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Team of Specialists on Public-Private Partnerships

Second session
Geneva, 3-4 December 2009

**REPORT OF THE TEAM OF SPECIALISTS ON PUBLIC-PRIVATE PARTNERSHIPS
ON ITS SECOND SESSION**

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I. ATTENDANCE AND OPENING OF THE SESSION

1. The Team of Specialists on Public-Private Partnerships held its second session on 3-4 December 2009. Representatives of the following countries participated in the session: Belarus, Belgium, Bosnia and Herzegovina, Egypt, France, Germany, Hungary, Israel, Kazakhstan, Kyrgyzstan, Netherlands, Poland, Republic of Moldova, Russian Federation, Slovakia, Turkey, Ukraine, United States of America, and Uzbekistan.
2. Representatives of the United Nations Conference for Trade and Development (UNCTAD), United Nations Development Programme (UNDP) and the European Bank for Reconstruction and Development (EBRD) also participated.
3. The following non-governmental organizations, experts and private companies took part in the session: Confederation of International Contractors' Associations (CICA), Ideas Centre Geneva (Switzerland), Aktor Concessions (Greece), BIP Group (Czech Republic), Bouygues Travaux Publics (France), Brooker Consulting Ltd. (United Kingdom), Building Partnerships for Development in Water and Sanitation (United Kingdom), Club des Partenariats Public-Privé (France), Complex Program Group (United Arab Emirates), Deloitte and Touche (Ireland), Dublin Institute of Technology (Ireland), ECORYS Research and Consulting (Netherlands), Farne Project Consultancy/Pinsent Masons (United Kingdom), Frilet and Associés (France), Fulbright and Jaworski LLP (United Kingdom), Galaxy Management Services (France), Geneva Seminar on Global Health (Israel), Gide Loyrette Nouel (France), International Consultancy Organisation LTD (Turkey), Investment Environments + Investment Vision (IN-VI) (Poland), International Road Federation (IRF), International Investment Centre (Russian Federation), Landman and Timmermans Advocaten (Netherlands), Macquarie Renaissance Infrastructure Fund (United Kingdom), Management Analysis (United States of America), Marketing Research Foundation (Russian Federation), McBains Cooper (United Kingdom), Noerr OOO (Russian Federation), OOO EPO Signal (Russian Federation), Pöyry Infra GmbH (Germany), PPP Club (United Kingdom), Project for the Support for the Integration of Ukraine in the Trans-European Networks (Ukraine), Sumitomo Mitsui Banking Corporation Europe Limited (United Kingdom), Transport Management Consultancy, Mott Macdonald (United Kingdom), Tribal Group plc (United Kingdom), University of Manchester (United Kingdom) and University of Missouri (United States of America).
4. The Deputy Director of the UNECE Economic Cooperation and Integration Division opened the meeting by congratulating the Team of Specialists on the progress it had made and the importance of its work for capacity-building in the area of public-private partnerships. He outlined what the Team would be expected to accomplish during the session, namely reviewing its work already accomplished and agreeing on the modalities for its future activities as set out in the programme of work approved by the UNECE Committee on Economic Cooperation and Integration (CECI).
5. The Chairperson welcomed the participants by pointing out the work already accomplished by the Team and the need to engage all levels of government, including the local level, in its activities. He also informed delegations of the changes in the composition of the Bureau that have been proposed during the intersessional period. Consequently, Mr. Rafkat Hasanov

(Kyrgyzstan) and Mr. Alexander Bazhenov (Russian Federation) were elected as new Vice-Chairpersons of the Team of Specialists.

II. ADOPTION OF THE AGENDA (Agenda item 1)

Documentation: Annotated provisional agenda for the second session (ECE/CECI/PPP/1).

6. The Team adopted the provisional agenda, as set out in document ECE/CECI/PPP/2009/1.

III. POLICY DIALOGUE ON THE IMPLICATIONS OF THE CURRENT ECONOMIC CRISIS ON PUBLIC-PRIVATE PARTNERSHIPS (Agenda item 2)

7. The policy dialogue was organized as a series of presentations by both government and private sector representatives on the effects of the economic crisis on public-private partnerships in various sectors, as well as government efforts to mitigate the effects of the crisis on their PPP programmes.

8. In the course of a round table discussion, experts shared experiences from a sectoral perspective, including issues related to public-private partnerships in hospitals, water supply and railways. A discussion took place, looking at the emerging trend to give greater importance to promoting socially sustainable public-private partnerships in the context of the financial crisis. During the discussion, proposals were also made for activities that could facilitate information exchange and help governments address the capacity-building challenge.

9. The following key points emerged from the discussion:

- (a) The economic crisis had had the following medium-term effects: reduced number of lenders in the PPP market; the reduction of the amount banks had been prepared to lend was in the order of 25-50% of what it had been 2-3 years ago; loan maturities had become considerably shorter; and the cost (i.e. margins) for such loans had at least doubled;
- (b) Among the most significant difficulties that countries faced in attracting financing for PPP projects were: cut of long-term financing, high cost of available financing, decrease of companies ready to proceed with high-cost projects, drop in equity financing, and lenders' and investors' reluctance to enter new markets;
- (c) At the same time, governments had undertaken remedial action and special measures to keep public-private partnership projects afloat, taking more risk to close deals, facilitating projects that had been faced with inadequate finance, organizing competitions for finance amongst preferred bidders and offering guarantees to the project's debt financiers;
- (d) Some proposed solutions for governments to deal with public-private partnerships during crisis included: ensuring proper deal structure, fair allocation of risk, considering and understanding investors' constraints, sufficient market sounding and timing of funding competitions in bid process;
- (e) There were signs that the markets were adapting to the new environment and also that new PPP models were emerging with the prospects of a sustainable recovery.

Institutional investors had to some extent, been filling the gap left by commercial banks, new opportunities were emerging in the bond market, and international financial institutions had assumed a larger role in securing financing for PPP projects in countries with economies in transition;

- (f) There was a growing recognition of quality of projects, including the importance of 'green' standards for public-private partnerships which not only contributed to reducing environmental impact, but in addition was a way to improve functionality, flexibility and durability, achieve higher user satisfaction, improve performance in both design and operation, and lower costs over the lifetime of a project;
- (g) Challenges for countries with economies in transition remained largely the same as before the crisis, the most important one being the need to build institutional capacities to undertake efficient public-private partnerships;
- (h) There was indication that the economic crisis had also created opportunities for governments to reconsider their mid-term tasks and priorities, in particular creating an opportunity for formulating effective regulatory environment in new market conditions;
- (i) There was general agreement that policy dialogue, legal and regulatory reforms, building of new and strengthening of existing institutional capacity would be key , coupled with the emergence of non-conventional financing for public-private partnerships;
- (j) Experience throughout the UNECE region indicated that the economic crisis necessitated improvement in national legal and regulatory frameworks to better attract scarce funds; and
- (k) There was agreement too that the crisis did not obviate the need for public-private partnerships and that it provided a window of opportunity for both public and private sectors to redefine and reconsider the way ahead.

10. The Chairperson thanked participants of the Policy Discussion Segment who expressed interests of their respective governments and organizations to host national and regional seminars, as well as capacity-building activities. Many delegates supported these proposals and invited members of the Team of Specialists to actively contribute to these activities.

11. The Chairperson thanked the presenters for their valuable contributions and the Moderator for skilfully steering the discussion and making a valuable summary of its main conclusions.

IV. REVIEW OF WORK ACCOMPLISHED BY THE INTERNATIONAL NETWORK OF EXPERTS ON PUBLIC-PRIVATE PARTNERSHIPS (Agenda item 3)

12. The Chairperson invited participants to report on the work accomplished since the first session and to express interests of their respective governments and organizations to host regional seminars and exchange of views, as well as capacity-building activities. He pointed out that one area where work remained to be done was collecting information on specific projects planned by countries and creating an electronic database with this information.

13. Experts reported on the key learnings from normative work and technical assistance provided in the intersessional period, most notably in the preparation of the comparative review

of national experiences with public-private partnerships and advisory services provided to national governments.

14. The representative of Bosnia and Herzegovina presented the outcome of an international conference on public-private partnerships in strategic infrastructure networks organized by the Regional Co-ordination Council (Sarajevo, 25 September 2009) and expressed interest in cooperation with the Team of Specialists in the area of capacity-building. The governments adopted a ministerial declaration, thereby establishing the Southeast European Public-Private Partnership Network (SEE PPP Network) assisted by the SEE PPP Network Secretariat initially set up within the PPP Agency of the Republic of Croatia, which sought to increase national capacities and promote regional cooperation in the area of public-private partnerships.

15. The representative of Kazakhstan invited the Team of Specialists to contribute to a capacity-building event for public sector officials during the III Astana Economic Forum (1-2 July 2010).

16. The representative of Ukraine expressed the interest of the Government to hold a consultative meeting with the UNECE Business Advisory Board in 2010.

17. The Chairperson invited representatives of international and regional organizations to present their activities in the area of public-private partnerships and to propose ways of cooperation with the Team of Specialists. The representatives of the European Bank for Reconstruction and Development (EBRD) and United Nations Development Programme (UNDP) presented their activities and cooperation efforts with UNECE and other initiatives and proposed ways to promote cross-cutting activities and enhance existing synergies with the Team. UNDP expressed interest in undertaking a joint project with the UNECE within its forthcoming programme of support for capacity-building in the Russian Federation, co-organized with the Vnesheconombank.

18. The Team of Specialists took note of the presentations and welcomed the invitations of the Governments of Bosnia and Herzegovina, Kazakhstan and Ukraine to organize capacity-building events within the work programme of the Team of Specialists on Public-Private Partnerships as well as to work with the UNDP in its proposed capacity-building project in the Russian Federation.

19. The Team of Specialists expressed support for developing further cooperation with other organizations and initiatives. It also invited the secretariat to facilitate the exchange of information on proposed capacity-building events organized by governments and organizations within of the Team's programme of work.

V. REPORT OF THE BUSINESS ADVISORY BOARD (Agenda item 4)

20. A representative of the Business Advisory Board reported on its activities in 2008 and 2009, in particular a consultative meeting with the Government of the Republic of Kazakhstan (the report of which has been released as ECE/CECI/2009/3) as well as preliminary consultations with the Government of the Kyrgyz Republic. The work of the Board had been demand-driven

and the Board members remained at the disposal for consultation with both the Team of Specialists and individual governments.

21. The Business Advisory Board was set up to include high-level representatives of the private sector so as to allow it to deliver key messages at a very senior level. There was understanding of the need to continue with this high profile work at the political level and to broaden its scope to other levels of the administration. Since there was significant demand for participation in advisory missions of the Business Advisory Board coming from industries, sectoral representatives and academics, the Board might be interested to consider an extension in its membership. The high-level advisory core group might continue to operate and to support UNECE efforts. At the same time, the Board would welcome manifestations of interest from other experts in order to expand its membership to include advisory services focusing on a more practical approach.

22. The Team of Specialists took note of this information and asked the secretariat to make it available to the wider network in order to attract proposals for new membership of the Business Advisory Board.

VI. IMPLEMENTATION OF THE PROGRAMME OF WORK OF THE TEAM OF SPECIALISTS (Agenda item 5)

A. Work plan for activities of the Team of Specialists in 2010

23. At its third session (3-5 December 2008), the Committee on Economic Cooperation and Integration adopted its Programme of Work for 2009 and 2010 (ECE/CECI/2008/2, Annex). The following outputs were foreseen under the focus area of public-private partnerships:

- (a) Normative work
Policy recommendations on strengthening governance in public-private partnerships.
- (b) Development of training materials and modules
Training Toolkit on “How to do PPPs” (a synopsis of training modules covering key areas of PPP design and governance) – Part II.
- (c) Policy-oriented meetings
Meeting of the Team of Specialists on Public-Private Partnerships (TOS-PPP).
- (d) Field activities
Regional capacity-building event on the development of PPP units in South-East Europe.

24. The Chairperson invited delegations to discuss procedural modalities as well as a schedule of expected outputs for the implementation of the above programme elements.

25. With respect to the preparation of the policy recommendations on strengthening good governance in public-private partnerships (paragraph 22 (a)), the Team of Specialists requested the secretariat to prepare in consultations with the Team and its Bureau a draft of this document

on the basis of written outputs prepared so far under the auspices of the Team, in particular the Guide on Good Governance in PPPs, Policy Recommendations on Improving the Legal Background for Efficient Public-Private Partnerships (ECE/CECI/2008/6) and draft training modules. In addition, the secretariat was invited to prepare and circulate, in consultation with the Bureau, a questionnaire to collect further evidence of practical application of good governance principles at the national level. A draft of policy recommendations would be prepared and sent out for comments to the Team of Specialists and other relevant stakeholders at the latest by 15 April 2010. The Team of Specialists would review draft policy recommendations prepared by the secretariat and submit the document for consideration by the Committee on Economic Cooperation and Integration at its fifth session (1-3 December 2010).

26. The Team of Specialists agreed to organize a regional capacity-building event in South-East Europe in June 2010 (paragraph 22 (d)). This event could comprise an exchange of experiences with the application of the training toolkit and a training component on selected topics. The exact content, dates and location of this event would be decided in consultation with the Regional Co-operation Council (RCC) and the Croatian PPP Agency which has the role of focal point for the Southeast European Public Private Partnership Network.

27. An extended Bureau meeting would be held on the margins of the regional event in South-East Europe, replacing the need for a formal meeting of the Team of Specialists (paragraph 22 (c)). At this Bureau meeting, the extended Bureau would consider progress in the implementation of the programme of work in preparation for the fifth session of the Committee on Economic Cooperation and Integration (1-3 December 2010).

28. Invitations and a provisional agenda for the extended Bureau meeting would be sent at the same time as invitations for the regional capacity-building event in South-East Europe and all interested members of the Team of Specialists would be encouraged to participate.

29. It was agreed that the Bureau would prepare in consultations with the secretariat a report to the Committee on the implementation of work programme outputs set out in paragraphs 22 (b), (c) and (d) and submit proposals on the elements to be included in the Committee's Programme of Work for 2011 and beyond, including meetings in this period. As part of this submission, it would be proposed to the Committee to extend the mandate of the Team of Specialists on PPP for 2011 and 2012, in accordance with the Terms of Reference (ECE/CECI/2007/2 Annex I, paragraph 8).

B. Progress in the preparation of the Toolkit on "How to do Public-Private Partnerships"

30. The Chairperson presented progress in the preparation of the Toolkit since the first session, including the exchange of experiences and lessons learned presented at an expert meeting held on 14 May 2009 in London, United Kingdom. Experts responsible for drafting of several modules were asked to present their work and the Team of Specialists was invited to review them.

31. In the discussion that followed, a view was expressed that the PFI model could be counterbalanced by the other forms of partnerships, such as alliancing and partnering. It was also

said that the Toolkit should take into account differences between common and civil laws jurisdictions and emphasise the importance to considering wider economic impacts of proposed infrastructure projects in decision-making on whether to contract them in the form of public-private partnerships.

32. Having taken notes of the outcome of this discussion, the Team of Specialists agreed on the proposed schedule of delivery of training modules and the procedure for the review and finalization of the toolkit (Annex I). The Team invited governments and other stakeholders to contribute to this work by providing case studies, reviewing and commenting on draft modules.

C. Possible establishment of the international PPP centre

33. The Director of the UNECE Economic Cooperation and Integration Division presented a proposal to establish an international PPP centre (Annex II). The document was prepared on the basis of recommendations made at the Meeting on Promoting Capacity-building in PPPs - PPP Training Centre: Bridging the Gap in PPP Knowledge and Skills (London, United Kingdom, 14 September 2009). The secretariat noted that the work of the centre, especially in the area of capacity-building, would depend on raising additional financial resources. The Team of Specialists was invited to comment on the proposal.

34. The Team of Specialists agreed on the need for an international PPP centre and supported the initiative to set it up under the auspices of UNECE. The Team also recognised the need to support the centre financially and expressed commitment to exploring the ways to do so. The Team agreed on the need to further develop this proposal for consideration by the Committee on Economic Cooperation and Integration at its fifth session. It, therefore, requested the secretariat to report on the progress of setting up the centre at the extended Bureau meeting provisionally scheduled to take place in June 2010.

VII. OTHER BUSINESS (Agenda item 6)

A. Dates of the next session

35. The Chairperson invited the Team to decide on the date of the next session. As already agreed under agenda item 5, an extended Bureau meeting would take place in 2010 instead of a formal meeting of the Team of Specialists.

B. Preparation of the report and close of the session

36. The Team of Specialists agreed that the secretariat would prepare a draft report on the second session and circulate it to the Chairperson and Vice-Chairpersons for approval no later than 10 days following the session.

37. The Chairperson thanked the participants for their active contribution and closed the session.

Annex I**SCHEDULE OF PREPARATION OF THE TOOLKIT ON “HOW TO DO PUBLIC-PRIVATE PARTNERSHIPS”****First batch of the training modules**

NB: First drafts have been prepared for the International Conference «Taking PPPs forward: New opportunities for infrastructure development» (Moscow, 21-22 October 2008).

		1 draft	2 draft	Final
1.	Meeting the Governance Challenge in PPPs	October 2008	Revised as “Introduction in PPPs” December 2009	See second batch of the modules
2.	Creating the right legal and regulatory framework	October 2008	December 2009	Sept. 2010
3.	How to prepare an outline business case	October 2008	December 2009	Sept. 2010
4.	Regional and municipal governance	October 2008	Will be a part of “Getting started”	See third batch of the modules
5.	Risk Management	October 2008	December 2009	Sept. 2010
6.	PPP in roads	October 2008	December 2009	Sept. 2010

Second batch of training modules

		1 draft	2 draft	Final
1.	Introduction in PPPs (This module will incorporate an initial draft of the training module “Meeting the Governance Challenge in PPPs”)	Dec. 2009	April 2010	Dec. 2010
2.	PPP readiness assessment	Dec. 2009	April 2010	Dec. 2010
3.	Sustainable development and PPPs	Dec. 2009	April 2010	Dec. 2010
4.	Financing PPPs	Dec. 2009	April 2010	Dec. 2010
5.	Contract compliance, performance monitoring and dispute resolution	Dec. 2009	April 2010	Dec. 2010
6.	Negotiating a concession agreement	Dec. 2009	April 2010	Dec. 2010
7.	Hospital	Dec. 2009	April 2010	Dec. 2010
8.	Water supply	Dec. 2009	April 2010	Dec. 2010
9.	Waste management (waste into power)	Dec. 2009	April 2010	Dec. 2010
10.	PPP in rails	Dec. 2009	April 2010	Dec. 2010

Third batch of the training modules

		1 draft	2 draft	Final
1.	Getting started with PPPs (This module will incorporate an initial draft of the training module “Regional and municipal governance in PPPs”)	April 2010	July 2010	Dec. 2010
2.	Organizing an effective PPP programme within a government	April 2010	July 2010	Dec. 2010
3.	PPP procurement	April 2010	July 2010	Dec. 2010

Core set of training modules (3 batches)

	Title	Author
1.	Introduction in PPPs	UNECE secretariat
2.	PPP readiness assessment	ESCAP methodology
3.	Getting started with PPPs	Louis Gunnigan, Department of Construction Management and Technology, Dublin Institute of Technology
4.	How to prepare an outline business case	Partnerships UK
5.	Sustainable development and PPPs	Prof. James Evans, Dept. of the Environment, Manchester University
6.	Creating the right legal and regulatory framework	EBRD and Christopher Clement-Davies, Partner, Fulbright & Jaworski International L.L.P.
7.	Organizing an effective PPP programme within a government	TBD
8.	Negotiating a concession agreement	EBRD and Christopher Clement-Davies, Partner, Fulbright & Jaworski International L.L.P.
9.	Financing PPPs	Michael Flynn, Deloitte
10.	Risk management	Arthur Smith, National Council for PPPs, USA, Ray Turner, Delft University of Technology, Netherlands
11.	PPP procurement	Pinsent Masons
12.	Contract compliance, performance monitoring and dispute resolution	Pinsent Masons
13.	Roads	Anthony Pearce, PPP Advisor, Fred Amonya and Forbes Johnston, Mott MacDonald Transport Management
14.	Rails	Pinsent Masons
15.	Hospital	Chris Clifton, Victoria State, Australia, Jeffrey May, Skanska Infrastructure Development
16.	Water supply	Building Partnerships for Development in Water and Sanitation (BPD)

	Title	Author
17.	Waste management (transforming waste into power)	Pinsent Masons

Other materials

- (a) Comparative review on the emerging PPP countries prepared by the State University, Higher School of Economics, Moscow, Russian Federation
- (b) Case studies submitted by individual experts/ PPP Units

Other training modules (might be prepared if experts of the Team of Specialists are willing to contribute):

- (a) Equipping the Project Manager with the tools to do successful PPPs
- (b) Selecting best consultants
- (c) Ports
- (d) Airports
- (e) Social housing
- (f) Schools
- (g) Broadband
- (h) Protection and revitalization of national heritage
- (i) Tourism and recreation
- (j) Entertainment and culture
- (k) Administrative facilities
- (l) Innovation and science
- (m) Power generation and distribution
- (n) Renewable energy projects (geothermal, wind, solar power)

Annex II

PROPOSAL TO ESTABLISH AN INTERNATIONAL PPP CENTRE OF EXCELLENCE FOR CAPACITY-BUILDING AND INFORMATION SHARING

I. BACKGROUND

1. Governments have become increasingly interested in the PPP model for the development of infrastructure and the provision of public services. In the UNECE region, barely five years ago, only a handful of governments had fully functioning PPP programmes and few actually expressed any real interest in the subject. Today, most UNECE member States have some form of practical involvement in PPPs. Governments, especially in economies in transition where infrastructure needs and improving public services are very pressing issues, have expressed interest in PPPs.
2. For several years, the UNECE has been active in promoting a better understanding of PPPs amongst government officials through the organization of conferences and seminars and the elaboration of a guide on best practices in PPPs. Under the auspices of the Committee on Economic Cooperation and Integration (CECI), the UNECE now has clear mandate to contribute to raising the capacity of governments to undertake PPPs, as stipulated in the CECI Programme of Work since the CECI inception. Thus, the CECI Programme of Work for 2009-2010 adopted at the third session of CECI (3-5 December 2008), includes both policy-oriented work as well as a range of capacity-building activities and policy advisory services in the focus area on promoting best practice in efficient public-private partnerships.
3. The UNECE Team of Specialists on Public-Private Partnerships was established under CECI to facilitate information sharing and exchange of practical experience in public-private partnerships among UNECE member States. Another function of the Team of Specialists on Public-Private Partnerships is to contribute to the implementation of a capacity-building programme for public and private sectors officials from catching-up economies on this topic. The first session of the Team of Specialists took place in Geneva on 28-29 February 2008. The Team's programme of work is build around three main interrelated roles and functions: (a) communication of best practices; (b) training of public-private sectors (including the toolkit and training activities); and (c) policy and programme support.
4. Since its establishment, the Team of Specialists has contributed to a number of outputs, such as:
 - (a) The UNECE Guidebook on Promoting Good Governance in Public-Private Partnerships was published in the English and Russian languages and is being widely used in PPP capacity-building work in many countries. The Guidebook has received very positive feedback from PPP stakeholders and is CECI's most frequently downloaded publication;

- (b) The UNECE organized a number of significant events with a focus on PPP, such as the International Conference “Knowledge sharing and Capacity-Building on Promoting Successful Public-Private Partnerships in the UNECE region”, 5-8 June 2007, Tel Aviv, Israel, in cooperation with the Ministry of Foreign Affairs of Israel; International Conference “Taking PPPs forward: New opportunities for infrastructure development in countries in transition”, Moscow, 21-22 October 2008, in cooperation with the PPP Centre of the Vnesheconombank and the State University – Higher School of Economics; and
- (c) A PPP session within the framework of the II Astana Economic Forum, Astana, 11-12 March 2009 organized in cooperation with the Institute of Economic Research of the Ministry of Economy and Budget Planning of Kazakhstan and the Kazakhstan Centre for Public-Private Partnerships.

5. A consultative meeting between the UNECE Business Advisory Board and senior members of the Government of the Republic of Kazakhstan on the prospects for undertaking Public-Private Partnerships (Astana, 13 March 2009); and a preliminary consultative meeting between representatives of the Government of the Kyrgyz Republic responsible for PPPs, experts of the UNECE Team of Specialists on PPPs and the UNECE secretariat (Bishkek, 11 November 2009).

6. The work on the Toolkit on “How to do PPPs” has started and work on a number of draft training modules is already underway.

II. CHALLENGES

7. Governments have underlined the need for practical training that develops their skills to undertake actual PPP projects which are adapted to the conditions in their countries. At the same time, there is a need for better understanding at different levels of government of what is required to implement successful PPP programmes, and above all the capacity to define, instigate and manage the projects themselves. For countries that are about to embark on PPP, the key challenge is how to implement a successful PPP programme. The secretariat has received a number of requests for direct support in the implementation of such programmes, *inter alia* from the Governments of the Russian Federation, Ukraine, Kazakhstan, Kyrgyzstan, and Uzbekistan amongst others.

8. The experiences accumulated by the Team of Specialists on Public-Private Partnerships, after 18 months of operation demonstrate that responding to the needs of governments and the UNECE member States in regards to upgrading their capacity to implement PPPs requires the mobilization of additional resources. These resources are on top of those that were envisaged when the UNECE Economic Cooperation and Integration Subprogramme was first established.

III. PROPOSAL

9. At an interregional meeting of the United Nations Regional Commissions in Bangkok, Thailand in February 2009 on ways and means to improve capacity-building on PPPs,

the ESCAP, ECA and UNECE agreed that an International PPP Centre of Excellence for Capacity-Building and Information Sharing could be a possible response to address the demand and capacity gap within governments on how to do PPPs. The Centre might be established as part of the UNECE secretariat, following the model of the UNECE Gas Centre (<http://www.gascentre.unece.org/>). Such a possible PPP Centre might become an “implementation arm” of the Team of Specialists on PPPs in related capacity-building activities and policy advisory services.

10. The goal of the PPP Centre would be to offer governments getting started in PPPs comprehensive support. In some countries, this support could last for a period of 2 to 3 years. The support received from the PPP Centre would include: orientation on the steps, the internal procedures and best practices, the necessary coordination within governments, the ways to roll out the programme to the regions and to the private sector and the means by which they can acquire the skills to develop and implement projects to launch their PPP programme that will be both feasible and pragmatic. The Centre itself might facilitate the necessary actions and be a depository of best practices and information for all countries. Within the framework of this Centre, participating governments could benefit from the following: high-level advisory missions on orientating them on the route to take, an essential collection of basic documents on legislation requirements, bid documentations, concession contracts, financing details, etc. that will be required for internal and external liaison; and implementation of the initial projects through a ‘learning by doing’ approach as opposed to an exclusive “classroom” approach, that identifies projects which governments can undertake and which can act as demonstration projects for other regions within the country.

11. A preliminary consultative document on the proposed new International PPP Centre was prepared by the UNECE secretariat in consultation with PPP experts – members of the UNECE Team of Specialists on PPPs. This consultative document was presented to a group of experts on 14 September 2009 in London¹. This meeting was attended by 80 experts from 28 countries. The experts discussed the need for a PPP Centre, its approach and its suggested location under the aegis of the United Nations. Some experts mentioned the risk of a possible conflict of interest if the private sector was too closely involved in the organization of public sector capacity-building. These experts, however, generally supported the proposal to establish a PPP Centre as a means of scaling up capacity-building efforts in countries embarking on PPP efforts. Cooperation with other international organizations was encouraged in order to develop synergies and avoid potential overlaps. An agreement was reached on the further development of the concept note for the establishment of the PPP Centre.

12. The fourth session of the Committee on Economic Cooperation and Integration (CECI), held in Geneva on 28-30 September 2009, held an initial discussion on the idea for establishing a UNECE-based Centre for capacity-building in public-private partnerships that would respond to an increasing demand from member States in this area and would deliver more effective

¹The meeting was organized by UNECE in collaboration with the PPP Forum and hosted by Fulbright & Jaworski International LLP and entitled “PPP Training Centre: Bridging the Gap in PPP Knowledge and Skills”.

capacity-building activities. The Committee agreed that more effective training of civil servants in PPPs is desirable and that further reflection on this initiative is warranted.

13. The following paragraphs set out outline the possible approach, objectives, governance and management of the proposed PPP Centre under the aegis of the UNECE. The proposal to establish a PPP Centre will be further discussed at the second session of the UNECE Team of Specialists on PPPs in Geneva on 3-4 December 2009.

IV. APPROACH

14. The Centre could incorporate and adopt the following principles and methodologies in its capacity-building efforts.

- (a) Neutrality and impartiality: The Centre should operate under the principles and in accordance with the rules of the United Nations.
- (b) Adopting a twin tracked approach: The Centre's activities will focus both at the decision-makers level and at the level of those charged with implementation of PPPs.
- (c) Learning by doing: The Centre will adopt an approach to capacity-building that links formal training with actual project delivery - "learning by doing". This was a method pioneered in the Netherlands that has shown success and promise in many countries.
- (d) Public and private sector cooperation: The most under-utilized asset in PPP capacity-building is the private sector itself. It has the knowledge and expertise of projects that can assist the transfer of knowledge to the government in the form of case studies, methodologies, etc. The private sector has the skills, practical knowledge and the resources that can achieve real results.²
- (e) No "one size fits all": Governments will be offered advice on the best path to take; it will be up to the governments to choose the best path for its needs.
- (f) Mutual learning: Although the focus will be on countries getting started, even those with fully operational programmes will benefit from the work of the PPP Centre. PPPs are an area where everyone, irrespective of the extent to which the programme has been running, learns all the time.

15. A concern was expressed at the Meeting on Promoting Capacity-building in PPPs - PPP Training Centre: Bridging the Gap in PPP Knowledge and Skills, London, United Kingdom, 14

² Within the United Nations system, partnerships with the private sector to address some of the UN pressing global challenges such as global warming and climate change as well as poverty alleviation are being successfully forged. Indeed, there is a clear mandate from member States to work with the private sector and to leverage its support to make UN campaigns more effective. Significantly, within the PPP industry, there have recently emerged a number of national PPP associations consisting of principally representatives of private companies, some of which are engaged already in capacity-building activities.

September 2009 that there might be a possible conflict of interest if capacity building of the public sector would be undertaken by the private sector. This concern would be addressed by designing the mode of operation of the Centre in full compliance with United Nations principles and rules, taking into account the Guidelines on Cooperation between the United Nations and the Private Sector (the revised version was signed and issued by the Secretary-General on 23 November 2009, <http://www.unglobalcompact.org>). In addition, the work of the Centre will be entirely demand-driven, reflecting concrete requests by Governments of the UNECE member States.

V. OBJECTIVES

16. The Centre would aim to contribute to raising the capacity of governments and other stakeholders to undertake PPPs and improve cooperation between the public and private sectors and international organizations in this sphere.

17. The Centre will have the following key objectives:

- (a) To disseminate best practices, knowledge and skills in efficient PPPs, especially targeting countries which are newly embarking on PPP programmes;
- (b) To offer high-level advisory services and capacity-building support to governments of countries getting started; and
- (c) To facilitate learning by doing, in particular, through demonstration projects that will support national implementation.

18. Objective 1: Contribute to a better access by governments to essential information on basic procedures and processes to implement their PPP strategy. This includes the core principles of PPP legislation, drafts of standard concession and other contractual agreements, bid documents, feasibility studies, financing requirements, the procedures both internal and external to deliver their programme, etc. The aim will be to provide relevant information in a basic format that can be used and adapted to national requirements. This information is needed by all countries embarking on PPPs. It will, thus, allow the government to achieve the first stage in its maturity to PPP development that is using the basic foundation PPP concepts and tools, testing the legal viability of its environment, and starting to develop the market place.

19. Objective 2: Provide practical advice to senior policymakers from relevant government bodies (e.g. ministries of finance, economy, transport, infrastructure and public works, etc.) focusing on the policy and project parameters of PPPs, as well as dealing directly with PPP units that have been established³. This advice and information could be brought together in a readiness

³ Based on the Kazakhstan experience, the format of these high-level consultations might include the following elements:

- Questionnaire survey of the host government to determine its PPP policy, its sectoral interest, the quality of the enabling environment, etc.;
- Exchange of views on policies and project intentions;
- Orientation of the government on the right road to take, including on the feasibility of project proposals;

assessment. Inputs from the government might also be used by the government as a promotional tool to bring their projects and the quality of their enabling environment to the attention of the international investor community and other stakeholders. The UNECE Business Advisory Board has already carried out advisory missions addressing such issues and they have been well received. The Centre would build on this experience and would develop it further.

20. Objective 3. Contribute to developing practical PPP skills through a ‘learning by doing’ approach. It is envisaged that the Centre would engage in joint practical work with requesting governments on concrete PPP projects to introduce a viable suite of projects into the market place. This may be done through a PPP ‘road show’, starting in a city or region and helping the government to spread that experience elsewhere within the country, building on success.

VI. COOPERATION WITH OTHER INTERNATIONAL BODIES

21. The Centre’s activities could be implemented in cooperation with other United Nations Regional Commissions. However, now there are many other international bodies – some of which are also offering capacity-building. Different ways need to be elaborated in which these bodies might cooperate with the Centre and especially in the beneficiary countries to avoid duplication. It has already been noted that in some countries there are overlaps and duplication between different PPP programmes which are frustrating and confusing to governments and wasteful of donors’ resources. A database of existing capacity-building programmes within international organizations could be prepared when a more detailed proposal is elaborated.

VII. BENEFITS OFFERED BY THE CENTRE

22. The PPP Centre could be a global resource assisting the capacity-building programmes of international bodies, such as the United Nations Regional Commissions and international financial institutions, and by doing so, could also assist the private sector and governments to develop PPP programmes. The benefits to governments, beyond supports to capacity-building, could be to raise the profile of their efforts in getting started in PPPs. Also, the Centre could provide a platform to showcase their projects to prospective investors. For the private sector it could provide unique partnering opportunities with governments as well as accelerated market entry to economies that otherwise would be developing PPP programmes at a much slower pace.

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- Participation of representatives from local companies with experience of local market and of those who are members of the PPP Centre;
 - Preparation of an “Action plan” and agreement on joint implementation; and
 - Dialogue with governments and the private sector.

See also the first edition of UNECE PPP Newsletter <http://unece.org/ceci/documents/2009/ppp/eNewsletter1.pdf>. This event provided some useful lessons. Firstly, there is a clear demand for this type of high-level consultation. The country appreciated the opportunity to raise under the neutral framework of the UN a number of issues. However, logistically, it is very difficult to bring busy individuals to countries with a travelling time of at least two days. Secondly, the need for follow-up has to be factored into the consultations, as the interest and questions tend to be very detailed. Thirdly, the meeting involved the EBRD, and this involvement as well as other international organizations and IFIs was a considerable asset that should be applied in future. Finally, agreement on the format of the consultations should be reached beforehand to ensure the most productive use of time.

For countries with already operational PPP programmes it could provide a more effective framework for their communication with other PPP units in capacity-building activities.

VIII. ACTIVITIES UNDER THE AUSPICES OF THE UNECE

23. The Centre could work under the auspices of the Committee on Economic Cooperation and Integration and the UNECE Team of Specialists on PPPs and might draw on the bodies under the Team of Specialists to deliver its work (such the UNECE Business Advisory Board). The Centre would thus operate as an “implementation arm” of the UNECE Team of Specialists on PPPs. The Committee on Economic Cooperation and Integration would supervise the Centre’s activities at its annual sessions, and would review possible changes in the status or mandate of the Centre (taking into account the role of the UNECE Executive Committee on this matter).

24. The Centre could be constituted under the auspices of the UNECE using as a model the UNECE Gas Centre which has worked for 15 years successfully as an example of public and private cooperation. It would follow the general administrative procedures and practices of the United Nations, and specifically, with reference to financing and recruitment of the personnel for the Centre. The Centre would have a small staff hired according to the United Nations rules. The operations of the Centre would comply with the Guidelines on Cooperation between the United Nations and the Business Sector.

IX. BUDGET

25. The Centre would be financed by extrabudgetary funds and would have a neutral effect on the budget of the United Nations. The number of activities would depend on the financial resources available.

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