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Cranes over highway

PPP Program Scope

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Many governments choose to limit the scope of their PPP program to particular types of projects (or contracts). The aim can be to focus on those most likely to achieve the government's objectives and provide value for money. Governments may define the PPP program scope by one or more of the following:

- **PPP contract types**—there is no consistent, international definition of PPP. The term describes a wide range of contract types as presented in What is a PPP: Defining Public-Private Partnership. Some countries filter the types of contract that are included under their PPP policies. The rationale behind this approach can be to prioritize the contract types that are most consistent with the government's policy objectives. It is also important to clarify when the requirements and processes of the PPP framework apply. For example, India's draft National PPP Policy specifies the types of contracts that can be used for PPPs (Engineering-Procurement-Construction (EPC) contracts, and divestiture of assets). Brazil's *Law 11079*, Federal PPP Law, (BR 2004a) and Chile's *Ley y Reglamento de Concesiones de Obras Públicas* (CL 2010b) both define limits on the contract duration.
- **Sectors**—the PPP program may be limited to sectors most in need of investment or improvements in service performance, or those where PPPs are expected to be most successful. For example, Singapore's PPP policy limits the use of PPPs to those sectors in which other similar countries have had proven success with PPPs. Some countries exclude sectors considered too sensitive, such as water, education or health. The **EPEC report on European lessons with PPPs** (EPEC 2015) discusses the use of PPPs for specific sectors in countries such as Belgium, France, Greece, the Netherlands, and Ireland.
- **Project size**—many governments define a minimum size for PPP projects implemented under the PPP framework. Small PPP projects may not make sense because of the relatively high transaction costs—although there is evidence of a few cases in which small PPPs have been successful. In Singapore, PPPs are only pursued for projects with an estimated capital value of over $50 million. When Brazil passed its PPP law (BR 2004a) set a minimum size of 20 million reais ($6.9 million at that time) for individual projects launched under the PPP Law.

Example Definitions of PPP Policy Scope provides more detail on how various countries have defined the scope of their PPP programs.

Example Definitions of PPP Policy Scope

Country	Reference	PPP Policy Scope
Australia	National PPP Guidelines-PPP Policy Framework (AU 2016b, Section 3.1.3, 6)	**Project size—**value for money considerations mean PPPs will likely only be applicable for projects over $50 million.

Brazil	National PPP Law (BR 2004a, Law 11079, Article 2, paragraph 4)	**Contract Types—**only two types of contracts will be considered PPPs in Brazil: sponsored concession—returns for the private party come from user fees and government transfers; and administrative concessions—all returns to the private party come from government transfers. Concessions not requiring government transfers are not considered PPPs in Brazil. The law also states that the concession must be at least five years long to be considered a PPP. **Project Size**—PPPs will only be used for project over 20 million reais.
Chile	Concessions Law (CL 2010b, Law 20.410)	**Contract types**—the law specifies a maximum duration for concession contracts of 50 years. **Sector—**the law does not specify the sectors.
Colombia	National PPP Law (CO 2012a, Law 1508, Articles 3 and 6)	**Contract types—**PPP contracts must always make the private investor responsible for operations and maintenance, and must be for less than 30 years (if the project is longer, it will require approval from the National Council on Economic and Social Policy). **Project size—**Total investment in the project must be above 6000 smmlv (i.e. minimum legal monthly wage) or approximately $1,460,000.
Indonesia	Presidential Regulation No. 67 (ID 2005, Peraturan Presiden No. 67)	**Sectors –** specifies eight eligible infrastructure sectors: transportation (ports and railways); roads; water (channels for fresh water flows); potable water distribution; waste water; telecommunications; electric power; oil and natural gas.
Mexico	PPP Law (MX 2012, *Ley de Asociaciones Publico Privadas*)	**Contract types**—defines PPPs as long-term contractual relationships between public and private entities to provide services to the public sector or the general public, and where infrastructure is provided to increase social wellbeing and investment levels in the country. Contracts must not exceed 40 years in duration (including extensions)—contracts that are longer than 40 years must be approved by law.
Senegal	PPP Contracts Law and Order of Application (SN 2015, Loi Relative aux Contrats de Partenariat et Decret d'Application)	**Sectors**—PPP provisions apply to all sectors except those subject to special regulations, particularly mining, telecommunications, and energy.

Additionally, certain countries have special programs specifically for small projects, such as Kenya, Tanzania and India. These are described in greater detail in the **review of trends in small-scale PPPs** (Ahmad and Shukla 2014).

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