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REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATION OF THE COUNCIL ON PRINCIPLES FOR PUBLIC GOVERNANCE OF PUBLIC PRIVATE PARTNERSHIPS

(Note by the Secretary-General)

JT03448833

1. This note presents a report by the Public Governance Committee on the implementation of the Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships [C(2012)86] (hereafter, the "Recommendation") and its conclusions regarding the instrument's dissemination, continuing relevance, and whether it requires updating or revision.

Background

2. The Council adopted the Recommendation in May 2012, setting out a series of Principles for public governance of Public-Private Partnerships (hereafter, the "Principles") and policy recommendations that call on governments to strive for Public-Private Partnerships that are supported by strong public institutions, affordable, represent value for money and are transparently treated in the national budget process. In the Recommendation, the Council instructed the Public Governance Committee to "monitor the implementation of this Recommendation and to report thereon to the Council no later than three years following its adoption and regularly thereafter, in consultation with other relevant OECD Committees, including the Investment Committee".

3. Currently, 36 Members and non-Members have adhered to the Recommendation (hereafter, "Adherents"). In addition to OECD Members, Peru Adhered to the Recommendation on 31 March 2016. Other non-Members have expressed their interest in adhering, such as Kazakhstan and Paraguay.

Methodology

4. This report was prepared by the OECD Secretariat on the basis of the answers to the 2016 Survey of Infrastructure Governance, as well as information provided by past and current work conducted by the Secretariat. This, in particular, includes several Public-Private-Partnership (PPP) framework country reviews of Adherent and non-Adherent countries, including Germany, United Kingdom, Indonesia, Philippines, Russian Federation and Tunisia, as well as discussions and presentations held at the annual meeting of the Network of Senior Infrastructure and PPP Officials.

5. In addition to Adherents, the survey was also sent to certain non-Members[1]. The survey was conducted in 2016 and received responses from 28 Members and non-Members (hereafter, "Respondents"), of which 26 are from OECD Member Adherents: Australia, Austria, Belgium, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, New Zealand, Norway, Slovenia, Spain, Sweden, Switzerland, the Netherlands, Turkey, and the United Kingdom. Additionally, South Africa and the Philippines – non-OECD Members that have not adhered to the Recommendation – answered the survey. The questionnaires were sent to the responsible line ministry, including the Ministry of Finance, National Treasury, Ministry of Transport or public works, among others.

6. As the results of the survey were essential for a full, accurate and up-to-date analysis of implementation and the relevance of the Recommendation, the timing of this report has been adjusted to take into account the final set of responses (May 2017). To ensure thorough discussion and clearance by the OECD Network of Infrastructure and PPP Officials, a final draft could only be finalised following the Network's Annual Meeting on 27 March 2018, causing a delay to the original reporting time-frame of 3 years. The remaining process thereafter was bound by the

[1] The survey was sent to the OECD Key Partner countries, Brazil, the People's Republic of China, India, Indonesia, and South Africa to promote the direct and active participation of these non-Members. Additionally, the survey was sent to the Philippines in the context of its PPP framework review.

consecutive clearance procedure of the Working Party of Senior Budget Officials (SBO), the Investment Committee and Public Governance Committee (see *Process*).

Process

7. This draft report was discussed by OECD Network of Infrastructure and PPP Officials at its 11th Annual Meeting, on 27 March 2018, and the Working Party of Senior Budget Officials (SBO) at their 39th Annual Meeting on 6-7 June 2018, Jerusalem. Additionally, the report was presented at the 58th session of the Public Governance Committee on 12-13 November 2018, Paris and discussed by written procedure. The report was also shared with the Investment Committee for consultation by written procedure. The report has been revised in light of comments at each of the above stages before being finalised and ultimately sent for approval to the Public Governance Committee (PGC) for transmission to Council. The report was approved by the PGC for submission to Council via the Executive Committee on 2 April 2019 [GOV/PGC(2018)32/REV1].

Dissemination

8. Since the adoption of the Recommendation by the Council in May 2012, the OECD Secretariat has conducted several PPP reviews across OECD Member and non-Member countries, providing a comprehensive overview of the framework governing PPPs in the countries under examination, evaluating national experiences in the light of the Recommendation and international best practice, as well as providing specific policy recommendations. Country reviews of national PPP programmes have proven to be a key tool for the effective dissemination of the recommendation as the review process includes interviews and workshops with relevant stakeholders, including national and subnational government, private sector and civil society organisations, while the final publication of the review makes the Recommendation and information on its implementation available to a wider public. Countries under examination included Germany, Chile, United Kingdom, as well as Indonesia, Philippines, Russian Federation, Tunisia, and Kazakhstan.

9. The challenges and best practices identified in the Recommendation are reviewed and regularly discussed at the annual meetings of the OECD Network of Senior Infrastructure and PPP Officials and its regional counterparts. A number of workshops held by the OECD Secretariat and Adherents have also contributed to the dissemination of the Recommendation.

10. Recently, newly established co-operation with other international organisations has given a fresh impulse to the further dissemination of the Recommendation. In 2017, the OECD joined the PPP Knowledge Lab (https://pppknowledgelab.org/), which aims to serve the needs of governments and practitioners by providing reliable information about public-private partnerships. Furthermore, the OECD Secretariat is currently engaging with the SOURCE platform (https://public.sif-source.org/), a joint initiative from Multilateral Development Banks initiated in 2010 to offers policymakers a way to prepare infrastructure projects and also access good practice to help infrastructure planners to shape well prepared projects. Also, the Recommendation serves as an input for the work currently underway on developing Guiding Principles on People-First Public-Private Partnerships for the United Nations Sustainable Development Goals[2]. These efforts directly respond to the G20 call for Multilateral Development Banks and international organisations to increase collaboration among them to help bridge the global infrastructure gap and facilitate sustainable and resilient infrastructure development across the globe.

[2] https://www.unece.org/fileadmin/DAM/ceci/documents/2017/PPP/Forum/UNECE_-_Forum_Dossier_PPP_Standards.pdf

Summary and conclusions

11. The Recommendation has proven to be relevant and widely applied across Adherents. In addition, recent international co-operation has injected new momentum to the dissemination and use of the Recommendation, including through international knowledge sharing platforms PPP Knowledge Lab and SOURCE.

12. The analysis of the current implementation across Adherents shows that in most areas the recommended practices are well-implemented. In particular, past and ongoing reforms in several Adherents have brought national PPP frameworks more in line with the policy recommendations and Principles set out in the Recommendation. Likewise, in many important areas these policy recommendations and Principles have become common practice. This includes the grounding of the selection of PPPs in Value for Money; good practices with regards to key institutions; regular assessment of the affordability for the public budget; a strong role for the Central Budget Authority (CBA) to minimise fiscal risk, and the introduction of integrity measures.

13. Nevertheless, there are still several aspects of the Recommendation demand further attention, reflecting the continuing relevance of improving the public governance of PPPs, including shortcomings in strategic planning; involvement of end-users; coordination across levels of governments; availability of data; transparent presentation of the costs, and maintenance of value for money in the operational phase of PPPs. An overview of the state of implementation of the Recommendation’s 12 Principles can be found in Table 1.1.

Table 1.1. Overview: Implementation of the Recommendation's Principles for public governance of PPPs and their state of implementation.

A. Establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities.	
1. The political leadership should ensure **public awareness** of the relative costs, benefits and risks of Public-Private Partnerships and conventional procurement. Popular understanding of Public-Private Partnerships requires **active consultation and engagement with stakeholders** as well as **involving end-users** in defining the project and subsequently in monitoring service quality.	✓ Mandatory consultation processes in general. × Consultation takes place mainly during the infrastructure project preparation but to a lesser extent during construction and operation. × Procedure to specifically identify users' needs is only mandatory in few countries.
2. **Key institutional roles** and **responsibilities** should be maintained. This requires that procuring authorities, Public-Private Partnerships Units, the Central Budget Authority, the Supreme Audit Institution and sector regulators are entrusted with clear mandates and sufficient resources to ensure a prudent procurement process and clear lines of accountability.	✓ There are a number of dedicated agencies and units in most Adherents. Line ministries are responsible for most of the procurement process. ✓ Where applicable, PPP Units are mainly responsible for policy guidance, and preparation. If there is no PPP unit, its responsibilities are taken over by infrastructure units or central ministries. × Several Adherents stated that special dedicated bodies were missing, in particular sufficient checkpoints for oversight institutions along the project cycle. × Coordination of processes across levels of governments can be improved.
3. Ensure that all **significant regulation** affecting the operation of Public-Private Partnerships are **clear, transparent** and **enforced**. Red tape should be minimised and new and existing regulations should be carefully evaluated	✓ Many essential regulatory processes for good infrastructure governance are formalised in most countries and are perceived as effective. × Systematic data collection is lacking in most Adherents, which impedes the use of evidence-based tools for regulatory decisions.
B. Ground the selection of Public-Private Partnerships in Value for Money	
4. All investment projects should be **prioritised** at senior political level. As there are many competing investment priorities, it is the responsibility of government to define and **pursue strategic goals**. The decision to invest should be based on a **whole of government perspective** and be **separate from how to procure and finance the project**. There should be no institutional, procedural or accounting bias either in favour of or against Public-Private Partnerships.	× Less than half of Adherents have a long term vision in form of a long term plan across sectors. Most of the remaining Adherents only have sectoral plans, missing chances for synergies, complementarities and coordination. ✓ In the medium term, most Adherents have a clear prioritised short list of projects. ✓ Results from a cost-benefit analysis are the strongest argument for projects to be prioritised. × The decision to invest in new infrastructure assets is not independent from how to procure and finance the project
5. Carefully investigate which investment method is likely to yield most **value for money**. Key risk factors and characteristics of specific projects should be evaluated by conducting a procurement option pre-test. A procurement option pre-test should enable the government to decide on whether it is prudent to investigate a Public-Private Partnerships option further.	✓ The most relevant criteria for choosing PPPs as the procurement method is the outcome of a quantitative comparison (relative value for money test) between different delivery modes. ✓ A majority of Adherents also apply absolute value for money test for either all infrastructure projects (including PPPs and TIPs), or for projects above a certain threshold. × A key obstacle to the evidenced-based decision making between the various forms of infrastructure delivery models remains the systematic collection of data.

6. Transfer the **risks** to those that manage them best. Risk should be defined, identified and measured and carried by the party for whom it costs the least to prevent the risk from realising or for whom realised risk costs the least.	× Less than half of Adherents have an explicit procedure dedicated for identifying and allocating risks between public vs. private parties.
7. The procuring authorities should be prepared for the **operational phase** of the Public-Private Partnerships. Securing value for money requires vigilance and effort of the same intensity as that necessary during the pre-operational phase. Particular care should be taken when switching to the operational phase of the Public-Private Partnerships, as the actors on the public side are liable to change.	× Most institutions are responsible for the development of infrastructure policy and the improvement of infrastructure performance but responsibilities for the assessment and monitoring of the project's performance are less defined. × Performance assessment is only mandated in half of Adherents. × Audits by the Supreme Audit Institution regarding infrastructure assets are mainly conducted on case by case.
8. Value for money should be maintained when **renegotiating**. Only if conditions change due to discretionary public policy actions should the government consider compensating the private sector. Any re-negotiation should be made **transparently** and subject to the ordinary procedures of Public-Private Partnership approval. Clear, predictable and transparent rules for dispute resolution should be in place	✓ The most common reason across Adherents for re-negotiating is a change in conditions to discretionary public policy actions or external shock. ✓ For a majority of Adherents clear, predictable and transparent rules for dispute resolution are in place to resolve disagreement between the public and private parties.
9. Government should ensure there is sufficient **competition** in the market by a **competitive tender process** and by possibly structuring the Public-Private Partnerships programme so that there is an ongoing functional market. Where market operators are few, governments should ensure a level playing field in the tendering process so that non-incumbent operators can enter the market.	✓ Most Adherents ensure competition in the market by aiming at ensuring a competitive tendering process. × Some Adherents introduce new initiatives to attract non-incumbent operators to enter the market in case of few market operators.
C. Use the budgetary process transparently to minimise fiscal risks and ensure the integrity of the procurement process	
10. In line with the government's fiscal policy, the Central Budget Authority should ensure that the project is **affordable** and the overall investment envelope is sustainable	✓ An assessment of the affordability for the public budget is in place in the majority of Adherents. × Fewer Adherents have an assessment of the affordability for the users in place. ✓ Strong absolute as well as relative value for money results are the most important criteria for the project's approval and funding. ✓ The Central Budget Authority (CBA) has a formal gate-keeping role in approving infrastructure project in almost all surveyed Adherents.
11. The project should be treated **transparently in the budget** process. The budget documentation should disclose all **costs and contingent liabilities**. Special care should be taken to ensure that budget transparency of Public-Private Partnerships covers the whole public sector.	× Only in half of Adherents, the full costs of the asset are budgeted upfront, regardless of how it is implemented. × In most Adherents, the financing of PPPs is not (or only for certain elements) included in the relevant budget (national, sub-national). ✓ Most Adherents have formal requirements in place to account for running costs and contingent liabilities associated with an infrastructure asset.
12. Government should guard against **waste and corruption** by ensuring the integrity of the procurement process. The necessary procurement skills and powers should be made available to the relevant authorities.	✓ More than half of Adherents apply specific measures against corruption in infrastructure.

Source: Authors, based on OECD (2016) Survey of Infrastructure Governance. It takes into account answers from 26 Adherents.

14. Although the Recommendation remains up to date and is not in need of revision in the short term, there is scope to clarify and strengthen the linkages between the governance of PPPs and the broader, overarching governance framework for public infrastructure. The present monitoring exercise - as well as other past and current work by the Secretariat, such as country reviews and the continuous discussion at the annual meeting of Senior Infrastructure and PPP Officials - has

shown that the governance of PPPs is only one element among a larger set of governance challenges for public infrastructure that need to be addressed in order to ensure that PPPs yield the best value for money. Often, PPPs are carried out for reasons not primarily grounded in value-for-money, or problems arise not from the design of the PPP itself, but rather from the planning, prioritisation, consultation mechanisms and other aspects of infrastructure investments. In fact, several of the identified shortcomings can be closely linked to a poor or inadequate underlying policy framework.

15. In response to this challenge, the OECD Secretariat has developed an encompassing Framework for the Governance of Infrastructure, broadening the scope of analysis and giving additional support to the implementation of the Recommendation. The framework addresses the practical governance tools to help policy makers improve the management of infrastructure policy from strategic planning to project-level delivery. While this governance framework establishes direct linkages with the Recommendation where it touches upon the governance of PPPs, it extends its analysis to all modes of infrastructure delivery and the overall planning and management process. The framework can hence be considered as complementary guidance to the Recommendation that will help support its further implementation.

16. The Framework has been intensively disseminated at a series of events and via a set of publications, and international recognition is growing. Most prominently, the OECD hosts the Forum on the Governance3 of Infrastructure on an annual basis to highlight and share some of the most effective practices in key areas of infrastructure governance. Additionally, the OECD in cooperation with the World Bank started regular Regional Roundtables on Infrastructure Governance4 to promote a community of practice comprising government officials and the international development community to strengthen capacities within developing countries and establish good practices in infrastructure governance across various government sectors. Furthermore, a set of national infrastructure governance reviews have been undertaken (OECD, 2017[1]); (OECD, 2017[2]); (OECD, 2018[3]). The increasing number of participants at the events and interest in national assessment demonstrates the growing recognition of the framework and a strong international consensus around the importance of strengthening governance of infrastructure across sectors. To respond to this growing demand, the OECD has developed a Horizontal Project on "Strategic Policies for Sustainable Infrastructure". This horizontal project aims to provide a crosscutting OECD response to infrastructure challenges. It builds-up from the Infrastructure Governance framework, highlighting the importance of infrastructure governance not only to maximize resources available to finance infrastructure but to ensure that it delivers the expected socioeconomic benefits.

17. The continued advancement in this field of work, including a focus on the governance of PPPs, will ensure that countries will be able to view and reform the governance of PPPs in a holistic manner. However, in the context of such work, the role of PPPs and their corresponding institutional and governance needs will require continuous review and the Recommendation may require revision in the future to ensure that it remains relevant, up-to-date and compatible with the overall framework.

[3] http://www.oecd.org/gov/oecd-forum-on-governance-of-infrastructure-2018.htm

[4] https://pppknowledgelab.org/Infragovernance

Proposed action

18. In light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

a) noted document C(2019)89, in particular the report set out in its Appendix, and agreed to its declassification;

b) invited the Public Governance Committee, in particular through the Working Party of Senior Budget Officials and its Network of Senior Infrastructure and PPP Officials, to:

(i) support Adherents' focus on addressing the issues identified in the summary and conclusions and next steps sections of the report; and

(ii) continue promoting and monitoring the implementation of the Recommendation and report to the Council thereon in five years.

APPENDIX: REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATION OF THE COUNCIL ON PRINCIPLES FOR PUBLIC GOVERNANCE OF PUBLIC PRIVATE PARTNERSHIPS

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1. Background

1. In 2011, Public-Private Partnerships (PPP) had increasingly become a prominent method for delivering key public services. At the same time the financial crisis had highlighted the particular importance of transparent and prudent management of contingent fiscal liabilities, as well as of long-term government commitments, such as derived from Public-Private Partnership contracts

2. In response to these trends and developments, the OECD Secretariat developed principles for the institutional and procedural treatment of Public-Private Partnerships, to enable both OECD Members and other countries to ensure that PPPs deliver value for money transparently and prudently, supported by the right institutional capacities and processes to harness the upside of PPPs without jeopardising fiscal sustainability (OECD, 6-7 June 2011, Luxembourg[4]).

3. In May 2012, the Council adopted the Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships [C(2012)86] ("the Recommendation") which calls on governments to strive for Public-Private Partnerships that are supported by strong public institutions, are affordable, represent value for money and are transparently treated in the national budget process.

4. Currently, the Recommendation has 36 Adherents. In addition to OECD Members, Peru adhered to the Recommendation on 31 March 2016. Other non-Members have expressed their interest in adhering, such as Kazakhstan and Paraguay.

5. The Recommendation provides concrete guidance to policy makers on how to make sure that PPPs represent value for money for the public sector. In concrete terms, the Recommendation contains Principles for public governance of Public-Private Partnerships ("Principles") that help ensure new projects add value and stop bad projects going forward. They provide guidance on when a PPP is relevant and focus on how to get public sector areas aligned for this to work: institutional design, regulation, competition, budgetary transparency, fiscal policy and integrity at all levels of government.

6. The Recommendation was developed with a view to reflecting and consolidating good practices developed and identified through OECD work on budgeting and public expenditure; in particular capital budgeting practices and bringing together the lessons learned by OECD Members and the OECD Network of Senior Budget Officials (SBO) over many years with respect to capital budgeting and PPPs.

7. The Recommendation sets out specific measures to promote fruitful interaction between the public and private sector, prudent budgetary practices and procedures and sound regulatory practices on a whole of government approach. The 12 Principles set out in the Recommendation are organised under three broad headings that focus on:

1. Building **a sound institutional framework**. The Recommendation highlights that this requires public awareness of the relative costs, benefits and risks of Public-Private Partnerships and conventional procurement, including active consultation and engagement with stakeholders as well as involving end-users in defining the project and subsequently in monitoring service quality (Principle 1). Furthermore, key institutional roles and responsibilities should be maintained, with procuring authorities that are entrusted with clear mandates and sufficient resources to ensure a prudent procurement process and clear lines of accountability (Principle 2). Additionally, significant regulation affecting the operation of Public-Private

Partnerships should be clear, transparent and enforced, while red tape should be minimised and new and existing regulations should be carefully evaluated (Principle 3).

2. **Grounding the selection of PPPs in Value for Money (VfM)**. The Recommendation brings attention to the need for planning and prioritisation at senior political levels and to the definition and pursuit of strategic goals (Principle 4). At the same time the decision to invest should be based on a whole of government perspective and be separate from how to procure and finance the project (Principle 5). The decision of the procurement mode should be based on value for money. Key risk factors and characteristics of specific projects should be evaluated by conducting a procurement option pre-test to decide on whether it is prudent to investigate a Public-Private Partnerships option further. The Recommendation also includes the issue of correct risks identification and allocation (Principle 6). Furthermore, procuring authorities should be prepared for the operational phase of the Public-Private Partnerships to secure value for money throughout the assets life cycle (Principle 7) and value for money should be maintained when renegotiating (Principle 8). In addition, the Recommendation stresses the relevance of sufficient competition (Principle 9).
3. **Using the ordinary budget process to ensure affordability**. The Central Budget Authority should ensure that the project is affordable and in line with the government's fiscal policy, based on an overall sustainable investment envelope (Principle 10). The project should be treated transparently in the budget process, which demands that the budget documentation should disclose all costs and contingent liabilities (Principle 11). Lastly, the Recommendation addresses the need to guard against waste and corruption by ensuring the integrity of the procurement process, and highlights that the necessary procurement skills and powers should be made available to the relevant authorities (Principle 12).

8. In the Recommendation, the Council instructed the Public Governance Committee to "monitor the implementation of this Recommendation and to report thereon to the Council no later than three years following its adoption and regularly thereafter, in consultation with other relevant OECD Committees, including the Investment Committee". This paper will therefore review the state of play of the implementation of the Recommendation across Adherents. The next Chapter will discuss the methodology used in this evaluation. Chapter 3 will then discuss the current process of the relevant bodies for review and approval of the report up to its transmission to Council. Chapter 4 will give an overview of the actions taken by the Secretariat and Adherents to disseminate the Recommendation since its adoption. Chapter 5, the substantive core of the report, will discuss the state of play of implementation and PPP practices related to the Recommendation. Chapter 6 will summarise and conclude.

2. Methodology

9. To help prepare this report, the OECD Public Governance Directorate launched the OECD Survey of Infrastructure Governance in 2016, which included a section on the implementation of the Recommendation, and circulated it among Adherents via the Network of Senior Infrastructure and PPP Officials. In addition to OECD Member Adherents, the survey was also sent to Peru, the single non-Member Adherent, as well as certain non-Member non-Adherents, including the OECD Key Partner countries to promote direct and active participation of these countries. Additionally, the questionnaire was sent to the Philippines in the context of its PPP framework review.

10. The OECD (2016) Survey of Infrastructure Governance was part of the Secretariat's effort to periodically survey Members and certain non-Members on current practices and procedures of capital budgeting and infrastructure governance. The general objective of the full survey was to provide a publicly available data set on practices that will support international comparative analysis, benchmarking of good budgeting practices, and to monitor change over time. The main data was used for the preparation of the OECD (2017) report, *Getting Infrastructure Right: A Framework for Better Governance*. The full data set is available in the *Government at a Glance Database*.

11. The survey collects data on the treatment of capital projects the annual budget process and the governance of PPPs, as well as on a set of governance dimensions, including strategic planning; sustainable infrastructure management; and affordability and value for money for infrastructure projects, including PPPs as one of the relevant delivery modes. The development of the questionnaire was carried out by the OECD Public Governance Directorate (GOV) and is the result of close co-operation across divisions and contributions from a wide range of fields of expertise, including: regional development and co-ordination across levels of government; regulatory design; consultation and stakeholder engagement; public procurement; integrity and corruption threats; and systematic risk, among others. More specifically, the survey also included a section on the implementation of the Recommendation with the aim to gather specific information regarding the extent to which the Adherents' PPP procurement frameworks align with the Recommendation for the purpose of preparing the present report.

12. The survey received responses from 28 Members and non-Members (hereafter, "Respondents"), of which 26 were Adherents: Australia, Austria, Belgium, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, New Zealand, Norway, Slovenia, Spain, Sweden, Switzerland, the Netherlands, Turkey, and the United Kingdom. Additionally, two non-Member non-Adherents – South Africa and the Philippines – answered the survey. The questionnaires were answered by the responsible line ministry, including the Ministry of Finance, National Treasury, Ministry of Transport or public works, among others.

13. In addition to the information gathered through the survey, this report is also based on information taken from country reviews of Germany, Chile, the United Kingdom, Indonesia, Philippines, Russian Federation and Tunisia; as well as the Directorate's past and current work, in particular:

- OECD (2017), Getting Infrastructure Right: a Framework for Better Governance, OECD Publishing, Paris
- OECD (2017), The Role of Economic Regulators in the Governance of Infrastructure, The Governance of Regulators, OECD Publishing, Paris.

- Hertie School of Governance (2016), The Governance Report 2016, Oxford University Press, UK
- OECD (2015), Towards a Framework for the Governance of Infrastructure, OECD Publishing, Paris
- OECD (2015), Recommendation of the Council on Budgetary Governance, OECD Publishing, Paris
- Burger, P. and Hawkesworth, I. (2013), Capital budgeting and procurement practices, OECD Journal on Budgeting, OECD Journal on Budgeting, Volume 2013/1
- OECD (2013), Investing Together: Working Effectively across Levels of Government, OECD Publishing, Paris.
- OECD (2014), The challenges and applications of cost-benefit analysis (CBA), for the preliminary feasibility study of capital investments, Government at a Glance 2015 Database
- OECD, (2012), Budgeting Practices and Procedures in OECD Countries, OECD Publishing, Paris
- Burger, P. and Hawkesworth, I., (2011), How To Attain Value for Money: Comparing PPP and Traditional Infrastructure Public Procurement, OECD Journal on Budgeting, Volume 2011/1
- OECD (2008), Public-Private Partnerships, In pursuit of Risk Sharing and Value for Money, OECD Publishing, Paris.

14. Additionally, meeting proceedings and presentations from annual meetings of the OECD Network of Senior Infrastructure and PPP Officials contributed to the body of information used in this Report, in particular in the form of specific country practice examples.

15. As the results of the survey were essential for a full, accurate and up-to-date analysis and constitute the body of this work, the timing of this report was adjusted to take into account the final set of responses (May 2017). To ensure thorough discussion and clearance by the OECD Network of Infrastructure and PPP Officials, a final draft could only be finalised following the Network’s Annual Meeting on 27 March 2018, causing a delay to the original reporting time-frame of 3 years. The remaining process thereafter was bound by the consecutive clearance procedure of the Working Party of Senior Budget Officials (SBO), the Investment Committee and Public Governance Committee (see *Process*).

3. Process

16. This report has been discussed in a number of relevant committees and sub-committees, before ultimately being approved by the Public Governance Committee.

17. The report was discussed by the OECD Network of Senior Infrastructure and PPP Officials at its 11th Annual Meeting on 27 March 2018 and the Working Party of Senior Budget Officials (SBO) at its 39th Annual Meeting on 6-7 June 2018, Jerusalem. Thereafter, the report was presented at the 58th Session of the Public Governance Committee (PGC) on 12-13 November 2018, Paris and discussed by written procedure. The report was also shared with the Investment Committee for consultation by written procedure. The report was approved by the PGC for submission to Council via the Executive Committee on 2 April 2019 [GOV/PGC(2018)32/REV1].

4. Dissemination

18. Since its adoption, the Recommendation has been a popular tool in the governance of PPPs. Adherents have made major efforts to disseminate the Recommendation within their countries, for example through *workshops, provision online, and references in national guidelines.* According to the OECD Survey of Infrastructure Governance (2016) almost all respondents reported that all national relevant authorities are well aware of the Recommendation (Table C.1, Annex C). Only Chile, Denmark, Estonia and France reported the need to strengthen awareness among relevant authorities.

19. Recent close co-operation with other international organisations has also contributed to the dissemination of the Recommendation. In 2017, the OECD joined the PPP Knowledge Lab (https://pppknowledgelab.org/), which aims to serve the needs of governments and practitioners by providing reliable information about public-private partnerships. The PPP Knowledge Lab compiles most relevant and authoritative resources on public-private partnerships from a broad range of partners, including materials from multilateral development banks (EIB, EBRD, IDB, WBG, among others) as well as international organisations, such as UNESCAP, GIH, UNECE, WEF. The Recommendation is included as a central tool on how to design and improve the PPP framework and was expressly highlighted in the monthly features – an emphasised section on the webpage which presents key contributions. In the last quarter of 2017, the webpage had reached 52 333 visitors reflecting an increasing trend.

20. Furthermore, the OECD Secretariat is currently engaging with the SOURCE platform (https://public.sif-source.org/). SOURCE is a joint initiative from Multilateral Development Banks initiated in 2010 to offer policymakers a way to prepare infrastructure projects and also access good practice to help infrastructure planners to shape well prepared projects. Through a standardised template, SOURCE covers the governance, technical, economic, legal, financial, environmental and social dimensions of the project definition, encompassing the whole project lifecycle. The Recommendation will feature in the tool as a key resource on particular policy questions as well as background information (so called "*tool tips*"). In this way the Recommendation will contribute to the tool's continuous development which relies on the on-going integration of global best practices and contributions from international public and private infrastructure professionals.

21. Also, the Recommendation serves as input for the currently under development Guiding Principles on People-First Public-Private Partnerships for the United Nations Sustainable Development Goals. The United Nations Economic Commission for Europe is currently elaborating international standards in Public-Private Partnerships (PPPs) which are consistent with the United Nations 2030 Development Agenda[1].

22. These efforts are key responses to the Addis Ababa Action Agenda mandate for Multilateral Development Banks and international organisation to increase collaboration among them to help to bridge the global infrastructure gap and to facilitate sustainable and resilient infrastructure development across the globe.

23. Country reviews of national PPP programmes have proven to be a key tool for the effective dissemination of the Recommendation. The critical analysis and reflection of the Recommendation and its implementation via interviews and workshops throughout the review process raise the awareness of the Recommendation with relevant stakeholders, including national and subnational government, private sector and civil society organisations. The use of peer reviewers (i.e. delegates from other OECD Member countries joining the review team) in the process facilitates furthermore

the exchange of relevant good implementation practices of the Recommendation. Finally, the publication of the review disseminates the Recommendation in applied form to a wider audience.

24. Since the adoption of the Recommendation on May 2012, the Secretariat has conducted several PPP reviews of Adherents and selected non-Adherents that provide a comprehensive overview of the framework governing PPPs in the country under examination, evaluate national experiences in light of the policy recommendations and Principles contained in the Recommendation and international best practice and provide specific policy recommendations. Good practices and lessons learned in the country under examination add thereby to the comparative basis for PPP practices. These reviews included:

- OECD (forthcoming) Public-Private Partnerships Review of the Republic of Kazakhstan
- OECD (2015) Overview of public governance of public-private partnerships in the Russian Federation
- OECD (2015) Overview of the Philippines' PPP framework and programme
- OECD (2015) Review of Public Governance of Public-Private Partnerships in the United Kingdom
- OECD (2014) Public-private partnerships in Tunisia
- OECD (2012) Public-private Partnership Governance: Policy, Process and Structure in Indonesia

25. Furthermore, the Secretariat addressed national PPP frameworks as part of other publications, such as the OECD (2017) Gaps and Governance Standards of Public Infrastructure in Chile Review, or the Chapter on Capital Budgeting in the (OECD, 2015[5]), Budget Review of Germany. Other Adherents, such as Italy, conducted self-assessments (Ministry of the Economy and Finance (MEF), 2015[6]).

26. The Principles, challenges and best practices identified in the Recommendation are regularly reviewed and discussed at the annual meetings of the OECD Network of Senior Infrastructure and PPP Officials and its regional counterparts (Box 4.1). The meetings provide unique opportunities to exchange experience and innovative solutions between the OECD, policy makers and experts of how public-private partnerships can further drive value for money. Additionally, workshops held by the OECD and a number of Adherents contribute to the dissemination of the Recommendation, and encourage further reflection on its implementation. Past workshops include:

- Regional Roundtables on Infrastructure Governance, 21-22 June 2018, Abidjan, Côte d'Ivoire
- Regional Roundtables on Infrastructure Governance, 2-3 November 2017, Cape Town, South Africa
- Inter-Agency Taskforce Meeting on Public Private Partnerships, 16 December 2016, UN Headquarters, New York
- World Bank - OECD Workshop on Public and Private Financing of Infrastructure and the Evolving Role of PPPs, 5th Dec. 2016, Paris.
- Public Expenditure Management Network in Asia (PEMNA), Budget Community of Practice Meeting, 15-17 November 2016, Jakarta, Indonesia
- OECD, SDIP Policy Workshop: Infrastructure financing for sustainable development: How to mitigate political and regulatory risk in infrastructure projects, OECD Conference Centre, 20 October 2016, Paris.

- Workshop on Strengthening Value For Money And Risk Mitigation in PPP Projects, 10 May 2016, Hanoi, Vietnam
- Istanbul PPP week, November 2015, Istanbul
- Workshop on an ASEAN PPP Networking Forum: Towards an ASEAN PPP Agenda, 16-17 Dec. 2014, Manila, Philippines
- 7th annual meeting of the MENA Senior Budget Officials, December 2014, Abu-Dhabi, UAE
- Regional Roundtable on Public Sector Management and Public–Private Partnerships for Development Results, Asia-Pacific Community of Practice on Managing for Development, Results (APCoP), 22–24 April 2013, Asian Development Bank Institute, Tokyo, Japan
- 8th Annual Meeting of Senior Budget Officials from Central, Eastern and South-Eastern European countries (CESEE), Tallinn, Estonia, 28-29 June 2012
- NEPAD-OECD Africa Investment Programme, Public Private Partnership training programme, New Fairmount Hotel, Livingstone, Zambia, 19-23 March 2012

Box 4.1. Regional OECD Networks on Infrastructure and PPPs

OECD Regional Policy Network (RPN) on PPPs, Infrastructure and Connectivity

The OECD Regional Policy Network (RPN) on PPPs, Infrastructure and Connectivity is one of the six Regional Policy Networks of the OECD Southeast Asia Regional Programme (SEARP). SEARP was launched in 2014 to support countries' reform priorities and regional integration in Southeast Asia. The RPN on PPPs, Infrastructure and Connectivity assists the efforts of the ASEAN Secretariat and ASEAN Member States in implementing the Master Plan for ASEAN Connectivity (MPAC) 2025. The RPN meetings have served as fora for sharing lessons learned and best practices among OECD and ASEAN policy makers.

A highlight of this co-operation was the development of a regional adaption of the Recommendation, the *ASEAN Principles for Public-Private Partnership Frameworks*.

Asian Public Governance Forum on Public-Private Partnerships

The Asian Public Governance Forum on Public-Private Partnerships (APG) is part of the OECD Korea Policy Centre's Public Governance Programme, which supports a dialogue with Asia-Pacific countries on the basis of research and data from the Public Governance Directorate. The APG on Public-Private Partnerships discusses the enabling environment and legislative framework for PPPs, as well as how to ensure affordability and value for money, and how to manage fiscal risks.

Source: Authors

5. Implementation

5.1. General state of implementation and actions taken

27. According to the OECD Survey of Infrastructure Governance (2016), 21 Respondents considered that their national PPP framework lives up to the 12 Principles set out in the Recommendation, either fully (10), at least to some extent (11) (Table C.2, Annex C). Furthermore, for several Respondents specific reforms have been introduced since 2012 that aligned the national PPP framework with the Principles (Table C.3. Annex C). These reforms include changes to specific areas covered by the Recommendation, such as in Mexico (Principle 11) as well as the incorporation of specific aspects of the Recommendation when establishing an overall new PPP framework, as for example in New Zealand and Norway. Respondents that have not introduced any reforms since 2012 partly overlap with those that consider their national PPP framework to already comply with the Recommendation, such as Czech Republic, France, Germany, Ireland, Slovenia and the United Kingdom. Alternatively, some Respondents consider that PPPs are not a relevant mode for delivering public services (Sweden, Switzerland).

5.2. The State of Play of the Implementation of the 12 Principles

28. The following section will analyse the state of play regarding the implementation of the Recommendation, assessing each of the 12 Principles contained therein in turn. Where consideration of the wider context is necessary for a proper understanding of implementation and the effectiveness of actions taken, the analysis takes into account broader frameworks, processes and procedures that determine how PPPs are selected, designed and managed.

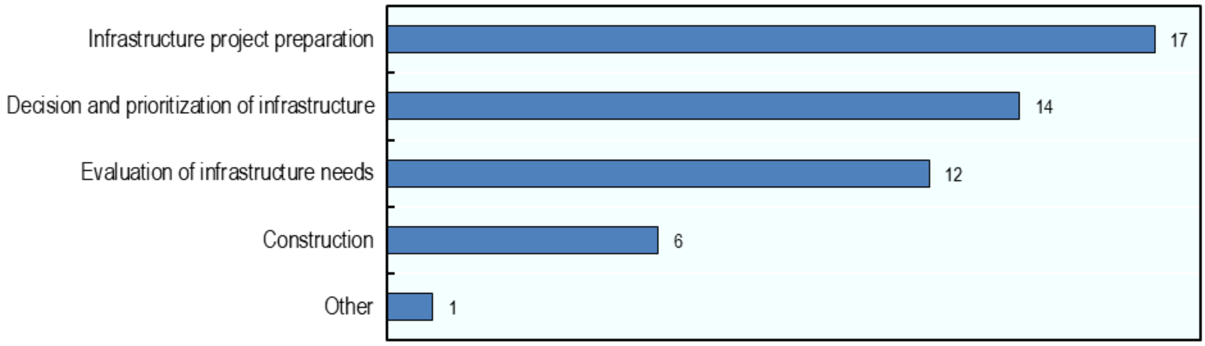
A. Establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities.

1. The political leadership should ensure public awareness of the relative costs, benefits and risks of Public-Private Partnerships and conventional procurement. Popular understanding of Public-Private Partnerships requires active consultation and engagement with stakeholders as well as involving end-users in defining the project and subsequently in monitoring service quality.

29. To address the complexity and long-term scope of PPPs, active consultation processes need to be introduced as an essential tool for legitimacy and transparency. Furthermore, consultation is a strong opportunity for various stakeholders to communicate their needs and concerns, as exemplified in New Zealand (Box 5.1**)**. In the majority (21/28) of Respondents, mandatory processes are used to ensure relevant public engagement (Table C.4, Annex C). In most Respondents these mandatory consultancy processes mainly take place during the infrastructure project preparation phase (17/21 Respondents) (Figure 5.1). In more than half of Respondents (12/28), consultation is also mandatory for the evaluation of infrastructure needs and for the decision process of prioritising infrastructure projects. During the construction phase however, mandatory consultation is less common. Public participation during the construction and operational stage can contribute to increased transparency and accountability on the correct implementation of the budget, as exemplified in Mexico (Box 5.2). The feedback of these consultation processes can be incorporated into the infrastructure preparation period,

environmental impact studies (decision and prioritisation of infrastructure), as well as analysis and evaluation throughout the project.

Figure 5.1. At which stages of development do consultation processes take place?



Note: Total respondents: 21 (Countries with mandatory consultation processes), (Others: not specified)
Source: OECD (2016), OECD Survey of Infrastructure Governance

Box 5.1. Consultation processes and the Māori in New Zealand

In New Zealand, all infrastructure development processes require an "Assessment of Environmental Effects", which often includes a study of archaeological and cultural heritage. The Heritage New Zealand Pouhere Taonga Act 2014 makes it "unlawful for any person to modify or destroy, or cause to be modified or destroyed, the whole or any part of an archaeological site without the prior authority of Heritage New Zealand", including Māori sites of interest (called *wahi tapu* or *wahi tupuna*) such as sacred places.

Mandatory consultations with Māori groups must be conducted in order to minimise the impact of the project on these sites. Later stages of the project life cycle are often accompanied by "Cultural Monitoring" by the Māori community to check and advise on affected areas. "Cultural Monitoring" involves the on-site presence of a representative of the local Māori community. This involvement often includes cultural induction, as it provides insights into Māori culture for everyone engaged in the project.

The close co-operation with the Māori community ensures that the communities can express and advocate for their needs and interests. The projects themselves also benefit largely from the holistic perception of "guardianship" by the Māori communities, which is not limited to archaeological and sacred sites, but also raises awareness of long-term water and other environmental issues

Source: From (OECD, 2017[7]), based on conversation with Dr. Simon Bickler, archaeological consultant, New Zealand, www.heritage.org.nz/protectingheritage/archaeology/standard-archaeological-authority-process, www.mfe.govt.nz/rma/,www.environmentguide.org.nz/rma/maori-and-the-rma/

30. The identification of user needs should be used to define outputs in PPP contracts to enhance the performance of the infrastructure projects. Although consultancy processes are in place in most Respondents (21/28), less than half have mandatory procedures for identifying and incorporating user needs (13/28) (Table C.4, Annex C).

Box 5.2. #DatosEnLaCalle 2017 – Data Rally in Mexico

In 2018, the Secretariat of the Treasury and Public Credit of Mexico invited for the third time to participate in their emblematic and innovative Rally #DatosEnLaCalle (Data on the Streets). The Rally offers citizens and organisations to access and analyse data on geo-referenced platforms (maps) of public infrastructure investments and public works.

The rally asks participants to visit the community of their choice in person and verify *in situ* the information contained in the government platforms. Participants can take note of what they see, and report their experience and findings through social networks and other available media channels. While putting budget transparency to work, the objective is to enhance public participation and encourage citizens to engage and check if the budget is being correctly implemented.

Source: http://transparenciapresupuestaria.gob.mx/es/PTP/Infografia_Rally_2017_resultados

2. Key institutional roles and responsibilities should be maintained. This requires that procuring authorities, Public-Private Partnerships Units, the Central Budget Authority, the Supreme Audit Institution and sector regulators are entrusted with clear mandates and sufficient resources to ensure a prudent procurement process and clear lines of accountability.

31. A strong institutional framework with a clear distribution of responsibilities is necessary for the efficient delivery of strategic infrastructure. Although many Respondents have a number of dedicated agencies and units, several Respondents identified weak co-ordination and sufficient check points for oversight institutions along the project cycle as common challenges. The well-defined – but separate – roles of procurement; implementation; budgeting; audit; rule monitoring and enforcement is however crucial to secure lines of accountability (OECD, 2015[8]).

32. As stated in the Recommendation for government to retain value for money during the whole life of a contract, procuring agencies should be responsible for contract preparation, negotiation and administration, as well as monitoring contract performance during construction and operation. In most responding countries, these tasks are under the responsibility of the relevant line ministries.

33. If applicable, most Respondents reported that their PPP units, similar to infrastructure units, provide policy guidance, but also technical support. Given the complexity of PPPs, PPP units concentrate specific skills with which they support the relevant authorities in almost all key functions (project initiation, assessing feasibility and value for money, budgeting, project approval, invitation to tender, bid evaluation, negotiation, bid approval, contact management, payment oversight) (Table C.6, Annex C). In 7 cases the units are also responsible for evaluation and prioritisation, but none for oversight for the construction and operational phases.

34. In general, PPP units have not become more common as a central actor in the public procurement system. A report on dedicated PPP Units (OECD, 2010) found that 16 OECD Member countries[2] had a central PPP unit (unit in the Ministry of Finance and/or unit acting as an independent agency). In the 2016 Survey, only 13 Respondents indicated that they have such a unit[3] (Table C.5, Annex C). In contrast, some Respondents have closed their PPP Units (Czech Republic, Canada) as their mandate is considered to be fulfilled, or transferred the responsibilities (e.g. Italy, Box 5.3). Other Respondents have created independent statutory infrastructure bodies with a broader mandate to prioritise and progress nationally significant infrastructure, such as Infrastructure Australia.

Box 5.3. PPP competencies in Italy

Since 1 January 2016 there is no PPP Unit in Italy. The Department for Planning and Co-ordination of Economic Policy within the Presidency of the Council of Minister has specific competences on PPP issues:

i) Providing support to evaluation of infrastructural interventions financed through private capitals and
ii) subject to CIPE evaluation by virtue of their scope and economic impact and support to the awarding authorities during the tender process;
iii) Monitoring the implementation of the PPP contracts during the lives of the projects;
iv) Monitoring PPP primary and secondary legislation;
v) Participating in consultations at EU level on relevant issues on PPPs (i.e. founding member of the European PPP Expertise Centre within EIB).

Source: OECD (2016), OECD Survey of Infrastructure Governance

3. Ensure that all significant regulation affecting the operation of Public-Private Partnerships are clear, transparent and enforced. Red tape should be minimised and new and existing regulations should be carefully evaluated

35. The regulatory framework has a profound impact on infrastructure investment, across all levels of the infrastructure life-cycle. Nevertheless, even if regulatory framework are well-designed, good outcomes require adequate implementation of these rules and standards, aligned with the economic, social and environmental goals set by the policy makers.

36. For most Respondents the overall regulatory framework provides formal processes for good governance. Examples of widespread regulations in the infrastructure governance process include formal processes to ensure absolute value for money, policies ensuring competitive tendering, and processes regulating the tender panel. However, while for most Respondents the regulatory framework is perceived as effective and fulfilling its role, there are several challenges to effective regulation, including the lack of standardised evaluation criteria, the changing use of infrastructure, technical innovation, lacking capacities and skills, as well as cost and time pressure.

37. In particular, the lack of systematic data collection makes it difficult to evaluate and monitor projects' performance, and impedes the use of evidence-based tools for regulatory decisions and to base future decision and procurement modalities and contracts on comparable data and information. Only seven Respondents have a central, systematic and formal collection of information on financial and non-financial performance of the infrastructure projects. If however, such a collection is in place, most information is collected by the Central Infrastructure Unit, followed by PPP units or line ministries. According to Respondents, the data collected includes data on the physical progress; financial progress, tenders and contracts; variations with respect to planned progress; economic performance; and accuracy of the original cost-benefit analysis, among others.

B. Ground the selection of Public-Private Partnerships in Value for Money

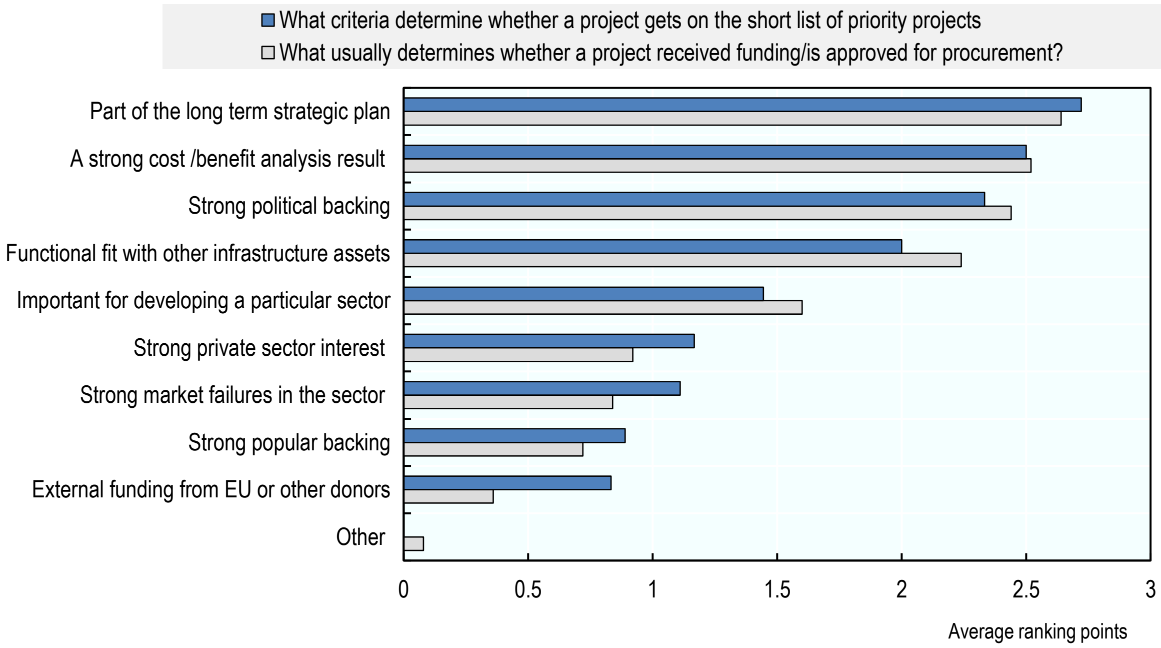
4. All investment projects should be prioritised at senior political level. As there are many competing investment priorities, it is the responsibility of government to define and pursue strategic goals. The decision to invest should be based on a whole of government perspective and be separate from how to procure and finance the project. There should be no institutional, procedural or accounting bias either in favour of or against Public-Private Partnerships.

38. Projects or investment plans need to be aligned with the government's overall political priorities and other policy tools such as spatial planning and development plans to create a strategic approach to infrastructure planning. For many Respondents, such a long- term, politically sanctioned national strategic vision is missing. Only half (13/28) of Respondents have a long term strategic vision in the form of a long term plan for all investment projects, including potential PPP projects (Table C.7, Annex C). Long term vision should address the complex and versatile issues of infrastructure, which cuts across multiple stakeholder demands, sectors and interest and has a long term impact on economic and social development. In general, policy goals include economic growth, increased productivity, affordability, inclusive development, and environmental objectives, depending on the structural, political and social conditions of Respondents.

39. With opposing policy goals and infrastructure needs as well as time and budget constraints, a prioritisation of infrastructure projects needs to take place. In contrast to long term strategic plans, for most Respondents the government commits to a short list of priorities within the medium run. In case of no overall short list, Norway, Germany and Czech Republic have a list of priorities at sector level in place, mainly referring to transportation (waterways, railroad, and roads).

40. Strong cost-benefit results as well as the political agenda determine the prioritisation of projects. Results from a cost-benefit analysis are the strongest argument for a project to making it into the short list. Instead of an explicit value threshold, the most important element for projects that get on the short list are strong results of the cost-benefit analysis, followed by strong political backing, and the project's part of the long term strategic plan (Figure 5.2). Other important criteria include the project's functional fit with other infrastructure assets and its importance for the development of a particular sector. These results confirm the finding of the OECD (2014) study on challenges and applications of cost-benefit analysis, stating that cost-benefit analysis is important but not exclusive.

Figure 5.2. What criteria determine whether a project gets on the short list of priority projects and receives funding/is approved for procurement?



Note: Total respondents 18 (countries with some kind of short list of priority projects); 25 (final approval). Rating point rank from 0 (not important) to 5 (very important).
Source: OECD (2016), OECD Survey of Infrastructure Governance

41. To determine the *rank of projects* that are already on the short list, the political agenda is considered most important, followed by relative value for money and cost-benefit. From the Respondents, Estonia and the UK use a combination of these criteria, whereas Australia does not rank its priority projects.

42. Although prioritisation and long term planning should help to separate the decision of infrastructure investments from the procurement methods, less than half of the countries do so (Table C.8, Annex C). The decision to invest in new infrastructure assets is separate for 11 Respondents, whereas it is combined for 14 out of 24 Respondents. These results are similar to an earlier OECD study[4], finding that in only 11[5] member countries and key partner the government first decides on the procurement of an asset before it chooses the mode of delivery.

5. Carefully investigate which investment method is likely to yield most value for money. Key risk factors and characteristics of specific projects should be evaluated by conducting a procurement option pre-test. A procurement option pre-test should enable the government to decide on whether it is prudent to investigate a Public-Private Partnerships option further.

43. Once the government has decided to move forward with an investment, an option pre-test should guide the selection of which mode of procurement is most likely to deliver the most value for money. A formal process for ensuring value for money from infrastructure investments (see Box 5.4. Value for Money (VfM)) takes place a majority of the countries. Although only 6 Respondents apply an absolute value for money test for all projects, 9 out of 21 Respondents use them for projects above a certain value, and others on *ad hoc* basis (5/21) or only for PPPs (1/21) (Table C.9, Annex C). These results are similar to the results found in an earlier OECD study.

According to Burger, P. and Hawkesworth, I.(2011) Australia, Austria, Canada, Denmark, Germany, and the United Kingdom stated to conduct a process to ascertain (absolute or relative) value for money ex ante for all PPPs and TIPs.

Box 5.4. Value for Money (VfM)

"Value for money" can be defined as what a government judges to be an optimal combination of quantity, quality, features and price (i.e. cost), expected over the whole of the project's lifetime". It can be measured in absolute cost benefit terms or in relative terms in comparison to other procurement modalities. Value for money is essential for ensuring affordability and sustainability and helps policy makers to prioritise projects so that the maximum value is generated for society as a whole. In contrast to a quantitative analysis, it combines quantitative and qualitative tools to estimate the overall societal return on an investment. Therefore value for money should be ensured by a formal process or legal regulations.

Source: (OECD, 2017[9])

44. Likewise, a majority of Respondents have a process to carry out a quantitative comparison (relative value for money) between different the delivery methods (Table C.10, Annex C), such as public sector comparators (Box 5.5). While the outcome of a quantitative comparison is the most influential criteria when choosing between conventional public works and forms of private sector participation, other criteria also play an important part in the decision process. These include the need for increased innovation, the need for sharing risks with the private sector, the need for building up a market for alternative ways of procuring public infrastructure, such as PPPs, and the capacity of the private sector to handle these kinds of projects. As the wish to use private finance sources to augment the public budget is also of high importance, special care needs to be taken to ensure that the choice for a PPP does not undermine value for money.

45. To support decision-makers in identifying the issues that will be unique to each country and that will need to be assessed in order to make specific decisions as to how infrastructure can best be delivered, the OECD developed a decision tree and accompanying check lists for the modality choice that can be found in the Annex (Figure A.1. Modality Choice – The Decision Tree.).

46. As mentioned in the assessment of the third Principle, a key obstacle to evidenced-based decision-making is a lack of systematically collected data. Without financial and non- financial performance data on conventionally procured infrastructure projects as well as on PPPs, comparing various forms of infrastructure delivery models becomes difficult. To address this challenge, Adherents will need to develop more systematic ways to collect, analyse and disclose performance data on all infrastructure projects in order to better implement this Principle.

Box 5.5. Public sector comparator

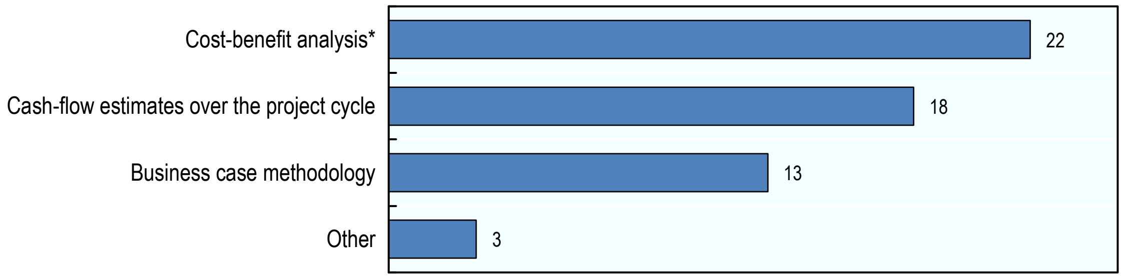
Some Respondents apply a value-for-money test, using for example a public sector comparator to determine whether a project is suitable for a PPP model. In principle, a public sector comparator compares the net present cost of bids for the PPP project against the most efficient form of delivery according to output specification by conventional public sector means (the so-called reference project).

The PPP unit of Victoria, Australia for example (Partnership Victoria) uses a public sector comparator that takes into account the risks that are transferable to a probable private partner, and those risks that will be borne by the government. By comparing the net present costs the comparator servers as a hypothetical risk-adjusted cost of the public delivery of the project of the output specification. The methodology of the public sector comparator is made publicly available. Other countries (such as the UK), are moving away from the public sector comparator, towards approaches that incorporate qualitative and quantitative factors, such as value-for-money and affordability benchmarks, project visibility, desirability and achievability.

Source : (OECD, 2012[10]) (OECD, 2017[9])

47. Cost-benefit analysis is the most popular approach to determine absolute value for money (Figure 5.3). Used by 22/28 Respondents, cost-benefit analysis including Total Cost of Ownership (TOC) during the life-cycle is the most popular approach, followed by cash-flow estimates over the project cycle (18/28 Respondents). Thirteen Respondents use a business case methodology (Box 5.6). The popularity of cost-benefit studies was also found in a 2014 OECD survey of cost-benefit analysis for capital investments (OECD, 2014[11]).

Figure 5.3. What approaches are used for determining value for money?



Note: Total respondents: 28, * including TCO during the life-cycle
Source: OECD (2016), OECD Survey of Infrastructure Governance

Box 5.6. The Five Case Model in the UK

The Five Case Model is an adaptable 'thinking' framework that guides Authorities in developing their Business Cases and decision-making processes using five key themes that are relevant throughout the process. The more detailed issues for each theme and the ways to deal with them may vary depending on which point the Authority is at in the project cycle. The five key themes of enquiry are the:

1. **Strategic Case:** the rationale for why intervention/project is required, as well as a clear definition of outcomes and the potential scope for what is to be achieved;
2. **Economic Case:** to demonstrate that the use of public funds involved in the project optimises public value, usually involving the identification and assessment of the costs and benefits (in line with Green Book guidance) of a range of real and relevant options;
3. **Commercial Case**: to demonstrate the viability of a competitive procurement and the contractual (including any risk allocation) arrangements involved;
4. **Financial Case**: to demonstrate that the preferred option will result in a fundable and affordable project; and
5. **Management Case**: to demonstrate that the preferred option is capable of being delivered successfully, in accordance with recognised best practice.

The approach is designed to be flexible. Thus, the stages of the Business Case development may be extended to more stages for complex and large projects and be more concise for smaller, more standard projects.

Source: EPEC (2015), VfM Assessment Review of Approaches and key concepts (March 2015), derived from Green Book Supplementary Guidance (2013)

Box 5.7. OECD (2014) survey results on challenges and applications of cost-benefit analysis for the preliminary feasibility study of capital investments

The purpose of this short survey, conducted in November 2014 including 20 OECD Members, was to identify and analyse practices in cost-benefit analysis (CBA), and to assess challenges and potential solutions to its application in OECD member countries. The main findings of the survey included:

(i) ***A clear finding is that the CBA is an important tool for decision-making in all the surveyed Members.*** Nevertheless, CBA is not considered to be able to stand alone but should complement other types of assessment, such as environmental impact assessment. The most important role is to provide justification for project selection and financing. For about half of the respondents it is furthermore considered as an accounting, transparency and monitoring tool. In most countries the CBA is prepared in the pre-feasibility stage when several project alternatives should be assessed (11) or in the feasibility phase, when the prefer project alternative is already chosen (7). Few countries conducted CBA regularly after the completion of the project.

(ii) ***Generally, there are legal requirements for the CBA either on national, regional, or local level***. Out of 20 respondents 17 have mandatory legislation to conduct CBA in place, either nationwide for all capital investment projects above a certain financial threshold (8), for specific categories of projects (1), or on state, regional or local basis (8). For few countries (8) there are specific legal requirements in terms of what the CBA should contain.

(iii) ***The most systematic use of CBA is found for transport, but in several countries additional sectors are covered***. The CBA is initially developed for transport infrastructures but is extended to become a general and flexible framework that is applied to other sectors. More than half of the examined countries apply CBA to the sectors of water, energy, environment, health, education, information and communication technology (ICT) and scientific research. Less usage of CBA is documented in culture and technological development and innovation.

(iv) ***In several countries there is no central co-ordinating body for the CBA.*** Multiple government bodies, such as line ministries, agencies, and decentralised sub-national levels of governments apply their own CBA practices, leading to a lack of consistency and co-ordination. Only few countries consider CBA as a strategic planning tool for prioritising investment at the central level. Some attempts of governments to meet this need of co-ordination are reflected in guidelines and supporting documents which, according to the survey is mostly done sector by sector rather than by a central body. For several countries however (12), there are values of key parameters and unit values set by central government bodies or by sub-national levels to use for costs and benefits.

(v) ***Disclosure of the CBA to the public is limited***. Only a third of the examined countries (7) make the CAB of major capital investments publically available and used CBA analysis to inform public consultation and debate.

Source: OECD (2014), *The challenges and applications of cost-benefit analysis (CBA) for the preliminary feasibility study of capital investments,* Government at a Glance 2015 Database, http://qdd.oecd.org/subject.aspx?Subject=17375f7e-fc6c-4a5f-81bf-5b7e6a1da53c

6. Transfer the risks to those that manage them best. Risk should be defined, identified and measured and carried by the party for whom it costs the least to prevent the risk from realising or for whom realised risk costs the least.

48. It can be helpful in terms of VfM and affordability to assess the public-private participation mix. This, however, requires a sober assessment of projects' characteristics, including risks and uncertainties, and their pricing and allocation. A dedicated procedure, however, is not yet common practice among Respondents, where an explicit procedure is in place for 10 Respondents (out of 28), while 3 Respondents have no concrete procedure but guidance or soft laws (others), or only apply the procedure for PPPs (France) (Table C.11, Annex C).

7. The procuring authorities should be prepared for the operational phase of the Public-Private Partnerships. Securing value for money requires vigilance and effort of the same intensity as that necessary during the pre-operational phase. Particular care should be taken when switching to the operational phase of the Public-Private Partnerships, as the actors on the public side are liable to change.

49. Putting in place adequate monitoring systems and institutions will ensure a focus on the performance of the asset throughout its lifespan. As highlighted in the Recommendation, such monitoring during the operational phase should include regular observation and recording of the performance data of the asset on all aspects relevant to the delivery of the infrastructure service to the public and users. However, only in less than half of Respondents a mandated performance assessment to ensure value for money and to manage risks throughout the operational phase (as for example practiced in the UK, Box 5.10) is observed. As shown by practice across Respondents, the responsibility for this lies with the central agencies, such as the Central Budget Authority, Supreme Audit Institution and regulatory authorities. For most Respondents, the Supreme Audit Institution audits and assesses individual projects (on a case-by-case basis) as well as the infrastructure programme in general concerning its finance, performance, and compliance over the life-cycle, but to a lesser extent with respect to value for money.

Box 5.8. Good practice in the legal framework for contract management contract management principles in the UK

Good practice in the contract management framework was developed by the UK National Audit Office to focus on the activities that need to be undertaken during the operational phase of the contract. It is particularly relevant for contracts where services are delivered over a long period of time (five years or more) to ensure that service levels and value for money are maintained over the duration of the contract.

The framework covers 11 areas of contract management, including the planning, delivery, and development phases. Based on this framework, the Crown Commercial Service developed 11 contract management principles:

1. Ensure that contracts are known and understood by all those who will be involved in their management.
2. Be clear about accountability, roles and responsibilities.
3. Establish and use strong governance arrangements to manage risk and enable strategic oversight.
4. Adopt a differentiated approach based on risk
5. Manage contracts for business/public service outcomes.
6. Accept that change will happen and plan for it.
7. Measure and report on performance and use data efficiently to incentivise good performance
8. Drive continuous improvement, value for money and capture innovation.
9. Accept that successful delivery of major projects is best achieved through a single fully integrated team.
10. Ensure that links are made with organisation and/or government wide SRM programmes
11. Adopt and encourage mature commercial behaviours.

Source: NAO (2016) **Error! Hyperlink reference not valid.**https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395083/Contract_Management_Principles.pdf

50. As stated in the Recommendation (Section B.7), particular attention should be paid to contractual arrangements and their monitoring capacity at later stages of the project ensure that incentives do not deteriorate. More than half of Respondents feel that there are sufficient resources to ensure value for money from the contract (Table C.12, Annex C).. Furthermore, as highlighted

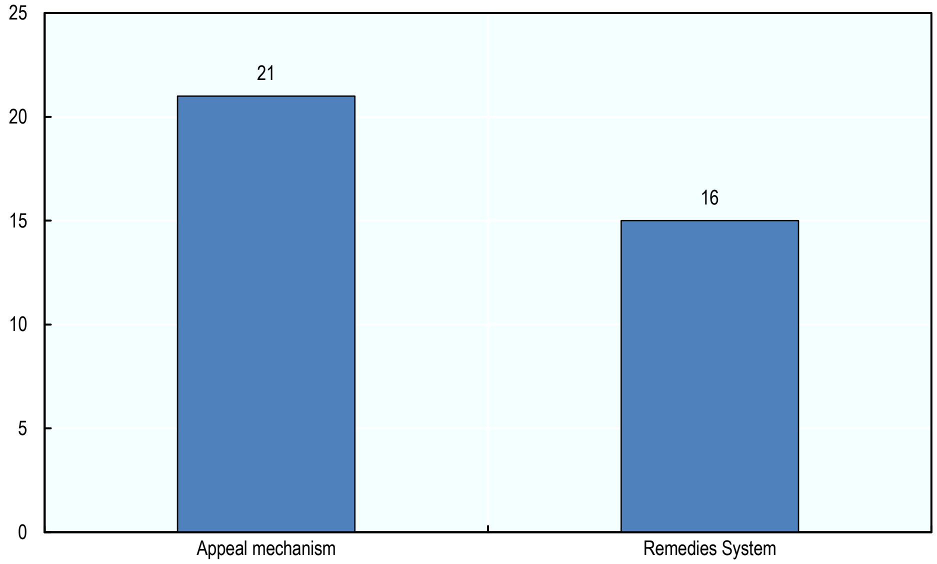
in the OECD Guidelines for Multinational Enterprises it should also be the responsibility of the procuring agency to ensure that the private partner acts according to the norms of responsible business conduct (see OECD, 2011[18]).

8. Value for money should be maintained when renegotiating. Only if conditions change due to discretionary public policy actions should the government consider compensating the private sector. Any re-negotiation should be made transparently and subject to the ordinary procedures of Public-Private Partnership approval. Clear, predictable and transparent rules for dispute resolution should be in place.

51. The long-term nature and high uncertainty of infrastructure projects makes renegotiations of contracts with the private sector very likely. Contractual arrangement should therefore clearly specify the mechanisms and conditions of re-negotiations in long term agreements. With both private and public parties involved in the project, only if conditions change due to discretionary public policy actions should the government consider compensating the private sector. OECD (2016) data shows that indeed a change in conditions to discretionary public policy actions is the most common reason for re-negotiating, followed by external shocks (8/22 Respondents). Other reasons include for example renegotiation under the operational efficiency savings programme (United Kingdom). Norway has a system for taking in amendments in the contracts if necessary. In all cases, the Recommendation (Section B.8) stresses that special care should be given to the conservation of value for money during re-negotiation.

52. For disagreement between the public and private parties, a majority of Respondents have clear, predictable and transparent rules for dispute resolution. A large majority of the countries (21/24) provide for appeal mechanisms in the tendering process, providing an opportunity to challenge initial decisions. Slightly fewer Respondents (16/24) have implemented a remedies system, i.e. procedures such as cancellation of the procurement process or compensation, by which an excluded bidder can contest the decision to award the contract to another supplier (Figure 5.4). Decisions can usually be challenged on the basis of alleged violation of the law or general procurement principles, such as fairness, transparency, equal treatment, among others. The existence of such measures is important to ensure integrity and fairness in tendering and re-negotiations.

Figure 5.4. Availability of mechanisms to dissolve disputes



Note: Total respondents: Appeal mechanism: 24; Remedies System: 20, a list of web links of the given measures in the Annex, Table B.1. Measures to ensure integrity and fairness in tendering
Source: OECD (2016), OECD Survey of Infrastructure Governance

9. Government should ensure there is sufficient competition in the market by a competitive tender process and by possibly structuring the Public-Private Partnerships programme so that there is an ongoing functional market. Where market operators are few, governments should ensure a level playing field in the tendering process so that non-incumbent operators can enter the market.

53. Strong competition is necessary for ensuring value for money from tendering. This however, can at times be difficult to achieve. Twenty-one (out of 26) Respondents have a strategy in place that aims at ensuring a competitive tendering process (Table C.13, Annex C). Practically all Respondents have specific conditions under which the statutory thresholds for tendering apply. Almost in equal parts the conditions follow EU regulations (10/26) or national regulations (11/26) (including national regulations based on EU-regulations) (OECD, 2016[12]). Some Respondents, such as Australia (Box 5.9), increase competition by attracting foreign bidders. In the absence of competition, the market should be contestable once the tendering is concluded and the PPP is in operation (see also the eighth Principle).

Box 5.9. International competition in infrastructure projects in Australia

Various provincial Australian governments travel to other countries in Europe and Asia and present their PPP programme, procedures, and pipeline in order to entice foreign companies to bid. Even if foreign companies do not bid, the mere possibility of entry - if it is realistic- should enhance competitive bidding

The emergence of new international competition in the Australian local construction industry is seen as an opportunity to build infrastructure cheaper and faster. In 2014, the arrival of six Spanish construction firms in Australia to compete for Greenfields Infrastructure Projects broke the duopoly that had dominated the Australian market and highlighted the benefits of freer global trade.

In an interview, former Minister of Trade, Andrew Robb, said the competition had been drawn to Australia by the prospect of infrastructure investment being reinvigorated by asset sales to fund new developments.

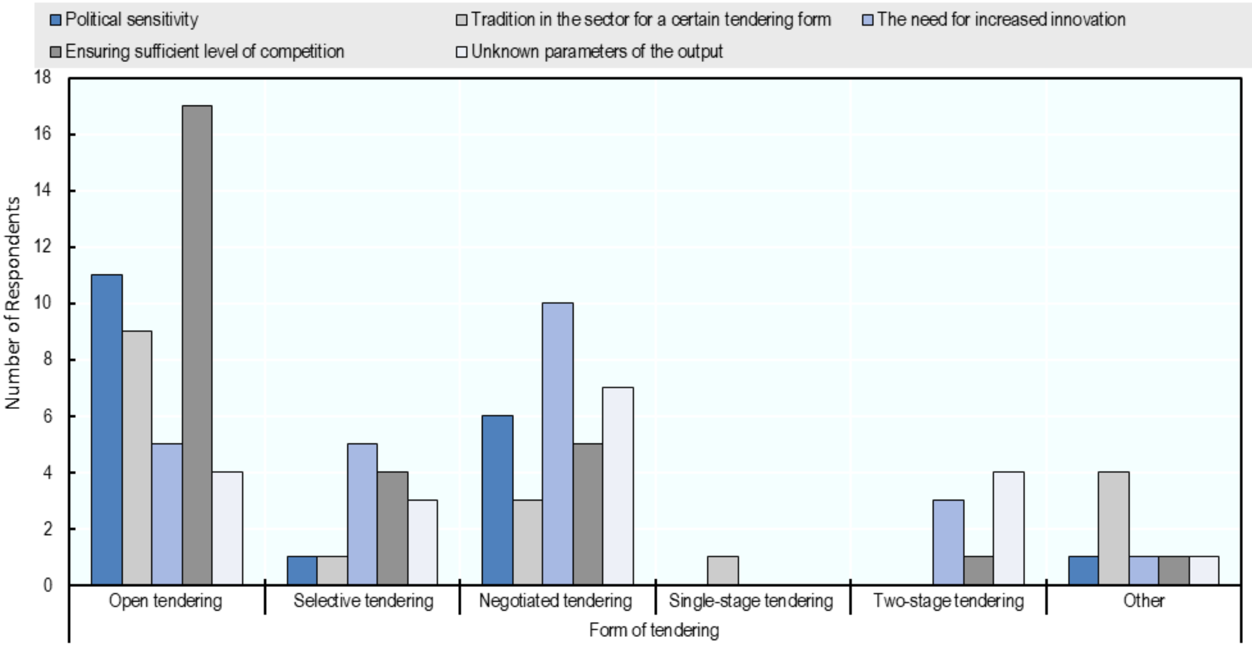
"It is a huge opportunity to do it and have some of the best construction companies in the world bringing state-of-the-art expertise and innovation to all of this rollout of infrastructure," Mr. Robb told The Australian. "What was seen as a duopoly in Australia with major projects has now become highly competitive in the space of five years," Mr. Robb said. He highlighted the east-west road development in Melbourne, where there were Spanish companies in each of three short-listed consortia bidding for the project.

Treasurer Joe Hockey has offered the states AUD 5 billion in top-up payments if they sell assets such as ports and electricity transmission and distribution networks and use the proceeds to build new roads, rail and hospitals. Mr. Robb said the apparent certainty of funding for the projects from asset sales, combined with low financing costs and a shortfall of work elsewhere in the world had drawn international players to Australia.

Source: White, A. (2014), "More competition in building 'good for infrastructure'", The Australian, in OECD (2015), Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City

54. Open tendering is the most common form of tendering, and depends in most cases on a sufficient level of competition and the need for increased innovation (Figure 5.5). Open tendering, i.e. the most open procurement process, in which any company which considers itself able to respond can participate, is used in most Adherents as a way to encourage a maximum of competition, as it demonstrates transparency and is considered to increases the effectiveness and efficiency of the procurement process. According to Respondents, the likeliness of using an open tender process depends on the desire to ensure a sufficient level of competition, but also on political sensitivity and the tradition in the sector for a certain tendering form. The need for innovation, which is not as important for the choice for open tendering, makes less open forms such as selective tendering and negotiated tendering relatively more likely (Figure 5.5). Unknown parameters of the output increase the likeliness of choosing a two-stage tendering form across Respondents, as only companies qualified in the 1st round can compete in the 2nd round.

Figure 5.5. Please specify which of the listed criteria make the below forms of tendering more likely



Note: Total respondents: 28
Source: OECD (2016), OECD Survey of Infrastructure Governance

C. Use the budgetary process transparently to minimise fiscal risks and ensure the integrity of the procurement process

10. In line with the government's fiscal policy, the Central Budget Authority should ensure that the project is affordable and the overall investment envelope is sustainable.

55. As highlighted in the Recommendation, affordability is an important factor when it comes to the decision whether and how an infrastructure project will be delivered. Discussions in meetings of the OECD Network of Senior Infrastructure and PPP Officials have shown that this consideration is equally important for PPPs as for conventional long-term government borrowing for investment. An infrastructure project can be said to be affordable if the expenditure and the contingent liabilities it entails for the government can be accommodated within current levels of government expenditure and revenue, including user charges, and if it can also be assumed that such levels can be sustained.

56. For almost all Respondents, some kind of assessment of affordability for the public budget is in place (Table C.14, Annex C): in 15 cases (out of 26) all projects have to be assessed, 8 Respondents (out of 26) only assess projects above a threshold, and 3 Respondents (out of 26) assess certain projects only. An assessment for users is less common (Table C.15, Annex C). Responsible institutions for the assessment are in many cases the Ministry of Finance or the corresponding line ministry.

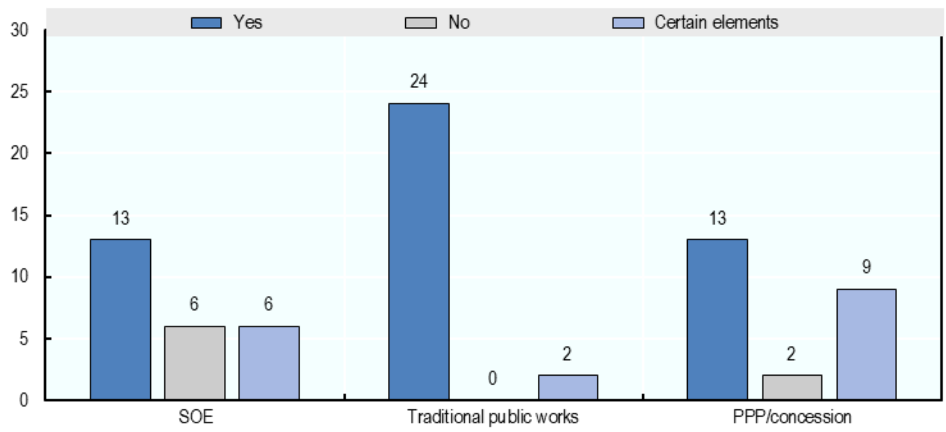
57. The CBA is the key institution to have a formal gate-keeping role in approving infrastructure projects. This means that for most Respondents (20 out of 25), if approval by the CBA is not obtained, the project cannot proceed. Survey results show that the criteria used by the CBA for the approval of infrastructure projects and assuring their affordability focus on the

project's affordability for both the national budget and users, value for money, and to a lesser extent on the presence of mandated documentation for all projects.

11. The project should be treated transparently in the budget process. The budget documentation should disclose all costs and contingent liabilities. Special care should be taken to ensure that budget transparency of Public-Private Partnerships covers the whole public sector.

58. The choice of particular procurement modalities may be motivated by the wish to finance the project in a non-transparent manner. Sometimes, especially the PPPs or SOEs are chosen to avoid fiscal rules on the government's debt and deficits, rather than because of their cost efficiency. Furthermore, accounting rules can create incentives. This is especially important in terms of whether certain assets, such as PPPs should be on or off the government's budget sheet. For example, while for public works the financing is included in the relevant budget (national, sub-national), for a significant share of SOEs and PPPs or concessions it is not or only for certain elements (Figure 5.6). Any particular budgetary advantage of non-user financed PPPs could be deleted by budgeting the full cost of the asset upfront, regardless of how it is implemented, as practice in about half of Respondents (Table C.16, Annex C).

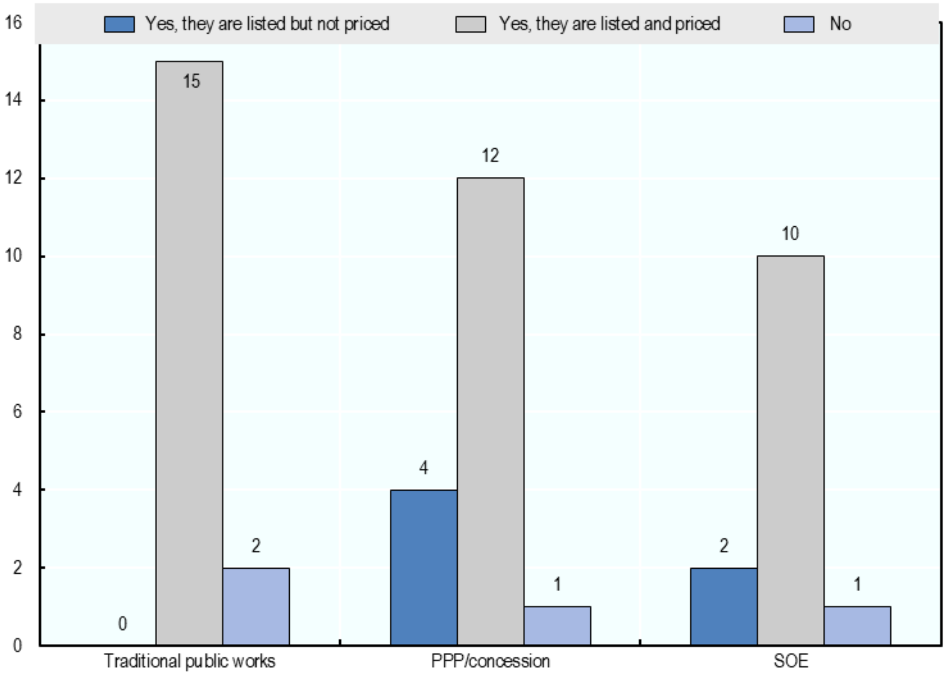
Figure 5.6. Is the financing of the procurement types included in the budget of the relevant (national, sub-national) government level?



Note: Total respondents: 26
Source: OECD (2016), OECD Survey of Infrastructure Governance

59. Furthermore, transparency about the cost of the asset can be assured by accounting for future costs and liabilities – a good practice that is further highlighted by the OECD Toolkit of Budget Transparency[6]. In coherence with thisMost Respondents contingent liabilities and running costs are listed and priced, although it is slightly less common for PPP or concessions and SOEs than for public works (Figure 5.7 and Figure 5.6). For PPP projects the number of Respondents accounting for contingent liabilities and running costs has increased to 16 Respondents[7] (out of 20) in comparison to the results in Hawkesworth and Burger (2011), that listed 13 Respondents[8] (out of 20) that had accounting mechanisms been put in place that formally account for the contingent liabilities and costs generated by PPP projects.

Figure 5.7. Does the budget documentation or other published material contain an assessment with respect to contingent liabilities derived from:



Note: Total respondents: 20, Countries with a formal requirement to account for contingent liabilities and running costs generated by an infrastructure projects a priori.
Source: OECD (2016), OECD Survey of Infrastructure Governance

60. The appearance of asset involved in a private finance type/PPP project in the government accounts also depends on the different accounting approached. Due to the widely applied European standards, the risk approach in accounting assets is more common among OECD Members. All EU member-state Respondents use the Eurostat criteria for their accounting, which present a risk approach to accounting (Table C.17, Annex C). A similar approach is used in Turkey, where the accounting is based on whether the party carries the majority of the risk. Fewer countries, apply the control approach, as required in international accounting standards (IFRS or IPSAS), basing the accounting on whether the party has the control over the asset. In some cases this can lead to not reporting the assets and liabilities on the balance sheet, as for example in Chile. The Norwegian government accounts are cash based and infrastructure assets are not activated in the accounts, whereas all investments, except from some investments made by SOEs, are included in the government budget and the investment expenditures are also included in the government accounts. The use of both approaches in one country (as shown in Table C.17, Annex C) can be attributed to different government levels.

61. Where central government has the relevant authority, it should consider allowing sub-national governments to prudently use PPPs. In fact, only few central units aim to strengthen the capacities of sub-national governments. Only in 12 (out of 27) Respondents' national PPP units or Infrastructure Units in the Central Government have the mandate to strengthen the capacities of sub-national governments for PPPs and general infrastructure projects, but 3 do so without the mandate (Table C.18, Annex C).

12. Government should guard against waste and corruption by ensuring the integrity of the procurement process. The necessary procurement skills and powers should be made available to the relevant authorities.

62. In particular large infrastructure projects are highly vulnerable to corruption and rent seeking. The complex nature, numerous stakeholders and multiple stages of development bear integrity risks at all stages of the infrastructure governance cycle. Results from the OECD Foreign Bribery Report (OECD, 2014[13]) show that in fact two-thirds of all foreign bribery cases occurred in infrastructure sectors: extractive (19 %), construction (15 %), transport and storage (15%) and information and communication (10 %). Therefore, special attention has to be paid to corruption in infrastructure and should best be specifically addressed (OECD, 2016[14]).

63. In response, several Respondents [9] have specific anti-corruption laws in place, or applied specific measures against corruption in infrastructure. Measures implemented include: making private firms subject to spot checks by external auditors; codes of conduct for private contractors; online warning systems to share discovered corruption schemes; or warning signs among relevant agencies on a real time basis.

64. Furthermore, opaqueness, corruption and favouritism are often associated with the tendering phase, despite the fact that these may be present in other phases of the infrastructure development cycle. Policy guidelines, laws and regulations are necessary to avoid conflict of interest at all phases of infrastructure projects, which may impede optimal outcomes. In 15 (out of 21) Respondents, conflicts of interest are subject to an explicit policy that takes the form of a law or regulation, whereas others give policy guidelines (OECD, 2016[12]).

6. Summary and Conclusion

65. The evaluation of the implementation of the Recommendation shows that the Recommendation has proven to be relevant and widely applied across Adherents. Recently established co-operation with other international organisations and initiatives has furthermore given a new momentum to the further dissemination of the Recommendation, responding to the G20 call for Multilateral Development Banks and International Organisations to increase collaboration to help bridge the global infrastructure gap and to facilitate sustainable and resilient infrastructure development across the globe. This co-operation includes the World Bank's PPP Knowledge Lab[10], the Sustainable Infrastructure Initiative's SOURCE platform[11], as well as input for the currently developed Guiding Principles on People-First Public-Private Partnerships for the United Nations Sustainable Development Goals[12].

66. The analysis of the current implementation across Adherents shows that in some dimensions the recommended practices are well applied. In particular, past and ongoing reforms in several Respondents have brought national PPP frameworks more in line with the Recommendation. In many important areas the Recommendation has become common practice, such as key institutions with clear mandates and responsibilities, evidence based decision making in the form of value for money analysis, as well as obligatory consultation processes. However, other Principles are not lived up to and still demand attention, reflecting the continuing relevance of improving public governance of PPPs across countries. Below are summarised the key areas in which further work is needed to improve implementation.

A. Establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities.

67. There are a number of **dedicated agencies** in many Respondents. In most cases the line ministries are in charge of project procurement throughout most stages of the procurement governance cycle. On the other hand, separate PPP units are not found across Respondents. In some cases, Respondents closed their dedicated PPP Units and transferred their responsibilities to relevant ministries. Where dedicated PPP Units do exist, they are mainly responsible for policy guidance and preparation. Nevertheless, several Respondents stated that co-ordination continues to be weak, in particular with respect to processes across levels of governments, and special dedicated bodies were missing for some responsibilities, as well as sufficient opportunities for oversight institutions along the project cycle.

68. Active **consultation and engagement with stakeholders** contribute to the popular understanding of Public-Private Partnerships. Mandatory consultation processes are widely used across Respondents. However, consultation mainly takes place during the infrastructure project preparation phase and to a lesser extent during the construction and operation phase. Also, procedures to specifically identify users' needs are mandatory in fewer than half of Respondents. Defining outputs based on users' needs would help to better align service specifications with users' expectations and increase the perceived legitimacy of the projects.

69. Many essential **regulatory processes** for good infrastructure governance are formalised in most Respondents and are perceived as effective. However, a lack of systematic data collection in most Respondents impedes the use of evidence-based tools for regulatory decisions.

B. Ground the selection of Public-Private Partnerships in Value for Money

70. A deficit can be identified with the establishment of long term strategies that align sectoral investment programmes and individual projects with the government's overall political priorities. Although the Recommendation highlights that all investment projects should be **prioritised at the senior political level** and aligned with other national policy tools, only 13 of 26 Respondents have a long term vision in the form of a long term plan across sectors. Most of the remaining Respondents only have sectoral plans, missing chances for synergies, complementarities and co-ordination. For the medium term, 16 Respondents have a clearly prioritised short list of projects, mostly based on cost-benefit analysis. Projects that are already on a short list on the other hand are often politically decided.

71. In line with the Recommendation, the **most relevant criteria for choosing PPPs as a procurement method** is the outcome of a quantitative comparison (relative value for money test) between conventional public works or other forms of private sector participation. Cost-benefit analysis is the most popular approach to determine absolute value for money. Other important criteria include the need for increased innovation, the wish to use private finance sources to augment the pubic budget, the private sector capacity of handling these kinds of projects, and the need for sharing risks with private actors. Better results could be achieved when it comes to the separation of the investment decision and the decision on how to procure and finance a project. Although prioritisation and long term planning should help to separate the decision of infrastructure investments from the procurement methods, less than half of Respondents do so.

72. Less than half of Respondents have an explicit procedure dedicated for **identifying and allocating risks** between public and private parties. To assess the optimal public-private participation however, requires a thorough assessment of a project's characteristics, including risks and uncertainties, and their pricing and allocation. A systematic assessment will help to define, identify and measure relevant risk. This will ensure that risk is not transferred for the sake of transferring risk alone, but that it is allocated with the party for whom it costs the least to prevent the risk from realising, or for whom it costs the least to deal with the consequence of realised risk.

73. **Governance throughout the life cycle** needs to be improved. Most institutions are responsible for the development of infrastructure policy and the improvement of infrastructure performance. Responsibilities for the assessment and monitoring of the projects are less defined. For example, performance assessment is only mandated by half of Respondents and audits by a Supreme Audit Institution regarding infrastructure assets are mainly conducted on a case by case basis. PPP Units, Central Budget Authorities, Supreme Audit Institutions and Regulatory Authorities should play their part and retain the appropriate level of ownership regarding the project to secure value for money throughout the life-cycle.

74. The most common reason for **re-negotiating** is a change in conditions to discretionary public policy actions or external shock. In such cases - and only in such cases - the government should consider compensating the private sector. In a majority of Respondents clear, predictable and transparent rules for dispute resolution are in place to resolve disagreements between public and private parties.

75. Most Respondents ensure **competition** in the market through strategies that aim at ensuring a competitive tendering process. Furthermore, the Recommendation states that governments should structure the Public-Private Partnerships programme so that there is an ongoing functional market. Where market operators are few, governments need to increase their efforts to ensure a level playing field in the tendering process so that non-incumbent operators can enter the market.

C. Use the budgetary process transparently to minimise fiscal risks and ensure the integrity of the procurement process.

76. **Affordability** is an important factor when it comes to the decision as to whether and how an infrastructure project will be delivered. An assessment of the affordability for the public budget is in place in the majority of Respondents. Fewer Respondents have an assessment of the affordability for the users in place. CBAs have a formal gate-keeping role in approving infrastructure project in almost all Respondents.

77. Respondents can still improve their efforts to treat PPP projects more **transparently in the budget**. For example, while for public works the financing is included in the relevant budget, for a significant share of SOEs and PPPs or concessions it is not or only for certain elements. Also, only about half of Respondents budget the full cost of the asset upfront, regardless of how it is implemented to delete any budgetary advantage of non-user financed PPPs. In coherence with the OECD Budget Transparency Toolkit (OECD, 2017[15])[13] , most Respondents ensure transparency regarding the cost of the asset by accounting and listing future costs and liabilities, although this is slightly less common for PPPs, concessions or SOEs than for public works.

78. A little more than half of Respondents apply specific measures against **corruption** in infrastructure. Enhancing integrity necessitates recognising the corruption entry point and integrity risks throughout the entire procurement cycle, and developing appropriate management responses to these risks, as well as monitoring the impact of mitigating actions.

6.1. Next Steps

79. This evaluation of the implementation of the Recommendation shows that the challenges and best practices identified in the Recommendation remain relevant and up to date. Therefore, the Secretariat does not consider the Recommendation in need of revision in the short term.

80. However, the present monitoring exercise, as well as past and current work by the Secretariat on Infrastructure Governance has shown that the governance of PPPs is only one element among a larger set of governance challenges for public infrastructure that need to be addressed in order to ensure that PPPs yield the best value for money. Often, PPPs are carried out for reasons not primarily grounded in value-for-money, or problems arise from issues other than the design of the PPP itself, for instance planning, prioritisation, consultation mechanisms and other aspects of infrastructure investments. In fact, several of the identified shortcomings can be closely linked to a poor or inadequate underlying policy framework

81. In response to this challenge the OECD Secretariat has broadened the scope of analysis, and co-operated with other areas of the OECD to develop an encompassing Framework for the Governance of Infrastructure[14]. The Framework addresses the practical governance tools to help policy makers improve the management of infrastructure policy from strategic planning to project-level delivery.

82. The further development of this work, including a focus on the governance of PPPs, will ensure that Adherents will be able to view and reform the governance of PPPs in a holistic manner. However, in the context of such work, the role of PPPs and their corresponding institutional and governance needs will require continuous review and the Recommendation may require revision in the future to ensure that it remains relevant and up-to-date.

83. With this in mind, it is proposed that Adherents focus on addressing the issues identified in the summary and conclusions and next steps sections of the executive summary and report and that the Public Governance Committee, in particular through the Working Party of Senior Budget Officials and its Network of Senior Infrastructure and PPP Officials, continue promoting and monitoring the implementation of the Recommendation and report to the Council thereon in five years. In that context, particular attention could be payed to the institutional set up for the

governance of PPPs (including the role of PPP units), as well as the evolving importance for the explicit incorporation of environmental, social and governance (ESG) criteria.

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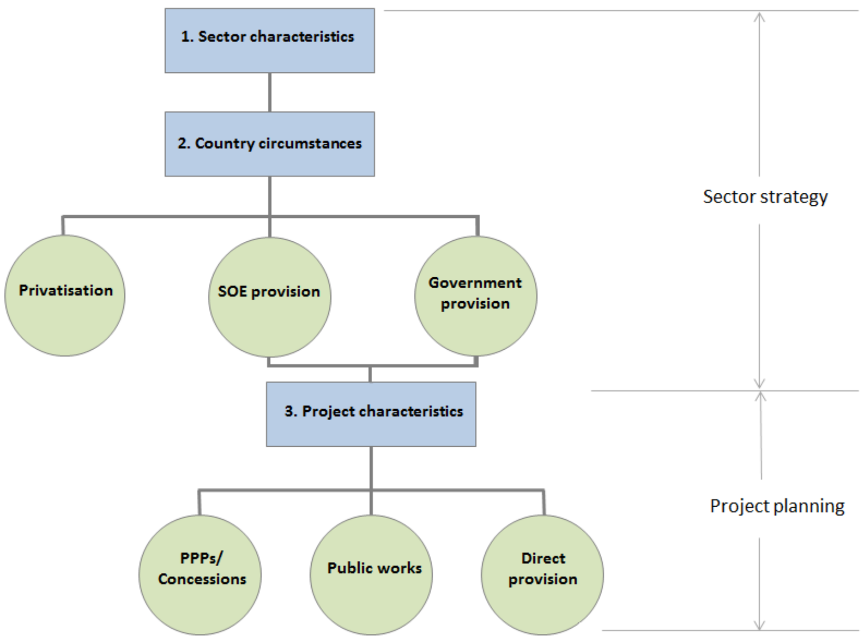
Annex A. Modality choice

Figure A.1. Modality Choice – The Decision Tree

Type



Source: OECD (2017)

Box A.1. Check list for investigating relevant delivery mode (TIP vs. PPP)

Project size and profile

- ✓ Large initial capital outlay and long payback period?
- ✓ Is the project large enough to justify the additional legal, technical and financial costs of a PPP?
- ✓ Can quality enhancements in the design and construction phase generate savings during the operating phase of the project?
- ✓ Do these savings justify the additional transaction costs involved in bundling construction, operation and maintenance in a single contract?

Revenues and usage

- ✓ Can user fees be charged, are they affordable for the majority of users, and are they politically acceptable?
- ✓ Are user fees sufficient to cover the majority of capital and operating costs?
- ✓ Can usage be monitored?

Quality

- ✓ Can the quantity and quality of project inputs be specified and measured efficiently?
- ✓ Will design innovation be required to achieve improvements in efficiency and value-for-money?

Uncertainty

- ✓ What is the level of uncertainty relating to future technological or societal conditions?

Risks

- ✓ How are risks allocated?
- ✓ Is demand relatively predictable over the lifetime of the project?
- ✓ Who is best placed to influence demand for the infrastructure-based service?
- ✓ Is the private sector willing to and capable of bearing some or all of the demand risk?
- ✓ Are there particular integrity risks in terms of corruption and undue influence that merit attention?

Annex B. Measures to ensure integrity and fairness in tendering

Table B.1. Measures to ensure integrity and fairness in tendering

Country	Appeal mechanisms	Web link of the given measure if available	Remedies system	Web link of the given measure if available
Australia	-	-	-	-
Austria	Yes	http://www.bwb.gv.at/Seiten/default.aspx	Yes	http://www.bwb.gv.at/Seiten/default.aspx
Belgium[1]	Yes	http://www.raadvst-consetat.be/?page=about_law&lang=fr[1]	Yes	http://www.raadvst-consetat.be/?page=about_law&lang=fr[2]
Chile	Yes	https://www.mercadopublico.cl/Portal/MP2/secciones/leyes-y-reglamento/leyes-y-reglamento.html[3]	Yes	https://www.mercadopublico.cl/Portal/MP2/secciones/leyes-y-reglamento/leyes-y-reglamento.html[4]
Czech Republic	Yes	http://www.uohs.cz/en/homepage.html	Yes	http://www.uohs.cz/en/homepage.html
Denmark	No	-	No	-
Estonia	Yes	https://riigihanked.riik.ee/lr1/web/guest/vaidlustusmenetlus1	-	-
Finland	Yes	-	-	-
France	-	-	-	-
Germany	Yes	-	Yes	-
Hungary?	-	-	-	-
Ireland	Yes	-	Yes	http://www.irishstatutebook.ie/eli/2-1-/si/13-/made/en/print amended by SI 192 and SI 193 of 2-15
Italy	Yes	-	No	-
Japan	-	-	-	-
Korea	Yes	-	Yes	-
Luxembourg	Yes	http://www.marches.public.lu/fr/index.php	Yes	http://www.marches.public.lu/fr/index.php
Mexico	Yes	-	No	-
New Zealand	Yes	-	Yes	-
Norway	Yes	https://lovdata.no/dokument/NL/lov/1999--7-16-69	Yes	http://www.kofa.no/no/English/
Slovenia	Yes	http://www.dkom.si/eng/	Yes	http://www.dkom.si/legal_basis/lppppa/
Spain	Yes	-	No	-
Sweden	Yes	http://www.domstol.se/Funktioner/English/The-Swedish-courts/County-administrative-courts/	Yes	- (5)
Switzerland	Yes	-	-	-
Turkey	Yes	www.ihale.gov.tr	Yes	www.ihale.gov.tr
United Kingdom	No	-	Yes	http://www.legislation.gov.uk/uksi/2-15/1-2/contents/made
Non-OECD				
Philippines	Yes	www.gppb.gov.ph	Yes	www.gppb.gov.ph
South Africa	Yes	http://www.arbitration.co.za	No	-

Note: (1) Council of State is competent; (2) Council of State is competent; (3) Tribunal de Compras y Contrataciones; (4) Bases Administrativas y Tribunal; (5) If the Administrative Court finds that a breach of the procurement laws occurred, and that the damage has arisen or may arise, it may decide that the contract will be re-made or that it may be terminated only after the correction has been made. If on the trial for the contracting authority or entity's decision to cancel procurement administrative court can annul the decision

Source: OECD (2016) OECD Survey of Infrastructure Governance;
PPP Units Around the World , WBG, PPPIRC (http://ppp.worldbank.org/ppp/overview/international-ppp-units)

Annex C. 2016 OECD Survey of Infrastructure Governance detailed responses

Table C.1. Do relevant authorities in your country know of the 2012 OECD Recommendation on Public Governance of PPPs?

Yes	No
Australia	Chile
Austria	Denmark
Belgium	Estonia
Czech Republic	France
Finland	
Germany	
Ireland	
Italy	
Luxembourg	
Mexico	
New Zealand	
Norway	
Korea	
Slovenia	
Spain	
Switzerland	
The Netherlands	
Turkey	
United Kingdom	
Non-OECD	
Philippines	
South Africa	

Source: OECD (2016) OECD Survey of Infrastructure Governance

Table C.2. In your opinion, does your PPP framework live up to the 12 Principles listed in the Recommendation?

Yes	To some extent	Not relevant
Czech Republic	Australia	Austria
Finland	Belgium	Estonia
France	Chile	
Germany	Denmark[1]	
Ireland	Italy	
Korea	Luxembourg	
New Zealand	Mexico	
Slovenia	Norway	
The Netherlands	Spain	
United Kingdom	Switzerland	
	Turkey	
Non-OECD	**Non-OECD**	
South Africa	Philippines	

Note: 1. Most of the 12 criteria listed in the Recommendation are met in what is seen as the Danish PPP framework.

Source: OECD (2016) OECD Survey of Infrastructure Governance

Table C.3. Since 2012, have reforms been introduced that brought the PPP framework of your country more in line with the 12 Principles of the Recommendation?

Yes	Reforms (if yes)
Australia	✓ Update of National Guidelines for Infrastructure Project Delivery (2014) ✓ Revisions to the National Framework for Traditional Contracting and the National Alliance Contracting Policy and Guidelines (September 2015) ✓ Revisions to the National Public Private Partnership Framework (February 2016) ✓ Together these suites of documents promote cross-government consistency (i.e. between local, state/territory and Australia governments) and the use of best practice approaches to infrastructure project delivery.
Belgium	-
Denmark	-
Finland	-
Hungary	-
Korea	-
Mexico	✓ Efforts to increase both competition and fairness in private sectors proposals to carry out PPP projects under the modality of unsolicited proposal. ✓ In accordance with Principle 11, both transparency and accountability of PPP projects have been significantly improved.
New Zealand	✓ The New Zealand PPP Programme, developed since 2012. ✓ The New Zealand PPP framework is well articulated and communicated to various stakeholders[1] .
Norway	✓ Framework for Public-Private Partnership (Report St. No. 2 (2014-2015): ✓ Project financing over the fiscal budget is largely independent of whether a particular project is organised as PPP or as conventional public procurement (Principle 4). ✓ PPP projects must be financed within current fiscal limits and be subject to real, comprehensive priorities on the state budget in line with projects implemented with conventional procurement contracts. ✓ Budget allocations and appropriations for PPP projects in the state budget are in line with the activity in the project, regardless of when payments to the PPP company are disbursed[1].
Spain	✓ Creation of the "National Evaluation Office" by Law 40/2015, of 1 October 2015.
Switzerland	
Turkey	✓ The Ministry of Development is working on a PPP framework law which will put together PPP provisions under one umbrella, standardise the project development processes, clarify the roles of stakeholders and enable a stronger PPP unit.
Non-OECD	
South Africa	✓ To improve transparency and objectivity, the technical advisory function and the regulatory function were separated in 2014. ✓ A full review of the PPP framework is being considered to improve deal flow and the participation of the private sector.
Philippines	✓ Creation of more staff in the PPPC2. ✓ Increasing the government contribution for the Project Development and Management Fund to allowing the hiring of consultants to assist agencies in project development. ✓ Conduct of seminars and workshops to implementing and oversight agencies to introduce best practises in PPP development and implementation. ✓ Drafting of a revisions in the BOT law to institutionalize reforms and good practises. ✓ Creation of a Liabilities Management Unit in DOF to manage contingent liabilities arising from PPP and SOEs

Source: OECD (2016) OECD Survey of Infrastructure Governance

Table C.4. Consultation processes for infrastructure projects

Mandatory consultation processes that regulate engagement between the public, other stakeholders and the authorities during the development of a particular infrastructure project?	Is there a mandatory procedure for identifying and incorporating user needs specifically?
Australia	Australia
Austria	Chile
Chile	Denmark
Czech Republic	Germany
Denmark	Hungary
Estonia	Italy
France	New Zealand
Germany	Norway
Hungary	Korea
Ireland	Slovenia
Italy	Sweden
New Zealand	United Kingdom
Norway	
Korea	
Slovenia	
Spain	
Sweden	
Switzerland	
The Netherlands	
United Kingdom	
Non-OECD	**Non-OECD**
Philippines	South Africa

Note: Total respondents: 28,

Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.5. National PPP units in the public procurement system

Country:	Name	Policy guidance	Technical support	Capacity building	PPP unit in 2009
Australia	Infrastructure Australia [1]	Yes	Yes		Yes
Austria	-				No
Belgium	-				Yes
Canada	-				Yes
Chile	Ministerio de Obras Públicas - Coordinación de Concessiones de Obras Públicas	Yes	Yes	Yes	No
Czech Republic	PPP Unit has been closed				Yes
Denmark	-				Yes
Estonia	-				-
Finland	-				No
France	Fin Infra	Yes	Yes	Yes	Yes
Germany	Federal Ministry of Finance[2]	Yes			Yes
Greece	-				Yes
Hungary	-				Yes
Iceland	-				No
Ireland		Yes			Yes
Israel	-				-
Italy	PPP Unit has been closed				Yes
Japan	PFI Promotion Office				Yes
Korea	KDI PIMAC	Yes	Yes	Yes	Yes
Latvia	-				-
Luxembourg	-				No
Mexico	-				No
New Zealand	Treasury PPP Team	Yes			No
Norway	-				No
Poland	-				Yes
Portugal	-				Yes
Slovak Republic	-				No
Slovenia	Department for Public Private Partnership, Ministry of Finance	Yes	Yes		-
Spain	National Evaluation Office	Yes	Yes		No
Sweden	-				No
Switzerland	-				No
The Netherlands	Ministry of Infrastructure and Environment	Yes	Yes		Yes
Turkey	-				-
United Kingdom	Infrastructure and Projects Authority	Yes	Yes	Yes	Yes
United States	-				No
Non-OECD					
Philippines	Philippines PPP Center	Yes	Yes	Yes	-
South Africa	PPP Unit, National Treasury		Yes	Yes	Yes

Note: 1. For the purposes of this survey, the Department considers Infrastructure Australia as the PPP Unit. 2. The Federal States (Länder) may have their own PPP units with different functions. Sector-specific advice, technical support and capacity building can be provided by specialized public consultancy institutions such as the Transport Infrastructure Financing Company (VIFG) and Partnerschaft Deutschland (PD).
Source: OECD (2016), OECD Survey of Infrastructure Governance, World Bank PPP Knowledge Lab

Table C.6. PPP Units: Responsibilities and functions

	Main responsible for these stages of the infrastructure governance cycle						Functions in public procurement									
							Pre-tender				Tender				Post award	
	Evaluation and prioritization	Preparation and structuring	Tendering and contracting	Construction	Operation & maintenance	Other	Project initiation	Assessing feasibility and	Budgeting	Project approval	Invitation to tender	Bid evaluation	Negotiation	Bid approval	Contract management	Payment oversight
Australia	Yes						Yes	Yes								
Chile	Yes	Yes	Yes				Yes[4]	Yes	Yes		Yes	Yes	Yes		Yes	Yes
France	Yes	Yes						Yes						Yes		
Germany[1]																
Ireland	Yes[2]						Yes									
Korea	Yes															
Japan																
New Zealand		Yes	Yes					Yes		Yes	Yes	Yes	Yes	Yes		
Slovenia[1]		Yes														
Spain	Yes[3]							Yes		Yes						
UK	Yes	Yes					Yes	Yes	Yes	Yes						
Non-OECD																
South Africa		Yes					Yes	Yes				Yes	Yes		Yes	Yes

Note: Only countries with PPP units listed. (1) Mostly advisory/ policy guidance; (2) Broad overview; (3) Assessment of financial sustainability of PPP contracts; (4) Promoting and managing PPP in Infrastructure
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.7. Planning and Prioritisation

Country	Overall long term strategic infrastructure plan	The plan integrates both central government and sub-national governments?	Long term sectoral infrastructure plan	Short list of priority projects?
Australia	Yes	Yes		Yes
Austria	Yes	No		Yes
Belgium?	No		Yes	No
Chile	No		Yes	Yes
Czech Republic	No		Yes	No
Denmark	No		No	Yes
Estonia	No		Yes	Yes
Finland	No		No	No
France	No		Yes	No
Germany	No		Yes	No
Hungary?	Yes	No	Yes	Yes
Ireland	Medium term (6-7 year)			Yes
Italy	Yes	Yes		Yes
Japan	Yes	Yes		No
Korea	Yes	Yes		Yes
Luxembourg	No		No	Yes
Mexico	Yes			No
New Zealand	Yes	Yes		Yes
Norway	No		Yes	No
Slovenia	No		Yes	Yes
Spain	Yes	No		No
Sweden	Yes	Yes		No
Switzerland	No		Yes	Yes
The Netherlands	Yes			Yes
Turkey	Yes	Yes		Yes
United Kingdom	Yes	Yes		Yes
Non-OECD				
Philippines	Regional plan		Yes	Yes
South Africa	Yes	No		Yes

Source: Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.8. Is the decision to invest in new infrastructure asset separate from how to procure and finance the project?

Yes	No
Australia	Austria
Denmark	Belgium
Germany	Chile
Ireland	Czech Republic
Italy	Estonia
Luxembourg	Finland
Norway	France
Turkey	Hungary
The Netherlands	Mexico
United Kingdom	Korea
	Slovenia
	Spain
	Sweden
	Switzerland
Non-OECD	Japan[na]
Philippines	South Africa[na]

Note: Total respondents: 24, In New Zealand business cases consider the strategic, economic, commercial, financial and management components, [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.9. Is there a formal process/legal requirement for ensuring absolute value for money from infrastructure projects?

Yes in all cases	In all cases above a certain value threshold	No	Only PPP Projects	On an ad hoc basis
Australia	Hungary	Austria	Mexico	Belgium
France1	Ireland	Chile		Czech Republic
Germany	Japan	Estonia		Denmark
Italy	New Zealand	Luxembourg		Finland
United Kingdom	Norway	Slovenia		Switzerland
The Netherlands	Korea	Spain		
	Turkey	Sweden		
	Non-OECD			
	South Africa			
	Philippines			

Note: Total respondents: 26, 1. excluding projects financed by local authorities
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.10. Is there a process to carry out a quantitative comparison between different delivery modes?

Yes in all cases	In all cases above a certain threshold	Only PPP Projects	On an ad hoc basis
Germany	Australia	Mexico	Czech Republic
Spain	France		Belgium
Italy	Ireland		Denmark
	Korea		Estonia
	Slovenia		Finland
	Turkey		Hungary
	Norway		Luxembourg
			New Zealand
			Sweden
Non-OECD	**Non-OECD**		Switzerland
Philippines	South Africa		United Kingdom

Note: Total respondents: 26, [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.11. Is there a dedicated procedure for identifying and allocating risks between public and private parties that take the cost of such allocation into account?

Yes	Yes, if PPP	No	Other
Australia	France	Austria	Italy[1]
Czech Republic		Belgium	Japan[2]
Germany		Chile	The Netherlands[3]
Ireland		Denmark	United Kingdom[4]
Korea		Estonia	
Mexico		Finland	
New Zealand		Hungary	
Norway		Luxembourg	
Switzerland		Slovenia	
		Spain	
Non-OECD	**Non-OECD**	Sweden	
Philippines	South Africa	Turkey	

Note: Total respondents: 28, (1) Soft law; (2) Risk Sharing Guidance; (3) Not relevant; (4) There is requirement to identify risks but not one specific process of doing so.
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.12. In general, is there a dedicated function/policy allocating sufficient resources and monitoring capacity ensuring value for money in contracting?

Yes	No	Other
Australia	Austria	Belgium[1]
Czech Republic	Estonia	Chile[2]
Denmark	Germany	
Finland	Italy	
France	New Zealand	
Ireland	Slovenia	
Korea	Switzerland	
Luxembourg	Hungary[na]	
Mexico	Japan[na]	
Norway		
Spain		
Sweden		
The Netherlands		
Turkey		
United Kingdom		
Non-OECD		
Philippines		
South Africa		

Note: Total respondents: 26, [na] not answered, 1. Administrative and budgetary control, 2. On a need-to-need-basis,
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.13. Is there a strategy or policy in place that works towards ensuring a competitive tendering process?

Yes	No
Australia	Estonia
Austria	Finland
Belgium	Turkey
Chile	Japan[na]
Czech Republic	Slovenia[na]
Denmark	
France	
Germany	
Hungary	
Ireland	
Italy	
Luxembourg	
Mexico	
New Zealand	
Norway	
Korea	
Spain	
Sweden	
Switzerland	
The Netherlands	
United Kingdom	
Non-OECD	
South Africa	
Philippines	

Note: Total respondents: 26, [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.14. Are projects subject to an assessment of their affordability for the public budget?

All projects	All projects above a threshold	Certain projects	None
Belgium	Austria	Chile	Australia
Czech Republic	Denmark	France	Japan[na]
Estonia	Korea	Mexico	Hungary[na]
Finland	Norway		
Germany	Slovenia		
Ireland	Sweden		
Italy	Turkey		
Luxembourg			
New Zealand			
South Africa			
Spain			
Switzerland			
The Netherlands			
United Kingdom			
Non-OECD	**Non-OECD**		
South Africa	Philippines		

Note: Total respondents: 26, [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.15. Are projects subject to an assessment of their affordability for the users?

All projects	All projects above a threshold	Certain projects	None	Not relevant
Belgium	Denmark	Chile	Finland	Australia
Ireland	Korea	Czech Republic	France	Austria
Italy	Norway	Estonia	Sweden	Germany
Luxembourg		Mexico	Turkey	The Netherlands
Spain		New Zealand	Japan[na]	
United Kingdom		Slovenia	Hungary[na]	
Non-OECD	**Non-OECD**	Switzerland		
South Africa	Philippines			

Note: Total respondents: 26; [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.16. In your country, is the full cost of the asset budgeted upfront regardless of how it is implemented (traditional public works, SOE or PPP)?

Yes	No
Australia	Austria
Chile	Belgium
Czech Republic	Denmark
Finland	Estonia
France	Ireland
Germany	Italy
Luxembourg	Korea
Mexico	Slovenia
New Zealand	Switzerland
Norway	Turkey
Spain	Hungary[na]
Sweden	Japan[na]
The Netherlands	
United Kingdom	
Non-OECD	**Non-OECD**
South Africa	Philippines

Note: Total respondents: 26, [na] not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Note: Total respondents: 26

Table C.17. Approaches used to decide whether or not an asset involved in a private finance type/PPP project is included in the government accounts?

Control approach (incl. International accounting standards (IFRS or IPSAS))	Risk approach (incl. Eurostat criteria)
Austria*	Austria×
Chile*	Belgium×
Korea*	Czech Republic×
Slovenia*	Denmark×
Turkey*	Estonia×
Switzerland*	Finland×
Ireland	France×
Mexico	Germany×
	Ireland×
	Italy×
	Luxembourg×
	Slovenia×
	Spain×
	Sweden×
	United Kingdom×
	Turkey
Non-OECD	**Non-OECD**
South Africa	Philippines

Note: Total respondents: 26, none: Australia, The Netherlands; Others: Norway (Cash based government accounts, with infrastructure assets not being activated in the accounts. All investments, except from some investments made by SOEs, are included in the government budget and the investment expenditures are also included in the government accounts); *International accounting standards (IFRS or IPSAS), ×Eurostat criteria
Source: OECD (2016), OECD Survey of Infrastructure Governance

Table C.18. Do national PPP units or Infrastructure Units in the Central Government strengthen the capacities of sub-national governments (municipalities, regions, states) to design and run PPP or infrastructure projects in general?

Yes	No
Australia	Austria
Czech Republic*	Belgium
France	Chile
Germany	Denmark
Ireland*	Estonia
Italy	Finland
Korea	Hungary
Spain	Japan
Turkey*	Luxembourg
United Kingdom	New Zealand
	Norway
	Slovenia
	Sweden
Non-OECD	Switzerland
South Africa	The Netherlands
Philippines	Mexico[na]

Note: Total respondents: 27; * with mandate, na not answered
Source: OECD (2016), OECD Survey of Infrastructure Governance

Notes

[1] More information is available at: https://www2.unece.org/wiki/display/pppp/PPP+Standards+Development+Process and www.unece.org/ppp

[2] Of a total of 29 countries responded: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, France, Finland, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Slovak Republic, Switzerland, , the United Kingdom, and the United States. No data for Turkey. Data from 2009.

[3] . Mexico, Turkey, Sweden, Austria, Norway, Denmark, Czech Republic, Estonia, Italy, Luxembourg, Finland, Switzerland, Belgium answered "No".

[4] . Hawkesworth and Burger (2011)

[5] Australia, Austria, Denmark, France, Germany, Greece*, Ireland, Korea, Netherlands*, South Africa, United Kingdom. Canada, Italy, Mexico follow this practice in most of the cases (> 50% of the time but less than 100%). Countries marked with an asterisk did not participate in the presented 2016 study.

[6] http://www.oecd.org/gov/budgeting/budget-transparency-toolkit.htm

[7] Australia, Czech Republic, Finland, France, Germany, Ireland, Korea, Luxembourg, Norway, Philippines, Slovenia, South Africa, Spain, The Netherlands, Turkey, United Kingdom,

[8] Australia, Austria, Chile, Czech Republic, France, Germany, Greece, Hungary, Mexico, Netherlands, South Africa, Spain, United Kingdom.

[9] Belgium, Czech Republic, Denmark, France, Germany, Ireland, Luxembourg, Mexico, Norway, Korea, Slovenia, Spain, Turkey; Philippines, South Africa (Non-OECD) (out of 24 Respondents)

[10] https://pppknowledgelab.org/

[11] https://public.sif-source.org/

[12] https://www2.unece.org/wiki/display/pppp/PPP+Standards+Development+Process and www.unece.org/ppp

[13] Based on the Best Practices for Budget Transparency (OECD, 2002[25])

[14] OECD (2017), Getting Infrastructure Right: a Framework for Better Governance