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Item 7 of the provisional agenda

Railway infrastructure financing and Public-Private Partnerships

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Note by the secretariat

I. Mandate

1. The note that addresses the possibilities for synergies between the UNECE Centre of Excellence on Public-Private Partnerships (PPP) and the Working Party on Rail Transport (SC.2) as well as the hosting on the Working Party's website of an online tool for the evaluation of financing of rail infrastructure projects within PPP schemes has been prepared by the secretariat in line with the mandate of the Working Party on Rail Transport (SC.2) to consider studies in railway infrastructure in accordance with its programme of work for the period 2014–2018 (ECE/TRANS/2014/26, activity 02.5.1, output B (a)).

II. UNECE Public-Private Partnerships Rail Standard

2. UNECE is developing a standard that provides guidance to governments planning to use PPP programmes to raise investment in their rail sector, and is helping them to properly pursue and achieve the United Nation's Sustainable Development Goals.

3. The team working on the standard is conducting an analysis of existing PPP programmes in the rail sector, the rationale for their structure and an objective assessment of their advantages and disadvantages. The team has formulated a number of questions about lessons learned in the development of rail PPP schemes which it is planning to address both to national governments that have already developed such schemes as well as private sector participants.

4. The team has identified six broad themes:
 - (a) Policy and legislation: discuss the policy and legal context of the PPP programme, and how governments can ensure that the programme is legally constituted and consistent with other government policies.
 - (b) Economic context and affordability: cover issues which help ensure that the PPP programme is affordable and realistically deliverable within national governments' economic constraints.
 - (c) Planning, objectives and business cases: provide guidance on how the PPP programme is planned and objectives are set, and how business cases for individual projects are prepared, evaluated and approved.
 - (d) Training and resources: help identify the resources necessary to plan and implement a PPP programme, and the skills and training needed to make sure public and private sector participants can manage risks effectively.
 - (e) Market assessment and engagement: successful PPP programmes realistically reflect the needs and capacity of the commercial sector, so this theme will provide guidance on engaging with the private sector market and structuring the programme accordingly.
 - (f) Transparent procurement and management: Transparency during procurement, delivery and operation of PPP projects is a key factor in attracting investment and demonstrating value for money and this theme will identify governance measures that will support it.
5. In addition, the team may be able to identify reference projects that could be suitable as case studies. The geographical focus will be Central and Eastern Europe, Sub-Saharan Africa, Asia, South America and the Middle East and North Africa region.
6. Following this methodology the team will use the information obtained to provide the evidence upon which the standard can be based. It is intended that the standard will provide a structural template for the development of rail schemes and a recommended approach to risk allocation.
7. The standard will be available online and it is envisaged that there will be a module with a scoring system to facilitate the evaluation of proposed schemes. In this way, governments will be able at an early stage to ascertain the suitability of using a PPP programme to raise investment in their rail sector.

III. Guidance by the Working Party on Rail Transport

8. SC.2 may wish to consider the above-mentioned information and provide guidance to the secretariat on further action in this field.
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