

PARK MANAGEMENT PRACTICES FOR SUBNATIONAL BROWNFIELD INDUSTRIAL ZONES -WHAT WORKS?

(INTERNATIONAL LEGAL, INSTITUTIONAL AND REGULATORY FRAMEWORK FOR EFFECTIVE IP MANAGEMENT – SOPS AND MOUS)

Industrial Parks Revitalization Workshop
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ORDER OF DISCUSSION

1. Ensuring Commitment

- Mechanisms for Documenting Rules
- Typical Content

2. Providing Value-Added Services –Examples

3. Institutional Delivery MechanismS

4. Funding Services -Avoiding the “Free Rider” problem

Annex: Interagency Memoranda of Understanding & Service Level Agreements

1. ENSURING COMMITMENT – MECHANISMS FOR DOCUMENTING RULES

- Bylaws & Ordinances
- SoE Internal Operating Charters (SoPs)
- User Codes & Charters
- SLAs/MoUs

- **Contracts between Management Entity and IZ users/tenants**
 - Bindings
 - Revenues

IP OPERATING RULES -TYPICAL CONTENT

(1 OF 2)

- Sample Lease Agreement
- Rules [Manager-User Contract -ex.: Lebanon, Ethiopia] on:
 - User subletting, subrogation, notifications of changes in ownership, notices
 - Manager access
 - User construction/improvements, signage/billing, parking/traffic, landscaping, painting, outdoor storage, refuse/rubbish/hazmats, sprinklers/extinguishers, insurance, nuisances (pollution, noise, discharges/emissions, etc.
 - Manager fire protection, power connections, water & sewerage, waste management, security/guarding, ERM, street lighting, and road maintenance obligations [NB: associated specimen Connection/Disconnection, Maintenance & Inspection Requests and Report Forms & Models may also be annexed]
- Applications for / issuance of (with associated Forms & Permit Models/Specimens):
 - Investment Permit -including associated User Undertakings, Proof of Insurance, Renewal, etc.
 - NB: Contract can be used in lieu of Permit/License (ex.: TSEZ in Lebanon)
 - Construction, Environment & Occupancy Permits
 - NB: Contract can be used in lieu of Permit/License (ex.: TSEZ in Lebanon)
 - Gate Pass / ID Card (by type -i.e., visitor/worker/vehicle/duration, etc.)
- Labour & Environmental Rules -including on:
 - User OHAS & amenities for workers -including WCs, water, PPE, first aid, etc.
 - User Reporting (including periodic & of accidents) & Inspection Compliance
 - NB: Contract can be used in lieu of Permit/License (ex.: TSEZ in Lebanon)
 - User CSR Undertakings
 - Manager inspections (with associated Report Models)

IP OPERATING RULES -TYPICAL CONTENT

(2 OF 2)

- Park Manager internal operating rules -including on:
 - Strategic Objectives
 - Organization (including Departments, Positions, Job Descriptions)
 - Ethics, Confidentiality, Customer Service (including client charter and service time/turnaround commitments) and Complaint Handling (including associated Form)
 - Key Functions' Procedures:
 - Permits processing
 - OSS & Aftercare services
 - Budgeting/Finance, Accounts Management, Accounting, Procurement, Audits
 - CRM, Archiving, MITS
 - Staff HRM, Payroll & HRD
 - Investment Promotion & Marketing
 - Performance Evaluation
 - User Rents, Tariffs, Service Charges & Fines

2. VALUE-ADDED SERVICES -EXAMPLES

- Security
- Cleaning and maintenance
- Business Support Services (Governments, Chambers, NGOs, Donors)
 - Peru "CITE"s (*Centros de Innovación Productiva y de Transferencia Tecnológica*, to support MSME formalization, modernization, and productivity, through enterprise capacity-building, firm-specific technical assistance, certification, shared production equipment, and seed capital)
 - Peru SENATI
 - Pakistan PSIC "Cluster Development & Support Centres" ("CDCs")
 - Botswana Incubators
- OSS:
 - Government-organised, administered and delivered
 - Gauteng Blue IQ -Management Contract for OSS with EY
 - Organized through Chambers of Commerce, with Government or Donor support

SERVICES

Non-fiscal incentives through which the offering of Industrial Zones can see their competitiveness enhanced, most notably, include:

- Specialised Facilities, Suprastructure & Infrastructure
- Enhanced Business Regulatory Services
- Quality Facilities Management (FM)
- Value-add “Corporate”/“Commercial” Services

TYPICAL SEZ-TYPE VALUE-ADD SERVICES

- Childcare facilities
- Medical clinics
- Conference centers
- Product exhibition areas
- Commercial centers
- Training facilities
- Shelter plans
- Repair and maintenance centers
- Common bonded warehouse facilities
- Incubator facilities
- On-site banking facilities
- On-site housing
- On-site customs clearance and trade logistics facilities
- High-speed telecommunications and Internet services, networked buildings

SERVICES

- Subsidized services:
 - MSME and Cluster Support Services
 - Twinning, Collaboration, and Sharing platforms
 - Fairs, Exhibits, Events, Competitions, as well as Producer and Product-related Communications
 - Shared equipment and machinery
 - Quality Management Systems and Processes assistance, including Product Design and Quality Certification services
 - Export and foreign trade-fair participation assistance
 - Labor and Enterprise skills training
 - Government Services One-Stop-Shops
 - Credit guarantee lines for equipment purchases
- User “Graduation” conditions as regards subsidized services

3. INSTITUTIONAL DELIVERY MECHANISMS

- IZ Users Association / Chamber
- Gov't Management Entity
- Mixed or Interagency "Committee" or "Board"
- "Urban Improvement Zone" Management Companies –generally organized by landowners as companies/NPOs with Boards of Owners, and then consecrated by a Local Government Resolution
 - Go under different names in the US, Canada, Japan, Australia, New Zealand... and
 - South Africa, where they are known as "Special Rating Areas" ("SRAs")

IP MANAGEMENT ENTITIES

-SOME INTERNATIONAL MODELS (1 OF 2)

- Yura SME Industrial Park, Arequipa, Peru
 - Land and operations transferred to SME Association by Gov't
 - Users get CoO from Users' Association
- La Esperanza Industrial Park, Trujillo, Peru
 - Users can buy or lease land from the Users' Association
 - Some charges are collected and services offered but, with just 50% formality, this is challenging
- Villa El Salvador, Lima, Peru
 - Launched by UNIDO and Municipal Government
 - Users Association acts as advocacy group
 - Services by: Min. of Production (CITEs), MoL, MoTC
- Turkey OIZs
 - Structured as NPO PPPs
 - On Gov't land
 - Run by SME Cooperatives (usually through a Chamber of Commerce or a Trade/Industry Association) but Chaired by local Governor
 - Onsite offerings: Donor-funded business planning & export services, and technology loans; Labour post-secondary training centres; and One-Stop Shops -some of these services provided on a paid fee basis.
 - Regulated both by Law and through Industrial Park Developer/Operator PPP contracts.

IP MANAGEMENT ENTITIES

-SOME INTERNATIONAL MODELS (2 OF 2)

- Punjab, Pakistan PSIC “Boards of Management”
 - Chaired by Users’ Associations, with Representatives of the local government administration, local chamber of commerce, PSIC
 - Co-funded by Users and Government (No Association/BoM -> No Gov’t money)
 - Land & Utilities belong to Government and are charged for
- Punjab, Pakistan PIEDMC “Boards of Management”
 - Run by SOE, with representatives of the private sector with rotating biennial terms of office, subject to Government oversight and control
- Afghanistan MoIC --can either:
 - Outsource maintenance & operations to a private IFM company, which collects maintenance charges from the Users
 - Transfer land & maintenance to the Users Association
 - Transfer maintenance, by contract, to the Users Association (i.e., JMM [Jumad Mohamad Mahmadi /Baghrabi] Industrial Park) -typically combined with further private sector outsourcing

4. FUNDING SERVICES

-AVOIDING THE “FREE RIDER” PROBLEM

- Leases; Plot Sales; Expropriation & Resale
- Government budget
- Users (50%-80%+) --O&M and Service Charges
- Mix

ANNEX: INTERAGENCY
MEMORANDA OF UNDERSTANDING &
SERVICE LEVEL AGREEMENTS

IZ INTERAGENCY MOUS

Gov't and private bodies can form MoUs –with the Power Company, Environment, Customs, utilities, phone companies, Arbitration Centre, etc., in order to:

- Make representatives available to IZ users
- Handle IZ user needs as quickly as possible
- Work with IZ Key Account Managers to process applications and determine client needs
- Provide certification issuance, customs clearance services, utilities bill management, etc.

RECOMMENDED CONTENT FOR MOUS

- Parties to the MoU
- Preamble (goals of the One-Stop-Shop, statement of respective parties' mandates, desire of cooperation)
- Institutional Roles and Decision-making rules (Responsible parties, processes for taking decisions on the MoU, timeframe for taking such decisions, review procedure for such decisions or for the MoU itself, etc.)
- Standard procedures to be applied at/by the One-Stop-Shop (Registrations, Record-keeping, Notifications to regulated parties, Audits of regulated parties and of the services of the One-Stop-Shop itself, Service fees, Fines, Reviews/Appeals)
- Technical Requirements to be met in the implementation of these procedures
- Applicable Forms to be used by One-Stop-Shop users
- Information Technology to be used in the procedures
- Service standards and performance goals for the procedures

RECOMMENDED CONTENT FOR MOUS (CONT'D)

- Staffing & Training of staff
- Consultation of the parties prior to legislative changes
- Reciprocal recognition of certificates, licenses, etc.
- Amicable resolution of disputes in MoU application, failing which binding Cabinet decisions to be taken
- Mutual periodic consultations on MoU implementation, M&E, Information keeping & sharing, and Contact officers for the MoU understandings
- Commitment to abide by provisions of MoU
- Calendars for One-Stop-Shop project establishment and implementation
- Transitional provisions (Timing of transfer of functions, staff and equipment; Implementation Calendar; etc.)
- Procedure for amendment of the contents of the Memorandum of Understanding
- Signatures