

# COUNTRY GUIDANCE



## Public-Private Partnerships for Sustainable Development in Asia and the Pacific

*Version 1.0*



The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 Member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.



The shaded areas of the map indicate ESCAP members and associate members.

The country guidance has been produced by Mathieu Verougstraete, Economic Affairs Officer, Macroeconomic Policy and Financing for Development Division of UNESCAP, with the assistance of two consultants, Rolf Dauskardt and Abhaya K Agarwal. Part of the research for this country guidance document was supported by the Korea Development Institute (KDI) grant funded by the Ministry of Strategy and Finance, Republic of Korea.

The SDG statistics in Part II of this report come mainly from the ESCAP's Statistical Yearbook 2016 - SDG Baseline Report ([http://www.unescap.org/sites/default/files/ESCAP\\_SYB2016\\_SDG\\_baseline\\_report.pdf](http://www.unescap.org/sites/default/files/ESCAP_SYB2016_SDG_baseline_report.pdf))

The paper describes research in progress by the author(s) and are published to elicit comments and debate. The views expressed in this paper are those of the author(s) and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations.

Cover photo credit: Shutterstock (Rawpixel.com) - Inside photo credit: Shutterstock

This paper has been issued without formal editing.

---

# COUNTRY GUIDANCE



## Public-Private Partnerships for Sustainable Development in Asia and the Pacific

*Version 1.0*

# INTRODUCTION

## 1. Background

The Sustainable Development Goals (SDGs) are a set of 17 goals, including 169 targets, adopted by world leaders in September 2015. The SDGs represent a vision, an ambition, a target, and a measure for countries with regard to sustainable development and a sustainable future.

Developing countries in Asia and the Pacific can work toward achieving the SDGs by strengthening the delivery of public infrastructure and services. Most of countries in the region, in line with similar global trends, are striving to involve the private sector in the provision of needed infrastructure and services. In this context, public-private partnerships (PPPs) have become a dominant model.

While the exact definition of PPPs differs between countries, in general PPPs refer to:

- long term contractual relationships between public and private parties,
- awarded through a competitive tendering process,
- in which the private party delivers over the contract duration public infrastructure and services,
- where (part of) the financing required is provided by the private partner, and
- where (sufficient) risks are transferred to the private partner and its remuneration is linked to its performance.

## 2. PPPs and the Delivery of Public Infrastructure and Services

PPPs are a method through which public infrastructure and services are delivered by the private sector. The PPP method is often contrasted to public delivery or 'traditional' or 'conventional' procurement.

Under public delivery, a government body or agency designs, builds, operates, and finances the infrastructure and related services. Public delivery can include traditional or conventional procurement, in which the public agency hires a firm (or firms) to undertake one part of the project, usually the construction stage, and where award is commonly made to the lowest price bidder. In this model, the public agency remains directly responsible for the infrastructure and services and accountable for all project risks.

In contrast, under a PPP arrangement, significant responsibility and risk for designing, delivering, operating, maintaining and (partly) financing the public infrastructure and services are transferred to a private company (or companies). The roles, responsibilities and risks of the company/ies are set out in a PPP contract, where also the responsibilities of the public partner are formalized. PPP procurement involves the whole project, including operation and maintenance of the infrastructure and services over many years or decades. For PPP projects, the award is mostly made to the bidder offering the best value-for-money, namely the best combination of project quality, quantity, cost and risk.

PPPs may contribute in several ways to the delivery of public infrastructure and services in a country. On the one hand, PPPs could improve the volume and pace of infrastructure delivery by mobilizing the technical, managerial, operational and financing capacity of the private sector. On the other hand, PPPs can improve the value-for-money achieved in infrastructure projects.

An opportunity exists for developing countries in Asia and the Pacific to ensure that their PPPs contribute optimally to meeting sustainable development and the SDGs. This opportunity is at least at two levels, which are covered respectively in Part I and II of this document:

- Incorporating SDGs into PPP programmes and projects to ensure that SDGs are well integrated into the whole PPP process (Part I)
- Developing PPP projects that contribute to the achievement of SDGs directly linked to social and economic infrastructure sectors (Part II)

## 3. Using the Country Guidance

This country guidance is intended to provide inspiration and practical actions for countries wishing to maximize the contribution that their PPP programmes and projects make in meeting the SDGs. The guidance is intended for use by leaders, managers, practitioners and experts from the public and private sectors, and wider civil society.

The guidance is not stage specific, meaning that it can be used at any point for reviewing the SDG relevance of existing PPP programmes and projects, as well as during the design of new programmes and projects.



## PART I

# Incorporating Sustainable Development Goals into Public-Private Partnership Programmes and Projects

### A. SDGs and PPP projects/programmes

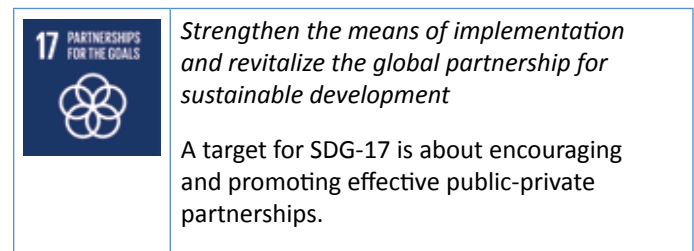
Governments should incorporate SDG into:

- **PPP programmes** - Many countries have established programmes to enable and support PPP projects. Such PPP programmes often include the development of specific policies, legislation and institutional arrangements, as well as for-purpose procedures and other support mechanisms. They also frequently involve dedicated resources and facilities for PPP project origination, pipeline development and transaction support. These policies, laws and institutional arrangements should integrate sustainable development considerations.
- **PPP projects** – PPP projects themselves should contribute as much as possible to reaching SDGs. PPP projects generally have a long contracting period (e.g. 20 years) and the life of assets created can be even longer. By failing to incorporate environmental and social implications right from the beginning, public authorities would miss a unique opportunity to significantly reduce the whole life cycle costs of an infrastructure project.

Both PPP projects and the design of PPP programmes should contribute directly or indirectly to meeting the various SDGs. A close examination of SDGs shows that all of them can be linked with the project outputs (i.e. the PPP project level). Some SDGs also relate to the wider programmatic framework within which projects are delivered – the PPP programme level.

Of course, these two levels are interrelated; for example, requirements and priorities may be set at the programme level that guide what types of projects are delivered. Similarly, some SDGs are relevant at both the programme and the project level, such as gender equality considerations that can be addressed both in how programmes are managed, and how specific projects are designed.

Among the different Goals, SDG-17 specifically deals with partnerships.









The other SDGs are discussed in the tables below together with concrete examples of PPP projects from the region. For each Goal, the table highlights whether and how a PPP project may contribute to reaching that Goal. The table also identifies whether the Goal can be addressed through the design of a country's PPP programme.




To facilitate the analysis, the Goals are split into two groups: the ones directly linked to social and economic infrastructure sectors, and the ones with indirect links with infrastructure development.

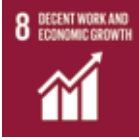


Part II of the country guidance will focus on the first group of Goals and provide details on PPP project implementation in infrastructure-related sectors.

The rest of Part I is structured as follows:

- **Section B “Incorporating SDGs in PPP Programmes”** – this section explores how SDGs may be incorporated into or addressed through PPP programmes.
- **Section C “Incorporating SDGs in PPP Projects”** – the section starts by describing the generic four-stage PPP project cycle, namely: Identification, Preparation, Transaction and Management. The section then discusses how SDGs can be incorporated during each of these four stages.

SDG	Group 1: SDGs directly linked to social and economic infrastructure sectors
	<p><i>Ensure healthy lives and promote well-being for all at all ages</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can directly address the provision of health care and social services provision, potentially improving quality, coverage and accessibility.</li> </ul>
	<p><i>Ensure inclusive and quality education for all and promote lifelong learning</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project may provide education facilities and services, as well as vocational education and training to support lifelong learning. A PPP project company can also include continued training and education of the staff involved in project operation.</li> </ul>
	<p><i>Ensure access to water and sanitation for all</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can directly involve the delivery and management of water and sanitation infrastructure and services.</li> </ul>
	<p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can target energy generation, distribution and/or transmission, including the introduction of renewable energy solutions. Non-energy PPP projects dealing with other infrastructure and services can also include the use of renewable energy and energy efficiency measures.</li> </ul>
	<p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can be used to develop infrastructure such as industrial parks, special economic zones and dry ports that impact industrial development. Likewise, a PPP project can be used to improve access to information and communication technology.</li> <li>PROGRAMME: A PPP programme can include institutional support and mechanisms to encourage innovation more widely in the infrastructure sector, such as Unsolicited Proposal (USP) processes where the private sector is invited to initiate and propose project ideas.</li> </ul>
	<p><i>Make cities inclusive, safe, resilient and sustainable</i></p> <ul style="list-style-type: none"> <li>PROJECT: PPP can be a central mechanism through which most of the infrastructure and services involved in urban development are provided and managed, including specific projects for public transport and solid waste management.</li> </ul>

SDG	Group 2: SDGs indirectly linked to infrastructure projects
	<p><i>End poverty in all its forms everywhere</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can directly address poverty alleviation, for example by providing essential infrastructure services, or indirectly by creating jobs opportunities in labour intensive construction projects.</li> <li>EXAMPLE: PPP solutions are considered for developing social housing in Australia.</li> </ul>
	<p><i>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project may impact agricultural production, food supply chains, and potentially even nutrition support programmes. PPP projects can also target rural infrastructure, which in turn affect agricultural productive capacity.</li> <li>EXAMPLE: Grain storage facilities in Punjab, India have been developed through PPP to enhance food security and reduce losses due to exposure and deterioration.</li> </ul>
	<p><i>Achieve gender equality and empower all women and girls</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can deliver infrastructure and services targeting gender specific needs. A PPP project company can also ensure its governance and staffing improve gender equality.</li> <li>PROGRAMME: A PPP programme could include specific provisions for addressing gender equality in the composition of institutions established to support PPPs. This kind of provision could also be applied for the appointment of advisors and experts. Policies could also ensure that gender considerations are taken on board in stakeholder consultations.</li> <li>EXAMPLE: Guidelines and checklists for gender in PPPs have been drafted in Lao PDR (<a href="http://www.investlaos.gov.la/images/sampleddata/pdf_sample/Lao_PPP_Gender_Guidelines-Checklists_Ver_1_Eng.pdf">http://www.investlaos.gov.la/images/sampleddata/pdf_sample/Lao_PPP_Gender_Guidelines-Checklists_Ver_1_Eng.pdf</a>).</li> </ul>

SDG	Group 2: SDGs indirectly linked to infrastructure projects
	<p><i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can directly address infrastructure gaps while generating employment. This should positively impact the region's economic growth, which is often hampered by shortage of roads, power plants and other basic infrastructure.</li> <li>PROGRAMME: A PPP programme creates jobs for people with specialized skills and expertise in both the public and private sectors. Policies, laws, and contractual clauses can also be designed in such a way that they encourage more participation of Small and Medium-sized Enterprises (SMEs) in PPP projects, which should make infrastructure projects more inclusive.</li> <li>EXAMPLE: The outsourcing of road construction and maintenance to the local private sector in Samoa led to 2,000 new jobs while improving the quality of roads according to an ADB study (<a href="https://www.adb.org/sites/default/files/publication/190073/samoa-jobs-ppp-reform.pdf">https://www.adb.org/sites/default/files/publication/190073/samoa-jobs-ppp-reform.pdf</a>).</li> </ul>
	<p><i>Reduce income inequality within and among countries</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can address the provision of infrastructure and services focused on the needs of lower income groups while providing employment to these groups, thereby encouraging income equality. PPP project companies can also establish community support initiatives.</li> <li>EXAMPLE: In the Indonesian mining sector, specific requirements for community development in mine PPP projects are being introduced.</li> </ul>
	<p><i>Ensure sustainable consumption and production patterns</i></p> <ul style="list-style-type: none"> <li>PROJECT: A PPP project can directly influence production factors, and indirectly address consumption and production by applying economic principles (e.g. pricing, user pays, and so on).</li> <li>EXAMPLE: Transport and utility projects with user charges (e.g. tolled highways) connect payment to usage of infrastructure services, leading to more accountable consumption.</li> </ul>
	<p><i>Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy</i></p> <ul style="list-style-type: none"> <li>PROJECT: Infrastructure projects can be designed to withstand potential impacts from future climate change-related events.</li> <li>PROGRAMME: A PPP programme can incorporate policies to promote resilience and deal explicitly with climate risks. For instance, a PPP policy may require the inclusion of certain type of insurance, explicit allocation of climate-related risks, and integration of climate resilience into project appraisals.</li> <li>EXAMPLE: PPP projects may specifically address climate change impacts, such as the Jakarta Coastal Defence project or the Manila Bay Integrated Flood Control, Coastal Defence and Expressway Project.</li> </ul>
	<p><i>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</i></p> <ul style="list-style-type: none"> <li>PROJECT: PPP projects that interact with ocean, sea or marine resources can include provisions to improve sustainable use of these resources.</li> <li>EXAMPLE: PPP solutions are considered for the development of the fisheries sector and aquaculture in an environmentally and socially responsible manner in Viet Nam (<a href="http://wwf-nanda.org/?252253/PPPA">http://wwf-nanda.org/?252253/PPPA</a>)</li> </ul>

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_1261](https://www.yunbaogao.cn/report/index/report?reportId=5_1261)

