



Regional Technical Assistance Report

Project Number: 42105
October 2008

Knowledge Sharing on Infrastructure Public–Private Partnerships in Asia

(Financed by the Republic of Korea e-Asia and Knowledge
Partnership Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 10 September 2008)

Currency Unit	–	won (W)
W1.00	=	\$0.0009
\$1.00	=	W1,094.05

ABBREVIATIONS

ADB	–	Asian Development Bank
ADBI	–	Asian Development Bank Institute
DMC	–	developing member country
GDP	–	gross domestic product
KDI	–	Korea Development Institute
PPP	–	public–private partnership
PRC	–	People’s Republic of China
PSP	–	private sector participation
RETA	–	regional technical assistance
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector (water supply, sanitation, and waste management; transport and communications; industry and trade)
Subsectors	–	Water supply and sanitation, multimodal transport and sector development, industry
Theme	–	Sustainable economic growth, private sector development, capacity development
Subtheme	–	Promoting economic efficiency and enabling markets, public–private partnerships, client relations, network, and partnership development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In 1999, the Government of the Republic of Korea (the Government) developed a framework for attracting private investments in infrastructure through a public–private partnership (PPP) approach. The Korean framework for private participation in infrastructure involves the public and private sectors working in cooperation and partnership to provide infrastructure and public services. This framework has resulted in the development of 44 types of infrastructure facilities in 15 categories (covering sectors such as transport, urban, energy, communications, environment, and social) and has been attracting increasing investments through private sector participation (PSP) over the years.

2. The Asian Development Bank (ADB) has identified the PPP approach in its long-term strategic framework 2008–2020 (Strategy 2020)¹ as an important tool in enabling developing member countries (DMCs) to increase investments for the development of infrastructure. The Government and ADB have established the Republic of Korea e-Asia and Knowledge Partnership Fund (administered by ADB) to support the sharing of experience, information, and knowledge in the Asia and Pacific region. The main goal of this fund is to reduce poverty and promote economic and social development in DMCs through this sharing, thereby strengthening the capacity of DMCs to achieve the goal.

3. The Government has approved funding of this regional technical assistance (RETA) from this fund as per the letter dated 5 June 2008 sent by the Ministry of Strategy and Finance, Government of the Republic of Korea.

4. Using this fund, the RETA aims to strengthen the capacity of DMCs by sharing knowledge and experience of successful PPP country frameworks and project case studies. This is expected to contribute to the formulation and strengthening of appropriate PPP policy and legal, institutional, and financial frameworks, and their application to develop and implement PPP infrastructure projects. Increased private sector investments in infrastructure are expected to contribute to infrastructure and economic development within the DMCs.

II. ISSUES

5. Increased investments in infrastructure and social services are needed for enhancing and sustaining economic growth. It is estimated that developing countries must spend an estimated 6%–7% of gross domestic product (GDP) annually on infrastructure; for lower-income countries, the target could be as high as 7%–9%. Developing countries today spend an annual average of 3%–4% of GDP on infrastructure. At these rates, the Asia and Pacific region will take about half a century to reach the industrialized world standards. The Asia and Pacific region was projected to need about \$250 billion annually (6% of regional GDP) during the period 2005–2010 out of the world's total requirement of about \$850 billion. This is significantly higher than that of Sub-Saharan Africa (5.6%), or Latin America and the Caribbean (3.0%).² Some recent estimates suggest that Asia will need \$3 trillion over the next 10 years or about \$300 billion annually.³ The infrastructure investment requirements exceed the available public financial resources, resulting in a funding backlog that varies from country to country but is present from the poorest to the most developed nations. This poses a big challenge to Asian governments.

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila

² World Bank website on infrastructure, updated March 2008 (available: <http://go.worldbank.org/RSG3R6K6Q0>).

³ Nag, Rajat. 2007. Public Private Partnership for Infrastructure Development. Keynote Speech at the *Asia-Pacific Business Forum*. Seoul (4 October).

6. There is universal acceptance that the private sector can play a larger role in the financing of infrastructure in partnership with the public sector through PPPs. In such arrangements, the public and private sectors collaborate to combine their strengths and capabilities, and agree on a sensible allocation of risks between them, with risk assigned to the partner that is best able to manage it. The role of the private sector can be that of a project sponsor, equity or institutional bond investor, and/or service provider. The private partner contributes not only capital but also technology and management to deliver agreed outputs (not inputs). Governments are better assured of project completion on time and within budget, but, more importantly, of quality operation and adequate maintenance of infrastructure facilities. However, the typical constraints to the participation of the private sector are (i) macro-level investment needs are not always translated into projects; (ii) bankable projects are often in short supply; (iii) PPP transaction costs are large; and (iv) the absence of a transparent competitive procurement process.

7. Further, the ability of the project sponsor to leverage equity investments by accessing the debt market depends to a large extent on the credit quality of the debt instruments and the risk-sharing arrangements as well as some issues beyond the direct control of the project sponsors such as macro-economic stability and political commitment. The issues that affect credit quality are related to the balance between the public perception of private sector involvement, the need for sovereign control, and public access to infrastructure on the one hand, and the private investor rights and operational control, the expectations of reasonable rate of return on investment commensurate with the risks and other competing investment opportunities, and recourse available to mitigate risks on the other.

8. Private investors nevertheless played an important part in meeting the growing infrastructure demand in Asia's developing countries prior to the 1997 Asian financial crisis. Nearly \$150 billion in investments poured into countries like the Indonesia, Malaysia, People's Republic of China (PRC), Philippines, and Republic of Korea. At its peak in the mid-1990s, private investment accounted for 20%–25% of total infrastructure investment in developing Asia, particularly Southeast Asia. However, the Asian financial crisis interrupted this involvement.

9. There is an increasing recognition and emphasis in the DMCs of the need to adopt PPP approaches for the development of infrastructure. While experience has shown that PPP approaches in infrastructure and social service delivery enable governments to use private sector efficiency and investments to improve service delivery to citizens, many DMCs experienced difficulties in implementing PPP projects due to impulsive decisions to enter into an agreement without understanding the risks involved. Most of these transactions lack the necessary assessment of the policy environment, legal and regulatory framework, institutional capacity, and the risk sharing involved in the agreement.

10. Many DMCs—such as Cambodia, Pakistan, and Viet Nam—are in the process of establishing such an enabling framework, and varying levels of progress has been achieved in countries such as India, PRC, Philippines, and Thailand. The governments, in partnership with development banks and international aid agencies, are discovering that it is possible to attract private investment in infrastructure by pooling project credit risks through infrastructure banks, and providing credit enhancement. There is recognition that stabilizing the revenue streams and establishing recovery value of infrastructure assets opens the door for longer debt tenures, correcting an historic mismatch between the term of debt and the useful life of an investment asset.

11. ADB works with governments to strengthen governance, build capacity, formulate reform agendas, and create conditions conducive to private investment. ADB also provides direct assistance for PPP projects and helps them achieve financial closure. ADB's engagement with the commercial private sector in PPPs has mostly been in the leasing subsector, followed by the banking and manufacturing subsectors, financial services, and infrastructure development. ADB's interventions for facilitating PPPs has taken two forms: (i) promoting the development of an enabling environment supportive of growth of the private sector in areas such as the financial sector and trade sector reforms; and (ii) focusing on actively seeking PSP in areas where ADB's assessment showed that there had already been significant progress towards creating an enabling environment for private sector development but where this has been less than satisfactory.⁴

12. In the medium term, ADB will be funding a number of interventions aimed at developing the enabling environment for participation of private sector institutions in the agriculture, energy, transport, and communications sectors. Similarly, ADB will work with public and private sector institutions to identify opportunities for greater private sector involvement in social services, both for private sector involvement and in the form of partnerships with the public sector.

13. The Republic of Korea enacted the Private Capital Inducement Act in 1994, which attracted limited attention from the private sector because of lack of institutional and regulatory reform. After the 1997 Asian financial crisis, the Government amended the act in 1999, including changing its title to the Act on Private Participation in Infrastructure. It addressed the institutional and regulatory reforms by stating the sectors that were open to private investment and the methods of promoting private investment projects, including procedures for facilitating the smooth conduct of projects. Equally importantly, it complemented this with a well-defined and transparent financial assistance and risk mitigation framework that lays down the applicable rules under different PPP options. The Private Capital Inducement Act increased the private share in government infrastructure investment in the Republic of Korea from less than 4% in 1998 to more than 17% in 2006. It has the experience of implementing it successfully for almost a decade. Hence it provides a very good learning experience that is of significance to most of the DMCs and merits wider dissemination.

14. The RETA intends to provide an in-depth assessment of the different components of the Republic of Korea PPP framework, with case studies including comparing and contrasting the success factors of the Korean model with the experience of other DMCs through invited presentations on PPP frameworks, and multisector case studies.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

15. The impact of the RETA will be to enhance private sector investments in infrastructure projects through PPP approaches.

16. The outcome of the RETA will be to enhance the institutional and professional capacity in knowledge of PPP frameworks and experience among policy makers by (i) disseminating features of successful PPP guidelines and/or legal, institutional, and financial frameworks; and (ii) successful application of such enabling frameworks to the development of infrastructure

⁴ Shah, M.A. 2004. *ADB's Experience on Public-Private Partnerships for Poverty Alleviation in Pakistan*. Available: <http://www.adb.org/Documents/Speeches/2004/sp2004023.asp>

projects through a PPP approach in Asia (Appendix 1 has the design and monitoring framework).

B. Methodology and Key Activities

17. The RETA adopts a two-pronged approach to achieving the proposed impact and outcome:

- (i) Component 1: Conduct a study that (a) brings out the salient features of the PPP policy and the legal, institutional, and financial framework in the Republic of Korea; (b) captures the successful experience in two representative infrastructure PPP projects that were developed under this framework; and (c) compares and contrasts the success factors of the Korean model with the experience of 4–5 other DMCs, such as the PRC, India, Indonesia, Malaysia, and Thailand, to bring out similarities and differences, including pitfalls.
- (ii) Component 2: Organize a workshop for policy makers from DMCs that (a) disseminates the findings of the study, and (b) provides a platform to share similar successful experiences of both PPP frameworks and infrastructure projects in other DMCs.⁵

18. **Component 1: Study.** The Government developed a framework in 1999 for attracting private investments in infrastructure through a PPP approach. It addresses the development of 44 types of infrastructure facilities in 15 multisector categories covering sectors such as transport (roads, railways, ports, and airports), logistics, energy, communications, environment, forestry, water resources, and social subsectors (education, culture and tourism, welfare, and housing). While all the subsectors have examples of successfully developed PPP projects, subsectors like roads, ports, railways, environment, and schools have larger numbers of such projects. Two of the above-mentioned infrastructure sectors will be selected in the RETA, depending on available information on successful projects that have noteworthy and useful experience to share. The Korean framework has resulted in attracting increasing investments through PSP with remarkable success:

- (i) Under build-transfer-operate and its variants (including variants such as build-own-transfer and build-own-operate options) 143 projects in infrastructure sectors have attracted investment of W42.1 trillion (approximately \$42.8 billion) with roads, ports, and railways accounting for 73% of the projects.
- (ii) Under build-transfer-lease, 227 projects have attracted investment of W12.1 trillion (approximately \$12.3 billion) with schools and the environment accounting for 90% of the projects.
- (iii) The share of private investment through PPP projects in overall infrastructure investment in the country has risen significantly—in 2006, private investments of W3.2 trillion (approximately \$3.26 billion) were 17.4% of the government investments of W18.4 trillion (approximately \$17.8 billion). The 1998 private

⁵ Budget constraints pose limitations on making this a more comprehensive project that covers other DMCs in greater detail. Hence, the attempt is to undertake wider dissemination of the comprehensive successful Korean experience of more than a decade, and through the workshop, also share the successful experiences in other DMCs.

investments figure of W0.5 trillion (\$0.5 billion) is 3.9% of the government investments of W12.7 trillion (approximately \$12.3 billion).⁶

19. The unique knowledge sharing opportunity lies in the following aspects:
- (i) The Republic of Korea has broad and successful experience involving (a) developing a PPP framework; (b) embedding financial assistance through legislation with clear and transparent conditions to be met; and (c) successfully attracting significant interest from private organizations for multisector investments including social infrastructure such as schools and cultural centers.
 - (ii) The PPP framework covers in detail all aspects related to the procedures for examination and treatment of solicited and unsolicited proposals.
 - (iii) The embedded financial support and incentives include creation of an infrastructure fund to invest in joint companies to be set up with the private sector, allowing the infrastructure company to raise project finance through issuance of infrastructure bonds with income tax benefits, provision of construction subsidies and loans, and provision of tax benefits.
 - (iv) Risk mitigation has been balanced during the project life cycle through certain features such as creation of an infrastructure credit guarantee fund, provision of minimum revenue guarantee, defining provisions for termination payments including buyout obligation by the Government under force majeure conditions, and protection against reduction of tariffs or concession period.

20. The key success factors of the Korean model will be compared and contrasted with the experience of 4–5 other DMCs, such as the PRC, India, Indonesia, Malaysia, and Thailand, to bring out similarities and differences, including pitfalls that may have emerged from the experience of some countries.⁷ The Korean model will also be compared and contrasted with PPP models in Asian countries like Japan, Singapore and/or Hong Kong, China, and with the European and Latin American approaches, to examine how this is more relevant for Asian DMCs (Appendix 4 has a brief summary on PPP frameworks in some countries).

21. **Component 2: Workshop.** In recognition of the fact that there are other useful experiences within Asian countries that are noteworthy for broadening learning, the RETA proposes to organize a workshop inviting policy makers from other DMCs, such as PRC, India, Indonesia, Malaysia, and Thailand, to enable sharing of the multisector and multi-country experiences relevant to infrastructure development through a PPP approach. While finalizing the list of about 30 participants from different DMCs, the intention is to seek feedback from the regional departments of ADB. Some likely countries (in addition to those mentioned above) include Armenia, Cambodia, Pakistan, and Viet Nam. The proposed implementing agency for this RETA would be responsible for organizing this workshop. It also will identify such successful PPP frameworks and case studies within Asia, and seek participation of the relevant case-study presenters, with ADB's involvement.

22. On reviewing the PPP learning resources within ADB that are being used for knowledge sharing within and outside of ADB, it is observed that the proposal will add to the knowledge base in two specific areas:

⁶ Presentation made by the director, Private Participation in Infrastructure (PPI) Division, Ministry of Planning and Budget, Republic of Korea in an Asia Pacific Ministerial Conference on Public Private Partnerships for Infrastructure Development (2007).

⁷ The RETA will only require a simple collection of information or materials from available sources by KDI in various DMCs, so there is no need to obtain the confirmation of the no-objection from the governments for this activity.

- (i) discussing a successful policy and legal framework that is complemented by a structured financial assistance framework that transparently lays down the conditions for government assistance; and
- (ii) sharing PPP experiences in sectors beyond energy and/or power (conventional, hydro, or gas), toll roads, water, and telecommunications that form the bulk of PPP project experiences.

23. The ADB Institute (ADBI) was consulted to explore possible opportunities for collaboration in their flagship project on infrastructure and regional cooperation. ADB's Regional and Sustainable Development Department is already collaborating with ADBI on this RETA. The PPP case studies and findings of this RETA will be shared with ADBI for their flagship study publication in the chapter on financing infrastructure.

24. The review of the PPP framework in the Republic of Korea is intended to be largely undertaken on the basis of the secondary data and published sources, along with a discussion with the relevant government agencies, representative private sector organizations, representative institutions, representative beneficiaries, and other industry or citizen groups. The two case studies in the Republic of Korea will be developed on the basis of interactions with the relevant government agencies, the project implementing agency and/or private sector partners, representative institutions, beneficiaries and other industry or citizen groups. The PPP frameworks and case studies in other DMCs will be examined and suitable persons/organizations will be identified for presenting the experience. Both will be presented through a workshop inviting participants from among the policy makers in the DMCs. Documentation of the above will be disseminated through electronic and print media and through an internal seminar for interested ADB staff.

C. Cost and Financing

25. The total cost of the RETA is \$620,000, \$500,000 of which is proposed to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund, administered by ADB. The remaining \$120,000 will be cofinanced by the Korea Development Institute (KDI) on a parallel basis. The amount will cover the administrative and support costs. Details of the cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

26. The Executing Agency for the RETA will be ADB's Energy, Water and Transport Division which will directly guide and monitor the RETA. KDI is proposed as the implementing agency for this RETA for the following reasons:

- (i) It is an autonomous, policy-oriented research organization established by the Government as an economic think tank on the various economic policy issues, and provides expert analysis and advice on all aspects of long- and short-term government policies. Its involvement in the context of sharing the experience of the Republic of Korea will therefore bring the institutional learning that may be difficult for other international consulting organizations to provide.
- (ii) It has significant experience with PPPs. In particular, KDI has been providing support to the Government on the system and methodology related to the review and assessment of the adequacy of the concession agreements for private

investment projects in PPP projects. Its work also includes private investment projects-related guidelines and legal documents, and on the improvement measures for the private investment project system. It has developed a significant database that can be useful for this RETA.

- (iii) It has been the nodal agency in the Republic of Korea engaged in capacity development and dissemination of knowledge related to PPPs. It has organized many workshops, conferences, and seminars and has contacts with many organizations and professionals in other DMCs in this respect. Since it is a research organization, it facilitates others to readily share information and experiences compared to a commercial organization undertaking the same task. Hence with ADB involvement, KDI is well placed to address the needs of bringing in the participatory sharing of experiences from other countries to the workshop.
- (iv) It has indicated a willingness to cofinance the RETA on a parallel basis.

27. Considering the nature of the RETA and the funding being sought under the Republic of Korea e-Asia and Knowledge Partnership Fund, KDI is considered knowledgeable and well-placed to implement the proposed RETA. The program of activities to be undertaken in the RETA is given in Appendix 3. ADB will enter into a technical assistance collaboration agreement with KDI, which will specify the arrangements for implementation of the RETA by KDI and for disbursement of funds to KDI by ADB.

28. Part of the services to be provided by KDI is to interact with the project stakeholders in the Republic of Korea. This includes consultations with (apart from the Republic of Korea government agencies) the private sector partners implementing the case study PPP projects, representative institutions, representative beneficiaries, and other industry or citizen groups in the Republic of Korea. KDI, along with ADB, will also interact with organizations in other DMCs for sharing of PPP experiences in different sectors through the workshop.

29. After completion of the RETA, it is expected that there will be continuing need for:
- (i) creating innovative risk mitigation instruments and funds in ADB that can be offered to DMCs for incorporation and strengthening their respective PPP project development policy frameworks;
 - (ii) assisting the regional departments in ADB to implement Strategy 2020 by (a) providing services to the DMCs to develop and strengthen the individual country PPP framework, (b) strategically working with the DMCs to identify investment needs in infrastructure using the PPP approach, and (c) undertaking the development of such PPP projects for the DMCs under TA projects; and
 - (iii) providing training and disseminating PPP experience to DMCs in Asia.

IV. THE PRESIDENT'S DECISION

30. The President, acting under the authority delegated by the Board, has approved ADB-administering technical assistance not exceeding the equivalent of \$500,000 to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund for the Knowledge Sharing on Infrastructure Public–Private Partnerships in Asia, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact Enhanced private sector investments in infrastructure projects through PPP approaches</p>	<p>Significant improvement in leveraging public funds to attract private sector investments in infrastructure projects through PPP approaches</p>	<p>Infrastructure investment reports from the DMCs</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Appropriate PPP policy and guidelines are instituted in the DMCs
<p>Outcome Enhanced institutional and professional capacity of DMCs in PPP frameworks and experience</p>	<p>Significant improvement in DMCs' effectiveness in designing appropriate enabling PPP frameworks and developing infrastructure projects through the PPP approach</p>	<p>Reports from DMCs on the number of PPP projects and related investment data</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Resources to develop and implement infrastructure projects are available • Sustained environment for PPP projects is created, requiring cooperation and collaboration among government organizations and private companies
<p>Outputs</p> <p>1. Working note 1: Experience of Developing and Implementing PPP Framework in Korea and its Comparison with Frameworks in some DMCs. Submission within 2 months of commencement of the assignment.</p> <p>2. Working note 2: Case Studies on a selected PPP Infrastructure Projects with PPP frameworks in selected countries. Submission within 4 months of commencement of the assignment</p>	<p>Timely submission and acceptable in quality to ADB</p> <p>Timely submission and acceptable in quality to ADB</p>	<p>KDI submits the report for ADB review</p> <p>KDI submits the report for ADB review</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • KDI delivers outputs • Successful PPP frameworks and projects implemented in DMCs • DMC policy makers interested in participating in the workshop <p>Risks</p> <ul style="list-style-type: none"> • Appropriate organizations in other DMCs are not willing to have meaningful engagement for compilation of PPP framework and project experiences • Funding requirements exceeds the financing provided.

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>3. Workshop for DMCs within 5.5 months of commencement of the assignment</p> <p>4. Draft report within 6 months of commencement of the assignment</p> <p>5. Final report within 7 months of commencement of the assignment</p>	<p>Event held in October 2008 with high-level policy makers as participants from the DMCs. Satisfaction rating of 3.7 or higher among participants.</p> <p>Timely submission and acceptable in quality to ADB</p> <p>News releases, uploading of the working note and final report on http://www.adb.org/water</p>	<p>KDI organizes the workshop with facilitation by ADB for participants from DMCs</p> <p>KDI submits the proceedings and minutes for ADB review</p> <p>KDI submits the draft report for ADB review</p> <p>Proceedings and minutes of workshop and final report published by ADB</p> <p>Seminar in ADB for dissemination among internal staff</p>	
<p>Activities with Milestones</p> <p>1. Working note 1: Experience of Developing and Implementing PPP Framework in Korea and its Comparison with Frameworks in some DMCs</p> <p>1.1 Draft working note 1 by the second week of November 2008</p> <p>1.2 Comments by the third week of November 2008</p> <p>1.3 Submission of final working note 1 by the fourth week of November 2008</p> <p>2. Working note 2: Case Studies on a selected PPP Infrastructure Projects with PPP frameworks in selected countries</p> <p>2.1 Draft working note 2 by the fourth week of January 2009</p> <p>2.2 Comments by the second week of February 2009</p> <p>2.3 Submission of final working note 2 by the fourth week of February 2009</p> <p>3. Workshop on PPP</p> <p>3.1 Draft program for the workshop by the second week of January 2009</p> <p>3.2 Confirmed venue for the workshop by the second week of January 2009</p> <p>3.3 Identified DMC participants by the first week of February 2009</p> <p>3.4 Final program for the workshop by the second week of February 2009</p> <p>3.5 Confirmed attendance of DMC participants by the fourth week of February 2009</p> <p>3.6 Conducting the workshop by the second week of March 2009</p> <p>4.1 Final Report</p> <p>4.2. Draft final report by the second week of April 2009</p> <p>4.3. Final report by the end of May 2009</p>			<p>Inputs</p> <ul style="list-style-type: none"> • Republic of Korea e-Asia and Knowledge Partnership Fund, administered by ADB \$500,000 • Cofinancing by KDI on parallel basis \$120,000

Approved by:

Woochong Um
Director, RSID

Xianbin Yao
Director General, RSDD

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Republic of Korea e-Asia and Knowledge Partnership Fund ^a	Korea Development Institute ^b
1. Training, Seminars, Conferences, and Workshops ^c	180	
2. Miscellaneous Administration and Support Costs ^d	280	120
3. Contingencies	40	
Total	500	120

^a Administered by the Asian Development Bank.

^b The Korea Development Institute (KDI) has confirmed its willingness to cofinance this regional technical assistance with \$120,000 on a parallel basis. This amount will be administered by KDI.

^c The cost for the workshop includes airfares, accommodation, daily subsistence allowance, and incidental expenses of the developing member country participants. It is proposed that around 30 policy makers from developing member countries are to be invited to attend.

^d Includes the reports to be delivered by KDI and the costs that come with the preparation of reports and development and production of the reports such as printing, translation, and dissemination.

Source: ADB. 2008. *Technical Assistance Disbursement Handbook*. Manila.

PROGRAM OF ACTIVITIES

1. The Korea Development Institute (KDI) will undertake the required detailed tasks, not limited to but broadly outlined hereunder, so as to address the program of activities envisaged in the regional technical assistance (RETA) project.

- (i) Review literature and secondary sources on the Republic of Korea's Private Participation Initiative Act, rules, regulations, annual (basic) plans, guidelines, and amendments related to public-private partnerships (PPPs) and bring out the salient features related to encouragement for development of PPP projects, stipulated procurement options, provisions for nonfinancial government support, conditions to access financial assistance from the Government, and institutional and contractual frameworks for investment, construction, operation, and maintenance of the project.
- (ii) Hold discussions with the relevant government department in the Ministry of Planning and Budget, the Government of the Republic of Korea, the KDI, representative private sector partners, representative industry institutions and/or associations, beneficiaries, and other industry or citizen groups to understand and document the development of PPPs in the country and their experience so far. The feedback also needs to be compared and contrasted with the experience of other countries having experience in PPPs to bring out the relevance of the Republic of Korea PPP model in the Asia and Pacific region context. Typical questions (but not limited to these) to be answered would be:
 - (a) How have the PPP approaches contributed to scaling-up infrastructure services in the country? What has the experience been in the Republic of Korea of PPPs in subsectors that impact poor customers? What difficulties were faced with PPPs at the very beginning in the Republic of Korea? Who resisted and how were these participants included? How was knowledge shared within the Republic of Korea to develop the PPP progress it has today?
 - (b) Discuss why the Korean experience is a useful model (over, say, Japan which is similar, or Singapore and/or Hong Kong, China which have less experience) and compare it with the Europe and Latin American approaches to examine how this is more relevant for Asian developing member countries (DMCs).
 - (c) Is the Korean success a real success in terms of social welfare improvement?
- (iii) Review literature and secondary sources to capture the PPP project experience of the Republic of Korea by way of the type (PPP option), sector and number of projects developed using the PPP framework, and the investments by the private sector in such PPP projects. Typical questions (but not limited to these) to be answered would be:
 - (a) What infrastructure and services were found suitable for using private sector participation (PSP) modalities? (i) water, sewerage and sanitation; (ii) solid-waste collection and disposal; (iii) transport including roads, buses, rapid transit systems, airports, and ports; (iv) housing; (v) tourism

- development; (vi) power plants; and/or (vii) others? What specific factors make it advantageous to use PSP in each of these areas?
- (b) What types of PPP and/or PSP modalities are usually used for financing urban infrastructures and services? (i) build-transfer-lease and build-transfer-operate contracts and its variants such as build-operate-transfer and build-own-operate, (ii) concessions, and/or (iii) others?
 - (c) Conduct an in-depth analysis to assess why PPPs have become successful in the Republic of Korea, giving adequate attention to the maturity of financial and other markets, governance, law and order, contract enforcement, institutional capacity, demand and willingness to pay for infrastructure facilities, and location-specific and cultural factors.
- (iv) Review literature and secondary sources to compare and contrast the key success factors of the Korean model with the experience of 4–5 other DMCs, such as the People's Republic of China (PRC), India, Indonesia, Malaysia, and Thailand, to bring out similarities and differences (including pitfalls) in the PPP frameworks, PPP project experience by way of type (PPP option), sector and number of projects developed using the PPP framework, and the investments by the private sector in such PPP projects. Identify successful examples with ADB for possible dissemination in DMCs. This will include contact details of the organizations so that appropriate persons can be contacted for sharing their experience in the workshop.
 - (v) Prepare working note no. 1 on tasks (i)–(iv) and circulate to ADB for comments with appropriate presentation material.
 - (vi) Short-list representative projects from the Republic of Korea from different sectors (seaports, railways, waste-water management, culture and tourism, environment, and education) and select at least two representative projects in consultation with ADB as case studies for further analysis so as to cover different PPP options like build-transfer-lease, build-transfer-operate, build-own-transfer, build-operate-own, or variants.
 - (vii) Hold discussions with the project sponsor and/or developer in order to broadly understand the various steps used in developing the project (project development cycle). The typical steps to be examined for identification of the project and PSP partners would be
 - (a) the need for the project and demand for services;
 - (b) a preliminary feasibility assessment (technical feasibility, broad sizing and costing, environmental and social acceptability, financial feasibility, legal and institutional issues, and identification of risks);
 - (c) a detailed feasibility analysis (value for money test; analysis of options; detailing of preferred project option; analysis of various issues related to technical, environmental, social, financial, and legal and institutional aspects);
 - (d) a risk analysis, including methods for mitigation;
 - (e) project structuring for PSP modality (bundling and/or unbundling project components, project construction, operation and management, examining what is permissible within the legal and/or administrative context, examining what will be acceptable politically and socially, and indicating how the project can be brought to a bankable stage);
 - (f) identification of financing options (where can PSP partners access capital and how can capital risks be reduced?);

- (g) marketing of projects with potential private participants and/or investors to assess their concerns and to incorporate these before the project is bid out;
 - (h) procedures adopted for bidding and/or procurement and awarding the project; and
 - (i) monitoring and evaluation instruments embedded in the project design to ensure adequate feedback that can be used to make course corrections and mitigation measures.
- (viii) Hold discussions with the representative industry institutions and/or associations, beneficiaries and other industry or citizen groups regarding their perspective of the selected PPP projects.
 - (ix) Examine the role of government regulators in ensuring that consumers are satisfied and get value for money in PSP-provided infrastructure and services. Typical questions to be answered would be:
 - (a) How can the pricing of services be regulated to ensure that benefits to consumers are maximized?
 - (b) What mechanisms are used to generate consumer feedback so that service providers are able to respond to consumer demands?
 - (x) Present an analysis of the strengths and weaknesses of the PPP approach adopted in the project in a form suitable for review and discussion with DMCs. Comparisons with international and regional experience should be provided where relevant and useful.
 - (xi) Prepare working note no. 2 based on tasks (vi)–(x) and circulate to KDI and ADB for comments with appropriate presentation material.
 - (xii) Coordinate with identified organizations in other DMCs (step iv) for preparing and presenting successful PPP frameworks and case studies on successful infrastructure PPP projects.
 - (xiii) Organize a workshop at ADB headquarters or KDI, Seoul for presenting the overall PPP experience in the DMCs. The workshop should also hold a discussion on how the lessons shared can bring out alliances between Korean agencies and other DMC agencies, and how they can be sustained. KDI will be responsible for the necessary administrative support for inviting DMC participants and on-site support during the workshop. The material for presentation and distribution to the participants will be provided by KDI. ADB will provide necessary facilitation and administrative support if the workshop is organized in ADB headquarters.
 - (xiv) Based on working notes 1 and 2 and the workshop presentations and/or papers on PPP experience in Asia, prepare a draft final report with appropriate presentation material.
 - (xv) Incorporate feedback, if any, and prepare the final report.

2. KDI will prepare concise working notes 1 and 2 and draft and final reports that collate the outcome of the review and analysis process.

- (i) Working Note 1: Experience of Developing and Implementing PPP Framework in the Republic of Korea and its Comparison with Frameworks in some DMCs. Submission within 2 months of commencement of the assignment.

- (ii) Working note 2: Case Studies on a selected PPP Infrastructure Projects with PPP frameworks in selected countries. Submission within 5 months of commencement of the assignment.
- (iii) Workshop: Conduct a workshop to disseminate the PPP framework and project learning and experience in Asia to the DMCs within 5.5 months.
- (iv) Draft final report: 10 copies to be submitted within 6.5 months of commencement of the assignment.
- (v) Final report: 10 copies to be submitted within 2 weeks of receipt of comments (within 8 months of commencement of the assignment)

3. Periodic reporting of information as may be needed, verbally and through emails. PowerPoint presentations and other readily accessible material for use in the workshop and/or other discussions will also be made available.

PUBLIC-PRIVATE PARTNERSHIP FRAMEWORKS FROM OTHER COUNTRIES

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Australia				
<p>Australia was a pioneer in the development of PPPs in the late 1980s, pioneering the new generation of private toll roads, and breaking new ground in hospital and prisons management, case-mix funding in the hospitals sector, and the contracting of the nation's job network. In the late 1990s, it was no longer a center of innovation, and only recently has the Australian state governments—which have the primary responsibility for public service delivery—begun to seriously explore private provision once again.</p>	<p>The Partnerships Victoria policy, introduced in 2000, provides the framework for a whole-of-government approach to providing public infrastructure and related ancillary services through public-private partnerships.</p> <p>The policy applies to departments and agencies undertaking large-scale infrastructure and associated service delivery projects. Each project has its own unique complexity. However, the Partnerships Victoria policy brings consistency to the procedures for managing and implementing projects. The processes are designed specifically for budget-sector entities and more generally for government business enterprises.</p>		<p>Victoria currently leads the way with Partnerships Victoria (June 2000). Consistent approach emerging—National Public Private Partnerships Forum, Partnerships Victoria Standard Commercial Principles. Increasing level of interaction between the respective states and bidding consortiums. States advised by experienced independent advisors, thus enhancing negotiations and understanding. Variations continue to persist between projects, i.e., revenue sharing, and refinancing benefits, though differences are diminishing.</p>	<p>PECC Conference, Sydney. November 24, 2006. <i>PPPs in Australia and the Region Calyon's Experiences to Date</i>. Available: http://auspecc.anu.edu.au/ppp_2006/Friday/3.2%20-%20Stewart%20-%20Calyon.ppt#489,7, Characteristics of Australian PPP Market</p> <p>Australia. 2008. <i>The Serco Institute</i>. Available: http://www.serco.com/instituteresource/regions/asiapacific/australia/index.asp</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
				<p>Northern Territory Treasury. 2002. <i>Issues in Public Finance</i>, Chapter 6, Public Private Partnership. Available: http://www.nt.gov.au/ntt/financial/budget02-03/docs/bp6/Chapter%206%20Public%20Private%20Partnerships.pdf</p>
Canada				
<p>27 March 2002. Canada Strategic Infrastructure Fund Act</p>	<p>Federal Canada Strategic Infrastructure Fund Act; available: http://lois.justice.gc.ca/en/showtdm/cs/C-10.3</p> <p>Alberta Alberta Infrastructure and Transportation P3 Assessment Framework Alberta Infrastructure and Transportation P3 Procurement Document Guide</p>	<p>Transportation, hospitals and healthcare, water and waste water</p>	<p>Canada has developed considerable expertise in the PPP field, both domestically and internationally, and increasingly this is being done through coordinated provincial programs. A recent Council publication entitled <i>100 Projects: Selected Public-Private Partnerships Across Canada^a</i> shows that PPPs have become a successful vehicle for delivering public services in over 25 distinct sectors at all levels of government. Canada has many high-</p>	<p>The Canadian Council for Public Private Partnerships. 2008. <i>The Canadian Council for Public Private Partnerships</i>. Available: http://www.pppcouncil.ca</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Canada				
27 March 2002. Canada Strategic Infrastructure Fund Act	<p>Alberta Infrastructure and Transportation P3 Procurement Framework</p> <p>British Columbia</p> <p>Transportation Investment Act (Part 2). 2002. Chapter 65. Available http://www.qp.gov.bc.ca/statreg/stat/T/02065_01.htm</p> <p>Health Sector Partnerships Agreement Act,</p> <p>Ontario Highway 407 Act, 1998 Ontario Infrastructure Projects Corporation Act, 2006</p> <p>Quebec Bill 164: An Act Respecting Transport Infrastructure Partnerships (2000) Bill 61: An Act respecting Agence des partenariats public-privé du Québec Bill 134: An Act to amend various legislation provisions concerning municipal affairs</p>		profile projects, such as the Confederation Bridge, Highway 407 Electronic Toll Route, Moncton Water Treatment Plant, St. Lawrence Seaway Commercialization, Kelowna Skyreach Place, and Bruce Nuclear Power Plant lease. They demonstrate that PPPs continue to be valuable contributors to the country's economic health.	

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Canada				
	<p>New Brunswick New Brunswick Highway Corporation Act (1995).</p> <p>Nova Scotia Freedom of Information and Protection of Privacy Act.</p> <p>Northwest Territories Deh Cho Bridge Act</p>			
France				
<p>When the UMP (Union pour un Mouvement Populaire) came to power in June 2002, its agenda included the reform and modernization of the state and its administrations. In addition to the recent high profile privatizations of the state gas company, the state electricity company,</p>	<p>The Ministry for the Economy is also supported in its PPP objectives by a taskforce (<i>Mission d'appui à la réalisation des contrats de partenariat publics privés</i>, MAPPP). The primary purpose of the MAPPP is to provide assistance in the preparation and negotiation of “partnership contracts” and also to provide its expert opinion on the overall economics of a transaction or to assist the relevant public authority (both at central and local government levels) in its initial feasibility study. This taskforce has already issued an initial practical guide (<i>Les Contrats de Partenariat- principes et méthodes</i>), but does not currently intend to follow the UK Treasury’s precedent of issuing</p>	<p>Healthcare, prisons, waste, transport, education, and IT</p>	<p>Although the French PPP market is now considered to be in full swing, the number of deals completed as PPP remains relatively modest at present since many transactions remain in the latter stages of the procurement process. Among the highlights of deals completed recently are the Douai Logipôle project and the Quinze-Vingts research institute, the first two PPP projects to be completed under recent legislative reforms. Douai involved the design, build, finance, and maintenance of a logistical support platform (Logipôle) at the Douai Hospital in the north of France. This project was</p>	-

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
France				
<p>motorway concessionaires, and the announced privatization of Aéroports de Paris (ADP), an important part of the modernization process has been to revitalize public investment to address the problems caused by two decades of declining spending.</p>	<p>standardized documentation. The taskforce comprises a core team of half a dozen civil servants who consult regularly with a 37-strong committee (<i>comité d'orientation</i>) made up of interested institutional and professional bodies. At the inauguration of the MAPPP in August 2005, Thierry Breton encouraged the taskforce to take a wide view of its role and expressed his wish that it act as a “catalyst for future projects”.</p> <p>The Ministry for Health (<i>Direction de l'hospitalisation et de l'organisation des soins</i>) is supported in the implementation of the Hôpital 2007 program by the <i>Mission nationale d'appui à l'investissement hospitalier</i> (known as the MAINH), which acts as a coordinator of the program at the national level, and the <i>Agences régionales d'hospitalisation</i> (ARHs) which follow the projects at the regional level.</p> <p>The ARHs are represented in each of the country's 26 regions, including the four overseas regions). The objective of the MAINH is to facilitate the successful renovation of public and private healthcare facilities and the innovation and sharing of new investment tools which it aims to do in particular by providing technical supervision and support at the local level to the ARHs and healthcare establishments (<i>établissement publics de santé</i>) from inception of individual schemes onwards.</p>		<p>sponsored by members of the Bouygues Group together with ABN AMRO, and marks the first PPP project to be effected under the French healthcare investment program Hôpital 2007. As with the Quinze-Vingts, Douai is structured around a long-term administrative lease (or BEH) as described above. The Quinze-Vingts project involves the design, financing, and creation of a clinical and biomedical research institute on the site of the Centre Hospitalier National d'Ophtalmologie (CHNO) des Quinze-Vingts (Central Eye Hospital) in Paris. It the first important healthcare sector PPP outside the Hôpital 2007 program to be awarded and was sponsored by Caisse des dépôts, Caisse d'Epargne, and Icade.</p> <p>The first batch of prisons has also recently reached financial close, with sponsor Eiffage guaranteeing the financing arranged by Calyon and Natexis.</p> <p>One of the most important completed projects based on the Defence Decree was in relation to the provision and maintenance of two long-range transport airports (project dubbed TLRA). Among the projects recently completed as traditional concessions rather than pursuant to recent legislative reforms, two key projects to note were the Perpignan-Figueras high-speed international rail link, and the A41 toll road near Annecy, which includes a 3-kilometre tunnel through.</p>	-

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
France				
	<p>The MAINH is responsible for the development of legal and financial frameworks and has recently drawn up a first set of practical guidelines (aimed principally at hospital directors) on the comparison between traditional public procurement and PPP techniques, the application of the competitive dialogue, and on certain key clauses in order to facilitate the use of these new legal tools. Not a taskforce as such but noteworthy all the same, is the use by the Ministry of Justice of its public works agency (<i>Agence de maîtrise d'ouvrage des travaux du ministère de la justice</i>, AMOTMJ) as competent authority for all aspects of the PPP prisons tender process leading up to award of the contract. An expert committee (<i>organisme expert</i>) has also been created within the Ministry of Defence aimed at evaluating individual defense projects prior to the launching of any call to tender as a partnership contract.</p>		Mont Sion	-
India				
2005	<p>Public Private Partnerships Scheme and Guidelines for India Infrastructure Project Development Fund.</p> <p>Panel of Transaction Advisers for PPP projects: A guide for use of the Panel.</p> <p>Project Risk Assessment for PPP Projects sponsored by Government, Government agencies, and/or PSUs prior to bid</p> <p>Establishment of committee to make recommendations on infrastructure financing</p> <p>Financial Support to Public Private Partnerships</p>	Highways, railways, ports, airports, telecommunications, and power	The Ministry of Finance has been instrumental in developing the PPP framework in the country, thereby directing private investments and PSP in infrastructure building. PSP is critical to achieving the target of investing \$320 billion over the next 5 years in building India's infrastructure. Many infrastructure sectors have already attracted PSP.	Public Private Partnerships in India, 2006. <i>Public Private Partnerships in India</i> . Available: http://www.pppinindia.com/events-details.asp?id=1 ; http://www.pppinindia.com/pdf/guideline_scheme_IIPDF.pdf

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	<u>References</u>
India				
2005	<p>in Infrastructure.</p> <p>Formulation, Appraisal, And Approval of Public Private Partnership Projects.</p> <p>Financing Infrastructure Projects through the India Infrastructure Finance Company.</p>			<p>ADB. 2007. <i>Overview of Government of India's initiatives to encourage PPPs</i>, Aparnia Bhatia, Available: http://www.adb.org/Water/Operations/2007/Mainstreaming-Public-Private-Partnership-in-India/Government-of-Indias-schemes.pdf</p> <p>Infrastructure Leasing & Financial Services Limited. 2007. <i>De-Mystifying Public-Private Partnerships : A Possible Framework to Accelerate India's Infrastructure Development</i>, Available: http://www.ilfsindia.com/downloads/bu s_concept/demystifying_ppp.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	<u>References</u>
Indonesia				
<p>In an effort to reform the Government of Indonesia's PPP scheme, in November 2005 the Government of Indonesia passed Presidential Regulation No. 67/2005 Cooperation Between The Government and Enterprises in Infrastructure Procurement (the New PPP Regulation), which revoked the previous PPP law, Presidential Decree No. 7/1998. The New PPP Regulation sets out the general framework for the Government of Indonesia's infrastructure development partnership with private industry. The New PPP Regulation was passed in view of the urgent need for infrastructure development and the need for the Government of Indonesia to take comprehensive steps to create an investment</p>	<p>To provide further incentive for private investment and to clarify the Government of Indonesia's plan to provide financial support to its infrastructure projects, in May 2006 the Government of Indonesia passed Minister of Finance Regulation No. 38/PMK/2006 on the Technical Directives for Controlling and Managing Risks of Infrastructure Development. Under this regulation, the Government of Indonesia is permitted to offer financial or other forms of compensation to private enterprises participating in infrastructure projects.</p>	<p>Telecommunications, power plants, toll roads, sea ports, water supply, and transportation</p>	<p>One of the key provisions of the New PPP Regulation deals with risk management and Government support for infrastructure projects. It sets out the general principle that project risks will be allocated between the Government of Indonesia and investors based on which party is capable of best controlling such risk. The general amount of Government support will be based on the Government of Indonesia's fiscal budget. These provisions also contemplate that support may be given by the regional (provincial) governments.</p> <p>The New PPP Regulation also provides for the selection by the ministers or other government officials of infrastructure projects to be offered for tender, and the information and support to be provided by the Government in connection with such tender (e.g., feasibility study, funding requirements); material matters to be agreed in the cooperation agreement between the Government of Indonesia and private investors; and details of the tendering process.</p> <p>In addition to the general framework provided by the New PPP Regulation, the various industry sectors also have their own sets of laws and regulations. Many of these laws have recently been amended to facilitate private investment in sector projects or are currently undergoing amendments.</p>	<p>Allens Arthur Robinson. 2006. <i>Focus: Indonesia – Infrastructure Indonesia's PPP program for infrastructure development</i> Available: http://www.aar.com.au</p>

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climate to increase the participation of private enterprises in such infrastructure development.				
Japan				
<p>In 1986, the Government enacted the Private Utilization Law to promote PSP participation in infrastructure to promote construction of specified public facilities through private sector initiatives.</p>	<p>Under the Japanese legal system, which is based on civil code, state or regional public enterprises set up public facilities and then managed the services those facilities subsequently provided. Private sector involvement was granted in some exceptional cases (certain sectors). As for federal level infrastructure, the Kansai International Airport and Trans-Tokyo Bay Highway were constructed under special laws enacted in 1984 and 1986 respectively.</p> <p>Most projects organized under the Private Utilization Law were implemented by public-private sector joint stock companies called third sector companies established since 1985 with capital of more than ¥100 million and local government participation of at least 25%; 50.8% face accumulated deficit problems.</p> <p>The use of the third sector was supposed to mutually benefit the public and private sectors: the former benefiting from the private sector's streamlining of licensing procedure and subsidization of construction, and from the faith in the public sector in general.</p>	<p>Public facilities in 14 (currently 17) categories were designated as "specified public facilities", and the law provided various public incentive programs. The Private Utilization Law did not cover the key sectors, such as roads, ports, airports, rivers or canalization, but only construction and provision of service in peripheral fields of local infrastructure, for instance, public research facilities, convention centers, multipurpose stadiums,</p>	<p>Project finance is a financing method that focuses not on the credit status of a company, but on cash flows that will be generated by a specific project. DBJ initiated Japan's first project finance scheme in September 1998. The success of that scheme has since inspired project finance schemes in various sectors in Japan. The number of projects and the amount of finance provided has continued to increase steadily over the years.</p> <p>In recent years there has been growing interest in the private finance initiative (PFI) approach to project finance. DBJ has led the way in studying and investigating new financing methods and has actively used them to support various projects.</p> <p>The private finance initiative concept is a new method based on the use of private-sector resources to build, maintain, manage, and operate public infrastructure. Interest in this approach has grown steadily as fiscal resources become more constrained. One key</p>	<p>Development Bank of Japan. 2008. Fumiyo Harada, <i>Legal Framework for Private Participation in Infrastructure in the Selected East Asian Countries: Comparative Study on Japan, Korea, and the Philippines</i>. Available: http://www.dbj.go.jp/english/IC/service/forum/pdf/pfi_nov02-reagle-report.pdf</p> <p>Development Bank of Japan. 2008. <i>Development Bank of Japan</i>. Available: http://www.dbj.go.jp/english/pf/index.html</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Japan				
	<p>The bill for Japan's Private Finance Initiative (PFI) Law was drawn up by Diet members, not by ministries which is generally the case in Japan. In May 1998 it was submitted for full Diet approval. In 1999, the PFI Law was put into force. Since it states only the essential principle of Japan's PFI method, in 2000 the Government released fundamental principles (providing details) and three basic guidelines so that the local municipalities and private investors could better understand it.</p> <p>The PFI Law legally entrusts the bulk of construction, maintenance, and management of public work to the private sector. The PFI Law attempts to get the private sector involved in the key public works sector, which had been the exclusive domain of the public sector.</p>	<p>passenger terminals, and warehouses.</p> <p>The Private Finance Initiative projects were mostly for constructing public buildings or waste treatment facilities that were proposed by local municipalities. There are a few projects for energy plants, hospitals, and schools.</p>	<p>advantage is the potential to use the management skills and other resources of private enterprise to provide better public services at a lower cost. Another benefit is economic revitalization through the creation of business opportunities for private enterprise. In addition, it is possible to form new public-private partnerships based on the appropriate sharing of roles between the government and private enterprise.</p> <p>The project finance method is commonly used for PFI projects. This allows a suitable division of roles among the parties involved and ensures that projects will be implemented steadily over the long term.</p> <p>By the end of fiscal 2001, DBJ had approved finance totaling ¥21.8 billion for a total of nine projects.</p>	
People's Republic of China				
<p>Since 2000, the Government has introduced a series of policies, guides, and rules relating to the provision of public facilities and services by the private sector. The Ministry of Construction issued the Opinions on Acceleration of</p>	<p>From the central government directives, local governments started to establish detailed rules governing the scope, procedures, and relevant details for opening up the market for the provision of public facilities and services. For instance, the Shenzhen government issued the Rules for the Franchised Operation of Public Facilities in May 2003, and the Beijing government issued the Rules for the Franchised Operation of Basic Urban Facilities in October 2003.</p>	<p>Basic urban facilities, urban water supply, gas supply, and waste disposal</p>	<p>Estimates of over 70% increase in traffic forecasts during 1994–2000 triggered the construction of 130,000 km of new roads by 2000, which required over \$150 billion in investments. Although there remains a substantial shortfall in the financing available for implementation, the PRC has been laying the foundation for substantial and long-lasting PSP. Major issues were leveraging of existing highway assets to raise new funds in capital markets, the need for a legal and regulatory environment conducive to private</p>	<p>International Cost Engineering Council. 2006. Dr Paul H K Ho, <i>Development of Public Private Partnerships (PPPs) in China</i>. Available: http://www.icoste.org/roundup1206/HoPaper.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
People's Republic of China				
Privatization Process of Public Facilities in December 2002 and the Rules on Management of Franchised Operation of Public Facilities in May 2003.	In 2004, the Ministry of Construction issued the Sample Document for the Franchised Operation of Urban Water Supply, Gas Supply and Waste Disposal for providing more details for the whole franchised arrangement of public facilities. This document only sets out some principles; both parties have room to negotiate on the detailed contents of the franchise agreement according to the actual circumstances. More recently, the Beijing government issued the Regulations for Franchised Operation of Beijing Basic Urban Facilities on 1 March 2006. This is the first formal regulation providing an exemplary legislative framework on the provision of public facilities by the private sector. Basically, the PPP model adopted in the PRC is based on the traditional build-operate-transfer mode.		financing for new toll highways, the need for adequate institutional capacity and compensation for land acquisition and resettlement, creditworthiness and commitments from public entities, the need for flexible forms of project companies in order to facilitate foreign investment, and the need for transparent contracting procedures.	<p>Dr Paul H K Ho, <i>Development of Public Private Partnerships (PPPs) in China</i>, 2006; available: http://www.icoste.org/roundup1206/HoPaper.pdf</p> <p>Karisa Ribeiro and André Dantas. 2006. <i>Private Public Partnership Initiatives Around the World Learning from the Experience</i>. Available: http://ir.canterbury.ac.nz/bitstream/10092/211/1/12604296_Main.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Philippines				
<p>Philippine BOT Law enacted in 1993 (Republic Act No. 7718)</p> <p>An act amending certain sections of Republic Act No. 6957, entitled An Act Authorizing The Financing, Construction, Operation And Maintenance Of Infrastructure projects by the private sector, and for other purposes.</p>	<p>The 1987 Constitution states that it is a policy of the Government to recognize the indispensable role of the private sector as the main engine of growth for national development. There are various elements in the legal framework.</p> <ul style="list-style-type: none"> • Assets Privatization Trust (APT): Basically pertaining to the first wave, APT concerns the disposition of nonperforming assets. • Executive Order No. 215: This was the first legal framework for power and was passed by President Corazon Aquino in 1987, resulting in the implementation of about 20 power projects. • Republic Act No. 6957: Congress passed this Act in July 1990. However, only two projects were implemented under this law: the Light Rail Transit (LRT) Line 3, an overhead railroad along a key route, EDSA; and a public market in Mandaluyong City, in the north of Manila. <p>Declaration of the policy</p> <ul style="list-style-type: none"> • recognizes the private sector's role in development • provides incentives to mobilize private resources • brings a climate of minimum government intervention • specifies Government of the Philippines undertakings to support private sector 	<p>Power plants, highways; railways; ports; airports; transport systems; telecommunications; information technology; canals, dams, irrigation, and water supply; land reclamation; sewerage, drainage, dredging, and solid-waste management; tourism and education; and health facilities</p>	<p>The Philippines' legal framework can be said to have worked and, despite various problems, it is on the right track. The rules and regulations of the BOT Law are being amended and public hearings are going to be conducted. These are important because they address another issue—social acceptability. A legal framework must not only be bankable, but must be something that can withstand scrutiny by the public over a long period—say, 30–40 years.</p>	<p>The United Nations Economic and Social Commission for Asia and the Pacific. 2007. <i>The Philippine BOT Program, Build-Operate-Transfer (BOT) Center Philippines</i>. Available: http://www.unescap.org/tdw/common/TPT/PPP/text/bf/bf_ravara.pdf</p> <p>Computing in the Humanities and Social Sciences, University of Toronto. 2007. <i>Project link: Philippines Country Report</i>. Available: http://www.chass.utoronto.ca/link/meeting/ctryrep/philippines200705.pdf</p> <p>The National Economic Development Authority. 2008.</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Philippines				
	<p>Authorized BOT variants:</p> <ul style="list-style-type: none"> • Build-operate-transfer • Build-transfer • Build-own-operate • Build-lease-transfer • Build-transfer-operate • Contract-add-operate • Develop-operate-transfer • Rehabilitate-own-transfer • Rehabilitate-own-operate • Other variations as may be approved by the President of the Philippines <p>BOT and/or PSP Program has a total of 92 project as of December 2006, with the following breakdown:</p> <ul style="list-style-type: none"> • Completed/terminated - 19 • Under concession/operational - 44 • Awarded/under construction - 14 • Solicited – bidding stage - 2 • Solicited – for approval - 1 • Solicited – projects under FS/bid preparation - 5 • Unsolicited proposals – for approval - 3 • Unsolicited proposals – for negotiation - 4 	<p>Industrial and tourism estates; markets, warehouses, and slaughterhouses; housing; government buildings; and other infrastructure development projects.</p>		<p><i>The Philippine BOT Law.</i> Available: http://www.neda.gov.ph/references/RAs/RAs%207718%20or%20the%20BOT%20Law.pdf</p> <p>ADB. 2002. <i>Privatization in the Philippines.</i> Available: http://www.adb.org/Documents/Conference/CAREC/Energy/chap15.pdf</p> <p>The Investor Relations Office. 2003. <i>The Philippines Cited as a Regional Model for Public-Private Sector Partnership to Enhance Corporate Governance Standards.</i> Available: http://www.iro.ph/downloads/pressrelease/050703-pressr.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Thailand				
<p>The framework underpinning PPP activities is derived from the Act on Private Participation in State Undertaking B.E. 2535 (1992). The act was intended to provide appropriate scrutiny process for large PPP projects (valued at over B1 billion) to ensure that the projects are viable and contracts are carried out through proper procedures. It was designed at the time of enactment to prevent corruption in granting the rights to a private investor and/or operator for operation or use of state property, rather than to provide an enabling environment for PPP projects. As such, it focuses on a rather descriptive internal process of the Government.</p>		<p>Power and/or electricity, telecommunications, ports, water and sanitation, and transport (toll roads, expressways, and mass transit)</p>	<p>Broadly speaking, Thailand has retained a reasonable climate for PPP. The administrative and legal systems are reasonably flexible and adaptable to many of the modalities with respect to private sector involvement. The private sector is also strong and has played an important role in infrastructure development of the country, either through government direct procurement for construction and supply contracts or through PPP contracts. Disputes are settled in a fairly amicable and fair manner. However, some of the issues—unclear governing framework, fragmented authorities, time-consuming procedure, insufficient institutional supports, and lack of rules and capacity with respect to risk allocation—need to be tackled to provide fair and sustainable participation by the private sector.</p>	<p>The United Nations Economic and Social Commission for Asia and the Pacific. 2007. Chalongsoph Susangarn, Minister of Finance, Thailand Public Private Partnership in Thailand: Past Experiences and Future Prospects, presented at the Asia-Pacific Ministerial Conference on PPPs in Infrastructure, Republic of Korea, 4–5 October 2007. Available: http://www.unescap.org/tdw/common/TPT/PPP/text/bf/bf_thailand.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Thailand				
<p>Moreover, certain PPP projects are covered by laws, i.e., BOT, BTO. Others are deemed outside the law, e.g., build-own-operate or turnkey projects because they do not involve the rights to operate or use state property. These latter projects are covered by their own laws or regulations.</p> <p>Furthermore, the 1992 act does not prescribe the methodology for project valuation or procurement methods. It also does not provide for the methodology to share either the risks or burden with the private sector when projects are not commercially viable. The law lends itself to frequent clarification</p>				

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
Thailand				
and interpretation on several aspects. The fact that the law itself is not based on the PPP principle of sharing the burden between the public and private sectors but focuses on granting rights to operate or make use of state assets limits its usefulness.				
United Kingdom				
First experienced private participation in public infrastructure in the late 1980s. The "private finance initiative" was developed in 1992, and is the foundation of the modern UK PPP. The Bates Review (1997) recommended the establishment of the Treasury Taskforce, a central body to facilitate PPPs.	<p>Infrastructure procurement: delivering long-term value; available: http://www.hm-treasury.gov.uk/budget/budget_08/documents/bud_bud08_procurement.cfm</p> <p>PFI: strengthening long-term partnerships; available: http://www.hm-treasury.gov.uk/budget/budget_06/other_documents/bud_bud06_odpfi.cfm</p> <p>PFI: Meeting the Investment Challenge; available: http://www.hm-treasury.gov.uk/documents/enterprise_and_productivity/PFI.cfm</p>		<p>The UK is regarded as a pioneer in the development of PPPs and one of the most advanced users of PPPs in the world. PPPs are at the heart of the UK's successful public service reform agenda. It is on this basis that many countries are designing and developing PPP projects based on the UK model. Countries—and states within countries—thinking about PPPs are looking to the UK PPP experience to help advise and develop their own models, presenting real opportunities for UK firms to develop markets overseas.</p> <p>The experience of the UK PPP market shows there are significant challenges to the development of successful public-private partnerships. It also demonstrates the key drivers encouraging governments to adopt PPPs and the factors that help make them successful. This section</p>	<p>The Treasury. 2008. <i>The Private Finance Initiative</i>. Available: http://www.hm-treasury.gov.uk/documents/public_private_partnerships/pp_index.cfm</p> <p>Going global The Confederation of British Industry. 2007. <i>The world of public private Partnerships</i>. Available: http://www.cbi.org.uk/pdf/goingglobal0707.pdf?bcsi_scan_D4A612CF62FE9576=0&bcsi_scan_filename=goingglobal0707.pdf</p>

When PPP Framework Started	Other Related Laws	Covered Sectors	Success Or Progress In The Country	References
United Kingdom				
			focuses on issues related to market design and outlines key recommendations based on lessons that will be useful for governments that are thinking of embarking on the PPP journey or taking their existing models forward.	

ADF = Aeroports de Paris, BTO = built-transfer-operate, DBJ = Development Bank of Japan, IT = information technology, PPP = public private partnerships, PSP = private sector participation, PSU = public sector undertaking, UK = United Kingdom.

^a The Canadian Council for Public Private Partnerships. 2001. *100 Projects: Selected Public-Private Partnerships Across Canada*. Available: http://strategis.ic.gc.ca/pics/ce/100projectsabstracts.pdf?bcsi_scan_D4A612CF62FE9576=0&bcsi_scan_filename=100projectsabstracts.pdf