(hungerexplained.org)

Public-Private Partnership (PPP)

According to the World Bank who has been one of the main promoters of PPPs, a "long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance" (World Bank).

Pros and Cons of PPPs

Pros:

- The project is *likely* to be better as each partner does what it does best.
- Infrastructure project *may be* completed faster by including penalty for delay or bonus for early completion.
- A PPP return-on-investment *may* be greater as cooperation between public and private *may* lead to use of innovative design and financing approaches.
- Project feasibility analysis *may* include more realistic risks assessment and *could* lead to elimination of unrealistic projects.
- Project execution is transferred from government to the private partner who *may* have more experience in cost-containment.
- By increasing the efficiency of the government's investment, it *may* allow government funds to be re-directed to other important areas or contribute to reduce public deficit.
- PPP being a loan in disguise, it can be used to declare an underestimated public debt.

Cons

- The private partner expects to make profits from the project, which is *likely* to increase costs to society.
- In domains where is only a limited number of private entities that can carry out the project, they *may* use this opportunity to increase costs to their benefit.
- If the expertise in the partnership lies heavily on the private side, the government will be at an inherent disadvantage and *may* be unable to accurately assess the proposed costs.
- Because the private partner may want to make immediate profit, there is an increased risk that work *may* be rushed and of poor quality.

(based on Public Private Partnership Pros and Cons, the Balance)