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A common goal: More consistency and risk analysis for infrastructure PPPs

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There's a strong emphasis on "quality infrastructure" afoot and we emphatically support it, as the focus plays a fundamental role as governments seek to deliver on their economic, social, and environmental goals.

Within this context, [PPP's are one of the approaches to delivering the quality infrastructure needed and have the potential to better utilize private sector resources alongside public resources.](#) But we also are keenly aware that good governance, transparency, and sufficient government capability to adequately prepare and implement PPP projects remains a challenge in many regions.

Given the specific challenges associated with PPPs—just as many governments are increasingly focused on such models—the World Bank and the Global Infrastructure Hub (GI Hub) continue to double down on their commitment to build and share good practices in the delivery of better infrastructure and, where appropriate, through PPPs. Specifically, we've entered into a partnership that offers practical guidance on and promotion of consistent approaches vis-à-vis structuring PPP arrangements from a risk allocation perspective and the subsequent drafting of PPP contracts.

A push for more consistent approaches

Both the World Bank and the GI Hub believe that greater standardization of PPP project documentation can help governments looking to deliver sustainable infrastructure that both benefits the public and scales up private investment. [More consistency reduces the complexity and costs of PPP project preparation and negotiation, attracts more private investment due to improved predictability, and helps governments compare project performance.](#)

To this end, we've updated and released two sets of guidance materials: the 2019 editions of the [World Bank Guidance on PPP Contractual Provisions](#) and the [GI Hub PPP Risk Allocation Tool](#). First editions of these documents were delivered in 2015 and 2016 respectively and offer guidance for governments on these complementary topics.

To be clear, this is how they complement each other: once an appropriate allocation of risks between a government (contracting authority) and a private partner is decided upon, the parties need to document that risk allocation in an agreement to ensure that each party can effectively enforce its rights. Where the GI Hub's tool provides direction for contracting authorities on good practice risk allocation arrangements, the World Bank document provides guidance and sample drafting for specific provisions typically included in PPP contracts.

Reflecting good practice from around the world

To ensure that the updated guidance documents reflect global good practices in a form that is helpful to government users, we've undertaken extensive public consultation, including workshops, online consultation, and dialogue with key stakeholders. Last April we delivered a two-day consultative workshop in Singapore, in collaboration with Infrastructure Asia and Allen & Overy.

Representatives from 11 Asian countries joined us, as did colleagues from the private sector and international organizations. We received feedback that the workshops and online consultation with public and private stakeholders, multilateral development banks, and civil society organizations were instrumental in finalizing both documents. The PPP Knowledge Lab will host a link to a consolidated version of all feedback received.

What's new?

The [2019 Guidance](#) updates the existing chapters and includes consideration of themes such as climate change as well as environmental and social issues in the context of PPP contracts. Three new chapters address contracting authority step-in rights, termination events, and handback of assets at the end of the PPP contract. The overall objective of the Guidance remains to assist its target audience, namely contracting authorities—and particularly those in emerging markets—with obtaining a more comprehensive understanding of essential clauses in PPP contracts and to help them carefully assess the issues specific to their own projects.

The [2019 PPP Risk Allocation Tool](#) now includes projects in the social infrastructure sector (such as schools, hospitals, and industrial parks), as well as the pre-existing transport, energy, water, and waste projects. The 2019 edition contains 18 annotated risk allocation matrices for PPP transactions addressing the risks and issues on a sector-by-sector basis. It then provides guidance on the allocation of those risks as between the public and private partners. For each sector, there's also an identification of key risk areas and a discussion of global risk allocation trends.

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