



UN-OHRLLS

Report of the P3a Conference

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I. Introduction

1. On 22-24 March, 2016, the Government of the Aruba, the PPP Knowledge Center in Aruba, in partnership with the UN Office of the High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States (UN-OHRLLS), together with the support of the Kingdom of the Netherlands, convened a three day conference (P3a) on Public Private Partnerships for Small Islands.
2. Some 300 participants attended the P3a Conference which brought together policy makers, Public-Private Partnership (PPP) leaders, and Small Island Developing States (SIDS) government representatives. The conference provided an international platform to strengthen international cooperation, mobilizing efforts in the pursuit of achieving the Sustainable Development Goals in SIDS. Governments, private companies, financial institutions, PPP practitioners and knowledge centres discussed the role that PPP projects can play in promoting sustainable growth in SIDS.
3. The two key objectives of the P3a Conference, which were to bring ideas to reality and the establishment of SIDS Global Business Network to better link the three SIDS regions together, allowing for a better exchange of experiences and best practices as well as follow-up on the announcement made at the Samoa forum were achieved.
4. The overall aim of the P3a Conference was to contribute towards supporting SIDS achieve their sustainable development objectives in particular through the possibilities that can be harnessed through public-private partnerships; a strengthened enabling environment and enhancing public-private partnerships.
5. The P3a Conference is a follow-up conference to the Private Sector Partnerships Forum convened by the Government of Samoa and UN-OHRLLS in Apia, Samoa, on 30 and 31 August, 2014, which was convened immediately prior to the Third International Conference for SIDS, which itself was convened from 1 to 4 September.

1. Background

6. SIDS were recognized as a “special case” in terms of their development and environment at the United Nations Conference on Environment and Development (UNCED) in 1992. This “special case” was reaffirmed at Rio+20 in 2012. SIDS share similar sustainable development challenges, including limited resources, susceptibility to natural disasters, vulnerability to external shocks and excessive dependence on international trade. Their growth and development is often stymied by challenges including high transportation and communication costs, disproportionately expensive public administration and infrastructure due to their small size, and limited opportunities to create economies of scale.
7. The Rio+20 outcome underscored that sustainable development requires concrete and urgent action stressing that it can only be achieved with a broad alliance of people, governments, civil society and private sector, all working together to secure the future we want for present and future generations. In this regard the participation and strong support of the private sector, both of SIDS and of development partners, and the partnerships that can be developed or strengthened

with and amongst SIDS private sector are crucial for achieving sustainable development in these countries.

8. The international community and SIDS recognize a role for the private sector in the implementation of the SIDS Programmes of Action which includes broad-based partnerships that ensure involvement and participation of all relevant stakeholders, including the private sector. Likewise, the private sector plays an important role in the national enabling environment through the engagement of corporate and other private-sector actors to contribute to sustainable development and the promotion of PPPs.

2. Summary

A. Opening

9. H.E Mr. Mike Eman, Prime Minister of Aruba, H.E Mr. Gyan Chandra Acharya, H.E. Mr. Karel van Oosterom, Permanent Representative of the Netherlands to the United Nations, H.E Mr. Jagdish Koonjul, Permanent Representative of Mauritius to the United Nations, Richard Blewitt, UN Resident Coordinator, and Glenn Thodé Rector University of Aruba, made remarks at the opening of the conference. Condolences and solidarity messages were expressed in support of the victims of the Brussels terrorist attacks which occurred on the opening day of the conference. Speakers highlighted the challenges that SIDS are faced with given their inherent characteristics of smallness and high vulnerability to exogenous shocks, as well as the opportunities that could be harnessed that would propel them towards achieving their sustainable development objectives. Speakers also highlighted some of the concrete initiatives that would be launched at the conference including the UNDP supported SIDS Center for Excellence as well as the UN-OHRLLS' SIDS Global Business Network web based platform. Speakers also acknowledged the support of the Kingdom of Netherlands in convening the conference.

B. Sessions

1. Oceans

10. The P3a focused on seven themes which included: oceans, renewable energy, sustainable agriculture, sustainable tourism, connectivity, finance, and infrastructure. But for the theme on infrastructure, the other six themes are the same as the themes which were the focus of the 2014 Private Sector Partnerships Forum in Apia, Samoa. These themes cover the priority areas that have been identified by both SIDS and their development partners in the SAMOA Pathway.

11. Oceans remain a key area for SIDS where potential for PPPs is huge. The conference discussed potential for PPPs in the area of OTEC, and ocean related energy solutions, the role of ICTs in mapping the ocean resources for information purposes. The importance of the ocean economy to SIDS was underscored during the conference. At the same time the need to balance economic growth with the need to manage ocean resources in a sustainable manner was also highlighted.

12. With an estimated “gross marine product” of some USD 2.5 trillion per year, the ocean is critical to global economic development. From shipping, fisheries, aquaculture, cruise and coastal tourism, submarine cables, renewable energy (wave/tidal), mining and other uses, the

oceans, for small island developing States (SIDS), is an issue that cuts across the economic, social and environmental dimensions of their sustainable development objectives. Highlighting the unique relationship that SIDS have with the ocean, SIDS have been at the forefront of managing the living marine and non-living resources within their respective jurisdictions, as evidenced by a number of regional cooperation arrangements and agreements to manage these resources.

13. PPPs have played an important role towards effective management and conservation efforts over large ocean spaces where SIDS alone often lack the resources and capacity. PPPs can accelerate efforts to conserve and sustainably manage SIDS valuable marine resources including through innovative approaches, building capacity and scientific know-how, harnessing the large-scale ocean renewable energy potential including Ocean Thermal Energy Conversion (OTEC), as well as in tackling the multifaceted impacts of climate change through adaptation and mitigation efforts.

14. PPPs can also play a significant role in strengthening an integrated approach to oceans management on the broad range of oceans and marine resources issues that SIDS face, including the effective designation of managed and protected areas, enhanced integrated coastal management, improved ocean zoning, improved sustainable marine resources management, improved tourism policies and capitalising on the holistic “ridge to reef” approach. In achieving Sustainable Development Goal 14 on Oceans, PPPs can leverage investments towards increasing the economic benefits to SIDS from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism.

15. Furthermore, partnerships to effectively manage harvesting and end overfishing, illegal, unreported and unregulated (IUU) fishing and other destructive fishing practices can contribute greatly to progress not only in achieving Goal 14 but also reverse the current trends in unmitigated destruction of the oceans which SIDS are reliant for socio-economic growth. PPPs have the potential to offer increased availability to capital, more innovative global knowledge based solutions and networking mechanisms that can facilitate synergies and economies of scale to more effectively address ocean sustainable development needs and opportunities.

16. On average, almost 30 percent of SIDS populations reside within five meters above sea level. While the oceans provide a substantial resource potential for SIDS, they are also the major source for natural hazards and resulting disasters. Furthermore, climate change impacts including sea-level rise pose major challenges particularly for low-lying island states. PPPs, can play an important role in building resilience and reducing climate and disaster risks including through innovative financing instruments, technical support and climate-resilient infrastructure.

2. Renewable Energy

17. The need for the implementation and adoption of renewable energy solutions in SIDS was emphasized. The conference also heard of new models for PPPs utilizing new technologies as well as refining older technologies that encourage the uptake of renewable energy while also build the capacities of the SIDS themselves and promoting employment opportunities

simultaneously. The role of government in creating the enabling framework to spur the growth of renewable energy was also raised. Presenters also recalled that, in the SIDS context, PPPs, including in renewable energy, does not always equate with heavy investment as is the case in other countries.

18. Access to reliable, clean and affordable energy plays a critical role in enabling the sustainable development of small island developing states (SIDS). Several SIDS have made great strides to reduce their dependency on important fossil fuels including by voluntarily setting ambitious targets and undertaking activities aimed at promoting transition to renewable and energy-efficient technologies and low carbon development.

19. The session on renewable energy featured a diverse range of speakers from both the public and private sector. The session explored existing and cutting-edge technologies and measures to promote economically viable and environmentally sound energy systems.

20. Emphasis was placed on the three guiding principles --reliability, affordability and sustainable (RAS) in determining technological solutions at the country level. It was noted that there is no one size fits all and strategies need to harness indigenous sources such as wind, solar, geothermal and tidal to find the right balance to maintain a reliable energy supply. This was also seen as necessary to reduce the vulnerability of SIDS to external oil price shocks, and reduce growing balance of payment pressures, a challenge several SIDS face.

21. The panelists highlighted variety of technologies that can set up SIDS on a greener path and make the transition to renewable energy. These included hybrid power plant designed to produce energy for remote communities at low cost, solar energy and floating solar systems on the sea, especially designed for those with limited land capacity for rooftop solar panels.

22. The discussions also focused on various business models for producing renewable energy. Purchase Power Agreements (PPA) and different approaches to contracting to incorporate elements of share risks and make projects economically viable were also mentioned.

23. Several speakers stressed the role of partnerships in promoting renewable energy and some spoke on the need for more transparency between utilities and private sector to improve efficiency. Several speakers spoke on incorporating corporate responsibility and engaging the local community and saw this as an important component in fostering local ownership and enhancing sustainability.

3. Sustainable Agriculture

24. Presenters reinforced the crucial role that sustainable agriculture can play in transforming SIDS, including through contributing to achieving their sustainable development objectives. The utilization of technologies and the potential for partnerships between world class agricultural research institutions and SIDS institutions were highlighted as areas that should be further explored, including through the private sector partnerships. The need to encourage agribusiness, and build the capacities of small scale farmers and entrepreneurs in SIDS in the field of sustainable agriculture remains very high. The need for better analysis and new ways to attract the youth population to be involved in sustainable agriculture was also highlighted. The role of

the public sector to create the right frameworks, incentives and the need to break down silos at the national, regional, and global level was also emphasized.

25. This session also covered the role played by intergovernmental groups such as the Africa, Caribbean and Pacific (ACP) in the area of sustainable agriculture through the development of appropriate policies and facilitation of platforms that allowed for exchange between policy makers and agriculture practitioners. The aim of bringing people together to seek collective solutions was also highlighted. The need to promote the infusing the broader cultural aspect including food and music to promote agriculture was also underlined.

26. The shift in agricultural activities in many SIDS over the years from more social activity to that which has business potential has highlighted the importance of agribusiness in SIDS. The need to harness greater private sector investment in this field is becoming crucially important. In many instances this calls for major infrastructure investment. The conference was informed of the major food import bill that many SIDS are faced with as well as the menace of NCD which is often linked with unhealthy imported food. The growing interest from the tourism sector was also highlighted and in this context the need to encourage better linkages with local producers and tourism sector was emphasized.

27. The need to promote profitable and sustainable value chain was also highlighted, given that agriculture is often viewed as a risky venture for SIDS. The role that ICTs can play in developing value chains was also discussed together with the need to assist farmers improve their market to influence, including through their involvement in policy development. In the face the climate challenge that SIDS face, the need to promote climate resilience crops is an important aspect of any discussions on sustainable agriculture in SIDS.

28. The issues surrounding the difficulties in attracting youth from SIDS to be involved in sustainable agriculture was also highlighted and in this context the examples in the Caribbean that focus on the area of promoting profitable and sustainable value gains including through PPPs were discussed. The issue of late payments for farmers from the buyers of agricultural produce was identified as a problem that dissuaded the youth to participate. The need for innovative credit for technical support as well as finance to entice the participation of youth in sustainable agriculture was highlighted as an area that the private sector and public sector can work together to promote and support. Other innovative ideas involving IT solutions the creations of hackathons were also shared in the session as examples of ways to encourage youth entrepreneurs being involved in SIDS agriculture.

29. The role of technical institutions that research how the advance agricultural practices was also discussed. Innovative ways to optimize smaller spaces for the greatest return in yields were also shared. Examples of advanced ICT methodologies to increase both quantity and quality of agricultural produce including the reuse of water and a recasting of the greenhouse concept beyond merely production facilities to a sustainable chain management mechanism was also shared.

30. While markets have become more competitive the opportunities to grow the sustainable agriculture sector in SIDS still remains. The need to ensure that the linkages are strengthened

between national and regional approaches in the context of SIDS was also highlighted. Some of the barriers highlighted during the session included competition for land and labour; the preferences from hotels and guests for imported food; and the fact that a majority of islands import 90% of food.

31. Going forward, the view was expressed that small scale agriculture should be also be considered together with the development or upscaling of mechanisms for effective engagement with potential agriculture entrepreneur, including from the youth. It was agreed that technology is an important if agriculture is to be sustainable and issues concerning land use continue to be a vital component of any discussion on sustainable agriculture. The importance of value chain linkages, including in processing and marketing remain key for SIDS agriculture growth. In this regard, private sector investment, as well as the need to work with governments on enabling environment and policy in a systematic manner was underscored.

4. Sustainable Tourism

31. Sustainable tourism remains the biggest sector for income, job creation and growth. There are different approaches but SIDS' desire to ensure that the tourism industry should be sustainable is high on the agenda. The approaches for quality over quantity were shared. The benefit that community-based tourism can bring to women and local communities was highlighted as one that is well suited to many SIDS. PPP models that involve government regulations, private sector in developing infrastructure were also emphasized. The need to adapt quickly to changing demands of the international tourism markets was identified as a key area to ensure success and stay one step ahead of changing trends. The need to adapt to the shift in market and tastes was also highlighted.

32. Sustainable tourism remains the key economic driver of sustainable economic growth and decent job creation for majority of SIDS. During the session on sustainable tourism, emphasis was laid on diversifying tourism including through the development of eco-tourism and cultural tourism experiences as well as local products.

33. The session also highlighted that the tourism industry should bring tangible benefit to local communities. In particular, panelists touched upon how to leverage the power of travel and tourism to improve lives of people, their communities and the environment. The role of partnerships including the different sectors that serve the tourism industry from the transport sector to food and agriculture was also emphasized. The role of international partners can provide experience and expertise, resources and technical support and exposure was also noted.

34. The session highlighted that the business model for tourism is not static but evolving and the recent trend in travelers looking for authentic experiences. In this context, tourism was seen as a powerful vehicle for change and a useful tool in engaging local communities to preserve local heritage and cultural diversity. Some panelists shared country experiences of strong public-private partnerships which helped the revival of the tourism sector in the aftermath of the global economic crisis.

35. The session also discussed private sector led community tourism development -- tourism based on promoting culture in tourism experiences. Community development was viewed as an essential component of ensuring the sustainability of tourist destinations and investment in the

future. Examples were shared of business models where the private sector worked together with indigenous people to host travelers, serve as tour guides and help set up small businesses to serve the tourism industry.

36. It was also noted that increasingly, consumers are demanding more transparency including sustainable sourcing, brand equity and protection. The role of global partners such as the Marine Stewardship Council to protect the supply chain and maintain customers was also highlighted.

5. Connectivity

37. There remains a need to mainstream policies and research on connectivity and to examine strategies to enhance ICT connectivity between the SIDS regions and international markets. In light of capacity and resource constraints faced by many of these countries, partnerships of various kinds including PPPs need to be supported through a multi-stakeholder approach including the pooling of resources to improve inter-island connectivity. The role that SIDS governments play will also have far-reaching effects both in public use of ICT, but importantly on investor perceptions of risks and the types of cooperation they will receive in the short and long term. To ensure that lenders and investors feel comfortable putting investing in SIDS economies, governments need to ensure that private and public sector participants in telecommunications are treated equally and consistently

38. Connectivity, particularly as is related to those involving infrastructure, is a PPPs heavy sector. For many SIDS IT connection, particularly to reliable broadband through undersea cable remains a big need. The regional approach is being explored as one through which the market size can be expanded to overcome the issue of small market that an individual SIDS might pose. ICT is a cross cutting issue that can contribute to the implementation of sustainable development objectives for SIDS, including the SAMOA Pathway and the SDGs. Examples of on-the-ground projects including ICT hubs and their potential for upscaling in SIDS were also presented. The role of private sector in providing access to ICT in the education sector was also shared as a PPPs example in the social sector. Innovative ideas in the management of the air transportation sector including the 'Happy Flow' initiative in Aruba was also highlighted.

39. Given the power of connectivity to leapfrog development roadblocks and bring access to economic and social benefits of broadband connectivity and innovation in essential services, such as online health and education, it will be critical to invest sufficiently in Information and Communication Technologies (ICT) in order for SIDS to make significant progress in achieving their sustainable development goals. For these countries, connectivity is a fundamental necessity which cuts across various sectors including sustainable tourism, trade, financial services, education, health, environment, sustainable agriculture, disaster risk reduction and oceans management.

40. Despite hard won gains, connectivity remains an obstacle for many, particularly for those SIDS in the Pacific where major gaps remain in access to reliable fibre-optic and satellite services. The Pacific region is one of the most ICT disconnected in the world with less than 10% of people having broadband access. Furthermore, connectivity is considered to be a lifeline for scattered and remote islands and therefore development of ICT infrastructure and resources is a high priority. Nonetheless, operational costs of established networks in many SIDS are

considered to be significantly above world average, posing major challenges to expanding telecommunication services by both public and private operators.

41. Despite the challenges, innovative PPPs can support SIDS in accelerating efforts to fostering an environment which provides incentives for innovation and entrepreneurship and stimulate the necessary investments in infrastructure to expand ICT capacity and boost access.

42. For SIDS intending to progress to a knowledge-based economy, ICT infrastructure is undeniably crucial. PPPs can spark open innovation, education, knowledge management and creativity. Effective PPPs can help achieve low cost, reliable, diverse satellite communications capacity including through utilizing un-used satellite capacity. Regional inter-island partnerships including cost-sharing agreements in for instance laying and connecting submarine cables can mobilize otherwise difficult to finance ICT projects. On the other hand, through PPPs satellite companies operating in SIDS have an important role to play in complementing those areas where submarine cables are absent.

43. Given the high exposure to natural hazards in SIDS, resilient ICT infrastructure and resources play an important role in emergency telecommunications when disasters strike.

6 & 7 Financing and Infrastructure

44. Blended financing that captures public and private partnerships in the funding of PPPs in SIDS is a key component to ensuring successful PPPs. The high cost associated with the preparation stage to assess the bankability of PPPs projects can already be prohibitive for many SIDS. The constraints including those regarding human and financial resources is a reality for many SIDS. Again the idea for pooling to create 'bigger baskets' was seen as a way to overcome the issue of small size and the expenses involved. The idea to start small, particularly in sustainable development PPPs that can be upscale in the future was highlighted as an approach that can be utilized to manage risks. The sharing of concrete examples of micro financing projects on the ground including those catering to women was a highlight of the session. The need to support these community based finance initiatives was also underscored.

45. Presenters shared inspirational initiatives that are benefitting thousands of women through the establishment of women micro banking in the pacific. The need for government to support and create enabling environments to support such initiatives was highlighted. The need to leverage private sector support in such undertakings was also underscored. The example of the role that financial institutions play in supporting and promoting SIDS farmers involved in high value crops were also presented.

46. The need for capacity building and a level of financial literacy was underlined as a prerequisite before finance is disbursed to successful loan applicants. The need for holistic approach and value chain assessments was also highlighted with the transition from traditional to commercial agriculture being identified as a particular challenge for SIDS. The importance of quality control and a people centred approach was highlighted.

47. The need to look at ways that concessional finance can be better utilized to encourage and spur sustainable development objectives in SIDS was discussed as well as the need to identify ways to mitigate risks in SIDS. The role of governments in the area of assessing the bankability of

projects, allocating capacity, particularly in the context of SIDS where experts and expertise may not readily be available was also highlighted.

48. On the specific issue of launching PPPs the need to use local practice in individual SIDS projects was highlighted. Particularly on infrastructure, the need to allocate risk with a party that can best handle this risk was also underscored. While the important role of the public and government sector cannot be overstated in a PPP venture, the private finance would need to takeover at some stage. This calls for the need to leave profit in the mix and in this regard the view was expressed that sustainable projects must have a profit angle to them.

49. Lessons learned have shown that in order to attract the required resources there is need for inclusivity. Beyond finance the need to accommodate knowledge transfer is another factor that should be considered at the start of a PPP venture. The advantages of a bundled project approach was also advocated which called for increased focus on preplanning, the need to be alert to cross cutting projects that affect various sectors, as well as an approach that sees infrastructure as a social inclusion issue that overall leads to the wellbeing of citizens. The need to have vision in launching PPPs was identified as key. Political stability was also identified as a requirement in successful PPPs. Other innovative financing including through pooling to create bigger financial baskets requires strong and committed partnerships.

50. The need for Special Purpose Vehicle (SPV) was highlighted in PPP ventures. The challenges involved in launching sustainable projects was also discussed, given their objectives and characteristics but it was also emphasised that profit might not be main aim of these projects which needs to be understood from the outset. PPPs are notoriously difficult to implement due to the sheer number of stakeholders involved, the need for public support and the need to manage risks. The conference was informed that projects don not start up at full tilt. Rather they start up small and are scaled up. In this regard it was suggested that sustainable solutions should be provided in a scalable manner. The importance of required collective bargaining power at the beginning of a PPP was also underscored.

51. It was evident in the discussions that it is in infrastructure projects that PPPs really show their value. For SIDS, PPPs are essential if infrastructure plans can be turned into projects and become realities. The involvement of the community was highlighted as key in any PPPs project. Many of these lessons learned while applicable to many SIDS would still need to take into consideration the unique local and national settings of different SIDS. The involvement of the international corporations as well as international organizations including the UN was also highlighted.

52. The example of cooperative approaches was also advocated during the session. The advantages of a blending private and donor money, including through contributions from development banks and other sources was highlighted. The call for a dedicated window for funding for SIDS was also expressed during the sessions.

IV. Closing

53. Expressions of gratitude were extended to the host, Government of Aruba, the Aruba PPP Knowledge Centre, as well as the Kingdom of the Netherlands, the UN Department of Economic and Social Affairs, and UN-OHRLLS successfully convening the P3a. It was acknowledged that the discussions over the three days have been rich and informative. UN-OHRLLS informed the conference that it will take some of these issues discussed over the three day conference forward. An announcement was also made of another private sector conference on SIDS issues to be convened in the AIMS SIDS region.

V. Annex

Presentations