



**Key Issues for Governments in adopting  
a PPP model: issues from the UK and  
international experience**

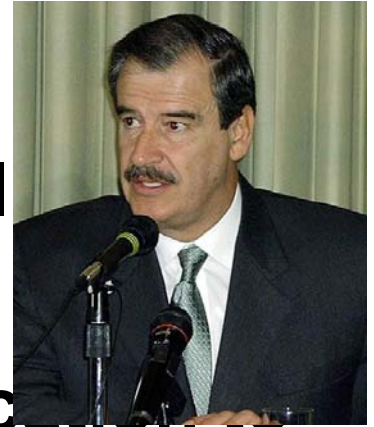
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# KEY LESSON 1 - Political Support

- ***High level* political support crucial**
  - **Politicians need to convince their colleagues**
  - **Lead and Support Public Sector**
  - **Communicate Objectives and Justifications to Public and Media**
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- **Without High Level Political support there will be no PPP**



# KEY LESSON 2- PPP Task Force or Knowledge Centre

- Central, Ministry, Municipal
- Task Force or Knowledge Centre
- Policy and Project
- Public and Private sector
- Facilitate co-operation between different tiers of government and other PPP units
- Advisory role, Project delivery role, Regulatory role
  - Ontario
- Needs to be properly resourced
  - Jordan



# KEY LESSON 3 – Legal Framework

- **Legal framework**
  - Flexible
- **Powers to contract - is a PFI law necessary?**
  - Vires
  - Procurement law
  - Regional and Municipal aspects
  - Ownership of Public Utility Assets
- **Tax Regime**



# KEY LESSON 5 – Public Sector support

- **Public sector support is crucial**

- **Key Concerns**

- **Job losses, pay and conditions**

- **Fear of change**

- **Distrust of private sector**

- **Learning new skills/Not wanting to go first**

- **Key Issues**

- **Loss of control of service but accountability remains**

- **PPP projects take longer to procure**

- **Commitment to long term agreement**

- **Integration with remaining publicly run services**

- **Inexperience in monitoring and control**



# KEY LESSON 6 – Good Advisors

- **Selection of Advisors is critical**
- **Private sector will have good advisors**
- **Need international PPP experience**
  - Individuals not just organisation
- **Mentor-type advisors**
- **Must be *available***
- **Cheap, inexperienced advisors are a false economy**



# KEY LESSON 7 - Training

- **Training for public sector key in order to ensure best value for money**
  - National Audit Office
  - EU
- **Developing internal capacity**
  - Reducing reliance on advisors
  - Retaining expertise
- **Training for private sector**



# KEY LESSON 8 - The Pilot Project

- **Identify**
- **Prioritise**
- **Reasonable size**
- **Not too technically complex**
- **No political "pet" projects**
- **Manageable political sensitivities**
- **Clearly defined from the start**
- **Realise it will be slow and expensive**
- **Incentives to private sector**
- **GET IT RIGHT!**



# KEY LESSON 9 – Relationship between public and private sector

- **PPP should be a *Partnership***
- **Public and Private sectors have very different drivers**
- **Many relationships between public and private sectors are unbalanced**
- **Problems caused by:**
  - **Lack of understanding of other party's key drivers**
  - **Lack of equality in bargaining power**
  - **Poor advice or understanding**



# KEY LESSON 10 – Cost of process

- **PPP projects usually cost more to procure**
- **PPP projects usually cost more to construct**
- **Over the whole life of the project the cost is often less than conventionally procured projects**
- **BUT: comparison is often not like with like**



# KEY LESSON 11 - Affordability

- **PPP does not make a bad project good**
- **PPP does not make an unaffordable project affordable**
  - Barts Hospital
  - Over specification
- **The government client mustn't over extend itself**
  - Portugal roads



# KEY LESSON 12 – The Contract

- **Standard Form contracts**
- **Produced for government by private sector**
- **Getting wording right is crucial to avoid future costs and problems**





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