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PUBLIC PRIVATE PARTNERSHIP: RESPONSES TO COVID-19

Public-private partnerships (PPPs) between a government agency and private-sector company can be used to finance, build and operate projects, such as public transportation networks, parks and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place.

Public-private partnerships have contract periods of 25 to 30 years or longer. Financing comes partly from the private sector but requires payments from the public sector and/or users over the project's lifetime. The private partner participates in designing, completing, implementing and funding the project, while the public partner focuses on defining and monitoring compliance with the objectives. Risks are distributed between the public and private partners according to the ability of each to assess, control and cope with them.

The current COVID-19 crisis has strained infrastructure projects globally, and in particular public-private partnerships, at all stages and in all sectors—with implications for governments, providers of infrastructure assets and services, their financiers, and end-users.

While all players share a common goal: to prevent the failure of PPP programs and projects, actions taken so far have often been ad hoc and focused on remedying the pandemic's effects in the short term. In many cases these included, for example, making use of customary relief mechanisms under PPP contracts as well as arrangements between governments, sponsors, and lenders to come to practicable temporary solutions and avoid disputes.

The National Academies of Sciences, Engineering, and Medicine's Forum on Public-Private Partnerships for Global Health and Safety convened a virtual workshop on

June 25–26, 2020,^{1,2} to review best practices from past PPP epidemic and pandemic responses to determine if those frameworks have applications to the coronavirus disease 2019 (COVID-19) pandemic, as well as to explore PPP innovations that are addressing COVID-19 in other countries, to examine PPP pandemic responses that expand the distribution of global public goods, and to discuss PPP pandemic responses that enable the development of a global health security agenda.

Importantly, the impacts of the COVID-19 crisis have highlighted certain critical aspects under PPP policy and legal frameworks that underpin the preparation and implementation of good-quality and sustainable PPP projects.

To further advance global discussions in this context and assist governments in revisiting PPP frameworks, we'll also develop a practitioner's tool that identifies key provisions of PPP legislation and highlights those elements critical for building resilience in PPP structures.

To contribute to making PPP legal frameworks fit for a post-COVID-19 world, we therefore hope for broad participation from both public and private sectors, civil society, and the international development community in the consultations on the envisaged guide once an advanced draft will be available during the first quarter of 2021.

References

1. <https://www.nap.edu/read/25999/chapter/1>
2. <https://blogs.worldbank.org/ppps/making-ppp-legal-frameworks-fit-post-covid-19>