

Global Infrastructure Hub launches interactive PPP risk allocation guide

SYDNEY, AUSTRALIA // 25 July, 2016: The G20 Finance Ministers and Central Bank Governors have welcomed the launch of a new, interactive online risk allocation tool, the Global Infrastructure Hub's (GI Hub) Annotated Public-Private Partnership (PPP) Risk Allocation Matrices.

The Risk Allocation Matrices tool, developed by the GI Hub in partnership with global law firm Norton Rose Fulbright, has been designed to assist developing economies better assess potential infrastructure investment risk. Correct risk allocation is crucial to the success of PPP projects and when not structured correctly, can stop projects from getting off the ground or cause failure in the financing, construction or operational stages, with adverse consequences for governments or investors.

The tool forms part of the GI Hub's G20 commitment to deliver a suite of guidance on leading practices that will enable governments to take projects to market faster and more cost-effectively, and help to address the trillion dollar infrastructure gap worldwide.

The tool is designed for governments wishing to enhance the viability of their public-private partnership infrastructure projects. It indicates how risk allocations vary across different markets, depending on factors such as the level of market maturity and the domestic legal system.

The interactive tool is available on the GI Hub website and allows PPP practitioners to search according to particular projects and risk types, and across developed and emerging markets, to find guidance to suit their needs. The tool also includes a blog forum in which Norton Rose Fulbright lawyers participate, allowing for further insight and discussion.

GI Hub CEO, Chris Heathcote, presenting to G20 Finance Ministers and Central Bank Governors in Chengdu, China, said the tool illustrated the risk allocation benefits that could flow from prioritizing the development of mature infrastructure markets.

"The correct apportionment of risk between public and private sectors is central to driving both the effectiveness of the infrastructure as well as value for money for the public. This tool will reduce the time wasted negotiating infrastructure projects and ensure that the paying public gets a fair deal".

Nick Merritt, global head of infrastructure, mining and commodities, Norton Rose Fulbright noted:

"With over 20 years' experience doing PPP deals around the world we have seen that PPP is an effective platform through which critical economic and social infrastructure can be procured. The overriding issue that governments and private companies face in PPP transactions, however, is the allocation of risk, and how much each party should take on, we hope this tool helps to address these issues."

Mr JIAO Xiaoping, Director General of the China PPP Centre, comments:

"A reasonable risk allocation framework is an important premise of a PPP project, which guarantees long-term stable operation of the project and the interest of both sides. GIH's report has provided us a set of risk allocation methods concerning many important applicable fields of PPP, such as

transportation, energy and water. Currently, China is innovatively developing and vigorously promoting PPPs, and actively exploring and steadily improving relevant regulations, standards, and risk allocation principles and framework”.

The *Allocating Risks in Public-Private Partnership Contracts* guidance tool is available on the GI Hub website (<http://www.globalinfrastructurehub.org/allocating-risks-in-ppps>) as both a downloadable PDF and an interactive search tool. Over time it will be translated into Spanish and Mandarin.

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About Global Infrastructure Hub

The Global Infrastructure Hub (GI Hub) was launched in 2014 with a G20 mandate to increase the flow and the quality of opportunities for public and private infrastructure investment. We work to facilitate a better supply of quality, bankable government infrastructure projects to the private sector, identifying reforms, planning approaches and risk management strategies that drive public-private partnership and investment into infrastructure. We aim to be a leading reference on infrastructure best practices, providing innovations that enhance the market’s ability to finance, build and secure the best returns from infrastructure projects.

For more information about GI Hub, visit: <http://globalinfrastructurehub.org/>