

Asia PPP Practitioners Network (APN) Meeting



Seoul, November 2016

***PPP for regional connectivity and
sustainable development***

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ESCAP and PPP

*The most inclusive **intergovernmental** platform in **Asia and the Pacific**...
... active in the field of PPP for around **10 years***

Capacity
Building

Independent
Advocacy

Research

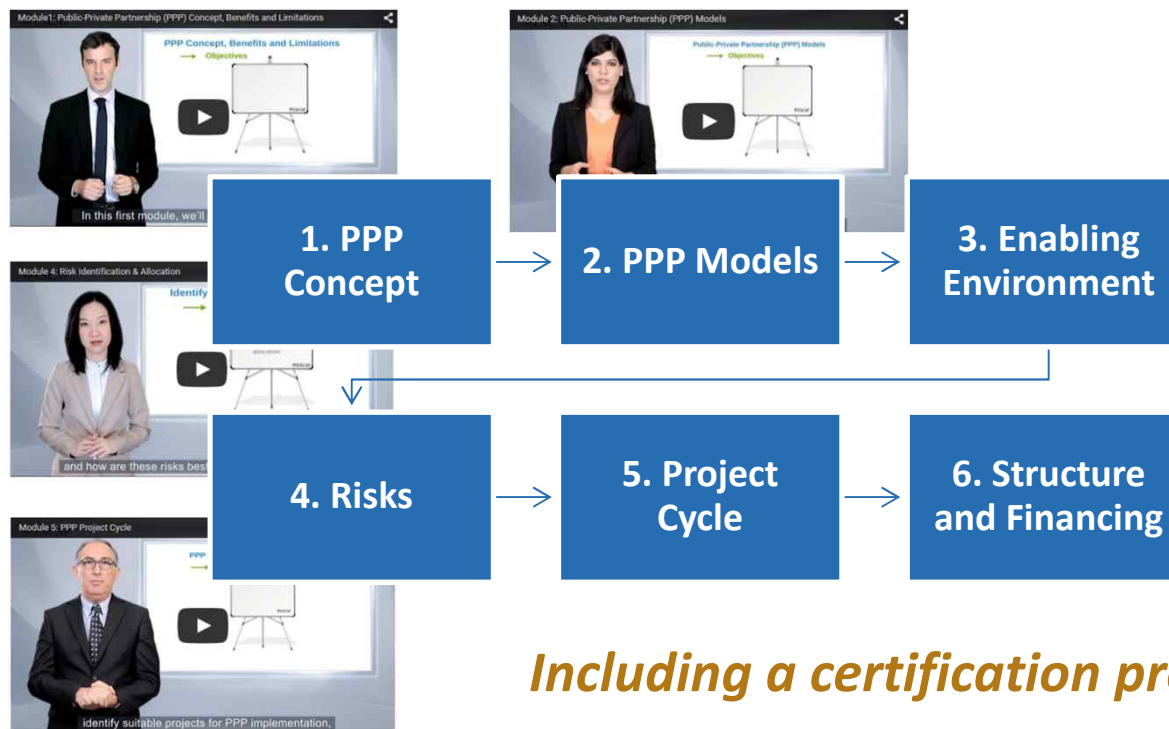
- Regional Connectivity
- Sustainable Development
- Institutional Frameworks

Experience
Sharing



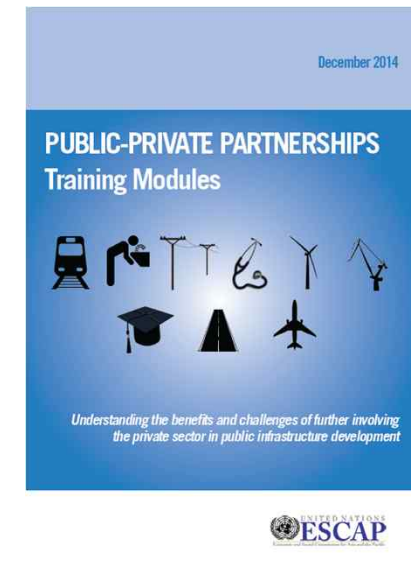
Capacity building

- ESCAP: Free PPP Online Course (6 Modules)



Including a certification programme

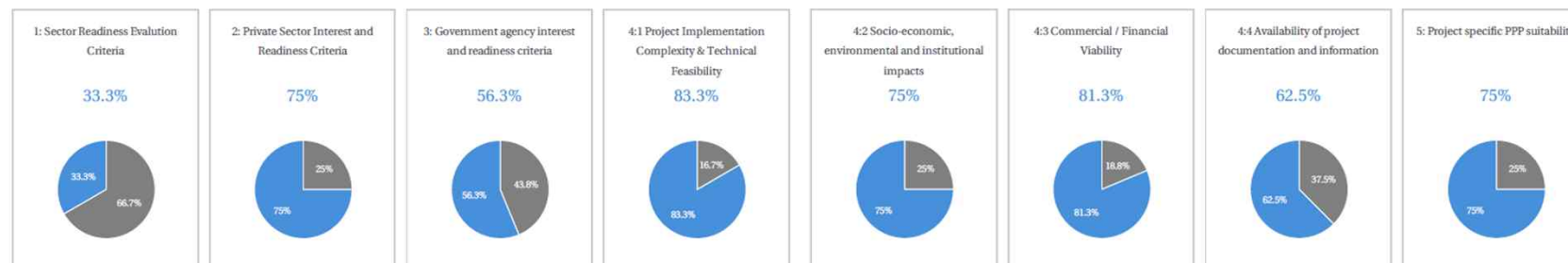
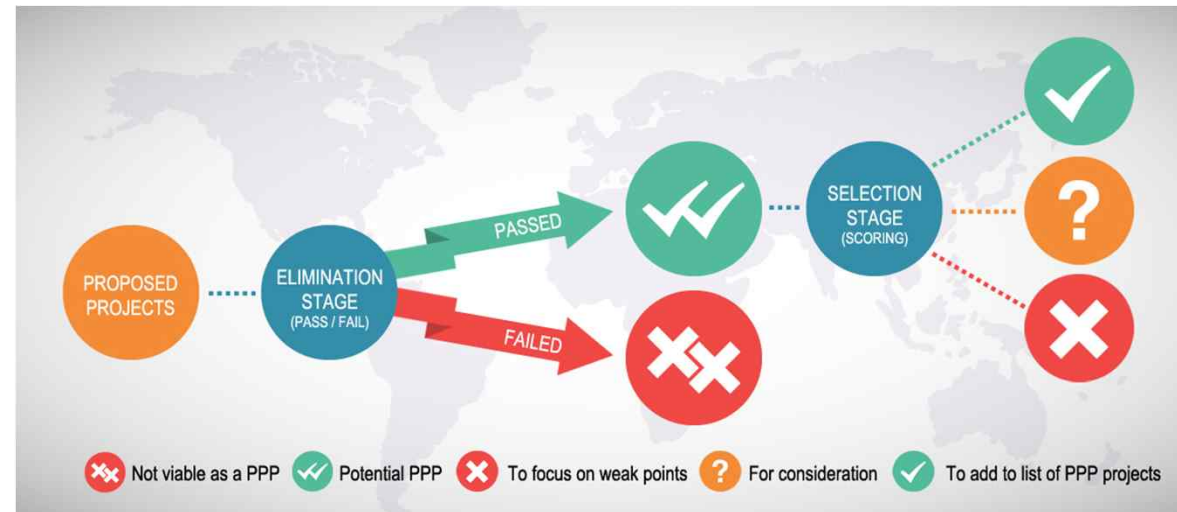
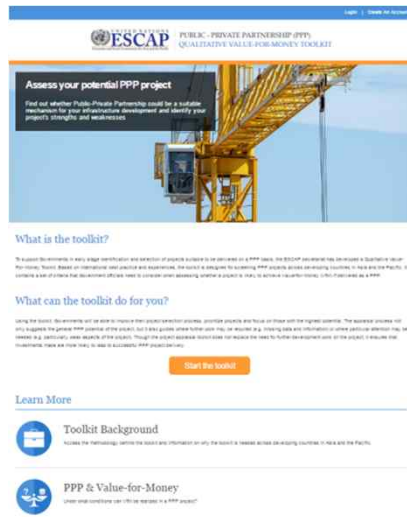
- Classroom Training on PPPs (national workshop)



Capacity building (con't)

Value-for-Money Toolkit / Project Screening

<https://ppp.unescap.org/>

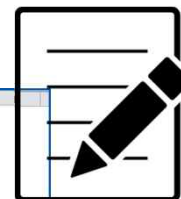


Independent Advocacy

Building an enabling environment

■ ESCAP “PPP Readiness” assessment

1 Legal and Regulatory Provision for PPP			Average assessment by:		
Please add your scores into the green fields (4= very good; 3=good; 2=moderate; 1=fair; 0=poor)			Government	Domestic private sector	International private sector
4 Establishment of clear legal basis for PPP process	41	Legal basis for private sector participation in PPP is clearly defined	<add number>	<add number>	<add number>
	42	Limited restriction on participation of foreign investors in PPP projects			
7 Legal provision for property acquisition	43	Judiciary understands and accepts PPP policy framework			
	44	Authority and procedures are clear for acquiring rights of way			
8 Adequacy of structures providing for economic regulation of PPP projects	45	Regulatory authority is clear for all PPP types expected			
	46	Price and quality of PPP monopolies regulated to protect consumers and others			
11 Implementation of economic regulation (including quality and fairness issues)	47	Price regulation sufficiently flexible to adjust to major cost changes			
	48	Powers and resources are adequate to regulate PPP			
	49	Accounts of PPP projects available to regulators and subject to effective query			
	50	Regulators demonstrate competence, independence and efficiency			
Regulatory Environment, total:			0	0	0



Questionnaire to identify key bottlenecks...

• Legal and Regulatory Provision for PPPs

• PPP Policy Framework

• PPP Capacity

• PPP Process: Selection and Contracting

• PPP Process: Post Selection

• Social Dimension of PPPs

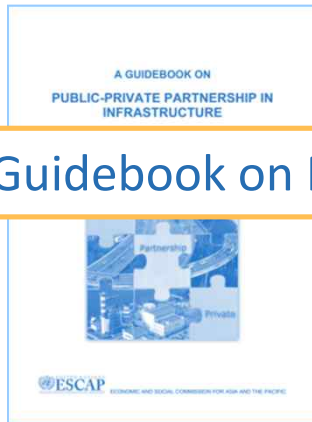
- ✓ Bhutan
- ✓ Cambodia
- ✓ Lao PDR
- ✓ Myanmar

... and to plan government actions

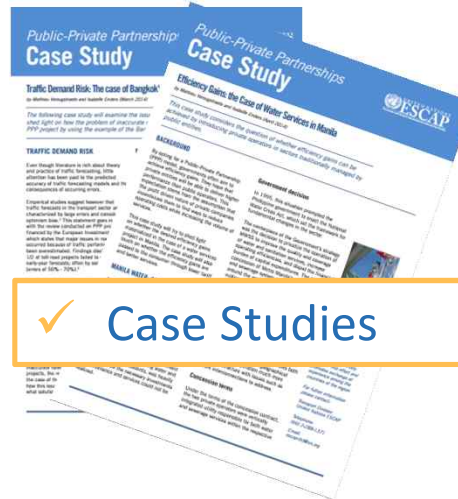


Research Material

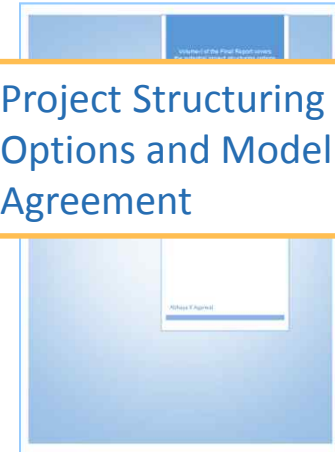
✓ Guidebook on PPPs



✓ Case Studies



✓ Project Structuring Options and Model Agreement



Planned research

- ✓ PPP and sustainable development
- ✓ Regional connectivity
- ✓ Institutional Frameworks



Research

1. PPP and Cross-Border Projects

- Regional connectivity
= priority of many countries seeking new drivers of growth
- Cross-border linkages have to be developed
 - *Can PPP be used for trans-boundary projects?*
- Little information is available
 - *What has been the experience so far?*
 - *What challenges emerge from examining these projects?*
 - *What conclusions can be drawn for future policy actions?*



Research

1. PPP and Cross-Border Projects (experience)

Energy

- *Hydropower (e.g. Lao/Thailand, Bhutan/India, Turkey/Georgia)*
- *Oil and gas pipeline (e.g. Myanmar/Thailand, Azerbaijan/Georgia/Turkey)*

Clear economic case for regional projects with energy-rich countries and energy-deficient ones

Mainly national infrastructure but few cross-border projects (e.g. railway / limited success)

Transport

- *Road, Rail, Border-crossing facilities (e.g. Turkey), Bridge (e.g. Singapore/Malaysia)*
- *Port and Airport*

ICT

- *Sub-marine and terrestrial fiber-optic cables (e.g. Samoa sub-marine cable project)*

Mainly private investment but public support might be required



Research

1. PPP and Cross-Border Projects (con't)

Challenges	Policy Actions
Complex arrangements (e.g. to agree on project scope)	<ul style="list-style-type: none">• Building institutional bridge• Supporting regional platforms• Addressing bottlenecks at border
Limited competition (e.g. large capacity required for these projects)	<ul style="list-style-type: none">• Moderating risk transfer• Leveraging SOE's appetite for internationalization• Creating industry benchmarks• Boosting domestic market
Augmented political risk	<ul style="list-style-type: none">• Strengthening risk coverage instruments• Managing social and environmental impacts• Reinforcing governance• Selecting sound projects



Research

1. PPP and Cross-Border Projects (con't)

Challenges	Policy Actions
Disparate regulatory environments	<ul style="list-style-type: none">• Enhancing national PPP frameworks• Establishing regional regulatory mechanisms
Intricate procurement process (e.g. 1 vs. 2 contracts)	<ul style="list-style-type: none">• Developing guidelines for cross-border procurement
Unbalanced cost and benefit	<ul style="list-style-type: none">• Aligning interests• Promoting dedicated financial instruments



Publication coming soon !



Research

2. PPP and Sustainable Development

Infrastructure development central to the 2030 Agenda for Sustainable Development with at least 12 related SDGs



Addis Ababa Action Agenda (AAAA) on Financing for Development mentioned the role of PPP in infrastructure financing



Research

2. PPP and Sustainable Development (con't)

- CHALLENGES**
- MORE**
- BETTER**
- Rapid economic development & urbanization create demand (\$1.6 trillion per year for 2016-2030)
 - **Inclusive:**
 - ~ 0.5 billion people with no access to electricity
 - 1 in every 10 rural residents with no access to safe drinking water
 - **Climate friendly:**
 - Asia and the Pacific responsible > 50% of CO₂ emissions (energy and transport = largest share of emissions)
 - **Resilient:**
 - most disaster-prone region > 5,000 natural disasters (1970-2014).
 - \$45 billion in economic damage in 2015
 - **Forward looking (avoid lock-in effect in unsustainable patterns)**
 - (off-grid decentralized power generation)



Research

2. PPP and Sustainable Development (con't)



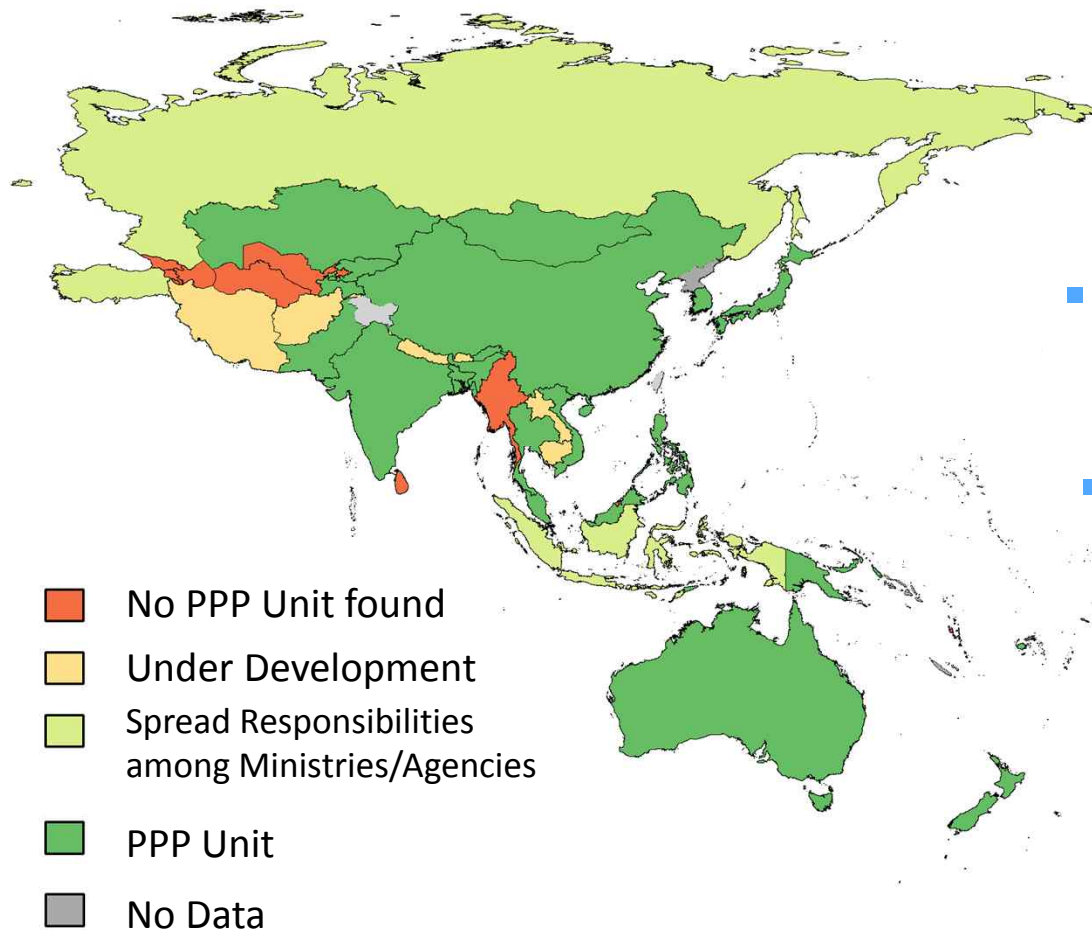
- **Prioritization / selection:**
Based on environmental, social and economic sustainability
- **Project design (performance indicators)**
Incentivize the private sector to find cost-efficient solutions (e.g. coverage, access and quality) + Engage sufficiently with the stakeholders
- **Procurement (competitive pressure)**
Incorporated sustainability in the procurement process through award criteria and project specifications
- **Fiscal sustainability:**
Transparency in accounting and reporting on risks

Need for more guidelines (adapted to the region)



Research

3. Institutional Arrangement



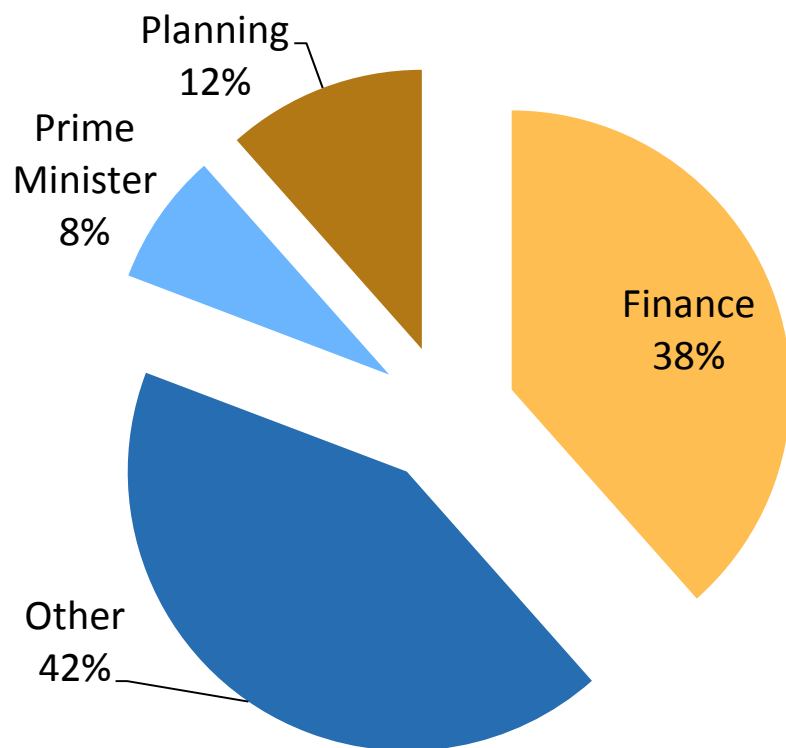
Among 42 countries reviewed:

- 20 Central PPP Units
- 3 countries with multiple central entities responsible for PPP
- 6 PPP Units under development
- 13 countries with no central unit



Research

3. Institutional Arrangement (con't)



These units are very different in terms of :

- Location
- Size (staff)
- Resources
- Responsibilities:
 - ✓ Guidelines
 - ✓ Standard documents
 - ✓ Coordination
 - ✓ Promotion
 - ✓ Quality control
 - ✓ ...

Short survey to complement desk study

We will appreciate your support



Experience sharing

- Promote exchange of information / best practices among the countries of the region



Sub-regional meeting
South-East Asia (Nov. 2015)
South Asia (Sep. 2015)
Regional meeting
Asia-Pacific (Jan. 2015)

PPP Ministerial Conferences
(Seoul 2007 – Jakarta 2010 – Tehran 2012)



Experience sharing PPP Network



This **APN Network** is a great opportunity to

- Learn from each other's practical experiences
- Explore latest development in the area of PPP
- Understand the needs and issues of countries in the region

Can we do more with this network?

ESCAP stands ready to further support such network

ESCAP Resolution 69/6 requested the Executive Secretary to: *“work collectively to strengthen an Asia-Pacific network of PPP units and programmes, which would among other things provide ad-hoc advisory and training services, disseminate information on public-private partnership and coordinate regional meetings of national public-private partnership units and programmes”.*

Formalize the network to facilitate exchange, co-organize events (throughout the year), agree on joint research, use it as a coordination platform among development partners, deliver “training of trainers”, etc.





Th@nk you

website: <http://www.unescap.org/our-work/macro-economic-policy-financing-development/infrastructure-financing-and-public-private-partnerships>

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