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Implementing Principles

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PPP policies often include a set of implementing principles—the guiding rules, or code of conduct under which PPP projects will be implemented. These principles set out the standards against which those responsible for implementing PPPs should be held accountable. Regulations and processes detailing how the principles will be put into practice often support the PPP policy framework. For example, PPP Implementing Principles in Peru lists the implementing principles established in Peru's national PPP law.

PPP Implementing Principles in Peru

Peru’s PPP policy is set out in legislative Decree 1012. Article 5 defines the following guiding principles for PPP programs:

- **Value for Money**: the public service provided by the private actor must offer better quality for a given cost or lower costs for a given quality outputs. This is how the policy seeks to maximize user satisfaction and optimize the use of public resources.
- **Transparency**: all quantitative and qualitative information used to make decisions during the evaluation, development, implementation and monitoring stages of a PPP must be made public in accordance with Article 3 of the Transparency and Public Information Access Law.
- **Competition**: competition must be sought to ensure efficiency and lower costs in the provision of public infrastructure and services. The government must avoid any anti-competitive or collusive behavior.
- **Adequate Risk Allocation**: there must be adequate risk allocation between the public and private parties. This means that the risks must be assigned to the party that has the greatest capacity to manage the risks at a lower cost, considering both the public interest and the project’s characteristics.
- **Budgetary Responsibility**: this is defined as government capacity to assume the firm and contingent financial commitments related to the implementation of PPP contracts without compromising the sustainability of public finances or the regular provision of the public service.

Source: (PE 2014)

For other examples of strong guiding principles, see:

- The **State Government of Karnataka Infrastructure Policy** (KAR 2015, 9–20), sets out and explains its *Touchstone Principles*.
- **Australia's National PPP Policy Framework** (AU 2016b, 11–12) sets out nine principles: value for money, public interest, risk allocation, output-orientation, transparency, accountability, modified funding and financing, sustainable long-term contracting, and engaging the market.
- **Brazil's Federal PPP Law** (BR 2004a, Law 11079, Article 4), identifies seven principles for the use of PPPs—efficiency, respect for the interests of users and the private actors involved, non-transferability of regulatory, jurisdictional and law enforcement responsibilities, transparency, objective risk allocation, and financial sustainability.

- The **PPP Law of the State of São Paulo**, Brazil (SP 2004a, Law 11688, Article 1) sets out eight principles to guide PPP design and implementation, including efficiency, respect for the interests of the end users, universal access to essential goods and services, transparency, fiscal, social, and environmental responsibility.
- **Indonesia's Presidential Regulation No. 67** (ID 2005, Article 6) presents PPP principles promoting transparency, fair consideration, and competition in the PPP program, as well as "win-win" structures for the public and private parties.
- **Colombia's National PPP Law** (CO 2012a, Law 1508, Articles 4 and 5) lays out the key principles of the PPP policy in the country: efficiency, necessity, and efficient risk allocation. The law also states that all payments to private investor must be conditional on the availability of the infrastructure to contractually-set levels.
- **Jamaica's PPP Policy** (JM 2012) sets out four guiding principles: optimal risk transfer; achieving value for money for the public; being fiscally responsible; and maintaining probity and transparency.

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- INTRODUCTION
- PPP BASICS: WHAT AND WHY
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- PPP Policy
- PPP Legal Framework
- PPP Processes and Institutional Responsibilities
- Public Financial Management Frameworks for PPPs
- Broader PPP Program Governance
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- Key References - PPP Framework

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