

Speaking Notes
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Going forward

The Russian federation has made enormous progress in taking PPPs forward - five years ago, PPPs were only an idea of a few people. Today the country has established legislation, laws and PPP institutions, with high level political support. We should congratulate our Russian partners and our hosts the Vshneconombank and the Moscow Higher School of Economics for their success. Last year, UNECE held a PPP Conference with the government of Israel in Tel Aviv where the Russian delegation proposed the holding of this conference. The participants at this occasion agreed on the ‘way forward’ ‘in order to build the capacity of governments to do PPPs. Our topic today is ‘going forward’ and my remarks focus on how we – the UNECE - define what ‘going forward’ with PPPs actually means!

UNECE is proud of its Guidebook on Good Governance in Public Private Partnerships. Going forward means for us working to implement our guidelines effectively. I am convinced that the seven principles – including *inter alia*, political commitment, transparency, clearer laws and policies and efficient regulations as well as putting people first in the PPP process are an ideal and essential framework for all countries undertaking PPPs. Going forward for countries like Russia in our view means spreading the model so that it become mainstream, making an impact on everyone’s lives. Thus, we need to explore how to develop PPPs not just in cities like Moscow but in the regions and localities, where the needs for essential services are greatest. Here the challenge is not just to do large projects but also smaller PPPs like hospitals, clinics and schools, water services that contribute to the quality of life, so that ordinary people can benefit from better services.

This is then our vision of going forward. How might the conference take PPPs forward concretely: Let me mention, if I may, 3 things:

First of all, effective institutions such as PPP Units need to be established to spread PPPs throughout the country, at all levels. One of the goals of the PPP Unit immediately will be to try and lower the transaction costs and create an enabling environment that is stable and predictable. PPPs have a reputation for complexity and expense and so the PPP unit needs to both simplify procedures and lower the costs (I am reminded that a PPP water project in St Petersburg 3 years ago had legal fees of around 2 million USD – that is too much). UNECE is working with Vshneconombank bringing our networks of PPP Units together some of whom have been established for several years. In fact, we want to

create an effective mechanism - let us call it PPP Unity - by which various PPP Units can share their experiences and knowledge with one another in a systematic way.

Secondly, going forward also means putting in place effective high quality capacity building. There is a consensus amongst most organizations that capacity building in PPP is critical. But frankly, not enough resources are invested in capacity building. When we see how much it costs to develop a PPP project, it is remarkable that so little - if anything at all - is invested in the development of the skills of officials to manage and ensure the project's long term success. UNECE is working closely with the Moscow Higher School of Economics to develop training modules for delivery by local trainers adapted to local circumstances. This is a start but more support to allow government officials practical understanding of projects is required. Ideally, the best way to train public servants is for them to actually do PPP projects. We need the expertise, knowledge and resources of the private sector if we are going to have a real impact on PPP capacity building.

Thirdly, improving the flow of information about PPPs is also an important way of lowering transaction costs and removing the barriers to entry of companies: There is a lack of information on what PPPs are, on the standards of good governance that need to be reached to do them successfully. Here we must ensure that the standards set in our Guidebook are implemented and can become an objective for training professionals. This conference might wish to explore how these principles can become a standard for the work of both the business community and the government in undertaking PPPs.

Going forward therefore means, establishing effective PPP institutions, creating meaningful practical PPP training and fixing and improving standards of good governance in PPPs. I urge therefore both public and private sectors to work together to achieve these goals and wish this conference a great success!