

Public-Private Partnerships in Disaster Reduction

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ADB's participation in Public-Private Partnerships (PPP)

- PPP is a focus in many member countries
- Rationale for spread of PPP based on budgetary, efficiency, and political considerations
- Many member countries are looking to ADB for PPP expertise
- ADB itself is a PPP
 - Has a Private Sector Operations Department
 - Has an NGO and Civil Society Center



What is PPP?

- Collaboration between the public and private sector
- Relationship defined by a contract
- Involves varying degrees of risk-sharing
- “Private” partner can take a variety of forms
 - Private company
 - Consortium
 - NGO/CSO
 - Public-private partnership



Where does PPP fit in?

- What are you procuring?
 - Goods
 - Works
 - Services } and/or
- Combination of these—depends on the form of PPP
- Emphasis is on outputs, not inputs



PPP faces challenges in developing countries (1)

- **Legal** (weak definitions, inadequate regulatory compliance, lack of precedence, limited familiarity with regulating PPPs)
- **Institutional** (lack of harmonization/dealing with multiple stakeholders, manner of applying tax regulations)
- **Capacity** (inadequate supply of skilled persons, limited technological development, no apparent comparative advantage, poor infrastructure)



PPP faces challenges in developing countries (2)

- **Transparency** (absence of reliable judiciary, corruption)
- **Depth** (limited capital market and private sector spread, NGO/CSO restrictions)
- **Perceptions** (“public goods in hands of profiteers”; “why is government handing over DRM to others?”)



Overcoming the challenges

- Institutionalizing PPP:

“PPP arrangements work best where there is an explicit commitment by national governments to involve the private sector [and civil society], a clear long-term political will, a high-quality partnership, transparency, clearly specified financial guarantees and an established, stable legal environment”

Deputy Director General, Euro Commission

The logo for the Asian Development Bank (ADB), consisting of the letters 'ADB' in white on a dark blue square background.

ADB's possible participation roles in PPPs (1)

- Possible direct support for the public element of a project (e.g. funding government equity participation via loan; subsovereign financing)
- Possible direct support for the private sector element of a project (e.g., equity investments, partial credit guarantee, political risk guarantee)
- General capacity building

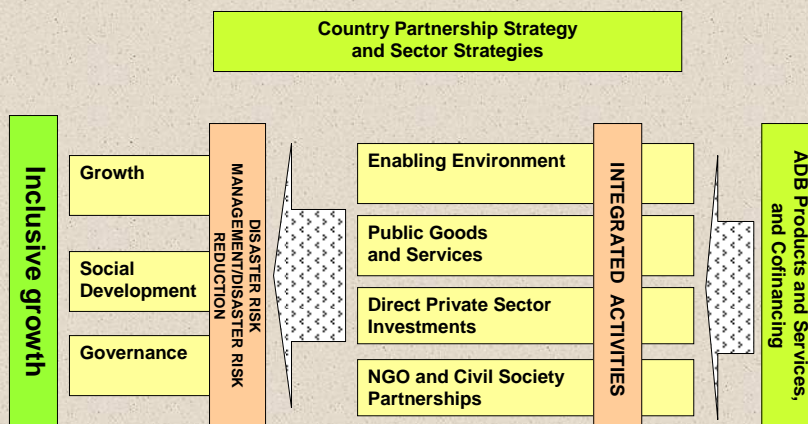
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Development impact

- ADB PPP participation needs to be justified/validated on a number of grounds, including
 - Project must have measurable developmental impacts for inclusive growth
 - Project must fit in the Country Partnership Strategy (CPS) and sector strategy
 - ADB must show value-addition through its participation (e.g. “crowding-in” of private sector)



Key attributes for effective PPP in the Disaster Risk Management context



From sharing risks to sharing responsibilities

- A lack of hazard mitigation resources creates vulnerabilities which undermines development
- These risks do not distinguish between businesses, governments and communities—all are vulnerable
- A mutual reliance and mutual benefit in having government, businesses, civil society, vulnerable communities, and development partners working jointly to reduce disaster risk
- Need to identify and develop common incentives that deal with a common problem



ADB, Disaster Risk Reduction (DRR), and PPP

- ADB recognizes DRR is indispensable for national development and as a Regional Public Good
- ADB facilitates DRR via CPS and sector strategies
- ADB can facilitate private sector and civil society organizations development to support sustainable economic growth and poverty reduction because of its capacity to provide both public and private sector operations
- Possible role in “priming the pump” if key attributes are in place for regular commercial transactions to be sustained that support inclusive growth



For More Information

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