Engaging the Private Sector Through Public-Private Partnerships

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ABSTRACT
This article focuses on case studies of public-private partnership projects. It outlines features of those projects, such as selection criteria for project sites, selection criteria for private sector partners, and larger networks of support, which seem to contribute to the success of such projects. Several specific sites are described in brief as are some auxiliary programs which serve to encourage and support these site-specific efforts. A list of some lessons learned from these seminal public-private partnership projects provides some guidance for the future.

The United Nations Conference on Environment and Development (UNCED) in 1992 signaled the start of a new era. The conference adopted Agenda 21, a far-ranging program of reform, and 150 government leaders from around the world approved other important outcomes. The degree of change agreed to for the global economic, political, and social system was so fundamental that the process risked foundering in inertia.

One clear message from Rio was that the task ahead was too much, and too important, for governments alone. New partnerships had to be forged—and the business community, among others, was enjoined to get involved. Conference participants were very clear that the private sector had to engage actively in implementing the sustainable development agenda.

Agenda 21 talked boldly about new roles through new partnerships: business and industry “should be full participants” in the post-Rio process, the public and private sectors “should strengthen partnerships to implement the principles and criteria for sustainable development,” and the public sector “should establish procedures” to allow an “expanded role” for the private sector. In short, UNCED urged the public sector—governments, UN agencies, international financial institutions—to put aside its traditional suspicion, even distrust of business, and work with it as a full-fledged partner in implementing Agenda 21.

This represented a sea change in attitude: recognition, at last, that the private sector has a powerful contribution to offer at three levels:

- by improving corporate environmental performance throughout business and industry;
• by creating, through a policy dialog with government, the right framework conditions; and

• by becoming actively involved in specific projects that support sustainable development goals.

The first two had, and still have, their difficulties. But the third was always likely to be a particular challenge. The traditional approach to bringing the private sector into public projects has not been successful in financial, social, or human terms.

This is particularly true in urban areas. There, despite huge investments in new infrastructure, cities and towns in developing countries and emerging economies are overwhelmed by seemingly intractable problems of waste, poor sanitation and sewerage, air pollution, and inadequate water supplies. This experience demonstrated that ways must be found for enlisting the private sector in implementing successful sustainable development projects.

UNCED’s urgent insistence that the private sector should have an expanded role in moving Agenda 21 forward, in collaboration with the public sector, provided the key to unlocking the door to a completely different approach: the concept of public-private partnerships (PPP). The immediate post-Rio challenge was moving PPP from concept to action.

After Rio, the Business Council for Sustainable Development (BCSD)—which had produced a major report, Changing Course, for UNCED—decided its work had to continue. As its Executive Director, I was charged with developing a new BCSD work program for approval at the Council meeting in December 1992.

The UNDP and other international agencies were invited to explore ways in which to work together. It became clear quickly that there were real institutional barriers to forging partnerships. Despite the goodwill and enthusiasm of Rio—even the determination to change—each “house” had its own rules, administrative procedures, objectives, and priorities, and each expected the other potential partner to do business on their terms. Even today, “institutional barriers” and an apparent lack of “political will” to reform them remain the most powerful obstacles to real change.

Fortunately, UNDP was prepared to experiment and initiated efforts to create the framework to allow a partnership with BCSD and the private sector to happen. BCSD, as a Secretariat, had far fewer constraints because we were new and small, had no history of administrative buildup, and had the flexibility to be as “entrepreneurial” as needed.
The UNDP-BCSD discussions focused on where we could cooperate most effectively. We decided to start on urban infrastructure problems—water, waste, and energy efficiency—in the developing world, which were more likely to worsen before they improved. There was, we agreed, an urgent need to mobilize new sources of finance, technology, and management. We decided to develop the Public-Private Partnership model.

Sustainable Project Management (SPM) was set up in 1994 specifically to initiate this approach. During that year, SPM became an important activity within BCSD, working with UNDP on developing pilot demonstration PPP projects through the ground-breaking Public-Private Partnerships for the Urban Environment (PPPUE) program. The initial response to these projects convinced BCSD and UNDP to move more aggressively in developing the model. In January 1995, SPM became an independent, not-for-profit enterprise.

Today, SPM is involved in more than 20 projects worldwide—some of them with UNDP, some others with ODAs directly, and the rest involving SPM and private partners—that are focused on eco-efficiency, technology cooperation, and capacity building. Crucially, the private sector is participating in them through viable new public-private enterprises. And SPM’s experience to date shows that public-private partnerships work, bringing a badly needed infusion of technology, finance, and management to tackle desperately serious urban problems.

WHY PUBLIC-PRIVATE PARTNERSHIPS?

Water, waste, and energy services in developing countries have traditionally been the exclusive responsibility of public authorities. But these agencies cannot, on their own, meet the continually expanding demand for services.

They lack the funds to improve and develop services. They have difficulties identifying and affording new, eco-efficient technologies. They lack the skills to manage the services efficiently. They cannot cope any longer.

Also, while traditional development assistance plays a vital role in enabling governments to meet urban and other environmental challenges, the international flow of official development assistance (ODA) is a fraction of what is needed. There is an urgent need to find new sources of financing, as well as technology and management.

The private sector has financial, technological, and management resources as well as a proven track record of providing lower production costs, delivering services more efficiently, maintaining

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capital equipment at a higher standard, making decisions faster than public bureaucracies, and offering consumers greater choice.

So, why not privatize the services? Certainly, this is an option, but it has its limitations. Governments need to remain involved in providing these essential services. Their involvement guarantees a degree of public accountability, preserves the public service ethos, ensures the protection of all sections of society, and underwrites the delivery of social and environmental, as well as economic benefits; that is, it meets sustainable development as well as purely financial goals.

The public-private partnership model—where the public and private sectors assume co-ownership and co-responsibility for providing high-quality city services—is an alternative to both a public-sector monopoly (traditionally delivering substandard services) and full privatization.

**NEW PUBLIC-PRIVATE ENTERPRISES**

Through the PPP initiatives, SPM in partnership with UNDP is translating the concept of public-private partnerships into action by creating new enterprises, owned jointly by public authorities and private companies, to deliver reliable, affordable, profitable, eco-efficient urban infrastructure services.

These enterprises pool the best features of the two sectors: the dynamism, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurism of the private sector with the social responsibility, environmental awareness, local knowledge, and job creation concerns of the public.

Community participation is a central element, from a project’s conception to its management. Capacity building—training local people to adapt, develop, and operate clean technologies—is another key component.

One fundamental point is that these new public-private enterprises are bringing business solutions—not aid or debt—to urgent urban problems. SPM and UNDP agreed at the outset that if the private sector was to be involved, the structure had to have a proper business dimension. This meant finding ways of turning those problems into viable businesses. So the new mixed-capital enterprises are intended to be profitable companies, charging users an economic, not a subsidized, price for their services. Their survival will depend on profitability and quality of performance—powerful incentives for them to supply services of the right standard and at the right price.
THE SPM-UNDP APPROACH

The new for-profit public-private enterprises represent an innovation in tackling urban problems. Similarly, the process leading to their formation also represents a dramatic break with past approaches.

Every SPM-UNDP project has to meet clear and specific criteria:

• be demand-driven and address a priority problem;
• fully involve the public and private sectors from the outset;
• demonstrate a strong potential for attracting private-sector participation, including the possibility of reasonable profit ability;
• use eco-efficient technologies;
• provide an opportunity for improving local social conditions through job creation, training, and overall improvement of city services and urban living conditions;
• respect local cultural values and established traditions; and
• involve local stakeholders, non-governmental organizations (NGOs), and community groups in its development.

Private-sector partners must also meet sharply defined criteria before they qualify to be involved in projects. They must:

• be willing to contribute to the cost of the project’s feasibility studies from the outset;
• be prepared to invest in the new company when it is formed;
• preferably have experience operating the eco-efficient technologies to be used by the new company;
• in the case of international firms, have experience operating in a developing country;
• have the support of its own government’s development agency; and
strongly support and advocate eco-efficiency and local participation.

SPM-UNDP projects are small to medium-scale—typically between $5 million and $30 million—but vital to making a real difference in ordinary people’s lives by tackling some of the most urgent urban environmental problems in developing countries. Most of the PPP projects have been found through the BCSD regional network, private-sector initiatives, local as well as international, local UNDP country offices, and ODA agencies.

They are focused on the areas of water and sanitation, waste management, energy services, and the eco-efficient use of natural resources, and they address a range of issues—water pollution, inadequate water supply, insufficient sanitation infrastructure, excessive waste of natural resources in industrial production processes, inadequate or nonexistent waste management procedures, environmentally unsound technologies, lack of environmental education, lack of environmental considerations in development initiatives, and ineffective and wasteful energy sources and technologies. The intention is that they are replicable, that is, they address problems of common concern to other cities in the region, and even beyond, and can be easily transplanted there.

The new public-private companies running the projects include a mix of partners: national, regional, and municipal authorities; national development banks and utilities from the public sector; and from the private sector, local and international companies, banks, entrepreneurs, equipment manufacturers, technology suppliers, management groups, chambers of commerce, trade unions, NGOs, and consumer organizations.

But these direct investors represent only the tip of a much bigger iceberg. One striking feature of the UNDP-SPM program has been its rapid expansion into an international network—including four global networks that SPM and UNDP have cultivated in order to forge a unique collaboration between scores of public and private institutions, committed to tackling urban challenges in a comprehensive way. This network is composed of:

- scientific, academic, and technology institutes, chaired by the Massachusetts Institute of Technology;

- NGO communities in both developing and industrial countries that are willing to work with the public-private partnership approach;
• governments, national development agencies, UN agencies, and multilateral financial institutions; and

• BCSD chapters and other private-sector organizations or corporations committed to sustainable development.

CASE STUDIES

The current PPPUE program includes projects in Latin America, Africa, Asia, and Eastern Europe. Following is a sample of these. In each, the most important feature is that they are making an important impact and are successful because of the partnership between the public and the private sectors:

MANIZALES, COLOMBIA

The city of Manizales is at the center of one of the most important coffee-producing regions in Colombia. Consisting mostly of small coffee producers using outdated coffee washing technologies, the region represents a challenge to the authorities. The main challenge was coping with the polluting effects of this industry so vital to the Colombia economy.

Armed with a better locally-developed technology, local managerial talents, and local finance, the project partners proceeded to design one of the most interesting and well integrated projects of the PPP.

The Manizales project originated in a wide-ranging attempt to address critical issues related to water supply and quality, including the problems caused by coffee producers using a traditional, highly polluting coffee washing process, in which washing 1 kilo of coffee beans generates 40 liters of highly toxic water that is generally poured back into the rivers and streams on the plantations. Soil erosion through deforestation and domestic waste pollution of rivers were other issues.

With the assistance of SPM and UNDP, a new company was registered and capitalized to examine the business potential of a new, water-economical coffee-washing process, to manage a reforestation program, and to provide an urban domestic waste collection service to outlying municipalities. The shareholders include the government of Caldas state, the departmental water supply and distribution companies, the electricity utility, the local cooperative of coffee growers, and a provincial financial institution.

The company, called Agua Pura SA, was set up in late 1994. It has developed a business plan for a full domestic solid waste collec-
tion, disposal, and recycling operation, covering 21 municipalities (50,000 households) and 5,000 commercial businesses, with an initial investment of $3.5 million. Agua Pura SA expects sales in year one of $1.4 million.

The Manizales project has considerable potential for replicability. Five other cities in the state of Caldas are interested in undertaking similar initiatives. So, too, are five other Colombian states. In addition, other coffee-producing countries, including Honduras and Costa Rica, have expressed interest in replicating the development of the coffee-washing project.

One of the most attractive features of the Manizales project is that it has consisted of an exclusively country-driven initiative in which UNDP and SPM were only catalysts and brokers. The capital, the management talents, and the technology were purely national.

HARARE, ZIMBABWE

The project in Harare envisages the creation of an energy-environment management enterprise to bring eco-efficient technologies to the Willowvale Industrial Park, an industrial area just six miles from the center of Zimbabwe’s capital, in order to improve energy and water management practices there.

There are about five industrial parks in the area of Harare and additional parks are in the process of development. This represents a great challenge to the authorities since, if unchecked, the pollution at these industrial parks could render them major environmental hot spots. The fact that there are other industrial parks in the process of development presents both challenges and opportunities to the government. The opportunities are that the present project, if successful, could provide a basis for replicability in other industrial parks.

The Willowvale park is surrounded by high-density, low income suburbs with growing populations. These growing populations, the proximity to the center of the city of Harare, and the need to address the problem of deteriorating services for this important constituency, drove the authorities in Zimbabwe to explore the alternative of public-private partnerships being promoted by SPM and UNDP as a way to address the growing environmental problems of the city.

A pre-feasibility study involved 25-30 companies in the park, together with the City of Harare (water supply), the power utility (ZESA), and the local Industrial Development Corporation, alongside five companies physically in the Industrial Park, as well as the Confederation of Zimbabwe Industry. A shadow company has been formed, and a leading German investment and development com-
pany (DEG) is funding a full technical and economic feasibility study paving the way, in due course, for a business plan and bankable document, and the creation of a company in which the major shareholders are the government entities participating in the project and a selected number of private companies interested in joining.

The Zimbabwe Government, with three ministries signing the original statement of intent, is firmly behind this project, which could be replicated at other existing industrial areas and be used for major new industrial park developments.

OSTRAVA, CZECH REPUBLIC

Ostrava is an example of an existing private company—needing to expand but lacking the resources to do so, looking for financial partners, and being prepared to consider a PPP—combined with keen interest by the public sector in investing in the new partnership. The existing company produces plastic protection for underground electric cables, using recycled plastic from municipal solid waste. There is a fast-growing demand for its products. Three municipalities and 13 towns in the district are interested in participating in a new mixed-capital enterprise because they see the project as a test for possibly developing waste management solutions on a regional basis. Certainly, the opportunities exist along with the need to tackle the problem of substantial urban waste in the area—the legacy of intense industrial activity there. Other private companies are reportedly willing to become involved too.

SPM and UNDP have proposed a regional development company, which—if the plastic recycling project works—would initiate other activities, either to rationalize existing waste management practices, and/or to introduce new ones, such as composting, fly ash transformation, and hazardous waste incineration.

SPISSKA NOVA VES, SLOVAK REPUBLIC

In the municipality and region of Spisska Nova Ves, a new company, the Spisska Regional Environmental and Energy Company (SREEC), will become the vehicle for PPP. It is a joint venture between the municipality (40%) and a Slovak private company, Pluralité-Mega (60%). Supported by SPM and the Swiss and Canadian governments, SREEC will create subsidiaries, or operating companies, with local and international partners and investors to implement projects in district heating and energy efficiency, forest management linked with housing development, a capacity building center for community development, and solid waste management.
SREEC is a regional business development tool committed to eco-efficiency and PPPs. By combining local investors with international technology companies, it becomes a vehicle for technology transfer. It is a flexible investment instrument capable of responding to local concerns and opportunities.

It was district heating problems that brought SPM into Spisska. Once there, and after discussions with the Mayor and others, new projects began to emerge. SREEC became the instrument for developing these opportunities into new businesses. In all our projects, we create these PPP development companies early in the process.

The new district heating company is now operational, with two international investors. The old district heating company has been merged into the new one. Now efforts are under way to replicate the model in the region and in neighboring companies. The housing company project is now under way too.

METAP III: PUBLIC-PRIVATE PARTNERSHIPS REGIONAL INITIATIVE

The Public Private Partnerships Programme, and SPM, have been retained as the main advisory agent in the implementation of the World Bank/UNDP-funded PPP initiative of Phase Three of the Mediterranean Environmental Technical Assistance Programme (METAP).

So far, SPM and UNDP have conducted project-finding missions to Jordan, Turkey, Lebanon, Morocco, Egypt, and Tunisia and have identified urban waste collection and recycling, as well as industrial waste collection and disposal, as just two promising areas.

These missions have shown that while the economic, political, legislative, and operating environments of the different countries inevitably pose problems and challenges specific to each country, the PPP potential throughout the METAP region is significant.

By establishing sustainable business partnerships, PPP projects will provide a real opportunity to build on the thorough and far-reaching environmental technical assistance already provided in Phases One and Two of the METAP program, and the extremely promising replication and capacity building potential would tie in with other METAP regional activities.

LESSONS LEARNED

SPM and UNDP now have enough experience under their belts to draw some important lessons from the PPP approach.
CHOOSE THE RIGHT PROJECTS

There is no shortage of potential projects for the PPP approach. Early meetings invariably produce a long shopping list of possibilities. The key is to choose the right project, one that meets the criteria set out earlier, and has real commitment from the public and private sectors locally to make it succeed. This is especially important when it is the first project in the country and therefore the first exposure to the new PPP model.

EVERY PROJECT NEEDS A CHAMPION

Ideally in fact, every project needs two champions—one from each sector. High-level local political commitment is particularly important. For example, the progress achieved with the Manizales project owes much to the fact that it had a high-profile champion, the former Governor of the Department of Caldas, at an early stage. But without private sector involvement, the new company could not be a success.

LOCAL SUPPORT IS CRITICAL

Identifying local support has been extremely important to the success of SPM projects to date. The local UNDP office—the Resident Representative—has proved an invaluable ally in leading on the ground by advising on local priorities, contributing contacts, and offering a “visiting card” link to government and NGOs. The collaboration with NGOs can be particularly fruitful. This is certainly the situation with the Southern Centre for Energy and the Environment in Harare and with Fundacolon and ANDI in Manizales.

EACH PROJECT NEEDS HAND-HOLDING ALL THE TIME

Normally, this is an SPM role. SPM’s task is also to find a dynamic, committed local project development manager to ensure on-site follow-up on each project and to keep the momentum going. Otherwise, the project can slip for many reasons associated with the novelty of the process. We really need a local partner, an extended arm of SPM.

PACKAGE THE PROJECTS PROPERLY

Small or medium-sized projects need to be packaged to attract investor interest. Larger projects have their own dynamic. Smaller ones have disproportionately higher transaction costs and political risks. If you add in the innovation of securing eco-efficiency goals and waste minimization, the crucial importance of packaging, brokering, negotiating, persuading, and convincing becomes clear.

Current public institutional tendering procedures for smaller
projects make little economic sense in terms of both cost and delay. Nor has the process satisfactorily shown that all interests are necessarily fully protected. We have to develop new ways of securing the alleged benefits of tendering without the costs in time and money. PM\UNDP\ODAs expect to produce some recommendations on this shortly.

THE PROCESS TAKES TIME

There are no short cuts to a PPP project. The host government has to be persuaded of the concept. Projects have to be identified. SPM's catalyst role has to be understood. The process needs to be explained carefully at the outset. Private investors have to be found. Public and private partners have to be brought together. It is a complicated and time-consuming jigsaw to piece together and it begins with careful groundwork and preparation. But proper preparation is the essential ingredient to the political and economic viability of the project.

RECONCILE DIFFERENT CULTURES

Administration cultures (the public sector) and entrepreneurial cultures (the private sector) are fundamentally different. The former is procedure/process driven; the latter, results driven. Issues like the cost of time delays or indecision can be important barriers to partnership and have handicapped public projects using the old, traditional approach. Yet there is no inherent reason why the public sector should be less efficient than the private sector. The PPP model is designed to cut through this problem by stimulating the public sector into understanding that it shares responsibility, and the cost of issues like delay and indecisiveness.

BUILDING MUTUAL TRUST IS VITAL

The public and private sectors have little experience of working together except on the basis of supplier and customer. Normally, they are not working partners who share ownership of, as well as responsibility for, a successful project.

The PPP model, in which SPM acts as catalyst, marriage broker, and midwife for the project, provides the vehicle for developing a trust and confidence level that helps to iron out problems and avoid the traditional adversarial posturing between the two sectors. Getting both sides to the table to consider problems together and identify joint solutions is a critical first step. This gives them a shared interest in the success of the new company. Through working together they come to understand each other’s constraints and expectations.
A key step in the process is to get both parties to sign a Memorandum of Interest with a budget and an Executive Committee to manage the feasibility stage. Getting the partners into a legal structure early on in the process, and requiring them to agree on objectives and invest a modest amount of capital up front, is an important test of intent. This process provides three key ingredients: joint ownership, commitment, and management structures. Partnership leads naturally into the new operating company.

BUILD A PLATFORM FOR POLICY CHANGE

Shared project experience can become a platform for policy change at the government level. Subsidized services are a case in point. When governments are investors in an operating company, which must pay wages and debt obligations, as well as return a profit, they look at user fees with a fresh perspective.

OTHER PUBLIC-PRIVATE PARTNERSHIPS

CAPACITY BUILDING CENTERS

SPM’s Capacity Building Centers (CBC) initiative brings the public-private partnership model to bear on finding a new approach to capacity building that goes beyond training by integrating technology adaptation and other eco-efficiency services.

Each CBC involves partners from both the public and private sector, supported by the same global network of private companies, scientific and academic communities, international financial institutions (including development banks and agencies), and NGOs that is part of the PPPUE program.

The sector-specific CBCs provide practical capacity building programs for large, medium, and small companies and/or industries, focused on eco-efficient principles, practices, and technologies—including technology transfer—and also support the creation and management of small, self-sustaining community enterprises.

This approach aims to remove the sources of frustration inherent in current training practices. To train an individual without engaging the employer’s commitment to that person’s future activity is frustrating for the employee. Similarly, to restrict capacity building to the training of individual employees is likely to frustrate employers. To be effective, capacity building must focus as much on the company (or institution) as the individual. More important, the company must feel and have a sense of ownership of the program.

The days of free training programs are, or should be, numbered. If it is worth doing, it is worth paying for.
The SPM initiative is being supported by two Canadian entities, Interel and Pluralité International, by the World Business Council for Sustainable Development, and by the International Secretariat for Water. Examples of CBCs are found in Pereira, Colombia, and in Hanoi, Vietnam.

FINANCE FOR MICRO AND SMALL ENTERPRISES

Another SPM initiative within the framework of public-private partnerships is the establishment of two new entities in India to help micro and small enterprises move to eco-efficiency: the Indian Micro Enterprises Development Foundation (IMEDF) and the Indian Micro Enterprises Development Finance Corporation (IMEDFIN), a non-banking finance company. The aim is to leverage eco-efficiency change by micro enterprises, supported and provided by IMEDF, through credit provided by IMEDFIN.

This approach has a number of innovative features:

• Public-private partnerships are central from the outset.

• Credit is linked with eco-efficient technology.

• The focus is on using credit to introduce eco-efficient technologies to the micro enterprise sector to generate surpluses to make the enterprises sustainable.

• Credit will be an important vehicle for achieving vertical and horizontal linkages among the micro, small, medium, and large sectors—for example, through financing the development of ancillaries in the small and micro sectors.

• Credit will be integrated with technical and management support services to ensure business success.

• Commercial and social objectives will be integrated.

IMEDF and IMEDFIN will meet a real need in a sector where appropriate market instruments have not been designed. In mobilizing the resources to get them operational, however, we have encountered the view among the public and private sectors, social activists, and NGOs that the small and micro sectors are still a government problem, risk is high while return is low, and there are no opportunities for a competitive return on investment. We need to change this thinking.
NEXT STEPS

The need for urban infrastructure projects is enormous, and the demand for PPP projects is growing among both municipal authorities and prospective private investors. As a result, the Public-Private Partnerships for the Urban Environment program is to be expanded into a second worldwide phase.

Under the leadership of UNDP, a Project Development Facility (PDF) is being created to provide the mechanism for identifying and developing more projects. The aim is to raise $10 million in contributions from the donor community to finance the initial phase of 30-50 projects over a five-year period. Some governments have already committed to support the PDF.

SPM and UNDP anticipate that within this period the PDF will become self-financing and eventually become an independent corporation operating under the management and supervision of its participating shareholders. The PDF will experiment with a number of activities designed to raise income, such as endowment funds, consultancy services, dividends to the Facility, royalties, and revolving funds.

The new program will retain the key essentials of the pilot phase, including the PPPUE network of partners—governments, NGOs, local communities, academic and training institutions, technological institutes, and of course, the private sector—coordinated by a small, core management team provided by SPM and UNDP.

CONCLUSIONS

The public-private partnership model initiated by SPM and UNDP through the PPPUE program, is fully in tune with Agenda 21’s call for more private-sector participation in reform in cooperation with the public sector. UNDP says that it is “one of the most promising forms of cooperation now emerging for sustainable development.”

The PPPUE program, in particular, has led to four specific innovations:

IT USES ODA TO LEVERAGE PRIVATE SECTOR INVESTMENT

Through a relatively small amount of initial “risk” capital, governments involved in the program can create an attractive opportunity to involve private business at a much more substantial level. A front-end expenditure of development assistance funds to initiate a potential project can catalyse public- and private-sector investments many times greater.
IT ESTABLISHES LINKAGES BETWEEN INVESTMENT AND CAPACITY BUILDING

One drawback of private-sector investments is they lack an enabling environment—human skills, strong institutions, legal framework. So they often fail. Conventional development projects also fail to produce effective enterprises or institutions able to generate sufficient revenues to sustain themselves over time. Public-private partnership ventures link the best investment practices of the private sector with the experience of development practitioners in creating an effective enabling environment with all the supporting mechanisms in place to make the projects sustainable.

IT IS A NEW TYPE OF PROJECT MANAGEMENT

The program is a pioneer in sustainable project management—one that emphasizes eco-efficiency, stakeholder participation, replicability, and a more comprehensive and sustaining approach to development. The focus and priorities are different and so are the results.

IT ACCELERATES TECHNOLOGY TRANSFER

Municipal authorities have no experience of what eco-efficient technologies are available, let alone which to choose. SPM, supported by its international network, overcomes this problem by facilitating the identification of the technology choice for each particular PPP project and negotiating the terms of its transfer between the public and private sectors.

In essence, the public-private partnership model offers a real opportunity to cut through much of the inefficiency and waste of the traditional approach to urban problems, and provides workable solutions that meet urgent major needs.

Most of the developing world’s cities are under threat from a potentially lethal cocktail of growing social, economic, environmental, and human problems. Even in its expanded role, the PPPUE program can only scratch the surface. But the concept of using a public-private approach to provide business solutions, not aid, to this situation is one that offers real prospects for a breakthrough.

THE HONOURABLE J. HUGH FAULKNER

The Honourable Hugh Faulkner has occupied a number of distinguished positions in both the private and public sectors. As a public official he has had a number of important portfolios, including having been Minister of State, Minister of Indian Affairs, and Minister of Natural Resources for Canada. He has been the Secretary General of the International Chamber of Commerce and Executive Director of the Business Council for Sustainable Development. In the private sector, he has also held a number of important posts, including Vice President of Alcan Canada and President and Chief Executive Officer of its operations in India.