Driving Value Creation Through PPP Projects

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Rapid Urbanization Growth as a Key Economic Driver

- Over 50% of the world’s 7 billion people live in cities today – and growing to 70% by 2050.

- Cities generate more than 70% of the world’s gross domestic product (GDP).

- Challenges we face with urbanization:
  - Pollution and climate change
  - Traffic congestion and gridlock
  - Energy provisioning
  - Waste management

- IoT offers a range of benefits to Smart Cities
  - 26-50 billion IoT devices in use worldwide by 2025

Source: Smart City Partnerships, Robert J. Butler and Irving Lachow
Coping with Rapid Urbanization

Enabling Smart Cities with IoT:

- Resource management and optimization
  - Inspections, services and maintenance

- Monitor energy consumption and air pollution
  - Sensors monitor to improve accountability in the use of energy and carbon emissions, etc.

- Waste management
  - Trash pick-ups and optimize truck route planning, intelligent pump solutions

- Transportation
  - Intelligent Transport System (congestion, parking spaces, expired meters, reserved lanes etc.)

- Building Management
  - Smart meters, manage water consumption/leakage, heating, lighting etc.

- Healthcare
  - Sensors used in remote assistance and medical monitoring.

Source: Smart City Partnerships, Robert J. Butler and Irving Lachow
How Do We Bridge The Infrastructure Spending Gap?

The nature of Smart City development projects:

• Heavy capital investments
• Long lifespan
• Success relies on operational performance

Source: Smart City Partnerships, Robert J. Butler and Irving Lachow
The three-pronged model for successful PPP delivery

1. Understand the business model and the value of the proposed project
2. Analyze the project’s financial dynamics, risks, costs and timing
3. Determine procurement and delivery methods

Source: Deloitte, 2018
What Procurement Method is Best?

- Risk Transfer
- Innovation

Public
- Direct Delivery
- Conventional Procurement
- Operate Contract/Licensing
- Long-term Lease
- Joint Venture
- PPP

Private
- Franchising
- Privatization

Look beyond traditional governmental delivery or Public/Private/Partnership choices

Process should encourage partnership, technology and solutions inter-operability, and shared-value creation with the public sector

Source: Deloitte, 2018
Recommendations

• Financial evaluation and value creation
• Eco-system should be considered in relation to the value chain
• Facilitate private players’ cooperation in order to develop solutions
• Share knowledge of current workflow + IT/tech set-up