This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Modern building during the night

# Core Principles for Applying CVC in Projects

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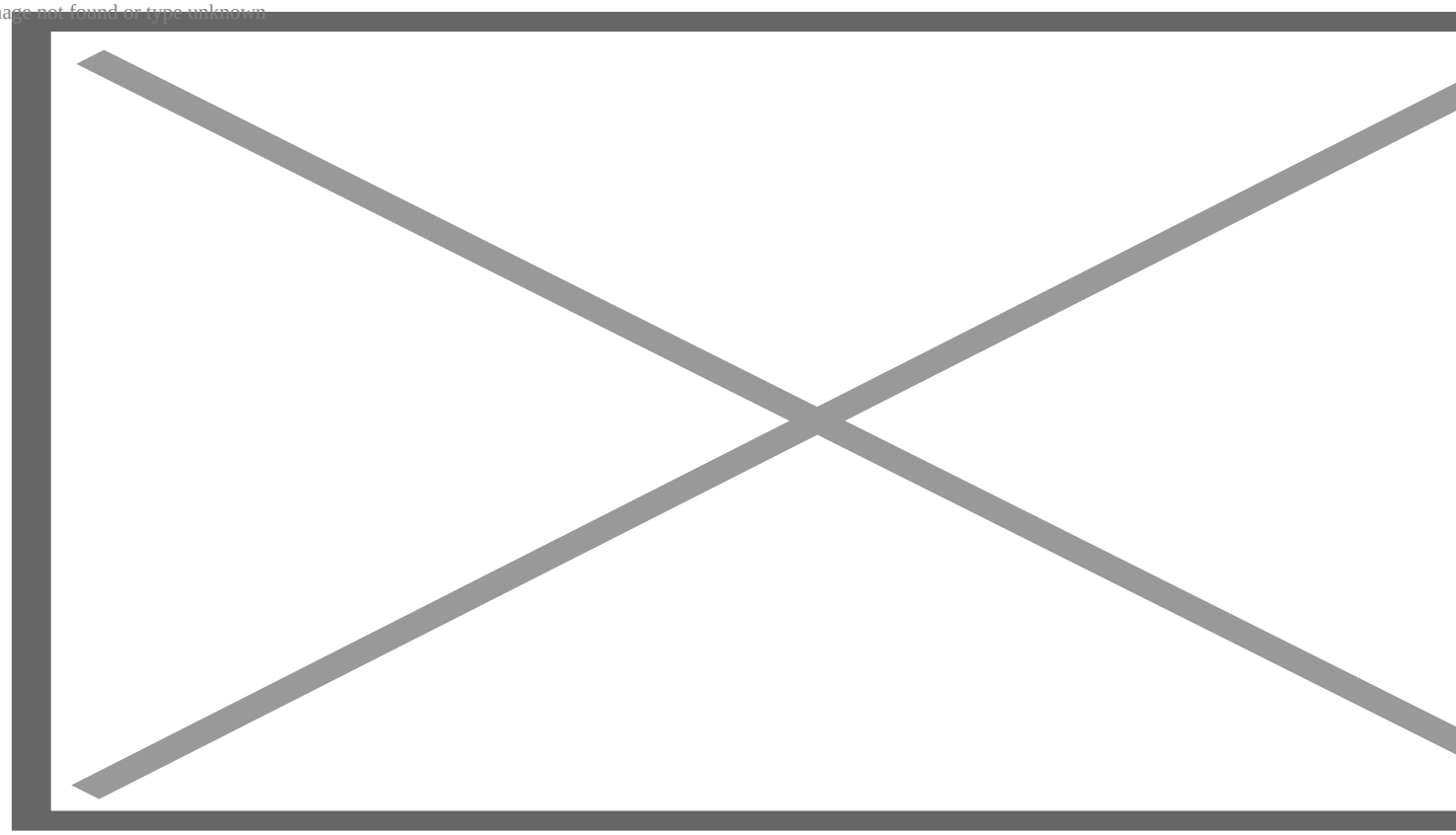
***On this page:*** *Find core principles to consider when applying Commercial Value Capture in projects. Find more below or visit the Guidelines on Innovative Revenues for Infrastructure section or check the Content Outline.*

CVC is tricky, it can provide additional revenue streams, create new opportunities, economic development, jobs, but Project Owners must not lose perspective, CVC is not the main objective of an infrastructure project. To maintain balance, to improve the likelihood of success of the project and the CVC, Government should focus on the following core principles when incorporating CVC into a project:

- **Objectives** – Commercial revenues must never take the focus off infrastructure services[1]. The provision of core services is the primary reason for investing in infrastructure development. Non-core services are meant to complement core services and improve the end-user experience.
- **Comprehensive planning** – Governments should apply a comprehensive planning approach that creates commercially-driven demand for integrated solutions by identifying the broader needs of users and beneficiaries. CVC should not distract from comprehensive planning functions.
- **Impact on project design** – CVC may also increase infrastructure service requirements, for example parking facilities for a bus terminal may need to be expanded where CVC brings more patrons requiring more parking. The right balance must be achieved without compromising the service level of the core infrastructure.
- **Demand-driven** – Similar to core services, the provision of CVC needs to be demand-driven. “Build it and they will come” is often not a winning strategy when it comes to CVC. For example, providing for specialist medical services in a bus terminal may not reflect consumer demand, where specialist medical services may be best located near hospitals, clinics or other general healthcare facilities.
- **Ease of implementation** – CVC opportunities should enhance the likelihood of project implementation and ideally avoid making a project significantly more complex. For example, selling Renewable Energy Certificates (RECs)[2] can provide additional revenue. However, if REC certification is not available in the country, selling RECs can be too complicated or costly to implement.
- **Co-benefits** – In addition to providing additional revenue streams for infrastructure and reducing the need to increase taxes and fees, CVC can provide various co-benefits such as economic growth, jobs, reduced subsidies, community development, urban revitalisation, incentives for natural resource management, cultural heritage protection and climate improvements. Co-benefits should be considered as a core advantage of CVC and designed into the project indicators.

*Figure 12: Core principles for application of CVC in projects*

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*Footnote 1:* Module 17 – Capturing Commercial Value of the World Bank Municipal PPP Framework.

*Footnote 2:* REC is a type of Energy Attribute Certificate (EAC) that represents the environmental attributes of the generation of a one-megawatt hour (MWh) of energy produced by renewable sources, according to the International REC Standard.

**Related Content**

- **How innovative revenues for infrastructure can fundamentally reshape infrastructure funding**

**Additional Resources**

- Climate-Smart PPPs
- Finance Structures for PPP

*The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.*

*To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or*

*materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.*

