

Second Thematic Workshop of the Infrastructure Financing and Public-Private Partnerships Network of Asia and the Pacific

Preparing and Assessing Sustainable and Resilient PPP Infrastructure Projects

Virtual Meeting on MS Teams
10 March 2021

OUTCOME DOCUMENT

ESCAP organized the second thematic workshop of the Infrastructure Financing and Public-Private Partnerships (PPP) Network of Asia and the Pacific on “Preparing and Assessing Sustainable and Resilient PPP Infrastructure Projects” held virtually on 10 March 2021. In an effort to strengthen PPP infrastructure projects implementation in the region, ESCAP has been organizing a series of thematic capacity-building workshops to address the challenges related to PPP project implementation. Based upon the interests and suggestions raised by the member States, including those presented during the first thematic workshop on “Resilient PPP Infrastructure Development for Recovery”, which was also held virtually on 15 December 2020, the second thematic workshop aimed to review the practices of resilient, sustainable, and bankable PPP infrastructure projects during the preparation stages with a particular focus on the healthcare and renewable energy sectors.

The main sessions of this workshop presented project case studies in the healthcare and renewable energy sectors and exchanged of views on best practices accounting for unique characteristics and environments to enhance PPP project preparation. The workshop gathered 117 participants online, including heads of PPP units, infrastructure financing specialists, and capital market experts, including 19 countries (17 from Asia and the Pacific, one from Africa and one from the Middle East), 13 development partners, and 18 private sector representatives.

Based upon the feedbacks and suggestions made by participants of the second thematic workshop, ESCAP plans to organize the third thematic workshops in the third quarter of 2021 to further enhance the operational capacity of member States’ PPP units and other network members. The third workshop could cover such thematic topics as PPP unit establishment and operation, PPP project identification, and PPP strategies for selected priority sectors or subsectors according to the preferences of the network members.

Background

Sustainable and resilient infrastructure development is a critical pillar for achieving and maintaining the Sustainable Development Goals (SDGs) by 2030. Public resources alone will be insufficient to meet the region’s significant infrastructure development needs. At the 4th High-Level Dialogue on Financing for Development (Bangkok, 28-29 April 2017), participants underscored that mobilizing private financing through public-private partnerships (PPP) would be essential to increase financing for sustainable and resilient infrastructure. However, preparing bankable and feasible high-quality infrastructure projects remain a significant challenge in developing PPP projects.

Opening Remarks

Dr. Masato Abe, an Economic Affairs Officer, Financing for Development, ESCAP, addressed at the opening of the workshop. His remarks highlighted the Asia and the Pacific region had shown its strong resilience in facing the crisis; however, there is still an urgent need to deepen private sector engagements by promoting holistic implications for the public-private partnerships (PPP) modality to achieve “build back better” through infrastructure development.

Case Studies Presentations Sessions

The sessions invite PPP experts to introduce project case studies to highlight best practices to ensure that the identified PPP projects are feasible and economically viable. The thematic scopes of the session were healthcare and renewable energy.

I. HEALTHCARE SECTOR

Case 1. Turkey Hospital PPP Project

Mr. Jianjun Zhang, Product Director, Transportation and Infrastructure Finance, Global Finance Department, Industrial and Commercial Bank of China (ICBC), China, and *Mr. Ahmet Can Yakar*, Managing Director, Project Finance Department, ICBC, Turkey, introduced the background of ICBC and presented the bank's hospital PPP project in Turkey, including its stakeholder structure, payment and termination mechanisms, major advantages of PPP projects, and COVID-19 impacts on the project. The speakers highlighted several factors that should be carefully considered by the public sector to ensure the success of the PPP project: (i) choosing the right PPP model to fit the objectives of different stakeholders; (ii) accommodating the operational and strategic priorities in the relevant sectors; (iii) ensuring the project's bankability as large-scale project financing transactions; and (iii) ensuring the availability of sovereign credit support. Additionally, credit support mechanisms undertaken by Turkey have been tailored to the specific needs of both local developers and foreign players interested in the Turkish PPP market.

Case 2. Procurement of Medical Equipment through PPP: The Case of Kenya MES

Mr. Lieven Jacquemyn, Healthcare PPP Specialist, World Association of PPP Units and Professionals (WAPPP), introduced the background of WAPPP and presented procurement of medical equipment through PPP in Kenya. For the case study, Mr. Lieven firstly explained how managed equipment services (MES) can be delivered through a PPP modality in healthcare sector. MES is a specialized partnership with a private sector service provider, it can help hospitals to improve workflow and productivity by utilizing the private partner's expertise and technology. Given the definition and nature of MES, it can be easily conducted through a PPP modality. Secondly, he gave an example in Kenya on how the MES PPP project successfully transformed Kenya's healthcare system by engaging the private sector in public infrastructure development. The speaker suggested that for countries that are considering using MES need to conduct a series of technical assessments (e.g. risk allocation and value-for-money) on whether the MES PPP is the right procurement procedure.

II. RENEWABLE ENERGY SECTOR

Keynote Address. Renewable Energy and Trends in Private Investments

Dr. Weerawat Chantanakome, Councilor and Advisor, Ministry of Energy of Thailand, opened the session with his keynote speech on renewable energy and trends in private investments, especially at community scale. His keynote highlighted the development of the renewable energy sector in Thailand, as well as the key strategies in Asia-Pacific region and relevant policy options.

Case 1. Victorian Renewable Energy Target (VRET): Auction Scheme

Mr. David Moo, Director, Major Energy Projects, Commercial and Investment Attraction Division, Department of Environment, Land, Water and Planning, Australia, provided the general information of Victorian Renewable Energy Target (VRET) auction scheme. The VRET auction has shown very positive results from both economic and environmental perspectives in the country. He introduced three

projects successfully developed under this scheme: Cohuna Solar Farm, Winton Solar Farm, and Dundonnell Wind Farm.

Case 2. Stimulating Private Sector Adoption of Rooftop Solar PV through the Innovation and Customized PPP Frameworks: Case studies of pioneer solar project in Singapore and Indonesia

Mr. Samridh Goyal, Founder and CEO, Solar Horizon, Singapore, gave a presentation on stimulating private-sector adoption of rooftop solar PV through the innovation and customized PPP frameworks in Singapore and Indonesia. He introduced the key characteristics of designing effective solar PPP projects from the private sector aspects, which include financial viability, technical feasibility, appropriate regulatory framework, and enabling business environment. The presentation also summarized the challenges, impacts, and lessons of several solar PPP projects in South-East Asian countries and Argentina.

Case 3. Malaysia Biomass Renewable Energy Project

Mr. Leong Kin Mun, President, Malaysia Biomass Industries Confederation, presented the Malaysia Biomass Renewable Energy Project. He introduced Malaysia's Green Technology Financing Scheme (GTFS), an important policy support for financing green projects in Malaysia, including biomass renewable energy projects. Currently, there are 75 projects in the biomass and biogas projects which have been approved under the GTFS. However, there are still many issues and challenges that have to be addressed, such as lack of confidence among commercial banks and the absence of green finance solutions based on PPP models.

III. EX-ANTE AND EX-POST APPRAISALS

Dr. Umid Abidhadjaev, Deputy Director, Center for Economic Research and Reforms under Administration of the President, Uzbekistan, demonstrated the methodology ex-ante and ex-post analysis of infrastructure projects: (i) basic principles; (ii) criteria for measuring effectiveness; and (iii) econometric models and analyses for post-investment appraisals.

Closing Remarks

Dr. Masato Abe, Economic Affairs Officer, Financing for Development, ESCAP, closed the meeting with an affirmation that regional and international cooperation is essential to mitigate the negative impacts brought by the pandemic. Facing such a global challenge, ESCAP stands ready to assist member States to recover better from the crisis and deliver inclusive and sustainable growth for all. Dr. Abe also expressed appreciation to all the representatives from network member States, development partners, and private sector members for attending the workshop and providing their contributions to the network, especially during this challenging time.

Suggested Future Topics by Member States

As ESCAP remains committed to enhancing member States' PPP units on practical issues related to PPP project implementation through this thematic workshop series and other activities, participants were invited to provide their suggestions for topic coverage for the following thematic workshops. Several member States expressed their interest to focus on some areas, including PPP process cycle, leadership skill, as well as PPP implementation in the transportation sector. ESCAP will carefully consider these recommendations when planning the upcoming Fifth Network Meeting (the second quarter of 2021) and subsequent third thematic workshop (the third quarter of 2021).

Meeting Evaluation and Feedbacks

The workshop demonstrated the growing demand and appreciation by the members of the Network for the practical capacity-building support to developing sustainable and resilient PPP infrastructure projects to build back better in the post COVID-19 era. Based on the feedback evaluations, the participants were generally satisfied with the virtual format and the overall quality of the workshop. Moreover, the participants expressed that the workshop achieved its stated objectives and that it has increased their knowledge on best practices of PPP infrastructure projects in the healthcare and renewable energy sector. Additionally, the majority of the participants considered that the workshop was clearly presented, and the contents of the workshop were useful for their future policy action. More importantly, the evaluation shows that over 60 per cent of the participants would consider taking gender concerns into account for future policy-action.

Annex I: Results of Workshop Evaluations

Figure 1
Gender distribution

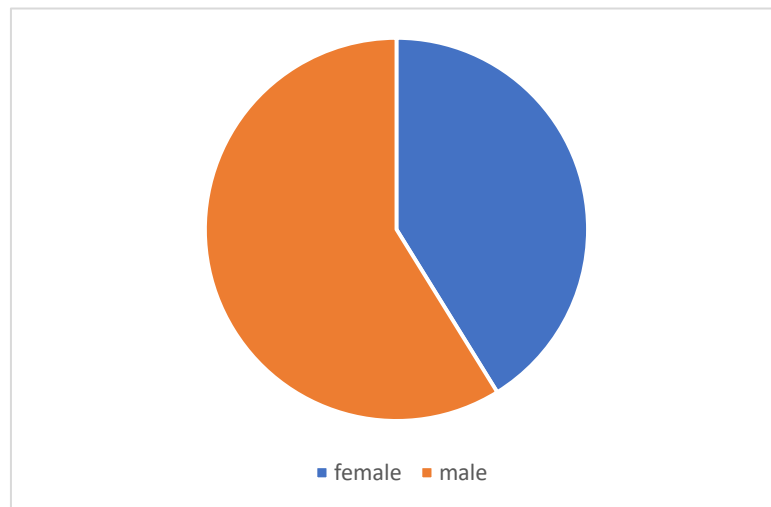


Figure 2
General feedback

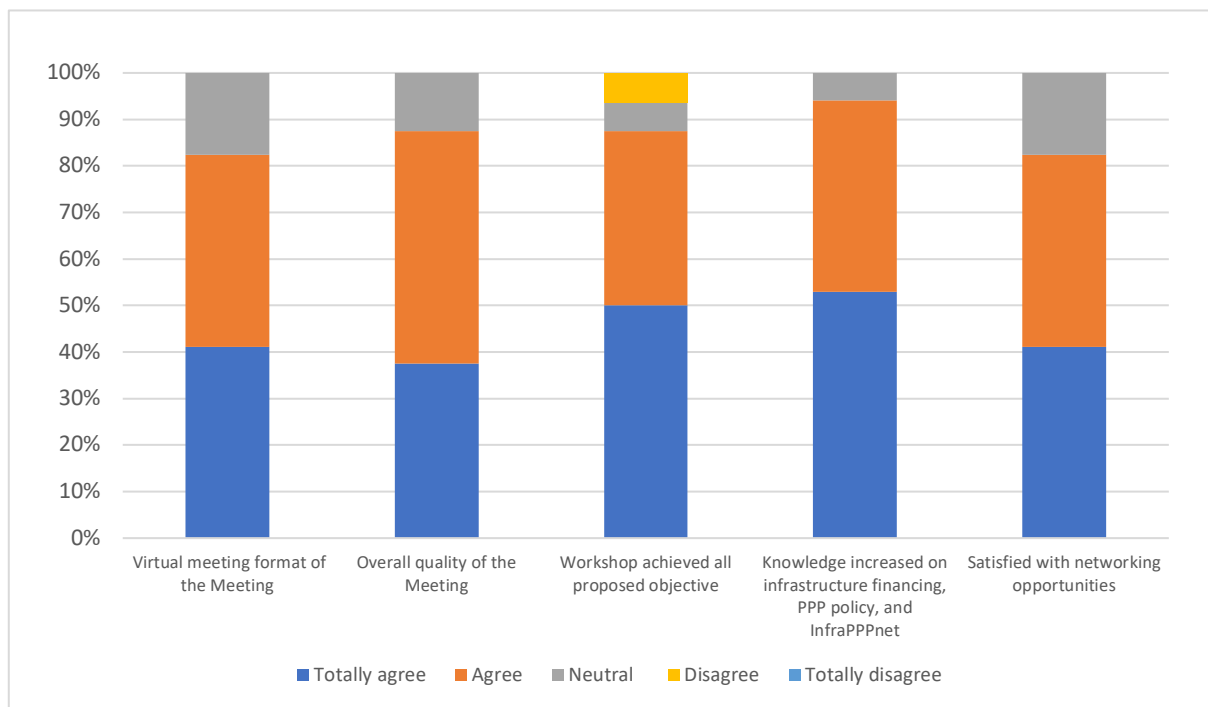


Figure 3
Quality of contents

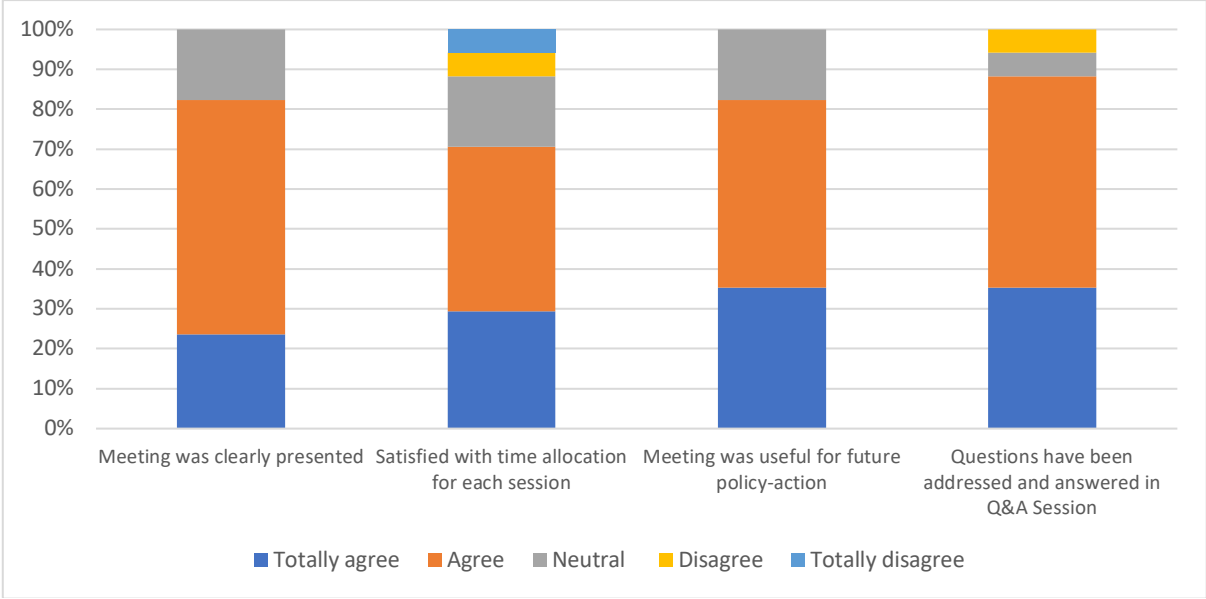


Figure 4
Gender concerns for future policy action

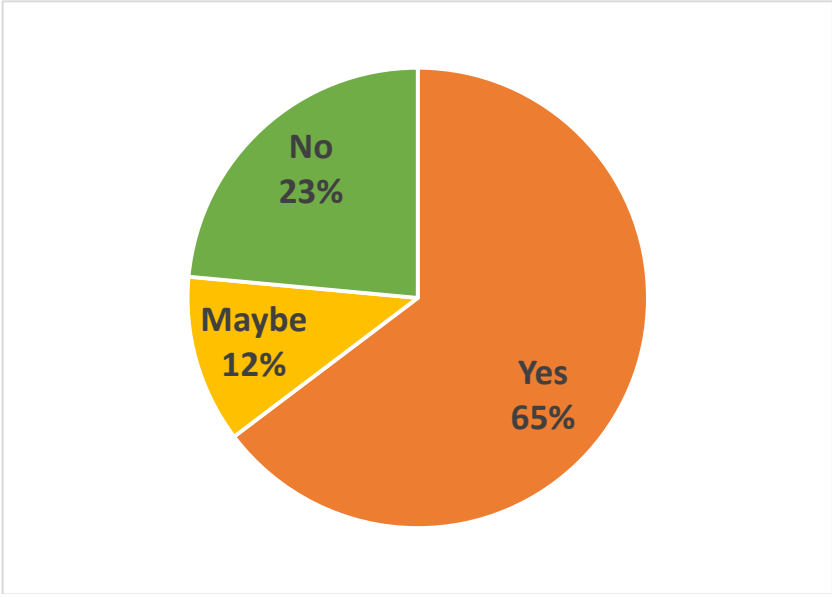


Figure 5
Priority sectors by rank for future capacity-building workshops

- 1 Transportation
- 2 Energy
- 3 Healthcare
- 4 Education
- 5 Telecommunication
- 6 Water & Sanitation
- 7 Elderly care
- 8 Others