PPP Processes and Institutional Responsibilities

Full Description

Governments need commitment, skill, capacity, and coordination to implement PPPs successfully. Under a PPP contract, the private party will design, finance, build and maintain the infrastructure, and provide services. However, the government remains responsible for ensuring the public service is provided to the expected quality and quantity specified in the PPP contract, in a way that achieves good value for money. The government must choose the right project, select a competent partner, and set and enforce the parameters within which that partner operates. It is always important to keep in mind that PPPs are fundamentally a procurement mechanism for the delivery of a public service.

To this end, many governments define processes and institutional responsibilities for PPPs—that is, the steps that must be followed when developing and implementing a PPP project, and the entities responsible for each step. This section provides examples and resources for practitioners on:

- Establishing the **PPP process**—there are several steps that a government must usually take to implement a PPP project successfully. Defining a standard PPP process, with approvals required at key points, helps to ensure that these steps are taken consistently and efficiently. [PPP Process](#) describes a typical PPP process, and gives examples from various countries' PPP programs.

- Defining **institutional responsibilities** for PPPs—that is, which entity will play which role at each step. Institutional arrangements and the allocation of functions differ from place to place—depending on the specific needs of the PPP program and the existing institutional responsibilities and capacities. [Institutional Responsibilities: Implementation](#) and [Institutional Responsibilities: Review and Approval](#) describe and provide examples of institutional responsibilities for:
  - **Implementing PPPs**—that is, doing the day-to-day work to drive forward the PPP process through the steps defined below: from identifying potential projects, appraising, structuring, drafting the contract, bidding it out, and managing the contract after it is signed.
  - **Reviewing and approving PPPs**—that is, overseeing the PPP process, typically through review and approvals at key stages, to ensure that the project represents a good investment decision for the government.

- Establishing **PPP units**. Some governments establish teams aggregating staff with specific knowledge on PPPs. The functions of these PPP Units vary widely, as do their location within Government and structure—reflecting the variation in priorities and constraints facing PPP programs both between governments, and over time as the PPP program evolves. [Dedicated PPP Units](#) briefly describes the various roles played by these units, with examples from different countries.

This section focuses on the process and responsibilities within the executive branch of government for implementing PPPs. [Broader PPP Program Governance](#) provides further guidance on how other entities can input into the PPP process, and hold those responsible for developing PPPs accountable for their decisions and actions.

**Subsections**

1. **PPP Process**
2. **Institutional Responsibilities: Implementation**
3. **Institutional Responsibilities: Review and Approval**
4. **Dedicated PPP Units**

**Key References**
PPP Processes and Institutional Responsibilities

- **CL. 2010b. Ley y Reglamento de Concesiones de Obras Públicas: Decreto Supremo MOP Nº 900. Santiago: Gobierno de Chile, Ministerio de Obras Públicas.** Sets out the processes for handling proposals, tendering, monitoring, and dispute resolution.

- **EG. 2007. National Program for Public-Private Partnerships. 2nd ed. Cairo: Government of Egypt, Public-Private Partnerships Central Unit.** Egypt’s comprehensive guidelines and policies for PPPs, including regulations for the PPP procurement process. It also outlines the institutional responsibilities within the government and the approval process.


- **MX. 2012. Ley de Asociaciones Público Privadas. Mexico City: Gobierno de México, Cámara de Diputados.** Sets out in detail the process and institutional responsibilities for developing and implementing PPP projects in Mexico.

- **PE. 2014. Ley No. 30167: Ley que Modifica el Decreto Legislativo 1012. Lima: Presidente de la República del Perú.** Sets out the entire PPP process (from appraisal to tendering and implementing the contract), and it also defines the institutional framework for PPPs in infrastructure—this includes defining the role of the Ministry of Finance and the PPP promotion Agency PROINVERSION.


- **PR. 2009. Act No. 29. San Juan: Commonwealth of Puerto Rico.** Outlines the processes for assessing the desirability and convenience of the PPP project, tendering the project, designing the contract, and monitoring its implementation. It also establishes the PPP Authority, and assigns responsibilities to the Authority and other government agencies.


- **ES. 2011. "Real Decreto Legislativo 3/20111, de 14 de noviembre, por el que se aprueba el texto refundido de la Ley de Contratos del Sector Público." Boletín Oficial del Estado, 276 (1) 117729-117913. Madrid: Gobierno de España, Ministerio de la Presidencia.** Describes the different stages and studies that must be carried out when using a PPP as a procurement option. PPP that use private public-private legal framework will consider the principles of transparency, openness, and non-discrimination of public legal framework.


- **PPPLRC. Public-Private Partnerships in Legal Resource Center website.** The section on legislation includes information and questions for assessing legal environments for PPPs, information on types of legislation, and example PPP legislation from over 30 countries.


- **WB. 2009a. "Toolkit for Public-Private Partnerships in Roads and Highways." World Bank.** An online product. Module 4 in the Laws and Contracts section of the online toolkit on Legislative Framework describes the various types of laws that comprise the framework for PPPs in roads.

- **EPEC. 2014d. Role and Use of Advisers in Preparing and Implementing PPP Projects. Luxembourg: European Investment Bank, European PPP Expertise Centre.** Highlights what practitioners should
expect when working with external advisors and best practices for engagement.


- **Yong, H.K., ed. 2010. *Public-Private Partnerships Policy and Practice: A Reference Guide.* London: Commonwealth Secretariat.** This report provides a comprehensive review of PPP policies worldwide, including guidance to practitioners about key aspects of designing and implementing PPP policy and projects. Chapter 4.1 outlines key issues for a PPP legal framework, and principles for PPP legislation.

- **KR. 2011. *Basic Plan for Public Private Partnerships.* Seoul: Korea Development Institute, PIMAC.** Establishes the PPP process and institutional responsibilities of various parties involved in the PPP process.

- **US. 2009. *Public Policy Considerations in Public-Private Partnership.* Washington, DC: United States Government, Department of Transportation, Federal Highway Administration.** This report reviews how different states within the United States have responded to the issues most frequently raised in PPP issues. Both legislative and contract provisions are examined to identify how states vary in addressing the public policy concerns in PPP arrangements.

- **UK. 2015a. *Valuing Infrastructure Spend: Supplementary Guidance to The Green Book.* London: UK Government, HM Treasury.** Based on interviews across 10 departments in the United Kingdom, the report develops a benchmarking model which can be used to compare the management performance of PFI and PPP programs.

- **EPEC. 2012. *France: PPP Units and related institutional framework.* Luxembourg: European Investment Bank, European PPP Expertise Centre.** The report surveys the developments in PPP legislations and institutions in France. It describes the role of the central PPP unit (MAPPP) in relation with other PPP units in respective line ministries.

- **TZ. 2010. *Bill Supplement No. 0: The Public-Private Partnership Act, 2010.* Dar es Salaam: Government of Tanzania.** Tanzania’s PPP law, which creates and outlines responsibility for a new PPP unit. The law also describes the requirements for PPP projects in the country and the responsibility of each actor and stakeholder.

- **CO. 2012c. *Decreto Ley 1467 de 2012.* Bogotá: Congreso de Colombia.** Sets out the institutional responsibilities and processes for PPPs in Colombia. It sets out the roles of the Ministry of Finance and the National Planning Department, the Committee on Economic and Social Policy (CONPES), and the Committee on Fiscal Policy (CONFIS).

- **NAO. 2006. *A Framework for Evaluating the Implementation of Private Finance Initiative Projects: Volume I.* London: National Audit Office.** The report describes the evaluation framework which considers the entire lifecycle of a project from the initial strategic analysis to the mature operational phase. The matrix covers six key business management themes across six stages in the lifecycle of the
PPP Units

- **WB. 2007b.** *Public-Private Partnership Units: Lessons for their Design and Use in Infrastructure.* Washington, DC: World Bank. This report provides a comprehensive assessment of the effectiveness of PPP units in developed and developing countries. The report offers lessons of the context in which PPP units have been most effective.


- **OECD. 2010.** *Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures.* Paris: Organisation for Economic Co-operation and Development. Provides an overview of dedicated PPP units in OECD countries, including case studies of the experience of five jurisdictions (State of Victoria, Australia, Germany, Korea, the United Kingdom, and South Africa).


- **EPEC. 2012.** *France: PPP Units and related institutional framework.* Luxembourg: European Investment Bank, European PPP Expertise Centre. The report surveys the developments in PPP legislations and institutions in France. It describes the role of the central PPP unit (MAPPP) in relation with other PPP units in respective line ministries.

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