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EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT
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Council of Ministers

**CONCLUSIONS AND RECOMMENDATIONS ON PUBLIC-PRIVATE
PARTNERSHIPS (PPPs) IN TRANSPORT INFRASTRUCTURE
FINANCING**

These Conclusions and Recommendations were agreed by the ECMT Council of Ministers on 19 and 20 May 1999 in Warsaw.

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**CONCLUSIONS AND RECOMMENDATIONS
ON PUBLIC-PRIVATE PARTNERSHIPS (PPPs) IN TRANSPORT
INFRASTRUCTURE FINANCING**

The ECMT Council of Ministers of Transport of ECMT, meeting in Warsaw on 19 and 20 May 1999:

NOTE:

- The contents of the report CEMT/CM(99)21/FINAL on Public-Private Partnerships in the Transport Sector;
- The growing number of examples of PPPs in different countries and for different modes of transport.

SUPPORT the following conclusions from the above report:

1. PPPs can take many forms from simple commercialisation to full privatisation but, in general, are long term agreements between the public and private sectors to provide and operate transport infrastructure and/or services. PPPs involve a sharing of responsibility and risk by the public and private partners;
2. PPPs have the potential to provide, through financial engineering and often but not necessarily by tolling, a valuable addition to traditional means of financing transport infrastructure and services;
3. PPPs can help provide public infrastructure and services in a more economically efficient way than public administration entities;
4. At present, however, PPPs meet only an extremely small share of transport investment needs, in ECMT countries;
5. Introducing PPPs requires a favourable macroeconomic climate and a regulatory framework that supports and encourages private sector involvement;
6. Introducing PPPs also require a political debate so that the political actors and the public accept the approach, especially when charging is involved;
7. There is a growing experience with PPPs in different countries with different legal structures and traditions and in a variety of transport modes;
8. PPPs have to be structured with great care at the start to make the project requirements, roles and responsibilities clear and to regulate conflicts of interest;
9. Contracts should cover all the major aspects of the PPP project but should allow some flexibility for innovation and economy, specifying performance requirements and not necessarily technical details.

AGREE that the following recommendations provide a framework in which to develop PPPs:

- 1. Obtain political and popular support for using PPPs by:**
 - preparing transport development strategies;
 - initiating a debate on public infrastructure and service provision and financing;
- 2. Involve the appropriate private sector actors early in the process and discuss the following options with them, especially in sharing of risks and responsibilities:**
 - project design;
 - ways of achieving low cost solutions;
- 3. Ensure that the needed regulations and procedures are in place so that PPPs can work, including:**
 - competitive procurement procedures, especially transparency and flexibility;
 - provision of a stable and clear-cut legal and fiscal framework;
 - regulation of potential conflicts of interest;
 - possibilities for private sector involvement in tolling (if required);
 - support of and appropriate training for government officials;
- 4. Build on the experience gained in previous PPP projects in different countries and by IFIs;**
- 5. Set up projects with clear ownership and management structures and division of responsibilities:**
 - by negotiating with the private sector partners;
 - by contracts which are clear and agreed;
 - by an efficient and transparent allocation of risks and rewards;
- 6. Undertake some trial/pilot projects and learn by doing;**
- 7. Continue to exchange experiences on the results of PPPs, both the successes and the failures.**

AGREE to take account of these conclusions and recommendations in drawing up proposals for PPPs.

ASK the Committee of Deputies to facilitate a continuing exchange of experience on the subject and to report back in due course.