

# Promoting PPP Excellence



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## Overview

- **PPPs in the Renewable Energy Sector**
- **The Capacity Building Challenge in PPPs**
- **An Overview of the UNECE PPP Initiative**



## What are Public Private Partnerships ( PPPs) ?

***“ Innovative , long term contractual arrangements for developing infrastructure and providing public services by introducing private sector funds , expertise and motivation into areas that are normally the responsibility of government “***

***And in sustainable energy ? - “arrangements that can slow down or prevent changes to the earth’s climate.....”***



## Why PPPs ?

- **Financial benefits**
- **FDI ( debt and equity )**
- **Efficiency benefits**
- **Potential for its use for a sustainable economic recovery**



## Potential of PPP as tool for a sustainable recovery

- **Partnerships for the development of climate abatement technologies**
- **Partnerships for projects which directly contribute to climate change adaptation and mitigation e.g. PPPs in the waste to energy sector**
- **Partnerships for Energy Efficiency : whole life cycle approach**



## Effects of the crisis on PPPS : a new opportunity and a silver lining ?

- **Crisis did not sound the death knell for PPPs but rather proved the resilience of the model**
- **.... although severe in some transition economies that had begun PPP e.g. Kazakhstan**
- **Fiscal stimuli packages tended to boost infrastructure and PPP, e.g. promoting energy saving and efficiency and investment in 'green technologies'**



However the spread of the PPP model hampered by lack of government capacity

***“ Even during the height of the crisis in many countries the overriding problem was less the absence of long term financing and weak capital markets but rather the lack of projects ready to be financed. ”***

- Only once projects are made ready for financing ( i.e. planned, fully specified , and contacts negotiated ) can they be financed and only then can contraction meaningfully commence
- This lacuna is linked to the critical barrier , namely the capacity of governments to develop, organise and manage PPP projects



## PPP Capacity Building Challenge in the Renewable Energy Sector ....

### **Poor public-sector understanding of the enabling frameworks needed to support PPPs:**

- A lack of clarity and agreement upon PPP objectives (at the national and project-specific level)
- Inadequate PPP planning and feasibility, with inappropriate PPP financing and contractual models
- Challenge of having to shift to fixing ‘outputs’ as opposed to the input specifications in contracts
- Inadequate internal capacity and competences to plan or manage PPPs
- Inadequate policy, regulatory and financial market processes and mechanisms to support PPPs



## **UNECE Team of Specialists on PPPs**

- **UNECE Guidebook on Good Governance**
- **PPP Training Toolkit**
- **Subregional PPP Capacity building programmes ( Central Asia ; South East Europe , Russian Federation, Ukraine )**
- **INTERNATIONAL UNECE PPP Centre of Excellence**



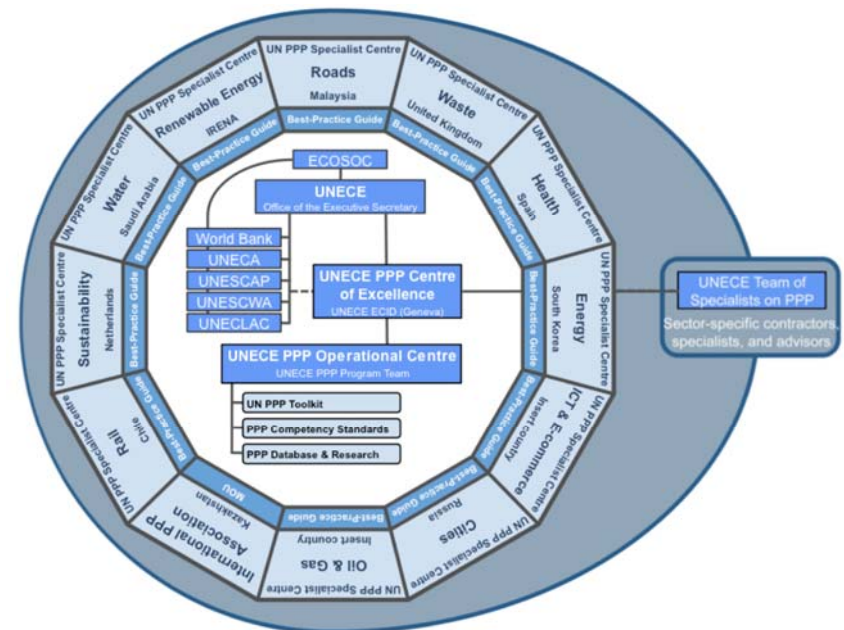
## Overview of the UNECE PPP Initiative

The UNECE PPP Initiative is an official United Nations programme that is being led by the UNECE on behalf of all five United Nations Regional Economic Commissions.

The UNECE PPP Centre will assist governments in implementing best-practice PPP policy

The UNECE PPP Centre aims to improve the quality of life for citizens through the improved quality of and access to public utilities and services.

The UNECE PPP Initiative will rely upon the support of host public-sector organisations to finance its operations





# What should be the activities of the PPP Centre?

Let us do everything training, standard setting, project promotion, etc..

**No!**  
We need to be focused and offer clear, precise deliverables





# Should the private sector play a role in the Centre?

PPP)

Keep the private sector out of capacity building of public administrations

**No!**  
The private sector have much to offer: but give them a circumscribed role In the centre's governance





# How should resources be found to establish the PPP Centre?

It should be a humanitarian exercise to educate the world in PPP...

**No!**  
It should be designed to cater for governments donors specific PPP strategies





# What sort of projects should the Centre be promoting?

vate  
(PPP)

It should be all types of PP projects...

**No!**  
It should be the best in PPP. The Centre must focus on identifying and implementing best practice





# How should it be governed ?...

vate  
(PPP)

Let the members  
and donors  
decide the  
governance...

**No!**  
It should be put under the  
UN procedures and rules  
and be governed by the  
**UNECE Team of  
specialists**





## Historical development of the UNECE PPP Initiative

- **UNECE Build-Operate-Transfer (BOT) Group first created in 1997.**
- **UNECE PPP Alliance takes over from the BOT Group in response to growing interest.**
- **UNECE PPP Team of Specialists in 2007 becomes the first inter-governmental body with a mandate to develop the PPP capabilities of governments, and under a 3 year tripartite agreement between UNECE, UNECA and UNESCAP assists PPP capacity-building activities in Europe, Asia and Africa.**
- **UNCTAD Secretary-General in 2008 calls for a United Nations capacity building initiative to help governments address the global 'infrastructure-gap'.**
- **In 2009, the UNECE, UNECA and UNESCAP approve the UNECE proposal for the establishment of an international PPP Centre of excellence. Subsequent scoping consultation with the private-sector on the potential activities of this Centre.**
- **In December 2009, the UNECE PPP Team of Specialists agrees to take all necessary steps and raise the resources for establishing the UNECE PPP Centre of Excellence.**



## Current development of the UNECE PPP Initiative

- **2010, several governments confirm with the UNECE their intention to host various components of the UNECE PPP Centre of Excellence:**
  - **PPP Specialist Centre for Water: Kingdom of Saudi Arabia**
  - **PPP Specialist Centre for Sustainability: Malaysia**
  - **International Association of PPP Associations: Kazakhstan**
  
- **2010, several governments express with the UNECE their interest in hosting various components of the UNECE PPP Centre of Excellence:**
  - **ppp specialist centre : Germany**
  - **PPP Specialist Centre for Roads: India**
  - **PPP Specialist Centre for Power: South Korea**



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## UNECE PPP Centre of Excellence (Geneva):

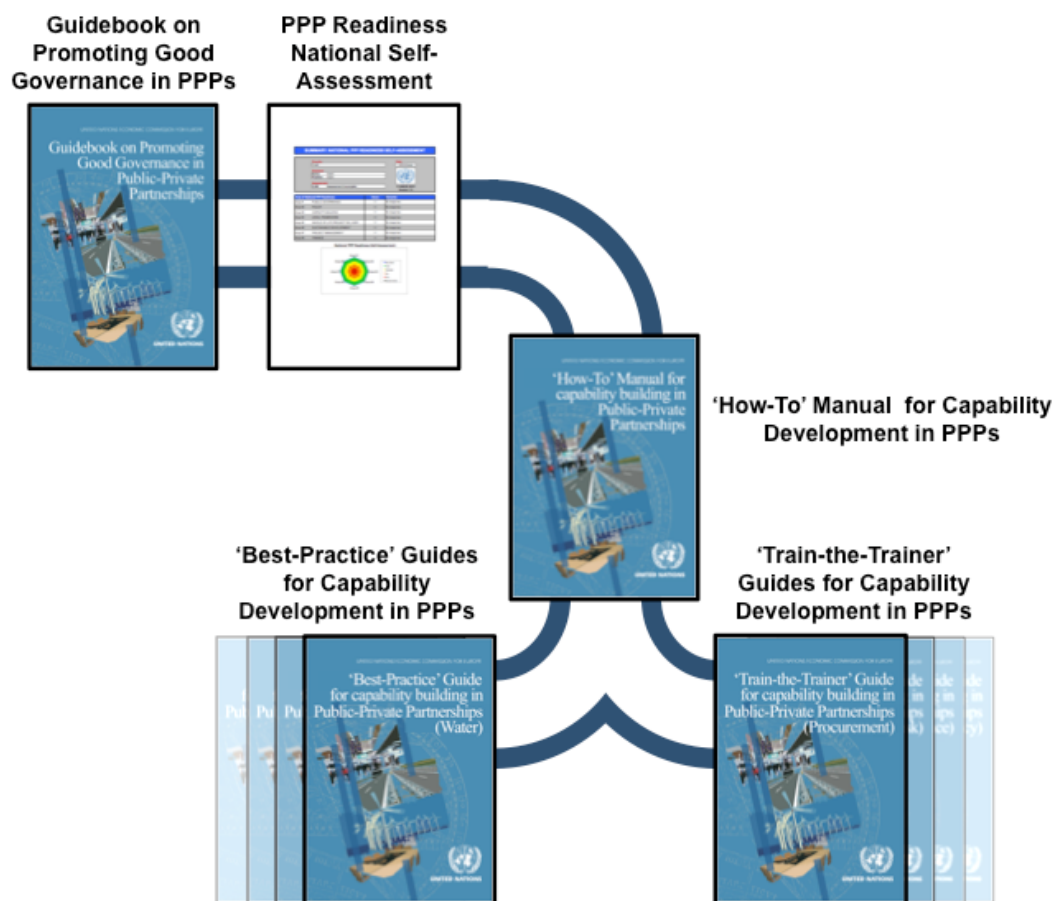
- A part of UNECE SECRETARIAT located in Geneva, Switzerland.
- Interfaces between the UNECE PPP initiative and other UN Regional Commissions.

## PPP Specialist Centres:

- Identify international best-practice in PPP delivery within their focus sector.
- Promote and coordinate research, training, and knowledge-sharing in PPP best-practice within their focus sector.
- Global membership from PPP agencies, contractors, advisors and research bodies operating within their focus sector.
- Responsible for leading the development of Best-Practice Guides within their focus sector.



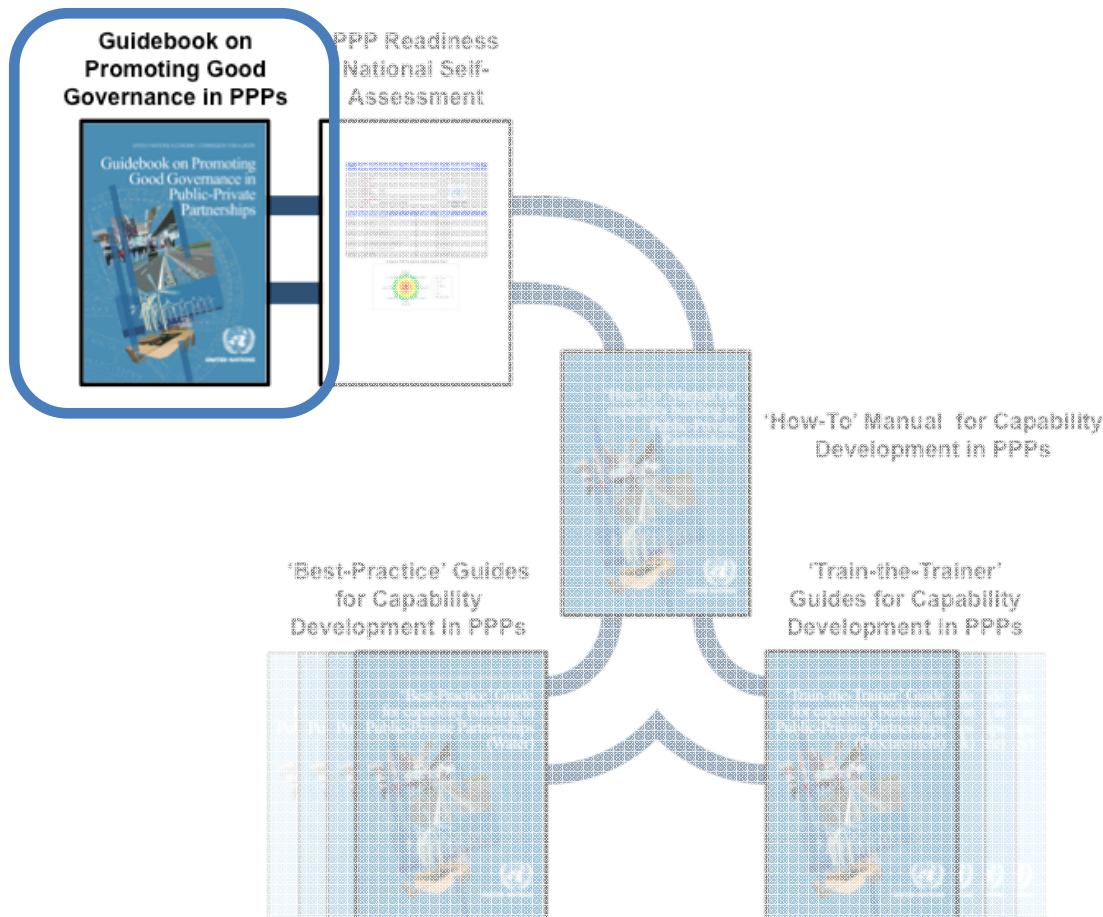
## Overview of the UNECE PPP Toolkit



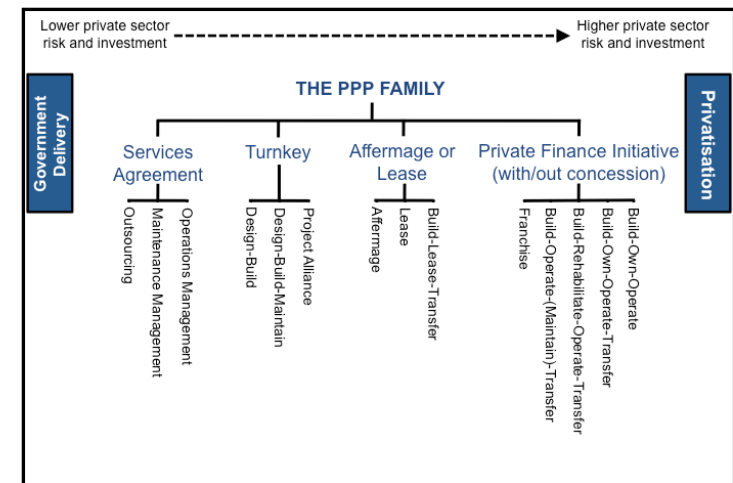
The UNECE PPP Toolkit is an integrated system of documents, designed to help governments develop their local PPP capabilities and markets...



## UN Guidebook on Good Governance in PPPs

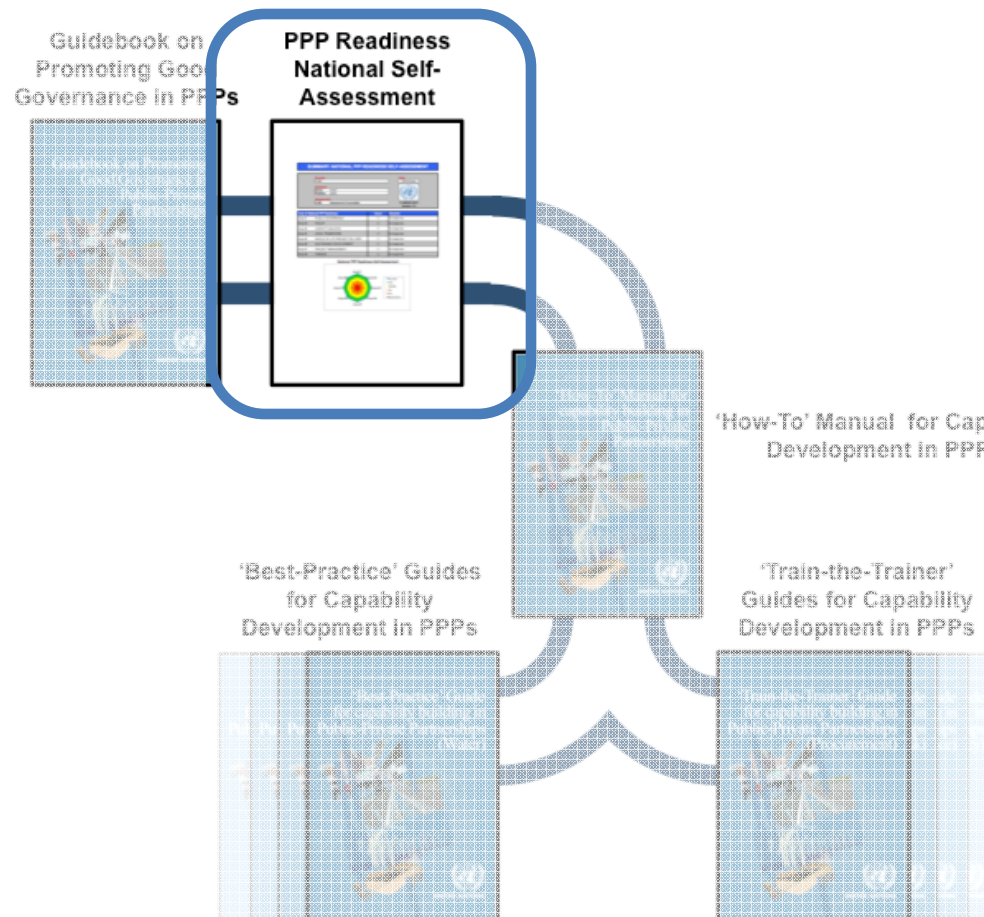


- identifies the full range of PPP strategies
- defines the role of public governance in PPPs
- defines principles of PPP good governance





## PPP Readiness Self-Assessment Tool

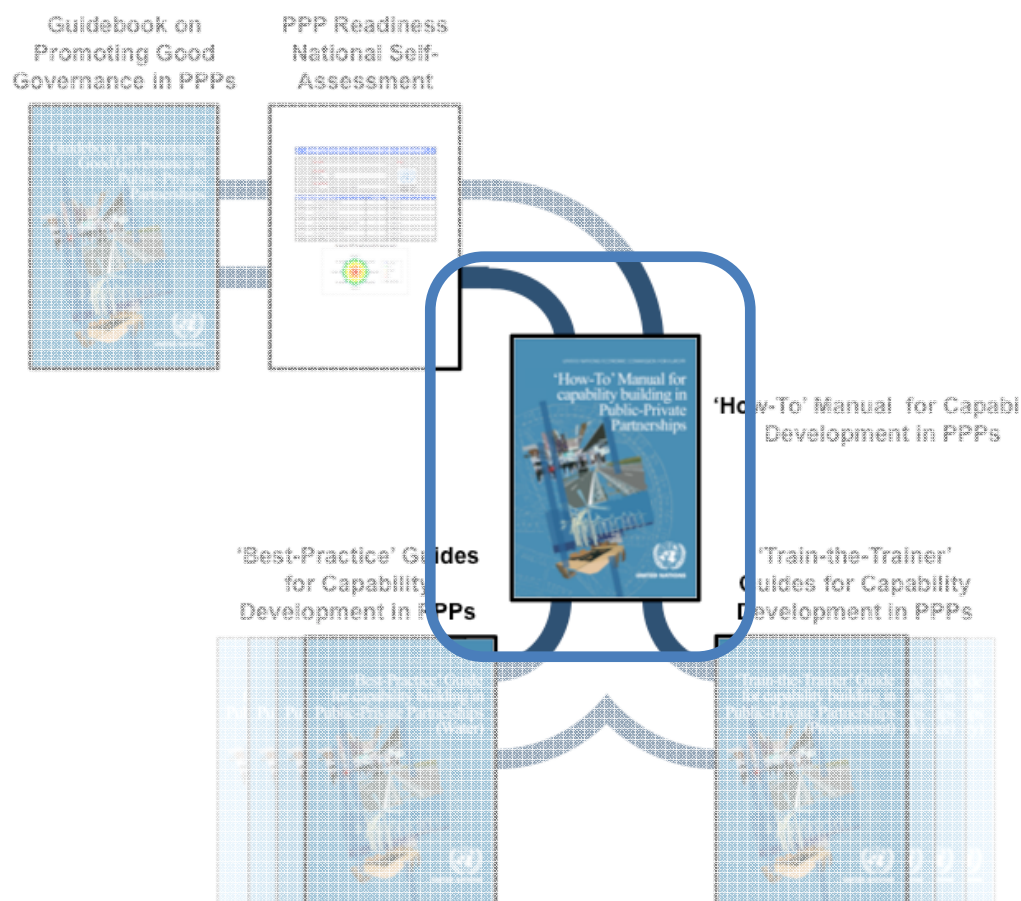


Provides countries with a comprehensive and easy-to-use tool to assess the national readiness to deliver PPP projects, as measured against the key areas of risk to PPP project delivery:

- Public Governance
- Policy
- Capability-Building
- Legal Framework
- Whole-of-Lifecycle Project Delivery
- Project Management
- Sustainability
- Finance



## 'How-To' Manual for PPP capability-development



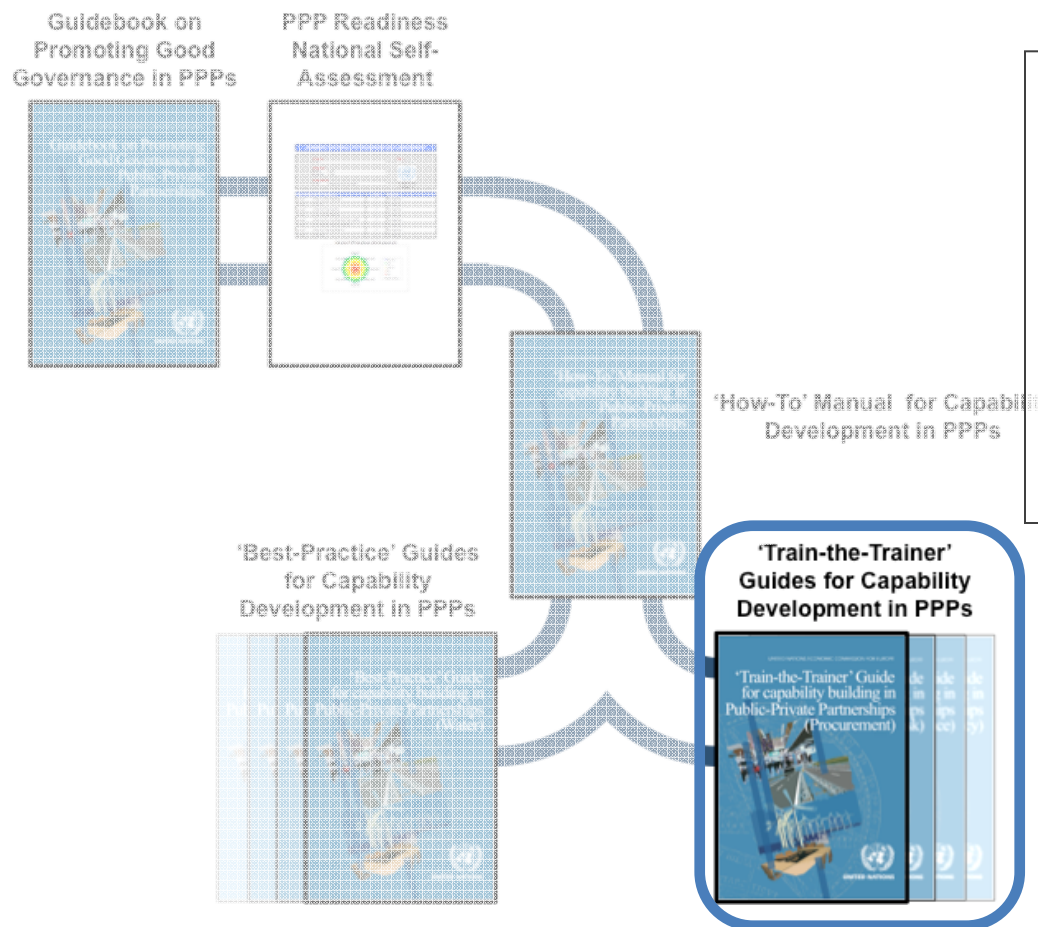
**Provides detailed and chronological instructions on how to develop, operate, and continuously improve an effective and sustainable PPP capability within government.**

**Areas of focus include:**

- **policy and application**
- **finance and risk allocation**
- **developing an effective PPP programme**
- **PPP whole-of-life project delivery**
- **pro-forma documentation and processes**



## 'Train-the-Trainer' guides for PPP competences

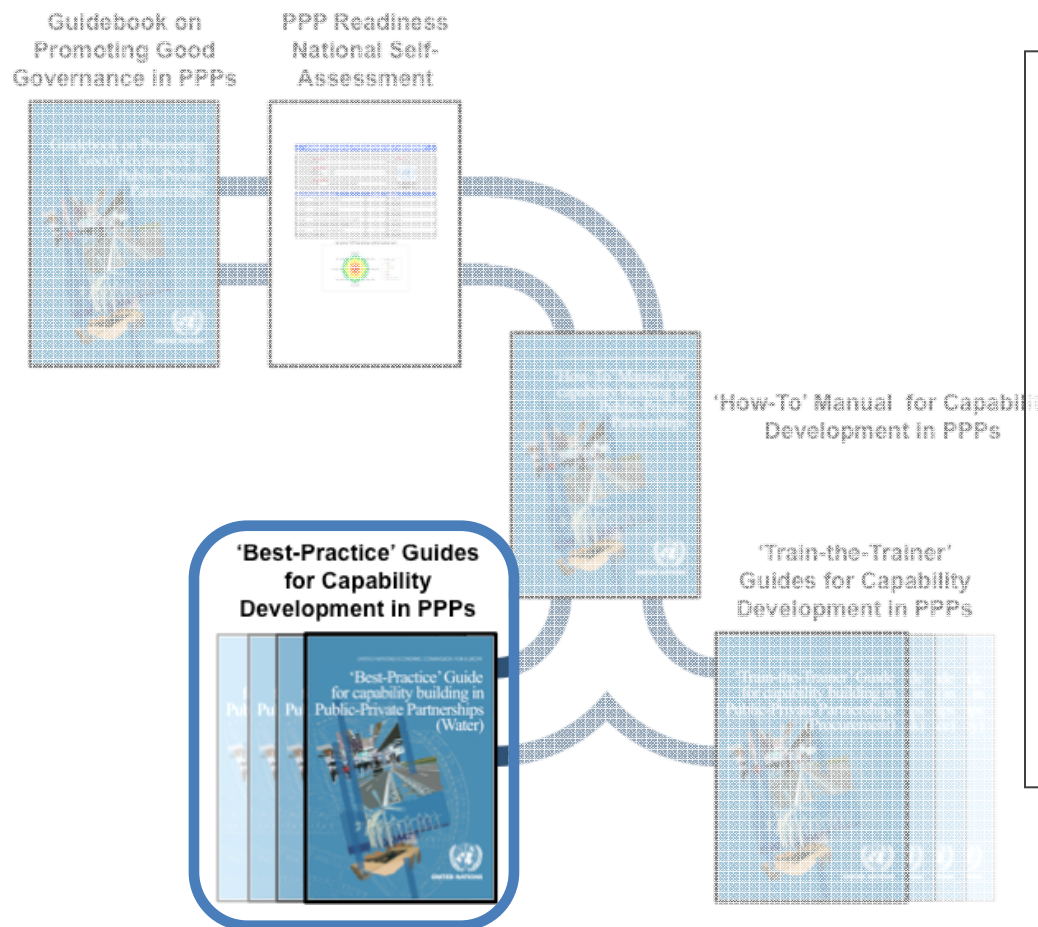


Provides countries with comprehensive training packages in the key PPP functional capability areas of PPP policy, finance, procurement, risk, contracts, and negotiation. These guides are designed to be quickly adapted, implemented, and taught by a country's local institutions.

Each guide will include full trainer directions, course notes, exercises, worked answers, case studies, and referenced papers.



## 'Best-Practice' Guides for PPP project delivery



Provides countries with a global overview of the best practices, lessons learned, and key developments and innovations within a range of PPP sectors.

Includes two parts:

- an executive guide to PPP in the sector, with detailed global market and trend analysis
- a practitioners guide to PPP in the sector, with detailed case studies

Each Best-Practice Guide will be developed by a PPP Specialist Centre, which will coordinate sector-specific input and case studies from a broad range of governments, specialists, and contractors.



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## Recommendations for Cooperation with the Committee for Sustainable Energy

- **Peer review Training module on PPPs in Energy Sector**
- **Participate in PPP Capacity Building Events (Istanbul 15-17 December 2010)**
- **We are on the look out for governments capable of hosting specialist centres in the efficient energy sector**

**Thank you for your attention!**



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