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PPP Processes and Institutional Responsibilities

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Governments need commitment, skill, capacity, and coordination to implement PPPs successfully. Under a PPP contract, the private party will design, finance, build and maintain the infrastructure, and provide services. However, the government remains responsible for ensuring the public service is provided to the expected quality and quantity specified in the PPP contract, in a way that achieves good value for money. The government must choose the right project, select a competent partner, and set and enforce the parameters within which that partner operates. It is always important to keep in mind that PPPs are fundamentally a procurement mechanism for the delivery of a public service.

To this end, many governments define processes and institutional responsibilities for PPPs—that is, the steps that must be followed when developing and implementing a PPP project, and the entities responsible for each step. This section provides examples and resources for practitioners on:

- Establishing the **PPP process**—there are several steps that a government must usually take to implement a PPP project successfully. Defining a standard PPP process, with approvals required at key points, helps to ensure that these steps are taken consistently and efficiently. PPP Process describes a typical PPP process, and gives examples from various countries' PPP programs.
- Defining **institutional responsibilities** for PPPs—that is, which entity will play which role at each step. Institutional arrangements and the allocation of functions differ from place to place—depending on the specific needs of the PPP program and the existing institutional responsibilities and capacities. Institutional Responsibilities: Implementation and Institutional Responsibilities: Review and Approval describe and provide examples of institutional responsibilities for:
    - **Implementing PPPs**—that is, doing the day-to-day work to drive forward the PPP process through the steps defined below: from identifying potential projects, appraising, structuring, drafting the contract, bidding it out, and managing the contract after it is signed.
    - **Reviewing and approving PPPs**—that is, overseeing the PPP process, typically through review and approvals at key stages, to ensure that the project represents a good investment decision for the government.
- Establishing **PPP units**. Some governments establish teams aggregating staff with specific knowledge on PPPs. The functions of these PPP Units vary widely, as do their location within Government and structure—reflecting the variation in priorities and constraints facing PPP programs both between governments, and over time as the PPP program evolves. Dedicated PPP Units briefly describes the various roles played by these units, with examples from different countries.

This section focuses on the process and responsibilities within the executive branch of government for implementing PPPs. Broader PPP Program Governance provides further guidance on how other entities can input into the PPP process, and hold those responsible for developing PPPs accountable for their decisions and actions.

Key References

PPP Processes and Institutional Responsibilities

- CL. 2010b. *Ley y Reglamento de Concesiones de Obras Públicas: Decreto Supremo MOP Nº 900*. Santiago: Gobierno de Chile, Ministerio de Obras Públicas. Sets out the processes for handling proposals, tendering, monitoring, and dispute resolution.Sets out the processes for handling proposals, tendering, monitoring, and dispute resolution.
- EG. 2007. *National Program for Public-Private Partnerships*. 2nd ed. Cairo: Government of Egypt, Public-Private Partnerships Central Unit. Egypt's comprehensive guidelines and policies for PPPs, including regulations for the PPP procurement process. It also outlines the institutional responsibilities within the government and the approval process.
- MY. 2009. *Garis Panduan: Kerjasama Awam-Swasta Public-Private Partnership-PPP*. Putrajaya, Malaysia: Prime Minister's Office, Public-Private Partnership Unit. The government of Malaysia's policy framework and procurement process for PPPs are outlined in this document.
- MX. 2012. *Ley de Asociaciones Público Privadas*. Mexico City: Gobierno de México, Cámara de Diputados. Sets out in detail the process and institutional responsibilities for developing and implementing PPP projects in Mexico.
- PE. 2014. *Ley No. 30167: Ley que Modifica el Decreto Legislativo 1012*. Lima: Presidente de la Republica del Peru. Sets out the entire PPP process (from appraisal to tendering and implementing the contract), and it also defines the institutional framework for PPPs in infrastructure—this includes defining the role of the Ministry of Finance and the PPP promotion Agency PROINVERSION).
- PH. 2006. *The Philippine BOT Law R.A. 7718 and its Implementing Rules and Regulations*. Revised 2006. Manila: Public-Private Partnership Center. The set of laws for PPPs in the Philippines, including implementing rules and regulations of the PPP process.
- PR. 2009. *Act No. 29*. San Juan: Commonwealth of Puerto Rico.?????? Outlines the processes for assessing the desirability and convenience of the PPP project, tendering the project, designing the contract, and monitoring its implementation. It also establishes the PPP Authority, and assigns responsibilities to the Authority and other government agencies.
- ZA. 2004a. *Public Private Partnership Manual*. Pretoria: South African Government, National Treasury. The comprehensive PPP manual outlining the PPP procurement process for South Africa, including the approval process
- ES. 2011. "Real Decreto Legislativo 3/20111, de 14 de noviembre, por el que se aprueba el texto refundido de la Ley de Contratos del Sector Público." *Boletín Oficial del Estado*, 276 (1) 117729-117913. Madrid: Gobierno de España, Ministerio de la Presidencia. Describes the different stages and studies that must be carried out when using a PPP as a procurement option. PPP that use private public-private legal framework will consider the principles of transparency, openness, and non-discrimination of public legal framework.
- EPEC. 2011b. *The Guide to Guidance: How to Prepare, Procure, and Deliver PPP Projects*. Luxembourg: European Investment Bank, European PPP Expertise Centre. A guide and sourcebook for PPP policies and project implementation. Chapter 1 presents a short guide on project identification.
- PPPLRC. Public-Private Partnerships in Legal Resource Center website. The section on legislation includes information and questions for assessing legal environments for PPPs, information on types of legislation, and example PPP legislation from over 30 countries.
- Farquharson, Edward, Clemencia Torres de Mästle, E. R. Yescombe, and Javier Encinas. 2011. *How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets*. Washington, DC: World Bank. This guide for public sector practitioners describes how to develop and implement a PPP successfully, by developing a marketable project and attracting the right private partners. Chapter 4 describes guidelines for PPP project selection.
- WB. 2009a. "Toolkit for Public-Private Partnerships in Roads and Highways." World Bank. An online product. Module 4 in the Laws and Contracts section of the online toolkit on Legislative Framework describes the various types of laws that comprise the framework for PPPs in roads.
- EPEC. 2014d. *Role and Use of Advisers in Preparing and Implementing PPP Projects*. Luxembourg: European Investment Bank, European PPP Expertise Centre. Highlights what practitioners should expect when working with external advisors and best practices for engagement.

- UNCITRAL. 2004. *Model Legislative Provisions on Privately Financed Infrastructure Projects.* Vienna: United Nations Commission on International Trade Law. This report by the UN offers legislative recommendations and model provisions for PPP legislation that are favorable to privately financed infrastructure projects.
- Yong, H.K., ed. 2010. *Public-Private Partnerships Policy and Practice: A Reference Guide*. London: Commonwealth Secretariat. This report provides a comprehensive review of PPP policies worldwide, including guidance to practitioners about key aspects of designing and implementing PPP policy and projects. Chapter 4.1 outlines key issues for a PPP legal framework, and principles for PPP legislation.
- KR. 2011. *Basic Plan for Public Private Partnerships*. Seoul: Korea Development Institute, PIMAC. Establishes the PPP process and institutional responsibilities of various parties involved in the PPP process.
- US. 2009. *Public Policy Considerations in Public-Private Partnership*. Washington, DC: United States Government, Department of Transportation, Federal Highway Administration. This report reviews how different states within the United States have responded to the issues most frequently raised 14 PPP issues. Both legislative and contract provisions are examined to identify how states vary in addressing the public policy concerns in PPP arrangements.
- UK. 2015a. *Valuing Infrastructure Spend: Supplementary Guidance to The Green Book*. London: UK Government, HM Treasury. Based on interviews across 10 departments in the United Kingdom, the report develops a benchmarking model which can be used to compare the management performance of PFI and PPP programs.
- EPEC. 2012. *France: PPP Units and related institutional framework*. Luxembourg: European Investment Bank, European PPP Expertise Centre. The report surveys the developments in PPP legislations and institutions in France. It describes the role of the central PPP unit (MAPPP) in relation with other PPP units in respective line ministries.
- TZ. 2010. *Bill Supplement No. 0: The Public-Private Partnership Act, 2010*. Dar es Salaam: Government of Tanzania.????? Tanzania's PPP law, which creates and outlines responsibility for a new PPP unit. The law also describes the requirements for PPP projects in the country and the responsibility of each actor and stakeholder.
- CO. 2014. *Manual de Procesos y Procedimientos para la Ejecución de Proyectos de Asociación Público-Privada*. Bogotá: Gobierno de Colombia, Ministerio de Hacienda y Crédito Público. Manual that provides, in detail, the PPP procurement process in Colombia.
- Akitoby, Bernardin, Richard Hemming, and Gerd Schwartz. 2007. "Public investment and public-private partnerships." *Economic Issues* 40, Washington, DC: International Monetary Fund. A short booklet describing the implications of PPPs for public investment, including how PPP commitments should be managed and controlled.
- VIC. 2016. *Partnership Victoria Requirements*. Melbourne, Australia: State of Victoria, Department of Treasury and Finance. These guidelines outline the objective, scope, and principles of the PPP program in the State of Victoria, Australia. The guidelines also include a revised PPP procurement process to adhere to changes in the national guidelines.
- NEDA. 2005b. *ICC Project Evaluation Procedures and Guidelines*. Manila: National Economic and Development Authority. The guidelines by which projects are evaluated by the Investment Coordination Committee (ICC) in the Philippines, including reporting requirements of the implementing agency.
- CO. 2012c. *Decreto Ley 1467 de 2012*. Bogotá: Congreso de Colombia. Sets out the institutional responsibilities and processes for PPPs in Colombia. It sets out the roles of the Ministry of Finance and the National Planning Department, the Committee on Economic and Social Policy (CONPES), and the Committee on Fiscal Policy (CONFIS).
- NAO. 2006. *A Framework for Evaluating the Implementation of Private Finance Initiative Projects: Volume 1*. London: National Audit Office. The report describes the evaluation framework which considers the entire lifecycle of a project from the initial strategic analysis to the mature operational phase. The matrix covers six key business management themes across six stages in the lifecycle of the project.

- WB. 2013b. "Implementing a Framework for Managing Fiscal Commitments from Public Private Partnerships." Operational Note. Washington, DC: World Bank. Presents practical guidance on how to implement that framework.

PPP Units

- WB. 2007b. *Public-Private Partnership Units: Lessons for their Design and Use in Infrastructure*. Washington, DC: World Bank. This report provides a comprehensive assessment of the effectiveness of PPP units in developed and developing countries. The report offers lessons of the context in which PPP units have been most effective.
- Dutz, Mark, Clive Harris, Inderbir Dhingra, and Chris Shugart. 2006. "Public Private Partnership Units: What Are They, and What Do They Do?." Public Policy for the Private Sector Note No. 311. Washington, DC: World Bank. A short note reviewing several country experiences with PPP units, and provides high-level recommendations to improve governance and their effectiveness.
- Kim, Jay-Hyung, Jungwook Kim, Sunghwan Shin, and Seung-yeon Lee. 2011. *Public-Private Partnership Infrastructure Projects: Case Studies from the Republic of Korea. Volume 1, Institutional Arrangements and Performance*. Manila: Asian Development Bank. This report reviews the PPP program in Korea, including case studies of BTO and BTL PPP projects.
- WB. 2006a. *India: Building Capacities for Public-Private Partnerships*. Washington, DC: World Bank. More details on case studies, including their applicability to India.
- Farrugia, Christine, Tim Reynolds, and Ryan J. Orr. 2008. "Public-Private Partnership Agencies: A global perspective." Working Paper #39. Stanford, California: Collaboratory for Research on Global Projects at Stanford University. A review of PPP units with a focus of experience of developed countries. The report includes case studies and reviews the key aspects of eight difference agencies.
- OECD. 2010. *Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures*. Paris: Organisation for Economic Co-operation and Development. Provides an overview of dedicated PPP units in OECD countries, including case studies of the experience of five jurisdictions (State of Victoria, Australia, Germany, Korea, the United Kingdom, and South Africa).
- Burger, Philippe. 2006. "The Dedicated PPP Unit of the South African Treasury." Paper presented at the Symposium on Agencies and Public-Private Partnerships. Madrid, July 5-7.This paper provides a review of the PPP program in South Africa and its dedicated PPP unit.
- ZA. 2004a. *Public Private Partnership Manual*. Pretoria: South African Government, National Treasury. The comprehensive PPP manual outlining the PPP procurement process for South Africa, including the approval process.
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- Istrate, Emilia, and Robert Puentes. 2011. "Moving Forward on Public Private Partnerships: U.S. and International Experience with PPP Units." Project On State and Metropolitan Innovation. Washington, DC: Brookings-Rockefeller. This report surveys international PPP units and U.S. domestic PPP units. It addresses whether a U.S. federal PPP unit is desirable.

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

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Dedicated PPP Units

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