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## Economic Commission for Europe

### Committee on Innovation, Competitiveness and Public-Private Partnerships

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## **Measuring and scaling up the Implementation<sup>1</sup> and Impact of the UNECE PPP standards, guiding principles, best practices, declarations and recommendations**

### **Note by the secretariat**

#### *Background*

This document contains a number of suggested recommendations aimed at the member States to scale up the implementation and impact of UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

The Committee is requested to take note of the five recommendations on the voluntary implementation of UNECE PPP standards, guiding principles, best practices and recommendations, and to request:

1. The Bureau of the Working Party on PPPs and the secretariat to submit a proposal with recommendations to the Working Party on PPPs for its consideration at its next session in December 2019;
2. The Working Party on PPPs to make recommendations to the Committee at its next session on implementation and impact of UNECE PPP standards, guiding principles, best practices, declarations and recommendations; and
3. The secretariat to hold a dedicated session with multi-stakeholder participation on the voluntary implementation and impact of UNECE PPP standards, guiding principles, best practices, declarations and recommendations at the International PPP Forum in May 2019.

<sup>1</sup> The UNECE PPP standards, guiding principles, best practices, declarations and recommendations do not impose any obligations on member States as their implementation is entirely voluntary.

## I. Introduction

Governments from the United Nations Economic Commission for Europe (UNECE) member States and other United Nations Member States have regularly met for almost 15 years to improve and promote Public-Private Partnerships (PPPs) as ways to finance infrastructure development.

Under the auspices of the UNECE Committee on Innovation, Competitiveness and Public-Private Partnerships (previously the Committee on Economic Cooperation and Integration), the Team of Specialists on Public-Private Partnerships held eight sessions from 2008 to 2016 and the Working Party on Public-Private Partnerships held two sessions in 2017 and 2018.

Since 2015 and the approval of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), the UNECE has been realigning and advocating a new approach to traditional PPPs to put people as the main beneficiaries of public services provisioned under the PPP model. It realigns PPPs to be “People-first” with a “Value for People” objective, delivering outcomes that drive the implementation of the 2030 Agenda for Sustainable Development.

During this period, different PPP standards, guiding principles, best practices, declarations and recommendations were endorsed and adopted by the UNECE intergovernmental bodies on PPPs, the is, the Working Party on Public-Private Partnerships and the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP).

These normative products on PPPs (see Table 1) are diverse in nature and therefore they differ in the ways they can be implemented and the impacts they can have. They can be classified in the following five categories:

(a) **Standards:** international standards containing policy recommendations targeting governments which are considering the development and implementation of PPPs in a specific sector;

(b) **Guiding principles:** principles of a new model or approach to PPPs with actions to implement them;

(c) **Best practices:** includes examples of People-first PPP projects, best practices for the development of pipelines of PPP projects or for a specific PPP phase etc.;

(d) **Declarations:** aimed at facilitating the voluntary implementation and dissemination of standards, guiding principles etc.; and

(e) **Recommendations:** specific and general recommendations aimed at governments implementing PPPs.

**Table 1. List of UNECE PPP standards, guiding principles, best practices, declarations and recommendations**

| <i>Type of agreement</i> | <i>Name</i>  | <i>Status</i>                          |
|--------------------------|--|--|
| Standard                 | Standard on a Zero Tolerance Approach to Corruption in Public-Private Partnerships Procurement | Adopted (2018, CICPPP)                 |
| Standard                 | Standard on PPPs in Railways   | Endorsed (2018, Working Party on PPPs) |
| Standard                 | Standard on PPPs in Renewable Energy   | Endorsed (2018, Working Party on PPPs) |

| <i>Type of agreement</i> | <i>Name</i>   | <i>Status</i>                          |
|--------------------------|---|--|
| Standard                 | Standard on PPPs in Roads   | Endorsed (2018, Working Party on PPPs) |
| Standard                 | Water and Sanitation  | In development (Public Review)         |
| Standard                 | Urban Rail Transit  | In development (Draft development)     |
| Standard                 | Health policy   | In development (Public Review)         |
| Standard                 | Airports  | In development (Draft development)     |
| Standard                 | Model law for PPP/Concessions   | In development                         |
| Guiding Principles       | Guiding Principles on People-first PPPs for the Sustainable Development Goals   | Endorsed (2018, Working Party on PPPs) |
| Guiding Principles       | Introduction to People-first Public-Private Partnerships in Support of the United Nations Sustainable Development Goals                   | Endorsed (2018, Working Party on PPPs) |
| Best practices           | Compendium of People-first PPP projects   | In development                         |
| Declaration              | Declaration on a Zero Tolerance Approach to Corruption in PPP Procurement   | Endorsed (2018, Working Party on PPPs) |
| Recommendations          | Putting the Guiding Principles on People-first Public-Private Partnerships into practice  | Endorsed (2018, Working Party on PPPs) |
| Recommendations          | Recommendations on the use of reliable and independent experts to advise on people-first PPPs projects in low and middle-income countries | Endorsed (2018, Working Party on PPPs) |
| Recommendations          | List of recommended clauses in concession contracts in people-first PPPs in support of the SDGs   | Endorsed (2018, Working Party on PPPs) |

Before their endorsement and adoption by member States, the standards, guiding principles, best practices, declarations and recommendations are developed through a transparent and extensive multi-stakeholder process which involve international experts and representatives from member States, civil society organizations, academia, the private sector and international organizations.

For example, the UNECE PPP Standards are created through the Open and Transparent Standard Development Process which include different phases: Project initiation, Stakeholder mobilization, Developing initial draft, Public review, Endorsement, Approval and Maintenance.

Although these normative products do not impose any obligations on member States as their implementation is entirely voluntary, it is time to think about how to implement the accumulation of standards, guiding principles, best practices, declarations and recommendations on People-first PPPs. There are three reasons for this:

- The 2030 Agenda for Sustainable Development and its Sustainable Development Goals is not an academic exercise but a plan for actions to transform the world for the better and shift it onto a sustainable path by 2030<sup>2</sup>. Only transformative actions driving sustainable development and resulting from UNECE normative products on PPPs will have the impact needed to close the infrastructure gap and implement the 2030 Agenda for Sustainable Development.
- Although there is a specific SDG indicator for PPPs within the global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development<sup>3</sup>, SDG Indicator 17.17.1 –*Amount of United States dollars committed to (a) public-private partnerships and (b) civil society partnerships*–, it only captures one specific input and does not measure the implementation and impacts of PPP projects and whether they are contributing to sustainable development. Further strategies and instruments are necessary to ensure that PPPs projects deliver people-first outcomes and implement the 2030 Agenda for Sustainable Development.
- Further mobilization is needed to promote the People-first approach to PPPs and have more People-first PPP projects implemented.

This will require the development of different implementation strategies and monitoring mechanisms. Furthermore, this will also respond to the desire and political commitment of member States to implement UNECE normative products on PPPs and develop People-first PPPs projects that contribute to the implementation of the 2030 Agenda for Sustainable Development.

## II. Implementation and impact: definition and importance for the 2030 Agenda for Sustainable Development

Implementation is the process of turning strategies, plans or principles into actions. Within the framework of the 2030 Agenda for Sustainable Development, actions resulting from the implementation of UNECE PPP standards, guiding principles, best practices, declarations and recommendations, must have positive social, economic and environmental impacts and drive sustainable development.

But their implementation is not an easy task. For example, the implementation of policy recommendations on PPPs must deal with specific political context, level of political commitment, financial and technical capacities, level of economic development or private sector interest, to only name a few.

More generally, different challenges must be addressed to foster the full implementation of UNECE normative products on PPPs, such as:

- Poor knowledge of the UNECE standards, guiding principles, best practices, declarations and recommendations on PPPs;
- No ownership of agreements from national authorities;

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<sup>2</sup> Transforming our world: the 2030 Agenda for Sustainable Development, A/RES/70/1, United Nations, see [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E)

<sup>3</sup> Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development, United Nations, A/RES/71/313 E/CN.3/2018/2, see [https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%20refinement\\_Eng.pdf](https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%20refinement_Eng.pdf)

- Standards, recommendations, guidelines and best practices being developed without Project teams and not considering the subject of their application, use and implementation;
- No monitoring mechanism established;
- Weak technical and institutional capacities to undertake PPPs from governments;
- Lack of resources; and
- Non-binding agreements with voluntary implementation.

It is essential to define what implementation and impact mean, as their spectrum can be relatively broad. A PPP Standard can be considered implemented when it is taken into consideration for the drafting of a new law or regulation on PPPs, but it could also be measured as implemented when it is applied to a project. The same question exists for evaluating the impact and whether it should be restricted to the application of a PPP Standard to a project or to its broader outcomes on sustainable development.

Impact can also be assessed from the extent to which they contribute to the five People-first outcomes<sup>4</sup>:

- (i). Access and equality,
- (ii). Environmental sustainability,
- (iii). Economic effectiveness including fiscal sustainability,
- (iv). Replicability, and
- (v). Stakeholder engagement.

Such questions are not easy to answer but the main objective is to have more People-first Projects implemented to close the infrastructure gap while driving sustainable development. For that, any actions and impact resulting from the implementation of UNECE PPP standards, guiding principles, best practices, declarations and recommendations, should be monitored.

As we enter the last decade of the 2030 Agenda for Sustainable Development, time is counted to implement People-first PPP projects and achieve the SDGs by 2030. Cooperation with key partners with a bigger or different scope of action than the UNECE would scale up the impact of the UNECE normative products on PPPs, whether it is to promote and maintain them or finance and develop People-first PPP projects.

In view of the above, the following recommendations are submitted for consideration to the Committee on Innovation, Competitiveness and Public-Private Partnerships.

### III. Recommendations

#### **Recommendation 1**

Monitor the number of projects actually influenced by UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

Ultimately, the value of this programme is whether high quality infrastructure projects compliant with the SDGs have been created as a result of the UNECE work. This impact concerns:

<sup>4</sup> Guiding Principles on People-first PPPs for the Sustainable Development Goals, ECE/CECI/2019/56, see [http://www.unece.org/fileadmin/DAM/ceci/documents/2019/CICPPP/ECE\\_CECI\\_2019\\_05.pdf](http://www.unece.org/fileadmin/DAM/ceci/documents/2019/CICPPP/ECE_CECI_2019_05.pdf)

- (i). Projects at the design phase; and
- (ii). Projects that were revised in their operational phase in order to become more SDG-compliant.

To monitor the number of projects influenced by UNECE PPP standards, guiding principles, best practices, declarations and recommendations, the following could be considered:

- Use the People-first evaluation methodology to assess whether a PPP project qualifies as People-first (the People-first PPP Impact Assessment Tool is being developed to identify critical People-first ingredients in PPP projects that support the achievement of the SDGs); and
- Governments, the private sector and the civil society could be requested to submit projects which bear the fruit of this work to take PPP onto another level.

### **Recommendation 2**

Develop implementation strategies of the UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

The development of new implementation strategies is needed to:

- Foster the full implementation of UNECE PPP standards, guiding principles, best practices, declarations and recommendations;
- Assist countries in the application of UNECE PPP standards, guiding principles, best practices, declarations and recommendations; and
- Strengthen political commitment and support towards UNECE standards, guiding principles, best practices, declarations and recommendations.

The following could be considered for the development of implementation strategies:

- Develop an implementation guide to assist countries in the application of the UNECE PPP standards, guiding principles, best practices, declarations and recommendations. This guide could be in the form of an online tool, such as the United Nations Trade Facilitation Implementation Guide<sup>5</sup>;
- This guide could use and scale up the recommendations for implementation developed in the UNECE Declaration on a Zero Tolerance Approach to Corruption in PPP Procurement;
- Assist member States in the application of UNECE normative products on PPPs through new capacity building programmes, including through developing E-learning courses on People-first PPPs and the different UNECE normative products on PPPs; and
- Encourage the use of official requests from benefiting authorities of technical assistance, such as statements of intent.

### **Recommendation 3**

Build new partnerships to scale up the implementation and impact of UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

New partnerships are needed to scale up the implementation and impacts of the UNECE normative products on PPPs:

<sup>5</sup> See <http://tfig.unece.org/index.html>

- The UNECE PPP standards, guiding principles, best practices, declarations and recommendations will only be recognized globally if they are developed, maintained, promoted and used by a broad network of stakeholders, including within the United Nations system;
- They are not restricted to the UNECE region and can be applied in other countries;
- Even though UNECE maintains standards that are recognized globally, it has a limited scope of action, by its size and mandate; joining forces with other partners would allow for a better promotion of UNECE normative work on PPPs and the People-first PPP model;
- To ensure that the work realized is disseminated and understood so that it has a greater and global impact; and
- Partners could help update and maintain the different UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

The following could be considered to build partnerships:

- Identify new key partners who could embrace and promote the People-first approach to PPPs and the UNECE normative products on PPPs. These include partners such as NGOs, the private sector, international business associations, Multilateral Development Banks, International Organizations and United Nations entities;
- Strengthen the cooperation with the other United Nations Regional Commissions and organize joint activities, such as the 2020 International PPP Forum that could take place in Addis Ababa in cooperation with the Economic Commission for Africa (ECA);
- Identify synergies with the United Nations Global Compact, especially in the context of UN development system reform;
- Redouble efforts to promote the People-first PPP model in the work of the Inter-agency Task Force on Financing for Development under the auspices of the United Nations Department of Economic and Social Affairs (UN DESA);
- Consider the use of cooperation agreements for the promotion of the implementation of UNECE PPP standards, guiding principles, best practices, declarations and recommendations; such as the Memorandums of Understanding<sup>6</sup>;
- Making efforts to translate to other languages (Spanish, Chinese, Arabic) the different UNECE PPP standards, guiding principles, best practices, declarations and recommendations, to increase the impact and develop partnerships around the world; and
- Establish Expert Groups on PPP Standards to support countries in applying the UNECE PPP standards.

#### **Recommendation 4**

Establish a voluntary reporting mechanism to monitor progress made on the implementation of UNECE standards, guiding principles, best practices, declarations and recommendations on People-first PPPs.

<sup>6</sup> For example, the MoU between the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC) and UNECE to leverage their unique strengths, products and services to provide a coordinated and integrated programme of support to developing countries implementing the World Trade Organisation (WTO) Trade Facilitation Agreement.

It is still “early days” to assess the impact of the UNECE standards, guiding principles, best practices, declarations and recommendations on People-first PPPs, but a voluntary reporting mechanism should be set up to monitor the progress made on their implementation. Such mechanism would:

- Allow for a regular and better monitoring of the implementation of the People-first approach to PPPs;
- Foster ownership from member States and promote peer learning;
- Incentivize more governments to implement UNECE standards, guiding principles, best practices, declarations and recommendations on PPPs; and
- Provide inputs for the updating process of UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

The following could be considered for the establishment of a voluntary reporting mechanism:

- This mechanism could be created within the UNECE intergovernmental bodies on PPPs, that is, the Working Party on PPPs or the Committee on Innovation, Competitiveness and PPPs;
- UNECE member States would be invited to submit and present voluntary national reports to the UNECE intergovernmental bodies on PPPs, on an annual basis;
- These reports could be based on a template or responses to a questionnaire and be made publicly available on the UNECE website; and
- Governments could be invited to notify UNECE on their successful implementation of UNECE normative products on PPPs, using official means of communication.

**Recommendation 5**

Develop indicators to measure the implementation and impact of UNECE PPP standards, guiding principles, best practices, declarations and recommendations.

In addition to a reporting mechanism, indicators are needed to:

- Measure progress of the implementation of UNECE PPP normative products;
- Build some evidence of their use and impact; and
- Measure the whole spectrum of implementation with different category of indicators to measure implementation activities, their outputs, outcomes and impacts.

The following could be considered for the development of the indicators:

- A Project Team could be set up to identify and build the indicators;
- There could be indicators for measuring the implementation and impact and specific indicators for the different type of UNECE PPP normative products (Standards, Declarations etc.). For example:
  - i. Number of national policies resulting from UNECE normative products on People-first PPPs; and
  - ii. Number of PPP projects applying UNECE PPP Standards.
- Specific indicators: Number of PPP projects applying UNECE PPP Standards;
- The Secretariat could be responsible for the collection of information to update the indicators, including information publicly available from various sources and directly provided by member States; and
- The indicators could be published and updated on the UNECE website.