



## DESCRIPTION OF THE INSTRUMENT

Public-private partnerships (PPPs) can be an effective means for governments to achieve better value for money and fund infrastructure investments and public service management.

These strategic alliances are typically characterized by **long-term contracts between public and private partners, with the private partner taking on responsibilities such as design, financing, construction, and operation of the infrastructure or service.** PPPs can enhance efficiency and risk management by combining competitive tendering and negotiation processes, making them particularly suited for large and complex infrastructure projects.

PPPs offer a **unique opportunity to attract investment for public infrastructure**, with the financial burden mainly assumed by the private sponsor, and public expenses spread out over the project's lifespan. By leveraging PPP's whole-life cost management and payment linked to service delivery, not asset provision, authorities can overcome short-term budget constraints.

## MAP SHOWING THE LEVEL OF IMPLEMENTATION



More information  
on the economic  
instrument



## CONTRIBUTION TO GOVERNANCE

- **Investment leverage:** Provide a distinctive chance to draw in investment for public infrastructure, where the primary financial responsibility rests with the private sponsor, and public costs are distributed over the duration of the project

## BARRIERS OR CHALLENGES FOR IMPLEMENTATION

- **Political and institutional factors:** Changes in political power, public opinion, and institutional capacity.
- **Funding and financing challenges**
- **Complex contractual arrangements and coordination** between public and private sector entities, which can be difficult to manage.
- **Risk allocation between the public and private sector partners** can be a contentious issue, as different parties have different risk preferences, which can lead to difficulties in determining the allocation of risk.
- **Management and monitoring of the performance of PPP** projects can be challenging, particularly in areas with weak institutional capacity or limited regulatory oversight.
- **Public resistance to PPP projects** can occur due to concerns over potential private sector profit motives, increased costs for users, and a lack of transparency and accountability in project management.

## PATHWAYS FOR IMPLEMENTATION

- Establishment of regulatory frameworks that specifies the roles and responsibilities of the public and private partners, as well as the relevant procurement and contract management processes.
- Strong political support and institutional capacity
- Clear lines of authority and communication channels between public and private sector partners.
- Stakeholder engagement and participation
- Effective contractual arrangements to ensure that the rights and obligations of each partner are clearly defined.



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