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**ECONOMIC COMMISSION FOR EUROPE**

COMMITTEE FOR TRADE, INDUSTRY AND  
ENTERPRISE DEVELOPMENT

Working Party on International Legal  
and Commercial Practice

Item 4 of the provisional agenda

**INFORMATION BULLETIN NO.1**

**FORUM ON**

**PUBLIC-PRIVATE PARTNERSHIPS FOR INFRASTRUCTURE: THE NEXT STEPS**

**to be held at the Palais des Nations, Salle XIX, Geneva, Switzerland  
on 4 and 5 December 2000**

**Background and Purpose**

1. New private financing techniques for the development of infrastructure - energy, transport, municipal services (water, sanitation, waste disposal), telecommunications – continue to attract the interest of governments. This is particularly so for the transition economies of Central and Eastern Europe where infrastructure needs are huge. The challenges of raising resources for developing, rehabilitating and modernizing infrastructure, are pressing. Accession to the European Union in particular requires new standards and improvements in efficiency and environment protection, which will in turn require attracting and promoting major new investments.
2. Reflecting the interest of Governments in these new privately funded techniques, the Committee for the Development of Trade, in December 1995, agreed to establish an Expert Group, drawn from enterprises, governments and international organizations, to promote such new project finance techniques – public-private partnerships (PPPs) - in the transition economies and to prepare Guidelines

on best practices<sup>1/</sup>. The Group attracted support from governments, from many companies doing business in the region and from organizations such as EBRD and UNIDO. In developing these Guidelines, the Group gauged support for, and examined the experiences of, the application of PPPs, by holding an extensive round of consultative meetings with several Governments from Central and Eastern Europe, and by organizing seminars, training programs and developing pilot projects.

3. During the work of the Group in the transition economies and elsewhere, the concept of privately financed infrastructure projects, e.g. Build-Operate-Transfer (BOT), etc., has evolved considerably. Initially, governments tended to view private financing of infrastructure as something of a temporary, stopgap measure to be used until the domestic capital markets were more developed. Gradually, however, the use of privately financed concessions and the privatization of infrastructure, has become a standard policy option for many Governments. They now see these privately funded arrangements as critical and 'normal' for social and economic development. Moreover, many governments of transition economies have now come to appreciate that the involvement of the private sector is critically important in bringing their infrastructure up to the economic efficiency and environmental standards of the EU and other advanced countries.

4. However, while these new techniques are being applied with success in other parts of the world, in Europe in contrast, there is still a need for a more concerted effort, from both private and public sectors, to make these practices more easily accessible and more widely used. As part of this effort the Group has prepared a set of Guidelines on best practices, including a number of recommendations that involve both the public and private sectors. These are designed to accelerate the implementation of private funding initiatives and to create a better climate for cooperation between the public and private sectors in the transition economies.

5. In order to launch this new thinking and this innovative approach the Working Party on International Legal and Commercial Practice (WP.5) agreed to hold its next Forum on the topic, "Public-Private Partnerships for Infrastructure Development; the Next Steps" that would have as its following objectives to:

- I. Present the Guidelines of the UN/ECE Expert Group on the value and relevance of Public-Private Partnerships (PPP) for infrastructure development in the transition economies;
- II. Assess the specific problems of applying PPPs to South East Europe and other regions with special needs and problems;
- III. Establish an effective framework - a **Public-Private Partnership Alliance** - for the promotion of the concept.

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1 The Group has become known as the UN/ECE BOT Group. Its Chairman is Mme Corinne Namblard Bouverot, is an expert on Build Operate Transfer (BOT) projects who works for EGIS, a leading French transportation company.

## **Key Challenges**

6. The private funding of infrastructure, through **Public-Private Partnerships** (PPPs) -defined as management contracts, joint ventures, Build Operate Transfer (BOT), concessions, or privatizations - can make an important contribution in assisting governments to meet the challenge of developing modern and efficient infrastructure. Both public and private sectors stand to benefit from this relationship. New investment can be attracted; governments' debt burdens can be prevented from further increasing and government resources released for other programmes. Infrastructure investment also fosters economic growth and development. PPPs can increase both the quality and quantity of services such as heating, lighting, transport, communications, water and waste disposal.

7. Evidence of the benefits, which can flow from privately funded projects in the transition economies already exists in sectors such as:

**Water:** Bucharest (April 2000). Recently, the French utility company Vivendi was awarded a twenty-five year concession to provide water and pipeline rehabilitation services to the Capital city. It is estimated that Vivendi will spend about 1 billion USD over the life of the contract to construct a new treatment facility and modernize the existing water system.

**Energy:** Zagreb (January 2000) Enron, a U.S. energy group is to build a 175 million USD private power plant to meet the growing needs of Croatia. The 20-year concession provided to Enron is similar to an agreement with RWE, a German utility constructing a 210MW power plant using a joint venture.

**Transport:** Croatia (June 1998) The Istrian-toll road project under taken by Bina-Istra is to be a 350km four-lane motorway extending from Zagreb to Dubrovink. Financing for the 600 million USD project involves a mix of export credits. Bechtel will build the motorway with Enka, a Turkish company. The Civil Engineering Institute of Croatia is designing the project and acting as the government's engineer.

However, in addition to the above-mentioned projects, many more privately funded projects are needed. In its consultative work with many countries the UN/ECE expert Group has identified a number of areas in which critical challenges need to be addressed:

- *Legal and regulatory frameworks*
- *Institutional weakness and lack of coordination within public administrations*
- *Difficulties in gaining access to national and local government authorities by the private sector*
- *Lack of project management skills amongst the government officials e.g. to set priorities and protect the 'Public Interest'*
- *Insufficient involvement of local business and citizens in PPPs.*

### **The Public-Private Partnership Alliance: A New Approach for Implementation**

8. Many international organizations and governments have supported efforts to promote the use of public-private partnerships for infrastructure in central and eastern Europe and the CIS. The European Union has provided technical assistance and has started programmes to encourage better consideration of environmental issues. The EBRD has financed several major PPPs in the region, consistently supported the concept and has introduced new innovative financing instruments to lower the risks of PPPs. The Government of the Netherlands launched a “Bridging the Gaps” Conference initiative in Amsterdam in 1998 and then held follow-up conferences with Poland and most recently with Slovenia (Conference in Portaroz, Slovenia, hosted by the Minister of Finance, Slovenia) to promote Public-Private Partnerships. These activities have had a major effect on raising awareness. The UNCITRAL Guidelines on Legal Aspects of Private Financing of Infrastructure which were finalized in June 2000, also will make an important contribution to improving the legal and regulatory frameworks for PPPs.

9. There are, however, gaps which are frustrating wider implementation. There is still a lack of clarity on the respective roles and responsibilities of the public and private parties, with regard to: risk issues; legal and regulatory frameworks; the links with civil society; and competition and the regulation of utilities. In addition, there is sometimes overlap amongst various initiatives to promote PPPs in the region. Finally, as infrastructure has a strong regional aspect, particularly amongst many of the transition economies which are small States, more regional cooperation in developing private financing of infrastructure is needed.

10. To address these challenges, the Group has proposed that the Forum consider the following steps for implementing a new approach and initiative

- Endorsement of the guidelines of the BOT Group for implementing PPPs, which lays down the respective roles of the parties and supports social development and environmental sustainability
- The Creation of a Public-Private Partnership Alliance (PPPA) to implement these principles
- A specific programme of implementation in South East Europe (as a priority and under the Investment compact of the Stability Pact (see below).

11. Such a high level alliance would be open to all Governments and to the private sector as well as being open to the support of the regional banks, notably the EBRD and other institutions. It would support the process, of developing PPPs, monitoring progress and identifying areas where more assistance and support are needed.

### **Stability Pact and Investment Compact**

12. With the objective to establish a stable, transparent and uniform framework for private sector investment, the Governments of the region, in collaboration with their partners in the Stability Pact, decided to pursue the implementation of the Compact for Reform, Investment, Integrity and Growth (referred to as the Investment Compact). The Investment Compact outlines an agenda of legal, regulatory and institutional reforms, to establish fair and non-discriminatory treatment of domestic and foreign investors, with full protection of their property rights. The Forum will provide an opportunity to discuss the application of PPPs in the region of south-eastern Europe and how this regional initiative can support regional cooperation to promote PPPs further.

### **UN/ECE Regional Conference on Financing for Development**

13. The Forum will take place prior to the UN/ECE Regional Consultative Meeting on "Financing for Development", which will be held in cooperation with the EBRD and UNCTAD on 6 - 7 December 2000. Accordingly, the Public-Private Partnerships Alliance session (see below) will be the final session of the Forum and as a pre-session meeting for the "Financing for Development" Conference. This Alliance will bring together Government Ministers from countries in the region and Chief Executive Officers from some of the leading enterprises involved in infrastructure. The results of the Forum will be reported to the closing plenary of the "Financing for Development" Conference. The reports from this meeting will be communicated to the **United Nations High Level Financing for Development Conference** that will meet in 2001.

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**UN/ECE Forum on Public-Private Partnership for Infrastructure: the Next Steps  
4 to 5 December 2000  
Palais des Nations, Room XIX, Geneva**

**PROGRAMME**

**Monday, 4 December**

- 09:00**            **Registration and Coffee**
- 10:00**            **Introduction and Welcoming Remarks**
- 10:45**            **OPENING SESSION & DISCUSSION**

***The UN/ECE BOT Group Guidelines,  
Addressing the Key Issues in Implementing Successful Partnerships  
in Infrastructure***

**Key Questions**

- What are PPPs?
- What are the possible frameworks partnerships for PPPs?
  - Example-Build-Operate-Transfer (BOT), Build-Operate-Own (BOO), Joint venture, etc. and how do Governments choose the proper framework in which to undertake PPPs.
- When should Governments enter into a partnership with the private sector?
  - Do all partnerships create positive results and if not which ones do and why?
  - What should Governments and the private sector consider prior to entering into a partnership?
- What are the legal and financial issues or concerns?
  - What laws need to be established for PPPs to prosper?
  - What steps can be taken to make tendering more transparent?
  - How should Governments, local banks, and regional development banks such as the EBRD cooperate for the best financing alternatives?
  - What is the best means to create a regulatory agency that acts fairly and protects the public interest?
- What are the success stories in different regions from western advanced countries in which the transition economies might learn valuable lessons?

- 12:30**            **Lunch Break**

**14:30            SESSION ONE**

***The Challenge of South East Europe in Coordination With the  
Investment Compact of the Stability Pact (to be confirmed)***

**Key Questions**

**I. Roundtable Discussion:** To be chaired by the Joint-Chair of the Investment Compact Initiative (to be confirmed). The Roundtable will discuss the major issues facing the establishment and creation of partnerships in south-east Europe will be discussed. Participants in the round table will consist of speakers from:

- Industry- Leading CEOs in project development
- Government- Representatives from countries in south-east Europe who have already completed several partnerships or are currently pursuing them.
- Banks- Members from various financial institutions public (World Bank, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), etc.) and private commercial banks
- Civil Society- NGOs will discuss sustainable development and PPPs.

**II. Break-out Sessions:** Following the Round Table discussion, break-out sessions will be held that focus on the following sectors:

- Municipal services (water, water treatment, and waste disposal)
- Energy
- Telecommunications
- Transport
- Housing.

Guidelines on best practices for the specific sectors will be developed through discussions that will focus on some of the key objectives of PPPs such as:

- Increased quality of services for the consumers
- A viable profitable commercial activity
- Generating opportunities for the local business community
- Improved environmental standards and safer delivery of services
- Improving the situation of the poor and disadvantaged groups.

The goal of the break-out sessions will be to incorporate these above objectives into PPPs covering municipal services, transport, energy, and housing.

**\*\*Special Session on Municipal Authorities and Regional Administrations:** During the break-out sessions, mayors from cities in the region will be invited to a special session to provide their input into what challenges they are facing in developing infrastructure, and how PPPs can provide a valuable solution, and what is necessary to make these partnerships a reality?

**III. Capacity Building:** Introduction of the UN/ECE negotiation platform. Implementation will require the future involvement of civil servants from the region, most of whom do not yet have much experience with PPPs. The platform, specifically prepared for the Forum, will provide training and awareness raising on how Governments should develop PPPs and what factors they must consider before agreeing to the conditions involved in the terms of and performance of the contract.

**17:30 Final Remarks and End of Monday Sessions**

**Tuesday, 5 December**

**09:00 Coffee and Networking**

**10:00 SESSION TWO**

***Opportunities for PPPs in the Countries of the  
Commonwealth of Independent States***

**Key Questions**

Representatives from the Governments of CIS countries inter alia: (to be confirmed) Belarus, the Russian Federation and Ukraine and will discuss:

1. Are there examples of operational PPPs in CIS countries?
2. What steps have been taken to develop PPPs?
3. What areas appear to be the most lucrative for PPPs and do these coincide with the economic, social, or environmental goals of the countries?
4. What appear to be the largest obstacles to creating PPPs in the region?
5. How can these obstacles be overcome by either legal or regulatory changes?

**12:00 SESSION THREE**

***The International Dimension: the Asian Experience***

**Key Questions**

In cooperation with the United Nations Economic and Social Commission for Asia and the Pacific (UN/ESCAP) and the Government of Bangladesh (to be confirmed)

1. How have the countries of Asia emerged from the financial crisis?
2. How have PPPs been instrumental in making changes in Asia?
3. What are the new opportunities for investment?
4. What experiences or lessons learned from PPPs in Asia could be beneficial for Europe?
5. What have been the biggest barriers to attracting and implementing PPPs in the region and what is currently being done to remove these barriers?



6. What are the next steps for helping the region and the poorer countries in particular?

**13:30 Lunch Break**

**15:30 FINAL SESSION**

*Special Session of the Forum and the Pre-Session of the  
UN/ECE Regional Consultative Meeting on “Financing for Development”*

**Presenting the Public-Private Partnership Alliance**

- I.** Launching the Public-Private Partnership Alliance: Speakers will introduce the PPP Alliance proposal and why it would be beneficial and why it should be implemented.
- II.** Reports by chairpersons on break-out Sessions.
- What recommendations were made during the session?
  - What steps can be taken to promote PPPs within the respective sector?
  - How could continued dialogue benefit all partners in PPPs, Governments, financiers, industry, and the public at large?
  - What would be two primary objectives to achieve in the respective sector?
- III.** Comments on the reports: comments by leaders in business, Government, and finance will respond to the reports from the break out sessions looking at problems raised, possible solutions, and making priorities for the PPP Alliance.
- IV.** The next steps: What can be done to make the recommendations of this conference a reality? The PPPs Alliance provides a framework in which the next steps for PPPs can be achieved. Achieving these next steps will require enhanced communication between countries, a negotiation platform, and a place in which lessons from projects can be learned in order to create better ones for the future.

**18:30 Closing Remarks**

**OTHER DETAILS**

**Networking**

The Forum will provide an excellent networking opportunity. In addition, if delegates from Governments are interested in informally presenting project proposals to participants in the Conference and a translator is required, please inform the secretariat and efforts will be made to provide adequate accommodation for these discussions.

## **Documentation and Recommendations of the Forum**

Written submissions by speakers and delegates to the Forum are welcome. The Working Party will review these submissions with a view to their eventual publication by the United Nations. In addition, the Final Document of the Forum will be approved by the Working Party, and will be available to the participants after the Forum. This document will be published as an official UN publication.

## **Organization**

In view of the large number of participants who are expected to attend the Forum, the Working Party requested the secretariat to contact a private conference organizer to assist it in the preparation of the event. Accordingly, Magpie Links Ltd., a UK company, has agreed to assist the secretariat in the organization of the Forum. For further details, Magpie Links can be reached at the following:

Tel: (00 44) 207 640 00 20

Fax: (00 44) 207 207 36 82

E-mail: [Barbara.baker@magpielinks.co.uk](mailto:Barbara.baker@magpielinks.co.uk)

## **Accommodations:**

Participants are responsible for arranging their own hotel accommodations. Information can be obtained from the Geneva Tourist Office at the following:

The Geneva Tourist Office

Tel: (+41 22) 909 70 00

Fax: (+41 22) 909 70 75

E-Mail: [info@geneve-tourisme.ch](mailto:info@geneve-tourisme.ch)

Web page for Hotels in Geneva: <http://www.geneve-tourisme.ch/eng/index99.html>

## **Registration**

Interested parties are invited to fill out the attached Registration Form (see annex 2) and return it to the following address:

Mrs. Dominique Rames

Trade Division, Room 433-2

United Nations Economic Commission for Europe

Palais des Nations, CH-1211 Geneva 10, Switzerland

Tel: (+41 22) 917 24 81

Fax: (+41 22) 917 00 37

E-mail: [dominique.rames@unece.org](mailto:dominique.rames@unece.org)

**For Further Information on this Forum**

For questions regarding the Forum, please contact Messrs Geoffrey Hamilton or Travis Coleman at the information given below:

Geoffrey Hamilton / Travis Coleman

Trade Division, Room 433

United Nations Economic Commission for Europe

Palais des Nations, CH-1211 Geneva 10, Switzerland

Tel.: (+41 22) 917 28 38 / 917 1379

Fax: (+41 22) 917 00 37

E-mail: [geoffrey.hamilton@unece.org](mailto:geoffrey.hamilton@unece.org)

E-mail: [travis.coleman@unece.org](mailto:travis.coleman@unece.org)

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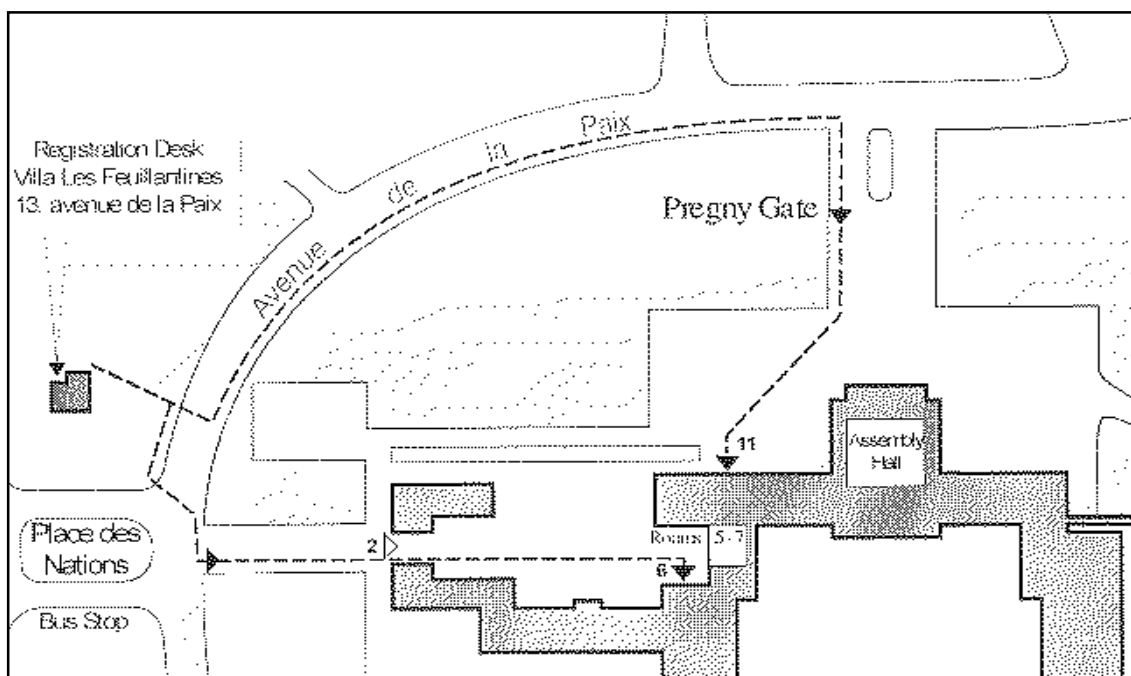
## Annex 1

### **REGISTRATION OF DELEGATES**

#### Access to the Palais des Nations

Security measures have been strengthened at the Palais des Nations and delegates attending meetings are required to have badges issued by the Security Unit and bearing their names, which will give access to Palais grounds. In order to avoid long waiting lines, delegates are invited to fill in and send to the secretariat the attached registration form before coming to Geneva. Once in Geneva, delegates will be required to collect their badges at the Villa Les Feuillantines (13, avenue de la Paix, see map below, opening hours: 08:00 a.m.-05:00 p.m.) before the meeting. They should plan on about an hour to obtain the badge and reach the meeting room.

*Participants have to present themselves in person at the UN Security with a proof of identification in order to obtain the security pass. It is, unfortunately, not possible to mail the security pass.*



**CONFERENCE REGISTRATION FORM**

**Please send not later than 24 November 2000 to:** Dominique.Rames@unece.org  
(You can obtain an electronic registration form upon request to Mrs. Rames)  
or fax: (+41 22) 917 0479 or 917 0037.

Kindly complete this form in print to avoid any errors

**Title of the Conference**

**Date:** .....

<b>UN/ECE Forum on Public-Private Partnerships for Infrastructure: The Next Steps (to be held at the Palais des Nations, on 4 6 December 2000, Room XIX)</b>	<input type="checkbox"/>
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**Delegation/Participant of Country, Organization or Agency, Company's Name**

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**Participant**

Mr.	Ms.	FAMILY NAME	First Name

**Category**

Head of Delegation	<input type="checkbox"/>	Are you based in Geneva as a representative of your permanent mission?  YES NO (✓ if applicable)	UN Organizations	<input type="checkbox"/>
Delegation Member	<input type="checkbox"/>		NGO	<input type="checkbox"/>
Country	<input type="checkbox"/>		Private Sector	<input type="checkbox"/>
Participating	From:		Until:	

**Document Language Preference**

English  French  Russian

Occupation (in own country):	Passport or ID Number:	Valid Until:
Official Telephone No. (+country and city codes)	Fax No. (+Country and city codes)	E-Mail Address
Permanent Working Address:		
Address in Geneva:		
Signature:		Date:

**Annex 2**

**QUESTIONNAIRE**

**UN/ECE FORUM ON  
PUBLIC-PRIVATE PARTNERSHIPS FOR INFRASTRUCTURE: THE NEXT STEPS**

United Nations Economic Commission for Europe  
Palais des Nations Salle XIX, Geneva, Switzerland,  
4-5 December 2000

**Please complete this Questionnaire and return it no later than 1 November 2000:**

Mr. Travis Coleman  
UN/ECE Trade Division, Office 417  
Palais des Nations, CH-1211 Geneva 10, Switzerland  
Fax: (+41 22) 917 00 37/917 04 79  
Tel: (+41 22) 917 13 79  
E-mail: [travis.coleman@unece.org](mailto:travis.coleman@unece.org)

With a view to providing more information at the Forum, the UN/ECE Secretariat requests that participants kindly respond to the questionnaire below and return it by **1 November 2000** to the address provided immediately above. Electronic versions of this questionnaire can be obtained by contacting Travis Coleman at: [travis.coleman@unece.org](mailto:travis.coleman@unece.org). Your cooperation is greatly appreciated.

**Contact Person at your Organization**

**Last Name:** \_\_\_\_\_ **First Name:** \_\_\_\_\_

**Position or Title:** \_\_\_\_\_

**Organization:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **Postal code:** \_\_\_\_\_ **Country:** \_\_\_\_\_

**Phone:** *(please indicate country + city codes)* \_\_\_\_\_

**Fax:** *(please indicate country + city codes)* \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Web site:** \_\_\_\_\_

**Questions to be Answered by a Government Representative:**

**1. INFRASTRUCTURE STRATEGY:**

- (A) Is there a long-term strategy for infrastructure development in your country? YES or NO
- (B) Have any sectors been identified as priority areas for development (for example, water, energy, or transportation)? YES or NO
- (C) If you answered YES to 1 (B), which sectors have been identified as priorities ?

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- (D) Is a role envisaged for the private sector in your country's implementation of an infrastructure development policy?

**2. COORDINATING BODY:**

- (A). Is there a coordinating body within the Government to facilitate the preparation and development of Build-Operate-Transfer (BOT) and Public-Private Partnerships (PPP) infrastructure projects?  
YES or NO
- (B) If you answered YES to 2 (A), what are its functions?  
If you answered NO to 2 (A), are there any plans for establishing such a coordinating unit in your government?

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**3. PROCEDURES & GUIDELINES:**

- (A) Are there any procedures and guidelines to facilitate the preparation of BOT projects? YES or NO
- (B) If you answered YES to 3 (A), which of the following do these procedures and guidelines deal with:
- assisting prospective investors and government agencies through the process;
  - defining bidding procedures;
  - fixing standard procedures for the financial and technical evaluation of BOT projects;
  - the risk analysis of PPP projects;
  - other: \_\_\_\_\_
  - other: \_\_\_\_\_

**Questions to be Answered by a Government Representative: (Continued)**

**4. FINANCING:**

- |     |   |           |
|-----|---|-----------|
| (A) | Do local banks have experience in providing financial support to BOT projects?  | YES or NO |
| (B) | Do debt instruments and a local bond market exist for infrastructure financing? | YES or NO |
| (C) | Do institutional investors participate in project finance?                      | YES or NO |
| (D) | Are there appropriate instruments for hedging financial risks?                  | YES or NO |

Comments on any of the above:

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**5. PPP ALLIANCE:**

- (A) In what ways could the proposed PPP Alliance, as described in the information bulletin, strengthen cooperation between the public and private sectors in the transition economies?

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- (B) In what ways could the PPP Alliance be most beneficial to you?

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**Questions to be Answered by a Private Sector Representative:**

**1. PRICES:**

- (A) Can the local population in transition economies afford the prices charged for services and products under PPPs and BOTs in the transition countries of Central and Eastern Europe? YES or NO
- (B) If yes to 1 (A), how are affordable prices and a reasonable profit achieved?

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**2. LOCATION:**

- (A) Which transition countries are most attractive for implementing PPP arrangements in infrastructure and why?

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- (B) To what extent are the lack of adequate legal and regulatory frameworks a disincentive to investment in the region?

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**3. FINANCING:**

- (A) Could the local banks play a bigger part in providing financial support for BOTs and PPPs, if so how?

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**4. DEVELOPMENT:**

- (A) What are the main requirements for developing PPPs at a faster pace in Central and Eastern Europe?

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**Questions to be Answered by a Private Sector Representative: (Continued)**

**5. PPP ALLIANCE:**

(A) In what ways should the proposed PPP alliance strengthen cooperation between the public and private sectors in the transition economies?

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(B) In addition, in what ways could the PPP Alliance be most beneficial to you?

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