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Asian Countries Tap Potential of Subnational PPPs

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Feature story: Asian countries show the world how to promote subnational PPPs

Singapore, April 10, 2017: As countries across Asia continue to prioritize investments in infrastructure in order to boost growth, subnational governments are also eager to improve the infrastructure facilities serving their communities. Indeed, as a few countries in South Asia and East Asia have shown, smaller PPPs at the municipal level can be as impactful as large national endeavors.

Limited means for generating tax revenue often prompt municipal PPPs to be creative in their financing. And cities are attractive investments. While they may lack funds, municipal governments are often rich in land holdings – that’s an incentive for private investors. Consumers also crowd cities, so public infrastructure such as buses can function as advertising and commercial space.

The creativity of municipal PPPs is highlighted in a new section on the [Public-Private Partnership Resource Center](#), a resource site managed by the [World Bank Hub for Infrastructure and Urban Development in Singapore](#). Linking to regulatory frameworks crafted for PPP projects, as well as offering sample precedent bidding documents and project agreements, the Public-Private Partnership Resource Center has become an important resource for PPP practitioners around the world.

The sub-national pages provide even more tips to would-be project planners. Some of the services that the municipal PPPs aim to deliver are those that help communities thrive: improved street lighting, better parking

facilities, cleaner markets, bus shelters that keep commuters dry. Here are the Asia highlights in the Public-Private Partnership Resource Center subnational pages:

- PPP Manuals for local governments, which provide a simple framework for local governments to procure PPPs (see [Philippines example](#))
- [Street lighting](#) energy-saving agreements that give the private partner a share of savings on a municipality's energy bill for street lighting, in return for improved and well maintained street lighting (see [Bhubaneswar Street Lighting Project](#))
- [Car parks and on-street parking schemes](#), where a provider is given a share of revenues in return for building and maintaining the car park on municipal lands and operating fare collection (see [Thimphu City, Bhutan's Parking Project](#))
- [Solar panels](#) on local or state government buildings that allow the developer to generate and sell power to a government off-taker or into the grid with some benefit to the government agency. These projects need careful crafting as there are often a number of public agencies involved, including state or even national-level utilities (see the [Gujarat example](#)).
- [Bus stations](#) where the developer follows municipal specifications for layout as well as developing space for other commercial revenue-generating activities (see [Tamil Nadu example](#)).

The Public-Private Partnership Resource Center is also a library of PPP legal frameworks from around the world – a helpful resource for city governments unfamiliar with developing PPPs. Transaction costs for procuring PPPs can be high, and municipalities have not always sought transaction support for project design or followed good practice in competitive bidding. Again, Asia can share lessons learned in implementing PPPs; PPP laws for Cambodia, Laos and Mongolia are all collated on [this page](#).

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