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**Economic Commission for Europe****Committee on Innovation, Competitiveness and Public-Private Partnerships****Working Party on Public-Private Partnerships****Sixth session**

Geneva, 1-2 December 2022

Item 5 of the provisional agenda

**Implementation plan for 2022-2023****Focus of the future work of the Working Party in support of  
Public-Private Partnerships for the Sustainable Development  
Goals****Note by the Bureau***Background*

This document contains a consolidated list of topics for new Public-Private Partnerships (PPPs) standards and guidelines with practical policy options and recommendations for governments. At its 15<sup>th</sup> session on 25-27 May 2022, the Committee on Innovation, Competitiveness and Public-Private Partnerships (the Committee) decided that the focus of the PPP work is:

“Supporting ECE member States’ use of PPPs to address a range of issues in the context of relevant cross-cutting Commission themes,<sup>1</sup> sustainable economic recovery and reconstruction, corruption, pandemic preparedness and response, food security, women’s empowerment, and accelerating achievement of the Sustainable Development Goals (SDGs) in the ECE region” ([ECE/CECI/2022/2, Annex II, paragraph 15](#)).

The Committee further reaffirmed that the ECE Guiding Principles on PPPs for the SDGs ([ECE/CECI/WP/PPP/2022/7](#)) provide the normative basis for the work on PPPs.

The consolidated list of topics presented in this document is fully aligned with both the focus of the PPP work agreed by the Committee and the ECE Guiding Principles on PPPs for the SDGs. The list in Annex I updates and replaces that in document [ECE/CECI/WP/PPP/2017/2](#).

The document is submitted by the Bureau to the Working Party for consideration and approval (in line with the recommended action in Section V).

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<sup>1</sup> The 69<sup>th</sup> session of ECE held in April 2021 called on all subsidiary bodies to work on the “Transition to a circular economy and the sustainable use of natural resources.” In December 2021, the ECE Executive Committee designated “Digital and green transformations for sustainable development in the ECE region” as the cross-cutting theme for the high-level segment of the 70<sup>th</sup> Commission session in 2023 and invited the ECE subsidiary bodies and the secretariat to consider how they may contribute to the theme within their respective mandates, ongoing work and existing resources.

## I. Introduction

Accelerating the SDG implementation in light of the triple planetary crisis – climate disruption, nature loss, and pollution – through sustainable infrastructure is at the core of the ECE “PPPs for the SDGs” programme and its five desirable project outcomes, namely:

- (i). Increase access to essential services and lessen social inequality and injustice;
- (ii). Improve economic effectiveness and fiscal sustainability;
- (iii). Enhance resilience and responsibility towards environmental sustainability;
- (iv). Promote replicability and the development of further projects; and
- (v). Fully involve all stakeholders in the projects.

Furthermore, integrating considerations of digital and green transformations and circularity into PPP and infrastructure projects have been identified by member States as important cross-cutting elements in promoting sustainable infrastructure.

The ECE Working Party on PPPs was established in 2017 and it remains the only intergovernmental body in the United Nations system dedicated to PPPs and sustainable infrastructure finance. In the past five years, the Working Party has been at the forefront to ensure that the PPP model is “fit-for-purpose” for the SDGs with people as the main beneficiaries of infrastructure and public services. In this regard, the Working Party has developed guiding principles, standards and an Evaluation Methodology to help ECE member States measure their PPP and infrastructure projects against the three pillars of sustainability: economic, social and environmental.

With its mandate extended by the ECE Executive Committee for five more years until 2027, the Working Party has the opportunity to propel the ECE PPPs for the SDG programme to the next level by:

1. Developing standards and guidelines on a range of issues on sustainable economic recovery and reconstruction, corruption, pandemic preparedness and response, food security, women's empowerment, and digital and green transformations for sustainable development in the ECE region (including transition to the circular economy); and
2. Mainstreaming sustainable finance into the PPP work to address the ever-increasing infrastructure investment gap, recover better from the pandemic, and contribute to sustainable economic recovery and reconstruction.

## II. Economic Commission for Europe Guiding Principles on Public-Private Partnerships for the Sustainable Development Goals

The ECE Guiding Principles on PPPs for the SDGs (Guiding Principles) remain a cornerstone of the ECE PPP for the SDGs programme and they provide the normative basis for any future work of the Working Party.

The Guiding Principles were envisaged in 2019 as a dynamic document that needed to be maintained and supplemented by other tools while taking on board key learnings, ongoing developments and policy experience, as well as discussions by the international community in multiple forums, including at the ECE, to exchange views and suggestions.<sup>2</sup>

Each of the 10 Guiding Principles listed below constitutes a policy response to a key challenge to PPPs for the SDGs. In order to address the key challenges raised in the Guiding Principles, there is a strong case for the development of supplementary policy support materials for member States for their voluntarily implementation.

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<sup>2</sup> See document ECE/CECI/WP/PPP/2022/7, page 8.

A consolidated list of topics for supplementary PPP policy support materials and their links to the Guiding Principles is being proposed by the Bureau for the Working Party's consideration in Section III below.

### 10 Guiding Principles on PPPs for the SDGs

- Principle 1:** Build into infrastructure strategies the PPPs for the SDGs transformative agenda, making sure that peoples' needs are listened to.
- Principle 2:** Deliver more, better, simpler projects by joining up government and allowing cities and other local levels to develop projects themselves.
- Principle 3:** Increase officials' skills in delivering projects in line with the PPPs for the SDGs outcomes, 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:** Make 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:** Disclose more information about projects to society especially on the commitments made to various partners in the project.
- Principle 6:** De-risk projects by providing more predictability in the enabling environment.
- Principle 7:** Set out clearly the projects' selection criteria to promote "Value for People" so that the best projects aligned with the SDGs can be selected.
- Principle 8:** Make environmental sustainability a key component of evaluating, awarding and implementing PPPs for the SDGs.
- Principle 9:** Ensure that blended financing catalyses private partners to invest in PPPs for the SDGs.
- Principle 10:** Avoid debt traps by ensuring the fiscal sustainability of PPPs for the SDGs and the transparency of fiscal policies.

*Source: ECE Guiding Principles on PPPs for the SDGs (ECE/CECI/PPP/WP/2022/7)*

### III. A consolidated list of topics for new PPP products in support of the Sustainable Development Goals<sup>3</sup>

Below is a list of topics for new standards and guidelines with practical policy options/recommendations to further develop the ECE PPPs for the SDGs approach and their link to the Guiding Principles and the new focus areas described above.

<sup>3</sup> Pursuant to the programme budget for 2023, an objective of the ECE PPP work is to: "Build the capacity of member States with regard to creating regulatory frameworks and public-private partnership project pipelines that can help close the Sustainable Development Goal infrastructure financing gap, including through:

- (i). The promotion of innovative modalities of financing and development and the management of critical infrastructure;
- (ii). The development of international guidelines and standards to design public-private partnership projects and legal and regulatory frameworks;
- (iii). The use, upon demand, of a methodology to evaluate and score public-private partnership projects on whether they support sustainable development; and
- (iv). Developing cooperation with multilateral platforms for sustainable infrastructure (including SOURCE, a multilateral platform for sustainable infrastructure)."

The development of these new products from 2023 would build on material published elsewhere<sup>4</sup> – with due consideration to pandemic preparedness and response – is subject to interest by experts participating in drafting teams and peer review processes, as well as the availability of resources.

It is important that the ECE does not engage in activities in duplication with already existing multilateral work and embarks and prioritises those areas where it can add value and make a meaningful contribution to accelerate the achievement of the SDGs in the ECE region. Among the package of PPP topics being proposed, there might be instances where the ECE might not have a specific added value vis-a-vis existing work undertaken by other reputable multilateral organisations.<sup>5</sup> In these instances, the ECE’s contribution would be to identify the multilateral good practice documentation and multilateral tools already available and highlight their relevance to the implementation of the ECE 10 Guiding Principles. This will ensure that the latter are duly covered by supplementary material to facilitate their implementation in countries, while avoiding duplication.

## 1. Enhancing stakeholder engagement in PPPs for the SDGs

“Stakeholder engagement” is one of the five desirable outcomes of PPPs for the SDGs and is rooted in Guiding Principle 1 (see table below). The importance of stakeholder engagement in PPPs is further elaborated in the ECE PPP Evaluation Methodology for the SDGs (Evaluation Methodology), where a number of criteria and indicators were added to ensure that stakeholder engagement is a core part of project development and implementation.

A practical guide on stakeholder engagement would further build on Guiding Principle 1 and would supplement the Evaluation Methodology by addressing, among other things, the optimization of stakeholder participation in PPP projects to ensure wider social participation, leaving no one behind and addressing social impacts from the project identification to its implementation.

**Principle 1:** Build into infrastructure strategies the PPPs for the SDGs transformative agenda, making sure that peoples’ needs are listened to.

### **Challenge 1.3 – Meeting “real needs”**

Too many projects’ proposals for infrastructure are not “really needed” from a development perspective: the reasons and motivations are often of a political character rather than based on “real needs”.

### **Recommendation**

Consult with all key stakeholders on the merits and demerits of specific projects. This would ensure the right prioritization of infrastructure projects to ensure a balance between social and economic infrastructure; to focus projects that consider the needs of women and contribute to eliminating gender inequalities; and to help in de-risking projects from a social perspective.

*Source:* ECE Guiding Principles on PPPs for the SDGs ([ECE/CECI/PPP/WP/2022/7](https://www.ece.org/ceci/PPP/WP/2022/7))

<sup>4</sup> As a general rule, where the ECE will engage in its own work for the implementation of the 10 Guiding Principle in those areas where it can make a meaningful contribution, it is deemed necessary to first identify the existing documents and publications made by other relevant multilateral institutions. Building further from a multilateral literature review for each ECE standard or guide will facilitate the preparation and delivering of the most informed and valuable output.

<sup>5</sup> Including the International Monetary Fund (IMF) and the multilateral development banks (MDBs).

## 2. Digital transformation<sup>6</sup> in quality infrastructure and PPPs

Digital and green transformations for sustainable development in the ECE region is the cross-cutting theme for the 70<sup>th</sup> Commission session in April 2023. The Working Party with other ECE subsidiary bodies and the secretariat were invited by the ECE Executive Committee to consider how they might contribute to the theme within their respective mandates, ongoing work and existing resources.

With respect to digital technology for project preparation, the ECE has already been collaborating with the multilateral platform SOURCE<sup>7</sup> for the digitalisation of sustainable infrastructure preparation. At the request of the ECE member States, the ECE engaged in collaboration with SOURCE in the context of the work plan on phase two of the PPP Evaluation Methodology for the SDGs. Further cooperation with SOURCE was also requested by ECE member States (see footnote 3 above).

Digital technology is referenced in Guiding Principle 2 (see table below), while the Committee in its Intersessional Implementation Plan for 2022-2023,<sup>8</sup> called on the Working Party to decide on proposals by its Bureau on work to be launched in 2023 on the topic. Building on the policy discussion at the 6<sup>th</sup> edition of the ECE International PPP Forum in May 2022 and in line with the Committee's request, the following areas (which will be further elaborated during the policy discussion at the Working Party session on 1 December) were identified for further work on digital transformation and PPPs:

- (i). Improving PPPs for the SDGs through digital transformation of the PPP project lifecycle;
- (ii). Achieving digital transformation in countries through PPPs for the SDGs; and
- (iii). Highlighting PPP and infrastructure projects that exist as a result of digital transformation.

Detailed proposals for the development of new practical guides on the above are further developed in Annex II, which could be summarised as follows:

### *i. Improving PPPs for the SDGs through digital transformation of the PPP project lifecycle*

The purpose is to develop a guide for the public sector to improve and streamline the PPP project lifecycle in its different phases with innovative digital technologies and solutions in support of the SDGs. Work by other organisations on this topic is generally centred on the post-procurement phases of projects with a focus on industry digital solutions to improve infrastructure delivery (such as, digital twins of buildings). The proposed ECE guide will instead prioritise the initial project phase (pre-procurement), more specifically:

1. The stakeholder engagement process (e.g., how digital technologies and solutions could make public consultations broader, more democratic, accountable, open and transparent); and
2. Government approval process (e.g., how digital solutions/platforms could facilitate the interaction between the various national government entities, including standard

<sup>6</sup> The ECE acknowledges that the achievement made jointly by the multilateral development banks on the digitalisation of sustainable infrastructure preparation must not lead to duplication by ECE. Thus, to avoid duplication the ECE work – without prejudice to ECE to disseminate its standards and tools, including the Evaluation Methodology, by all available means – will build further from the multilateral achievements and in cooperation with the MDBs, including through their joint platform SOURCE. This will facilitate and identify where ECE can best add value and make the most meaningful contribution to accelerate the achievement of the SDGs in the ECE region.

<sup>7</sup> SOURCE is jointly led and financed by the following MDBs (the World Bank, the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the Inter-American Development Bank (IDB), the European Investment Bank (EIB), and as observer the African Development Bank (AfDB)). The Sustainable Infrastructure Foundation (SIF) has developed the platform SOURCE on behalf of the multilateral development banks and is disseminating a number of their tools.

<sup>8</sup> ECE/CECI/2022/2, Annex II, paragraph 20.

template documents for use across the public sector to expedite the PPP appraisal process, and make it more transparent and efficient).

**ii. *Achieving digital transformation in countries through PPPs for the SDGs***

The purpose is to develop a practical guide for the public sector to promote the development of infrastructure projects through PPPs for the SDGs that would advance the digital transformation of countries and cities. The guide would build on international best practices and develop policy-oriented options and recommendations applicable to ECE member States complementing industry best practices. The guide would also focus on the needed enabling environment required in countries to promote the development of digital ecosystems through PPPs.

**iii. *Highlighting PPP and infrastructure projects that exist as a result of digital transformation***

The purpose is to develop a guide for the public sector to highlight the PPP and infrastructure projects in sectors and sub-sectors (such as, diagnostics in healthcare) that have benefited from the advances in information and communications technologies (ICT) and exist as a result of digital transformation. By highlighting actual operational projects, the guide would inspire the development of other projects in support of the SDGs.

**Principle 2:** Deliver more, better, simpler projects by joining up government and allowing cities and other local levels to develop projects themselves.

**Challenge 2.4 – Bottom-up - Top-down**

There is a pressing need to break with the previous top-down approach to project development that is inimical to sustainable development and a PPPs for the SDGs approach.

**Recommendation**

Municipalities...often lack resources and capacity to develop sizeable projects. Digital technology...can facilitate urban-rural connections, increase access to markets, and facilitate employment creation, education and health.

*Source:* ECE Guiding Principles on PPPs for the SDGs ([ECE/CECI/PPP/WP/2022/7](https://www.ece.org/ceci/PPP/WP/2022/7))

### **3. Promoting gender equality and women’s empowerment through PPPs for the SDGs**

Gender equality and women’s empowerment in PPPs are deeply rooted in:

- (i). Guiding Principle 3 (see table below);
- (ii). The five desirable outcomes of PPPs for the SDGs, in particular, economic effectiveness and fiscal sustainability; and
- (iii). The Evaluation Methodology.

To give effect to the above, a number of key policy options and recommendations were elaborated over the years, originally at a high-level debate entitled “How can the private sector help to empower women through PPPs?” organised at the 3<sup>rd</sup> edition of the ECE International PPP Forum in May 2018. These were further extended in subsequent editions of the Forums and are elaborated in the Guiding Principles. The seven recommendations emerging from this debate were published by ECE in a PPP [policy brief](#) in July 2020, namely:

**Governments:**

1. Prefer in procurement those bidders who in their corporate policies and their employment practices, promote gender equality and women's empowerment both inside and outside the enterprise.
2. Help women-led companies in the supply chain compete in tenders for projects, through training and specific support mechanisms.

**Governments and Private sector:**

3. Support young women in the communities where they do business, to improve their skills and train them to become the business leaders of the future.
4. Offer women in their jobs, flexible working practices, for example, telecommuting or part time working, in order to enable them to deal with the COVID-19 pandemic and implement employment protection measures, such as care leave or paid leave, especially to help those who suffer violence in their homes.

**Private sector:**

5. Enhance the role of women at senior decision-making levels inside companies that are undertaking PPPs as well as within the PPPs themselves.
6. Promote a gender perspective in the design and operational stages of projects to address the special challenges faced by women - such as the care-related challenges and gender-based violence - and reverse gender inequalities.
7. Ensure equal pay for equal work for all employees.

Any further work on this topic would be on the development of a standard or guide with practical policy options and recommendations for the public sector to deliver PPP projects for the SDGs that promote gender equality and women's empowerment and contribute to closing gender gaps. The standard or guide would have a particular focus on the initial stages of the PPP project lifecycle, especially the design stage. It would build on existing best international practice and would include an analysis of successful projects mainstreaming gender equality at the different PPP project cycles.

By contrast to the existing PPP guides on the subject,<sup>9</sup> the ECE standard or guide would focus on the SDGs, in particular on the five PPPs for SDGs outcomes, as they provide a unique opportunity to mainstream a gender approach in PPP projects that contribute to gender equality and other economic, social and environmental goals in the 2030 Agenda.

**Principle 3:** Increase officials' skills in delivering projects in line with the PPPs for the SDGs outcomes, 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.

**Challenge 3.4 – Underrepresentation of women and lack of gender perspective**

Women are poorly represented within the infrastructure industry and typically in the delivery of critical projects. Their absence, as is increasingly proved by empirical research, has negative impacts on the quality and quantity of projects and on the lack of gender perspective on infrastructure design and delivery.

<sup>9</sup> Such as the guide by the World Bank Group "[Gender Equality, Infrastructure and PPPs. A Primer](#)", published in 2019.

**Recommendation**

Governments and the private sector can do much in the way of improving the participation of women in infrastructure and in PPPs for the SDGs. Governments should provide more places to women in secondary and tertiary education: they should in cases, remove the legislative barriers to the involvement of women.

The private sector can and should also play a critical role in women's empowerment covering the following four points:

- (i). Improve the representation of women inside the companies undertaking PPPs and in the PPP projects themselves, ensuring their full participation with equal opportunities;
- (ii). Help women led companies in the supply chain compete in tenders for projects and eliminate gender discriminations in the award process;
- (iii). Make a difference in the communities where they do business - help women, and train them to become the business leaders of the future, enhancing the use of new technologies to promote women's empowerment; and
- (iv). Help to design infrastructure projects mindful of the special challenges faced by women in their daily lives, evaluating the differentiated impacts of projects on women.

Source: **ECE Guiding Principles on PPPs for the SDGs** ([ECE/CECI/PPP/WP/2022/7](#))

#### 4. Green and sustainable PPP procurement for the SDGs

Two policy discussions held on green and sustainable PPP procurement – a session at the sixth edition of the UNECE International PPP Forum and a panel at the Committee session in May 2022 – have highlighted the need for further work in this area. This was reflected in the Committee's conclusions, where the Working Party was requested to decide at its next session in December 2022 on a proposal by its Bureau on further work in this area.

Green and sustainable PPP procurement is referenced in Guiding Principle 4 (see table below), and any work in this area would follow the three PPP procurement phases highlighted in the ECE standard on a zero tolerance to corruption in PPP procurement.

A detailed proposal for the development of a practical guide on green and sustainable PPP procurement is further developed in the Annex, and could cover the following issues:

- (i). Identify green and sustainable public procurement best international practices and adapt them to PPPs, taking into account existing relevant ECE policy documents including the Guiding Principles and the Evaluation Methodology; and
- (ii). Develop policy options/recommendations and guidance for policy makers applicable to both developed and developing countries/economies in transition.

**Principle 4:** Make more inclusive policy and legal frameworks that allow for active engagement of communities and focus as well on a zero-tolerance approach to corruption.

**Recommendation**

Level playing field and sustainable procurement: public procurement policies could be weighted towards giving preference to the purchase of goods that have been produced in an environmentally and socially friendly manner.

Source: **ECE Guiding Principles on PPPs for the SDGs** ([ECE/CECI/PPP/WP/2022/7](#))



## 5. Environmental sustainability and resilience in PPPs for the SDGs

Enhancing resilience and responsibility towards environmental sustainability is one of the five desirable outcomes of PPPs for the SDGs and is rooted in Guiding Principle 8 (see table below). This is further elaborated in the Evaluation Methodology, where a number of criteria and indicators were added to further develop the concept.

A lot has been published on this topic and future work on this topic could simply be to collect the good practice documentation and highlight their relevance to PPPs for the SDGs. In case there is a unique niche angle, where the ECE can add meaningful value, a practical guide on environmental sustainability and resilience (ESR) could be envisaged that would build on Guiding Principle 8 and supplement the Evaluation Methodology by guiding policy makers to progressively improve ESR elements in infrastructure projects aimed at strengthening the alignment of PPP projects with the SDGs.

**Principle 8:** Make environmental sustainability a key component of evaluating, awarding and implementing PPPs for the SDGs.

### **Challenge 8.1 – Environmental sustainability**

Environmental sustainability needs to become a key component of evaluating, scoring, awarding and implementing PPP projects, based, *inter alia*, on full life cycle impact assessments.

### **Recommendation**

Governments should integrate the principles of environmental sustainability into PPP projects by reflecting environmental considerations in the objectives of the project, setting specifications and awarding projects to those bidders who fully match the green criteria.

*Source:* ECE Guiding Principles on PPPs for the SDGs (ECE/CECI/PPP/WP/2022/7)

## 6. PPP and infrastructure finance

The nexus “PPP and infrastructure finance” is embedded in Guiding Principle 9 (see table below), in particular blended finance, which has been identified in the [Addis Ababa Action Agenda on Financing for Development](#) as an instrument to lower investment-specific risks and incentivise additional private sector finance across key development sectors.

The following areas were identified for the development of guides on PPP and infrastructure finance:

- (i). The state of PPP and infrastructure finance midway to 2030; and
- (ii). Blended finance structures used in PPP and infrastructure projects in support of the SDGs.

Detailed proposals for the development of new guides on the above are further developed in Annex II, which could be summarised as follows:

### ***i. The state of PPP and infrastructure finance midway to 2030***

The purpose is to develop a guide on the state of PPP and infrastructure finance midway through the implementation phase of the 2030 Agenda. The guide would aim to offer a snapshot of PPP and infrastructure finance from selected countries, and to provide ECE member States with an overview of the investment strategies adopted by investors and debt providers involved in infrastructure and PPP finance.

The guide would offer a unique insight into the financing of PPPs and infrastructure from an independent and neutral perspective outside the sphere of the three main actors in a PPP project: governments, private sector, and lenders (MDBs and private investors).

ii. *Blended finance structures used in PPP and infrastructure projects in support of the SDGs*

Blended finance rules or models apply to all kinds of PPP projects, and it is important that any future work on this topic avoids duplication and offers distinctive features on the applicability of blended finance to PPPs for the SDGs. Work on this topic could simply be to collect the good practice documentation and highlight their relevance to PPPs for the SDGs. In case there is a unique niche angle, where the ECE can add meaningful value, a guide could be developed to highlight a number of blended finance structures that have been used in selected PPP and infrastructure projects, and how these projects can inspire governments in the ECE region to replicate them in their respective countries in support of the SDGs.

A lot has been written on blended finance and the scope of the guide is not to provide an overview of blended finance but rather to:

- (i). List in one document selected actual PPP and infrastructure projects that used a blended finance structure (e.g., the Pamir Private Power project in Tajikistan); and
- (ii). Inspire public authorities in the ECE region to apply similar blended finance structures in their projects in support of the SDGs.

**Principle 9:** Ensure that blended financing catalyses private partners to invest in PPPs for the SDGs.

**Challenge 9.1 – Blended finance**

The idea is not to put blended financing into projects where the private sector would have gone already but precisely when the blending of public or philanthropic capital with private capital can become truly catalytic and/or when it is programmed in such a way as to catalyse private investors to invest their capital in something they otherwise would not do.

**Recommendation**

Governments can work to ensure that blended finance<sup>10</sup> can be truly catalytic and does not subsidize projects that would have already taken place.

*Source: ECE Guiding Principles on PPPs for the SDGs (ECE/CECI/PPP/WP/2022/7)*

## 7. Fiscal sustainability<sup>11</sup>

Fiscal sustainability of PPP projects along with their economic effectiveness is one of the five desirable outcomes of PPPs for the SDGs and is rooted in Guiding Principle 10 (see table below). This is further elaborated in the Evaluation Methodology, where a number of criteria and indicators were included to further develop the concept.

Building on the IMF work, the ECE will identify where it can add value with a focus on the following key considerations:

<sup>10</sup> Blended finance is mentioned in paragraph 48 of the Addis Ababa Action Agenda (2015). Blended finance is defined as a mechanism which combines concessional public finance with non-concessional private finance.

<sup>11</sup> The IMF has been leading the global work on fiscal transparency and sustainability of PPP and infrastructure projects. The IMF and the World Bank have jointly developed the multilateral tool PFRAM – PPP Fiscal Risk Assessment Model, which is being disseminated across the world as a multilateral support for capacity building in this field. This is further supported by other tools developed by the IMF to help countries build their national capacities to align their infrastructure projects pipelines with their macroeconomic and sectoral policies and with their public finance trajectory and debt sustainability. These include the PIMA – Public Investment Management Assessment and the C-PIMA (Climate PIMA) which facilitate these tasks including with due consideration for climate and sustainable development issues. These multilateral tools PFRAM, PIMA and C-PIMA are being acknowledged by ECE as key achievements that can contribute to implementing the ECE Guiding Principles. It is deemed useful for ECE to collect this multilateral material and highlight its relevance to PPPs for the SDGs.

- (i). How to ensure a proper reporting of sovereign debt and contingent liabilities/guarantees resulting from PPPs to avoid creating hidden debt?;
- (ii). How to ensure that PPP funding for reimbursing PPP debt is sustainable and does not put strain on public budgets?; and
- (iii). What are the undesirable effects of long-term lending in projects and are PPPs are leading to debt traps in low and middle-income countries?

**Principle 10:** Avoid debt traps by ensuring the fiscal sustainability of projects and the transparency of fiscal policies.

**Challenge 10.1 – Lending to low and middle-income countries**

Private financing necessarily means debt for the concerned government as such financing will always have to be repaid. Thus, even benefiting from private financing, governments still face the challenge of the “funding gap”. They still need to establish and clarify the funding and budgetary sources of the required repayments to the private partner financing a PPP. Mobilizing private financing for public infrastructure investments requires governments to give attention to the sustainability of their budgets. This is to prevent creating unintended and hidden public debt (off-balance sheet).

**Recommendation**

PPPs must therefore be structured in a way making sure that guarantees, subsidies, profits, contingent liabilities, or payment obligations do not unduly overwhelm the sectoral or national budgets concerned; and that they do not overburden public resources with excessive repayments over the life of the project(s).

*Source:* ECE Guiding Principles on PPPs for the SDGs ([ECE/CECI/PPP/WP/2022/7](https://www.ece.org/ceci/PPP/WP/2022/7))

## 8. PPPs for the SDGs for sustainable economic recovery and reconstruction

As mentioned previously, the 10 Guiding Principles are a dynamic set of norms that may need to be periodically reviewed to take on board ongoing developments and policy experience. The sustainable economic recovery and the pace of reconstruction process needed to deliver core infrastructure and public services as is the case of Ukraine,<sup>12</sup> but also in other countries ravaged by war and natural disasters, would make a strong case for a recalibration of one of the recommendations in Guiding Principle 2 (see table below).

A standard or practical guide on sustainable economic recovery and reconstruction would focus on the advantages and disadvantages of a PPP fast-tracking scheme to streamline and accelerate the delivery of PPPs for the SDGs in post-pandemic, post-disaster and post-war contexts. The policy discussion at the Working Party session on 1 December 2022 will advance the work on this topic.

**Principle 2:** Deliver more, better, simpler projects by joining up government and allowing cities and other local levels to develop projects themselves.

**Challenge 2.2 – Improving the investment climate**

Accelerating the delivery of projects will inevitably face the challenge of poor, unsatisfactory enabling conditions in the business environment.

<sup>12</sup> Ukraine is planning to introduce a fast-track procedure for its PPP projects aimed at reducing the project implementation period by several months. In any scheme to fast-track projects there would inevitably be elements that would be very effective in delivering the reconstruction programme at pace (e.g., a standardised approach to basic contract terms, unified approach to tender documents, electronic tendering), while there would be others that might make investors uncomfortable (e.g., elimination of feasibility studies, and environmental and social impact assessment reports). Fast-tracking is also a consideration in countries affected by natural and man-made disasters, where the pace of rebuilding is crucial.

**Recommendation**

Developing adequate policies to improve the business environment is a pre-requisite for the successful delivery of projects. Investment policies, including on PPPs, are influenced by a series of other policy areas that affect the general business climate of countries. Whereas investment-related policies could encompass many areas in which government legislates (e.g. access to land, competition, environmental policy, taxation, trade entrepreneurship, intellectual property) some areas may be of more significance, depending on the national context, level of development, and the type of PPPs that are being developed. However, in many low and middle-income countries, legal and institutional capacities still need to be developed to ensure coherence between the legal and institutional frameworks of PPPs and related policies needed to attract and benefit from PPPs for the SDGs.

*Source: ECE Guiding Principles on PPPs for the SDGs (ECE/CECI/PPP/WP/2022/7)*

**9. Food in-security**

Food in-security is one of the consequences of the triple planetary crisis and was identified by the Committee as a key area for future PPP work. PPPs for the SDGs is a promising instrument to address the challenges of ensuring food security in the ECE region and beyond. PPPs and food security go beyond the modernization of agriculture and the need to protect job security for smallholder farmers.

A standard or a practical guide on increasing food security through PPPs would involve the water, energy and agriculture nexus, and would build on other ECE instruments (e.g., the Protocol on Water and Health) and workstreams (e.g., the work of the Working Party on Agriculture Quality Standards (WP.7) and that by the Sustainable Energy Division).

**IV. Prioritization of topics**

The list of standards and guides in part III above constitutes a draft work plan for the next few years, which needs to be updated and modified as circumstances change in the ECE region.

In the short term, the Bureau recommends to the Working Party to prioritise the following topics and to approve the proposals in Annex II for initiation in 2023 as follows:

- (i). Improving the delivery of PPPs through digital transformation throughout the PPP project lifecycle in support of the SDGs;
- (ii). PPPs in digital infrastructure: diagnostics in healthcare (telemedicine) and other digital public services;
- (iii). Green and sustainable PPP procurement for the SDGs;
- (iv). The state of PPP and infrastructure finance midway to 2030; and
- (v). Simplifying and accelerating the delivery of PPP projects for the SDGs for sustainable economic recovery and reconstruction: pros and cons.

**V. Next steps**

In order to put into effect the Committee's decision on the new focus of the PPP work as elaborated in its Intersessional Implementation Plan for 2022-2023, the Bureau recommends to the Working Party to discuss the new topics at its sixth session in December 2022 under item 5 of the provisional agenda (Implementation plan for 2022-2023) and to consider the following course of action:

The Working Party:

1. Approves the list of topics for PPP standards and guides with policy options/recommendations as contained in Annex I;
2. Approves the detailed proposals for work on new PPP products to start in 2023 as contained in Annex II; and
3. Requests the secretariat, working closely with the Bureau, to:
  - (a) Mobilise the necessary expertise and resources to implement 1 and 2 above;and
  - (b) Organise sessions to advance the work on the new topics at the next edition of the ECE International PPP Forum in 2023.

## **VI. Annexes**

A list of all the topics for the development of future work (standards and guides with policy options/recommendations for governments) is included in Annex I.

The detailed proposals on the five topics prioritised in section IV above are included in Annex II.

## Annex I

### List of topics for PPP standards and practical guides<sup>13</sup>

<i>No.</i>	<i>Standards/Guides with policy options/recommendations for Governments</i>
1	Enhancing Stakeholder Engagement in PPPs for the SDGs
2	Improving the delivery of PPPs through digital transformation throughout the PPP project lifecycle in support of the SDGs *
3	Achieving digital transformation in countries through PPPs for the SDGs
4	PPPs in digital infrastructure: diagnostics in healthcare (telemedicine) and other digital public services *
5	Promoting gender equality and women's empowerment through PPPs for the SDGs
6	Green and sustainable PPP procurement for the SDGs *
7	Environmental sustainability and resilience in PPPs for the SDGs
8	The state of PPP and infrastructure finance midway to 2030 *
9	Blended finance structures used in PPP and infrastructure projects in support of the SDGs
10	Fiscal sustainability in PPPs for the SDGs
11	Simplifying and accelerating the delivery of PPP projects for the SDGs for sustainable economic recovery and reconstruction: pros and cons *
12	Increasing food security through PPPs for the SDGs involving the water, energy and agriculture nexus

<sup>13</sup> An Asterix (\*) next to the topic denotes work to start in 2023.

## Annex II<sup>14</sup>

### Detailed proposals for work on PPP products to start in 2023

#### 1. Proposed Practical Guide on Improving the delivery of PPPs through digital transformation throughout the project lifecycle in support of the SDGs

##### *Title*

Improving the delivery of PPP and infrastructure through digital transformation throughout the project lifecycle in support of the SDGs

##### *Purpose*

The purpose of the proposal is to develop a guide for the public sector in the ECE region to improve and streamline the PPP project lifecycle in its different phases with digital technologies and solutions in support of the SDGs.

##### *Scope*

PPPs can be a tool to accelerate and attract investment in infrastructure that support the implementation of the SDGs. However, PPPs are complex and time consuming and new digital technologies and solutions can help streamline the PPP project cycles, especially the identification and preparation stages. The digital transformation of the PPP delivery process can improve the speed and integrity of PPP projects, provide enhanced insight into project components, and increase the likelihood that a PPP project will deliver infrastructure and public services with positive social and economic impact.

The scope of the intended guide is to set out guidelines and policy options/recommendations for the public sector to use digital technologies and solutions to improve the PPP project delivery, performance and sustainability. It will draw on best practices to use digital solutions and tools – including data, information technology and other digital approaches – at each stage of the PPP process with a particular focus on the initial stages of the PPP project life cycle, especially the identification and preparation stages. The guide will also cover the other stages such as the implementation stage where digital transformation can play a crucial role to ensure governments have the right information to successfully manage PPP projects.

The guide would draw on the existing work undertaken by the international community and the MDBs on digitization.

##### *Added value by ECE*

Organisations working on digital transformation/InfraTech tend to focus on the post-procurement phases of projects with a focus on industry digital solutions to improve infrastructure delivery (e.g. digital twins of buildings etc).

The ECE guide would instead focus on a crucial phase of the PPP development – the initial project phase, pre-procurement. Two areas are of particular interest:

1. Stakeholder engagement process (e.g. how digital technologies and solutions could make consultations more broad, democratic, accountable, open and transparent); and
2. Government approval process (e.g. how digital technologies and solutions could facilitate the interaction between the various government entities, including standard template documents for use across the public sector to expedite the PPP appraisal process, and make it more transparent and efficient).

<sup>14</sup> The work on digital transformation will benefit from cooperation with multilateral platforms for sustainable infrastructure (including SOURCE) in line with the Programme of Work of the Economic Cooperation and Integration subprogramme for 2023 (ECE/CECI/2002/5).

***Drafting and/or peer review team***

Membership is open to experts with broad knowledge in the area of digital transformation and PPPs and ideally experience in low and middle-income countries.

***Timeline***

Work on the guide should be commenced by the secretariat in 2023 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 7<sup>th</sup> or 8<sup>th</sup> session and in time for the 71<sup>st</sup> Commission session in 2025.



## 2. Proposed Practical Guide on PPPs in digital infrastructure<sup>15</sup>: diagnostics in healthcare (telemedicine) and other digital public services

### *Title*

PPPs in digital infrastructure: diagnostics in healthcare (telemedicine) and other public services.

### *Purpose*

The purpose of the proposal is to develop a guide for the public sector in the ECE region to highlight the PPP and infrastructure projects that exist as a result of digital transformation.

### *Scope*

There are a number of sectors/sub-sectors, for example diagnostics via telemedicine within the health sector, that only exist as a result of the advances of information and communication technology (ICT), which enable people and organisations to interact in the digital world.

The scope of the guide is to:

- (i). Explore the role of PPPs in those sectors/sub-sectors that have benefited from the advances in ICT;
- (ii). List selected case studies from these sectors/sub-sectors; and
- (iii). Provide practical policy options/recommendations to governments wishing to use the PPP model in these sectors/sub-sectors.

With respect to digital technology for project preparation, the ECE has already been collaborating with the multilateral platform SOURCE<sup>16</sup> for the digitalisation of sustainable infrastructure preparation. Further cooperation with SOURCE was also requested by ECE member States (see footnote 3 above).

### *Added value by ECE*

Case studies from the ECE region, including very recent ones launched at the height of the COVID-19 pandemic, will be showcased in the guide to inspire other governments in the ECE region to initiate these projects both in rural and urban areas (e.g., up to 2019, digital diagnostic services were mostly offered in rural areas, but the COVID-19 pandemic revolutionised digital diagnostics, which became a reality in cities across the ECE region). The guide will be the first to explore this new phenomenon and the link with PPPs for the SDGs.

### *Drafting and/or peer review team*

Membership is open to experts with broad knowledge in the area of digital transformation and PPPs and ideally experience in low and middle-income countries.

<sup>15</sup> The ECE acknowledges that the achievement made jointly by the multilateral development banks on the digitalisation of sustainable infrastructure preparation must not lead to duplication by ECE. Thus, to avoid duplication, the ECE work - without prejudice to ECE to disseminate its standards and tools, including the Evaluation Methodology, by all available means - will build further from the multilateral achievements and in cooperation with the MDBs, including through their joint platform SOURCE. This will facilitate and identify where ECE can best add value and make the most meaningful contribution to accelerate the achievement of the SDGs in the ECE region.

<sup>16</sup> SOURCE is jointly led and financed by the MDBs (World Bank, EBRD, ADB, IDB, EIB, and as observer AfDB.). The Sustainable Infrastructure Foundation (SIF) has developed the platform SOURCE on behalf of the multilateral development banks and is disseminating a number of their tools. At the request of the ECE member States, the ECE engaged in collaboration with SOURCE in the context of the work plan on phase two of the PPP Evaluation Methodology for the SDGs.

*Timeline*

Work on the guide should be commenced by the secretariat in 2023 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 7<sup>th</sup> or 8<sup>th</sup> session and in time for the 71<sup>st</sup> Commission session in 2025.

### 3. Proposed Practical Guide on Green and Sustainable PPP Procurement for the SDGs

#### *Title*

Green and Sustainable PPP Procurement for the SDGs

#### *Purpose*

The purpose of the guide is to:

- (i). Identify green and sustainable public procurement best international practices and adapt them to PPPs, taking into account existing UNECE policy documents including the Guiding Principles and the Evaluation Methodology; and
- (ii). Develop policy options/recommendations and guidance for policy makers applicable to both developed and developing countries/economies in transition.

The Guide would advocate that using integrated green public procurement policies in PPPs for the SDGs can have a transformative effect on the capacity of governments, the private sector and other PPP stakeholders, and a significant potential for accelerating achievement of the SDGs.

The Guide would address a gap in policy implementation practices and the related research in using green procurement in PPPs and advise how the five ECE PPP project outcomes and in general the Evaluation Methodology could be used to introduce green procurement in the PPPs for the SDGs.

#### *Scope<sup>17</sup>*

The Guide would contain a description and rationale on how PPPs for the SDGs can accelerate the achievement of the SDGs if green and sustainable procurement practices are integrated into PPP projects, and provide member States with policy guidance on how to introduce, review or integrate existing green and sustainable public procurement policies into PPP policies, and vice versa, that is, how existing PPPs for the SDGs policies and practices can assist in implementing green procurement practices and progress on SDG targets identified in national SDG plans.

The Guide would aim to wide applicability and would focus on specific challenges for both developed and developing countries/countries in transition in the ECE region during the implementation of green procurement and PPPs for SDGs policies.

The Guide would also provide policy options/recommendations for the alignment of national SDG plans and green/sustainable procurement policies with national PPPs/infrastructure plans and PPPs frameworks. The policy options/recommendations would address specific issues of implementation of green and sustainable procurement during all PPP phases/project cycle.

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<sup>17</sup> The Guide would not aim at:

- (i). Reviewing or substituting existing ECE documents, such as the Evaluation Methodology or the guiding principles on PPPs for the SDGs, but rather build and expand upon them and, where necessary, make suggestions on future work (such as improvements for certain indicators in the Evaluation Methodology);
- (ii). Providing any country-specific recommendations, recommendations on legislative or contractual provisions, or recommendations on changing the national legislation in specific member States; and
- (iii). Promoting the mandatory application or implementation of industry or regional technical standards or industry specific guides related to green procurement, although such standards and technical guides might be used in the Guide for reference purposes.

While the policy options/recommendations in the Guide would be based on best international policies and practices, the Guide would focus on policy options/recommendations using actual selected case studies.

***Added value by ECE***

Most organisations and literature focus on green public procurement, with little or no focus on green PPP procurement. The value added for the ECE guide would be to focus on:

- (i). The whole lifecycle approach in PPP and infrastructure; and
- (ii). Output specifications in tender documents (versus input specifications in traditional public procurement)

Both elements are equally important to inspire green practices in PPPs by encouraging the private sector to propose green solutions.

***Drafting team***

Membership is open to experts with broad knowledge in the area of green public procurement and ideally experience in low and middle-income countries. The drafting team will be led by Mr. Steven van Garsse.

***Timeline***

Work on the guide should commence in 2023 and should be completed and submitted to the Working Party for its consideration at its 7<sup>th</sup> or 8<sup>th</sup> session.

## 4. Proposed Practical Guide on the state of PPP and infrastructure finance midway to 2030

### *Title*

The state of PPP and infrastructure finance midway to 2030

### *Purpose*

The purpose of the proposal is to develop a guide on the state of PPP and infrastructure finance midway through the implementation phase of the 2030 Agenda. The guide aims to offer a snapshot of PPP and infrastructure finance from selected countries, and to provide governments in ECE member States with an overview of the investment strategies adopted by investors and debt providers involved in PPP and infrastructure finance.

### *Scope*

The guide will provide a critical overview of the:

- (i). Financing mechanisms used in PPPs and infrastructure in the context of the post-pandemic recovery and other externalities;
- (ii). Latest development in project finance; and
- (iii). Use of blended finance and impact investing as possible tools to finance PPP and infrastructure and accelerate SDG implementation.

A number of examples will be used, while policy options/recommendations aimed at policy makers will be provided.

### *Added value by ECE*

The guide will offer a unique insight into the financing of PPP and infrastructure from an independent and neutral perspective outside the three main actors in a PPP project: governments, private sector, lenders (MDBs and private investors)

### *Drafting and/or peer review team*

Membership is open to experts with broad knowledge in the area of infrastructure and PPP finance and ideally experience in low and middle-income countries.

### *Timeline*

Work on the guide should be commenced by the secretariat in 2023 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 7<sup>th</sup> or 8<sup>th</sup> session.

## **5. Proposed Practical Guide on the pros and cons of simplifying and accelerating the delivery of PPP projects for the SDGs for sustainable economic recovery and reconstruction**

### ***Title***

Delivering PPP projects for sustainable economic recovery and reconstruction in support of the SDGs

### ***Purpose***

The purpose of the proposal is to develop a guide for the public sector to streamline and accelerate the delivery of PPPs for the SDGs including in the reconstruction phase in post-pandemic, post-disaster and post-war context.

### ***Scope***

PPPs for the SDGs can boost investment in sustainable infrastructure. As we approach the halfway mark of the 2030 Agenda for Sustainable Development, the pace of delivery of sustainable infrastructure projects – green, resilient, circular and of high quality – must be accelerated to meet the SDG targets by 2030 and to support sustainable economic recovery and reconstruction.

The scope of the guide is to set out policy options/recommendations on possible ways of streamlining and accelerating the delivery of PPPs for the SDGs. The guide will have a particular focus on the reconstruction phase in post-pandemic, post-disaster and post-war contexts by exploring solutions for a fast-track PPP process while implementing the ECE Guiding Principles and the five desirable PPP for the SDGs outcomes. The guide should be drafted in a way as to not create an unnecessary optimism bias towards PPPs.

Such solutions may include special procedures enhancing the capacity and efficiency of the public sector, refining policies and legislation, a review of administrative roles and improving inter-agency and public sector coordination, improving replicability of similar projects (e.g., by procuring projects in batches), and the establishment of special funds and the use of blended finance. The guide will also include an analysis of successful projects and best practices related to resilience, food security for the economic recovery and reconstruction of countries in the ECE region, including in sustainable agriculture, health and nutrition, food supply disruptions, food waste policies, and mitigating climate change.

### ***Added value by ECE***

An ECE guide on this topic will offer a unique perspective with practical examples on the reconstruction of cities and regions in the ECE region (e.g., New Orleans in the aftermath of hurricane Katrina) and beyond (e.g., Fukushima in the aftermath of the 2011 earthquake and ensuing tsunami).

### ***Drafting and/or peer review team***

Membership is open to experts with broad knowledge in the area of sustainable economic recovery and reconstruction and PPP.

### ***Timeline***

Work on the guide should be commenced by the secretariat in 2023 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 7<sup>th</sup> or 8<sup>th</sup> session.

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