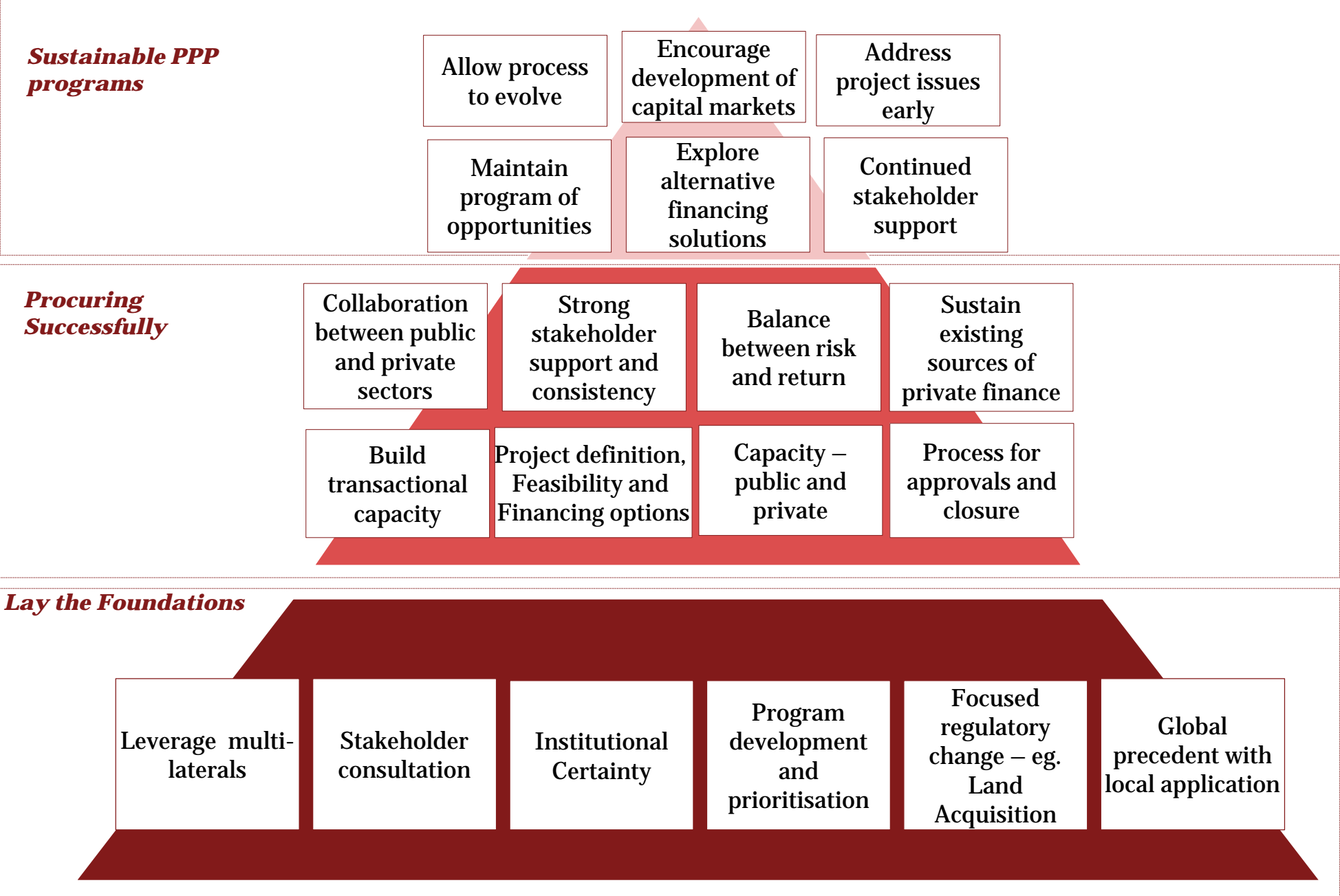


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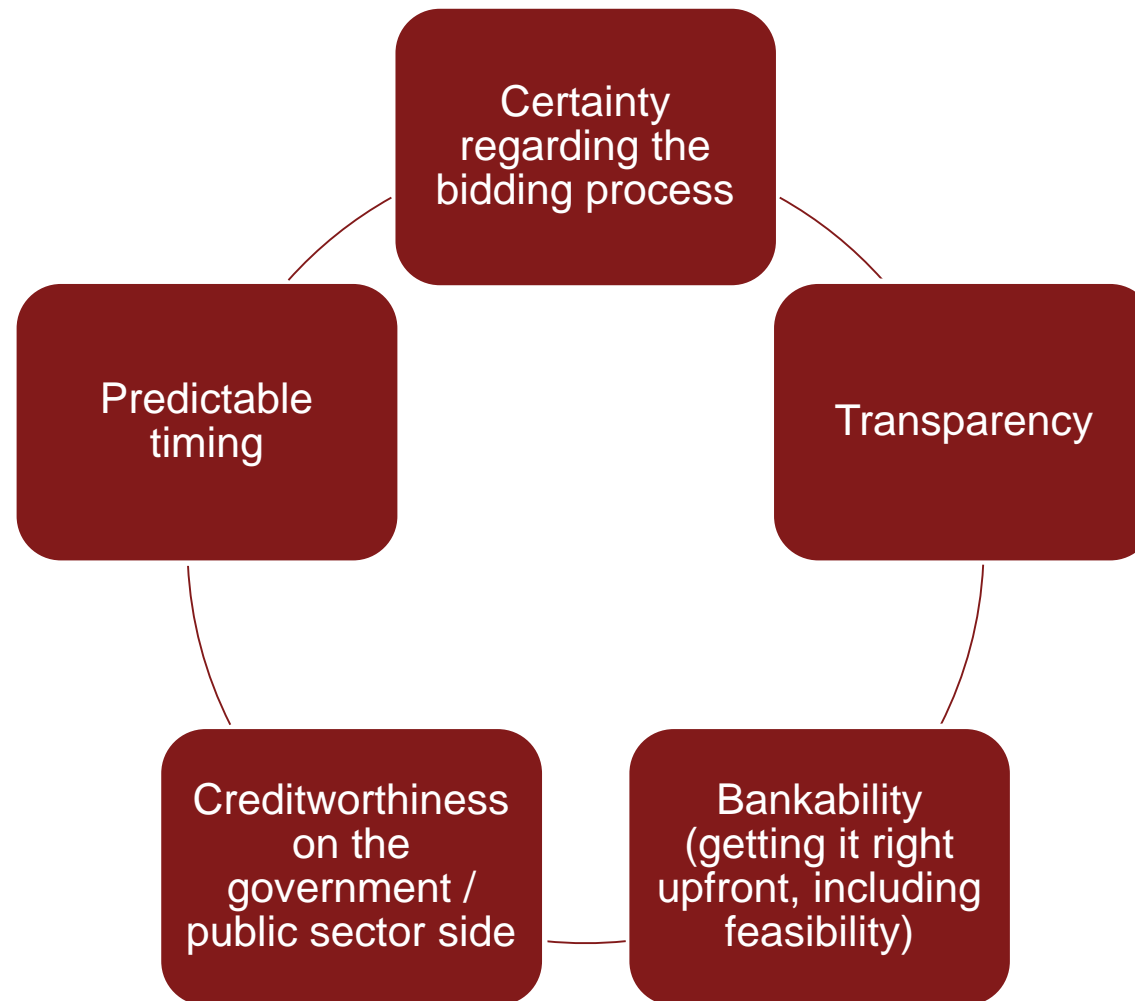
Structuring a successful PPP program

Oliver Redrup
Neha Puri

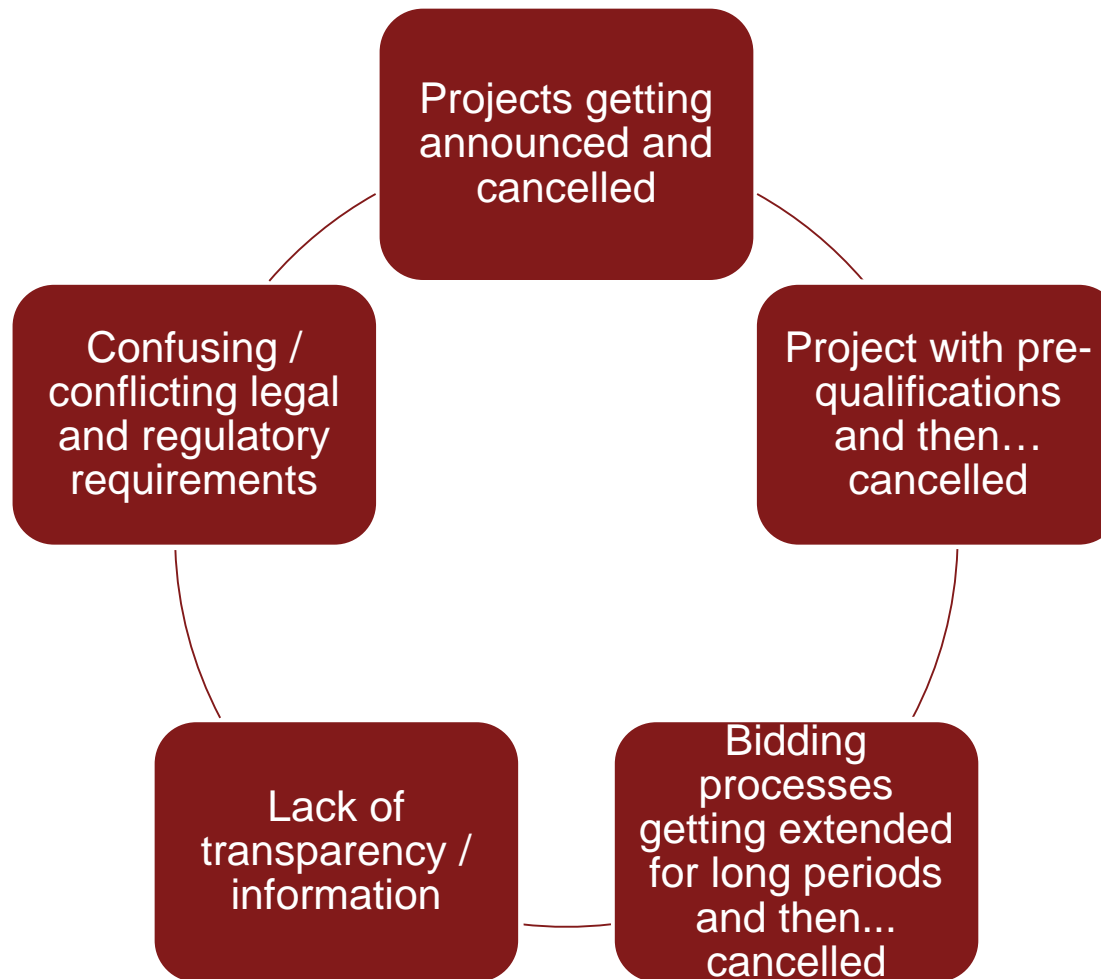
1) A framework for successful PPP programs



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



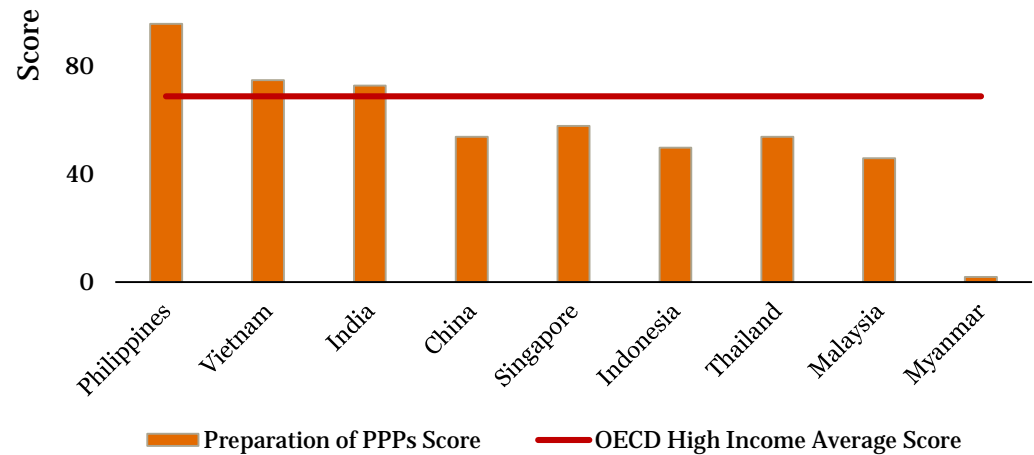
2) Investor Perspective: Things Which Bidders and Investors Do Not Like...



3) Regional spot-light: PPP programs in Asia

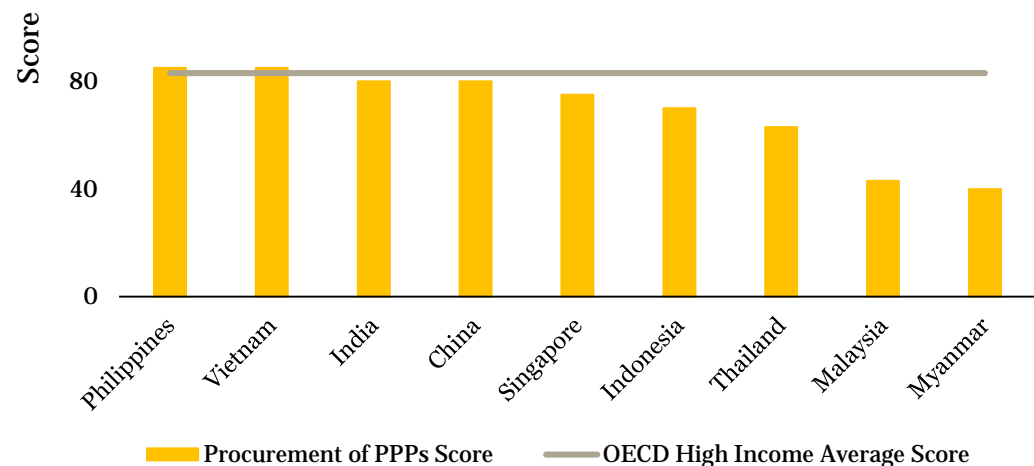
Preparation of PPPs:

- 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

Score

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



Challenges of procuring PPPs

Does sufficient private sector expertise exist to warrant a PPP approach?

It's not always possible to transfer life-cycle risk – a key benefit of PPPs

PPP procurement can be lengthy and costly

The private sector has a higher cost of finance

Does the public sector have sufficient capacity and skills to adopt the PPP approach?

PPPs do not achieve absolute risk transfer

PPP contract management can be complex and troublesome

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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