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COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION

Team of Specialists on Public-Private Partnerships

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Item 5 of the provisional annotated agenda

**Proposal to establish the PPP Readiness Task Force
and draft Terms of Reference**

Note by the secretariat

DOCUMENT FOR APPROVAL

The secretariat has prepared, in consultations with the TOS PPP Bureau, the following draft terms of reference of a 'PPP Readiness Task Force' for discussion under Item 5 of the annotated provisional Agenda. The Team of Specialists is invited to deliberate on the establishment of the task force and its terms of reference.

SUMMARY

In accordance with its Terms of Reference, the TOS PPP should help governments in devising and implementing their PPP programmes, in particular, by drawing on international best practice. A natural first step in this process is carrying out a national PPP readiness assessment. The PPP Readiness Task Force will be a consultative body providing targeted policy advisory services to requesting Governments and facilitating the undertaking of national PPP readiness assessment. In subsequent phases, the Task Force could consult and support Governments in building their capability to undertake PPP projects based on the UNECE PPP Toolkit. The Task Force will be a body of flexible composition including members of the TOS PPP and its extended network of PPP practitioners in the legal, technical, financial and educational fields who have in-depth personal experience of delivering PPP programmes.

BACKGROUND

When the Team of Specialists on PPPs (TOS PPP) was established in 2008 with a central mandate to undertake capacity building in PPP in requesting countries, the expectation was that this work would primarily be done through the preparation of a toolkit of training modules that, once completed, would be used by local trainers in the country concerned and that would instigate a general transfer of knowledge and skills in PPP to the public administration via local training institutions.

However, programme implementation has revealed that there is a growing need for a more focused delivery of policy advisory services that will target government officials responsible for the PPP programme and will concentrate on aspects such as: the development of a PPP policy, creation of a 'road map' that would set out the stages and milestones in project implementation; initial project ideas on what would be feasible and recommendations on the country's readiness to go forward in PPP and the legal, institutional and financial pre-requirements. Such demand has arisen in the course of time as governments are increasingly becoming more aware of their concrete needs to implement PPP projects. Initially, the interest of governments was in having an overall general impression of what PPPs are, on the assumption that PPP could be possibly a useful tool but not a core part of their economic strategy. Today, with Governments being better informed, their interests have both grown and shifted somewhat towards such focused policy advisory services.

These changes have also affected the work on the UNECE PPP Toolkit (the Toolkit) which is becoming a coherent and coordinated set of different materials oriented towards the practical needs of PPP practitioners rather than a loose collection of different modules on specific aspects of PPPs. Governments therefore need to be advised on how to use and which will depend on their 'readiness' to undertake PPP and how to make best use of the Toolkit potential in their practical work.

The establishment of a Task Force that will help Governments to use the Toolkit and to calibrate it according to their specific needs is a possible practical approach to better respond to these changing needs of Governments. As a first step in this direction, the Task Force could contribute to the undertaking of national PPP readiness assessments, an area where there have been expressions of interest by the Governments of several member States. The following is a proposal for the Terms of Reference of the PPP Readiness Task Force for approval by the TOS PPP.

DRAFT TERMS OF REFERENCE

a) Name

The task force shall be referred to as the “PPP Readiness Task Force”.

b) Mandate

The task force is initially established until the end of 2013, subject to renewal, and shall serve the following main functions:

1. Contribute to undertaking demand-driven national PPP readiness assessments.
2. Advise Governments on follow-up steps including best use of the Toolkit in ways that support PPP readiness.
3. Provide other related policy advisory services based on international good practices in PPPs as promoted by the TOS PPP.

c) Modalities of operation

Upon requests by Governments of member States, the Task Force shall undertake activities in the following stages under the supervision of the Bureau of TOS PPP and in coordination with the UNECE secretariat:

1. Visits the requesting country and holds consultations with government officials and with stakeholders from the private sector;
2. Collaborates with local partners in undertaking the readiness assessment on the basis of standardized questionnaires and interviews.
3. Contributes to and, when requested, takes the leading role in preparing a draft report with its recommendations to accelerate progress in (i) creating the right enabling environment for PPPs; (ii) identifying potential pilot projects to a pre-feasibility stage;
4. Consults with the relevant Government bodies on the draft recommendations of the readiness assessment at the level of senior decision makers, and at the operational level in the public administration;
5. Facilitates the incorporation of feedback and the issuing of a final report; and
6. Contributes to and, when requested, takes the leading role in developing, in consultation with the Government, a PPP Action Plan for implementation.

d) Membership

Membership shall be open to members of the TOS PPP and its extended network of PPP practitioners with relevant experience in delivering PPP programmes. The secretariat shall:

- Inform the extended network of PPP practitioners of the creation of the Task Force and invite interested participants to join the roster of PPP experts who express their desire and interest to participate in the activities of the Task Force;
- Compile, maintain and update the roster of PPP experts on a regular basis and post the roster on the UNECE website;
- Identify, in consultations with the TOS PPP Bureau, individuals on the roster to be invited to participate, subject to their interest and availability, in teams that would undertake specific Task Force activities in requesting countries on an ad hoc basis, according to their expertise and experience;
- Inform the members of the roster of forthcoming activities and completed tasks.

e) Reporting

Each Task Force team undertaking an assignment in a requesting country shall prepare a report on its activities and submit the report to the TOS PPP Bureau and the secretariat. The secretariat shall prepare an integrated report on Task Force activities between TOS PPP sessions and shall submit for approval to the subsequent session of TOS PPP.

f) Link between the Task Force and the UNECE International Centre of Excellence

The Task Force can serve as an implementing arm of the envisaged UNECE International Centre of Excellence (when it becomes operational), and shall operate under the auspices of the Bureau of TOS PPP and the secretariat.

g) Benefits to member States from the work of the Task Force

The expected benefits from the establishment of the task force are:

- Better policy and PPP implementation;
- Access to detailed practical recommendations for improving the institutional, financial and legal conditions for PPP delivery;
- Enhanced exposure to private investors (local and foreign) of the country's PPP programme; and
- Facilitated dialogue between the government and investors on the undertaking of actual projects.

g) Expected beneficiaries of the Task Force services

Subject to available resources, UNECE member States are eligible to benefit from the services provided by the Task Force, with an emphasis on countries with economies in transition. The recommended process of applying for these services is through a formal letter by the relevant Government entity¹ to the Executive Secretary of UNECE.

h) Costs

It is expected that the main costs associated with the activities of Task Force teams undertaking assignments in requesting countries (such as travel, local living costs, report writing, etc.) would be covered through targeted fund-raising from donors and/or other extrabudgetary resources. It is expected that host Government would also contribute to their activity by supporting relevant local costs of events in the host country (such as cost of venue of meetings, interpretation etc.).

i) Envisaged Task Force activities in 2011

The UNECE secretariat has received expressions of interest for undertaking three readiness assessments in 2011 as follows:

- Kyrgyzstan
- Ukraine
- Uzbekistan

¹ It is assumed that the government in requesting this service would be ready to facilitate all the necessary meetings with government agencies and the private sector, and provide a venue for the consultation with interpretation facilities and basic equipment.