



United Nations Economic Commission for Europe (UNECE)

Team of Specialists on Public-Private Partnerships

Expert Meeting on the Preparation of the Training Toolkit on “How to do PPPs”

Held at Deloitte Office in London, United Kingdom

14 May 2009

Main highlights

- **Experts reviewed the progress achieved in the preparation of the first set of six modules and gave guidelines for future work.**
- **Agreement was reached on how to proceed with the preparation of the second set of training modules on how to do PPPs and new drafters were recruited for the next tranche of the modules.**
- **Plans unveiled for a new centre to ensure effective research, advisory and updating of the training materials.**
- **Co-operation with regional (Regional Co-operation Council) and international (World Bank) organizations was encouraged in the context of implementation of regional capacity-building initiatives in Southeast Europe and Central Asia.**

Introduction

1. A meeting of experts on the preparation of a toolkit on how to do PPPs was held on 14 May 2009 in London, United Kingdom. The main objective of the meeting was to further elaborate a programme of training modules identified by the UNECE Team of Specialists at its first session (28-29 February 2008) with a view to finalizing the first set of modules initially prepared for a capacity-building event in Moscow (21-22 October 2008) and identifying first steps in the preparation of the remaining modules.
2. Forty experts from the public and the private sector took part in the discussions and exchanged experiences and proposed ideas for co-operation on capacity-building programmes in PPPs and the use of training tools to develop better understanding of PPP projects.
3. The discussions first focused on the overview of experiences with capacity-building in PPPs, different focuses and approaches used, as well as the ideas for co-operation.

Main highlights of national experiences in PPP capacity building

4. Experts from Croatia, Czech Republic, Germany, Kazakhstan, Slovenia and Russian Federation gave overview of existing experience with PPPs and, based on these lessons learned, identified areas where skills were already developed as well as those where training was most needed.

5. Representatives of the World Bank and the Global Hand presented their experiences and relevant activities in this area and Mr. Anthony Pierce presented a project to set up a PPP Centre within UNECE.
6. Croatia recently adopted new legislation governing PPPs and set up the PPP Agency. At the international level, exchanging national experiences and good practice, as well as agreeing on definitions of key terms and developing a glossary of PPP terms would help the process and Croatia is interested in becoming one of the lead governments for regional initiatives for Southeast Europe initiated under the auspices of the Regional Co-operation Council. A regional conference on the effects of the current economic crisis on the emerging PPP markets in Southeast Europe will be organized on 25 September 2009 in Sarajevo with participation of 12 governments and international organization.
7. Germany has established its PPP market in recent years, with the Federation and the federal state adopting recommendations for PPPs in the Federal budget system in 2007 and the operational start of ÖPP Deutschland AGG in January 2009. The Ministry of Finance sets task for Partnerschaften Deutschland work to improve PPP conditions and Germany is at the moment interested to enhance the international presence of its PPP initiative, through, inter alia, competition for funds available globally for infrastructure development.
8. The Czech Republic has also worked on developing its national PPP programme, in which first contracts were awarded in 2007. Efforts are concentrated on developing standardized contracts and further developing the PPP Centre, tasked with providing knowledge transfer between projects and sectors. The PPP Centre is also interested in continuing co-operation with UNECE on capacity-building in transition economies.
9. Kazakhstan has adopted a concession law and a law governing PPPs in its legislation and established a PPP unit in 2008. At the moment, there are discussions to establish a degree programme on PPPs at a local university.
10. The Russian Federation's experience with PPPs points to the need for spreading PPP knowledge to regional and local authorities, better co-operation and increased efficiency in PPP project development. The Moscow High School of Economics, supported by the Vnesheconombank and the State Duma, has been developing its PPP training programme focusing on education, advocacy and case studies. UNECE is one of strategic partners and the first set of 6 modules prepared by UNECE PPP experts has been used already for training in which over 500 people have participate so far.
11. Slovenia has adopted a PPP law but has not initiated any PPP projects so far. Nevertheless, its Centre for Excellence in Finance is interested in supporting efforts to provide training on how to prepare PPP projects and other initiatives in Southeast Europe.
12. The World Bank recognized UNECE's value added through its extensive networks in the region, which is essential because of the need to develop regional knowledge. The World Bank has been developing a project in the same area and would like to establish information sharing with UNECE, especially since many toolkits and training materials produced by the World Bank (eg for highways), even though significantly broader in scope, could be useful for UNECE work.
13. Mr. Anthony Pierce presented a proposal to set up a PPP centre to coordinate research education and training activities in the area of PPPs. It is proposed that the PPP Centre would:

- develop and maintain a portfolio of case study materials for the various PPP training initiatives;
- formalise the involvement of the private sector in PPP capacity building;
- develop a dialogue with governments about their needs in the area of PPPs, and work with the appropriate agencies to ensure that these needs are met;
- support the preparation and use of UNECE training modules for capacity building;
- interface with the private sector concessionaires and developers, as well as IFIs to assist governments with putting in place all the elements for the development of successful PPP programmes;
- promote the shared interests of the PPP sector; and
- establish an academic network of institutions and researchers interested in PPPs, and through this network ensure that PPP materials are kept up to date.

14. The Centre would collaborate closely with the Global PPPI Core Learning Programme and the World Bank's PPIAF, as well as the UNECE's Business Advisory Board on PPPs. It is proposed that the Centre would be hosted by the UN Economic Commission for Europe in Geneva and would be financed by the private sector (similar to the Gas Centre: <http://www.gascentre.unece.org/>). The proposal to establish the Centre will be submitted for review and approval to the UNECE Team of Specialists on PPPs at its second session (3-4 December 2009).

15. The Global Hand (<http://www.globalhand.org>) presented the new website that will be launched by the United Nations to which it has contributed. The website is aimed at facilitating a wide spectrum of partnerships between the United Nations and the private sector. This tool, once it becomes operational, would provide easy access to information on possibilities for co-operation at both ends and could be very useful for UNECE PPP activities.

Lessons learned from the elaboration of the first set of modules

16. The discussion went on to focus on lessons learned from the preparation of 6 modules and drafters, as well as other participants, presented their views on what was accomplished as well as what improvements would need to be made. The following was suggested:

a) General remarks applicable to all modules:

- Case studies presented are often out of date. Key governance issues should be identified and up-to-date case studies presented to illustrate them along with lessons learned and possible alternative solutions;
- Modules often focused on the classical concessional approach even though the experience in Russian Federation shows that projects are complex and involve a large number of contracts of which only few a concession-type;
- Module preparation demands significant time and defining scope, objective and learning outcomes as well as links between individual modules and the broader set of modules need to be kept in mind. It would be good to test-drive modules through peer review and to make sure only qualified trainers are used;
- There is a clear need to develop systematic tools to assess relevance of each module for its target audience;
- Modules vary in length. They should be limited to maximum 30 pages and include numerous case studies.

b) Specific substantive remarks:

- Drafting standard contracts has been singled out as particularly important by potential training beneficiaries, but training tools should also encourage analytical thinking to avoid simple replication of advice. Output specification in PPPs is crucial because a concession contract can be excellent but include wrong outputs;
- Module on roads has a focus on PPPs for highways, which are relatively more straightforward than, PPPs for local roads and public transportation projects, so more emphasis should be put on the latter;
- Political sensitivities and pressures are one reason for regulatory failures in the PPP market and governments often do not draw on each other's experiences. Most countries use EU procurement regulations as a model but sometimes apply cumbersome procedures for small-scale projects, so the issue of proportionality should be adequately addressed;
- The public sector comparator presented in the toolkit highlights value for money, but does not include the economic value added of not having a project at all. This should be included in the comparator because often the question is not whether a conventionally procured project would cost less than a PPP but whether no project is better than a PPP. Whichever method is used, the government needs to have a clear idea about affordability and make sure that the burden of service charges can be borne in the future.

17. Furthermore, Partnerships UK submitted the following lessons learned from their work on the elaboration of the first set of modules:

Recommendations to people preparing the next batch of modules:

1. Do not underestimate the effort required to prepare a module (ie. Slide pack, Background information and Case study material).
2. Define the scope, objective and learning outcomes of the module, as precisely as possible, from the outset.
3. Keep in mind the audience that will participate in the module when preparing the material. The number of participants and their knowledge of the topics covered will affect the way the module will be delivered (e.g. interactive case studies are not effective for a large audience).
4. Make sure your module is interesting, interactive and relevant (e.g. think about the questions the trainer will need to ask to engage with the audience and to get it to think about how to adapt the tool/topic presented to the local context/institutional framework).
5. Test drive your module by asking the end users (eg the PPP unit in the target country) to peer review your material.

Recommendations to UNECE:

6. Use trained trainers, ideally with front-line experience in the preparation of PPP projects, to deliver the modules. This is particularly important if these modules are to be exported (and translated) in a systematic way.

7. Better coordination between the different parties involved in the preparation of these modules is essential to present a streamlined, consistent set of modules to the end users.
8. It may be necessary to develop a systematic tool to assess the effectiveness and relevance of each individual module and their “fit” with the other modules.

Preparing the second set of modules

18. The expert group proceeded to discuss plans for the elaboration of the second set of modules. Drafters were appointed for each of the modules, the list of which is part of the work plan annexed to this report.

Proposals for next steps in project implementation and training

19. The expert group agreed that practical steps to test and promote the modules will need to be undertaken. In some countries (eg Croatia, Russian Federation), there are already plans to build modules into emerging national training systems. Particular interest was demonstrated to use the toolkit to build capacities of regional and local authorities. It was also stated and in most cases modules will need to be adapted to meet each country’s specific needs. Organizations, such as IDEAS Centre from Geneva (<http://www.ideascentre.ch>), expressed interest to develop countries implement selected pilot training projects.

20. It was furthermore agreed that a work plan for the implementation of these activities should include a complete list of planned modules along with a timeframe for completion of the toolkit as well as testing and national implementation activities (see Annex).

Annex

TOOLKIT ON “HOW TO DO PPPs” WORK PLAN

Drafters confirmed – II set	By 30 May 2009
Editorial committee established	By 30 May 2009
Delivery of final version – I set	By 31 August 2009
Review by editorial committee – I set	By 30 September 2009
Drafts – II set	By 30 October 2009
Review by editorial committee – II set	By 30 November 2009
Presentation/Approval by 2nd Session of the UNECE Team of Specialists on PPPs of the I&II sets of modules	December 2009, Geneva
Market testing events: Presentations to PPP units and private sectors (Asia with UNESCAP: China/ Philippines/Korea, UNECE region)	2009-2010
Final version of the I&II sets modules	By 30 April 2010
Draft of other modules	By the end of 2010 (tbd)
PPP national implementation campaigns:	2009 – 2011
<ul style="list-style-type: none"> • South East Europe • Kazakhstan and other Central Asia countries • Russian Federation • Other ECE member states (Ukraine, Armenia, Belarus, etc.) 	

A. INTRODUCTORY		
Meeting the governance challenge in PPPs	I	UNECE staff/ Anthony Smith, Pinsent Masons
Launching a PPP programme for countries getting started with PPPs	II	State University – Higher School of Economics and Pinsent Masons
B. POLICY AND CRITICAL ISSUES		
Organizing an effective PPP programme within a government	II	Partnerships UK
Creating the right legal and regulatory framework	I	EBRD, Alex Zverev, Senior Counsel, Christopher Clement-Davies, Fulbright & Jaworski International L.L.P., Partner
Terms and conditions of a concession agreement	II	Christopher Clement-Davies, Fulbright & Jaworski International L.L.P.
Mobilizing public support	II	Bernhard Muller, Ministry of Finance, Germany
Equipping the Project Manager with the tools to do successful PPPs	II	Anthony Smith and Pinsent Masons
Selecting best consultants	II	Anthony Smith and Pinsent Masons

Regional and municipal governance of PPPs	I	Louis Gunnigan, Dublin Institute of Technology, Head of Department of Construction Management and Technology
Sustainable development issues in implementing PPPs	II	Manchester University
C. DELIVERY AND PPP PROJECT CYCLE		
Writing a PPP business case	I	Partnerships UK
PPP project financing	II	Nick Beretta, Deloitte
Risks evaluation and allocation *	I	National Council for PPPs, Art Smith, President
PPP procurement	I	Anthony Smith and Pinsent Masons
Contract compliance, performance monitoring, and dispute resolution for PPP projects	II	Mr. Anthony Smith and Pinsent Masons
D. SECTORAL		
<i>PPPS IN TRANSPORT</i>		
Roads	I	Anthony Pearce, PPP Consultant, Fred Amony, Senior Consultant, Mott MacDonald Transport Management Consultancy, Forbes Johnston, Manager, Mott MacDonald Transport Management Consultancy
Ports	II	Mott MacDonald Transport Management Consultancy
Railways (intercity rails, intercity rails)	II	Mott MacDonald Transport Management Consultancy
Airports	II	Mott MacDonald Transport Management Consultancy
<i>PPPS IN SOCIAL SPHERE</i>		
Schools	II	Jeffrey May, Skanska Infrastructure Development (and Chris Clifton, Victoria State)
Hospital	II	Jeffrey May, Skanska Infrastructure Development (and Chris Clifton, Victoria State)
Social housing	II	TBD
<i>PPPS IN ENERGY SECTOR</i>		
Power generation and distribution	TBD	TBD
Renewable energy projects (geothermal, wind,	TBD	Manchester University

solar power)		
PPPS IN COMMUNAL SERVICES		
Water supply and sanitation	II	Building Partnerships for Development in Water and Sanitation (BPD)
Waste management Transforming waste into power	II	Pinsent Masons
PPPS IN OTHER SECTORS		
Telecommunication	II	Jean-Christophe de Munain, Alcatel
Protection and revitalization of national heritage	TBD	TBD
Tourism and recreation	TBD	TBD
Entertainment and culture	TBD	TBD
Administrative facilities	TBD	TBD
Innovation and science	TBD	TBD

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