

MALAYSIAN TECHNICAL COOPERATION PROGRAMME (MTCP)

**“PPP & INFRASTRUCTURE DEVELOPMENT :
THE MALASIAN EXPERIENCE”**

**29th July 2018 to 4 th August 2018,
Kuala Lumpur, Malaysia**

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School Works Branch,

Ministry of Education

Report furnished after official visit abroad

The title of the programme:

Malaysian Technical Cooperation Programme (MTCP) Course 2018 – “PPP & Infrastructure Development: The Malaysian Experience” From 29th of July to 4th of August, 2018 at Kuala Lumpur.

It was facilitated by the Public Private Partnership Unit (UKAS), Ministry of Finance, Malaysia and conducted by the MTCP unit of Ministry of Foreign Affairs, Malaysia.

There were 21 participants represent for this programme from following 18 countries

- Republic of Azerbaijan
- Republic of Uzbekistan
- Ghana
- Vietnam
- Indonesia
- Philippines
- Kenya
- Bhutan
- Laos
- Fiji
- Namibia
- Guinea
- Nigeria
- Mozambique
- Cameroon
- Solomon Islands
- Sri Lanka
- India

Introduction

Public Private Partnership (PPP) procurement method is practiced in many countries over the world for the purpose of providing public infrastructure, community facilities and related services combine the resources of the public and the private sector.

In Malaysia; Public Private Partnership Unit, Prime Ministers Department, Malaysia (UKAS) is the central agency responsible for planning, facilitating, and coordinating PPP projects . UKAS has been established in year 2009 to implement the PPP projects. Now Malaysia’s commendable experience in PPP has attracted interests from other development countries.

Recognizing the growing importance of Public Private Partnership in the economic development of a country, Malaysia through UKAS promote Malaysia’s best practices in PPP projects to developing nations in the region and globally. In line with South-South Cooperation. This MTCP course is also given such experience and expertise for PPP developments.

Objectives of the Programme

- Impart knowledge about the goals of PPPs and understanding of its modality.
- Allow participants to understand the principles behind successful PPPs and
- Impart basic knowledge on the processes that will lead to a successful PPP engagement.

COURSE SCHEDULE

DATE	TIME	PROGRAMME
29 July 2018 Sunday	13.00 -20.00	Registration and Check-in of Participants
30 July 2018 Monday <u>Venue</u> Studio 5 Level 3	08.30	Course Briefing by MTCP Secretariat UKAS
	09.00	Session 1: Malaysia's Development History and PPP
	10.15	Morning Network Break
	10.30	Session 2: PPP Project Preparation
	12.30	Opening Address and Official Luncheon
	14.30	Session 3: Understanding Key Mechanisms in Developing PPP Legal Framework
	16.00	Afternoon Tea
	16.30	Session 4: Value Management in PPP
	17.30	Session 5: Rationale of PPPs and PPP Modalities
	18.30	End of Day 2
31 July 2018 Tuesday <u>Venue</u> Studio 5 Level 3	08.30	Programme Briefing
	09.30	Session 1: Highway Privatisation
	10.30	Morning Coffee
	11.00	Session 2: Port Privatisation
	12.30	Lunch Break
	14.00	Session 3: Facilitation Fund in Bridging the Viability Gap of Project
	15.30	Afternoon Tea
	16.00	Session 4: Delivering Better Education Facilities Through PPPs
	19.30	River of Life Tour
21.30	End of Day 3	

DATE	TIME	PROGRAMME
1 August 2018 Wednesday	08.15	Depart from Hotel to Putrajaya
	09.00	Session 1: Briefing at Ministry of Foreign Affairs Malaysia, Putrajaya
	10.30	Morning Coffee
	11.00	Session 2: Briefing by Putrajaya Corporation
	12.30	Lunch
	15.30	Session 3: Visit Around Putrajaya
	17.00	Afternoon Tea
	20.00	Visit to WOW KL! Jalan Ampang, Kuala Lumpur
	22.00	End of Day 4
2 August 2018 Thursday	08.00	Depart from Hotel to port Klang
	09.30	Session 1: Briefing at Westport's Malaysia Klang, Selangor
	11.00	Westports Malaysia Tour
	11.30	Lunch Break
	14.00	Session 2: Briefing and Tour to Women and Children's Hospital KL
	16.00	Session 3: City Tour
	17.30	End of Day 5
3 August 2018 Friday	08.30	Programme Briefing
	09.00	Session 1: Group Presentation and Programme Evolution
	11.00	Closing Ceremony and Certificate Presentation
	12.30	Lunch Break
END OF DAY 6		
4 August 2018 Saturday	Check-out of Participants	

Outputs of the Programme

During this programme it was able to gain a knowledge about practicing the procurement Procedure for PPP models in Malaysia. Those are as follows;

- Build-Operate-Transfer(BOT)
- Build-Operate-Own(BOO)
- Build and Transfer(BT)
- Build-Lease-Transfer(BLT)
- Build-Lease-Manage-Transfer(BLMT)
- Sale of Equity, Assets or Business (SOE or SOA)
- Management Buy Out(MBO)
- Management Contract(MC)
- Land Development

Out of above models following PPP methods are used to implement the most of projects.

BUILD-OPERATE-TRANSFER (BOT)

- ❖ Concession Company will be given the right to design, build, complete and operate & maintain a particular building or facility for the Government during the concession period.
- ❖ At the end of the concession period, the building or facility will be transferred back to the Government, at no cost.
- ❖ User pay principle.
- ❖ e.g. highways, ports

BUILD-OPERATE-OWN (BOO)

- ❖ Concession Company will be given the right to design, build, complete and operate & maintain for a particular building or facility during the concession period.
- ❖ The Concession Company will own the project.
- ❖ Up on expiry of the concession, the Government has the option to take over the project for a price to be negotiated with the Concession Company.
- ❖ e.g. Light Rail Transit, Independent Power Purchaser.

BUILD AND TRANSFER (BT)

- ❖ Concession Company will be given the right to design and build the facility or building for the Government.
- ❖ The building or facility will be transferred to the Government upon completion of construction.
- ❖ The Government then has the right to appoint any other party to carry out the operation and management of such building or facility.
- ❖ e.g. Central Station.

BUILD-LEASE-TRANSFER (BLT)

- ❖ Concession Company will be given the right to design, build, complete.
- ❖ The Government then has the right to appoint any other party to carry out the operation and management of such building or facility.
- ❖ Returns to the private sector is in the form of lease rental paid by the Government throughout the Concession Period.
- ❖ The facility is transferred back to the Government at the end of Concession Period, at no cost.
- ❖ e.g. Federal Administration Complex Putrajaya

BUILD-LEASE-MANAGE-TRANSFER (BLMT)

- ❖ Concession Company will be given the right to design, build, complete and operate & maintain the facility during the concession period.
- ❖ Returns to the private sector is in the form of availability charges to be paid by the Government based on established KPIs.
- ❖ The facility is transferred back to the Government or relevant agency at the end of Concession Period, at no cost.
- ❖ e.g. UiTM, Sultan Idris Education University (UPSI), Technical University of Malaysia Malacca.

LAND DEVELOPMENT

- ❖ The Company is appointed to construct the buildings and develop the land.
- ❖ In exchange of development undertaken by the Company, the Company will be given another piece of land at the same value as the development, at the end of the construction.
- ❖ Land development agreement involves a tripartite agreement between the Government, Hartanah and the Company.



Course Briefing By MTCP Secretariat UKAS





Explanation of the city development by the Officer in Charge of the Putrajaya Holding Company



In front of the Prime Ministers Office at Putrajaya.



At the “WESTPORT” the biggest port of the Malaysia. Fully automation port and this is managed under private company according to the Build – Operate –Transfer (BOT) model



Briefing and tour to Women and Children's Hospital, Kuala Lumpur. This is an on going project and near to completion. This is being done according to a PPP model of Land Development.



At Ministry of Foreign Affairs



During a session



Individual Presentation



Certificate Presentation and Closing Ceremony

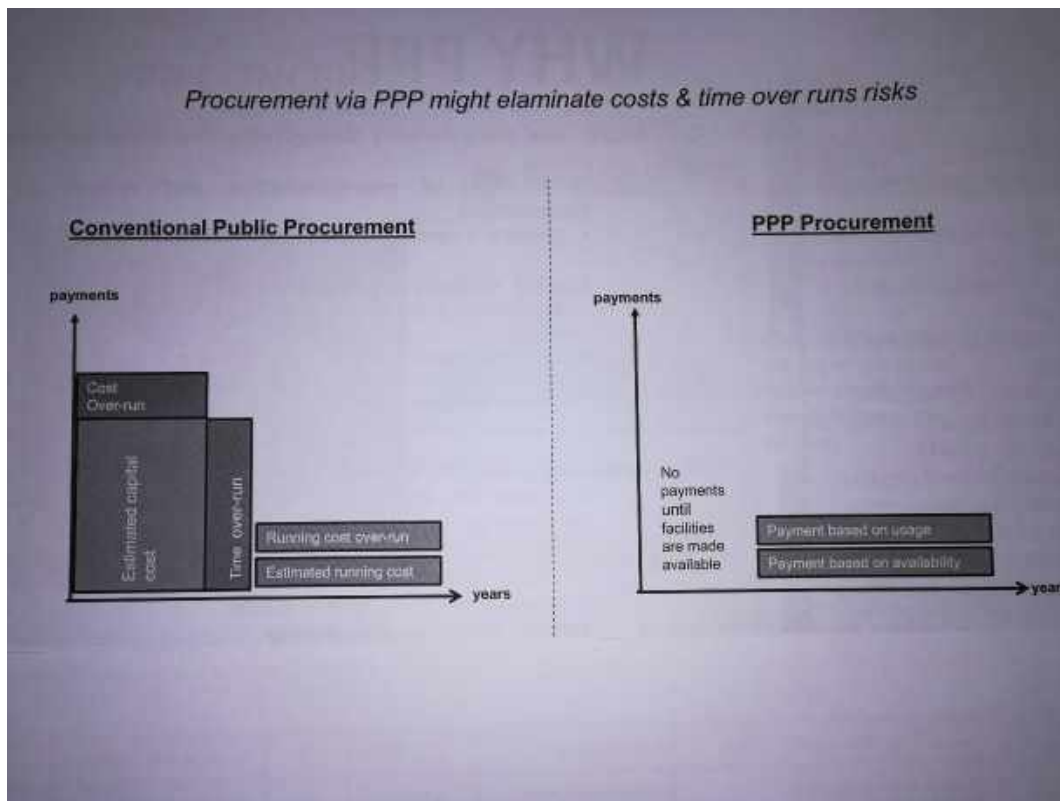
Conclusion and Recommendation

Advantages of **PPP procurement system** is as follows;

- Better and quick delivery through effective allocation of risk:
- Zero risks of non- completion and re work to the Government.
(Design and construction risks are with private sector)
- Responsibilities on the quality of the work are borne by the private sector.
- Realizing value for money
- Great desire and incentive for private sector to undertake careful planning right from the design stage as it has direct implication on the service quality.

Following disadvantages are faced in **Normal procurement system**;

- Cost and time overrun
- Late delivery
- Quality not assured over long term
- Defect liability only for less period
- No incentive for private sector to ensure prolonged life span of assets.
- Maintenance and repairs separately by government.
- Private sector not responsible to ensure full functionality of facilities.



According to the above mentioned reasons if it is possible to implement PPP procurement system in our scope for at least few specimen projects it would be an experience. As an example supplying and fixing of Solar panels at schools could be adapted. Further PPP procurement system has been included to the new Procurement Guide Lines which was published recently by the Procurement Commission of Sri Lanka.

