Keys to public-private collaboration in Latin America

Public-private partnerships can be useful tools to maintain the pace of investment in infrastructure and development projects. A clear advantage of these collaborations is that they incorporate the private sector's technical and managerial knowledge into projects of public interest.



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Public-private partnership (PPPs) are complex, long-duration contractual structures with higher transaction and financing costs than conventional procedures. Governments that decide to use PPPs must be trained properly in the structuring, use and execution of this type of tool. The need for training can be even more pressing in regional or local governments, where the resources allocated to local public projects may end up being insufficient for managing this type of contract properly over time.

With the aim of improving the technical capacities of regional and local governments, the CAF — the Development Bank of Latin America — drafted this technical guide. The main objective is to explain some basic concepts for a better understanding of what a PPP is and what it is not. The guide also sets out how to evaluate the PPP model for use, with respect to other possible formulas, and how to tackle the process of structuring a typical contract.

This analysis was carried out with urban projects in mind, generally with a high social component, where the economic return is not always viable without public funds.

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