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## Economic Commission for Europe

Committee on Economic Cooperation and Integration

### Team of Specialists on Public-Private Partnerships

#### Fifth session

Geneva, 5-6 February 2013

## Report of the Team of Specialists on Public-Private Partnerships on its fifth session

### *Summary*

The Team of Specialists on Public-Private Partnerships (PPP) held its fifth session on 5-6 February 2013 with participants from 38 countries, 15 intergovernmental organizations, and over 100 private sector companies.

The Substantive segment of the fifth session of the Team was devoted to the activities of the UNECE International PPP Centre of Excellence - a coordinating hub based at UNECE in Geneva - and of its affiliated specialist centres responsible for preparation of sectoral guides on best practice in PPPs. Among the issues that the Substantive segment discussed was the role of PPPs in the renovation of public buildings, with a special emphasis on the renovation of the Palais des Nations.

At its fifth session, the Team of Specialists:

- (i) Elected three new Vice-Chairpersons;
- (ii) Agreed that it would use the feasibility study jointly conducted with Toyo University to report to UNOG on the feasibility of using the PPP option for the renovation of the Palais des Nations;
- (iii) Reviewed the work done since the fourth session in February 2012, including the setting up of the first specialist centre on PPPs in health in the Philippines, and the policy advisory work related to the PPP readiness assessments in Belarus, Moldova, Kyrgyzstan and Tajikistan;
- (iv) Reviewed the progress in setting up specialist centres in Azerbaijan, France, Germany, Republic of Korea, the Netherlands, the Russian Federation and Qatar, and agreed that the secretariat organizes a meeting of the specialist centres in 2013;
- (v) Took note of the funding strategy for the UNECE International PPP Centre of Excellence and called on the secretariat to organize a pledging meeting in the first half of 2013; and
- (vi) Agreed on the implementation plan for 2013.

## Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Attendance.....	1-4	3
II. Adoption of the agenda (Agenda item 1).....	5-6	4
III. Substantive segment: the activities of the UNECE International PPP Centre of Excellence (Agenda item 2).....	7-20	4
IV. Election of officers (Agenda item 3) .....	21-22	6
V. Review of the work done since the fourth session on 24 February 2012 (Agenda item 4).....	23-45	6
A. Status report on the UNECE PPP Initiative: the UNECE International PPP Centre of Excellence and the UNECE PPP Toolkit .....	23-28	6
B. Policy advisory missions and capacity-building activities .....	29-42	7
C. Fundraising .....	43-44	8
VI. Implementation plan for the rest of 2013 and proposals for the programme of work in the next biennium 2014-2015 (Agenda item 5) .....	45-51	8
VII. Other business (Agenda item 6) .....	52-53	10
A. Dates of the next session.....	52	10
B. Adoption of the report.....	53	10
Annex.....		11

## I. Attendance

1. The Team of Specialists on Public-Private Partnerships (TOS PPP) held its fifth session on 5-6 February 2013. Representatives of the following countries participated in the session: Azerbaijan, Belarus, Belgium, Canada, Colombia, Croatia, Czech Republic, Egypt, France, Germany, Ghana, Greece, India, Italy, Japan, Kazakhstan, Kyrgyzstan, Libya, Lithuania, Mexico, Morocco, Netherlands, Nigeria, Oman, Poland, Republic of Korea, Qatar, Republic of Moldova, Russian Federation, Slovakia, Switzerland, Tajikistan, Tunisia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, and Uruguay.

2. In attendance were representatives from the following United Nations organizations and specialized agencies: United Nations Conference on Trade and Development (UNCTAD), United Nations Commission on International Trade Law (UNCITRAL), United Nations Industrial Development Organization (UNIDO), United Nations Economic Commission for Western Asia (ESCWA), International Organization for Migration (IOM), World Health Organization (WHO).

3. The following intergovernmental organizations also participated: African Legal Support Facility (ALSF), Asian Development Bank (ADB), Council of Europe, Economic Research Institute for ASEAN and East Asia (ERIA), European PPP Expertise Centre (EPEC), Inter-American Development Bank (IADB), European Bank for Reconstruction and Development (EBRD), International Finance Corporation, a member of the World Bank Group (IFC), and the World Bank.

4. The following non-governmental organizations, academic institutions, experts and private companies took part in the session: ADAMAS (France), Advisory Group Investment Services (Netherlands), Allen and Avery (Netherlands), Alliance for Health Promotion (Switzerland), Andrade Gutierrez (Brazil), AON (Netherlands), Association PPP Switzerland, AquaFed – The International Federation of Private Water Operators (France), Babcock International Group (United Kingdom), Baker & McKenzie (Italy), BAM Deutschland AG (Germany), Bank Nederlandse Gemeenten (Netherlands), Bessarab and Partners Attorneys at Law (Ukraine), Bundesverband Public Private Partnership (Germany), CREAM Europe PPP Alliance (Spain), Camara Argentina de la Construcción (Argentina), Carlara International (France), Catalyst Lend Lease (United Kingdom), CICA (France), Cite de la Solidarite Internationale (France), Club des Partenariats Public-Privé (France), Conseil Santé – SOFRECO (France), Construction Industry Development Council (India), Createurs Immobiliers SA (Switzerland), Deloitte Consulting LLC (United States of America), Deutsche Bank AG (United Kingdom), Dewast & Ass (United Kingdom), DFPPP e.V. German Financing & PPP Advisory (Germany), Dr Alister W Coutts & Partners LLP (United Kingdom), Euro-Mediterranean Center for Climate Change (Italy), Fachhochschule Frankfurt (Germany), Frilet & Associés (France), Ghandour-Medical Center (France), Gide Loyrette Nouel (France), Hogan Lovells International LLP (United Kingdom), India Infrastructure Finance Company Limited (India), Institute for Public-Private Partnerships (Slovenia), Interhealth Canada Limited (United Arab Emirates), International Institute for Sustainable Development (IISD), International Investment Center (Russian Federation), International Law Institute at Georgetown University (United States of America), International PPP Platform Turkey, John Laing (United Kingdom), KAPI Consult (Togo), La Compagnie Benjamin de Rothschild (Switzerland), Landesbank Baden-Wuerttemberg (Switzerland), Law firm "Gide Loyrette Nouel" (Russian Federation), Losinger Marazzi SA (Switzerland), Louis Berger (United Kingdom), LYCIAR (United Kingdom), Marketing Research Foundation (Russian Federation), Masianday Peace Foundation (Gambia), McBains Cooper (United Kingdom), MEDAFSCO Consulting

(Algeria), MIBAG Property and Facility Management (Switzerland), Patton Boggs LLP (United States of America), PwC (United Kingdom), Project Management and Finance (United Arab Emirates), Republican Confederation of Entrepreneurship (Belarus), Respubleco (Switzerland), Robert Brown Associates (United Kingdom), RuDanEnerg (Russian Federation), Russian Industrial Investment Fund (Russian Federation), Public Services International (PSI), Samsung C&T (Republic of Korea), Societe Generale Corporate and Investment Bank (Hong Kong), Sate University - High School of Economics (Russian Federation), Strategic Investment Board Limited (United Kingdom), Sustainable Outreach (Switzerland), The Economist Group (United Kingdom), Timmermans & Simons International Business Lawyers (Netherlands), Transproekt LLC (Russian Federation), Trinity International LLP (United Kingdom), Toyo University (Japan), Turkish Road Association (Turkey), UAB Peritus spremdimai (Lithuania), University of Geneva (Switzerland), VandenBroek Consulting (the Netherlands), Vinci Construction (France), Warnowquerung GmbH (Germany), Zeughaus PPP AG (Switzerland).

## **II. Adoption of the agenda (Agenda item 1)**

5. Documentation: Annotated provisional agenda for the fifth session (ECE/CECI/PPP/2013/1)
6. The Team adopted the provisional agenda as proposed by the secretariat.

## **III. Substantive segment: the activities of the UNECE International PPP Centre of Excellence (Agenda item 2)**

7. In opening the Substantive segment, Mr. Sven Alkalaj, Executive Secretary of UNECE, said “we are honoured to join hands with the United Nations Office at Geneva (UNOG) to explore the full potential of PPPs as a procurement mechanism for the renovation of the Palais des Nations, and to provide member States and the General Assembly with neutral advice on the advantages and disadvantages of PPPs vis-à-vis traditional procurement”.

8. Mr. Clemens Adams, Director, Division of Administration, speaking on behalf of Mr. Kassym-Jomart Tokayev, Director-General of the United Nations Office at Geneva, welcomed the participants and expressed the Director-General’s appreciation to the Executive Secretary of UNECE and his team for the strong collaborative effort and for their participation in exploring the PPP option to renovate the Palais des Nations.

### Renovation of the Palais des Nations

9. The Director of the UNOG Division of Administration gave an overview of the intent of the United Nations to repair and renovate the Palais des Nations. He emphasised that UNOG is currently looking at various innovative ways including PPP option, where they are looking for advice from the Team on the framework that needs to be established in order to conclude a successful PPP in the context of the renovation of the Palais des Nations.

10. The secretariat presented initial findings of the Team of Specialists on the Strategic Heritage Plan of the Palais des Nations based on a number of case studies of PPP projects presented during the seventh session of the UNECE Committee on Economic Cooperation and Integration held on 6 December 2012. It also presented the feedback that was received from member States related to the length of preparation and complexity of PPP, how to scale and scope the project, and what the impact on the UN brand will be.

11. The Vice-Chairperson of the Team introduced the concept and a preliminary timeline of a prefeasibility study that will be jointly conducted by Toyo University and the TOS PPP in order to consider the applicability of the PPP model for the renovation of the Palais des Nations. The study under the framework of TOS PPP will be conducted in two phases and is expected to be realized by October 2013.

12. In summing up the discussion on the PPP options for renovating the Palais des Nations, the secretariat thanked all experts participating in the discussion.

13. The Team agreed that the TOS PPP would use the study mentioned above to report to UNOG on the feasibility of using the PPP option for the renovation of the Palais des Nations.

#### International PPP Centre of Excellence and the specialist centres

14. The Chairperson responsible for the UNECE International PPP Centre of Excellence stressed the importance of having a Centre of Excellence that promotes the very best in PPPs to enhance peoples' lives and addresses the world's major challenges.

15. Speaking on the objectives of the Centre of Excellence, the Chairperson reiterated that the key goals are to:

- (a) Identify international PPP best practices;
- (b) Assist governments to implement best practices successfully; and
- (c) Encourage shared learning especially between countries new to PPPs and those with mature PPP programmes.

16. In order to achieve these objectives, the Chairperson presented the vision and objectives of the Centre of Excellence and remarked that the Centre of Excellence needs adequate financing and human resources.

17. In introducing Conference Room Paper 1 on "Financing the UNECE International PPP Centre of Excellence", the secretariat provided details on the three-pronged funding strategy targeting:

- (a) Donor community made up of international organizations, international financial institutions and governments;
- (b) Private sector; and
- (c) Hosts of specialist centres.

18. A number of international partners, including the Asian Development Bank, the European Bank for Reconstruction and Development, and Vnesheconombank of the Russian Federation expressed their support to the vision and objectives of the Centre of Excellence and their readiness to cooperate with the Centre of Excellence and its affiliated specialist centres.

19. The Team heard status reports from the representatives of Azerbaijan, France, Germany, Republic of Korea, the Netherlands, the Russian Federation and Qatar on their plans to establish specialist centres in the coming months. A detailed status table on the specialist centres (established, in the pipeline and/or under consideration) is contained in the Annex.

20. The Team also heard from the representatives of the UNECE Sustainable Energy Division about the plans of the UNECE Ad Hoc Group of Experts on Coal Mine Methane (CMM) - a subsidiary body of the UNECE Committee on Sustainable Energy – to establish a Centre of Excellence on Coal Mine Methane in one of the UNECE member States.

#### **IV. Election of officers (Agenda item 3)**

21. The Team elected Mr. Hafiz Salikhov (Russian Federation), Mr. Mark Romoff (Canada), and Mr. Ahmet Kesli (Turkey) as Vice-Chairpersons of the Team.

22. The Team also thanked the outgoing Vice-chairpersons, Mr. Alexander Bazhenov (Russian Federation) and Mr. Jay-Hyung Kim (Republic of Korea), for their active participation and support to the Team.

#### **V. Review of the work done since the fourth session on 24 February 2012 (Agenda item 4)**

##### **A. Status report on the UNECE PPP Initiative: the UNECE International PPP Centre of Excellence and the UNECE PPP Toolkit**

23. The secretariat introduced the three Conference Room Papers prepared for this agenda item, namely:

- (i) Financing the UNECE International PPP Centre of Excellence (Conference Room Paper 1);
- (ii) The Role of the Specialist Centres in the UNECE International PPP Centre of Excellence (Conference Room Paper 2); and
- (iii) Governance procedures and practices of the UNECE International PPP Centre of Excellence (Conference Room Paper 3).

24. The Team took note with appreciation of the status provided by the secretariat on the funding strategy and called on the secretariat to organize a pledging meeting in the first half of 2013 in Geneva.

25. The Team also took note with appreciation of the first Specialist Centre on PPPs in Health established in Manila, the Philippines, and of the progress reports from countries and organizations interested in establishing specialist centres affiliated with the International PPP Centre of Excellence, including the CMM initiative to establish a centre of excellence on coal mine methane.

26. The Team agreed that the secretariat will organize a meeting of the prospective? specialist centres in 2013 in order to accomplish the following objectives:

- (a) To present the methodology and criteria identified by each specialist centre to determine the best practice in their respective sectors, with a view to exploring a common set of criteria for best practice that can be used by all specialist centres; and
- (b) To explore ways and means under which international financial institutions support the specialist centres.

27. The Team thanked the key donors for the generous contributions which enabled the UNECE International PPP Centre of Excellence to become operational.

28. The Team also took note with appreciation of the governance procedures and practices of the UNECE International PPP Centre of Excellence and thanked the Bureau and the secretariat for this compilation, and encouraged the Bureau and the secretariat to keep the document updated.

## B. Policy advisory missions and capacity-building activities

29. The secretariat provided detailed information on the policy advisory missions in relation to the national PPP readiness assessments in countries with economies in transition, namely Belarus, Moldova, Kyrgyzstan and Tajikistan.

30. Fact-finding missions were organized in the following countries:

- (i) Belarus (19 to 23 March 2012);
- (ii) Kyrgyzstan (10 to 14 September 2012); and
- (iii) Tajikistan (24 to 28 September 2012).

31. Follow-up workshops to the national PPP readiness assessments were also organized in the following countries:

- (i) Belarus (9 to 10 July 2012); and
- (ii) Moldova (9 to 10 October 2012).

32. The secretariat informed the Team that the readiness assessments were being coordinated with other international partners, including the European Union, UNDP, USAID and the Asian Development Bank, with a view to exploring synergies and donor support to implement some of the key recommendations, most notably the need for capacity-building and training.

33. The secretariat also informed the Team of an activity in Kyrgyzstan in the context of the United Nations Development Account project on "Building the capacity of SPECA countries to adopt and apply innovative green technologies for climate change adaptation". The capacity-building activity took place in Bishkek from 7 to 9 November 2012 and practical aspects of green infrastructure projects were presented on the basis of the preliminary results of the readiness assessments in Kyrgyzstan and Tajikistan.

34. National representatives from Belarus, Moldova, Kyrgyzstan and Tajikistan thanked the secretariat and the Team for the work carried out on the national PPP readiness assessments. They also reported on the status of the assessments and the next steps in completing them or in following-up with capacity-building and further policy advice.

35. The representative from Belarus referred to a major capacity-building and training project financed by the European Union and based on the Team's recommendations to Belarus as part of the readiness assessment. In cooperation with the European Union and UNDP, the Team is expected to provide substantive support in the delivery of this project in Belarus over the coming years.

36. The representative from Belarus also made reference to comments provided by international PPP legal experts of the Team on the draft PPP law of Belarus. Thanking the experts and the secretariat for these comments, the representative informed the Team that most of these comments were incorporated in the new improved draft PPP law.

37. The secretariat also informed the Team of four other major capacity-building activities organized since the fourth session. The meetings took place in the following venues:

- (a) Podgorica, Montenegro (18-19 September 2012);
- (b) Riva del Garda, Italy (4 October 2012);
- (c) Manila, the Philippines (23-25 October 2012); and
- (d) Moscow, Russian Federation (10-11 December 2012).

38. The Conference on PPPs in Health in Manila, the Philippines on 23-25 October 2012 launched the first Specialist Centre on Health affiliated with the UNECE International PPP Centre of Excellence. The Specialist Centre was officially inaugurated on 22 November 2012 with the signing of an agreement between UNECE and the Department of Health of the Philippines.

39. The capacity-building activity in Moscow, the Russian Federation in December 2012 was organized as a Master Class on PPP programmes in the Commonwealth of Independent States. This activity was undertaken in line with the Cooperation agreement between the UNECE and Vnesheconombank of the Russian Federation.

40. The Chairperson expressed his gratitude to the PPP experts participating in these activities, especially those who did so on a *pro bono* basis, and to the secretariat for organizing and servicing these activities on behalf of the Team.

41. The Team took note of the policy advisory missions and capacity-building activities carried out since the fourth session in February 2012, and in particular the work carried out on the readiness assessment in Belarus which led to a major capacity-building project financed by the European Union with the substantive support of UNECE.

42. The Team also expressed its appreciation to all experts who took part in these activities for their contribution to ensure that the Team's policy advisory missions and capacity-building activities were successful.

### **C. Fundraising**

43. The Team expressed its gratitude to the Governments of the Netherlands, the Russian Federation and Switzerland, and Vnesheconombank of the Russian Federation, the European Union, the Eurasian Development Bank and Toyo University for their financial and in-kind contribution towards the work and initiatives of the UNECE Team of Specialists on Public-Private Partnerships and the UNECE International PPP Centre of Excellence.

44. The Team urged member States and other stakeholders to follow the footsteps of existing donors and support the work of the UNECE International PPP Centre of Excellence with extrabudgetary resources and in-kind contribution.

## **VI. Implementation plan for the rest of 2013 and proposals for the programme of work in the next biennium 2014-2015 (Agenda item 5)**

45. The secretariat introduced Conference Room Paper 4 (Policy advisory opportunities in 2013 and beyond) and informed the Team that the purpose of this Conference Room Paper was to provide advanced information on PPP policy advisory opportunities in 2013 and beyond, and to invite experts who wished to be involved in the Team's activities to bring this to the attention of the secretariat.

46. The secretariat also elicited the policy advice and normative work expected from the Team throughout 2013 and beyond as part of the CECI programme of work, namely, to:

- (a) Continue its work on best practice guides;
- (b) Update the Comparative Review of Public-Private Partnerships legal provisions in Central Asian and other CIS countries;



- (c) Develop an interactive website of the UNECE International PPP Centre of Excellence;
- (d) Carry out PPP assessments in Azerbaijan, Kazakhstan and Turkmenistan;
- (e) Develop training materials in the area of PPPs; and
- (f) Prepare periodic eNewsletters on the activities of the UNECE International PPP Centre of Excellence.

47. The secretariat informed the Team of the capacity-building activities planned for the coming months:

- (a) National seminars on the promotion and financing of innovative green technologies in the context of the United Nations Development Account project “Building the capacity of SPECA countries to adopt and apply innovative green technologies for climate change adaptation” in:
  - (i) Ashgabat, Turkmenistan (15-17 May 2013); and
  - (ii) Astana, Kazakhstan (September/October 2013).
- (b) Follow-up workshops to the national PPP readiness assessments in Kyrgyzstan and Tajikistan; and
- (c) Subject to the necessary approval by the UNECE Executive Committee of the extrabudgetary capacity-building and training project in Belarus, organization of a number of activities in Belarus.

48. The secretariat pointed out that currently, only two regular posts are devoted to the work on PPPs, and that member States have decided to make further cuts in the UN budget. The secretariat explained that it is not yet clear how these cuts will impact UNECE and its programme on economic cooperation and integration, of which the work on PPP is a part. The activities foreseen for the remainder of 2013 and for 2014 will be subject to the availability of sufficient resources. In this regard, the secretariat repeated its call on participating member States and other potential donors to support the work on PPPs with extrabudgetary and in-kind contributions.

49. The Team also heard presentations from the representatives of UNCITRAL and Uruguay. The representative of UNCITRAL reported that it is considering the development of a PPP model law, as well as updating its PPP guidelines, and invited the Team to contribute to this normative work.

50. The Team took note of the schedule of policy advisory missions and capacity-building activities that it is mandated to undertake in the coming months, and called on participants to assist the secretariat in this work, and to undertake specific tasks under the guidance of the Bureau and the secretariat. The Team asked the secretariat to consider additional requests for such activities subject to funding availability.

51. The Team also took note of the legislative mandate of UNCITRAL, in particular the proposal made before that body to provide a model legislative framework for PPPs, and asked the secretariat to cooperate with UNCITRAL and mobilize experts within the Team to contribute in the development of such a framework.

## **VII. Other business (Agenda item 6)**

### **A. Dates of the next session**

52. The Team agreed that its next meeting be held in the first half of 2014, possibly in June 2014, and that the secretariat will fix the dates depending on conference room availability at the Palais des Nations in consultation with the Bureau.

### **B. Adoption of the report**

53. The Team agreed that the secretariat will prepare a draft report on the fifth session and circulate it to the Chairpersons and other members of the Bureau for approval on behalf of the Team no later than 10 working days following the session.

## Annex

### PPP Specialist Centres

Centre	Location and Host Organization
<b>Specialist Centres established</b>	
PPP in health	Philippines, Department of Health
<b>Specialist Centres in the pipeline</b>	
PPP in renewable energy	Morocco, Agence Nationale pour le Développement des Energies Renouvelables et de l'Efficacité Energétique
Green PPP	Korea, Korea Development Institute
PPP legislation	France
Regional development	Russian Federation, National Research University – Higher School of Economics
ICT/ broadband	Azerbaijan, Ministry of Communications and Information
<b>Specialist Centres under initial consideration</b>	
Schools	Germany
Water management	Netherlands
Sector to be identified	Qatar