



Public-Private Partnership for Clean Air

Municipal Natural Gas Distribution Infrastructure Development Projects

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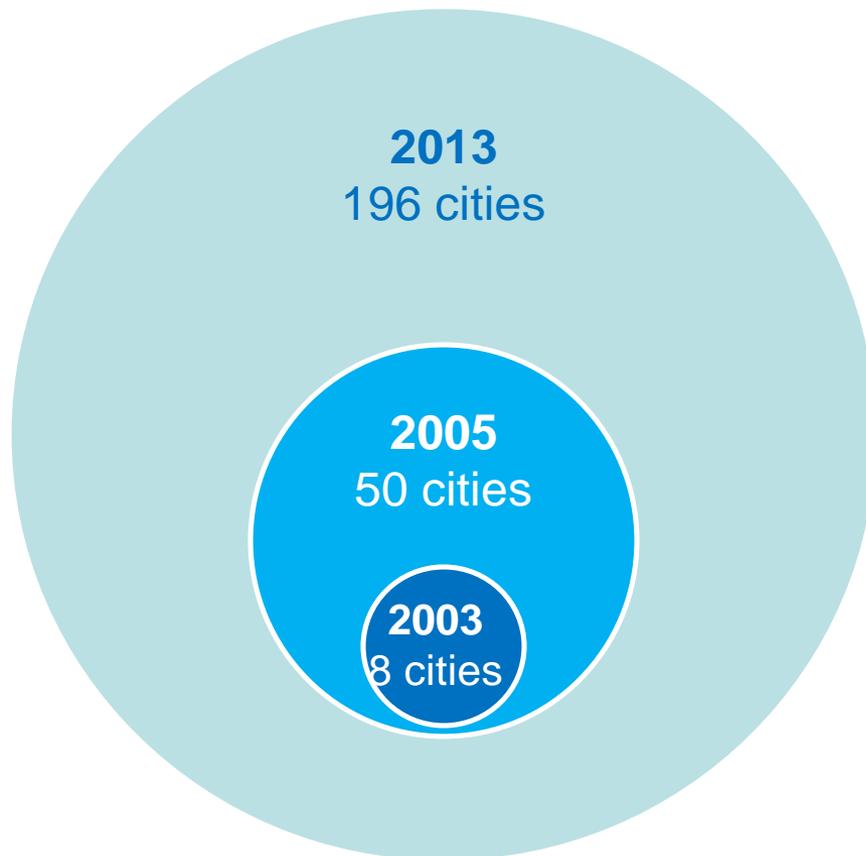
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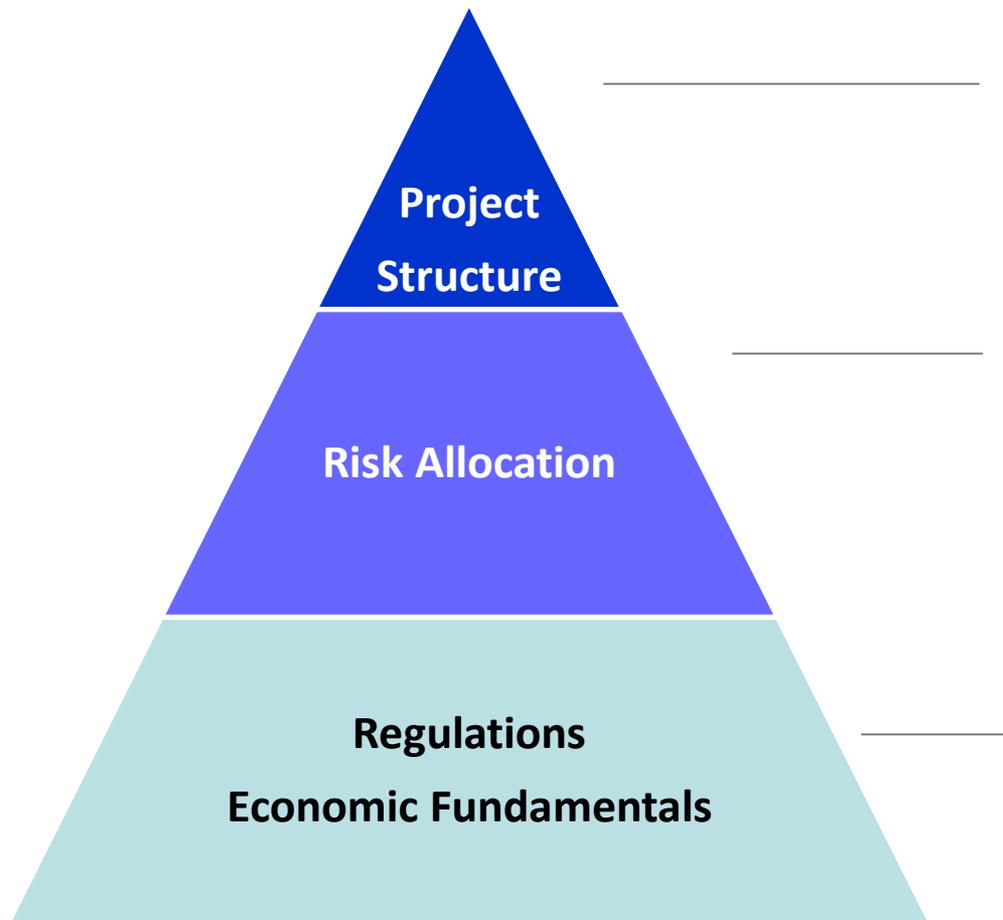


Dynamic PPP – “Domino Effect”



- Build, own, operate based on concession agreement with the municipal government.
- Successful operation and tangible benefit (such as clean air) became strong evidence to convince the neighboring municipal governments to launch PPP (“Domino Effect”).
- PPP has been penetrating into smaller cities.

How to support “Domino Effect”



- Flexible financing structure
- Minimize transaction costs of smaller projects
- Equitable risk sharing : risk should reside with party most able to manage it. Commercial Issues such as tenure, termination regime and step-in rights.
- Key items:
 - Equitable tariff structure
 - Model concession agreement
 - Transparency