

Broader PPP Program Governance

Full Description

The executive branch of government is largely responsible for implementing PPP projects. The processes and institutional responsibilities described in [PPP Processes and Institutional Responsibilities](#) aim to create checks and balances within the executive branch on how those decisions are made. This section describes the broader governance of the PPP program—how other entities and the general public participate in the PPP process, and hold the executive accountable for its decisions and actions.

A cornerstone of these accountability mechanisms is the timely and comprehensive **disclosure of information about PPP programs**. The entities and groups outside the executive with a role to play in ensuring good governance of the PPP program include:

- **The public**—the public can directly participate in PPP project design through consultation processes (discussed in [Stakeholder Communication and Engagement](#)), and in providing feedback on service quality. Contract disclosure and transparency of the PPP process as a whole, as discussed in [Disclosure of PPP Project and Program Information](#), can help ensure improve project design and service performance.
- **Supreme auditing institutions**—many jurisdictions have independent audit entities, which can play a role in ensuring good governance of PPP programs. Their usefulness is more effective when they are truly independent. They may consider PPP commitments as part of their regular audit responsibilities as detailed in [Role of Supreme Auditing Institutions](#)—for example in auditing government financial statements. They may also review PPP project performance or investigate particular points of concern, or review the value for money of the program as a whole. These reviews, in turn, enable the legislature and the public to check on PPP program performance.
- **The legislature**—the legislative branch of government often defines the PPP framework, bypassing PPP legislation. In some cases, the legislature may be directly involved in the PPP process, approving PPP projects. More commonly, it exercises ex-post oversight by scrutinizing reports on the government's PPP commitments. The role of legislative bodies is outlined in [Role of Legislative Bodies](#).
- **Independent regulators**—used in several countries to transfer regulatory responsibilities to entities protected from political interference as described in [Role of Independent Regulators](#).

Creating mechanisms through which the legislature, audit bodies, and the public can engage in the PPP process strengthens accountability and helps make the PPP program more participatory, transparent, and legitimate. An example of a well-established positive feedback mechanism which involves all three oversight bodies can be seen in the United Kingdom—PPP audit reports are often used in legislative hearings where all their written recordings are available to the public on the National Audit Office's website ([NAO](#)).

Subsections

1. [Stakeholder Communication and Engagement](#)
2. [Disclosure of PPP Project and Program Information](#)
3. [Role of Supreme Auditing Institutions](#)
4. [Role of Legislative Bodies](#)
5. [Role of Independent Regulators](#)

Key References

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- [IFC. 2007. *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*. Washington, DC: International Finance Corporation.](#) Provides an eight-component description of conducting and implementing stakeholder engagement throughout the project cycle.
- [Morrissey, Billy. 2015. "The Importance of Stakeholder and Community Engagement in Engineering Projects." *Engineers Journal* \(blog\)](#) Discusses the benefits that stakeholder engagement will bring to the planning and implementation of infrastructure projects.
- [Calabrese, Daniele. 2008. "Strategic Communication for Privatization, Public-Private Partnerships, and Private Participation in Infrastructure Projects." *World Bank Working Paper No. 139*. Washington, DC: World Bank.](#) Explains the design and implementation of a strategic communications program for consultation with stakeholders.
- [EC. 2015. *Better Regulation: Guidelines on Stakeholder Consultation*. Strasbourg: European Commission.](#) Provides a thorough description of how to conduct a stakeholder consultation.
- [WB. 2013c. *Disclosure of Project and Contract Information in Public-Private Partnerships*. Washington, DC: World Bank.](#) Reviews disclosure practices for PPP projects and contracts from 11 jurisdictions at the national and sub-national level, representing eight countries, and presents recommendations on proactive disclosure.
- [UK. 2015b. *Consideration of Consultation Responses*. Report addressing the expansion options for Heathrow and Gatwick airports. London: UK Government, Airports Commission.](#) Outlines the 70,000 responses received regarding the consultation for the Heathrow airport expansion.
- [IEG. 2015. *Lao People's Democratic Republic: Poverty Reduction Fund. Project Performance Assessment Report*. Washington, DC: World Bank Group, Independent Evaluation Group.](#) Describes the implementation and ultimate performance of the Poverty Reduction Fund project in Lao PDR.
- [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.
- [Groom, Eric, Jonathan Halpern, and David Ehrhardt. 2006. "Explanatory Notes on Key Topics in the Regulation of Water and Sanitation Services." *Water Supply and Sanitation Sector Board Discussion Paper 6*. Washington, DC: World Bank.](#) A series of notes covering topics related to governance of infrastructure with focus on water and sanitation. Topics include a conceptual framework for regulation, design of regulation, institutional arrangements, regulation by contract, regulating government-owned utilities, and regulation of wastewater in developing countries.
- [Eberhard, Anton. 2007. "Infrastructure Regulation in Developing Countries: An Exploration of Hybrid and Transitional Models." *Working Paper No. 4*. Washington, DC: Public-Private Infrastructure Advisory Facility.](#) Provides an overview of different regulatory models and the advantages and potential pitfalls of each model. The paper also provides recommendations on how to improve the performance of regulatory models.
- [Bakovic, Tonci, Bernard Tenenbaum, and Fiona Woolf. 2003. "Regulation by Contract: A New Way to Privatize Electricity Distribution?" *World Bank Working Paper No.14*. Washington, DC: World Bank.](#) Describes the key features of "regulation by contract"; how different countries have handled key regulatory issues through this mechanism; describes the strengths and weaknesses of different approaches, drawing on international experience.
- [Akitoby, Bernardin, Richard Hemming, and Gerd Schwartz. 2007. "Public investment and public-private partnerships." *Economic Issues* 40, Washington, DC: International Monetary Fund.](#) A collection of papers on managing the fiscal impact of PPPs, drawing from an IMF conference held in Budapest in 2007. Part Four: PPP Accounting, Reporting, and Auditing examines the role of different institutions to ensure accountability.
- [CAG. 2009. *Public Private Partnerships \(PPP\) in Infrastructure Projects: Public Auditing Guidelines*. New Delhi: Comptroller and Auditor General of India.](#) These draft guidelines outline the regulatory framework in which the Comptroller and Auditor General of India audit PPP projects. Provides a justification for audits under the PPP law and an overview of the methodology and evaluation criteria for the audit.

- [INTOSAI. 2007. *ISSAI 5220 - Guidelines on Best Practice for the Audit of Public/Private Finance and Concessions*. Vienna: International Organization of Supreme Audit Institutions.](#) Provides guidelines on best practices for evaluating PPP projects throughout the entire life cycle.
- [ZA. 2004a. *Public Private Partnership Manual*. Pretoria: South African Government, National Treasury.](#) A comprehensive PPP manual outlining the PPP procurement process for South Africa. Provides technical guidance for value for money and affordability analysis. Module 7 provides guidelines for auditing PPP projects.
- [NAO. 2010b. *From Private Finance Units to Commercial Champions: Managing Complex Capital Investment Programmes Utilizing Private Finance - A Current Best Practice Model for Departments*. London: National Audit Office and HM Treasury.](#) A best practice model for departments engaged in PPP/PFI programs by the National Audit Office in partnership with Infrastructure UK.
- [NAO. 2011. *Lessons from PFI and other projects. Report by the Comptroller and Auditor General, HC 920*. London: National Audit Office.](#) An extensive review of the PFI program and other large infrastructure projects by the National Audit Office to evaluate value-for-money of the program and the performance of government units. The content of this report is discussed in HC 1201 (UK 2011c).
- [NAO. 2010a. *The Performance and Management of Hospital PFI Contracts. Report by the Comptroller and Auditor General, HC 68*. London: National Audit Office.](#) National Audit Office's report on the performance and management of hospital PFI contracts.
- [NAO. 2006. *A Framework for Evaluating the Implementation of Private Finance Initiative Projects: Volume 1*. London: National Audit Office.](#) This report provides a more specialized project performance matrix for PFI projects.

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