



# Economic and Social Council

Distr.: General  
25 August 2017

Original: English

---

## Economic Commission for Europe

Committee on Innovation, Competitiveness and Public-Private Partnerships

### Working Party on Public-Private Partnerships

#### First session

Geneva, 21-22 November 2017

Item 5 of the provisional agenda

## UNECE International PPP Centre of Excellence (ICoE)

### UNECE International PPP Forum:

#### “Implementing the United Nations 2030 Agenda for Sustainable Development through effective, People-first Public-Private Partnerships”

*City University of Hong Kong*

*9 – 11 May 2017*

Report prepared by the Secretariat

#### *Main Highlights*

The following document is a narrative report of the second UNECE International PPP Forum “**Implementing the United Nations 2030 Agenda through effective, People-first Public-Private Partnerships**” organised by the UNECE to discuss Public-Private Partnerships (PPPs) as a key mechanism to contribute to the United Nations 2030 Agenda and as a tool to achieve the Sustainable Development Goals (SDG’s).

The Forum advanced the work on the following UNECE mandated outputs (standards, guiding principles, best practice guides, cases studies, evaluation mechanism to measure the impact of infrastructure projects, capacity building and other implementation measures:

- Zero Tolerance approach to Corruption in PPP Procurement, and its implementation;
- Guiding principles on people first PPPs for the SDGs;
- Urban rail;
- Waste to energy;
- Women’s empowerment;
- Impact investing;
- Smart and sustainable cities;
- Campaign to attain 500 people-first PPP case studies;
- Evaluation mechanism measuring the impact of projects against the SDGs;
- Network to evaluate the people-first PPP criteria; and
- Expert team to prepare guidelines on the implementation of PPP capacity building projects.

## Table of Contents

I.	Introduction .....	3
II.	High Level Debate.....	4
III.	Plenary sessions .....	6
	Plenary I – “16 before 17” - The importance of building effective, accountable and inclusive institutions (SDG 16) in order to strengthen the means of implementation and revitalize the global partnership for sustainable development (SDG 17). .....	6
	Plenary II – UNECE PPP Standards: The role of PPP standards in the context of the United Nations Sustainable Development Goals .....	7
	Plenary III – PPP Guiding Principles for the United Nations Sustainable Development Goals (SDGs).....	8
	Plenary IV – The Hong Kong Experience .....	9
	Plenary V – Sustainable and Resilient Cities.....	9
IV.	People-first PPP Case Studies.....	10
V.	Parallel work streams.....	11
	A. Seeking the best PPP projects for the Belt and Road Initiative .....	11
	B. Women’s Empowerment.....	12
	C. Waste to Energy.....	13
	D. Innovative approaches and new models for successful PPP project training and capacity building.....	14
	E. Smart Cities.....	14
	F. Urban Rail .....	15
	G. Impact Investment .....	16
	H. Road to achieving 500 People-first Case Studies for the UN SDGs break out session .....	16
VI.	Conclusion and Follow-up actions .....	17
	A. B&R Forum, Beijing, 14 – 15 May 2017 .....	17
	B. Next PPP Forum .....	17

## I. Introduction

Building on the success of the first edition of the Forum hosted by the UNECE in Geneva, Switzerland in March 2016, the second edition of the UNECE International PPP Forum “Implementing the United Nations 2030 Agenda for Sustainable Development through effective, People-first Public-Private Partnerships (PPPs)” took place from 9 to 11 May 2017 in collaboration with the City University of Hong Kong. The Forum addressed topical issues linked to the implementation of the UN SDGs and was attended by around 250 experts from over 50 countries, with several thousand more participating via live streaming.<sup>1</sup>

The purpose of the Forum is to discuss:

- Ways and means of implementing existing standards, such as Zero Tolerance Approach to Corruption in People-first PPP Procurement, and finalising the ones still to be completed, including the standards on PPPs in renewable energy, water and sanitation, roads and in rails; and
- How PPPs can foster other critical programmes in the 2030 Agenda for Sustainable Development, such as the role of impact investing in PPPs and the role of PPP in the Empowerment of Women.

The highlight of the second edition was the high-level debate and the subsequent plenary sessions. The topic for the high-level debate selected for the second edition is the role of PPP in promoting China’s Belt and Road initiative.

Plenary sessions discussed issues such as the need for effective institutions to combat corruption in PPP projects; the role of standards in PPPs; sustainable and resilient cities; the Hong Kong PPP experience; and project success stories and their impact on improving the quality of life of citizens. A total of 28 stories were received, of which 10 projects specifically highlighting the overall impact on achieving the SDGs were presented at the Forum.

Finally, a number of PPP topics were debated in smaller parallel workshops, with the active involvement of the participants. The topics included:

- PPP projects for the Belt and Road Initiative;
- PPPs and Women’s Empowerment;
- PPPs in Waste to Energy projects;
- New models for successful PPP project training and capacity building;
- Smart Cities;
- Urban Rail;
- Impact Investing in PPP; and
- The road to achieve 500 people-first case studies.



### The role of the UNECE International PPP Forum

The UNECE supports “People-first PPPs”, that enhance the developmental impact of Public-Private Partnerships, *inter alia*, their contribution to poverty eradication, more equitable income allocation, less dependency on fossil fuels, engaging with stakeholders in a meaningful dialogue, while building the capacity of public and private sector to deliver such projects. People-first PPPs are also projects which are economically viable from both an economics and business perspective and ideally have an economic transformational impact. In this context, the UNECE International PPP forum plays a unique role by:

- Reviewing and further developing the UNECE international PPP standards for the UN SDGs;
- Supporting the call of the UN Addis Ababa Action Agenda for identifying Principles for PPP in financing development for the future of the planet;
- Encouraging and showcasing “People-first PPPs” across different SDG related sectors;
- Bringing together the international Project Teams that develop standards and model templates for such projects; and
- Providing a meeting place by which teams and governments can meet up and find ways to implement projects in their countries.

<sup>1</sup> The video recordings of the plenary sessions are available at: <https://www.youtube.com/watch?v=WRiiq4QtZuA&t=1021s>

## II. High Level Debate

*“How can the international community support China to operationalise its Belt and Road initiative and develop more People-first PPPs”*

Already the Belt and Road (B&R) initiative is having a strong impact.<sup>2</sup> The total trade between China and other B&R countries has already increased to more than \$3 trillion from 2014 to 2016, and China's investment in those countries has surpassed \$50 billion. Under the strategy, China has also set up 56 economic cooperation zones in 20 countries, yielding \$1.1 billion in tax revenues and creating 180,000 jobs. However, the goals of recreating the Old Silk Road and a new maritime road from scratch are very ambitious, challenging and wide ranging, and more investment and many more infrastructure projects will have to be mobilized.



In cognizance of these challenges, the panellists participating in the high level debate addressed the following questions:

- 1) Why is China looking towards People-first PPPs in its B&R initiative?
- 2) How does China gain international trust in face of criticism so the B&R initiative will get financial support?
- 3) What type of projects are needed for the B&R initiative?
- 4) Why is the United Nations interested in the B&R initiative, and how could it be linked to the SDGs?
- 5) Which approach would help get the best projects: bilateral or multilateral approach?
- 6) How to make sure the protection against corruption is in place in the B&R initiative?

The session was moderated by **Sharanjit Leyl**, Producer and Presenter of BBC World News, with the participation of the following panellists:

- **Danny Alexander**, Vice President, AIIB
- **Xiaoping Chen**, CEO, Everbright International
- **Chris Heathcote**, CEO, Global Infrastructure Hub (G20)
- **James Stewart**, Chairman, UNECE PPP Business Advisory Board
- **Annie Wu**, Standing Committee Member, the National Committee of Chinese People's Political Consultative Conference
- **Houmin Yan**, Dean of College of Business, City University of Hong Kong

### A. People-first PPPs and the B&R initiative

Investment in infrastructure is crucial in Asia where the growth potential is high while the level of integration is low. Therefore, one of the beliefs of the B&R initiative is that the development of infrastructure enhances economic integration and support economic growth. However, it does not happen automatically. To bridge gaps and achieve the goal, PPP is seen as a promising mechanism and thus draws a lot of interest.

It was acknowledged by all speakers that the funding gap is huge in this ambitious project. One reason to use PPP is to give assurance to private investors to invest in these projects in order to fill the gap. But bringing in the private sector is not only about financial support; it is also about instilling a much-needed discipline into the selection of projects. The private sectors' emphasis on the cost effectiveness will make sure that projects with the growth potential are selected.

<sup>2</sup> It aims to rebuild the Silk Road Economic Belt, linking China with Europe through Central and Western Asia, and the 21st Century Maritime Silk Road, which connects China with Southeast Asian countries, Africa, and Europe. The One Belt One Road currently encompasses:

- 65 countries
- 63% of the world's population (4.6 billion people)
- 55% of the world's GNP

Thus PPP could help with the challenge for governments to prioritize projects that are most likely to drive growth and ensure the sustainability of the infrastructure projects.

From a historical perspective, the ancient Silk Road contributed to the integration of international and local trade. The implication for using People-first PPPs in the B&R initiative is that PPP could be a vehicle for incorporating local people's needs and promoting local community engagement in infrastructure projects.

### **B. International trust in face of criticism to the B&R initiative**

The speakers considered that the criticism is natural given the massive scale and scope of the B&R initiative. It challenges existing relationships and creates new competition. Every country wants to export its own talent and expertise into these new global infrastructures. China is not the only country who is talking about the importance of infrastructure projects to increase growth in the world economy. So the criticism might indeed be coming from competitors who want to attract attention to their own projects and initiatives.

Speakers also felt that there is another concern which creates criticism. Historically, when Chinese investment come into a foreign country to build an infrastructure asset (such as a road), the labour and equipment and everything else have been brought by China with very little investment sourced in the local economies, which offers for little or no knowledge transfer.

The panel felt that in order to gain international trust, China needs to make sure projects bring mutual benefits to the countries involved, and meet international environmental and social standards. It is believed that as the B&R initiative becomes more mature, the mechanism behind which the projects are selected will become more clear and transparent.

### **C. Type of projects needed for the B&R initiative**

The panel concurred with the view that the B&R initiative is not only about mega projects, but also the smaller projects that could happen around them. The point was made that these infrastructure projects should not only transit countries but also transform their economies and make them more sustainable. The B&R initiative is exciting because there are some countries along the road where changes could be difficult to make. The challenge for the B&R initiative is to bring prosperity to countries where such prosperity has been hard to achieve.



To tackle these issues, it was argued that projects which could open markets, bring jobs and high-speed internet to local communities, and provide housing and education to the people are the ones especially needed.

### **D. The United Nations Sustainable Development Goals (SDGs) and the B&R initiative**

The United Nations, through the UNECE, has embarked on a campaign to identify projects that link to the people-first criteria to achieve the SDGs. This means projects that not only have economic benefits, but also good social and environmental impacts. But one challenge is that these projects often have limited cash flow; therefore, they require stronger government support. Currently, the pipeline of PPP projects heavily depends on power projects and port projects which have strong cash flow. The B&R initiative is promising to bring funding support to the kind of transformational projects that the United Nations is promoting in support of the SDGs.

### **E. Bilateral vs multilateral approach to successful projects**

Experience has shown that a host of problems emerge when projects are bilaterally agreed with little third party consultation. The multilateral approach on the other hand, though lengthy and laborious, is the best approach as it offers a mechanism for dialogue and consultation which allows for better understanding of projects. The fact is however that nowadays governments are promoting their own suppliers by providing cheaper money. This gives them an inherent advantage and favours a procurement that has been previously agreed bilaterally between China and the hosting country. So there is a need for procuring countries to set rules for engagement, such as environmental rules and labour rules, and organise genuine open competitive tenders.



## F. Zero tolerance to corruption in the B&R projects

Corruption is an extremely important issue in infrastructure projects. If 30 to 40 per cent of the value of a project is lost through corruption, the chance to make an increase in GDP from the project would disappear.

One way to solve the problem is to increase transparency in procurement in projects, and the PPP model is particularly adept to ensure transparency. Also, it is important for all shareholders to take the zero tolerance approach to corruption. From the private sector side, it is important for them to have strict management and internal control. The UNECE standard on a zero tolerance approach to corruption in PPP procurement provides an excellent mechanism for policy makers to tackle corrupt practices along the various PPP procurement steps.



## III. Plenary sessions

*Plenary I – “16 before 17” - The importance of building effective, accountable and inclusive institutions (SDG 16) in order to strengthen the means of implementation and revitalize the global partnership for sustainable development (SDG 17).*

The United Nations 2030 Agenda, of which the SDGs form an integral part, constitutes a plan of action for people, planet and prosperity. The 17 SDGs, which demonstrate the scale and ambition of this new universal agenda, are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental. SDG 16 addresses the need for accountable and inclusive institutions to reduce corruption and bribery in all their forms, while SDG 17 identifies different forms of partnerships as the means of implementation.

Corruption remains today one of the main challenges to infrastructure development and a barrier to economic development. As highlighted in the high level debate, it is estimated that up to 40 per cent of the value of infrastructure projects is being lost through corruption. The session addressed the importance of building effective, accountable and inclusive institutions (SDG 16) in order to strengthen the means of implementation and revitalise the global partnership for sustainable development (SDG 17).

The session was moderated by **Sharanjit Leyl**, Producer and Presenter of BBC World News, and kicked-off with a video of a speech on corruption by **John Kerry**, the former United States Secretary of State, at the World Economic Forum Annual Meeting in 2016.

The key points made by the panel, composed of representatives from governments (**Rafael Cavalcante**, Brazil), CSOs (**Raymond Saner**, CSEND), and international organisations (**Mark Giblett**, World Bank; **Geoffrey Hamilton** and **Scott Walchak** (UNECE), were:

- The UNECE Zero Tolerance Approach to Corruption (ZTC) standard mainly focuses on the procurement process. Instead of covering every corruption issue that a government may face, this document hits on the fundamental principles and institutional elements that are necessary for an effective approach to zero tolerance to corruption;
- PPP in some degree might be less susceptible to corruption when compared to traditional procurement. This is because they are often large projects, with many people observing the delivery of the assets. For that reason, the development of the ZTC standard should consider the need to identify cases where corruption in PPP procurement has occurred.
- Linked to the above, it was emphasised that the standard should be supplemented by actual PPP



cases of successes and failure to be shared with countries who do not have the know-how, so they can judge whether the PPP solution should be pursued for a particular project and what pitfalls should be avoided. It is important that these case studies are comprehensible to officials who may not master the intricacies of the PPP model.

- To prevent corruption effectively, civil society, the media and the public at large should be involved in a country-wide system of full scale participation, transparency and inclusiveness.
- Two concrete suggestions were made on the implementation side to fight corruption:
  - (i) Governments could participate together to share their experiences on how they have dealt with corruption and how to avoid relapses in a private type of gathering, similar to how receiving alcoholics work together in solidarity to achieve mutual sobriety; and
  - (ii) A more ‘stick and scoring’ method. It would be useful if companies could signal to the outside world those countries that they experience, are open, fair and transparent.

### ***Plenary II – UNECE PPP Standards: The role of PPP standards in the context of the United Nations Sustainable Development Goals***

The need for standards in PPP projects is well-recognised. Standards could help avoid the high occurrence of project failures, increase the number and thereby scale up PPPs. Standardisation is considered essential in legal documentation, including in procurement. Also, in order to increase the importance of the standards, they should be considered in the decision-making. In the SDGs context, the challenge is how to develop PPP standards for governments that identify the right model in a sector based on empirical data and case studies.



A plenary session, moderated by **Geoffrey Hamilton** (UNECE) and composed of representatives from the CSO community (**Raymond Saner**, CSEND), governments (**Art Smith**, US), academia (**Wayne Wu**, City University of Hong Kong) and international organisations (**Jiangrong Yu**, UNECE), discussed the link between PPP standards and the SDGs.

- The SDGs have a strong influence on the design of PPP standards. First, there should be a direct linkage between the PPP projects and the SDGs. The objectives should include better access to essential services, more high-quality public service (for example, drinking water, and more accessible medical facilities), and poverty eradication. An evaluation methodology is needed that allows assessing the degree of impact that a given PPP project would have on the SDGs, and also incorporate these into the prioritisation process used by governments. Also, in selecting case studies, there should be a focus on the project’s outcome and transformational impact it had on the community that it serves.
- The SDGs are not a static set of objectives. The difficulty is not to interpret the world: it is to transform it. To have a methodology that evaluated which infrastructures and PPPs are consistent with the SDGs constitutes a contribution to measuring the impact of these projects and their contribution to transforming the world. Such a methodology would also allow countries and companies to adjust their projects while they are being carried out in order to ensure that they meet the requirements set out in the SDGs.
- SDG 17 promotes a global partnership for sustainable development. Under these are multi-stakeholder partnerships that go beyond a traditional PPP model involving constellations of different stakeholders. In this regard, the goal of PPP standards should also be to assess which appropriate models encapsulate the full gamut of different partnerships that can be transparent, inclusive, and sustainable, involving not only the public and private sectors, but also civil society.

### *Plenary III – PPP Guiding Principles for the United Nations Sustainable Development Goals (SDGs)*

The Addis Ababa Action Agenda on Financing for Development calls for the elaboration of PPP guidelines in an inclusive, open and transparent manner. As part of its efforts to address the new challenges in the UN 2030 Agenda, and as part of its contribution towards the Interagency Task Force on Financing for Development (IATF), the UNECE is revising its seven principles on good governance in PPPs and adapt them to the new challenges, including adopting the guidelines as ‘one UN’ to avoid the mistakes resulting from the multitude (and possibly conflicting) guidelines prepared by various UN agencies on multi-stakeholder partnerships.

This panel was moderated by **Geoffrey Hamilton** (UNECE) and was composed of representatives from governments (**Irina Kalenchak**, Belarus; **Alecos Michaelides** Cyprus; **Claudia La Rue** Dominican Republic; and **Ziad Hayek**, Lebanon), and the CSO community (**Felix Dodds**, Global Research Institute; and **James Goldstein**, Tellus Institute).

Building on the draft guiding principles prepared by the UNECE, the panellists made comments, shared their experience on UN processes, including that on multi-stakeholder partnerships, and made concrete suggestions on improvements to the draft in their remarks to the following questions:

(i) *Are new guiding principles for PPPs for the 2030 Agenda needed?*

The panel discussed the importance of PPPs and the purposes of guiding principles. It recognized that, in order to allocate resources properly and efficiently, PPP needs to follow certain guiding principles and use them to choose and prioritize projects. It is rather difficult for governments, especially in low and middle income countries, to undertake the transformational reforms warranted by the SDGs, and this makes private participation in infrastructure more important and urgent.

(ii) *What should be the coverage and target audience of guiding principles?*

Guiding principles are important in creating the right enabling environment, to provide positive conditions to develop projects, as well as to attract the interest of PPP specialists to work in respective countries. Such basic conditions for an appropriate enabling environment are transparency, zero tolerance to corruption, a level playing field, opportunities to engage with key stakeholders and local communities, and the right risk-reward balance. It is understood that creating the necessary enabling environment in low and middle-income income countries will be more challenging than in mature developed economies.

In addition, a new focus on PPP is required if the UN SDGs are to be achieved. The PPP model requires a certain degree of rebranding, to be made “People-first”, defined as ‘fit for purpose’ for the UN SDGs, that increase access to essential services, promote equity, increase efficiency, improve project economic effectiveness, and be replicable and scalable.”

(iii) *How should the principles be integrated into a programme of action at international, national, and local levels?*

The panellists emphasised the above-mentioned need to create an evaluation methodology by which infrastructure projects could be analysed to determine the extent to which they comply with the UN SDGs. Governments need to change their perspectives and start thinking about the SDGs, namely Goal 17. Too many governments have not aligned their infrastructure projects and strategies with the UN SDGs.

PPP are sometimes rightly criticised for not having sufficient accountability to citizens and for not providing them with enough information on the financial aspects of the agreement. Guiding principles are very important tools that allow a PPP contract to be used for a considerable set of objectives, including poverty eradication and sustainable development.





## Actions arising

The UNECE will:

- Revise the draft guiding principles on the basis of the comments and recommendations made by the panellists, and will continue consulting with the various stakeholders before submitting them for the approval of the member States;
- Continue engaging with the Interagency Task Force on Financing for Development with the aim of having the guiding principles adopted as 'one UN'; and
- Accelerate the work on the evaluation methodology to determine the extent to which projects comply with the SDGs.

## Plenary IV – The Hong Kong Experience

Hong Kong has an enviable reputation in support of the rule of law and public and private economic cooperation, and has a lot to offer to other cities/countries in terms of inspirational standout PPP best practices. The challenge is to collect this wealth of knowledge accumulated over several decades through flagship projects - such as the Mass Transit Railway (MTR) and the Hong Kong airport - and pass this knowledge on to other countries in Asia and Europe.

The session, moderated by **Houmin Yan**, City University of Hong Kong, with the participation of **Jacob Kam**, Managing Director of MTR Corporation, **Sze Wai Pan**, Freetech Road Recycling Technology Limited and **Yonghen Yang**, Hong Kong Airport Authority, highlighted the richness of the Hong Kong experience and explored ways and means on how this experience could be shared not only with the mainland China but also with countries in Asia and Europe.



The speakers highlighted the added value of the PPP model:

- Jacob Kam presented the PPP MTR railway projects, and elaborated on its effect in China and in other countries. He argued that PPP could reduce investment intensity to enable private investment to take part, so that private sector efficiency, commercial discipline, and customer-oriented approach will then provide an overall value-for-money service.
- Sze Wai Pan presented the win-win situation generated by PPP by giving an example of City Roads PPP project in the Jurong City of Jiangsu, which brings economic, social, and environmental benefits to local citizens, the government, and investors.
- Yonghen Yang spoke of the AsiaWorld-Expo, a PPP involving funding from the Hong Kong SAR Government and the private sector consortium, with the Hong Kong Airport Authority contributing the land.

The speakers concluded that Hong Kong's PPP experience could inspire China and other countries in several ways:

- (i) The innovation in Hong Kong's PPPs' investment and operation sheds light on how government plays an optimal role in PPPs;
- (ii) People-first is an important principle in developing PPPs but is often overlooked. Currently, attention is focused on the means and the methodologies, but the emphasis should be on the ultimate objective of a project, that is, improving the quality of people's lives; and
- (iii) The legal and accounting services in Hong Kong, together with Hong Kong companies' going-out experience, could provide professional service support and know-how to companies in China and other parts of the world.

## Plenary V – Sustainable and Resilient Cities

The session was moderated by **Scott Walchak**, UNECE, and focused on important aspects in creating Sustainable and Resilient Cities. It involved a panel of experts with worldwide experience in city economic, social, and infrastructure development, including **Kaimeng Li**, China International Engineering Consulting Corporation (CIECC), **Míquel Rodríguez**, manager of the Specialist Centre on PPPs in Smart and Sustainable Cities, **Josep Ramon Ferrer**, former director of Smart Cities Barcelona, and **Maria Galindo**, DOXA Innova & Smart.

This session centred on the following key questions:

- How Public-Private cooperation, involving citizens and representatives from different groups would be key to making cities sustainable and resilient;
- How could sustainability and resiliency challenges - some of them needing long term planning - impact on the way a city is run;
- Are new laws and policies needed to ensure PPP at the city level has the right mix of protecting citizens yet incentivize investment; and
- What big transformational projects have taken place and could inspire cities for the future?

It was noted that assuming that Smart Cities means information technology advancement is misleading because Smart Cities encapsulate a holistic approach to tackling the problems cities face, and information technology, while important, is just one aspect of making a city 'Smart'. In fact, the concept of Smart Cities means people-focused cities and that focus is reflected positively on the People-first aspects of UNECE's work in PPPs and the promotion of the UN SDGs.

Smart Cities come out of a comprehensive planning process and respond to the needs of the people within each city, paying special attention to the significant role of PPP models to the promotion of sustainable development for the cities.

When utilising a PPP model in urban construction in developing countries, a special attention should be given to the restrictions to certain characteristics of the project, the ability of government payment, the willingness of the users to pay, and the context of laws and regulations.

Third generation PPPs pursue the harmonious development of society and focuses on the sustainable development and fairness among generations and they should be considered by UNECE when developing future directions of PPP models. The models used in the sustainable and resilient cities must be in line with the concept of third generation PPP models.

Political commitments and positive legal and regulatory enabling environments are important to sustainable PPP initiatives in Smart Cities. Any City seeking to be a 'Smart City' has much to gain from examining the experiences of other Cities and that successful projects and models existed from which others could base their initiatives on, but the skills, capacity and knowledge of city employees will be critical in making projects successful. Respect for the common interest of the parties is also very important to having a successful partnership and therefore effectively delivering the public service object of PPPs.

It was also discussed how the world is experiencing rapid urbanization. Yet cities do not have the capacity, technology, and/or knowledge to manage the rapid growth and increasing complexity of managing those cities. As a result, PPPs can play a very important role in managing these new challenges and coping with the rapid growth. However, because of the nature of local/city authority, PPP initiatives in cities may also need national support. Cities too must improve their own capacities, in particular with training and knowledge building in PPPs, in order to engage in successful PPP activity.

Smart Cities require multiple efforts, and PPPs for smart cities will require investment on all fronts, e.g. transportation and mobility, energy, environment, open space, and other social, information technology and digital economy projects.

Summarizing, any City seeking to be a 'Smart City' has much to gain from examining the experiences of other Cities and from successful projects and models.

#### **IV. People-first PPP Case Studies**

The UNECE has launched a campaign to collect 500 case studies that demonstrate the people-first PPP criteria and how these projects are meeting the SDGs. The case studies collected so far – around 60 – in a variety of sectors (health, roads, energy, ports, water and sanitation) aspire to meet the SDGs. The UNECE is working on a mechanism by which these and other projects will be evaluated against the people first criteria. The challenge is to ensure that, once identified and evaluated, these projects could be replicated and scaled up.



10 case studies from China, Egypt, Ethiopia, Morocco, the Philippines, Poland, Ukraine and the United States were presented at the session moderated by **Tony Bonnici** (UNECE), with an introduction delivered by **Pedro Neves** (member of the PPP Business Advisory Board) These were followed by comments from the two discussants – **Raymond Saner** (CSEND) and **Tetiana Bessarab** (Ukraine) – and an overall appraisal by **James Stewart** (Chairman, PPP Business Advisory Board), who highlighted the following actions to be considered:

- The social agenda, the impact caused on communities, and the different models of having public and private sectors participating shows that having an open model allows cases to be shared from different sectors, geographies and origins;

- The role of the academia is becoming more

important, and their active participation at the Forum show that academia's roles in PPPs goes beyond sharing knowledge, and into policy making and developing PPP programmes.

- These PPP case studies should be included in future UNECE events since they demonstrate good governance and the capacity to achieving the SDGs. Also, the UNECE compendium of case studies should continue to be expanded not least in inspiring others to achieve the 500 cases' goal.



### Actions arising

The UNECE will:

- continue with its campaign for 500 people-first PPP case studies by the end of 2017; and
- mobilise representatives from PPP units at the Working Party session in November 2017 to validate the people-first criteria to be used in the evaluation methodology.

## V. Parallel work streams

A total of 8 parallel working sessions were held during the Forum. Most of these work streams had the purpose of advancing the work on the UNECE PPP standards (such as the sessions on urban rail and impact investment) and the best practice guides (such as the session on waste to energy). Other sessions addressed topical issues, such as: women's empowerment; smart cities; the PPP projects for the Belt and Road initiative; and innovative approaches to capacity building.

These discussions emphasised the need to accelerate the development of PPP standards and best practices, and also the need to launch the work on new standards, such as women's empowerment and impact investment, with a strong link to the UN SDGs.

### A. Seeking the best PPP projects for the Belt and Road Initiative



The session was moderated by **Tianyi Wang**, Co-Director of Centre for Public Private Partnership at Tsinghua University (TUPPP), and it focused on the types of PPP projects needed for the Belt and Road Initiative.

The representative from Taipei shared lessons learned from the failure of Taiwan high-speed train PPP project, while the representative from China presented a successful water PPP project in China. The representatives of Belarus proposed two cross-border PPP projects as part of the B&R initiative, namely the E-40 Waterway and the M-10 Road.

The following recommendations were made:

- PPP projects could be categorized into three generations. The first generation uses PPP to improve efficiency of public services (e.g., the PPP model originated from UK in 1980s), the second generation uses PPP to promote economic development (e.g., the PPP projects in many developing countries), and the third generation are People-first PPPs to achieve the UN SDGs. In this regard, the B&R Initiative was launched to improve people's quality of life, share benefits among countries, and create win-win situations. In other words, they share the same objectives of the SDGs. Thus, the best PPP projects for the B&R Initiative will be those that put people first and achieve the SDGs.
- Dispute resolution: During the implementation of the B&R Initiative, there might be for example three specific types of disputes, namely government-government (mainly about trade), government-enterprise (mainly about investment) and enterprise-enterprise (mainly about business). Considering the various countries and stakeholders in the PPP projects for the B&R initiative, mediation and a consultation processes must be considered as a means for dispute resolution.
- Hong Kong may explore its roles in the B&R initiative in dispute resolution, exhibition of commodity, and professional services. The Asian Infrastructure Investment Bank (AIIB) and PPPs should be considered as two engines for the B&R initiative, where the AIIB provides financing and PPPs provide the procurement mechanism. When implementing the B&R initiative through the PPP model, the moderator urged participants to bear in mind the SDGs, the 3E's (i.e. ethical, economic, environment) and the 3P's (i.e. people, planet, and prosperity).
- Bilateral commission: cross-border PPP projects often involve multiple countries with different investment risk profiles. As government commitment is always essential in PPP projects, a bilateral commission could be created by the countries involved in a cross-border PPP project to reduce the risks and provide assurance to the stakeholders.



## B. Women's Empowerment

The session, moderated by **Tetiana Bessarab**, (Ukraine), focused on women's empowerment in PPPs. The panel was composed of: **Annie Wu** (Hong Kong, China), **Said Massoro** (Tanzania), **Maria Usik** (Belarus), **Nuria Chinchilla** (IESE, Spain), **Diala El Chaar** (Lebanon) and **Lichia Saner-Yiu** (CSEND).

The size of the audience made it ideal for several rounds of productive exchanges that included government representatives, heads of PPP Unit, leading experts, CSOs, academia, and PPP practitioners. Participants heard a proposal from the Government of Tanzania to set up a Centre of Excellence on Women Empowerment in PPPs. The Centre, working together with the United Nations Regional Commissions in Africa and Europe, would focus on the following activities:

- Integration of women's empowerment principles and existing best practices of UN Global Compact and UN Women into PPPs across the sectors and industries, and adopting the best practices and principles of women's empowerment as implemented by the private sector and corporations into the principles for projects undertaken by the public sector and delivered in form of PPPs.
- Closely collaborate with the representatives of the CSOs dedicating its work to the issues of women's empowerment as one of the aims of the SDGs, which cannot be reached without the partnership between the public and private sector and civil society in the infrastructure projects delivered by PPP.
- Provide assistance to the PPP Units in countries and to other PPP centres of excellence, and promote the implementation of women's empowerment principles in PPPs; develop and conduct capacity building programmes and events.
- Collaborate with academia, and particularly leading business schools with women's empowerment related study centres (such as IESE in Barcelona) in the examination, collection and integration of the best practices

implemented by the businesses and industry leaders and its application in the PPP policy making and in projects delivered through PPPs.

In addition, it was proposed that a “Friends of the Centre” group is formed, with wide participation of governments, the business community, IFIs and international organisations, academia, leading business schools and CSOs.

### Actions arising

- The Government of Tanzania is invited to respond to the UNECE regarding the intention of setting the Centre of Excellence on Women’s Empowerment on PPPs and the format of collaboration with the “Friends of the Centre” and the Economic Commission for Africa.

### C. Waste to Energy

The session was moderated by **Xiaoping Chen** CEO of Everbright International, who at the start of the session was appointed as the team leader of an expert group identifying best practices in people-first PPP waste to energy projects. The panel, composed of **Xu Haiyun**, CUCD, **Cai Shuguang**, Everbright International, **Charlotte Griffiths**, UNECE, **Rafael Cavalcante**, Brazil, **Richard Ornitz**, Infralinx, and **Rene Guicciardi**, a Senior Energy Expert, addressed the following topics:

#### (i) *How to solve the garbage problem in a refugee camp?*

In refugee camps, there are several factors militating against using waste incineration. First, the low priority assigned to resolve the issue of waste management. While water, sanitation, education, and housing are important topics, waste management is usually not on the priority list of authorities in the management of refugee camps. Second, refugee camps are often designed temporarily while waste treatment is capital intensive. To solve these problems, the UNHCR WASH Manual published the UN Refugee Agency was identified as a useful tool to provide practical guidance for WASH (Water, Sanitation, and Hygiene) services in refugee settings. On the other hand, more attentions are focused on developing technical and innovative solutions, such as the technological advances of waste incinerators.



Also, it is important to discuss the public acceptance of the word “waste”. The waste should be seen as a valuable resource and should be connected with reusing, recycling, and recovering. To solve this problem, the International Organization for Standardization (ISO) is working on the redefinition of the terminology *waste* to make people realise its value. Also, the UNECE is working on the United Nations Framework Classification for Resources (UNFC), a tool to assess the value in “waste” and turn them into “resource”. UNFC can differentiate projects based on the maturity of socioeconomics, technology, and resource availability. This would be a powerful tool in waste to energy projects, as well as in the delivery of the SDGs.

#### (ii) *How to solve the problem ‘not in my backyard’?*

One of the panelists referred to the NIMBY (Not in my backyard) effect in China and suggested the solution for the NIMBY effect should rely on the governments to take the lead, the public to participate in the process, and the business sector to be self-disciplined. The action points for governments would include:

- Reinforce regulation, establish whole process, long term regulation and law enforcement systems.
- Benefit the public by allocating quality public services, such as medical care, education, and public transportation, in order to push forward the development of the local economy.
- Improve the laws and regulation, ensuring that these are established and executed based on evidence, and to enhance the self-discipline of the business sector.
- Push for information disclosure by establishing transparent information disclosure and sharing mechanisms.
- Promote and provide relevant guidance via positive approaches, taking proactive measures rather than passive ones.



- Raise the barriers to entry and standards of the industry, and only to allow the business sector with the relevant technologies, a sense of responsibility and relevant construction and management experiences to be pre-selected in the bidding process.

The business sector can push forward the sound and sustainable development of the industry via technology innovation and ultra-low emission of pollutants. They should also pay attention to financial viability. One panellist suggested that evaluating the economic feasibility of waste projects could help build a resilience waste management framework in countries. Companies have to follow the waste management standards developed by the United Nations while achieving great impact with small capital.

Once the trust, understanding, and support among the parties are well established, there will be a strong driving force to boost the use of waste to energy projects.

### **Actions arising**

The work on the best practice guide under the leadership of **Xiaoping Chen** will be concluded and presented to the member States at the first session of the Working Party on PPPs in November 2017.

#### **D. Innovative approaches and new models for successful PPP project training and capacity building**

At its last session in March 2017, the Committee on Innovation, Competitiveness and PPPs recommended that the lessons learned from the PPP capacity-building project in Belarus financed by the European Union be captured in a document and used as good practice guidelines/standard on how to do PPP capacity building in other countries. The purpose of the session, moderated by **Tony Bonnici** (UNECE) was to launch this work and to identify some of the main ingredients for a successful capacity-building project. The first round of speakers, **Art Smith** (US), **Marius Birsan** (Independent Expert) and **Victor Gisbert** (NKTI Philippines) identified the following elements for an effective and sustainable capacity building approach:

- Having a political champion supporting the PPP concept and mobilize the necessary political support in the country;
- Creating a mechanism within the public sector for decision making (e.g. an Inter-ministerial Infrastructure Board);
- Mobilise internationally recognised experts to provide training to a variety of stakeholders (public, private, academia, CSOs) at the national, regional and local level;
- Provide specialised training to the PPP unit (e.g. by a twinning arrangement);
- Address both the legal/regulatory framework and the project identification capabilities; and
- Involve 'downstream' partners throughout the project implementation to ensure that infrastructure projects identified and appraised are taken forward.

The second round of speakers, **Alena Dadzerkina** (EBRD), **Igor Severin** (UNDP), **Maria Usik** (Belarus) and **Tetiana Bessarab** (Ukraine) provided practical information on how these elements were crucial for the success of the PPP capacity-building project in Belarus, and agreed that it would be very useful to compile them into a document for guidance of member States and the secretariat in similar capacity building initiatives in other countries.

### **Actions arising**

A small group of experts was set up under the leadership of **Art Smith**, to prepare a brief paper with the main elements for a successful capacity-building project for consideration of the Working Party on PPPs at its first session on 21-22 November 2017.

#### **E. Smart Cities**

The session was moderated by **Míquel Rodríguez**, Manager of the International Specialist Centre of Excellence on PPPs for Smart and Sustainable Cities, and focused on the contribution of PPP to the implementation of Smart Cities Strategy (SCS).

The panel was made up of:

- **Ivonne Higuero**, UNECE, who presented the work done by the UNECE on analysing how Cities are improving in their SCS;
- **Josep Ramon Ferrer**, former director of Smart Cities Barcelona, who presented the Decalogue for building a Smart City including ten ideas where the citizen is at the centre of the strategy;
- **Irina Zapatrina**, Ukraine, who presented the City Sustainable Development Strategy and how this has to be aligned with the SDGs;
- **Hong Ma**, Tunghsu Group, who presented their experience implementing Smart Cities in several urban areas in China; and
- **Qiuxia Liang**, China Electronics Technology Group Corporation, who presented the Shenzhen New-type Smart City, highlighting that one of their primary challenges is to break information silos.



The discussions that ensued concluded that PPPs are crucial to reaching a Smart City Strategy, but at the same time PPPs in Smart Cities should be understood as different to traditional forms PPPs, as both the life cycle and the capital expenditure of these projects is much shorter than traditional PPPs. Also, building a Smart City is not about technology but about strategy and partnership between public and private actors.

### Actions arising

Work on a standard on PPP in smart cities should be launched in 2017.

### F. Urban Rail

The session was moderated by **Kaimeng Li**, Team Leader of the UNECE Urban Rail Transit PPP Standard project team. The session, which advanced the work on the draft standard, touched upon the following issues:

- Urban rail projects that can have transformational impacts on national and regional economies;
- How should PPP urban metro rail projects be best organised in cities to reduce the reliance on cars; and
- How can urban rail projects improve the health and welfare of communities, and increase personal security.



During the discussion, the speakers identified three categories of PPPs:

- PPP as a tool for improving the quality and efficiency of public service procurement by the government, focusing on the assessment of value for money and the quality and efficiency of fiscal fund utilization;
- PPP as a tool for improving the quality and efficiency of local economic development, where the focus should be on the assessment of value for the economy and the contribution of PPP projects to the local economic development; and
- PPP as a tool for achieving the SDGs emphasising the idea of putting people first, which should focus on the assessment of value for people and the contribution of PPP projects to social development.

It was argued that the best PPP projects that the UNECE seeks should be a new generation of PPP models, where People-first PPP must be focused in terms of achieving the SDGs. It was noted that PPPs of this type correspond to the developmental tendency of future PPP model around the world.

The speakers argued that the B&R initiative matches the mission of the 17 SDGs, providing a tremendous opportunity for the UNECE to promote People-first PPP and invited the UNECE to strengthen the cooperation with the government of China, so as to achieve the goals promoted via People-first PPP in the implementation in countries in Asia and Europe along the B&R initiative.

### Actions arising

The project team led by **Kaimeng Li** will finalise a draft standard in Urban Rail for wider circulation by the end of 2017.

### G. Impact Investment

The session was moderated by **Geoffrey Hamilton** (UNECE), involving panellists from private sector, including **Touraj Etezady**, (CEO of Marti Invest AG), **Richard Ornit**, (CEO of Infralinx), **Ari Firmandi**, (Indonesia Infrastructure Guarantee Fund), and **Maria Galindo**, (Manager of DOXA Innova & Smart).

The panellists focused on the challenge on how to make impact investment a powerful tool in supporting the UN SDGs. Impact investment is a scheme that generates social and environmental impact alongside a financial return (GIIN) whose main drivers are investors who want their financial support has an impact, especially in low-income countries. The prospective role of impact investment, if well-identified and well-implemented, could bring a win-win situation for both governments and investors.

Speakers referred to the type of impacts that could be of interest of the type of investment, for example, local waste to energy projects in Vietnam, China and in other countries. At the same time, most speakers recognized that impact investment represented still a niche and many actions will be required for such financial activities to be scaled up.

Speakers discussed the range of measures required to *inter alia*, establish more funds, improve regulation of such funds, and encourage the major banks to make better use of this approach to investing especially amongst their wealthier clients.

### Actions arising

It was proposed that The UNECE might put together a team of experts to develop a standard on impact investment for the UN SDGs

### H. Road to achieving 500 People-first Case Studies for the UN SDGs break out session

The UNECE, as stated above, has launched a campaign to achieve 500 “people first” PPPs that will sensitize government agencies and private industries on the new model that is closer to the UN SDGs and its people, planet and prosperity agenda. Building on the plenary session where people-first PPP case studies were presented earlier in the Forum, the break out session, moderated by **Scott Walchak**, UNECE, focused in particular on projects in various phases of development, and their aspiration to be considered as people-first.

The session involved a diverse panel composed of **Alan Lau**, **Januario Veloso**, **Irina Zapatrina**, and **Jim Donovan** presented project case studies and discussed their personal experiences with a focus on innovative approaches to PPPs in sectors such as healthcare, waste management, energy production, and information technology in support of PPP initiatives. Also, they touched upon such topics as why is it important to have a compilation of People-first PPP cases, what are the practical initiatives that can be taken in projects to involve as wide a stakeholder community participation as possible, and whether a suitable standard or evaluation methodology could be developed to demonstrate that infrastructure projects are meeting the People-first criteria.

It was reiterated that PPP case studies are important and should be a focal point of UNECE’s efforts as they exhibited real life scenarios where SDGs and sustainable development can occur simultaneously and successful projects can be emulated. Successful projects are possible and all a county needs for success was political support, models to follow, an overall political will, and the development of capacity to engage in PPPs. Although not all projects were successful and challenges do exist, a collection of successful, people focused, projects would go a long way in setting the course for countries who wished to create or expand their PPP programme.

## **VI. Conclusion and Follow-up actions**

The Forum attracted great interest and participation. There was live streaming and around 40,000 participated on a daily basis. The positive feedback received from many participants, including from the several thousand who followed the proceedings live on the web (the Forum was streamed live, while the video recordings of the plenary sessions are available here), demonstrates the great interest in the UNECE work on people-first PPPs for the UN SDGs, including the work on the cases studies and the international PPP standards. The work on the latter was advanced at this Forum, and significant progress was achieved on the following deliverables:

- Zero Tolerance approach to Corruption in PPP Procurement, where a big discussion on implementation took place;
- Urban Rail;
- Capacity Building;
- Guiding Principles on People-first PPPs for the SDGs;
- Waste to Energy;
- Smart Cities;
- The campaign to attain 500 People-first Case Studies; and
- The evaluation mechanism measuring projects against the SDGs.

### **A. B&R Forum, Beijing, 14 – 15 May 2017**

The UNECE secretariat, led by the Executive Secretary, participated in the global forum on the Belt and Road Initiative in Beijing, China, where a Memorandum of Understanding was signed with the National Development and Reform Commission (NDRC) of China to provide capacity building and project support for UNECE member States along the B&R initiative.

### **B. Next PPP Forum**

The next edition of the international PPP forum will be held in Geneva, Switzerland, in May 2018 with the aim to continue advancing the development of the PPP standards and the people-first PPP concept for the UN SDGs.

---