

Graduate School of Public Policy
The University of Tokyo

Case Study (Public-Private Partnerships)

Course No. 5140488/5179002†
2019S1S2

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, Professor
<http://www.pp.u-tokyo.ac.jp/en/faculty/nishizawa-toshiro/>
TA: Mr. Agung Putra Sulaiman | agung.putrasulaiman@gmail.com
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 such 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 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

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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 8	Introduction	Nishizawa
Day 2	Mon, April 15	Financing aspects	Nishizawa
Day 3	Sat, April 20 13:00-14:45 Make-up	Public-sector investment decision vs. private sector perspectives	Nishizawa
Day 4	Mon, April 22	Risk allocation and incentives	Nishizawa
Day 5	Mon, May 13	Public sector support and fiscal risks	Nishizawa
...	Mon, May 13	Team formation reporting date	...
Day 6	Mon, May 20	Discussion on cases (water and public transportation)	Nishizawa
Day 7	Mon, May 27	Student mid-term presentation	Nishizawa
Day 8	Mon, June 3	Pros and cons of PPPs	Nishizawa
...	Mon, June 3	Mid-term report (group research proposal) submission date	...
...	Mon, June 10	No class	...
Day 9	TBA	Consultation on research proposal	Nishizawa
Day 10	Mon, June 17	Discussion with a practitioner	Nishizawa Guest (TBA)
Day 11	Mon, June 24	Discussion with a practitioner	Nishizawa Guest (TBA)
Day 12	Mon, July 1	Discussion with a practitioner	Nishizawa Guest *
Day 13	Mon, July 8	Student final presentation	Nishizawa
...	Mon, July 29	Final report submission date	...

* Mr. Hideto Shimonishi, Senior Manager, Project Finance Office, Structured Finance Division, MUFG Bank, 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 twice in a team of about three to five members to be formed by Day 5 (May 13) on a case or a topic of their interest in line with the course objectives as described above, or otherwise on one of their choice from the topics given by the instructor.

Each team is required to submit reports twice 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.

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.

Helbling, Thomas. 2010. "What Are Externalities: What Happen When Prices Do Not Fully Capture Costs." *Finance & Development* Vol. 47, No. 4 (December). Accessed February 22, 2019.

<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 February 22, 2019.

<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).

Nishizawa, Toshiro. 2018. "Infrastructure Investment and Finance in Asia." *Public Policy Review*, Policy Research Institute, Ministry of Finance, Japan, Vol. 14, No.5 pp. 925-953

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(September). Accessed February 22, 2019.

https://www.mof.go.jp/english/pri/publication/pp_review/ppr14_05_05.pdf

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 February 22, 2019.

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 February 22, 2019.

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 February 22, 2019.

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

World Bank, ADB and IDB. 2017. *Public-Private Partnerships Reference Guide Version 3.0*, Washington, DC: World Bank Publications. Accessed February 22, 2019.

<https://ppp.worldbank.org/public-private-partnership/library/ppp-reference-guide-3-0>

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 8, 2019

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Titles of Student Final Reports Submitted in AY2010-AY2018

Case Study (Public-Private Partnerships) in 2018S1S2

An assessment of the risk allocation in the Jakarta-Bandung high speed railway project

Behind the scenes of successful geothermal PPP—assessing a successful geothermal power plant project in Indonesia—

Case study for PPP on Kabeli 'A' Hydropower in Nepal—is PPP just a normative instrument or practical solution?

Lessons from prison sector PPP in New Zealand: benefiting stakeholders in social infrastructure PPP

Reappraising and renegotiating: studying the end of term and transitions of PPP projects

The effect of transparency on the bidding process of PPPs: Latin American case study

Case Study (Public-Private Partnerships) in 2017S1S2

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 2016S1S2

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?

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Case Study (Public-Private Partnerships) in 2015S1S2

- 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
- 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 8, 2019

Graduate School of Public Policy
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2018 S1S2

DETAILED COURSE SCHEDULE

Day 1: Monday, April 8

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 accessible in a shared Google Drive folder, ***the link to which is available on the Detailed Information page of this course on UTAS***. The form should be completed before Friday, April 12. ***Reading materials referred to below are also available in the same shared folder***. Please ask the course TA, Mr. Agung Putra Sulaiman, for help if you have any trouble in having access to the shared folder.

For Day 2, students are required to read pages 5-15 (1.1.1–1.1.3) and 40-49 (1.3.1–1.3.2) of World Bank et al. 2017 (Reading 01).

Day 2: Monday, April 15

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 5-15 (1.1.1–1.1.3) and 40-49 (1.3.1–1.3.2) of World Bank et al. 2017 (Reading 01)

Assignment

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For Day 3, students are required to read pages 115-132 (3.1.1-3.2.4) of World Bank et al. 2017 (Reading 02) and Helbling 2010 (Reading 03).

Day 3: Saturday, April 20 (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 115-132 (3.1.1-3.2.4) of World Bank et al. 2017 (Reading 02) and Helbling 2010 (Reading 03).

Assignment

For Day 4, students are required to read pages 140-147 (3.3.1-3.3.3) of World Bank et al. 2017 (Reading 04) and Economist 2017 (Reading 05).

Day 4: Monday, April 22

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 140-147 (3.3.1-3.3.3) of World Bank et al. 2017 (Reading 04) and Economist 2017 (Reading 05).

Assignment

For Day 5, students are required to read pages 132-139 (3.2.5-3.2.6) of World Bank et al. 2017 (Reading 06) and pages 25-30 of IMF and World Bank Group 2016 (Reading 07).

Day 5: Monday, May 13

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 132-139 (3.2.5-3.2.6) of World Bank et al. 2017 (Reading 06) and pages 25-30 of IMF and World Bank Group 2016 (Reading 07)

Assignment

For Day 6, students are required to read pages 135-142 of Schiffler 2015 (Reading 08), Verougstraete and Enders 2014b (Reading 09), Verougstraete and Enders 2014a (Reading 10) and Verougstraete and Kang 2014 (Reading 11).

Day 6: Monday, May 20

Discussion on cases (water and public transportation)

The instructor will provide students with a set of questions for a guided group discussion on PPPs in the water and public transportation sectors.

None

Reading materials

Pages 135-142 of Schiffler 2015 (Reading 08), Verougstraete and Enders 2014b (Reading 09), Verougstraete and Enders 2014a (Reading 10) and Verougstraete and Kang 2014 (Reading 11)

Assignment

Preparation for mid-term presentation

Day 7: Monday, May 27

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 on Monday, June 3 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

For Day 8, students are required to read pages 15-28 of Yescombe 2007 (Reading 12).

Day 8: Monday, June 3
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 6.

Reading materials

Pages 15-28 of Yescombe 2007 (Reading 12)

Assignment

Preparation for mid-term presentation

Day 9: TBA (no class on Monday, June 10)

Consultation on research proposal

Reading materials

None

Assignment

None

Day 10: Monday, June 17
Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

TBA

Day 11: Monday, June 24
Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

TBA

Day 12: Monday, July 1
Discussion with a practitioner

TBA

Reading materials

TBA

Assignment

Preparation for final presentation

Day 13: Monday, July 8

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) on Monday, July 29. 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.
