

# Public-Private Partnerships for Energy and Infrastructure in Cambodia

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# PPP: Many Global Definitions.... an ADB Version

A **contractual arrangement** between, public (national, state/provincial or local) and private entities through which the skills, assets and/or financial resources of the public and private sectors are allocated in a complementary manner, thereby **sharing the risks and rewards**, to seek to provide **optimal service delivery and good value to citizens**.

Key issue of allocating risk:

- Assigning to public sector what it does best
- Allowing private sector to what it does best

Focusing on outputs and performance standards



# Why are PPPs Important?

Greater access to technical and financial resources, through improvements of the following:

- Service quality, availability, cost, and certainty of supply
- Efficient use of resources
- Project preparation
- Public sector procurement
- Public sector management

Improved availability leads to greater competitiveness, economic growth, poverty reduction

Drivers of performance include: clear output specifications, payment for service, whole of life costing, optimal risk allocation, competitive bidding, leverage, effective contract management

# Cambodia: The Context for PPPs

- Government policies stress the role of **good governance**, the role of the **private sector**, and the need to develop **infrastructure; open to PPPs**
- Economy is **growing strongly**, but **vulnerable** to external shocks due to narrow export base
- Low **tax receipts** and declining **ODA inflows** creating serious concerns relating to **“fiscal space”**
- Business climate has been improving in recent years, but there continue to be **problems related to infrastructure (especially electricity)**

**PPPs can help in addressing these concerns  
and objectives**

## **ADB-financed Public-Private Sector Project - Cambodia Power Transmission Line Project**

- Scope: construction of 221 km of 115 kV transmission line from Poipet to Siem Reap and Battambang; and 3 substations and one switching station
- Transmit power from Thailand to Siem Reap, Sisophon, and Battambang
- Total project cost: \$33.5 million, of which \$7 million is ADB Loan

# Cambodia Railway Project

- Total project cost: \$141.6 million
- This PPP railway project involves rehabilitating and restructuring the railway
- The Govt. retains ownership of existing & rehabilitated assets
- The Concessionaire pays concession fees to the Govt.
- A Concession Agreement was signed with a private railway operator, Toll Royal Railway, in June 2009



# Potential PPP Projects

- Three pre-feasibility studies for PPP Projects were prepared under ADB-financed TA 7644: Corridor Towns Development Project:
- Bavet Dry Port Logistics Facility (estimated cost: \$11.6 million)
- Neak Loeung Trade and Transport Complex (estimated cost: \$7.6 million)
- Poipet Dry Port Logistics Facility (estimated cost: \$13.9 million)

# Areas of ADB Assistance to PPPs in the Pipeline

- Support ongoing sector level work by **mainstreaming PPPs**
- Provide assistance to **review existing policies and strategies, laws, regulations and institutions**
- **Build capacities in key line ministries**
- Provide assistance to establish a **PPP Unit and Risk Management Unit**
- Consider scaling up project development by the establishment of various **PPP funds**
  - Project Development Facility
  - Viability gap fund
  - Land acquisition fund
  - Infrastructure financing facility
- Identify potential **pathfinder projects**