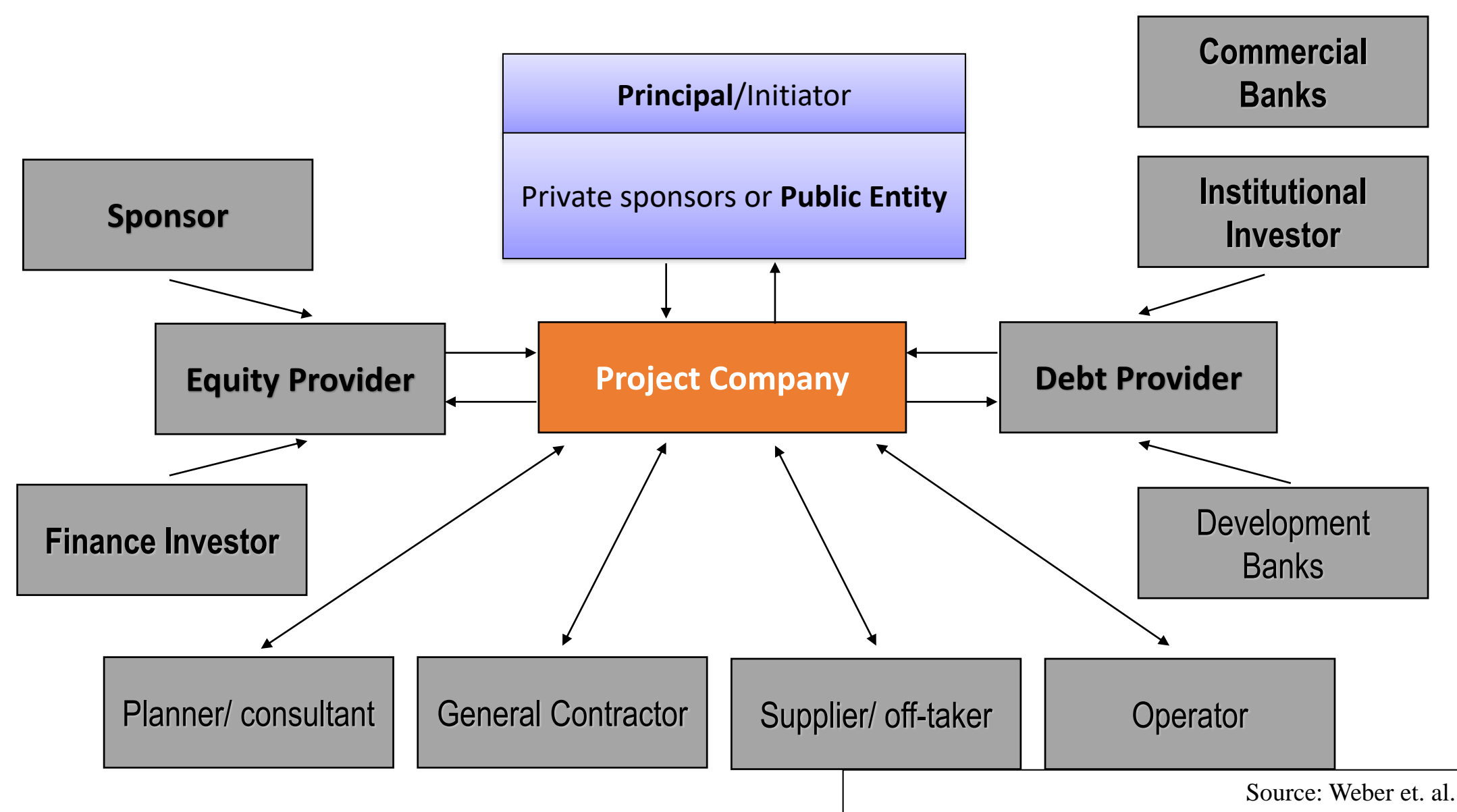


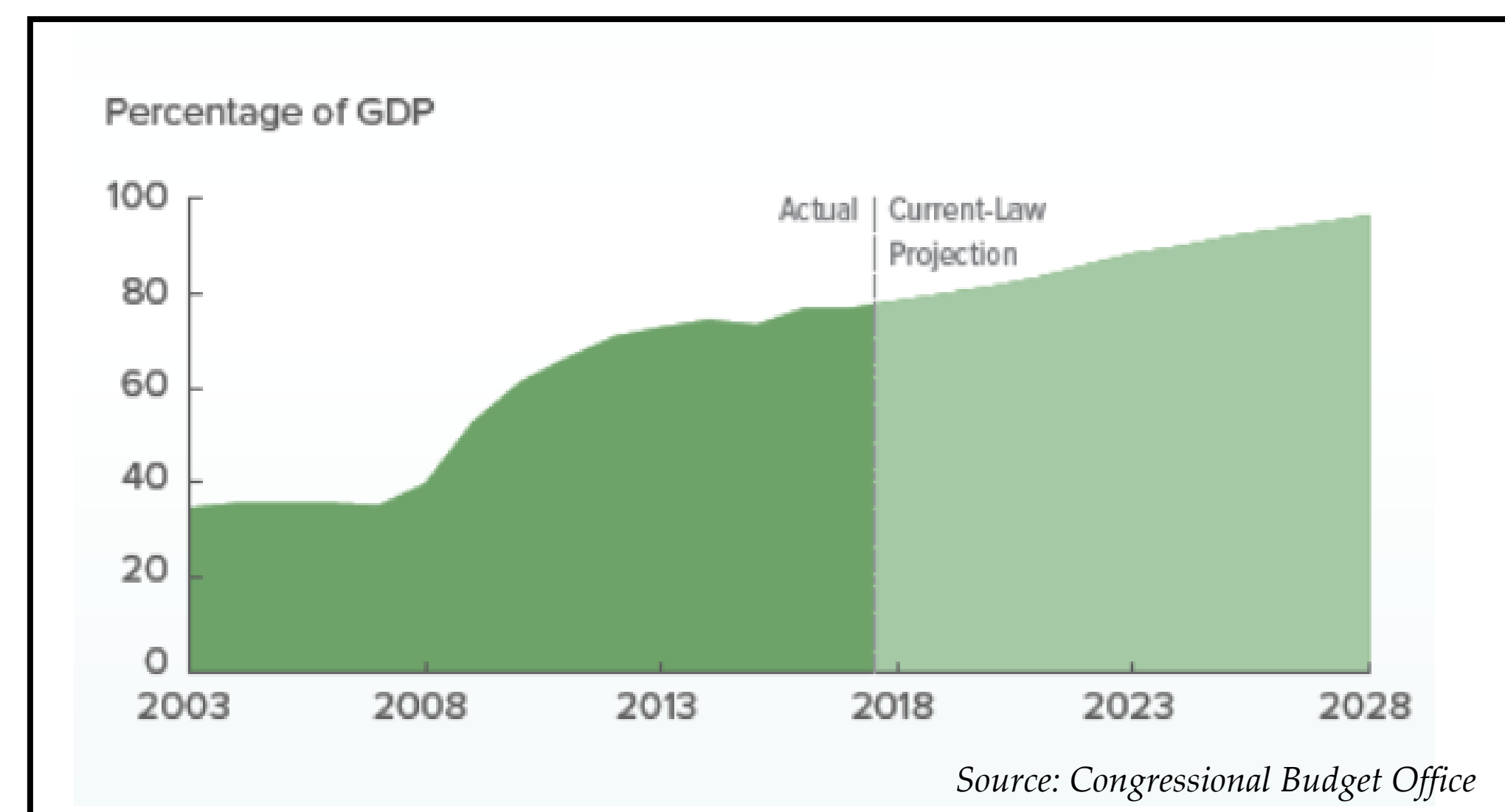
Introduction

Public Private Partnership is a **co-operative** arrangement between **public and private** parties who work together to deliver a meaningful project typically of a long term nature. The private party bears significant risk and management responsibility and remuneration is linked to performance.



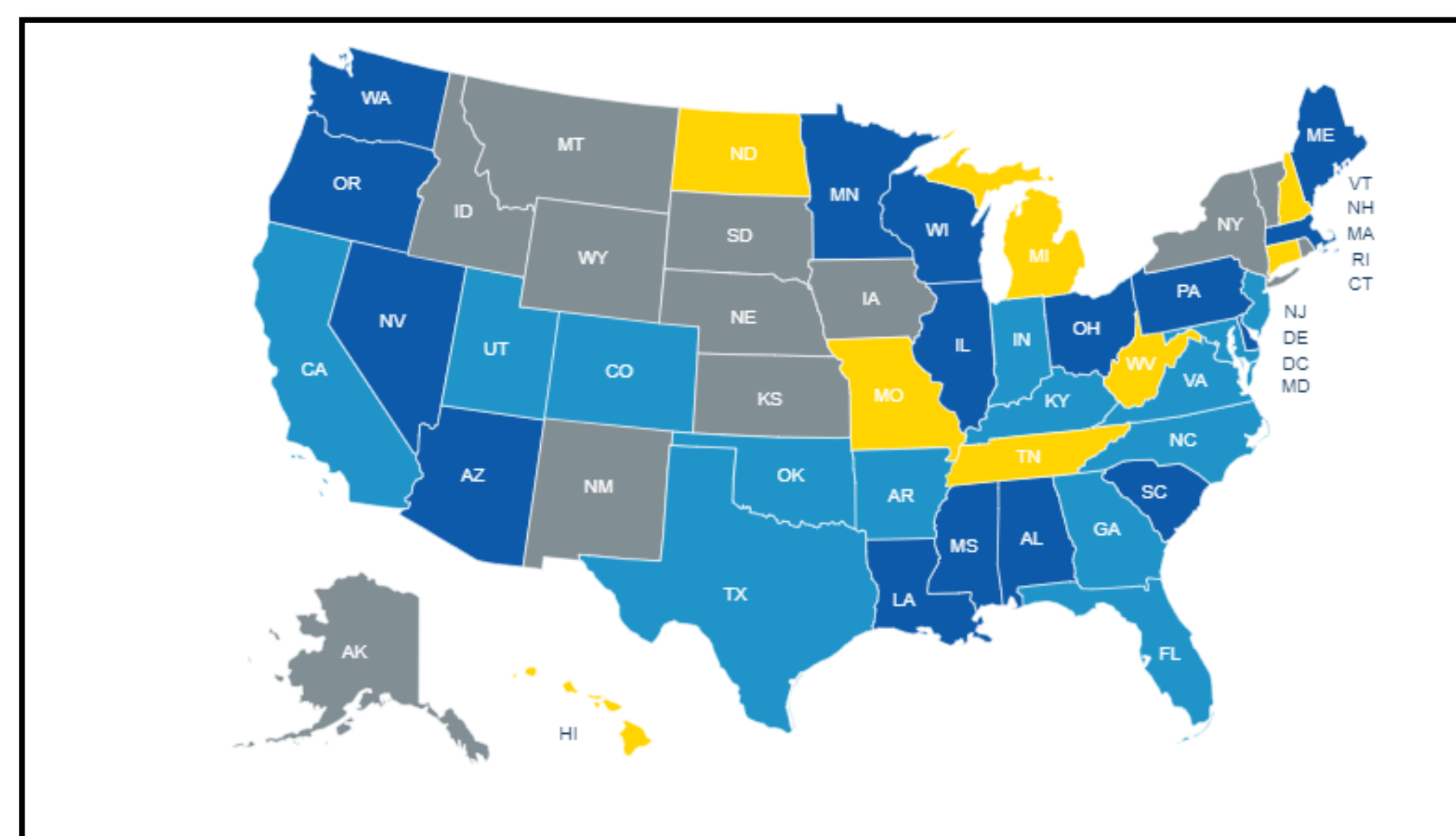
Overview of US P3 Market

Infrastructure projects in the US market require a funding of **\$3.5Tr** **\$3.5 Trillion** for project types covering bridges and roads, hospitals, institutional buildings, water and sewerage systems.



Source: Congressional Budget Office

33 Only **33 out of 50** states in US have a statutory authority and a well enabled P3 Legislation.

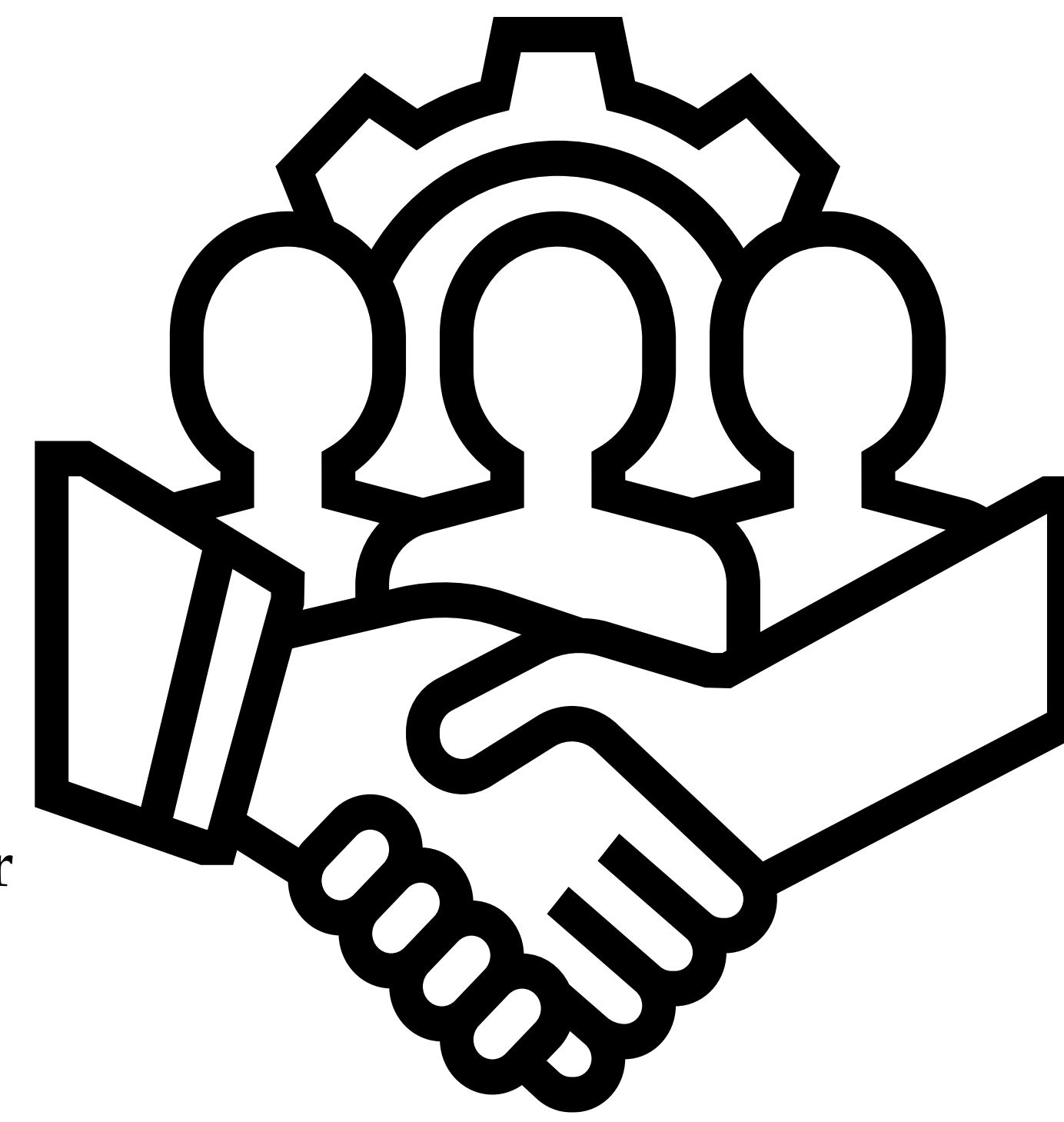


Source: AIAI Legislation



Public Role

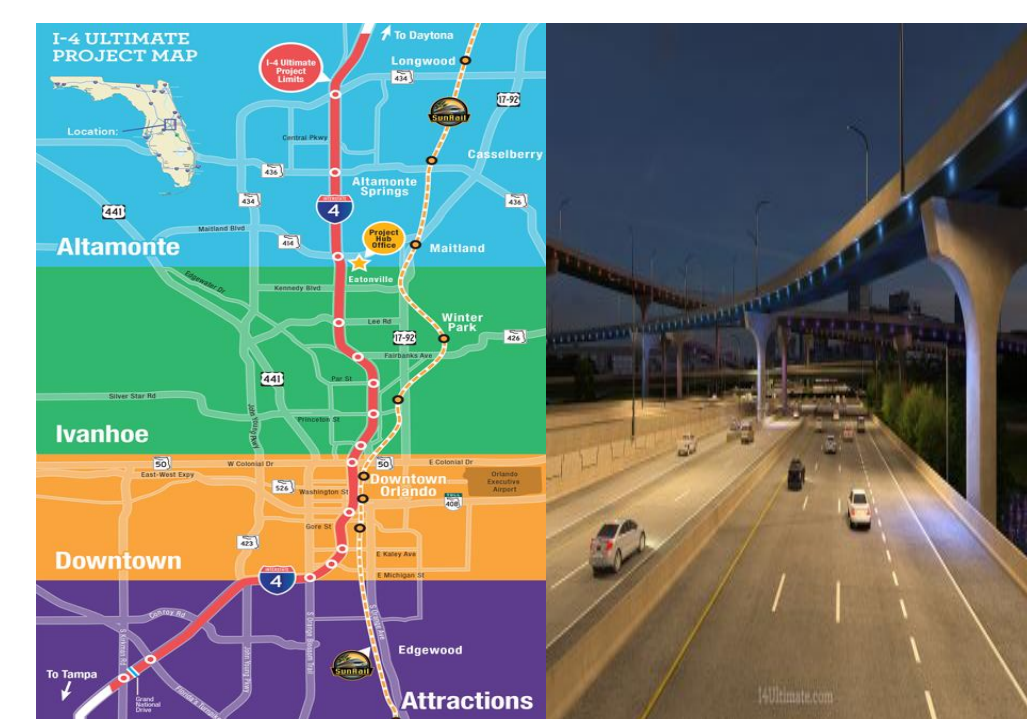
The public sector is responsible for P3 Contract Monitoring to look after the requirements of the agreement along with the daily business activities and security of the asset.



Private Role

The private sector is responsible for designing of the infrastructure, construction, operation and maintenance and most importantly project finance.

Case Studies



Brief description – Goethals Bridge Construction of new bridge to replace existing old bridge
Value of contract - \$1.5 billion
Lease period – 35 years
Challenges – Milestone payments, no proper authority to look after P3 regulations, risk sharing



Brief description - Chicago Skyway- 7.8 mile elevated road connecting Chicago and north-western Indiana
Value of contract - \$1.83 billion
Lease period – 99 years
Challenges – Parallel road condition, repay cost of bridge, unclear lease proceeds and conditions.

Brief description - I4 Ultimate 21 mile makeover from Orange to Seminole County
Value of contract - \$2.3 billion
Lease period – 40 years
Challenges – Catastrophic drilled shaft failure, exposure to named storms and geology conducive to sinkholes



Brief description - SR 125 – 9.5 mile highway connecting railway freeway network to the US-Mexico border
Value of contract - \$635 million
Lease period – 35 years
Challenges – Private sector to bear both environmental risks and clearance of permits



Brief description - Port of Miami Tunnel- Direct access from South Florida's Interstate highway to POM.
Value of contract - \$1.4 billion
Lease period – 35 years (30 years O&M)
Success Factors - Supportive legislative and political environment, unforeseen risks shared, well structured procurement



Brief description – La Guardia Airport – development of the central terminal
Value of contract – \$4 billion
Lease period – 35 years or until 2050
Challenges - Long procurement process, construction Issues, unpredictable revenue

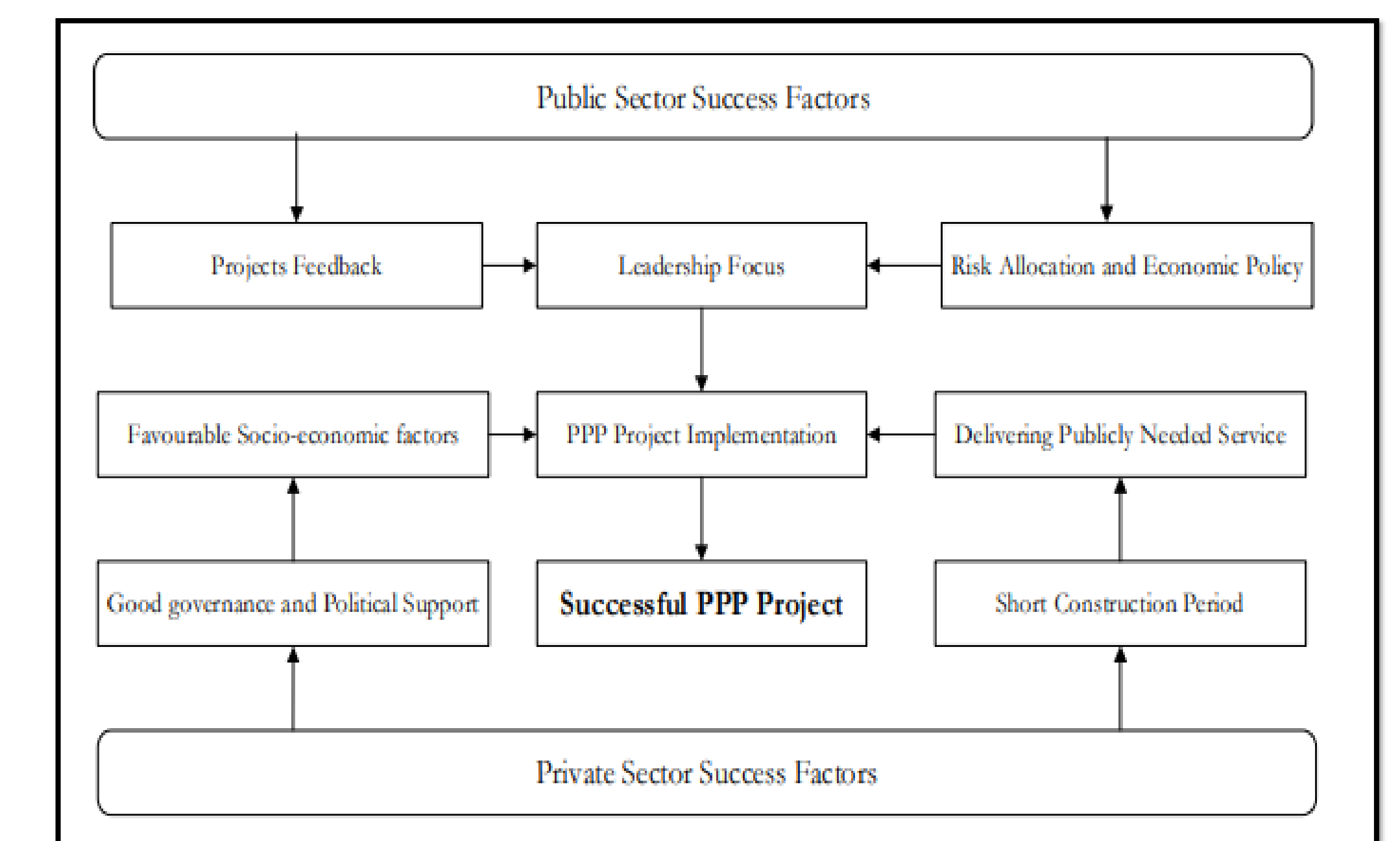
Country Comparison Matrix

Factors	UK	Canada	Australia	Colombia	USA
Statutory Authority	✓	✓	✓	✓	✓
Risk Sharing	✓	✓	✓	✓	✓
Legal Framework	✓	✓	✓	✓	✓
Political Support	✓	✓	✓	✓	✓
Financing Schemes	✓	✓	✓	✓	✓
Public Sector Concessions	✓	✓	✓	✓	✓
Tendering Situation	✓	✓	✓	✓	✓
Government/Public Support	✓	✓	✓	✓	✓

Recommendations

We recommend that any legislative body which is compiling P3 guidelines should consider these **critical success factors** :

1. Appropriate Risk Analysis Methodology
2. Good Governance Structure
3. Favorable Legal Framework
4. Formation of a Public Agency
5. Strong Private Consortia
6. Macroeconomic Factor
7. Government and Public Support
8. Transparent and Competitive Procurement Process
9. Strong Private and Public Commitment
10. Sound Economic Policy



Source: Construction Economics and Buildings

Conclusions

The infrastructure funding gap of \$3.5 trillion in the USA has increased the requirement of private funds in infrastructure. Public Private Partnership has allowed the private entities to enter the market and cover the investment shortfall. But on analysis of the US market, we observe that they are not completely prepared for the implementation of Public Private Partnership. One of the main factors behind this, is the lack of a federal agency which can provide guidelines and set up a platform for this model of delivery. The other challenges observed during our research of different case studies dealing with Public Private Partnership projects are lack of appropriate risk allocation, elongated procurement process, insufficient details regarding current and future projects and lack of public and monetary support from government. The review of the Public Private Partnership markets in Colombia, Australia, France, UK and Canada has provided the idea for the solutions to these challenges. Governmental entities need to consider Public Private Partnerships for key Infrastructure projects as procedural tools that reduce risk, cost and time. P3 needs to become a part of the industry culture. One way of accelerating acceptance is to set up a statutory authority to develop and update P3 guidelines and push for use of this innovative mechanism.