

# Making Public-Private Partnerships Work: Korea's Experience

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- 1. Institutional Setting, Process, and Status of PPP in Korea**
- 2. Government Support for PPP Projects**
- 3. Lessons Learned + Takeaways**

Part-01 **Institutional Setting, Process,  
and Status of PPP in Korea**

# Legal Framework for PPP

## Hierarchy of legal and administrative framework of PPP System

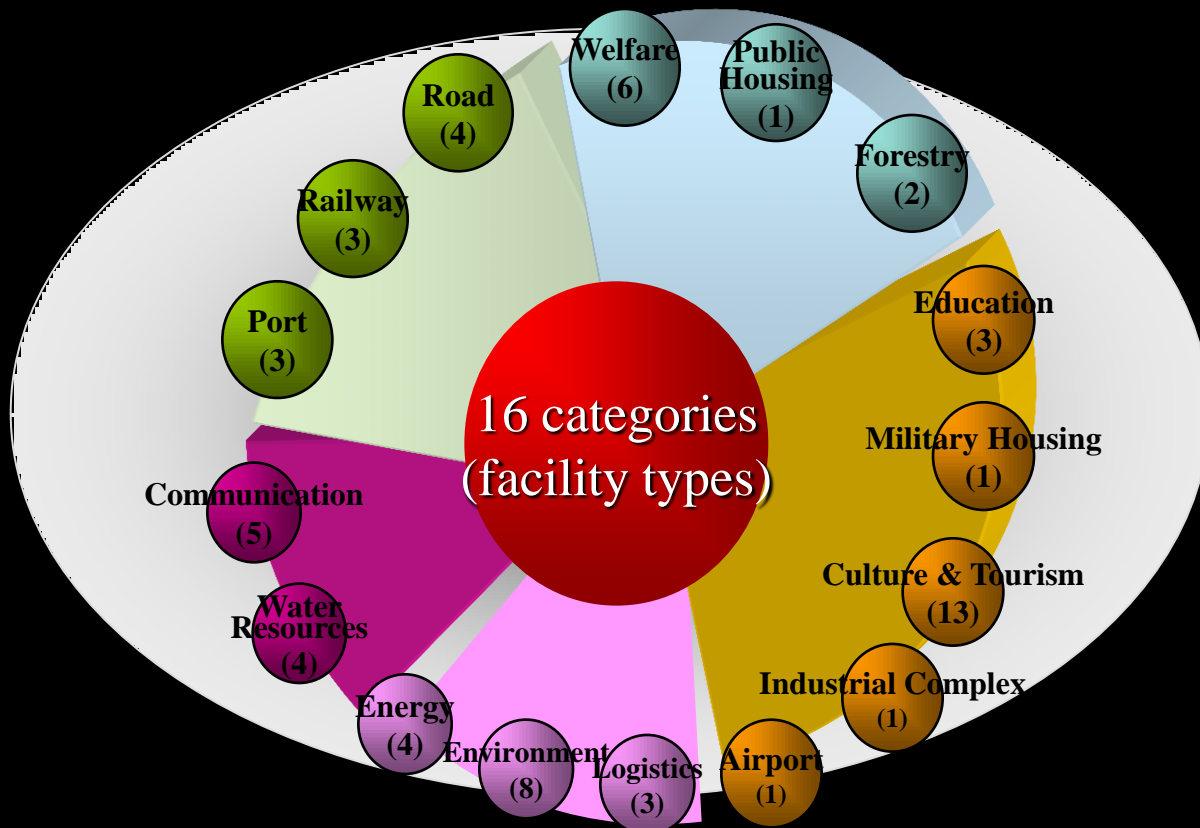
- PPP Act
  - PPP Act Enforcement Decrees
    - ❖ Annual PPP Basic Plan
      - ✓ PPP Implementation Guidelines

## □ Legal Status of the PPP Act

- PPP Act                      PPP Act Enforcement Decrees
  
  
- special Act

# Eligible Infrastructure Types

62 types of facilities in 16 categories are eligible for PPP



Requirements :

Revision of the Act in 2009 :

# Procurement Schemes (1)

## Comparison of BTO and BTL Schemes

**BTO**  
(Build-Transfer-Operate)

**Private Sector**  
(SPC)

**End-user**

**Government**

**BTL**  
(Build-Transfer-Lease)

**Private Sector**  
(SPC)

**End-user**

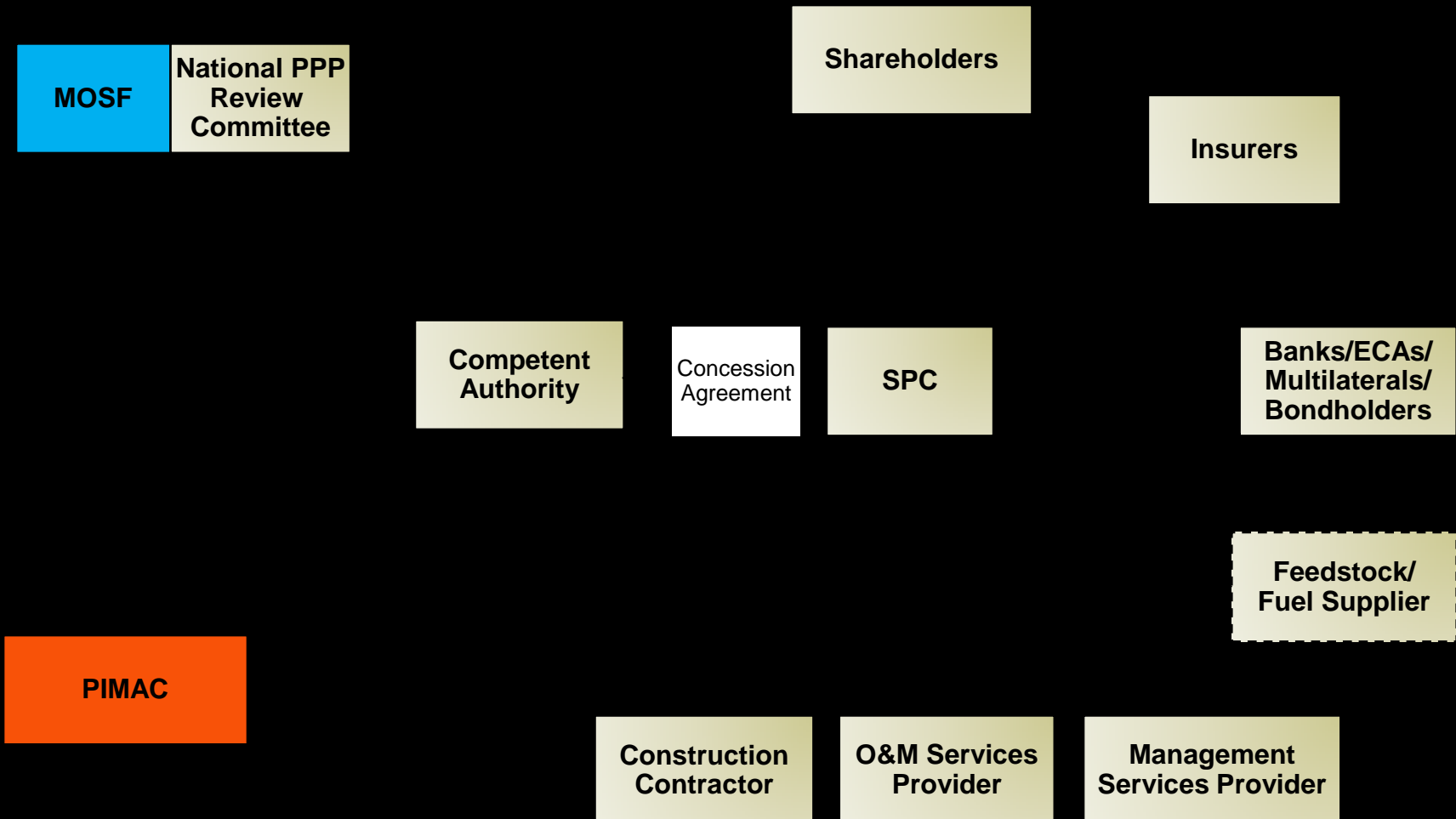
**Government**

# Procurement Schemes (2)

## Characteristics of BTO and BTL Schemes

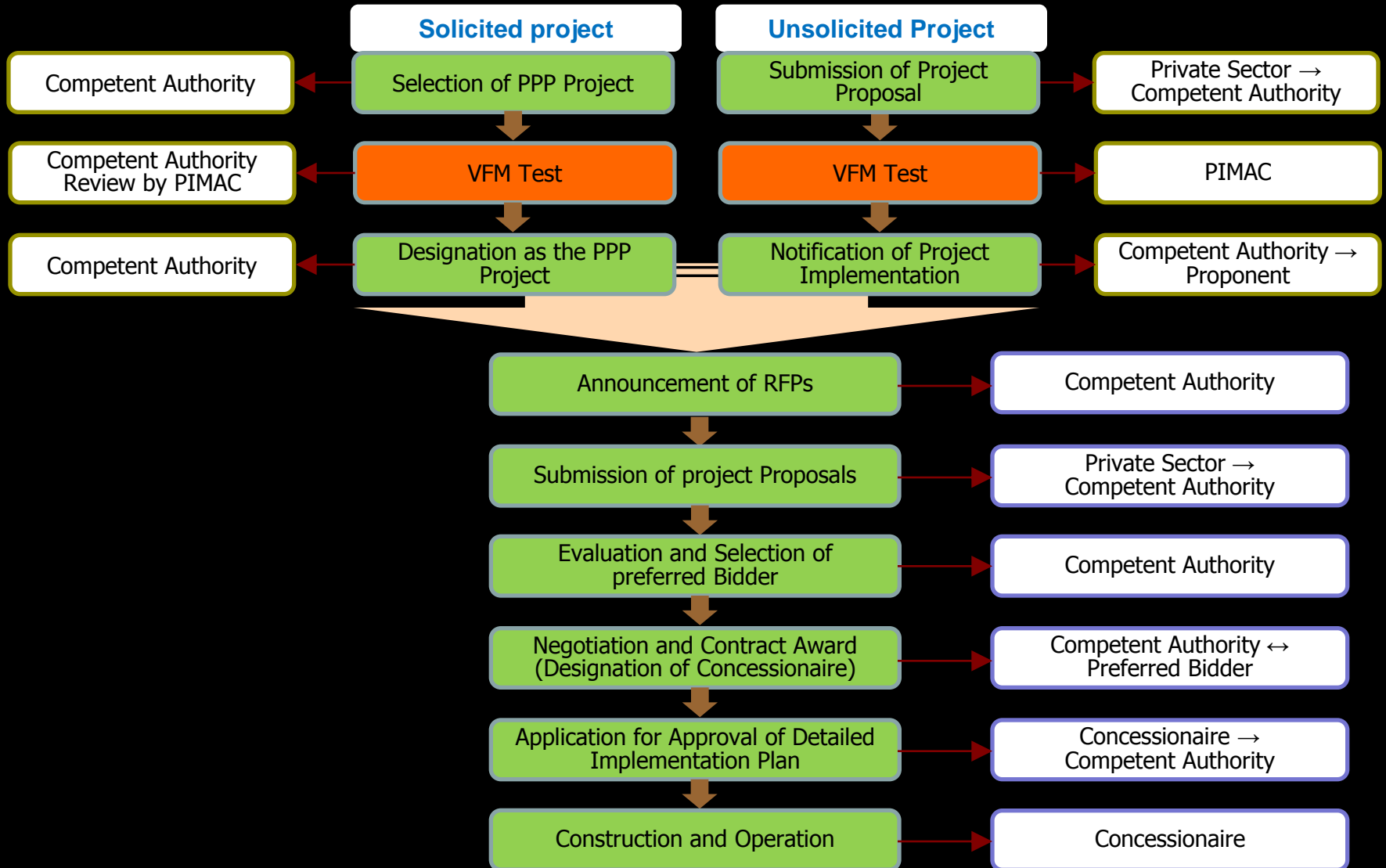
	BTO	BTL
Investment Recovery		
Project risk		
Return		
Eligibility		

# Simplified Project Implementation Structure



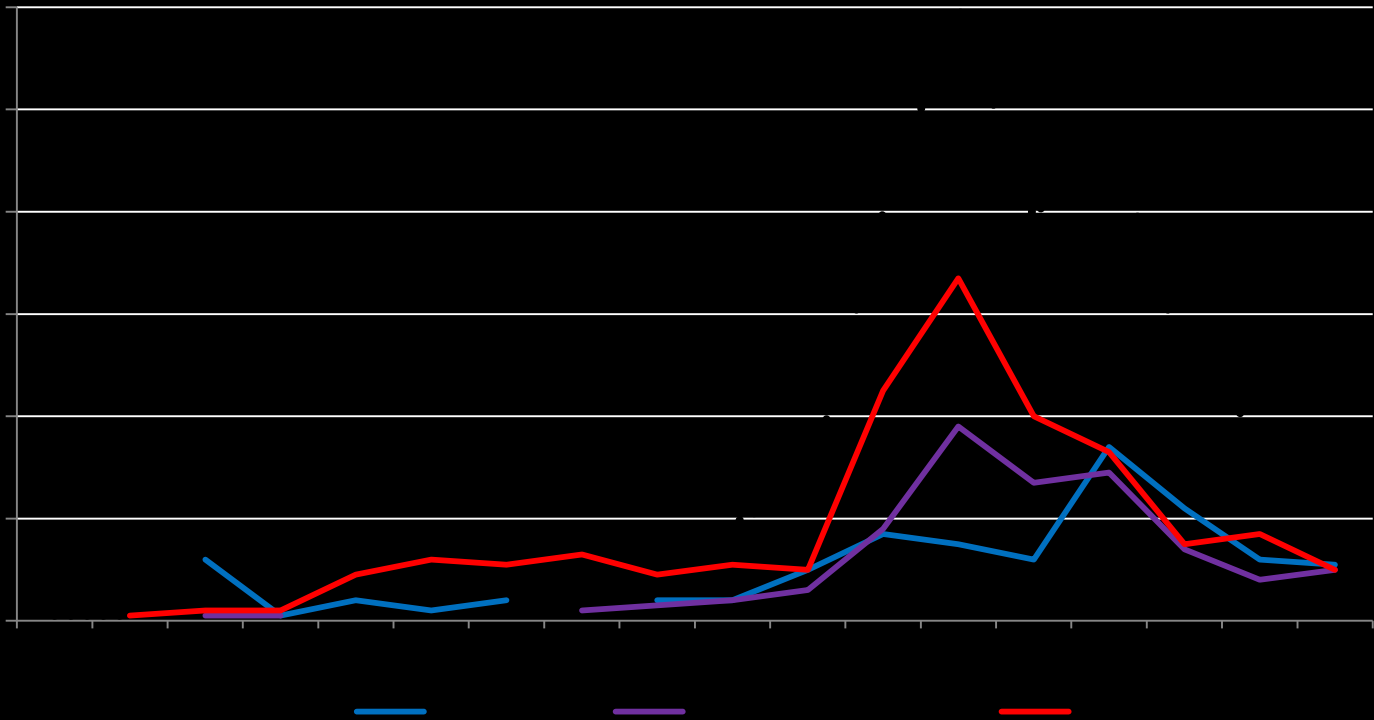


# Implementation Procedure of Projects (BTO Projects)



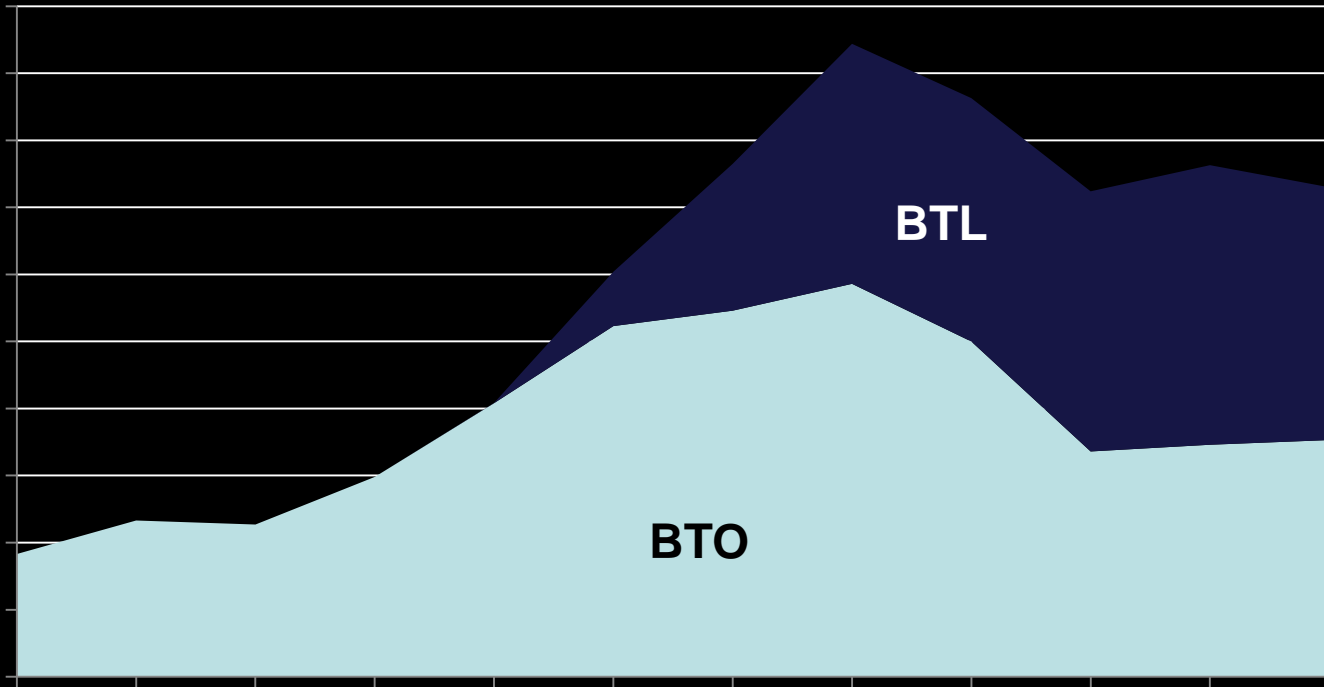
# Status of PPP Projects (1)

## PPP Projects by Authority by Year (No. of Projects)



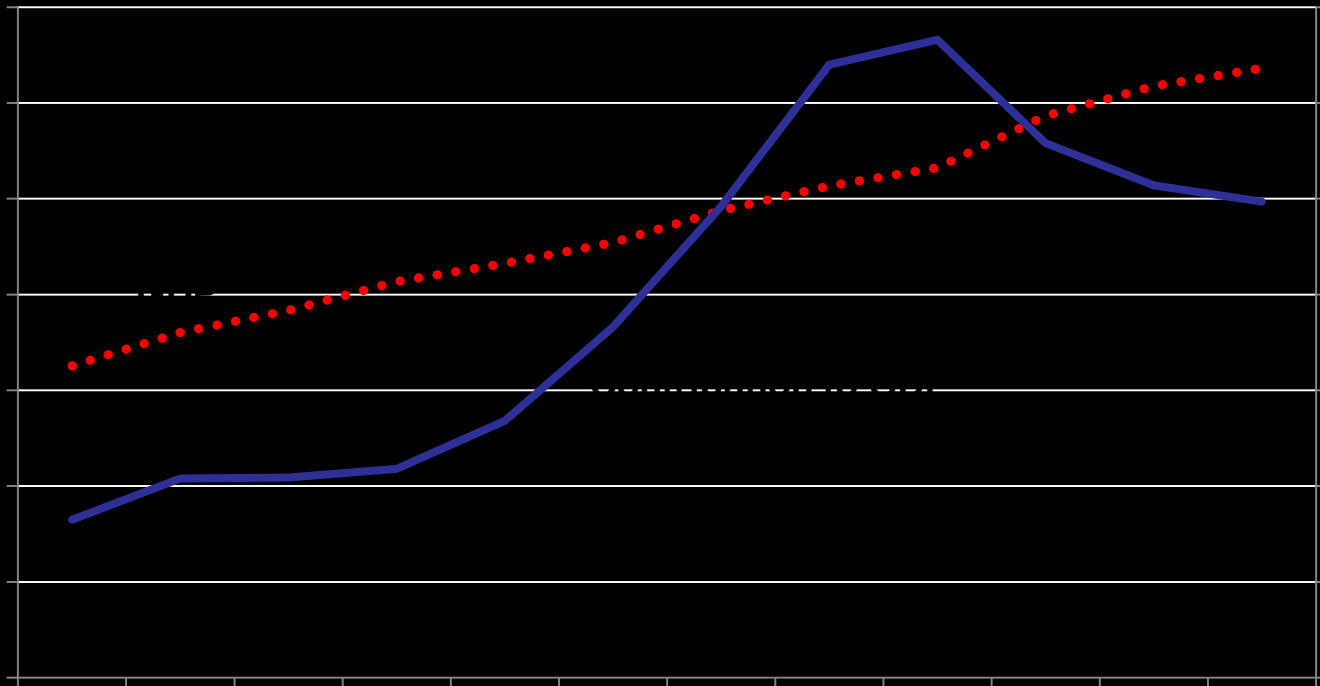
# Status of PPP Projects (2)

PPP Projects by Type by Year (Billion KRW)



# Status of PPP Projects (3)

## Impact on Economic Growth of PPPs

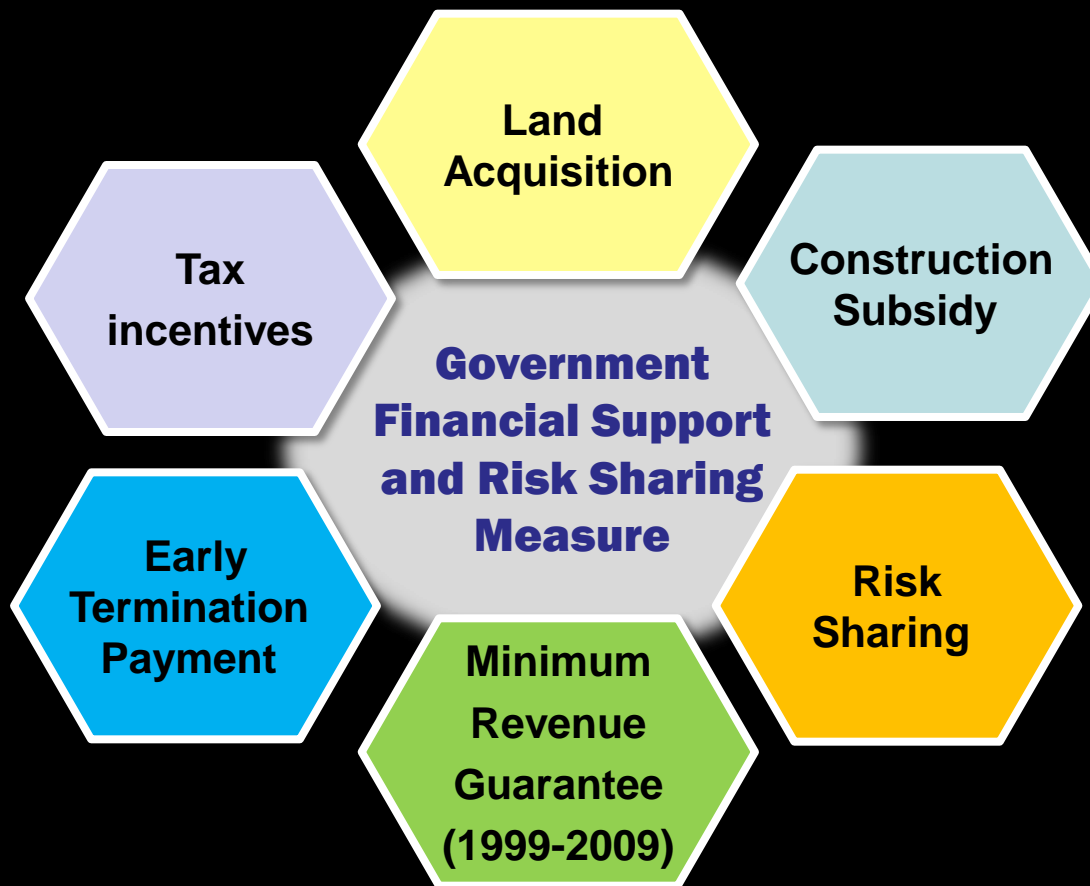


Part-02

# Government Support for PPP Projects

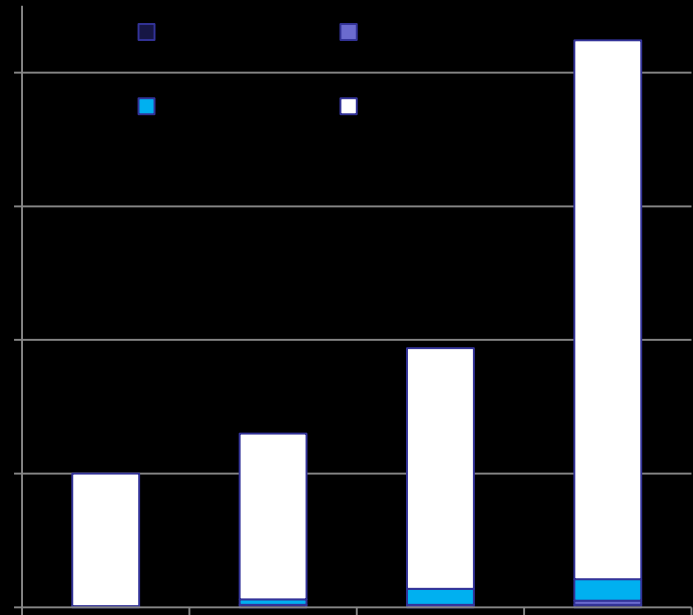
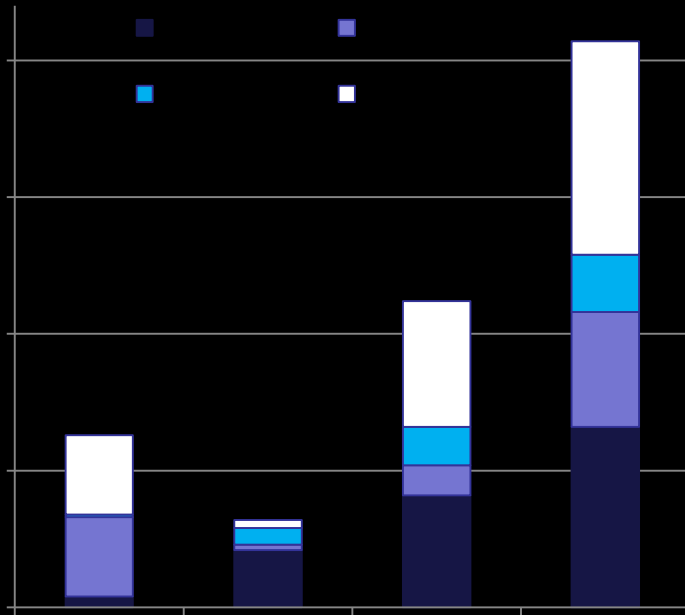
# Government Support for PPPs (1)

- Korean government has promulgated various policies to stimulate PPP investment



# Government Support for PPPs (2)

## Government Supports by Scheme (No. of Projects)



## Part-03    Lessons Learned + Takeaways



# Key Success Factors (1)

## □ Streamlined institutional framework and institutional setting

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## □ Market promotion along with fiscal discipline

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- ✓
- ✓

- ✓
- ✓
- ✓
- ✓

# Key Success Factors (2)

## ❑ Central role of MOSF for consistent project management



## ❑ Independent PPP Unit: PIMAC



# Challenges

## Criticisms



## Challenges Ahead



# PPP Promotion vs. Fiscal Discipline

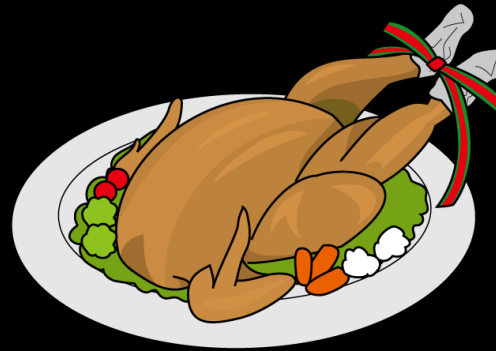
- ❑ The PPP is justified when it not only expands **fiscal space** but also it increases the **value of tax payers' money**.
- ❑ Korea's experience of PPP demonstrates the importance of keeping balanced between market promotion and fiscal discipline in the practice of PPP policy.

# The Spirit of PPP

- ❑ Private sector's **creativity** and **efficiency**



- ❑ No Free Lunch!



# Role of PIMAC in PPP System

## 1) **Researcher**

- Support for formulation of the Basic Plan for PPP
- Theoretical and policy studies on PPP programs
- Development of implementation guidelines

## 2) **Advisor & facilitator for PPP Procurement**

- Development of PPP projects
- Execution and Review of VFM test
- Support for formulation of RFPs
- Review of RFP and concession agreement
- Assistance in tendering and negotiation

## 3) **PPP Market Promoter**

- Training programs and seminars on PPP for public officials
- International cooperation
- Data accumulation and management

# International Cooperative Activities of PIMAC

## ❑ **Bilateral Cooperation**

- Indonesia, Vietnam, Kazakhstan, etc.

## ❑ **International Conference with IMF, WB, ADB, ASEM, etc**

## ❑ **Training Programs for foreign government officers**

- Legal framework of PPP System in Korea
- Sectoral Project Development
- Value for Money Test
- Project Financing and Understanding Financial Model
- Fiscal and Policy Issues of PPPs
- Site tour and case study

## ❑ **Technical Assistance**

- Regional TA project with ADB
  - *“Knowledge Sharing on Infrastructure PPPs in Asia”*
  - Publication of *“Public-Private Partnership Infrastructure Projects: Case Studies from the Republic of Korea”(2011)*

# Thank you

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