Public Private Partnerships

2. Introduction to Public Private Partnerships

http://unctadsftportal.org/sftftoolkit/publicprivatepartnerships/chapter2/

Summary

This chapter provides a general background on PPPs as a mechanism for project funding.

Key Themes: Models – Financing

Many governments are increasingly attracted to PPPs as a strategy which combines the state with its strengths in regulation and the protection of the public sector and the private sector with its strengths in finance, management and innovative technologies. PPPs represent an agreement between a government and the private sector for the provision of public services or infrastructure and can help relieve pressure on governments' budgetary requirements. A PPP is generally structured in a way that the public sector entity does not incur any borrowing; rather, PPP borrowing is incurred by the private sector entity implementing the project. PPPs contain a number of wide-ranging benefits and risks. However, substantial cost escalation is a current global trend. There is a wide range of project structures and financing options that, if analyzed and chosen effectively, can help ensure to mitigate these risks.