

# **Report of the meeting on the draft UNECE standard on PPP procurement Moscow, 16 October 2015**

## **1. Introduction**

The meeting served to inform participants, including over 50 participants linking via conference call, of the work carried out on the draft standard on PPP procurement being developed under the auspices of the UNECE, and to seek initial feedback and comments on the draft (project proposal and document) from the members of the UNECE PPP Business Advisory Board (BAB).

The BAB was represented by the following members:

- Alexander Bazhenov
- Bruno de Cazalet
- Michael Flynn (on conference call)
- Dmitry Puzanov
- Mike Redican
- Wim Timmermans

## **2. Context**

The context within which this standard is being developed are the Sustainable Development Goals (SDGs), which the United Nations adopted in September 2015 to guide the international community for the next 15 years with the goal to eradicate extreme poverty by 2030. The aim is to make real social and economic transformation in our societies. But to do so, massive amount of investment is required to provide access to key public services such as water and sanitation, health, education and energy. PPPs are included in the SDGs as a mechanism to achieve these objectives.

Governments need guidance to use PPPs, and the UNECE is preparing the PPP standards to assist governments in implementing the SDGs.

The draft outline and an initial draft standard on PPP procurement were prepared and presented by Olga Revzina and Roman Churakov from Herbert Smith Freehills law firm, drawing from experience in 18 jurisdictions around the world and working in close collaboration with the Federal Project Finance Center (FPFC) of the Russian Federation represented by Alexander Bazhenov and Hafiz Salikov.

## **3. Issues discussed**

The following issues were raised by Olga Revzina and Roman Churakov:

- The standard is not intended to be binding until governments decide to legislate to implement it;
- It includes a provision for a supranational platform;
- It covers the following areas:
  - Procurement principles;
  - Recommendations on governance structure;
  - Pre-procurement;
  - Procurement and award; and
  - Remedies and dispute resolution.
- It focuses on the following three principles:
  - Transparency;

- Value for Money; and
- Competition and non-discrimination

The UNECE secretariat emphasised the need to:

- link the draft project proposal with the SDGs;
- add the word ‘sustainable’ to the title of the standard (sustainable PPP procurement)
- ensure that there is real added value and avoid overlapping vis-a-vis what is already available in terms of procurement;
- emphasised that implementation by countries is voluntary, though the idea of a supranational body should not be ruled out completely; and
- develop the standard in close collaboration with the International Specialist Centre of Excellence on PPP laws, policy and institutions in France.

The BAB remarked that:

- the supranational body idea, though innovative, will not be easily accepted by countries as they are fiercely protective of their own authority, unless it is redesigned as a “panel of experts” to help governments on a voluntary basis to check their compliance to the standard;
- the standard should apply to both small and large projects;
- the importance to add a summary of all instruments and identify why the standard is adding value; and
- technical solutions and proposals in contracts/bids should remain confidential and therefore should not be publicly disclosed to safeguard the intellectual property of the bidders and to avoid the risk of litigation.

#### **4. Follow up**

The next stage includes the following steps:

- finalise the project proposal taking on board some of the comments above (add the word “sustainable”, link to the SDGs etc.);
- prepare a revised version of the draft standard incorporating the comments made at the meeting, while giving the possibility to all the participants, including those joining by conference call, to send their comments to the UNECE secretariat at [ppp@unece.org](mailto:ppp@unece.org) by 7 November 2015;
- request three governments to support this work and request the Bureau of the UNECE Team of Specialists on PPPs to endorse the project according to the [process for developing international PPP standards](#) approved by the governments; and
- establish a project team to develop a standard on sustainable PPP procurement over the coming 6 to 8 months working under the auspices of the UNECE and in close collaboration with the International Specialist Centre of Excellence on PPP laws, policy and institutions in France and other stakeholders.