

**UNECE**  
**Team of Specialists**  
**for PPPs**

# **Investment and Innovation: Making Change Happen**

## **PPPs and Economic Integration**

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## A Definition of Public-Private Partnership (PPP)

A public-private partnership is a contractual arrangement between one or more public agencies (national, state or local) and a private sector entity, under which the private party delivers a facility and/or facility-based services for public use.

U.S. National Council for Public-Private Partnerships

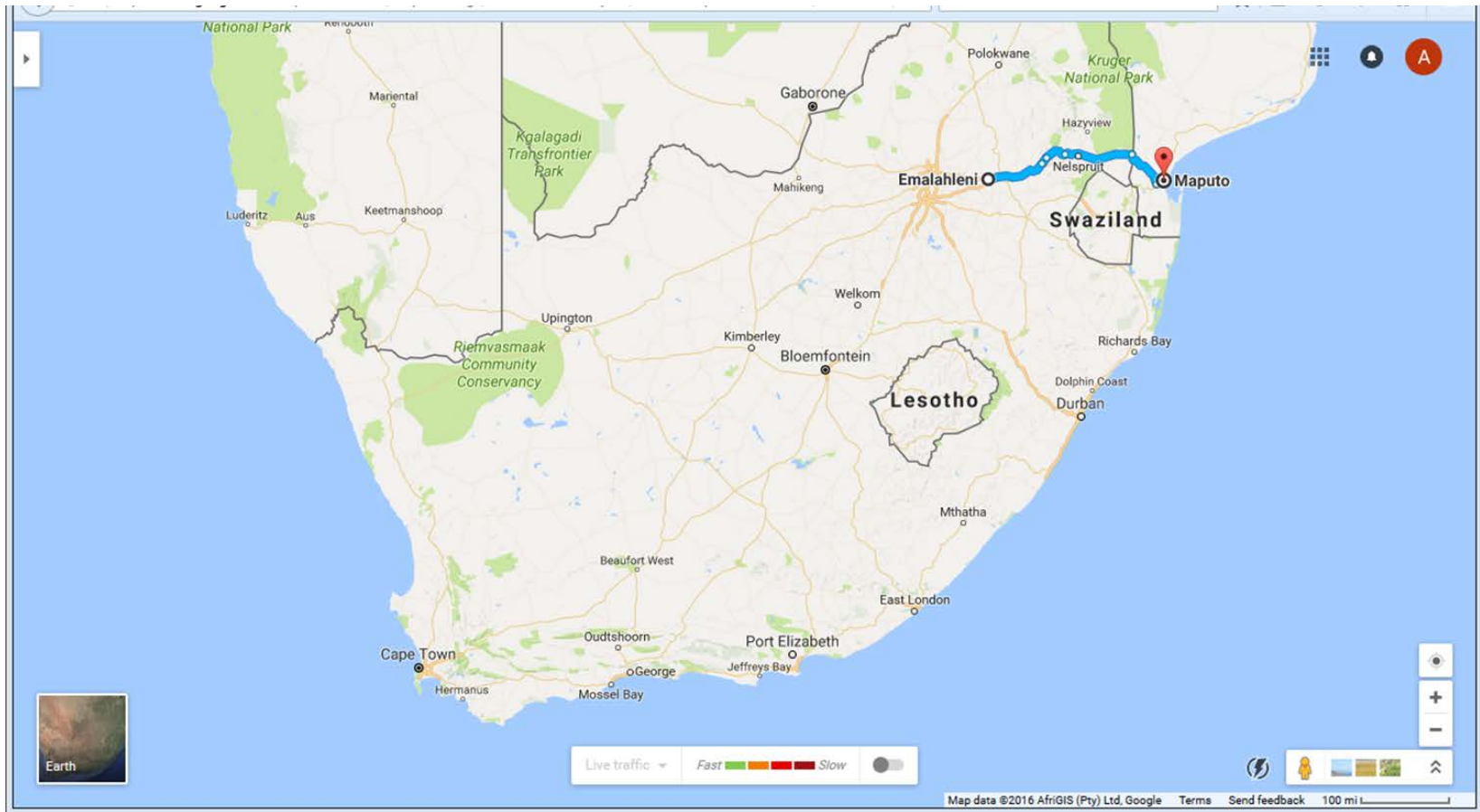
[www.ncppp.org](http://www.ncppp.org)

# PPPs and Economic Integration

Several models of transnational PPPs in support of economic integration exist. These include:

- An infrastructure asset is created which spans international borders, providing services within two or more countries
- An infrastructure asset is created within one nation, and the project's outputs are exported to one or more additional nations
  - The project's core output-producing asset may be a PPP, the distribution networks may be PPPs, or both

# N4 Toll Road Route



# N4 Toll Road

- 440 km: 50 km new road and 390 km of rehabilitation/improvement
- Competitive bidding process
- Construction cost: \$660 million
- Contract effective: May 1997
- Contract term: 30 years
- Road completed in 3.5 years
- Concessionaire directly employs 400 people, plus 60 subcontractors



# Tala Hydroelectric Plant, Bhutan

- The small, mountainous nation of Bhutan has tremendous hydropower potential, while neighboring India has a severe electricity deficit. The two entered into an agreement under which India financed the \$800+ million construction of a Bhutanese hydro plant on the Wangchu river (60% grant, 40% loan at 9% interest).
- 100% of the power produced by Tala is purchased by India. The revenue from the 1,020 MW plant's power sales will nearly double Bhutan's GDP.
- India lacked the infrastructure capacity to receive and distribute the electricity.



# Power Transmission PPP

- Importing the power and delivering it to local Indian utilities required a 1,156 km 400 Kv power line and 20 km of 220 Kv lines. Due to the cost and complexity of this project, the Government of India decided to utilize a PPP.
- A private partner was selected through a competitive procurement
- Construction cost US\$265 million
- 30 years operation as PPP, followed by transfer of operation to Power Grid Corporation of India, a state-owned enterprise
- Project has been operational since 2007



# PPPs and Economic Integration

- Primary sectors

- o Transport

- Roads
    - Bridges
    - Tunnels
    - Rail
    - Ports
    - Waterways
    - Ports
    - Logistics Centers

- o Utilities

- Power
    - Water
    - Waste treatment

- o Environmental

- protection/enhancement