

Graduate School of Public Policy
The University of Tokyo

Case Study (Public-Private Partnerships)

Course No. 5140488/5179002[†]
2018 S1S2

COURSE SYLLABUS

Time: Period 6 (18:45-20:30) on Mondays (unless otherwise announced)
Location: Lecture Hall B (IAR 0414B), 4th floor, International Academic Research Building
Instructor: Toshiro Nishizawa, Project Professor
<http://www.pp.u-tokyo.ac.jp/en/faculty/nishizawa-toshiro/>
http://gsdm.u-tokyo.ac.jp/en/curriculum_coach_Toshiro_Nishizawa.html
<http://pari.u-tokyo.ac.jp/gsdm/en/publication/982/>
TA: Mr. Wenguan "Glendon" Shen | glendon_shen@yahoo.co.jp
Credits: 2 credits
Language: English
Category: Practical training
Office: Room 1120, 11th floor, International Academic Research Building
Office hours: By appointment
Contact info: tnishizawa@pp.u-tokyo.ac.jp | 03-5841-1343

Please feel free to send me e-mails with any question about the course or if you want to make an appointment. To help me not to miss your incoming e-mails, **please start the subject line with 5140488 when you send e-mails.*

1. Objectives

This course will provide students with an overview of Public-Private Partnerships (PPPs) as a framework for infrastructure development and public services provision. Thus, the course aims to prepare students for future positions engaged in infrastructure development and public services provision in both the public and private sectors, where financial perspectives are also required. As a practical training course, students will have the opportunity to debate, work in a team, make oral presentation, and produce memos and reports.

The key motivation for PPPs is to seek efficiency gains as well as to fill public sector funding gaps through private sector participation. In recognition of these potential benefits, we have seen an increasing interest in PPPs over the past decades.

The core task of structuring a PPP project is to reconcile the interests of various parties from the private and public sectors. These parties include investors, lenders, and

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contractors on the private sector side and the government and other related entities on the public sector side. PPPs are in reality very complex and most likely costly. Risk allocations are challenging because of the public nature of infrastructure services provision and inherent uncertainties over the long term. Difficulties also arise from the different attitudes of investors, lenders, government entities, and the general public.

PPPs are equipped with a very commercial contractual structure and operational modalities, but at the same time are extremely political.

2. Schedule

The course schedule is as follows.

| | | | |
|--------|---|---|--------------------------|
| Day 1 | Mon, April 9 | Introduction | Nishizawa |
| Day 2 | Mon, April 16 | Financing aspects | Nishizawa |
| Day 3 | Sat, April 21 Period 3 | Public-sector investment decision vs. private sector perspectives | Nishizawa |
| Day 4 | Mon, April 23 | Risk allocation and incentives | Nishizawa |
| ... | Mon, April 30 <i>Showa Day</i> observed | No class | ... |
| Day 5 | Mon, May 7 | Public sector support and fiscal risks | Nishizawa |
| Day 6 | Mon, May 14 | Pros and cons of PPPs | Nishizawa |
| ... | Mon, May 14 | Team formation reporting deadline | ... |
| Day 7 | Mon, May 21 | Student mid-term presentation | Nishizawa |
| Day 8 | Mon, May 28 | Discussion on a case (water) | Nishizawa |
| | Mon, May 28 18:00 | Submission deadline of mid-term reports (group research proposal) | ... |
| Day 9 | Mon, June 4 | Discussion on a case (public transportation) | Nishizawa |
| Day 10 | Mon, June 11 | Discussion with a practitioner | Nishizawa Shimonishi* |
| Day 11 | Mon, June 18 | Discussion with a practitioner | Nishizawa Tanaka** |
| Day 12 | Mon, June 25 | Discussion with a practitioner | Nishizawa Guest (TBA) |
| Day 13 | Mon, July 2 | Student final presentation | Nishizawa |
| ... | Mon, July 27 18:00 | Final report submission deadline | ... |

* Mr. Hideto Shimonishi, Senior Manager, Project Finance Office, Structured Finance Division, MUFG Bank, Ltd.

** Mr. Akihiro Tanaka, Senior Manager for Project Finance Office, Hitachi, Ltd.

3. Teaching methods

This course will be conducted as a seminar with introductory lecture followed by class discussion. *Active participation in discussion* is expected based on student different backgrounds, life-experiences, knowledge, skills, and reading of assigned materials. Students are required to choose a case or a topic of his/her interest in the early stages of the course.

Guest speakers will be invited to discuss specific issues from various perspectives and/or based on different fields of professional expertise.

4. Course requirements and grading

Students are required to give presentations in the middle and at the end of the course either (a) on a case or a topic of his/her interest in line with the course objectives as described above or (b) on one of her/his choice from the topics given by the instructor in a team of about three to five members to be formed by Day 6 (May 14).

Each team is also required to submit reports based on the presentations in the middle and at the end of the course. Mid-term reports serve as group research proposal. While the final report should be written as a single product prepared in a well-coordinated way by the team, each of the team members should be responsible for at least one of the chapters or sections as the primary author.

Furthermore, students are required from time to time to write a short note (up to 200 or 400 words) about one of the readings assigned for a particular class session and to submit the note as instructed.

The course grade will be based on:

Presentations 35% (10% for mid-term and 25% for final)

Reports 35% (10% for mid-term and 25% for final)

Class attendance 10%

Class participation 20%

5. Course materials

Required readings—mainly excerpts taken from the following materials—will be either made available electronically or handed out in class.

Chan, Albert P. C. and Esther Cheung. 2013. *Public Private Partnerships in International Construction: Learning from Case Studies*. New York: Routledge.

Delmon, Jeffrey. 2011. *Public-Private Partnership Projects in Infrastructure: An Essential Guide for Policy Makers*. New York: Cambridge University Press.

Economist, The. 2017. "How and when to use private money in infrastructure projects |

Public-private partnerships: their promise and their pitfalls." Printed edition, April 22.

Farquharson, Edward, Clemencia Torres de Mästle, E.R. Yescombe and Javier Encinas. 2011. *How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets*. Washington, DC: The World Bank.

Financial Times. 2013. "High Toll Charges Leave Portugal's Drivers on Road to Nowhere." August 25.

Helbling, Thomas. 2010. "What Are Externalities: What Happen When Prices Do Not Fully Capture Costs." *Finance & Development* Vol. 47, No. 4 (December). Accessed April 7, 2018.

<http://www.imf.org/external/pubs/ft/fandd/2010/12/basics.htm>

IMF and World Bank Group. 2016. *Public-Private Partnerships Fiscal Risk Assessment Model User Guide—Preliminary version*. Washington, DC: IMF. Accessed April 7, 2018.

<https://www.imf.org/external/np/fad/publicinvestment/pdf/PFRAMmanual.pdf>

Nishizawa, Toshiro. 2011. "Changes in Development Finance in Asia: Trends, Challenges, and Policy Implications." *Asian Economic Policy Review*. Volume 6, Issue 2 (December).

Schiffler, Manuel. 2015. *Water, Politics and Money: A Reality Check on Privatization*. New York: Springer.

Verougstraete, Mathieu and Hyo Jin Kang. 2014. "Mobilizing Private Funding: the Case of the National Highways of India." Public-Private Partnerships Case Study #3 (June). UN ESCAP. Accessed April 7, 2018.

http://www.unescap.org/sites/default/files/Case%203_Private%20Funding_Indian%20Highways.pdf

Verougstraete, Mathieu and Isabelle Enders. 2014a. "Traffic Demand Risk: the Case of Bangkok's Skytrain (BTS)." Public-Private Partnerships Case Study #1 (March). UN ESCAP. Accessed April 7, 2018.

http://www.unescap.org/sites/default/files/Case%201%20_Traffic%20Demand_%20Bangkok%20BTS.pdf

Verougstraete, Mathieu and Isabelle Enders. 2014b. "Efficiency Gains: the Case of Water Services in Manila." Public-Private Partnerships Case Study #2 (April). UN ESCAP. Accessed April 7, 2018.

http://www.unescap.org/sites/default/files/Case%202_Efficiency%20Gains_Manila%20Water.pdf

World Bank, ADB and IDB. 2014. *Public-Private Partnerships Reference Guide Version 2.0.*, Washington, DC: World Bank Publications. Accessed April 7, 2018.

<https://ppp.worldbank.org/public-private-partnership/library/public-private-partnerships-reference-guide-version-20>

Yescombe, E.R. 2007. *Public-Private Partnerships: Principles of Policy and Finance*. Burlington and Oxford: Butterworth-Heinemann.

Yescombe, E.R. 2014. *Principles of Project Finance*. 2nd ed. MA: Elsevier.

Attachment 1 Titles of Student Final Reports Submitted in AY2010-AY2017

Attachment 2 Detailed Course Schedule

April 9, 2018

Graduate School of Public Policy
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Case Study (Public-Private Partnerships)
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Titles of Student Final Reports Submitted in AY2010-AY2017

Case Study (Public-Private Partnerships) in 2017 S1S2

How efficiency gains in public service provision can be achieved through public private partnership?—*case studies from India and Cambodia*

Innovative financing schemes for future PPPs

Legal lacunae and PPP failures

Most prevalent risks in different development stages in China, Hong Kong and Japan

Public-private partnerships in American foreign assistance: a case study of Malawi Dairy Development Alliance

Case Study (Public-Private Partnerships) in 2016 S1S2

Analysis on risk management on PPP during project implementing stage

Role of the government to vitalize PPP: challenges and measures of four leading countries

Ex ante risk management in PPP projects: due diligence as the tool and its case implication

Public Private Partnerships and sporting mega events: a model for development?

Case Study (Public-Private Partnerships) in 2015 S1S2

Expressway construction with the BOT model: lessons for ASEAN governments

Enhancing early childhood education and development through social impact bond: a case study of Indonesia

Solid waste management in Dhaka city challenges, opportunities, and future recommendations for PPP framework

Assessing factors for success for solar power Public-Private Partnerships

Applicability of PPP railway projects in Japan

Probity advising: strengthening the PPP project

Case Study (Public-Private Partnerships) in 2014 Summer

Public Private Partnership on subway: the case of Brazil, Thailand, China and England

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Analysis of unsolicited PPP projects in the Philippines with policy recommendations on how to improve rules and incentives

Railway PPP projects in East Asia: some lessons for the future

Public Private Partnerships in Beijing subway: will they continue to succeed?

Case study: Public-Private Partnerships behind the success and failure, comparison and analysis

An exploration of Public Private Partnerships in road sector: a case of India

Legal framework for PPP in India: important factor for road sector projects

Case Study (Public-Private Partnerships) in 2013 Summer

A cross-sectional analysis of policy schemes in Japan, Germany, South Korea and the United Kingdom

Space: the final frontier of Public Private Partnerships

Financial and risk management aspect of power sector PPP in Southeast Asia

Sustainable urban development and official development assistance: Public-Private Partnerships focused on land readjustment schemes

The leading factors of success and failure in urban PPP water projects

Japan's PPP in community development to enhance the quality of public service through "commercialization": the case study of Takeo City library in Saga Prefecture

Case Study (Public-Private Partnerships: Theory, Practice, and Cases) in 2012 Winter

Public Private Partnerships: The findings of the airport group

Comparative analysis of metro PPP projects in Asian countries: China/Malaysia/Thailand/Korea

PPP case study: Recommendations to improve the PPP framework through a comparison of highway projects

Public-Private Partnerships: offshore wind power projects

Case Study (Public-Private Partnerships: Theory, Practice, and Cases) in 2011 Winter

PPP in China's water and wastewater treatment sector

Managing fiscal risk: case study on transportation sector

High speed rail: successes and failures as Public-Private Partnerships and lessons learned for the United States

Mitigation of political risks in PPPs

Comparative examination of fiscal risk allocation in transportation infrastructure projects

PPP in Philippine MRT3/ MRT7

Rashtriya Swasthya Bima Yojana: a PPP solution to provide health insurance to the informal sector of India

Case Study (Public-Private Partnerships: Theory, Practice, and Cases) in 2010 Winter

PPP in Japan—case studies on hospital PFI projects—

Demand risk in the Singapore Sports Hub

Channel tunnel rail link project in UK (1996-2007)

Structuring a good Public-Private Partnership project: a Singapore Sport Hub study case

To improve PFI in Japan—based on case studies about hospital PFI projects—

Sports Infrastructure PPP: The Singapore Sports Hub

Risks and risks management in Khimti Hydropower Project in Nepal

Future of PPP in hydropower development in Nepal

Summary of my learning from PPP course

Risk management in PPP project: a case study of Khimti Hydropower Project in Nepal

Development of PPP in China

As of April 9, 2018

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DETAILED COURSE SCHEDULE

Day 1: Monday, April 9

Introduction

As an introduction to the subject, the instructor will ask students questions to find why and how the subject attracts students' interest and how much students know about the key characteristics of Public-Private Partnerships (PPPs). Then, the instructor will present the aim of this course as well as the teaching methods and approaches to follow. Students are asked to share among themselves their motivation to work on the course subject and their background, life-experiences, knowledge, skills and so on.

Reading materials

None

Assignment

Students are required to provide their background information as well as their motivation to take this course by filling out a form made accessible by the course TA, Mr. Wenguan Shen (glendon_shen@yahoo.co.jp) upon request. The form should be completed before Friday, April 13.

Students are also required to read pages 17-28 and 49-63 of World Bank et al. 2014 (Reading 01), which could be downloadable from the following URL, for Day 2.

<https://ppp.worldbank.org/public-private-partnership/library/public-private-partnerships-reference-guide-version-20>.

Day 2: Monday, April 16

Financing aspects

The lecture will focus on key concepts needed to understand financing aspects of PPPs, such as equity, debt, debt-to-equity ratio, leverage, project finance, special purpose vehicle, non-recourse, limited recourse, cash flows, ring-fenced, debt service, cascade, internal rate of return, and payback period.

Reading materials

Pages 17-28 and 49-63 of World Bank et al. 2014 (Reading 01)

Assignment

Students are required to read pages 117-145 of World Bank et al. 2014 (Reading 02) and

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Helbling 2010 (Reading 03) for Day 3.

Day 3: Saturday, April 21 (period 3, 13:00-14:45)

Public-sector investment decision vs. private sector perspectives

The lecture will cover issues related to the balancing or reconciliation of public and private interests, one of the core tasks of structuring a PPP project. PPPs are equipped with a very commercial contractual structure and operational modalities, but at the same time are extremely political. Questions to be asked include how the public authority should decide to invest in a new public infrastructure project, what private sector investors should pursue to make a project commercially viable and to secure higher equity returns, and how public and private interests in PPPs could be balanced or compromised.

Reading materials

Pages 117-145 of World Bank et al. 2014 (Reading 02) and Helbling 2010 (Reading 03). Reading 03 could be downloadable from the following URL.

<http://www.imf.org/external/pubs/ft/fandd/2010/12/basics.htm>

Assignment

Students are required to read pages 145-170 of World Bank et al. 2014 (Reading 04) and Economist 2017 (Reading 05) for Day 4.

Day 4: Monday, April 23

Risk allocation and incentives

The lecture will cover risk allocations in structuring a PPP project, which are challenging because of the public nature of infrastructure services provision and inherent uncertainties over the long term. Difficulties also arise from the different attitudes of investors, lenders, government entities, and the general public.

Reading materials

Pages 145-170 of World Bank et al. 2014 (Reading 04) and Economist 2017 (Reading 05).

Assignment

Students are required to read pages 96-116 of World Bank et al. 2014 (Reading 06) and pages 25-30 of IMF and World Bank Group 2016 (Reading 07) for Day 5. Reading 06 could be downloadable from the following URL.

<https://www.imf.org/external/np/fad/publicinvestment/pdf/PFRAMmanual.pdf>

Day 5: Monday, May 7

Public sector support and fiscal risks

The lecture will focus on the likely consequences of compromise between public and private interests in PPPs. Subsidies, financing, or guarantee provided by the public sector are likely options available to fill the gap between the public and private interests. The inherent conflict between the public and private sectors as well as future uncertainties, however, could entail risks for the government to assume excessive fiscal burden. Therefore, the management of government contingent liabilities is critically important in dealing with PPPs.

Reading materials

Pages 96-116 of World Bank et al. 2014 (Reading 06) and pages 25-30 of IMF and World Bank Group 2016 (Reading 07)

Assignment

Students are required to read pages 15-28 of Yescombe 2007 (Reading 08) for Day 6.

Day 6: Monday, May 14

Pros and cons of PPPs

The instructor will provide students with a set of questions for a guided group discussion on pros and cons of PPPs based on their understanding of the key characteristics of PPPs covered in Days 2 to 5.

Reading materials

Pages 15-28 of Yescombe 2007 (Reading 08)

Assignment

Preparation for mid-term presentation

Day 7: Monday, May 21

Student mid-term presentation

Each team is required to make a mid-term presentation on group research proposal within five minutes, followed by questions and answers up to 10 minutes. Each team might wish to use power point slides (not more than 10 slides), which should only include key messages. In the presentation, the team should state its *main research question* together with *the reason why it is worth asking* and include a *tentative outline* (e.g., introduction, method, issues to be discussed, conclusion, etc.) together with a *list of main reference materials*. Unless team members are very experienced and skilled speakers, it is strongly recommended that members of the team prepare talking points. Punctuality is required so that the team will be asked to stop even in the middle of the presentation.

Following the mid-term presentation, each team is required to submit by 18:00 on Monday, May 28 the mid-term report (not more than 1,000 words or about two to three pages long, excluding a list of main reference materials) based on the mid-term presentation.

Reading materials

None

Assignment

Students are required to read pages 135-142 of Schiffler 2015 (Reading 09) and Verougstraete and Enders 2014b (Reading 10) for Day 8.

Day 8: Monday, May 28

Discussion on a case (water)

The instructor will provide students with a set of questions for a guided group discussion on a PPP water project.

None

Reading materials

Pages 135-142 of Schiffler 2015 (Reading 09) and Verougstraete and Enders 2014b (Reading 10)

Assignment

Students are required to read Verougstraete and Enders 2014a (Reading 11), Verougstraete and Kang 2014 (Reading 12) and Financial Times 2013 (Reading 13) for Day 9.

Day 9: Monday, June 4

Discussion on a case (public transportation)

The instructor will provide students with a set of questions for a guided group discussion on a PPP public transportation project.

Reading materials

Verougstraete and Enders 2014a (Reading 11), Verougstraete and Kang 2014 (Reading 12) and Financial Times 2013 (Reading 13)

Assignment

TBA

Day 10: Monday, June 11

Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

TBA

Day 11: Monday, June 18

Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

TBA

Day 12: Monday, June 25

Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

Preparation for final presentation

Day 13: Monday, July 2

Student final presentation

Each team is required to make a final presentation within a given time period (e.g., three minutes multiplied by the number of group members), followed by questions and answers up to five minutes. Each team might wish to use power point slides (not more than 20 slides), which should only include key messages. Unless team members are very experienced and skilled speakers, it is strongly recommended that members of the team prepare talking points. Punctuality is required so that the team will be asked to stop even in the middle of the presentation.

Following the final presentation, each team is required to submit a final report (not more than 5,000 words, excluding a list of main reference materials) by 18:00 on Monday, July 27. While the final report should be written as a single product prepared in a well-coordinated fashion by the team, each of the team members should be responsible for at least one of the chapters or sections as the primary author.

TOSHIRO NISHIZAWA
Project Professor
Graduate School of Public Policy
The University of Tokyo

Mr. Toshiro Nishizawa is Project Professor at the Graduate School of Public Policy (GraSPP) of the University of Tokyo. Immediately prior to his current position, he was Professor at the GraSPP (2013-15) after serving as Director General of Country Credit Department at the Japan Bank for International Cooperation (JBIC). He also served as Deputy Director General of JBIC Institute (the research department) and Director of Asia Department II at the Japan Center for International Finance (JCIF).



He was involved in JBIC's country operations as Deputy Director General of International Finance Department I (Asia and Oceania) (2004-06) and served as Chair of the UNEP FI Asia Pacific Task Force Outreach Group (2005-06).

He held various positions including: loan officer at the Export-Import Bank of Japan; researcher in the Economic Cooperation Bureau of the Ministry of Foreign Affairs; economist in the Policy Development and Review Department of the International Monetary Fund (IMF); and advisor in the Private Sector Development Department of the World Bank.

Mr. Nishizawa has been actively engaged in policy dialogue and research activities with the main focus on emerging and developing economies in Asia. He has published a number of articles and written a chapter in a few publications on Asian economies, financing for development, Public-Private Partnerships (PPPs) and sovereign risk assessment.

Mr. Nishizawa was a guest lecturer and professor at the Osaka School of International Public Policy (OSIPP) of Osaka University (2004-14) and was a visiting lecturer at Kobe University and Chuo University. He was also a part-time lecturer to teach PPPs at GraSPP (2010-13) and invited as a visiting professor by Chulalongkorn University in Thailand and by the Escola de Administração de Empresas de São Paulo da Fundação Getulio Vargas (EAESP-FGV) in Brazil, both in 2014.

He served as a member of the Expert Group on Financial Cooperation with Asian Countries under the Council on Customs, Tariff, Foreign Exchange and Other Transactions (2013-14), and has been a member of the IMF Study Group and a senior visiting fellow at Policy Research Institute (PRI) of Japan's Ministry of Finance (MOF). He was also invited by the Japan International Cooperation Agency (JICA) to serve as a member of the Support Committee for the Project for Capacity Building of Public Private Partnership in Mongolia.

Mr. Nishizawa holds a BA in Latin American studies from Tokyo University of Foreign Studies (1982), a BA in economics from the University of Tokyo (1984) and an MSc in economics from the University of Wisconsin-Madison (1988).

Mr. Nishizawa was born in Tokyo, Japan in 1959 and is married with two children.

As of March 15, 2018