

Contents

Preface 5

1. What are PPPs?..... 7

1.1. Historical examples of private provision of infrastructure7

1.2. Key definitions of PPP and its alternatives..... 11

1.3. Key actors of a PPP project 16

1.4. Diversity of contemporary PPP projects..... 19

2. How to manage a successful PPP project?25

2.1. Structure and milestones of a PPP project25

2.2. Risk sharing31

2.3. Procurement process39

2.4. Project Finance..... 42

2.5. Construction and operation phases of a PPP project.....47

2.6. Termination of cooperation, step-in's and substitution.....51

2.7. Main reasons of PPP projects' failures 54

3. Are PPPs efficient? 58

3.1. Pros and cons of PPPs..... 58

3.2. Methods and results of PPP assessment 64

3.3. Suitability of PPP for different sectors 69

3.4. Special case of developing countries 72

3.5. Lowering PPP costs..... 73

3.6. Influence of crises on PPP 76

3.7. Beyond PPP 78

Conclusion..... 82

Bibliography 84

Case studies

Case Study 1. Acacia Prison, Western Australia	22
Case Study 2. Clem7 Tunnel, Brisbane, Australia	26
Case Study 3. Trains and tramway franchising in Melbourne, Australia	37
Case Study 4. Hungarian Motorway PPP Programme (M1/M15), Hungary	39
Case Study 5. London Underground PPP Programme, United Kingdom	57
Case Study 6. Portland Airport Max Light Rail, United States	61
Case Study 7. JFK Terminal 4 Redevelopment, United States	70
Case Study 8. Sofijska Voda, Sofia, Bulgaria	71
Case Study 9. Pulkovo Airport, St. Petersburg, Russia	77
Case Study 10. Comarnic-Brasov Motorway, Romania	78

Figures

Figure 1. Relations of key terms referring to public sector project delivery	14
Figure 2. Key actors in a PPP project	16
Figure 3. Structure of PPP projects by government department in the UK excluding Scotland (1987-2005)	21
Figure 4. Structure of a PPP project	27
Figure 5. Structure of a PPP procurement process	48
Figure 6. Comparison of performance between PFI and traditionally procured projects in the UK	60
Figure 7. NPV of £100, depending from discount rate and number of years	66

Tables

Table 1. Top 10 countries with the largest total value of PPP deals (2004)	20
Table 2. Different scopes of private participation at a prison project	22
Table 3. Risk matrix for a PPP project	33
Table 4. Comparison of bank loans and bonds	44
Table 5. Different methods of dispute resolution	50
Table 6. Advantages and disadvantages of PPP	58
Table 7. Typical results of VfM analysis	65
Table 8. Results of ex-post vs. ex-ante VfM analysis of first British PFI roads	67
Table 9. PSC comparison of most and least successful PFI projects	68
Table 10. PPP and its alternatives	81