

**Interregional Expert Group Meeting
on Public Private Partnerships (PPPs)
in Infrastructure Development**



Public Debt Management Office, Ministry of Finance

THE KINGDOM OF THAILAND



Agenda

⇒ **Thailand's Experience with PPPs**

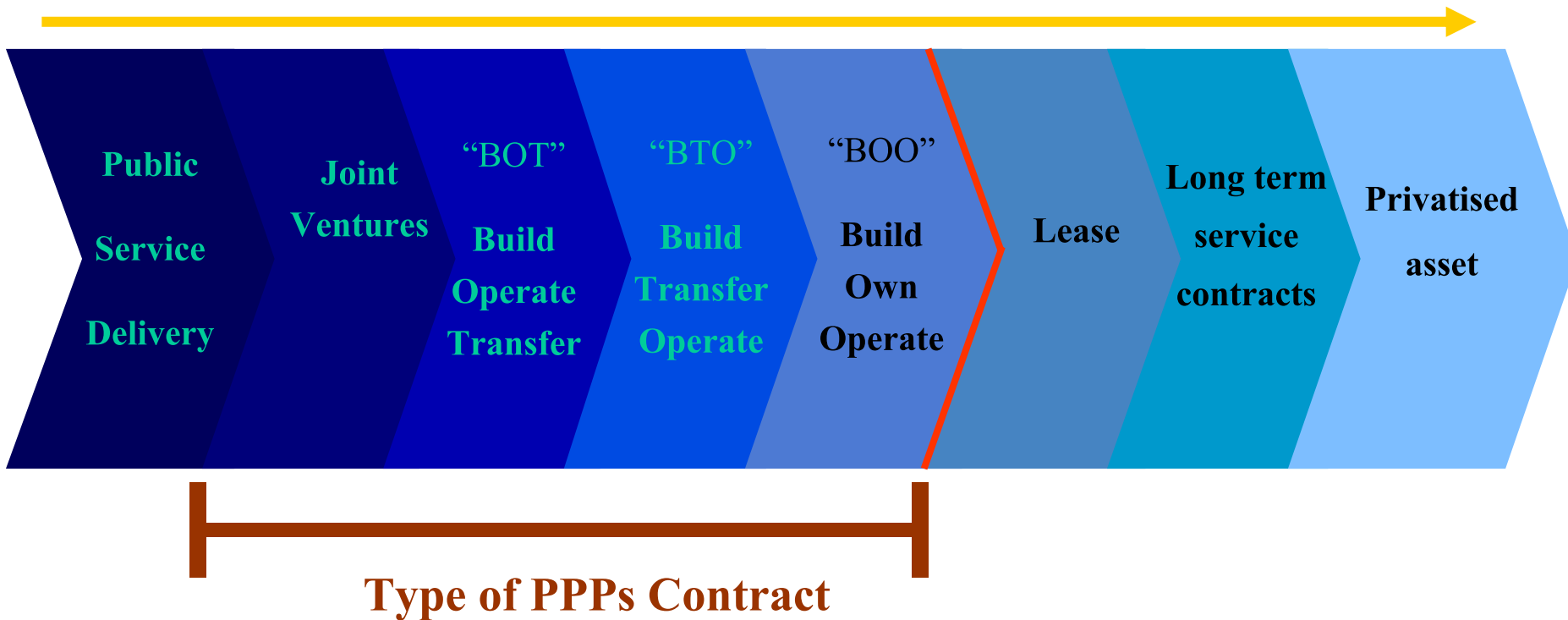
⇒ **Motivation for Developing PPPs in Thailand**

⇒ **Current Development of PPPs Program in Thailand**



Private Sector Participation in Thailand

Increasing level of private sector involvement





Thailand's Experience with PPPs

Type of PPPs project in Thailand

Sector/Project	Type of PPPs Contract	Amount (bn Baht)	Output/Service need
Energy			
EGAT	Build-Own- Operate (BOO) IPP / SPP / VSPP (10,136 MW)	363	Power Purchase Agreement (PPA) : Construction power plant and provide power supply to EGAT
Telecom			
AIS Mobile	Build Transfer Operate (Concession)	40	- Mobile phone (nation wide)
Telecom Asia		66	- Fixed Line in Bangkok
ThaiCom		10	- Satellite Band width
TAC Mobile		30	- Mobile phone (nation wide)
TT&T		47	- Fixed Line for up country
Total		193	



Thailand's Experience with PPPs

Type of PPPs project in Thailand

Sector/Project	Type of PPPs Contract	Amount (bn Bath)	Output/Service need
Transportation			
Express Way phase II (ETA.)	Build-Transfer-Operate (BTO)	48	- Construct and Collect Toll fee (Revenue Sharing)
Express Way (Donmuang Tollway) (DoH)	Design-Build-Operate- Maintain (DBOM) (Concession)	12	- Construct and Collect Toll fee
Mass Transit			
Elevated Train (BTS)	Build-Own- Transfer (BOT) (Concession)	52	Construct and Operate
Underground Train (BMCL)	Design-Build-Operate- Maintain (DBOM) (Concession)	22*	Construct and Operate
Total		134	



Thailand's Experience with PPPs

The limitation of Current Governing Framework

The Act on Private Participation in State Undertaking (1992)

- Definition of PPP is unclear
- Lack of the methodology to value of the PPP contract
- Dealing with multiple and dispersed authorities
- Time consuming since unclear process which need to interpret on several aspects
- Lack of detail guideline and government advisory center to help support the implementing agency



Motivations for Developing PPPs in Thailand

Need for Megaproject Investment

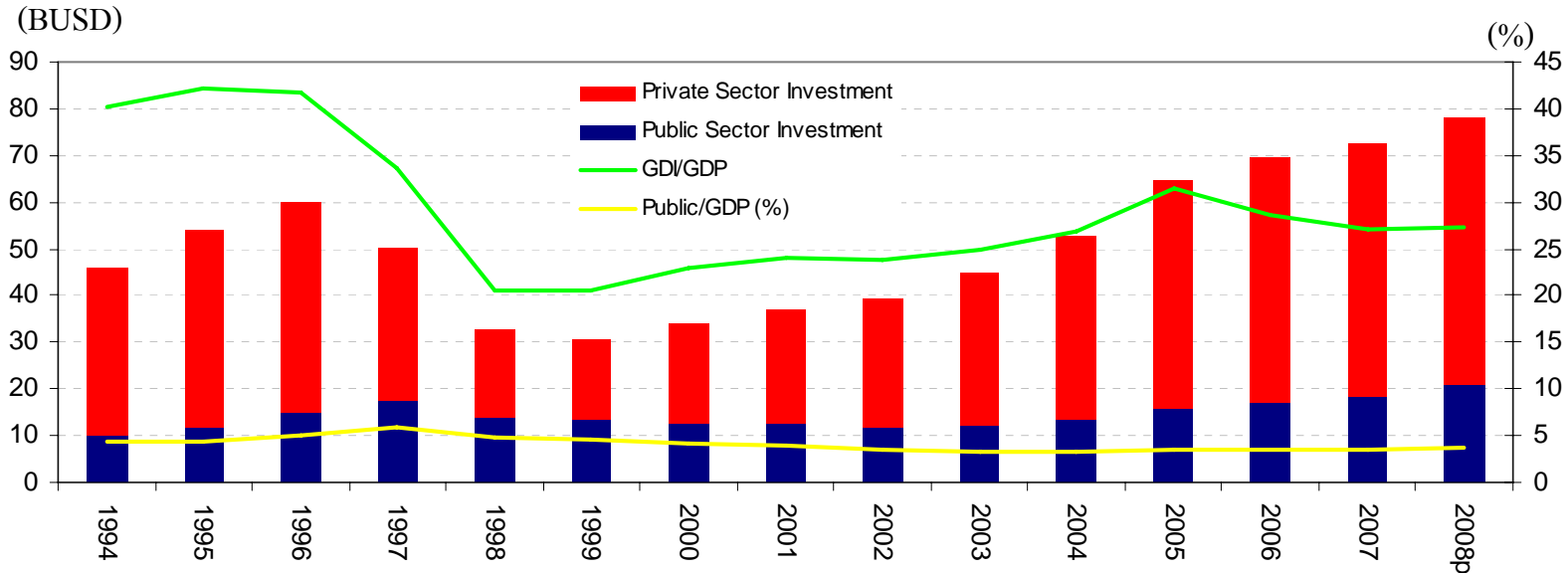
Improving Sovereign Debt Position & Reduce Budget Burden

Transforming Delivery of Infrastructure & Service



Need for Megaproject Investment

Comparative: Public Sector Investment / GDP



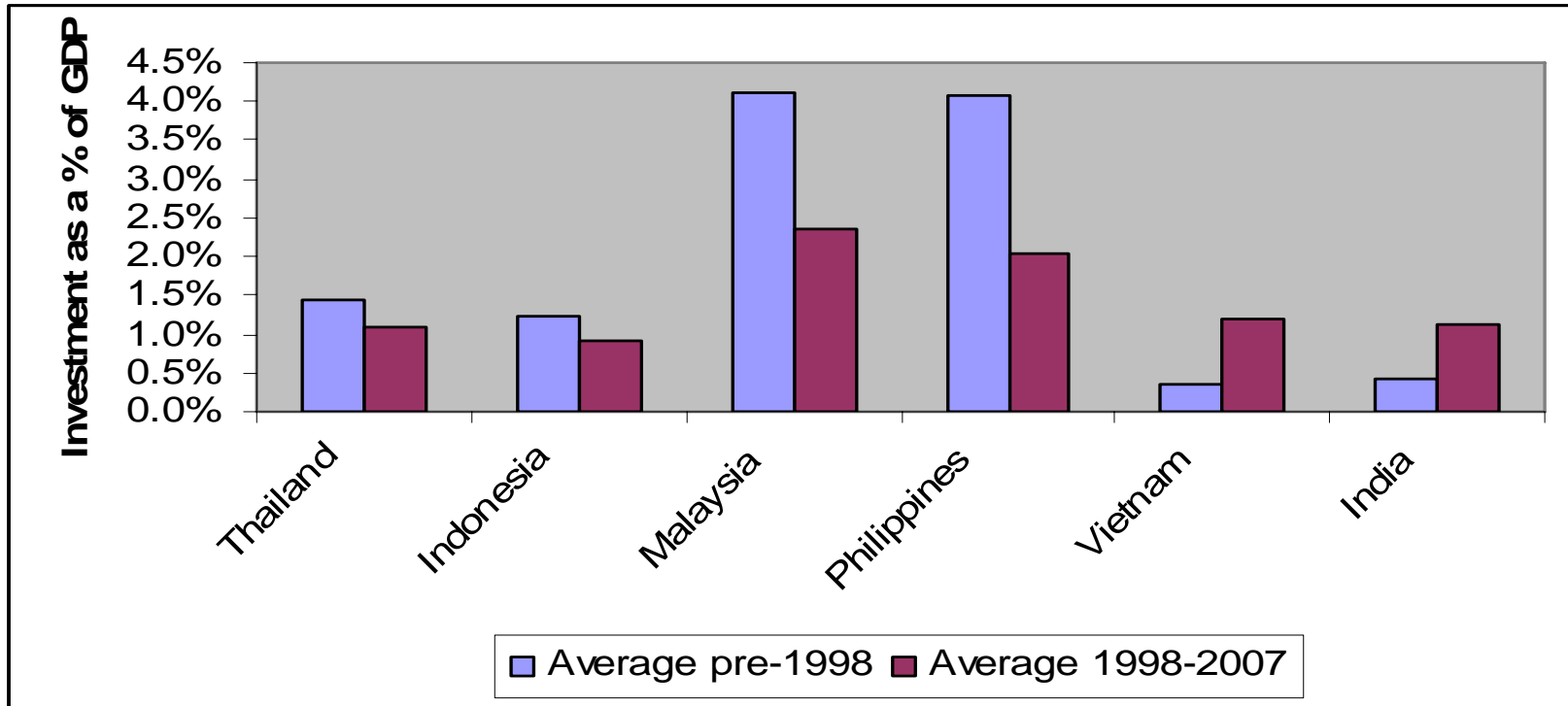
⇒ Trend of Public Sector Investment / GDP (approximate $< 5\%$ of GDP)

⇒ Major investment is driven from private sector



Need for Megaproject Investment

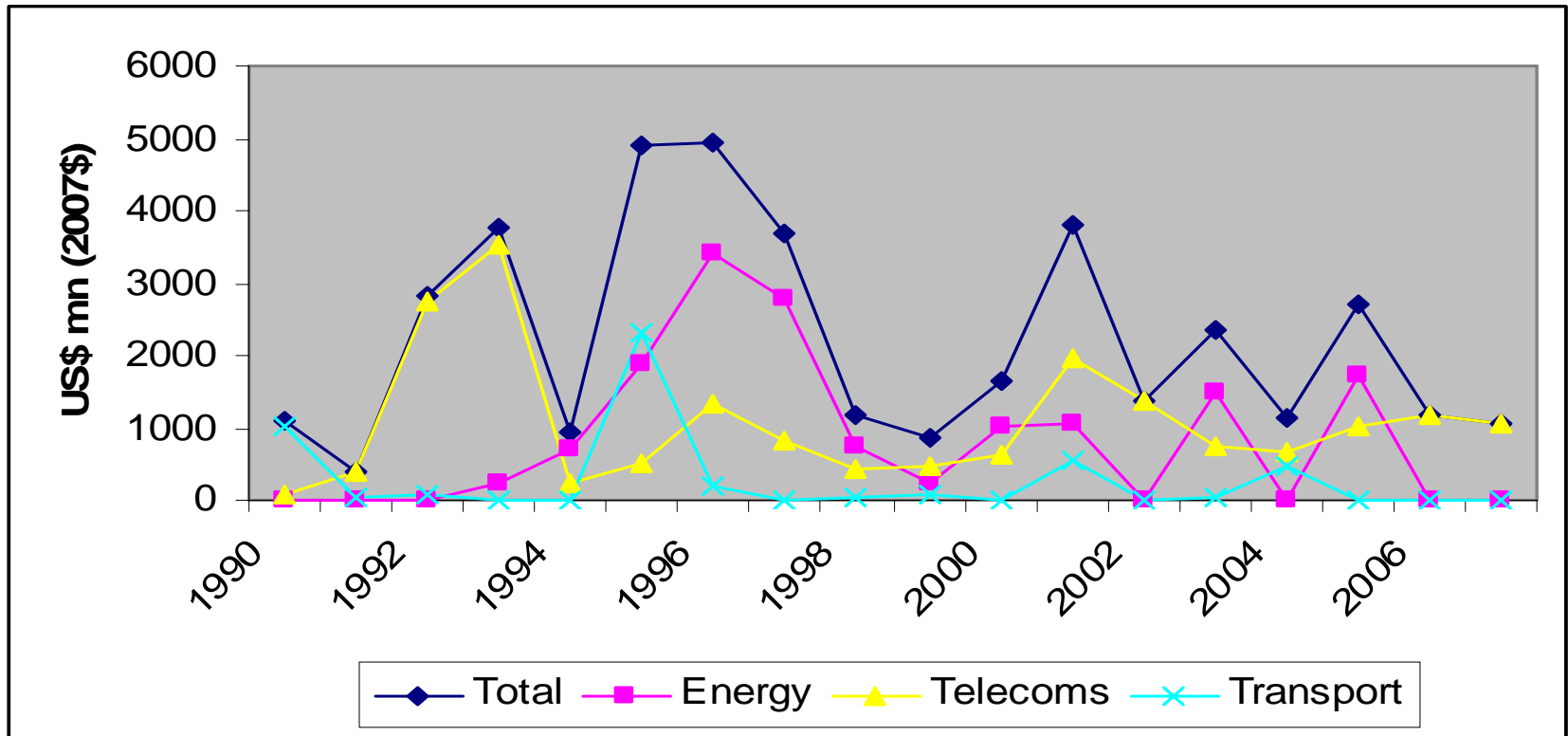
Average Investment in Infrastructure projects with private participation as a % of GDP





Need for Megaproject Investment

Private Investment in Infrastructure in Thailand



Source: World Bank



Need for Megaproject Investment

Comparative : Public Sector Investment / Annual Budget

Unit : mill Baht

Fiscal year	2005	2006	2007	2008	2009
Annual budget	1,250,000	1,360,000	1,566,200	1,660,000	1,835,000
Public Investment	329,589	358,336	374,721	400,484	407,515
Investment / Budget (%)	26%	26%	24%	24%	22%

⇒ Decreasing Trend of Public Investment as a percentage of annual budget from the last 5 years.

⇒ To increase public investment : Invest in Public Infrastructure + Increase private sector involvement in public infrastructure (PPPs).



Overview of Megaprojects Investment Plan (2009-2012)

Unit: bn THB

	2009	2010	2011	2012	Total
Economic Infrastructure Projects	212	304	354	453	1,324
-Mass Transit (Include Airport Link)	26	69	128	227	441
-Logistics	83	114	119	131	446
-Energy	87	108	99	90	384
-Communication	17	13	8	5	43
Social Infrastructure Projects	78	113	123	91	405
- Water Resources	24	45	64	52	185
-Education	3	14	11	-	28
-Health	25	28	27	26	106
-Housing	26	26	21	13	87
Total (1+2)	290	417	477	545	1,729



Overview of Megaprojects Investment Plan (2009-2012)

unit : mill THB

Sector	2009	2010	2011	2012	Total	%
Mass Transit	25,813	69,398	127,786	227,370	450,367	26%
Transportation	82,801	113,772	118,806	130,984	446,362	26%
- Road	39,081	60,038	50,413	75,017	224,550	13%
- Rail	6,805	17,596	17,592	28,465	70,458	4%
- Airport	33,908	30,441	45,467	27,501	137,317	8%
- Port	3,007	5,696	5,334	-	14,037	1%
Water Resource	23,548	44,923	63,567	52,031	184,069	11%
Education	2,643	14,159	11,240	-	28,041	2%
Health	25,030	27,996	26,563	25,905	105,494	6%
Housing	26,437	25,753	21,408	13,415	87,013	5%
Energy	86,701	108,259	99,050	89,928	383,938	22%
Communication	17,357	12,835	8,197	5,010	43,400	3%
Total	290,330	417,095	476,617	544,643	1,728,685	100%



Improving sovereign debt position

4 Years Government Financing Plan

unit : mill THB

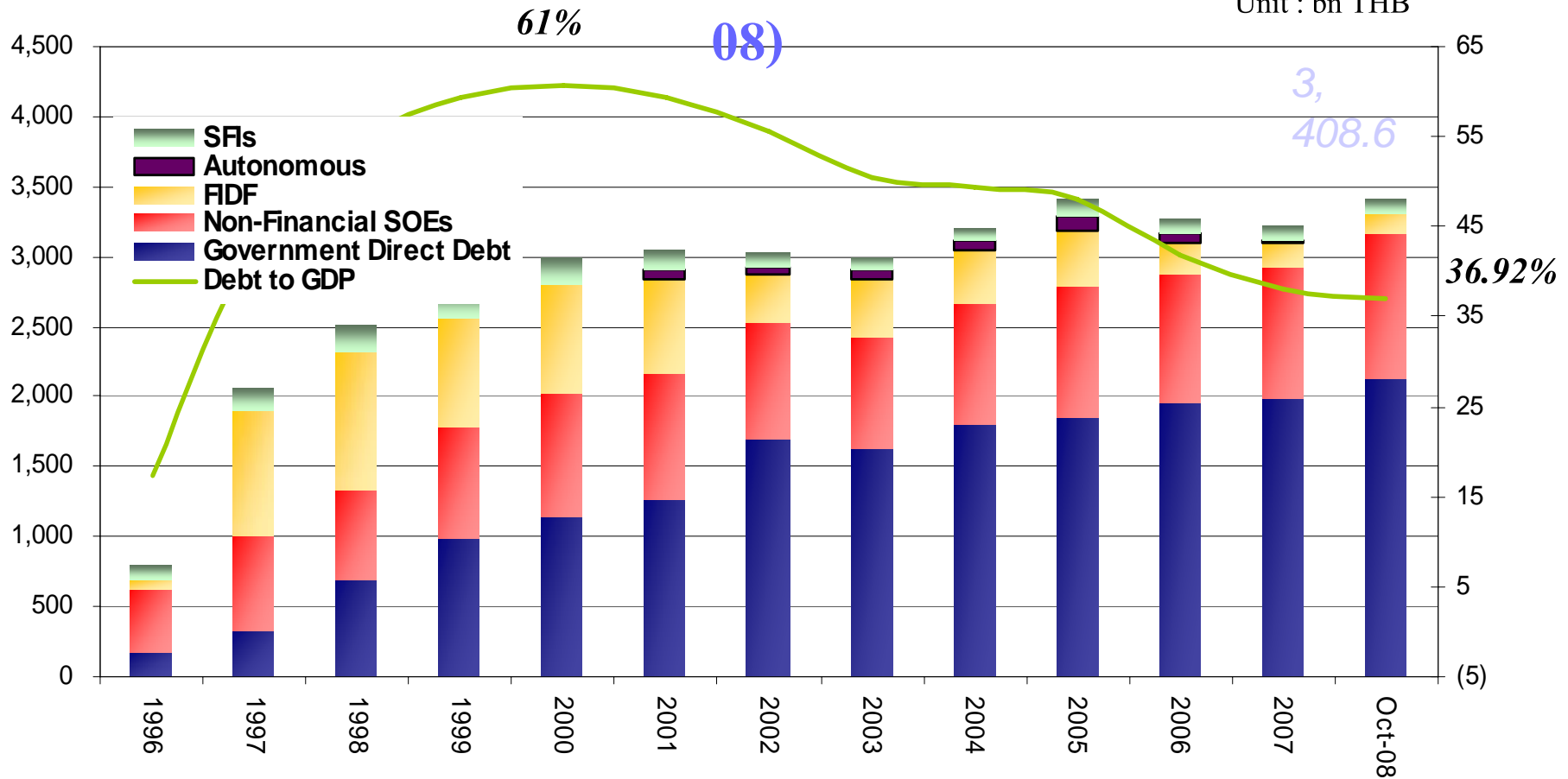
Sources	2009	2010	2011	2012	Total	%
Annual Budget	36,258	64,996	75,098	82,736	259,088	22%
Domestic Borrowing	31,486	33,683	51,397	98,287	214,852	19%
External Borrowing	7,540	35,098	56,699	92,119	191,457	16%
Other (PPPs)	8,401	16,417	30,046	62,326	117,190	10%
Unspecified	66,696	114,818	109,990	86,736	378,239	33%
Total	150,380	265,012	323,229	422,204	1,160,826	100%



Improving sovereign debt position

Public Debt Outstanding (end of 1996 – October

Unit : bn THB

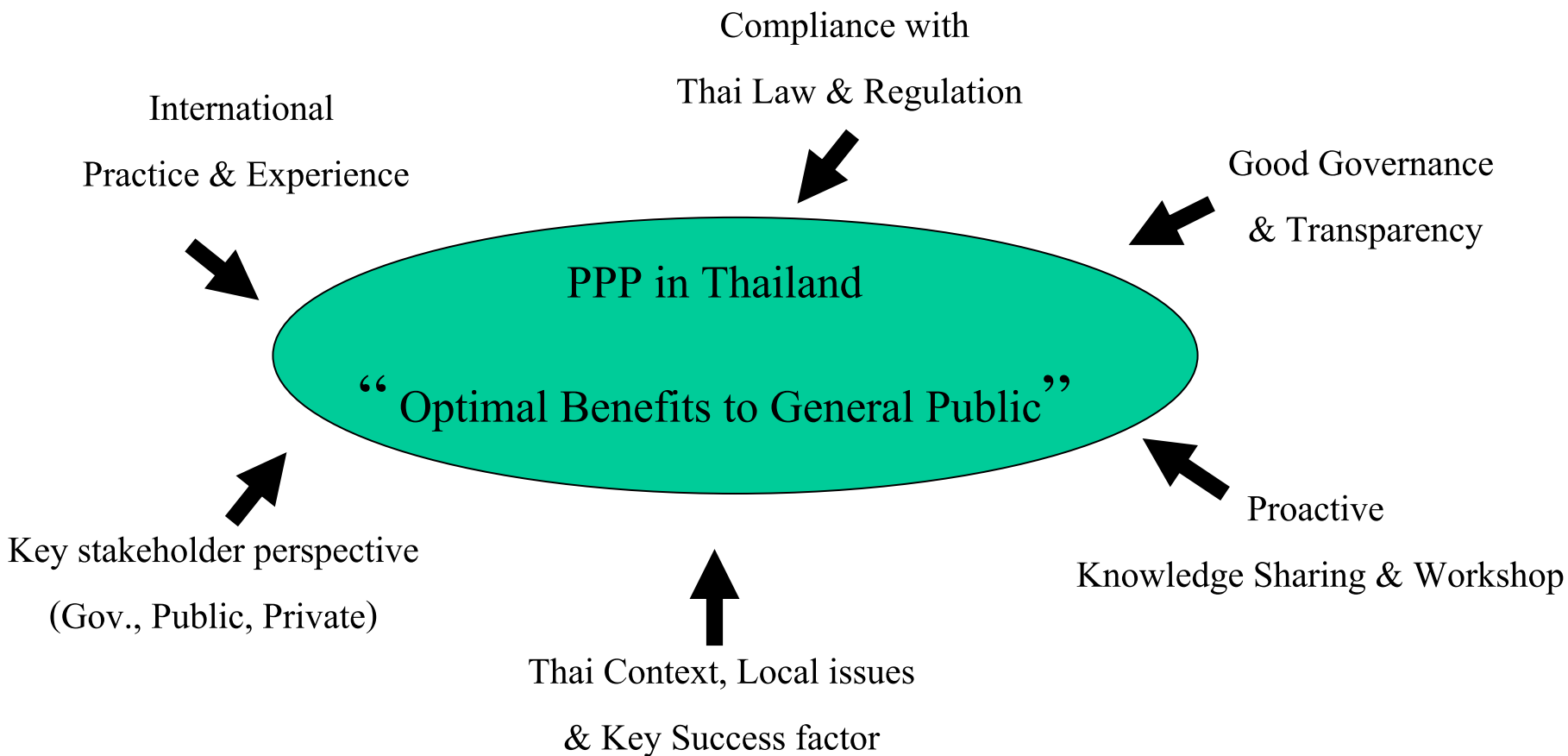


Remark : Nominal GDP 9,232.2 bn THB



Transforming Delivery of Infrastructure & Service

Methodology and Approach





Transforming Delivery of Infrastructure & Service

Traditional Procurement

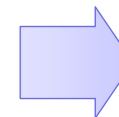
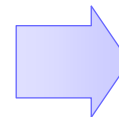
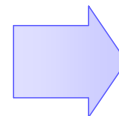
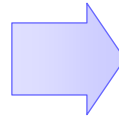
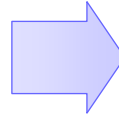
1) Purchasing an infrastructure asset

2) Short term construction contract

3) Cost / Time Overrun will be liable to public sector

4) High CARPEX at the beginning

5) Not identify Performance Standard



PPPs Procurement

1) Purchasing Service delivery

2) Long term contract : integrating design, build, finance and maintenance

3) Cost / Time Overrun will be liable to private sector

4) Payment against Service Delivery

5) Performance Standard in place



PPPs Program in Thailand

Five phase process of PPPs

Phase 1 : PPP Suitability Assessment

- Focus on Output/Service required
 - Risk allocation/sharing
 - Public Sector Comparator
 - Market Sounding

Phase 2 : EOI & Short Listing

- Procurement Team
- Probity Auditor
- Commercial Principles
- PPP Unit consultation

Phase 3 : Rfp & Preferred Bidder

- Payment Mechanism
- Value for Money (VfM) test

Phase 4 : Final Negotiation & Contract Execution

- Single Contract

Phase 5 : Implementation & Monitoring

- KPIs & Contract Management



Current Development of PPPs Program in Thailand

⇒ PPPs Institution Framework

- **PPP committee** : A clear policy toward PPPs program
- **PPP unit** : Improving the quality of project (preparation stage)
- **Capacity Building** : Fiscal cost of PPPs, Risk allocation

⇒ PPPs Implementation Framework

- **PPPs Guideline** : Develop a clear guideline for project approval
- **PPPs Regulation** : Reform existing regulation
- **PPPs Pilot Project** : Identify options for procuring + transaction



Khob Khun Ka
(Thank You)