

From lessons to principles on public governance of PPPs

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Ian Hawkesworth

Budgeting and Public Expenditures Division,
Public Governance and Territorial
Development, OECD

Why PPP Principles

- A wish by actors
- A growing stock of PPPs across countries
- Siren song of off budget in light of consolidation needs
- A need for focus on the governance aspects of PPPs
- A need for principles that are sufficiently applicable to add value to member countries

Challenges: Institutional bias?

- a) The rules in place impede attaining the maximum value for money by creating incentives to prefer traditional infrastructure procurement over PPPs?
- b) The rules in place impede attaining the maximum value for money by creating incentives to prefer PPPs over traditional infrastructure procurement?

Table 4 - Do you think that the rules in place impede attaining the maximum value for money by creating incentives to prefer:

	TIP over PPPs?	PPPs over TIP?
Yes, to a large extent	2	0
Yes, to some extent	5	1
No	9	15
Not enough data to make assessment	4	4
Total	20	20

Challenges: Role of PPP unit, accounting

Table 20 - Does the PPP unit have a formal, gate-keeping role with respect to the approval of specific projects (even when these projects fall within the existing approved budget envelope of the line ministry responsible) in the case of PPPs and TIPs?

Yes, for all	6
Yes, for those above a threshold	1
Yes, on an ad hoc basis	1
No	7
Other	1
Not answered by those who answered 'no' to question reported in Table 8	4
Total	20

A) ACCOUNTING ISSUES

Table 25 - Have accounting mechanisms been put in place that formally account for the contingent liabilities and costs generated by PPP projects

Yes	13
No	7
Total	20

Challenges – off balance sheet

Table 2. Does the following make PPP more attractive in comparison to TIP?

	The project generates debt that is not on the balance sheet of government
Yes	5
No	9
Sometimes	4
Not answered	3
Total	21

10 Principles:

- Ensure political awareness of PPPs' costs and benefits
- Set up a clear regulatory framework and a competitive procurement process
- Maintain key institutional roles (MoF, PPP Unit, Line ministry, SAI) and integrate PPPs in the budget process
- Separate the investment decision from the financing decision
- Focus on Value for Money and risk transfer
- Ensure transparency in the budget, accounting and limit off budget temptations
- Remain vigilant on ensuring VfM through the operational phase, refinancing, exit

Response

- Endorsed by the OECD Network of Senior PPP Officials - 22 countries + IMF, WB, EU, EIB
- Endorsed by the OECD Working Party of Senior Budget Officials
- Emphasis on neutrality in document
- Final version being drafted
- Comments welcome!

Next steps

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| March | <ul style="list-style-type: none">• Draft principles circulated to delegates to PPP Network meeting, World Bank, IMF, EIB, TUAC, BIAC |
| 24-25 March | <ul style="list-style-type: none">• Annual PPP meeting discusses draft |
| 13-14 April | <ul style="list-style-type: none">• Discussion at RPC |
| 14-15 April | <ul style="list-style-type: none">• Briefing of PGC |
| End of April | <ul style="list-style-type: none">• Deadline for receipt of country comments regarding PPP principles draft |
| 6-7 June | <ul style="list-style-type: none">• Draft principles presented to Annual meeting of Senior Budget Officials |
| Fall 2011 | <ul style="list-style-type: none">• Draft principles presented to other relevant OECD GOV working parties• 2nd Draft principles presented to PGC, TDPC, RPC |
| Spring 2012 | <ul style="list-style-type: none">• Final draft principles presented to Council |

More information



www.oecd.org/gov/budget/ppp



[**Ian.Hawkesworth@oecd.org**](mailto:Ian.Hawkesworth@oecd.org)