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Global Targets

Local Benefits

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Seas of East Asia beyond 2015

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From Vision to Reality: Aligning the Global Agenda with Local Benefits

Workshop 1 Conclusions and Recommendations: Matching the Societal Aspiration for a Blue Ocean through Public-Private Partnerships

Prepared by the following Co-Chairs and the Documenter based on workshop presentations, moderated panel discussions and interactions between panellists and participants:

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Workshop Conclusions:

Enabling framework to PPP:

1. **Three pillars for PPPs:** A broad-range of enabling environments are needed to facilitate PPP project development and implementation, including *legal and regulatory frameworks* of PPP project selection, procurement, contracting and monitoring mechanisms; *institutional arrangements* at various levels; and a *sound investment climate*, such as PPP development funds, are critical to PPP development. A viability gap subsidy or fund can provide the needed financing to cover the gaps in private financing and ensure bankability and affordability of projects in support of public services.
2. **Appropriate PPP arrangements:** It was emphasized that there is no universal template in getting the private sector involved in the provision of public utilities and services as the context in which PPP operates varies from country to country. Having a clear understanding of government priorities and needs as well as the envisioned extent of private sector participation is a good starting point in determining the most appropriate PPP modality.

3. **Supporting sectoral policies:** Equally important are the coastal environmental policies, action plans, compulsory mitigation targets, land and coastal use plans, and standards which contribute to the implementation of PPP as a performance-based framework.

Developing successful PPP projects:

4. **Requirements for successful PPP:** The presentations from China, Philippines, Vietnam and Indonesia identified several factors for viable and sustainable PPP:
 - government leadership and political will at both national and local levels;
 - clear legal and regulatory framework and consistent enforcement;
 - institutional arrangements and governance;
 - transparent procurement process;
 - financing mechanisms to ensure project viability and bankability (e.g., user fees; viability gap funding; national government subsidies; donor support);
 - contracts that include acceptable rate of return, cost recovery mechanisms, risk allocation and mitigation measures, and performance-based targets; and
 - stakeholder awareness to increase willingness to pay and build trust.
5. **Innovative solutions:** Integrated planning and application of locally adaptive technical solutions in land use to offset social implications contribute to realization of value for money, as demonstrated in Nanming River PPP Project in China.
6. **Sustainability:** Financial viability should not be the only criteria for investments. In addition to bankability, the long term benefits from the protection of coastal and marine ecosystems need to be included in the project analysis and approval process. Environmental impacts and economic internal rate of return are the usual indicators used in project design.
7. **Benefits of PPP:** Successful models show that PPP results in:
 - lower project cost;
 - shorter repayment period;
 - improvement of public service provision and water quality (e.g., Nanming, China); more efficient operations (Baliwag Water District, Philippines); and
 - access to innovative and cost-effective technologies, technical and managerial skills, and financing.
8. **PPP is not only for profits:** There are environmental projects where you can tap the corporate social responsibility of the private sector, and make them partners of local governments and communities in sustainable development of oceans and coasts. There are also environmental investments, such as wastewater and solid waste management projects, which can generate revenues and at the same time contribute to protecting ocean health.
9. **PPP also contributes to inclusive growth.** PPP projects create jobs and generate employment opportunities. Revenue-sharing with indigenous communities, payment for ecosystem services, and community protection of coastal and marine ecosystems that enhances fisheries and ecotourism are some of the mechanisms to ensure that communities share in the benefits of PPP projects.

Workshop Recommendations:

10. **Enabling policies for financing blue economy development:** Gaps exist in translating investments into *sustainable* PPP projects in the absence of agreed methodologies for valuation of ecosystem services and its incorporation into project proposals and design. PPP regulators and decision-makers at national and local levels in the environment and ocean sectors in different countries need to work together to design and agree on methodologies to capture natural capital values and mainstreaming this approach into investment planning and project structuring.
11. **Raising the awareness** of the roles of PPP among the environmental and marine sectors, as well as parliamentarians and planners at senior-decision making levels, should be further promoted in order to better communicate the value of PPP in financing and, more importantly, in providing expertise and efficiency in improving the performance of public services to the people and coastal environment as a performance-based framework.
12. **Capacity development** in design, evaluation and implementation of PPP projects, including performance-based contracts and financing mechanisms, should be conducted at national and local levels as an integral package of promoting investment for blue economy development. To achieve this, PEMSEA needs to consider establishing a community of practice of PPP projects and resource persons to transfer the needed knowledge through capacity development initiatives.
13. There is a need to **prepare case studies** as a means of knowledge management to help scale up of PPP projects and understanding of PPP projects by different sectors.
14. PEMSEA, with support of the World Bank, UNDP and other international organizations, should facilitate **regional exchanges and dialogues** at the country level among governments, private sector, regulators, scientists and stakeholders on identifying ocean-related PPP models and enabling conditions for PPP, and measuring ecosystem services and environmental impacts as key components of performance monitoring and project sustainability.