

Public-Private Partnerships: To Help Build Timor-Leste

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Dili

Structure of the Presentation

- **Why PPPs?**
- **What are Public-Private Partnerships?**
- **PPP Models**
- **Actors in PPPs**
- **PPPs in Timor-Leste**
- **PPP Cycle?**
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The SDP



- The SDP calls for large investment in major infrastructure
- The SDP calls for quality projects & better Services
- PPPs can answer these calls

Why PPPs?

- Help overcome the capacity constraint
 - Bringing in extra capacities and know-how from private sector
- Share the burden of capital spending with PS
 - More services with less up-front costs to Gov
- Provide efficiency in deliver infrastructure and social services
 - Risk sharing
 - Better quality
 - Reliability
 - Lower cost services

What are Public-Private Partnerships?

- PPPs are agreements between the public and private sectors for the provision of assets and/or services
- Assets & Services such as power, water, transportation, telecommunications, education & health
- Performance-incentive based contract
- Based on Certainty, Fairness, Transparency, Accountability and Competition

Let each do what they do best

➤ Public

- ✓ Policy settings
- ✓ National planning
- ✓ Fiscal Management
- ✓ Regulation
- ✓ Looking after public interest



➤ Private

- ✓ Innovation, use of technology
- ✓ Professional management
- ✓ Project and lifecycle management
- ✓ Efficiency



Traditional Procurement vs PPP

- **Traditional Public Procurement**

- ✓ Gov design / finances
- ✓ Private company constructs
- ✓ Gov owns / operates / maintains

- **PPP**

- ✓ Gov defines “what” (output specifications)
- ✓ Private sector define “how”
- ✓ Long term contract between public and private partner – usually multiple years duration after construction
- ✓ Risk is allocated between parties
- ✓ Payments linked to performance

e.g. A bridge

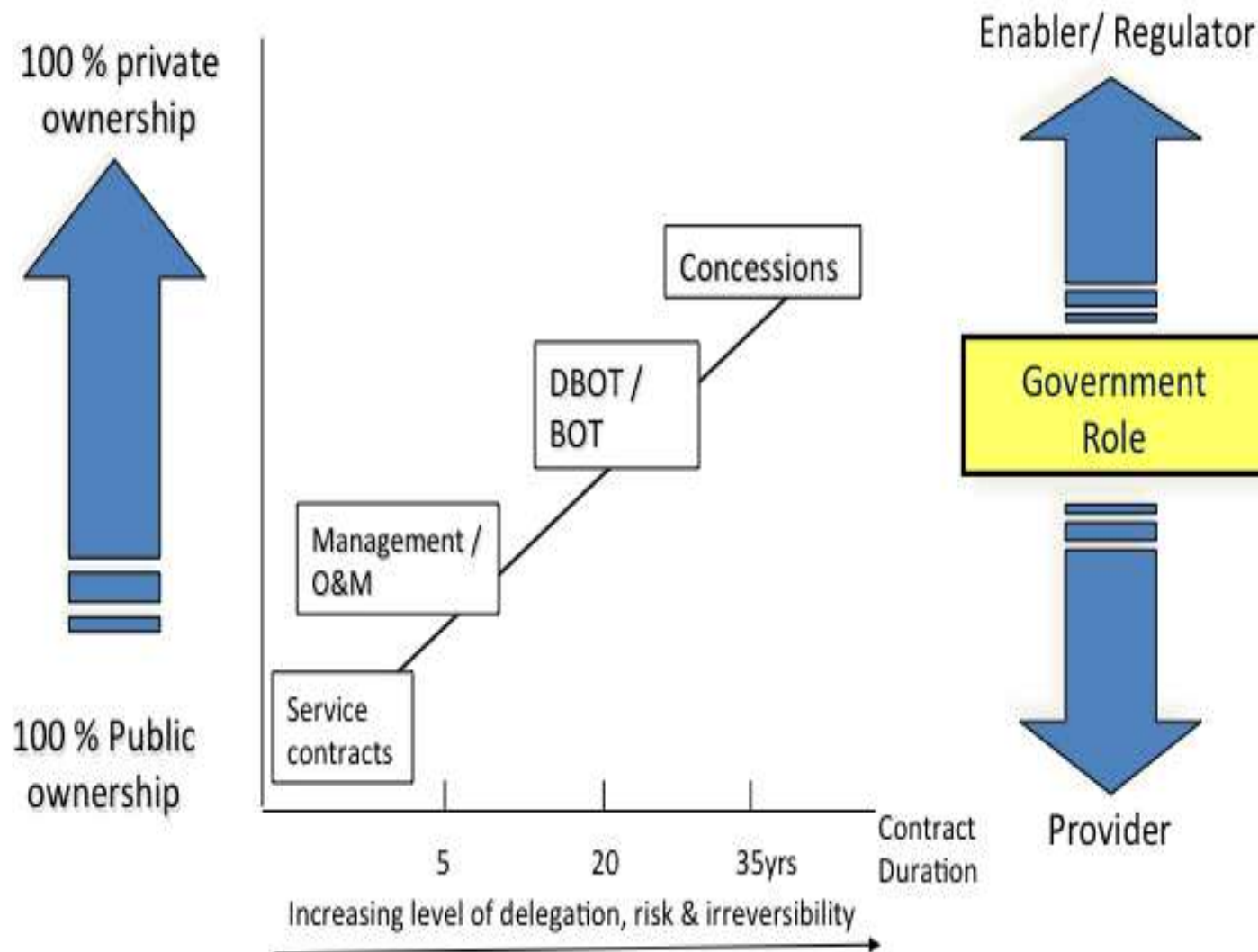
- Government designs a bridge
- Runs tender and gets cheapest construction company to build it
- Government pays for the constr
- Uction from the budget or debt from lenders
- Government operates amd maintains the bridge
- If anything goes wrong the government pays

e.g. A bridge

- Government defines output – e.g: connection to let 1,000 vehicles per day travel
- Government tenders for best solution over 30 years
- After negotiated tender government enters 30-year contract with private company
- Private company designs, builds, finances bridge, then operates and maintains it for 30yrs
- Private company receives payment if the bridge works and is available for traffic

PPP Models

Forms of PPP Contracts



Actors in PPPs

- **Government:**

- Regulator
- Planner
- Supervisor
- Manager



- **Private Sector:**

- Consortium of companies
 - Financers
 - Constructors
 - Operators



PPPs in Timor-Leste

- Experience:
 - Telecommunications [Timor Telecom concession]
 - Power [Manitoba]
- Potential:
 - Power: Hera & Betano Operation & Maintenance
 - Water: Urban Water Supply [Dili and district capitals]
 - Transport: Tibar Bay Port; Airport Nicolau Lobato
 - Building: Government buildings

PPP cycle

- Inception, to assess if the project is suitable for a PPP;
- PPP Pre-feasibility/outline business case;
- PPP Feasibility;
- Identification and procurement of a private sector partner;
- Construction and delivery of a facility;
- Operation of a facility and payments for services;
- Contract management and performance monitoring;
- Auditing and accountability; and
- Exit and transfer to the government.

Q & A