

ECONOMIC COMMISSION FOR EUROPE

EXECUTIVE COMMITTEE

Forty-ninth Meeting
Geneva, 7 February 2012

Item 4

INFORMAL DOCUMENT No. 2012/3

**Extrabudgetary project:
Public-Private Partnerships (PPP) Initiative:
PPP Toolkit and International PPP Centre of Excellence**

Public-Private Partnerships (PPP) Initiative: PPP Toolkit and International PPP Centre of Excellence

Explanatory Note by the secretariat

1. Background

Demand from member States for policy advice, capacity building and training in Public-Private Partnerships (PPP) has been growing at a rapid pace since the Team of Specialists on PPP held its first meeting in February 2008.

In February 2009 at the final meeting of the UN Development Account project on capacity building in PPP, the three UN Regional Commissions who were participating in this project, the Economic Commission for Europe (ECE), the Economic Commission for Africa (ECA) and the Economic and Social Commission for Asia and the Pacific (ESCAP), agreed to set up an international PPP centre of excellence to meet the increasing demand for advice in this area. Given the fact that the UNECE was the only UN Regional Commission with an intergovernmental process - the Team of Specialists on PPP - and because of its strong profile in capacity building amongst its membership, especially in countries with economies in transition, the UNECE was given the leadership role to explore the modalities of such a centre.

The UNECE subsequently organized two consultative meetings with the public and private sectors on the most appropriate model for a new capacity building initiative. The outcome of these consultations was the 'UNECE PPP Initiative' which was introduced in December 2009 at the second session of the Team of Specialists on PPP. The Initiative was further discussed and universally acclaimed and supported by all stakeholders at the third session of the Team of Specialists on PPP in April 2011 and at the Sixth session of the Committee on Economic Cooperation and Integration (CECI) on 30 November-2 December 2011 as a vehicle to improving the delivery of capacity building to member States.

2. Structure and Organization of the UNECE PPP Initiative

The UNECE PPP Initiative consists of:

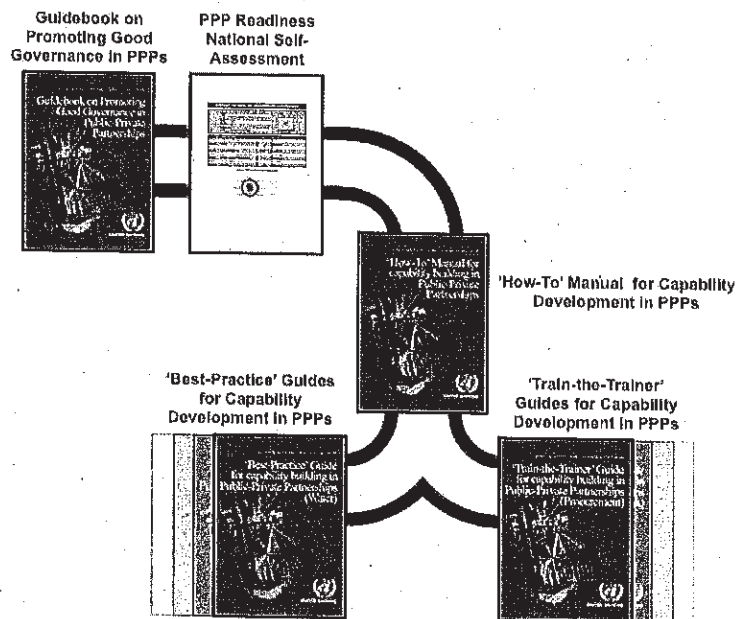
- the UNECE PPP Toolkit for capacity building, and
- the UNECE International PPP Centre of Excellence.

A. The UNECE PPP Toolkit

The Toolkit is composed of five key components (see Chart 1) that integrate PPP experience and best-practice material from a broad range of PPP sectors and regions, into an easy-to-use system for PPP capability development.

The Guidebook on Promoting Good Governance in PPP, published in 2008 and available in three languages (English, French and Russian), defines the role of public governance in PPP in seven key principles of PPP good governance. The Guidebook has become one of the most used and standard reference on the topic of PPP in transition economies, with governments using the standards in the guidebook for modelling their PPP policies and practices (for example, in the area of government procurement). Accordingly, financial and legal advisers use this source in their own advisory work on PPP to governments. The Team of Specialists on PPP is in the process of revising the Guidebook to take into account the impact of the financial and economic crisis, and has launched a wide consultation process among the various PPP stakeholders and practitioners.

Figure 1. Structure of the UNECE PPP Toolkit



The National PPP Readiness Assessment constitutes a novel policy advisory service for member States. It exists in two versions: a self-assessment version for countries with considerable experience in PPP, and a tailor-made version for countries with economies in transition. The readiness assessment will identify the challenges that a country may face in attracting private capital for its infrastructure development, consider areas where potential infrastructure pilot projects could be procured through the PPP model, and agree on a strategic plan of action for PPP development in the country. To date, readiness assessments have been carried out in a number of countries, including in Moldova and in Japan. In the case of the latter, this was carried out as part of a UNECE, UNISDR and Toyo University mission to explore the role of PPP in disaster recovery in the tsunami affected region of the North East of Japan.

The 'How To' Manual will provide detailed information on how to develop, operate and continuously improve an effective and sustainable PPP capacity within government. The Manual will focus on:

- policy and application;
- finance and risk allocation;
- the development of an effective PPP programme;
- PPP whole-of-life project delivery; and
- pro-forma documentation and processes.

The Train-the-Trainers Guides will provide members States with comprehensive training packages in the key PPP areas, inter alia: PPP policy, finance, procurement, risk, contracts, and negotiation. These guides are designed to be quickly adapted, implemented and used for pedagogical purposes in local institutions within member States. Each guide will include full trainer directions, course notes, exercises, worked answers, case studies and referenced papers.

The Best Practice Guides will provide countries with a global overview of the best practices, lessons learned and key development and innovations within a range of PPP sectors, such as water, health, food security and roads. The guides are structured in two parts: Part One constitutes an executive guide to PPP in the sector, with detailed global market and trend analysis; and Part Two will provide a practitioners guide to PPP in the sector, with detailed case studies. The overall idea is that the Best Practice Guides will be developed and regularly updated by

the PPP specialist centres which will coordinate sector-specific input and case studies from a broad range of stakeholders from both the public and the private sectors.

The Toolkit is designed to enable its adaptability to local cultures, business practices, legal systems and government processes, and is being developed with input and validation from a broad range of stakeholders.

B. The UNECE International PPP Centre of Excellence

The overall objective of the UNECE International PPP Centre of Excellence (Centre of Excellence) is to provide the governments of member States with innovative PPP delivery and financing options, strategic advice and support, so as to assist their development of local PPP capabilities that deliver value-for-money, fit-for-purpose and sustainable civil and social infrastructures for the benefit of their citizens.

The mission of the Centre of Excellence is to become a global resource to assist the national PPP capacity building programmes by:

- developing and disseminating international best practice, knowledge and skills in PPP capability development, particularly to countries that are newly embarking upon PPP programmes;
- offering high-level strategic advisory and planning services and capacity building support to governments of member States in implementing the UNECE PPP Toolkit;
- facilitating 'learning by doing', through Best Practice Guides that showcase national adaptation and implementation of the UNECE PPP Toolkit; and
- developing innovative and low-risk products and markets for financing PPP projects, to support the growth of the global PPP market in the post-global financial crisis environment.

In implementing its mission, the Centre of Excellence will uphold the following values:

- **Neutrality and impartiality:** the Centre of Excellence will operate under the principles and in accordance with the rules and regulations of the United Nations;
- **Adopting a twin-tracked approach:** the Centre of Excellence's activities will focus both at the decision-makers level and at the level of those charged with the implementation of PPP programmes;
- **Learning by doing:** the Centre of Excellence will adopt an approach to capacity building that links formal training with actual project delivery - "learning by doing";
- **No 'one size fits all':** governments will be offered advice on the best path to take; it will be up to the governments to choose the best path for their specific needs;
- **Mutual learning:** although the focus will be upon countries getting started, even those with fully operational PPP programmes will benefit from the work of the Centre of Excellence. PPP is an area in which all countries, irrespective of the maturity of their PPP programme, can further develop.

The specific objectives of the Centre of Excellence are to:

- define and codify the PPP body of knowledge into the UNECE PPP Toolkit;
- provide member States with a service for initial leadership in the strategic and programme planning of their national PPP capability development programmes;
- cooperate with the members of the UNECE Team of Specialists on PPP in organizing missions, workshops, seminars, training and to provide policy advisory services to member States; and
- develop innovative sector-specific PPP delivery strategies and financing options, with the purpose of improving access to globally available funding for PPP-based economic and social infrastructure.

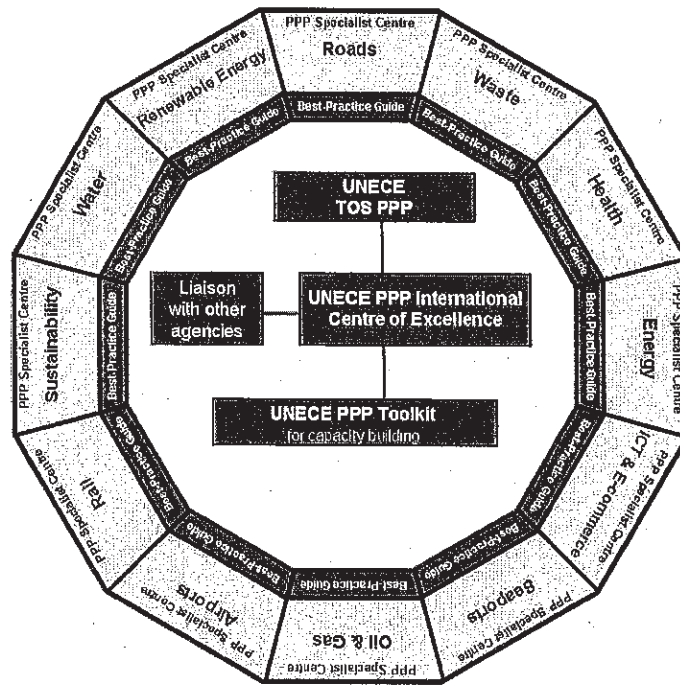
The Centre of Excellence will be constituted in a cost-effective manner and organized in the form of:

- a 'hubs and spokes' arrangement with the UNECE secretariat in Geneva acting as the hub or coordinator for a number of Specialist Centres located around the world and hosted by public institutions taking responsibility for identifying and articulating best practice in specific sectors, such as in water, health,

food security, and roads, providing this information under the auspices of the UNECE to governments as a public good; and

- regional hubs for training in PPP, with such hubs becoming a conduit for the UNECE training materials and best practices in PPP produced by the above -mentioned Specialist Centres.

Figure 2 – Structure of the UNECE International PPP Centre of Excellence¹



There is a universal consensus among all stakeholders involved in the work of the UNECE Team of Specialists on PPP that the Centre of Excellence shall operate under the supervision of the Team of Specialists and its elected Bureau, with CECI playing a crucial role of reviewing the work of the Centre of Excellence through its annual oversight of the Team's work.

3. Conclusion

PPPs are a critical component of every government's consideration when trying to meet their infrastructure and public services needs for the simple reason that there exists a huge gap between the financing required to deliver efficient infrastructure services and what is available from the public purse. The financial crisis has contributed to further weaken the public sector's ability to meet these needs. Accordingly, there is a strong interest from all countries, especially those with economies in transition, to explore the potential of the PPP model to deliver much needed public services to their citizens. However, there is a lack of sustainable capacity building programmes offered by international organizations, especially those that are tailor-made for countries with economies in transition, and the UNECE PPP Initiative is at the forefront of the delivery of capacity building services; hence it plays a primary role in filling this void.

¹ The sectors are indicative only and do not constitute an exhaustive list.