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Role of Legislative Bodies

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The legislative branch of government—that is, the elected, law-making parliament or assembly—may engage in the PPP process in several ways. These include:

- **Defining the PPP framework**—the PPP Framework is often established in specific PPP legislation. As described in PPP Legal Framework, one rationale for introducing a PPP law is to enable the legislative branch of government to set rules for how PPPs will be developed and implemented, against which those responsible can be held accountable.
- **Defining limits on PPP commitments**—as described in Controlling Aggregate Exposure to PPPs, the legislature may limit total PPP commitments, or the amount taken on in a year, or otherwise govern the risk and inter-generational equity issues that PPPs can create.
- **Approving PPP projects**—PPP projects may require parliamentary approval, as described in Institutional Responsibilities: Review and Approval. This requirement can be limited to PPP projects above a certain size. For example, the **Hungarian PPP Act** (1992) stated the government must seek Parliament's approval before signing a contract creating multi-year payment obligations with a present value of more than $230 million. In Guatemala, on the other hand, all PPP contracts require approval from Congress. In the United States as of 2010, nine states require some individual projects to be approved by the state legislature.
- **Receiving and reviewing reports on the PPP program**—as described in Public Financial Management Frameworks for PPPs, many governments include information on the PPP program in budget documents and other financial reports. This gives Parliament the opportunity to scrutinize the government's commitments to PPPs, and hold the decision-makers responsible after the event. Parliaments may also commission and receive auditors' reports on the PPP program and processes, as described further in Role of Supreme Auditing Institutions.

An example of a legislative review of PPP programs is described below:

- The Public Accounts and Estimate Committee in the Parliament of Victoria, Australia reviewed Partnerships Victoria, the PPP program, in the context of governance, risk allocation, accountability, protecting the public interest, economic benefits and value for money, and international accounting standards for PPPs. Recommendations were then made to improve PPP policies and strengthen governance of the projects (VIC 2006).

Related Content

- INTRODUCTION
- PPP BASICS: WHAT AND WHY

- **ESTABLISHING THE PPP FRAMEWORK**

- **PPP Policy**

- **PPP Legal Framework**

- **PPP Processes and Institutional Responsibilities**

- **Public Financial Management Frameworks for PPPs**

- **Broader PPP Program Governance**

- **Municipal and other subnational PPPs**

- **Key References - PPP Framework**

- **PPP CYCLE**

Additional Resources

- Laws and Regulations
- Managing PPP risks with a new guide on guarantees

Find in pdf at PPP Reference Guide - PPP Framework or visit the PPP Online Reference Guide section to find out more.

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