

# *The Development of Public Private Partnership Infrastructure Delivery*



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28 March 2018

# PPP Overview

1. *PPP Basics*
2. *PPP Development*
3. *PPP Certification Program*

# *PPP Basics*

# What is PPP

A PPP is a Public-Private Partnership and is a method for procuring and delivering public assets, which are public works, subject or dedicated to public use or naturally accompanying or associated with the provision of a public service.

## Example Assets:

- ▶ Railways
- ▶ Prisons
- ▶ Schools
- ▶ Hospitals
- ▶ Motorways



## Example Services:

- Education
- Emergency Services
- Security
- Defense
- Law Enforcement
- Public transportation etc.



# PPP Basics

## Defining 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 portion 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: PPP Guide

# PPP Basics

## Features of PPP

- ▶ *There is a long-term contract between public and private parties*
- ▶ *The construction and long-term management of the asset are bundled together into one contract*
- ▶ *There is significant risk transferred to the private sector over a significant part of the life cycle of the asset*
- ▶ *There is significant private finance at risk*
- ▶ *The private partner's remuneration is linked to, and at risk of, performance and/or demand benchmarks (alignment of interests)*

# PPP Basics

— PRIVATE RISK  
& CONTROL  
+ PUBLIC CONTROL

+ PRIVATE RISK  
& CONTROL  
— PUBLIC CONTROL  
AND REGULATION



PRIVATE FINANCE  
INFRASTRUCTURE PPPS



INFRASTRUCTURE  
PPPS



NON-PPPS



SERVICE PPPS

Source: PPP Guide

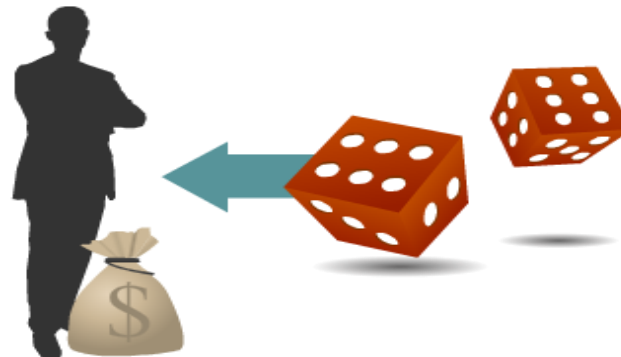
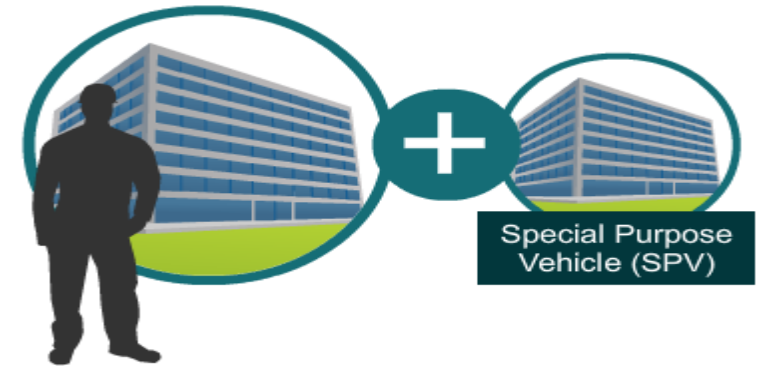


公私營合作學會  
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# Infrastructure Procurement Options that are PPPs

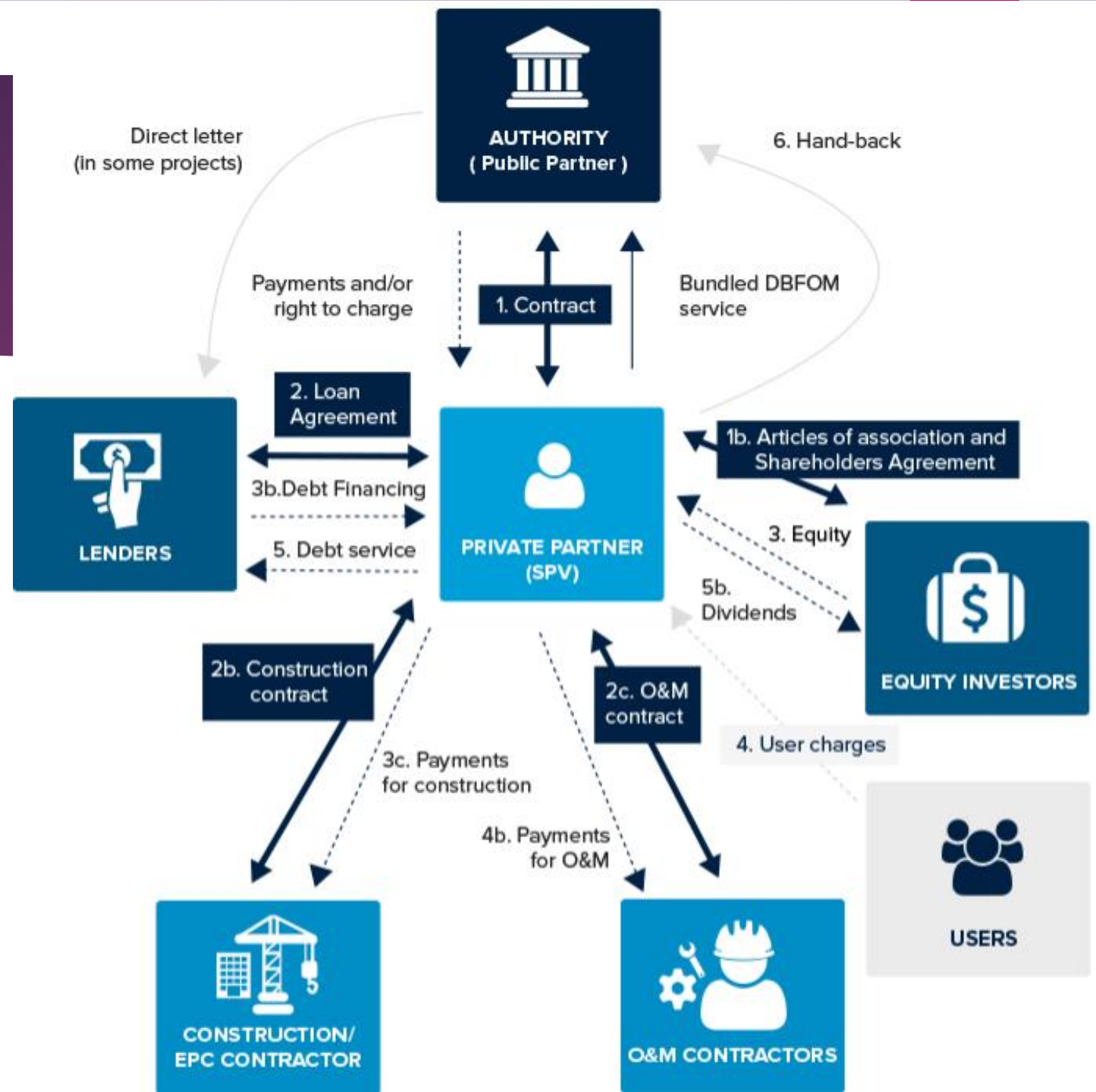
## – DBFOM

- ▶ *Design, Build, Finance, Operate and Maintain*
- ▶ *Contractor takes construction and operational/maintenance risks*
- ▶ *Contractor establishes a SPV*
- ▶ *DBFM if operations remains in the public sector*
- ▶ *True private finance PPP relies on investors taking material risk*





# PPP Basics



# PPP Basics

## ***Volume payments***

*Payment is linked to number of users (for example, a shadow toll payment in a toll-free highway) or to other outputs measured by volume (for example, cubic meters of water treated in a wastewater treatment plant)*

# PPP Basics

## **Availability payments**

*Payment is granted as long as the asset is available, and depending on the availability*

*Ability of a user to use the asset (e.g. the road may be used under reasonable safety conditions)*

*Accomplishment of the level of service established in the contract (e.g. the road has no more than one carriageway)*

# *PPP Development*

# PPP Development

## **United Kingdom**

*Thatcher governments in the 1980s had embarked on an extensive privatisation programme of publicly owned utilities, including telecoms, gas, electricity, water/waste, airports and railways.*

*1992, the Conservative government in the UK introduced the PFI, the first systematic programme aimed at encouraging public-private partnerships. The 1992 programme focused on reducing the public sector borrowing requirement*

*The Labour government, elected in 1997, expanded the PFI initiative but sought to shift the emphasis to the achievement of "value for money"*

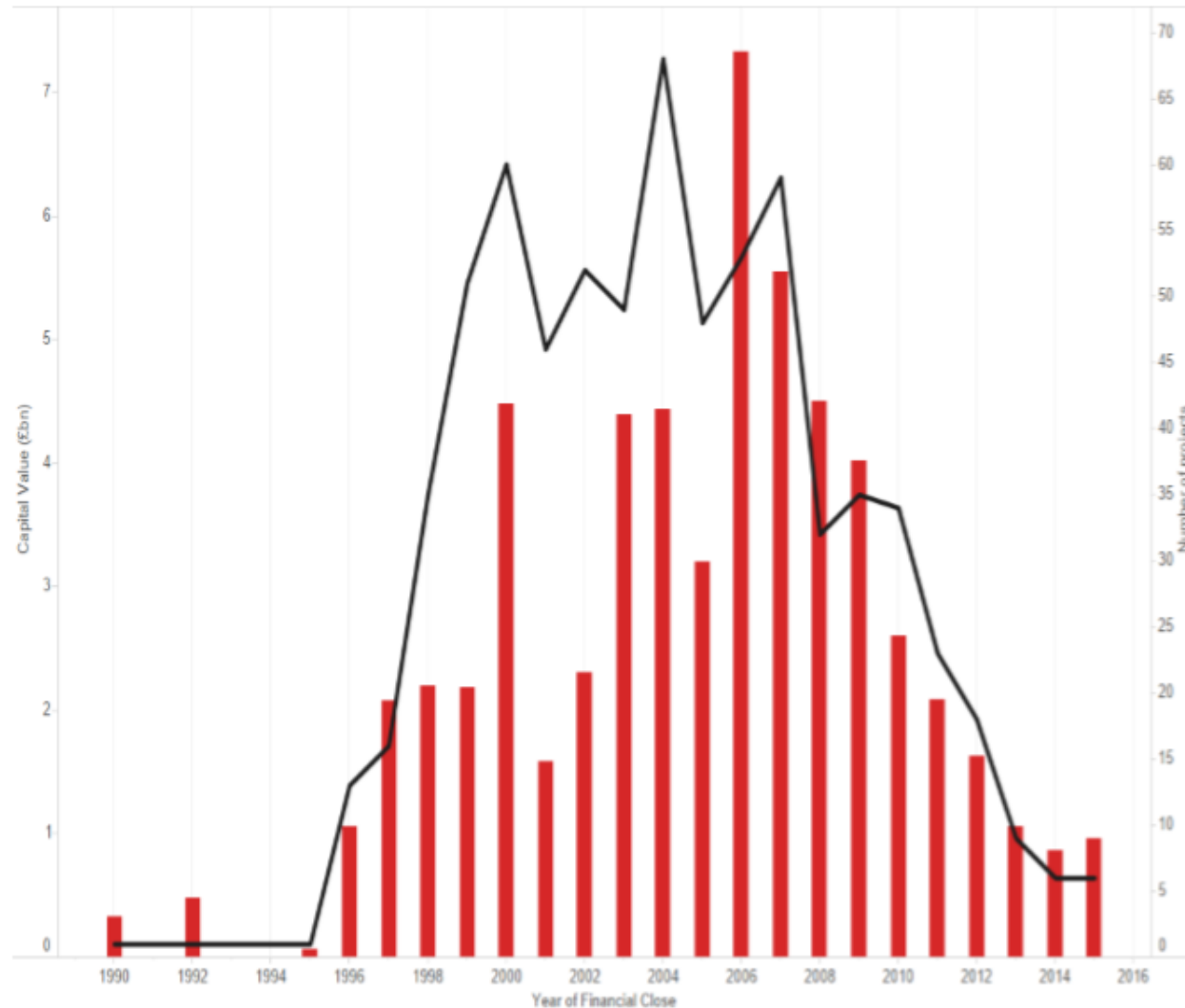
# PPP Development

## **United Kingdom**

### **Some Lessons using PFI from review in 2011**

- No mechanism for sharing in gains when the investors sell their shares
- Tax revenue is lost through the use of off-shore arrangements by PFI investors
- PFI takes too long to procure
- The costs and benefits of PFI projects to both the public and private sectors are not transparent, Government departments and investors hiding behind commercial confidentiality
- The government has insufficient information on the returns made by PFI investors
- PFI far too easy for Government to use it as the financing available, not clearly proving if the project is value for money

Chart A.1: Number of signed projects<sup>1</sup> per year and corresponding capital values<sup>2</sup>



Key  
 ■ Capital value (£bn)  
 ■ Number of projects

Source: Figures based on departmental and devolved administration returns. Current projects only- does not include projects that have expired or terminated.

<sup>1</sup> 'Signed' refers to when the project reaches financial close.

<sup>2</sup> Normally calculated at financial close of individual contract.

**£56 billion** *PPP capital investment*  
**700 projects** *under contract*

Source: HM Treasury  
 Private Finance Initiative  
 and Private Finance 2 projects:  
 2016 summary data

# PPP Development

## Australia

*PPP in Australia can be broadly separated into two periods: pre-year 2000 and post-year 2000.*

*Victorian established **Partnerships Victoria** in 2000 marked a **watershed** in PPP implementation and development.*

*The term '**public private partnership**' formally adopted to cover the range of PPP models*

*Victoria established procedures to govern the pre-contractual decision making stage, and monitoring and oversight in the construction and operating stages.*



# PPP Development

## Australia

*Sydney Harbour Tunnel was the first of many privately financed infrastructure projects. Due to the absence of a policy apparatus for PPP procurement– the Sydney Harbour Tunnel (Private Joint Venture) Act 1987*

*UK PFI social infrastructure policy was adopted. Issued **Guidelines for Privately Financed Projects (WWG) in November 2001**. NSW has procured schools, hospitals, prisons and social housing in a short period of time. The NSW Schools I & II projects are viewed by many in Industry and Government, as being an example of **social infrastructure** PPP best practice.*



In 2012, The NSW government, announced in that year that it bailed out the **Reliance Rail Consortium** (the **Waratah project** , a \$3.6 billion rolling stock PPP project), built 626 new Waratah train cars. NSW Government had agreed to invest \$175 million in Reliance Rail in return for 100% of Reliance Rail equity.

The **Cross City Tunnel** in Sydney has a capital of \$680M . The Equity was provided by three international companies, Cheung Kong Infrastructure (50 percent), DB Capital Partners (30 percent) and **Bilfinger Berger** (20 percent). The Debt \$580 million was financed through a syndicate of the banks led by **Westpac** and **Deutsche** Banks.

In 2012, NSW government also announced that the **Cross City Tunnel** had entered receivership for the second time, due to a dispute over a \$60 million stamp duty bill.

**Table 1: Overview of the Financial Value, Category and Auditor-General Oversight of the PPP Activity in Australian Jurisdictions as at December 2006**

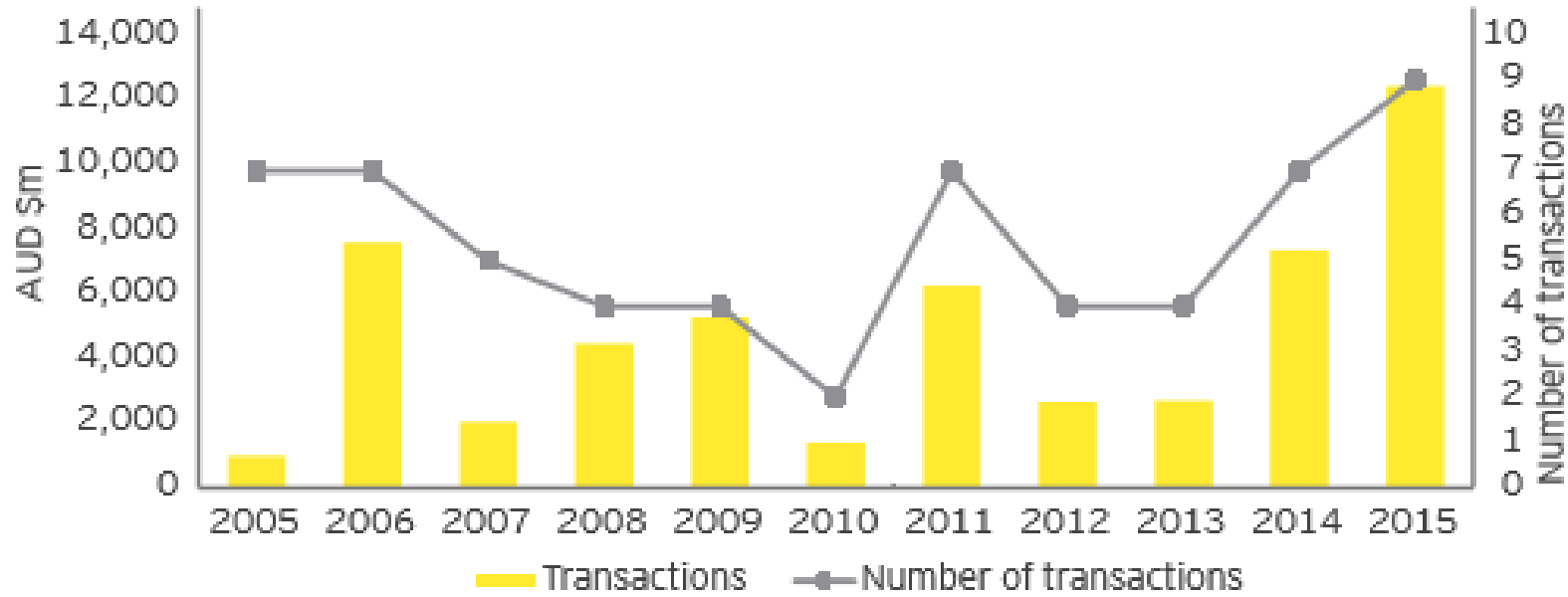
		Jurisdiction								
Category	Data	Multi	NSW	NT	Qld	SA	Tas	Vic	WA	Grand Total
Correctional	Value (\$m)		25		89	0 <sup>†</sup>		1 370 <b>[780]</b>	79	1 563 <b>[780]</b>
	Number of Projects		1		2	1		8 <b>[3]</b>	1	13 <b>[3]</b>
Education	Value (\$m)		315 <b>[315]</b>		240			90		645 <b>[315]</b>
	Number of Projects		2 <b>[2]</b>		1			1		4 <b>[2]</b>
Energy	Value (\$m)	1 450	717	380	2 311	820	78	874	863	7 493
	Number of Projects	4	5	1	7	4	1	10	7	39
Entertainment	Value (\$m)		703	1 100				1 066		2 869
	Number of Projects		2	1				4		7
Health	Value (\$m)		359		561		30	1 019	700 <sup>†</sup> <b>[700]</b>	2 669 <b>[700]</b>
	Number of Projects		4		1		1	4	2 <b>[1]</b>	12 <b>[1]</b>
IT	Value (\$m)							360		360
	Number of Projects							3		3
Justice	Value (\$m)							140	210	350
	Number of Projects							1	2	3
Rail	Value (\$m)	1 300	266		223			4 362 <b>[2 941]</b>		6 151 <b>[2 941]</b>
	Number of Projects	1	2		1			6 <b>[4]</b>		10 <b>[4]</b>
Road	Value (\$m)		7 550 <b>[3 531]</b>		82			4 455		12 087 <b>[3 531]</b>
	Number of Projects		9 <b>[6]</b>		1			3		13 <b>[6]</b>
Waste	Value (\$m)				105					105
	Number of Projects				1					1
Water	Value (\$m)		658		70	324		325		1 377
	Number of Projects		5		2	6		9		22
Total Value (\$m)		2 750	10 593 <b>[3 846]</b>	1 480	3 681	1 144	108	14 061 <b>[3 721]</b>	1 852 <b>[700]</b>	35 669 <b>[8 267]</b>
Total Number of Projects		5	30 <b>[8]</b>	2	16	11	2	49 <b>[7]</b>	12 <b>[1]</b>	127 <b>[16]</b>

Queensland's Gateway Bridge (1980) is the earliest project included in this Table.

The figures within square brackets printed in **bold italics** within each cell indicate the number and net present cost of PPPs that have been subject to performance audit within each category by jurisdiction.

<sup>†</sup> The net present costs of two projects (Mount Gambier Prison (South Australia) and South-West Health Campus (Western Australia)) were not ascertainable.

## PPP Transactions in Australia



Source: Infradeals, EY analysis

*About 127 projects up to 2006*

*About 48 projects from 2007 to 2015*

**About 175 projects up to 2015**

# PPP Development

## ***Lessons Learnt from Australia***

- *Skills – Steep learning curves for participants in PPP projects*
- *Ownerships – private promoters consortium led by Financiers*
- *Bidding Costs – high bid costs and short negotiation period*
- *Contract Management – skills to manage change, relationship and negotiate new arrangements*
- *Availability of Finance – not a problem in developed country*
- *Reducing Risks – Use standard commercial terms in PPP projects*





# PPP Development

**China**

## PPP Framework

### Agencies

National Development Reform Commission (NDRC), China

China Public Private Partnerships Center

Ministry of Finance of the People's Republic of China



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# PPP Development

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National Development and Reform Commission

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信息公开

专家库

机构库  
信息公开

**建设大市场，搭建大平台，促进大合作**

投资金额： 1亿以下 1-3亿 3-10亿 10亿以上  -

示范级别： 国家示范项目 省级示范项目 其它

默认	阶段 ↓	投资金额
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默认

## 惠州市四环路南段（仲恺大道-惠南大道）道路工程

管理库项目/执行阶段

广东省 > 惠州市 > 惠州市本级 市政工程 > 市政道路 195,400万元

惠州市四环路南段（仲恺大道-惠南大道）道路工程位于惠州市南部，西起于现状仲恺大道，向东终于现状惠南大道。道路设计全长11.3km，按双向8车道的城市快速路标准建设（立交主线桥梁以及隧道部分按双向六车道...

发起时间：2015-08-01

信息公开



默认

## 东江大堤（江南大道仲恺段）堤路建设工程

管理库项目/执行阶段

广东省 > 惠州市 > 惠州市本级 水利建设 > 防洪 430,983万元

东江大堤（江南大道仲恺段）堤路建设工程PPP项目位于仲恺高新区潼湖镇辖区内,起自梁山径，穿过梁山径垭口沿东江左岸延伸，接广和围后下穿博深高速，沿省道S120至东莞桥头镇，全长约16.09km。项目建设...

发起时间：2016-06-30

信息公开



默认

## 惠州市惠新大道及梅湖大道建设工程

管理库项目/执行阶段

广东省 > 惠州市 > 惠州市本级 市政工程 > 市政道路 277,900万元

全国入库项目（管理库）地区 and 行业分布（截至2018年1月31日）

地区\行业	能源	交通运输	水利建设	生态建设和环境保护	农业	林业	科技	保障性安居工程	医疗卫生	养老	教育	文化	体育	市政工程	政府基础设施	城镇综合开发	旅游	社会保障	其他	项目总数量	项目总金额（亿元）
北京	1	6	5	6	0	0	4	1	0	1	0	0	0	25	0	0	0	0	0	49	2,122
天津	2	0	0	0	0	0	0	0	0	0	1	0	0	10	0	1	0	0	0	14	418
河北	4	33	9	19	3	0	4	3	12	1	15	10	3	130	3	13	3	2	2	269	4,461
山西	0	22	4	8	0	2	1	3	6	2	13	5	2	88	2	5	5	1	1	170	1,516
内蒙古	3	56	10	44	5	3	13	13	11	7	10	23	13	209	10	21	32	4	2	489	5,347
辽宁	2	12	3	2	0	0	1	1	3	3	4	2	1	48	5	6	3	1	1	98	963
大连	1	2	0	0	0	0	0	1	0	0	0	0	0	14	0	0	0	0	0	18	1,078
吉林	0	11	4	8	1	0	0	1	0	2	1	0	3	57	3	5	1	2	0	99	3,115
黑龙江	5	16	2	2	0	0	4	0	1	1	1	2	0	19	5	4	3	1	0	66	1,196
上海	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	2	16
江苏	6	29	5	7	2	0	5	13	8	9	10	4	8	72	6	25	16	6	0	231	5,455
浙江	7	66	14	8	0	1	4	11	8	5	21	10	5	90	12	17	5	4	1	289	5,572
宁波	0	11	5	1	0	0	0	2	0	0	2	1	0	11	1	5	2	2	0	43	1,027
安徽	3	42	4	37	2	0	5	8	6	2	8	6	4	128	6	36	9	7	0	313	3,462
福建	3	31	8	19	1	3	6	4	13	1	14	5	1	93	2	17	9	4	1	235	3,187
厦门	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	2	19
江西	4	30	6	6	2	0	0	5	3	5	4	3	0	59	6	10	9	3	0	155	1,288
山东	26	50	20	41	10	1	18	24	37	31	58	23	10	197	19	40	22	4	8	639	5,204
青岛	1	2	0	1	0	0	1	0	5	0	3	1	2	21	1	1	1	0	0	40	1,799
河南	8	105	53	79	7	4	11	28	36	20	51	29	11	186	12	30	8	14	3	695	8,394
湖北	1	37	3	27	2	2	4	2	4	3	10	16	3	125	4	15	11	3	0	272	4,324
湖南	6	74	26	50	3	0	17	12	18	12	28	10	6	198	6	58	55	9	3	591	9,198
广东	0	28	8	38	1	0	1	0	4	0	4	1	1	90	6	11	2	2	0	197	3,065
深圳	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	16
广西	0	13	0	19	1	0	2	0	3	1	3	3	0	47	3	3	5	0	1	104	1,290
海南	6	2	9	14	0	0	1	1	3	0	3	3	0	77	1	4	0	3	0	127	1,310
四川	8	104	8	21	2	0	0	21	18	6	26	4	5	168	10	38	8	6	1	454	7,053
贵州	3	77	31	32	8	0	3	19	24	4	26	5	6	155	6	35	51	11	5	501	9,058
云南	0	53	37	30	5	4	3	2	10	5	10	5	8	104	3	6	16	7	0	308	7,771
西藏	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	2	97
陕西	4	27	11	15	1	1	0	3	9	7	9	4	2	78	4	3	15	4	2	199	2,818
甘肃	0	24	2	6	1	0	0	0	3	1	4	2	1	33	2	2	1	1	0	83	2,091
青海	2	3	0	4	0	0	0	0	1	1	0	0	2	14	0	2	4	0	1	34	528
宁夏	0	11	3	3	1	0	1	1	3	1	4	2	2	18	2	1	2	2	0	57	705
新疆	8	72	33	25	6	1	12	14	10	5	27	18	8	186	24	27	24	24	2	526	6,422
重庆	0	18	2	1	0	0	0	0	1	0	0	1	1	14	0	2	2	2	0	44	1,817
新疆兵团	0	5	0	1	1	0	2	0	0	0	1	0	1	13	0	1	0	1	0	26	243
中央本级	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	1	4	22
合计	114	1,072	325	574	65	22	124	193	260	136	371	199	112	2,782	164	444	324	130	35	7,446	113,467



# PPP Development



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Ministry of Finance of the People's Republic of China

2018年2月5日 星期一

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## 《基础设施和公共服务领域政府和社会资本合作条例（征求意见稿）》公开征求意见

为了增强立法的公开性和透明度，提高立法质量，现将国务院法制办、国家发展改革委、财政部起草的《基础设施和公共服务领域政府和社会资本合作条例（征求意见稿）》及其说明全文公布，征求社会各界意见。有关单位和各界人士可以在2017年8月22日前，通过以下三种方式提出意见：

一、登陆中国政府法制信息网（<http://www.chinalaw.gov.cn>），进入首页主菜单的“立法意见征集”栏目提出意见。

二、通过信函方式将意见寄至：北京市2067信箱（邮政编码：100035），请在信封上注明“基础设施和公共服务领域政府和社会资本合作条例征求意见”字样。

三、通过电子邮件方式将意见发送至：[zfshzhbztl@chinalaw.gov.cn](mailto:zfshzhbztl@chinalaw.gov.cn)。

国务院法制办

2017年7月21日



基础设施和公共服务领域政府和社会资本合作条例（征求意见稿）



公私營合作學會  
Institution of Public Private Partnerships

# *PPP Certification Program*

AN INNOVATION OF



**European Bank**  
for Reconstruction and Development



**OVIN**  
Multilateral Investment Fund  
Member of the IDB Group



**WORLD BANK GROUP**

FUNDED BY



**PPIAF**  
Enabling Infrastructure Investment

The program is part funded by the Public-Private Infrastructure Advisory Facility (PPIAF), a multi-donor trust fund that provides technical assistance to governments in developing countries



公私營合作學會  
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# The APMG PPP Certification Program

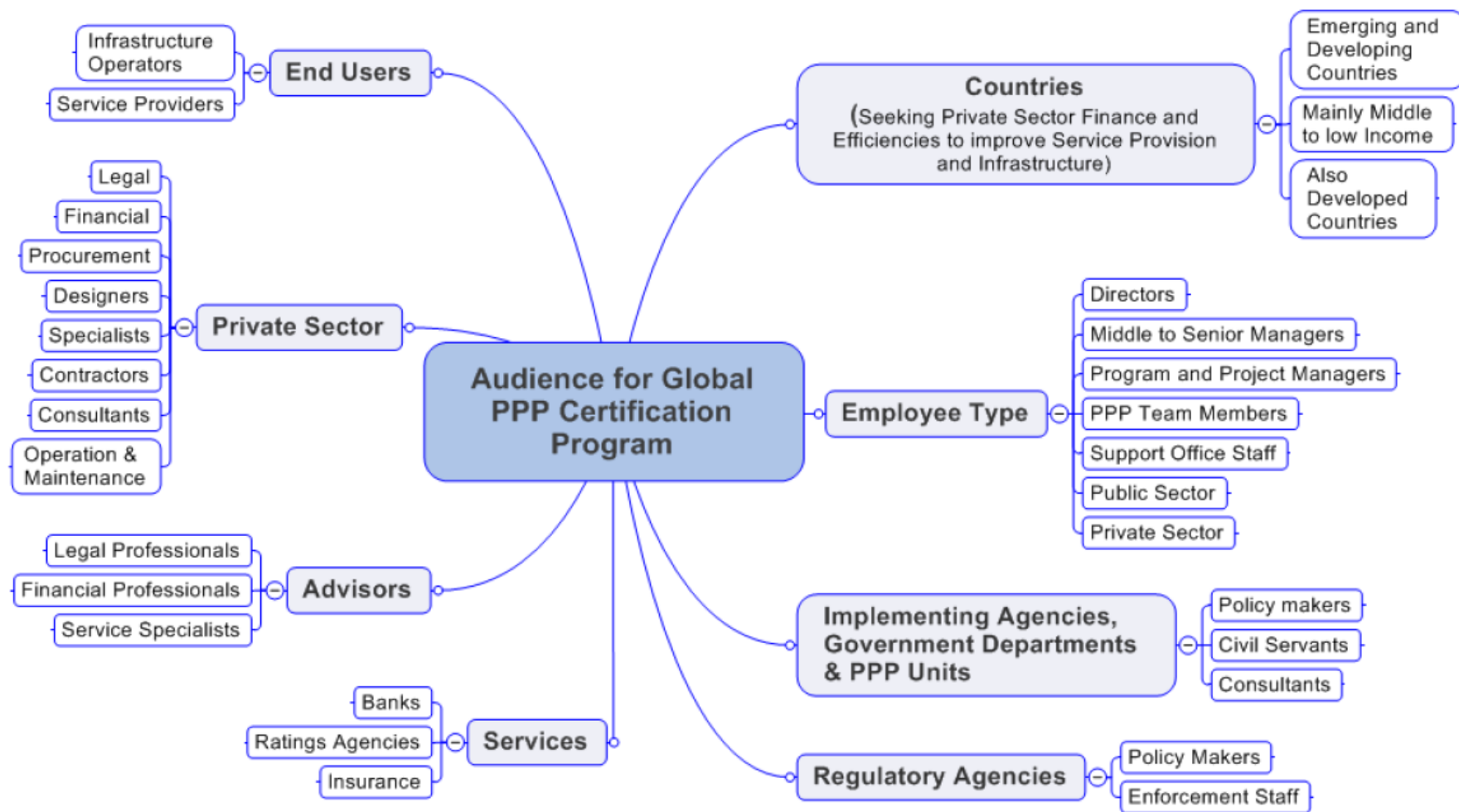


- **The program vision is to:-**
  - Facilitate successful delivery of PPPs world wide
  - Assist PPPs to leverage Finance and Efficiencies from the Private Sector
  - Provide certification for individuals engaged in PPPs comprising
    - Certificates for Certified PPP Professionals (CP<sup>3</sup>P)
    - Modular qualifications reflecting PPP phases
      - CP<sup>3</sup>P Foundation covering the whole PPP lifecycle
      - Advanced CP<sup>3</sup>P modules covering key PPP stages
  - Offer the program globally and in a variety of languages accessible to all driving up standards.
- **As a result it will enhance PPP performance**
  - for management at all levels in both Public and Private Sectors
  - Reduce duplication of effort, improve outcome, reduce costs

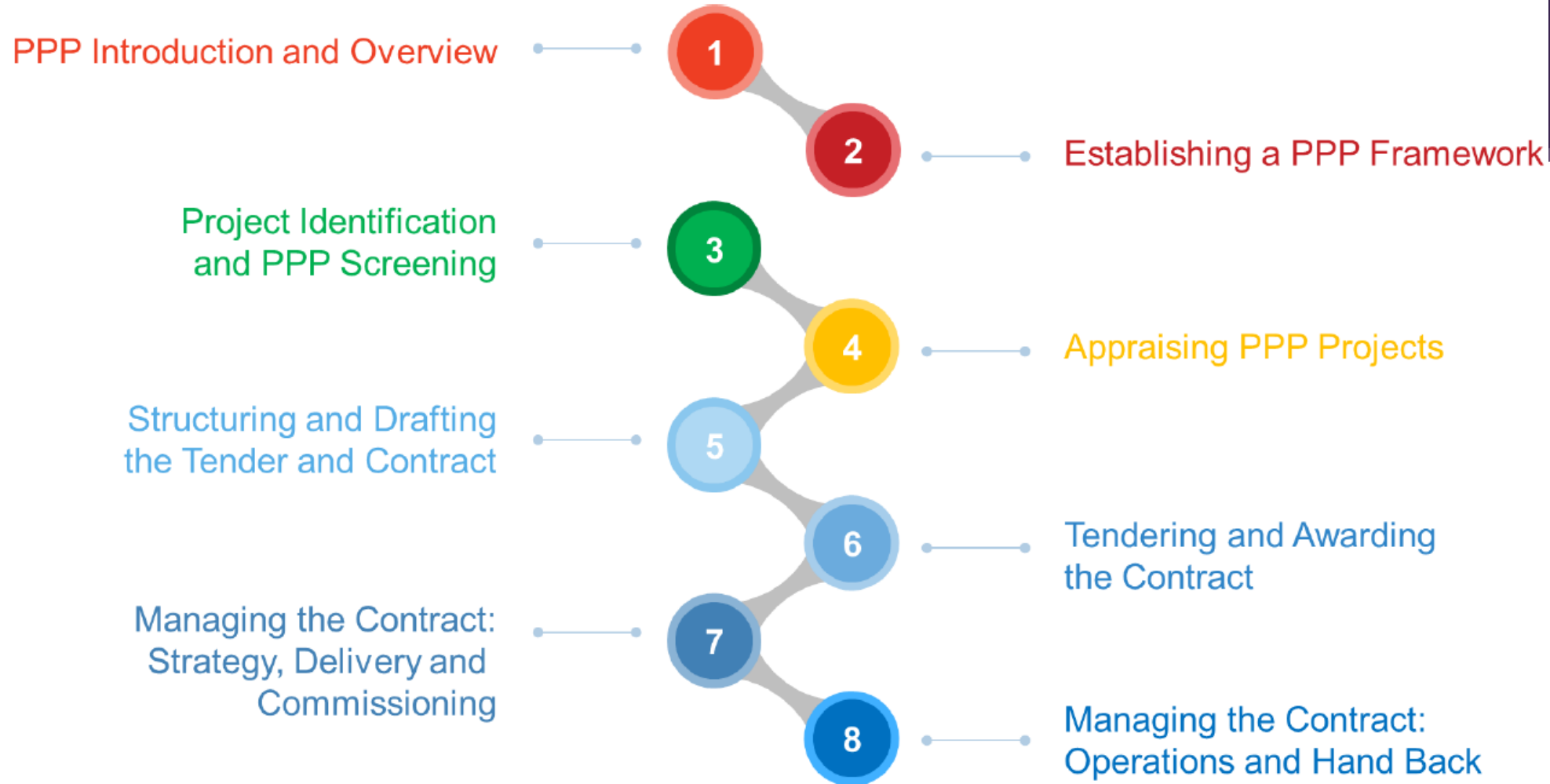


# Audience

- The Guide is aimed primarily at the Public Sector but addresses how the Private Sector is best engaged

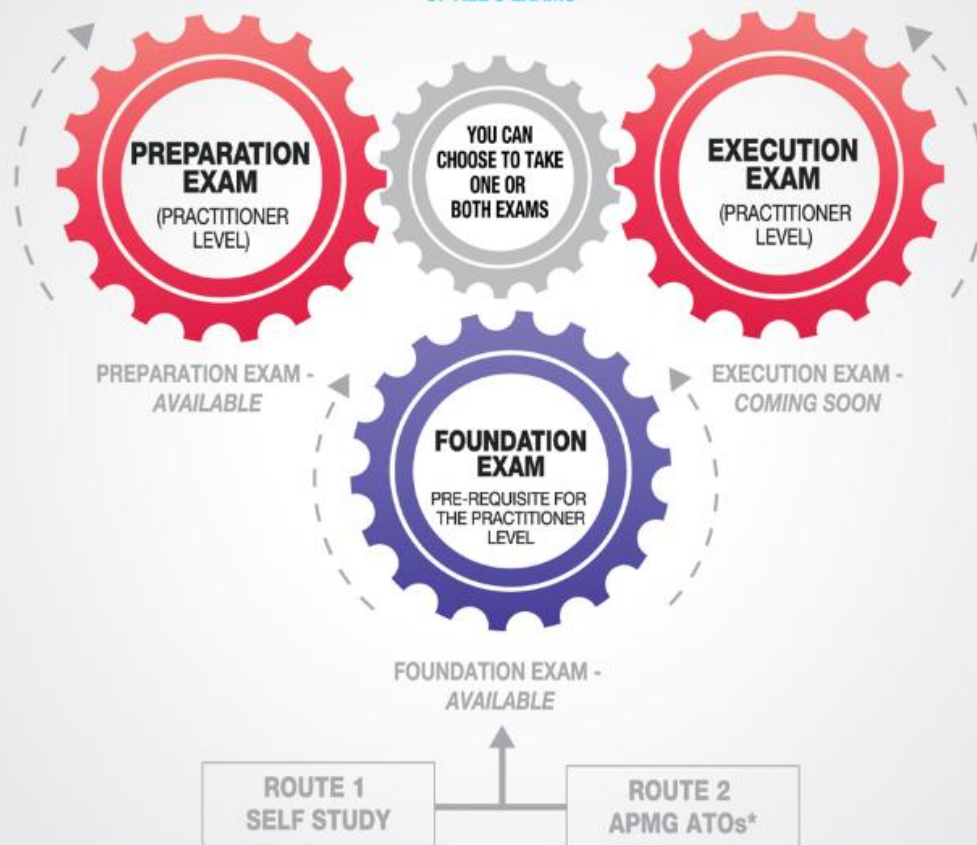


# PPP Certification Guide Summary





AWARDED ON SUCCESSFUL COMPLETION  
OF ALL 3 EXAMS



THE PPP CERTIFICATION PROGRAM GUIDE  
THE ESSENTIAL GUIDE FOR THE CERTIFICATION PROGRAM  
FREE TO DOWNLOAD FROM [HTTPS://PPP-CERTIFICATION.COM/](https://PPP-CERTIFICATION.COM/)

\*Accredited Training Organisations.

TPMA  
*Academy*

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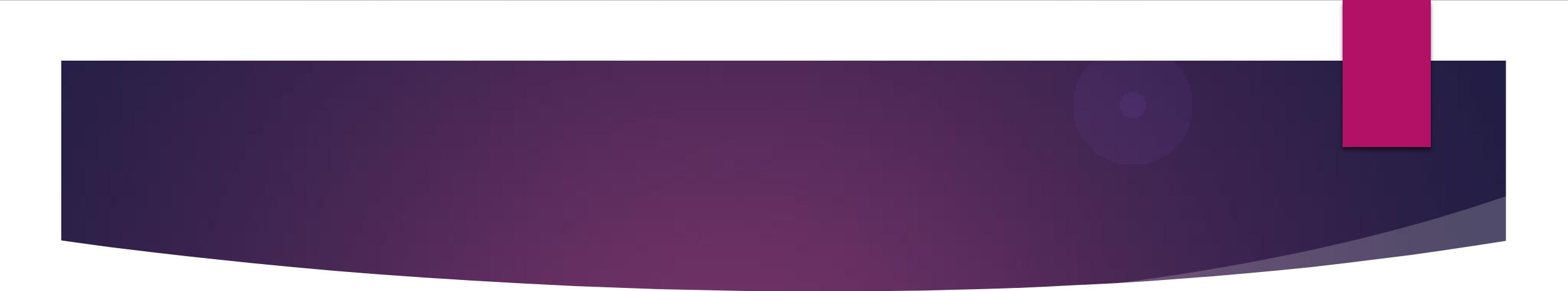


We are delighted to announce that

***Institution of Public Private Partnerships*** has achieved an important milestone for the Chinese translation of the Foundation course of the World Bank Group's PPP Certification Guide

The Chinese PPP Certification Guide has been launched on **15 March 2018**





***Institution of Public Private Partnerships*** is intended for PPP professionals, government officials, investors, and others with an interest in PPP to share knowledge and information through:

- Promotion of the **CP<sup>3</sup>P** Certification Program
- Promotion of the use of **Green Finance** in PPP
- Promotion of the use of **Blockchain + BIM** to increase the level of trust and the control of cost



*PPP in China is now allowed to raise funds through asset securitization.*

*By January 2018, **7,446 PPP projects** were under construction with total investment at around **11.3 trillion yuan**.*

***Thank You***