



Revised Guiding Principles on People-First Public-Private Partnerships for the United Nations Sustainable Development Goals

(3 May 2018)

Part I¹ - Introduction to the Guiding Principles for People-First PPPs in Support of the UN SDGs

Note by the Secretariat

1. The UNECE is currently elaborating the Guiding Principles on People-First Public-Private Partnerships (PPPs) for the UN Sustainable Development Goals (SDGs) as mandated by the Committee and the Working Party on Public-Private Partnerships, with the support of experts, Project Team leaders and International Specialist Centres.
2. A draft was submitted to the Working Party at its First Session in November 2017 and a revised version was presented at the Twelfth Session of the Committee on Innovation, Competitiveness and Public-Private Partnerships in 28 March 2018. This is a revised **unedited** version of Part I of the draft incorporating comments made since the Working Party Session and the Committee Session (See Acknowledgements).
3. The secretariat is exploring options for holding a special expert meeting devoted to the discussion on the Guiding Principles in the near future.

¹ Part II, which contains the 8 Principles, is available in a separate document.

Contents

Contents.....	2
Introduction	3
Part I: PPP Experiences and Key Learnings	8
A. How have PPPs in different sectors evolved and what challenges do they face in order to contribute to a more inclusive and sustainable development?.....	8
B. How can cooperation between the public and private sectors be improved and made more effective based on the experiences to date	12
C. What should be the model for PPP that should prevail?	15

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Introduction

Over the years the ECE has maintained that Public Private Partnerships (PPPs) can be used as a tool for sustainable development. In ECE's 2008 Guidelines on Good Governance in Public- Private Partnerships, one of its seven principles called for a 'People first' approach to PPPs. In 2015, the United Nations adopted the UN Sustainable Development Goals (SDGs) and the 2030 Development Agenda (2030 Agenda), calling for the use of and improvement to partnerships between the public and private sector. The ECE at its PPP Forum in March 2016 further identified that PPP models putting public interest at their forefront should be well identified and promoted in order to realize this new Agenda and further adopted a new terminology called 'People first' PPPs (PfPPPs).

The UN SDGs and importance of partnerships

It is critical for achieving the 2030 Development Agenda to mobilize new investments, especially in low and middle-income countries, in high quality infrastructure projects. Infrastructure investment overall is a key driver of development and social progress, creating jobs, higher productivity and boosting trade. Such investments can directly eradicate poverty by *inter alia* achieving universal access to infrastructure and distributing public services more effectively, such as health and education services, renewable energy and water and sanitation etc. Across central Asia for example inadequate roads and rail transport limit producers' ability to get their products to market and lift communities existing at the margins of societies, out of poverty.

Climate change

A further critical challenge is climate change and the need to promote investments in resilience and to address the enhanced risks to everyone, especially the poor. These include *inter alia*, both to address specific vulnerabilities such as flood controls, levees, floodgates, alert systems, mobility and capacity to assist the affected and rebuild afterwards and general infrastructure, such as transport infrastructure, buildings, cities, housing, etc. These are necessary not optional as they contribute to long term sustainability and ensuring current development gains are safeguarded for future generations.²

Financing gap

A huge amount of funding will be required to achieve the SDGs. This has been calculated at between \$3.3 USD trillion to \$4.5 USD trillion on an annual basis up until 2030 for developing countries (UNCTAD, 2014). Capital investment is just one part of what is needed; however, more investment and operational expenditures will be needed as well, that

² Mr. Felix Dodds cited at the November 2017 ECE Working Party on PPPs a Friends of Governance of Sustainable Development article that highlighted many of the concerns: "(o)n the other hand, sceptics of PPPs point to a number of potential risks/challenges for governments: distortion of public agenda, loss of local control over critical infrastructure and services, and co-option of government or civil society partners; commoditization of commons; lack of strong local/regulatory frameworks and the need for institutional capacity-building; lack of transparency and accountability, including hidden or "off-book" accounting treatment of PPP-related debt; the need for improved monitoring and evaluation; inadequate investment in maintenance; and displacement of public employees." <http://friendsofgovernance.org/index.php/papers/background-paper-for-session-3-draft-principles-for-public-private-partnerships-developed-by-the-communitas-coalition/>, accessed 20-3-2018

is, in the operation and maintenance of these assets. In addition, in some sectors, such as health, the cost of training of new doctors, nurses, and other staff will be considerable.

While this task in many situations is undertaken by the public sector from public budget, it is simply not feasible for governments alone to make up the shortfall in the huge financing required, through for example, inter alia, increased taxation, higher productivity, ODA etc. PPP models having less impact on existing public or future public budgets are a top priority. In addition the private sector capacity in designing or operating essential public services such as transport, water, power and urban services should not be ignored. Indeed experience indicates that this is possible and sustainable. Lessons learnt in the last two decades show that PfPPP can be an answer to these dilemmas based on long term equilibrium between public and private interest where “people’s interest” must always be the priority.

A pause to reflect

Given the centrality of PPP in the UN 2030 Development agenda, those expecting a dynamic UN wide programme promoting Public-Private Partnerships in support of the UNSDGs, could be forgiven for feeling rather disappointed. No clear campaign has begun to advance PPPs for the UNSDGs and few government agencies responsible for PPP have acknowledged the SDGs as a reference point for their work. Indeed, there appears to be a 'wait and see' approach towards the role of PPP and the SDGs.

Model not ‘fit for purpose’

Why is there a 'pause' in the promotion of PPP for the UN 2030 Development Agenda? First of all there is some doubt over whether the PPP model is 'fit for purpose ' for the UNSDGs. Some argue that even though the SDGs call for the promotion of PPPs the PPP model has not been aligned properly with the outcomes contemplated by the SDGs.

Others argue that PPPs in general delegate a key implementation role of government to non-state actors such as the private sector or civil society, and rather than contributing to the successful delivery of governmental infrastructure and service, the approach is an abrogation of the responsibility of Government. This may be ignoring the fact, that however governments regularly procure goods and services from the private sector, and the performance of many public responsibilities for economic public services is provided by, or comingled with, private providers.

Others feel governments using PPPs introduces a dangerous profit motive in the delivery of public services, and this simply is not the right model and it should be replaced by something else, or at least needs to be greatly improved.³ Civil Society Organizations, for example, argue strongly that private companies making profits taint any good the approach may bring, and this process will inevitably result in the project being more costly, detrimental to public

³ Mr. Felix’s comments: <http://blog.felixdodds.net/2017/11/presentation-on-unece-principles-for.html#comments>, accessed 20-3-2018

welfare, or impose a burden on the lives of citizens.⁴ They argue that PPP ‘privatizes the rewards and socializes the costs’⁵.

Governments too in the Addis Ababa Action Agenda offered less than full, unambiguous support, calling in para 48 of the Declaration, for the elaboration of guidelines on PPPs to improve their use and effectiveness in achieving the SDGs.

Overall, it can be said that not all PPPs are ‘fit for purpose’, nor is there a guarantee that the model of public-private partnerships developed in the last two decades, left unguided, will lead to the successful achievement of the UNSDGs. According to recent reports released in UK and France together with IMF recommendations, the budgetary burden for future generations in the PFI PPP model must be well appraised with utmost care before launching the project on the market. It is furthermore clear that if there is a positive track record of some PPP models outside Western countries, it remains that most of PPPs have been undertaken in fully developed Western countries with mature economies and relatively low risks well balanced between the parties. The PPP model that is on one hand transformative and on the other responds to the challenges of low and middle-income countries remains to be much better identified on the basis of many common issues and approached in a realistic manner leading to common principles embedded in empirical evidence.

Limited expertise on PPP inside the UN

Expertise on PPPs within the UN organization is limited and scattered across various UN bodies. ECE, UNESCAP, UNCITRAL, UNCTAD, and others each organize dialogue, conduct capacity development work, provide research, and produce PPP resource materials, but they often lack coordination and rarely engage in on-the-ground PPP activity. The depth of expertise and offerings of each is also dependent on the body, for example, the ECE has developed some expertise and a relatively robust network of global experts, but its mandate in preparing international PPP standards and guidance materials is constrained to its own Commission and member states.

This lacuna and dispersion of knowledge and expertise is hardly surprising as in the last 20 years, the PPP model promoted has been fundamentally a financing tool and the discourse and development of expertise has been constrained to financial circles. In fact, over the past 20 or more years, the PPP model was driven largely by the ability to capture private financing for infrastructure when budgetary funds were not sufficient, and only later did ‘value for money’ analysis come about when budgetary constraints eased but the project still needed to be justified from a financial perspective.

This notion that PPPs, and in particular PPP knowledge has come from the financial world is supported by the fact that much of the expertise has been developed within the Multilateral Development Banks, such as the World Bank, Asian Development Bank (ADB), and European Investment Bank (EIB).. They have lead the development of resources and

⁴ As stated in Hall (2015, p.3), “private sector corporations must maximize profits if they are to survive. This is fundamentally incompatible with protecting the environment and ensuring universal access to quality public services.”

⁵ The Private Finance Initiative (PFI) of the United Kingdom has come under just such an attack and has been criticized by Civil Society organizations for excessive profits and excessive embedded operational and maintenance costs.

knowledge products on public-private partnerships and other than UNCITRAL and ECE are far and away the main depositories of much of the International PPP best practice.

Need to move PPPs towards a ‘People First’ approach

A new set of Guiding Principles is needed to focus on PPP based on a new and inclusive approach taking amount of the international experience from various PPP models where the “value for people” and scaling up of impact are at the priority. This will lead to PPPs that avoid, reduce or share equitably risks, improve outcomes, and are aligned with financing that is sustainable, equitable, and combines ‘doing good with doing well’. Those new approaches will address the common concerns about PPPs and make them truly ‘fit for purpose’ for the UN SDGs, addressing entrenched and damaging positions against PPP.

People first PPPs is a model that foster access to essential public services for all where sustainable development as its objective and putting people first at the core. This is in contrast, to date, with PPPs model that have been mainly done to finance public infrastructure or to seek operational efficiency gains and realize only ‘value for money’ for a particular project. While these aspects remain important, with the adoption of the 2030 Agenda, the challenge for governments and the private sector now is to implement PPPs according to a broader set of holistic criteria and undertake projects that from inception to termination create ‘value for people’.

In essence this means PPPs need to do more and be measured according to a number of impacts that are in line with the SDGs, such as a pipelines of projects increasing access to essential services adapted to the needs during the project lifecycle, especially to vulnerable groups, having particularly strong economic effectiveness and transformational impact, being replicable, cutting or significantly reducing Co2 emissions, making infrastructure more resilient, and/or engaging effectively with all stakeholders.

Aim of the Guiding Principles

The principles have three main aims:

- (a) Identify the new roles and responsibilities that will be required of governments and private sector in order to lift the PPP model onto a new level of People-First PPPs.
- (b) Outline key elements to a People-First approach, and particularly those that will need to occur in order for PPPs to take place in developing and low income countries.⁶
- (c) Provide benchmarks and a framework for governments to take next steps and align their activities with the People-First model.

⁶ These adjustments refer inter alia to necessary legal, policy and institutional adjustments and revisions in international PPP best practices, new approaches to project risk, renewed accountability to citizens, and undertaking important new initiatives such as women’s empowerment and building capacity to undertake People first PPPs.

Organization

The document is divided into the following Parts:

- Part I Experiences and Key Learning
- Part II Guiding Principles
- Part III Next Steps

Part I: PPP Experiences and Key Learnings

The PPP model needs to be adapted to meet the challenge of the UN 2030 Development Agenda. To this end it is worth asking the following questions:

- How have PPPs in different sectors evolved and what challenges do they face in order to contribute to a more inclusive and sustainable development?
- How can cooperation between the public and private sectors be improved and made more effective based on the overall experiences to date?
- What should be the model for PPP that should prevail?

A. How have PPPs in different sectors evolved and what challenges do they face in order to contribute to a more inclusive and sustainable development?

PPPs, as they are now commonly referred, are no longer the ‘new’ way of doing things. PPPs saw their most recent resurgence in the 1990s and 2000s in the United Kingdom, Australia, and Canada as ‘PFI’ transactions. PFIs are just one branch of PPP world however, with concession based arrangements being a large player in other jurisdictions, in particular those with a civil law tradition like France.⁷ Still further there is increasing use of other modes of PPP.

These various modes of PPP certainly bring practical distinctions in, for example, how they are structured and how they are made most viable and how they adapt the service to the public to really meet the criteria of people first in a sustainable manner, but PPP as a terminology is now more inclusive and globally many jurisdictions make no distinction between PFI, concessions, and other forms, and simply refer to all forms as PPP.

As PPPs continue to evolve, now more than ever, they are developing along sectoral lines and in response to the types of projects that are common in a sector and the needs of the jurisdictions employing them.

Water and Sanitation

As observed by the World Bank, “today at least 663 million people lack access to safe drinking water and 2.4 billion lack access to improved sanitation” and “by 2050, at least one in four people is likely to live in a country affected by chronic or recurring shortages of fresh water”, although the total number of people who have access to water or wastewater services from the private sector exceeded a billion for the first time in 2013. There is a huge gap,

⁷ In fact, in the PPP discourse of today, PFI is most closely associated with the UK and their effort to renew hospital and healthcare facilities, but both Australia and Canada also have projects of various forms dating from the late 1980s to early 1990s. Despite this resurgence of PFI in a handful of common law tradition jurisdictions, France has perhaps some of the oldest examples of PPP, with a famous water concession being granted to a French nobleman Luis de Bernam in 1438 to charge fees for the transport of goods on the Rhine. France’s long tradition has contributed to their civil law distinction between PFIs and concessions, with concessions (including affermage essentially for Brownfield projects) being a distinct mode of PPP where the public service is delegated to a private operator, and PFI in comparison is simply a financing tool where the public body remains ultimately responsible for the provision of the ‘public’ service associated with the facility.

therefore, between what is being provided in water and sanitation services and what is needed to meet the UNSDGs.

It is often considered that the key challenge for virtually all water and sanitation systems is the public's sensitivity to tariff rates. Governments are naturally reluctant to raise tariffs⁸ yet keeping tariffs low (or non-existent) is a hurdle to private investment and attracting businesses to enter these markets and improve water and sanitation service levels. This is true but other challenges need to be considered such as the cost of inefficiency in operation and maintenance by sub optimum national public company and too little consideration given to progressive improvement of the service raising the appetite to pay by the end users. Nevertheless the global need for improved water and sanitation is enormous and all systems still face significant capital costs in order to implement or extend water and sanitation systems to meet this demand.

Despite these challenges, over the past decade several areas of private sector involvement in water and sanitation have shown promise - in the reuse of waste water for irrigation, small-scale water and sanitation systems, and urban water and sanitation solutions.⁹ Stand-alone PPPs in desalination and wastewater treatment plants have also been successful,¹⁰ as well as performance based, efficiency gaining lease and management contracts that can, for example, be successful in reducing leakage in systems or expand overall connectivity.¹¹

Energy

The energy sector has undergone significant change over the past decade with renewable energy generation, in particular hydro power, solar and wind, becoming more efficient and relatively competitive on a cost comparison basis. However, much of the globe still relies on coal based generation and there is no end in sight for increases in energy demand. So while governments often have more choices for energy generation, they struggle to meet demand, grow their generation and distribution capacity, in particular extending their networks to the underserved and poor areas, and doing so in a green and environmentally friendly way. Unsolicited proposals and the development of unnecessary systems or capacity (or the provision of unnecessary guarantees) also remains an issue in many jurisdictions. These challenges are set against the backdrop of ever tighter public budgets and needing to provide energy to customers who often times are unable to pay for the true cost of service.

The key challenge then for governments is increasing access to power while overcoming the significant upfront costs required to establish or extend power generation and distribution networks.

The PPP mechanism may be an important tool for governments in managing this challenge as it can bring private investment, as well as new technology, innovation, and improved

⁸ In case an upward adjustment of the tariffs is needed, this is preferably undertaken well in advance to launching the PPP tender, to avoid any association with private sector participation and hence any backlash which could hamper billing and collection by the private operator.

⁹ For example, the New Cairo Waste Water Treatment Plant successfully uses urban waste water to irrigate regional agricultural areas which reduces both the quantity of pollutants dumped into the Nile River and the overall fresh water use. Manila Water has successfully implemented PPP to increase their urban water supply coverage from, for example, 26% of the East Zone population in 1997 to 99% of the whole city today.

¹⁰ Examples can be found in Brazil and Saudi Arabia.

¹¹ Ho Chi Minh City, Vietnam has implemented this model with success.

efficiency, to their energy capacity and systems. In fact new technologies; smaller, stand-alone systems; grid connected and off grid distributed generation capabilities¹²; and truly renewable sources¹³, show great promise for transforming the sector, further creating jobs and mitigating climate change,¹⁴ and promoting energy security and equity in energy service provision.¹⁵

However governments need to be cautious not to limit their approach to energy production but to develop a global approach including transportation and distribution to the people in order to really meet the criteria of PfPPP. This is a real challenge to most low income countries where transport and distribution are often the monopoly of national electricity companies in difficult financial straits.

Governments fail too often to use an efficient multi criteria “public sector comparator” to evaluate the benefit of PPP for power production over modern procurement techniques such as design & build and design, build & operate for a lump sum approach which will also guarantee construction within time and budget as well as good performance and operation with often lesser financial costs during the project lifecycle.

Health

The provision of healthcare infrastructure and services is a massive obligation for both governments and the private sector. Some estimates place the cumulative expenditure on healthcare infrastructure over the last decade to be over \$3.6 trillion.¹⁶ And when adding services, that estimate reaches \$68.1 trillion.¹⁷ Meanwhile, many global citizens still lack access to even the most basic healthcare services and the SDGs call on governments to serve even more citizens, help those that are poor and most at risk, and take significant steps toward providing true, universal access to care -- all of which would add to the already hefty price tag.

The challenge for governments, then, is not to spend more, but to be more efficient and effective in the provision of healthcare, and increase their overall capacity to provide care and expand the reach of that care. PPPs in healthcare have helped alleviate some of this pressure and have been particularly successful when used for the creation, expansion, and rehabilitation of healthcare infrastructure, but they continue to face challenges when focused on the provision of services of the people and their “people first benefits” are often questionable.

¹² Examples of grid connected distributed generation projects can be found in rural India and Jamaica

¹³ Cabeolica Wind Farms in Cape Verde. The wind farms with 11 wind turbines have been fully commissioned to supply 25% of the country’s electricity demand and approximately 50,000 Cape Verdeans are given access to electricity.

¹⁴ Noor II and III solar power plants in Morocco. CO2 emissions avoided are estimated at 521,670 tons per annum thanks to this 350 MW solar power plant, which is a big step towards Morocco’s commitment (to reach 2000 MW renewable energy by 2020) to climate change mitigation.

¹⁵ Olkaria III Geothermal Plant in Kenya. This project made the cost of power to the end user became less than that generated from fuel oil or other alternative energy sources. This in effect assists in holding down the cost of electricity to consumers as well as for the industry.

¹⁶ PwC

¹⁷ Id.

PPP success stories in healthcare services do exist though, with general wellbeing programs¹⁸, programs to improve facility management and performance¹⁹, and targeted care, like delivering vaccines to remote regions of Africa²⁰, all showing great promise. Models exist then for Governments to focus their efforts, build partnerships that increase access to healthcare, improve the distribution of health services, and undertake economically effective and replicable initiatives.

Transport

The transport sector continues to be one of the most robust PPP markets, in particular PPPs in roads, railways and urban transports including for toll highways, toll bridges, toll tunnels, ports, etc., which benefit from a relatively long track record of projects, occurring in many jurisdictions with a lot of lessons learnt from failures and successes. Conditions of success have been somewhat ‘proven’ in the marketplace even if not yet well translated in PPP best practices. This fact coupled with the ability of the transport sector to make a significant, positive impact on connectivity, lives and overall economic prosperity, has made some PPP models in the transport sector an attractive option for governments and public authorities.

For instance the World Bank has noted that “roads have the potential to be a significant asset to any country – both in terms of the physical investment and the social and economic benefits”²¹; and they have demonstrated their ability to increase economic activity, in the movement of goods, the interconnectedness of people, and connecting those previously marginalized with economic opportunities.

The challenge then for governments and public authorities in the transport sector is mostly to upgrade planning and prioritizing process for the right project(s) and programme (ex for highways: should new roads be implemented, or should governments undertake the refurbishment or expansion of existing highways?²²) Which road projects will bring the most benefit while saving taxpayers money?²³ What aspects of the transport systems can be modernized, made more secure, more resilient, and strengthen economic networks.²⁴ Which projects mitigate the potential negative effects of roads on the environment?²⁵ What will be most flexible, expandable, and responsive to the long term transport objectives of the region

¹⁸ ‘Lets Play’ program is a partnership between IKEA and UNHCR and is designed to protect the rights of children to play, thus providing psychological support for refugee children, improving their psychological resilience and overall wellbeing.

¹⁹ The National Kidney Transplant Institute of the Philippines entered into a PPP for total laboratory automation which improved equipment but also provided enhanced management training, resulting in increases to the number of patients capable of being treated at the facility and greatly improved facility efficiency.

²⁰ GAVI Foundation example, need citation

²¹ World Bank PPP Knowledge Lab

²² See for example the State of Virginia’s high occupancy lanes project

²³ The Dakar Diamniadio Toll Highway has provided Senegal a new development impetus by helping close the mobility and access gap between communities and jobs, markets, schools, hospitals, and other essential services, making their lives better and creating new opportunities for development.

²⁴ The Colombian government concession for the construction and expansion of Ruta del Sol highway, which connects the capital, Bogotá, with other large urban areas of the country’s interior and Caribbean coast, when completed will help foster the country’s competitiveness by improving road and travel conditions for passengers and goods.

²⁵ The Thiruvananthapuram City Improvement project in India and road concession not only provided a high-quality road but also addressed CO2 emissions and environmental issues with the planting of trees and other measures, such as capturing of water runoff.

and country? What will serve the people best through a PPP option acceptable inter alia in terms of user's fees, fiscal budget sustainability or a mix of the two?

B. How can cooperation between the public and private sectors be improved and made more effective based on the experiences to date

Project focused; no concerted policy for PPPs

Overall, PPP efforts have tended to focus on projects rather than transformative infrastructure policies that put people first in a comprehensive programme of activity. This is because in most countries PPP is simply that: about individual projects, tackling individual problems, and often confined to specific sectors. Rarely has the model been used as part of a comprehensive, well visioned, national infrastructure plan. Only when PPPs become part of a transformative infrastructure plan can the necessary scaling up take place that is called for by the SDGs. Multiple projects in concert across multiple fronts that significantly contribute to the challenges facing the planet, eradicate poverty and fight against climate change.

Capacity building

Countries undertaking PPPs, especially the low-income ones, generally lack the skills and capacity to deliver pipelines of projects. In most cases they lack the basic legal framework and institutions such as PPP units that can deliver the scale of projects needed, but they also lack the personnel and technical capacity to successfully deliver projects and build strategic programmes that leverage the power of PPP. In fact, many of the problems projects encounter are caused at the outset and by the shortcomings of the respective public authorities, e.g. not undertaking the proper due diligence including accurate demand studies, cost benefit analysis, etc., or being launched absent a cohesive sectoral plan and programme of activity. It is fair to say that such capacity both at planning and project level up to the launch of a competitive tender able to attract serious bidders comes with high costs and an organization which are currently not affordable to most low and middle income countries from public budgets and which are not provided so far at an appropriate level by the development community. There is accordingly often poor decision taking surrounding projects and when and how to do them. Everything from basic capacity building to better coordination within and amongst the government and the ministries, to better alignment between policies, programmes, and projects, should be substantially improved.

High risk

The current risks of undertaking sophisticated and complex and expensive projects, where the prevailing socio-economic conditions are lacking and where the public sector capability is weak, results in a high risk environment and seriously jeopardizes project success. Such high risk accentuates the concern (and lesson in some jurisdictions) that if the PPP model is applied blindly, the entire economy of a country can pay a heavy price.

Innovation

Some PPP models have failed to innovate in a way that overcomes the long term nature of contracts and the tendency to 'lock in' a technology or technical approach that after a certain

number of years simply becomes outdated or redundant. If project technology is furthermore based on demographics and technology which are subject to change or can be substantially improved, it is a recipe for creating long term obligations on one hand, and solutions that are destined to fail on the other if the “partnership contract” does not take care of those matter matters in a proper and equitable way.

Technology, with the proper degree of long term flexibility built in, is not to be feared however. In fact, the rise of technological innovation can bring opportunities. For example, cities around the world are using new Information and Communication Technologies (ICTs) to gather data and insight and supply the necessary services and solutions for urban problems in a more effective and efficient way, leading to the creation of so-called Smart cities. These smart cities are more flexible and often can provide more timely, effective and innovative solutions to the ever-changing challenges that urban areas face. ICT infrastructure and projects, where the payment methods or the risks and opportunities allocation profile, based upon an underlying agreement on the economic and financial scenario for the project lifecycle updated on a regular basis might be different from traditional PFI PPPs. They can therefore bring appropriate flexibility rather than contractual rigidity to long term partnerships.

Improve the project environment

PPP projects require a number of situational conditions to exist and primarily a robust institutional environment and an enabling investment and business climate. This should often include specific legal environment and public governance system that is able to offer transparency and create an effective PPP delivery system; this will foster a private sector willing and able to accept the commensurate risks (and in some cases accept the higher risks of investing in low-income country). Political stability and a strong consensus amongst political leadership and stakeholder groups towards the value of PPP, are also essential for PPPs to positively take shape. As a result, PPPs have often been a tool easier to promote and to use in the developed countries where more predictable conditions exist and where the market economy is long-standing and mature, and where relevant institutions and laws prevail.

Since several of these conditions, by contrast, are not fulfilled in low income countries, it is difficult to apply the PPP model at a large scale without resolving during project development and in a PPP contract several additional issues often common to some low income and developing countries.

Cities will play an important role in achieving the SDGs

The world is congregating more and more in urban centres and in cities. PPPs have therefore to adapt to the reality of cities and leverage that fact that cities are, ultimately, an agglomeration of people, firms and institutions and offer the potential to exponentiate their benefit. This spread of positive externalities that a PPP can lead can benefit all within the urban context. Local authorities like governments should investigate how to plan and prioritize specific projects within the urban context which have the deepest and more complex effects on the economy, the livelihood of the citizens, and inform their analyses of the benefits and costs of the project.

Transitional PPPs or multi-stakeholder partnerships may be needed as a precursor to PPP

The PPP model may need to be deconstructed to some degree, where governments engage in projects that are knowingly transitional or employ a partnership that has some elements of PPPs but because of challenging circumstances needs support with other elements. Projects (and really, jurisdictions) that require significant financial ‘de-risking’ or project delivery expertise, for example, may need to engage multi-lateral development bank participation or underwriting, or seek development grant support and oversight, or involve NGO operational expertise in order to implement the project in an effective manner. In essence, implement such transitional PPPs or multi-stakeholder partnerships that may not fit the traditional PPP model but work in challenging environments; with the parties knowing full well that the jurisdiction has work to do, is in a transitional stage, or is moving toward a point where ‘full’ PPP arrangements may be made.

Engage the people

The entire purpose of government and of public authorities is to promote general interest and to take action on behalf of the people and for the benefit of the people. Governments must therefore engage more systematically and earlier with the people in order to make their efforts successful and serve them more effectively. In fact, it is axiomatic that a government and public authorities would purport to implement infrastructure or services for the people but too often fail to engage with the very people that will use or be impacted by those assets and services. The top down, ‘government knows best’, approach has had mixed results at best. Too often it results in public services that are not targeted to people’s needs, assets that are overbuilt or underbuilt, systems that create barriers rather than improve or widen access, services that underserve, etc. Infrastructure and assets that simply do not respond to the people.

The obvious solution is for governments and public authorities to improve their listening skills and be more responsive to the needs of the people through appropriate consultation procedures at different levels realistic and efficient which have proven to be successful in several landmark PfPPP projects. Stakeholder engagement and consultation, therefore, prior to project inception, during project conceptualization and implementation, and after termination is of critical importance if public efforts are to be tailored to the needs of the people.

C. What should be the model for PPP that should prevail?

It is argued that because of the challenges and problems often associated with the PPP model that the best approach would be to abandon the model altogether as not ‘fit for purpose’. However it is important not to overlook why PPP came into fashion in the first place.

For PPPs which deliver public services to the citizens who are ready to pay a fee for the service, PPPs have allowed governments: (1) to benefit from the skill of the private sector in delivering improved services of economic nature (2) to have the services paid only or mostly by the end users of the particular service (eg: transport, water, power and health) (3) to limit the drain on the public budget borne by the people irrespective of the fact they use the particular service (4) to multiply the development of the public service due to their limited

impact on existing or future tax budgets. In addition, PPPs have allowed governments to fix a weakness of the traditional public procurement system and its ability to deliver and maintain public infrastructure and services²⁶.

For these reasons PPP was used to bring in private sector efficiency, deliver projects on time and to budget, make better use of public budgets, and instil better stewardship and long term operational and maintenance approaches in public infrastructure and service delivery. It is interesting to note that over time PPP through competition actually made the traditional procurement more efficient. But arguably because of scarce resources and limited public-sector alternatives the option should not be a return to the *status quo ante*; but rather to promote a model based on experience in developed and middle and low income countries leading to a model where sustainable development and ‘people’ are the cornerstone.

Accordingly, what is needed is a ‘people first’ approach to PPP inspired by the UN 2030 development agenda.

²⁶ It is often noted that traditionally procured and delivered projects often go over budget (almost by up to as much as 60 per cent of the total budget cost), tend to not be delivered on time, and tend to be a ‘build it and forget it’ approach to public infrastructure. For instance development of public payment PPPs has permitted to improve the content and develop on a large scale in some countries modern forms of public procurement including such as design & build or design, build & operate projects with clear obligations of performance where delivery of time is the essence for lump sum prices.