PPP IN MALAYSIA

UKAS, JPM

The Philippines
August 2017

VIDEO PRESENTATION

PPP EVOLUTION

1983
PRIVATISATION POLICY

1985
PRIVATISATION GUIDELINE

1991
PRIVATISATION MASTERPLAN

2006
INTRODUCTION OF PFI

2009
UKAS ESTABLISHED
- PPP GUIDELINE

2010
INTRODUCTION OF FACILITATION FUND

CURRENT APPROACH

PUBLIC PRIVATE PARTNERSHIPS

BALACING THE NEEDS OF THE PUBLIC AND PRIVATE SECTORS TO FINANCE THE NATION'S INFRASTRUCTURE

MAIN FUNCTIONS

- Secretariat for Public-Private Partnership (PPP) Committee
- Carry out PPP projects through privatisation and Private Finance Initiatives (PFI)
- Evaluate technical and financial aspects of PPP projects with the assistance of the technical agencies
- Carry out **Value Management** process for PPP projects
- Manage Facilitation Fund
- Consult on terms and conditions for PPP and Facilitation Fund concessions
- Coordinate development of five (5) Growth Corridors
- Develop strategic collaborations with relevant foreign agencies

CORE BUSINESS

Plan, evaluate, coordinate, negotiate and **monitor** the implementation of PPP projects through the following:

- Evaluate initial proposal and need statement
- Prepare PPP documents
- Evaluate financial proposals in order to attain value for money
- Negotiate terms and conditions of concession agreements with the cooperation of the Attorney General's Chambers and relevant agencies
- Obtain Cabinet approvals for PPP projects
- Coordinate and monitor implementation

ORGANIZATION CHART OF UNIT KERJASAMA AWAM SWASTA

DATO' AHMAD HUSNI HUSSAIN
KETUA PENGARAH

DATO' HAJAH ALIZA SULAIMAN
PENGARAH KANAN
SEKSYEN UNDANG-UNDANG

IR. SHAMSUDDIN SABRI
PENGARAH
SEKSYEN TEKNIKAL

NOOR HANI KAMARUD-DIN
PENGARAH
SEKSYEN INTEGRITI

ROHANA ABDUL HAMID
PENGARAH
SEKSYEN KHIDMAT PENGURUSAN

DATUK DYG SADIAH ABG BOHAN
TIMBALAN KETUA PENGARAH
(DASAR)

ABDUL JALIL JAMADIL AKHIR
PENGARAH KANAN
SEKSYEN DASAR DAN HUBUNGAN ANTARABANGSA

SYED MOHAMED KOYAKUTTY
PENGARAH KANAN
SEKSYEN DANA PPP

DATO' ZAITON AWG. MOHAMMED
PENGARAH KANAN
SEKSYEN PENYELARASAN DAN PEMANTAUAN PROJEK

AINUL RADZIAH ZAMHURI
PENGARAH
SEKSYEN PEMBANGUNAN KORIDOR

SITI ZALEHA MOHD FATHILLAH
PENGARAH
SEKSYEN PEMANTAUAN PROJEK & KEURUSETIAAN

DR.KHAIRUS MASNAN ABDUL KHALID
TIMBALAN KETUA PENGARAH
(PEMBANGUNAN I)

ACHMED BADARUDDIN MOHAMAD YATIM
PENGARAH
SEKSYEN INFRASTRUKTUR I

MUHAMAD FADE'LI ABDUL SHUKOR
PENGARAH
SEKSYEN INFRASTRUKTUR II

YM RAJA MUHAMMAD AZHAN SHAH RAJA MUHAMMAD
TIMBALAN KETUA PENGARAH
(PEMBANGUNAN II)

RAFEDZAH MOHD SOM
PENGARAH
SEKSYEN KESIHATAN, SAINS & TEKNOLOGI DAN INDUSTRI PERKHIDMATAN

NOREHA MUSLIM
PENGARAH
SEKSYEN PENDIDIKAN DAN SOSIAL

HAMIZAH KASSIM
PENGARAH
SEKSYEN KESELAMATAN, PERUMAHAN & PEMBANGUNAN TANAH

"..... Corporate organisations such as private sector/Government Link Companies (GLC) should be the driver of economic development.'

"... Create a system including a delivery system that is pro-business to increase investment, employment and wealth creation."

CURRENT POLICY RELATING TO PPP

- Private sector led growth strategy
- PPP in Malaysia is implemented based on:
  - Guidelines on PPP
  - Guided by Cabinet decision

WHY PPP

Normal Procurement:

- **Cost and time overrun**
- **Late delivery**
- **Quality not assured over long term**
- **Defect liability only for 24 months**
- **No incentive for private sector to ensure prolonged life span of assets**
- **Maintenance and repairs separately by government**
- **Private sector not responsible to ensure full functionality of facilities**

❑ **Better and quick delivery through effective allocation of risks:**

✓ **Zero risks of non-completion and rework to the Government**
- Design and construction risks are with private sector

✓ **Quality delivery of public service**
- Responsibilities on the quality of the building are borne by the private sector
- KPI implementation ensures uncompromised service quality
- Establishment of sinking fund throughout concession period for the purpose of major replacement, refurbishment and upgrading of assets

❑ **Realizing value for money**

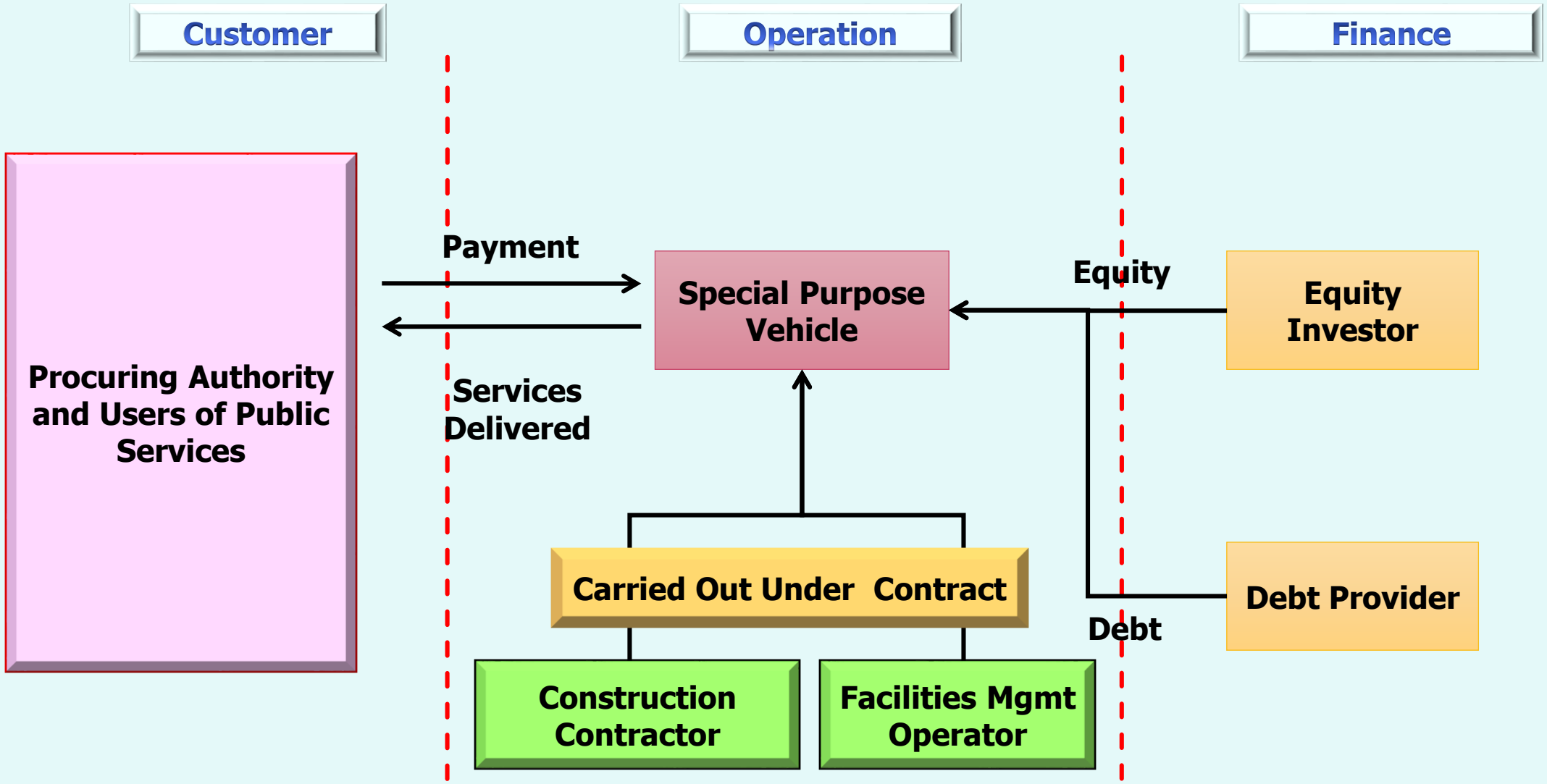
✓ **A whole life approach through integration of design and service**
- Great desire and incentive for private sector to undertake careful planning right from the design stage as it has direct implications on the service quality

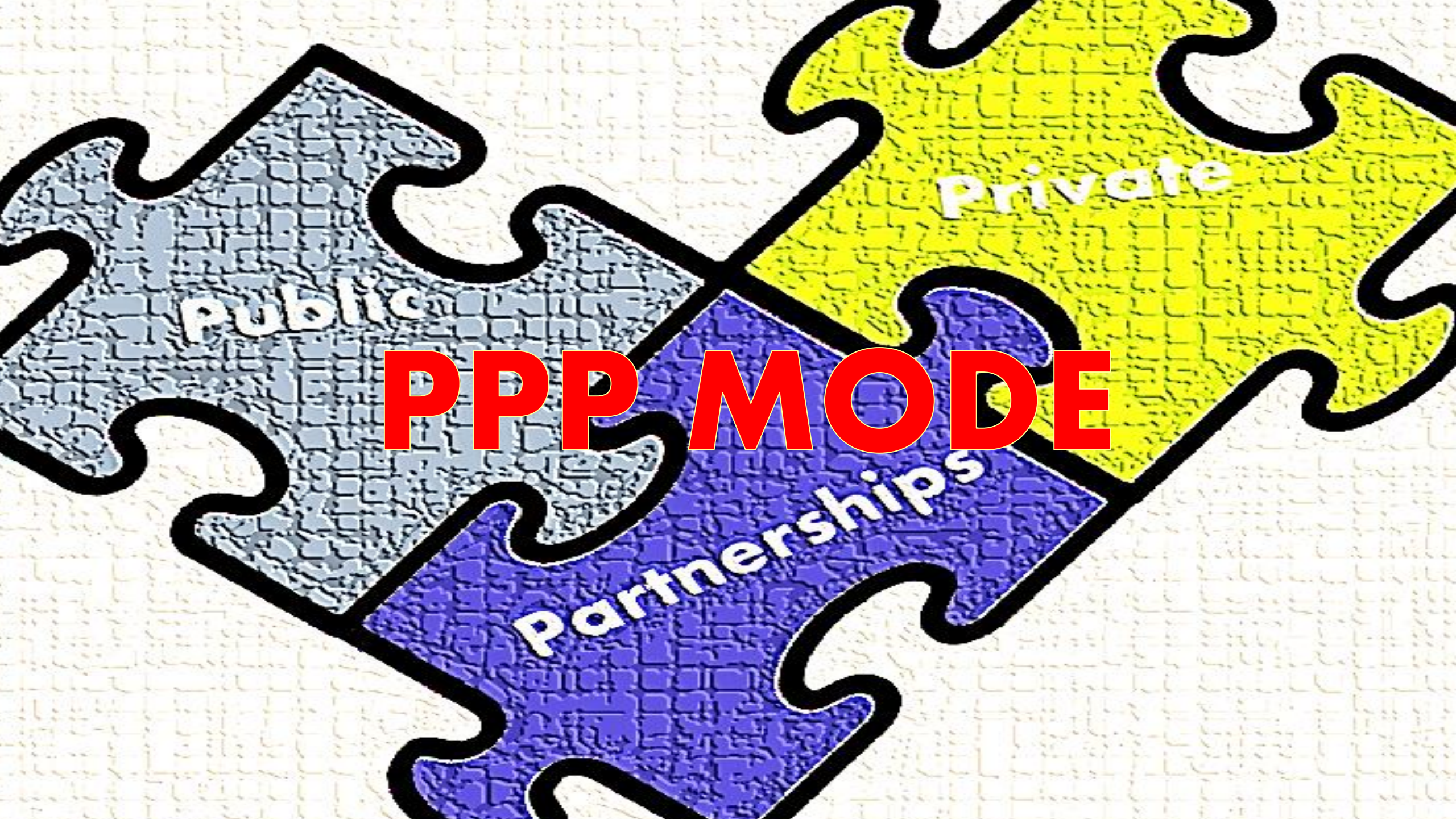
✓ **Project selection, structuring**

✓ **Procurement strategy**

✓ **Contract management**

PPP STRUCTURE





PPP MODE

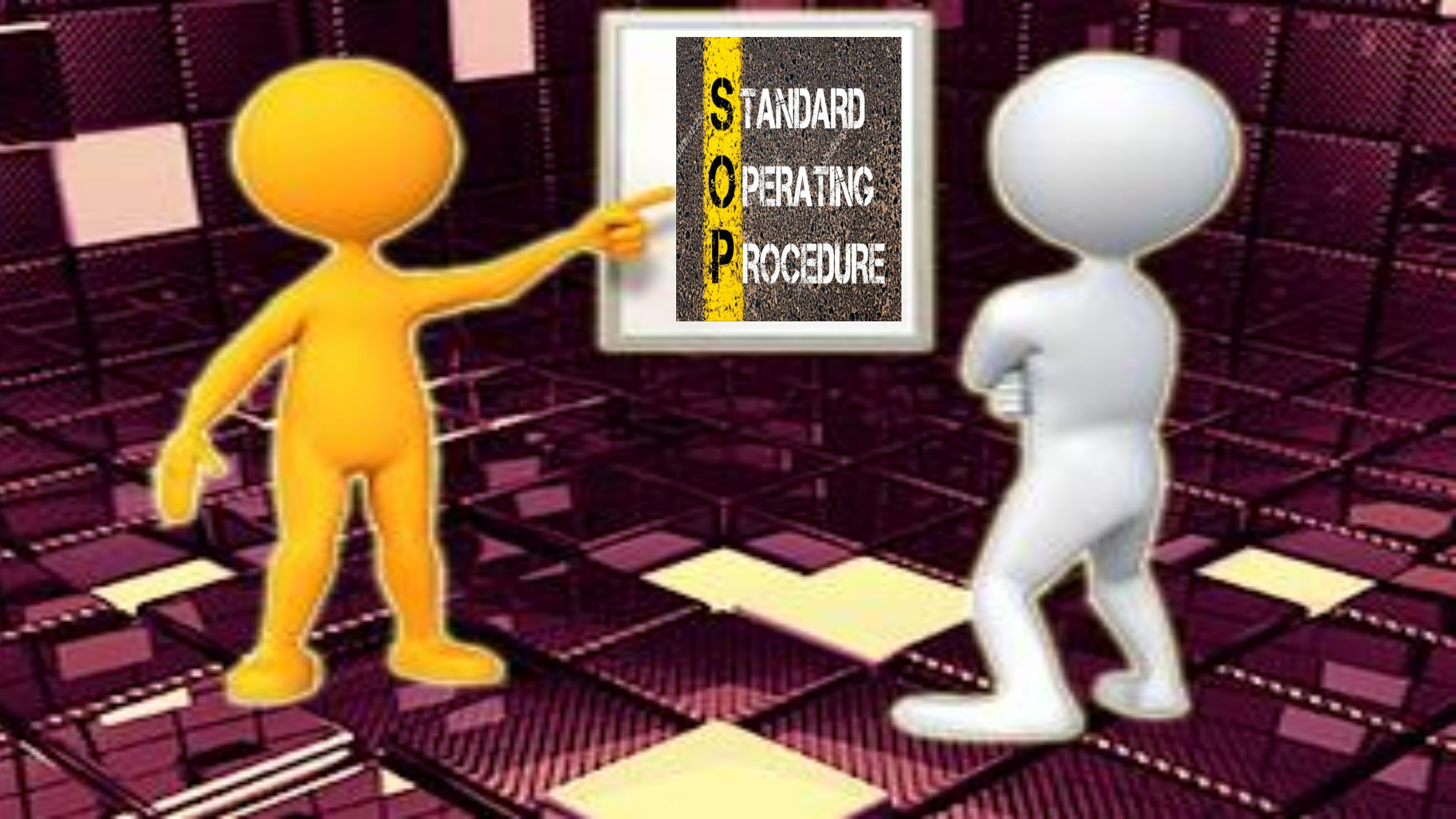
PUBLIC PRIVATE PARTNERSHIP METHODS

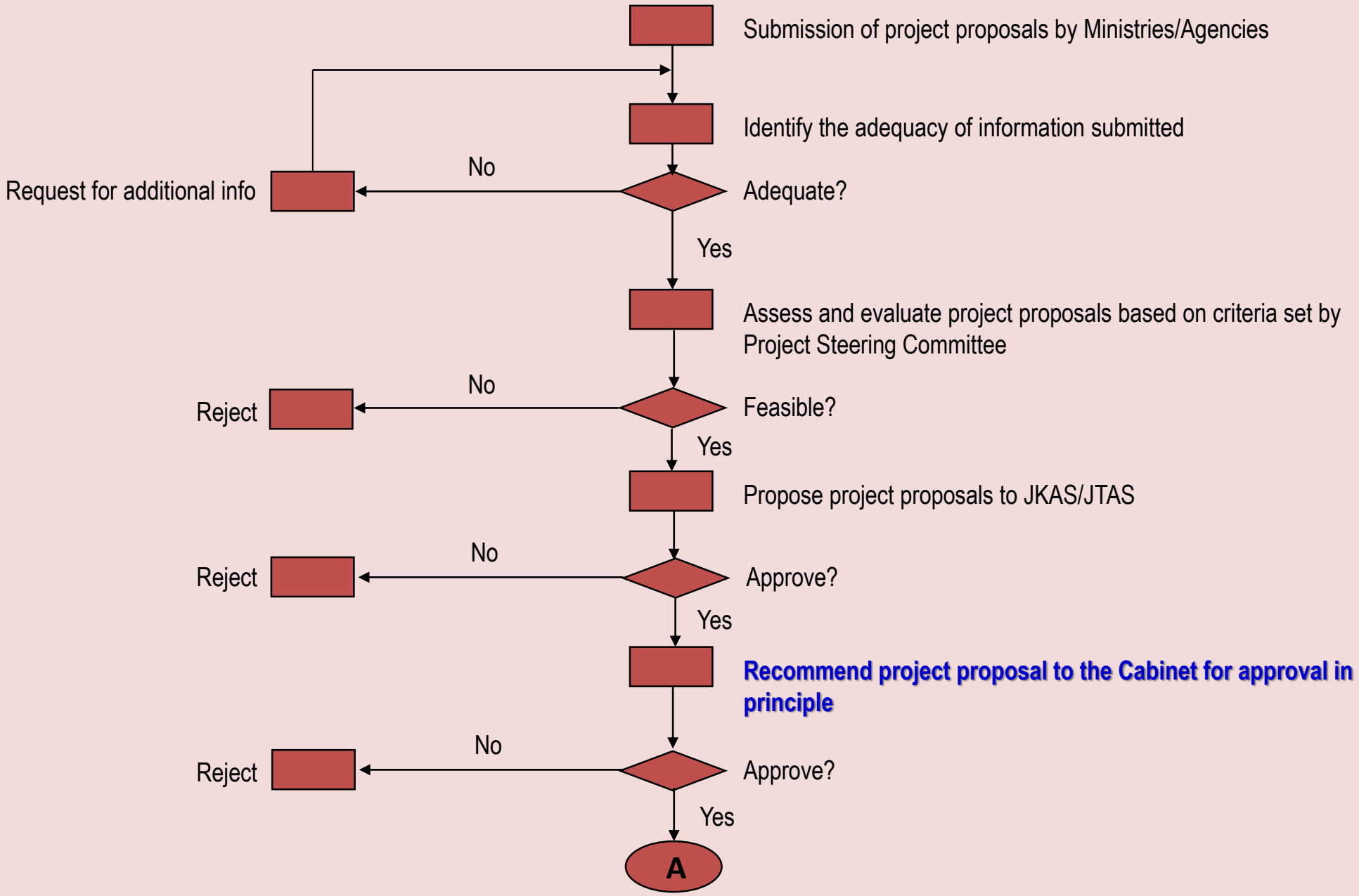
PRIVATISATION

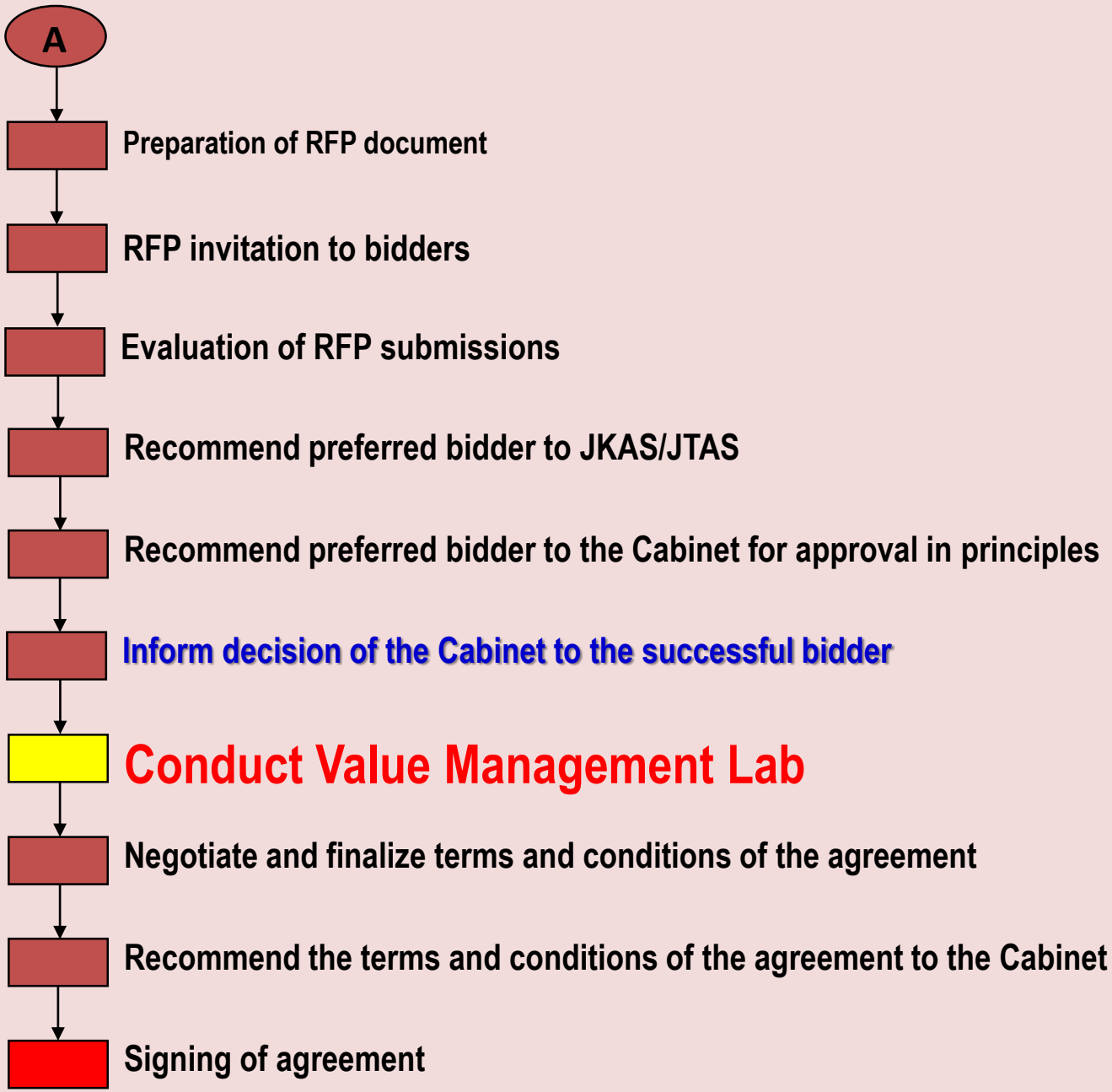
- Sales of Assets or Equity
- Corporatization
- Land Swap
- Build-Operate-Transfer (BOT)
- Build-Operate-Own (BOO)
- Outsourcing/Management Contract
- Leasing (long term)

PRIVATE FINANCE INITIATIVES (PFI)

- Build-Lease-Transfer (BLT)
- Build-Lease-Maintain-Transfer (BLMT)
- Build-Lease-Maintain-Operate-Transfer (BLMOT)


STANDARD
OPERATING
PROCEDURE


Submission of project proposals by Ministries/Agencies
Identify the adequacy of information submitted
Adequate?
No
Request for additional info
Yes
Assess and evaluate project proposals based on criteria set by Project Steering Committee
Feasible?
No
Reject
Yes
Propose project proposals to JKAS/JTAS
Approve?
No
Reject
Yes
Recommend project proposal to the Cabinet for approval in principle
Approve?
No
Reject
Yes
A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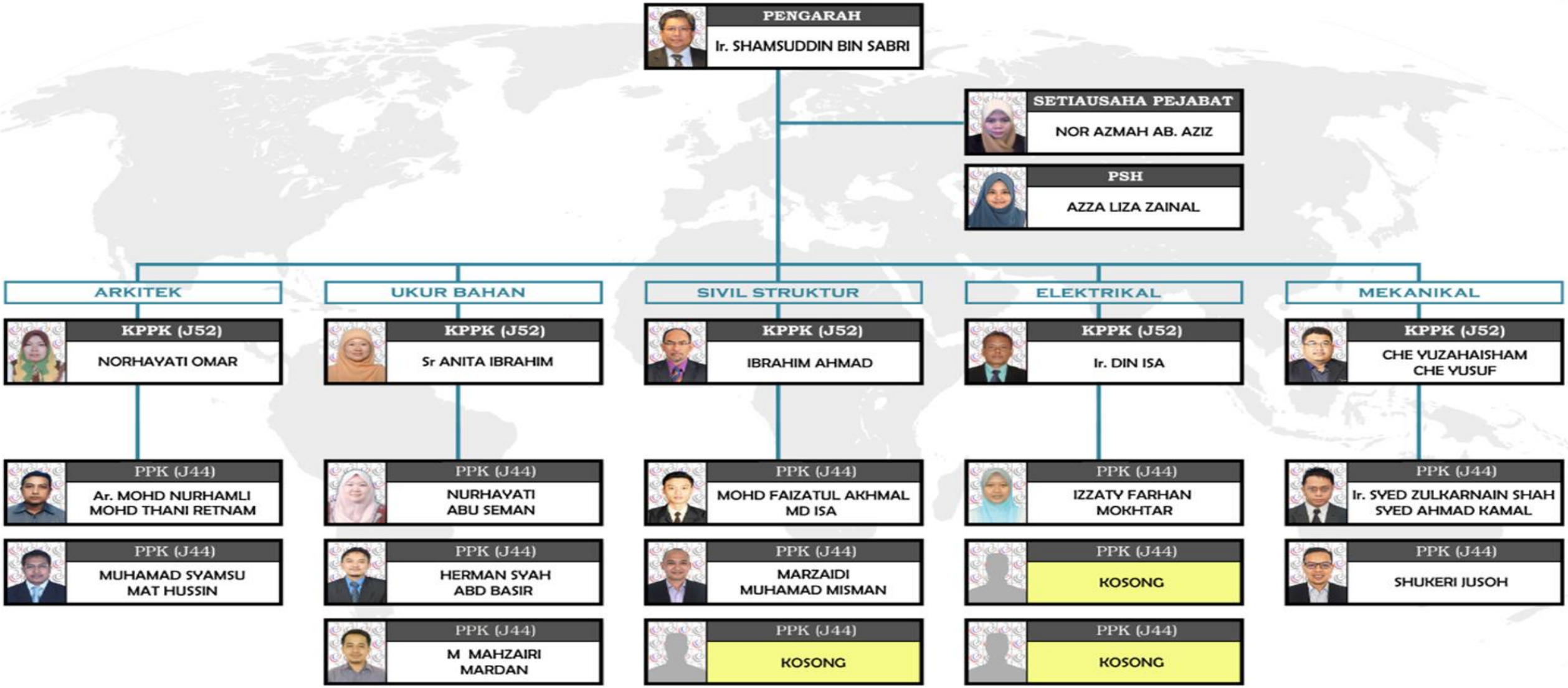
Preparation of RFP document
RFP invitation to bidders
Evaluation of RFP submissions
Recommend preferred bidder to JKAS/JTAS
Recommend preferred bidder to the Cabinet for approval in principles
Inform decision of the Cabinet to the successful bidder
Conduct Value Management Lab
Negotiate and finalize terms and conditions of the agreement
Recommend the terms and conditions of the agreement to the Cabinet
Signing of agreement

ORGANISATION CHART OF UKAS' TECHNICAL SECTION



VALUE MANAGEMENT IN PPP PROJECTS

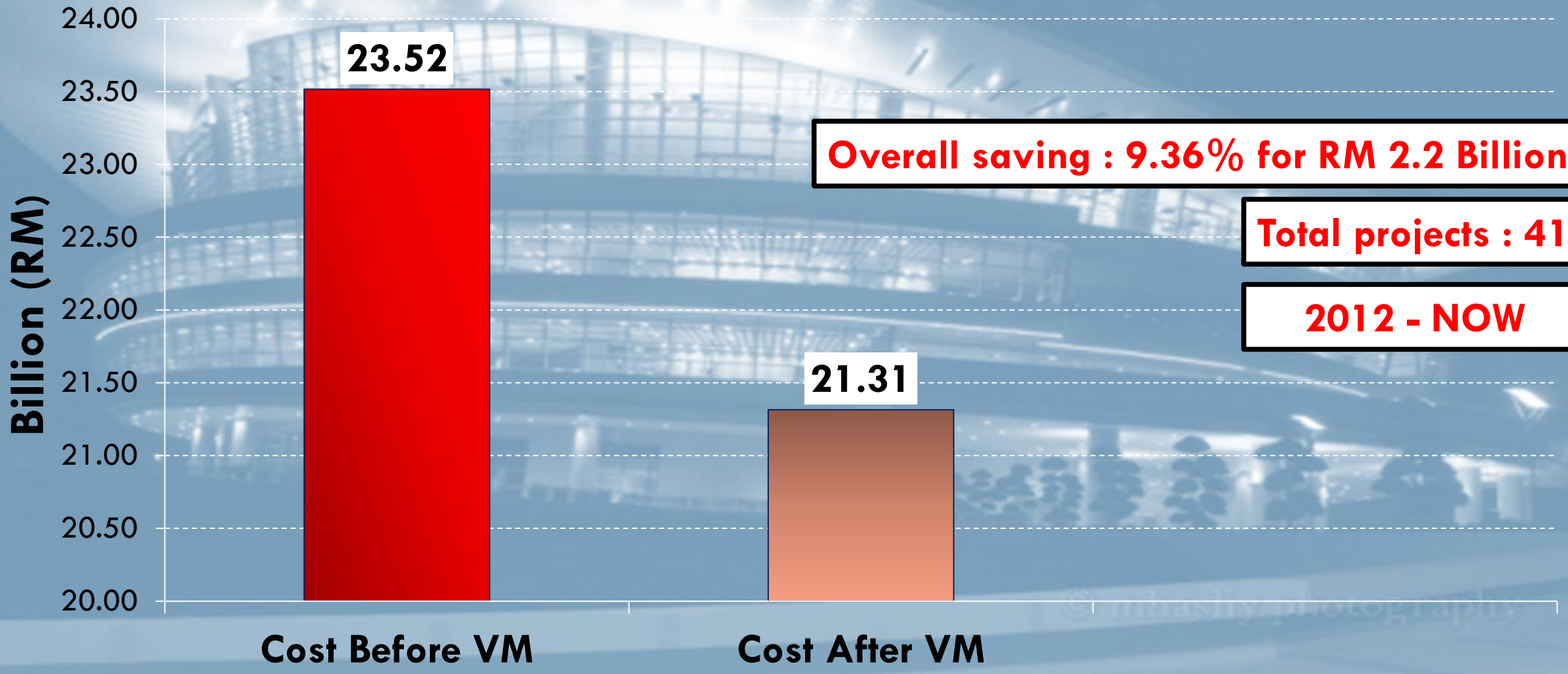
THE NEED FOR VM

- Define, maximise and achieve best value for money' (VfM);
- Provide an exceptionally powerful tool to explore project objectives and aspirations from the client's perspective;
- Achieve better value from the resources used i.e. land, services, materials;
- Acts as a functional mechanism to measure value and thus demonstrate value for money;
- Identify and remove unnecessary costs

"THE PRINCIPLE OF VALUE FOR MONEY MUST ALWAYS BE APPLIED IN ORDER FOR THE GOVERNMENT TO GET THE BEST AND OPTIMUM VALUE BASED ON ITS MONEY SPENT. HENCE, VALUE MANAGEMENT MUST BE STRESSED WHILE CONDUCTING GOVERNMENT PROJECTS AS THE SAVINGS FROM IT CAN BE USED FOR UNDERTAKING OTHER PROJECTS THAT ARE BENEFICIAL TO THE RAKYAT"

YBhg. Tan Sri Ali bin Hamsa
Chief Secretary to the Government of Malaysia

UKAS' SAVINGS VIA VM



Overall saving : 9.36% for RM 2.2 Billion

Total projects : 41

2012 - NOW

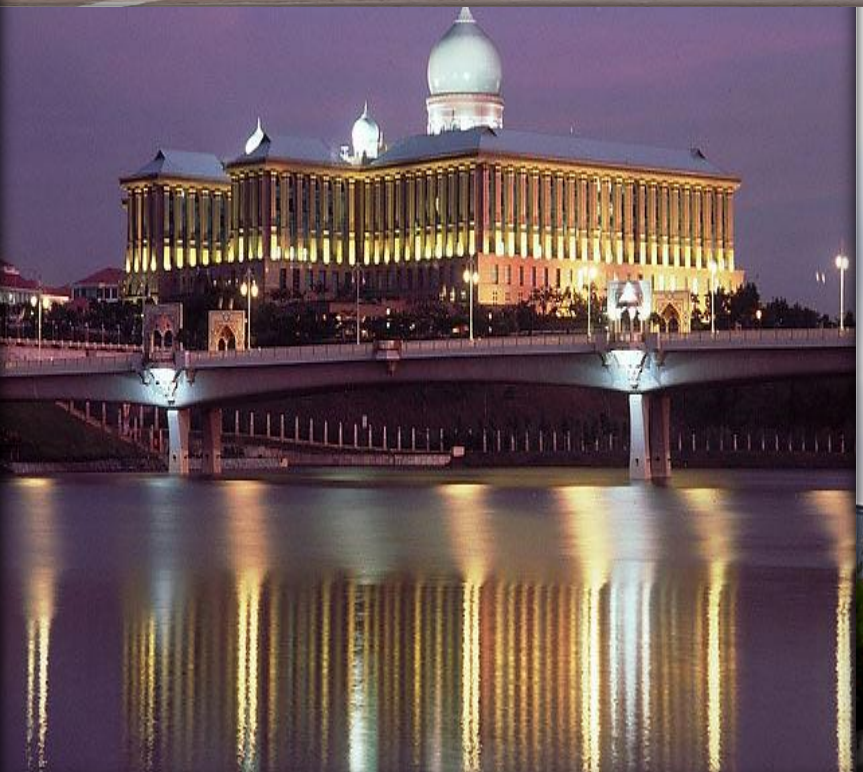
PPP ACHIEVEMENTS (1983-2016)

Number of Projects Implemented	836
Number of Jobs Eliminated from Government's Payroll	113, 487
Savings : Capital Expenditure (RM billion)	207.15
Proceeds fr Sale of Government's Equity & Assets (RM billion)	6.48
Achievements for 2016 (RM billion)	50.4

TM
PEOPLE FIRST PPP

KLIA

NORTH-SOUTH HIGHWAY



WESTPORTS MALAYSIA

UiTM PUNCAK ALAM

TENAGA NASIONAL

PPP IMPACT

- Increased efficiency in delivery of public services
- Created employment opportunities
- Improved distribution of income and standard of living
- Accelerated growth through private sector-led growth strategy
- Better access and connectivity – highway projects

ISSUES & CHALLENGES IN EMBARKING PPP

- High expectation
- Risk transfer
- Project Finance;
- Long Term Commitment; and
- Monitoring

MOVING AHEAD WITH PPP.....

New areas such as green technology, energy-efficient design will be given priority

PPP will continue to be one of the key instruments in implementing infrastructure projects in line with the 11th Malaysia Plan

Sectors that generate high spill-over effects will be main focus

CONCLUSION

Rapid infrastructure development was made successful through PPP

Performance delivery improved through private sector efficiency

PPP approach is only possible through smart partnership venture between private-public sector with high level commitment from the Government

-THANK YOU-

Please visit our website
www.ukas.gov.my