



Main principles using a public-private partnership to achieve sustainable development

Raluca Miruna Zapciu (Niculescu)¹ and Gheorghe Hurduzeu²

¹Ec., PhD student on Department of International Business and Economics, University of Economic Studies from Bucharest, Romania, ZipCode 010371

²Professor, Dean of International Business and Economics faculty, University of Economic Studies from Bucharest, Romania, ZipCode 010371
zapcium@yahoo.com

ABSTRACT

The purpose of this article is to show the usefulness of enhanced product information regarding the consistency with environmental and social needs. Converging trends over the last decade have shaped a very different business environment for the coming decade. The sustainability of the production concerning the processing and the transporting is a powerful tool for achieving more environmentally sound, economically viable, biologically diverse, and socially just communities. The signalling of sustainable characteristics is a major challenge not only for producers and consumers, but also for policy makers.

Key words: Sustainable development, resource efficiency, PPP-public-private partnership, vision 2030

INTRODUCTION

The main approach in modern social and environmental policies aiming at society sustainable development management is switching from administrative instruments to economic and ethical tools of social and environmental regulation: environmental management systems - ISO 14000, SA 8000, ethical codes and voluntary initiatives. In the decision making process, environmental awareness makes good conditions for social partnership and mutual responsibility development [1].

Also, over the past decade, consumers have become increasingly interested in learning more about the way in which their purchasing decisions may affect the environment [2], [3].

Most **consumers** declare they are willing to pay more for a product which they perceive as environmentally or ethically superior. When making their purchasing decisions, consumers are unaware of these products' characteristics or must spend very strong information costs to learn about them [4]. **Firms' sustainability** actions refer to the concept of Corporate Social Responsibility (CSR). Firms' CSR initiatives depend on their ability to valorise such practices [5].

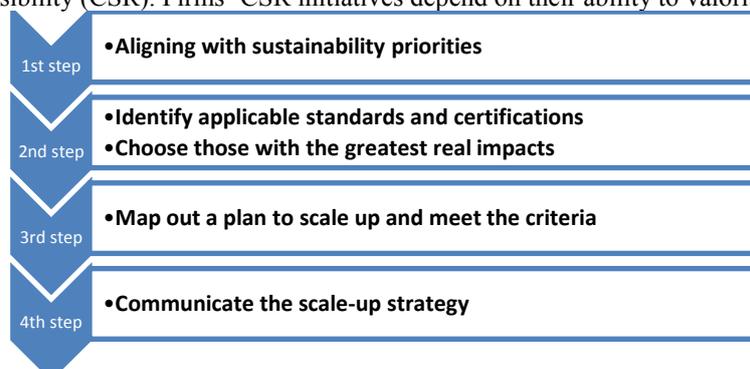


Fig. 1 How might a business determine what standards to meet

Aligning with sustainability priorities is a good start, as long as this addresses the enterprise's biggest impacts, needs and opportunities (Fig. 1). This will maximize positive impact where it is the most needed: for the business, stakeholders and the environment [7]. With a well-developed strategy, these will align with consumer concerns, advancing both sustainability and marketing goals. As an example, manufacturers of household cleaning products might focus on certifications and standards around non-toxicity and biodegradability, while paper products companies would be wise to hone in on post-consumer recycled content and non-toxic processing. When specific areas are identified, a good next step is to **identify applicable standards and certifications and choose those with the greatest real impacts** (inside and outside the business), which lies above current performance and the status quo. Companies can do side-by-side comparisons for various standards and talk to peers. As a simple example, a 100 percent recycled content label effectively addresses both environmentally preferable sourcing and end-user recyclability, adding value over a recyclable label alone [6].

The WBC (World Business Council) for Sustainable Development has described CSR as the business contribution to sustainable economic development. CSR typically includes “beyond law” commitments and activities being related to: • corporate governance and ethics; • health and safety; • environmental stewardship; • human rights (including core labour rights); • sustainable development; • conditions of work (including safety and health, hours of work, wages); • industrial relations; • community involvement; • involvement of and respect for diverse cultures; • corporate philanthropy and employee volunteering; • customer satisfaction; • anti-corruption measures; • accountability, transparency; and • supplier relations, for both domestic and international supply chains.

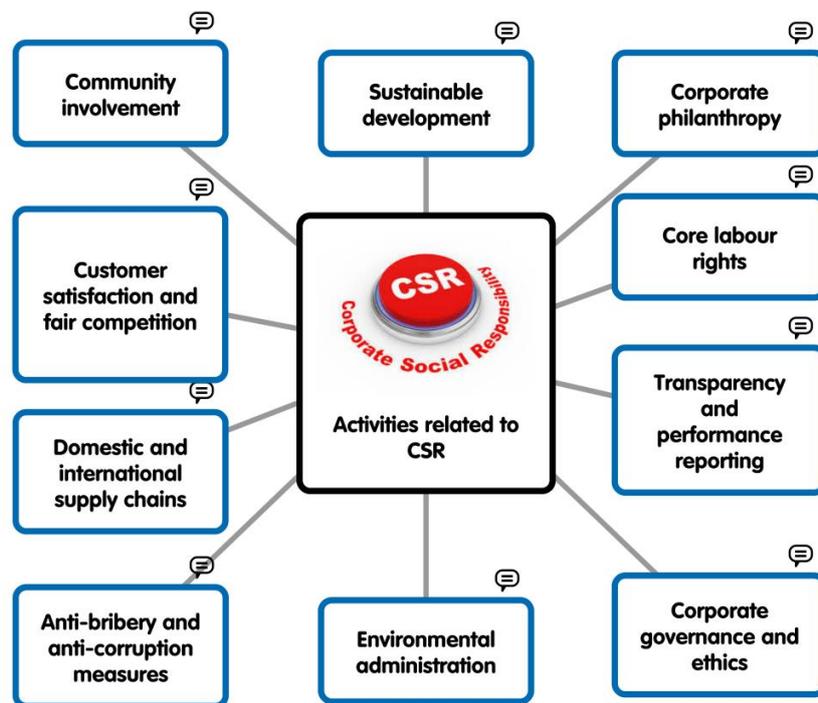


Fig. 2 Activities related to CSR

These elements of CSR are interconnected, in interdependence, and apply to firms wherever they operate - wherever the domain of activity (Fig. 2).

PPPs AND PRINCIPLES OF GOOD GOVERNANCE

Attracting PPP:

- The private sector must be treated as a partner and it represents an interesting solution for sustainable development;
- Focus on a concrete deliverable that is in everyone's interest, a ‘win-win’ approach (e.g. training is a win-win: It improves the Government's project pipe line, and improves the companies' ‘bottom line’ through a flow of projects);
- Offer to showcase the companies' best practice in sustainable development e.g. web Portal on best practice PPP case studies

The authors are found seven principles of good governance in PPPs: 1. A coherent PPP policy; 2. Strong enabling institutions; 3. Legal framework “fewer, better, simpler”; 4. Cooperative risk sharing and mutual support; 5. Transparency in partner section; 6. Putting people first; 7. Achieving sustainable development; Good design of governance; LEAN - CLEAN – GREEN.

Status of PPPs in Romania is presented in the figure 3.

Finland	—	3	Romania	C	2
France	B	2	Slovakia	—	—
Germany	B	—	Slovenia	C	3
Greece	C	2	Spain	—	1
Hungary	B	3	Sweden	—	—
Ireland	A	1	United Kingdom	A	—
Italy	B	3			

A - PPP unit existing (actively involved in PPP promotion)	
B - PPP unit in progress (or existing but in a purely consultative capacity)	
C - Need for PPP unit identified and some action taken (or only a regional PPP unit existing)	

1 - Comprehensive legislation in place
2 - Comprehensive legislation being drafted / some sector-specific legislation in place
3 - Legislation being proposed

Fig. 3 Status of PPPs institutional and legal structures. (van der Geest W. -2011)

Potential Benefits of PPPs

- Utilizing private sector skills and technology to deliver projects in a more efficient manner, resulting in either lower costs or a superior product for the same investment.
- Optimization of the design and operation with the intention of improving effectiveness whilst reducing costs over the whole life cycle.
- Quicker delivery of project: Private sector capacity and flexibility are superior to the public sector, and PPPs therefore allow projects to be finished in shorter time
- Project risks are transferred to the party best equipped to deal with it, both in terms of expertise and costs, to the stability and benefit of the project.
- Possibility to implement projects more frequently and on a larger scale because the private sector finance element reduces its need to raise or budget additional funds.

Potential major disadvantage is the higher cost: The borrowing rates given to the private sector may be higher than those typically available to governments.

VISION 2030

In the recent initiative, European Commission addresses the need for public-private collaborations to ensure uptake of resource and energy efficiency innovations.

SPIRE (Sustainable Process Industry through Resource and Energy Efficiency) vision until 2030 considers that novel and radically improved production processes are key to increasing the energy, resource and CO₂ efficiency in industrial value chains. The next four measures are essential:

- Using resource and energy more efficiently (reduce and prevent waste);
- Recovery, recycling and re-use of post-consumer waste;
- Integrating novel and renewable feedstock (bio-based) to reduce fossil feedstock and mineral raw materials dependency;
- Reinvent materials and products in order to have a significantly increased impact on resource and energy efficiency (recyclability and re-usability as well as improved material properties such as lighter weight).

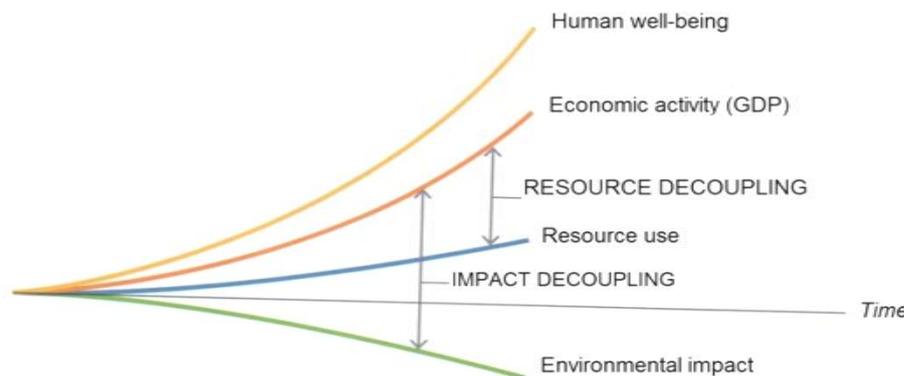


Fig. 4 Trend of decoupling human well-being from resource consumption (UNEP)

The figure 4 presents the impact of decoupling human well-being from resource consumption and it is a key indicator of positive trends in sustainability and resource efficiency. A separation of the impacts of an activity from its improved outputs, removes the link and interrelationship between these variables. Decoupling is the objective for sustainability in de-linking economic growth and activity from environmental impacts.

CONCLUSION

Sustainable development policies must, among other things, make caring for the environment a corporate priority. This can be achieved if profitability becomes more obviously linked to a company's environmental performance.

A good example is the study of United Nations Environment Programme where it is stipulated that green economy scenarios (through to 2050 and yielding) predict higher economic ROI in the longer-term (over US\$ 3 for each US\$ invested) [9], [10].

Using PPPs institutional and legal structures is possible to design good governance using the steps: Lean - Clean – Green. Resource-efficient economy would: - Support economic performance while reducing resource use; - Create new opportunities for economic growth, innovation and increase EU's competitiveness; - Limit the environmental impacts of resource use.

REFERENCES

- [1]. A. Tukker, M. Charter, M. Vezzoli Eivind, S.M. Andersen -*System Innovation For Sustainability 1*, Green Leaf Publishing, Digest 2(39): 7-8, (2008).
- [2]. ECD: *Review of the Development of International Environmental Management Standards — ISO 14000 Standards Series*. OECD Group on Pollution Prevention. Environment Directorate. Environment Policy Committee. ENV/EPOC/PPC(98)6. May 4, Paris, (1998).
- [3]. *Environmental Management Standards*, Particularly the ISO 14000 Series, on Developing Countries, and Opportunities and Needs in this Context.” Trade and Development Board. Commission on Trade in Goods And Services, and Commodities. Held in Geneva, from 29-31 October. TD/B/COM.1/10, TD/B/COM.1EM.4/3 (1997).
- [4]. Gary P Sampson „*The World Trade Organization and Sustainable Development*”, United Nations University Press, (2005).
- [5]. Okechukwu Ukaga, Chris Maser „*Evaluating sustainable development: giving people a voice in their destiny*,” Stylus Publishing, LLC, (2004).
- [6]. Pratima Bansal, May 1 „*The corporate challenges of sustainable development ACAD MANAGE PERSPECT*” 16:2 122-131, (2012).
- [7]. Esty D., Winston A. - *Green to Gold: How smart companies use environmental strategy to innovate, create value, and build competitive advantage*, 2006.
- [8]. Hohnen P. *Corporate Social Responsibility: An Implementation Guide for Business*. 2007, International Institute for Sustainable Development, Editor Jason Potts, ISBN 978-1-895536-97-3.
- [9]. ©European Union - *Sustainable Process Industry. Multi-annual roadmap for the contractual PPP under Horizon 2020*. (2013), prepared by SPIRE-Sustainable Process Industry through Resource and Energy Efficiency. ISBN 978-92-79-31250-2 doi: 10.2777/30452.
- [10]. United Nations Development Group; UNDG at the Global Level; *United Nations development assistance framework guidance* (2017). Web: https://undg.org/wp-content/uploads/2017/05/2017-UNDAF_Guidance_01-May-2017.pdf