State Planning Retreat on Public Private Partnerships - Illinois

Building PPP capabilities

Discussion document
June 10, 2014

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A fresh approach to deliver PPP performance

1. PPPs face a unique set of challenges: the growing need for PPPs, even though many PPPs have not delivered on all expected benefits.

2. Focusing on the PPP unit performance, not the PPPs themselves, has shown that governments can achieve 10-20% value enhancement of PPPs, enhanced risk allocation, ~50% compression of time to completion and increased capacity for deal execution in the PPP unit of 50-70%.

3. There are 4 key levers to achieving these results: a) a revamped end-to-end process supported by b) a suite of analytic and decision making tools and templates c) executed through a PPP control tower, and d) enabled by capability building and PPP stakeholders management.

4. This requires PPP units to embark on a performance transformation journey, that combines institutionalization of tools, processes and capabilities with immediate delivery of high-value PPPs.

5. Example case studies from our client work transforming PPP delivery units.

SOURCE: McKinsey analysis
If done well, PPPs deliver four fundamental benefits to generate significant value for money

<table>
<thead>
<tr>
<th>Increased efficiency</th>
<th>Risk allocated to party best able to manage it</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Private sector has <strong>financial interest</strong> to deliver on time</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Optimise life-cycle cost</strong> (investment vs. ops cost)</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Meet budgets</strong> (known outputs for known cost)</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Competition</strong> between bidders drive price down</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriate risk allocation</th>
<th>Maximised use of <strong>private sector skill</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Risk <strong>reduction</strong> by redefining relationship between parties</td>
<td></td>
</tr>
<tr>
<td>▪ Maintains <strong>quality</strong> of service through effective incentive system</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Injection of private capital</strong> and ability to raise additional capital</td>
<td></td>
</tr>
<tr>
<td>▪ Makes projects <strong>affordable</strong> if borrowing is limited</td>
<td></td>
</tr>
</tbody>
</table>
| ▪ Project can be funded **off-balance sheet**

1 Off-balance sheet treatment rules are changing in many countries as this treatment is often thought to have political rather than economic value

SOURCE: McKinsey
Despite an intense focus on PPP transactions, major PPP challenges continue to make the headlines.

A fresh approach is needed!!!!!
While most people focus on transaction specific results, we focus on achieving …

“Faster, Better, More PPPs by …

▪ Focusing on capabilities and processes of the PPP unit itself

▪ Building these capabilities and redesigning the PPP process through live transactions

SOURCE: McKinsey analysis
By focusing on the PPP unit and not just the PPP deals, faster, better and more PPPs can be delivered

**FASTER PPPs**
- ... through a rapid and simple process standardized across all PPP deals to ensure that all deals get done quickly and accurately

**BETTER PPPs**
- ... through PPP structures that ensure optimal allocation of deal roles, risks and responsibilities between public and private sector

**MORE PPPs**
- Execute a greater number of PPP transactions to increase the quantum of private investment

**Typical impact**
- Reduce time by 50%
- Increase value by 10-20%
- Increase capacity by 70%

**SOURCE:** McKinsey analysis
Faster: Implement a new standardized rapid process to accelerate deals by approximately 50%, enabling PPP to deliver their expected impact early

<table>
<thead>
<tr>
<th>Current timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
</tr>
<tr>
<td>48 wks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issues identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Incomplete evaluation of proposal upfront</td>
</tr>
<tr>
<td>▪ Approvals made without sufficient basis</td>
</tr>
<tr>
<td>▪ Lengthy negotiation process due to lack of timely and effective decision making</td>
</tr>
<tr>
<td>▪ Lack of strong perspective of ideal outcome due to poor upfront analysis</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key areas of improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Establish decision gates (‘screening’)</td>
</tr>
<tr>
<td>▪ Define and syndicate upfront project plan</td>
</tr>
<tr>
<td>▪ Evaluation to include (in parallel)</td>
</tr>
<tr>
<td>▪ Standardize approach for similar PPPs:</td>
</tr>
<tr>
<td>▪ Focus on ‘legal’ negotiations</td>
</tr>
<tr>
<td>▪ Streamline governance</td>
</tr>
<tr>
<td>▪ Market-backed assessment</td>
</tr>
<tr>
<td>▪ Front-load analyses and decisions on Key Terms</td>
</tr>
<tr>
<td>▪ Leverage Term Sheet</td>
</tr>
<tr>
<td>▪ Batch approvals</td>
</tr>
<tr>
<td>▪ Guided comprehensive RFP process</td>
</tr>
</tbody>
</table>

**DISGUISED CLIENT EXAMPLE**

Accelerated completion of PPPs deals

SOURCE: McKinsey analysis
Better: The approach consistently identifies average savings of ~10-20% of the total value of PPPs in wide range of sectors

Value at stake

- Suburban toll road: 100%
- Medical procurement: 80%
- Building maintenance: 40%
- Land development: 30%
- Heritage building restoration: 20%

Total project value

- Percent: 100%
- Source of value:
  - Renegotiated terms based on value for money analysis (~10-20%)
  - Defined holistic (TCO – Total cost of ownership) approach for medical equipment procurement (~6-12%)
  - Rebalanced allocation of roles and risk through a performance bond (~20-40%)
  - Defined and evaluated profit-sharing options for real estate sales (~10-20%)
  - Defined optimal PPP structure, concept design and business model (~15-30%)

Value-at-Stake of >US$1 billion

Reduce required capital by approx. 10-20%

Source: McKinsey analysis
Better: the approach systematically identifies key PPP risks and optimally re-allocates them to the public and private sector.

### IPP EXAMPLE

<table>
<thead>
<tr>
<th>Types of risk</th>
<th>Major sub-risks</th>
<th>Initial allocation (tacit)</th>
<th>Revised allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Risks assumed by</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private</td>
<td>Shared</td>
</tr>
<tr>
<td>Construction</td>
<td>1a Construction costs and delay</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>1b Land acquisition costs and delay</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>Operations</td>
<td>2a Tariff amount</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>2b Traffic Volume</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>2c Operations and maintenance costs</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>2d Expansion and major upgrading costs</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>2e Performance outcomes</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>Financing</td>
<td>3a Funding availability</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>3b Funding costs (interest rate)</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>3c Ability to refinance</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>3d Default on debt service</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>Project-specific</td>
<td>4a Competition from substitutes</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>4b Change in law (e.g. windfall tax)</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>External</td>
<td>5a Sector risk (e.g. end-user tariff)</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>5b Sector-independent risks (e.g. tax rate)</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>Execution</td>
<td>6a Contract design and structuring</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td></td>
<td>6b Execution of negotiation</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
<tr>
<td>Ex-poste</td>
<td>7a Modifications of initial agreement</td>
<td>![Diagram]</td>
<td>![Diagram]</td>
</tr>
</tbody>
</table>

### Impact

- Increased emphasis on **upfront capital expenditure optimization** through proactive value management of construction.
- Greater private sector **accountability for performance** with tariffs linked to operational performance standards.

**SOURCE:** McKinsey analysis
More: Discipline of action is needed to ensure institutionalization, which can result in an increase in capacity by up to 70%

<table>
<thead>
<tr>
<th>Pipeline capacity</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase capacity by 70%</td>
<td>50 deals per year</td>
<td>85 deals per year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources required per deal</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>~100 weeks</td>
<td>2 investment officers</td>
<td>~50 weeks</td>
</tr>
<tr>
<td>~100 weeks</td>
<td>2 investment officers</td>
<td>~50 weeks</td>
</tr>
<tr>
<td>Undefined number of management meetings</td>
<td>5-7 leadership management meetings at predefined decision gates</td>
<td></td>
</tr>
<tr>
<td>50 investment officers</td>
<td>50 investment officers</td>
<td></td>
</tr>
<tr>
<td>Limited leadership time</td>
<td>Limited leadership time</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources available</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 investment officers</td>
<td>50 investment officers</td>
<td></td>
</tr>
<tr>
<td>Limited leadership time</td>
<td>Limited leadership time</td>
<td></td>
</tr>
</tbody>
</table>

Achieved through...
- Standardized analysis and decision making process
- Key performance indicators to track implementation progress
- Clearly defined decision gates
- Weekly decision oriented action meetings

Attract approx. 70% more private investments annually

SOURCE: McKinsey analysis
The end-to-end process driven transformation is a four-pronged approach to transition PPP units to a higher level of performance ...

### Description

<table>
<thead>
<tr>
<th></th>
<th>Introduce <strong>new end-to-end PPP process</strong> from origination to closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Introduce entire suite of <strong>standardized tools and analytics</strong> to support best-in-class infrastructure deals</td>
</tr>
<tr>
<td>C</td>
<td>Run a <strong>full-time “PPP control tower”</strong> with weekly rhythm to monitor and debottleneck priority PPP projects</td>
</tr>
<tr>
<td>D</td>
<td>Establish proper governance and capabilities as enablers not drivers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Filter proposal</th>
<th>Evaluate</th>
<th>Direct negotiation</th>
<th>Finalise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prep. RFP</td>
<td>Call tender</td>
<td>Evaluate bids and negotiate</td>
<td>40-50 weeks</td>
</tr>
</tbody>
</table>

### Faster, Better, More PPPs

**SOURCE:** McKinsey analysis
# Adopt a new end-to-end standardized deal process from origination to closing

## End to end deal process

<table>
<thead>
<tr>
<th>Improve screening</th>
<th>Invest upfront in evaluation</th>
<th>Streamline negotiations</th>
<th>Limit to finalizing legal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Filter proposal</strong></td>
<td><strong>Evaluate</strong></td>
<td><strong>Direct negotiation</strong></td>
<td><strong>Finalize</strong></td>
</tr>
<tr>
<td>Rapidly unstructured triage with filtering done mostly through intuition</td>
<td>Standard due diligence based on pre-determined acceptable criteria</td>
<td>Ad-hoc, case by case, open ended RFP or direct negotiation approach</td>
<td>Close out all remaining issues</td>
</tr>
<tr>
<td><strong>Traditional approach</strong></td>
<td><strong>New approach</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take time to filter to ensure only high potential project enter the pipeline based on need, suitability and robustness</td>
<td>Hypothesis driven - establishes a PPP agency viewpoint on acceptable terms and boundaries under which the project could proceed based on preliminary data</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modular and comprehensive RFP approach to ensure clarity and quality of proposals</td>
<td>Pre-defined cadence of negotiation rounds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro-actively managing negotiations by:</td>
<td>Pro-actively managing negotiations by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Enhancing our knowledge of vendor preferences,</td>
<td>– Enhancing our knowledge of vendor preferences,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Refining our approach and targets accordingly,</td>
<td>– Refining our approach and targets accordingly,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Diligently deploying best practice negotiation techniques tailored to the specific situations</td>
<td>– Diligently deploying best practice negotiation techniques tailored to the specific situations</td>
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</tr>
</tbody>
</table>

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1. 40-50 weeks

**SOURCE:** McKinsey analysis
Negotiate: Start with an ideal and end up with a deal

- **MDO**  Most desirable outcome
- **BATNA**  Best alternative to negotiated agreement
End-to-end deal process: Direct negotiation

1. Filter proposal
2. Evaluate
3. Prepare RFP
4. Call tender
5. Evaluate bid and negotiate
6. Direct negotiation
7. Finalize

6.1 Get prepared (know exactly what you want)
6.2 Set the stage (right people and tight process)
6.3 Execute the plan (get what we want)

Source: Team analysis
A distinctive negotiation process requires effective preparation and diligent execution to obtain the MDO

What makes a negotiation process distinctive?

- Precisely articulating preferred outcomes prior to commencement of negotiation:
  - What we want (MDO and LAA – least acceptable agreement)
  - What our walk-away position is (BATNA)
  - What counterparty is likely to want or is willing to trade-off

- Fully aligned PPP agency team that deploys most skilled negotiators with specific roles, messages to communicate, and outcomes to obtain in each negotiation round

- Predefined cadence of negotiation rounds that allow PPP agency to build on intermediate milestones to achieve our end goal (MDO)

- Proactively managing actual negotiations by:
  - Enhancing our knowledge of vendor preferences
  - Refining our approach and targets accordingly
  - Diligently deploying best-practice negotiation techniques tailored to the specific situations

Success in negotiation extends beyond the actual discussion and requires:

- Extensive preparation and planning
- Diligent execution to reach our goal

Source: Team analysis
Key terms for each negotiation lever should be assessed

PPP agency negotiation band

PPP agency MDO
- Lowest price in market
- Shortest possible delivery time
- Performance more than specification
- Superior service
- Long-term guaranteed prices

PPP agency LAA
- Maximum price to meet investment thresholds
- Delivery terms at market levels
- Product meeting all specs.
- Consistent service
- Fixed price for as long as necessary

MDO
Ideal purchase price

LAA
Maximum purchase price

Negotiating window defines the scope and range of potential outcomes

Vendor negotiation band

To fully prepare for negotiations, we need to ascertain vendor’s positions
- Allows to determine range of likely outcomes
- Allows to ascertain vendor’s preferences and likely trade-offs

Source: Team analysis
Sequence communications to build crescendo of support

**Focus:** Key is risk-free consultation
- First have private meetings with supportive stakeholders that are easy to win over
- Once there is wide enough support, privately meet the more difficult stakeholders

**Ride on momentum by going public**
- Prepare messages for clients and supportive stakeholders to issue to media
- Orchestrate prominent opinion shapers to make public statements

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**Level of stakeholder support**

- **Predefined inflection point to go public**
  - Difficult to get enough support to go public due to perceived risks by stakeholders

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**Focus on key decision-makers and most critical stakeholders**

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**Full-force public communication**

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**Time**
Introduce an entire suite of standardized tools and analytics to support best-in-class infrastructure deals

**Evaluate**
- Call tender
- Evaluate bids

### Roles and Risk allocation tool

**<Insert project name>**

**EVALUATION: 2.2 DEAL ASSESSMENT**

**Guidance on potential PPP role and risk allocation and potential mitigation strategies**

*Clearly allocated and delineated roles and risks across public/private sector*

**Areas**
- **Construction**
  - 1. Construction costs and delay
  - 2. Land acquisition costs and delay
- **Operations**
  - 3. Tariff amount
  - 4. Electricity volume
  - 5. Operations and maintenance costs
  - 6. Expansion and major upgrading costs
  - 7. Performance outcomes
- **Financing**
  - 8. Funding availability
  - 9. Funding costs (interest rate)
  - 10. Ability to refinance
  - 11. Default on debt service
- **Project-specific**
  - 12. Competition from substitutes
  - 13. Change in law (e.g. windfall tax)
- **External**
  - 14. Sector risk (e.g. end-user tariff)
  - 15. Sector-independent risks (e.g. tax rate)
- **Execution**
  - 16. Contract design and structuring
  - 17. Execution of negotiation
  - 18. Modifications of initial agreement

**Roles**
- **Private**
- **Shared**
- **Govt**

**SOURCE:** Team analysis
PPP “control tower” is leveraged as management tool to ensure best practice delivery of pilot PPPs and institutionalization across the PPP unit.

**PPP control tower launched**
- Complete diagnosis
- Select pilot deals
- Team kick off

**Complete key analyses**
- Value for money comparator
- Needs analysis
- Risk & role allocation

**Debottleneck process issues**
- Stakeholder management
- Approvals and syndication

**Make key decisions**
- Technical specifications
- Term sheet
- Approach to award
- Detailed terms

**Pilot PPP delivery**

- Increase value by 10-20%
- Reduce time by 50%
- Increase capacity by 70%
Run a full-time “PPP control tower” with weekly rhythm to monitor and debottleneck priority PPP projects

**Visual management**
- Extensive use of gallery walk style presentation to bring the process alive
- Wall displays of pipeline status to increase transparency and highlight critical bottlenecks

**Weekly decision meetings**
- Weekly action meetings with key leadership to
  - Debuttlenueck pipeline issues
  - Share learnings across different projects

**Pipeline monitoring tool**
- Excel based tool to facilitate pipeline monitoring and data collection
- Pipeline flash report to highlight key issues and next steps

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**Increase transparency**

**Ensure greater precision**

**Accelerate pace of execution**
Establish proper governance and capabilities to replicate performance across all PPPs

Clear decision making structures must be put in place

The overall decision-making process could be streamlined through a measured reallocation of decision rights

From
1. Cabinet approval sought for decision to proceed and award
   - However, multiple iterations typically required (e.g. due to change in scope or terms)
2. Mgmt committee as monitoring and evaluation body for progress and negotiations with private sector partners
   - Coordinator for multi-agency interactions
3. Cross-functional and multi-agency working teams acting as:
   - Secretariat to Mgmt committee
   - Team leader:
     - Head of PPP unit
     - Senior civil servant
     - DO / Team
     - Fin Analyst
     - Legal Analyst
     - Medical and technical professionals

To
1. Cabinet continues to provide final endorsement limit to 2 interactions for deals above a set amount and/or of higher strategic importance
2. Mgmt committee as decision making and advisory body for deal teams
3. Monitor progress, negotiations with private sector partners, debottleneck key issues at the working level

Required capabilities at each level of organization will be identified

- Decision makers drive the progress of the deal
- Decision makers enable the progress of the deal driven by the investment officer and the private sector
- Capabilities limited to those available within the existing PPP unit
- Experts from other agencies leveraged extensively to ensure cross-functional capabilities are brought into every deal

SOURCE: McKinsey analysis
**Leadership responsibilities**
- Meet regularly to review proposed deals
  - MD champion presents each project
  - Executive leadership provide coverage across all functions and sectors
- Generate deal flow
- Lead deal evaluation teams
  - Guide and stress test deal team analysis
  - Manage key relationships through deal development
- Generate deal flow

**Executive level**
- CEO
- COO
- CFO/CRO

**Managing directors**
- Functional specialist
- Functional specialist
- Sector specialist
- Sector specialist

**Project evaluation team (Associates)**
- MD overseeing generalist associates working in project-based groups
  - Conduct core due diligence and deal structuring activities
  - Coordinate integration of outsourced activities with partners

**Analytic/Administrative staff**
- Para-professionals
  - Provide general administrative support
  - Support core processes, including screening and performance management

**Investment fund staffing levels**

<table>
<thead>
<tr>
<th>Year 2</th>
<th>Run-rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive MDs</td>
<td>12</td>
</tr>
<tr>
<td>Associates</td>
<td>4</td>
</tr>
<tr>
<td>Analytic/Admin</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

Source: Team analysis
Your transformation journey can take place over three modules

<table>
<thead>
<tr>
<th>Module 1 – Diagnosis</th>
<th>Module 2a - PPP Institutionalization</th>
<th>Module 3 - Replication</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Understand the existing end to end deal process</td>
<td>▪ Customization of standard process to specific PPP unit and environment to ensure adoption</td>
<td>▪ Replicating the standard process, tools and analytics and decision making across all deals in the pipeline</td>
</tr>
<tr>
<td>▪ Assess the structure and analyses of current transactions</td>
<td></td>
<td>▪ Ensuring the right capabilities and governance structure is in place for full replication</td>
</tr>
<tr>
<td>▪ Conduct stocktake of existing pipeline and origination capability</td>
<td>▪ Use PPP control tower approach on a few selected “pilot” projects</td>
<td></td>
</tr>
<tr>
<td>▪ Understand existing capabilities, decision rights and governance structure</td>
<td>▪ Apply standard process and tools and analytics to the pilot projects</td>
<td></td>
</tr>
<tr>
<td><strong>End products of joint team</strong></td>
<td><strong>Module 2b – PPP Delivery</strong></td>
<td><strong>Direct benefits</strong></td>
</tr>
<tr>
<td>▪ Ensures key issues are identified</td>
<td>▪ Simultaneous institutionalize best practices and deliver rapidly deliver impact through acceleration of high value deals accelerated through the PPP control tower</td>
<td>▪ Ensures transformation takes place across the entire unit</td>
</tr>
<tr>
<td>▪ Facilitates prioritization to focus on most critical issue</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: McKinsey analysis
McKinsey has developed deep experience in working with governments to establish and transform PPP units.

<table>
<thead>
<tr>
<th>Sample situations</th>
<th>Impact</th>
</tr>
</thead>
</table>
| **Asian govt PPP unit**
Government needed to transform existing standalone PPP unit to a **driver of PPPs** with world class capabilities | ▪ **Achieved 10-20% increase in value** in pilot projects across various sectors (over USD1bil value at stake)
▪ Transformed PPP unit into **key catalyst of for mobilization of private investment**
▪ **Created a replicable model** for structuring toll roads |
| **European govt PPP unit**
Govt needed to **rapidly develop PPP capabilities** to meet massive need for infrastructure investments | ▪ **Established self sustaining PPP Unit** with central coordination role
▪ **Developed PPP standards**
▪ Received high level of political and media receptiveness |
| **Canadian PPP unit**
PPP Authority needed to **define its role and structure** to support PPP projects worth over USD30 billion | ▪ **PPP Authority tendered first batch of projects** based on defined role and structure
▪ **Implemented full roll-out** of recommended actions |

SOURCE: McKinsey analysis