Topics

1. Structuring a PPP unit
2. Partnerships UK: a case study
3. Potential roles of a PPP unit
1. Structuring a PPP unit
“Countries with a good effective Infrastructure/PPP unit have more successful infrastructure programs”
Ingredients for success

- Political sponsorship
- Low political risk
- Predictable and sustainable deal flow
- Public sector delivery capacity
- Ability to pay for the infrastructure
- Ability to raise capital
### PPP units – International Examples

<table>
<thead>
<tr>
<th>Unit within a Government Ministry (Treasury, Finance &amp; Economics, Planning, Public works, etc.)</th>
<th>Separate publicly owned agency</th>
<th>Public-Private Agency Joint Venture</th>
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</thead>
</table>
| • Infrastructure UK  
• Partnerships Victoria  
• Mission D’Appui aux PPP – MAPP (France)  
• S Africa PPP Unit  
• Singapore Ministry of Finance PPP Unit  
• Special Secretariat for PPP, MoF Greece  
• Unitatea Centrale, MoF Romania  
• Unidade PPP, Ministry of Planning, Brazil  
• PPS Unit, SHCP, Mexico | • Partnerships British Columbia  
• Infrastructure Ontario  
• Parpublica, Portugal  
• Puerto Rico Public-Private Partnership Authorities | • Chicago Infrastructure Trust  
• Partnerships UK  
• Partnerships for Schools, UK  
• Partnerships for Health, UK  
• Local Partnerships, UK  
• Partnerschaften Deutschland |
2. Partnerships UK: a case study
United Kingdom - HMT PFI organizations

- 1992: Private Finance Initiative (PFI)
- 1997: Treasury Taskforce (TTF)
- 2000: Partnerships UK (PUK)
- 2004: Partnerships for Schools (PfS)
- 2010: Infrastructure UK (IUK)
PPP history in the United Kingdom

Chart 1.A: Number of projects reaching financial close and total capital costs incurred for current projects


Figure based on departmental and Devolved Administration returns. Current projects only - does not include projects that have expired or terminated.

Chart 3.A: Illustration of PFI debt margins

Source: HM Treasury
United Kingdom – PF2 next generation

Chart 8.B: Project Company Capital Structure

- Developer Equity
- Public Sector Equity
- Third Party Equity
- Risk Capital
  - c.20-25% of capital structure
- Senior Lenders
  - (public bonds/private placements/bank debt or other sources)
  - c.75-80% of capital structure

* May include mezzanine finance (or other second loss tranche) to provide credit enhancement to senior debt

Source: HM Treasury
3. Potential Roles of a PPP unit
Potential Roles of a PPP Unit (1)

- Inform Project Sponsors and stakeholders regarding infrastructure and PPP policy
- Based on project screening and business case development, make recommendations to Project Sponsors on projects that may be suitable for PPP procurement and the appropriate delivery model
- Establish the legal framework under which projects may be procured
- Manage the procurement phase for approved projects in conjunction with the Project Sponsor
- Coordinate and assist Project Sponsors with multilateral financing programs (i.e. EIB)
- Provide best practice guidance and standard documentation
Potential Roles of a PPP Unit (2)

- Manage and coordinate the project pipeline
- Manage and coordinate the supply market
- Provide advice and support during the construction and operational phases
- Manage external stakeholders (including selling the policy)
- Manage external advisors
- Provide the funding/working capital to pay for external advisers
- Invest equity in projects
- Act as a conduit issuer for debt
Common Challenges for PPP Units

- Balancing regulation, innovation, and project support
- Working with procuring authorities
- Attracting and retaining the right staff
- Combining commercial and public sector know how
- Budget