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## Economic Commission for Europe

Committee on Innovation, Competitiveness and Public-Private Partnerships

Working Party on Public-Private Partnerships

### Third session

Geneva, 3-4 December 2019

Item 4 of the provisional agenda

**Review of the work since the second session of the Working Party on Public-Private Partnerships on 20- 21 November 2018**

### **Fourth International PPP Forum: “The Last Mile: Promoting People-first PPPs for the UN 2030 Agenda for Sustainable Development” (Geneva, 7-9 May 2019)**

### **Highlights from key interventions**

#### **Note by the Secretariat**

#### *Background*

The fourth International People-first PPP Forum was held in Geneva on 7-9 May 2019. The Forum was organised by the UNECE in cooperation with the Economic Commission for Africa (ECA).

One of the highlights of the Forum was the participation of four of the five Executive Secretaries of Regional Commissions – UNECE, ECA, ESCAP, ESCWA - and a strong commitment to enhance PPP cooperation across all regions. A proposal was made to have the fifth edition of the Forum in Africa co-organised by UNECE and ECA in Addis Ababa, Ethiopia, in May 2020.<sup>1</sup>

The note contains the highlights from key interventions at the Forum and is submitted to the Working Party for information.

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<sup>1</sup> A proposal in this regard will be discussed under agenda item 5 of the provisional agenda

## Table of contents

I.	The last mile journey to achieve the 2030 Agenda for Sustainable Development through People-first PPPs .....	3
	Olga Algayerova, UNECE: The most difficult and frustrating part of the journey .....	3
	Vera Songwe, UNECA: Gains in infrastructure development will have multiplier effects on all the other SDGs .	4
II.	Promoting further the concept of People-first PPP.....	5
	Ricardo Sanchez, ECLAC: Awareness raising about the People-first model and women’s empowerment as an integral part of infrastructure development .....	5
	Felix Dodds, University of North Carolina: Key requirements for an inclusive Impact Assessment Tool .....	5
	Bruno Lanvin, INSEAD: Flexibility and adaptability are key ingredients of successful assessment tools .....	6
	Lucie Berger, European Union: EU strategy on connecting Europe and Asia .....	7
	Zhifeng Han, NDRC, China: The Belt and Road Initiative .....	7
	Sam Tabuchi, Toyo University: China has to keep work with the international standards .....	8
III.	Identifying ways in which stakeholder engagement can be increased in People-first PPP .....	8
	Felix Dodds, University of North Carolina: Stakeholders, NGOs and Civil Society Organizations do not mean the same thing.....	9
	Xiankun Lu, LEDECO: Multi-stakeholder approach for People-first PPPs.....	10

## I. The last mile journey to achieve the 2030 Agenda for Sustainable Development through People-first PPPs



### **Olga Algayerova, UNECE: The most difficult and frustrating part of the journey**

Three years ago, the UNECE started a journey to make Public-Private Partnerships (PPP) for infrastructure more compliant with the SDGs and ‘fit for purpose’. SDG 17 expressly identified PPP as a preferred tool for the 2030 Agenda, but it has not always been up to the development challenge.

Accordingly, the UNECE decided to revise the PPP model: ‘Value for people’; not just ‘value for money’. And while we have made progress – we have concluded important standards, such as the one on a Zero Tolerance Approach to Corruption in PPP Procurement, the standards on PPP in Road, Rail and Renewable Energy, and also the Guiding Principles on People-first PPP which sets down the institutional requirements for such projects.

For this Forum, we have identified three milestones to achieve, namely 1) Making the People-first model more operational, 2) Increasing the collaboration between the public and private sectors, and 3) Identifying ways in which stakeholder engagement can be increased in People-



first PPPs. The challenge that we have before us is to address these challenges and come up with practical solutions.



### **Vera Songwe, UNECA: Gains in infrastructure development will have multiplier effects on all the other SDGs**

We know that gains in infrastructure development will have multiplier effects on all the other SDGs. Infrastructure development, especially in energy, transport and telecommunications positively correlates with reduced cost of doing business, higher productivity and increased competitiveness. But more importantly, it helps make a dent in the lives of the most marginalized and vulnerable populations.

Given the significant financing challenges being faced by governments as they strive to achieve the SDGs, come 2030, PPPs have become the go-to-place. A lot of infrastructure is funded through PPPs, globally. However, the landscape of PPPs is not well defined and there is much work needed for both the public and private sector to understand the merits of PPPs.

In light of the upcoming 2019 UN General Assembly High-Level Dialogue on Financing for Development Conference in September in New York, the Executive Secretary called upon participants, at the 4th International PPP Forum to generate actionable ideas and key messages, that can be presented by the UN Regional Commissions, to help leverage all available financing.



**From left to right: Ms. Armida Salsiah Alisjahbana, Executive Secretary of ESCAP; Ms. Rola Dashti, Executive Secretary of ESCWA; Ms. Olga Algayerova, Executive Secretary of UNECE; and Ms. Vera Songwe, Executive Secretary of ECA**

## II. Promoting further the concept of People-first PPP

### **Ricardo Sanchez, ECLAC: Awareness raising about the People-first model and women's empowerment as an integral part of infrastructure development**

People-first is a very clear and important principle, but we highlight its link with the women's empowerment. Including women in the infrastructure sector means to put people-first, and public policies that do not consider the gender dimension, in practice, reproduce inequality and discrimination. The greater insertion of women in the infrastructure sector is an imperative necessity because their participation is a matter of democratic justice and legitimacy. Only in this way, gender mainstreaming will begin to be a reality in our region, and possibly in the rest of the world.

Raising the level of infrastructure investment is an inescapable necessity if we are to move forwards towards to sustainable development goals. To overcome this situation, profound changes are needed in the Latin America region's approach to its infrastructure development and its financing. For improving policies on infrastructure, a central element is the Public-Private dialogue throughout the whole life cycle of infrastructure projects, and a greater business and citizen participation at local, national and regional level, in decision making about the location and characteristics of the infrastructures to makes them more sustainable and assure greater benefits to the society as a whole.

The Impact Assessment Tool aims to help mobilizing private financing and prioritizing investments in projects that meet the SDGs. When it comes to the Tool's core outcome of enhancing resilience of infrastructure projects, ECLAC highlights the importance of considering the costs imposed by potential disruptions in the absence of the project or in the scenario of investing in alternative, less resilient infrastructure. As the costs of non-resilience are hardly ever accounted for, there is usually a trade-off between the goals of economic efficiency and infrastructure resilience. In our opinion, the PPP evaluation methodology developed in this project could contribute to promoting the optimal level of investments that balances cost-efficiency and the costly elements that characterize resilience such as robustness, resourcefulness, redundancy and rapidity.



### **Felix Dodds, University of North Carolina: Key requirements for an inclusive Impact Assessment Tool**

If the UN Regional Commissions are onboard, then it would be good to have some from each region in the process of developing the tool. This would ensure the richest input. If not, then

I would suggest that the choice is made to balance countries that are at different levels of development within UNECE.

Any evaluation needs to be against the achievement of objectives, assessment of impacts – including on the delivering of the relevant SDGs and the interlinkages between different SDGs and examination of the delivery against the commitment for stakeholder engagement in decision making throughout.

Transparency measures should be maintained throughout the lifecycle of the project, including full and proactive public disclosure of PPP agreements, with specific accountability instruments that establish performance-based responsibilities of all parties.

Clear, independent performance monitoring and reporting mechanisms must be identified, including provisions to monitor private partner(s)' observance of human rights principles and coherence with the SDGs.

**Bruno Lanvin, INSEAD: Flexibility and adaptability are key ingredients of successful assessment tools**

An assessment tool must bring value to all stakeholders, by helping them 'do better'; it is not about naming and shaming, but about maximizing the probability of success and identifying new ways do design, implement and deliver projects.

The main impact of a project may not be where it was expected to be (examples are numerous around ICT projects, eg. gender/health in Sri Lanka, etc..). Flexibility and adaptability are key ingredients of successful assessment tools.



### **Lucie Berger, European Union: EU strategy on connecting Europe and Asia**

Both regions, Europe and Asia are characterised as steadily growing economies and they are home for about 60% of the World's population. The economic power and influence of Asia has grown immensely during the last decade. There is a mutual interest to tap into the potential this growth offers for both regions.

Our approach to connectivity, highlighting long-standing policies and future strategic direction, is clearly set out in the Joint Communication of the European Commission and the High Representative of the EU: connectivity must be a) fiscally, environmentally, socially and economically sustainable; b) comprehensive across sectors and financial frameworks; and c) rules-based. These are the principles for our engagement with other countries and organisations, including in Asia.



### **Zhifeng Han, NDRC, China: The Belt and Road Initiative**

The Belt and Road Initiative is an initiative of “co-business, co-construction and sharing”, an initiative for peaceful development, economic cooperation, and an initiative to promote the building of a community of human destiny.

Implementing the Belt and Road Initiative jointly will not only promote the economic development, increase employment, improve people's livelihood, and add high-quality assets to the countries along the route; but it will also help to recover the economic situation in the relevant regions and the world.

The implementation of the Belt and Road Initiative requires long-term, stable, sustainable, and risk-controlled financial support, which is a huge investment opportunity. The PPP model adheres to the concept of equal negotiation, long-term cooperation, benefit sharing and risk sharing. And it is highly compatible with the spirit of Silk Road, which are peace cooperation, openness and tolerance, mutual learning, and win-win situation.

We believe that this Forum will play an active role in developing a healthy “One Belt, One Road” using the People-first PPP model developed by UNECE and promote pragmatic cooperation to achieve more stable and greater results.



**Sam Tabuchi, Toyo University: China has to keep work with the international standards**

China has to make some adjustment in its approach to economic development and the BRI. Maybe because of pressure from outside but also some mistakes made in BRI financially and politically. China has to keep work with the international standards of excellence in economic development and PPPs.



### **III. Increasing the collaboration between the public and private sectors**

**Gavin Munro, Société Générale: Multi-lateral lenders have to lead the way**

Multi-lateral lenders have to lead the way, as was the case with environmental standards before commercial banks adopted the Equator Principles. I think it will take time for momentum to build and more lenders to sign up before a critical mass is reached and most lenders will then follow suit.

Project promoters, investors and lenders always like to receive external recognition, particularly in competition with their peers. I see awards as being more positive than naming and shaming transgressors. I think we need to have some sort of external awards for projects that have the highest level of compliance. There are several industry publications that already have annual awards ceremonies for project and PPP financings and People-first PPP awards could be added to this.



#### IV. Identifying ways in which stakeholder engagement can be increased in

##### **Felix Dodds, University of North Carolina: Stakeholders, NGOs and Civil Society Organizations do not mean the same thing**

Stakeholders, NGOs and Civil Society Organizations do not mean the same thing. I cannot underline this enough. I am happy to give people very good examples about how disastrous processes have gone by mixing these terms up. I would insist that the ONLY term used here should be stakeholder.

If you use NGOs it doesn't include academics, Indigenous Peoples, trade unions, youth, women, industry, local government, some farmers etc. If you use Civil Society Organizations it doesn't include academics, Indigenous Peoples, trade unions, industry, local government either and reduces the need to take in a gender perspective or a next generation perspective.



Stakeholder is the most inclusive and shouldn't have it after a list - the list is never complete and confuses people. What we should have in any text is a commitment ALWAYS to do a stakeholder mapping in relation to ANY PPP to ensure that the right stakeholders are included.

**Xiankun Lu, LEDECO: Multi-stakeholder approach for People-first PPPs**

You need all stakeholders to join hands, particularly for infrastructure, which tends to entail enormous investment, long-term construction, and sustainable challenges.

You have no better example than the UNECE initiative of People-first PPP that can naturally partner with China BRI and EU TEN-T to make sure that these initiatives will respond faithfully to UN SDGs.

