PPP BASICS: WHAT AND WHY

PPP Basics: What and Why

Provides an overview of Public-Private Partnerships (PPPs)—what they are, how they are used to provide infrastructure assets and services, their benefits, and their pitfalls. Explore the section below or visit PPP Online Reference Guide for a full overview.

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The module provides an overview of PPPs, and discusses projects and contracts where there is a public interest in the provision of services and where the project involves long-life assets linked to the long-term nature of the PPP contract.

What is a PPP: Defining "Public-Private Partnership" outlines the variety of contract types, and the terminology used to describe them. This section also presents types of partnerships to which the definition and guidance material in this *Reference Guide* would generally not apply. Some of them present similitudes to PPPs, others are significantly different.

Infrastructure Challenges and How PPPs Can Help discusses opportunities brought by PPP procurement, and the pitfalls practitioners may experience. PPPs are presented not only as a way of bringing needed additional investment to public infrastructure but also as a mechanism for improving infrastructure planning and project selection. It is also a mechanism for enhancing project management and guaranteeing adequate maintenance, avoiding cycles of construction followed by persistent neglect and then high-cost reconstruction. Well-structured PPPs bring private capital for investment, private-sector expertise, and commercial management incentives needed for enhancing service provision to users.

Therefore, private sector financing provides two key functions in a PPP. First, it complements public sector financing and allows projects to go forward that otherwise would have been discarded due to fiscal constraints. Second, it creates an incentive mechanism aligning private and public interests. How PPPs are Financed describes the various finance structures utilized for PPPs, and how governments can adjust contractual provisions to the financial environment, help develop markets, mitigate risks, and enhance credit.

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Visit the PPP Online Reference Guide section to find out more.