Presentation Outline

I. Benchmarking of PPP approaches

II. Tools to improve decision-making around infrastructure and PPPs:
   
a. PPP Frameworks
   
b. Infrastructure Project Prioritization Screening for PPP suitability
   
c. Assessing fiscal risks and affordability
   
d. Disclosure of Contracts and Projects
I. Benchmarking of PPP approaches
I. Benchmarking of PPP Approaches

Global Perspective: PPP regulatory framework goes hand-in-hand with institutional arrangements to ensure successful PPPs - however there is no one size fits all!

All 82 economies adopted specific frameworks for regulating PPPs with different arrangement to fit their markets.

- Specific law or act regulating PPPs: 49%
- Concession and PPP law: 18%
- PPP guidelines or similar instruments: 15%
- General procurement law for PPPs: 11%
- Concession or act exclusively: 7%

All 82 economies adopted specific institutional arrangement but in itself is not a guarantee of successful PPPs.

Role of PPP Unit in Procurement

- 16% lead or formally co-lead procurement of PPP
- 69% play active clearance or advisory role
- 15% do not play a role
I. Benchmarking of PPP Approaches (2)

While scores decline with income group, in general most improvement needed in preparation and contract management.
1. Benchmarking of PPP Approaches (3)

Only 23% have detailed procedures to ensure PPPs are strategically prioritized.

PPP = public-private partnership.
Source: Benchmarking PPP Procurement 2017
I. Benchmarking of PPP Approaches (4)

One-third have adopted specific methodologies for conducting assessments during preparation.

PPP = public-private partnership.
Source: Benchmarking PPP Procurement 2017
I. Benchmarking of PPP Approaches (5)

23% of the countries publish the PPP contract, and very few publish it online.

![Bar chart showing PPP contract publication rates](chart)

- **PPP tender notice**: 93% legal requirement to publish, 6% published in practice, 1% no publication.
- **PPP award**: 74% legal requirement, 17% published in practice, 9% no publication.
- **PPP contract**: 23% legal requirement, 9% published in practice, 68% no publication.

*Note: PPP = public-private partnership.
Source: Benchmarking PPP Procurement 2017*
I. Benchmarking of PPP Approaches (6)

68% regulate USPs. Only 21% have detailed procedures to evaluate consistency of USPs

Note: USP = unsolicited proposal.
Source: Benchmarking PPP Procurement 2017
II. Tools to improve decision-making around infrastructure and PPPs:

a. PPP Frameworks
II. Tools to improve decision-making around infrastructure and PPPs

a. PPP Frameworks - Country PPP Readiness Assessment Tool

Objectives

- Assess institutional design and processes
- Safeguard public interest
- Increase transparency and accountability

Output

- Facilitate structured PPP strategy discussions
- Guidance on creating enabling environment
- Sustain policy dialogue on governance reform
II. Tools to improve decision-making around infrastructure and PPPs

a. PPP Frameworks - Country PPP Readiness Assessment Tool (2)

1. **Desktop Preparation**
   Undertake preparatory work to establish the status quo, initial baseline of the Country’s needs, readiness and enabling environment for undertaking PPPs.

2. **Mission Diagnostic**
   Confirm existing baseline, readiness and enabling environment for undertaking PPPs by running through the Diagnostic’s questions.

3. **Drafting a Strategy**
   Based on the information gathered and due diligence done under the last Phase, develop a PPP Strategy and options for structuring a robust PPP program; select and recommend the most appropriate customized option.
II. Tools to improve decision-making around infrastructure and PPPs:

b. Infrastructure Project Prioritization Screening for PPP suitability
II. Tools to improve decision-making around infrastructure and PPPs

b. Infrastructure Project Prioritization Screening for PPP suitability (2)

Objectives

- Align project selection and strategic objectives
- Rationalize prioritization process
- Enhance transparency and accountability

Output

- Objective comparison of proposed projects
- Better use of public funds
- Biggest bang for governments’ buck
II. Tools to improve decision-making around infrastructure and PPPs

b. Infrastructure Project Prioritization Screening for PPP suitability (2)

Objectives

- Provide objective way for decision makers to assess whether project ready for implementation as a PPP
- Not a substitute for full feasibility analysis

Output

- Overall assessment of suitability for implementation as a PPP
- Highlights missing information
- Points to key “dealbreakers”
II. Tools to improve decision-making around infrastructure and PPPs

b. Infrastructure Project Prioritization Screening for PPP suitability (3)

Six key dimensions

- Weighted aggregates of scores on six parameters:
  - Strategic Suitability
  - Preliminary Feasibility
  - Risk Assessment
  - PPP Suitability (VfM, Market Appetite)
  - Fiscal Affordability
  - Institutional Capability

User friendly approach

- Sub-Parameters and Questions at second and third level
- Links Parameters with Quantitative Elements
- Variability of some Questions based on initial parameters

- Easy data input screens
- Drop-down menus for qualitative questions
- Scores (between 0-5)
- Dashboard with key conclusions
- Detailed Output Sheet

Decision-makers’ tool

- Pre-requisites
- Potential Deal Breakers
- Areas of strength and weakness of the project and suggestions
II. Tools to improve decision-making around infrastructure and PPPs:

c. Assessing fiscal risks and affordability
II. Tools to improve decision-making around infrastructure and PPPs

\(c.\) Assessing fiscal risks and affordability

**Objectives**

- Government cash flow and debt sustainability
- Off-balance sheet risk mitigation
- Contingent liabilities management

**Output**

- Fiscal risk identification
- Impact assessment on government revenue and B/S
- Mitigation measures
### II. Tools to improve decision-making around infrastructure and PPPs

**c. Assessing fiscal risks and affordability**

**PPP Fiscal Risk Assessment Model: PFRAM - Outcomes**

<table>
<thead>
<tr>
<th>Category</th>
<th>Outcomes</th>
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| **Private partner cash flow**     | • Expected cash flow for the private partner  
                                 | • Only to check                                                           |
| **Public financial statements**    | • Government income statement, balance sheet & 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 (NER)  
                                 | • Gross domestic product (GDP)                                           |
II. Tools to improve decision-making around infrastructure and PPPs:

d. Disclosure of Contracts and Projects
II. Tools to improve decision-making around infrastructure and PPPs

d. Disclosure of Contracts and Projects

<table>
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<th>Objectives</th>
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<tr>
<td>- Increase information on projects in public domain</td>
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<td>- Increase stakeholder confidence in the process</td>
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<td>- Enhance accountability and improve bidding and contract management process</td>
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<th>Output</th>
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<tr>
<td>- Systematic structure for proactively disclosing information</td>
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<td>- Diagnostic to assess overall framework</td>
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<td>- Portal to provide key information to stakeholders</td>
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II. Tools to improve decision-making around infrastructure and PPPs

d. Disclosure of Contracts and Projects (2)
Thank you

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