PPP Contractual Provisions – Getting to Common Standards

GIF Advisory Council Meeting, Breakout Session
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Public-Private Partnerships Group
The World Bank Group
Background of WBG Initiative

- Considerable time and expense in preparing and finalizing PPP agreements has led many to ask whether standardized contractual provisions may be developed to reduce costs and accelerate these processes.

- While recognizing that it is not possible to have universally-accepted language for every provision in a PPP agreement, the World Bank Group (WBG) believes that there is value in fostering greater understanding of certain important provisions found in virtually every PPP agreement.
Background of WBG Initiative (continued)

- Against this backdrop, a first edition of the WBG Report on Recommended PPP Contractual Provisions was published in August 2015 and soon after endorsed by the G20 Investment and Infrastructure Working Group.

- Following industry feedback on the Report’s 2015 version, a new edition (with the help of the international law firm of Allen & Overy LLP) has now been developed and is expected to be published in June 2017.
Objectives of the Report

- Assisting contracting authorities in particularly emerging PPP markets in obtaining a better and comprehensive understanding of a selection of main contractual provisions usually encountered in every PPP agreement.

- Fostering discussion of the contractual provisions contained in the Report with a view of further editions possibly to be developed as consensus evolves around contractual language typically used in PPP transactions.
Overview of the Report’s Contents

- Eight contractual provisions included in virtually every PPP agreement
- Commentary and alternative sample drafting in regard to different levels of PPP transactional experience and different types of legal systems
- Commentary as to which alternatives reflect a relatively lender-friendly or government-friendly approach
- Extension of Report currently being undertaken by the GIF and Allen & Overy LLP: two additional chapters on how the Report's sample drafting (and commentary) relates to bond financing and corporate financing
Consultation and dissemination

- Stakeholder consultations during the drafting stage of the Report’s new edition (March-August 2016) and a WBG internal vetting process (September-October 2016)
- Public consultations held from November 2016 to February 2017: update of the Report in accordance with the feedback received is almost finalized
- Further dissemination and socialization events planned following the Report’s publication to encourage its effective use in the context of actual projects in emerging markets