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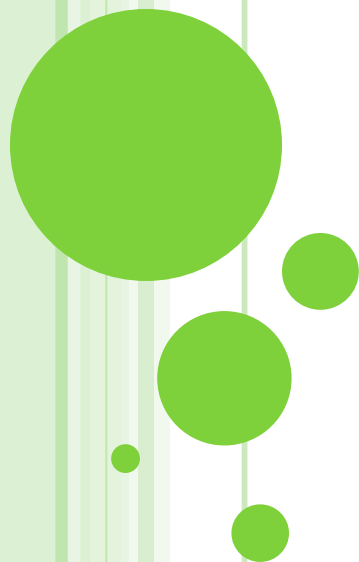
**Ministry of Finance
Public-Private Partnership
Workshop**

**INSTITUTIONAL ARRANGEMENTS
FOR PPP:
EXPERIENCES FROM CHINA AND
OTHER COUNTRIES**

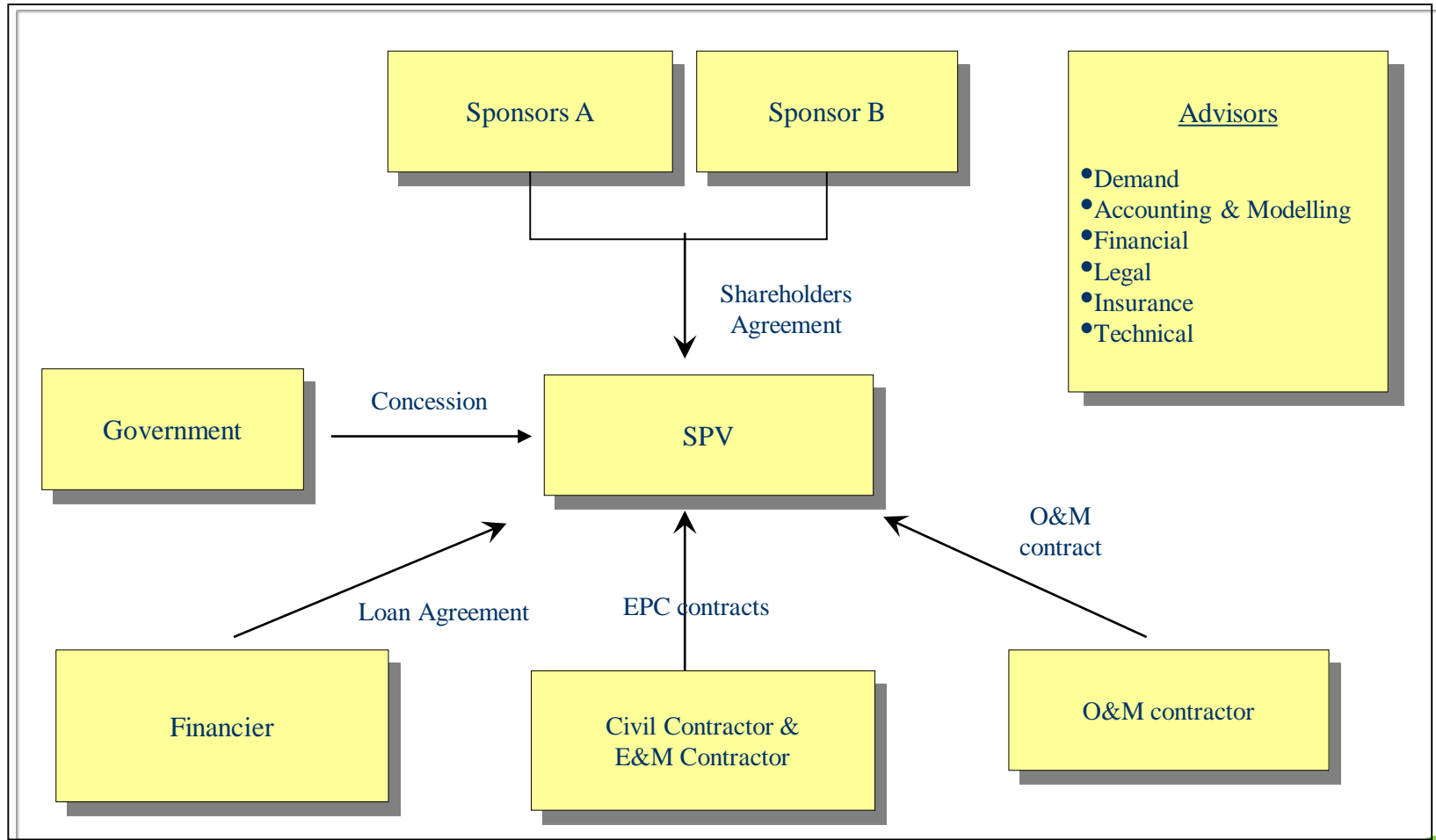
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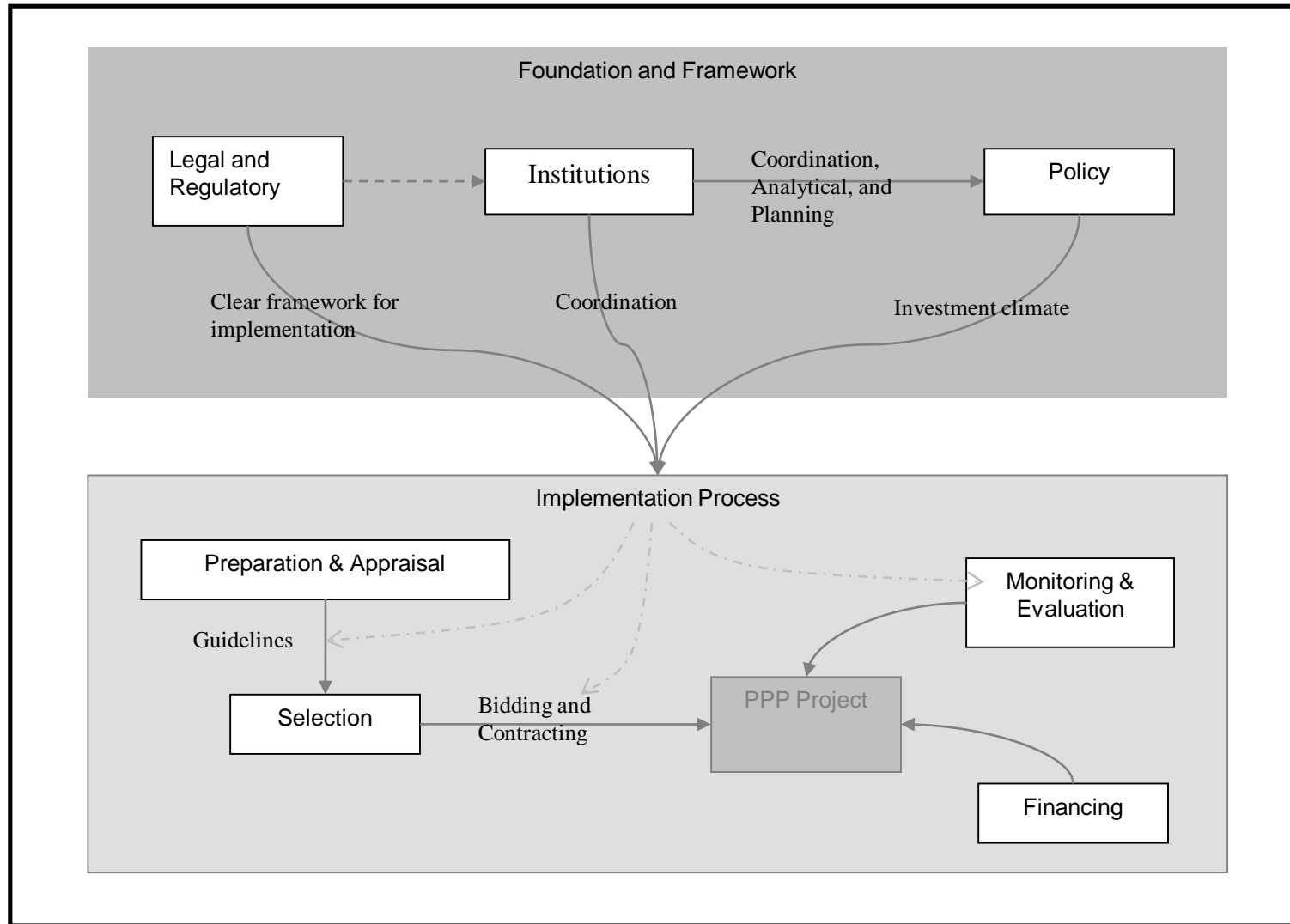


A TYPICAL PPP PROJECT STRUCTURE: WHO ARE THE PLAYERS?



Source: World Bank, 2008.

PPP FOUNDATION, FRAMEWORKS, AND IMPLEMENTATION PROCESS



Source: World Bank, 2008.

COMMONLY SEEN IMPEDIMENTS TO PPP

- Lack of clear PPP policy and program
- Weak government institutional capacity for coordination and management
- Presence of various legal and regulatory constraints
- Inadequate knowledge of PPP
- Lack of sector strategy and PPP prioritization
- Lack of bankable projects and poor business climate (in the lowest-income countries)



CHINA'S PPP HISTORY

- 1980s: **project financing** in the power and highway sectors, through BOT, in Guangdong Province
- 1995: Laibin Power Plant B Project (Guangxi), first **BOT pilot demonstration** project approved by the central government
- So far, there have been **several thousands of PPP projects** nation-wide, in various infrastructure sectors such as power, expressway, urban rail, water supply, waste water treatment, gas supply
- The Central Government issued a few **PPP regulations**, mainly through line ministries



RECENT DEVELOPMENT IN INSTITUTIONAL ARRANGEMENTS FOR PPP IN CHINA

- **MOF actions** to promote PPP
 - Establishing a PPP Task Leading Group
 - Establishing China PPP Center
 - Nation-wide training and capacity building
 - Promoting pilot demonstration projects
- **Provincial-level actions**
 - PPP Task Leading Groups established in a few provinces
 - A PPP Center established by Jiangsu Provincial Finance Bureau
 - Development of PPP programs in a few provinces
- **Non-governmental sector**: China Center for PPP, created by a private think-tank



NEXT-STEP ACTIONS FOR PROMOTING PPP IN CHINA

- Support pilot demonstration projects
- Establish mechanisms to allocate and channelize public funds for PPP projects
- Develop PPP Project Guidelines
- Strengthen relevant laws and regulations
- Public disclosure of PPP information
- Training and human resource development



PPP CENTER: EXPERIENCE OF SOUTH KOREA

- Public & Private Infrastructure Investment Management Center (**PIMAC**)
 - An affiliated body of Korea Development Institute (KDI)
 - **PPP Expertise**: legal, finance, policy, and investment project evaluation
- PIMAC's Main Functions
 - **PPP project evaluation**: e.g. preliminary feasibility studies, and value for money tests
 - **PPP advisory services**: formulation of RFP, tender evaluation, and negotiations with preferred bidders
 - **PPP research and policy advisory**



PPP CENTERS (OR UNITS) AND THEIR ROLES

- Basic requirements of PPP centers
 - Should be legally recognized
 - With sufficient institutional capacity
 - With clear mandates
 - Ability for coordination and collaboration
- Main Roles
 - Policy facilitation
 - Institutional support and training
 - Program and project implementation support
 - Risk management
 - Post-evaluation



THAILAND'S PPP EXPERIENCES

- The Royal Act on Private Participation in State Undertaking, 1992
- Bangkok Transit System (BTS), the first Built-Own-Operate-Transfer during mid-1990s, concessioned by Bangkok Metropolitan Administration (BMA)
- Subway Blue Line, MRTA-BMCL, MOF, MOT
- Various government agencies involved: NESDB, BOB, MOF (FPO, PDMO, SEPO), MOT, MOE, BMA ...
- **Issues being considered:**
 - Where to establish a Central PPP Unit?
 - Should the PPSU Act be re-written?
 - How to handle contingent liabilities?
 - How to budget for public share of PPP financing?



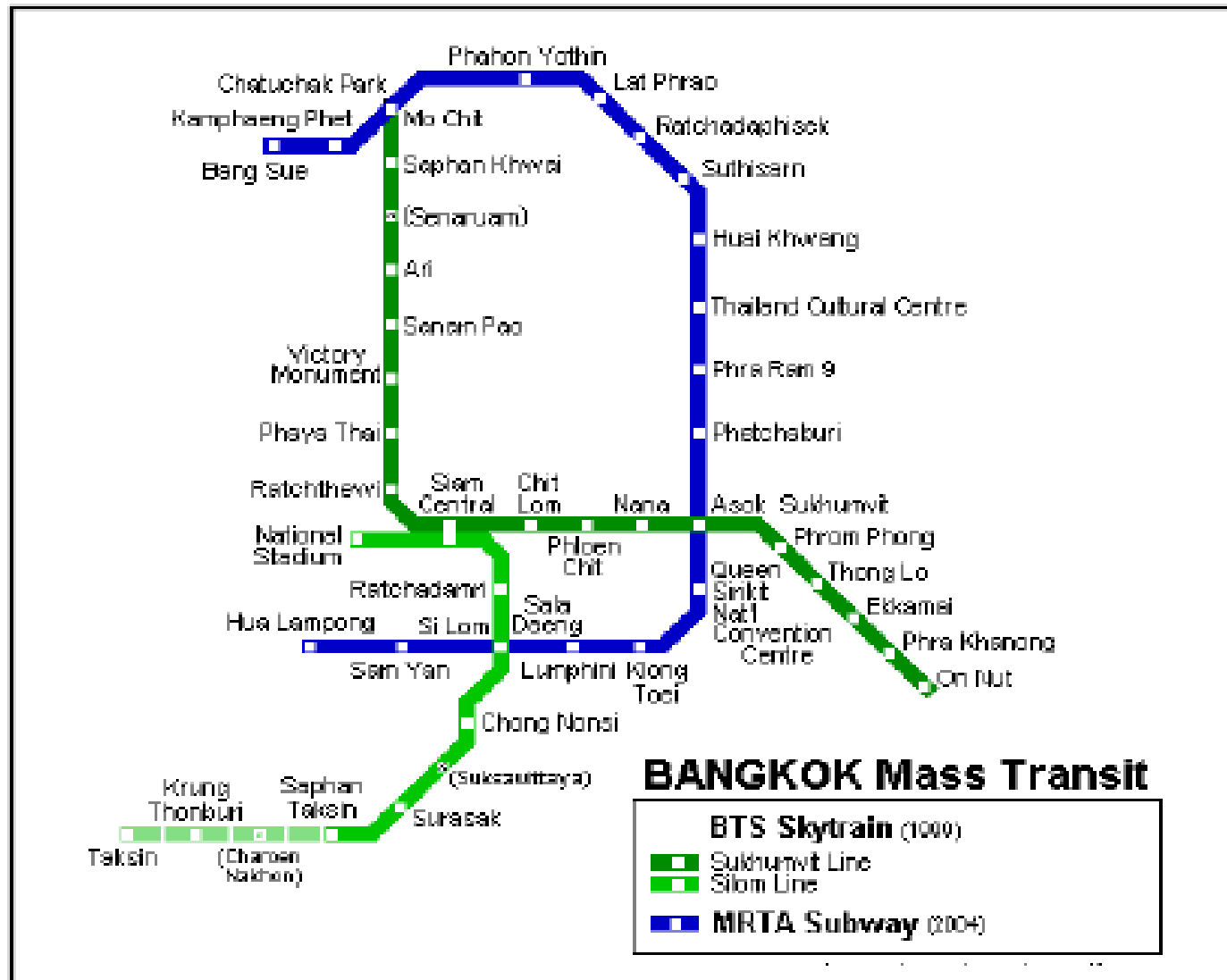
Bangkok Urban Rails: BTS and Blue Line

Pop: 10 mil.

BTS daily
ridership:
600,000
passengers

Blue Line
daily
ridership:
240,000
passengers

BTS went
public in
2002, and
raised US\$2
bil.



CLEAR MESSAGES TO THE PRIVATE SECTOR CONTRIBUTE TO THE SUCCESS OF INDIA'S ROAD SECTOR IN ATTRACTING PRIVATE SECTOR FINANCE

- **India MOF** issued guidelines for government financing support for PPP in infrastructure (viability gap financing)
- The National Highways Authority of India (**NHAI**) published the following in its website:
 - Guidelines for investment in the national highway sector
 - National highway development plan, with **a map of road sections** intended for PPP
 - **Model concession documents** for national highways



SUMMARY MESSAGES

- Government has a crucial role to play for the success of PPP
- Past PPP practices were more opportunistic, and a strategic approach is needed for PPP to play a bigger role in infrastructure financing
- Government capacity development is key for the future success of PPP in a larger scale
- Activities such as PPP centers, training, human resource development, and pilot demonstration projects will pay off significantly



Thank You!

