

# Public Private Partnerships

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“International Knowledge Sharing Session and Panel Discussion on Smart Cities Business Models”

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# OUTLINE

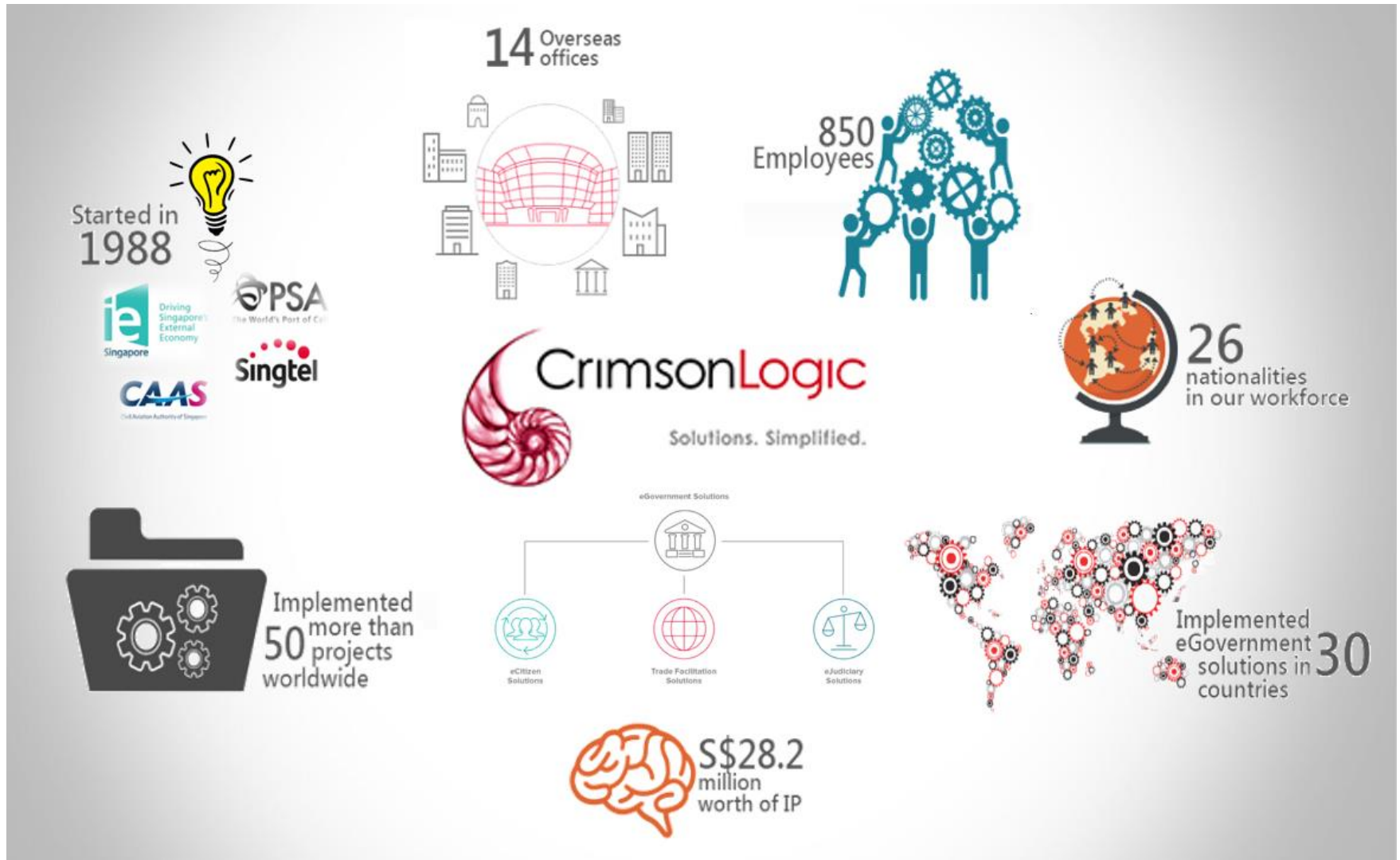
About US

Why PPP?

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# ABOUT US

# OVERVIEW



# GLOBAL PRESENCE

14

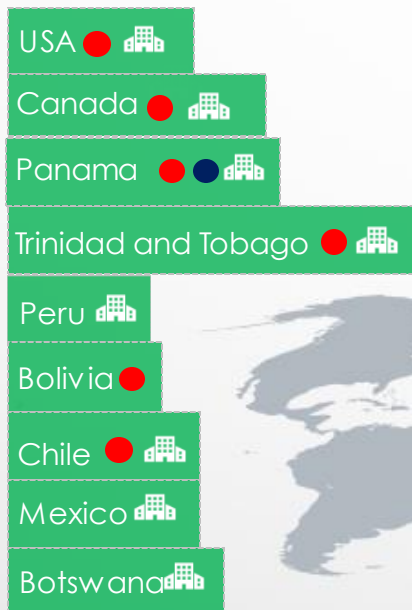
Registered  
Offices

>50  
Projects  
Worldwide

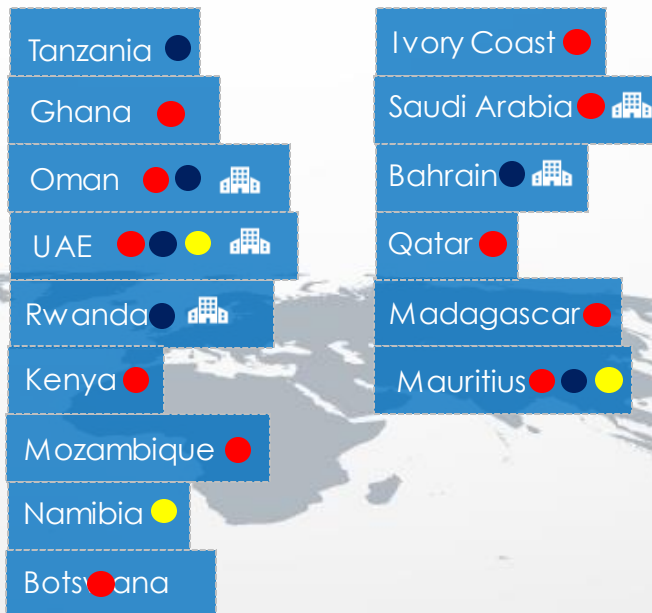
>30

Countries

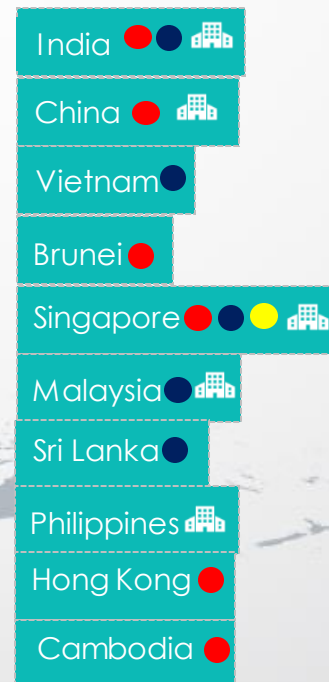
## Latin America



## Middle East Africa



## SEA & ROW



Project Types

● Trade

● Public Sector

● Judiciary



CrimsonLogic Office

# PPP EXPERIENCE ... 28 years and growing



	Country	Project	Year
	Singapore	TradeNet® / TradeXchange®	1989
	Mauritius	Mauritius TradeNet	1994
	Ghana	Ghana Community Network	2002
	Saudi Arabia	SaudiEDI	2002
	Singapore	SingPass	2006
	Madagascar	Madagascar (GASYNET)	2007
	United Arab Emirates	United Arab Emirates eJustice Programme	2008
	Ivory Coast	Ivory Coast TradeNet	2008
	Mozambique	Mozambique TradeNet	2010

- 1<sup>st</sup> PPP in 1989, Singapore TradeNet
- Most recent 2016, Rwanda IREMBO eGov Portal

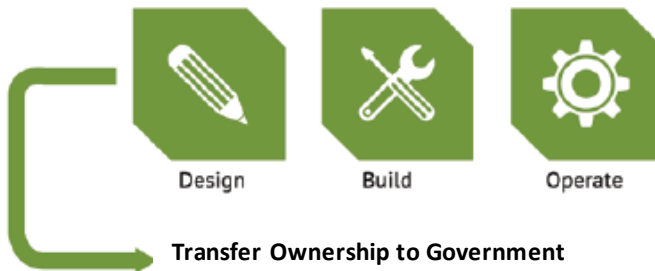
WHY PPP?

# WHAT IS PPP?

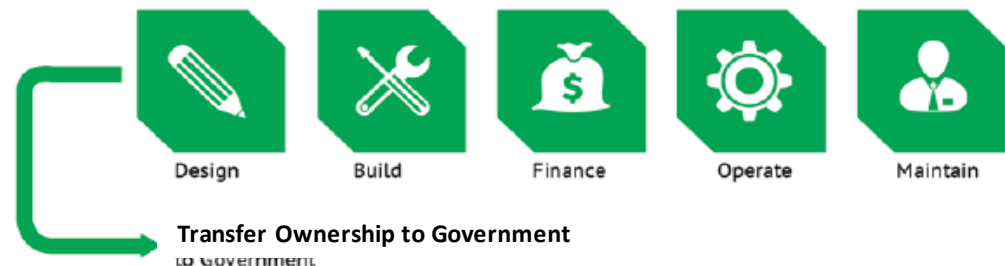
➔ Public-Private Partnership (PPP) is a **collaboration model** that combines the **expertise and resources** of both **government and private** organization **to provide citizen services** in an **efficient and viable** manner.

➔ Examples of CrimsonLogic PPP models:

## Design-Build-Operate (DBO)



## Design-Build-Finance-Operate (DBFO)





# WHY PPP?

- Developing & implementing ICT systems is not the core business of government.
- Insufficient government internal capacity to meet demands for ICT solutions, especially in view of technology changes and aggressive timelines

## Benefits of PPP

### Avoid Upfront Capital Investments and Technology Obsolescence

Governments can move away from owning, operating and maintaining their own IT infrastructure and services, to purchasing the required services directly from CrimsonLogic. Through this arrangement, governments can avoid high upfront capital investments and over-investing in dedicated infrastructure and technology.

**LOWER  
CAPITAL  
UPFRONT**

### Stimulate Broader Public Sector Reform

PPP act as a catalyst for broader public sector reform, motivating the re-examination and streamlining of roles. Governments can focus more on governance and policy-making, while relying on CrimsonLogic to manage the technical and financial risks associated with technology solutions.

**REDUCED  
TECHNOLOGY  
RISK**

### Shared Risks and Greater Ownership Improves Service Quality

Share common risks such as cost overruns, failure to adhere to delivery schedule or difficulties faced in environmental compliance with CrimsonLogic. Equally important, PPPs help attract private capital investments and facilitate local and public sector capacity building. The opening up and sharing of government intellectual properties in a PPP arrangement enables more efficient asset utilisation and promotes greater technological innovation in the public sector.

**BROADER  
SECTORS  
BENEFITS**

**IMPROVED  
SERVICE  
QUALITY**

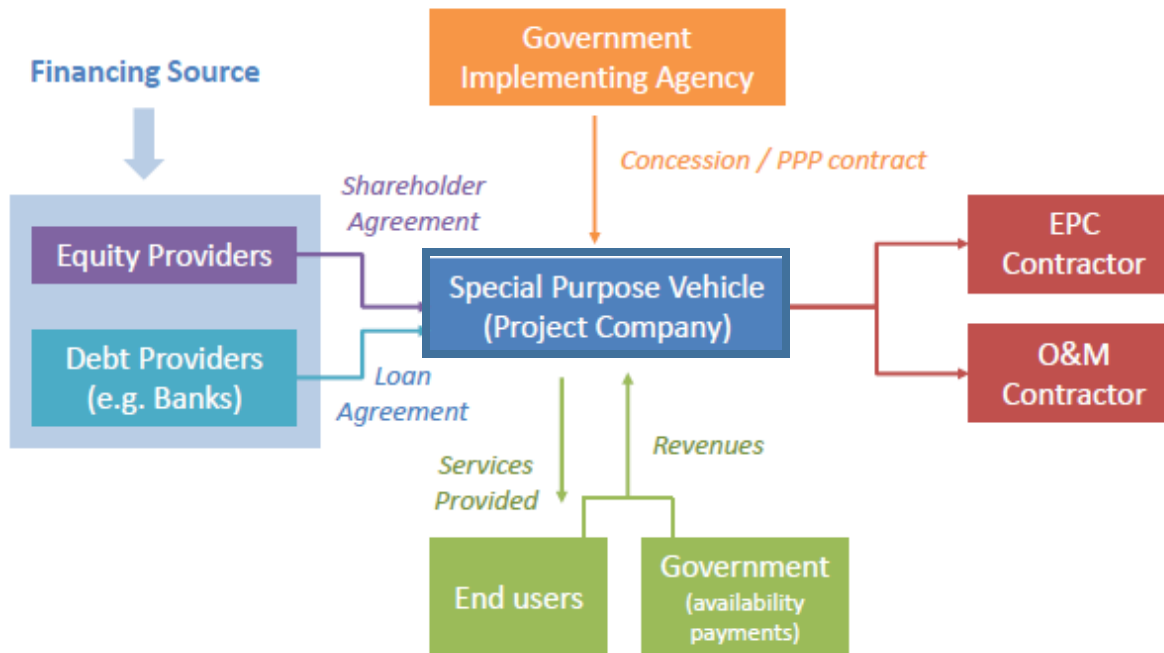
# PPP Structures and Considerations

# STRUCTURE

PPP structures can take many forms.

One common option is to create a Special Purpose Vehicle (SPV) to run the PPP as follows:

## Example of a PPP Structure involving an SPV:



An SPV can serve the following purposes:

- To **ring fence the risk**, especially if the investment cost is sizeable. Otherwise, if the project fails, all the stakeholders would be at risk.

### **“RISK CONTAINMENT”**

- As a **vehicle for co-investment** by the government and other relevant parties important for the success of the system.

### **“BANKABILITY”**

# SCOPE AND RESPONSIBILITIES

PPP offers **ease of administration** – government interfaces with a single party to ensure the success of the system.

This is especially beneficial if the lead party is competent and experienced in managing complex eGov projects

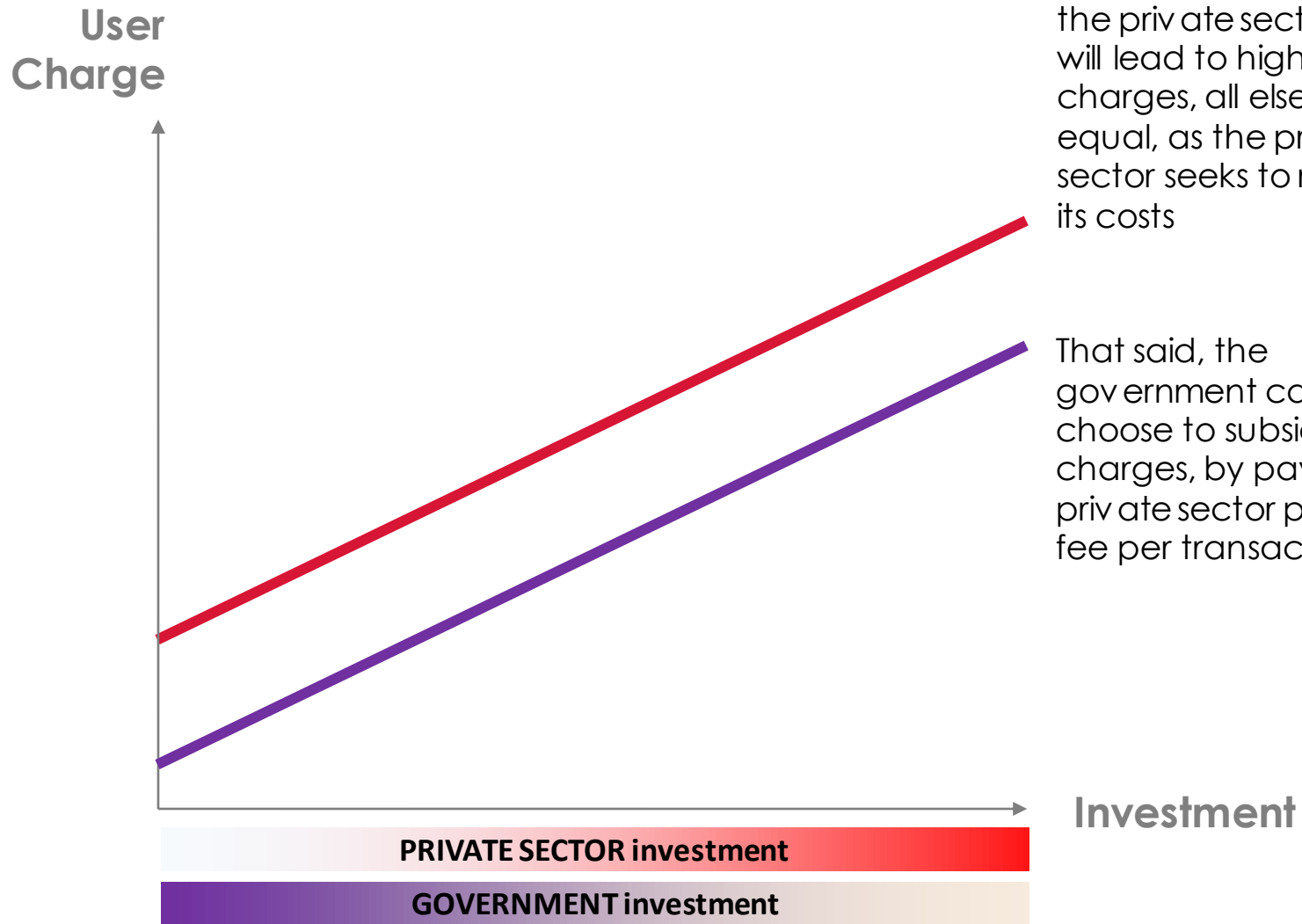
## Govt Role in a PPP

- Sets eGovernment **strategy**, determines **priorities**.
- Determines **system requirements** in conjunction with the Private Sector Partner.
- Awards the PPP contract, sets **service outcomes** and the boundaries of **user charges**.

## Private Sector Role in a PPP

- Works with government to determine **system requirements**.
- Undertakes **system development, maintenance** and **operation** either directly, or with the use of 3<sup>rd</sup> party vendors.
- The contract can stipulate that some responsibilities are to be outsourced to local ICT vendors for **local capacity development**.

# USER CHARGE VS INVESTMENT



Greater investment by the private sector party will lead to higher user charges, all else being equal, as the private sector seeks to recover its costs

That said, the government can choose to subsidise user charges, by paying the private sector party a fee per transaction

# DETERMINATION OF USER CHARGES

The PPP private sector partner has “skin in the game” and will be committed to ensure successful take-up of the system.

	Traditional Govt Procurement	PPP
<b>Determination of User Charges</b>	Govt may impose user charges to recover its cost of building and maintaining the system.	<p>User charges are determined jointly by the private sector partner and govt. The contract can stipulate conditions e.g. user charges can only rise at a rate less than the annual inflation rate, or impose a band within which user charges can move, or give the govt veto right over fee changes.</p> <p>Govt may choose to subsidise user charges. Thus the private sector partner recovers its cost from the govt instead of from users.</p>
<b>Change Management &amp; Marketing</b>	Where change management and substantial user training are required, the govt may choose to award a separate Marketing contract to a firm with the requisite experience.	<p>Change management and user training are included in the single contract to the private sector partner.</p> <p>As the private sector partner is only paid when the system's services are used, it has a built-in incentive to ensure high take-up rate and thus the system's success.</p>

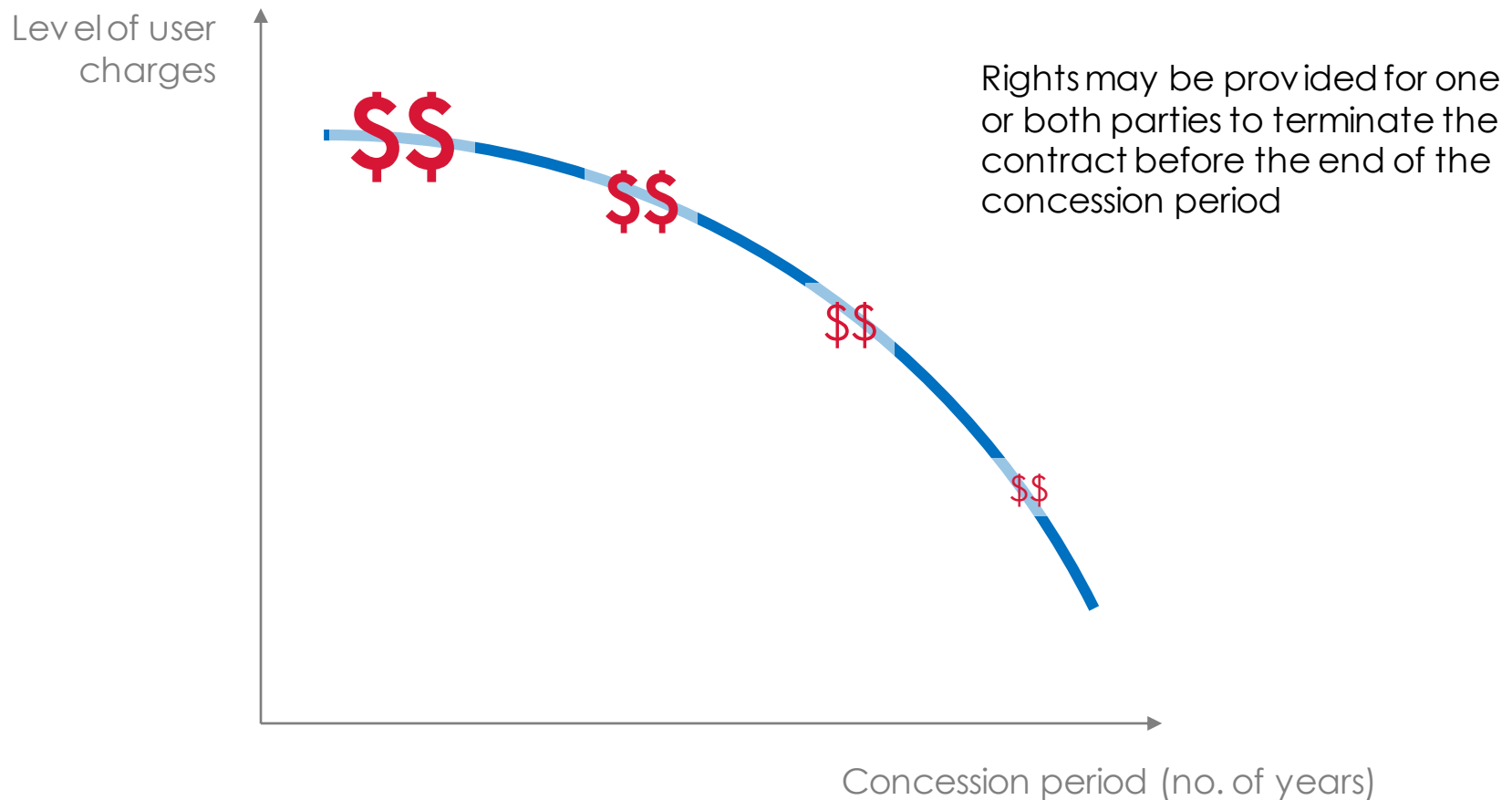
# OWNERSHIP

Data ownership rest with the government, with the PPP party working with the government to ensure data security and protection.

	Traditional Govt Procurement	PPP
<b>System Ownership</b>	Owned by govt.	Owned by the SPV for a specified period (concession period), after which ownership transfers to govt.
<b>IP Ownership</b>	Foreground IP may vest with Govt. IP to be licenced to the private sector operator for the purposes of executing the contract.  Background IP and enhancements continue to vest with private sector.  Business processes, Trademarks and related URLs vest with Govt.	
<b>Data Ownership &amp; Data Privacy</b>	Information and data collected by agencies as a result of statutory and regulatory requirements can be owned by the government.  Commercial data are owned by companies that create the data. Consent to share data to be obtained from owner of data.	

# CONCESSION PERIOD

A longer concession period should lead to lower user charges, however a long period also imposes higher risk for the private sector party in terms of mispricing and erroneous assumptions





# WHEN IS A PROJECT IDEAL FOR PPP?

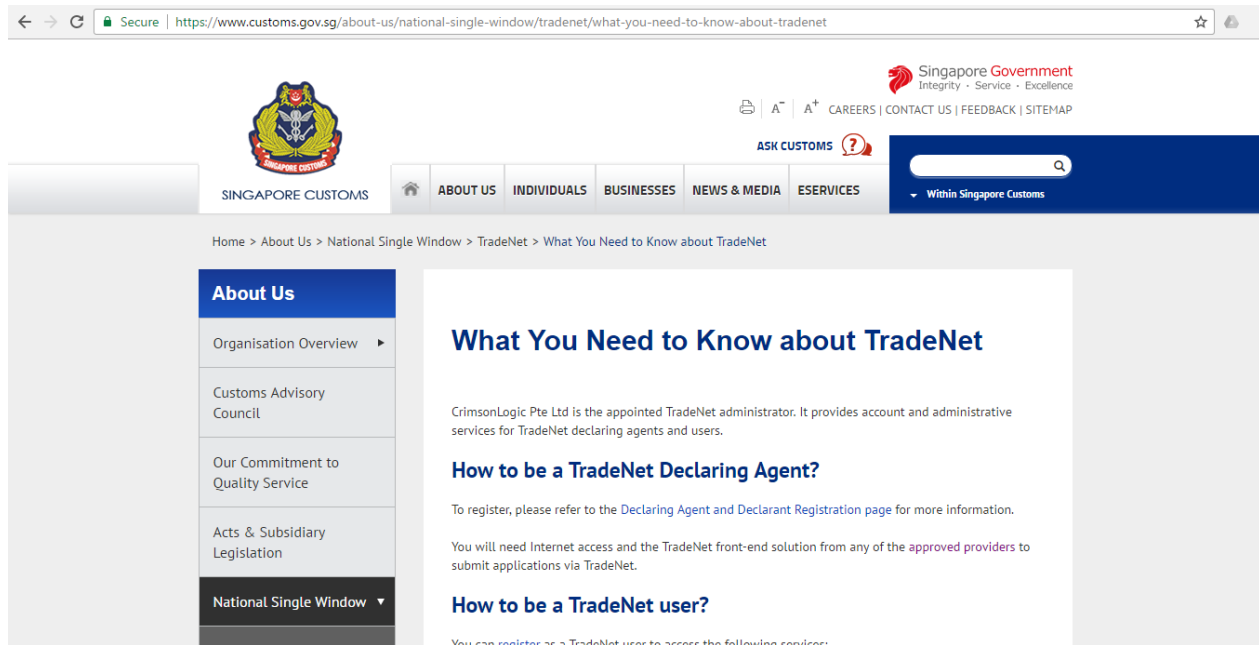
*Conditions that make it ideal for a project to be structured as PPP:*

- ➔ **Modest transaction fees** can be applied to **consumers** of the services. This way, government would not have to foot a growing bill as transactions increase.
- ➔ The **services are new**, which can be new services or manual services brought onto a streamlined and efficient online platform. The Private Sector Partner has “skin in the game” and thus is committed to ensure successful system adoption.
- ➔ A truly successful PPP is when the private sector and government work together to **continually invest** in building new services to support **long-term eGovernment growth**.

# CASE STUDIES

## of CrimsonLogic PPPs

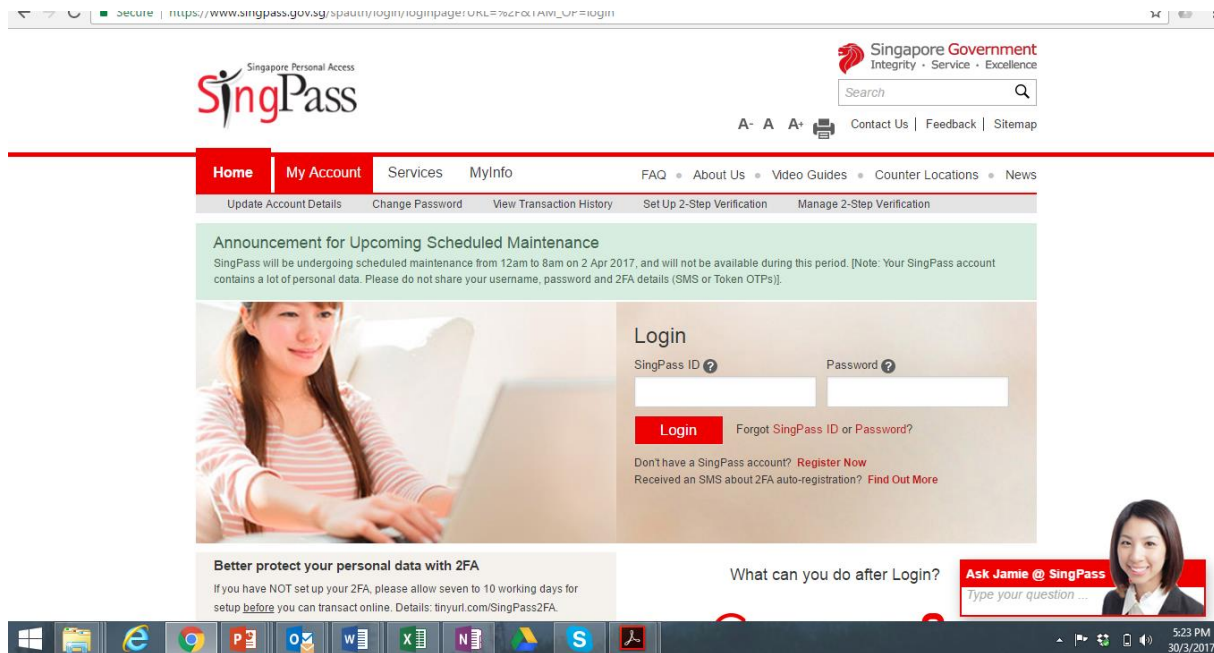
# SINGAPORE TRADENET 3.0, TRADEXCHANGE



- National single window that links traders, hauliers, shipping lines, freight forwarders, airlines and handling agents with government agencies.

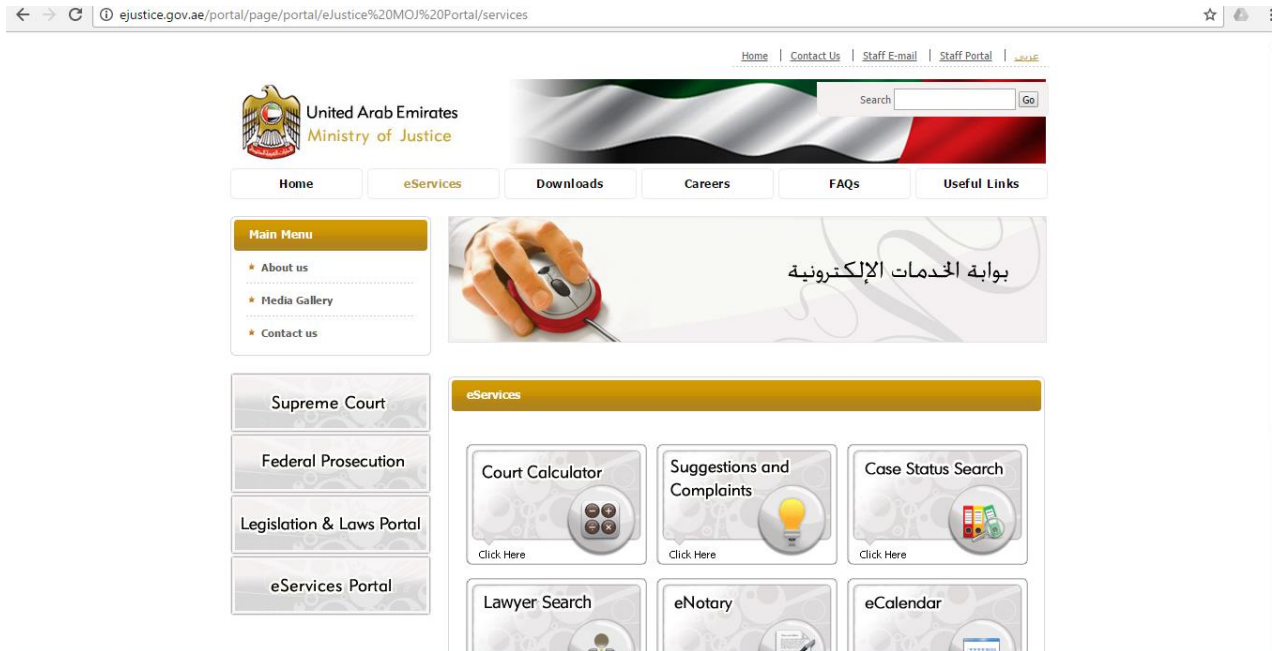
- A Design-Build-Operate PPP
- CL responsible for system development, maintenance and operations, as well as marketing and user training.

# SINGAPORE SINGPASS



- 1<sup>st</sup> nationwide online ID system across multiple government ministries / agencies.

- A Design-Build-Operate PPP
- CL responsible for system development, maintenance and operations, as well as mass adoption, marketing and user training.



- Online e-Services portal for Ministry of Justice.

- A Design-Build-Finance-Operate PPP
- CL responsible to build, operate and maintain system. Worked with local ICT SMEs for technology and knowledge transfer.

# RWANDA ONLINE



- Kinyarwanda, English, Francais
- Launch late 2015/2016.
- 44 online services : permits, licences, certificates.
- 8 ministries/agencies.
- Integrated electronic payments.
- Growing ...

- A Design-Build-Finance-Operate PPP
- PPP awarded to SPV responsible for system development, maintenance, operations, marketing and user training.
- CL invested in system development and is responsible for system development, maintenance and operations. Work with local ICT SMEs to build local capacity.

Kob khub krub