

PPP CAPACITY BUILDING IN EMERGING MARKETS: *The 3Ps: People, Projects and Policy*



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Overview of evolution of PPP training in emerging markets

- 10 years ago, expectation that governments could learn to undertake PPPs from one or two ‘pathfinder’ projects
- There was virtually no PPP training
- Today, huge interest and demand for training amongst all TEs
- However, currently PPP ‘training’ is rather *ad hoc*
- Need for a more comprehensive and integrated PPP capacity building framework
- A ‘joined up’ programme of 3Ps (‘delivering projects’, ‘training people’, ‘promoting policy and reform’)

UNECE mandate and focus

- From being of interest to only a few European countries, PPPs have spread rapidly to transition economies and are now a veritable, pan European phenomenon
- UNECE has a powerful mandate to undertake PPP capacity building using the UNECE Guide book on Good Governance in PPP as a basis for the elaboration of training modules
- TOS PPP in February 2008 (antecedents BOT Group, PPP Alliance) approved a challenging programme of work for capacity building with a
- Focus on Russian Federation and the Commonwealth of Independent states; Central Asia and South-East Europe
- TOS PPP consists of 400 experts, many of whom are from the private sector

Presentation

1. Addressing the training challenges in emerging markets
2. Meeting this challenge
3. Cooperation in in PPP capacity building

Part 1. Addressing the capacity building challenge

NATURE OF THE TRAINING CHALLENGES IN TRANSITION ECONOMIES

- Good local training facilities and trainers
- Strong technical and engineering skills
- Commitment to the free market philosophy but:
- No living memory of PPPs and little culture of working with the private sector
- Wide dispersal of power and authority (lack of internal procedures and weak enforcing and implementation of laws)
- Language issues (most materials are in English not in Russian)
- Focus on transport (roads and railways), social services (health and education etc.) and as industrialized highly pollutant economies, special interest in PPPs for sustainable development, fuel efficiency etc.
- Limited scope to bring in local private sector to staff government led training programs

Specific challenges

- Little expertise to prepare bankable projects
- Very little actual PPP training of government officials
- No linkage as yet between PPP training and project preparation, management and delivery as exists in countries with already operational PPP programmers
- Real bottlenecks in the enabling environment notably obtaining authorizations and permits for PPP construction

Part 2. Meeting the challenges through the 3 'Ps'

A comprehensive , integrated PPP capacity building programme that combines “training People”, “promoting Project proposals” and “Fostering Policy reform” (3’P’s) running concurrently and mutually supporting each other that can sustain success after the UNECE capacity building programme is finished.

The 3 'Ps'

First P = training people

who are actually responsible for 'doing PPPs' and using high quality case studies delivered predominantly by local trainers.

Second P = training through project development most valuable and most relevant training is one which is linked to project procurement.

Third P = capacity building linked to reforming policy

removing the bottlenecks in both people skills deficiencies and in the enabling environment

First 'P'

UNECE Training Toolkit on “How to do PPPs”

Limited materials for training purposes especially good case studies

Therefore

UNECE with partners is elaborating a Toolkit of
around 20 modules around following areas:

- A. Introductory and readiness assessment
- B. Policy issues
- C. PPP project life cycle
- D. Sectoral modules

The focus of modules is on ‘training the trainers’

6 draft modules already elaborated ...

(selected based on the priorities of the TOS PPPs members)

Launching a PPP Programme	UNECE
How to do PPPs in roads?	Anthony Pearce, PPP Consultant, Mr. Fred Amony and Forbes Johnston, Mott MacDonald
Creating the right legal and regulatory framework	EBRD
Writing a PPP business case	Partnerships UK
Regional and municipal Governance of PPPs	Louis Gunnigan, Dublin Institute of Technology, Head of Department of Construction Management and Technology
Risk evaluation and allocation	Art Smith, National Council for PPPs, USA

... and road tested during the International Conference “Taking PPPs forward: new opportunities for infrastructure development in transition economies” (21-22 October 2008), organised jointly by Vnesheconombank, Higher School of Economics and the UNECE.

These modules will be used by Moscow Higher School of Economics as part of the RF's certified course on PPP training

Next stage in Toolkit elaboration

- **create consistency amongst the modules**
- **renew case studies**
- **and prepare the next batch of the modules:**

PPP financing

PPP in communications

PPP and sustainable development

PPP in schools

PPP in hospitals

First 'P' continued...

Establishing a PPP Unity Exchange

- Training through the modules is a necessary but not a sufficient condition for developing the skills to do PPP projects
- International Conference in Moscow on 22 October recommended creating a PPP Unity Exchange so that training could be supplemented by actual work experience in countries with operational PPP programmes
- The PPP Unity Exchange will allow for the sharing of PPP experiences, practical and operational guidance between PPP units from countries with a track record of PPPs with those countries from transition economies whose PPP programmes are just starting.
- In addition such exchanges might involve *inter alia* secondments to operational PPP Units; the mentoring of officials from PPP Units from emerging economies and or site visits to operational projects
- Countries of South East Europe may be the first host of such an exchange

Second 'P'

Linking Training with Project Delivery

Training results are difficult to measure. Trainers become frustrated. Doubts emerge as to the value of actual training how ever good the quality of the materials and the trainers:

Apart from the “feel good factor” what have we achieved?

This perception arose from pilot UNECE schemes in Russian Federation and by UNITAR staff working on PPP training in in Asia

EBRD in the 1990s did use projects as models with the hope of creating learning but this approach was not successful in creating the skills: The challenge is how to link the training with project delivery ?

UNECE's response: National Implementation Campaigns

Second 'P'

National PPP implementation campaigns

- **A relay 'road show' involving 3 different regions one after another that will showcase project proposals to be discussed by experts as to their bankability**
- **Bottlenecks will be identified and recommendations made on the ways to make them bankable including reforming the legal and regulatory framework**
- **What will emerge is a route map on bringing projects forward in sectors such as water, schools and health**
- **The experience gained by this region will be passed to the next where lessons will be learned for developing similar projects**
- **Training based on the modules can be used for both regional authorities together to develop the skills and the projects further**
- **This may lead to a number of similar relatively small projects coming forward that could be 'bundled' together to attract financing. This can be a catalyst to project delivery and skills enhancement. This approach worked in the Netherlands when it started its PPP programme.**
- **In Russia an implementation campaign involving at least 3 regions selected with Vnesheconombank will take place during 2009**

Second 'P'

UNECE facilitated contacts between Vnesheconombank and Moscow Higher School of Economics which is led:

- Vnesheconombank and its PPP National Center and Moscow Higher School of Economics sign MOU on PPP training programme
- Provide a certified training programme with project development focus

Third 'P'

Consultations with top level policy makers

UNECE PPP Business Advisory Board

An independent board of key PPP experts under Sir Adrian Montague (former Head of the UK Treasury Task force) to advise policy makers on PPP policy matters , financial support for projects and to offer advice on pilot projects

Consultation meetings planned in Russian Federation,
Kazakhstan and South East Europe

Forthcoming activities

- The Second Astana Economic Forum, Astana, 11-12 March 2009. PPP section “PPPs facing global challenge” organized by UNECE, and Kazakh PPP Center. Meeting of the UNECE Private Business Advisory Board and high level governments officials will take place within the margin of the Forum.
- National implementation capacity-building campaign is currently planning in the Russian Federation, organized jointly by the UNECE TOS PPPs, National PPP Center of Vnesheconombank, Higher School of Economics.
- Cooperation with Regional Cooperation Council in South East Europe: PPP is one of the components.

Part 3. Promote complementarities and working together

How to promote complementarities between
UN system and other international
organizations in PPP capacity building?

Promoting complementarities

Challenge is to address the huge demand by ensuring that resources are well spent and avoiding reinventing the wheel

- UNECE has a large network of experts in TOS PPPs, including various PPP Units from developed countries as well as PPP emerging countries
- contacts with the private sector
- UNECE constituency is regional but at the same time it is one of five Regional Economic Commissions which are all together aiming to establish Global PPP Alliance (joint event with UNESCAP, UNECA and UNECE in February 2009)

Work together at different levels and within different networks

UNECE can offer the following for PPP capacity building:

1. First P - PPP training modules: a comprehensive package of generic training modules that can be applied worldwide
2. Second P – implementation programmes: an extensive PPP experience accumulated in Europe and Canada which could be effectively transferred and adapted through working together on implementation campaigns and rapid reaction mechanism
3. Third P – policy consultations through the UNECE PPP Business Advisory Board to advise the decision makers

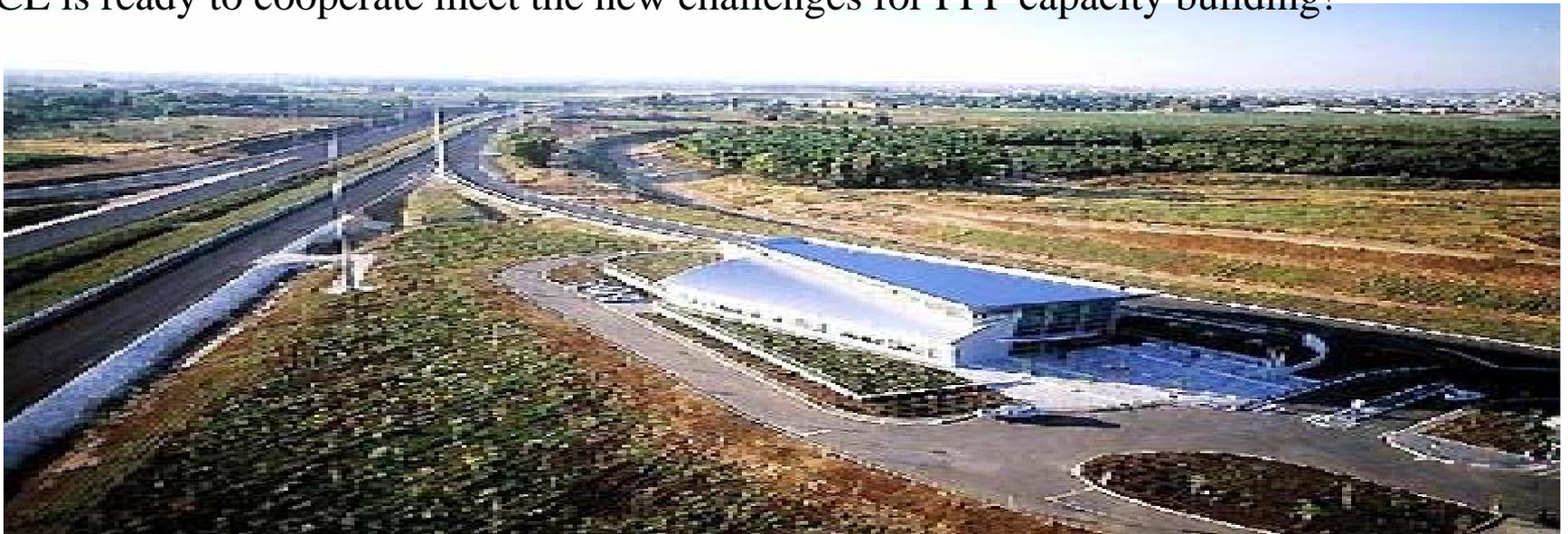
While there are a lot of national differences in doing PPPs around the world, the core of the PPP concept is the same. Therefore working together and promoting complementarities and synergies between UN system and other international institutions involved in PPP capacity building would help increasing the impact of the programme

In Conclusion

Biggest challenge is not financial crisis but the lack of capacity of government to deliver PPPs and how to increase the capacity effectively and as quickly as possible

Need to scale up the response to a comprehensive capacity building framework - 3 Ps - that integrates different strands of the capacity challenge: people; projects ; and policy and legal reform

UNECE is ready to cooperate meet the new challenges for PPP capacity building!



Thank you for your attention!

<http://www.unece.org/ceci/ppp.html>

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