

# Facilitating PPPs in Asia

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# Elements for a Successful PPP

- ▶ **Clear objective, or cascading of objectives**
- ▶ **Transparent and unambiguous conditions for development**
- ▶ **Clear and quantified performance indicators, linked to bonuses and penalties**
- ▶ **Transparent and solicited competitive selection of private sector partners**
- ▶ **Acceptance of the principles of risk and rewards**
- ▶ **“Active” participation by Government after award of concession**

# The Process

- ▶ Objectives and strategy
- ▶ Sector planning
- ▶ Project preparation
- ▶ Risk analysis and mitigation
- ▶ Competitive selection
- ▶ Post award management
- ▶ “Public sector always leads”

# Facilitation (1)

- ▶ **Objectives**
  - Not asset creation, but efficient delivery of services
  - Prioritizing and ordering objectives
- ▶ **Sector masterplans**
  - “Whole is greater than the sum of its parts” in a networked sector
  - Marketing for private sector participation
  - Transparency and objectivity in sector regulation

# Facilitation (2)

- ▶ **Project preparation**
  - Credibility of preparations, comprehensiveness
  - Tight tolerance of measurements
  - Functional specifications, focus on input–output relationships
  - Land acquisition/ permitting
- ▶ **Risk mitigation is a partnership**
  - “Allot risk to the party that can best handle it”
  - In general, land acquisition should be handled by the state

# Facilitation (3)

- ▶ **Competitive bidding process**
  - Protection against future challenges
  - Helps think out and resolve issues beforehand
- ▶ **Long-term financing**
  - Syndication and enhancement
  - Currency choices
  - Sovereign risks

Thanks