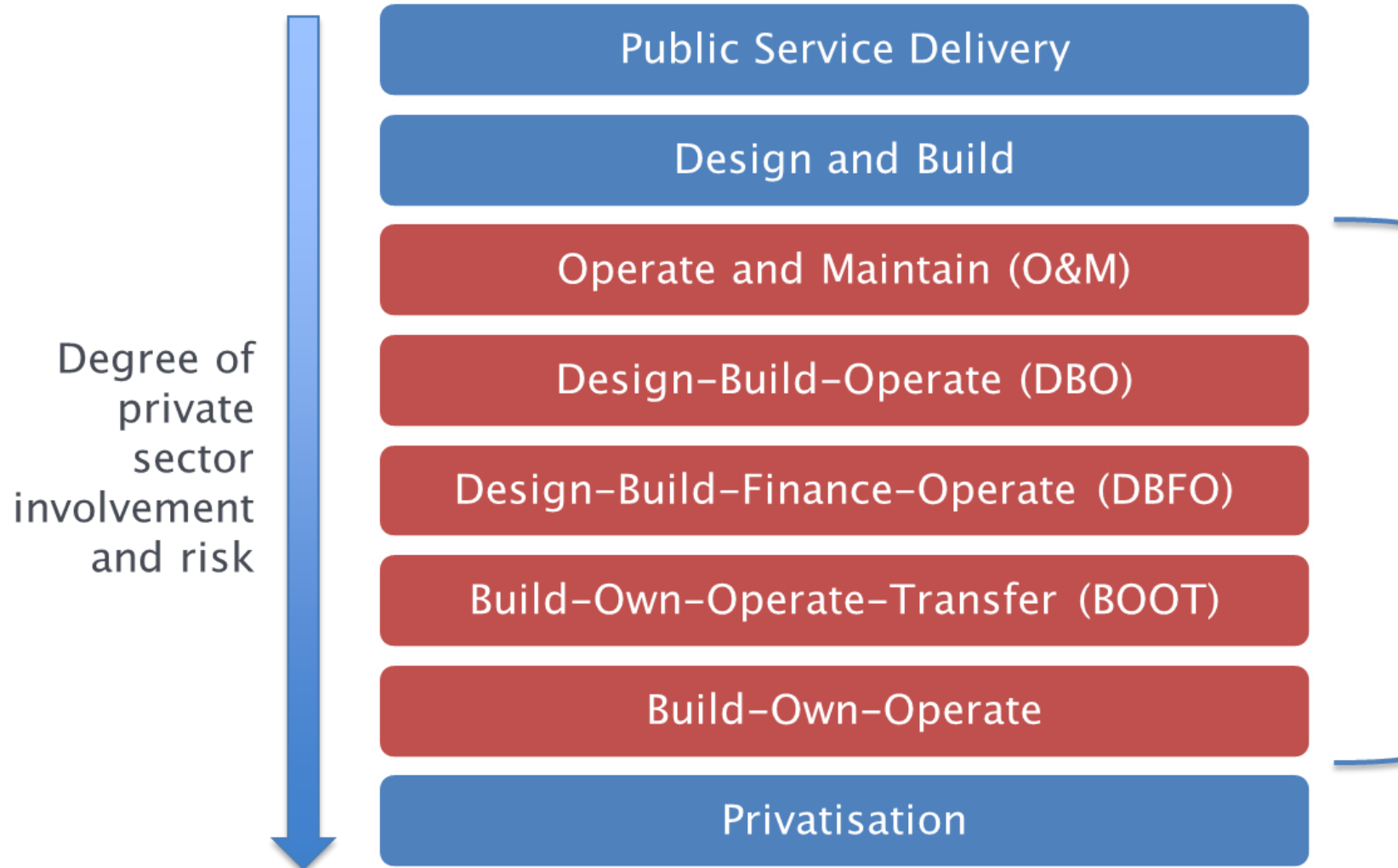
# Lessons learned:

## Generic PPP development framework

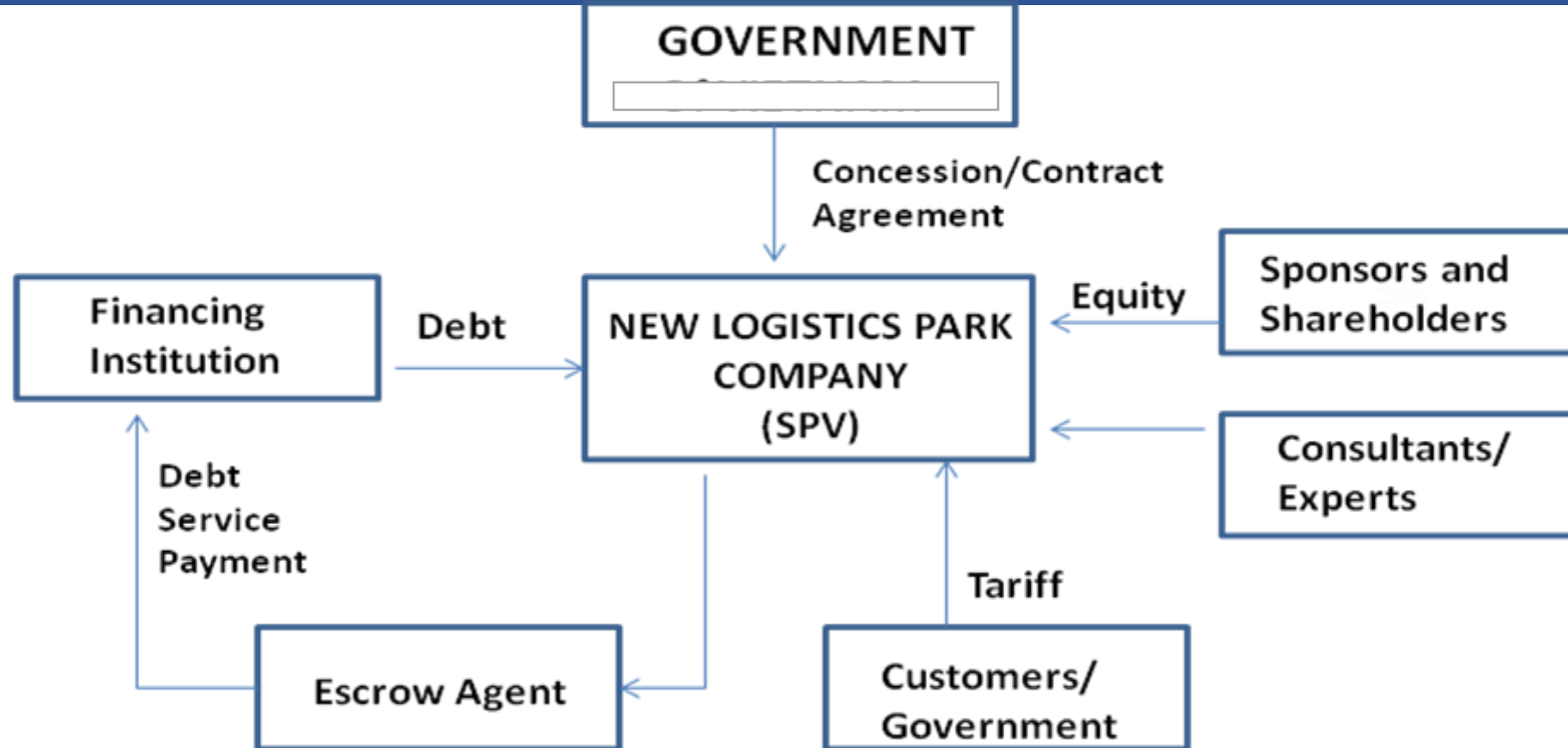
1. Develop a common understanding of PPP for logistics platforms.
2. Provide clarifications over the institutional jurisdiction related to logistics platforms.
3. Have a clearly defined legal framework and risk assessment capabilities.
4. The involvement level of the public sector will depend very much on the strategic importance of the asset considered for PPP.
5. The relationship between concession time, service pricing and subsidy or equity needs to be fully considered for any PPP to be successful.



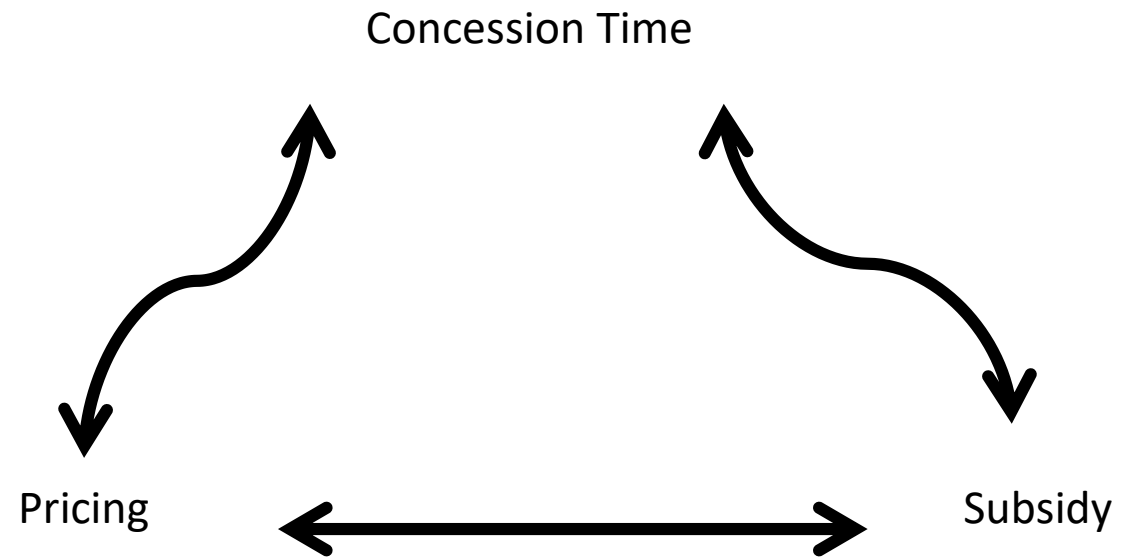
# Public private partnership model



# Suggested PPP structure logistics platforms



# PPP Challenge



Questions? Comments?

Obrigado!