

Module 4
**Laws &
 contracts**



Legal, legislative and contract bases for PPP

Module 4: Laws and Contracts examines the legal and regulatory environment to PPP. It provides a framework for diagnosis and reform and provides the basis for preparation of PPP contracts.

Module 4 defines the legal framework that can facilitate the successful implementation of PPPs in the road sector. It contains the two main elements of such a framework found within any legal system in the world: laws and regulations on the one hand and contracts on the other hand.

Legislation considers the institutional framework that fosters private investment in infrastructure. Legislative Framework explores host country’s legislative provisions when promoting and implementing a PPP in infrastructure; other sections address the issues of modification and adaptation of such a framework and assessment of this legal framework.

Contracts explores what can be a maze of contractual arrangements involved with such a PPP and addresses the issues regarding contract formation, contract types and provisions, other agreements, guarantees and bonds and the renegotiation and adaptation of contracts.

The broader the scope of work, the more complex are the PPP contracts, which determines the risks and responsibilities of each actor involved in the project. For instance, if only maintenance of a road is required, the work involved can usually be done by a single shareholder project company without the need for additional project financing; however, if the scope is to include the construction of a new road, several different actors will share responsibilities and risks and there will most probably be a need for substantial project financing from commercial lenders and international financial institutions.

The information provided herein does not constitute, and shall not be construed as, legal advice. All parties should seek advice from their own legal consultants familiar with their particular circumstances.