

How PPPs Are Used: Sectors and Services

Full Description

PPPs have been used in a wide range of sectors to procure different kinds of assets and services. In all cases, the PPP project constitutes or contributes to the provision of public assets or services; and it involves long-life assets.

The definition of *public services* may vary across countries, and over time. The material presented in this *Reference Guide* is neutral to this definition; considering as a *public service* any service that the government considers its responsibility to provide or ensure is provided. The focus on long-term assets highlights the long-term nature of a PPP contract. PPPs generally involve fixed assets but projects may also include related long-life assets that are purpose or site-specific, such as train rolling stock. [PPPs by Sector—Examples and Resources](#) provides a few examples of the types of assets and services that can be procured by PPPs together with some references providing more in-depth analysis on the range of worldwide experiences with PPPs.

Some countries focus their use of PPPs on certain sectors only, as described in [PPP Policy](#). The rationale for such narrow focus can include the desire to support the government's investment priorities; to improve service delivery; or give precedence to sectors in which PPPs are expected to be most successful.

Conversely, some countries define certain sectors or services within sectors, for which PPPs may not be used. These are sometimes called *core services*—that is, services that should be provided exclusively by government. The definition of core services varies across countries, depending on local preferences and perceptions. For example, in the healthcare sector in the United Kingdom, PPPs have been used to construct hospitals and provide ancillary services such as maintenance, but the core medical services remain publicly-run ([McKee et al. 2006](#)). On the other hand, in a PPP hospital project in Lesotho, the private operator provided the full range of healthcare services ([IFC 2011](#)).

Useful resources providing cross-sector overviews of PPP experience in developing countries include:

- **Farquharson et al's** book on PPPs in emerging markets ([Farquharson et al. 2011](#)) provides a broad range of case studies. These include a greenfield hospital in Mexico, an upgraded hospital in South Africa, a water concession in the Philippines, a water and electricity services concession in Gabon, a new metro line in Sao Paulo, Brazil, an airport expansion in Jordan, and a review of the PPP program in national highways in India.
- The **Uongozi Institute's** case studies on PPPs in Sub-Saharan Africa ([Yescombe 2017](#)) present projects in the water, road, rail, energy, health, and accommodation sectors.
- The **Caribbean PPP Toolkit** ([Caribbean 2017](#)) includes references to projects in a broad range of sectors, utilizing various PPP models.
- **Yong's chapter on PPPs in Commonwealth countries** ([Yong 2010](#), 87–104) includes 11 case studies in the water, transport, power, and health sectors in Africa, Asia, and the Caribbean.
- A **paper by Farlam on PPP experience in Africa** ([Farlam 2005](#)) presents the lessons learnt from eight PPP projects in the transport, prisons, telecommunications, water, power, and tourism sectors.
- The **World Bank's review of lessons learned from Output-Based Aid projects** ([Mumssen et al. 2010](#)) summarizes the experience accumulated to date from infrastructure projects involving private sector participation and output based aid provisions—including PPPs—in the communications, roads, energy, water, health, and education sectors.
- The **Asian Development Bank's scoping study on irrigation and drainage** ([Varma et al. 2013](#)) identifies the areas where private sector participation can be envisaged in consonance with India's policy framework.

- The **International Finance Corporation (IFC)**'s *Handshake series* ([WB 2015c](#)) comprises quarterly publications, each focusing on the use of PPPs in a different sector or context.
- The **PPIAF website** ([PPIAF-Resources](#)) includes reviews of PPP projects in several developing countries. For more information on how PPPs have been used in developed markets, see the **European Investment Bank's European PPP reports** ([DLA Piper 2009](#)), which provide a detailed review of country experience and list of PPP projects throughout the region.

PPPs by Sector—Examples and Resources

Sector	Project Types	Overview Sources
Transport	<ul style="list-style-type: none"> • Roads, tunnels, and bridges 	<ul style="list-style-type: none"> • The USDOT Case Studies of Transportation PPPs (US 2007) reviews international PPP experience with PPPs in transport, including case studies on bridges and highways from the United Kingdom, Europe, Australia, China, India, Israel, and Argentina.
	<ul style="list-style-type: none"> • Rail 	
	<ul style="list-style-type: none"> • Mass transit systems 	<ul style="list-style-type: none"> • Menzies and Mandri-Perrott's publication on private sector participation in light rail (Menzies and Mandri-Perrott 2010, Annex 1) includes detailed case studies of PPPs for 12 light rail systems in the United Kingdom, Malaysia, the Philippines, Thailand, Canada, and South Africa.
	<ul style="list-style-type: none"> • Ports 	
Water and waste	<ul style="list-style-type: none"> • Airports 	
	<ul style="list-style-type: none"> • Bulk water treatment 	<ul style="list-style-type: none"> • Marin (Marin 2009) reviews in detail experience with PPPs for urban water utilities in developing countries, drawing from over 65 PPPs.
	<ul style="list-style-type: none"> • Water distribution and sewerage systems 	
	<ul style="list-style-type: none"> • Solid waste management services 	<ul style="list-style-type: none"> • An IFC report on lessons learned (IFC 2010) presents lessons from several water PPPs.

Power

- Generation assets
- Distribution systems

- **Eberhard and Gratwick** ([Eberhard and Gratwick 2010](#)) describes the experience with Independent Power Producers (IPP) in Sub-Saharan Africa. **Eberhard et al** ([Eberhard et al. 2016](#)) present five country cases in the same region. **Eberhard et al** ([Eberhard et al. 2014](#)) focuses on renewable energy IPPs in South Africa. **Maria Vagliasindi** ([Vagliasindi 2013](#)) examines power sector reforms that led to PPPs in China, Peru, Brazil, and Mexico.
- **An IFC report on lessons learned** ([IFC 2010](#)) presents lessons from several power PPPs.

Social and government infrastructure

- Education—school facilities and services
- Health—hospitals and other health facilities and services
- Prisons
- Urban regeneration and social housing projects

- **A Deloitte report on how PPPs can help close the infrastructure gap** ([Deloitte 2006, 19–28](#)) provides a helpful overview of PPP experience in a wide range of sectors, particularly social infrastructure. **IFC's Handshake** ([WB 2015c](#)) publication presents examples and cases on health care and other economic and social infrastructure PPPs.
- **LaRocque's paper on contracting for the delivery of education services** ([LaRoque 2005](#)) includes examples of PPPs in the education sector.

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