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Implementation plan for 2023-2024

Proposals for future work of the Working Party in support of Public-Private Partnerships for the Sustainable Development Goals

Revised note by the Bureau

Background

This document is an update of document [ECE/CECI/PPP/WP/2022/INF.2](#) (presented and discussed by the Working Party on Public-Private Partnerships at its sixth session in December 2022) and contains an updated consolidated list of topics for new and ongoing Public-Private Partnerships (PPPs) standards and guidelines with practical policy options and recommendations for governments. It also contains a table prepared by the secretariat with requests from ECE member States for capacity building activities and policy advisory services (see Annex III).

The updated consolidated list of topics presented in this document is fully aligned with both the focus of the PPP work agreed by the Committee on Innovation, Competitiveness and Public-Private Partnerships (the Committee) and the ECE [Guiding Principles on PPPs in support of the United Nations Sustainable Development Goals](#) (SDGs), which provide the normative basis for the work on PPPs.

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

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 six 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 the PIERS methodology¹ to help ECE member States measure their PPP and infrastructure projects against the three pillars of sustainability: economic, social and environmental.

The Working Party is contributing to the 2030 Agenda for Sustainable Development by:

1. Developing standards and guidelines on a range of PPP and infrastructure related issues, such as on sustainable economic recovery and reconstruction, corruption, food security, women's empowerment, climate resilience and adaptation, essential public services, 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 in support of the Sustainable Development Goals

The ECE Guiding Principles on PPPs in support of 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.²

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.

¹ ECE PPP and Infrastructure Evaluation and Rating System (PIERS): An Evaluation Methodology for the SDGs ([ECE/CECI/2023/4](https://www.ece.org/ceci/2023/4)).

² See document [ECE/CECI/WP/PPP/2022/7](https://www.ece.org/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 in support of the SDGs
(ECE/CECI/PPP/WP/2022/7)*

III. A consolidated list of topics for PPP products in support of the Sustainable Development Goals

Below is a list of topics for 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 focus areas described above.

The development of new products from 2024 would build on material published elsewhere,³ is subject to interest by experts participating in drafting teams and peer review processes, and on 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.

³ 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.

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.⁴ 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 PIERS methodology, where a number of criteria and indicators 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 PIERS 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.

A detailed proposals for the development of practical guide on the above is further developed in Annex II.

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 in support of the SDGs
([ECE/CECI/PPP/WP/2022/7](https://www.ece.org/ceci/PPP/WP/2022/7))

2. Digital transformation⁵ in quality infrastructure and PPPs

Digital and green transformations for sustainable development in the ECE region is the current cross-cutting theme agreed by the member States at the 70th Commission session. The Working Party with other ECE subsidiary bodies and the secretariat were invited by the

⁴ Including the International Monetary Fund (IMF) and the multilateral development banks (MDBs).

⁵ 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.

member States 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 SOURCE⁶ for the digitalisation of sustainable infrastructure preparation.

Digital technology is referenced in Guiding Principle 2 (see table below), and the following areas 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.

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 ECE guide under preparation 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 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 proposed guide would build on international best practices and develop policy-oriented options and recommendations applicable to ECE member States complimenting 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 under preparation will inspire the development of other projects in support of the SDGs.

Work on the development of practical guides on (i) and (iii) above was launched in 2023 and is expected to be completed in 2024.

⁶ 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.

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 in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

3. Supporting the use of off-grid rural electrification renewable energy and energy efficient PPP solutions for the SDGs

Prioritizing PPP and infrastructure projects that can have maximum impact on societies is a catalyst to achieving the transformational change needed to provide access to basic services to underserved communities by 2030. This fundamental concept is deeply rooted in Guiding Principle 2 (see table below), with renewable energy as a core recommended sector for governments to prioritise in support of SDG 7: ensure access to affordable, reliable, sustainable and modern energy for all.

The ECE Standard on PPPs in renewable energy adopted in 2018 (ECE/CECI/WP/PPP/2023/7) provides a solid foundation for PPP projects in the renewable energy (RE) sector to be delivered in support for the SDGs. These projects are expected to go beyond energy generation, and the Standard argues that RE PPPs should improve health and environmental quality locally by reducing the negative effects on non-RE generation like burning coal and oil, which is still predominant in rural areas in the ECE region and beyond. RE PPPs for the SDGs should strive to make electricity affordable, reliable, sustainable and available to people, improve personal security, access to healthcare, and increase the productivity of individuals.

These noble objectives remain aspirational for many remote rural communities, where polluting and harmful fuels remain the predominant means for energy production. Exclusion from national electricity grid lines is certainly a big disadvantage but is by no means an absolute barrier to locally sourced clean energy production and use. Off-grid RE solutions have the potential to improve access to clean energy services in rural areas. PPPs have been successfully used to catalyse investment in off-grid energy systems, and if properly implemented, have the potential to improve access to energy and reduce the negative effect of non-RE sources using coal and oil.

Building on the ECE Standard on PPPs in RE, a new standard on the use of PPPs in RE off-grid electrification would provide guidance and policy recommendations based on actual case studies to governments wanting to invest in off-grid RE solutions in line with their overall energy strategies to provide access to electricity to all citizens.

A detailed proposals for the development of a standard on the above is further developed in Annex II.

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

Challenge 2.6 – Prioritizing projects for impact

There is a need to focus on infrastructure projects that can unlock productive capacities and boost manufacturing and services – again ensuring maximum development impact.

Recommendation

Projects pipelines should prioritize basic infrastructure areas that can unlock productive capacities such as utilities, transport and other sectors. They should support the development of green infrastructure such as sustainable transport infrastructure, renewable energy, and climate-resilient and resource-efficient infrastructure.

Source: ECE Guiding Principles on PPPs in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

4. 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 PIERS 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 3rd edition of the UNECE 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:

Seven recommendations promoting gender equality and women's empowerment through PPPs for the SDGs

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.

A practical guide with practical policy options and recommendations for the public sector will build on the seven recommendations and will focus on the delivery of PPP projects for the SDGs that promote gender equality and women's empowerment and contribute to closing gender gaps. The proposed 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,⁷ the ECE practical 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.

A detailed proposals for the development of practical guide on the above is further developed in Annex II.

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.

⁷ 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 in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

5. Promoting green and sustainable PPP procurement for the SDGs

Two policy discussions held on green and sustainable PPP procurement – at the sixth edition of the UNECE International PPP Forum and a panel at the Committee in May 2022 – have highlighted the need for 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.

Work on the development of a practical guide in this area was launched in 2023 and is expected to be completed in 2024.

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 in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

6. Promoting climate resilient PPP and infrastructure projects in support of the SDGs

Climate change has accelerated even more rapidly than the direst predictions. The planet is besieged by increasingly intense and frequent natural events such as floods and earthquakes, as well as man-made disturbances, including armed conflict. This crisis has necessitated significant measures to adapt and withstand better, and to recover quicker from these adverse events.

The need for PPPs to help finance both the infrastructure gap but especially integrating climate resilience and adaptation into infrastructure projects is acute. This effort directly addresses SDG 13, which calls for urgent action to combat climate change and its impacts, although climate resilience and adaptation is intrinsically linked to all the SDGs.

Climate resilience infrastructure is referenced in Guiding Principle 7 (see table below) and is further elaborated in the PIERS methodology.

A standard or a practical guide on climate resilient infrastructure could be envisaged that would build on Guiding Principle 7 and supplement the PIERS methodology by guiding policy makers to progressively integrate climate resilience in PPP and infrastructure projects in support of the SDGs. Any work on this topic will be coordinated with the United Nations Office for Disaster Risk Reduction (UNDRR).

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.

Recommendation

Governments should introduce the five outcomes of PPPs for the SDGs in organising their competitive tenders. Irrespective of the intended delivery form, tenders should be organised so that the "winners" are those that demonstrate their ability to successfully meet procurement evaluation specifications like...

- Build facilities resilient against climate change threats.

Source: **ECE Guiding Principles on PPPs in support of the SDGs**
([ECE/CECI/PPP/WP/2022/7](https://www.un.org/development/desa/pubs/2022/7))

7. Enhancing environmental sustainability in PPPs for the SDGs

Enhancing 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 PIERS 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 could be envisaged that would build on Guiding Principle 8 and supplement the PIERS methodology by guiding policy makers to progressively improve crucial 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 in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

8. Promoting sustainable 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.

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 under development would offer a snapshot of PPP and infrastructure finance from selected countries, and would 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 will also 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).

Work on the development of a practical guide in this area was launched in 2023 and is expected to be completed in 2024.

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 finance⁸ can be truly catalytic and does not subsidize projects that would have already taken place.

Source: ECE Guiding Principles on PPPs in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

9. Enhancing fiscal sustainability in PPPs for the SDGs⁹

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 PIERS 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:

- (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?

⁸ 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.

⁹ 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.

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 in support of the SDGs (ECE/CECI/PPP/WP/2022/7)

10. Simplifying and accelerating the delivery of PPP projects 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,¹⁰ but also in other countries ravaged by war and natural disasters, make a strong case for a recalibration of one of the recommendations in Guiding Principle 2 (see table below).

The practical guide on sustainable economic recovery and reconstruction, expected to be submitted to the Working Party at its sixth session, is focusing 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.

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.

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.

¹⁰ 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.

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 in support of the SDGs
([ECE/CECI/PPP/WP/2022/7](#))*

11. Increasing food security through PPPs for the SDGs: the water, energy and agriculture nexus

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:

- (i) Prioritise the following topics for work to initiate in 2024:
 - a. Enhancing stakeholder engagement in PPPs for the SDGs;
 - b. Promoting gender equality and women's empowerment through PPPs for the SDGs;
 - c. Promoting climate resilient and adaptation PPP and infrastructure projects in support of the SDGs; and
 - d. Supporting the use of off-grid rural electrification renewable energy and energy efficient PPP solutions for SDGs.
- (ii) Approve the proposals in Annex II; and
- (iii) Requests the Bureau to approve on its behalf the detailed proposal in (i)(c) and the drafting team's leader/co-leads.

V. Next steps

The Bureau recommends to the Working Party to discuss the new topics at its seventh session on 30 November and 1 December 2023 under item 4 of the provisional agenda (Implementation plan for 2023-2024) and to consider the following course of action:

The Working Party:

1. Approves the revised 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 2024 as contained in Annex II;
3. Takes note of the list in Annex III with requests by member States for PPP capacity building and policy advisory services;
4. Requests the Bureau to approve:¹¹
 - a. A proposal in 2024 for the drafting of a new standard/guide on climate resilient PPP and infrastructure projects in support of the SDGs; and
 - b. The drafting team's leader/co-leads.
5. Requests the secretariat, working closely with the Bureau, to:
 - (a) Mobilise the necessary expertise and resources for the new PPP products to start in 2024; and
 - (b) Organise sessions to advance the work on the topics in Annex I at the next edition of the UNECE International PPP Forum in May 2024 (one such session should be dedicated to the purpose and scope of a standard/guide referred to in 4 above).

VI. Annexes

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

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

Annex III contains a compilation prepared by the secretariat with all the requests received from ECE programme countries for PPP capacity building and policy advisory services. The list is shared for information and the capacity building and policy advisory services to member States will be provided by the secretariat based on the availability of resources from various sources.

¹¹ Pursuant to Rule 15(ii) and (iii) of the Rules of Procedure (ECE/CECI/WP/PPP/2021/5/Rev.1): "If mandated by the Working Party, the Bureau may approve the detailed proposal for the drafting of a new standard, and initiate the drafting in between Working Party sessions" and "The Bureau proposes and approves (if delegated by the Working Party) the drafting team's leader/co-leads".

Annex I

List of topics for PPP standards and practical guides

No.	Standards/Practical guides with policy options/recommendations	Status ^{1,2}
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	Supporting PPPs in digital infrastructure: diagnostics in healthcare (telemedicine) and other digital public services *	✓
5	Supporting the use of off-grid rural electrification renewable energy and energy efficient PPP solutions for the SDGs	*
6	Promoting gender equality and women's empowerment through PPPs for the SDGs	*
7	Promoting green and sustainable PPP procurement for the SDGs	✓
8	Promoting climate resilient PPP and infrastructure projects in support of the SDGs	*
9	Enhancing environmental sustainability in PPPs for the SDGs	
10	Promoting sustainable finance: the state of PPP and infrastructure finance midway to 2030	✓
11	Disseminating the use of blended finance structures in PPP and infrastructure projects in support of the SDGs	
12	Enhancing fiscal sustainability in PPPs for the SDGs	
13	Simplifying and accelerating the delivery of PPP projects for the SDGs for sustainable economic recovery and reconstruction: pros and cons	✓
14	Increasing food security through PPPs for the SDGs involving the water, energy and agriculture nexus	

¹ A check mark (✓) next to the topic denotes work that started in 2023.

² An Asterix (*) next to the topic denotes work that will start in 2024.

Annex II

Detailed proposals for work on PPP products to start in 2024

1. Proposed practical Guide on Enhancing Stakeholder Engagement in PPPs for the SDGs

Title

Enhancing Stakeholder Engagement throughout the PPP 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 with policy recommendations based on case studies and practical examples throughout the entire PPP project lifecycle to:

- i) Increase the understanding of public officials on stakeholder engagement in PPPs for the SDGs;
- ii) Provide guidance on identifying and mapping stakeholders relevant to PPP initiatives;
- iii) Outline strategies for effective stakeholder engagement throughout the PPP lifecycle;
- iv) Offer best practices for fostering collaboration and maintaining stakeholder trust; and
- v) Highlight the importance of transparency, inclusivity, and accountability in stakeholder engagement.

Scope

Stakeholder Engagement is one of the five desirable ECE PPPs for the SDGs' outcomes, and it captures the range of processes required to achieve meaningful participation and inclusivity to lift the welfare of the wider community long term. The ECE guide will provide governments with a comprehensive framework for effective stakeholder engagement throughout the entire PPP lifecycle, emphasizing collaboration, timeliness, and transparency. It will assist governments in engaging stakeholders at all stages. The ECE guide will cover key aspects such as stakeholder identification, communication strategies, accountability mechanisms, and capacity building. It will promote continuous improvement and knowledge sharing to enhance future stakeholder engagement in PPP for the SDGs.

The ECE guide will sit alongside the PIERS methodology as a practical resource for government authorities that would like to introduce a PPPs for the SDGs approach into their projects. The importance of stakeholder engagement in PPPs is elaborated in the PIERS methodology, where a number of criteria and indicators are included to ensure that stakeholder engagement is a core part of project preparation, development and implementation.

Added value by ECE

The lack of proper stakeholder consultation in infrastructure decisions is one of the main reasons for PPP failures. A number of guides have been written on stakeholder consultation, but none of them holistically integrates the SDGs or cover the whole PPP lifecycle.

The ECE guide would instead cover all the crucial phases and apply stakeholder engagement practices throughout the whole PPP lifecycle. Furthermore, the ECE guide will build on Guiding Principles (Principle 1 in particular) and the PIERS methodology by addressing the:

1. Optimization of stakeholder participation in PPP projects to ensure wider social participation, leaving no one behind; and
2. Social impacts from the project identification to its implementation.

Drafting and/or peer review team

Membership is open to experts with broad knowledge in the area of stakeholder engagement in PPPs and infrastructure.

Timeline

Work on the guide should be commenced by the secretariat in 2024 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 8th or 9th.

2. Proposed practical Guide on Promoting Gender Equality and Women’s Empowerment through PPPs for the SDGs

Title

Promoting Gender Equality and Women’s Empowerment through PPPs for the SDGs.

Purpose

The purpose of the proposal is to develop a guide for the public sector in the ECE region with policy recommendations based on case studies and practical examples on how PPPs and infrastructure projects can be designed and implemented to promote gender equality and women’s empowerment in support of the SDGs.

Scope

As we reach the halfway point of the 2030 Agenda for Sustainable Development, it is crucial to accelerate the delivery of infrastructure projects that empower women and promote gender equality. Including gender considerations throughout the PPP lifecycle can have a positive impact on project outcomes and empower women at every stage. By integrating gender equality practices, PPPs can improve, *inter alia*, women's health, mobility, security, justice, employment, and education. The PPP lifecycle offers a unique opportunity to incorporate gender equality processes and practices in each of the stages to have beneficial impacts on women and gender equality.

The scope of the guide is to provide policy recommendations to ensure that PPPs empower women and promote gender equality throughout the project lifecycle. It will address the impact of social norms and policy frameworks on equal access to PPP services and infrastructure, focusing on streamlining delivery to benefit both women and men. Policy options will expand from the seven ECE PPP recommendations on women’s empowerment will have a focus on increasing public officials’ skills in delivering projects in line with the PPPs for the SDGs outcomes. In particular, to ensure that governments are fully aware on how they can better empower women in projects as well as incentivizing the private sector to contribute to the necessary transfer of skills.

The ECE guide intends to showcase how gender equality could be improved in each PPP stage through the PPPs of the SDGs approach. It will focus on PPPs and infrastructure projects and will supplement the Guiding Principles, the PIERS methodology, and the five desirable PPPs for the SDGs outcomes. The ECE guide would draw on the existing work undertaken by the international community and international best-practice showcased through a number of examples.

Added value by ECE

Case studies and examples that illustrate women’s empowerment and gender equality will be showcased in the guide to inspire other governments in the ECE region to replicate and scale them up.

A lot has been written on the need to include a gender aspect to infrastructure, but none of the existing guides focus on PPPs and its contribution to the SDGs. The added value of the ECE guide is its focus on the SDGs, in particular, on the five desirable PPPs for the SDGs outcomes, as they provide a unique insight to mainstream a gender approach in PPP projects that contribute to gender equality and women’s empowerment.

Drafting and/or peer review team

Membership is open to experts with broad knowledge in the area of gender equality, women’s empowerment and PPPs, ideally with experience in low and middle-income countries.

Timeline

Work on the guide should be commenced by the secretariat in 2024 in coordination with the Bureau and should be completed and submitted to the Working Party for its consideration at its 8th or 9th session.

3. Proposed Standard on Off-grid Renewable Energy PPP projects in support of the SDGs³

Title

Standard on PPPs in off-grid renewable energy.

Purpose

The purpose of the proposal is to develop a UNECE standard on off-grid renewable energy PPP projects in support of the SDGs. The purpose is to:

- i) Provide informative context for member States wishing to develop off-grid rural electrification PPP projects that reflect current good practices and support the achievement of the SDGs;
- ii) Use PPP examples and international best practices as empirical evidence for policy options and recommendations to develop off-grid renewable energy projects; and
- iii) Create awareness of relevant international PPP trends and practices in the off-grid renewable energy sector as well as the potential contribution of the PPPs for the SDGs approach to provide clear energy to rural communities.

Scope

SDG 7 calls for governments and stakeholders to ensure “access to affordable, reliable, sustainable and modern energy for all”, and sets ambitious targets by 2030 to ensure universal access to affordable, reliable, and modern energy services (7.1), to increase substantially the share of renewable energy in the global energy mix (7.2), to double the global rate of improvement in energy efficiency (7.3), to enhance international cooperation to facilitate access to clean energy research and technology (7.a), and expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries (7.b). Thus, it is crucial to accelerate the electrification of remote locations through sustainable energy, specifically renewable energy.

The scope of the standard is to provide examples of off-grid rural electrification PPPs and highlight some of the important aspects of delivering off-grid electrification PPPs to contribute to achieving the SDGs and to present a set of voluntary policy options and recommendations based on case studies from around the world. The standard will build on the ECE [Standard on PPPs in Renewable Energy](#) (2018) and will benefit from input by the ECE Group of Experts on Renewable Energy.⁴

Deliverables

The expected deliverables are:

1. A review of existing PPP examples and best practices in off-grid rural electrification powered by renewable energy;
2. A review of the wider energy infrastructure requirements for the establishment and management of a robust PPP off-grid renewable energy programme aligned with the SDGs and the five ECE desirable outcomes; and
3. A standard on off-grid renewable energy with policy options and recommendations.

Geographical focus

The focus of ECE standards is the ECE region but may be applicable more broadly. Experiences and samples from all around the world should therefore be taken into account.

³ The template for a proposal to draft a new PPP standard is contained in Annex II of document ECE/CECI/WP/PPP/2021/5/Rev.1 adopted by the Committee in May 2022.

⁴ The ECE Group of Experts on Renewable Energy, serviced by the Sustainable Energy Division, provided useful comments in 2018 during the preparation of the ECE Standard on PPPs in Renewable Energy.

Drafting Team leadership

The drafting team's leader/co-leads are to be decided by the Bureau of the Working Party upon recommendation by the secretariat.

Drafting Team membership and required functional expertise

Membership is open to experts with broad knowledge in the area of PPP and infrastructure projects in the renewable energy sector (on and off-grid), sustainable infrastructure and experience with how these projects were implemented in countries.

Resource requirements

Participants in the drafting process shall provide resources for their own participation. The existence and functioning of the Drafting Team shall not require any additional resources from the UNECE secretariat.

Timetable

December 2023:	Project initiation and approval by Working Party on PPPs
November 2024:	First draft ready for review by key stakeholders
February 2025:	Publication of draft standard on UNECE website for public review
September 2025:	Endorsement of draft standards by the Bureau of the Working Party on PPPs
September 2025:	Draft standard submitted to the Working Party on PPPs

Annex III

Compilation of requests received by the secretariat from ECE programme countries for PPP capacity building and policy advisory services*

<i>Member States</i>	<i>Capacity-building and policy advisory needs</i>	<i>Planned Deliverables</i>	<i>Fundraising needs (USD)</i>
Armenia	Provide assistance with project preparation and delivery to ensure the sustainability of PPP projects and their compliance with the SDGs.	Training to public officials and advisory services on the development and delivery of sustainable PPP and infrastructure projects.	150 000
Kyrgyzstan	Provide assistance with project preparation and evaluation to ensure the sustainability of PPP projects and their compliance with the SDGs.	Assistance to implement the policy recommendations on 8 evaluated PPP projects using PIERS to improve their sustainability.	150 000
Tajikistan	Provide assistance with project preparation and evaluation to ensure the sustainability of PPP projects and their compliance with the SDGs.	Evaluate a number of priority PPP projects and train public officials in the use of the PIERS methodology	150 000
Turkmenistan¹⁷	Provide assistance with the legal and regulatory framework to develop projects aligned with the SDGs.	Assist with the preparation of secondary legislation and implementation guides for public officials	75 000
Ukraine¹⁸	Provide comprehensive assistance with project preparation and evaluation to ensure the sustainability of PPP projects and their compliance with the SDGs.	Evaluate a large number of priority reconstruction PPP projects using the PIERS methodology and provide trainings to public officials.	2 000 000
Uzbekistan	Provide assistance in waste management PPPs to ensure their sustainability and compliance with the SDGs	Study on private sector participation in waste management PPP projects	75 000

* The list was prepared by the secretariat addressing relevant OIOS recommendations and in line with the UNECE fundraising strategy. The delivery of all capacity building and policy advisory services are subject to resources, and the secretariat invites donors and development partners to consider providing additional funding for these activities.

¹⁷ A fact-finding mission and a PPP seminar were held in Ashgabat, Turkmenistan on 18-20 October 2023 using RPTC funding.

¹⁸ A number of pilot PPP projects will be evaluated in 2023 using the PIERS methodology and their results will be presented during an online training event for Ukrainian public sector officials on 12 December 2023, funded from RPTC.