



UNECE International PPP Centre of Excellence (ICoE)

“International UNECE PPP Forum Implementing the United Nations 2030 Agenda through effective, people-first Public-Private Partnerships”

**Palais des Nations, Geneva, Switzerland
30 March - 1 April 2016**

**Report prepared by the Secretariat
(2 May 2016)**

Main Highlights

The following document is a narrative report of the First International UNECE PPP Forum “Implementing the United Nations 2030 Agenda through effective, people-first Public-Private Partnerships” organised by the Secretariat to discuss Public Private Partnerships (PPPs) as a key mechanism to contribute to the 2030 Agenda of the United Nations and as a tool to achieve the Sustainable Development Goals (SDG’s).

The Forum also addressed the main challenges in the development of PPP standards, the role of Project Teams, the coordination with each other, and their responsibilities, with the aim to discuss actions to accelerate the production of the standards and the action plan for going forward.

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I. Introduction

The First International PPP Forum “Implementing the United Nations 2030 Agenda for Sustainable Development through effective, people-first Public-Private Partnerships” held its session in Geneva from 30 March to 1 April 2016. Almost 400 experts, representing more than 45 countries, attended the meeting.

The Secretariat invited experts to discuss Public Private Partnerships (PPPs) as a key mechanism to contribute to the 2030 Agenda of the United Nations and as a tool to achieve the Sustainable Development Goals (SDG’s). The PPPs are considered essential to achieving many of the 2030 Agenda targets, Essential Services such as universal health care, access to clean, safe water, and energy for all, etc., that cannot be financed exclusively by the public purse.



Delegates discussed the adoption of the SDG’s and how they have created a strong rationale and the need for standards and Project Team Leaders introduced progress reports on the development of PPP standards and invited the experts to identify the main challenges in the development of PPP standards, the role of Project Teams, the coordination with each other, and their responsibilities, with the aim to discuss actions to accelerate the production of the standards and the action plan for going forward.

At the Technical Steering Committee (TSC), the Head of the Centres, Project Team Leaders, Bureau members, and invited experts discussed and prioritized the PPP Standards.

The Business Advisory Board presented the activities carried out to assist countries, and discussed future activities to assist Governments on PPP projects.

During the Forum a high level plenary debate with experts from the public and private sectors discussed ‘How can Public-Private Partnerships (PPPs) be advanced in support of the Sustainable Development Goals?’. As the 2030 Agenda represents a shift in priorities to environmental and social projects, people-first PPP should be the development model used to fulfil the political manifesto for the future of the world. Multi-stakeholder partnerships with increased transparency, accountability, and civil society engagement would be central to the implementation of all targets and goals.

In addition, a key objective of the Forum consisted in identifying and showcase concrete case studies of PPPs which meet the SDG’s so that they themselves could inspire others and be used by governments. The private sector and Governments were invited to submit project success stories and the impact these have had on improving the quality of life of local communities. About 30 stories were received, of which 12 projects specifically highlighting the overall impact of SDGs were presented at the Forum. In their presentations, the speakers showed how, in practice, People, Planet, Peace and Prosperity are improved in some challenging places in the world.

Finally, Civil Society organizations participated and contributed concretely at the discussions of the Forum with the aim to involve NGOs in the elaboration of international PPP standards through the PPP Standards Development Process. Sometimes NGO’s have different perspectives on PPP’s, and it is important their voice is heard in the recommendations and standards.

II. High Level Plenary

This session was moderated by Sharanjit Leyl, Producer and Presenter BBC World News, and involved Christian Friis-Bach, Executive Secretary of UNECE, David Nabarro, UN Special Adviser on 2030 Agenda for Sustainable Development, Laurence Carter, Senior Director, PPP of the World Bank, James Stewart, Chairman of the UNECE PPP Business Advisory Board, Fatima Bargach, Advisor to the President of the Government of the Kingdom of Morocco, Alexander Bazhenov, Chief Executive Officer of the Federal Centre for Project Finance of the Russian Federation, and Nan Buzard, Executive Director of the International Council of Voluntary Agencies (ICVA).

The seniority of Government and private sector representation as well as the willingness to engage with the moderator on key issues relating to the UN 2030 Agenda lead to a breakthrough from being just financial minded, risk allocation and accounting formulas to the conceptualisation of a transformational model “fit for purpose” to achieve the SDG’s.

The key points discussed at the high level plenary debate was a breakthrough from being just a financial minded and accounting formula to a model ‘fit for purpose’ for the UN SDG’s:

- PPP is a win-win for everyone – that is for Governments, private sector, and for the socially and economically vulnerable groups.



The 2030 Agenda permeates the principles of human rights and gender equality but is associated with huge financial implications. In order to operationalize this political manifesto, “Partnerships” as one of the recommended levers, should involve stakeholders as well as beneficiaries, in decision making with clear governance arrangements. PPP is an effective procurement, contractual, operational and financing mechanism that can act as catalyst for shared learning.

The private sector will remain a key player to fill the infrastructure investment gap for sustainable

development to be achieved.

Management capacity, technical innovation and incremental contribution from the private sector have proven to be complementary to government service delivery. While Development Banks can bridge the infrastructure gap initially, it requires local capacity and commitment to replicate successful stories.

Therefore, it is fundamental for Governments to manage political risks and create an enabling governance framework for partnerships.

- The new types of partnerships needed to promote the 2030 Agenda.

There is a need to shift from output-based to outcome-based contractual relationships which allow both the public and private sectors to best contribute towards the 2030 Agenda. To ensure outcomes can be measured, monitored, and held all stakeholders accountable, sets of criteria and standards should be developed with greater civil society engagement.

The programme also considered presentations of a serie of selected Case Studies, which took place on the third day of the conference underlining the following topics:

- More definition on People-First PPPs responding to the 2030 Agenda is needed.

Building on the case studies, there is no one-size-fit-all solution. There are different types of PPP models that can be carried forward, thus, more analysis is needed drawing the close link with people, planet, and prosperity.

- The 2030 Agenda presents a fundamental shift in priorities to environmental and social projects.

PPP is beyond short-term profit maximization and financial risk-reward focus transaction. It should be a model for multi-stakeholder partnerships committing to responsible investment and reasonable returns, long-term development, and leaving no one behind.



- The need for standards and elaboration of new guidelines.

Through experience and participation, standards can hold stakeholders accountable to perform “PPP for SDGs projects” following sets of criteria. It is absolutely central to the operationalization of the 2030 Agenda.



As a way forward, priorities should be given to creating transparency and establishing rating methodology that enables all stakeholders, including governments, multilateral development banks, and private sectors, to evaluate project adherence to the 2030 Agenda.

III. Other Plenaries

Integrity and Transparency in PPP Procurement

On the first day of the Forum, the first Plenary introduced the sensitive yet critical theme of corruption.

The moderator, Corinne Namblard, opened the debate reminding the panel that the new focus on SDGs creates an opportunity to cast in an entirely new light the need for “jointly dealing with corruption and bribery” as not one party can win alone.

Representing Transparency International, Gabriel Sipos agreed that the focus needs to be on promoting a new culture of Good Governance and a new take on “Compliance” whilst maintaining an arsenal of enforceable penalties when available at all. Benchmarking, rating and monitoring were also discussed.

Marc Frilet reminded the audience that original focus of the Project Team working on the Zero Tolerance to Corruption Standard was very much on providing best practice recommendations once loopholes and “entry points” of misconduct from the private and public side have been identified, under a PPP Procurement.

Fred Einbinder, referring to “corruption as cancer”, insisted that “Transparency and Integrity” should not only be benchmarked on a coercive basis, triggering an array of penalties but rather be balanced with incentives for compliance.

Professor Fuguo Cao, insisted on the need to identify, define and prevent “corruption and bribery” active or passive, public or private, during any PPP procurement process from project origination up to final award. Martin Blaiklock insisted that corruption takes many forms and shapes including the less well known notion of “conflicts of interest” and that corruption is not only an issue for Developing Countries. The cost of “corrupt practices” is staggering to the tune of billions in Europe alone. Civil society and the public as Stakeholders, have a significant role to play in bringing to light these issues.

The outcome of the Plenary, was a renewed commitment to deliver the future UNECE Standards on Transparency and Integrity with a focus on SDGs and in particular on Objectives 9-10 and 16. Furthermore, these Guidelines on Transparency and Integrity will be fully aligned with the Addis Ababa Action Agenda (AAAA) and its overall objective to involve all stakeholders, private and public whilst fostering renewed dialogue and trust building.

Sustainable Cities. PPP: A tool to help cities solve their urgent needs

The Plenary on the second day of the Forum, focussed on the challenges faced by Cities confronted with urgent and unforeseen situations, from unexpected refugee migration flows to environmental disasters and the need to have the capacity and the tools to adapt from a “normal” to an “urgent” situation. The panel involved government representatives as well as private sector and Eva Bubi as a moderator, asked each of them, based on their experience to comment on how “Partnerships” can be adjusted or implemented in a context of “urgency” and to provide examples of such collaboration.

A number of successful “partnership” initiatives were mentioned among which a re-urbanisation project in Toronto, Canada as well as the Ikea Foundation project providing cheap housing versus tents to refugee camps.

Gulnara Roll, Head of the UNECE Housing and Land Management Unit, then provided the audience as a note of context for this discussion, with statistics and background information on ever growing number of homeless, and urgent need for affordable housing and longer waiting lists & waiting times even, in Developed Countries, that are simply not compatible with sustainable development goals.

Ukraine was represented by three government/local government representatives and provided an appreciation of the difficulties faced by various municipalities in the wake of the current conflict and its impact on the economy and how they are taking on these challenges, developing new “magnets” such as business & start-ups clusters or an innovative partnership schemes for city heating.

Rafael Perez, highlighted the legal, administrative and operational challenges for the private sector to adapt to emergency situations but was prompt to state that given that “water and sanitation” were vital and essential services to the people, servicing refugees camps for example, were areas of genuine interest from the private sector if proper “modus operandi” were to be agreed with municipalities or governments including with the Army. These humanitarian challenges which are also technical and operational challenges offer de facto, very fast “learning curves” for all.

Finally, Donovan Rypkema offered a new angle on how partnerships can help save not only heritage buildings but also ancestral construction and artistic traditions which are priceless. He provided an illustration of how Saudi Arabia is now engaged in preserving this heritage and giving it a new economic impetus.

IV. PPP Case Studies demonstrating Good Governance and achieving the Sustainable Development Goals

A whole morning session was devoted to presenting a number of selected case studies from a larger set of studies compiled by Pedro Neves under a “Compendium of Case Studies for SDGs”.

The objective was to allow the representatives of Armenia, China, Portugal and Russia to discuss achievements in the Water Sector. Representatives from Tajikistan, Brazil, Indonesia and Ghana presented lessons learned in the Energy sector whilst representatives from Bangladesh and Belarus highlighted remarkable outcomes in the Health sector. The representative of Haiti showed the impact generated via an innovative partnership focused on SDGs in Agriculture which could set an interesting precedent. The representative of India spoke of the challenges and sustainable long term achievements in the Roads sector. Finally the case of Wales in the United Kingdom, presented by Andrew Charles, concluded this inspirational session. In an unprecedented move, Wales is one of



the first nations in the world to officially endorse and legislate (Wales Act) placing the UN Sustainable Development Goals at the heart of government’s action and securing a new economic model focussed on the “Well-being of Future Generations”.

The discussants Ms. Julie de Brux, Pedro Neves, Mike Redican and Raymond Saner, recommended that PPP case studies should be included in future forums as all these “PPP case studies demonstrating good governance and achieving the Sustainable Development Goals” shed light or gave proof on the positive impacts – equitable access to Essential Services, improvement in quality of life, and poverty reduction – that “PPP for SDGS” can bring. These projects further generated a reasonable rate of return and facilitated the transfer of know-how and facilitated access to funding. This session also concluded that adherence to the UN 2030 Agenda will need to be measured and monitored and that the development of criteria and standards will be key to responsible investment.



V. Work streams

Almost 20 parallel work streams rounds were carried-out during the Forum to accelerate the work on the standards and to implement the recommendation endorsed by various key stakeholders for Centres of Excellence, Specialists Centres and Project Teams. The work streams were led by sector specialists and

project team leaders, who discussed on subjects such as legal and regulatory framework; integrity and transparency in PPP procurement; tools to help cities solve their urgent needs; public transport logistics; healthcare; zero tolerance to corruption (ZTC); water and sanitation; renewable energy; women empowerment; innovative finance and funding; procurement and dispute resolution.

These discussions led to conclude on the need to accelerate the development of PPP standards and recommendations, the decision to prioritize the standards, and also to consider the development of new standards strongly linked to the Sustainable Development Goals.



VI. Zero Tolerance to Corruption (ZTC)

Following the first day Plenary on ZTC, where issues were openly presented and discussed, an initial draft of the ZTC standard was distributed to the participants in this session.



Several rounds of productive exchanges led by Marc Frilet, took place amongst leading experts, academics and practitioners.

This first round started by the development of the short presentation made during the plenary inter alia by Professor Cao, Professor Einbinder and Gabriel Sipros.

Fuguo Cao reminded the audience that if it is not too difficult to have a consensus on the content of good laws on transparency and integrity; it is more difficult to have a consensus on the detailed regulation to effectively implement the laws.

In this respect, standards benefiting from the UN authority could play an important role. He reminded also the audience that the success of PPP is highly dependent of clear understanding and motivation at the political level. When this is not sufficient, UN standards may help for the development of sustainable projects.

Kathrin Hornbanger, attorney at law and expert on public procurement law, insisted on the need to develop sufficient miss-procurement remedies including fair judicial review at various levels. This is considered an important signal to the business and financial community in terms of enforceability of “transparency and integrity” principles. As an illustration, she described the Austrian experience and regulatory framework.

Roger Fiszelson, General Manager of the Confederation of International Contractors Association (CICA), discussed the last proposals of the private sector (BIAC) to OECD for fighting corruption in procurement including the need to close the implementation gap (which is the purpose of the standards), support education and capacity building, recognize existing whistle-blower protection efforts, etc.

The second round has focused on the role of the draft standards and their content.

Kathrin Hornbanger made a complete review of the standards and many topical comments especially in relation to integrity and corruption situations having taken place at procurement stages and only discovered during the implementation phase.

Roger Fiszelson discussed the benefits of the proposed “label” Well Prepared Project initiative proposed by the International Contracting Industry which should contribute to curb corruption.

Several interesting exchanges with the audience and through Webex took place.

Actions arising

Faced with the challenge of pernicious active and or passive corruption in complex projects, the main outcome of the session concluded that topical comments as regards integrity and corruption taking place at procurement stages are to be considered in the revised draft.

- There should be no changes on the drafting mode in a simple prescriptive language.
- The standards should focus at a first stage on the main integrity and transparency issues in PPP procurement only, given the tight timeline.
- Several provisions of the current draft will be adapted and some added.
- For dissemination and communication purposes, it has been confirmed that a good approach would be to integrate the standards in a UN Charter together with explanatory notes.
- The editor team will take into account all comments made and propose a revised draft within 4 weeks. This revised draft will be transmitted to the Project Team together with a short list of selected stakeholders specialized in the matter.
- The team and stakeholders will be required to answer within 4 weeks
- After a final revision by the editorial team, the document will be sent to UNECE Secretariat for the formal UN evaluation and adoption process.

VII. Procurement and Dispute Resolution

This single Working Stream focussed on the role and benefits of transparency in PPP procurement, as well as limitations and potential avenues for progress.

- A proposal with conditions to be considered in PPP procurement, drawing on “identified” corruption issues and “entry points” was discussed
- Another exchange between the panel and attendees confirmed an earlier indication that standards on “transparency and integrity” will be key to bridge existing gaps between “principles” and real life project implementation.

The World Bank Group, represented by Mikel Tejada Ibanez, underlined the importance of exchanging and spreading information on efficient PPP procurement policies and practices based on Benchmarking Public Procurement, a World Bank project with worldwide dissemination.

Roman Churanow and Lola Shamirzayeva from Herbert Smith presented a very comprehensive draft standard for “sustainable PPP procurement” incorporating SDGs criteria and concepts.

A presentation on the latest trends in structuring modern investment protection agreements was also discussed.

Finally, a PPP arbitration centre was proposed by Wim Timmermans and Assaf Behr, as an independent and neutral body, acting under the UN to provide fast, neutral and efficient ways of bringing settlement to disagreements that inevitably arise between stakeholders and hold up the delivery of benefits and services to the most vulnerable people. A new dispute resolution mechanism benefiting from the experience of international arbitration, adapting to the needs of the public and private partners, was also proposed.

Actions arising

UNECE secretariat may consider setting up a dedicated Procurement Project Team with the support of the ICOE Concessions PPP on Policy, Law, and Institutions with a leading input from the Russian Federation.

Dispute resolution in PPP is a real issue which deserves more attention: exchanges will continue further with the support and expertise of the International Centre of Excellence PPP and Concessions “Policy, Law and Institutions”.

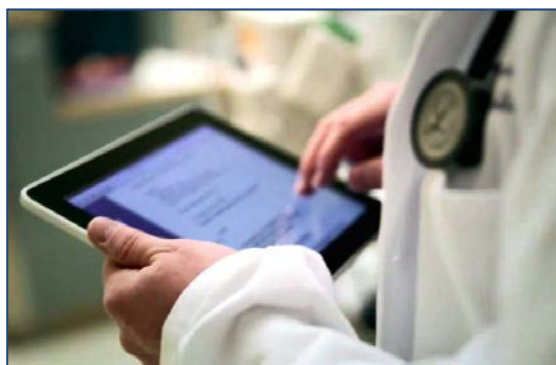
VIII. Healthcare

During these dedicated sessions, experts discussed and reviewed the status and development of the draft UNECE Standard on Healthcare Policy Standard and also had the opportunity to follow the introduction of the proposed UNECE PPP standards in Telemedicine and Digital Health, and in Disaster Risk Mitigation.

The overall challenge is to make healthcare services more accessible, especially to poor people.

Among the activities and discussions carried out during the sessions were the following:

- Peter Ward described the process and principal considerations in developing the UNECE PPP Standard for Healthcare Policy. The draft Standard is still open for public review, and attendees were invited to comment on the draft. He summarised the key sources of information used in the production of the draft standard, principal points of feedback from state and federal Governments with experience of healthcare PPP programmes and the main recommendations.
- The PPP Healthcare Centre of Excellence organised a series of presentations, one of them by Hani Eskandar of the International Telecommunications Union that described the collaboration between the World Health Organization (WHO) and the International Telecommunication Union (ITU) in the implementation of a project to use mobile communications to improve healthcare, and particularly in relation to public health programmes.
- The presentation by Victor Gisbert and Marge Barro of the Makati Medical Centre Foundation talked about a corporate social responsibility initiative to improve management and organisational performance at a public hospital in Manila. Although not strictly a PPP project, the partnership had resulted in improved outcomes for patients and staff.
- A presentation by Suresh Kumar, CEO of the Espire Health Project to develop the National Kidney and Transplant Institute and Radiation Oncology Centre in the Philippines, informed about a project involving the redevelopment of transplant and oncology services at four hospitals in Luzon with significant improvements in patient outcomes.
- Additionally, a video presentation by Teodoro Herbosa (former Deputy Secretary for Health of the Philippines) on plans to develop a UNECE standard giving guidance on the use of Public-Private



Partnerships to improve telemedicine, both to allow remote diagnosis and consultations and to improve collaboration between healthcare providers. A Project Proposal will be prepared.

- David Dodd presented plans to develop a UNECE standard on the use of PPP to improve disaster resilience, and described plans for the development and organisation of a team and the process it would follow. A Project Proposal will be prepared.

Actions arising

- The following project proposals will be produced for development into standards:
 - Standard for Telemedicine in PPP projects
 - Standard in Disaster Resilience for PPP projects
- Attendees were invited to forward comments on the draft PPP Health Policy Standard to the Secretariat.

IX. Water and Sanitation

During the sessions, experts discussed and reviewed the status and development of the draft UNECE Standard for PPPs in Water Supply and Sanitation, especially on the status of the Standard writing process. The launch of the work on Water Management, and the proposed UNECE standard for PPPs in Water Management and Flood Control led by Dominique Gatel and Maya Chamli, included its project purpose and scope. Discussions of prevention, mitigation measures were considered.



Private-Public Partnerships in water and sanitation, by definition an Essential Service, is one of the most controversial areas/sections in PPP discussions and subject of much debate.

The team and experts also discussed on best practices in terms of PPPs in Water Supply and Sanitation considering the basis of case studies, with a view to provide more input to the UNECE standard on PPPs in Water Supply and Sanitation.

Framework of the Water Management and Flood Control Standard

Diogo Oliveira introduced the framework of the project proposal of a draft Water Management and Flood Control Standard, presenting the purpose, scope and mitigation mechanisms to be included in the standard. A discussion on prevention, mitigation and response measures followed.

PPPs in Water Supply and Sanitation

The standardization process was discussed against the back-drop of two case studies: Brazil (Keith Heys) which focused on the concession risks from the private sector's point of view and Kenya (Jan Janssens) which provided in-depth overviews of the PPP program and its enabling environment (legal frameworks, national requirements and challenges). Both case studies presented insights on how partnerships can be enhanced and adapted to local situations:

- Flexibility in relation to cost recovery and tariff issues in line with investments;
- Realistic targets to ensure project sustainability;
- Clearance at the state level on the project structure and awarding process, before tendering;

- Transparency and affordability for end users;
- Monetization and recognition of the value of water.

Case studies in water supply and sanitation

The case of Armenia (Gagik Khachatryan) was discussed from the angle of cost-recovery. This example shows that it is possible to recover CAPEX and OPEX from tariff with no subsidy provided from the state budget while respecting affordability rates.

The case of Portugal (Fernando Ferreira) described how water and wastewater services successfully evolved from a purely municipal provision to concession contracts with private and specialized management entities.

Finally, the case from Ukraine (Irina Zapatrina) showed the need for recommendations on PPPs as the very nature of PPPs is mostly misunderstood and remains confused with traditional procurement, leading to sub-optimal use of the potential of PPPs in Ukraine. In this perspective, the UNECE work would enhance trust between public and private partners and foster knowledge, dissemination of best practices and capacity building at local level.

Main issues and recommendations

- Local governments are usually in charge of and are accountable for provision of water supply and sanitation services and should be involved in the standard drafting;
- The standard should stress that flexibility must be built in PPPs, as conditions evolve during the life cycle of the projects;
- Projects should blend elements of attraction for private partners, such as the size of the project and bonuses, with service improvement targets and penalties;
- Feasibility and social impact studies are key elements to the project success. Targets should be realistic and balanced with staff, financial and technical resources;
- Transparency is of utmost importance from early stages to project completion. Relevant stakeholders, such as trade unions, should be involved;
- The value of water, cost-recovery scheme and tariffs structure must be weighted and decided upon by the competent authority with due attention to the affordability issues, for the entire considered period and independently of any PPP;
- Domestic capital market size is critical for local finance sourcing; Dispute resolution mechanism and international arbitration are necessary.

X. Transport Infrastructure

Railways and Airports

During the sessions, experts discussed and reviewed the status and development of the draft UNECE Standard for PPPs in Rails, and the draft UNECE Standard for PPPs in Airports.

The Railways team leader, Jonathan Beckitt, provided an update of the team's activities at the opening session, outlining the composition of the team and the methodology adopted for the development of the Standard for Rail, the objective being to finalise the draft Standard by the end of April 2016.

Separate meetings were held with The World Bank to run through their response to the team's questionnaire and with representatives of China International Engineering Consulting Corporation who were interested in the application of the Standard to light rail projects.

The Airports session led by the team leader Rosário Macário, allowed a discussion on the contributions of airport PPPs towards the SDG goals. The group of experts gathered represented several countries and realities that contributed to consolidate some ideas on the way guidelines should be addressed. The event allowed enlightenment in different critical aspects that must be addressed in the UNECE guidance documents for Airport PPPs. In addition, discussion of other standards enabled the team to have a better perspective of the final set of materials that will be produced and, consequently align their production with these.



Main issues and follow-up

- The Railways project team is to issue a revised version of the draft Standard in the week commencing 18th April 2016.
- The team must ensure that value creation is at the core of any PPP project and beneficiaries are on board.
- Ethics and Trust are absolutely intertwined. The perception of equity is largely reflected in the PPP structure and the equitable distribution of gains and pain. Governments are currently taking more risk than they can guarantee, at the cost of the society. This distorts the perception of value inherent to a PPP project, and hinders trust between partners and between governments and society.
- In an airport infrastructure this can represent a very complex exercise. The Airport team must reflect upon three types of effects accruing from the PPP project: outcome; results and impacts. They are spread along time and their scope goes far beyond the borders of the airport itself. The Sustainable Development Goals cause-effect mapping must be clear from the team guidelines and need to be reflected in airport infrastructures from all levels of country development. Countries do have a life cycle for development, and the UNECE PPP standard for Airports must be able to provide effective guidance for all stages.
- The next steps for the Airports team will be the collection of data from the ongoing survey and to draft a first version of the standard for comments and discussion.

XI. Smart and Sustainable Cities

The experts of the Centre of Excellence on PPP for Cities held two sessions during the Forum. The first session led by Eva Bufi, consisted on a Plenary meeting focused on how Public-Private Partnerships can be a tool to help cities solve their urgent needs on infrastructure. A second session was held to promote the activities of the Centre, including explaining the current special focus on PPP projects in water supply. Additionally, another expert briefed the group on how to measure efficiency in PPP projects.

Among the challenging issues discussed at the sessions the following were highlighted:

- Crisis areas in cities to host urban refugee camps: A tool to help cities solve their urgent needs, where representatives of cities and private sector debated about how to establish effective partnerships to help solving humanitarian crisis such as migration and how partnerships can tackle the achievement of SDG's.
- During the work stream session, the action plan of the Centre and project teams, for the upcoming months were presented and the experts debated on different issues such as the role of citizens in the design and implementation of projects and the preparation by the finance group of the first guideline to analyse different financing instruments that can be used at the municipal level.

Follow-up and recommendations

During this period and with the aim to present their results at the II Conference of Smart and Sustainable Cities to be held in November 2016, the team will develop guidelines through its two working groups, municipal finance and mobility in cities. The Finance working group will prepare Guidelines on specific financial schemes and instruments to help financing PPP in Cities. The working group on Mobility in Cities will prepare Guidelines on specificities of Infrastructure PPP projects in Cities to enhance mobility, especially for low income and disabled groups.

Additionally, the Centre in partnership with Metropolis, the World Association of the Major Metropolises, will prepare an international survey on PPP in major cities around the world. Metropolis is represented by more than 140 members and operates as an international forum for exploring common issues and concerns in large cities and metropolitan regions. Metropolis also manages the metropolitan section of United Cities and Local Governments (UCLG). The Centre expects to present the results of this survey in the Conference in November 2016.

The work of the Finance and Mobility in Cities Working Groups is expected to be ready by September 2016, and the team intends to present the results to the Bureau of the Team of Specialists on PPPs and the Technical Steering Committee before November 2016.

XII. Renewable Energy

The UNECE Renewable Energy PPP Standards team ("UNECE RE PPP Standards") led by Ana-Katarina Hajduka held two work stream sessions during the Forum. The first session started with a general and broader overview of the objectives of the UNECE Renewable Energy (RE) PPP Standards team and of the initial results received to the group's market survey on RE PPPs.



The RE PPP Standards process was looked at in the broader light of the international development and climate change agendas by looking at how to tie in the standards drafting process under the umbrella of the Sustainable Development Goals, the climate finance agenda following the COP 21 Paris Agreement and the Sustainable Energy for All process. In order to contextualise a broader discussion, invaluable input was received from Said Mouline (CEO of the Moroccan renewable energy and energy efficiency agency (ADEREE) and Head of the PPP (COP 22 Committee). New innovative methods

of renewable energy development where discussed through an analysis of the lessons learnt from the successful Moroccan RE PPP process.

The second session during which the panellists: Cathy Oxby (UNECE RE PPP Standards Private Sector Work Stream Leader (Commercial Director, Africa GreenCo) presented and led a detailed discussion on the key elements of a successful wind and solar PPP project and Nicola Saporiti (UNECE RE PPP Standards Hydro Work Stream Leader (Investment Officer IFC) presented and led a discussion on the key elements for successful hydro PPP projects. This session outlined the complexities of PPP projects that need to be taken into account and the realities of different risk allocation expectations in emerging markets and economies in transition in particular. The session also profited from comments on the current risk allocation expectations and realities on the ground from both an affordability, technological and legal and regulatory framework perspective from David Baxter (Executive Director of the Institute for Public-Private Partnerships (IP3)). Alexander Dolgov (Partner, Hogan Lovells) also provided the team with an analysis of the initial Russian speaking responses to the survey.

Following the sessions, the participating team members also agreed to extend the deadline for submissions to the UNECE RE PPP Standards Survey until 30 April 2016 in order to ensure that the team can come up with standards based on market input. The intention of the survey is to establish a market-sourced and market-tested tool kit, which enables decision-makers to better integrate public sector, private sector and MDB/DFI views and requirements into PPP project conceptualisation.

Many documents focusing on PPP policy have been published to date. While these have proven useful for law and policy makers in establishing the broader PPP framework, deal-makers of public authorities still face challenges in understanding private sector requirements and, subsequently, structuring of bankable projects. PPP transactions in the RE sector introduce an additional layer of technical complexity to PPP deals which requires more than standard PPP transaction expertise. The UNECE RE PPP Standards aim to avail global transaction practice and expertise to practitioners planning the structuring of RE PPP projects in emerging markets and economies in transition. The standards will strive to dissect and demonstrate the requirements for replicable, scalable and successful RE PPP projects.

Follow-up and recommendations

The team members agreed to extend the deadline to submit responses to the survey to prepare the UNECE Renewable Energy PPP Standards until 30 April 2016. The results will allow the team to draft the standard in the weeks to come.

XIII. Innovative Finance

The session was moderated by Mariana Hug Silva, leader of the (future) Innovative Finance Project Team. Mariana was also a member of the Project Team developing the PPP Standard on Water and Sanitation.

The session was well attended and the discussion was conducted by leading experts with worldwide and diversified financial experience. The panel participants were the following:

- Narina Mnatsakanian, Sarona Asset Management. Netherlands,
- Irfan Bukhari, Manager, PPP Department, Islamic Development Bank
- Fatima Bargach, Advisor to the President of the Government of the Kingdom of Morocco
- Olivier Ferrari, CEO, Coninco Explorers in Finance SA
- Mike Redican, UNECE PPP Business Advisory Board

- Gerardo Reyes-Tagle, fiscal expert at the IADB
- Paul H.J. Mudde, Sustainable Finance & Insurance

The discussion at the session focussed on sharing best practices on innovative and emerging financing mechanisms, instruments and structures which will galvanize the deployment of capital into addressing the SDG's.

One concrete and outstanding example for this was provided by Ms. Fatima Bargach, who explained how the Moroccan government has succeeded at mastering blended finance schemes for their PPPs in the energy sector. The Moroccan Agency for Solar Energy (Masen) was created in 2015 allowing a new financing architecture enabling blended finance and an optimization in the risk distribution structures and thus successfully crowding in private capital into their renewable energy sector at the lowest bidding price globally.

Ms. Narina Mnatsakanian emphasized the importance of institutional investors in addressing social and environmental issues worldwide by investing in infrastructure, she acknowledged the current barriers faced by the institutional market in entering into this space such as; initial risk, lack of liquidity of the innovative financing instrument and poor regulation.



Another topic which generated significant interest was the well documented presentation made by Irfan Bukhari on Islamic Finance and its specificity and efficiency when compared to traditional Project Finance. Also worth noting was the asset based financial leverage mechanisms as well as the levels of funding that have been generated by Islamic finance.

Paul Mudde made a presentation on how Aid and other International Financial Institutions (IFIs) or Multilateral Development Banks (MDBs) guarantees schemes could be better leveraged. The capacity to generate extra capital from other market participants was well noted.

Several important issues were raised during the discussion, all of them critical to accelerate the deployment of key infrastructure for sustainable development. One of them was the key role of MDBs not only serving a role as financiers but as “de-risking” institutions. Guarantees and “de-risking” instruments were mentioned during the discussion as the best “tools and levers” to catalyse private capital for infrastructure finance.

The importance of project preparation and long term fiscal planning as highlighted by Gerardo Reyes-Tagle, were also listed as areas of key importance to the debate.

There was also an interesting focus by Olivier Ferrari, on new players in the market i.e. Impact Financiers, Long Term Investors interested in investing “making an impact whilst making reasonable returns” and Switzerland seems to have a leading role in this new market and SDG's will indeed become key investment criteria for such types of investors/investments.

The debate allowed the discussion to flow around concrete financial vehicles used currently worldwide, assessing their advantages and disadvantages in the context of specific countries in the audience. These instruments included Green Bonds, Social Impact Bonds, Water Bonds and Green Asset Backed Securities. Although innovative and promising, their liquidity on the market continues to be a big constrain.

The Innovative Finance stream session gave the opportunity to all team members and panellists to express their views on the topic. As per the description above, the debate was developed at a general level to allow the moderator to identify the priority topics for the recipient countries in the audience.

A huge interest for the debate centred on credit guarantees and the role of Multilateral Development Banks. The Finance Work stream will further analyse the topic at hand to identify a specific angle on this debate where it can add value since a lot of players on the market are currently concentrating on this issue.

Several players in this field expressing their interest to join this work stream.

Follow-up and recommendations

- Develop an annotated table of content for the Innovative Finance work stream guidelines.
- Circulate the annotated table of content with all finance work stream members and potential members.
- Kick start the first official meeting of the dedicated Project Team once official support from 3 Member States has been ratified.

XIV. Women's empowerment

At the session, the group of experts proposed to develop a project proposal for a new UNECE Standard on Women's Empowerment in PPPs, which may include topics such as the incidence of gender discrimination in the PPP industry and in the delivery of services through PPP, targeting of women in gender balance actions in PPPs in education, health, energy and social infrastructure. The proposal should also include actions plans and support for change in the spirit of the SDG's.



The discussions also considered the following issues:

- Knowing that in emerging economies women spend 2 to 4 hours in providing water and wood for cooking to their families: Accessing energy and water significantly improve life standards and empower women. And has a corollary impact on their children and access to education and social inclusion.
- Discussed the impact microfinance has had on empowering women as economic actors and entrepreneurs.
- Considered the effects of climate change on women's lives: 70% of the poor being women, how to protect them from pollution, how to teach them sustainable use of their ecosystems, how to make them more resilient to climate change?
- Looking at the place of PPPs in SDG's and considering budget deficit of states, what is to be embedded in PPPs contracts in order to impulse women's empowerment?
- Agreed that a more holistic approach to SDG's and the AAAA commitments should be translated into targeted actions and policies, enforceable legislation that will simultaneously ensure women's equal rights, access and opportunities for participation and leadership in the economy as well as eliminate discrimination and protect them from gender based violence.

Follow-up and recommendations

- Promote the development of “PPP for SDG’s” projects that would ensure women with a sustainable access to water and energy and other Essential Services. This means that early Impact Assessments during the upstream preparation of PPP projects must account not only for Gender Equality but also fair representation of Women as economic actors.
- Ensure social and economic aspects are properly assessed around such PPP projects: building of schools, hospitals, fountains, could provide lucrative activities for women.
- Encourage PPPs with private partners having a representation of 30% of their board being women, and have specific indicators in terms of comfort, growth and sustainability, enhancing benefits for women.
- Encourage via “partnerships” for SDG’s governments that have committed to the UN 2030 Agenda and the AAAA to implement the transformative legislation and policies.



XV. Capacity building initiatives and proposed responses to the public sector’s needs

The capacity building initiative session was moderated by Jan van Schoonhoven, Senior Advisor on PPP and Innovative Finance, the Netherlands. The list of invited speakers was:

- Olivier Brenninkmeijer, Associate Dean, Business School Lausanne
- Lijun Cui, Chair, International PPP, Research and Expertise Centre
- Celso Manangan, Project Director, Philippines
- Maria Waleska Guerrero Lemus, Siemens Healthcare Case Study - Health Project Examples in Australia, Spain, and Germany

In this session the main topic of the discussion dealt with the need for Capacity Building, and more specifically on why capacity building is so important in PPP’s?

The speakers concluded that PPP’s are difficult, but not impossible. Nevertheless, some elements could be more emphasized. Mr Brenninkmeijer proposed a more active role of the academic world in the capacity building, highlighting that in-depth analysis and independency are key elements of added value of the academic world.

Ms. Lijin Cui emphasized the role of communication and associated skills in PPP’s. Misunderstanding and complexity is part of the barriers in implementing PPP’s. Mr. Manangan gave an overview of the challenges of PPP in the Philippines and supported the earlier conclusion of the previous speakers. Mrs. Guerrero Lemus completed the session by presenting three successful case studies and proofed the thesis that PPP’s are not impossible and can exist in many countries. Jan van Schoonhoven presented the PPP Certification scheme by APMG-International developed in cooperation between the IFI’s.

As a result of the discussions four major conclusions were drawn:

- Capacity building is still a major element for doing PPP’s, but the trained staff, and certainly at government level, have to be in place for a longer period;

- The mistakes should be more highlighted, because that will be an incentive for decision makers to invest in capacity building;
- The PPP certification scheme was welcomed by the audience but also mentioned that this is only the basics, PPP cannot be mastered behind a computer.

XVI. Civil Society NGOs

The session on Civil Society and NGO's included speakers from the Business School Lausanne, represented by Dr Aileen Ionescu-Somers, Mrs Mary Mayenfisch-Tobin and Dr Olivier Brenninkmeijer, who presented the stakeholder approach to developing PPPs with the inclusion and participation of Civil Society NGOs.

During the meeting, Dr Ionescu-Somers asked whether there is a new role for NGOs in the approach that PPPs need to make towards integrating the SDG's. The answer was clearly in line with the view of many external observers of PPPs in every industry or public service area, namely that it makes logical sense for governments to obtain the "buy-in" from civil society for large infrastructure, health, energy and other public works. With the increasing influence from public and social media on every aspect, enterprises and government ministries do that affects public services and infrastructure development, the stakes are higher for major projects to show positive public acceptance and support. It therefore makes sense to reduce the risk of negative press and public disenchantment by engaging in structured public stakeholder consultation.

Dr Ionescu-Somers, as well as Mrs Mary Mayenfisch-Tobin are experienced mediators and organizers of stakeholder platforms for dialogue and consultation concurred. In this respect, Mrs Mayenfisch-Tobin, a trained lawyer, spoke about approaches to stakeholder dialogue and awareness building. She has advocated over many years the improvement of human rights provisions in conditions where industries, including PPPs, risked being counter-productive to their own positive acceptance by their stakeholders and the general public – end users of the public services.

Mr Olivier Brenninkmeijer presented PPPs in higher education and professional/executive training at the Parallel Work Streams – Round 3 on the 31st of March. Mr Brenninkmeijer is Associate Dean at the school and presented not only how Business School Lausanne engages in a public-private partnership in Switzerland, but how PPPs in education and professional executive training, facilitate cross-sector capacity building.

Business School Lausanne (BSL) is one of Switzerland's oldest English-language Business Schools. It was established in 1987 and has grown to rank #3 in Switzerland and among the Top 30 business schools in Europe (QS 2014-15 Top 200 Global Business Schools). BSL offers university-level diploma programs and focuses its education and executive training on the long-term values of social, economic and environmental sustainability. The school's cornerstone values are: sustainability, responsibility and entrepreneurship. On the foundation of these values, BSL provides high-value professional capacity building in all areas of business, management, supply-chain analysis, stakeholder dialogue and social entrepreneurship together with industry, business and international organizations.



The most important learning from the meetings has been that Capacity Building & Education must be customized for effective management in today's rapidly-changing Multi-Stakeholder context.

XVII. Emerging PPP Projects and Initiatives

The session attracted great interest and participation and selected projects from the Compendium of Selected Case Studies¹ prepared by Pedro Neves, were presented, highlighting innovative approaches to PPP for SDGs. Case Studies covered a broad range of topics, including but not limited to health, agriculture, youth entrepreneurship, infrastructure, and digital communications.

The discussants recommended that PPP case studies on the topics mentioned above should be included in future forums as they shed positive light on how SDGs and sustainable development can become an “investment criteria”. They considered that case studies demonstrating good governance and achieving the sustainable development goals, with the support of management teams, PPP projects can be implemented everywhere, even in the least developed countries (LDCs). The panel also agreed that further research needs to be conducted on less successful PPPs or even “failures” to better understand the key constraints or blocking factors to choose and implement PPP or drivers of success over the whole life cycle of projects.

Additionally, they considered that through evidence, PPP projects aligned with the 2030 Agenda can strongly catalyse infrastructure development focussing on delivering Essential Services.

Next PPP Forum

It has been deemed that such Forums will be held regularly to accelerate the Standard making process in key areas of PPPs for the SDG. The next Forum will take place in the autumn 2016 or early spring 2017.

¹ A Compendium of the thirty selected Case Studies presented at the Forum can be obtained [here](#).