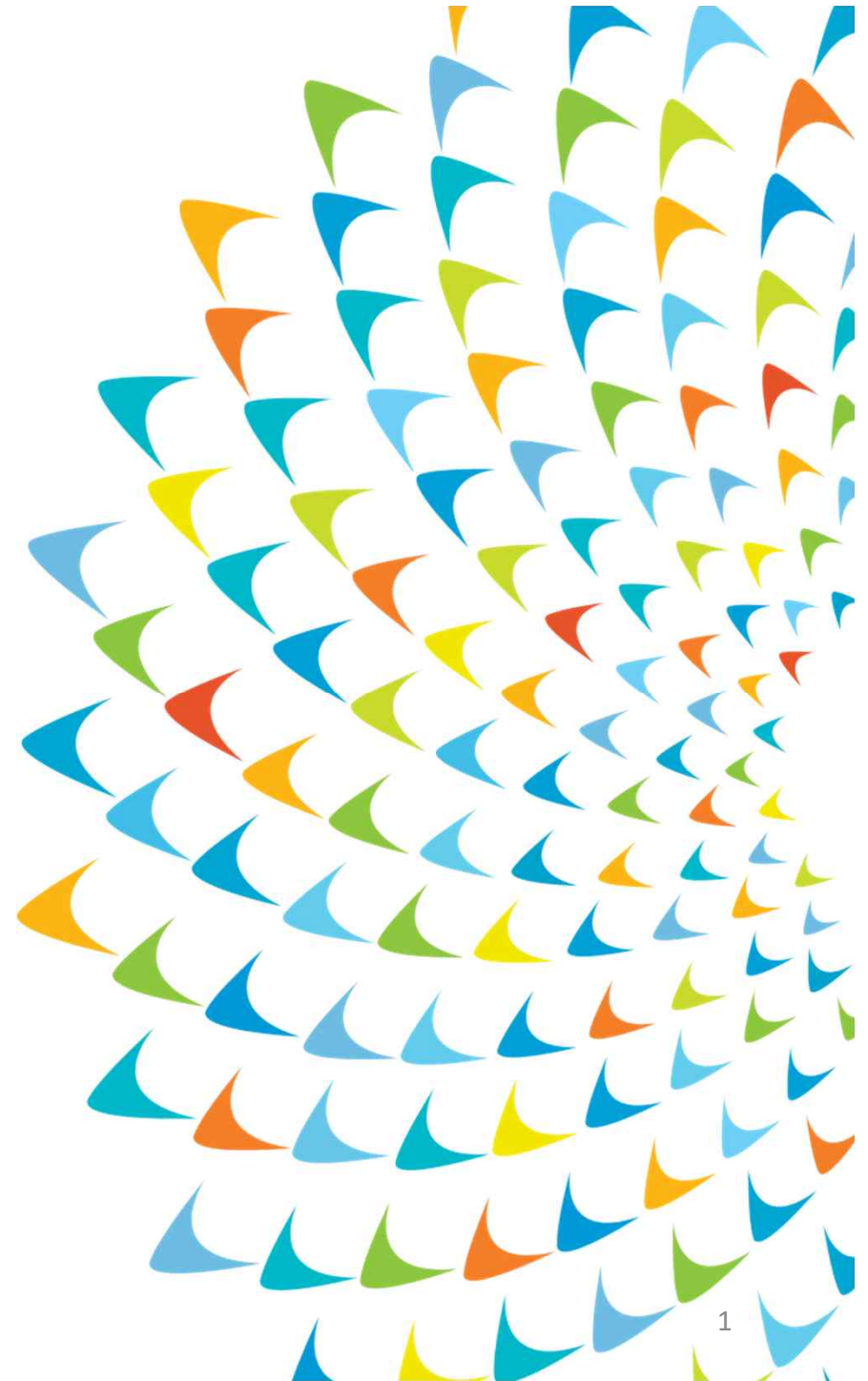


A Brief Overview of PPPs to deliver Social Infrastructure

Helen Steward,
Principal Markets Development
Advisory Specialist, ADB





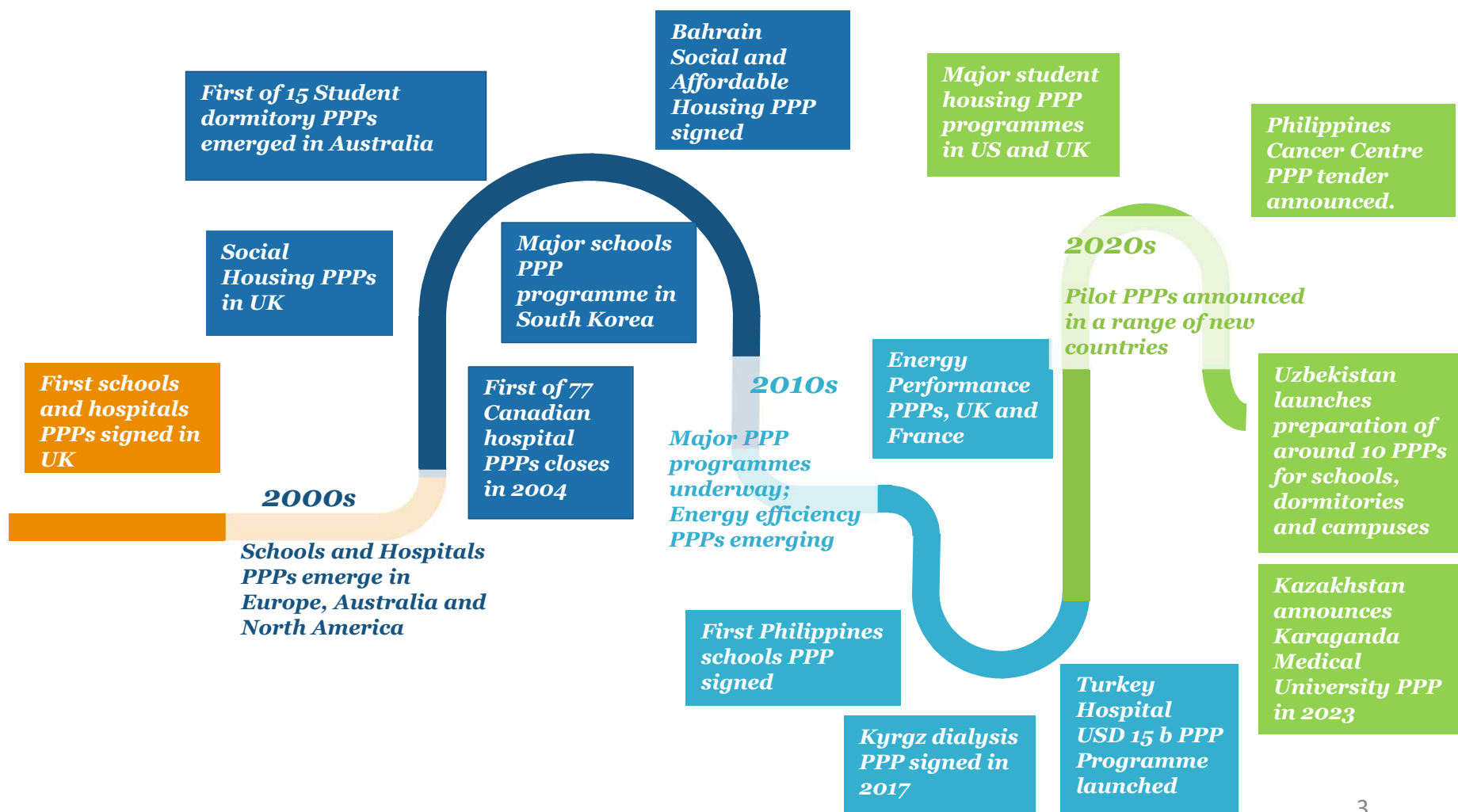
Content

PART 1 - Overview

1. Background
2. PPPs for education
3. PPPs for healthcare
4. PPPs for housing
5. Success factors

PART 2 – Case Studies

A Journey through social infrastructure PPPs



Snapshot of Social Infrastructure PPPs

Projects closed worldwide
(2000 – 2023)

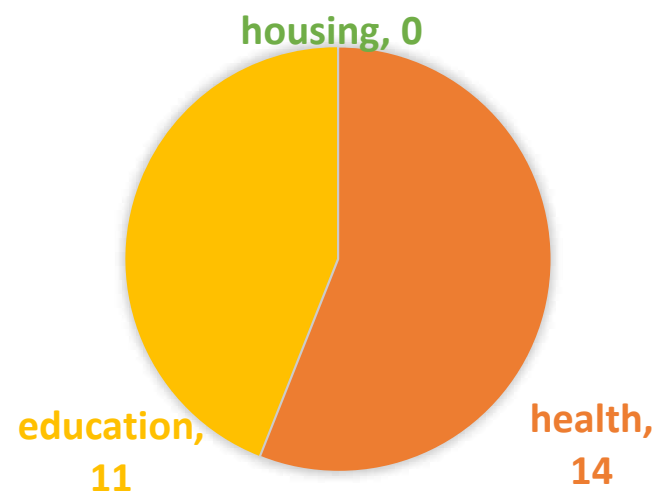
\$150 billion

30% of all PPPs were social infrastructure

 Education 400	 Health 380
 Social Housing 55	Total 835

Projects announced in Asia Pacific
(2022 – 2023)

~ 25 PPPs in Asia Pacific pipeline



Data source: IJ Global website



New PFI hospital branded a failure

By Gillian Harris, Scotland Correspondent

Saturday April 26 2003, 1.00am BST, The Times

LABOUR defended the Private Finance Initiative (PFI) project at Edinburgh Royal Infirmary yesterday after medical researchers branded the hospital a failure.

The Times, UK, 2003

Cision Canada, 2010

WORLD REPORT | [VOLUME 386, ISSUE 10007, P1929-1931, NOVEMBER 14, 2015](#)

 PDF [807 KB]  Figures

Lesotho's controversial public-private partnership project

[Paul C Webster](#)

Published: November 14, 2015 • DOI: [https://doi.org/10.1016/S0140-6736\(15\)00959-9](https://doi.org/10.1016/S0140-6736(15)00959-9)





Unique Challenges

1. Common mis-conceptions – expensive for users; only accessible for high income families; unaffordable; government loses control;
2. Can be political and emotive – stakeholder engagement and communication;
3. Affordability and Expectations;
4. Scope of services;
5. Implications of “mixed revenue” model with cross-subsidies;
6. Requires a complex contract and comprehensive KPIs;
7. Bidder selection criteria;



Unique Benefits



- 95% of the “service providers” preferred working in a PPP facility
- The end-user service was perceived better at a PPP facility
- PPP afforded greater opportunity to focus on providing core services
- The operational performance of PPPs continued to achieve high satisfaction levels after many years
- All PPP projects opened on time

“Since 2003 more than 50 hospital P3s valued at over \$18 billion have proceeded... hospitals are impressed with the successes of their hospital P3s”

“significant involvement of clinical user groups in planning and design;.. robust competition; .. involvement of international experts in hospital planning and design.”



ABOUT US MEMBERSHIP EVENTS P3 SPECTRUM KNOWLEDGE CENTRE NEWS & MEDIA AWARDS

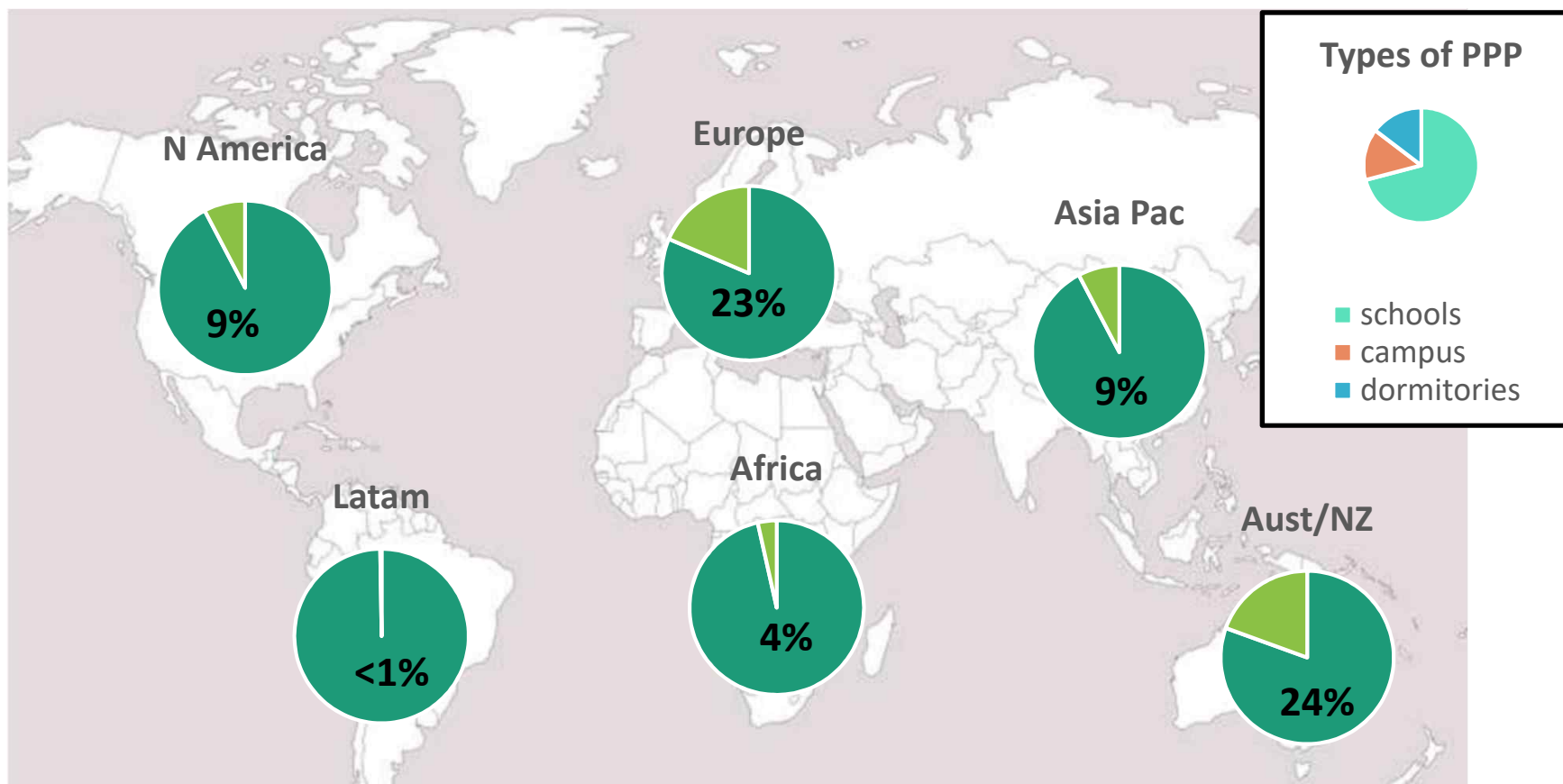
Breaking New Ground: P3 Hospitals In Canada

Author: Canadian Council for Public-Private Partnerships
Citation: Canadian Council for Public-Private Partnerships. "Breaking New Ground: P3 Hospitals in Canada" Toronto, 2011.
Publisher: Canadian Council for Public-Private Partnerships
Date: 2011



Geography and Type of Education PPPs

Number of education PPPs as a percentage of total PPPs closed (2000-2022)



Data source: IJ Global; ADB analysis

In the last year, around 35% of education PPPs announced have been in Asia.

Scope of Education PPPs

Category	Construction Contract	Public Private Partnerships			Education Services
		Infrastructure PPP		Infrastructure + Teaching PPP	
Scope / Example		Canadian/Philippines PPP model	UK/Australian PPP model		US Charter schools
Design	Private	Private	Private	Private	Public
Build					
Finance					
Maintain	Public	Public	Public		Private
Facility Management*					
Teaching Services					

* Non-teaching services like security, cleaning and catering

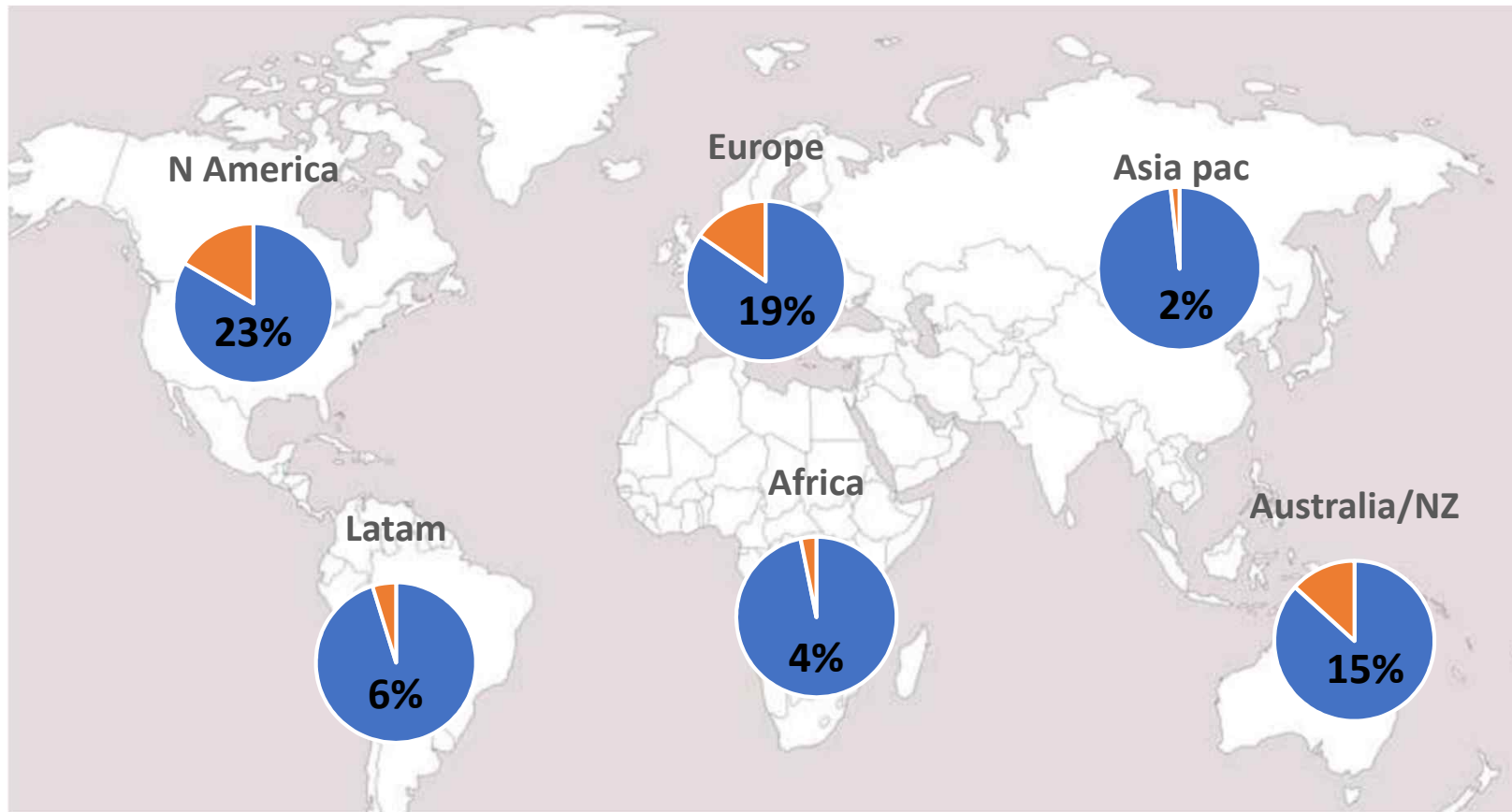
Selecting the most appropriate scope depends on need and the capacity of both public and private sectors

Market commentary - Education

- Majority of recent education PPPs which closed have been in student dormitories;
- Various PPP models have been used including operation and maintenance concessions of existing accommodation; renovation of existing accommodation; new build accommodation;
- Mixed revenue models;
- Emerging interest in school and kindergarten PPPs, particularly in central and west Asia to deliver modern, resilient schools.

Geography of Healthcare PPPs

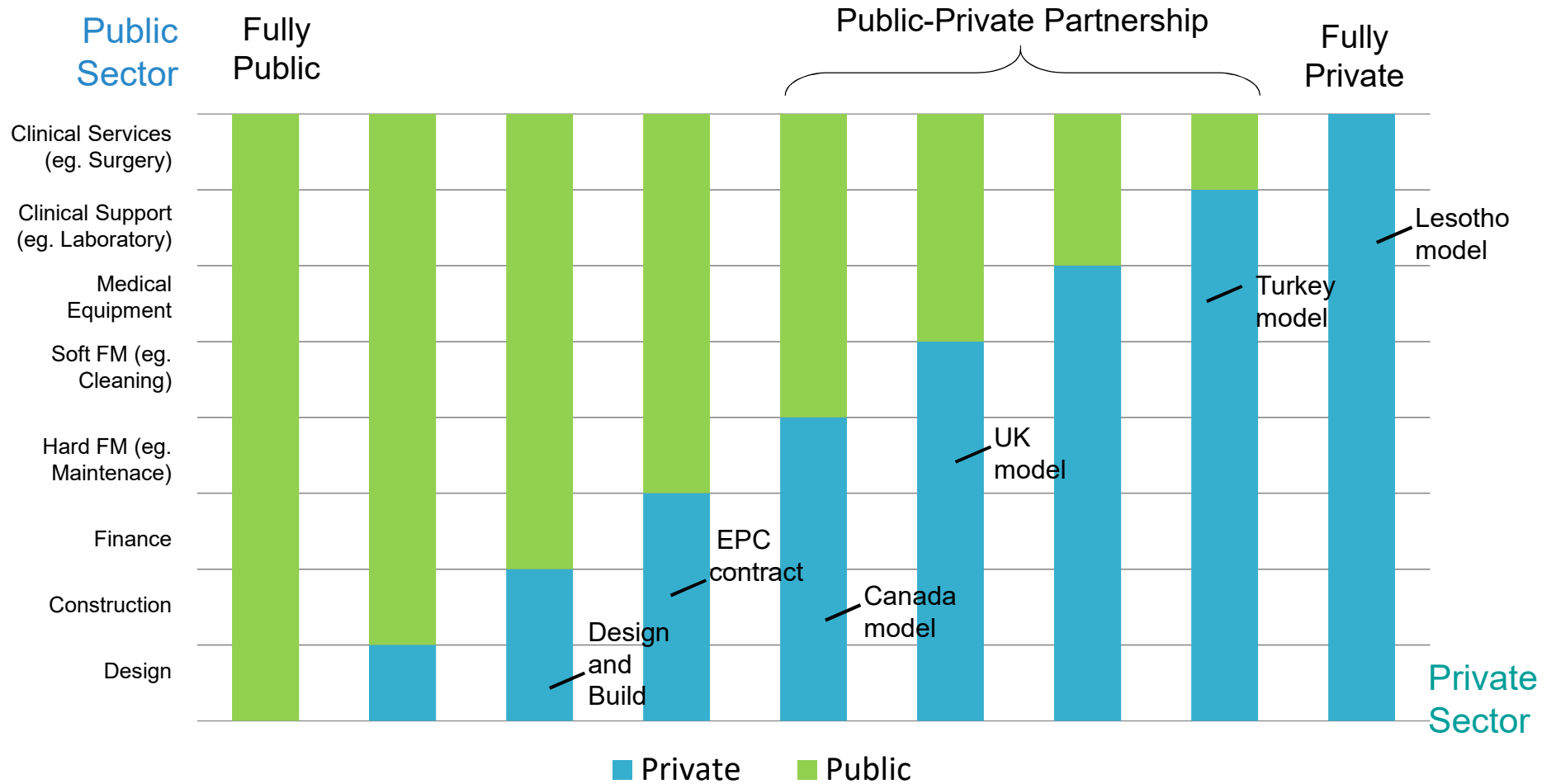
Number of healthcare PPPs closed as a percentage of total PPPs closed



Data source: IJ Global; ADB analysis

Types of Public Private Partnership

Examples of Allocation of Responsibility



Market commentary - Healthcare

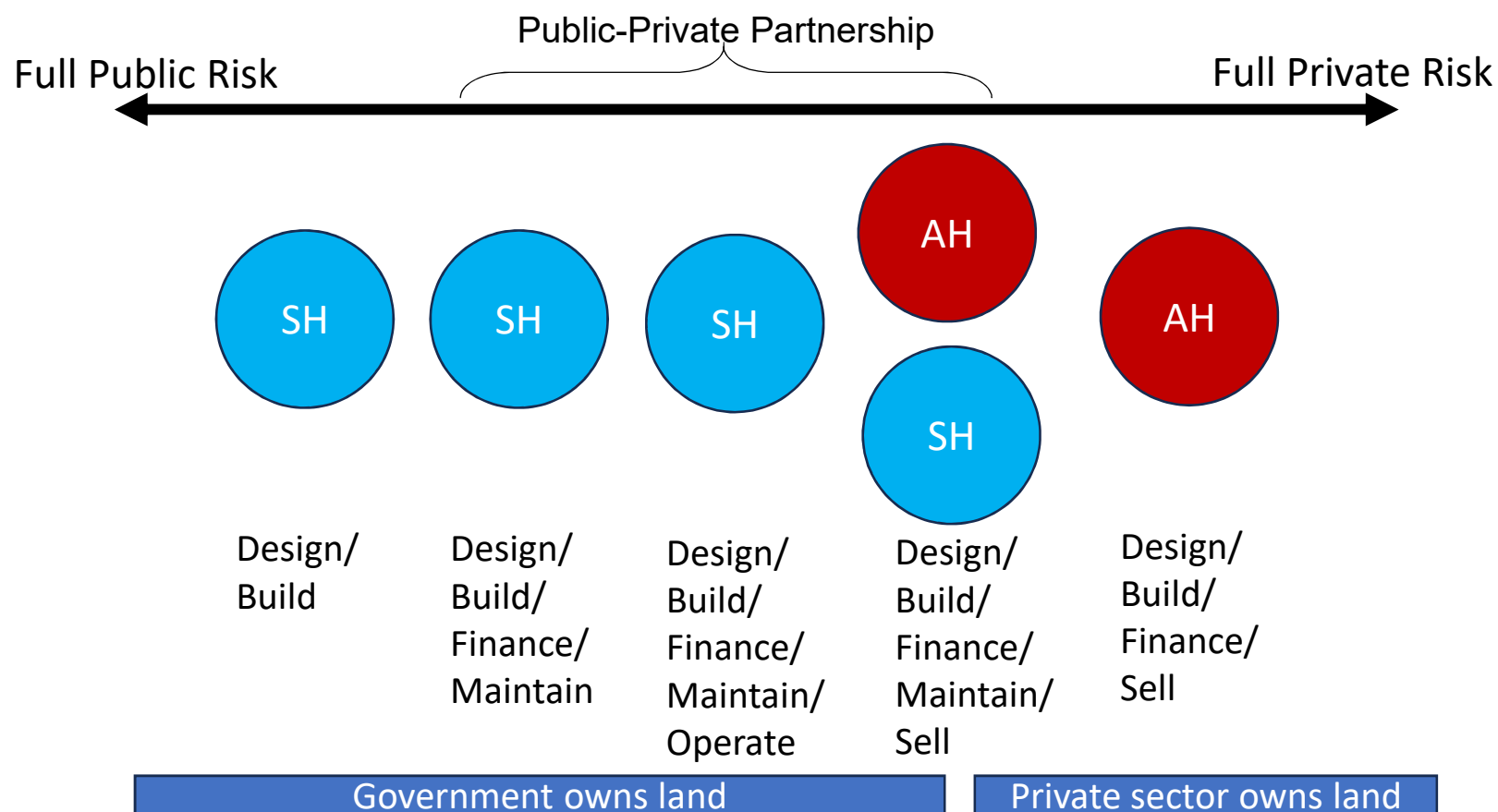
- Post COVID-19 re-surgence in interest in healthcare investment has not yet resulted in a significant increase in healthcare PPP;
- In Asia Pacific, “simpler” healthcare PPPs have been more successful;
- Larger hospital PPPs have struggled to get to competitive tender stage due to issues such as capacity of public sector, market appetite, stakeholder management, affordability and complex revenue models and lack of precedents;
- In some countries, healthcare PPP has developed a negative reputation due to poorly negotiated un-solicited proposals, lack of performance standards, inequitable access and high user pricing;
- In more mature markets, a programmatic approach has been widely adopted and proved very efficient;
- UK, Australia, Canada have all adopted similar, robust, standardized PPP contracts and output specifications, which can be readily adapted to other markets;



Scope of Housing PPPs

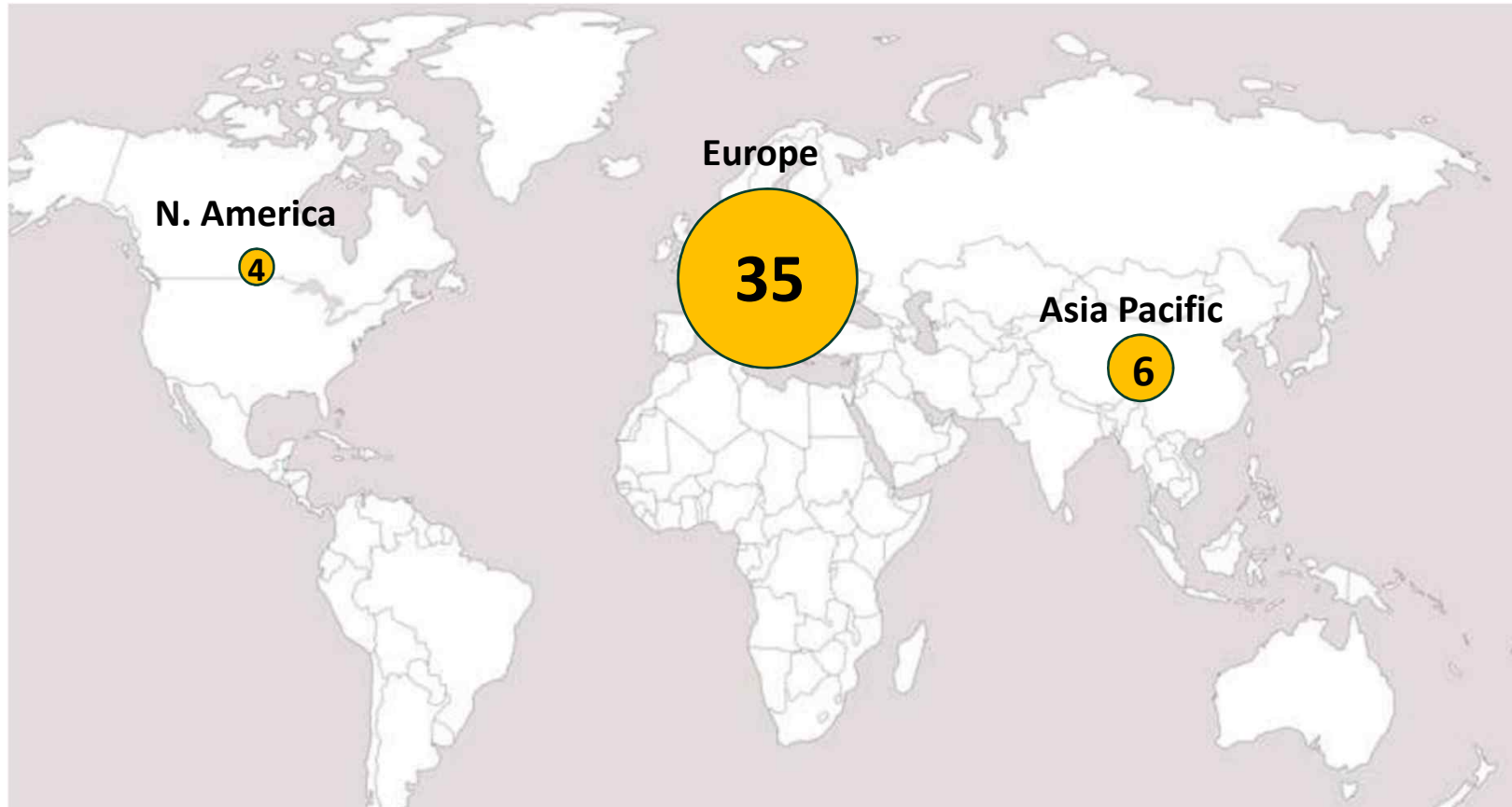
Two Types of Housing:

1. SOCIAL HOUSING (SH) - Housing rented out to low-income families at subsidized rate
2. AFFORDABLE HOUSING (AH) - Housing sold to eligible workers at low market rate, with some form of government incentive (e.g. land, development rights, grants)



Geography of Housing PPPs

Number of social housing PPPs closed



Data source: IJ Global; ADB analysis

Market commentary - Housing

- Massive variation on the meaning of social/affordable housing and the concept of PPP, but for a long-term contract to be present, the PPP needs to include social housing;
- Social housing PPPs are not widely used; Common reasons include:
 - concept of highly subsidized housing by government not well established;
 - Municipal governments may have affordability, credit rating or capacity issues;
 - Available land is scarce or does not have good infrastructure or access to employment, so demand is low;
 - Appetite from private sector is low;
- Nevertheless, there is increasing interest from governments to provide resilient, affordable housing as a response to urbanization or as part of urban regeneration;
- There are various successful models where social housing has been included in new developments or retro-fitting old housing or through cross-subsidy models.

Success Factors

