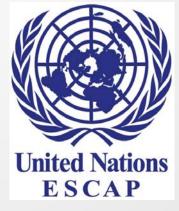
### The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

Workshop to Consider:

### Implementing Rules and Regulations for Public-Private Partnerships (IRRPPP)



12 December 2014 (Revised)

### Workshop Objectives

- 1. The objectives of this workshop are to consider:
  - (a) whether or not Cambodia needs an IRR, separate and apart from the IRRPP, is needed for "*Competitive Tendering of PPP Projects in a Transparent and Fair Manner*" and, if so,
  - (b) Recommendations the Government may wish to consider, and an Action Plan for Capacity Building and Institutional Strengthening, and
  - (c) draft provisions of a new IRR for PPP Tendering based on International Best Practices (tailored, if needed, to Cambodian law).

2. As time permits,, this presentation will cover "issues" that have been problematic for government of developing countries to effectively engage the private sector in the delivery of physical facilities and systems that directly or indirectly provide services to the general public in the sectors, which, in Cambodia, are defined by the 2009 Law on Concessions, and summarized in the Handout.

## Objective 1 (a)

- Does Cambodia need an IRR governing the procurement of PPP opportunities, or is the newly-adopted IRRPP (Public Procurement) sufficient for PPP?
- As requested the following slides provide subjective summary-level comparisons:
  - **Procedural differences** (primarily during the Transaction Phase) between public procurement and public-private partnerships (PPP).
  - **Recommendations** the Government may wish to consider, and an Action Plan based on PPP procurement experience in Indonesia, the Philippines, India, and Bangladesh.

### Procedural Differences

	Public Procurement	РРР
Business Case approval before Transaction Phase	N/A	Required
Qualifications of Procurement Committee members	Mixed	Senior
Estimated Project Cost: Threshold Amounts	ICB	More rigorous
Prequalification	Sole Bidder	Typically Consortium
Bid Document		
Invitation, etc.	Standard	Standard
Draft Contract	Yes	Yes
Technical Description	Yes	Yes
Technical Output Specifications	No	Required
Financial Analysis	No	Required
Economic Analysis	No	Required
Legal Analysis	No	Required
Social / Resettlement	No	Required
Summary Business Proposition	No	Required

#### Substantative Differences

	Public Procurement	PPP
Complaint Responsive Financial Proposals	Standard	Detailed, long-term partnership, expressed in a Concession or other Contractual Agreement, with detailed financial plan
Complaint Responsive Financial Proposals	Standard	Usage tariff
Legal, Regulatory and Institutional Framework	Yes	Planned
Nature of IRR	Harmonization	Attract capable private firms, foreign and domestic, to compete for bankable PPP opportunities

# Objective 1 (b)

- Recommendations the Government may wish to consider:
  - Concerning the issue of whether or not Cambodia requires a separate IRR to govern the procurement of infrastructure through PPP, the Consultant recommends separate IRRs based on the differences to be discussed regarding public procurement vs. PPP and the following:
    - Help to attractive investment, particularly foreign investment
      - Example: US\$ 3 billion expressway
    - Harmonized with Development Partners' Pipeline
      - Example: ADB TA in place and Transaction Advisory Services
    - Cambodia is competing with other developing countries
      - Example: Bangladesh has 39 PPP Projects prepared (PM in Malaysia)
    - US\$650 billion "transfer" due to 40% drop in oil prices
  - This approach will help to ensure long term, large financial commitments for the design, development, operation and maintenance of user-pay entities under the Law on Concessions, are supported by judicious government evaluation of competitive bids, and that financial and other support are evaluated and transparently processed.

This may be also the first in a series of needed legal and regulatory frameworks necessary for PPP functions, such as an IRR to establish a PPP Center, and resultant regulations, supplemented by appropriate institutional arrangements, such as a Risk Management Unit, typically in the financial ministry. Examples:

- IRR PPP Procurement (draft provisions follow)
- IRR PPP Center and Line Ministry PPP Cells
- IRR Government financial support, cash or contingent, other government support, land acquisition, etc.
- A series of consensus-building workshops are recommended to review sensitive policy matters.

# Objective 1 (b) continued

#### **Action Plan for Capacity Building - Institutional Strengthening**

- The Government may wish to consider organizing a series of consensus building workshops (both with government officials and other stakeholders) to discuss the following draft IRR, a straight forward, non-controversial regulation. Typically, depending on urgency, workshops may be organized to discuss and Issues Paper, an Academic Draft, a First Draft and a Final Draft.
- Capacity Building.
  - Needs Assessment
  - Standard Curricula for government-wide PPP training
  - DDD Training Dlan



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