Structure of the Presentation

- Why PPPs?
- What are Public-Private Partnerships?
- PPP Models
- Actors in PPPs
- PPPs in Timor-Leste
- PPP Cycle?
- Q&A
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

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**e.g. A bridge**
- Government designs a bridge
- Runs tender and gets cheapest construction company to build it
- Government pays for the construction from the budget or debt from lenders
- Government operates and maintains the bridge
- If anything goes wrong the government pays

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**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 the bridge, then operates and maintains it for 30 yrs
- Private company receives payment if the bridge works and is available for traffic
PPP Models

Forms of PPP Contracts

100% private ownership

100% Public ownership

DBOT/ BOT

Concessions

Management / O&M

Service contracts

Enabler/ Regulator

Government Role

Provider

Contract Duration

Increasing level of delegation, risk & irreversibility

5

20

35yrs
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