



INFRASTRUCTURE INVESTMENT & PUBLIC-PRIVATE PARTNERSHIPS

TOOLBOX

A compendium of tools, guides and references for
standardizing investment in infrastructure

The development of sustainable infrastructure, whether through public-private partnerships (PPPs) or public procurement, requires a wide range of considerations and decisions to be taken into account. These include understanding the demand for services, setting a price that is affordable for both consumers and governments, and assessing and mitigating the environmental and social impacts of projects. In the case of PPPs, these decisions need to be made while also meeting the expectations of investors, developers, and financiers.

Infrastructure investments are long term and not easily recoverable. Infrastructure services, in turn, often are at risk of becoming monopolies. As a result, long-term sustainability is of the utmost importance.

The World Bank Group, together with its development partners, has started to identify what makes a project sustainable and to codify these characteristics into “standards” or “best practices.” The tools presented here showcase our efforts to empower better decision-making through standardization, and address a wide range of issues along the project development lifecycle. These include:

- How to prioritize investments in a transparent and justifiable manner, given that the investment objectives of governments typically extend far beyond the budget or user payment capacity at the time the decision is made.

- How to establish transparent approaches for deciding how to procure a project based on clear affordability, pricing, and efficiency assessments and assumptions.
- How to assess institutional capacity and project readiness using standard mechanisms.
- How to conduct a robust risk assessment, including valuing and managing contingent liabilities for PPPs and other investments within a fiscal framework.
- How to provide information in a standardized format through common portals.
- How to manage unsolicited proposals using standard approaches.
- How to develop frameworks for disclosure and transparency in PPPs, from service standards to contracts to performance, possibly including standard contract clauses.

In some cases, PPPs are the right approach, while in others, they may not be the best way to deliver a particular infrastructure service project. We are committed to the goal of developing the most useful standards that are inspired and informed by stakeholder needs and feedback from regular consultations.

To explore these tools, go to:

pppknowledgelab.org

● TOOLS

● GUIDES, RANKINGS
& BEST PRACTICES

How should governments with limited resources prioritize projects (public and private)?

Infrastructure
Prioritization
Framework

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INFRASTRUCTURE PLANNING
& PRIORITIZATION

How can a country create a sound institutional, legal and regulatory environment to attract private sector participation?

Country PPP
Readiness
Diagnostic

Benchmarking
PPP
Procurement

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INSTITUTIONAL
CAPACITY

How should projects/programs be prepared and structured so that they are bankable, affordable and offer value for money?

PPP
Fiscal Risk
Assessment
(PFRAM)

Project
Readiness
Assessment

PPP
Screening
Tool

SOURCE

Guidelines
for Managing
Unsolicited
Proposals

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PROJECT PREPARATION &
STRUCTURING

How do governments obtain the capacity and best practices to execute the transaction effectively and efficiently and get a fair deal?

Guidance on
PPP Contractual
Provisions

Framework
for Disclosure
in PPP
Projects

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TRANSACTION SUPPORT &
CONTRACT MANAGEMENT

INFRASTRUCTURE PRIORITIZATION FRAMEWORK (IPF)

The World Bank Group developed this tool to help governments to systematically prioritize infrastructure investments to achieve their development goals, even with limited capacity and public resources. To rank and compare proposed infrastructure investments, the tool uses a multi-criteria approach synthesizing social, environmental, financial, and economic factors.

How can this tool help you?

While full cost-benefit analysis can be used to soundly appraise and compare project proposals, this approach is not feasible when governments have limited capacity and the number of proposals to consider is large. In this context, the tool provides governments with a way to prioritize investments that uses a minimum amount of relevant project-level information thus improving the infrastructure decision-making process.

How it works

The tool prioritizes projects through two composite indicators: (i) a social-environmental index synthesizing social and environmental criteria; and (ii) a financial-economic index condensing financial and economic variables. A sensitivity analysis is used to establish the weights of the criteria to compute these indicators. In line of government budget constraints, the tool maps proposed infrastructure investments into four quadrants: high priority, social-environmental priority, financial-economic priority, and lower priority.

Status

The IPF was piloted in Vietnam, Panama, Argentina and Sri Lanka and is now being run in Indonesia and Colombia.



COUNTRY PPP READINESS DIAGNOSTIC (CRD)

This tool assesses whether a country is ready to implement PPPs by first looking at its PPP enabling environment and then determining areas that require change or improvement in view of global good practices. As a result, client countries are provided with strategic advice to help them make informed decisions regarding private sector participation in infrastructure.

How can this tool help you?

A country PPP readiness analysis helps guide client countries on how to develop an overarching enabling environment for PPPs with the support of various World Bank tools, instruments, and technical assistance.

How it works

The CRD assessment covers these key areas (among others):

- PPP experience
- Stakeholder support and ownership
- Legislative and regulatory framework
- Institutional framework
- Government support and managing fiscal risk
- Access to finance
- Transparency and accountability

The tool has three phases: (i) desktop preparation, (ii) onsite due diligence, and (iii) strategic definition. The assessment concludes with a PPP strategy for the respective country.

Status

This tool is now being piloted and may be further refined. CRDs have been completed in Jordan, Pakistan, and Sri Lanka.

BENCHMARKING PPP PROCUREMENT 2017

The report benchmarks government capabilities in 82 economies across four key areas: PPP preparation, PPP procurement, unsolicited proposals, and PPP contract management.

How can this tool help you?

Many economies have yet to adopt broadly-recognized good practices to prepare, procure, and manage PPPs. This report flags potential improvements that can help governments fill the gap in an effort to provide better PPP procurement and enable better infrastructure service delivery to all.

How it works

PPP projects are gaining momentum globally as a means for delivering infrastructure. Government capabilities to prepare, procure, and manage such projects are important to ensure that the expected efficiency gains are achieved. No systematic data currently exist to measure those capabilities in governments. This reports provides an assessment of the regulatory frameworks and recognized practices that govern PPP procurement across 82 economies.

Status

Benchmarking PPP Procurement 2017 is the first attempt to collect and present comparable and actionable data on PPP procurement on a large scale.

PPP SCREENING TOOL

This spreadsheet-based tool assists PPP practitioners in preliminary screening of potential PPP projects using a combination of qualitative and quantitative inputs. The tool can be customized for country-specific requirements.

A collaboration of the World Bank Group, PPIAF, and Global Infrastructure Hub.

How can this tool help you?

The screening tool enables practitioners to identify deficiencies, roadblocks, and areas for improvement in the next stage of development of shortlisted projects. It can also be used as a decision-making tool or a checklist at any stage of the project development process prior to initiation of procurement to ensure that a project is sound.

How it works

The tool evaluates a project along six dimensions: strategic suitability, preliminary feasibility, risk assessment, PPP suitability (combination of value-for-money and market appetite), fiscal affordability, and institutional capacity. A series of questions is then presented to the user that are linked to decision trees adapted to the project based on inputs provided. Each response is scored by weight which results in an overall project score and conclusions as to the suitability of the project as a PPP.

Status

Following a public consultation process, the PPP Screening tool is being piloted in different regions.

PPP FISCAL RISK ASSESSMENT MODEL (PFRAM)

PFRAM is a tool that assesses potential fiscal costs and risks arising from PPP projects. The assessment entails gathering specific project information and determining a government's role at key stages in the project cycle. This tool is mostly designed to help PPP units make informed fiscal decisions on PPP projects based on impacts and risks.

How can this tool help you?

PFRAM quantifies macro-fiscal implications and potential fiscal risks of PPP projects. The model is mostly designed to help PPP units make informed decisions on projects.

How it works

This Excel-based tool provides a structured process for gathering information for a project in five-steps:

- **Private partner cash flow:** Expected
- **Public financial statements:** Government income statement, balance sheet and cash statement (cash and accrual)
- **Macroeconomic impact:** Charts comparing fiscal situation with and without the project
- **Fiscal risk matrix:** Fiscal risk retained by the government (risk heat map)
- **Sensitivity analysis:** Nominal exchange rate and GDP

Status

Though still a work in progress, the latest version can be used to ascertain fiscal impacts and risks of PPP projects. Three pilots have been conducted demonstrating that PFRAM works accurately to assess fiscal impacts and risks and that the resulting analysis provides an accurate risk heat map.

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PROJECT READINESS ASSESSMENT

The Project Readiness Assessment is a tool that assesses the quality of project preparation, identifies weaknesses, and recommends actions for client governments to strengthen their projects. The tool is designed to help governments make informed decisions about projects and strengthen preparation prior to procurement.

How can this tool help you?

This tool provides governments with an independent, third-party assessment of the quality of project preparation work and identifies weaknesses in the preparation work. The tool also identifies weaknesses and provides recommendations and an action plan to address them.

How it works

The tool covers six key components, which are scored independently: (i) technical solution; (ii) commercial structure and financing; (iii) affordability; (iv) government; (v) regulatory environment; and (vi) social & environmental impacts. Each component is scored as red, yellow, or green, with green indicating that the project meets international best practice. Assessments are performed by an independent third party using a standard methodology and scoring system.

The assessment can be done in two stages: Stage 1, an early stage, pre-feasibility assessment; and Stage 2, a more detailed feasibility-stage assessment for projects close to procurement.

Status

The tool is being piloted in Brazil, Ghana and Namibia, and will be refined following the completion of these pilots.

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SOURCE

SOURCE is an online, secure, multi-user project development tool to promote and facilitate high-quality and efficient global project delivery. SOURCE is sponsored by the Sustainable Infrastructure Foundation, a non-profit Swiss foundation and is a joint global initiative of the multilateral development banks. It addresses the global infrastructure gap and advances the United Nations sustainable development agenda by delivering on well-prepared projects.

A collaboration of AfDB, ADB, BNDES, CAF, DBSA, EBRD, IsDB, laDB, PPIAF, and the World Bank Group.

How can this tool help you?

SOURCE is an online tool that enables governments to rapidly develop well-prepared infrastructure projects with consistency and transparency. SOURCE gathers and synthesizes information and data for project development that speeds up the procurement process and promotes dialogue between the public and private sectors.

How it works

The system guides public sector agencies through a series of subsector templates via a multi-user, secured, and standardized online workspace. The built-in guidance and templates help public sector teams improve the quality of project preparation outputs and better secure financing from a wider range of sources, particularly from private sector investors. The system's immediate connectivity is tailored to the needs of public contracting authorities on a national and subnational basis and allows up-to-the-minute changes and input of additional data.

Status

Since its global launch in January 2016, more than 1,000 government officials have been trained on the use of SOURCE. SOURCE has more than 1,100 active users, 130 projects under preparation, 20 published projects, and 38 governments using it.

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POLICY GUIDELINES FOR MANAGING UNSOLICITED PROPOSALS

The Guidelines provide dedicated recommendations on how to address the challenges related to unsolicited proposals in infrastructure projects. The Guidelines introduce USP-related processes, regulations and institutions to ensure that privately-initiated PPPs are subject to equal or higher standards as publicly initiated PPPs. These guidelines are an initiative of PPIAF.

How can this tool help you?

Unsolicited proposals (USPs) are an exception to the public initiation of infrastructure projects. Although international approaches to managing USPs differ, many USP projects raise issues about transparency, governance and lack of competition, particularly in developing countries. The Guidelines provide a framework for public authorities to develop and implement sound USP policies that effectively address these issues.

How it works

This initiative consists of three documents:

- Volume I: Main Findings and Recommendations provides a summary and overview of key findings.
- Volume II: Guidelines assists governments with their USP policy.
- Volume III: Review of Experiences examines best practices and international experience with USP policies, frameworks, and projects.

The Guidelines and the Review of Experience are to be read in parallel. The Guidelines also include a toolkit that provides additional guidance and considerations for policy decisions.

Status

The Guidelines were published in July 2017 and disseminated through pilot workshops in Uganda and Lesotho.

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A FRAMEWORK FOR DISCLOSURE IN PPP PROJECTS

The Framework provides systematic structure for proactively disclosing information pertaining to PPP Projects. The Framework is a collaboration of the World Bank Group, the Construction Sector Transparency Initiative, PPIAF, and OECD, and was endorsed by the G-20. This tool can help client countries create effective policies and practices for public disclosure of PPP transactions.

How can this tool help you?

Better literature and guidance on policy and practices for PPP disclosure can increase understanding of disclosure mechanics used by government and the private sector practitioners. At the request of the G-20, the World Bank Group has been working on a framework for public disclosure of PPP transactions and has prepared a database on disclosure practices followed in various countries.

How it works

Governments can use this tool to create their disclosure policies and practices by using the guidance in this Framework.

Status

Based on a substantial amount of knowledge amassed over the last few years through reviews and experience gained through technical guidance, the World Bank Group prepared the first draft of the Framework along with two additional documents: Jurisdictional Studies and Good Practice Cases. These provide relevant background and resources complementing the goals of the Framework. We recently held public consultations to obtain feedback, which was reviewed and endorsed by the G-20 in 2015.

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GUIDANCE ON PPP CONTRACTUAL PROVISIONS

The Guidance sets out a number of contractual provisions that are typically encountered in PPP agreements. At the same time, it details key considerations for public contracting authorities to bear in mind when developing contracts for specific PPP projects.

The Guidance is a collaboration of PPIAF and the World Bank Group.

How can this tool help you?

The Guidance assists contracting authorities, particularly in emerging PPP markets, to obtain a better understanding of selected provisions that are included in virtually every PPP agreement. It also aims at helping contracting authorities to carefully assess issues relevant to their own PPP projects and jurisdictions when drafting contractual provisions.

How it works

The guidelines deal with contractual provisions such as force majeure, changes in law, termination payments, refinancing, confidentiality and transparency, governing law, and dispute resolution, among others. In each case, key considerations are outlined for the benefit of contracting authorities as they develop provisions for their own PPP projects. These include differences between legal systems (civil law versus common law) and differences between emerging and developed PPP markets. In addition, the Guidance contains considerations for contracting authorities related to bond-financed and corporate-financed PPP transactions.

Status

Building on the contents of its previous 2015 edition, the Guidance on PPP Contractual Provisions was published in June 2017.

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APMG PPP CERTIFICATION PROGRAM

The certification program aims to enhance PPP performance globally, especially in emerging markets and developing economies, while building a unified capacity in their respective public sectors for planning, preparing, procuring, and delivering PPPs. Individuals awarded the Certified PPP Professional (CP3P) credential demonstrate to peers that their abilities align with global PPP good practices.

The certification is sponsored by ADB, EBRD, IaDB, IsDB, Fomin, PPIAF and the World Bank Group.

How can this tool help you?

Governments in emerging markets and developing economies often have limited access to resources and knowledge on how to identify, prepare, and structure successful and sustainable PPPs. The certification program fosters commonality in global PPP principles and practices and strengthens capacity in these countries.

How it works

The PPP Certification Program Guide, which presents good practices at each stage of the PPP life cycle, forms the core of the program. Three exams based on the Program Guide are required to earn the CP3P credential. Training to prepare for the foundation exam is available online and from over a dozen accredited training organizations worldwide. Financing for participants is available from multilateral development banks (MDBs), which have endorsed the Program Guide. APMG also provides discounted pricing for the exam for candidates from emerging markets and developing economies. Participants can expect to attain a working knowledge of the PPP process as a result of successfully completing the program.

Status

The certification program was launched in June 2016. Translations into Chinese, French, and Spanish are underway.



PPP REFERENCE GUIDE VERSION 3

The PPP Reference Guide provides relevant examples and resources on key PPP topics and helps readers navigate the substantial body of knowledge that has been generated across the world by practitioners from governments, international development institutions, academia, and the private sector.

The Guide is a collaboration of ADB, EBRD, GIH, IaDB, IsDB, OECD, PPIAF, UNECE, UN ESCAP and the World Bank Group.

How can this tool help you?

The Reference Guide provides information through its three modules to help government officials and other interested parties answer the following questions: (i) what are PPPs, and why use them; (ii) what kind of policy, legal, and institutional framework is need to ensure PPPs achieve their stated objectives efficiently and effectively; and (iii) what is the process for developing and implementing a PPP project.

Note that the PPP Reference Guide is not a step-by-step guidebook and does not cover the specifics of PPPs in any given country or sector.

How it works

The latest versions of the PPP Reference Guide is available as a publication and online; this allows it to be updated regularly and remain topical as the PPP discourse evolves.

The Reference Guide is available in English and a Mandarin translation is in development. Version 2 is available in French and Spanish.

Status

The PPP Reference Guide was published in print and online (on the PPP Knowledge Lab) in April 2017.



ADDITIONAL ONLINE RESOURCES FOR PPPs IN INFRASTRUCTURE

The World Bank Group supports the following websites to assist both the public and private sectors in implementing PPPs in infrastructure.

PPP Knowledge Lab

(pppknowledgelab.org)

A curated and comprehensive resource on PPPs and the first-ever website developed by the world's leading development agencies to compile and share PPP resources. It features country profiles for over 141 countries (including PPP laws), analyses and best practices by sector, as well as tools, learning resources, and more.

PPP in Infrastructure Resource Center (PPPIRC)

(ppp.worldbank.org)

A comprehensive site containing sample legal materials including laws, regulations, contracts, toolkits, checklists, and case studies to assist in the planning, designing, and structuring of PPPs.

Private Participation in Infrastructure Database

(ppi.worldbank.org)

An online database that tracks private participation in infrastructure projects in low- and middle-income countries from 1984 to present.

Public-Private Infrastructure Advisory Facility (PPIAF)

(ppiaf.org)

PPIAF's website showcases activities, toolkits and knowledge products supported by PPIAF.

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