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Making PPPs fit the 2030 Agenda

Note from the secretariat

The present document is submitted as an informal document for information, prepared by the Centre for Socio-Eco-Nomic Development (CSEND) and the World Association of PPP Units & Professionals (WAPPP) and presented at one of the side evens to the UNECE fifth International PPP Forum on 26 April 2021.

Making PPPs fit the 2030 Agenda

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Acknowledgement

This document is a collective undertaking by five authors, all who are members of WAPPP[1] and two who are also members of UNECE PPP Bureau[2]. The intention of this paper is to contribute to the development of PPP theory and best practice and to align PPPs with the Sustainable Development Goals (SDGs) as best as they can. The five chapters reflect the individual authors' insights into different aspects of the current state of PPP development and areas for policy and practice improvement. Although there are overlap areas in the chapters, this serves to highlight common concerns and the need for harmonized actions. The main theoretical and philosophical contributions of this thought leadership compilation of individual ideas is focused on the evolving theoretical developments of PPP and their alignment with the 2030 SDG Agenda. The authors also provide guidance to emerging economies and developing countries for their assessments of the potential strengths and weaknesses and respective values of infrastructure projects based on PPP alternative financing and implementation models.

CSEND[3] and WAPPP would like to take this opportunity to thank the writers for their valuable contribution to the debate surrounding how PPPs can be used for development and help countries achieve their sustainable development goals.

CSEND: https://csend.org

WAPPP : https://wappp.org

[1] World Association of PPP Units & Professionals, https://wappp.org/

[2] Bureau of the UNECE Working Party on Public-Private Partnerships, https://unece.org/ppp/bureau

[3] Centre for Socio-Eco-Nomic Development, https://csend.org

Preface

Making PPPs fit the 2030 Agenda (WAPPP)

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This publication's focus on public-private partnerships (PPPs) could not come at a more opportune time. In addition to a catastrophic human toll, the COVID-19 pandemic has caused the annual financing gap to achieve the Sustainable Development Goals (SDGs) to balloon by 70 per cent to US$4.2 trillion in 2020.[4] With sovereign debt reaching unprecedented levels and fiscal space squeezed more than ever, the public sector cannot close the financing gap alone. With foreign direct investment levels also suffering a 42 per cent drop in 2020,[5] the COVID-19 crisis risks derailing global efforts to achieve the SDGs altogether.

With the growing role of government around the world, as a response to the COVID-19 pandemic, PPPs could provide smart and pragmatic mechanisms for identifying the role of government in economic activities. They can optimize the benefits of government intervention and minimize disruptions to market dynamics. PPPs also stand as a crucial instrument at our disposal in mobilizing private finance to put the SDGs back on track with a view to achieving them by 2030. The close partnership that PPPs embody between the public and private sectors will be critical in aligning both public and private finance with the 2030 Agenda for Sustainable Development and will go a long way in establishing a basis for a solid post-COVID-19 recovery.

PPPs are also fully consistent with the spirit of inclusivity of the SDGs. The pandemic has revealed inequalities of all kinds, including about eligibility for support. Any assistance in designing or implementing PPPs must be made available not just to climate projects in the world's poorest countries, but to all the SDGs and all countries in need. If the pandemic has taught us anything, it is that we cannot recover from this crisis until all of us do.

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[4] OECD (2020). Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet. Paris: OECD, 130 pp. https://www.oecd.org/development/global-outlook-on-financing-for-sustainable-development-2021-e3c30a9a-en.htm

[5] UNCTAD (2021). *Investment Trend Monitor* Issue 38, January 2021. https://unctad.org/system/files/official-document/diaeiainf2021d1_en.pdf

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About the Authors

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Marc Frilet is a Managing Partner of the Paris law firm Frilet -Société d'Avocats created after his departure from the Francis Lefebvre (CMS network) where he was partner and head of the construction infrastructure and projects division. His international 35 year professional focused on construction, infrastructure, concessions/ PPP and mining projects in France, French overseas territories and more than 20 countries often as lead advisor for landmark international projects with a strong involvement in Africa. He is the main author of several international standards, conditions of construction contracts, procurement and PPP regulations. He has created an International Research and Documentation Centre "Infrastructure, Concessions, PPPs and Mines", due to open in 2021. Marc is active in French and international associations of lawyers and industry and teaches construction and Concession/PPP laws at the University of Paris Pantheon Sorbonne and Stuttgart and mining laws at the French "Ecole des mines." Since 2015, Marc is the General Secretary of UNECE PPP International Centre of Excellence Policies, laws and Institutions addressing the main practical issues impairing the development of PPP meeting the SDG's in less developed countries.

Jean-Christophe Barth-Coullaré is the Executive Director of WAPPP. He has worked on Public-Private infrastructure projects in the rolling stock industry and conducted numerous contract negotiations and is a proponent of SDG-driven public-private collaboration. A banker, lawyer, and B2B mediator by training, he believes in the power of consensual dispute resolution and dispute prevention. He regularly gives time as judge / mediator at the ICC International Mediation Competition to promote mediation advocacy. He is also a past Co-President of the Swiss Chamber of Commercial Mediation (skwm.ch). His advisory firm HASE Solutions has two business lines: deal mediation for international negotiations; and board governance. He has read Corporate Governance at Haute Ecole de Gestion and Transformational Leadership at the Geneva School of Diplomacy. Recently he published a guide on Early Stage Governance – an effective lever for the development of start-ups with the European Champions Alliance (european-champions.org). He holds an Executive MBA from ESSEC & MANNHEIM Business School and earlier Law degrees. He is married and a father of two.

David Baxter is a South African by birth and currently resides in the USA. He has worked as a consultant in the international development field for over 30 years in the Americas, Europe, the Middle East, Africa, and South-East Asia. During his professional career he has increasingly focused on competitive and transparent infrastructure procurement and specifically on Public-Private Partnerships. He has worked on projects for the MCC, World Bank Group, Inter-American Development Bank, African Development Bank, USAID as well as for major development corporations. He is a strong proponent of developing sustainable resilient People First PPPs through his collaborations with WAPPP (Steering Committee Member) and the International Sustainable Resilience Center (ISRC). He holds a BA-Hons degree in Political Geography and a Master's Degree in Economic Geography, both of which were obtained from the University of Stellenbosch (South Africa). He is Senior PPP Advisor at the International Sustainable Resilience Center (ISRC) and holds a Master’s Degree in Economic Geography and an Education Diploma from the University of Stellenbosch.

Ziad Alexandre Hayek has 40 years of experience in investment banking, international finance, corporate strategy, corporate governance, public policy, and economic development. Hayek is President of the World Association of PPP Units & Professionals and Vice Chair of the UNECE Working Party on PPP and. Before that, he was Secretary General of Lebanon’s High Council for Privatization and PPP, until 2019 when he was nominated to be President of the World Bank. Hayek spent 24 years in investment banking, as CEO of Lonbridge Associates, Senior Managing Director of Bear Stearns, President of Indosuez Mexico, Vice President of Salomon Brothers, and Head of International Securitization at Citibank. He also spent 16 years in public policy and socio-economic development, working for the governments of the US and Lebanon, and cooperating extensively with UN entities and multilateral development banks. He is a member of the boards of directors of several financial, commercial, NGO, and academic institutions. Hayek has arranged funding for infrastructure development and PPP projects valued at more than US$27 billion. Hayek has a master’s degree in International Management from the University of Texas at Dallas and is certified as “CEO of a Financial Institution” by the UK Financial Conduct Authority. He is a citizen of the US, the UK and Lebanon, and is conversant with 11 languages.

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Dr. Mateu Turró is a Honorary A. Director of the European Investment Bank (EIB) and a Professor (retired) of Transport Economics at Universitat Politècnica de Catalunya (UPC). He has a Doctorate in Engineering from the UPC (1979); a Master of Science from the University of Michigan (1975) and is Ingeniero de Caminos, Canales y Puertos (UP Madrid). He is a regular consultant/advisor on transport and urban development, focused on project appraisal, financing and PPPs. He is the chairman of the Advisory Council of CENIT (Centre for Innovation in Transport). Co-director of the professional course on cost-benefit and project appraisal organized by the Economists and Civil Engineers associations of Catalonia. Mateu Turró was Associate Director at the Projects Directorate of the EIB (1998-2009) and member of the Advisory Committee of Ministerio de Fomento (Spain) (2015-2019). He has been a reviewer of DGRegio "Guide to Cost-Benefit Analysis of Investment Projects.". He has written multiple publications on transport and urban issues, including the books: "Going trans-European. Planning and financing transport networks for Europe" (Elsevier Science, 1999); "RAILPAG. Rail Project Appraisal Guidelines" (EIB and European Commission, 2004); and "The infrastructure investment needs and financing challenge of European Ports", as a co-author, for the European Seaports Organization, 2018.

Chapter One

The Need for a High-Quality SDG 17.17.1 indicator

Raymond Saner

Abstract: Faced with the health and economic costs of the pandemic, countries need to reconstruct their infrastructure. For investments in infrastructure to be successful they need policy guidance and indicators which help them measure the strengths and weakness of their respective planned PPP projects. Target 17 of Goal 17 focuses on PPPs. Target 17.17 has one indicator namely 17.17.1 and the World Bank Group has been given the role of custodian to define the respective indicator based on its many years of PPP activities. However, after six years since the start of the 2030 Agenda in 2015, this indicator is still below minimal quality standards and cannot be used for analysis nor PPP investment decisions. This chapter describes what is needed to improve the quality of this crucial indicator.

Keywords: Partnerships • SDG 17 • United Nations • 2030 Agenda • IEAG • accountability • custodianship • infrastructure development • WBG • evaluating SDG targets

1.1. Introduction

Partnerships are crucial for equitable and sustained development for all countries, whether advanced, emerging or in development. The 17 SDGs of the 2030 Agenda are supposed to be achieved in an integrated manner focusing at the same time on social, economic and environmental sustainability and be implemented in a transparent, inclusive and participatory manner.

SDG 17 of the 2030 Agenda provides guidance as to what kind of partnerships should be undertaken by the 193 member countries of the United Nations. Partnerships are proposed between governments and between them and non-state actors like science, business and civil society. In order to achieve these 17 goals and guiding principles, very substantial financial investment are required to overcome the hardships and losses incurred due to the covid-19 pandemic and at the same time ensure sustainable futures for the current and future generations.

How to design, finance and implement partnerships for infrastructure development can be very complex, difficult to construct and challenging to implement. Hence, knowing how to measure PPPs is crucial and needed to guide all stakeholders – governments, private sector companies and civil society actors on how they should proceed should they opt for a PPPs investment decision.

An important factor of Sustainable Development (SD) is investment in physical and social infrastructure which can be financed through government procurement, or PPPs (including Concessions and Non-Concession PPPs) Goal Seventeen of the 17 SDG goals of the 2030

Agenda focuses on partnerships for sustainable development and target 17 of SDG 17 lists PPPs as a means of financing sustainable development (SD). Design and implementation of PPPs are based on setting objectives which subsequently can be evaluated provided there are criteria that are based on sound methodology and availability of relevant data. This chapter narrates the evolution of the PPP concept and discusses the current challenges of establishing robust evaluation criteria. The authors also discuss current PPP concepts used such as value for money and value for people and end with the suggestion of adding an additional value namely value for future generations. The paper has been written by experts of the PPP field.

The UN General Assembly adopted a resolution called "Transforming our world: the 2030 Agenda for Sustainable Development" on 25 September 2015. The resolution consists of 17 Goals and 169 Targets covering crucial areas of the global development agenda that countries have agreed to implement at the General Assembly meeting in New York. The 17 SDG goals are expected to be achieved in an integrated manner focusing at the same time on social, economic and environmental sustainability and be implemented in a transparent, inclusive and participatory manner.

SDG Goal 17 aims to strengthen the means of implementation and to revitalize the Global Partnership for Sustainable Development through the development of inclusive institutions and partnership at all levels[6]. One of the partnerships is Goal 17 target 17 defined as follows:

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships (p.27/35)

Whether the partnership will be public, public-private or includes social partnerships, the solutions should be built on the experience (past) and resourcing strategies which, as stated above, should be transparent, inclusive and participatory.

Developed and Developing Countries who decide to use PPPs for their development plans and SDG implementation, should though be aware that the current indicator for 17.17. is not considered viable according to the standards set by IAEG (Inter-agency and expert group on SDG indicators) and that the current definition of what PPPs - which are in themselves simplistic and the qualifier "effective" needing explanation, leaves governments, private sector and, civil society actors planning to use PPP-based financing of infrastructure without sound guidance.

1.2. Criteria for Evaluating SDG Targets

According to the classification used by the IAEG, the criteria for evaluating SDG targets are grouped into three levels namely[7]:

[6] Resolution adopted by the General Assembly on 25 September 2015; http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E
[7] Tier Classification for Global SDG indicators as of 28 December 2020; https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification/

- Tier I: Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced for at least 50 per cent of countries and for the population in every region where the indicator is relevant.

- Tier II: Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries.

- Tier III: No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested.

The indicator for 17.17.1 as defined in 2016 stated "*Amount of US Dollars committed to public, private and civil society partnerships*", which was an imprecise definition and the collection of relevant data was not assured. Because of all that it got classified as Tier III.

In 2018, the IAEG-SDG members warned that indicators remaining in Tier III might be deleted as of 2020. In view of this threat, the custodian of 17.17., the World Bank Group (WBG), suggested in August 2018 that the 17.17. Indicator be split into two sub-indicators namely a) PPPs in the field of physical infrastructure and b) civil society partnerships.

The WBG responded by making the following observations and suggestions. For instance, it defined "infrastructure" as referring to:

- Energy: electricity generation, transmission, and distribution, and natural gas transmission and distribution pipelines
- Information and communications technology (ICT): ICT backbone infrastructure
- Transport: airports, railways, ports and roads.
- Water: potable water treatment and distribution, and sewerage collection and treatment.

It then stated that "*other sectors such as education and health may account for a significant part of PPPs but they are not captured by the WBG database. Expanding the data to include PPPs in other sectors beyond physical infrastructure is something that the World Bank Group is considering but it is currently limited by budget constraints*".

In addition, the custodian (WBG) clarified that it has a database for the four infrastructure PPPs but supposedly not for civil society PPPs (education, health). With regard to the WBG's database for the four physical infrastructure area and its collection methodology, information is available on its website http://ppi.worldbank.org/methodology/ppi-methodology.

Currently, the following process is used to develop estimates for the 17.17.1 indicator:

- A team of researchers gather data for each of the regions using public sources (from government and MDBs websites) but also commercial news databases as well as data from specialized commercial and industry publications/subscriptions

- Data is uploaded to an administrative website through a template to make sure data is standardized
- Data is validated by a group of experts in Singapore at the World Bank Group.
- Data is later uploaded to the public website (www.ppi.worldbank.org) and made available free of charge.

By proposing to split the 17.17.1 indicator into two parts (A and B) and by the fact that the custodian (WBG) is able to claim that it collects data on the four physical infrastructure PPP domains, the IAEG decided to upgrade part A to Tier II status but left part B as Tier III, leaving PPPs in health and education in limbo since no other organization volunteered to provide solutions for Indicator 17.17.1 B

1.3. Concerns About the WBG Custodianship

Two concerns about the proposals of the custodian (WBG) regarding 17.17.1 A have been identified:

- The data collection is an internal process within the WBG. There is no public audit available on the integrity of its data collection and internal verification processes. The custodian (WBG) proposed a new definition of PPP namely:

  "any contractual arrangement between a public entity or authority and a private entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility."

  This WBG definition is contrary to the text in the 2030 Agenda which states -

  "Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships" (p.27/35).

  There have been and will be PPPs involving public, private and civil society actors and hence the definition suggested by the WBG is inadequate. Examples of multi-stakeholder PPPs are part of the UNECE compendium of PPP cases[8]

- Five years have elapsed since the WBG has acted in its role as sole custodian of the 17.17.1 indicator. Still, despite such a long period of time, WBG has not been able to improve the indicator's status from a Tier III to a Tier II or Tier I status. The proposed solution of splitting the indicator into A and B parts is not satisfactory.

Developing countries and particularly Least Developed Countries facing the hardships of the covid-19 pandemic and an increasing level of debt have difficulties getting investments

[8] UNECE PPP case studies, https://www.uneceppp-icoe.org/people-first-ppps-case-studies/, assessed on 31 January 2021

from capital markets because the risk premium is too high and taking loans is too expensive, hence they look for guidance on how to finance their SDG development through other means, such as PPPs.

1.4. Possible Solutions

There are numerous solutions that could be considered to improve the implementation of the SDG goals. They include the following;

- The WBG should share its custodianship with other International Organisations (IOs) whose mandate focuses on social infrastructure, like UNESCO (for educational PPPs) or WHO (for health PPPs). A good example to follow is UNEP which has developed a strategy to collect data for the partnership target 17.7 which falls into its mandate as follows:

  - *Target 17.7: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed*
  - *Indicator 17.7.1: Total amount of funding for developing countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies*[9]

- The definition of PPP as proposed by the custodian WBG contradicts the text of the 2030 Agenda. The WBG should explain and justify its definition and should re-negotiate it broadly with participation of civil society organisations.
- In view of the fact that the 2030 Agenda has been agreed by all UN member countries and is supposed to help all of them achieve the SDGs, it would make sense that the sole custodian (WBG) invites UN regional commissions to partake in the definition of PPPs and in the collection of related data. This should include the regional economic commissions UNECE, UNESCAP, UNECA, UNECLAC and UNESCWA.
- The 2030 Agenda is based on multi-stakeholder cooperation and participation of state and non-state actors. It is old-fashioned and non-sustainable to exclude regional governments and civil society form participating more actively in the discussion and determination of what should be the role of PPPs in the context of the 2030 Agenda.
- The IAEG-SDG was created in 2015 and tasked to develop and implement the global indicator framework for the SDG goals and the 2030 Agenda.[10] It is the group's mandate and responsibility to intervene when a custodian is not able to improve the indicator it has been entrusted to develop. After six years of sole custodianship of indicator 17.1and only partial acceptance of accountability, it is high time to agree on an integrated approach to improve indicator 17.17.1. to a full Tier II or better even Tier I status. The IAEG-SDG could invite other International Organisations to partner with WBG regarding this custodianship.

[9] SDG Indicators Metadata repository, indicator 17.7.1.; https://unstats.un.org/sdgs/metadata/?Text=&Goal=17&Target=
[10] IAEG-SDGs interagency and expert group on SDG indicators; https://unstats.un.org/sdgs/iaeg-sdgs/

- The concept and practice of PPPs has and continues to evolve. There is a future of investment as much as there is a future of work. New forms of partnerships are emerging and new understandings of partnerships are emerging as well. The following sections of this paper are meant to provide new insights and new solutions regarding infrastructure investment and the role and form of PPPs in the context of sustainable development.

Chapter Two

Evolution of PPP Concepts and Practice

Marc Frilet

Abstract: This chapter offers a historical perspective on the development of PPPs by first referencing the Roman times and the Middle Ages in France, developments in North America, and then narrating the development of PPPs in the 1990s, 2000-2010, and 2010-2020. Financing PPPs through private sector financing and recovery of costs and expected profits during a PPP project's life cycle played a decisive role in the development of OECD nations in the 19th century (water, ports, railways, power) particularly through the form of Concession (user's fee model) PPPs. Another model emerged in the UK around 1995 (Non-concession PPP). This model spread quickly around the world. However, many PPPs were developed too quickly and subsequently stopped in the 21st Century when those PPP were too much financially orientated forgetting their main purpose to serve the public interest in a sustainable manner. The chapter relates the efforts of the international community, aware that sustainable PPPs may play a major role for the economic development of countries, to draw from the lessons learned internationally and promote a resilient form of PPP driven by long term public interest and SDG compliance referred to as People-first PPP (PfPPP) by the UNECE, where "value for people" or "value for the society" are the key drivers".

Keywords: History of PPP • Concession • Affermage • PFI • definition • statistics • critique • Repositioning • PfPPP.

2.1. The Early Times: the Concession and Affermage Models

Although the acronym "*PPP"* is about 20 years old, private participation in Public Projects delivering public services has existed under various names and forms as early as for instance the postal services in Roman times – *"Manceps.*".

The main features of PPP contractual relationships were empirically developed and played an important role in the economic development of Europe and North America in the XIXth Century. A pioneer example in 1554 is the Construction and private Operation of the *"Canal de Craponne"* between the Durance and Rhone river in Provence which is still in use. Canal de Craponne is famous in the legal community for the landmark case of 1876 French Supreme Court's ruling on tariff changes in economic hardship circumstances. It triggered subsequent case law which is now part of the law on long-term economic equilibrium in public contracts in France and several civil law countries.

The UNCITRAL Legislative Guide on Public Private Partnership indicates that public services "*such as gas street lightning, power distribution, telegraphy and telephony, steam railways and electrical tramways*" were often designed, built and operated by the private sector and provides that "*There was a rapid development of international project financing, including international bond offering to finance railways and major infrastructure*."[11] A topical international example was the Suez Canal.

However, the economic and other changes in the early XXth Century disrupted many of the long-term contracts for development and operation of public services by the private sector. The worldwide trend turned toward public delivery of public services.

A notable exception to this trend could be found in civil law countries like France and other Napoleonic civil law countries, where a pragmatic case law for public contracts developed progressively the conditions of an equitable and resilient user's fee model (Concession and Affermage) balancing the interests of the of the three main stakeholders (e.g. Public Authority, Private Contractor and end users).

2.2. Early 1990's Margaret Thatcher and the Private Finance initiative (PFI)

A reverse trend started in the UK as a consequence of the Maastricht Treaty limiting public deficit to 3% and the need to revamp ailing public infrastructures more efficiently with the private sector's skills.

This initiative was nurtured by Margaret Thatcher, then developed by John Major who launched the Private Finance Initiative (PFI) in 1994. The concept "value for money" (VfM) emerged at the same time it was promoted in the Latham report.

The PFI Model attracted a lot of interest in the UK and then worldwide. PFI proponents indicated that the private sector could deliver better VfM than traditional public investment thanks to the know-how and capacity of innovation of the private sector.

Two additional considerations explain the initial success of PFI. First of all, in this model, unlike Concession and Affermage, the private sector receives payment for a service delivered directly to the public authority and does not deliver a full public service to the end users (a *prima facie* risk profile easier to accept by the private party). Secondly, since the initial investment is financed by the private party (although repaid from the public budget over the duration of the project), it was often recorded off balance sheet and not accounted for as a future public debt.

In the meantime, the Concession and Affermage model continued to grow in parallel, mostly in the Napoleonic Civil law countries which also imported the PFI model.

2.3. Late 1990's Tony Blair and the Advent of PPPs

"PPP" replaced the PFI acronym during the Tony Blair era, *inter alia* to promote a revised UK PFI model less finance-driven and including a partnership element. The focus of the model remained on payment of the private party by the Public Authority upon delivery of the service. PPP became quickly popular around the world, often as a mean to bridge the burgeoning public service infrastructure funding gap that was increasing in most countries.

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[11] United Nations Vienna 2020 Sales n°E20.V.2 page 1; https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-10872_ebook_final.pdf

However, in the majority of countries, the institutional and contractual framework which underlines the success of PPP was not in place unlike traditional procurement for public infrastructure projects. As a result, a few years after their signature, most PPP contracts in low- and middle-income countries had to be renegotiated and became *de facto* projects in distress.

The International Financial Institutions (IFI's), the United Nations (UN), national and international Bar Associations, industry federations and several countries made huge efforts to identify and promote the key ingredients of successful PPP trough task forces, working groups, conferences and numerous publications. A growing consensus emerged to distinguish PPP from other contract forms of private participation in Public Infrastructure PPPI.

As depicted in Figure 2.1 titled *"Private participation in public infrastructure (PPPI)"* PPPs are neither public procurement nor privatizations.

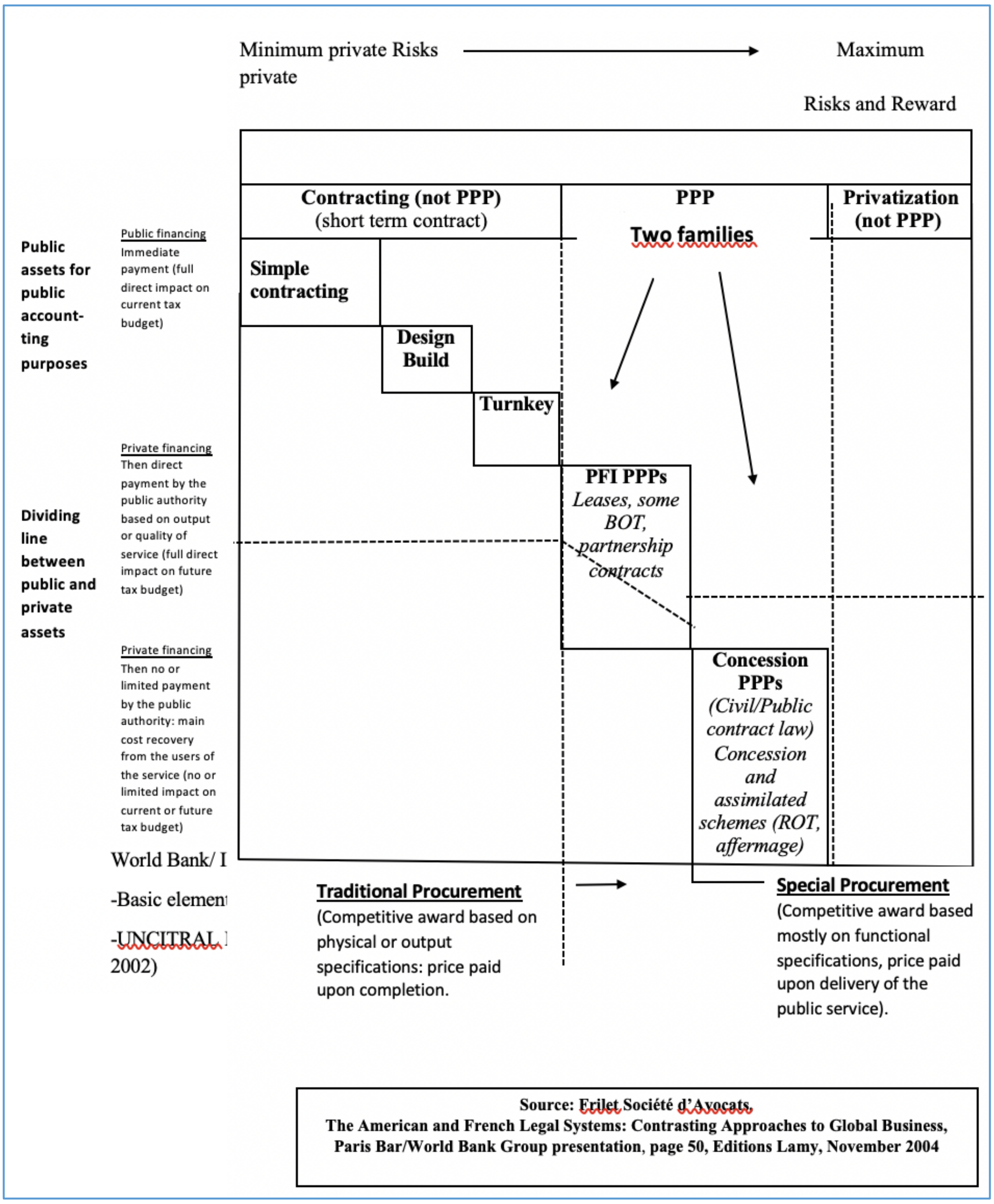

Figure 2.1: Private participation in public infrastructure (PPPI)

2.4. 2000- 2010

During this first decade, many PPP laws have been enacted around the world and often lead to the creation of PPP units. Unfortunately, most of those laws where limited to public payment PPP and only a few of them addressed user fee (concession) models in an inclusive and practical manner issues which are common to most PPPs irrespective of sector and countries (referred to as *Chapeau Issues* by UNECE or *"Gold standards"* by the G20). This was particularly true for low and middle-income countries where the improvement of the business and investment climate is often a prerequisite to develop sustainable PPP projects.

As a result, with a few exceptions, the development of public payment PPP Projects designed with those laws and with the support of PPP Units felt short of expectations. It has been reported by the chief legal counsel of the African Legal Support Facility (a multi-donor fund located at the African Development Bank) that in Africa hardly any PPP Project have been developed following the implementation of new PPP laws[12].

In addition, several landmark projects in Europe developed during that period were strongly criticized by Public Auditing offices or Courts in the UK, France and Portugal[13]. It was found that after some years in operation the choice of the PPP delivery form which was evaluated initially as the best cost/benefit option based upon a multi-criteria approach, failed to deliver the expected outcome in view of the fact that other traditional procurement contract forms offered altogether better value for society should have been considered. The criteria and scoring underlying the cost/benefit analysis and related value for money considerations were also criticized by the European Court of Auditors (ECA) [14], having analyzed twelve EU co financed PPPs in Europe.[15]

By contrast, the situation for the family of Concession PPPs remained rather stable, with a greater number of user fee PPP projects than public payment PPP Projects being the norm. This trend it was essentially limited to the same civil law countries (mainly Southern Europe, Turkey, Francophone Africa and Latin America as can be seen in Figures 2.2 and 2.3.

[12] PPP Laws in Africa; confusing or clarifying: Getting infrastructure right PPPs World Bank Group Blog Feb 2018

[13] La politique immobilière du ministère de la justice: mettre fin à la fuite en avant : Cour des Comptes France; rapport public thématique Décembre 2017

[14] United Nations Publication Sales n°: E.20.V.2 2020

[15] Public private partnership in the EU: Widespread shortcomings and limited benefits: European court of Auditors report n° 9

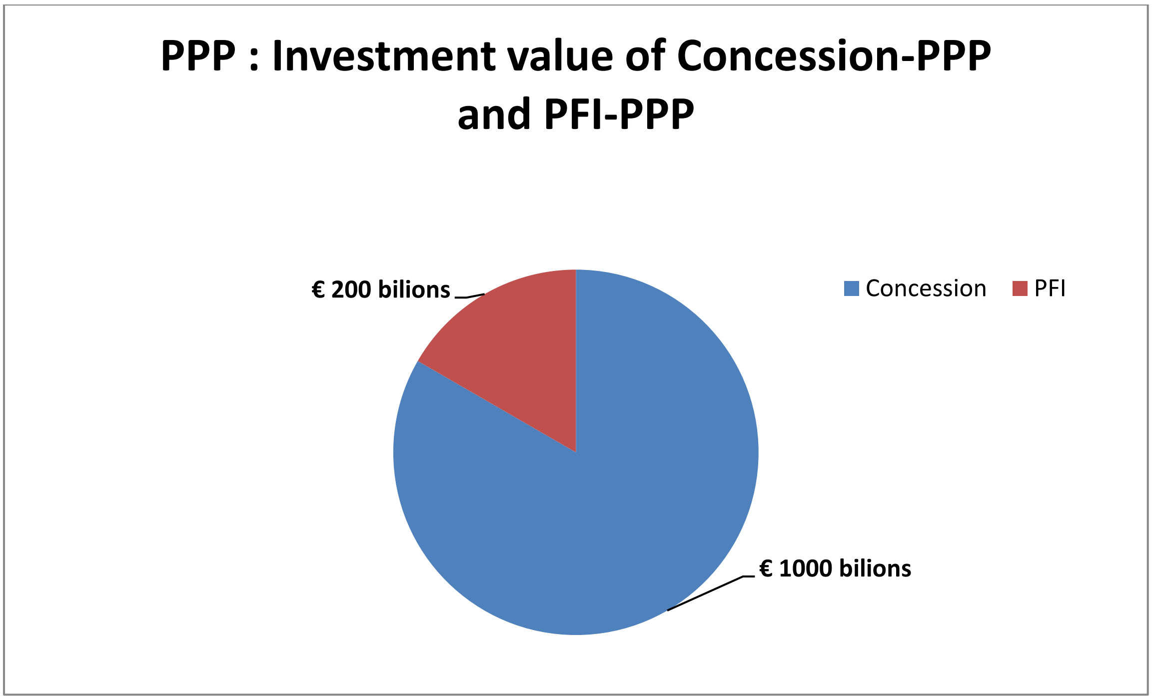

Figure 2.2: Investment value of concession PPP and PFI-PPP

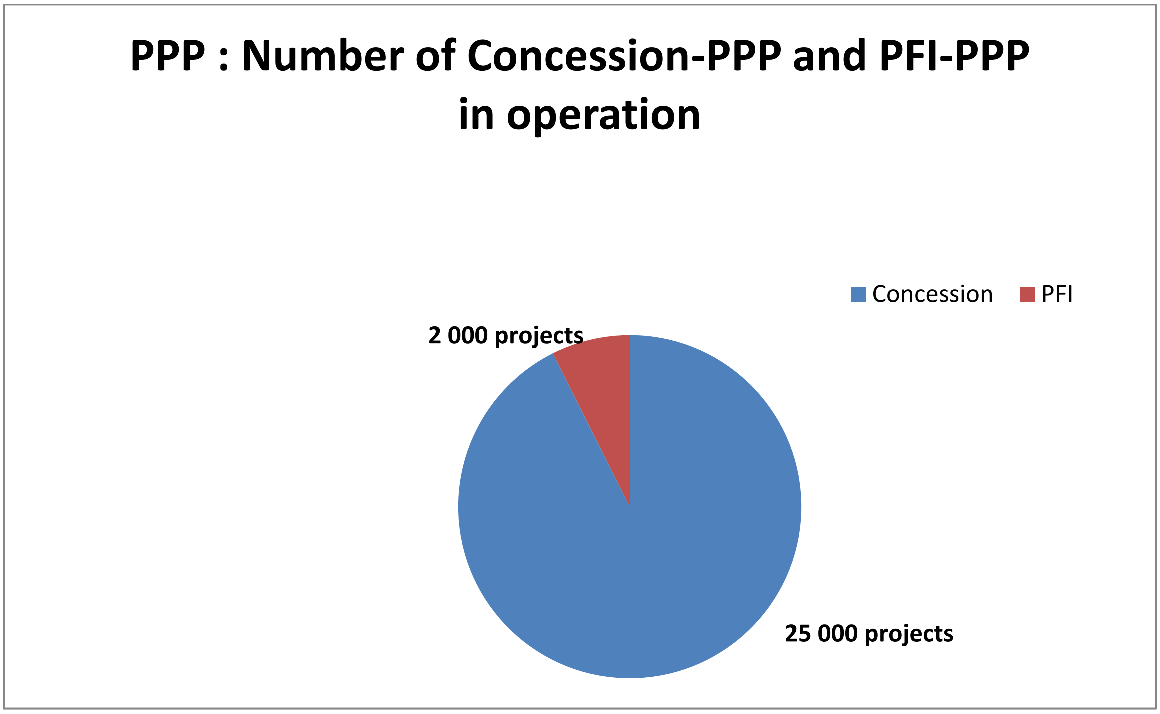

Figure 2.3: Number of Concession-PPP and PFI-PPP in operation

(Source: UNECE international Centre Excellence PPP Policies Laws and Institutions program having attempted to aggregate the very few reliable informations and statistics available on the matter.)

For those countries having often experienced decades of Concession or Affermage PPP projects governed by public contract case law, the need for special Concession PPP laws was not considered necessary. This was because several important aspects from "equitable public contract law" put public interest and long-term contract equilibrium at the forefront. However, the need to improve procurement rules guaranteeing fair competition triggered innovative procurement approaches in some countries.

2.5. New Concepts of PPPs During the Decade from 2010 to 2020 for Low- and Middle-Income Countries

In spite of sometimes growing criticism against PPPs altogether (Eurodad 2018[16] and EPSU Eurodad 2020[17]**,** empirical evidence from around the world indicates that well-designed PPP projects could play an important role in improving the daily life of people inter alia through the delivery of essential public services meeting the SDGs in an inclusive manner.

New programs leading to a new set of international publications have been developed, aggregating data, revisiting the *raison d'être* of PPP, reviewing most common issues impairing the projects at any time of their design, development and implementation and focusing on practical solutions implemented from time to time to resolve them in line with the SDGs' objectives.

2.6. Concluding Comments

The UNECE real breakthrough in the matter, including PfPPP development and implementation, is discussed in next chapter.

[16] How PPP are failing: History Re PPPeated. Eurodad coordinated report October 2018
[17] Why PPP are still not delivering EPSU and Eurodad report December 2020

Chapter Three

The Emergence of People-First Public Private Partnerships (PfPPPs)

Jean-Christophe Barth-Coullaré

Abstract: The public-private partnerships concept has shifted from being essentially understood as a PFI risk mitigation exercise for both public and private sector to a broader, more inclusive notion of structuring tripartite agreements that incorporate the Sustainable Development Goals on behalf of civil society and for its beneficiaries, so called People-first public-private partnerships. Alongside this evolution improve PPP advocacy and People-first PPPs are part of this new generation of more resilient and regenerative PPPs that aim at leaving no one behind. This chapter explains the making-off the new "People-first PPP" framing alongside the Addis Agenda discourse and explores the variety of approaches that have been taken in the field of public-private partnerships to improve its flawed reputation and strengthen advocacy for this new generation of SDG-driven PPPs.

Keywords: Resilience • Addis Ababa Action Agenda • PPP advocacy • governance • shared value • sustainable infrastructure • capacity building

3.1. People-first PPPs (2015)

The term People-first PPPs was coined in 2015 alongside the discussions around the Addis Ababa Action Agenda (Addis Agenda) to stress the societal element of sustainable development. The stronger language stressing the people as "beneficiaries" is intended to emphasize accountability in PPPs as can be read in Paragraph 48 of the Addis Agenda[18] as cited below.

" We recognize that ***both public and private investment have key roles to play in infrastructure financing, including through*** development banks, development finance institutions and tools and mechanisms such as ***public-private partnerships***, blended finance, which combines concessional public finance with non-concessional private finance and expertise from the public and private sector, special-purpose vehicles, non-recourse project financing, risk mitigation instruments and pooled funding structures. Blended finance instruments including public-private partnerships serve to lower investment-specific risks and incentivize additional private sector finance across key development sectors led by regional, national and subnational government policies and priorities for sustainable development. For harnessing the potential of

[18] https://sustainabledevelopment.un.org/frameworks/addisababaactionagenda

blended finance instruments for sustainable development, careful consideration should be given to the appropriate structure and use of blended finance instruments. Projects involving blended finance, including public-private partnerships, should ***share risks and reward fairly, include clear accountability mechanisms and meet social and environmental standards***. We will therefore ***build capacity to enter into public-private partnerships, including with regard to planning, contract negotiation, management, accounting and budgeting for contingent liabilities***. We also commit to hold inclusive, open and transparent discussion when developing and adopting guidelines and documentation for the use of public-private partnerships and to build a knowledge base and share lessons learned through regional and global forums."

Following the adoption of the Addis Agenda, the Financing for Development Office of the United Nations convened a meeting on Public Private Partnerships[19] that prepared the narrative for inclusive, open and transparent discussions on guidelines and documentation of PPPs and capturing lessons learned through regional and global fora.

3.2. Debates on the Implementation of PPPs for Development

Contracting out the delivery of governmental infrastructure and services to non-public actors is seen by some as an abrogation of the responsibility of Government. Critics argue that the drive of private companies to maximize profit is fundamentally incompatible with their ability to protect the environment and ensure universal access to quality public services. However, there is a growing movement in the private sector for purpose driven[20] organizations that put their purpose at the core of their activity and articulate why they exist, what problems they want to solve, and who they want to affect through their work. In creating deeper connections with consumers and doing more for the communities with which they work, they are more likely to attract and retain talent, and in the process, achieve greater results and impact.

There's also a growing number of private sector companies with strong ethics and driven by purpose, so-called B-corporations[21]; who argue that "society's most challenging problems cannot be solved by government and nonprofits alone. The B-Corp community works towards reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high-quality jobs with dignity and purpose. By harnessing the power of business, B-Corps use profits and growth as a means to a greater end: positive impact for their employees, communities, and the environment". B-Corporations relativize an alleged incompatibility between enterprise and sustainable development goals. Porter and Kramer

[19] Summary of the Inter-Agency Taskforce Meeting on Public Private Partnerships, Friday 16 December 2016, UN Headquarters, New York (with representatives from UN DESA, OECD, UN ECE, IHRB, Oxfam, AIG, PWC, EY, Ministry of Finance of Haiti, World Bank Group, Eurodad and IMF) https://www.un.org/esa/ffd/wp-content/uploads/2017/02/Summary-of-IATF-meeting-on-Public-Private-Partnerships-16-December-2016-Final.pdf

[20] Source: https://www.fastcompany.com/3048197/why-purpose-driven-companies-are-often-more-successful

[21] https://bcorporation.net/about-b-corps

(2011), for instance, argue that the creation of shared value[22] for social, environmental, and economic problems, makes these companies more attractive for employees and this creates engagement and superior customer satisfaction, which eventually leads to better performance for both shareholders and society.

Some civil society organizations (CSOs), critical of PPPs, have identified intrinsic weaknesses in the public-private partnership model, namely a lack of accountability of private companies to the people, leading to substantial cost overruns that impose a burden on future generations. These CSOs also argue that PPPs are used as a financial mechanism that hides expenditures off the public balance sheet, to the overall detriment of public welfare.

Around 2015, audits by the United Kingdom and the French Government independently reassessed their PPP practice due to widespread shortcomings and cost overruns. The European Court of Auditors in 2018 doubled down[23] on the need for more appropriate risk allocation between public and private partners, increased accountability to counter the trend of hiding expenditures off the public balance sheet and to mitigate the cost overruns. The latest UK National Infrastructure Strategy[24] (November 2020) goes as far as saying:

"*In 2018, the government retired PFI/PF2 for new schemes because of their fiscal risk, inflexibility and complexity. As part of the IFR, alternatives to the PFI and PF2 model were explored and assessed against the government's test for any new private finance model: its benefits must outweigh the additional costs of private finance. No new models were found through this process, and so the government* ***will not reintroduce PFI, PF2 or similar models of private finance***."

3.3. Another Look at PPPs as a Tool for Development

Despite criticisms, PPPs are now being considered as mechanisms to deliver results under the United Nations 2030 Agenda and its Sustainable Development Goals. The following set of underlying principles for PPPs are included[25]:

1. Careful consideration given to the structure and use of blended finance instruments (para 48 Addis Agenda);
2. Sharing risks and reward fairly (para 48 Addis Agenda);
3. Meeting social and environmental standards (para 48 Addis Agenda);

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[22] Creating Shared Value - How to reinvent capitalism - and unleash a wave of innovation and growth, Michael E. Porter and Mark R. Kramer, Harvard Business Review, Jan-Feb magazine 2011.

[23] Source: https://www.eca.europa.eu/Lists/ECADocuments/INSR18_09/INSR_PPP_EN.pdf

[24] Source: CP 329 - National Infrastructure Strategy – Fairer, faster, greener – November 2020, p. 75 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938539/NIS_Report_Web_Accessible.pdf

[25] Transforming our world: the 2030 Agenda for Sustainable Development, Means of Implementation Nr. 40 "We welcome the endorsement by the General Assembly of the Addis Ababa Action Agenda, which is an integral part of the 2030 Agenda for Sustainable Development. We recognize that the full implementation of the Addis Ababa Action Agenda is critical for the realization of the Sustainable Development Goals and targets" https://sdgs.un.org/2030agenda and https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

4. Alignment with sustainable development, to ensure "sustainable, accessible, affordable and resilient quality infrastructure" (para 48 Addis Agenda);
5. Ensuring clear accountability mechanisms (para 48 Addis Agenda);
6. Ensuring transparency, including in public procurement frameworks and contracts (paras 30, 25 and 26 Addis Agenda);
7. Ensuring participation, particularly of local communities in decisions affecting their communities (para 34 Addis Agenda);
8. Ensuring effective management, accounting, and budgeting for contingent liabilities, and debt sustainability (paras 95 and 48 Addis Agenda);
9. Alignment with national priorities and relevant principles of effective development cooperation (para 58 Addis Agenda).

Under the Addis Agenda which was concluded in 2015, three months before the 2030 Agenda, sustainable and resilient infrastructure is a key thematic area, since investments in transport, energy, water and sanitation are pre-requisites for achieving the Sustainable Development Goals. Infrastructure cross-cuts the seven Action Areas, including the public and private finance chapters of the Addis Agenda. Both traditional and new sources of financing – such as blended finance, defined as a combination of concessional public finance with non-concessional private finance and expertise from the public and private sector – must help fill the infrastructure gap.

Infrastructure finance is a key ingredient in sustainable development. Bridging the gigantic infrastructure gap of an estimated USD 1.5 trillion p.a. in developing countries[26] is urgent in light of the rising challenge of climate change and environmental as well as social sustainability. Goal 9 of the 2030 Agenda mentions resilient infrastructure[27], while Goal 17 Target encourages building on the experience and resourcing strategies of partnerships, including promoting effective public, public-private and civil society partnerships[28].

3.4. The Drivers for People-first PPPs

According to Geoffrey Hamilton[29] three factors had an important influence on the United Nations debates on infrastructure development. First, NGOs[30] strongly criticized the UN for

[26] https://developmentfinance.un.org/closing-the-infrastructure-gap

[27] Goal 9.a "Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States"

[28] Goal 17 Target 17 "Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships".

[29] Chief of the UN ECE International PPP Centre of Excellence, Geneva. Interviewed by author on 24 February 2021.

[30] Global Campaign Manifesto against PPPs led by around 150 non-governmental organizations from 45 countries in an open letter directed to the Economic and Social Council of the United Nations. Source: https://www.eurodad.org/PPPs-Manifesto https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/245/attachments/original/1588172270/PublicPrivate_partnerships_GLOBAL_CAMPAIGN_MANIFESTO.pdf?1588172270.

recommending PPPs instead of privileging public partnerships. Second, a UN DESA[31] Working Paper[32] questioned the fitness for purpose of PPPs to support the 2030 Agenda. Third, the 2030 Agenda itself brings a new ethos of a greener model for sustainable development, as there is rising awareness of the global footprint of built infrastructure[33] and the need for a transition to more sustainable and greener infrastructure.[34]

These factors drove the adoption of several concrete actions towards making PPPs more sustainable and resilient and for launching the concept of PfPPPs. In this line, several standards[35] proposed by the United Nations Economic Conference for Europe specialized Centers of Excellence in PPP have been formally endorsed by its member States. They include:

- The adoption of the ten Guiding Principles on People-first Public-Private Partnerships in support of the United Nations Sustainable Development Goals[36],
- Putting the Guiding Principles on People-first Public-Private Partnerships into practice[37]
- Standard on a Zero Tolerance Approach to Corruption in PPP Procurement[38]
- Concession for essential public services meeting the SDGs in LDCs and MICs[39]
- Involving reliable and independent experts to develop PfPPP in low- and middle-income countries[40] as well as PPP Standards in roads[41], in railways[42] and in renewable energy[43]

[31] United Nations Department of Economic and Social Affairs which gives guidance to governments on ways to use long-term infrastructure planning to save money, increase efficiency, and promote sustainability.

[32] DESA Working Paper No. 148 ST/ESA/2016/DWP/148 "Public-Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for purpose? by Jomo KS, Anis Chowdhury, Krishman Sharma and Daniel Platz https://sustainabledevelopment.un.org/content/documents/2288desaworkingpaper148.pdf

[33] International good practice principles for sustainable infrastructure, 24 February 2021, p.12. Source: https://wedocs.unep.org/bitstream/handle/20.500.11822/34853/GPSI.pdf

[34] United Nations Environment Assembly of the United Nations Environment Programme UNEP/EA.4/L.6, 13 March 2019, UNEP Resolution 4/5 Nr. 6: "*Encourages Member States and stakeholders, engaging both public- and private-sector interests, to collaborate to initiate and further support existing partnerships and alliances for promoting scientific research and clean technology development to support developing countries towards the transition to a more sustainable infrastructure as well as to find innovative ways of promoting sustainable infrastructure in order to achieve resource efficiency*".
Source: https://papersmart.unon.org/resolution/uploads/k1900873_0.pdf

[35] https://unece.org/ppp/standards

[36] https://undocs.org/ECE/CECI/2019/5

[37] https://unece.org/DAM/ceci/ppp/Standards/ECE_CECI_2019_07-en.pdf

[38] https://unece.org/DAM/ceci/documents/2017/PPP/WP/ECE_CECI_WP_PPP_2017_04-e.pdf

[39] https://unece.org/fileadmin/DAM/ceci/documents/2018/PPP/Forum/Documents/ECE_CECI_WP_PPP_2017_INF.3._Proposed_list_of_clauses.pdf

[40] https://unece.org/fileadmin/DAM/ceci/documents/2017/PPP/WP/ECE_CECI_WP_PPP_2017_INF.2.pdf

[41] https://unece.org/DAM/ceci/ppp/Standards/ECE_CECI_WP_PPP_2018_08-en.pdf

[42] https://unece.org/DAM/ceci/ppp/Standards/ECE_CECI_WP_PPP_2018_06-en.pdf

[43] https://unece.org/DAM/ceci/ppp/Standards/ECE_CECI_WP_PPP_2018_07-en.pdf

Model Legislative Provisions on PPPs, developed by the UN Commission on International Trade Law (UNCITRAL) in Vienna, were adopted by the UN General Assembly on 18 December 2019[44]. This legislative guide is the result of several years of international exchanges aiming at achieving a balance between facilitating PPPs and protecting the public interest; it clearly distinguishes « Concession PPP and non-Concession PPP »[45] scenarios.

The World Bank Group, in conjunction with other multilateral development banks have created the PPP knowledge lab[46] and PPP practitioners certification schemes[47] to share the learnings and analytical work undertaken in this field of PPPs.

The short history of PfPPPs already shows several innovative approaches to project procurement, with models and gamification to create awareness and better indicators, with the overall aim of reconciling the socio-economic, environmental and budgetary impacts of PPPs. For example,[48]

- The Global Project Assessment Method (GLOPRAM): a new tool to bridge the gap between cost-benefit analysis and budgetary decisions developed by V. Piron and J. Amar[49]
- The Public Fiscal Risk Assessment Model (PFRAM) a joint IMF and WBG tool[50]
- The InfraChallenge[51] an innovation competition that showcases technology-based solutions for more resilient infrastructure developed by the Global Infrastructure Hub, a G20 Initiative
- The PPP project preparation platform SOURCE[52] from the Sustainable Infrastructure Foundation
- The UN ECE 'Building Back Better' infrastructure award 2021[53]

3.5. Are We Delivering on Capacity Building?

As we have seen in the last two sentences of the above-mentioned paragraph 48, the Addis Agenda points strongly to the need for PPP capacity building.

It appears, however, that UN DESA, asked to hold annual meetings on infrastructure and to look into science and development in the 2030 Agenda, is focusing its policy analysis and advice mostly on countries' central banks rather than on engaging with the World Bank Group

[44] https://undocs.org/en/A/RES/74/183
[45] https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-10872_ebook_final.pdf
[46] https://pppknowledgelab.org/

[47] https://ppp-certification.com/

[48] List not exhaustive and merely to show the diversity of the holistic approaches of combinatorial innovation to infrastructure development and financing.

[49] http://www.gredeg.cnrs.fr/working-papers/GREDEG-WP-2020-55.pdf

[50] https://www.imf.org/external/np/fad/publicinvestment/pdf/PFRAM2.pdf

[51] https://infrachallenge.gihub.org/

[52] https://public.sif-source.org/

[53] https://unece.org/ppp/forum5/awards

or private sector investors to build better infrastructure for economic and social development. UN DESA could open its scope to incorporate PfPPPs in its remit, but cooperation with the World Bank Group is hampered.[54]

Many developing countries lack governmental capacity in the technical, economic, social, environmental, legal, financial aspects that are essential to properly channel PfPPPs. Capacity building is therefore needed to raise the ability of the public sector to deal with the complexities of these partnerships, which cannot be conveyed only through global fora for knowledge sharing. Some specific vehicles have been devised for this endeavor:

The African Legal Support Facility has created a dedicated Academy[55] that focuses on legal capacity building for officials, lawyers, academics and professionals. Several initiatives aiming at building capacity with the relevant stakeholders (e.g. PPP Units) have been launched to develop and implement partnerships for the SDGs. These are support organizations that want to develop their policies and strategies, but also to establish systems and processes, design legal agreements and create a collaboration culture.

The 2030 Agenda Partnership Accelerator[56] or the World Association of PPP Units & Professionals[57] (WAPPP) aim to harness the power of a global network to devise more sustainable and resilient PPPs. The Accelerator is a collaborative initiative of the UN DESA and The Partnering Initiative, in collaboration with United Nations Office for Partnerships, the UN Global Compact, and the UN Development Coordination Office that should significantly help accelerate effective partnerships in support of the SDGs.[58] WAPPP founded in 2018, on the other hand, aims at building capacity with relevant stakeholders (e.g. PPP Units, CSOs and private sector) in order to establish partnerships for the implementation of the SDGs. WAPPP brings PPP professionals from both the public and the private sector who are determined to drive a new generation of more sustainable and resilient PPPs together.

Good governance is a critical factor for PPPs performance. In this sense, the initiative of the German Institute for Cooperation (GIZ) that has aggregated around 90 rating platforms to measure sustainable infrastructure in an effort to increase transparency[59] is of great value. It is also an example of how more experienced countries can contribute to improve the practical operation of PfPPPs.

[54] The WBG accepted to be the custodian of the SDG 17.17.1 indicator to measure PPPs but has not lived up to its responsibility of defining a clear and sound indicator, as reported in the first section of this article.

[55] https://alsf.academy/

[56] https://sustainabledevelopment.un.org/PartnershipAccelerator

[57] https://wappp.org

[58] https://sustainable-infrastructure-tools.org/tools-index/

[59] https://sustainable-infrastructure-tools.org/tools-index/

Chapter Four

When Public-Private Partnerships Put People First

David Baxter

Abstract: Over the last few years there has been a growing concern that Public-Private Partnerships (PPPs) are not realizing their full potential as a tool for sustainable and resilient development. Against a backdrop of PPP skepticism, there is a growing sense that PPP projects should be augmented by a specific focus (and mention) of their intended beneficiaries, the people for whom they are being built for. Additionally, a people focus should be introduced to the regulatory (legal) frameworks that drive the desired outcomes of PPP projects. Recent events have also raised concerns about a sustainable path forward for PPPs in a post-pandemic and climate-change impacted world, resulting in calls for an additional focus on projects that are also "Future Proofed." This is where a People-First Public-Private Partnerships (PfPPPs) can play a significant role in guiding the path of future PPPs. PfPPPs can be perceived as a type of Public-Private Partnerships (PPPs) designed to implement the Sustainable Development Goals and as an enhanced approach for PPPs to overcome weaknesses in the way the traditional PPP model have been implemented. The concept is judiciously focused on PPPs on delivering desirable and necessary outcomes from infrastructure investment that focus PPPs on delivering "value for people" (UNECE). [60] This approach also can help address the increasing skepticism expressed by many about the value and purpose of PPPs.

Keywords: Climate change • risks • people first • future proofing • sustainability • resilience • economic development • SDGs • value for money • value for people • value for future

4.1. Missing Expectations

Over the last few years there has been a growing concern that Public-Private Partnerships (PPPs) are not realizing their full potential as a tool for sustainable and resilient development. In particular, there is an additional worry that PPP tools as a mechanism for measuring the achievement of country specific Sustainable Development Goals (SDGs), particularly Goal 17.17. and its indicator 17.17.1 -Amount of United States dollars committed to (a) public-private partnerships and (b) civil society partnerships – have not met expectations.

The recent pandemic and growing concerns for climate change have changed the socio-economic ecosystems within which PPPs are being implemented and this change is

[60] Follow link to read more about PFPPPs. https://www.uneceppp-icoe.org/people-first-ppps/what-are-people-first-ppps/

necessitating additional attention from PPP proponents when it comes to new priorities and stronger relationships between the public and private sectors, which need each other symbiotically to leverage their common resources for the common good of society at large.

Patricia Sulser[61] writes that $3.3. trillion will be required annually till 2030 to close the infrastructure gap globally. Moreover, it is projected that in developing countries around $1.5 trillion a year on infrastructure, the vast majority (80%) of which comes from the public sector, will have to be spent. Consequently, a vast infrastructure funding gap exists which can be bridged by PPPs, which ideally can enhance the scope, quality and timely delivery of basic public services and desperately needed infrastructure in the water and sanitation; energy (power); transportation; telecommunications; health; education, and waste management sectors for example.

4.2. PPPs for People?

The sincere intentions behind PPP projects, nevertheless, should be augmented by a specific focus (and mention) of their intended beneficiaries, the people for whom they are being built for. In most reports and documents prepared by donor and development institutions, mention of a people centric approach is more often than not, just a footnote reference falling under larger goals that hope to use PPPs as engines of growth that will reduce poverty.

The question has to be asked – "Do PPPs help the people that they are intended for and do they achieve people focused development goals?" The Heinrich Böll Stiftung[62] report titled - ***"History RePPPeated: How Public Private Partnerships are Failing"*** - points out that many PPP projects have been procured simply to circumvent budget constraints and to postpone the recording of fiscal costs. The report points out, that in ten projects that were evaluated, transparency in decision making was lacking and consultation with affected communities was lacking. This resulted in inequitable accountability that placed people's actual needs at risk. Of greater concern, is that the report revealed that projects which had good intentions often contributed to an increase in the divide between rich and poor; resulted in serious social and environmental impacts; impacted the life of vulnerable women; and negatively affected the environment.

Unfortunately, these observations of missed people focused objectives might not be the exception. We have to do better if we intend to use PPPs as a mechanism to achieve the SDGs with a people focus. This means that we need to explore how we can better incentivize PPPs as tools for social and economic infrastructure, while pragmatically recognizing the financial and other significant risks that PPPs can bring to PPP ecosystems, if their proponents lose their intended focus. The Heinrich Böll Stiftung strongly recommends that actions must be undertaken to support initiatives that seek the best financing method for PPP projects, those which are responsible, transparent, environmentally and fiscally sustainable, and in line with

[61] Susan O. Sulser – *Infrastructure PPPs in the most challenging developing countries: Closing the Gap*. IFLR. https://www.iflr.com/pdfsiflr/IFC-Book-May-17-2018.pdf
[62] Heinrich Böll Stiftung – *History RePPPeated: How Public Private Partnerships are Failing*. https://www.eurodad.org/historyrepppeated

human rights obligations.[63] This approach will require PPP best practices that include improving project governance, informed consultation, broad civil society participation, and ongoing project monitoring to ensure that people focus goals remain the focus of PPP projects throughout their life-cycle.

4.3. Lessons Learned

The Independent Evaluation Group (IEG) of the World Bank Group completed a lessons learned assessment on the World Bank Group's support of PPP in 2012.[64] Even though this report is nearly ten years old, lessons learned included the following still remain relevant. They are the following: (1) governments need more assistance from the World Bank Group in making strategic decisions regarding private sector participation and assessing fiscal implications of this collaboration; (2) broader stakeholder consultation should be undertaken: (3) and that PPP performance aspects including relevant user aspects needed attention. One can only assume that "relevant user aspects" includes the idea of consultation with the intended beneficiaries of PPP projects, the people impacted by the projects?

If greater commitments are made by donor and international financial development institutions to include people in the conversation, PPPs will have a more meaningful impact.

We should not dwell only on the failures of PPP to deliver. Sulser writes that - There have been many successful PPPs and there is still a good deal of confidence in the potential impact and Value for Money (VfM) of well-selected and well-structured PPPs, in the right conditions, to deliver the basic infrastructure and services required to improve lives in developing countries.[65] Examples that she highlights of successful projects include the Tajikistan Pamir Energy Project; The Senegalese Dakar-Diamniadio Toll Road; the Jordan Seven Sisters Energy projects; and the Ivory Coast Azito Independent Power Producing Project. There is evidence that the PPP delivery model has contributed to the United nations SDGS, specifically to SDG 6 – Education; SDG 4 – Affordable and Clean Energy: and SDG p – infrastructure including health, roads, rail, airports and ports.[66]

4.4. Are PPPs Delivering?

The IEG report writers asked the following question – Did PPPs deliver?

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[63] Heinrich Böll Stiftung – History RePPPeated: How Public Private Partnerships are Failing. https://www.eurodad.org/historyrepppeated

[64] IEG World Bank Group – World Bank Group Support to Public-Private Partnerships: Lessons from Experience in Client Countries. https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/ppp_eval_updated2.pdf

[65] Susan O. Sulser – Infrastructure PPPs in the most challenging developing countries: Closing the Gap. IFLR - https://www.iflr.com/pdfsiflr/IFC-Book-May-17-2018.pdf

[66] Susan O. Sulser – Infrastructure PPPs in the most challenging developing countries: Closing the Gap. IFLR - https://www.iflr.com/pdfsiflr/IFC-Book-May-17-2018.pdf

The following conclusions were reached. PPPs are largely successful in achieving their development outcomes and more than two-thirds of PPPs were successful. Of 176 IFC-supported PPPs, most showed a very high development outcome ratings, with 83 % of them being rated satisfactory or better. However, a full pass was not given. It was recommended that PPPs need to be measured in a more multifaceted measure to share light on access, pro-poor aspects, and quality of service (for people). However, a outcomes determination weakness was identified – the shortage of data to make these assessments. It was pointed out that existing monitoring and evaluation systems are primarily focused on PPP's business performance and that the least data is available on pro-poor and fiscal effects of PPPs, in essence impacts on people. It was recommended that there is an urgent need to introduce a more systematic way of monitoring PPPs that captures the end-user aspects of PPPs, and to better assess the breadth of PPP effects, especially when it comes to determining if PPP access to the poor was beneficial. This observation is most certainly not just a World Bank Group phenomenon.[67]

4.5. People Are An Undervalued PPP Attribute

It is interesting to note that although there is tacit concern about PPP performance and their there is inferred recognition that the focus on people is still underserved as a valued added attribute. Due to this oversight, a people focus should be introduced to the regulatory (legal) frameworks that drive the desired outcomes of PPP projects.

Increasing concerns about a sustainable path forward for PPPs in a post-pandemic and climate-change impacted world calls for more focus on projects that are "Future Proofed[68] which implies projects that are more sustainable and resilient. In a PPP survey completed in June 2020, PPP practitioners around the world had the opportunity to opine on their perceptions of the impact of PPP on the future of PPPs.[69] Common responses included the following; projects that have an immediate impact on economic growth should be considered; resilient and sustainable projects should be a priority for the future; and people friendly projects that generate employment opportunities are needed. These responses are aligned with an emerging trend or desire among PPP proponents and practitioners globally that PPPs should have high level of relevance and should focus on people. Additionally, calls were made for streamlining and introducing mandatory planning, procurement and implementation of future PPP projects - with specific recommendations for improved assessments of project feasibility, VfM, value for people (VfP), value for the future (VfF), sustainability, and resilience; enhanced project

[67] IEG World Bank Group – World Bank Group Support to Public-Private Partnerships: Lessons from Experience in Client Countries - https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/ppp_eval_updated2.pdf

68 Five Pillars for Public-Private Partnership (PPP) Resilience - https://www.linkedin.com/pulse/five-pillars-public-private-partnership-ppp-david-baxter/ and Future-Proofing Resilient PPPs https://blogs.worldbank.org/ppps/future-proofing-resilient-ppps

[69] 157 PPP Practitioners from 69 Countries Share their Insights on the Status of PPPs in the Pandemic Epoch. https://www.linkedin.com/pulse/157-ppp-practitioners-from-69-countries-share-insights-david-baxter/ Since the publication of this article responses have been received from 70 countries and 162 practitioners.

selection criteria that are tied to sustainable development goals; and enforcement of robust streamlined feasibility studies that will allow the selection of meritorious, viable and resilient projects. This also included a call for an action that would redefine PPP priorities that will focus on economic recovery and achievement of the SDGs.

4.6. Mitigating PPP Community Skepticism

The European PPP Expertise Center (EPEC) has highlighted PPP motivations and challenges for the public sector, much of which is centered around skepticism of PPPs. [70] To mitigate these concerns, EPEC calls for transparency and greater stakeholder involvement in managing PPP communication and managing public acceptability of PPPs; matching long-term benefits to long-term funding; and public sector reforms regarding project delivery. These observations mirror views raised by other organizations as well as respondents to the June 2020 survey. Sulser also raised similar concerns in her report.[71] She pointed out how important it is for governments and the private partner to engage with the public (people) broadly to secure buy-in for projects, and specifically with local communities affected by the actual development. This approach would also require consistent and sustained community engagement and support from project inception and design to implementation and operation. Sulser reinforces the underlying idea why we should be doing PPPs, the primary reason being implementing PPP projects that are about delivering assets and services to the public through community engagement with the public to secure buy-in to the project, and to mitigate the impacts on local communities affected by the actual proposed PPP development.

4.7. A New Paradigmatic Approach to PPPs – Including VfP and VfF

So how do we paradigmatically engage with people and introduce people into the assessment and selection of PPP projects? Primarily, extra due diligence is needed to ensure that PPPs are prioritized and aligned with the SDGS and are not launched as irrelevant "vanity" projects that ignore people's actual needs and defeat the purpose of using PPPs as meaningful economic development tools. This need has become even more important in the pandemic era we find ourselves as well as a world that is increasingly becoming vulnerable to adverse environmental events.

We need to explore ways to leverage the principle of "Value for Money" (VfM) which "theoretically" underlies all PPP assessments and decision-making. Traditionally in VfM assessments the PPP benefits need to outweigh the costs of doing the project in another way. On the other hand, the intention of a VfM assessment should also help determine whether the

[70] EPEC – PPP Motivations and challenges for the Public Sector.
https://www.eib.org/attachments/epec/epec_ppp_motivations_and_challenges_en.pdf
[71] Susan O. Sulser – Infrastructure PPPs in the most challenging developing countries: Closing the Gap. IFLR - https://www.iflr.com/pdfsiflr/IFC-Book-May-17-2018.pdf

project will result in a net positive gain to "society" which is greater than that which could be achieved through any other type of procurement practice. Unfortunately, the definition and scope of VfM varies and can lead interpretations of assessments that do not serve the stated intent of the project proponents and undermine confidence in PPPs. Something extra is needed and this includes considering supplementary factors such as "Value for People" (VfP) and "Value for the Future' (VfF). These additional concepts do not invalidate or undermine VfM assessments, but add to it and leverage its due diligence efficiency. Combined, they can introduce great rigor to PPP assessments that will lead to greater project sustainably and resilience thereby strengthening projects against future shocks. This "future proofing" of projects will lead to projects that have positive impacts on people - if they are consulted and their actual needs are considered.

4.8. People-first Public Private Partnerships (PfPPPs)

This is where a People-First Public-Private Partnerships (PfPPPs) can play a significant role in guiding the path of future PPPs. PfPPPs as a value-added approach to implementing sustainable and resilient PPPs was developed by a working group affiliated with the United Nations Economic Commission for Europe (UNECE) PPP Center of Excellence located in Geneva. According to UNECE, PfPPPs can be perceived as a type of Public-Private Partnerships (PPPs) designed to implement the Sustainable Development Goals and as an enhanced approach for PPPs to overcome weaknesses in the way the traditional PPP model have been implemented. The concept is judiciously focused on PPPs on delivering desirable and necessary outcomes from infrastructure investment that focus PPPs on delivering "value for people" (UNECE). [72] This approach also can help address the increasing skepticism expressed by many about the value and purpose of PPPs.

Five desired PfPPP outcomes have been identified by UNECE that address many of the shortcoming identified in the preceding sections of this article section. [73] They include the following –

- Increasing access to essential services and lessen social inequality and injustice.
- Enhancing resilience and responsibility towards environmental sustainability.
- Improving economic effectiveness and sustainability.
- Promote replicability and the development of further projects to meet the transformational impacts required by the 2030 Agenda for Sustainable Development.
- Fully involving all stakeholders in the projects.

Ten guiding principles were also identified by the UNECE working group.[74] They include –

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[72] Follow link to read more about PFPPPs. https://www.uneceppp-icoe.org/people-first-ppps/what-are-people-first-ppps/

[73] What are People-first PPPs. https://www.uneceppp-icoe.org/people-first-ppps/what-are-people-first-ppps/

[74] Guiding Principles on People-First Public-Private Partnerships (PPPs) for the United Nations Sustainable Development Goals (UN SDGs).

- Principle 1: Building into infrastructure strategies the People-first transformative agenda, making sure that peoples' needs are listened to
- Principle 2: Delivering more, better, simpler People-first projects by joining up government and allowing cities and other local levels to develop projects themselves
- Principle 3: Increasing officials' skills in delivering People-first projects, particularly ensuring that governments know how to better empower women in projects as well as encouraging the private sector to contribute to the necessary transfer of skills
- Principle 4: Making more inclusive policy and legal frameworks that allow for active engagement of communities and focus as well on a zero-tolerance approach to corruption
- Principle 5: Disclosing more information about projects to society especially on the commitments made to various partners in the project
- Principle 6: De-risking projects by providing more predictability in the enabling environment
- Principle 7: Setting out clearly the projects' selection criteria to promote "Value for People" so that the best People-first projects can be selected
- Principle 8: Making environmental sustainability a key component of evaluating, awarding and implementing PfPPP projects
- Principle 9: Ensuring that blended financing catalyzes private partners to invest in People-first projects
- Principle 10: Avoiding dept traps by ensuring the fiscal sustainability of People-first projects and the transparency of fiscal policies

4.9. The Need for An Enabling Environment and Tools

Implementation of these ideas cannot take place in a vacuum and without champions. Therefore, the working group is also developing international best practices in PPP programs with the objective of creating a policy document that will guiding governments in the transparent selection process of a model approach.[75] This has great potential in improving the enabling environment of PfPPPs and boosting their adoption legally.

Apart from a policy and best practice documents, UNECE and its collaborators have recognized the need for a PfPPP tool that can assess whether proposed projects are really adopting people first principles, inclusive of VfM, VfP, and VfF. The tool is composed of an evaluation (self-assessment) and possibly a certification scheme that could be certified by UNECE. A final decision has not yet been made regarding the certification scheme and who and if it would be supervised by UNECE..

The Evaluation Methodology (self-assessment) consists of three elements:[76]

- Benchmarks and evaluation criteria that demonstrate achievement in each of the five People-first PPP outcomes

https://unece.org/fileadmin/DAM/ceci/documents/2018/PPP/Forum/Documents/Revised_Guiding_Principles_for_People-first_PPPs_in_support_of_the_UN_SDGs-Part_I.pdf

[75] https://www.uneceppp-icoe.org/people-first-ppps/what-are-people-first-ppps

[76] UNECE Self-Assessment Tool - https://unece.org/ppp/forum5/docs/sat

- A weighting and ranking of these outcomes along with other issues pertinent to scoring
- A scoring system that can provide various stakeholders with the evaluations needed to revise and adjust their project designs and operations to make them more compliant with the People-first outcomes and the SDGs.

The certification or validation scheme assess the compliance and alignment of proposed projects with the UN SDGs. To get a People-first PPP designation, applicants (government entities, the private sector, lenders, civil society organisations) need to demonstrate that the project complies with the UNECE PfPPP evaluation methodology. The model will be based on similar existing certification / validation schemes and will include a series of checks and balances to ensure the scheme is credible, reliable, accessible without excessive bureaucracy, while at the same time complying with the United Nations rules and regulations (UNECE).[77]

4.10. Quantifying future proofing of PPP projects

As pointed out before, there is a need to determine and quantify how "future proofed" PPP projects are quantified. A quantified approach called GLOPRAM has been developed and is addressed in the previous section[78]. The debate on the concepts of people friendly PPPs that are future proofed is gaining momentum. This debate has resulted in calls for a broader focus on quantifiable VfM assessments by calling for additional focused assessments that leverage VfM assessments through the inclusion of an enhanced VfP and VfF assessment. This is in effect, an expanded strategy to mitigate future unknown future negative impacts on PPPs and on people who rely on them. This will ensure that future PPPs can be more resilient than current PPPs which have been shown to be extremely vulnerable to unpredictable adverse events of enormous scale, such as the global pandemic.

Dr. M. Turró (professor of the Civil Engineering School of the Polytechnic University of Catalonia (UPC, Barcelona)) and Dr. D. Penyalver (senior researcher at CIMNE/CENIT International Centre for Numerical Methods in Engineering of the UPC, research group for innovation in transport) have created and developed the Intergenerational Redistributive Effects Model or IREM which quantifiably models objective and unambiguous indicators of VfP and VfF of projects.

This is an important development that in collaboration with UNECE and associated PfPPP working groups will help introduce quantifiable and qualitative rigor to VfP and VfM assessments, thereby allowing PPP practitioners to elevate VfM assessments to a new level. This will lead to more informed decision-making that in turn will lead to the selection PPP projects that truly have the potential to deliver a "people focus" to future PPP projects. This development will help mitigate the scepticism that exists around PPPs and help countries achieve their SDGs though sustainable and resilient projects than serve people and which can be embraced by people.

[77] Source: https://www.uneceppp-icoe.org/people-first-ppps/what-are-people-first-ppps
[78] The Global Project Assessment Method (GLOPRAM): A new Tool to Bridge the Gap between Cost-Benefit Analysis and Budgetary Decisions. http://www.gredeg.cnrs.fr/working-papers/GREDEG-WP-2020-55.pdf

The following chapter explores the importance of Environmental, Social and Governance (ESG) factors in further addressing PPP skepticism.

Chapter Five

PPPs and ESG

Ziad Alexandre Hayek

Abstract: This article explores the growing importance of Environmental, Social, and Governance (ESG) factors in the international capital markets and why it is important for PPP units and other government agencies involved in designing and tendering PPP projects to integrate ESG in all the phases of their work, to get their projects rated for ESG by specialized rating agencies, if they are to reduce their dependence on multilateral development banks and access the large pool of funding available in the market. The long-term ability of countries to bridge their infrastructure financing gap will depend increasingly on their adoption of ESG and on using it to achieve their SDG targets.

Keywords: ESG • environment • social responsibility • governance • people first • sustainability • economic development • SDGs • capital markets • rating agencies

5.1. PPP as a Tool for Development

Public-Private Partnerships have long been viewed by governments, private companies, and multilateral development banks alike, as a tool for the public procurement of infrastructure. Unfortunately, an international organization willing to champion an alternative and more modern view of PPP as a tool for development – and, where best practices are followed, a tool for sustainable development was slow to emerge. Born out of the regular gatherings of the United Nations Economic Commission for Europe Working Party on PPP in Geneva, and firmly committed to assisting with the achievement of the SDGs, WAPPP is now striving to do that.

5.2. The importance of ESG

While the concepts of People-first PPP and the G20 Principles for Quality Infrastructure Investment have made significant inroads in the PPP and infrastructure development communities, it is the parallel concept of Environmental, Social and Governance (ESG) factors, which has gained the most traction in the world's capital markets. It is very important, therefore, for PPP Units and other public sector entities to be aware of ESG developments and to design, structure, and tender projects, which are ESG-compliant in order to access capital markets financing.

A 2019 survey by Morgan Stanley Institute for Sustainable Investing[79] found that 85% of US investors of all ages, and 95% of millennials[80], are increasingly interested in sustainable

[79] Morgan Stanley Institute for Sustainable Investing: Sustainable Signals -- The Individual Investor Perspective (2019). https://www.morganstanley.com/pub/content/dam/msdotcom/infographics/sustainable-investing/Sustainable_Signals_Individual_Investor_White_Paper_Final.pdf

[80] People born between 1981 and 1996, according to the Pew Research Center.

investing. This represents an increase of almost 10 percentage points from 2017. Already at the start of 2018, according to the report of the Global Sustainable Investment Alliance[81], global sustainable investment had exceeded USD 30 trillion. A McKinsey & Company survey, completed in 2019, indicated that 83% of C-suite leaders and investment professionals say they expect that ESG programs will contribute more shareholder value in five years hence[82]. According to the Sustainable Stock Exchanges Initiative, 55 exchanges around the world have now adopted and published ESG guidelines.[83] Some 3,726 entities have signed the UN Principles for Responsible Investment, among them 601 Asset Owners.[84] EMPEA Global Limited Partners Survey found, in 2019, that the only upward trending priority among emerging markets private equity investors is ESG compliance.[85] And, finally, to illustrate, the CEOs of both Amundi and BlackRock, among the largest asset managers in Europe and the US, respectively, have indicated that they aim to have all their investments be ESG compliant in the future.

Ratings are another driving force behind the increased interest in- and commitment to- ESG. Both the large, global rating agencies, like S&P Global Ratings and Fitch Ratings, as well as some niche ones have become much more active in rating companies and projects. Some of those ratings providers are shown in the following table:

[81] http://www.gsi-alliance.org/wp-content/uploads/2019/06/GSIR_Review2018F.pdf
[82] https://www.mckinsey.com/business-functions/sustainability/our-insights/the-esg-premium-new-perspectives-on-value-and-performance?cid=other-eml-alt-mip-mck&hlkid=094ec1bbb13d4919b7c3bafc62255319&hctky=11800218&hdpid=49151918-fa5e-40af-b158-779aec1aeafc
[83] https://sseinitiative.org/esg-disclosure/
[84] https://www.unpri.org/signatories/signatory-resources/signatory-directory
[85] https://www.empea.org/app/uploads/2019/05/2019-lp-survey-final-web.pdf

Company	Indices[2]				Ratings[3]				Ranking[4]	Investment Funds	Proxy Voting
	ESG	E	S	G	ESG	E	S	G	ESG	Other Services	
Market											
Bloomberg	✓	✓	✓		✓	✓	✓	✓			
FTSE Russell	✓	✓			✓	✓	✓	✓			
MSCI	✓	✓	✓		✓	✓	✓	✓			
Thomson Reuters	✓	✓	✓	✓	✓	✓	✓	✓			
ESG-Exclusive											
Arabesque					✓	✓	✓	✓		✓	
Covalence	✓				✓	✓	✓	✓	✓		
CSRHub					✓	✓	✓	✓			
Ethos				✓	✓	✓	✓	✓		✓	✓
Inrate		✓			✓	✓	✓	✓			✓
Oekom Research	✓				✓	✓	✓	✓	✓		
RobecoSAM	✓	✓			✓				✓	✓	✓
Sustainalytics	✓	✓	✓	✓	✓	✓	✓	✓	✓		
VigeoEIRIS	✓				✓			✓	✓		
Specialized											
ISS/IW Financial					✓			✓	✓		✓
CDP		✓				✓					
RepRisk					✓				✓		

Table 5.1: Responsible Investing: Guide to ESG Data Providers and Relevant Trends[86]

And the last reason, but not least, to be interested in ESG is the fact that, as of 17 February 2021, 116 of the world's largest and most powerful financial institutions, located in 37 countries, have adopted the Equator Principles,[87] which largely track their ESG cousin concepts. Among the signatories to the Equator Principles are all the major multinational development banks.

Of course, such interest in ESG is not purely benevolent and altruistic. It is anchored in a growing understanding among investors that longer-term investments can be much more lucrative if the companies and projects they relate to are based on sound environmental and social grounds and if their governance is follows long-established best practice.

5.3. Why An Interest in ESGs?

Having stated all the above, the question becomes: "Why should PPP practitioners, especially public sector PPP units and infrastructure agencies, be interested in- or concerned with- ESG?" The obvious answer is that by making their projects ESG-compliant, public sector entities can access larger pools of funding for their projects. Most such entities in developing countries are not used to accessing the capital markets. They find it easier to work with multilateral

[86] Responsible Investing: Guide to ESG Data Providers and Relevant Trends (adaptation from Douglas et al., 2017) https://cbey.yale.edu/sites/default/files/Responsible%20Investing%20-%20Guide%20to%20ESG%20Data%20Providers%20and%20Relevant%20Trends.pdf

[87] www.equator-principles.com/members-reporting/

development banks as a one-stop shop. The MDBs provide the complete array of advisory services, credit enhancement tools, and project financing. In addition, they often lobby the Minister of Finance and other Government officials to have PPP Units use their services. It is, therefore, understandable that public sector entities prefer to work with the MDBs. However, they may be doing themselves a disservice when they do not fully consider private sector alternatives. Not only does having multiple teams of advisors with multiple types of background and experience help diversify and enhance the experience of the staff of the PPP Unit, and introduce different ways of approaching and solving problems, but it does also open doors to multiple pools of funding. In an environment where the needs for financing infrastructure far exceed the ability of traditional funding sources to meet them, every additional means of financing becomes important, even if it were at the margin.

Finally, MDB-backed projects need to conform to the Equator Principles. It is not a far distance from there to meeting ESG standards and qualification, but some additional work and effort is required, as we detail below.

5.4. The Onus is on the Public Sector

"PPP projects are generally conceived, designed, and tendered using an approach more akin to awarding construction projects. Only the very basic human, social and environmental requirements are usually taken into consideration, [and] it is typical, for instance, that the full environmental and social impact assessment (EISA) be left to the winning private sector bidder to conduct, post contract award."[88] One reason for that is that PPP units, especially in emerging markets, often lack the funding necessary for project preparation. Another reason is that PPP units are generally under extreme pressure from their Government to deliver quickly on promised projects. Indeed, political decision makers are rarely aware of PPP best practices and usually consider any arguments for good and methodical project preparation as excuses for inefficiency. This is not only detrimental to a project meeting ESG requirements. It tends to be, in effect, among the leading causes for PPP project failure overall. The negative impact of poor project preparation on the success of PPP projects and, indeed, on the long-term adoption and execution of a country's PPP pipeline cannot be overemphasized.

Because governments, in the best circumstances, have focused on value-for-money and treated PPP as a public procurement tool, they have neglected the ESG/PfPPP/QII dimension, especially when it comes to consulting all stakeholders. Policy makers and implementing agencies have often behaved as though they know best and treated all criticism of the project design as a criticism of the project itself. They have also shown little interest in taking the time to do things right, to produce and analyze all project-impact information, to consider the capital markets as a viable financing alternative, and to therefore work with rating agencies.

Indeed, most public sector entities involved in PPP projects around the world, and especially in emerging markets, are not familiar with some of the tools available to them for proper project ESG assessment. The table below is an indicative collection of such tools:

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[88] Ziad Alexandre Hayek, ESG Financing for PPP Projects presentation to UNESCWA, November 2019 (https://www.unescwa.org/sites/www.unescwa.org/files/events/files/esg_financing_for_ppp_projects.pdf)

	Name	Types of Assets	Primary User Type(s)	Methodology	Output(s)
Evaluation Tools	GRESB Infrastructure Asset Assessment	Energy, Water, Waste, Transportation, Telecom, Data, Social, Real Estate	Financial Investors, Managers, Operators	• User-provided data • Point scoring system • Validation • Peer benchmarking	**Rating:** Absolute score (out of 100), peer and overall rankings , Scorecard and Benchmark Report
	Envision	Energy, Water, Waste, Transportation, Landscape, Information	Procuring Entities, Developers	• User-provided data • Publicly available point scoring system	**Certification:** Bronze, Silver, Gold, and Platinum levels
	SuRe	Energy, Water, Waste, Transport, Communication, Social, Food Systems, Mining	Procuring Entities, Developers, Financial Investors	• User-provided data • Publicly available achievement scoring system	**Certification:** Bronze, Silver, and Gold levels
	RepRisk	34 sectors (including beyond infrastructure)	Companies, Investors, Governments, NGOs	• Media scanning • Private point scoring system and rating system	**Score or Rating:** RepRisk Index score or RepRisk Rating (AAA-D)
	CEEQUAL	Infrastructure, civil engineering, public spaces, and landscaping	Governments, Developers/Designers	• User-provided data • External validation and scoring	**Score and Rating:** Assessment score (percentage out of 100%) and award (excellent, very good, good, pass)
	ISCA Tools (Planning, Design & As-Built, and Operations)[xvii]	Energy, Water, Waste, Transportation, Information	Governments, Developers/Designers, Operators/Owners	• User-provided data • External validation and scoring	**Score and Rating:** Assessment score (out of 100) and rating (Bronze, Silver, Gold, Platinum, and Diamond)
Valuation Tools	SAVi	Energy, Buildings, Roads, Water, Natural Capital (under development)	Procuring Entities, Financial Investors	• System dynamics modeling • Project finance modeling	**Financial Impact:** Cost benefit analysis, gross margin, net present value, value for money, internal rate of return, credit ratio
	TREDIS	Transportation	Procuring Entities, Developers	• Regional economic and transportation modeling • Project finance modeling	**Financial Impact, Market Access:** Cost benefit analysis, project finance analysis, economic development impact
	Autocase	Buildings and Project Sites	Procuring Entity, Developers	• Economic analysis modeling	**Financial Impact:** Cost benefit analysis, net present value
	Zofnass Economic Process Tool	Energy, Water, Waste, Transport, Landscape, Information	Procuring Entity, Developers	• Economic analysis modeling (based on Envision framework)	**Financial Impact:** Cost benefit analysis, net present value

Table 5.2: Valuing Sustainability in Infrastructure Investments: Market Status, Barriers and Opportunities A Landscape Analysis
(Source: WWF Switzerland and Cadmus Group, March 2019)

Clearly, every means to facilitate the work to achieve ESG compliance is available. It remains to see whether the will to use it exists.

5.6. Conclusion

Finally, it should be noted that MDBs bear partial responsibility for the lack of progress on having emerging markets PPP projects comply with ESG requirements and access the international capital markets. Of course, many will refute this statement, and will give many reasons why this has not been done. Many others will even assert that there is no private capital markets financing available for such projects, thus disregarding the fact that pre-WWII and pre-MDB history abounds with such financing and many projects today do find their way to the international equity and fixed income markets. MDBs have simply not tried to push governments in that direction and have instead relied consistently on their own ever larger budgets. Worse yet, “they have sometimes disregarded the Governance side”[89] of ESG and have turned a blind eye to corrupt practices related to project design and tendering. Their excuse is usually that the project is too important for the country and its people to let “minor” issues stop them from pushing ahead with it. Of course, everyone knows how many projects, which have disregarded best practices, especially zero-tolerance of corruption, have unfortunately ended up as failed projects that have tarnished the reputation of public-private partnership.

[89] Ziad Alexandre Hayek, ESG Financing for PPP Projects presentation to UNESCWA, November 2019 (https://www.unescwa.org/sites/www.unescwa.org/files/events/files/esg_financing_for_ppp_projects.pdf)

Chapter Six

Intergenerational Redistributive Effect in Value for People and Value for the Future

Domingo Penyalver and Mateu Turró

Abstract: This chapter emphasizes the importance of following a rigorous methodology in assessing the convenience of major infrastructure projects to society and their contribution to attain the Sustainable Development Goals (SDGs). In addition to the outputs obtained from cost-benefit and financial analyses, the redistribution effects that may arise from infrastructure development and the intergenerational redistributive effects stemming from the financial structuring of the project - a critical component of any PPP, should be assessed in order to get indications on the Value for People and the Value for the Future of the project. These two concepts would be included in the evaluation of the contribution of the project to the sustained welfare of society under the UNECE vision of People First Public-Private Partnership (Pf-PPP).

Keywords: Value for the future • value for people • intergenerational redistribution • stakeholder effects matrix • IRAM model

6.1. Introduction

Major infrastructure projects mobilize a great amount of economic resources during very large timespans. In the energy sector, for example, nuclear power plants may extend their production well beyond a theoretical service life of 50 to 75 years, when they will be decommissioned with high costs. As a consequence of their long life-cycles, the execution and operation of these infrastructures generate significant social, territorial and environmental effects that are of concern to multiple generations. The decisions to invest the great amount of resources that must be mobilized are, therefore, necessarily linked to a multiple set of objectives and are inevitably complex. The procedures used in their appraisal by their public sector promoters are, however, relatively simple and, quite often, driven by political interests that are not properly integrated in their project assessment. Generally, the socioeconomic evaluation of these projects through cost-benefit analysis (CBA), which essentially focuses only on efficiency in the use of resources, is the more widespread and consolidated practice in many countries to highlight their viability and is used to appraise projects presented to them for financial support by funding bodies, such as the EU (EC, 2014) or the *International Financial Institutions (IFIs)* (Turró M. , 2010).

The outcomes of the standard socioeconomic CBA give an indication of the capacity of the project to generate net benefits, in terms of resources, for the society of the time when the decision must be taken. A substantial problem in the use of CBA indicators as a main decision-making tool is that, in some cases, there are important effects that cannot be properly quantified and/or monetised or which are controversial. Environmental impacts, for instance, are given economic values that are increasingly precise (Cavill, Kahlmeier, Rutter, Racioppi, & Oja, 2008; Vandermeulen, Verspecht, Vermeire, Van Huylenbroeck, & Gellynck, 2011), but some of them, such as those for greenhouse gases emissions, seldom obtain consensual monetization. Other effects of infrastructure projects, such as their impact on regional development, are also difficult to incorporate in the CBA. Besides, most project appraisals do not provide information about its effects on the various social groups, or stakeholders, that will benefit from, or in some cases, be harmed by the project. CBA methodology typically focuses on the project's utility for users (efficiency benefits), despite the fact that major investments in infrastructure generally entail impacts of a social, environmental and territorial nature over and above user benefits. The unequal distribution of costs often means that the negative impacts for certain stakeholders are left without proper compensation causing "redistribution effects" that often recognize opposition to the project.

The time dimension of traditional economic and financial tools is dealt through a discounting mechanism that reduces the effects of future costs and benefits. What such discounting does is to bring those project outcomes that can be monetized to values that are valid from the perspective of the current generation. This mechanism used in CBA is practical for decision makers because they can get standardized insights on the convenience of different projects for the actual society that they are managing. Financial CBA, in particular, is adequate for private investors, who, by nature, are more interested in the project's financial returns and in comparing it with other market alternatives, than in sustaining/enhancing the welfare of individuals and local communities over the years. The point is that large-scale infrastructure projects typically unfold over decades and, as a consequence, they potentially affect the well-being of individuals who cannot directly participate in the decision-making process because they are too young or even unborn and whose future costs and benefits are severely curtailed by the CBA discounting procedure. Due to indivisibilities and economies of scale, infrastructure projects are often too large and too expensive to be exclusively focused on the view of the generation in which the decision is taken. It is fair, in any case, to distribute the financial burden of the investment in relation to the benefits generated over the full lifecycle of the project. The adopted pricing model, but also the postponement of the expenses linked to the execution of the project through loans, which is characteristic of most major investments, will have an impact on successive (overlapping) generations, either as users or taxpayers. It seems logical, therefore, to compare, generationally the gaps between benefits and costs to ensure that there is a fair distribution of them over the years.

The intergenerational redistributive effects are of particular interest for the UNECE vision of "putting people first". Current socioeconomic CBA is based on the timing of the use of resources and does not consider when they are really paid. Establishing the project's value for people upon sustainable development principles implies to search for a fair balance, over the years, between the project's net benefits and the concomitant financial burden that users and taxpayers end up actually paying as a consequence of the financial structuring of the project (Turró & Penyalver, 2019). This is the main reason for which infrastructure stakeholders who are sensitive to sustainable principles should ask themselves if the investment strategy adopted for the project is fair to future generations in terms of how costs and benefits are actually distributed.

6.2. Main Difference Between *VfM*, *VfP* and *VfF*

The main focus of the *Value for Money (VfM)* assessment is on maximizing the satisfaction of the project stakeholders with its outputs, a dimension directly related to basic aspects of the project (quantity, quality, costs, deadlines, risks, etc.), while attempting to limit public expenditure. It can be argued that the *VfM* framework is suited for achieving an adequate balance between, on the one hand, efficiency and getting results on time and, on the other, the use of public money. This means, in practice, that *VfM* is essentially bound to the project users and to immediate timescales. If Sustainable Development Goals (SDGs) and Paris Agreements' targets are to be adopted, it is critical to overcome the *VfM* paradigm in public investment appraisal, essentially because these targets require to align the project's effects on individuals, communities and the environment with the long-term vision of sustainability principles.

When a large investment in infrastructure is undertaken, it is important to go beyond the analysis of the financial hypotheses used to assess the potential impacts of project risks in terms of *VfM*. Even with positive *VfM* outcomes, projects showing a combination of modest usefulness from a socioeconomic point of view –according to CBA outputs– and inappropriate financing formulae may result in redistribution effects that are very unfair, even regressive, for specific social or territorial groups or for future generations (Penyalver, Intergenerational Redistributive Effects due to the Financing Formula of Investments in Transport Infrastructure. A Microeconomic Analysis (Domingo Peñalver Rojo -Penyalver, D.-, doctoral thesis), 2019).

PPP arrangements, in particular, may have heavy implications for citizens in general and for users and/or taxpayers compared to conventional public procurement (Flinder, 2005; Ashton, Doussard, & Weber, 2016), but PPPs may also be conducive to differences in the distribution of positive and negative effects among stakeholders. In all cases, however, the financing formula chosen to carry out the project has the potential to strongly affect the relation between the actual payments and the benefits apprehended over time by the individuals concerned (Penyalver, Turró, & Zavala-Rojas, Intergenerational Perception of the Utility of Major Transport Investments, 2018). A serious imbalance in this relation could severely affect some of the objectives that may be included in the initial considerations for the realization of the project, notably those that require relevant periods of time to come to fruition as, for example, economic growth, poverty alleviation, inequality reduction, etc.

The best way to address the interests of people in undertaking infrastructure projects is to carry out investments of proven economic efficiency while using the most adequate management and financial packages, but always paying adequate attention to equity issues (Penyalver, Intergenerational Redistributive Effects due to the Financing Formula of Investments in Transport Infrastructure. A Microeconomic Analysis (Domingo Peñalver Rojo -Penyalver, D.-, doctoral thesis), 2019). In this sense, the "people first" approach embraces aspects related to how citizens, as potential users and taxpayers, could be affected by the project and tries to ensure that positive and negative effects are fairly or, at least, evenly distributed. A stakeholders/effects matrix (SE Matrix) can be particularly useful to visualize the expected outcomes of the project and to assess it in terms of *Value for People (VfP).* A suitable disaggregation of the effects by social and territorial (i.e. various administrations) groups provides information on whether the net benefits directly linked to the investment are enough to compensate the actual financial burden that users and/or taxpayers will have to bear during the project's lifespan. This quantified information will be instrumental in establishing the fairness of the distribution among different stakeholders of net socioeconomic and financial benefits as well as other effects, such as externalities with differential impacts on people. Such distribution becomes therefore an essential factor in the assessment of the *VfP*.

To establish the *Value for the Future (VfF)* of a project, decision makers will need information on whether the financing formula will contribute to enhance/sustain the well-being of the successive generations. This will depend on the obligations derived from the formula. The use of aggressive financing models may lead to direct impacts on certain generations. For instance, the use of bullet loans may probably lead to an increase of fiscal pressure and a cut in social services when the loan has to be reimbursed, even if it is replaced by a new one. In general, payment postponements must be carefully analyzed to avoid penalizing future generations. Public debt, already at its highest level in many countries, cannot be considered immune to future impacts. On the other hand, when PPPs are financially structured through an inadequate funding of the private partners, the potential impacts of bankruptcy on specific generations may be substantial. In any case, the *VfF* must provide good knowledge of the potential impacts of the financing formula on forthcoming generations to reduce the possibility of regressive intergenerational impacts.

For institutional investors and private investors concerned with their corporate social responsibility, *VfP* and *VfF* should be better understood as inputs in their investment strategies. They are increasingly keen to prioritize projects with potential for enhancing the living conditions of persons and local communities who are not necessarily users/customers, but they should do so without entailing any additional risk and without being unfair to future generations. In short, when "putting people first", both public and private investors can establish a more balanced relation between socioeconomic benefits and financial impacts, and this would result in healthier and more sustainable economic development, more inclusive economies and higher political stability.

6.3. Introduction to the IREM Model

The *Intergenerational Redistributive Effects Model* IREM (Penyalver & Turró, Assessing the Fairness of a Project Financing Formula on Successive Generations, 2017) is an overlapping generational model that allows analysts to compare the increase in resources obtained from the investment with the financial charges to users and taxpayers. In this model, the gap between the central years of two ensuing overlapping generations is of one year. The *intergenerational redistributive effects* are based on the differences of project outcomes calculated for the different *annual generations* (cf. Figure 1). The model can be used to check a "sustainability condition", i.e. if the investment enhances the welfare of different generations and contributes to meet the needs of the present without compromising the ability of future individuals to meet their own needs. This means that a project cannot be fully justified without at least careful consideration of the impact on those who will be alive in the decades ahead and may end up bearing much of the actual payments in relation to the investment.

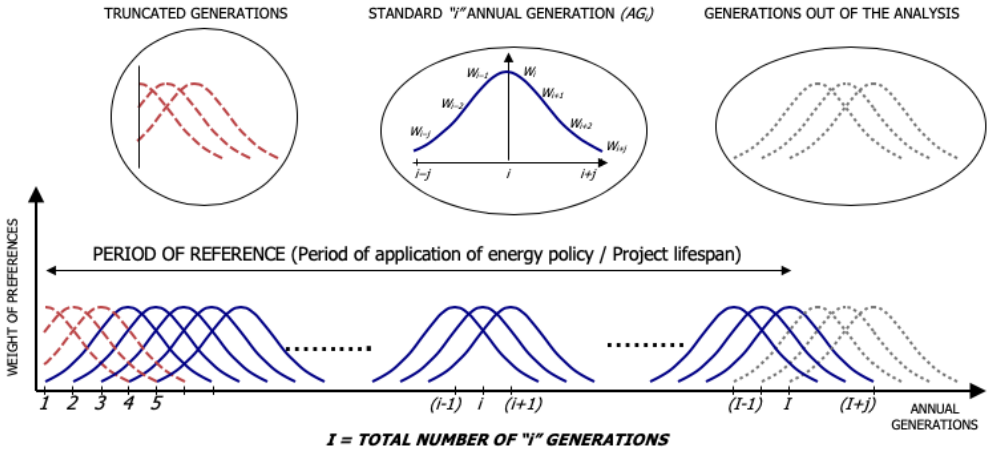

Figure 6.1: Generational assessment of the inter-annual differences between costs and benefits (Source: adapted from Penyalver, 2019)

Essentially, the concept of *annual generation* refers to a generation pivoting around a year, *i*, of the project's lifecycle, which incorporates, besides the "society" of year *i*, those of some previous years and those of some of the successive years. The concept can be expressed as a function in form of a weighted sum of the utilities of a project for the society belonging to any given *annual generation* (cf. *Figure 2*). The curve reflects how significant the socioeconomic costs and benefits, but also the financing effects, stemming from an infrastructure investment are for the individuals (users and/or taxpayers) of an annual generation (Penyalver, Turró, & Zavala-Rojas, Intergenerational Perception of the Utility of Major Transport Investments, 2018).

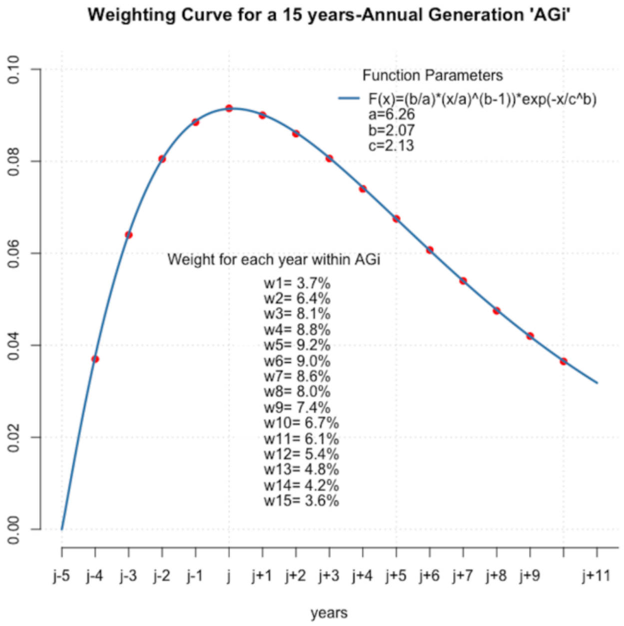

Figure 6.2: Function used to represent a standard annual generation in IREM
(Source: Penyalver et al., 2018)

The objective of IREM is to compare the net socioeconomic benefits after commissioning, indicated by the CBA annuities, with the actual payment schedule stemming from the project's financing formula affecting both taxpayers and users. This is done for every *annual generation* using the relevant weights for the various years included in it. Investment costs are not included in the net benefits calculation because IREM refers to the difference between the resources generated and consumed annually by the project after commissioning, when it starts generating net benefits. These are compared with the actual payments to be made to cover the investment costs. The net financing amount of the year is then used to calculate the amount contributed by the *annual generation*. The model thus provides a single value, the gap *(GAP_i)* of the project (net benefits minus financial burden) for each *"annual generation"*.

The time series of the intergenerational gaps is made from a common baseline to offer a clear picture of the evolution over time of the project's effects on the concerned generations and is used to calculate the different IREM indicators. The average of the different generational gaps obtained along the project lifespan indicates whether the project net benefits to be obtained by the successive generations concerned are globally higher than the concomitant financial burden. It is thus a valuable metric on the utility of the investment from the perspective of the future users and/or taxpayers (Penyalver, Turró, & Williamson, Measuring the Value for Money of Transport Infrastructure Procurement; An Intergenerational Approach, 2019). The other IREM indicators obtained from the time series allow the assessment of the project's effects on three interlinked dimensions (See Table 1).

Dimensions of the analysis of intergenerational redistribution	IREM indicators	Assessment of IREM outputs
D1. Intergenerational Utility The financial strategy finally adopted by the decision makers should sustain the well-being of future individuals. This implies positive gaps between net benefits and financial payments for the sets of affected individuals (grouped in annual generations) over the period of reference.	$\overline{GAP}$: Average value of the different generational gaps *(GAP_i)* obtained along the period of reference, expressed in terms of money *GUI:* The *General Unfairness Indicator* $(0 \leq GUI \leq 100\%)$ It represents the rate of generations bearing financial payments higher than the net benefits value produced by the project throughout the period of reference. It thus provides insight on intergenerational utility	A $\overline{GAP}<0$ essentially suggests that the financial strategy chosen for the implementation of the project has a negative impact for most of the generations affected. Low values for *GUI* indicate that the number of annual generations being unfairly treated (paying more than the net benefits they obtain) is small.
D2. Intergenerational Performance The evolution over time of the effects of the project on the concerned generations.	*T&S:* Trend and Slope (in grades) of the time series of the generational gaps $(-100g \leq T\&S \leq +100g)$	$T\&S>0$ means that the value of the successive gaps tends to be more positive (or less negative). The higher its value, the more useful (or less harmful) are the effects of a particular project for future.
D3. Intergenerational Redistribution Redistribution issues may arise if there are significant transfers of actual financial charges among groups of annual generations.	*IRESI*: The *Intergenerational Redistributive Effects Sharing Index* informs about how redistribution effects are shared among generations over time $(0 \leq IRESI \leq 1.00)$	*IRESI* tends to 1.00 if the differences between the value of the positive and the negative generational gaps are important, which means that the financial

		strategy is severely biased in favour of certain generations.

Table 6.1 Analysis of intergenerational impacts: dimensions and general outlines of IREM outputs
(Source: adapted from Turró & Penyalver, 2019)

6.4. Relevance of the IREM Model

What is relevant for the UNECE vision of "people first" is to know that the model produces a number of objective indicators of wealth transfers among generations following a detailed procedure that is independent of the procurement method chosen, as the required data are obtained from demand studies, economic and financial analyses and risks scenarios used in former stages of the appraisal process. It allows essentially to compare the impacts of different funding models in intergenerational redistribution. Only when this method has an impact on socioeconomic variables, for instance, if it implies user payments affecting demand, it is necessary to review the inputs from the CBA. The intergenerational indicators of IREM, as well as the analysis of the funding method impacts allows a close look at the relationships among the stakeholders of the projects, which are ultimately necessary to make an assessment in terms of *Value for People (VfP)* and *Value for the Future (VfF).* They are particularly useful in the case of PPP arrangements, as gathering insights on the project's *VfM*, *VfP* and *VfF* will offer a comprehensive picture about the project's immediate public value alongside information on its alignment with sustainable principles throughout the project's lifespan.

For citizens, which are represented by the government promoting the investment, having more positive gaps between net social, environmental and economic benefits and the financial burden stemming from infrastructure development strategies will lead to more vigorous and inclusive economies, whilst better assessing the financing impact on taxpayers of investment strategies should result in more stable and balanced public budgets. Ultimately this should have a positive impact on the future of local communities and the rest of citizens, users and non-users and, in short, in terms of "putting people first". On the other hand, for institutional investors, ensuring adequate *VfP* and *VfF* for their projects, should be a main input in their investment strategies, helping to prioritize those with more potential for enhancing the living conditions of persons and local communities who are not necessarily users/customers, without having to assume additional risks. For all infrastructure stakeholders, a common point of this strategy would be their engagement with carrying out projects of solid economic efficiency that, in addition, are planned to deliver more than immediate economic benefits to users.

Chapter Seven

Closing Comments

Mateu Turró

Private participation in the provision of public infrastructure and services was already widespread in Roman times and has been present all over the world for hundreds of years. The present view of public-private partnerships (PPPs) is, however, relatively modern. Whilst concession-type PPPs have been common in civil law countries, their expansion to the particular form of public Payment PPP has been a consequence of the UK's Private Finance Initiative (PFI) launched in the 1990's. PPPs, both in the past and in the last decades, have enjoyed a mixed success related to a great extent to the choice of their delivery form and benchmark with more traditional procurement but failures have been more the consequence of the lack of proper legal and administrative conditions and poor project preparation, execution and monitoring, than a basic flaw in the PPP concept. A revision of this concept and the adoption of better practice seem necessary to avoid the errors incurred in the past.

The macroeconomic conditions of many countries and the growing need for infrastructure development and maintenance mean that private capital will be needed, either to support public budgets through debt financing or to directly finance major infrastructure projects.

To respond to this demand there is an abundance of private funds available for low-risk investments in infrastructure that ensure reasonable long-term returns. On the other hand, many major funds are increasingly concerned about their Corporate Social Responsibility (CSR) and are bound to include the support to Environmental, Social and Governance (ESG) goals alongside their traditional profitability objectives. There is rising awareness of the global footprint of built infrastructure and the need for a transition to more sustainable and greener infrastructure. Impact-concerned investors actually believe that their alignment with ESG will contribute more shareholder value. Indeed, ESG-compliance has gained massive traction in the world's capital markets, so the design, structuring and tendering of projects should be ESG-compliant in order to access capital markets. It is not surprising, therefore, that projects are increasingly being rated according to this compliance. The Equator Principles, a practical guide for ESG compliance, although incomplete, have been adopted by 116 of the world's largest and most powerful financial institutions, located in 37 countries.

Access to funding and responsible contractors and operators experienced in the delivery of essential public services is essential for less developed countries (LDCs), which suffer from an enormous physical and digital infrastructure gap. According to the World Bank Group, around $1.5 trillion a year is considered necessary to fill it and multilateral development banks would be unable to provide such an amount. For these countries, widening capital supply sources should increase flexibility, competition and innovative ways of project preparation and management, which are essential for efficient investment. PPPs are seen as an important complement to public procurement in LDCs and it is therefore not surprising that they have been included in the Addis Agenda. There is evidence that PPPs are contributing to the achievement of United Nations SDGs, notably on health, energy transition and basic infrastructure. The recent pandemic and growing concerns for climate change have, however, changed the socio-economic ecosystems within which PPPs are being implemented and must be quickly adapted if they are to enhance the scope, quality and timely delivery of basic public services and desperately needed infrastructure.

The interest of promoting PPPs in LDCs should not disregard the difficulties involved in their practical implementation. They are complex and require an adequate legal and administrative set up, which is not existing in many LDCs. To attract international funds, PPPs require a proven respect of basic human rights, transparency and a corruption-free administration. Under this framework, the quality of project preparation, with a focus on ESG, is the critical factor to attract investors ready to adopt controlled risks in projects aligned with their CSR.

ESG-compliance asks for a new way to measure the quality of PPPs beyond the purely efficiency-oriented and public money concerns of PFI. Without reducing the necessary efficiency requirements, People first PPPs (PfPPPs) incorporate social and environmental objectives that should ensure the sustainability and resilience of the project as well as the acceptability of its expected impacts. This requires a clear understanding of the territorial, environmental and social redistribution effects of the project that will allow a proper appraisal of its fairness and the achievement of detailed ESG goals. The financing of the project also requires a deeper understanding of its long-term consequences, so its Value for the Future (VfF), which relates the benefits obtained by the various generations of people affected by long-term projects with the actual payments to be eventually made by users and taxpayers, indicates the adequacy of their intergenerational effects. VfF should become a systematic indicator of the fairness for future generations of any PPP project extending over a life-cycle of 20 years or more.

The preparation, structuring, appraisal, decision-making and, finally, implementation of a PfPPP is, obviously, not easy. But quality requirements are also needed for successful traditional procurement investments, so PfPPPs, notably if they are to attract funding from infrastructure funds concerned with ESG objectives, require some additional efforts in the design and implementation of an enabling PPP framework including template and guides followed by capacity building in order to ensure that projects are defining clear responsibilities, are transparent, environmentally and fiscally sustainable, adapted to the need of the people throughout the project lifecycle and are in line with obligations regarding human rights in business[90]. This means improving project governance, informed consultation, broad civil society participation and ongoing project monitoring to ensure that people-linked goals remain the focus of PPP projects throughout their life-cycle. Shortage of data to make these assessments is a main concern for all the stakeholders involved in PPP. It is thus recommended that LDCs with deficient databases start, as soon as possible, the collection of relevant information to be able to assess the impact of infrastructures on SDGs.

Guidance and knowledge-sharing, based on accumulated experience and evidence from around the world appears to be the best way to enhance the choice of PPP delivery form and preparation of PfPPPs in Low Income Development Countries or Least Developed Countries. Some objectives and 10 guiding principles have been presented, which include attention to financial mechanisms, fiscal aspects and, in particular, attention to social issues and corruption

[90] https://www.business-humanrights.org/en/big-issues/un-guiding-principles-on-business-human-rights/

avoidance. The background papers and the case studies prepared by WAPPP, an international non-governmental organization to champion an alternative and more modern view of PPP as a tool for more sustainable and regenerative development, are useful tools to attract private finance to quality infrastructure projects. It must be stressed, however, that only a robust governance set up where rights are duly protected, will provide the necessary confidence to attract private investors to infrastructure projects representing long-term commitments.

As mentioned in the introduction of this collective text, its intention is to contribute to the development of PPP theory and practice and to make PPPs as aligned as possible with SDGs. The authors hope, in particular, that their reflections and propositions will help the World Bank Group move forward in its role as custodian of SDG 17.17, which involves the definition of the SDG 17.17. 1 indicator. A Tier I level indicator would provide guidance to developing and least developed countries in their assessment of the strengths and potential weaknesses of PPP-based infrastructure projects. The authors also hope that their contribution will be useful for the UNECE PPP unit as it moves forward with its further development of PPP concepts and policy advice.

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