What is PPP?

- P3
- $P^3$
- PFI
- BOT
- BOOT
- BOO
- BLT
- DBFO
- DCMF
PPP Stakeholders

- Government
  - Public Infrastructure and Services
    - Taxes, Votes
  - Capital Investment Regulations
    - Fares
  - Performance/Contract Compliance
    - Levels of Service

- Operators
  - Debt Payment
    - Financing

- Taxpayers
  - Service users
Is it always appropriate for Governments?

- Not for all projects, not appropriate for low capital value projects
- Where risks over project life cannot be costed
- Where demand for services in the future cannot be reasonably predicted
- Where private sector does not have the expertise to deliver
- Where local procurement law impedes it
Is it going to be attractive to the private sector?

- Is it potentially profitable?
- Is there Government support?
- Are multiple Government Agencies involved? (fractured government)
- How protective is PPP/concession contract law?
- Can risks be assessed/mitigated?
- Is financing available?
PPP’s in Urban Transport

• UK, Colombia, Chile, South Africa, Panama, Malaysia
• Which countries failed?
• **UK, Colombia, Chile, South Africa, Panama, Malaysia**
What should a BRT City be thinking of?

- What do they want delivered
- How to calculate value for money (VFM)
- Will the market view a PPP as potentially profitable?
- Is there anything similar-tested/failed?
- Is there competition between service providers?
- Risk of “adventurers”
- Can they regain control of transport from the current operators in order to go for a BRT?
What should a Concessionaire be thinking of?

• Can risks be costed over all of project life
• Minimum revenue support?
• How will service quality be defined and measured?
• Profitability/competition/shareholding control/low cost, long term financing
PPP payment structures used in BRTs

- **Transantiago, Chile**
  Payment per passenger transported *but*
  *Guaranteed minimum revenue, payments per km and per place offered, income increased in line with costs*

- **Rea Vaya, South Africa**
  Payment per km *but*
  *Undertaking to always cover financial and operating costs*

- **Metrobus, Panama**
  Payment per passenger transported *but*
  *Monopoly operator, income increased in line with costs, protection from competition from Metro*
Who chooses the buses?

The City
Johannesburg

The Operator
Santiago/Panama

or the financier?
Case Studies – Rea Vaya
Case study – Rea Vaya

- Clidet 957 – a strange name for a bus company
- When is a Project not a PPP – then it is…
- When is an SPC ranked the same as a City?
- Will the bank steal my buses?
Case studies - Transantiago
Case study - Transantiago

- Estevez, Espejo, Cortazar, Morande, Errazuriz are all examples of?
- How many times can you change the rules?
- How difficult can it be to measure performance?
- Avoid Adventurers…
How to attract private capital

• Maintain economic equilibrium
• Respect the concession contract in word/spirit
• Talk to and work with the financiers
• Remember just how many BRT projects there are in the pipeline
• Be prepared to renegotiate the concession to make it financiable
• Local is not always best