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Brookings: A Guide to Public Private Partnerships - Recommendations for Public Leaders Considering PPPs.

A new report from the Brooking Institution's Metropolitan Policy Program presents nine recommendations for public leaders considering infrastructure public private partnerships (PPPs). The report, "Private Capital, Public Good: Drivers of Successful Infrastructure Public Private Partnerships", by Senior Policy and Research Assistant Patrick Sabol and Senior Fellow and Director of Metropolitan Infrastructure Initiative Robert Puentes, is intended to serve as a guide to executing PPPs in the public interest.

"PPPs are neither a solution to all America's infrastructure challenges nor are they a corporate takeover of public assets," says Sabol. "Instead, a well-executed PPP is simply a tool for procuring or managing infrastructure."

This paper addresses gaps in public knowledge of the PP funding model by explaining

- Basic PPP structure
- How to properly weight risks and rewards
- The purpose and rational behind these arrangements

Through extensive background research and direct interviews with leaders in the public and private sector, the paper presents nine recommendations for public leaders considering PPPs:

1. Create a strong legal framework at the state level. PPPs require a sound legal basis to ensure that the public sector has the authority to pursue a deal and allows the private sector to mitigate unnecessary political risk.

2. Prioritize projects based on quantifiable. Not every infrastructure project is suitable for a PPP, so it is essential for policymakers to base their procurement decisions on robust economic and financial analysis.

3. Pick politically smart projects. A successful PPP requires a pragmatic understanding of what is feasible in a constantly evolving political environment.

4. Understand what the private sector needs. Strong partnerships are based on finding the right alignment of interests, which is why it is essential to understand what makes a project appealing to private investors.

5. Find the right revenue stream. PPPs are not free money; they require localities to find durable and resilient revenue sources that will pay for the investment over the long-term.

6. Create a clear and transparent process. Routinization and standardization will create a market for
PPPs that provides the public sector with a clear roadmap for success.

7. Build an empowered team. Assembling a professional and empowered public sector team is essential to executing a successful deal.

8. Actively engage with stakeholders. PPPs are inherently complex deals that require significant public engagement to ensure that the deal is in the interest of the community and executed at the highest standards possible.

9. Monitor and learn from the partnership. PPPs involve decades od dedicated attention that requires thoughtful monitoring, flexibility in the face of a changing world, and a willingness to learn from mistakes.

The full paper is available here.

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