



# Private Sector Perspective on Risk Management in Transport PPP Projects

## Challenges and Lessons Learned

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## **What is a Public Private Partnership Project ?**

- **A business relationship between a private-sector company and a government agency for the purpose of completing a project which will serve the public.**
- **A PPP is funded and operated through a partnership of government and one or more private sector companies.**
- **Public Private Partnership can be referred to as PPP, 3P or PPI.**



## The Challenges of the PPP Model

- **Regulatory Frameworks**
- **Award Procedures**
- **Political Stability / Commitment**
- **Strong Private Sector**
- **Financing**



**Over the past decades, developing countries has experienced significant economic growth, which has also been supported by:**

- **the expansion and modernization of energy,**
- **ICT,**
- **municipal services (water, waste water, solid waste, etc.),**
- **transportation and**
- **health infrastructures.**



**The economic growth of Turkey has also been coupled with an increase in the use of PPP projects.**

**Over 240 PPP projects have been implemented within the last 15 years for a total budget volume of nearly USD 140 billion.**





## TRANSPORTATION PPP'S IN TURKEY

- **Airports**
- **Motorways**
- **Bridges**
- **Tunnels**
- **Seaports**
- **Railroads**





## PPP Projects in Transport Sector in Turkey

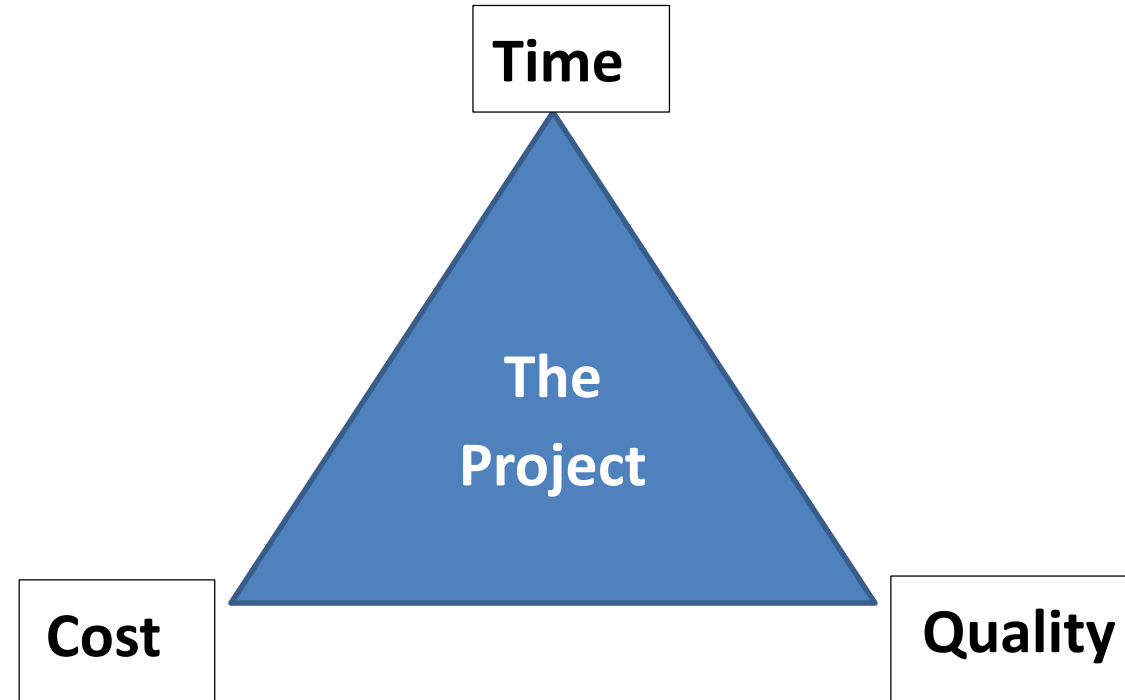
Sub Sectors	# of Project	Total Investment (USD billion)
Motorways	42	21.5
Airports	19	19.0
Railroads	1	0.3
<b>TOTAL</b>	<b>62</b>	<b>40.8</b>

Source: The Presidency of Strategy and Budget, May 2019



## Conclusions:

### Construction Triangle







Consulting engineers should be all **project cycle** management stages to aware of the risks;

- Screening of potential PPP Project - Identification, pre-feasibilities,
- Final Design (technical requirements)
- Financial Modules
- Tendering procedures and contract management
- Construction and asset delivery (supervision and control)
- Closing stage



## **EXPECTATION from PPP project are;**

- **Public: Value for Money, Public/people satisfaction with the good services...**
- **Private firm: Profit, Return of Investment...**

**Risk analysis should be done for all parties (public, private and financiers) by the consulting engineers/firms.**



**The success of the PPP investments authorities and contractors need to:**

**Estimate and monitor the impact of PPP project related contingent liabilities and fiscal risks.**



**Following activities can be done by the independent consulting engineers/firms (1/2);**

- **Identification of potential PPP projects for the different sectors in the country,**
- **Pre-feasibilities (legal, institutional, technical, etc.),**
- **Appraisal of the project with all aspects (technical, social, environmental, financial, etc.)**



**Following activities can be done by the independent consulting engineers/firms (2/2);**

- Final design and alternative financial modules,
- Tender documents for works, goods and services,
- Procurements and contract managements,
- Supervision and monitoring of the all process,
- Periodic reports on technical and fiscal commitments,
- Early warning systems before facing the risks.



Association of Turkish Consulting Engineers and Architects  
*Türk Müşavir Mühendisler ve Mimarlar Birliđi*

**Thank you**



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