

How to promote and ensure implementation on the ground of this new package conducive to the realization of essential public service infrastructure concession/PPP project flows

Multi-stakeholder participation to guarantee sustainability of SDG oriented Infrastructure PPPs

**Prof. Raymond Saner; University of Basel
Director, CSEND, Geneva, Member of WAPPP
and former member of UNECE PPP Bureau**

7th October 2023

CSEND- Geneva

(www.csend.org)

- ❖ ECOSOC: Accredited with Special Consultative Status since 2014
- ❖ HLPF: Active member of the High Level Political Forum for the Post 2015 Development Goals (SDGs, adopted on 23/9/2015)
- ❖ Accredited: WTO (2000-); UNFCCC (2003-), WIPO (2019-); UNEP (2021-)
- ❖ WAPPP: Member and co-founder of WAPPP
- ❖ UNECE: Member of the UNECE PPP Bureau (2019-2021).

QUO VADIS?? (1)

- ❖ *Financing the localisation of the SDGs & the related PPP infrastructure:*
- ❖ *What kind of PPPs? What kind of implementation challenge?*

Investments to achieve the SDGs are needed in **education, health, roads, electricity, water and sanitation**. For **emerging market economies** the average additional spending required represents about 4 % of their GDP. Raising this amount is challenging but doable since these countries can rely on their own resources to finance the SDG targets.

However, the challenge is much greater for low-income developing countries, where the average additional spending represents would need to be 15 % of their GDP !!!!!!!!!!!!! AND THESE ESTIMATIONS ARE NOW MUCH HIGHER BECAUSE OF THE COVID-PANDEMIC

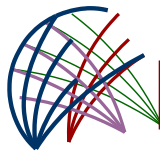
Financing – option PPPs.. ??



What kind of PPP? For what objective?

1. Build & transfer (BT)
2. Build-lease & transfer (BLT)
3. Build-operate-& transfer (BOT)
4. Build-own-& operate (BOO)
5. Build-transfer & operate (BTO)
6. Contract-add-&operate (CAO)
7. Develop-operate & transfer (DOT)
8. Rehabilitate-operate & transfer (ROT)
9. Rehabilitate-own-& operate (ROO)

Source: CSEND (2014), Monitoring of SDG Implementation Infrastructure and Methodology: Proposal for Action,
http://www.csend.org/images/articles/files/Monitoring_SDG_Infrastructure_Methodology.pdf



Risks of PPPs based SDG financing

1. Who knows about PPPs in national and local governments?
2. Competence only with a few civil servants in Ministry of Finance? If so, risk of hoarding of information
3. How about line ministries which have to implement PPPs- any PPP experts present?
4. Make-or-Buy: hire expensive external PPP experts? What about after they have finished their job? Who picks up from them?
5. If locally made- capacity building needed + training + exposure to commercial sector often leading to job hopping- ROI or loss of investment

QUO VADIS?? (2)

What Guidance is provided for SDG based PPP infrastructure development by International Organisations?

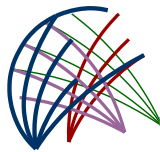
Target 17.17 as defined by 2030 Agenda

<https://documents-dds-ny.un.org/doc/UNDOC/GEN/N15/291/89/PDF/N1529189.pdf?>

SDG Target 17.17: Public, private and civil partnerships/ Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

- 1. WBG is sole curator of SDG 17.17.1 indicator since 2015**
- 2. 17.17.1 is currently a Tier III and Tier II indicator (Tier III = no data, no method; PPPs split into physical versus social infrastructure)**
- 3. IFC (part of WBG) designs, arranges and commercially benefits from PPP projects**
- 4. Still, WBG is not able nor willing to define a Tier I indicator for 17.17.1- why?**
- 5. Irresponsible in view of the 40+ highly indebted DCs/LDCs in need of guidance as to what is a good or bad (high risk) PPP**

1. UNECE is the sole UN Regional Commission which has a PPP unit. It has developed a model law on Concessions/PPP in accordance with the SDGs and a Commentary.
2. UNECE website states: (<https://unece.org/ppp>)
3. *The main objective of the Public-Private Partnerships (PPPs) area is to increase the expertise of governments to identify, negotiate, manage and implement successful PPPs projects. This is done through exchange of knowledge and experiences of **PPPs by member States, including experts from public and private sectors,***
4. **However, no mention is made of CSOs and multi-stake-holder involvement as per the 2030 Agenda of 2015**



1. UNCITRAL *Guide on Public-Private Partnerships (2019)*
Legal guidance for governments
2. EBRD
Public-Private Partnerships/Concessions (2020)
Regulatory Guidelines for governments
3. Other MDBs
*use of planning software developed by SOURCE, an
online infrastructure project development
software*
4. **None of the above include participation and
involvement of CSO in PPP Infrastructure**

QUO VADIS?? (3)

Some guidance for SDG based PPP infrastructure development by WAPPP and CSEND members



Diplomacy
Dialogue



Multi-stakeholder Financing and co-creation of PPPs in context of Agenda 2030

SDGs - The creativity, knowhow, technology and financial resources from *all of society* is necessary to achieve the SDGs in every context. (<https://www.undp.org/sustainable-development-goals>)

MAKING PPPs FIT THE 2030 AGENDA, CSEND-WAPPP publication, 2021

Co-authors: Raymond Saner • Marc Frilet • Jean-Christophe Barth-Coullaré • David Baxter • Ziad Alexandre Hayek • Domingo Penyalver • Mateu Turró

Essential message: PPPs means: 1. Value for Money + 2. Value for Society + 3. Value for the future Generation which means no experts solutions only but rather solutions based on participation of governments + Civil Society- they will benefit AND pay for the PPPs financially (tax) and personally (environment, landscape, etc)

Policy Coordination and Consultation is crucial for SDG implementation:

- 1. Clarify role of Ministries (who leads-supports)???**
- 2. improve credibility and competence of national and local government in holding dialogues with domestic and international stakeholders**
- 3. design and manage consistent inter-ministerial SDG policy coordination based on policy coordination and consultation mechanisms**
- 4. ensure effective SDG implementation of SDGs at national level with adequate monitoring for constant SDG policy updating and fine-tuning**

Need for a robust and transparent monitoring system (1)



1. Higher order intent of monitoring supports and catalyses an **institutional learning process** in all countries, whether developed or developing.
2. Monitoring is not an extension of fiduciary control but rather an **essential management tool for organizing and managing** the SDG implementation process.
3. For monitoring to contribute to sustainability, it should involve civil society!!

Reasons for a robust and transparent monitoring system (2)

3. Government, private sector, and CSO actors need to have the authority, competence and ability to gather **reliable information** be able to constructively participate in the state-non state actor negotiations needed to make SDG investment sustainable .
4. Monitoring means **constant and consistent data collection** based on participation of state and non-state actors allows for the realistic assessment of progress and for reorganization of SDG implementation whenever necessary.

Source: CSEND (2014), Monitoring of SDG Implementation Infrastructure and Methodology: Proposal for Action, http://www.csend.org/images/articles/files/Monitoring_SDG_Infrastructure_Methodology.pdf

Assessment grid of SDG related investments- example PPPs (R.Saner, 2017)

Title of the PPP project:	
----------------------------------	--

Overall remarks on evaluation of the case:

Criteria	Comment
PPP is in concurrence with SDGs	yes

Assessor's name	Criteria	1	2	3	Total Score
Raymond Saner	(Threshold)				

SDG-PPP assessment grid
developed by Raymond Saner,
2016

QUO VADIS?? (4)

Three examples of multi-stakeholder strategies for SDG based PPP infrastructure in the Water Sector: SUCCESS & FAILURE

Each of the SDGs represents *more public goods!* or *goods!*



 **SUSTAINABLE DEVELOPMENT GOALS**

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 
7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	



Each SDG represents *one or more public goods ...*



- ✚ ... hence measuring progress of the SDG agenda can also be termed as measuring if the amount / the value of a certain public good has increased, decreased or stayed the same



Public Goods, Sustainable Development and the Contribution of Business



Water as a Public Good



6.1 - By 2030, achieve universal and equitable access to safe and affordable drinking water for all

6.2 -By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

6.3 -By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4 -By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.b - By 2030, support and strengthen the participation of local communities in improving water and sanitation management

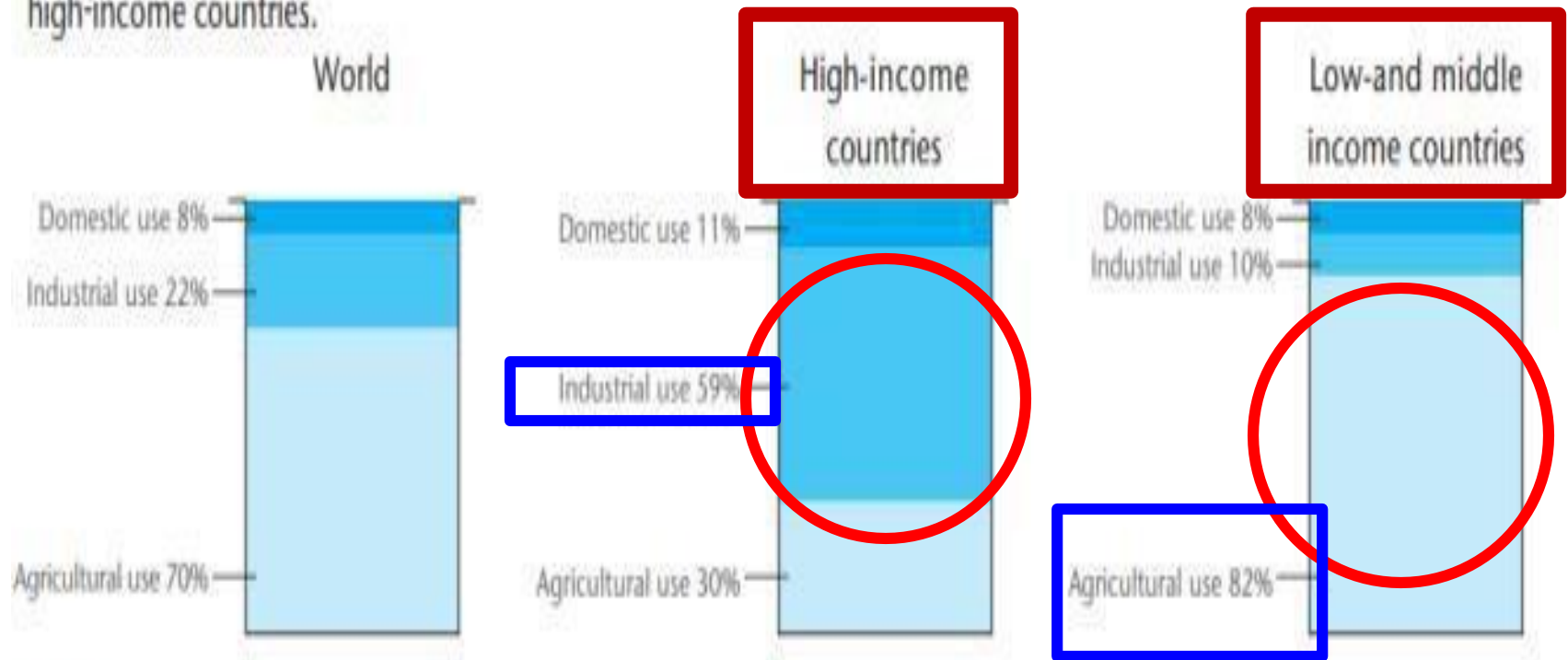
INDICATORS

CUSTODIANS

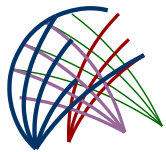
6.1.1 Proportion of population using safely managed drinking water services	WHO, UNICEF
6.2.1 Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water	WHO, UNICEF
6.3.1 Proportion of domestic and industrial wastewater flows safely treated	WHO, UN-Habitat, UNSD
6.3.2 Proportion of bodies of water with good ambient water quality	UNEP
6.4.1 Change in water-use efficiency over time	FAO
6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources	FAO
6.5.1 Degree of integrated water resources management	UNEP
6.5.2 Proportion of transboundary basin area with an operational arrangement for water cooperation	UNECE, UNESCO
6.6.1 Change in the extent of water-related ecosystems over time	UNEP, Ramsar
6.a.1 Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan	WHO, OECD
6.b.1 Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management	WHO, OECD

Competing water uses for main income groups of countries⁶

Industrial use of water increases with country income, going from 10% for low- and middle- income countries to 59% for high-income countries.



Ref. 6: "Water for People, Water for Life" United Nations World Water Development Report, UNESCO, 2003
www.unesdoc.unesco.org



LDCs request for Industrialisation- Manufacturing!!



Related Policy Considerations:

1. Current forms of industrialisation means investment – Finance/Technology AND more allocation of water
2. If quantity of water is fixed (additional ground water limited or risk of salination and drop of surface levels)-water for industrialisation would have to be drawn from agriculture
3. Loss of water quantities for agriculture can lead to conflicts and access to a diminished amount of water needs to be carefully negotiated and planned
4. Agriculture based on less water intensive crops will be needed requiring investment and potentially re-allocation of land
5. And water use by industry should be limited- urgent need for reduction of waste of water, recycling of water and new production methods that are less water intensive



against water privatization

Revolts against water privatization in Cochabamba, 2000



Water Conflict in Bolivia- 2005



Bolivia's constitution stated that all basic services should be guaranteed by the state, universally distributed and quality assured. In 1997, the de Lozada Government followed World Bank advice and started a privatization strategy including privatisation of water utilities.

A foreign company was given the mandate to implement the privatisation (Water and Sanitation) which led to a massive 35% increase of costs (annual USD 445.-) per household of the indigenous people living in the high altitude region El Alto. Most Altenos earned an average of 750.-USD per year!!!

The situation led to massive strikes and violent confrontations, until the next government terminated the contract with foreign company. Bolivia initially received a 52 \$ million investment/soft loans from WB, IFC, BID and CAF. **Once the government terminated the contract, Bolivia had to pay back 15.1 million USD,**

Netherlands Polder System & Renewable Energy (Wind Farm)

(<https://en.wikipedia.org/wiki/Polder>)



Areas of the Netherlands located below sea level (blue)



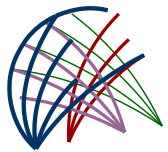
Wind farms in the Noordoostpolder

Water management:

As a low-lying country, the Netherlands is vulnerable to flooding. More than a quarter of the country is below sea level and almost one third is at risk of flooding from rivers.

As sea levels rise and soil levels fall, the risks are constantly growing. NL are facing increasingly extreme weather conditions.

Policy focus: Crisis & Water Management; Managing main waterway networks, continuous Monitoring



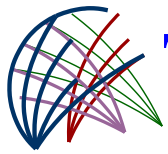
Diplomacy
Dialogue

History of polder systems in The Netherlands

(FAO: <http://www.fao.org/family-farming/detail/en/c/283291/>)



- **The Polder systems function in a context of rising sea and river levels, continued lowering land levels, increasingly multifunctional use of land (urbanisation, recreation and tourism, nature conservation, culture conservation), interference of agricultural policies, and other interests.**



The remarkable history of the NL polder systems

(FAO: <https://www.fao.org/family-farming/detail/en/c/283291/>)



Diplomacy
Dialogue

A plethora of government, non-government and private parties with intense negotiation practice make up the polder governance arena.

The oldest of such organisations are the “water boards” with the mandate to provide safety from water threats for all citizens.

The physical and institutional polder culture is indeed a crucial aspect of the Dutch national identity.

Swiss Mountain Irrigation Channels “les Bisses”



(<https://www.houseofswitzerland.org/swisstories/history/bisses-valais-irrigation-channels-tourist-hit>)



SDG compliant PPP Infrastructure:



QUO VADIS?? (5)

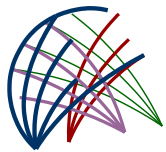
Solution and Conclusion

PPPs and SDGs, the Missing Stakeholder Is Civil Society (R. Saner, 2021)

https://doi.org/10.1007/978-3-319-31816-5_4320-1



Without the inclusion of the civil society actors like consumer groups, cooperatives, labor unions, academic scholars, and teaching faculty, the risk of misguided investment decisions and related rent-seeking behavior by private and public sector actors is too high to be left to experts alone, however competent they might be. What is needed is a PPP Observatory which could add information on PPPs that are often missing or not fully reliable. Such a PPP Observatory could support UNECE and other international organizations but also governments and civil society stakeholders involved in PPPs.



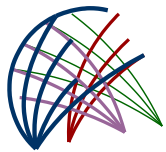
PAMIR VALLEY- TAJIKISTAN

2007-2009



Ministry of Energy and Water Resources, Republic of Tajikistan	Sponsor, Contributor of Assets
Aga Khan Fund for Economic Development	\$8.1m Equity
International Development Agency (World Bank)	\$12.5m Debt
International Finance Corporation	\$3.5m Equity, \$4.5m Debt
Swiss Economic Cooperation Office (SECO)	\$9.68m Grant, Customers Support Scheme

Do	Don't
Strong stakeholder support and ownership	Increase tariffs before service improvement
Strong management, preferably local	Build customer support into revenue models; support should be separate
Listen to communities	Alienate local government
Clearly explain bills, structure, changes and support	Underestimate local culture & traditions in communication
Focus on loss reduction, rather than production increase for lower cost gains	
Use technology: mobile payments, pre-paid, etc. It all helps	



Diplomacy
Dialogue

NEXT STEPS



Involving reliable and independent experts to develop Public-Private Partnerships projects in support of the Sustainable Development Goals in low and middle-income countries (Revised note by the UNECE Bureau, 18 September 2023, ECE/CECI/WP/PPP,2023/9) states:

the International Specialist Centre of Excellence on PPP Law, Policy and Institutions of France proposes that the Working Party could consider the setting up of a project team to elaborate a standard for this purpose, namely the selection and employment of reliable and independent experts to develop pipelines of PPPs for the SDGs in low and middle-income countries.

Next steps forward

The International Specialist Centre of Excellence on PPP Law, Policy and Institutions of France together with WAPPP and CSEND should be given the mandate to develop training manuals and advisory guidance notes based on case examples on how to design and implemented SDG based PPP infrastructure project in DCs and LDCs (physical and social infrastructure) as soon as possible!!!

Thank You!