

Project Proposal

“People-first PPP Impact Assessment Tool”

1. Project Purpose

1.1 Project background

Differentiating high-quality Public-Private Partnership (PPP) projects that are fit for purpose for the SDGs from the rest is a crucial step in implementing the People-first PPP approach in national infrastructure policies and programmes.

In November 2018, the UNECE Working Party (WP) on PPPs recognized that identifying a proper evaluation methodology for scoring PPP projects, and encourage the various partners to make them People-first was the next most crucial step in implementing the People-first PPP approach; and that a joint effort from multiple stakeholders, including contributions from a broad group of experts and organizations was needed to develop such a methodology. The WP therefore requested the secretariat to give priority to the development of such a methodology, and to submit a proposal for the creation of an evaluation methodology project team to the Bureau, for consideration and approval.

1.2 Project rationale

Despite huge interest and commitment by all stakeholders in contributing to achieving the SDGs, there lacks real evidence on impact and performance of projects, which is a major lacuna, especially with regards to infrastructure projects. There is presently no mechanism to monitor the impact of these projects. Such a mechanism is however required for two reasons:

- a. Prioritize investments by governments in infrastructure projects that meet the SDGs. Presently, most governments lack the knowledge and tools to select the right projects that will help advance the SDGs. Several UNECE PPP standards have been developed to assist governments in implementing the Guiding Principles on People-first PPPs. However, a proper approach to evaluate projects upstream is still lacking. The criteria, indicators and scoring mechanism for People-first PPPs can help governments focus on projects that deliver sustainable outcomes, and especially that enable social development and allow access to essential services for unserved population.
- b. Help mobilize private financing and innovation capabilities in SDG-compliant projects and thereby overcome the insufficient financial flows and the lack of solutions that hinder progress on the SDGs. Private investors already have economic and financial metrics to evaluate projects, but most of them lack adequate tools to measure projects social and environmental impacts.

1.3 Project objective and benefits

The objective is to have a robust, standardized methodology to assess the extent to which PPP projects – either at the design and procurement stages or during Operations and Maintenance – are aligned with the SDGs, the overall objective being scaling up the People-first PPP concept so that existing PPP approaches lead to positive, measurable, intentional and tangible SDG impacts.

Specifically, the impact assessment tool will assist:

- a. Governments in evaluating projects at each of the PPP phases:
 - (i) Design and procurement (ex-ante project assessments and investment decisions) enabling the selection of projects that make significant contribution to the SDGs;
 - (ii) Implementation and impact operations (post investment project decisions and strategies based on the evaluation and monitoring of SDG impacts).
- b. Development agencies, Multilateral Development Banks, and other lenders in financing viable and bankable projects with high economic, social and environmental added value.
- c. Private companies in adjusting their projects or in designing new ones with impact on sustainable infrastructure development in key sectors (energy, water, transport, education, healthcare, etc.) in the regions that require most resources. Private companies can use this tool not only for investment decisions (e.g. impact investment) but also as a mechanism to deliver high-performance in PPP projects (utility and infrastructure companies).
- d. Stakeholders including CSOs, including NGOs and academia, in assessing new and existing PPP projects at different stages of their lifecycle towards the achievement of the SDGs. The tool could also be used to enhance PPPs that do not meet the SDG requirements. Reporting on progress of infrastructure projects will improve transparency and governance in that it can strengthen people’s right to express their views on the merits and demerits of specific projects.
- e. In increasing the availability of good data on SDG-compliant projects and in scaling up knowledge on assessing sustainable impact of infrastructure PPPs.
- f. UNECE in enriching its 500 People-first PPP case study compendium.

2. Project Scope

2.1 Application scope

The impact assessment tool should be readily usable by governments, private sector, private lenders, and international organizations, and applicable to all PPP sectors and all categories of PPP projects, whether they are small-scaled or large-scaled, national or cross-border. It can be applied to publicly-owned projects, PPP projects - both government-pay PPPs and concessions (user-pay) - or any other partnership frameworks (e.g. institutional PPPs).

2.2 Project activities and sequences

The design of this tool will result from a multi-stakeholder consultation process and a robust collaborative endeavor therefore ensuring effective implementation and wide-scale adoption. The development process should be conducted in a constant back-and-forth process compliant with the following sequences before the tool goes back to the Bureau for its consideration and approval:

1. A project lead at the UNECE secretariat will be appointed to manage and oversee the entire project process.
2. A technical group composed of experts will be set up to develop the tool.
3. A multi-stakeholder validation group will review the tool regularly and make recommendations for its improvement. In addition to the business community, PPP Units, international organizations, other UN bodies, academia and NGOs/CSOs, the UNECE secretariat will also approach banks and key International Finance Institutions (African-Development Bank, Asian Development Bank, World-Bank, etc.) to make sure that they are part of this group and are fully involved in the validation process.
4. The technical group will revise it accordingly and deliver a second version after final validation is conducted.
5. The tool will be tested against actual projects. Good practices and lessons learned will be documented, and issues will be identified.
6. The technical group will make the necessary improvements to fine-tune the tool and will integrate the recommendations of the validation group following the same process as described above.
7. Once the revised draft is approved by the validation group, it will be published on the UNECE website for public review.
8. The validation group will make key recommendations for the effective implementation of the tool, taking into account challenges at global, country and project level.

3. Project Deliverables

3.1 The People-first PPP Project Impact Assessment Tool (“Tool”)

The Tool will consist of an evaluation methodology based on selected outcomes and indicators, and a rating index based on a weighting mechanism. In designing the Tool, the project team should meet the following requirements:

- a. Benchmark at least 5 existing evaluation tools, including those developed by organizations¹ and individual experts².

¹ E.g. Toyo University PPP School, IESE Business School, Tsinghua University. Other tools that could be looked at include, *inter alia*, the Institute for Sustainable Infrastructure Envision framework, the UNEP FI's Positive Impact Initiative Radar and Model Frameworks, etc. The project team might also consider using the UNECE draft benchmark developed on the basis of the People-first Guiding Principles.

² E.g. David Dombkins, Yu Namba, Pedro Neves, Alex Wong.

- b. Use the five People-first core outcomes³ and other factors, including:
- Intent: extent to which parties to the project intend to achieve environmental and social impact from their project;
 - Verification: that the impacts/outcomes are in fact able to be verified;
 - Location: that the locations of projects can make the greatest contribution to social development if they are in countries where the development challenges are the greatest.
- c. Identify relevant methodological frameworks or indicators under each outcome. These must be Specific, Measurable, Attainable, Reasonable and Time-bounded (SMART).
- d. Weigh each indicator and design a scoring mechanism and a rating index.

3.2 Key recommendations for the effective implementation of the Tool

The validation group will consider the possibility of developing the following implementation mechanisms and will make recommendations accordingly:

- a. A voluntary certification mechanism for governments and their partners on delivering People-first PPP projects. The role of various stakeholder groups - not UNECE - in providing these certificates should be looked at.
- b. An IT “knowledge-sharing platform” (e.g. the multilateral IT platform SOURCE financed by the MDBs) to centralize index results and the inputs and outputs leading to the People-first PPP outcomes. Such a platform can help increase the volume of official statistical data on PPP projects and disseminate results to all stakeholders, thereby facilitating the large-scale adoption of the Tool. Duplication should be avoided, but if such a platform does not exist or is not appropriate to host this tool, and is to be created, it could be developed jointly with IFIs, consultancy firms or non-for-profit actors.
- c. Deployment of the Tool in 10 flagship projects⁴, ensuring reporting of (annual) results.
- d. Development of a management strategy to establish a continuous, self-sustaining process for global roll-out, in order to scale up the Tool to an increasing number of projects in developed, developing and least developed countries.

³ Namely: Improve access to and equity in essential services, enhance environmental sustainability and resilience; Ensure economic effectiveness; ensure replicability and scalability; promote stakeholder engagement. Further detail on these outcomes can be found in the [Guiding Principles on People-first PPPs for the SDGs](#).

⁴ The 10 flagship projects are one of the three pillars of the cooperation between UNECE and the China National Development and Reform Commission.

- e. Design and dissemination of an implementation guide, training materials, capacity building activities in selected countries, etc.

4. Geographical Focus

4.1 Global focus

The focus is global as the Tool will be designed to facilitate wide-scale implementation of the Guiding Principles on People-first PPPs for the SDGs.

Whether the Tool will be successfully implemented and applicable for a global audience will depend amongst other factors on the level of consultation and validation that will lead to its development. The design process must therefore integrate the views of a broad range of stakeholders including representatives from governments, international organizations (UN bodies, the UN Regional Commissions, UN agencies, etc.), Multilateral Development Banks, lenders, the business community, academia, NGOs and CSOs, as well as individual experts from developed and developing countries.

5. Project Team Members and Required Functional Expertise

5.1 Project team

The Project Team will be comprised of two groups performing too separate but related tasks:

- a. A technical group, composed of experts with specialist knowledge in the areas of PPP and evaluation methodologies and impact assessment, coming from diverse backgrounds, especially with experience in low and middle-income countries.
- b. An inclusive, multi-stakeholder validation group subdivided into sub-validation groups: PPP Units, international organizations including UN bodies, Multilateral Development Banks, lenders, the business community, academia, NGOs/CSOs.

5.2 Project Co-leaders

Two co-leaders have been identified

- James Stewart, Chairman, UNECE PPP Business Advisory Board;
E-mail: jamesa.stewart@kpmg.co.uk
- Joan Enric Ricart, Academic Director, Specialist Centre on PPPs in Smart and Sustainable Cities.
E-mail: JERicart@iese.edu

5.3 Role of the UNECE secretariat

Team members and co-leaders will work under the overall responsibility of the UNECE secretariat, which will appoint a project lead to oversee the entire project process.

6. Resource Requirements

6.1 Resources

Project participants shall provide resources for their own participation. The project's existence and functioning shall not require any additional resources from the UNECE secretariat.

7. Timetable

7.1 Tentative Schedule⁵

The project team will follow the seven steps stipulated by the UNECE and arrange the project operation schedule accordingly. Proposed schedule for developing the Tool is as follows:

To be defined	Project approval by the Bureau of the Working Party on PPPs
To be defined	First version of the tool tested against actual projects and revised accordingly
To be defined	Publication of draft tool on the UNECE website for public review
To be defined	Endorsement of tool by the Working Party on PPPs.
To be defined	Submission of tool to the UNECE Committee on Innovation, Competitiveness and Public Private Partnerships for approval.

⁵ The original timeline will be reviewed to reflect the recommendation of the Committee on Innovation, Competitiveness and Public-Private Partnerships at its 13th session held in March 2019.