Engaging the Private Sector in Public Infrastructure: How?

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Capital Asset Management Framework. BC.

Project Finance: An Introductory Manual for Canadian PPP Project Managers and Advisors, 2006

Responsible PPP Procurement for British Columbia, 2006

Schools: The Case for a Canadian PPP Application, 2007

Public-Private Partnerships – Potential Structures: Accounting Implications, 2002

The Canadian Case for Hospital PPP Projects

Overview of Successful Public-Private Partnerships in the Water Sector

Successful Transportation Projects in Canada and the USA


Partnerships Victoria, Guidance Material, 2001


Public-private Partnerships (Guidelines and Protocols) - Province of New Brunswick

“How” depends on what you are after

Main drivers:

• A need for capital investment that exceeds capital budgets and borrowing & implementation capacity of governmental agencies
• Political (paradigm shift in public management)

Other (or associated) drivers / benefits include:

• Expected operating cost savings (via life-cycle costing or private sector efficiencies)
• Improved quality / expended scope of services
Conceptualizing, preparing, and procuring a P3 – need help?

Public procurement

3-5 yr contracts

Outsourcing:
- Service contracts
- O&M contracts

15-35 yr contracts

BOT- & PFI-type P3s
(BOT, DB, DFBO, etc.)

Gov. agencies can do themselves, with guidance and prototype documents

Permanent

Gov. agencies may need help

Privatization
Who is helping?

• **In-government units** (Knowledge Centre PPP / Ministry of Finance, the Netherlands; PPP Unit / Ministry of Finance, South Africa; the Central PPP Policy Unit in the DoF, Ireland)

• **Temporary entities financed by government** (Treasury Task Force, UK)

• **Private sector consultants** (internationally)

• **Governmental commercial companies** (Partnership BC, Canada)

Difference in perspective:

Ireland: [http://www.ppp.gov.ie/about/index_html](http://www.ppp.gov.ie/about/index_html)

BC: [http://www.partnershipsbc.ca/](http://www.partnershipsbc.ca/)
Decision making on capital-investment P3s

Formally speaking:
1) Strategic decision to invest
2) VfM selection of a model (P3 or public procurement)
3) Preparation / procurement

Realistically speaking:
And if the choice is “A P3 or nothing?”
VfM calculations can be manipulated
What can be expected about “what” and “how”

- More public investment
- “Hybridization” of financial and procurement schemes: upper-level governmental subsidies to cover “viability gap” for P3s; public sector procurement benchmarked by P3s
- Taking-up-to-scale techniques (standardization, SIP)
- Combination of “public use” and “private use” under one P3 / time & space sharing (School / sport center / swimming pool, City of Espoo, Finland)
- Emergence of P4 (public-private-people partnerships)