

Asian Public Governance Conference on Public-Private Partnerships

Aide Memoire

26 November 2015

Seoul, Korea



1. SPONSORSHIP AND PURPOSE

The Public Governance Programme (PGP) of OECD KOREA Policy Centre, in collaboration with the Directorate for Public Governance and Territorial Development of OECD and Korea Legislation Research Institute, is organizing the 1st Asian Public Governance (APG) Conference on Public-Private Partnerships, which will be held in Seoul, Korea on 26 November 2015. The purpose of the conference is to provide an open and participatory platform (a) to exchange experiences and discuss on the benefits and limitations of PPP projects in their countries and (b) to gain understanding of current status and trends of public-private partnership from the dissemination of recent researches on PPP as well as shared experiences from Asia-Pacific countries. Through a participatory approach that includes a series of presentations and discussions in plenary, participants are invited to ask questions and discuss the session topics on public-private partnership.

2. BACKGROUND

As a partner of OECD Directorate for Public Governance and Territorial Development, the PGP of OECD KOREA Policy Centre works with all levels of central and local governments in the Asia-Pacific region. Through its activities, PGP works to achieve the following principal goals:

- To disseminate OECD's work on public governance in the Asia-Pacific region
- To strengthen the understanding of Asia-Pacific societies on the OECD's public governance research, analysis, and standard setting
- To host regional meetings to foster peer review in the field of public governance

Leveraging OECD KOREA Policy Centre's long history of working with countries in the Asia-Pacific region in achieving these goals, PGP hosts multilateral and bilateral conferences, seminars, and workshops in conjunction with Asia-Pacific governments and research institutions and provides capacity-building program for government officials across the region.

The organization of international conferences hosted by PGP had been sporadic with varied titles and themes. This resulted in lack of coherency which then limited the scope of effective participation and dissemination. In order to host events and programs in a consistent manner, PGP have systemized the conferences into four designated themes that are relevant to public governance under a unified title of Asian Public Governance (APG) to be held on a regular (annual) basis. The four themes include Local Finance Management, Public Innovation, Regulatory Reform, and Public-Private Partnerships.

With its new organization, PGP plans to heighten its cooperation with relevant potential organizers in OECD member countries as well as non-member countries, particularly in the context of Asia and the Pacific by co-hosting the 1st APG Conference on Public-Private Partnerships. The launch of the conference is based on the recognition that there is an increased importance to its need in the Asia-Pacific region and to discuss how the public sector can tackle the challenges of public-private partnerships and enhance capital investment. PGP has high hopes that it will serve as a platform for enhancing the engagement between Asia-Pacific countries and to foster the exchange of good practices and mutual learning among policy makers in the region.

The conference will provide a valuable opportunity to disseminate OECD's work on public governance with an emphasis on public-private partnerships in the Asia-Pacific region and to establish a network in the area with a deeper understanding of the current status and trends of public-private partnerships from shared researches and experiences. Thus, prior to the conference, Government representatives and participants are encouraged to review the recommended readings (See below 6.3). In addition, they are encouraged to prepare their country experiences in order to ensure a fruitful discussion.

3. CONTEXT

Public-Private Partnerships (PPPs) have been widely used in the procurement of public infrastructure projects for the provision of public services. Through such partnership, the government enters into a long-term contract with a private partner to deliver a good or service, and the private partner with an interest of remuneration is responsible for building, operating and maintaining assets that are necessary for delivering a good or service to either the government or to individuals.

It has become a preferred method of procurement for governments to adopt to provide better essential services with limited resources. As private entities began participating in public infrastructure or large-scale development projects, governments were able to appropriate risk allocation and share risk while leveraging the expertise of the private sector. Here, the regulatory framework needs to ensure that the objectives of the government and those of the private party are aligned in the PPP contract so that public institutions are able to monitor the conditions of the delivered service. Consequently, such arrangement has offered higher Value for Money than public sector procurement.

Embracing the use of PPPs as a viable means to finance projects that is otherwise not feasible has been highlighted in as a mean to delivering sustainable and comprehensive development in the developing countries. In order to assist countries that are new at adopting PPP and minimize trial-and-error, it is important to identify challenges occurring from PPP projects as well as positive factors that maximize the potential for PPP projects and ensure systematic operation and continuity.

The OECD's *Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money* (2008)¹ identifies possible good practices for the public sector. These involve: affordability; value for money; fiscal rules and expenditure limits; risk sharing; the need for competition and transparency; regulatory issues; adequate institutional capacity; the public sector comparator; and the importance of political support. In this regard, having a stable political and social environment, which in turn relies on the stability and capability of the host government at all level is found to be essential in order to obtain maximized benefits and reduced risks.

¹ Organisation for Economic Co-operation and Development, *Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money* (OECD Publishing, 2008), online read available from <http://www.oecdbookshop.org/en/browse/title-detail/?ISB=9789264042797>

4. OBJECTIVES

The APG Conference on PPPs aims to provide an open and participatory platform to stimulate discussions on how to better facilitate public-private partnerships for the provision of public services and infrastructure in the Asia-Pacific region. More specifically, participants will be able:

- To exchange experiences and discuss on the benefits and limitation of public-private partnership projects in their countries for mutual learning among policy makers
- To gain understanding of current status and trends of public-private partnership from the dissemination of recent researches on PPP as well as shared experiences from Asia-Pacific countries
- To provide suggestions and recommendations on the role of PGP in the area of PPP

5. EXPECTED RESULTS

Taking advantage of the presentations and floor discussions, the APG Conference on PPPs is expected to achieve the following outputs:

- Common and increased understanding of current status and trend of public-private partnerships in OECD member countries and non-member countries, particularly in Asia and the Pacific, and its development direction
- Enhanced knowledge on public-private partnership challenges and opportunities, issues and practices, explored experiences and lessons learned from OECD member countries as well as non-member countries
- Suggestions and recommendations to PGP in the area of PPP to take into consideration for future activities

6. ORGANIZATION

6.1 Participants

The APG Conference on PPPs will bring distinguished experts in public-private partnership from OECD Secretariat, Korean government institutions and Senior Government Officials from Asia-Pacific region at the top decision-making levels or those who hold equivalent positions within national governments. Korean public officials and academics from a various organizations and associations concerning public-private partnership will also take part in this event.

6.2 Dates and Venue

This year's meeting will be held on Thursday, 26 November 2015 at Koreana Hotel, Seoul, Korea

6.3 Recommended readings for participants

To aid the meeting's discussion, participants are encouraged to read and review, prior to the meeting, selected documents on the public-private partnership listed below.

- Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money, OECD Publishing, 2008
- Dedicated Public-Private Partnerships: A Survey of Institutional and Governance Structures, OECD Publishing, 2010
- "Public-Private Partnerships: Making the right choice for the right reason", *OECD Observer* article, 2010
- OECD Recommendation on Principles for Public Governance of Public-Private Partnerships, OECD 2012
- "From lessons to principles: The public governance of PPPs", *Handshake – World Bank Group* article, 2015

6.4 Structure of the Conference

The APG Conference on PPPs will be held for one day and will be articulated into four main sessions. Experts from OECD and Asia-Pacific regions will be invited to share their knowledge and views on public-private partnerships. Each session includes presentations by invited speakers and followed by plenary discussion.

The four main sessions consist of the following:

- Session 1: *Developing PPP Framework – Where to start and what should be considered?*
- Session 2: *Fostering an Enabling Environment for PPPs- What makes it attractive?*
- Session 3: *Improving the Institutional Structure and Legal Framework for PPP*
- Session 4: *Maintaining Value for Money and Managing Fiscal Risks*

After the presentations by invited speakers, the participants are encouraged to participate in the discussion drawn from their own country experiences.

6.5 Official languages

The official language of the APG Conference will be English.

7. CONTACT INFORMATION

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