



CUTS Institute for Regulation and Competition

Report of the Seminar on

PEOPLE FIRST PUBLIC PRIVATE PARTNERSHIPS CAN BECOME INSTRUMENT OF PARTNERSHIP TO IMPLEMENT THE SUSTAINABLE DEVELOPMENT GOALS

Tuesday, 19 July, 2016 | UNCTAD 14 at Kenya, Nairobi

Background

CUTS Institute for Regulation and Competition (CIRC)¹ organised a session on newly emerging universe of People first Private Public Partnerships (PPPs) for achieving the sustainable development goals (SDGs), during the 14th session of UNCTAD, held in Nairobi Kenya.

Dr. Arvind Mayaram (former Finance Secretary, Government of India) Chairman, CIRC, chaired the seminar. The panelists included Lekey Dorji, Minister of Economic Affairs, Royal Government of Bhutan; Deodat Maharaj, Deputy Secretary-General, Economic & Social Development, Commonwealth Secretariat; James Donovan, Member, Business Advisory Board of International PPP Centre of Excellence, United Nations Economic Commission for Europe; Mia Mikic, Chief Trade Policy Analysis, Trade Investment and Innovation Division, United Nations Economic & Social Commission for Asia Pacific; Beltus Etchu, CEO, African Forum Scotland; Gilles Betis, Chair, IEEE Smart Cities Initiative; Treasure Maphanga, Director, Trade and Industry at African Union Commission; and Nathalie Bernasconi-Osterwalder, Group Director, Economic Law and Policy, International Institute for Sustainable Development.

The objective of the session was to discuss the potential of people first PPPs in achievement and sustainable development goals, challenges in this regard, and possible mechanisms to address the same. In addition, the Global Initiative for Sustainable Infrastructure, designed by CIRC, was launched in the session.²

Opening session

Arvind Mayaram made a presentation on the role of people first PPPs and their importance for sustainable development. He noted that PPPs have hitherto been viewed as a value-for-money alternative to traditional public procurement rather than as

¹ For more details, see <http://circ.in/>

² For more details, see <http://circ.in/pdf/GISI-brochure.pdf>

a 'development' model. There was a need to shift the focus in PPP model from finance and risk allocation to improvement in social prosperity. PPP based infrastructure and services can act as a catalyst for SDGs.

It was noted that there is a need to involve all the stake holders including the private sector developers, the contractors, the operators and the financiers for identifying the best signals and forms of commitment they need from governments, local authorities and public sector to consider investing in people first PPPs, especially in low income countries. It is also necessary to identify and categorise "people first PPP" requirements with a view to label and rate them so that the financial community can be mobilised to support such partnerships. Identification of what type of infrastructure assets can be practically delivered via PPPs was crucial.

Dr. Mayaram offered a more comprehensive definition of People First PPPs which could become the foundation for developing a new framework of PPPs. He proposed that People First PPPs can be a financial and management arrangement between the public and the private sector in close collaboration with the beneficiary communities for delivering essential public infrastructure and services. "People First" projects integrate beneficiary communities in the entire project life-cycle from design stage to monitoring outcomes. There is recognition of voice of poor and marginalised and the needs of the unserved or underserved sections of society living at the margins are addressed. The projects should be identified keeping in view the local needs, such as energy, roads, drinking water and sanitation, health and education and are developed to be sustainable and scalable with a high degree of accountability to the beneficiary community. To reach out to the poorest, the services must be affordable and universally available without discrimination based on colour, religion, gender or any other categorisation. This definition only expands the UNECE definition while retaining its core principles.

Dr. Mayaram highlighted that CIRC would take the lead and work closely with multilateral and bilateral institutions, governments of the developing countries, private sector and civil society organisations to contribute meaningfully to development of complete eco-system for people first PPPs with special focus on achieving SDGs.

Panel discussion

The panel discussion aimed at discussing several ongoing initiatives around the world in the area of people first PPPs, the mechanisms which could bring PPPs closer to the goals of sustainable development, means for financing people first PPPs, and related issues.

Lekey Dorji noted that a socially and politically acceptable path for development, which was inclusive in nature, is necessary. In this regard, he highlighted that Bhutan has developed a gross national happiness model, which puts people at the centre of development. He gave examples of several projects in the renewable energy sector which have been implemented under the people first PPP model, and emphasised that it was possible to put people first with acceptable rate of return for investors. He noted

that for people first PPP model to be successful, benefits should accrue to local community.

PPPs can help in building economic and social infrastructure, and increase employment opportunities. To achieve this, rules of engagement between public and private sector, including dispute settlement must be transparent and clear.

Deodat Maharaj emphasised that no one should be left behind in the development and growth process, and thus, there was a need to put people first in the PPP process. He noted that need for significant financial resources for financing the SDGs, for which overseas development assistance might prove insufficient. He thus noted that there was need to check informal payments and bribes to which millions of dollars were lost annually.

There was scope for public and private sector to learn from each other and work towards SDGs. The need for improving transparency, accountability and disclosure, both by government as well as private partners were highlighted to make sure PPPs work for people.

James Donovan pointed that the PPP tool has undergone substantial innovation to enable it be implemented for the benefit of people. Data is the key to understand benefit of PPPs and allay the concerns of its misuse.

There was a need to develop international standards and best practices for PPPs and ensure that PPPs comply with the same. PPPs have been much maligned in the past and it was time to clean their image by transparent implementation through use of best principles.

It was noted that there was a need to link the interest of public and private sector and develop risk mitigation instruments. The need for intensive capacity building, regular and global exchange of knowledge was also emphasised.

Mia Mikic agreed that a fundamental shift in the PPP ecosystem from sharing financial risk to working towards benefits of people and sustainable development. She pointed out that improvement in policy and investment climate was extremely necessary to push for people first PPPs. In addition, all stakeholders will need to pool available financial resources to fund sustainable development goals and people first PPPs.

Design of market linked products for raising finance for PPPs and sustainable development goals was also highlighted. It was also pointed out that global level SDG fund could be created in this regard.

Beltus Etchu noted that empowerment of local community was key for development of people first PPPs. Involvement and education of youth for promotion and implementation of people first PPPs is critical. He agreed that data is key to promote benefits of PPPs, improve transparency and accountability in PPP projects.

It was noted that financing in case of people first PPPs needs to be outcome focused and not output focused. Thus, monetising the value of sustainable development and people first PPPs was necessary for implementation of such projects.

Gilles Betis highlighted that several technological developments have happened to bring PPP projects closer to people and make them inclusive. There was a need to scale up such initiatives and adopt a participatory approach.

It was noted that there was a need to shift from problem focused approach to solution focused approach. People first PPPs should not only be for the benefit 'of' people, but should also be implemented 'with' people. A presumption of competence was necessary to actively involve people in PPP projects.

People are free resources and hence implementation of PPP projects with people had more chances of success. There is a need to recognise that involving people in PPP projects was not easy and people friendly tools and methodologies need to be designed.

Treasure Maphanga pointed out that challenge is to take every one along and harnessing the strengths of public. Also, developing mutually acceptable accountability standards and mechanisms to access data were crucial.

Social and environment impact assessment of ongoing projects was also necessary to ensure that they remain true to their objectives. In this regard, there was a need to restructure entire format of implementation of PPP projects, for which capacity building of public and private sector was necessary.

Nathalie Bernasconi concurred that sustainable development goals will require massive investments. She highlighted that alternates to traditional models of financing PPP projects would need to be designed and involvement of stakeholders from early stages would be crucial.

Conclusion

People first PPPs are the way ahead as they integrate beneficiary communities in the entire project life-cycle from design stage to monitoring outcomes. There were several challenges from designing the right policy and regulatory architecture, develop appropriate financing models, designing transparent and accountable standards, and engaging with people. Identification of relevant projects for development as people first PPPs and designing their implementation was also important. In order to address such challenges, it was necessary for stakeholders to work together, and the initiative taken by CIRC in this regard was appreciated.
