



The United Nations Economic Commission for Europe (UNECE)  
PPP Alliance's

# “Governance in Public-Private Partnerships for Infrastructure Development”

London, United Kingdom

25 October 2005

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# Background

- The objective of the UNECE PPP Alliance is to improve the awareness, capacity, and skills of the public sector in developing successful PPPs in Europe.
- In support of this objective, the PPP Alliance agreed after its Forum on “Good Governance in Public-Private Partnerships for Infrastructure” (Palais des Nations, Geneva, November 2003) to form a task force on this topic. The task force would work in collaboration with the Secretariat to prepare a “best practices” Guideline.
- A draft Guideline was presented at the Third Annual Meeting of the UNECE PPP Alliance in Barcelona, September 2004, and reviewed by a group of experts at a meeting in Canada supported by the Canadian government and the Canadian National Council for Public-Private Partnerships, in November 2004.

# Today's Objective

- Our objective today is to present the final version of the Guidelines.
- The Guideline is aimed at policy makers and representatives of the private sector and NGOs. It is designed to be of especial use to these three constituencies in countries which are at a pre-PPP stage in their creation of an appropriate enabling environment for PPPs.

# Document Structure

**Chapter 1, Benefits and Risks**: PPPs provide many **benefits**, but there are also **risks** that have to be addressed and distributed.

**Chapter 2, Governance Skills and Expertise**: Realizing the benefits and addressing the risks requires a new set of **skills** within **public management**. Good governance results in **transparency, accountability, and sustainable development**, as shown by a series of key case studies.

**Chapter 3, Toolkit: Benchmarking and Certification**: Both the private and public sectors could benefit from a **neutral mechanism** that measures the level and quality of governance within individual PPP projects. The UNECE is therefore suggesting a **benchmarking methodology** that over time could be developed into a **certification scheme**.

**Chapter 4, Case Studies**: Existing PPPs can provide valuable lessons, and we therefore present a number of detailed case studies.

# PPP Guideline Governance Categories

Governance can be defined as the exercise of political, economic, and administrative authority to manage a nation's affairs.

## 11 key governance skills:

- Create a Long-term Political Commitment
- A Change in Thinking
- Identify PPP Opportunities
- Establish Legal and Procurement skills
- Obtain Finance and Risk Distribution skills
- Create a Communication Strategy
- Manage Stakeholders
- Measure Performance
- Auditing and Accounting
- Coordinate Expertise

## 3 key outputs:

Transparency

Accountability

Sustainable  
Development

# Key Features

- Linkage of good governance to positive project outcomes
- Case Studies
- Benchmarks

# Case Studies: Distribution by Sector

<u>Sector</u>	<u>Cases</u>
Transportation	4
Sports	2
Power	2
Administrative Facilities	2
Water	1
Education	1
Environment	1

# Case Studies Listing

Case Study	Category	Sector	Country
Danish Sports Facility	Transparency	Sport	Denmark
British Embassy in Berlin	Transparency	Administrative Facilities	UK Project in Germany
London Underground	Transparency	Transport	United Kingdom
Mapely PFI	Public Accountability	Administrative Facilities	United Kingdom
Zurich Soccer Stadium	Public Accountability	Sport	Switzerland
D47 Motorway	Public Accountability	Transport	Czech Republic
Pamir Power Project	Sustainable Development	Power	Tajikistan
Scottish Schools Project	Sustainable Development	Education	United Kingdom
Sofyiska Voda	Sustainable Development	Water	Bulgaria
Chesapeake Forest	Sustainable Development	Environment	United States of America
Vancouver Landfill Cogeneration	Sustainable Development	Power/Environment	Canada
Channel Energy (Poti) Port	Sustainable Development	Transport	Georgia
Venspils Terminal	Sustainable Development	Transport	Latvia

# Excerpt from Benchmarks

<b>Benchmarks</b>						<b>Score</b>				
						<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Transparency</b>										
<b>Participation of citizens</b>										
<i>Consumers' organizations</i>										
Involvement in projects										
Media exposure										
Proposal of projects by civil society and/or NGOs										
<b><i>Use of constitutional tools for decision-making process</i></b>										
Inclusion of referendum in the Constitution										
Regularity of its use										
Level of citizens' awareness of its existence and purpose										
<b>Public Procurement</b>										
<b><i>Selective procedure</i></b>										
General applicable law for all tender processes										
Specific laws according to the sector										
Harmonized rules under regional unification initiatives										
State governance require										

# Further Recommendations

- Encourage governments to:
  - Implement central PPP units
  - Improve transparency and fight corruption
  - Utilize benchmarking to establish goals and monitor progress
  - Establish appropriate legal and regulatory frameworks
- Establish a benchmarking certification process
- Prepare additional guideline documents on selected topics (e.g., dispute resolution systems) where dissemination of PPP best practices would appear likely to improve project success rates.

Backup slides

# New Trends in PPPs

- PPPs are entering new industries like Health and Education
- PPPs are entering new countries and contribute to capital formation across the globe
- New challenges create a demand for new types of PPPs that require more Government innovation
- Sustainable Development is becoming a criterion in PPPs

# The main PPP Risks

- Political risks
- Contractual risks
- Technological risks
- Commercial risks
- Financial risks
- Force Majeure risks

# The UNECE benchmarking scheme

- This benchmarking would help ensure good governance within individual projects. This will result in:
  - Reduced uncertainty faced by the private sector, which will make it easier to invest – especially in new and developing markets
  - Make it safer for Governments to chose PPPs to deliver public services, and make it easier to attract capital