

WAPPP MAGAZINE

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THE NEXUS HUB FOR PPPs

Overcoming the funding crisis for essential public service infrastructures

The PPP Center of Excellence on Policies, Law and institutions and the “UNECE package”

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

Abu Dhabi PPP Forum Wrap-up & Interviews



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EDITORIAL

CELEBRATING OUR 5TH ANNIVERSARY



We are delighted to be celebrating our organization's fifth anniversary. WAPPP was launched in November 2018 at the Palais des Nations in Geneva, in a ceremony hosted by the United Nations Economic Commission for Europe (UNECE). We were only a handful of individuals back then. Today WAPPP counts more than 400 individual members from countries as far as Japan and Chile, and most all countries in between. Sixty governments now belong to WAPPP, represented by their PPP units or infrastructure agencies or other departments involved in PPP. The list is steadily expanding.

Last year, WAPPP hosted the largest PPP conference in history. Over the recent months, our organization has achieved significant milestones, and we are delighted to share these successes with our readers. October 2023 marked a pivotal moment in our organizational development. Specifically, on October 11, we organized a one-day forum as part of the Paris Infrastructure Week, a prominent global event for PPPs and infrastructure. During this event, WAPPP established a partnership with CICA (Confederation of International Contractors' Associations), aiming to enhance our outreach and resources. The focus of the event was on WAPPP's collaboration with UNECE, aiming to deliver a model law and a project evaluation model tailored for the new era of sustainable PPPs.

The Paris week was followed by the WAPPP Annual PPP forum as part of the World investment Forum (WIF) organized by UNCTAD in Abu Dhabi. The WIF event gathered 6000 participants and 1000 speakers and as such represented the highlights of the year for investment and infrastructure. WAPPP conducted 19 panels and hosted the meeting of the Global Council of PPP Unit Heads. Far from being content with these achievements, WAPPP wishes to play an even greater role in the advancement of PPPs in the coming years.

One of our major initiatives in 2024 will focus on small scale PPPs. Local or regional PPPs pose challenges for the limited resources and capacity of their public counterparts, often necessitating subsidies to achieve financial balance and appeal to the private sector. In 2024, WAPPP will embark on numerous initiatives to fulfill its thought leadership role, champion small PPPs, and address these challenges. We welcome contributions from our readers related to small PPPs for publication in the upcoming issue of this magazine. Meanwhile, we hope you find this issue enjoyable, and we wish you a successful year ahead.

Ziad-Alexandre Hayek

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ABU DHABI PPP FORUM

WRAP-UP



« *The global and senior-level nature of the Global Council of PPP Units Heads ensures the diversity of experience and the wealth of and depth of expertise, which allow it to be influential on the international PPP scene and to emphasize the role of PPP as a tool for development.* »



WAPPP, The World Association of PPP Units & Professionals convened in Abu Dhabi last month, during the Abu Dhabi PPP Forum, one of the busiest events at the United Nations Conference on Trade & Development (UNCTAD)'s 8th World Investment Forum.

The World Investment Forum, a key event for investment-for-development stakeholders, facilitated a horizontal and balanced dialogue, with over 60 percent of registered participants, speakers, and panelists representing the Global South. This is especially noteworthy in the current context, as the investment gap for Sustainable Development Goals (SDGs) in developing countries has surged from \$2.5 trillion in 2015, when the SDGs were adopted, to \$4 trillion today, according to [UNCTAD's World Investment Forum 2023: High-level closing round table on investing in sustainable development](#).

The three-day Abu Dhabi Public-Private Partnership Forum not only underscored the unwavering commitment of WAPPP to foster global collaboration but also highlighted the pivotal role of public-private partnerships (PPPs) as a powerful tool for development, how to mainstream PPPs in public investment plans and how to achieve the UN Sustainable Development Goals (SDGs).

1. HIGHLIGHTS

The Global Council of PPP Units Heads

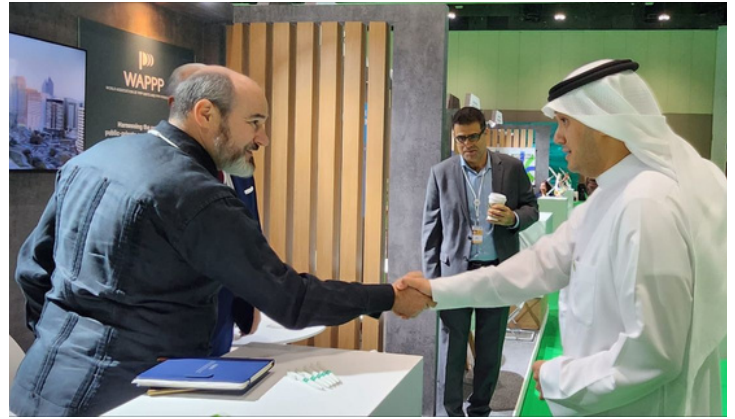
A significant milestone of the forum was convening an in-person Global Council of PPP Units Heads for the first time since WAPPP was established in 2018.

The Council brought together leaders from PPP Units across continents and marked a big step towards facilitating informal exchanges and unifying policy between PPP Units worldwide.

Amidst the backdrop of global economic challenges and escalating climate change risks, PPP leaders engaged in high-level discussions, highlighting the urgency of collective empowerment on the global stage.

WAPPP Extends Support to Togo

On the sidelines of the Abu Dhabi PPP Forum, The World Association of PPP Units & PPP Professionals (WAPPP) met with the Togolese Head of State HE Faure Gnassingbe to discuss attracting private investment to finance its development and devising strategies that could play a pivotal role in financing Togo's development initiatives. This meeting exemplified the proactive approach of WAPPP in fostering partnerships and providing support to nations seeking innovative solutions for sustainable development through public-private collaboration.



WAPPP Meets the Minister of Finance of Kuwait

During his participation in the World Investment Forum in Abu Dhabi, His Excellency Fahad AlJarallah, the Minister of Finance of Kuwait, held a meeting with Mr. Ziad-Alexandre Hayek, President of the World Association of PPP Units & Professionals (WAPPP), and Mr. Jean-Christophe Barth-Coullaré, the Executive Director of the association.

The Kuwaiti Minister of Finance was provided with insights into the current global trends in public-private partnerships (PPPs) and was apprised of the association's ongoing endeavors to support PPP units both within the region and on a global scale.

WAPPP Welcomes the Minister of Economy of Armenia with his delegation



Ziad-Alexandre Hayek, President of the World Association of Public-Private Partnership (PPP) Units & Professionals (WAPPP) and Executive Director, Jean-Christophe Barth-Coullaré, engaged in discussions with the Minister of Economy of Armenia, Vahan Kerobyan.

The meeting centered around the topics of PPP policy, the formulation and execution of PPP programs across diverse sectors of the economy, and the application of relevant mechanisms within Armenia.

During the deliberations, the leadership of WAPPP extended an invitation to Armenia to explore the possibility of becoming a member of the association, which facilitates the provision of informed counsel, the exchange of valuable experiences, and active participation in forthcoming events.

Joint Project with UNCTAD: The Technical Assistance Facility

The closing of the World Investment Forum was marked by the announcement of a Public-Private Partnership Technical Assistance Facility to be developed by the World Association of Public Private Partnership Units & Professionals together with the United Nations Conference on Trade and Development (UNCTAD) and other partners.

2. FORUM SESSIONS



The heart of the WAPPP Abu Dhabi PPP Forum lies in its 21 diverse sessions. With over 90 speakers representing countries, development finance institutions, and sectoral specialties, the sessions delved into thematic and regional subjects, showcasing the global breadth and depth of the PPP spectrum represented by WAPPP and its numerous partners in the global PPP ecosystem.

A wealth of experiences shared by investors and public funds, shed light on PPP best practices and innovative approaches to make better public-private partnerships. A series of sessions delved into Social Sector PPPs, offering case studies in healthcare, education and social housing infrastructure financing. Regional topics, such as PPPs in Africa, analyzed plans, and projects. The MENA session brought together PPP Units from seven MENA countries, providing a platform for these Units to discuss upcoming projects, express their requirements, and address pertinent issues in the heart of the United Arab Emirates.

3. EVENT PARTNERS



The success of the WAPPP Abu Dhabi PPP Forum was further amplified by the collaboration with various partners who endorsed the event. Notably, consulting firm **FTI Consulting** emerged as the lead partner, demonstrating a strong commitment to the ideals and objectives of the forum.



Their involvement, alongside other dedicated session sponsors like **FAST Infra Group**, **Alghanim International**, **Freshfields Bruckhaus Deringer**, **Commercial Bank of Kuwait** added a valuable dimension to the discussions and showcased the collective responsibility and shared vision that is integral to the advancement of PPPs on the global stage. As public and private entities joined hands, the event exemplified how collaboration among diverse stakeholders can propel sustainable development initiatives forward. We also would like to express our appreciation for the fabulous reception of all the WAPPP delegates at 18 Degrees bar in Andaz tower made possible by **TRIBE Infrastructure** at the end of the first day.

4. CONCLUSION

The WAPPP Abu Dhabi PPP Forum, hosted within the framework of the United Nations Conference on Trade & Development's 8th World Investment Forum, stood as a central actor for gathering decision-makers to empower public-private partnerships (PPPs) and drive sustainable development.

The official announcement of the **Public-Private Partnership Technical Assistance Facility**, a joint project with UNCTAD, is poised to play a crucial role in providing support and guidance for nations seeking to implement effective PPP strategies for their development initiatives.

ABU DHABI PPP FORUM

LIST OF PANELS

Tuesday, 17 October, Hall 2 Room VI

9:30-9:45 Opening Remarks

9:45-11:00 High Level PPP Dialogue

11:00 - 12:00 Deal Development Pipeline & Case Studies

12:00 - 12:20 Social Sector PPPs Part One

13:30 - 14:45 Latest in Healthcare PPPs

15:00 - 16:15 Africa PPP Units discussing their PPP Plans & Projects

16:15 - 17:30 The Climate is Right for Rail PPPs

Wednesday, 18 October, Hall 2 Room VI

10:00 - 11:00 Presentation of the Fast-Infra Sustainable Infrastructure

11:15 - 12:45 Label Social Sector PPPs Part Two

13:45 - 15:00 Social Sector PPPs Part Three

15:00 - 16:00 The Future of Air Travel

16:00 - 16:45 South Asia PPP Units discuss their PPP Plans & Projects

16:45 - 18:00 Are PPPs a Game Changer for Energy Transition?

Thursday, 19 October, Hall 7 Room XVII

9:00 - 10:00 PPPs as a Catalyst for Economic Development

10:15 - 11:30 Water Sector PPPs : How PPPs are Ensuring Access to Water & Sanitation

12:00 - 13:15 Mena Region PPP Units Discuss Their PPP Plans & Projects

14:00 - 15:15 Central Asia PPP Units Discuss Their PPP Plans & Projects

15:30 - 16:45 Innovations in PPP Financing

17:00 - 17:30 Closing of WAPPP Abu Dhabi PPP Forum

INTERVIEWS



1.INTERVIEW
François Bergère, CEO
FAST-INFRA GROUP



2.INTERVIEW
Ramzi El Khouri,
Senior Managing Director
FTI Consulting



François Bergère, you are CEO of FAST INFRA GROUP, can you tell us a few words about your organization and the objectives on your activities?

Of course. FAST stands for Finance to Accelerate Sustainable Transition in infrastructure. As its name implies, it is a public-private initiative actually a multi-stakeholder one that has developed over the last two three years and which aims to foster and scale investment from the private sector in sustainable infrastructure at pace. For that, we have come up with a label, a sustainable infrastructure label, which will provide a signal to investors that they can confidently invest in those projects that will be labeled with the security of knowing that these projects are aligned with the main infrastructure sustainability standards, that they comply with our criteria, that they allow them to avoid any reputational risk of greenwashing, and in the process, speed up the due diligence and generate confidence from the broader infrastructure investment industry. That's why I was here today to spread the word and communicate about this latest development and try to convince as many representatives here to come on board and participate in the governance and the operationalization of this initiative.

This morning you led a panel about FAST INFRA, how do you assess the event which was part of the WAPPP Forum within the WIF conference?

Well, first of all I have to say we had, I believe, a diversified panel of high quality panelists with representatives from a national PPP unit, from a multilateral technical center with the Global Infrastructure Hub, and from PPP practitioners as well as a representative of Global Infrastructure Basel who has been entrusted with the task of managing and operationalizing the label. It means we had a wide variety of standpoints and potential users point of views about the label potential benefits at the project level and for the broader investing Community. We had a rather diversified crowd in terms of attendance and a crowd we usually do not reach out easily to people hailing from different geographies, with different profiles, the kind of people that we as investors do not easily mingle with. That's one of the benefits of the format and the design of this platform to enable this kind of engagements and contacts with a diversified crowd of stakeholders.

What are your next steps to operationalize the label in the coming months?

Right now, we are in the stage where we are testing the label and its criteria on a population of 10 pilot projects in the field of renewable

energy. This has been conducted through GIB as label manager. The results in terms of takeaways and feedback should be available by end November, in time for us to communicate at the upcoming COP28 in Dubai about how those projects effectively comply or not with the label, the kind of a takeaways or teachings that we get from this first testing. We shall then proceed to broaden the criteria to more sectors beyond Renewables and at the same time we are engaged in finalizing the governance of FASTINFRA Group. The top company is tasked with operationalizing the various dimensions of the first initiatives. This is an ongoing process and there again we are trying to take advantage of this platform to engage and contact a number of potential interested parties that could decide to join FASTINFRA initiative either through an advisory committee basis or in the main governance body as well.

Thank you François, and we wish you good success in this initiative.





Ramzi El Khouri, you are senior managing director of FTI, what are for you the key takeaways after 3 days of conference.

First and foremost, I want to express that the conference provided me with a valuable opportunity to connect with leaders, fellow practitioners, and individuals in the Middle East. I eagerly anticipate future WAPPP events for similar networking opportunities. Now, turning back to the question at hand, one of the key takeaways for me is the widespread acknowledgment and recognition, both from panelists and leaders I interacted with, that the potential of the private sector remains untapped. Strengthening and investing in the private sector, as emphasized by many, ultimately contribute to the advancement of various societal, fiscal, and economic objectives.

The discourse on the pipeline, upcoming projects, and the evident energy and determination from high-ranking participants in government and private-sector organizations instills optimism about the future of PPPs in the region. Despite being mindful of the challenges inherent in the journey toward privatization, it's worth noting the commendable pragmatism displayed by fellow panelists and participants. They addressed challenges related to governance, regulatory frameworks, human capital, and financing, demonstrating a realistic and proactive approach.

To me, this provides reassurance that, while the ambition is lofty, there is also a strong determination to promptly assess, evaluate, and effectively address challenges in the short term.

Regarding the steps that governments should implement to build an enabling environment that is more conducive to PPPs, what would you recommend?

In terms of prioritizing critical areas for government focus, if I were to highlight the top two or three, my foremost priority would be the development of a regulatory framework that optimally caters to all stakeholders involved. This framework should incorporate the right checks and balances, ensuring transparency, effectiveness, and decision-making focused on impact. For the private sector, it's imperative to establish an environment that is enabling and secure for their investments. Additionally, when engaging with employees affected by privatization, the framework should facilitate a fair and smooth transition to their counterparts in the private sector. Another crucial point, extensively discussed with numerous Gulf participants and heads of PPP units in the region, is the need to perceive PPPs as a whole-of-government issue. This involves demonstrating mobilization, alignment, and collaboration among a diverse range of government stakeholders, from sector policymakers, regulators, ministries of Finance, centers for privatization, agencies for local content, and the like,

so aiming ultimately to build a governance structure that enables rather than hinders the progress of PPPs, and one that is free of inefficient bureaucracy, this will be my second point. The last one is applying consistently an approach for implementing PPPs, and that consistency across sectors through the whole PPP value chain, whether in terms of defining objectives, coming up with the plans for sectors, opportunities identification and even leading transactions. Let me open a small parenthesis: this is ultimately the sort of guidance and advice that the senior leadership of FTI has provided in the public sector for a number of clients in the region. Ultimately this team has supported a good number of PPP centers for excellence and sectors and helped revamp PPPs practices in the region through developing national policies, suggesting regulatory frameworks, pushing transactions and the like.



From the private sector perspective, what would be the main advice that you would provide?

Firstly, stay informed. As highlighted by our fellow panelists, there is a substantial pipeline for PPPs in the region. Keep a vigilant eye and proactively explore sectors beyond the conventional ones, extending beyond the infrastructure sector. This is crucial to ensure that projects benefit from the right capabilities. Secondly, in the context of increased competition and sector maturity, consider forming consortia and partnerships to enhance your competitive position. The region has evolved significantly in the last decade, emphasizing the importance of strategic collaborations. Thirdly, leverage local expertise, especially in response to the growing emphasis on local content and the creation of in-country value. Always approach deals with a longer-term perspective, as success in these projects requires patience and sustained commitment. Lastly, and of paramount importance, focus on sustainability and social impact. A commitment from private organizations to these values will undoubtedly strengthen their competitive positions. In summary, stay informed and be thoroughly prepared.



RAMZI EL KHOURY
Senior Managing Director, FTI

“Success in PPPs demands synchronized efforts. It's imperative for both the public and private sectors to advance hand in hand on this journey. Mutual recognition of each side's significance to the success of the other is paramount. Let's collaborate, join forces, and collectively shape the future of PPPs—an era marked by a more engaged private sector, a robust economy, and a disciplined government. Yallah!”



PANEL SUMMARY



PPPs contribution to the energy transition in the transport sector



PPPS CONTRIBUTION TO THE ENERGY TRANSITION, PARTICULARLY IN THE TRANSPORT SECTOR

BY THIBAUT MOURGUES, CHIEF EDITOR



The transport sector is a major contributor to greenhouse gas emissions, accounting for around 24% of global emissions. This is a significant challenge, as the transport sector is expected to grow significantly in the coming decades.

Public-private partnerships (PPPs) can play a key role in fostering energy transition in the transport sector. PPPs can help to finance and deliver large-scale infrastructure projects, such as new public transportation systems, electric vehicle charging networks, and energy-efficient roads and bridges. PPPs can also help to bring together the expertise of the public and private sectors to develop and implement innovative new technologies and solutions. For example, PPPs have been used to develop and deploy electric buses, autonomous vehicles, and other new technologies that can help to reduce emissions from the transport sector.

The session at the World Association of PPP Units & Professionals' Annual Forum showcased some of the latest projects and demonstrated to investors the opportunities and challenges of PPP finance.

Nicolas Claude, CEO of Airport International Group (operating the Amman Queen Alia International Airport) detailed how AIG voluntarily embarked on the net zero-emission journey.

Mohammed Atif, Economist and Area Manager for DNV, recalled the challenges of Energy Transition and mentioned the role of technology in contributing to their solution such as energy storage deployment & green hydrogen, intelligent networks and sustainable end use.



Majid Ideisan Abu Abdun, Senior Engineer and Project Manager at the Ministry of Energy and Investment of the UAE, discussed 2 major federal retrofitting projects, covering the federal roads network and multiple governmental buildings throughout the Northern Emirates.

Tim Clarke, CEO of the Warsan Waste Management Company, the company constructing and operating the world's largest Waste-to-Energy facility at Warsan, Dubai, explained the impact of the project and the conditions under which similar projects can be replicated.

Amanda Loeffen, CEO of Human rights 4 water and an experienced General Manager and Business Development Executive in water, energy and sustainable development referred to a successful biofuel experiment in Argentina as a best-practice case study in terms of impact and governance.

PANEL SUMMARY

PPPs in the MENA region



PPPS IN THE MENA REGION



On the last day of the Abu Dhabi PPP Forum, representatives from PPP units and private sector in MENA countries took the stage. They shared their views about the status of PPPs in the MENA region, key challenges and opportunities in the session called “Mena Region PPP Units Discuss Their PPP Plans & Projects”. Distinguished session participants were:



- **Mr. Ahmed Alhammadi**, Director of Financial Sustainability & Investment Department, Ministry of Energy & Infrastructure, United Arab Emirates
- **Mr. Atter Hannoura**, Director of PPP Central Unit, Ministry of Finance, Egypt
- **Mr. Eyup Vural Aydin**, Chairman of Istanbul Center of PPP Excellence, Turkiye
- **Mr. Hani Alsaigh**, VP of Strategic Marketing and Knowledge Management, National Center for Privatization & PPP, Kingdom of Saudi Arabia
- **Ms. Leila Tashamneh**, Acting Director of the PPP Unit, Ministry of Investment, Jordan
- **Mr. Mahmood Al Aweini**, Program Director, National Program for Fiscal Sustainability & Financial Sector Development, Oman
- **Mr. Nayef Alhaddad**, Manager of Research and Strategic Planning, Kuwait Authority for Partnership Projects (KAPP), Kuwait
- The session was moderated by **Mr. Cedric Daou**, Senior Managing Director, FTI Consulting Middle East.

Participants started by discussing the key objectives of MENA governments from PPP projects. The most critical objectives highlighted during the session were improving the fiscal financial position, enhancing the quality of public services and reducing government’s operational role and allowing it to maintain a more strategic focus. Participants also commented on some of the best practices implemented, including improvement of the regulatory and governance framework, transparent communication and further engagement with the private sector during the PPP lifecycle.

Following that, participants discussed the PPP pipeline and key opportunities in their respective countries. Besides traditional sectors, like power and water, participants commented that in the MENA region, there is a clear trend towards social infrastructure PPPs (education, healthcare) as well as PPPs in less explored sectors, like housing and ICT.

Session participants also commented that there are important challenges for PPPs in the region, including limited readiness of the public sector, economic and political instability in some of the regional countries and limited awareness among the general public. Despite the challenges, they pointed to the significant opportunities and sizable pipeline for PPPs in the MENA region.

At the close of the session, panelists have agreed that regional PPP units have a major role to play in the realization of the PPP pipeline in the MENA region. They mentioned that to increase the attractiveness of the region for global investors, it is important to present well-structured deals and integrate some of the emerging factors in deal assessments, including sustainability and value for people.

PARIS INFRAWEEK



Overcoming the funding
crisis for essential public
service infrastructures



OVERCOMING THE FUNDING CRISIS FOR ESSENTIAL PUBLIC SERVICE INFRASTRUCTURES

BY ROGER FISZELSON, CICA MANAGING DIRECTOR

Can PPPs help reduce the infrastructure deficit of all kinds, including traditional (energy, transport, water/sanitation, etc.) and required by the climate-energy transition?

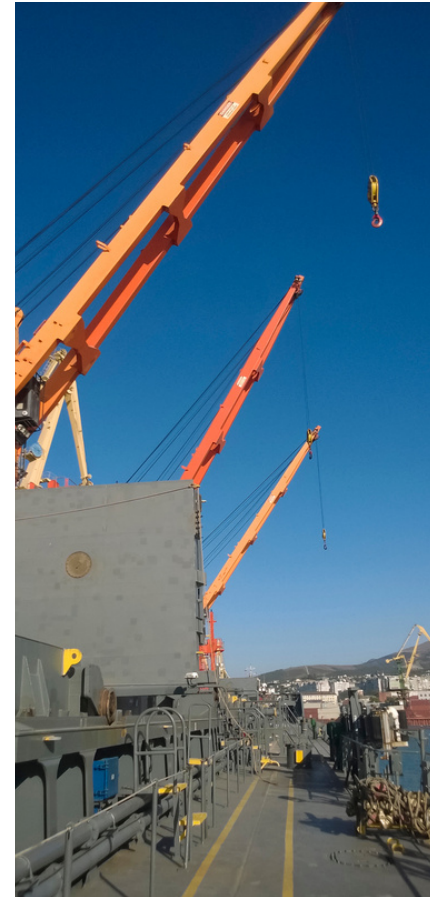
I will focus on the needs of low- and middle-income countries, i.e. 71 countries including 39 so-called fragile States.

It has not yet been possible to identify a consensus on the number of infrastructure needs to be met, by geographical zone and by type of infrastructure. The figures most commonly put forward mask significant disparities between the various sources from which they are derived. They range from USD 2,600 bn/year to USD 9,200 bn/year between now and 2030-2050, with no clear distinction made between the needs to be met by type of infrastructure.

Multilateral development banks, bilateral development aid agencies, other international institutions (OECD, UN, etc.), the media and social networks, etc., have all made numerous announcements on how to bridge the financing gap, without any convincing results.

Among the main announcements:

- The Partnership for Global Infrastructure and Investment (PGII) created by the G7 in 2022: announcement of USD 600 bn. The USA (statement by J. Biden at the G20 2023 AGM in New Delhi) will contribute USD 200 bn in the form of grants, loans and private investment.
- EU Global Gateway: €300 bn; the distinction between new funding and recycling of previous commitments remains to be made.
- Additional funding from the World Bank: USD 125 bn over 10 years, based on revised criteria to ensure the Bank's AAA rating.
- Additional financing from the Asian Development Bank (ADB), made possible by a revision of the criteria ensuring the ADB's AAA rating: USD 100 bn over 10 years.
- Africa 50 Infrastructure Acceleration Fund: an agreement for USD 500 mln was signed in July 2023 on the basis of subscription agreements from NSIA, IFC, AfDB, BADEA, CDC Senegal, CDC Benin, CNSS Togo, CDG invest, Attijariwafa Bank, as well as pension funds, asset managers, retirement agencies and two international institutional investors.
- Allocation by the G20 of USD 100 bn of SDRs from the USD 650 bn injection to developing countries. To date, only USD 60 bn have been confirmed, notably by European countries.
- In addition to the subsidies and loans provided by these various bodies, there is also the positive impact of the guarantee mechanisms they grant.



Apart from a few major projects listed below, it is difficult to identify projects that can be undertaken quickly:

- Partnership between US companies and the Angolan government for the construction of a USD 2 bn solar project;
- USD 600 million project by an American telecommunications company to build 17,000 km of submarine cable;
- USD 335 million mobilized in Africa, Asia and Latin America to provide secure Internet services;

The size of the projects listed does not allow us to fully utilize the amount of funding announced within the timeframe indicated.

The literature on this subject highlights 3 main points which are underlined by blogs written by members of the World Bank, the IMF and other sources, frequently specifying that they commit only their authors and not the institution to which they belong.



I - Numerous blogs by members of the World Bank and the IMF, published between 2017 and 2022, stress the importance of good project preparation, and the need to bring projects to fruition within shorter timeframes, right from the conceptualization phase, even before preliminary studies are launched;

II - The need to substantially strengthen the skills, organization and cooperation of the various administrative structures involved in public infrastructure projects, and to develop the loyalty of their staff. This effort must be sustained over time and cover the entire project cycle: conceptualization, studies, selection, implementation and operation;

III - To fully deploy PPPs, public funding is needed to complement or supplement private financing, made possible by the subscription of a sustainable public debt by the governments underwriting them.

1° Project preparation

Public contracting authorities and country/project managers at multilateral development banks and bilateral development aid agencies should make much more widespread use of the SOURCE software promoted and supported by the Sustainable Infrastructure Foundation (SIF), created at the initiative of the multilateral development banks.

The use of this software makes it possible to better identify and deal with all the different factors to be taken into account in order to reduce the risks and the failure of the projects studied to materialize, highlighted by a McKinsey note which reveals that in Africa 80% of the projects studied do not reach the closing stage. The use of this software enables better identification and reduction of risks and their negative repercussions, notably on :

- i) the wasted cost of unsuccessful studies, usually financed by subsidies, both for countries and companies alike;
- ii) additional costs for design, construction and operation;
- iii) the IRR of projects and the margins demanded by lenders;
- iv) overly long project preparation times, which often depend on the support of the local politician who initiated them, can lead to the project being abandoned if the official who initiated it is not re-elected;
- v) insufficient creation of bankable project pipelines.

2° Substantial reinforcement of the skills, organization and cooperation of the various administrative structures

Low- and middle-income countries (LMICs) need to build the capacity of the administrations involved in infrastructure projects to adapt to more frequent economic shocks, greater political instability and fewer resources. To this end, they must strengthen their economic, administrative, budgetary, legal and other institutions.

To this end, they can call on the support of numerous international organizations. These organizations can provide support and advice on economic, fiscal, budgetary, customs and legal policies, as well as capacity-building and technical assistance aimed at training and retaining staff. These actions help to strengthen economic, fiscal and budgetary institutions, and the collection of macroeconomic statistics, for which external funding from international financial and philanthropic institutions is essential. This capacity-building should lead to i) better assessments and improved quality of public investment management, ii) the creation of macroeconomic projection tools for their ministries of finance and central banks.

These actions at country level can be amplified by the creation of regional capacity-building centers that can serve as a hub of knowledge, training and peer learning. Finally, it is essential that all international financial institutions and other public development aid bodies coordinate their interventions to avoid duplication or lack of training.



3° PPPs and public debt

It is essential to adopt a pragmatic approach to the public debt contracted by governments for infrastructure projects of all kinds: transport, energy, water-sanitation, ITC, administrative buildings and the provision of public services - education, health, security, etc. - on the one hand, and the satisfaction of ecological and climate-energy needs on the other.

It is generally accepted that the debt incurred by governments to carry out these projects generally generates, directly and indirectly over the medium to long term, through a diffusion effect throughout the economy, fiscal returns and savings (cf. energy efficiency contracts) that can be used to service the debt incurred by governments to carry out these projects.

Chapter 3 of the IMF's World Economic Outlook 2014 states: "Infrastructure that demonstrates its usefulness has a zero if not positive fiscal impact". A similar assertion is made in an IMF Finance and Development article from September 2021. OFCE's Policy Brief no. 92 confirms this, without fully developing the positive consequences for infrastructure development. Finally, for Olivier Blanchard, former IMF chief economist, the important thing is not so much the debt itself as its sustainability.

The various studies required to assess the relevance of an infrastructure project - impact studies, socio-economic studies and cost-benefit studies - should be complemented by an assessment of the fiscal return and savings that the infrastructure in question could deliver over time. This approach must fit into the local context, reflecting the state of the economy and the needs of users, while remaining open to future improvements to be made to the infrastructure through regular maintenance and rehabilitation.



Taking into account the sustainability of public infrastructure debt should make up for the notorious inadequacy of private financing, where the return/amortization of invested capital and debt servicing come from payment by the user/consumer. To this end, it is essential to rigorously take into account the difference between financing (initial source of funding) and funding (differentiating between payment for the service rendered by the public entity or by the user/consumer).

This differentiation has led to the development of a tool for assessing fiscal returns and savings by Vincent Piron, called the Global Project Assessment Method (GLOPRAM)¹.



¹ This model has been presented in a former issue of WAPPP Quarterly Magazine (n°5, 2021)

PARIS INFRAWEEK



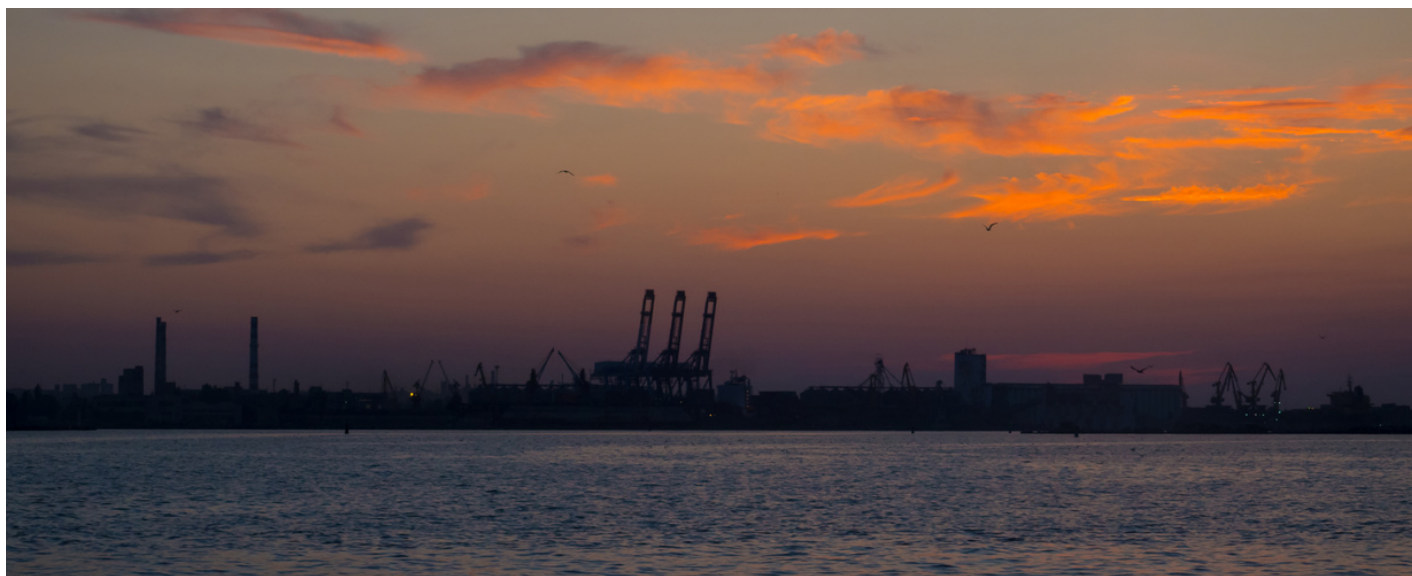
Multi-stakeholder participation
to guarantee sustainability of
SDG-oriented Infrastructure
PPPs



MULTI-STAKEHOLDER PARTICIPATION TO GUARANTEE SUSTAINABILITY OF SDG-ORIENTED INFRASTRUCTURE PPPS

BY PROF RAYMOND SANER, UNIVERSITY OF BASEL, DIRECTOR CSEND, MEMBER OF WAPPP AND FORMER MEMBER OF THE UNECE PPP BUREAU

How to promote and ensure implementation on the ground of UNECE new package conducive to the realization of essential public service infrastructure concessions/PPPs projects flows and SDGs



CSEND is an ECOSOC accredited organisation with Special Consultative Status since 2014. It is an active member of the High-Level Political Forum (HLPF) for the Post 2015 Development Goals (SDGs, adopted on 23/9/2015) and is also accredited with WTO (2000-), UNFCCC (2003-), WIPO (2019-) and UNEP (2021-). It is a WAPPP member since inception as well, and Raymond Saner was Member of the UNECE PPP Bureau (2019-2021).

The new UNECE text states: "Involving reliable and independent experts to develop Public- Private Partnerships projects in support of the Sustainable Development Goals in low and middle-income countries!". 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.

How to develop SDG compliant PPP Infrastructure? According to IMF, 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. 2 IMF Study 2019 (Vitor Gaspal et al.)

However, the challenge is much greater for low- income developing countries, where the average additional spending would need to be 15 % of their GDP!!! and 40+ DCs and LDCs are very much indebted: Due to the high-risk premium, financial markets are not accessible. PPPs represent therefore a viable alternative.

WHAT GUIDANCE IS PROVIDED FOR SDG BASED PPP INFRASTRUCTURE DEVELOPMENT BY INTERNATIONAL ORGANISATIONS?



The SDG Target 17.17: Public, private and civil partnerships, as defined by 2030 Agenda consists in “encouraging and promoting effective public, public-private and civil society partnerships, building on experience and resourcing strategies.”

WBG is sole curator of SDG 17.17.1 indicator since 2015. This indicator 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). IFC (part of WBG) designs, arranges and commercially benefits from PPP projects. Still, WBG has lagged behind to define a Tier I indicator for 17.17.1. This appears damageable in view of the over 40 highly indebted DCs/LDCs in need of guidance as to what is a good or bad (high risk) PPP.



UNECE is the sole UN Regional Commission with a PPP department. It has developed a model law on Concessions/PPP in accordance with the SDGs and a Commentary. The [UNECE website](#) states that “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”.

However, no mention is made of CSOs and multi-stake-holder involvement as per the 2030 Agenda of 2015. Other International Organisations include UNCITRAL (Guide on Public-Private Partnerships, Legal guidance for governments – 2019), EBRD (Public-Private Partnerships/Concessions, Regulatory Guidelines for governments – 2020), as well as other MDBs, many of which use SOURCE, an online infrastructure project development software. None of the above include detailed comments on participation and involvement of CSO in PPP Infrastructure

SOME GUIDANCE FOR SDG BASED PPP INFRASTRUCTURE DEVELOPMENT BY WAPPP & CSEND MEMBERS

The creativity, knowhow, technology and financial resources from all of society is necessary to achieve the SDGs in every context. The essential message lies in the meaning of PPPs : it should encompass Value for Money (Business), Value for Society (SDGs) and Value for the future Generations (Environment and Social Justice). This means no experts solutions only, but rather solutions based on participation of governments & private sector AND Civil Society- as the latter will benefit AND pay for the PPPs financially (tax) and personally (environment, landscape, living conditions changes after a PPP Infrastructure Project)

SUCCESS & FAILURE: TWO EXAMPLES OF MULTI-STAKEHOLDERS STRATEGIES FOR SDG BASED PPP INFRASTRUCTURE IN THE WATER SECTOR



Revolts against water privatization in Cochabamba, Bolivia, 2000. Although privatization is not exactly PPPs, this case was typical of poor consideration of the social needs of the consumers. Following to excessive water tariff increases consecutive to the private sector taking over the responsibility of public service, the population revolted in what was dubbed the “Water war”. Demonstrations were countered by the army resulting in 6 fatal casualties. Despite the 200 USD million investment, the privatization had to be revoked and the assets transferred to the local community.

Netherlands Polder System & Renewable Energy wind farms in the Noordoostpolder. Throughout the remarkable history of the [NL polder systems](#), 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 a crucial aspect of the Dutch national identity.

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.

We need a PPP Observatory to support the implementation of the mandate and to know what works and what does not work. No evaluation of PPPs has been done so far by the WBG and other IOs. Time to move to accountability and science-based PPPs.

CSOs must be asked to give their assessment of a PPP/Infrastructure Project.

ADDITIONAL LITERATURE

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, 54 pages., <https://www.csend.org/publications/agenda-2030/518-making-ppps-fit-the-2030-agenda>

PPPs & SDGs: The Missing Stakeholder is Civil Society

R. Saner, 2021, Springer Nature Switzerland AG

PARIS INFRAWEEK

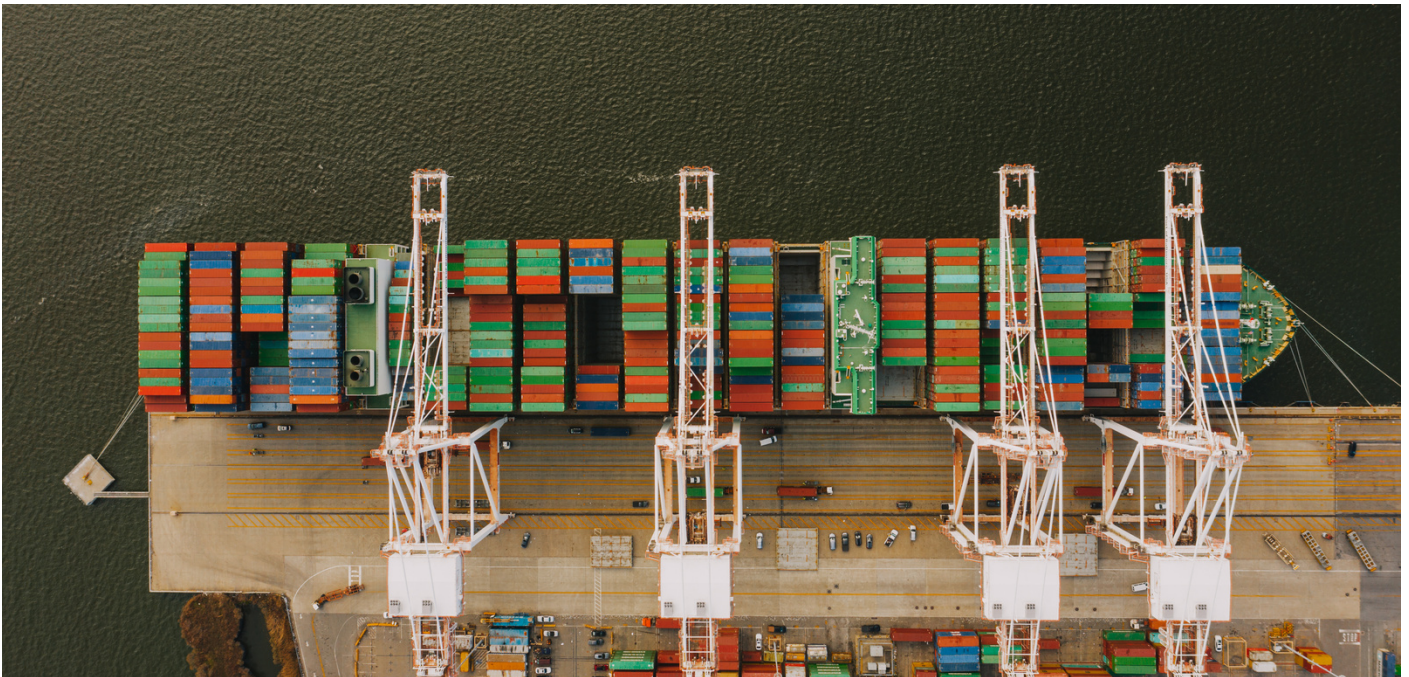


The PPP Center of Excellence Policies, Law, Institutions and the « UNECE package »



THE PPP CENTER OF EXCELLENCE POLICIES, LAW, INSTITUTIONS AND THE « UNECE PACKAGE »

BY MARC FRILET, WAPPP CHAIR OF THE LEGISLATIVE FRAMEWORKS CHAPTER & GENERAL SECRETARY OF THE UNECE INTERNATIONAL CENTER OF EXCELLENCE “PPP POLICIES, LAWS AND INSTITUTIONS”



The objectives of the **UNECE PPP Specialized Center of Excellence “Policies, Laws and Institutions”**, consists in:

- Organizing a permanent international research and exchange phase, focusing on empirical evidence, supported by an ad-hoc documentation and research Center
- Drafting and making fully operational a set of research notes, recommendations, guidelines and standards, some of them to be promulgated by the UNECE, taking into account UNCITRAL's proposals, multilateral banks and specialized working groups. The objective is gradually making available to member states with a coherent set of standards, best practices and templates for universal use
- Enabling the private sector to finance and implement concession/PPP project flows
- Delivering essential public services, with priority given to developing countries
- Contributing to the achievement of the Sustainable Development Goals (SDGs)
- Implementing projects that are sustainable and adaptable to changing needs
- Minimizing their impact on current and future public debt

After 7 years of work and exchanges based on an empirical approach implemented by teams of selected public and private experts, on a pro bono basis, the objectives have largely been achieved, and a set of key inter-related standards and other best practice documents and templates have been adopted by UNECE member states in line with the “goal standards” advocated by the G20. The Specialized PPP Center of Excellence “Policies, Laws, and Institutions”, created in France with broad public and private support, has been the main driving force behind this ambitious program. The work was carried out according to a highly rigorous methodology set out in a detailed MoU. Over 10,000 hours of work by public and private experts from all continents have been deployed.

Let's now delve into the work performed.

Important note: The UNECE package is only regulating Concession/PPP projects which support the SDGs (referred to originally as people-first PPPs) and not other forms of PPPs.

The synthetic definition of People-first PPP (PfPPP), is addressed in the UNECE evaluation methodology for the SDGs (PIERS) as follows:

- A physical infrastructure that supports a public service is designed, financed, built or rehabilitated and operated by a commercial enterprise selected through a competitive bidding to provide the service in accordance with the provisions of a contract concluded with the public authority responsible for providing the service.
- The contract, based on functional specifications and performance criteria, provides for the private company to be remunerated by the public authority or by the end-users, or a combination of both.
- The service is provided for a period calculated so that the company can amortize all costs and make a reasonable profit
- At the end of the term, the infrastructure is transferred in good operating condition to the public authority, generally without compensation unless such compensation is provided for in the contract



Several conferences have taken place in 2023, to test the impact of the UNECE Concession/PPP package. At the occasion of the Infracore conference, the Center addressed the impact of the package on the resiliency of PPP contracts, based on five key questions for which basic and operational answers can be found in the Concession/PPP Framework Law, recently adopted by the member states after numerous exchanges with the Bureau and another expert team.

For the Center, many questions on the “resiliency” of Concession/PPP contracts are as follows:

- A)** How to protect against changing economic and financial conditions?
- B)** Can we expect a fair outcome in the event of early termination?
- C)** How can we adapt to citizens' changing needs in a fair and balanced way?
- D)** What guarantees are there to protect investments?
- E)** Can we expect a fair process for preventing and resolving disputes?

A) How to protect against changing economic and financial conditions ?

Prerequisite; spend time to reach a deep consensus on the common objectives of the venture and clear expectations on its economic and financial viability; in a nutshell a real Partnership venture.

Article 24 - Main terms and conditions of PPP contracts

Need of recitals identifying the key premises upon which the parties are entreing into the PPP contract.

Article 32 - Protection of Public Service and Contract Equilibrium

The projects's economic and financial assumptions, and its investement and service provision requirements ,as reflected in the PPP contract should be designed in such a way as to make the PPP project practically, economically and financially viable (including an appropriate return for the private partner); more particularly for Concessions:

Tariffs and Charges; the PPP contract should include principles and mechanisms for setting, calculating, and /or adjusting tariffs and charges payable under the contract so as to enable a reasonably efficient partner to perform its obligations and deliver the public service over the life of the contract.

B) Can we expect a fair outcome in the event of early termination?

Article 25 - Termination compensation

Where the PPP contract so provides either party shall be entitled to compensation from the other for early termination for any reason in an amount and a basis calculated in accordance ith its terms and applicable law. Due considerations shall be given by the parties concluding a PPP contract to the principles upon which any such compensation should be calculated such as ;

Fair and non amortized value of any asset transferred to the contracting authority.

Compensation for costs and losses suffered by either party a result of early termination including loss of profit.

For **implementation** in a balanced manner avoiding complex negotiations, Ref; UNECE recommended contract clauses for Concession contracts

C) How can we adapt to the changing needs of citizens in a fair and balanced way?

Article 32 - Adaptability

The private partner may be given certain obligations in the contract to change and adapt the public service as necessary in response to changing public needs during the term of the project and/or make propals for the same to the contracting authority for its consideration. The terms of the contract may entitle the contracting authorities , when public interest justifies it to impose such changes and adaptation unilaterally, but subject to the economic equilibrium safeguards and mechanisms and other relevant conditions set out in the contract's terms (such as extensions of deadlines and/ or increase in tariffs) and/or otherwise provided by applicable law

For **implementation** in a balanced manner avoiding complex contract negotiations, Ref; UNECE Recommended contract clauses for Concession contracts

D) What are the investment protection guarantees?

Article 30.3 - Not undue interference;

The contracting authority shall not take any steps or measures which would have the effect of unduly intrefereing with, obstructing or prejudicing the partner freedom to control and manage the assets and activities comprised in the PPP project and to exercise its rights and perform its obligations thererunder, including its rights to receive and enjoy the revenues and returns on investement properly received threfrom save only as permitted by the.express terms of the PPP contract and /or Applicable law

For **implementation** in a balanced manner avoiding complex contract negotiations Ref UNECE recommended contract clauses for Concession contracts

E) Can we expect a fair process for preventing and resolving disputes?

Article 36 - Dispute prevention and alternative dispute resolution

The law organizes genuine partnership relationships and a scaled dispute avoidance and dispute resolution mechanism, in four steps:

- **Partnership:** the parties meet regularly in a structured manner to exchange views in order to provide for the harmonious development of the project
- **Dispute avoidance/resolution board (DRB):** a panel of three competent personalities monitors the project's development from its origin, regularly inviting the parties to take part, and generally acting as a mediator
- **Mediation (mostly organized when DRB is not in place and when a dispute has crystallized):** The mediator or a mediation board helps to overcome information asymmetries, optimize agreements, manage psychological barriers to negotiation, as well as the emotional and relational aspects that must be preserved in long-term business relationships
- **Arbitration:** when amicable settlement fails, the matter is submitted to arbitration in accordance with accepted international arbitration procedures



The example of the impact of the Framework Law on contractual “resiliency” permitting to maintain contractual equilibrium for the duration of the project is one of the mechanisms which is contributing to attract the private sector to bid for Concessions/PPP projects for essential public services. There are several other core issues, which are also addressed in the UNECE package, aiming at proposing altogether a comprehensive set of practical solutions valid for most people-first PPP projects around the world, irrespective of sectors and legal systems.



PPPs & VARIETIES



Conflict Prevention in Public-Private Partnerships

CONFLICT PREVENTION IN PUBLIC-PRIVATE PARTNERSHIPS

BY JEAN-CHRISTOPHE BARTH, WAPPP EXECUTIVE DIRECTOR AND INTERNATIONAL DEAL MEDIATOR

On the occasion of the IIMC Colombo Investor-State Mediation (ISM) Competition, WAPPP organised a PPP mediation workshop in Sri Lanka [1]. The workshop outlined the characteristics and long-term nature of public-private partnership arrangements and the need to ensure sound Dispute Systems Design (DSD), for example by making use of the new ICSID mediation rules (from 2022) to help both the investor and the Public Authority to resolve the conflict more efficiently and with interest-based outcomes (as compared to arbitration which only allows to settle things that happened in the past).



Conflict preparedness mechanisms reinforce the resilience of PPPs and provide support to solve conflicts on infrastructure projects. It is important to stress the positive aspects of conflicting ideas and approaches as a source for creativity and innovation, e.g. adding aspects of sustainability and resilience or value for future generations (cf. a paper I co-authored on Making PPPs fit the 2030 Agenda).

To successfully lead high-impact negotiations and to resolve the conflict, it is not only necessary to approach negotiations with the right mindset, but also to prepare the setting-up of proper delegations of authority among public agencies, to define who is responsible for the potential investment disputes, who trains relevant employees, who covers the costs involved, and who makes the final decision. Moreover, adequate coordination and communication among government entities, information sharing, and sound institutional cooperation are necessary.

From my experience as a Contract Manager on large infrastructure projects and as has been pointed out by leading construction dispute experts [2], avoiding disputes is crucial to preserve a good working relationship in a PPP project and it can be done as follows:

1. Informing all stakeholders about the potential challenges and remedies.
2. Visualizing contractual relationships in an **Obligations and Rights Matrix** to make Contract Management more effective as it speeds up understanding in multi-competence teams and leads to fewer misunderstandings.
3. Developing and honing a partnering approach to enable regular exchanges among project partners; this is proven to improve the collaboration culture.

4. Setting up a **Memorandum of Understanding and Process (MoUP)** from project inception, to give words to address all the non-formalized needs and hopes of the respective project partners. Creating such a psychological contract is a great way to chart the purpose, spirit, values and behavioral expectations that each side brings to the table; these expectations may evolve over time but using a MoUP as an adaptable tool to voice the high stakes and underlying interests are fundamental for the PPP. Robust processes are needed to move forward and a MoUP signals the willingness of the parties to make the project a success.

5. Designing **Conflict Escalation Schemes** that take stock of the frequent technical challenges, change requests / variation orders by defining efficient procedures to resolve conflicts, help avoid loss of time, energy, and needless point scoring during negotiations.



An organization's operational system should encompass some of these Dispute Avoidance processes and be accompanied by the Project Management Office for a focused implementation along the project's duration.

Opting for the use of a Deal Mediator is certainly a smart move as it:

- 1.Helps clarify the differences between the parties resulting from distinct cultural differences that potentially inhibit an agreement.
- 2.Allows the parties to reflect and anticipate all potential friction points and to adopt a bespoke process adapted to the PPP parties' needs and situation.
- 3.Avoids positional bargaining during the deal making by identifying interests / solutions that generate mutual advantages.
- 4.Permits to dig beyond the defined positions and open up a zone of possible agreement (ZOPA) so the parties can start imagine and co-create collaborative and consensual solutions.



In other words, deal mediation [3] can act as a project performance catalyst and provide critical help to avoid unnecessary cost and unsuccessful negotiations. It can transform animosity between PPP partners by channelling a rational risk analysis to better control the deal process and ensure mutually sustainable commercial relations over the contract life-cycle.

No matter the final outcome of the negotiation process, the time spent together (parties with #dealmediator) will help all stakeholders to gain a much better understanding of the respective needs and prioritize the real interests. This will help the parties make self-determined decisions at the negotiation table, that enhance the mutual value and benefit of the PPP.

Foreign Direct Investment (FDI) and particularly PPPs as a tool for development are very much needed to close the huge infrastructure gap, particularly in developing countries.

- Deal Mediation could be useful in avoiding any such misunderstandings and clarifying differing viewpoints that arise from a difference in backgrounds.
- If the Deal Mediator were present from the very early stages of the drafting of the deal, they would possess a thorough understanding of the negotiated agreement.
- The Deal Mediator may also have a specific expertise in an industry and can assist the parties to anticipate areas of potential dispute.

Better than litigation or arbitration that may lead to a compensation payment without any change in the problem at hand, Appropriate Dispute Resolution in form of a Mediation comes with the possibility to negotiate and close "deals" between the investor and the public Authority that will solve the entire problem.

A recent example is the Victorian government's (Australia) decision to pull out of the Commonwealth Games [4] which was settled out of court, only 6 weeks after the termination, through co-mediation (waiting for an unpredictable win-loose court decision or a multi-party arbitration ruling would have taken years). While preserving strict confidentiality on the exact terms, it also gave the Victorian Minister the possibility to go public with a carefully crafted political narrative "not a dollar more, no court action, the matter is closed off and finalised". Using co-mediators (selected by the parties) with complementary skills, can add real value and yield excellent results, especially in culturally sensitive international disputes.

Can we afford not to try mediation?

If you are interested in learning more about Investor-State Dispute Settlement (ISDS), I recommend the UNCTAD publication from 2010 on Investor-State Disputes: Prevention and Alternatives to Arbitration.

[1] WAPPP Executive Director [Jean-Christophe BARTH-COULLARÉ](#), Mediator [Federation Suisse Mediation](#), [Shiandra Cooneratne](#), Mediator [International Mediation Campus](#), and [Sadiyah Reyal](#), Mediator [IMI - International Mediation Institute](#), teamed up for an immersive workshop on "Project Dispute Avoidance and Resolution Mechanisms available within Public-Private Partnerships"; the open invitation event was attended by a team of public officials from the National Agency for Public Private Partnership (NAPPP) which is part of the Sri Lanka Ministry of Finance, Economic Stabilization and National Policies, the Board of Investment of Sri Lanka, the [Asian Development Bank \(ADB\)](#), as well as students enrolled in the ISM competition and several mediation professionals from varied countries. The workshop was valuable to participants as it offered insights into how to resolve conflicts in PPPs as Sri Lanka emerges from a period of economic and political instability.

[2] Keep talking to avoid disputes, say expert webinar panelists

[3] « 'Deal Mediation' is a new, potentially powerful tool for lawyers who negotiate global deals and for others who seek wise and fair agreements in complex environments. It has as much to do with issues of culture, values, trust and adaptability as it has to do with law and contract... » cited from Deal Mediation: How ADR Techniques can help achieve Durable Agreements in the Global Markets; Hager & Pritchard, Transnational-Dispute Management (2004).

PPPS & VARIETIES



The Catalytic Role of Philanthropy in PPPPs



THE CATALYTIC ROLE OF PHILANTHROPY IN PPPPS

:BY MAX VON ABENDROTH, WAPPP CHAIR PHILANTHROPY IN PPPS CHAPTER & LEAD PUBLIC, PRIVATE AND PHILANTHROPY COLLABORATION, TPI

Have you ever thought about engaging with public benefit foundations when designing a PPP?



These philanthropic organisations are very special structures and difficult to grasp, but have unique catalytic potential for a wide range of partnerships that aim for a sustainable and socially just future.

Philanthropy is defined as private resources used for public good (www.philea.eu). These resources include time, knowledge, networks, and funding. Public benefit foundations are the institutionalized form of philanthropy that we refer to in the “Philanthropy in PPPs” Chapter at WAPPP.

In order to find ways to be more transformational, philanthropy is not only funding and supporting social sector actors, tackling systemic economic, social and environmental challenges, but is leveraging its impact by working more often with both the private and public sectors.

In the WAPPP Chapter “Philanthropy in PPPs” we will build a deeper understanding of how PPPs may engage with philanthropy, provide a space for knowledge sharing and learning for practitioners as well as develop a Technical Assistance Facility for philanthropy in PPPs.

The recent study *“Systems Change Activation – Empowering philanthropy’s catalytic role in transformative PPPPs”* conducted by The Partnering Initiative, TPI, in collaboration with WAPPP is looking into the specific nature of philanthropy in partnerships with the public and private sectors. During the research conducted across 49 public-private-philanthropy partnerships (PPPPs) on all 5 continents across different thematic areas, a range of findings emerged that can be found in the report.



One of the exciting findings of this research is that PPPs enable businesses and investors to act in a fully commercial way. This will be needed, if the world is to reach the scale of solutions required for the challenges we face, for example closing the finance gap in climate finance: through 2030 8,1 – 9 trillion USD p.a. are needed, but global finance stood at 1,3 trillion USD in 2021 & 2022 [source: Global Landscape of Climate Finance 2023: www.climatepolicyinitiative.org, November 2023].



At the same time only 2% of philanthropy's spending worldwide is dedicated to climate change [source: Funding trends 2023: Climate change mitigation philanthropy - ClimateWorks Foundation, November 2023]. These finance gaps need to be closed and partnering across the public, private and philanthropy sectors is one way of doing so.

PPPPs may create a pipeline of projects that will be an attractive proposition for the large amounts of capital that are available in global markets. These partnerships have a variety of ways of creating these opportunities for private sector-led growth through partnerships not subsidy (the examples referred to are included in the [PPPPs Library](#)):

- Structural: partners from different sectors are in separate governance mechanisms but the outputs from both are interdependent on each other, as the Quality Education India Development Impact Bond (India) and Ciudad del Bicentenario (Columbia) partnerships did in different ways.
- Blended finance: each funder or investor in the package is receiving a return commensurate with their appetite for risk, which for commercial investors is benchmarked against a financial market, for example ACELI, a PPPP that adopts a blended-finance approach to finding suitable investment for small agricultural companies in Africa [source:<https://www.convergence.finance/resource/aceli-africa-case-study/view>].
- Demonstration: providing evidence that a business model that a company or investor believed would not be profitable can be scaled commercially, such as the East Carroll Parish PPPP (US, Louisiana) did.
- Pre-competitive: The type of PPPP where all the partners are integrated into one governance structure appear to be less common, but there are examples of this such as CLEF (Cote d'Ivoire) where the business benefits are shared across a supply chain and do not create competitive advantage for any one company.

PPPPs can create scale in solutions using public funding as well when there is activation of state- or national-level initiatives that are struggling to attract support from other sectors. The Just Energy Transition Partnership (South Africa) and Capacity PPPPs (Italy) are examples of where this is happening.

The Philanthropy in PPPs Chapter aims to build on the work we have started with TPI and the global support network and provide guidance to partnership practitioners to leverage these opportunities as well as support the WAPPP community to engage with public benefit foundations to jointly build a sustainable and socially just future.

PPPS & VARIETIES



**Building on COP28: WAPPP is
at the Forefront of Bridging
the Climate Finance Gap**



BUILDING ON COP28: WAPPP IS AT THE FOREFRONT OF BRIDGING THE CLIMATE FINANCE GAP

BY JYOTI BISBEY, WAPPP, MEMBER OF THE EXECUTIVE COMMITTEE



Recent numbers on the gap between needs and actual financing in climate action do not look optimistic. Global climate finance stood at \$1.3 trillion in 2021/2022 with \$1.15 trillion (or 90%) in mitigation and less than 10% in climate adaptation. The total climate flow is less than 10% of the average annual climate finance needed through 2030 of \$8.1 to \$9 trillion.

Income divide is more explicit for climate flows. Less than 3% of the global total (\$30 billion) was allocated to or within least developed countries (LDCs), while 15% went to or within emerging markets and developing economies (EMDEs) excluding China. The ten countries most affected by climate change between 2000 and 2019 received just \$23 billion; less than 2% of total climate finance. East Asia and the Pacific, the US and Canada, and Western Europe account for a combined 84% of total climate finance.

Real mobilization of private capital for climate action in low- and middle- income countries is falling behind. Private climate flows were about 49% (\$625 billion) of total climate finance. Most private finance was concentrated in the US, Western Europe, and other developed economies, and mainly targets mitigation efforts. More than \$571 billion or 91% of this funding was channeled domestically. The majority (31%) came from private households, attributed to an increase in electric vehicles (EVs) sales. LMICs are falling behind.

Public development financial institutions continue to dominate in providing climate finance in LMICs. National development financial institutions (DFIs) remained the largest source, committing \$238 billion (or 37% of the public total), dominated by domestic commitments by institutions in East Asia and the Pacific. Boosting capacity of domestic agencies is even more critical in low- and middle-income countries (LMICs), if we are going to address climate change in a significant way. However, LMICs need more than domestic public FIs, if they want to move the needle on climate action.

While there are many International development financial institutions (DFIs), they are often slow and provide limited funding. For instance, multilateral climate funds (MCFs) provided \$3 billion, representing only 0.5% of public climate finance. Multilateral DFIs provided \$93 billion, or 15% of total public commitments in 2021/2022. Only roughly 45% of financing from multilateral DFIs went to EMDEs, and 40% to developed countries. Majority of multilateral DFIs money is still rendered as loans (61%) in LMICs, instruments which de-risk and leverage private capital are few, cumbersome and fragmented, further burdening already debt-laden economies. Making the already debt-burdened economies even more debt-laden.



In an environment of critical climate finance needs in LMICs and growing pressure on MDBs to move towards leveraging private capital, WAPPP has become a thought leader in addressing the fundamentals and underlying systemic issues which challenge climate action and private capital flows in LMICs.

- *First*, calling for climate risk assessment and mitigation with a holistic approach. PPPs are a tool for development and unless multi-stakeholder management is undertaken to integrate climate risks in planning, preparation, and implementation; a solely finance-based solution will not impact the value for future generations. WAPPP has published its thought piece on the [ecosystem methodology](#).
- *Second*, by partnering with the [International Sustainable Resilience Center \(ISRC\)](#), a three-part



investment modeling and analysis toolkit is available to our members. The tool kit starts with data collection on mapping the target area for existing information on climate-related events and risks and comparative data analysis to generate future climate-related information. Second step is to run scenarios on extreme events to assess the readiness of the public agencies to tackle the loss and damage and understand the prevention of such scenarios. Third step is to run the future impact evaluation to the present for a return on investment with better decision making today to avoid the impending losses. For more information on the Disaster Impact toolkit, please visit: <https://isrcngo.org/disaster-impact-tool-kit/>

- *Third*, as philanthropy has become a major stakeholder in the global development and finance landscape, WAPPP has launched a new Chapter on public-private-philanthropy partnerships (PPPPs). This Chapter, in collaboration with The Partnering Initiative, explores various ways philanthropy can catalyze and re-risk investments in LMICs.
- *Fourth*, WAPPP is proud to be an executive advisory board member of the FAST-Infra Label. The FAST-Infra Label is a globally applicable label for projects demonstrating significant positive sustainability performance. It is designed to enable all market players, including developers, operators, and investors to show the positive impact of an infrastructure asset, and attract investors seeking assets which positively contribute to sustainable outcomes.
- *Lastly*, WAPPP has announced that Small PPPs will be a special focus of its activities and has launched a year-long program of small PPP challenges to the global PPP community. WAPPP recognizes that most of the LMICs projects are at local level. These projects are smaller in size, deal with many different jurisdictions at both national and sub-national level, not necessarily ready to be fully financially viable based on user fees and in many ways more complex to structure due to inter-dependent governance and social challenges. We want to explore, understand, reach out and possibly increase thought leadership on this very critical and important segment of impact. These are the projects which face climate risks the most and will have the most long-lasting influence on climate action and capital mobilization.

Global climate finance has a long way to go. WAPPP, with its immense network in both public and private sectors, has a front seat to become the convener of innovation. We will have and will continue to seek creative ideas, which will be rolled out progressively. Do you want to be part of this dialogue and initiatives? [Join our growing community today.](#)

WELCOMING PPP UNITS

A formal welcome to all PPP Units that joined the WAPPP community in the last quarter.



مكتب أبوظبي للاستثمار
ABU DHABI INVESTMENT OFFICE

Abu Dhabi Investment Office
(ADIO)



Invest Cyprus



MINISTRY OF ECONOMY
AND DEVELOPMENT

Investment policy department, Ministry of economy
and development (Mongolia)



CARPA (Cameroon)



PUBLIC PRIVATE
PARTNERSHIP AGENCY

Public Private Partnership Agency
(Georgia)



Ministry of Investment
Public Private Partnership Unit

PPP Unit (Jordan)



Public Private Partnership Authority (P3A)
(Pakistan)



Plateau State Infrastructure
Promotion & Regulatory Agency (Nigeria)



PPP Unit (Sierra Leone)

WAPPP MAGAZINE

THE NEXUS HUB FOR PPPs

WINTER
2024

**WAPPP:
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