



# Making PPPs work

**Applying OECD expertise  
to emerging economies**

**Alexander Böhmer**  
Executive Programme Manger  
MENA-OECD Investment Programme

- **OECD expertise** relevant for PPPs in the following fields:
    - Private Sector Participation in Infrastructure
    - International Investment Agreements (IIAs)
    - Export Credit/ Risk Rating
  - OECD expertise has been agreed upon by member countries, based on their experience and best practice
- } Part 1
- OECD regional **private sector development initiatives** use OECD expertise to provide policy advice:
    - Middle East and North Africa (MENA)
    - South East Europe (SEE)
    - Central Asia (CABS)
    - ...
- } Part 2

## for Private Sector Participation in Infrastructure

### Rationale:

- A number of PPI projects in the past have failed
  - Often the main cause was not project specific, but short-comings in investment environments, capacities and attitudes
  - The time is ripe for a fresh push to mobilise private investment
- The **2007 OECD Principles for Private Sector Participation in Infrastructure** advice on how to avoid the mistakes of the past
  - Synthesising a large body of analysis and case examples
  - Offering recommendations of best practices, agreed among a variety of experts and policy communities

## for Private Sector Participation in Infrastructure

### **Overview:**

Annotated recommendations to host country authorities focussing on five topic areas:

- Deciding on public or private provision of infrastructure services
- Enhancing the enabling institutional environment
- Goals, strategies and capacities at all levels
- Making the public-private co-operation work
- Encouraging responsible business conduct

## of International Investment Agreements (IIAs)

- International investment agreements (IIAs)
  - Key instrument of co-operation for the promotion, protection and liberalisation of foreign investment
  - **Key contribution to facilitate foreign investment in infrastructure projects**
- OECD Investment Committee work
  - Target: enhance common understanding and improve outcomes
  - Method: analysis of core provisions and critical legal issues
  - Examples:
    - 2008 – definition of investor and investment in IIAs (forthcoming)
    - 2007 – interaction between investment and service chapters
    - 2006 – improving system of investor-state dispute settlement

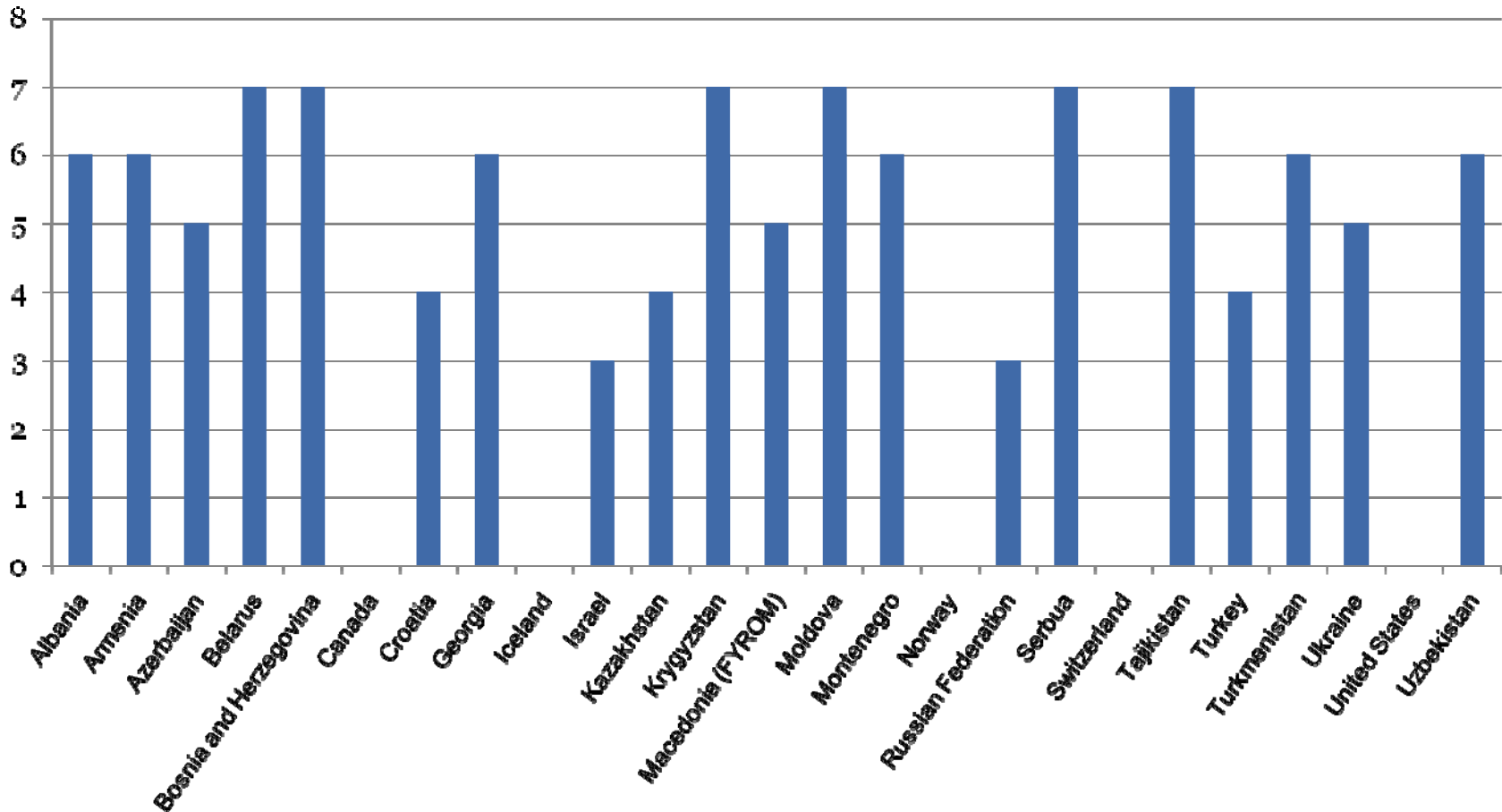
## on Export Credit and Country Risk

- Arrangement on Officially Supported Export Credits
- Principles and Guidelines to promote Sustainable Lending practices in the provision of Official Export Credits to low income countries
- **Country Risk Classification**
  - measures **country credit risk**, i.e. likelihood that a country will service its external debt
  - basis for calculating premium rates to cover risk of non-repayment of export credits on top of interest rates
  - bilateral investment treaties (BIT) often condition for export credit

## on Export Credit and Country Risk

The Country Risk Classification Method classifies countries into eight country risk categories (0-7), with 0 being the lowest and 7 being the highest risk category.

Country risk classification for selected UNECE countries:



## based on OECD instruments and best practice

- MENA-OECD Investment Programme  
previous activities:
    - Regional capacity-building workshop
    - Country-specific capacity-building workshop in Jordancurrent project:
    - Development of **comprehensive capacity-building programme**
  - South East Europe  
within existing Investment Compact for South East Europe
  - Central Asia
  - South Caucasus
- } currently being developed



## with the UNECE Team of Specialists on PPP

1. Improving the risk environment working with ECAs, BITs, lending agencies
2. Enhancing broader investment environment reforms using OECD expertise (BCDS, PFI)
3. Develop capacity-building programmes/ training for government officials

## **Alexander Böhmer**

Executive Programme Manager

MENA-OECD Investment Programme

OECD Private Sector Development Division

2 rue André-Pascal, 75016 Paris, France

Tel: +33-1 45 24 1912

Fax: +33-1 44 30 6135

Email: [alexander.boehmer@oecd.org](mailto:alexander.boehmer@oecd.org)

For information about the MENA-OECD Programme and its Activities, please refer to: [www.oecd.org/mena/investment](http://www.oecd.org/mena/investment)