



MODULE 13	Law and Economics of Private and Public Partnerships
LECTURERS	Prof. Stephane Saussier – Prof. Sladjana Sredojevic
OBJECTIVES	<p>The course consists of 3 parts:</p> <p>The first one aims to provide a legal background of the phenomena in an international perspective, taking into account PPP models in financing infrastructure. It also deals with main issues arising in managing different models, in the selection of the private partner and in the enforcement of PPP contracts.</p> <p>The second one applies the economic theory of contracts to discuss how to align the interests of the different parties, structure payments, and allocate risks efficiently. It discusses the potential limits of PPPs and the ways to address them.</p> <p>The third one focuses on phases of a PPP project cycle, including importance of communication policy, influence of existing legal systems, factors of PPP enabling environment, perspective of lenders.</p>
DESCRIPTION	<ul style="list-style-type: none"> • PPP: key elements, aims and characteristics • The role of PPP in financing infrastructures • PPPs models: an international perspective, actual trends • Public contracts-concessions-project financing • An overview: main steps for PPP. • Main issues. A problem of information: The selection of the private partner and the enforcement of the contract. <ul style="list-style-type: none"> • Incentive issues in PPP and the role of contract design • The pay-for-performance principle and the design of the payment scheme • Transaction costs and incomplete contracting • Renegotiation, contract flexibility and regulatory risk • Intrinsic differences between public and private contracting <ul style="list-style-type: none"> • Phases of a PPP investment • Lenders perspective • Workshop: Initiating PPP in the public sector <p>Each group will present the results of the analysis assigned followed by a discussion in class on each case study</p> <ul style="list-style-type: none"> • Workshop: Case studies. <p>Assignment to [x groups] of PPP case study analysis. Each group will perform the required role (public, private or lenders) in discussion on the case study</p>
CLASS MATERIAL	<p>Suggested Reading:</p> <ul style="list-style-type: none"> - Estache A. and Saussier S. (2014) "Public-Private Partnerships and Efficiency: A Short Assessment", CESifo DICE Report, 2014, Volume 12, Number 3, p.8-13. – http://www.cesifo-group.de/DocDL/dicereport314-forum2.pdf - Saussier S. 2018 The economics of PPPs Chapters 1 & 2 - https://www.webssa.net/files/theeconomicsofpublic-privatepartners-springer_bo_-_ch1-2.pdf - World Bank Group. Procuring Infrastructure PPPs 2018. April 2018 https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/Procuring%20Infrastructure%20Publicprivate%20Partnerships%20_2018_EN2_0.pdf