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Two persons riding their bikes

Risk Allocation & Management

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A clear and stable legal environment is essential for the success of Public-Private Partnership (PPP) projects. It reduces the perception of risk, attracts greater competition, enables broader access to financing, and ultimately helps lower project costs. The legal framework provides the foundation for the institutional, regulatory, commercial, and financial environment in which PPPs operate, ensuring clarity, consistency, transparency, and certainty for all stakeholders.

A successful PPP project depends on workable, commercially viable, and cost-effective risk-sharing arrangements. Given the differing interests and objectives of the parties involved, effective risk allocation is not only a central element in drafting project documents, but also a critical factor in the overall success of the project.

In this section of the PPPRC, you will find practical resources to support effective risk allocation. These include risk matrices, risk allocation tool, the World Bank Group's guarantee products, and insurance checklists. Together, these tools help ensure that risk is appropriately shared and managed, leading to more successful, sustainable, and profitable projects that benefit all parties involved.

Related Content

- **Risk Mitigation**
- **Allocating Risks**
- **Structuring PPP Projects**

Additional Resources

- Political Risk Insurance
- A common goal: More consistency and risk analysis for infrastructure PPPs

Sub Sections in PPPRC

Checklist and Matrices, Woman reading a file from rows of shelves, card catalogue

PPP Sector Specific Checklists

Risk Mitigation Mechanisms (including guarantees and political risk insurance):Building entrance reflection

Risk Mitigation Mechanisms

Checklists for Key Legal/ Drafting Issues in PPPs and sample clauses: Train Station

Checklists for Key Legal/ Drafting Issues in PPPs and sample clauses

Relevant Resources in PPPRC Library

Visit the PPPRC Library for key tools, guidance, and reference materials supporting effective risk allocation and PPP project development, including:

PPP Risk Allocation Tool (2019), Infrastructure

PPP Risk Allocation Tool (2019)

Guidance on PPP Contractual Provisions (2019) Cover

Guidance on PPP Contractual Provisions (2019)

World Bank Group Guarantees platform (main website)

World Bank Group Guarantees platform (Main Website)