

## *Chapter 3*

### **Dedicated PPP units: other OECD member countries<sup>1</sup>**

Approximately two-thirds (18) of all OECD member countries report that they have established a dedicated PPP unit in one form or another. This chapter provides a snapshot of the institutional arrangements surrounding public-private partnerships in countries that report having such a unit – at national or sub-national level. But this chapter does not discuss the PPP units in Germany, Korea, the United Kingdom and Victoria (Australia), which are discussed in Chapter 2. The snapshot of each country has been constructed drawing on government websites, annual reports and other sources. That a country does not have a dedicated PPP unit does not necessarily mean that it does not have an active public-private partnership programme.

**Table 3.1. Do dedicated public-private partnership units exist in OECD countries?**

	Number	Countries <sup>1</sup>
<b>Yes</b>	17	Australia, Belgium, Canada, Czech Republic, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Netherlands, Poland, Portugal, United Kingdom
<b>No</b>	12	Austria, Finland, Iceland, Luxembourg, Mexico, New Zealand, Norway, Slovak Republic, <sup>2</sup> Spain, Sweden, Switzerland, United States

1. No data for Turkey.
2. The Slovak Republic originally reported that it has a dedicated PPP unit. It is the opinion of the OECD that the institutional arrangements do not constitute such a unit under the definition used in this publication. The Budgetary Policy Section and the State Accounts Reporting Section within the Slovak Ministry of Finance formulate regulations and guidelines and provide technical support and supervision of contracting authorities implementing public-private partnerships. The Section of Strategy manages the Operational Programme Technical Assistance funds (EUR 1.5 million). These funds are used, among other things, to finance the cost of advisors for public-private partnership projects. However, the Ministry of Transport, Post and Communication has established a PPP Implementation Unit to support the implementation of three project packages to finance and accelerate the construction of a number of key roads. The dedicated PPP unit carries out all the relevant functions for which the Ministry of Transport, Post and Communication is currently responsible, as well as invest in capacity building and knowledge enhancement.

### Box 3.1. Websites of dedicated PPP units in some OECD member countries

- **Belgium, Flanders:** Flemish PPP Knowledge Centre, [www2.vlaanderen.be/pps](http://www2.vlaanderen.be/pps)
- **Canada, Alberta:** Alternative Capital Financing Office, Treasury Board, Government of Alberta, [www.treasuryboard.gov.ab.ca/AlternativeCapitalFinancing.cfm](http://www.treasuryboard.gov.ab.ca/AlternativeCapitalFinancing.cfm)
- **Canada, British Columbia:** Partnerships British Columbia, [www.partnershipsbc.ca](http://www.partnershipsbc.ca)
- **Canada, Ontario:** Infrastructure Ontario, [www.infrastructureontario.ca](http://www.infrastructureontario.ca)
- **Canada, Québec:** Public-Private Partnerships Québec, [www.ppp.gouv.qc.ca](http://www.ppp.gouv.qc.ca)
- **Canada, federal:** Infrastructure Canada, [www.inf.gc.ca](http://www.inf.gc.ca)
- **Czech Republic:** PPP Centre, [www.pppcentrum.cz](http://www.pppcentrum.cz)
- **Denmark:** Danish Enterprise and Construction Authority, [www.deaca.dk/publicprivatepartnership](http://www.deaca.dk/publicprivatepartnership)
- **France:** *Mission d'appui à la réalisation des partenariats public-privé (MAPPP)*, [www.ppp.bercy.gouv.fr](http://www.ppp.bercy.gouv.fr)
- **Greece:** Inter-Ministerial Committee, and a Special PPP Secretariat, [www.sdit.mnec.gr](http://www.sdit.mnec.gr)
- **Ireland:** Central PPP Policy Unit, [www.ppp.gov.ie](http://www.ppp.gov.ie), and the National Development Finance Agency, [www.ndfa.ie](http://www.ndfa.ie)
- **Italy:** Project Finance Technical Unit, [www.utfp.it](http://www.utfp.it)
- **Poland:** PPP Task Force in the Ministry of Infrastructure, [www.centrum-ppp.pl](http://www.centrum-ppp.pl)
- **Portugal:** Parública SA, [www.parpublica.pt](http://www.parpublica.pt)

## Canada

The Canadian government has a federal character, and a number of provinces have established their own agency responsible for public-private partnerships. These include Alberta's Alternative Capital Financing Office, Partnerships BC (British Columbia), Ontario Infrastructure Projects

Corporation, and the *Agence des partenariats public-privé du Québec*. At the federal level, responsibility for public-private partnerships is shared between Infrastructure Canada and PPP Canada.

**Alberta's Alternative Capital Financing Office** was established as a dedicated PPP unit within the province's Treasury Board. The Office's main functions include: providing policy guidance on public-private partnerships; providing technical assistance to ministries to assess whether or not approved capital projects meet the necessary requirements; and providing oversight and guidance through planning, procurement and implementation. It may also negotiate a public-private partnership on behalf of a ministry. An Advisory Committee on Alternative Capital Financing is composed of private sector representatives and provides recommendations to the Treasury Board on alternative financing of projects and may evaluate projects and business cases referred to it by the Treasury Board.

**Partnerships British Columbia** (Partnerships BC) was established in 2002 under the province's Business Corporations Act as the lead agency in that province for long-term concessions. The British Columbia Ministry of Finance is its sole shareholder. The main functions of Partnerships BC include the provision of policy guidance and technical assistance to public organisations to evaluate, structure and implement public-private partnerships. Public sector agencies include ministries, Crown corporations, health authorities, post-secondary institutions, boards of education, local and federal governments.

Partnerships BC is structured into three units. A Partnerships Services Unit develops policies and practices, provides legal and procurement services, and is charged with knowledge management and research. A Partnerships Development and Delivery Unit focuses on business development, project governance and delivery, and market development. The Finance and Administration Unit is responsible for internal operations and contract management. In 2008-09, Partnerships BC employed 40 full-time staff, including contract staff. Partnerships BC is funded from user fees for services not directly related to milestone events specified in project plans and contracts (work fees), as well as successful achievement of pre-established milestones (milestone fees) and from an annual provincial government service contract.<sup>2</sup>

Partnerships BC is governed by a Board of Directors that reports to the British Columbia Ministry of Finance (its sole shareholder) on the operations of Partnerships BC. The Board is supported by two subcommittees. The Audit and Risk Management Committee provides oversight of key financial information and reviews the company's risk management, internal controls and information systems. The Human

Resources and Governance Committee assists the Board on human resource issues, compensation matters and the establishment of a plan of continuity and development for senior management.

The **Ontario Infrastructure Projects Corporation** (hereafter, Infrastructure Ontario) was established in 2005/06 as a Crown corporation, to manage the implementation of major infrastructure projects other than power supply. The Ontario Power Authority is responsible for the provision of major power supply contracts. Infrastructure Ontario's main functions include the provision of technical support to government ministries, the promotion of the provinces' public-private partnership market, and the financing of select projects.

Infrastructure Ontario is structured into five units. The Project Delivery Unit is responsible for managing the planning, design and delivery of major public infrastructure projects, including procurement, negotiation and project management. The Nuclear Procurement Project Team is a special purpose team that supports the government's plan to develop new nuclear power generation capacity. The Project Assessment Unit is responsible for developing and planning potential "alternative financing and procurement" projects. The Infrastructure Lending unit is responsible for Infrastructure Ontario's OSIFA Loan Programme, which provides Ontario municipalities, universities and other public sector entities with access to low cost loans to build and renew local public infrastructure. The Human Resources and Information Technology Unit is responsible for developing the internal strength to meet Infrastructure Ontario's needs in information technology and personnel, including the development of staff programmes. Infrastructure Ontario's expenses are financed through a grant from the Ministry of Public Infrastructure Renewal.

Infrastructure Ontario's corporate governance structure is set out in the Ontario Infrastructure Projects Corporation Act 2006. It is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board is supported by three committees. The Audit Committee is responsible for overseeing Infrastructure Ontario's risk management and financial reporting. The Credit and Risk Management Committee has to ensure that Infrastructure Ontario adheres to the Credit Risk Policy and the Asset Liability Management Risk Policy approved by the Board of Directors, to recommend policies to the Board of Directors and to monitor Infrastructure Ontario's risk profile. The Governance and Compensation Committee has to make recommendations to the Board of Directors with respect to the composition of the Board of Directors and its committees, and promote a set of corporate governance principles aimed at fostering a healthy governance culture at Infrastructure Ontario.

The *Agence des partenariats public-privé du Québec* (Public-Private Partnerships Québec, hereafter “PPP Québec”) was established in 2005 to advise the government on the implementation and structure of public-private partnerships. PPP Québec’s main functions include the provision of technical assistance to the government on all public-private partnership matters including the evaluation, selection and negotiation of projects, as well as support in contract management.

PPP Québec is arranged into project teams covering various ministries and a unit for administration and communication. In March 2008, PPP Québec had 35 staff, 21 of whom were professionals working specifically on projects. It is financed from user fees received from government ministries, funds received through an agreement with the province’s Treasury and transfers of government assistance. A code of ethics and conduct exists for the Board of Directors and its staff. A number of committees support the Board. Among them are an Audit Committee, a Credit and Risk Management Committee and a Governance and Compensation Committee.

**Infrastructure Canada** was set up as a separate department under the Transport, Infrastructure and Communities portfolio in August 2002. Infrastructure Canada acts as the main reference for the government on infrastructure, aids the government in meeting infrastructure needs and supports infrastructure initiatives throughout Canada. Infrastructure Canada also has the responsibility for overseeing and co-ordinating the Building Canada plan across participating federal departments and agencies. Infrastructure Canada has three funds that directly support the Building Canada plan: Public-Private Partnerships Fund (CAD 1.26 billion); the Building Canada Fund (CAD 8.8 billion), and Gateways and Border Crossing Fund (CAD 2.1 billion). While the PPP Fund specifically targets public-private partnership projects, recipients of the other two funds are required when planning infrastructure projects to give due consideration to whether projects may be delivered as a public-private partnership.

**PPP Canada Inc.** is a Crown corporation established in January 2009 and is tasked with identifying federal PPPs and assessing public-private partnership projects seeking federal infrastructure funding. It manages and invests the government’s CAD 1.26 billion Public-Private Partnerships Fund (P3 Fund), advising the government on public-private partnership project execution and assessing public-private partnerships options for major projects seeking funding from federal infrastructure programmes.

## Czech Republic

The institutional responsibility for public-private partnerships in the Czech Republic is shared between individual ministries, regions and municipalities as project sponsors on one hand, and the Ministry of Finance – the Office for Regulation and Methodology of PPP Projects and the PPP Centre – on the other hand.

The **Office of Regulation and Methodology of PPP Projects** within the Ministry of Finance is responsible for the legislation framework and for co-ordinating the various approaches to public-private partnerships pursued by ministries and local government authorities. A public-private partnership secretariat has four staff members in the Ministry of Finance and co-ordinates between the project sponsors, the PPP Centre and the Cabinet. Authority to decide on a public-private partnership application, determine the expected outcome and to implement a project is the responsibility of the relevant state administration and self-administered bodies in charge of public services and/or infrastructure provision. The Cabinet gives final approval twice during the process – once for the feasibility study and once for the public-private partnership contract.

The **PPP Centre** was established as a joint-stock company by government decree in July 2004 to advise the Ministry of Finance and sponsoring agencies on public-private partnerships and to co-ordinate the preparation and implementation of public-private partnerships projects. Its functions include establishing procedures and manuals for public-private partnerships, providing technical support to ministries and local self-government authorities to prepare projects and serves as a knowledge centre for project implementation.<sup>3</sup> The Centre assists both local self-governing authorities and central state institutions. The PPP Centre was established following the recommendations of the World Bank and with the support of a European Commission Twinning Project (2006).<sup>4</sup>

In establishing the Centre, the government expressed an expectation that all government authorities would draw upon the resources of the PPP Centre and since 2007, guidance is mandatory for central state institutions. The Centrum is currently present at all Project Boards of pilot public-private partnerships projects except the D3 project of the Ministry of Transport. The Centre's role is advisory in nature; it does not have an authorisation or executing role. The Centre has a staff of 15 and an annual budget of approximately EUR 6 million. The Centre receives payment on a fee-paying basis. It has no budget to specifically provide assistance and support to public sector authorities on a reduced rate basis but is expected to compete in the commercial advisory market. The Centre is overseen by a supervisory

board comprising representatives from the Ministry of Finance, the Ministry of Labour and Social Affairs and other central government institutions.

## **Denmark**

The Danish PPP Unit is situated in the Danish Enterprise and Construction Authority (which is part of the Ministry of Business and Economic Affairs). The Danish Enterprise and Construction Authority is broadly responsible for enterprise and construction policy. Its job is to develop a competitive, market-based growth environment for companies and it accomplishes this in co-operation with the corporate sector, business associations and other public sector actors. In accordance with a ministerial order of August 2004, the Danish Enterprise and Construction Authority changed its name from the National Agency for Enterprise and Housing. Activities associated with urban renewal and social housing were subsequently transferred to the Ministry of Social Affairs.

Its primary role is consulting and not managerial. The tasks of the unit are focused on consulting municipalities and regions involved in PPP projects. The task force is funded from the Government's Globalisation Strategy 2006 and started its work in 2007. Members of the PPP Task Force Unit work mainly within areas concerning construction. The Unit produces guidelines and acts as a key counterpart in valuable knowledge sharing in this field. The Unit can co-finance parts of the cost government organisations have in the initial research and tendering processes. It has a staff of five. The unit has supported three PPP projects in different municipalities and regions since the beginning of the Task Force Unit.

## **Flanders, Belgium**

Flanders, one of Belgium's three regions along with Brussels and Wallonia, established the PPP Knowledge Centre in 2002 within the Flemish Government Policy Service. The Centre is described in the Flemish Parliament Act on Public-Private Partnerships that was promulgated in July 2003. The Centre's main functions are to provide policy guidance on public-private partnerships; to provide technical support to the Flemish administration to design and evaluate public-private partnerships projects; to provide training courses, seminars and information on its internal government platform; and to promote public-private partnerships through dissemination of information policy and market possibilities. The Centre supports these functions by serving as a knowledge centre on public-private partnerships and good practice. The Centre is not responsible for co-



ordinating public-private partnership projects. The core team consists of a manager, two senior advisors, two advisors and a management assistant.

## France

Public-private partnerships as discussed in this section largely refer to *contrats de partenariat* (partnership contracts) and excludes discussion of concessions. Partnership contracts are an administrative contract under which the granting authority grants to another entity the right to carry out the design, construction (or renovation/refurbishing), financing, operation, maintenance and/or management of public service assets. They may be applied to all sectors and sector-specific contracts, *e.g.* defence and health. Concessions or *bails emphytéotiques administratifs* are long-term leases granted by a local authority to entitle a private partner proprietary rights on public land used to perform a public service. These are widely used for sizeable infrastructure projects, including toll roads and waste or water treatment facilities. Moreover, concessions cannot be used for projects with little or no user-generated revenues.

The institutional framework for public-private partnerships in France includes:

- the *Mission d'appui à la réalisation des partenariats public-privé* (MAPPP) within the Ministry of the Economy, Industry and Employment;
- the *Agence de maîtrise d'ouvrage des travaux du ministère de la Justice* for public-private partnerships within the jurisdiction of the Ministry of Justice;
- the *Mission nationale d'appui à l'investissement hospitalier* for public-private partnerships within the jurisdiction of the Ministry of Health;
- the Ministry of Budget, Public Accounts and Civil Service;
- the *Institut de la gestion déléguée* (IGD); and
- the *Centre d'expertise français pour l'observation des partenariats public-privé* (CEF-O-PPP).

There is also a body in the Ministry of Defence.

The MAPPP was established in August 2005 as a dedicated PPP unit within the Ministry of the Economy, Industry and Employment to provide guidance on the feasibility and management of public-private partnerships.

It is responsible for the mandatory preliminary evaluation of all partnership contracts that are considered by the French national government. Local governments are not, however, required to consult with the MAPPP as part of the preliminary evaluation of partnership contracts. Public entities may also approach the MAPPP in the preparation, negotiation and follow-up of their partnership contracts. Moreover, it must report on the effective use of partnership contracts and can propose legislative changes to the government. In addition, the Ministry of Budget, Public Accounts and Civil Service is in charge of the affordability, budgeting and accountancy studies and it has issued guidelines on budgeting for public-private partnerships.<sup>5</sup> The final decision to establish a partnership contract, however, is delegated to the Ministry of the Economy, Industry and Employment.

The MAPPP regularly consults with a committee comprising stakeholders from local and central government as well as the private sector. Public authorities and local governments can access services of the MAPPP for free. Advice is provided at all levels of a PPP project formation. It is not compulsory for public authorities to engage the services of the MAPPP for a PPP project. The MAPPP is made up of ten people who are experts from the public and private sectors. It is headed by a president and a secretary-general.<sup>6</sup>

The *Institut de la gestion déléguée* (IGD) was established in April 1996 as an independent, non-profit, private organisation to promote different types of public-private partnerships. Its membership comprises representatives from both the public and private sectors. The IGD is headed by a president, who submits an annual report to the general assembly of the IGD (Martinand, 2006). The *Centre d'expertise français pour l'observation des partenariats public-privé* (CEF-O-PPP) was set up on 27 June 2006 by the IGD and the MAPPP to carry out analysis of public-private partnership projects, exchange ideas and experience, and issue recommendations. The CEF-O-PPP is currently situated within the official premises of the IGD and is operationally managed by the IGD.

## Greece

An Inter-Ministerial Committee and a special PPP Secretariat have been set up by virtue of the PPP Law (Law 3389/2005) to put into practice PPP schemes and to oversee their application. Greece's PPP Law also defines the procuring authority to be the public entity with competence in the relevant sector and includes local governmental authorities; legal entities under public law and *sociétés anonymes* (with share capital subscribed by the mentioned public entities). Under the PPP Law, any work or service belonging to the competence of the public entities may become the subject

of a PPP Agreement. However, activities that under the Constitution fall exclusively and directly under the competency of the state are prohibited from becoming a subject of a PPP Agreement. Said activities are in particular defence, police patrolling, the award of justice and the execution of sanctions imposed by the competent courts. Since March 2006, 34 public-private partnership projects worth EUR 4 billion have been approved.

An Inter-Ministerial Committee for Public and Private Partnerships (IM PPP Committee) was set up in 2006 to formulate policies for the implementation of public-private partnership projects. This includes the approval process, the role of the government in the financing of public-private partnership projects, and payment mechanisms for the private partner from the State Investment Programme. The Committee consists of the Minister of Economy and Finance; the Minister of Development; the Minister of the Environment, Planning and Public Works; and ministers relevant to public authorities undertaking public-private partnership projects. The Committee is responsible for approving PPP projects, determines the participation of public bodies and takes other relevant decisions for the PPP sector. It takes decisions based on the recommendations of the Special PPP Secretariat.

A special PPP Secretariat in the Ministry of Economy and Finance provides assistance and support to the IM PPP Committee and to public administrative bodies that want to undertake public-private partnership projects. It identifies potential public-private partnership projects, evaluates projects, promotes public-private partnerships and monitors implementation of public-private partnership contracts. The Secretariat consists of legal, technical and financial advisors and is headed by a Special Secretary for Public and Private Partnerships who reports to the Minister of Economy and Finance. In particular, its objective is to conduct research aiming at identifying potential projects that may be implemented under the PPP structure and estimating the relevant technical, financial and legal parameters. In this respect, a non-binding list of works or services that may be implemented under the PPP structure is prepared by the Special Secretariat.

Afterwards, the Special Secretariat notifies the interested public entities and invites them to submit an application before the Inter-Ministerial Committee that expresses their consent to implementing the project under the PPP structure. The Inter-Ministerial Committee issues a decision approving or rejecting the application. Following the approval decision, the selected public entity undertakes the role of the Procuring Authority under the guidance of the Special Secretariat.

## Hungary

There is no statutory framework for public-private partnerships at the central level.<sup>7</sup> The Civil Code and Public Finance Act have been amended to establish the procedure for long-term financial undertakings by public entities.<sup>8</sup> Eighty-five projects were established between May 2003 and December 2007. PPP projects include road infrastructure (Ministry of Infrastructure), school dormitories (Ministry of Education), school gyms and swimming pools (National Sports Office), and prisons (Ministry of Justice) (Agg, 2007). The Hungarian rules of procedure are structured in a way that involves PPP project ideas into the decision-making process through the competent ministries and it is the competent ministry that is in charge of the project during the whole procedure (elaboration of the project plan, economic calculations, obtaining approval from the government, preparation of the dossier of the appropriate competitive procedure, launching the call for proposals, contract conclusion, etc.).

A PPP Inter-Ministerial Committee was also established in June 2003 under Decree 2098/2003 to manage and co-ordinate public-private partnership projects, to analyse tenders and feasibility reports, and to monitor the implementation of PPP projects. The Committee's members include representatives of the Ministry of Economy and Transport, the Ministry of Finance, the Ministry of Justice, the Prime Minister's Office and the Central Statistics Office. In February 2007, the Committee's responsibilities were changed to ensure better harmonisation with the government's strategy and the use of the funds provided by the European Union as well as broadening its membership to include the National Development Agency.<sup>9</sup>

The Committee is responsible for establishing the prerequisites for the penetration of the PPP structure and for disseminating information on PPP schemes within the public sector. Its core responsibilities include provision of expert opinion on PPP project plans before their presentation to the competent decision-making forum (*e.g.* the Economic Cabinet, or the Parliament); monitoring PPP projects under implementation (which is a priority task) and implementation assessment. Furthermore, the Committee is in charge of developing a methodology for the preparation of PPP projects, for elaborating project plans and the related public procurement procedures, and for contract conclusion as well as the monitoring of PPP projects and developing and communicating the knowledge base in the public sector. Every year an annual report is compiled on the work of the Committee.

A PPP Secretariat in charge of supporting the work of the Committee is located within the Ministry of Economy and Transport. The Secretariat is

responsible for providing administrative support to the Committee's work (organisation and recording minutes, etc.), preparing documents to be submitted to the Committee for opinion, operative liaison with competent ministries and PPP project managers, and preparing discussions on the emerged legal and procedural issues to be reviewed by the Committee. The Chairman and members of the PPP Inter-ministerial Committee receive no remuneration for their work carried out in the Committee besides their basic pay.

## Ireland

The State Authorities (Public-Private Partnership Arrangements) Act 2002 regulates public-private partnerships in Ireland. As of May 2006, public-private partnerships had been pursued in a broad variety of sectors by the National Roads Authority, the Department of Education and Science, the Department of Environment Health and Local Government, the Department of Transport and the Rail Procurement Authority, and the Department of Health and the Health Services Executive, the Office of Public Works to name a few.

There are two main bodies set up to oversee public-private partnerships: the Central PPP Policy Unit within the Department of Finance, and the National Development Finance Agency. The key functions of the Central PPP Policy Unit are to develop the legislative framework and technical and policy guidance to support the PPP process, and to disseminate best practice in PPPs. Specific sectoral policy is developed by sectoral PPP units. The Central PPP Policy Unit also chairs an interdepartmental group on public-private partnerships and a public-private informal advisory group on PPPs. The advisory group monitors and reviews the government's national public-private partnership framework and maintains a database of potential private partners for different projects.

In 2003, the National Development Finance Agency (NDFA) was established under the National Development Finance Act 2002. The agency assists public organisations in determining the most efficient means of financing public investment projects. All public-private partnership projects and regular capital projects above EUR 30 million must be referred to the Agency. The NDFA (Amendment) Agency Act 2007 further increased the role of the Agency, allowing it to enter into an agreement on behalf of a public organisation and allowing it to act as an agent for public organisations.<sup>10</sup> The 2007 Act also allows, in certain circumstances, the Agency to raise funds to finance public investment projects and to form a

special purpose vehicle for the purpose of securing financing. To date, however, the Agency has not exercised this power.

There are also dedicated PPP units in a number of key government departments such as transport, environment and local government, education and health. The Transport (Railway Infrastructure) Act 2001, for example, establishes the Railway Procurement Agency as an independent statutory public body to procure new metro and light rail infrastructure and services through public-private partnerships, joint ventures or other means, as determined by the Minister for Transport.

## Italy

The two main procuring authorities for public-private partnerships projects are ANAS S.p.A., a state-owned company entrusted with the management of national roads, and RFI, the ANAS equivalent for railroads. Other most frequently involved procurement authorities include the central, provincial and municipal governments; water authorities; and local health authorities. Some regions have incorporated special companies to act as awarding authorities for public-private partnerships in place of other local authorities (*e.g.* Lombardy).

The Project Finance Technical Unit (UTFP) was established within Italy's Inter-Ministerial Committee for Economic Planning in 1999 to provide policy guidance on public-private partnerships to the central government and technical support to government organisations during the course of the procurement cycle, as well as to promote the national public-private partnership market. In 2002, the work of the UTFP was expanded under the Framework Law for Infrastructures (Legislative Decree no. 190/2002) to include preliminary analysis of key infrastructure projects.

More recently, since 2006, the Unit has been integrated into the Department for Economic Policy Programming and Co-ordination within the Presidency of the Council of Ministers. The UTFP has no power to initiate projects, nor are public organisations bound to seek its assistance or to adopt its public-private partnership procurement methodologies that it has developed for a wide range of sectors including transport (road, rail, light rail, airports, ports), network infrastructures (*e.g.* gas and electricity), public parks, sports facilities, healthcare and housing.

The UTFP set up the "4P Council" (Promotion of Public-Private Partnership Council) in 2004. The Council has representatives from the public as well as the private sector and conducts research and conferences to facilitate greater dialogue between both the sectors. A Task Force Network

has been set up by the UTFP to develop PPP skills among government personnel. The UTFP is made up of 15 professionals who have experience in the public and private sectors and have expertise in legal, financial and technical fields.

## Japan

The Committee for Promotion of PFI is established in the Cabinet Office. The Prime Minister appoints analysts, academics, experts and specialists to this Committee which deliberates on basic policy and other matters. The PFI Promotion Office is also set up in the Cabinet Office. It provides detailed policy frameworks and guidelines for ministries, departments and local governments.

## Netherlands

Each project is the responsibility of the respective ministry. The public partners in public-private partnership projects are primarily national, regional and local authorities, as well as public law bodies created to fulfil general interest tasks under government control. Public-private partnerships have been adopted in a number of sectors in the Netherlands including transport (road and rail), urban and rural development, utilities, schools and government housing.

A PPP Knowledge Centre was established in January 1999 within the Dutch Ministry of Finance to provide advice and guidance on public-private partnership policies and implementation. It has developed a public sector comparator to support project evaluation, checklists for the different contract types, standard tender documents and guidelines for project procurement and contract management. The Knowledge Centre consists of industry experts and policy makers appointed by the government. Other than those documents that have been published by the Knowledge Centre there is no specific legislation for public-private partnerships in the Netherlands.

The work of the Knowledge Centre is overseen by an Advisory Council and a Steering Group. The Advisory Council consists of private sector experts that meet informally two or three times a year in a personal capacity to discuss the working of the Knowledge Centre and formulate recommendations about the work of the Centre to the Steering Group. The Steering Group consists of representatives from government departments and is responsible for determining the work programme of the Centre. All policy documents and progress reports prepared by the Centre for the

Council of Ministers must be first approved by the Steering Group. It does not closely monitor the progress of individual projects.

## **New South Wales, Australia**

In New South Wales (NSW), the PPP unit is the Privately Financed Projects Branch within the Commercial Management Directorate of the NSW Treasury. Established in 2000, the PFP branch is responsible for policy guidance, technical support and promotion but has limited involvement in capacity building other than internal to Treasury and does not have direct investment in PPPs. The unit comprises eight people. Similar to the Victoria PPP unit, there is no separate budget allocated to the unit and the unit is funded through the general government budget. The legal framework under which the unit operates is the same as that for Victoria (see Chapter 2).

In terms of staffing and organisation, the New South Wales PPP unit is very similar to that of Victoria. Apart from the PFP Branch, the Commercial Management Directorate also includes the Property and Procurement Branch (comprising the Gateway Review Team) and the Commercial Business Branch. In addition, key government agencies also maintain experts in PPP, *e.g.* the Road and Traffic Authority, Department of Health, and Department of Education and Training.

The New South Wales government engages the private sector in public service delivery in many ways, which may be broadly termed public-private partnerships. Privately financed projects (PFPs) are one type of PPP. PFPs create new infrastructure assets and deliver associated services for a specified period through private sector financing and ownership control.

New South Wales (and Australia generally) as a rule only procure projects using PPPs following the allocation of capital within the relevant government budgetary cycle. Thus, the investment decision is to be made prior to the procurement decision. Generally, the procuring agency initially identifies service-related infrastructure needs, then defines specific projects and undertakes a thorough analysis of the expected net benefits of the investment. The latter will inform the investment decision of government. In addition, departments and agencies undertake an analysis of procurement methodologies to determine the most appropriate method, which in turn will inform the government's procurement decision.

The NSW Gateway Review consists of a series of structured reviews that examine procurements at six key decision points (or gates) in the procurement cycle. These "gates" are strategic, business case, procurement strategy, tender review, pre-commissioning and post implementation. For



the purposes of capital expenditure reviewed by NSW Treasury, Gateway Reviews are mandatory only at the business case gate. However, as a matter of good business practice, agencies are encouraged to conduct Gateway Reviews at all six “gates” in the procurement process, independently of the procurement method.

In New South Wales an assessment of projects will not be limited to the pre-tender phase. The NSW Treasury and the agency initiating the project will also undertake post-implementation reviews of all PFPs. These will be a valuable tool in refining the processes used in developing private sector infrastructure projects. The reviews should include:

- project formulation;
- project objectives;
- brief appropriateness;
- design performance;
- approvals process;
- project delivery;
- risk exposure/risk sharing;
- delivery time;
- budget performance;
- project management/procedures;
- functional competence of infrastructure, including networking and interfacing;
- project operations, including service delivery and financing;
- industrial relations management;
- environmental management;
- community relations;
- industry development.

A review should generally be initiated 12 months after operations have commenced, although it may be undertaken earlier. Service delivery performance and contractual compliance will be reviewed regularly throughout the life of the contract by the agency and, at least initially, by the steering committee.

**Table 3.2. New South Wales projects (as of December 2009)<sup>1</sup>**

	Before 1995	From 1995 to 2000	From 2000
Number of awarded projects	13	10	16
Value of awarded projects (Capital costs on signing; sum of nominal costs)	AUD 3.1 billion	AUD 2.5 billion	AUD 9.9 billion

1. The current PPP pipeline contains one project (value approximately AUD 2.5 billion).

## Poland

In 2001, a PPP Task Force was set up in the Ministry of Infrastructure to help establish a legal framework for public-private partnerships. The Act on Public-Private Partnership was passed in 2005 (Journal of Laws No. 169 item 1420).<sup>11</sup> Other key guidance is provided by regulations by the Minister of Finance regarding necessary elements of the project under PPP and detailed scope and framework of PPPs (Szymanski, 2006).

## Portugal

Parpública SA, a private limited company owned completely by the Treasury, was established as Portugal's dedicated PPP unit in 2003. Its functions include policy guidance and technical assistance to ministries at various stages of the public-private partnership procurement process. While it does not have a decision-making role over public-private partnerships, it makes recommendations regarding a project's feasibility and cost-effectiveness. Parpública SA may also be involved in project contract negotiation. Previously, in September 2001, the government had established a taskforce to develop public-private partnerships in the health sector.

Parpública SA has, however, existed since 2000 when it was established to support the government's privatisation programme, as well as to manage state assets and real estate. The PPP Unit is only one department within Parpública SA. The PPP Unit has seven full-time staff, most on long-term secondment from government audit bodies such as the Inspectoral General of Finance (*Inspecção-Geral de Finanças*). Staff report directly to the chief executive officer of Parpública SA and are publicly appointed by the Minister of Finance. Parpública SA is financed through the government budget.

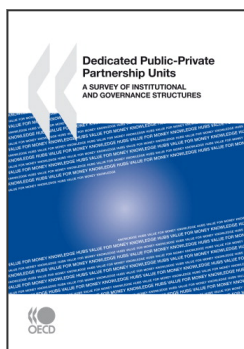
## Notes

1. Chapter 3 draws on information obtained from government websites, as well as interviews with and inputs from relevant government officials.
2. The annual provincial government service contract is for: developing the public-private partnership market for British Columbia projects; assisting agencies in identifying and assessing public-private partnership opportunities; providing policy expertise; developing best practices for public-private partnerships and alternative procurement methods; exploring opportunities in other jurisdictions to expand the application of best practices across Canada; and providing other advisory and consulting services directly to the province and/or organisations on an ongoing basis whose costs are not attributable to a specific project. This revenue is recognised on a monthly basis.
3. Government Resolution No. 7 on Public-Private Partnerships in the Czech Republic (*Politika vlády České republiky v oblasti Partnerství veřejného a soukromého sektoru*). Unofficial translation accessed from [www.pppcentrum.cz/res/data/002/000312.pdf](http://www.pppcentrum.cz/res/data/002/000312.pdf).
4. The twinning project support was provided by a consortium of the Dutch Ministry of Transport, Public Works and Water Management and Partnerships UK. In addition, experts from the Scottish Executive and Portugal's Parpública SA were involved (European Commission, 2006).
5. Ministry of Budget, Public Accounts and Civil Service website: [www.comptes-publics.gouv.fr](http://www.comptes-publics.gouv.fr).
6. MAPPP website: [www.ppp.bercy.gouv.fr/mission.php](http://www.ppp.bercy.gouv.fr/mission.php).
7. Government Resolution No 2028/2007 defines the provision on the procedure of the Inter-Departmental PPP Committee, which is the only piece of legislation dedicated to regulating PPP specific matters. Act on Local Governments (Act 65/1999) for local PPPs.
8. For example, the Act on Public Procurement (Act 129/2003); the Act on Concessions (Act 16/1991); the Act on State Budget (Act 38/1992).

9. See Government Decree 2028/2007 (28 February) and Government Decree 24/2007 on the undertaking of long-term obligations with a specific view to the PPP concept to outline the role of the Inter-Ministerial PPP Committee in evaluating whether a PPP structure or pure state financing is appropriate.
10. Some public authorities are excluded in the law, such as local governments.
11. *www.business.gov.pl*

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