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Structuring a successful PPP program

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1) A framework for successful PPP programs

Sustainable PPP programs

Allow process to evolve

Encourage development of capital markets

Address project issues early

Maintain program of opportunities

Explore alternative financing solutions

Continued stakeholder support

Procuring Successfully

Collaboration between public and private sectors

Strong stakeholder support and consistency

Balance between risk and return Sustain existing sources of private finance

Build transactional capacity Project definition, Feasibility and Financing options Capacity – public and private

Process for approvals and closure

Lay the Foundations

Leverage multilaterals Stakeholder consultation

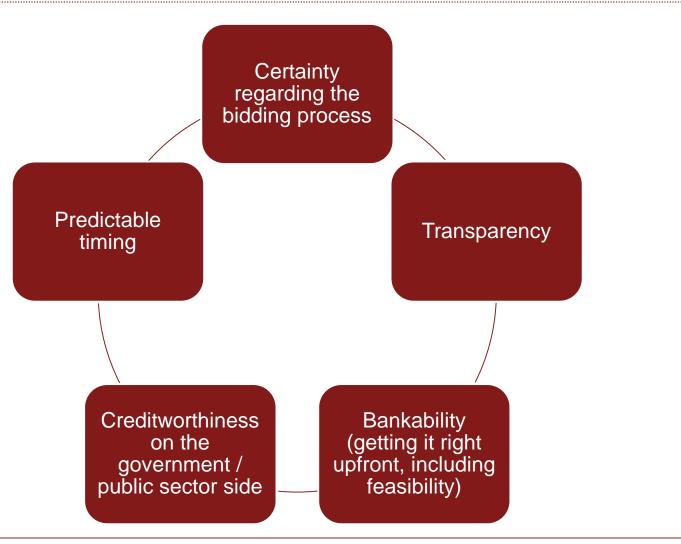
Institutional Certainty

Program development and prioritisation

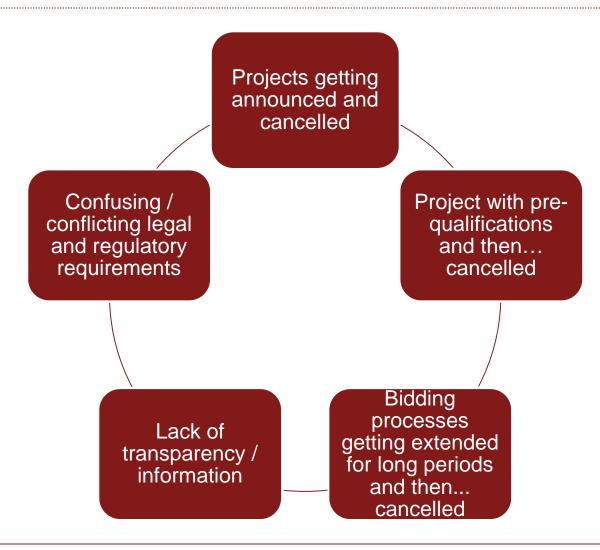
Focused regulatory change – eg.
Land
Acquisition

Global precedent with local application

2) Investor Perspective: Things which bidders and investors like...



2) Investor Perspective: Things Which Bidders and Investors <u>Do Not</u> Like...



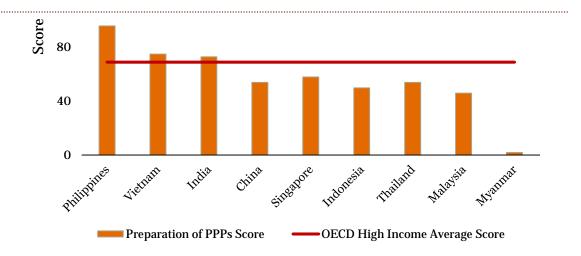
3) Regional spot-light: PPP programs in Asia

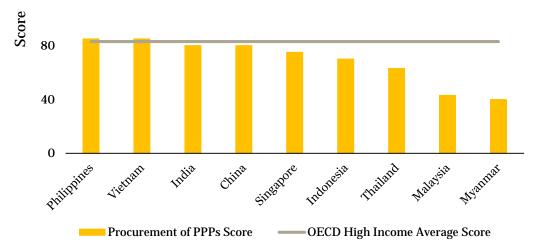
Preparation of PPPs:

- activities that precede the decision to launch a PPP procurement process
- consistency with government priorities and investment policies
- what assessments are conducted to define key features of the PPP project and its feasibility.

Procurement of PPPs:

- process for selecting a private partner to develop the PPP project
- transparency and fairness of the process and evaluation criteria for bids





Source: World Bank: Benchmarking PPP Procurement: Assessing Government Capability to Prepare, Procure and Manage PPPs

3) Regional spot-light: PPP programs in Africa

score

core

What problems do you face in developing PPPs? Why have there not been more PPPs in your cities?



Challenges of procuring PPPs

PPP Does sufficient private sector procurement can be lengthy expertise exist to and costly warrant a PPP It's not always approach? possible to transfer life-The private cycle risk – a sector has a key benefit of higher cost of **PPPs** finance Does the public sector have PPP contract sufficient management capacity and can be complex skills to adopt the PPPs do not and troublesome PPP approach? achieve absolute risk transfer

If I do a PPP then can I sit back and relax?

Three stages of contract management:

1. Procurement

- establish ground rules

2. Development

- from award of contract to commencement of payment for full service

3. Delivery

provision of services for remainder of contract

Authority's Perspective: Considerations During the Procurement Phase

- Contract Monitoring expertise on the project team
- Monitoring continuity
- Keep monitoring procedures simple
- Need to plan for the end of the contract e.g. handover procedure/protocol
- What aspects need to be completed before contracts are signed?
- Clear roles and responsibilities
- Creating a problem solving, not a blame culture
- New stakeholders / team members

Issues During the Development Phase

Role of Contract Manager:

- To monitor contractor's progress towards meeting service start date
- To establish close working relations with stakeholders
- Clarification of service requirements
- Integration of new facilities/equipment into existing operations
- To determine trigger point for first payment to service provider
- Knowledge of the contract is critical
- Implementing and operating the authority's direct monitoring system
- Monitoring service provision against standards

Issues During the Delivery Phase

Role of Authority:

- Monitor performance and calculate availability and KPI payments
- Comply with their obligations eg land access, change in tariff
- Manage change
- Support the PPP Co

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