Discussion Paper

Digitalisation and resilience for People-first PPPs for the SDGs

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Summary of online discussion with David Dodd, David Baxter, Amanda Loeffen, and Tanya Dombkins

What do we mean by digitalisation?

Digitalisation has a vast array of different interpretations of the word. Essentially, it includes any process that collects data in a form that can be transparently or confidentially shared online. The examples include smart contracts that use block chain technology to secure confidentiality, a simple spreadsheet that tracks data, or sophisticated software tools that incorporate digital infrastructure and allow for the storing, categorising, analysing and treatment of large amounts of technical or financial data between systems. It allows for the collection and sharing of information in a common database that enables the higher performance of operators and the tracking and monitoring of information. There is little doubt that we are quickly crossing the digital frontier and operating in a new world of virtual reality and demands. PPP projects that do not adopt will be left behind.

How can digitalisation increase resilience for PPPs?

Resilience is the ability of a PPP to be prepared for the unexpected, such as drastic long-term changes in climate or the political/economic environment, and with planning for the PPP to be able to continue operations sustainably. Digitalisation, and the tracking of relevant data, allows for the PPP to predict changes in conditions, to modify operations to optimise productivity, to identify problems quickly based on feedback from a wider range of stakeholders, and, through the triggering of early warning signals, can dramatically reduce costs and consequences. The ability to access huge amounts of data in a transparent and comprehensive way opens the door to operating at greater efficiency, giving a competitive advantage to the early adopters.

What about the SDGs and sustainability?

The first step towards improving performance is to monitor baseline information, and to track or benchmark improvements over time. The SDGs provide a target for achievement of 100% of sustainable goals, such as access to water, energy or reduction in poverty. To accelerate activities that will achieve these goals, it is essential to understand where there are gaps in performance, and to focus attention on the areas where vulnerable or marginalised people are being left behind. PPPs have historically been designed without accounting for wider long-term benefits outside of the immediate needs to create profit and value for the investors. This is changing under the growing financial interest in ESG qualifying investments, encompassing social, economic and governance benefits over the life of the project. PPPs are starting to realise that in order to tap into this growing stream of finance, that a high ESG rating attracts a much wider range of financial instruments, including blended finance that is otherwise off the table.

What kind of digital tools are available for PPPs to increase resilience?

Many new tools are on open platforms and freely available. The most relevant of these is the UNECE People-first PPP Evaluation Tool, which provides an easy-to-follow checklist approach to help PPPs to assess what they need to do to increase sustainability. There are five outcomes on access and equity; economic sustainability; environmental resilience; replicability and stakeholder engagement.

This is a robust tool that has been extensively tested on case studies around the world and is adopted by the UNECE member states. At this point in its development, it is a relatively simple excel spreadsheet that provides a useful framework for PPPs to use for assessment and improvement. It can also be used to benchmark improvements over time, as a tool for PPP governance.

There are also other sophisticated software tools that provide a secure interface for managing procurement processes and developing contracts, especially for larger scale contracts where there is value in sharing information securely. As these procurement processes become more refined, the benefits of managing data online, with fast search and access options, become increasingly relevant and competitive.

Tools can be used to track qualitative as well as quantitative data. For example, stakeholder engagement is an area that is poorly understood, but that offers huge value in terms of bringing new benefits and design improvements, plus the all-important buy-in of the community. It is important to track stakeholder engagements through a carefully designed plan, and share the data publicly on regular meetings, number of grievances resolved, and how matters have been addressed or redressed. Digitalisation offers a transparency of process and an accessibility that encourages inclusivity and greater participation, especially among vulnerable people and areas where gender participation needs to be encouraged.

Pitfalls

Digital data is only as good as the robustness of the data and processes that are used to generate the information. Ultimately, people design the processes and enter the data, and people can make mistakes. It is therefore important to invest time upfront in designing fit-for-purpose monitoring systems and designing software around a well-tested and carefully developed methodology.

Digitalisation does not replace face-to-face meetings with stakeholders. Not everybody is capable or has access to sophisticated data interfaces, and it is important to recognise its limitations.

Recommendations

1. Don't wait – start gathering data now, set up monitoring systems, and create your baseline assessments that tie into ESG requirements and SDG goals.
2. It doesn't need to be complex to be efficient. If you don't understand the process, then the information may not be relevant. The simple solution is often the most reliable and economic solution.
3. Target accountable outcomes for vulnerable and marginalised communities that are currently being left behind. These are the people that need support, and that will be most affected by extreme events such as flooding and droughts. They are also essential for achieving SDGs and meeting ESG requirements.
4. Think about raising your ESG standards by tracking the relevant data that supports accountability. Use tools to help you to understand the areas for responsible investment. Look at these benefits as a long-term investment rather than a short-term cost, and a necessary way to do business in the future.