

Public sector

Contracting authority

To simplify things, the public sector has been considered in the Toolkit as a single entity often called the Contracting authority (being mostly a government entity). The reality is however much more complex and numerous public sector actors are usually involved in PPPs.

Institutional settings vary considerably from one country to another depending on the cultural specificities and level of centralization. Identifying best practices in this field is not really possible.

Horizontal level / Vertical level	Political Authorities	Financial Institutions	Technical Institutions	Legal Authorities
National / Central level	Office of the Prime Minister	Ministry of Finance Central Bank	Ministry of Public Works Ministry of Environment Regulatory bodies Ministry of Labor Police	Court of Justice National jurisdictions
Regional/local level	Lord Mayor, County and City Councils		Regulatory bodies Statutory undertakers (i.e. Utilities)	
Local Police	Regional jurisdictions			

It is compulsory for the Contracting authority to clarify the institutional framework and the functions to be performed by each public party before embarking on a project. Functions that should be performed by the various public entities are identified in Module 3: Policy & Planning.

Attitude to Risk

In traditional road projects conducted and financed by the public sector, risks are being internalized. Although they do not participate in the identification, allocation and management of risks, public bodies should evaluate and manage the residual risks assigned to them through the contract agreement, including contingent liabilities (Module 6 -> Key Issues -> Risk Management).

Project Evaluation Criteria

It is the Contracting authority's responsibility to ensure that the project has been carefully planned, that it is economically sound and socially acceptable. Toll road

projects are particularly delicate in this regard and can lead to public demonstrations and legal action from road users.

PPP units

The implementation of PPP strategy requires the acquiring of key skills in the public sector to prepare and manage projects as well as effective methods for cross-ministerial coordination and response on issues transcending beyond the boundaries of line ministries. PPP units are intended to develop and implement policy and regulatory reforms, and build the institutional and social foundations needed to enable, promote and facilitate efficient and sustainable large-scale private investment in infrastructure.

PPP units can also be complemented with PPP cells housed in the line ministries. Roles and responsibilities and issues for their establishment are defined in Module 3 -> PPP Policy Framework -> Institutional Framework and Reform -> PPP Units and the Role of the Highway Agency.

PPP Advisory bodies

Some states have created tools to coordinate and promote PPPs aimed, inter alia, at disseminating good practice for PPPs at national or international level. These tools aim to make related expertise mutually available and thus advise users about the different forms of PPP and their stages, such as initial conception, how to choose a private partner, the best allocation of risks, the choice of contractual issues or even the integration of community financing.

Partnerships UK (PUK) is itself a public private partnership with a unique public sector mission: to support and accelerate the delivery of infrastructure renewal, high quality public services and the efficient use of public assets through better and stronger partnerships between the public and private sectors. It provides advice principally aimed at the public-sector and notably municipalities.



<http://www.partnershipsuk.org.uk/>

Road Users

Road users are key actors in PPPs and mainly participate in the project in two different ways:

- as the final beneficiaries of the infrastructure and the related services
- as the main source of revenue. For toll road projects, users directly generate the revenue stream. For projects financed by the Government, users contribute through general (income tax) or specific (fuel tax, vehicle licenses etc.) taxes.

For both reasons, road users should be considered as the project customers: their expectations in terms of service levels should be carefully identified and put in perspective with their willingness to pay.

Neglecting such parameters is a usual mistake made by Governments and private actors that often leads to project failure through:

- reduction of the transport demand on the road, affecting project revenue (toll roads) and the efficiency of the road network,
- political sanctions directed at the Government when it is considered responsible for misuse of public funds,
- legal challenges when it is considered that the project was not conducted in conformity with the principles of local or international legislation,
- public demonstrations.

The main way to avoid such problems is to associate road users with the project and the decision-making process at an early stage. (Module -> Economic Development and Public Interest -> Public Participation and Consultation).