

Distr.
RESTRICTED

ECE/CECI/PPP/2012/CRP.3
1 February 2013

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION

Team of Specialists on Public-Private Partnerships

Fifth session

Geneva, 5-6 February 2013

Item 4 of the provisional agenda

Review of the work done since the fourth session on 24 February 2012

Governance procedures and practices of the UNECE International PPP Centre of Excellence

Conference room paper submitted by the Secretariat

Executive Summary

The UNECE Executive Committee on 7 February 2012 approved the creation of the UNECE International PPP Centre of Excellence. Subsequently, the Team of Specialists on Public-Private Partnerships (TOS PPP), at its fourth session on 24 February 2012, invited its Bureau to develop the governance structure in consultation with the secretariat.

The objective of this paper is to elaborate on the governance procedures and practices of the UNECE International PPP Centre of Excellence as developed by the Bureau of TOS PPP.

At its seventh session held on 5-6 December 2012, the Committee on Economic Cooperation and Integration (CECI) took note of the governance procedures and practices of the UNECE International PPP Centre of Excellence contained in this conference room paper.

Background

The UNECE International PPP Centre of Excellence (Centre of Excellence) was endorsed by the UNECE Executive Committee on 7 February 2012. TOS PPP at its fourth session on 24 February 2012 invited the Bureau to develop the governance structure of the Centre of Excellence in consultation with the secretariat. The secretariat was subsequently asked by the Bureau of the UNECE Committee on Economic Cooperation and Integration (CECI) to provide succinct information on the governance procedures and practices of the Centre of Excellence as elaborated by the Bureau of the Team of Specialists on PPPs. This paper will focus on two objectives of the governance structure:

- A. Goals and objectives of the Centre of Excellence and the bodies which will carry out the tasks; and
- B. Key principles on good governance and how the Centre of Excellence will ensure their application.

A. Goals and objectives of the Centre of Excellence and its bodies

The goals and objectives of the Centre of Excellence are to:

- A1. Identify international PPP best practice;
- A2. Assist governments to implement these practices successfully; and
- A3. Encourage shared learning especially between countries new to PPPs and those with mature PPP programmes.

A1. Identify international PPP best practice

The key characteristic of the Centre of Excellence is the use of Specialist Centres in specific PPP sectors as repositories of PPP best practice and as avenues for training and capacity building. The Specialists Centres are responsible for

- (a) conducting research within the sector;
- (b) preparing Guides on best practice/excellence in PPP in their specific sector, including updated summaries and real live PPP cases studies with detailed contracts and financial plans from actual projects in the sector; and
- (c) organising a regular Forum/Congress on the topic and providing other specialized training in PPP within a specific geographical remit.

Specialist Centres will be integrated as part of the hosting government or hosting organization and will operate under the national law of the hosting country. The UNECE and the host government/organization may conclude institutional agreements related to the establishment of a PPP Specialist Centre. The members of Specialist Centres may include, amongst others, the government and semi-government bodies, large/small-medium private-sector organizations, academic institutions, professional/industry representative bodies, and other non-governmental organizations (NGOs), as well as individuals.

A2. Assist governments to implement these practices successfully

The Centre of Excellence will conduct PPP Readiness Assessments in requesting countries with a view to demonstrating challenges in the enabling environments and to identify the best projects with which to start. Through its constantly updated roster of PPP experts,¹ the coordination hub of the Centre of Excellence in Geneva will be able to recommend experts able to provide legal, regulatory, institutional, financing and implementation advice, with the latter being provided by the Advisory Board of the Centre of Excellence.

Advisory Board

In order to deliver support at the highest possible level, an Advisory Board will be established and will consist of a number of representatives from public and private sectors, recognized for their contributions to the development and use of PPPs either in their respective countries or worldwide. The Advisory Board will advise national and regional governments in implementing their PPP programmes based on best practices using the recommendations in the readiness assessment as a starting point.

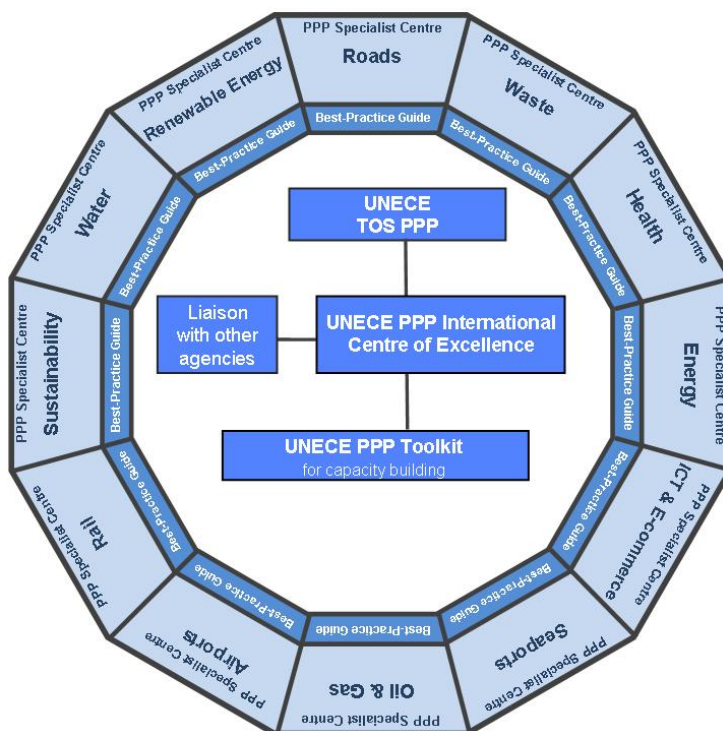
¹ The roster of PPP experts is available at: <http://www.unece.org/ceci/ppp.html>

A3 Encourage shared learning especially between countries new to PPPs and those with mature PPP programmes

In the spirit of cooperation between member States, the Centre of Excellence will encourage the sharing of the PPP experience attained by countries with a proven track record of delivering PPP projects in a variety of sectors with the countries getting started in the PPP journey. Various forms of cooperation could be envisaged, including twinning and mentoring, and study tours by the representatives from existing operational PPP units with their counterparts in countries and agencies which are getting started. A strong emphasis will be placed on the development of online resources to support all countries in implementing PPPs. Online resources will include best practice guides, other publications from the Centre of Excellence and its Specialist Centres, and relevant recent global, regional and national documentation/papers. To ensure the highest quality of the material produced by the Centre of Excellence and the Specialist Centres, an Editorial Board shall be established.

An *Editorial Board* will be established within the framework of the Centre of Excellence to provide quality assurance on materials developed by the Centre of Excellence and its Specialist Centres, such as the best practice guides. The Editorial Board will consist of independent, internationally recognized PPP experts, including representatives from relevant organizations providing capacity building and advisory services in PPPs.

Figure 1 – Structure of the UNECE International PPP Centre of Excellence²



² The sectors are indicative only and do not constitute an exhaustive list. Source: Explanatory Note by the Secretariat to the UNECE Executive Committee, January 2012.

B. Key principles on good governance and how the Centre of Excellence will ensure their application

A series of key principles on good governance are crucial in order to achieve the goals and objectives of the Centre of Excellence as mentioned above (A1, A2 and A3). The objectives will be referred to in each of the principles on the basis that these principles are especially targeted to address the governance challenges contained in the achievement of the above-mentioned objectives.

These key principles are set as a guide for everyone concerned with the governance of the Centre of Excellence, not only to understand and apply common principles of good governance but also to assess the strengths and weaknesses of current governance practice and improve it. They refer to those most salient principles that need to underpin the activities of individuals in governance positions, including members of the Bureau of the Team of Specialists on PPPs (Chairpersons and vice-Chairpersons); the new bodies created including the Editorial Board and the Advisory Board; the Specialist Centres set up by hosting organizations; the multiple stakeholders involved; and representatives of the private sector.

The Bureau of the Team of Specialists on PPPs, in its role of the governing body of the Centre of Excellence, is the *de facto* guarantor of the principles on good governance.

Principle I: Good governance means focusing on the Centre of Excellence's purpose and outcomes for citizens and service users

Having a clear organizational purpose and a set of objectives (A1, A2, and A3 above) is a sign of good governance. If this purpose is communicated effectively, it can guide people's actions and decisions at all levels in the Centre of Excellence.

PPP stakeholders, most notably governments, play a major role in determining policy and resources and in setting or agreeing the objectives of the Centre of Excellence. It is therefore critically important that there is a common view of the Centre of Excellence's purposes and its intended outcomes.

The quality of service/output of the Centre of Excellence is an important measure of how effective the Centre is, and so it is particularly important in governance. Given the inherent nature of the services provided by the Centre of Excellence to governments, it needs to take additional steps to ensure that services are of a high quality.

Application

The governing body of the Centre of Excellence should make sure that there is a clear statement of the Centre's purpose and that it uses this as a basis for its planning and fund raising, making sure that users receive a high quality service

Application

The governing body of the Centre of Excellence will establish an Editorial Board to ensure that the outputs of the Specialist Centres will meet the required standard.

Principle II – Good governance means transparent decision-taking within the Centre of Excellence

The Bureau of the Team of Specialists on PPPs, comprising the elected officers of the Team, is responsible for steering the implementation of the Team's programme of work in the period between its sessions. The Bureau will therefore have a prominent supervisory role over the current implementation of the Centre of Excellence as its governing body. As part of its supervisory role, and working together with the secretariat, the Bureau also monitors and ensures the deliverables of the Specialist Centres (A1 above). The work of the Bureau, the Centre of Excellence and the Specialist Centres should be based on the fundamental guiding principle of transparency. Transparency means that information on the operations of the Centre of Excellence and its affiliated Specialist Centres is openly provided in easily understandable forms.

The Bureau will ensure transparent preparations in its work. It will also consult with multi stakeholders, including NGOs and civil society, to obtain feedback on the perception of the Centre's added value by the wider community (A1 and A2 above).

Good governance means independence and neutrality found by working exclusively under the auspices of the UNECE (see figure 1 above).

The Centre of Excellence is firmly established in accordance with the current UNECE procedures and practices and as part of the UNECE intergovernmental oversight, stemming from the UNECE Executive Committee, the Committee on Economic Cooperation and Integration (CECI), the Team of Specialists on Public-Private Partnerships, and its Bureau.

Application

Appointments of the governing body will be done through election of candidates to the Bureau of the Team of Specialists on PPPs nominated by the member States through the Ministry of Foreign Affairs.

Application

The governing body is tasked to identify the best modalities of such a process of consultation and sharing of information with the various PPP stakeholders.

Application

The governing body has to ensure that the operations of the Centre of Excellence will be demand driven, transparent, and integrated into the governance structure of the UNECE, with clearly defined reporting lines from the Centre of Excellence, to the Team of Specialists, to CECI and reaching to the Executive Committee.

Principle III: Good governance means that multi-stakeholders, including the private sector, should not exert undue influence on the work and direction of the Centre of Excellence

The private sector is very much welcome to participate in the activities of the Centre of Excellence. They have the technical knowledge, case studies and rich experience in undertaking PPPs around the world. They are also highly motivated not just to do PPPs but to do the very best in PPPs, in other words, they are a very logical partner of the Centre of Excellence.

However, in the critical role that the Specialist Centres will play in the evaluation of best practices amongst the projects that they analyse and evaluate, it is impossible for this evaluation to be taken independently by those companies who have been actually involved in these projects. At the same time, it is not automatic that private companies would wish to participate in the evaluation of best practice, especially if such a role might disqualify them from competing for a tender on a PPP model that has been “selected” as an example of excellence or best practice. Accordingly, one good approach is to incorporate the expertise of the private sector at a different stage of the work of the Specialist Centres, namely to comment on feasibility/bankability/implementation challenges facing these projects in the real world, that is, the market place (A1, A2 and A3 above).

Application

The governing body has to ensure that the private sector plays a pivotal role in the activities the Centre of Excellence, and that its contribution is included in the implementation stage of the PPP projects rather than in the evaluation stage.

Conclusion

The principles elicited in this paper should be construed as work-in-progress, and they will be reviewed regularly by the secretariat in cooperation with the Bureau of the Team of Specialists on PPPs. The secretariat invites all stakeholders to make comments on the document, which will be taken into account prior to publication on the UNECE website in April 2013.
