

# MDBs의 PPP 프로젝트 개념과 지식체계(BoK)

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Dec.07,2016

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## Section I.

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### MDBs' Body of Knowledge for PPP



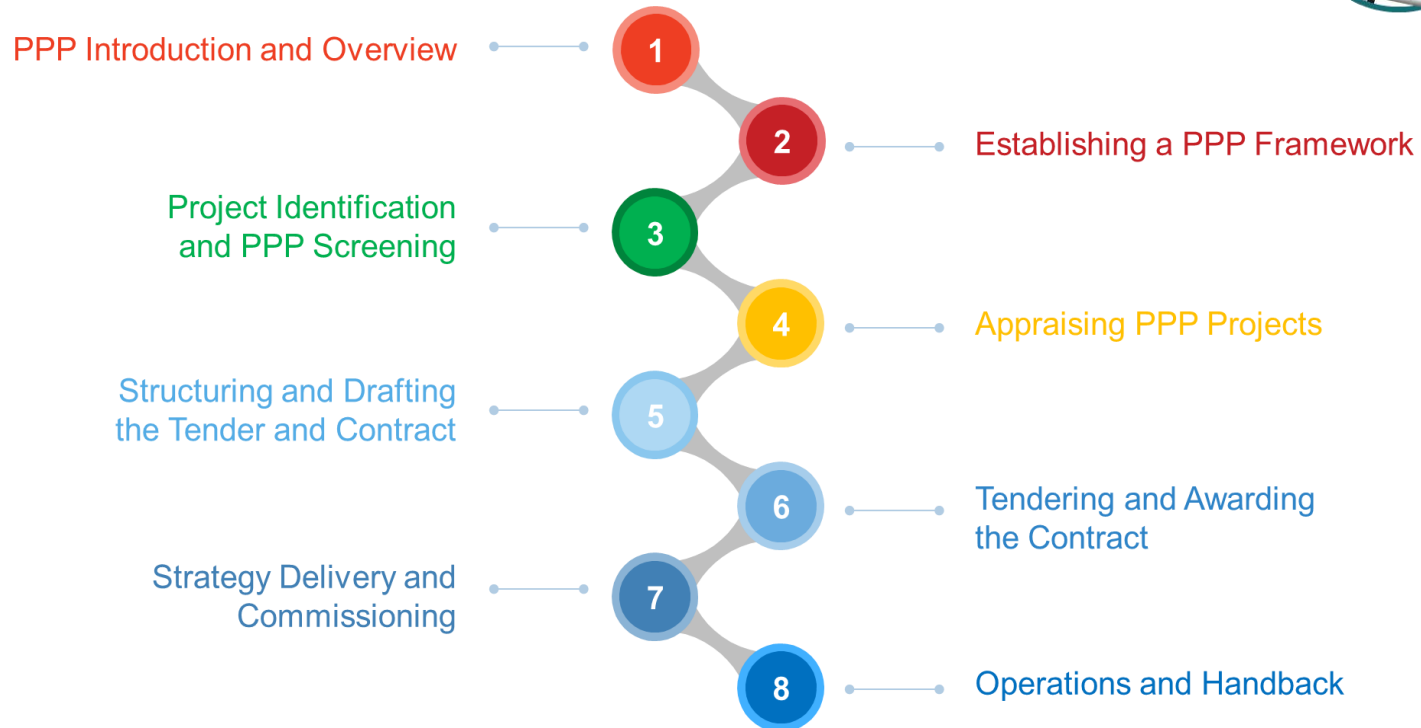
PPP BoK was prepared by a core team of authors along with eighty peer reviewers from;

- Asian Development Bank (ADB),
- European Bank for Reconstruction and Development (EBRD),
- Inter-American Development Bank (IDB),
- Islamic Development Bank (IsDB),
- Multilateral Investment Fund (MIF) and
- World Bank Group (WBG).

“ Specifically, our goals included **standardizing our institutions' approaches**, covering topics evenly, and assuring a sustainable delivery structure.”

# Section I.

## MDBs' Body of Knowledge for PPP



# Section I.

## MDBs' Body of Knowledge for PPP



<b>Phase 1.</b>	Project Identification and PPP Screening
<b>• Objectives</b>	To select the right project option To pre-assess the suitability of the project as a potential PPP
<b>• Tasks</b>	- Identify/select project solution out of a number of options - Scoping the project - Screening the project as a potential PPP
<b>Phase 2.</b>	Appraising and Preparation Phase
<b>• Objectives</b>	To assess whether the PPP project is feasible and prepare a PPP
<b>• Tasks</b>	- Refine the project scope and pre-design, test technical feasibility and assess environmental impact, - Refine socio-economic feasibility/assessment(CBA) - Assess PPP commercial feasibility including bankability and test the market, - Preparation and due diligence and risk assessment

# Section I.

## MDBs' Body of Knowledge for PPP



<b>Phase 3.</b>	Structuring and Drafting Phase
<b>• Objectives</b>	To define and develop a PPP contract solution and tender process
<b>• Tasks</b>	<ul style="list-style-type: none"> <li>- Define the final structure of the project contract(financial structuring, risk allocation and structuring, payment mechanism), and outline the contract,</li> <li>- Re-assess or confirm previous analysis(economic, financial, commercial-potentially including new market testing, and updating the PSC and affordability analysis)</li> <li>- Structure and draft the RFQ and RFP,</li> </ul>
<b>Phase 4.</b>	Tender Phase(to award and sign contract)
<b>• Objectives</b>	To smoothly, but rigorously manage the process to select the best value proposal
<b>• Tasks</b>	<ul style="list-style-type: none"> <li>- Launching the tender/ Qualifying bidders / Issue RFP,</li> <li>- Evaluating and negotiating proposals,</li> <li>- Awarding and calling for contract signature / Financial close</li> </ul>

# Section I.

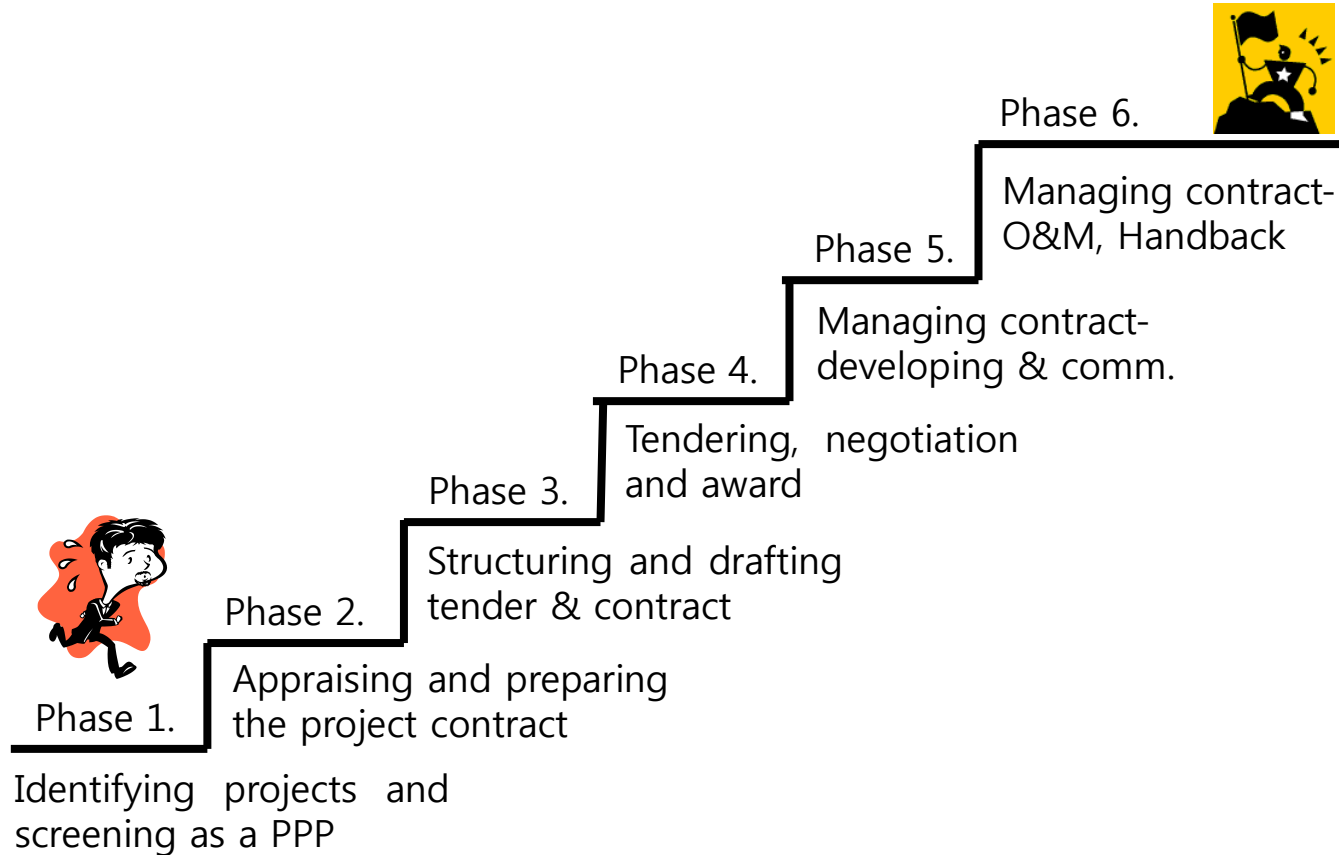
## MDBs' Body of Knowledge for PPP



<b>Phase 5.</b>	Contract Management Phase-Construction
• Objectives	To proactively manage the contract so as to avoid or minimize the impact of risks and threats
• Tasks	<ul style="list-style-type: none"><li>- Establishing governance and a contract management team,</li><li>- Monitoring private party's compliance and performance</li><li>- Managing changes, claims and disputes</li><li>- Commissioning/acceptance and start of operations</li></ul>
<b>Phase 6.</b>	Contract Management Phase-Operation(to finalization and handback
• Objectives	To proactively manage the contract so as to avoid or minimize the impact of risks and threats associated with changes, claims and disputes during the operation phase
• Tasks	<ul style="list-style-type: none"><li>- Monitoring performance</li><li>- Managing changes, claims and disputes</li><li>- Preparing for hand-back, and Han-back and finalization</li></ul>

# Section I.

## MDBs' Body of Knowledge for PPP





## Section I.

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### Definition of a PPP



『A long term contract between a public party and a private party for the development (or significant upgrade or renovation) and management of a public asset (including potentially the management of a related public service), in which the private party bears significant risk and management responsibility throughout the life of the contract, provides a significant proportion of the finance at its own risk, and remuneration is significantly linked to performance and/or the demand or use of the asset or service so as to align the interests of both parties.』

Source: *Public-Private Partnerships Reference Guide V2.0 (World Bank 2014)*

# Section I.

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Definition of a PPP

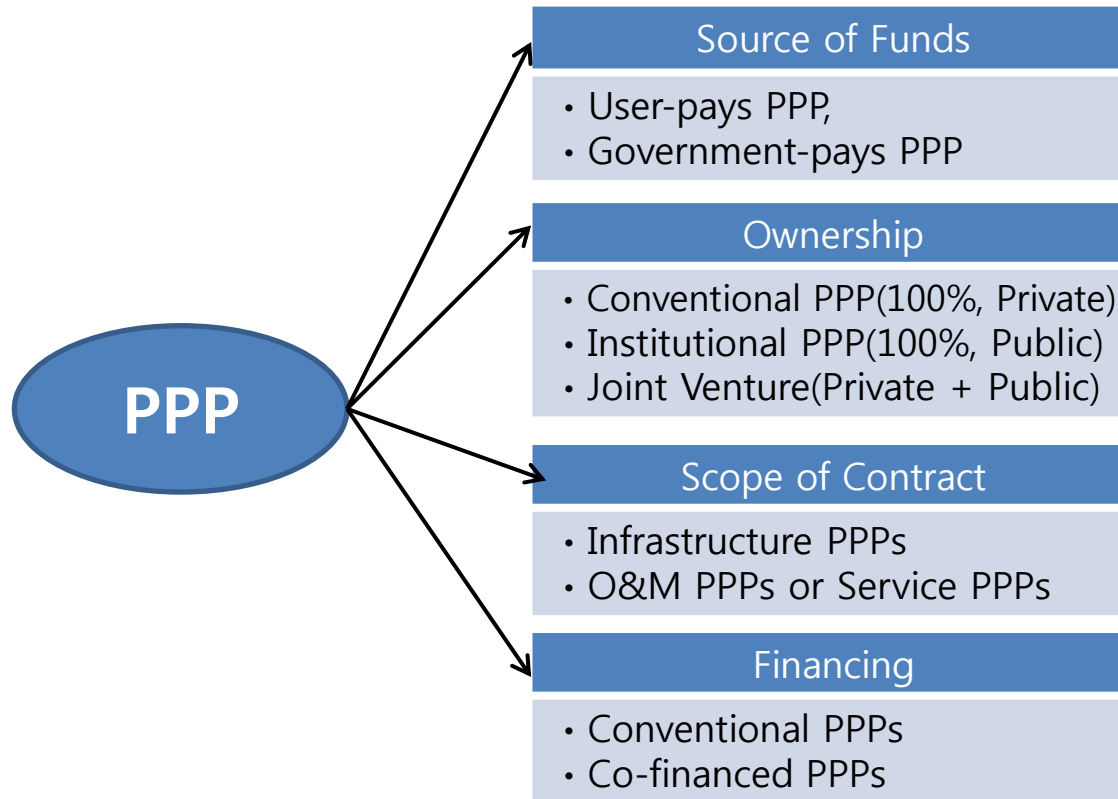
Core Words



- Long Term Contract between Public and Private party
- Development and management of public assets
- Significant risk and management responsibility undertaken by private party
- Providing finance at risk by private party
- Remuneration linked to the performance or demand

# Section I.

Type of PPP



# Section I.

## Infrastructure PPPs

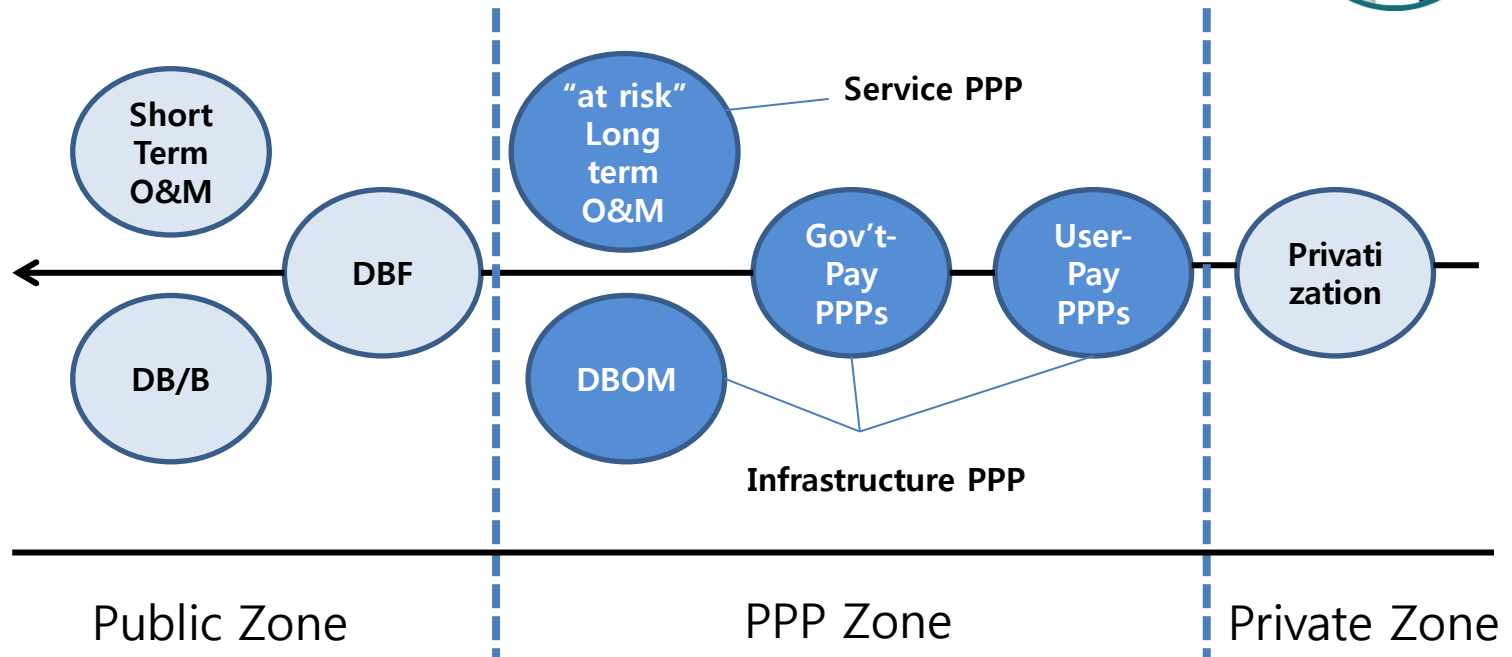


Description	Examples
• Economic Infrastructure	Roads / Rail / Urban Mobility / Port/Airport / Water/Waste Energy / ICT / Tourism Agribusiness, ...
• Social Infrastructure	Health / Education / Prisons Facilities / Court Buildings Sport Center / Polish Station / Government Offices,...
• Others	Fight simulation / Aircrafts(training, fighter) / Military facilities National border posts or facilities,...

# Section I.



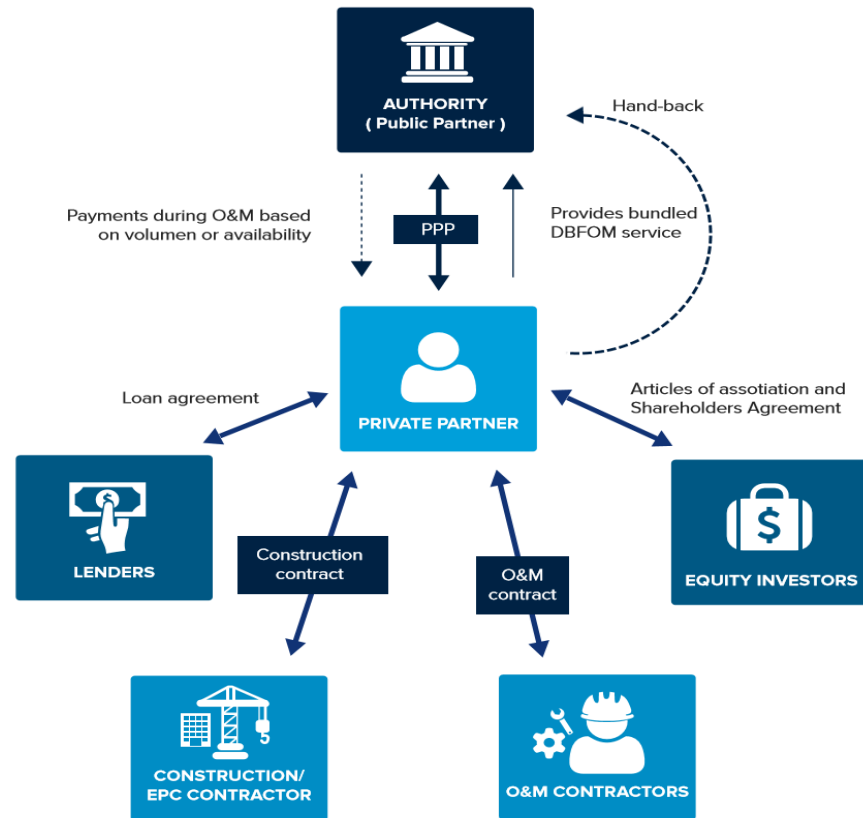
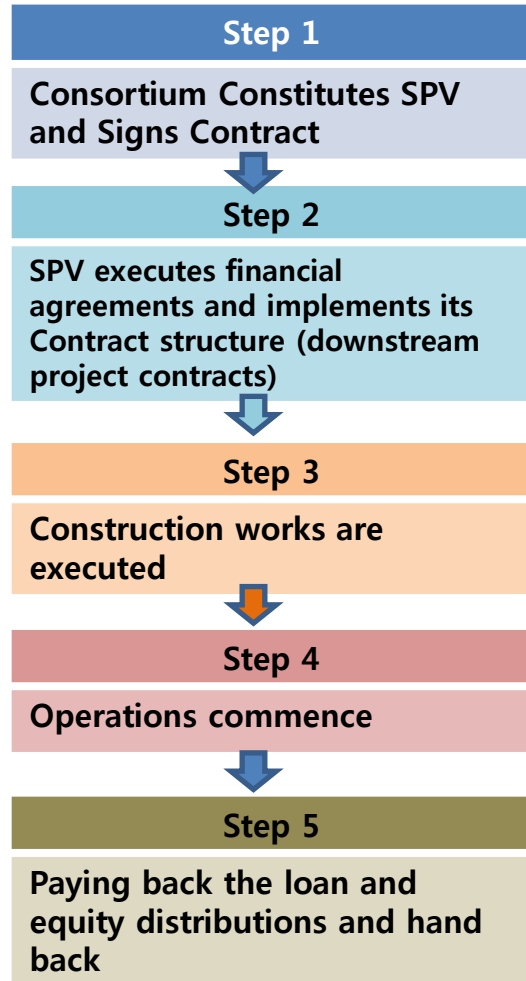
## Spectrum of Private Participation



Notes: D: Design, B: Build, F: Finance, O: operation, M: Maintenance

# Section I.

## Typical Structure of PPP

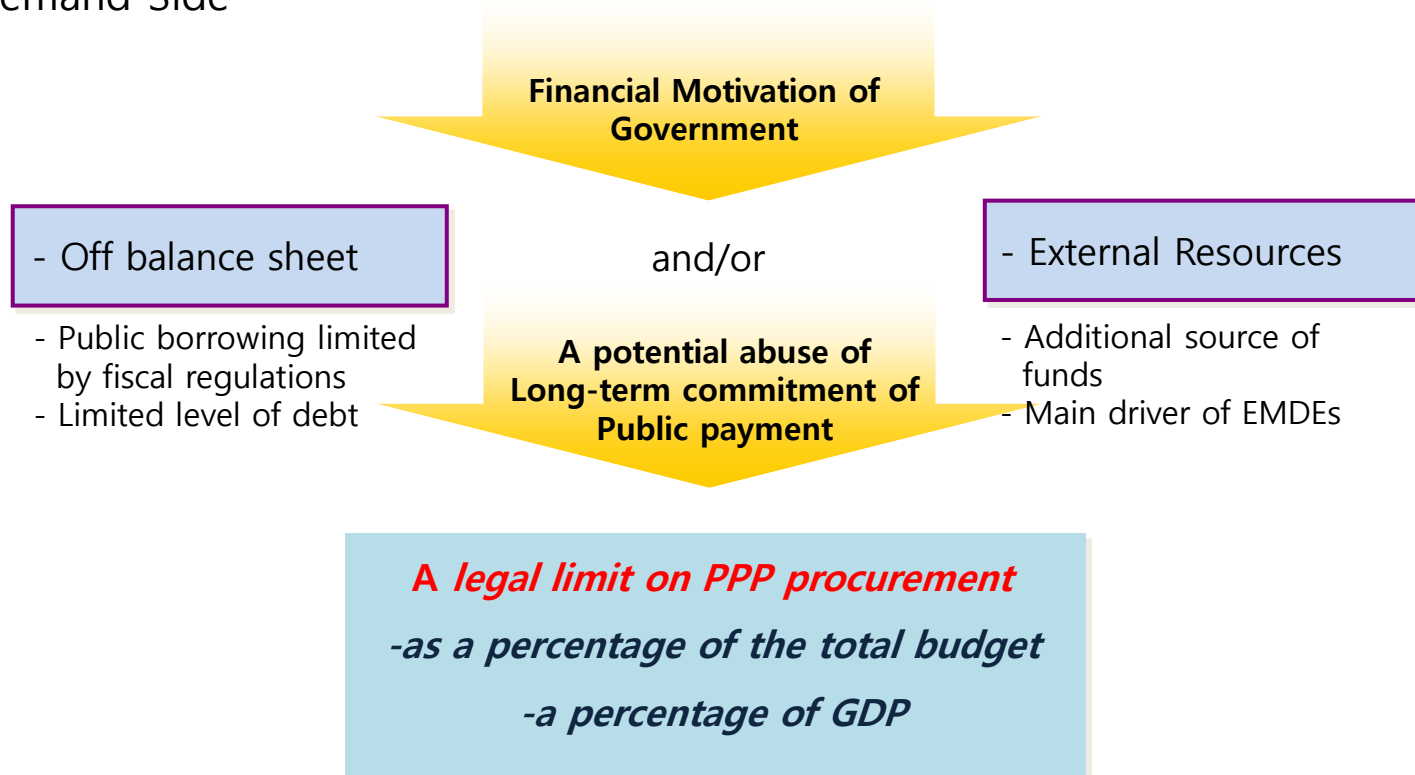


## Section II.



### Reasons for PPPs

- Demand Side

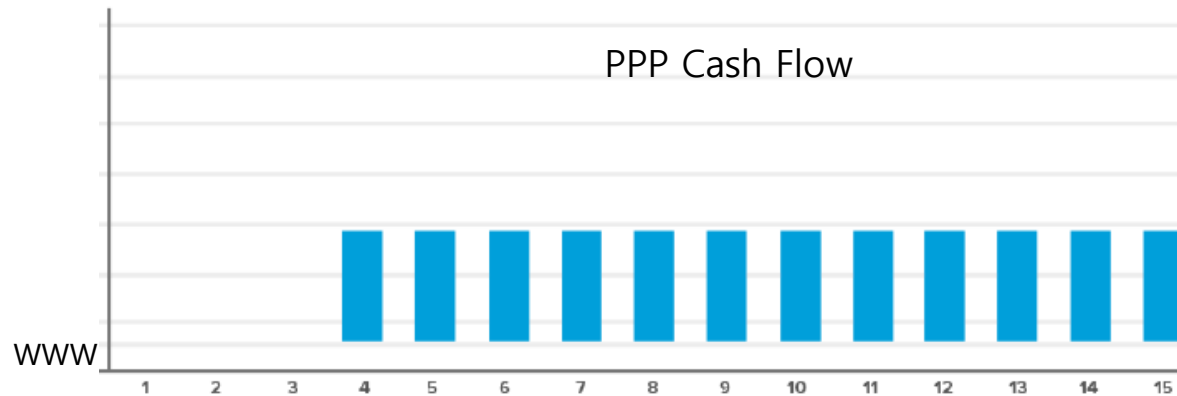
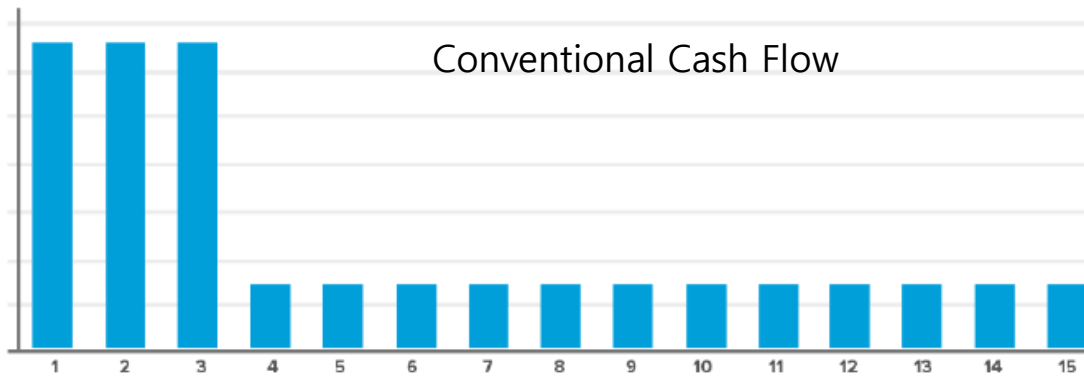


## Section II.



Reasons for PPPs

Cash Outflow of Public Sector





## Section II.

### Reasons for PPPs

- Supply Side



#### Institutional Investors/ Individual Investors

- Insurance companies
- Pension funds
- Sovereign funds
- Individual investors

Alternative  
investments  
due to  
low ROE

PPP



## Section II.

### Reasons for PPPs



#### EFFICIENCY (VALUE FOR MONEY)



*“ Risk transfer to the private sector lies at the heart of incremental efficiency, and it is usually the most important driver of VfM”*

## Section II.

Reasons for PPPs



**Are PPP really more efficient?**

Country	NAO(U.K.)*		NPF(Australia)**	
	Conventional	PPP	Conventional	PPP
• Type				
• Cost Overrun	73%	22%	10.1%	0.7%
• Delay	70%	24%	10.9%	5.6%

Source: The University of Melbourne in 2008

\* NAO: United Kingdom National Audit Office

\*\* NPF: Australia's National PPP Forum

## Section II.



### Disadvantages and Pitfalls of PPPs

#### • Disadvantages

- Significantly more complex
- Longer term for preparation than traditional procurement
- Finance is more expensive
- Much higher cost than traditional procurement
- More visibility with greater political exposure
- Public may view PPP as an excuse to increase costs
- Higher surveillance costs for government
- May be over committed in the longer term
- Rigidity in budget management
- Lack of competition post award

## Section II.

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### Challenge for EMDEs

- Availability of long term finance
- Cross border financing only possible if one of these is available:
  - FOREX risk hedging mechanisms, required for MDBs' role providing CCS
  - Government insurance or guarantees against devaluation risks
  - Political risk guarantee from ECA or presence of a MDBs as co-lender
  - Increase tariffs based on CPI and or FOREX rate
  - Reduce the size of the private finance package – government provide part of the capital
- If not:
  - Concentrate on hard currency projects
  - Concentrate/restrict to DBOM projects

## Section II.

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### Project Common Failures in EMDEs

- The lack of time for a solid project preparation
- Insufficient analysis of risks
- Political pressure
- The presence of players;
  - Who do not behave strictly according to the rules
  - Who expect to get some advantage through influence

## Section II.

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### Project Success Factors(Micro factors)

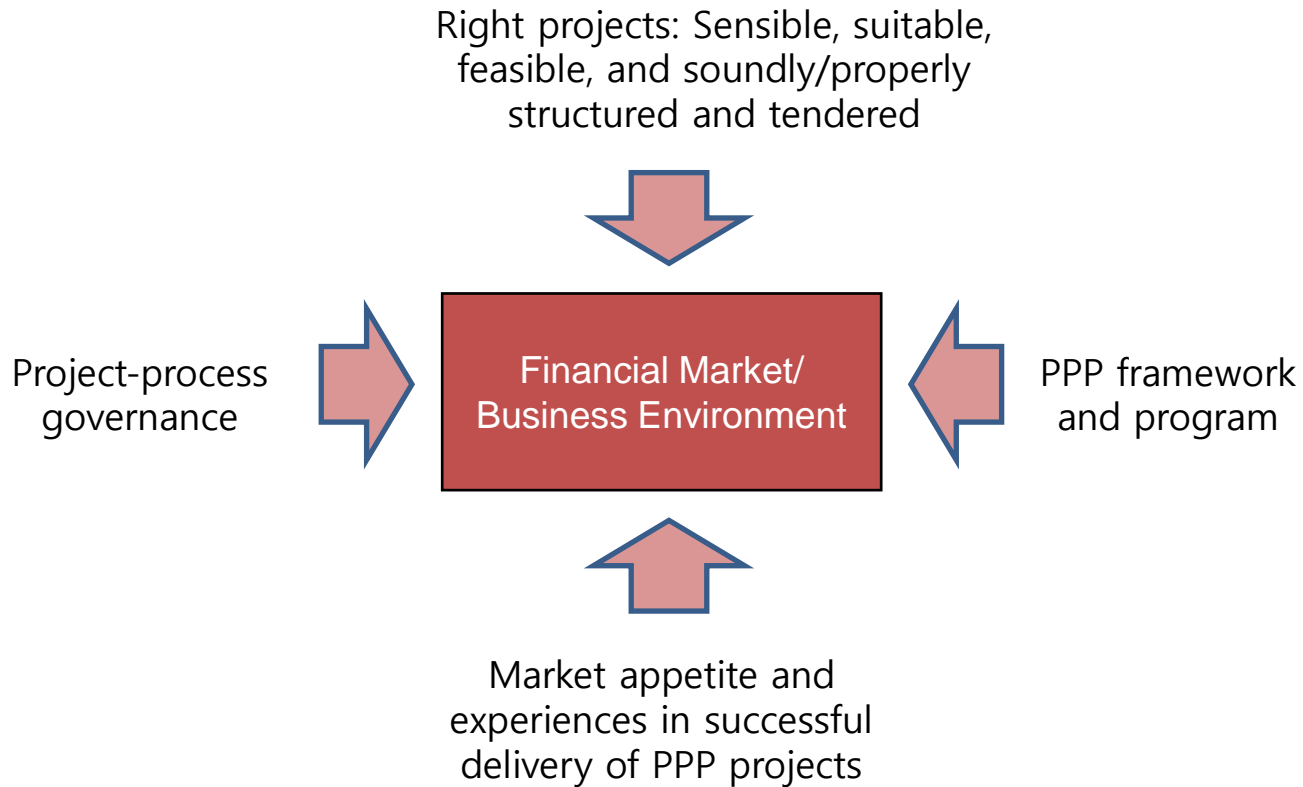
#### • Project Specific

- Sufficient resources
- Clear identification of a Project Owner and a Project Champion
- An advocator for the Project outside the Project Team
- A clear decision framework
- Proper stakeholder management
- Fluent and clear communication

## Section II.



### Project Success Factors(Macro factors)





## Section II.



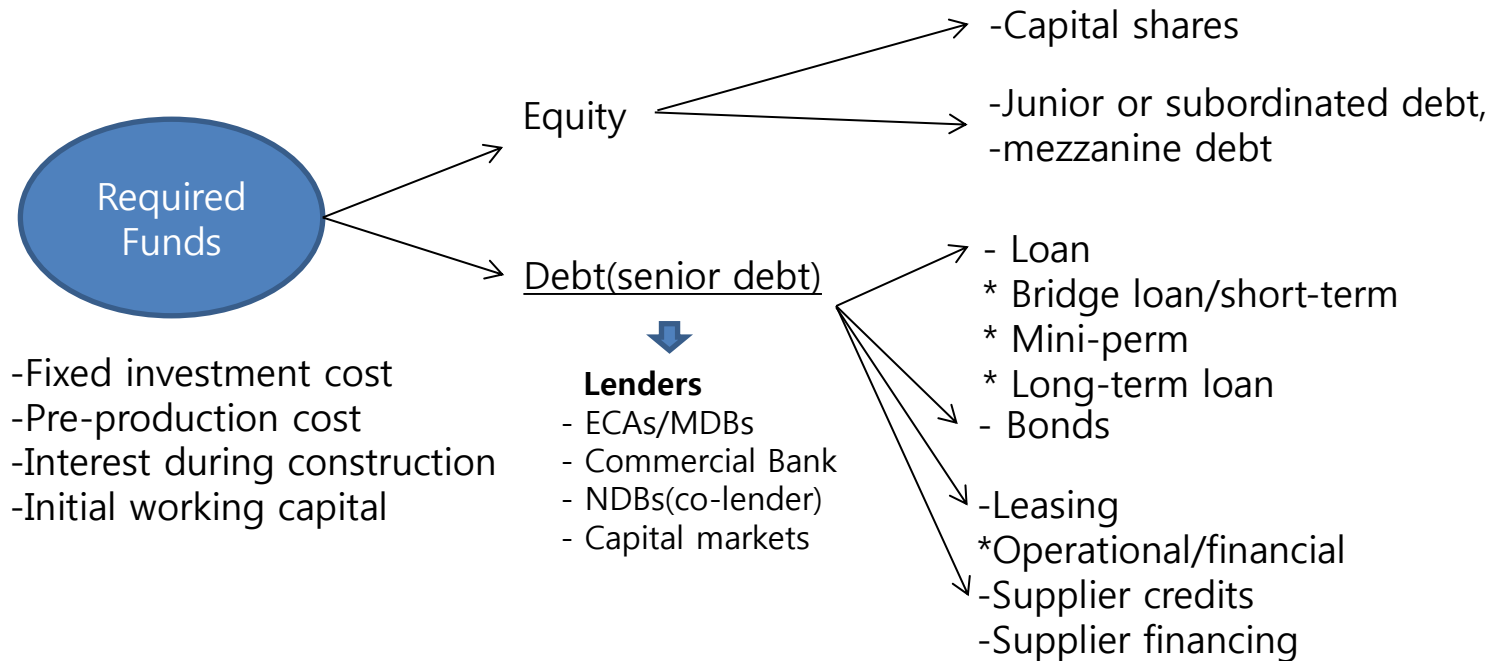
### Project Success Factors

#### Do not;

- Plan and announce ambitious PPP programs beyond potential, define/select unrealistic projects or use unreliable or untested technology
- Use PPP for small projects
- Use PPP because it is not accounted for as public debt
- Launch a PPP project unless it is prepared and assessed in economic, financial, commercial, affordability and technical terms
- Rush or set overly ambitious timelines
- Assume the government has finished its job once the contract is signed

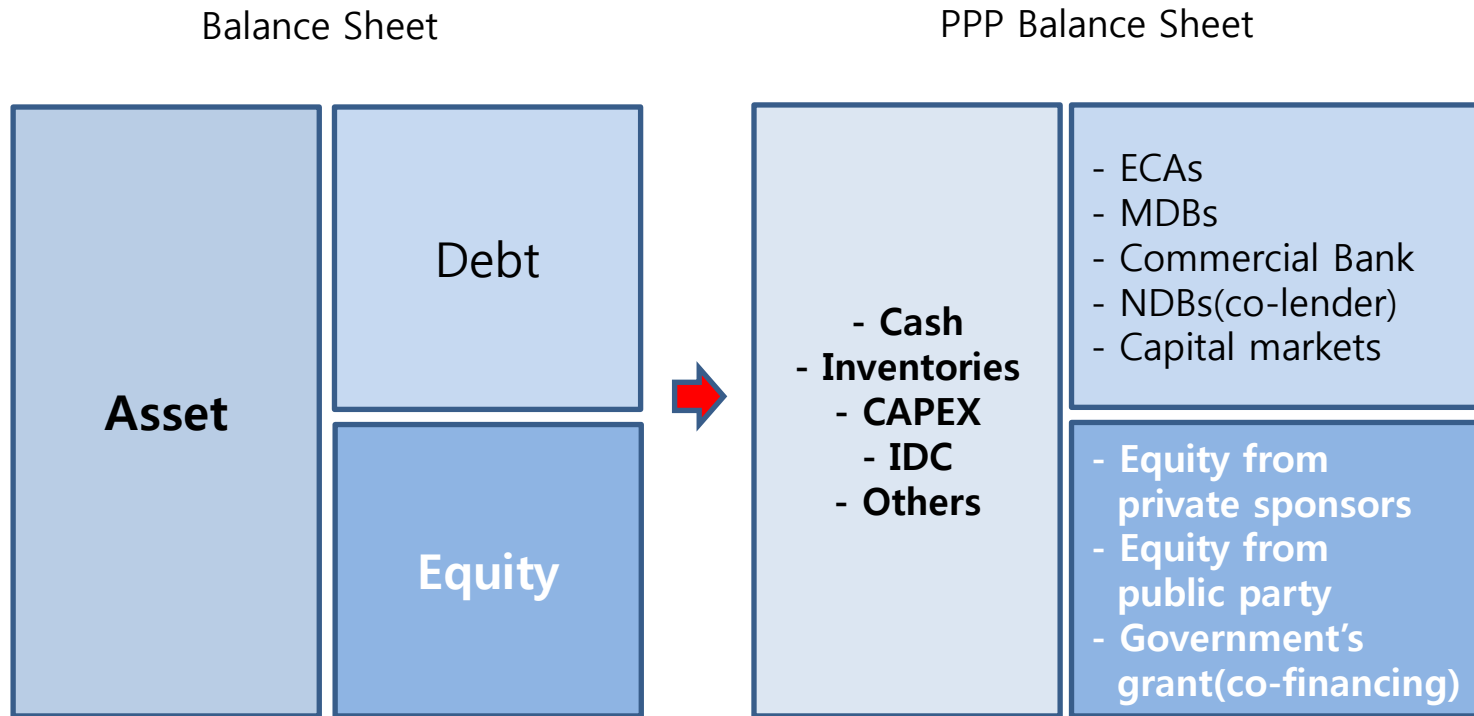
## Section III.

How PPPs are financed?



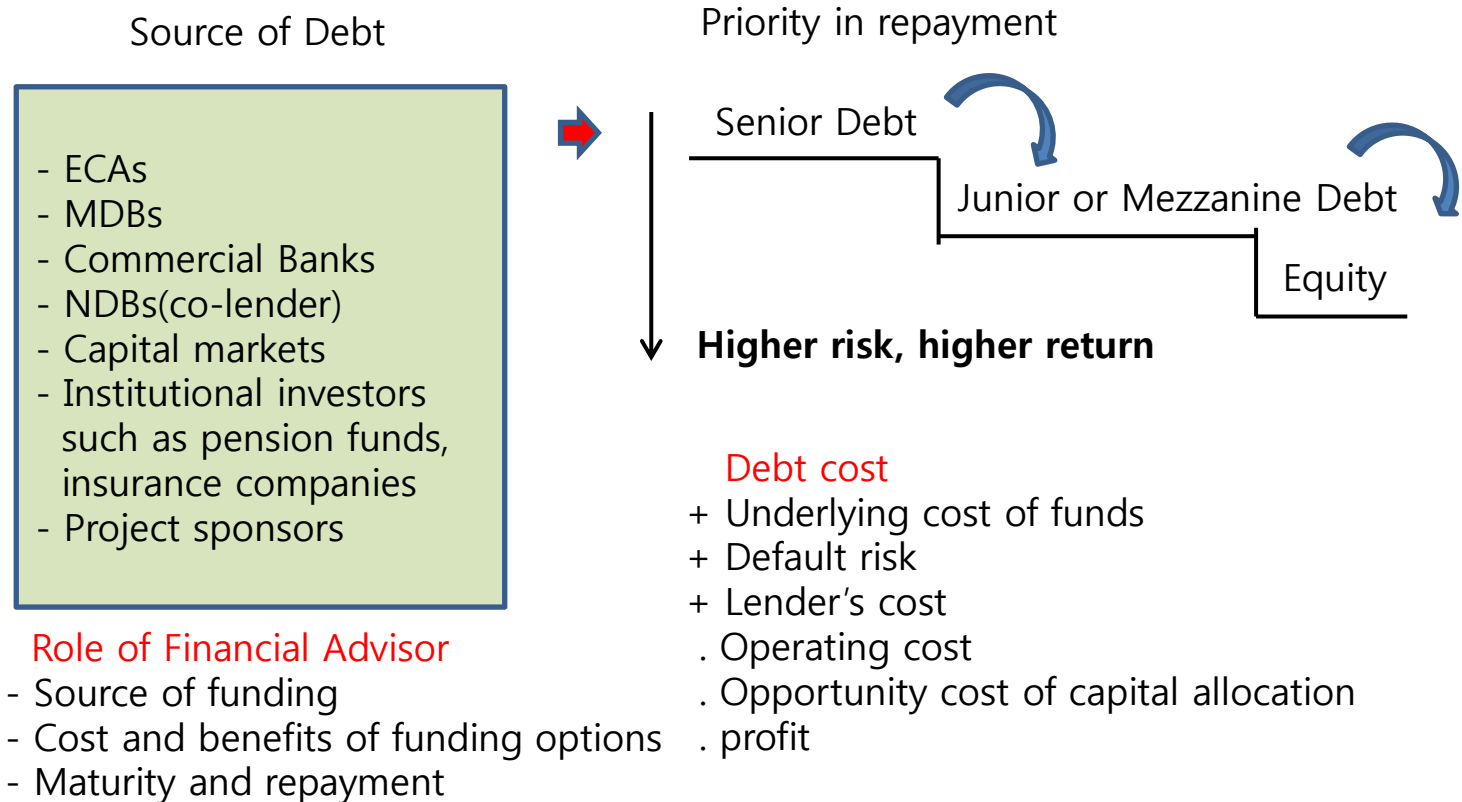
## Section III.

How PPPs are financed?



## Section III.

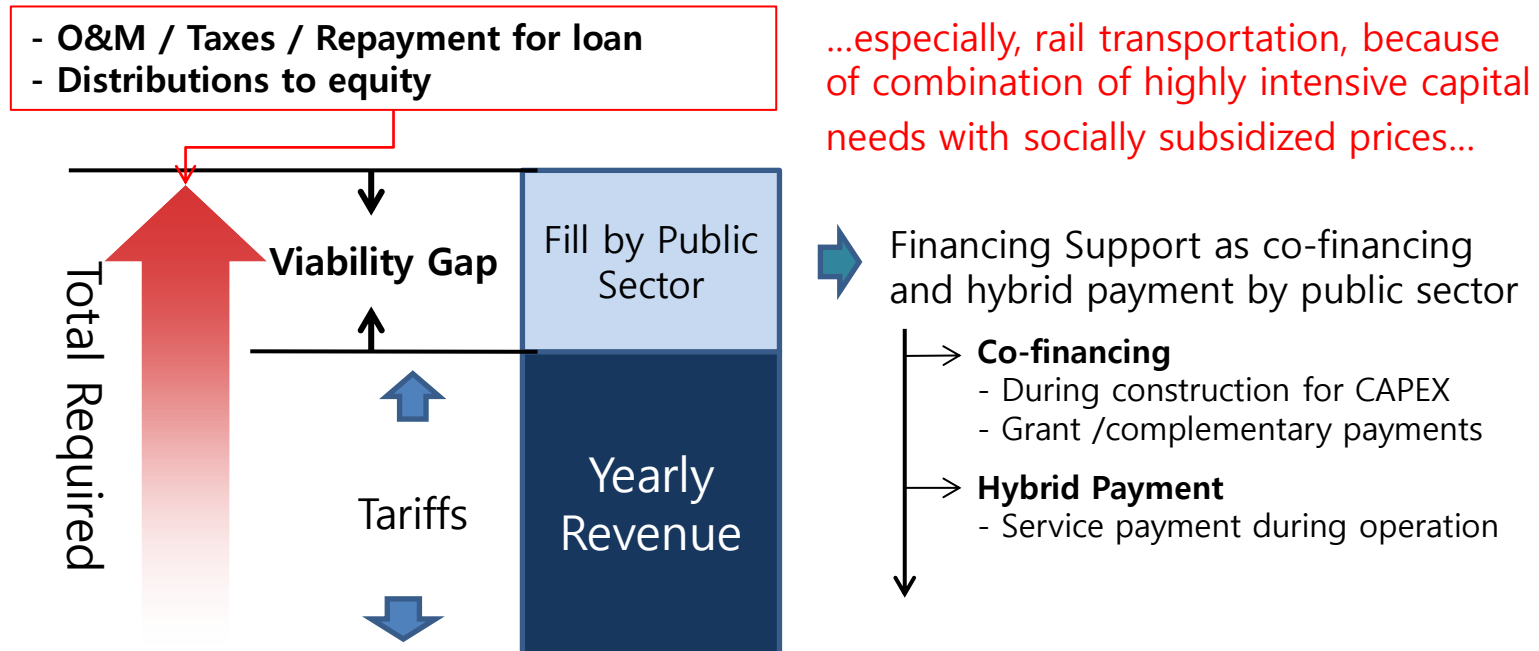
How PPPs are financed?



## Section III.

How PPPs are financed?

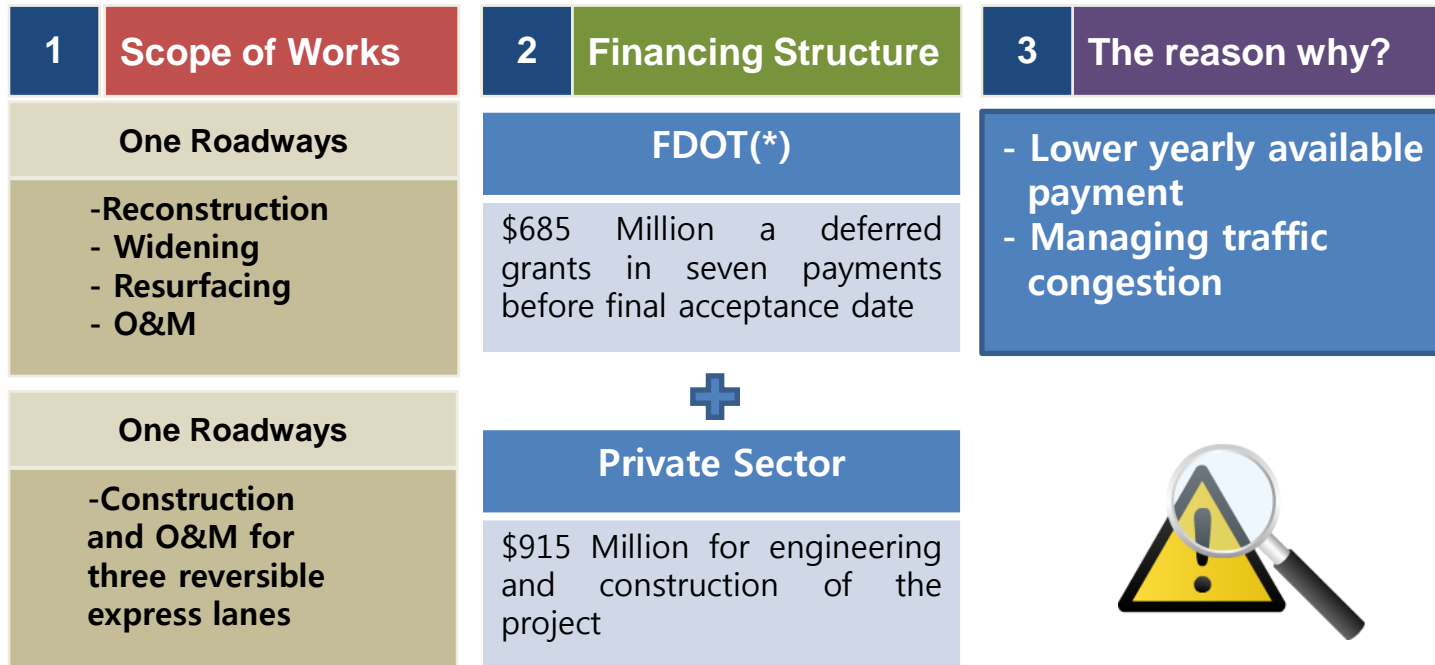
**Viability gap funding.**



## Section III.

How PPPs are financed?

### FDOT\* PPP Project (CAPEX: U\$1.6 Billion) for I-595 Road

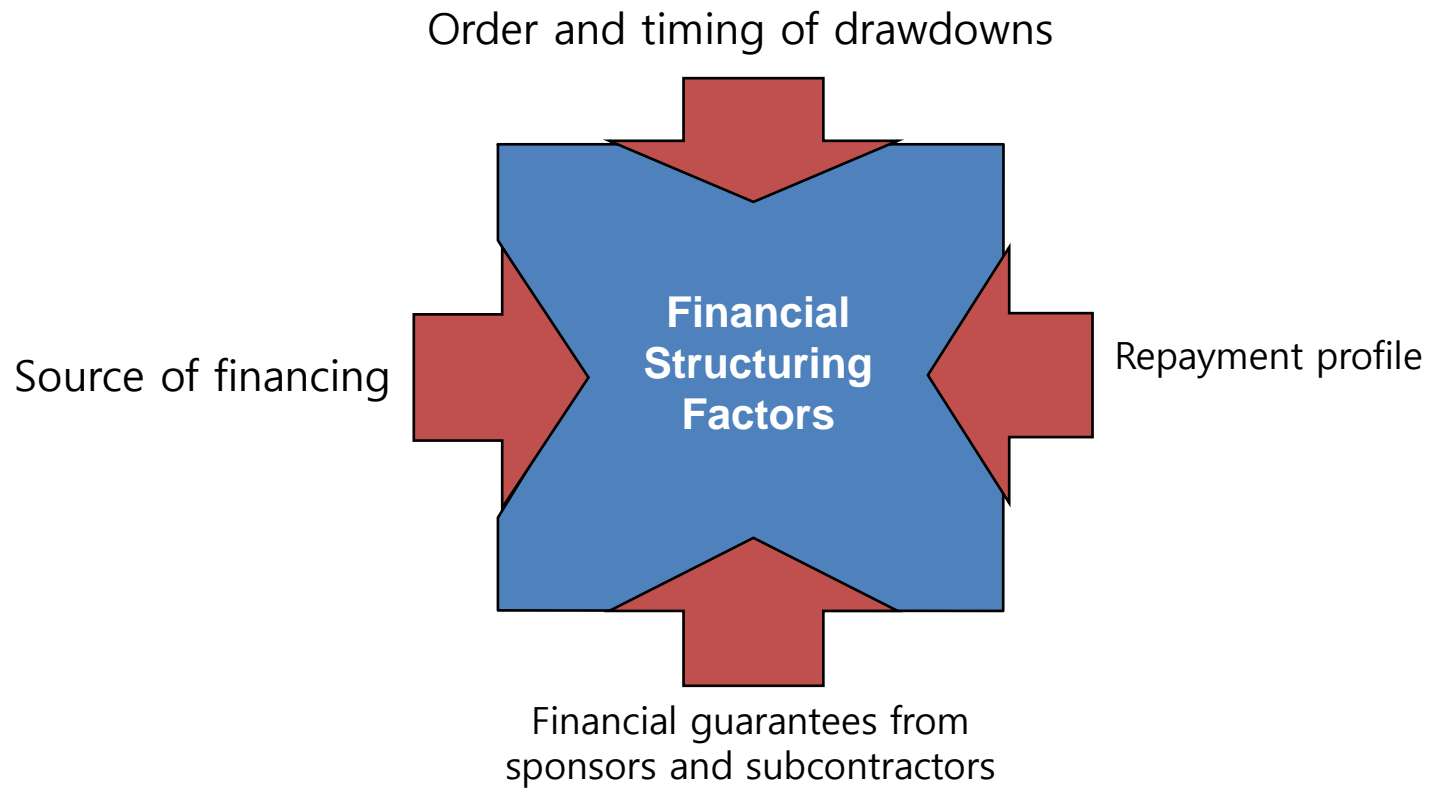


(\*)Florida Department of Transportation

## Section III.



How PPPs are financed?

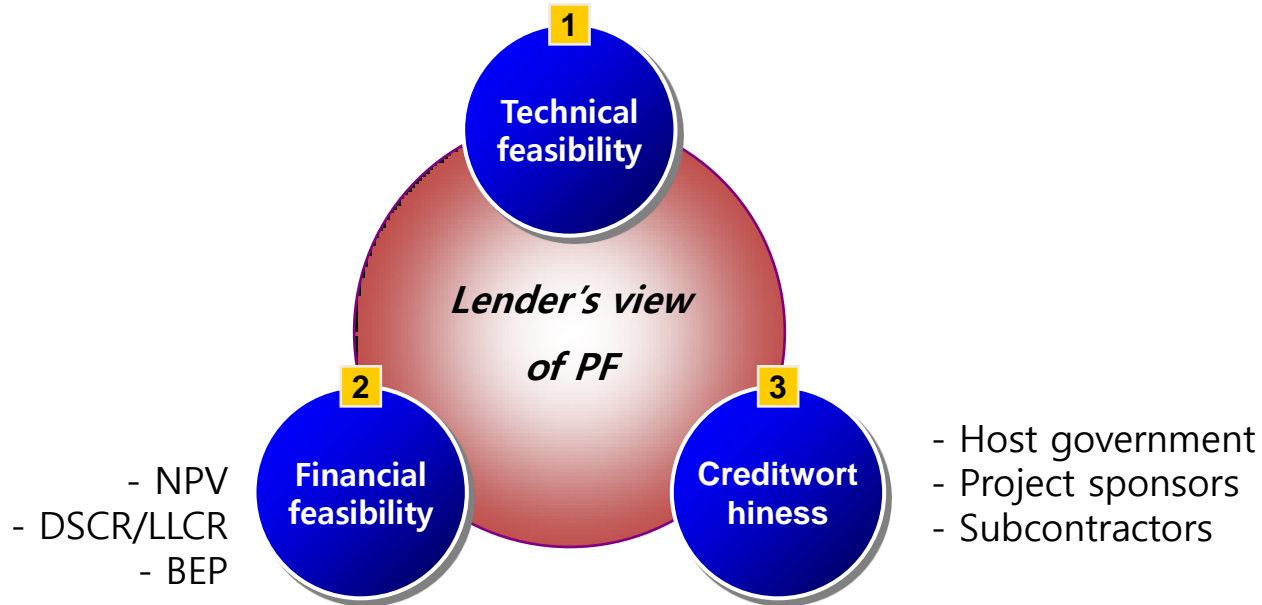


## Section III.



How PPPs are financed?

- Cost / Quality / Schedule
- Environment

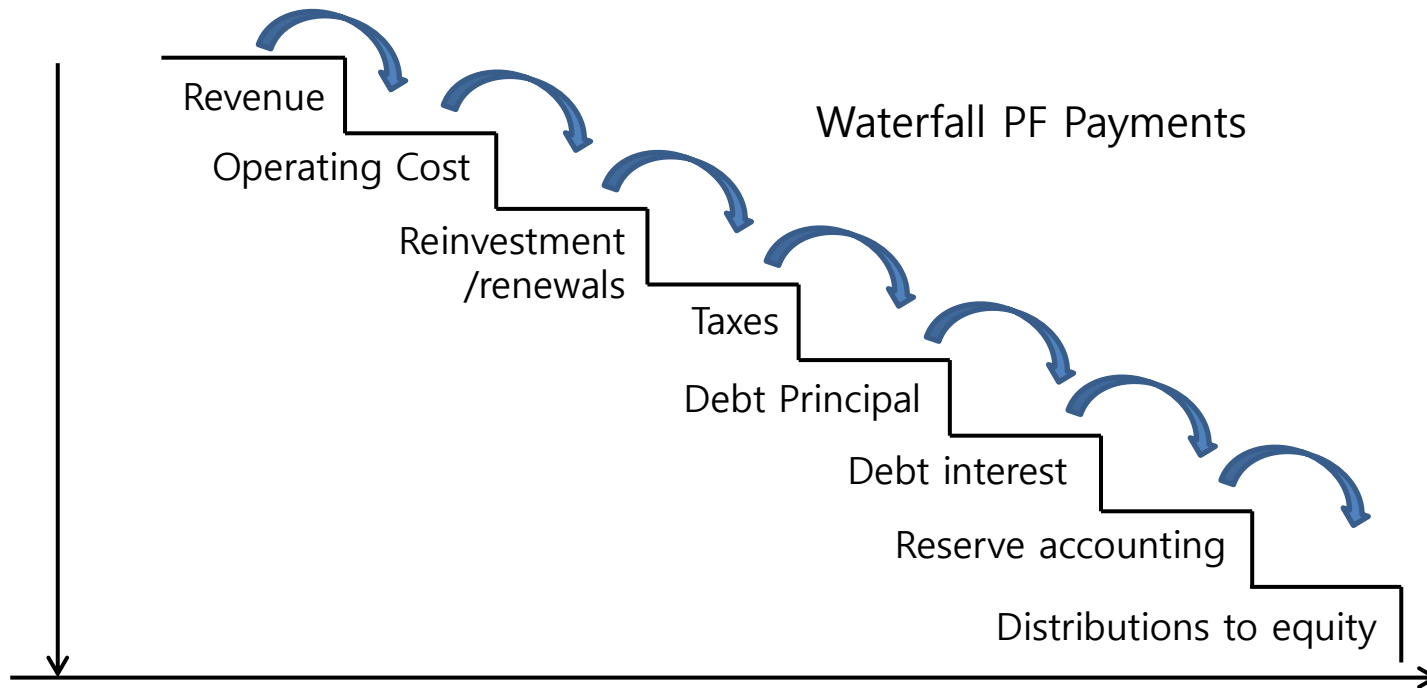




## Section III.



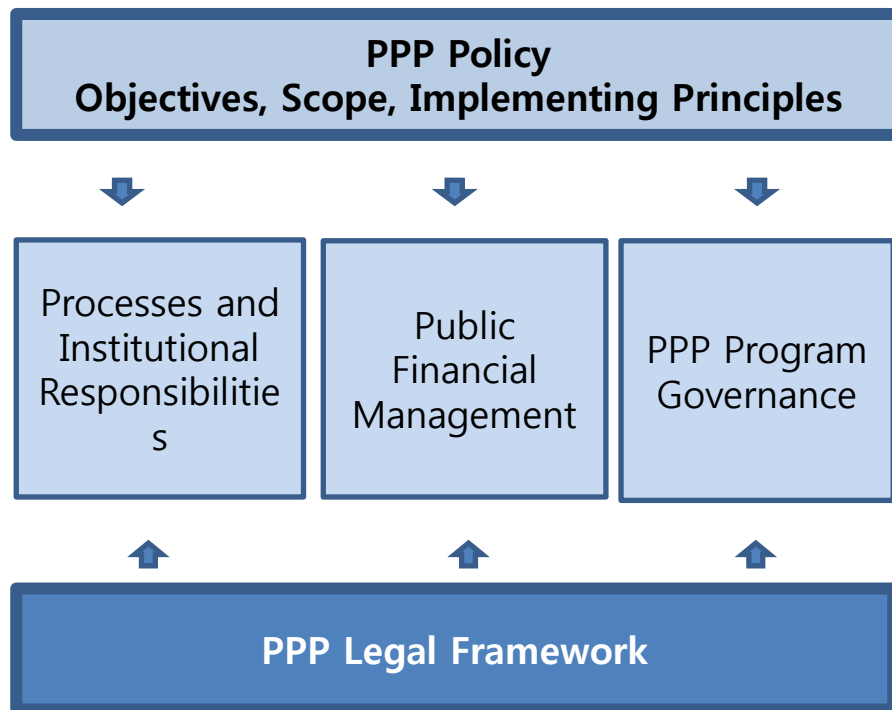
How PPPs are financed?



## Section IV.



### PPP Framework Overview



"...the PPP framework means the policy, procedures, institutions and rules that together define how PPPs will be implemented – that is, how they will be identified, assessed, selected, budgeted for, procured, monitored and accounted for..."

## Section V.

### For Success in PPP Project



• <b>First</b>	The project is the <b>right project</b> (that is, an optimal VfM project option is selected and is properly prioritized with respect to other possible projects.
• <b>Second</b>	PPP is the <b>right delivery model</b> for the project (that is, the PPP process is likely to deliver a better VfM outcome than traditional project method.
• <b>Third</b>	The project is <b>appraised/prepared, structured and managed</b> to minimize adverse impacts on <b>cost, time, scope and quality.</b>

## Section VI.

### Case Studies 1.



	Descriptions
• Project	Water and electricity services provision in Gabon
• Description	20-year concession for the production, transport, and distribution of both water and electricity in Gabon; the contract can be extended for several periods based on an addendum to the contract
• Financial Close	July 1997
• Financial Value	US\$ 135 million
• Consortium	Societe d'Énergie et d'Eau du Gabon, comprising Vivendi Water(51 percent) and local shareholders (49 percent). The 49 percent sale of shares through a public offer was the first of its kind in Gabon. Employees were able to buy up to 5 percent the shares.

## Section VI.

### Case Studies 2.



	Descriptions
• Project	Hospital Regional de Alta Especialidad del Bajío, Guanajuato State, Mexico
• Description	25-year contract to design, build, finance, equip, operate, and maintain a 184-bed regional hospital and specialized medical support unit in the state of Guanajuato, Mexico
• Financial Close	December 2005
• Financial Value	US\$ 230 million(78 percent is debt and 22 percent is equity)
• Consortium	Acciona

## Section VI.

### Case Studies 3.



	Descriptions
• Project	Queen Alia Airport Expansion, Amman, Jordan
• Description	25-year contract to upgrade, expand, rehabilitate, operate, and maintain Queen Alia International Airport, Jordan.
• Financial Close	December 2007
• Financial Value	US\$ 675 million. Of which US\$ 370 million is debt and US\$ 305 million is equity
• Consortium	Airport International Group, comprising Abu Dhabi Investment Corporation of Abu Dhabi(40 percent), NOOR of Kuwait (25 percent), J& P Avax of Greece(10 percent), EDGO Investment Holdings of Jordan(10 percent), Joannou & Paraskevaides- J &P Avax subsidiary(10 percent), and Aeroports de Paris Management of France(5 percent)