

BUILDING STRONGER INSTITUTIONS TO DELIVER BETTER PPPs

Mapping of tools and resources



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There is unprecedented interest among developing countries to attract private investment into infrastructure and basic services to meet growing national demand. Today, nearly all developing countries have successfully brought an infrastructure PPP to market. Following a substantial drop in private participation in infrastructure due to the COVID-19 pandemic, private participation rebounded in 2021¹ and many governments are looking to the private sector to help finance and deliver infrastructure investment—seen as a key driver of post-pandemic recovery.

Establishing strong PPP frameworks and institutions communicates a government's commitment to PPPs and is expected to foster efficiency and accountability in their governance and lead to higher quality transactions. PPPs can be implemented on a one-off basis without any specific supporting legal and institutional framework. However, to fulfill countries' ongoing infrastructure investment requirements and to generate “value-for-money” transactions, they will need to go beyond first-mover projects to establishing PPP programs that encourage an active bidder and financing market.

To better understand the drivers for success of PPP programs and how development partners can best provide support to national governments to establish and build their PPP program, the World Bank

¹ Global private participation in infrastructure (PPI) in 2020 was at \$45 billion in 252 projects – a 52 percent drop from 2019. PPI investment in 2021 accounted for \$76.2 billion across 240 projects – [PPI Database](#).

Group's Infrastructure, PPPs & Guarantees (IPG) group and the Public-Private Infrastructure Advisory Facility (PPIAF) established the PPP Institutions Building Program.

The PPP Institutions Building Program aimed to distill collective experience of delivering PPP support across the World Bank Group and learn from other institutions and global experience. The program undertook: i) analysis and research to identify critical factors for success and failure of PPP programs and ii) a review of tools, resources, and technical assistance provided to develop PPP institutions. The program is also providing comprehensive institutional building support to selected countries funded by PPIAF.

While there is no one-size-fits-all solution that will guarantee success and the drivers for success of PPP programs are complex and multifaceted, findings around how to support PPP program success have been identified. These findings have been grouped into five key themes: capacity building, legal and institutional frameworks, project preparation, funding and financing, and contract management. These practice notes aim at disseminating the findings of the program on the specific theme.

To complement these notes, this practice note maps the tools and products utilized to provide PPP institutional support that were reviewed as part of the research.

1. Summary of PPP Tools and Products

There are a wide range of tools and products that are used to support the development of PPP institutions and programs. The program reviewed relevant World Bank Group and third-party tools and products discussed in more detail in section 2 and are organized by themes being addressed. Tool types include:

Guidance Material: Papers, reports, or web-based reference materials that capture best practice and knowledge to better inform government practitioners developing PPP programs or projects.

Guided Approach: Guidance material that also seeks user input in order to provide more tailored recommendations related to the development of PPP programs or projects. This may include primarily qualitative checklists or questionnaires for direct government use or alternatively guidance used by development finance institutions (DFIs) or consultants to support practitioners in a standardized manner. It also includes training material or courses used to build capacity or guide practitioners on any aspect of PPPs or the PPP project cycle.

Application: Similar to Guided Approach tools, but the user input is primarily quantitative in nature. Typically, these applications use Microsoft Excel (or similar) and require preliminary or detailed project data. Assessment of this data, via the application, supports project decision making by governments or alternatively forms the basis for a standardized approach by DFIs or consultants to support practitioners.

Funding Mechanism: The establishment of a mechanism that is designed to provide funding or financing to support project preparation or project implementation costs. This includes stand-alone institutional platforms or the incorporation of similar approaches within a DFI operation.

This is not an exhaustive review of all tools and products that have been developed to support PPP programs and institutions, but rather focuses on tools and products developed by key development partners that address the themes that are the subject of this paper. In particular, a wide range of sector-specific tools exist but have not been reviewed as a part of this work. Tools that are still under development have an asterisk.

1.1 World Bank Group PPP Tools and Products

The World Bank Group provides a wide range of expertise, data, tools, and services to support the development and implementation of PPPs. This support spans the PPP project cycle—from upstream policy advice for regulatory and institutional reforms to downstream transaction support, including direct financing of projects and mobilizing private capital. In addition, the World Bank Group has a specific focus on improving capacity and knowledge around PPPs and infrastructure to facilitate informed decision making, reduce transaction costs, and strengthen the pipeline of bankable projects² (where PPPs are seen as one potential option to deliver infrastructure services). This approach is further enabled by the testing and implementation of a variety of tools designed to enable stakeholders to make better decisions. Often these tools are made available to stakeholders in an initial draft form to gather feedback, and several tools have been updated iteratively to take account of practical client experience.

² The World Bank Group uses its PPP Knowledge Lab as a hub for this content (<https://pppknowledge.org/>), which is also supported by a variety of other development partners.

Figure 1. Overview of World Bank Group Tools and Products

Theme	Tool/Product	Type
Capacity Building	PPP Certification Program: Training curriculum and certification program covering PPP framework establishment and the PPP project cycle.	Guided Approach
	PPP Reference Guide 3.0: Guidance on all aspects of PPP development and implementation, including external resources/bibliography.	Guidance Material
	Municipal PPP Framework: Guidance material, checklists, and sample documents to help subnational/local governments understand and implement municipal PPPs.	Guided Approach
Legal and Institutional Frameworks	Country PPP Readiness Diagnostic: Standardized assessment of a country's readiness to implement PPPs through a review of its PPP environment.	Guided Approach
	InfraSAP 2.0: Standardized analysis of private financing constraints to create a roadmap to scale up private participation in sustainable infrastructure.	Guided Approach
	Policy Guidelines for Managing USPs: Guidance and e-learning course to help practitioners address challenges related to unsolicited proposals (USPs).	Guided Approach
	Disclosure Framework for PPPs: Guidance and e-learning course on design of a disclosure framework for PPPs, including preparation of legislation and policy.	Guided Approach
	Guide on PPP Legal Frameworks: Guidance on suggested legal provisions to support the development of a PPP legal framework.	Guidance Material
Project Preparation	Guidance on PPP Contractual Provisions: Suggested content for core PPP contractual provisions, including guidance and case study examples.	Guidance Material
	Infrastructure Prioritization Framework: Research paper and quantitative framework to guide selection and prioritization of infrastructure projects.	Application
	PPP Screening Tool and PPP Screening and Assessment Tool: Quantitative tool to assess the suitability, and determine the prioritization, of potential projects.	Application
	GIF Project Readiness Assessment Tool: Quantitative tool to assess project readiness and support decision making on the provision of the Global Infrastructure Facility (GIF) assistance.	Guided Approach
Funding and Financing	PFRAM 2.0: Quantitative tool to assist governments in assessing and managing the fiscal risks and costs of potential and ongoing PPPs.	Application
	PDF-Like Support: World Bank Group operations that include funding support for the preparation of PPP projects.	Funding Mechanism
	Global Review of Infrastructure Funds: Lessons learned and guidance material on the design of public infrastructure funds to leverage private financing.	Guidance Material
	Financing Facility Support: World Bank Group operations that include support for the development and financing of PPP institutional financing vehicles.	Funding Mechanism
Contract Management	Emerging Issues in Contract Management*: Web-based tool that will collect and consolidate PPP contract information to support portfolio monitoring.	Application

1.2 Third-Party PPP Tools and Products

In addition to the World Bank Group, a number of other development partners³ have developed a range of tools and products to support the development and implementation of PPPs in developing countries. These are summarized below.

Figure 2 Overview of Third-Party Tools and Products

Theme	Tool/Product	Institutions	Type
Capacity Building	Guide to Guidance and PPP Guide: Guidance material and web tool that aggregates material and best practices from PPP guides globally.	EPEC	Guidance Material
	PPP Guidebook: Guidance material covering all stages of the PPP project cycle.	ESCAP	Guidance Material
	PPP E-Learning Series: Online training modules to support learning across all stages of the PPP project cycle.	ESCAP	Guided Approach
	Infrastructure Foundation Course: Training course covering all stages of the PPP project cycle.	IPA	Guided Approach
	Africa Infrastructure Fellowship Program: Range of training, capacity building, secondments, etc. designed to build relationships between the public and private sector.	GIH	Guided Approach
Legal and Institutional Frameworks	PPP Monitor: Online tool that tracks the development of the PPP enabling environment across a range of countries.	ADB	Guidance Material
	PPP Readiness Assessment: Standardized analysis of key areas relevant to building a country's PPP enabling environment.	ESCAP	Guided Approach
	Public Investment Management Assessment: Standardized analysis of procedures, tools, decision-making, and monitoring processes used by governments during public investment cycle.	IMF	Guided Approach
	Readiness Assessment Tool: Standardized analysis of key areas relevant to building a country's PPP enabling environment and broader infrastructure development goals.	UNECE PPP CoE	Guided Approach
	Legislative Guide on PPPs and Model Legislative Provisions: Guiding principles and material on PPP legal framework, procurement, and contract issues.	UNCITRAL	Guidance Material
	Model Law for PPP/Concessions*: Model/draft content for common clauses in PPPs/concessions.	UNECE/EBRD	Guidance Material
Project Preparation	PPP Project Preparation Status Tool: Quantitative tool to assess a project's PPP suitability and readiness.	EPEC	Guided Approach
	Quantitative Value-for-Money Toolkit: Quantitative tool to support identification and selection of suitable PPP projects.	ESCAP	Guided Approach
	Governmental Processes Facilitating Infrastructure Project Preparation Tool: Guidance on PPP enabling environment needs to support project preparation processes and decision-making.	GIH	Guidance Material

³ Institutions included in the review were: African Development Bank (AfDB), Asian Development Bank (ADB), Caribbean Development Bank (CDB), UK Department for International Development (DFID), European Bank for Reconstruction and Development (EBRD), European PPP Expertise Centre (EPEC), Economic and Social Commission for Asia and the Pacific (ESCAP), Global Infrastructure Hub (GIH), Inter-American Development Bank (IDB), UK Infrastructure and Projects Authority (IPA), United Nations Commission on International Trade Law (UNCITRAL), United Nations Economic Commission for Europe (UNECE) Int'l PPP Centre of Excellence, and the World Economic Forum (WEF).

	Risk Allocation Tool: Sample matrices to support government decision-making on risk allocation across a range of project issues.	GIH	Guidance Material
	5-Case Model: Standardized tool and guidance material for preparing, appraising and approving investment proposals.	IPA	Guided Approach
	Project Initiation Routemap: Standardized approach to assessing and improving public capability to initiate and implement PPP projects.	IPA	Guided Approach
	High-Level Decision-Making Tool*: Upstream quantitative tool to support decision making on public vs. PPP procurement considerations.	WEF	Guided Approach
	Strategic Infrastructure Planner Tool: Standardized assessment of a country's infrastructure readiness and needs.	WEF	Guided Approach
	Standardized Project Preparation Templates: Templates across a range of sectors to standardize data requirements and support project decision-making.	SOURCE	Guided Approach
Funding and Financing	Guide to Statistical Treatment of PPPs: Guidance on the evaluation of PPP projects/contracts to determine appropriate statistical treatment.	EPEC	Guided Approach
	State Guarantees in PPPs: Guidance on the range and use of guarantees as appropriate policy options.	EPEC	Guidance Material
	Nigeria Infrastructure Advisory Facility: Example of a funding mechanism to support technical assistance initiatives and development of infrastructure projects.	DFID	Funding Mechanism
	PPP Helpdesk: Centralized mechanism to support a range of technical assistance for project development and implementation across the Caribbean.	CDB	Funding Mechanism
	Public-Private Partnership Funds: Observations from International Experience: Lessons learned from international experience in the implementation of project funding and financing facilities.	ADB	Guidance Material
	Guidance Note on National Infrastructure Banks and Similar Financing Facilities: Guidance and lessons learned on establishing or reforming national infrastructure banks and other facilities to support PPP project financing.	GIH	Guidance Material
Contract Management	Managing PPPs During Their Contract Life: Guidance and lessons learned on strategies to manage key activities and processes throughout contract procurement and implementation.	EPEC	Guidance Material
	PPP Contract Management Tool: Guidance material on managing PPPs after financing close, including lessons learned from 250 case studies globally.	GIH	Guidance Material

1.3 Resources along the project development cycle

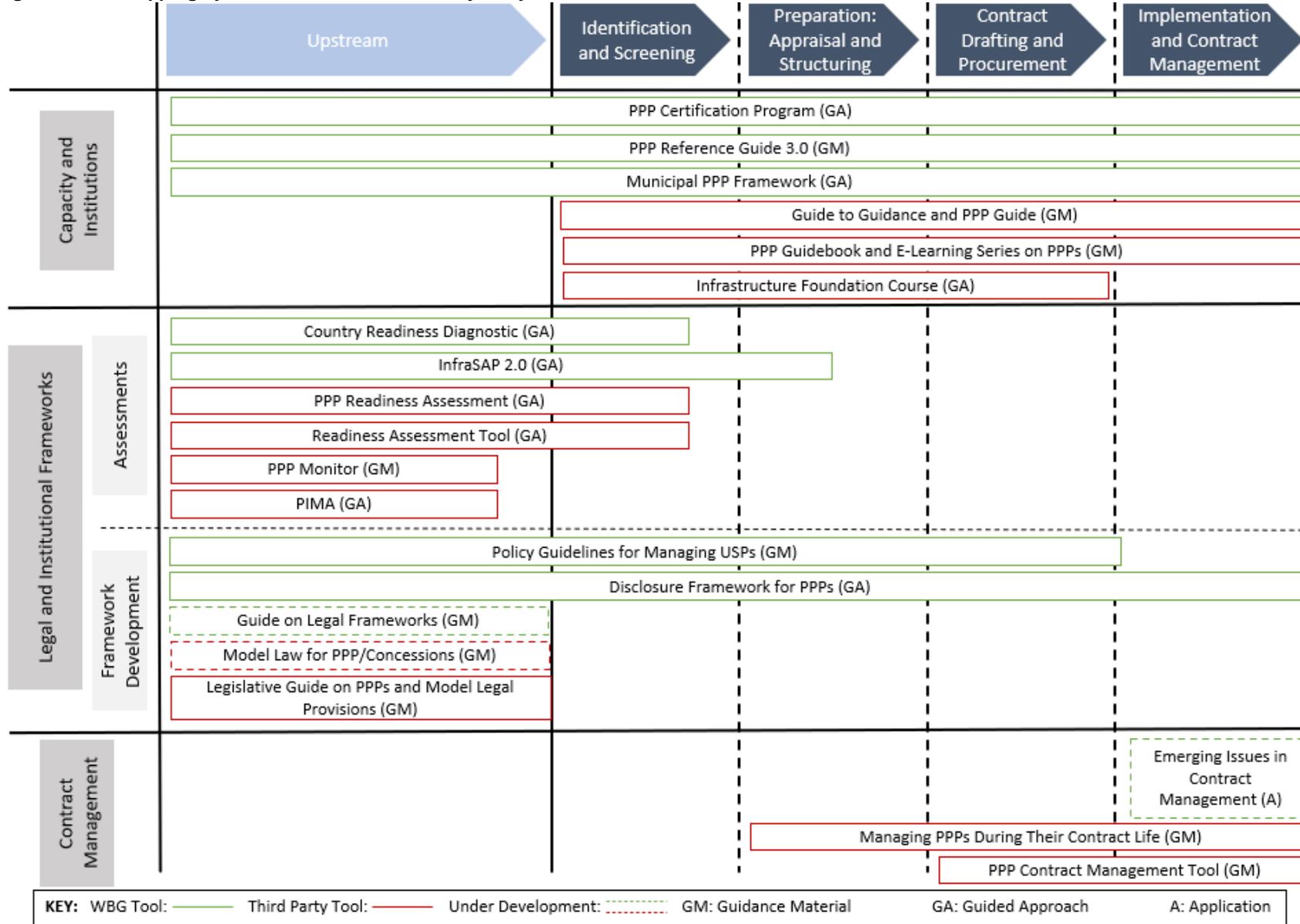
Based on the range of tools and products identified above, the graphic below demonstrates coverage of identified tools by theme across the PPP project cycle. Some tools cover multiple themes and span multiple stages of the PPP project cycle. Where there is thematic overlap, the graphic organizes these

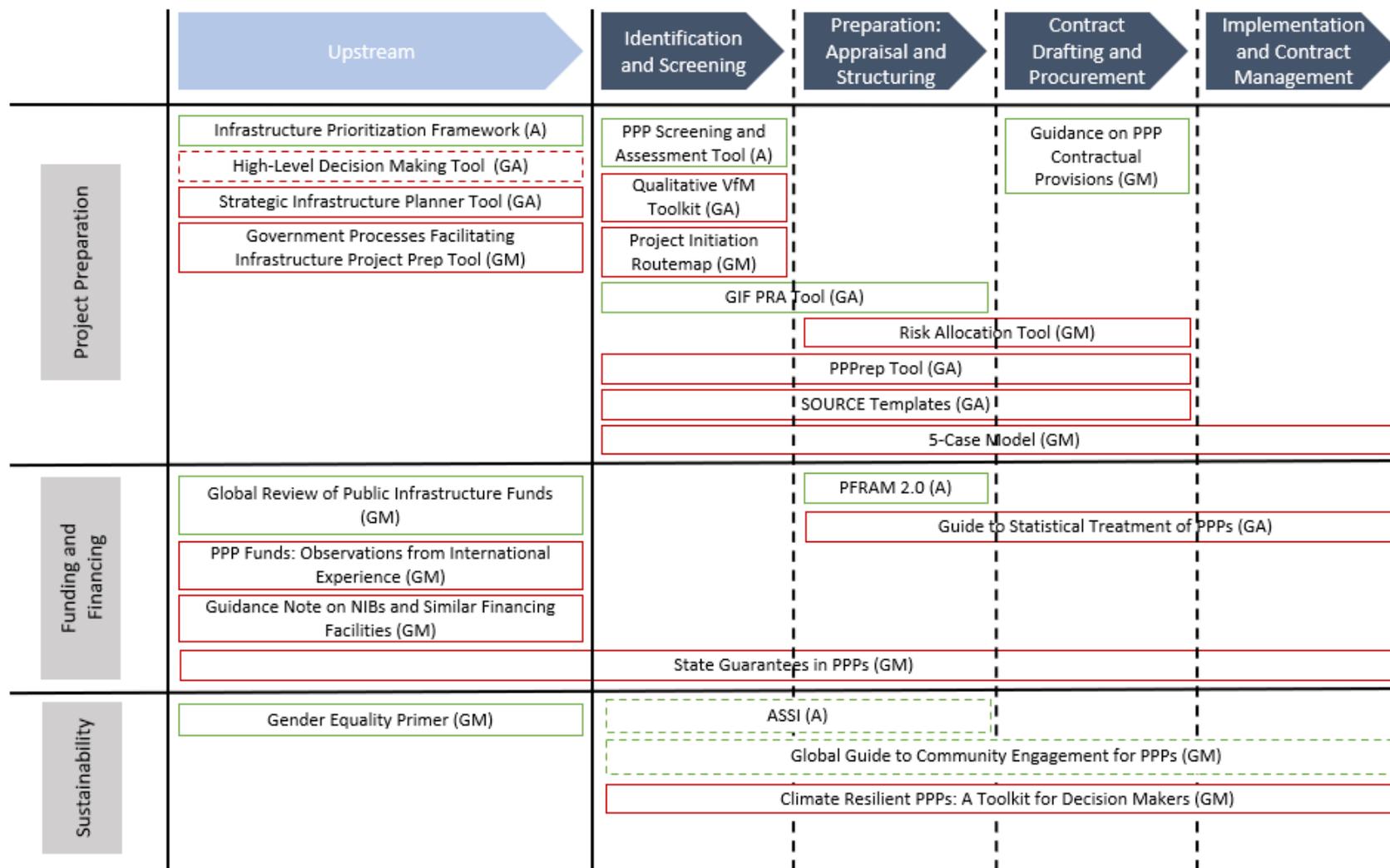
tools based on their primary theme. There are a number of tools that span multiple stages of the PPP project cycle, and the graphic reflects this using best judgement on where tools fit most appropriately. The graphic is designed to visually represent where tools and resources apply along the project cycle.

The graphic is organized according to the following key:

- The Upstream column refers to support that is related to the PPP enabling framework or project-related support that primarily takes place prior to a project entering the PPP project cycle (i.e., before a decision has been taken on a project's preferred procurement approach).
- Boxes outlined in green refer to World Bank Group tools, boxes outlined in red refer to third-party tools, and boxes with a dashed outline refer to tools that are currently under development.
- Each tool has an acronym for the type of tool in brackets within each box. "GM" refers to Guidance Material, "GA" is Guided Approach, and "A" is Application. Given that Funding Mechanisms are typically specifically focused on one country or region, they have not been included in the graphic.

Figure 3. Tool Mapping by Theme Across the PPP Project Cycle





KEY: WBG Tool: — Third Party Tool: — Under Development: - - - GM: Guidance Material GA: Guided Approach A: Application

2. Thematic review of PPP Tools and Products

2.1 Guidance, Tools, and Products

All development partners and governments recognize the importance of building the capacity of PPP institutions and many have developed tools and products specifically aimed at building capacity, in addition to the development of guidance and best practice documentation on specific topics. Given the increasing interest in PPPs and the increasing experience with them—particularly in a number of jurisdictions with considerable PPP experience such as the UK, Australia, Canada, and India—the volume of PPP guidance material has proliferated. The documents capture aspects of good practice or policy, either across a range of PPP issues or on a specific subject, that help practitioners navigate available guidance materials across various topics as well as learning programs.

2.1.1 Navigation Tools

Navigational tools are aimed at helping practitioners identify relevant guidance and provide high-level information which then reference a range of sources where practitioners can search for more detail. Two key navigational tools were reviewed as a part of this work: the PPP Reference Guide 3.0 and the European PPP Expertise Centre (EPEC) Guide to Guidance. It should be noted that many other DFIs participated in the development of the PPP Reference Guide 3.0 and are involved in its use and dissemination. The Asian Development Bank (ADB) specifically noted the need to better leverage this tool in its 2020 review of its support to PPPs.⁴

In terms of format, the two documents are similar, with both tools consisting of a PDF file containing the tool content, as well as a web-based version that allows for easy linkage to the guidance materials referenced therein. Key differences are that the PPP Reference Guide is somewhat more detailed and covers a wider range of topics, including issues particularly relevant for developing countries and International Finance Institutions (IFIs) such as upstream legal and institutional framework issues, as well as environmental and social studies and standards, climate change, and private participation in fragile and conflict-affected states.

Although there is a fair amount of overlap between the documents, they serve slightly different audiences. The PPP Reference Guide 3.0 for example is more recent, comprehensive, and widely adopted.

2.1.2 Learning Programs

Trainings are often used to more directly support capacity building and are offered by a number of public and private parties. The key programs reviewed in this paper are: the CP3P Certification Program, the Economic and Social Commission for Asia and the Pacific (ESCAP) Guidebook and E-Learning Series and the Infrastructure and Projects Authority (IPA)'s Infrastructure Foundation Course.

These three programs vary widely in terms of their objectives and coverage. The CP3P Certification Program is the most comprehensive with a foundational module as well as more advanced modules covering preparation and execution. The curriculum is a detailed PPP Guide that focuses on topics similar to those in the PPP Reference Guide 3.0 but covers them in far greater depth. The PPP Guide is available online and can be reviewed independently to prepare for any of the exams associated with the three

⁴ ADB Support for Public–Private Partnerships, 2009–2019; 2020

modules. A variety of firms are also certified to deliver in-person training on the content of the three modules.

The ESCAP E-Learning Series and the IPA Infrastructure Foundation Course⁵ appear to focus mostly on the type of content in the first of the three modules covered by the CP3P Certification Program but take different approaches with respect to delivery. The E-Learning Series is focused on supporting the development of basic awareness of key PPP issues for policy makers. It is entirely online and self-paced with videos and associated presentations and case studies. It includes an online exam with a PPP Awareness Certificate. While the Infrastructure Foundation Course may cover similar topics, it offers the perspective of the UK Project Finance Initiative experience to participants. It is not available online and does not appear to offer any certification.

Basic training in PPPs appears to be well covered by these three tools, with options for purely self-paced study or in-person training that is either more or less comprehensive depending on the needs of the client. In addition, IPA and many of the trainers certified to deliver the CP3P modules offer the option for bespoke courses designed to cover particular topics for a specific set of participants.

2.2 Legal and Institutional Frameworks

Given the recognized importance of PPP legal and institutional frameworks, key stakeholders have devoted considerable effort to supporting their development. These efforts generally focus on assessing the legal, regulatory, and institutional framework within a country to understand its impact on the ability to deliver PPPs and supporting the development of these frameworks.

2.2.1 Assessments

A range of assessment tools have been developed to review the PPP legal and institutional frameworks and most assessments cover a wide range of issues that may impact the ability of PPPs to be delivered in a particular country. There is considerable commonality in the core issues covered across assessments. The issues considered in all products include macroeconomic and business/investment climate, PPP legal and institutional framework, past PPP experience, PPP procurement, and capacity. In addition, most, except for the very high-level ESCAP PPP Readiness Assessment, also consider project planning and preparation, as well as financial sector development. A summary of key features of the products capturing where they differ is included in the figure below.

Figure 2.A. Overview of Assessment Tools

Owner	ESCAP	AsDB	UNECE	World Bank Group	
Tool	PPP Readiness Assessment	PPP Monitor	UNECE Readiness Assessment Tool	Country Readiness Diagnostic	InfraSAP (standardized and customized)
Availability	Publicly downloadable	Nine Asian Countries	Member countries (Europe and Central Asia)	Member countries (global)	Member countries (global)
Goal	Situational Awareness	Inform enabling environment improvements,	Situational Awareness,	Situational Awareness, Inform future World Bank	Situational Awareness, prioritize projects,

⁵ Little public information on the specific curriculum of this course is available.

Owner	ESCAP	AsDB	UNECE	World Bank Group	
		market intelligence	Inform Action Plan	Group engagement, Road Map	Recommendations and roadmap, Future World Bank Group Engagement
Audience	Client Govt	Private Sector Investors, Client Govts	Client Govt, UNECE	Client Govt, World Bank Group	Client Govt, World Bank Group
Approach	Self- guided questionnaire	Fixed issues covered uniformly across countries	Detailed questionnaire responses, plus in country consultation mission, govt feedback	Detailed list of issues for review, plus in country consultations	Standard general issues, tailored sectors, Indicators database Desk Based (std.) Extensive Field work (cust.)
Led By	Client Govt	AsDB	UNECE w/Client Govt	IPG/Consultant, w/ Client Govt	WBG/Consultant, varying extent of Client Govt and World Bank Group specialists
Additional Topics Covered		SoEs, Government Support		Fiscal risks and constraints, Government Support, climate change, gender and fragility, and disclosure	Fiscal risks and constraints, Government Support, governance issues, connectivity
Sector Focus		Key regulatory issues and features of past PPP experience in various sectors	Reviews various sectors for possible PPP projects	Reviews various sectors for possible PPP projects	Deeper assessment of impediments to sectoral development and benchmarking. Considers possible PPP projects

2.2.2 Framework Development

Various tools have been developed to support the development of legal and institutional frameworks that can support private participation in the development of infrastructure. The United Nations Commission on International Trade Law (UNCITRAL) Legislative Guide and Model Provisions on Privately Financed Infrastructure Projects were among the first comprehensive products released in 2000 and 2003. These have been recently revised and reissued as the UNCITRAL Legislative Guide on PPPs and Model Legislative

Provisions on PPPs. The UNECE/European Bank for Reconstruction and Development (EBRD) has nearly completed its Model Law for Concessions. Based on an initial draft of the UNECE/EBRD product, there is considerable overlap in the content of it and the UNCITRAL product. However, key content differences are as follows:

- The UNCITRAL product includes a greater focus on the inclusion of legal provisions related to requirements for PPP contracts themselves, it also includes consideration of fiscal risks and their management at a high level and government support options, but provisions on these elements are limited.
- The UNECE/EBRD product is less detailed overall, but includes content on PPP institutions, project reporting, and information requirements, not covered in UNCITRAL, as well as a specific provision related to government support.
- Environmental and social considerations are generally mentioned in both documents as a part of project preparation issues. Gender is not referenced specifically and references to climate are sparse.
- The topic of contract management, beyond basic contracting authority reporting is not addressed.

The World Bank Group has recently published a Guide on PPP Legal Frameworks, which covers the full spectrum of PPP Legal Framework issues. The product is intended to be a practical guide that is more accessible to non-legal professionals. The product is intended to:

- Be agnostic with respect to legal instrument (PPP law, other law, regulation, guideline, etc.) and legal system.
- Incorporate content focused on key institutional roles and responsibilities, adequate risk management throughout the PPP lifecycle, and environmental and social risks and disaster risks that go beyond the UNCITRAL and UNECE products.
- Reflect different considerations for more-developed vs. emerging markets, although the extent to which this may take into account a government's capacity to implement specific provisions is unclear.

In addition to products that cover the full spectrum of PPP legal framework issues, a number of other products touch on specific aspects of PPP legal frameworks:

- Public Investment Management Assessment (PIMA) – Assesses a government's legal and institutional readiness to plan and implement public investment projects. This International Monetary Fund (IMF) product is not a PPP-specific tool, but given the recent trends in some countries to more closely integrate PIM and PPP processes it is relevant to the upstream phase of PPP legal frameworks in facilitating early-stage project identification processes.
- Policy Guidelines for Managing USPs – Includes overall policy considerations and decisions to be made that may inform legal framework development. USPs are covered in both the UNCITRAL and UNECE products with sample clauses. The World Bank Group product provides users with a wider range of considerations related to USP policy and provides detailed procedural guidance to implement a selected option; however, separate guidance or technical assistance is likely required to translate a selected policy model for inclusion in a PPP legal framework.
- Disclosure Framework for PPPs – Disclosure is a topic that is not treated in detail in either the UNECE or UNCITRAL products. Both include basic language around publication requirements at

key stages in a procurement process and general preferences for transparency. The World Bank Group product provides a wider range of considerations related to disclosure policy and provides sample provisions relevant for incorporation into PPP legal frameworks.

2.3 Project Preparation

Greater standardization of PPP project identification, preparation, and documentation can help governments to implement suitable, well-prepared projects that deliver public needs and can attract private investment. More consistency reduces the complexity and costs of PPP project preparation and negotiation, and helps governments compare project performance. The PPP project cycle may vary slightly from country to country dependent on the PPP legal framework, but it generally reflects the four stages laid out in the World Bank Group's PPP Reference Guide 3.0, of which this section focuses on the first three stages:

Figure 2.B. PPP Project Cycle



It is noted that prior to projects reaching the PPP project cycle, there is often upstream sector investment planning that is required to identify priority infrastructure investments, irrespective of the procurement approach taken. For example, the World Economic Forum (WEF)'s Strategic Infrastructure Planner Tool uses a basic quantitative scoring system to provide a general understanding of a country's infrastructure readiness to help assess and plan future infrastructure needs. It is not a project-specific tool but rather is designed to identify infrastructure gaps.

The World Bank Group's Infrastructure Prioritization Framework (IPF) is project specific, and assesses projects based on infrastructure needs and available budget, often prior to their integration into the PPP project cycle. It is an Excel-based multi-criteria decision support tool that is designed to help governments choose between projects by cross-referencing project criteria/outcomes with available budget. It does not make a determination on the preferred procurement approach for each project.

2.3.1 Stage 1: Project Identification and Screening

The first stage of the PPP project cycle begins with early-stage project identification, where available project data is used to determine whether a project may be suitable to be procured as a PPP. There are a number of tools that focus solely on early-stage analysis, while others include support for early-stage analysis and subsequent phases of the PPP project cycle. The World Bank Group's PSAT is an Excel-based application to quantitatively assess the early-stage feasibility and suitability of potential PPP projects through inputting available project data. Similar to PSAT, ESCAP's Qualitative Value-for-Money Toolkit also supports early-stage identification and screening of projects based on assessment of criteria related to Value for Money. It is more qualitative than the PSAT and includes guidance based on regional best practices across developing countries in Asia and the Pacific.

In addition to these tools, the WEF is currently developing a High-Level Decision-Making Tool that is intended to provide a neutral position on procurement approach but will nevertheless support similar early-stage decision making on the feasibility and suitability of potential PPP projects. Finally, at the early stage, the GIH's Governmental Processes Facilitating Infrastructure Project Preparation Tool and the IPA's

Project Initiation Routemap provide more qualitative support around project readiness and enabling environment requirements to support the preparation of sustainable, bankable, and procurement-ready infrastructure projects. They are more qualitative than the other early-stage tools.

2.3.2 Stage 2: Project Preparation (Appraisal and Structuring)

There are a number of tools that span the PPP project cycle, but whose focus lies primarily in project preparation. EPEC's PPP Prep Tool is a basic Excel-based questionnaire with 180 yes/no questions designed to assess a project's readiness as it proceeds through the PPP project cycle. The IPA's 5-Case Model is a more detailed project appraisal tool to assess a project's strategic, economic, commercial, financial, and management viability. It provides a decision making framework for government clients to use as the project proceeds through the PPP project cycle. SOURCE's project preparation templates are largely qualitative in nature and aim to improve and standardize the project preparation data developed by government clients throughout the project cycle. As such, the templates do not directly inform decision making on projects, but allow government clients to see where information gaps may lie. All three of these tools are designed to be used by government clients. GIF's PRA Tool also spans the PPP project cycle to support project appraisal and readiness, using a standard scoring methodology. However, GIF's PRA Tool is designed for use by the GIF team, rather than government clients, and guides GIF's decision making on projects it wishes to support.

Finally, the GIH's Risk Allocation Tool and the IMF-World Bank-developed Public-Private Partnerships Fiscal Risk Assessment Model (PFRAM) provide guidance on structuring and fiscal risk issues. The Risk Allocation Tool is designed to be used in the project preparation stage to support the development of appropriate risk allocations for projects. It provides detailed guidance via sample risk allocation matrices to help governments clients, with guidance differentiated based on PPP market maturity. This tool has been designed for use in tandem with the World Bank Guidance on PPP Contractual Provisions. The PFRAM supports government decision making through a focus on the impact of PPP projects on government financial accounts using simplified modelling assumptions.

2.3.3 Stage 3: Contract Drafting and Procurement

Reflecting the complex and bespoke nature of many PPP transactions, there has been limited material prepared that provides specific guidance on the drafting of PPP contracts. As noted above, the GIH's Risk Allocation Tool supports the development of an appropriate allocation of risks between a government and a private partner. This risk allocation then needs to be documented within the PPP contract signed between the government and the private partner to ensure that each part can effectively enforce its rights. To support this contract drafting process, and prepared in parallel with the GIH tool, the World Bank Group's Guidance on PPP Contractual Provisions was prepared to provide sample provisions for core PPP contractual clauses.

2.4 Funding and Financing

2.4.1 Assessment of Funding/Financing Constraints

Most key development partners recognize the considerable financing constraints faced by many countries when trying to implement PPP projects and the topic is often covered in the PPP Framework Assessments outlined above.

Tools and products have also been developed to support institutions in the understanding of fiscal constraints in rather different ways. EPEC's State Guarantees in PPPs provides an overview of guarantee instruments available to governments and associated policy implications; this touches on issues of contingent liabilities, but does not address other government support to PPP projects and does not discuss the management of FCCL more generally. EPEC's Guide to Statistical Treatment of PPPs provides guidance to determine how the use of PPPs should be treated from an accounting perspective based on project characteristics. It does include broader government support issues from an accounting treatment perspective but does not address the policy implications of developing projects and determining when different government support options may be appropriate. Neither of these documents consider the extent to which governments may be constrained in using different government support options.

PFRAM 2.0 looks more closely at the impact of specific projects on government financial statements and on debt and deficits specifically. It addresses accounting treatment of choices related to government support options implicitly. However, it goes beyond simply addressing accounting treatment to enable comparison of project options and the evaluation of termination and certain shocks (for example related to GDP growth or inflation) on FCCL for a project or across a portfolio of projects. Although it considers a wide range of project risks and assists in identifying the nature of mitigation measures that could be considered, this is not linked quantitatively to the calculations on government balance sheets.

2.4.2 Project Development Funds

Development partners recognize the importance of project preparation as evidenced by their investment in products to support project preparation practices and DFI facilities that fund the preparation of specific projects. Although the funds available through these facilities are considerable, they are usually allocated across a wide range of countries and do not generally affect the overall funding constraint that may impact the development of a specific PPP program within one country. Country-specific PDFs have the potential to more directly address this funding constraint; however, no specific tools or products have been identified that focus on supporting the development of PDFs.

That said, there is experience with the support of country-specific PDFs and PDF-like mechanisms. These include the ADB (Philippines), UK Department for International Development (DFID) (Nigeria), Inter-American Development Bank (IDB) (Brazil) and World Bank Group (Afghanistan, Ghana, Kenya, and Nigeria). However, these efforts have been country specific and therefore do not represent a tool or product for consideration in this section of the paper.

2.4.3 Project Financing Facilities

Project financing is also seen to be a critical constraint affecting the development of many PPP programs in the developing world. Development partners directly participate in this space and play a role in catalyzing private investment for specific projects and the availability of this support directly impacts the growth prospects of many developing country PPP programs. Country-specific project financing facilities or investment funds have the potential to more directly address this financing constraint; however, it is only recently that products have been developed reviewing experience with these tools. These products include: the World Bank Group's recently released Global Review of Public Infrastructure Funds, the ADB's Public-Private Partnership Funds: Observations from International Experience (2016), and GIH's Guidance Note on National Infrastructure Banks and Similar Financing Facilities (2019).

These three products are all similar in that they focus on reviewing international experience to highlight lessons learned and best practices related to the establishment of funds and financing facilities. They are all guidance materials that highlight these lessons through supporting case studies and have similar overarching themes in terms of the lessons they convey. None seeks to provide a step-by-step guide for establishing or reforming an infrastructure fund or institution. There are only subtle differences in content, for example, the ADB document explicitly focuses on Viability Gap Funds (VGFs), which the other two do not. In addition, the GI Hub and World Bank Group products include a focus on the role of financing institutions in: (i) developing local financial and capital markets; (ii) supporting project preparation; and (iii) supporting environmental or climate friendly projects—topics that are not covered in depth in the ADB document. The World Bank Group document also includes thoughts related to the management of FCCL that are not raised elsewhere.

2.5 Contract Management

Contract management is considered highly relevant to ensuring that PPP projects deliver expected value and quality and there is a general acceptance that capacity challenges impact contract management as much, if not more, than project preparation. Many general PPP guidebooks, including those described under capacity building, include a section on contract management. In many cases, these provide little in the way of detailed guidance that would support practitioners. More recent publications are capturing increasing content on contract management and there are a few resources devoted exclusively to contract management issues; however, as compared to other themes considered in this paper, there are far fewer resources at the disposal of PPP institutions.

The two key tools identified for this paper are EPEC’s Managing PPPs During Their Contract Life and GI Hub’s PPP Contract Management Tool. Both are guidance material and cover similar content with respect to principles applicable at various stages of contract management and issues associated with the establishment and capacitation of contract management teams. The latter document contains additional practical guidance with respect to specific issues that contract management teams may encounter.

A third tool, which is still in development, is the World Bank Group’s PPP Contract Management Tool. This work is expected to complement existing guidance material by covering certain emerging themes such as the usage of smart contracts or blockchain technology to support contract management, topics which have not been covered in other guidance. A second component of this tool is a web-based application that could be used to support institutions on a day-to-day basis in managing a portfolio of PPP projects. No other tool of this nature appears to exist currently.

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