Private Participation in Infrastructure in Korea

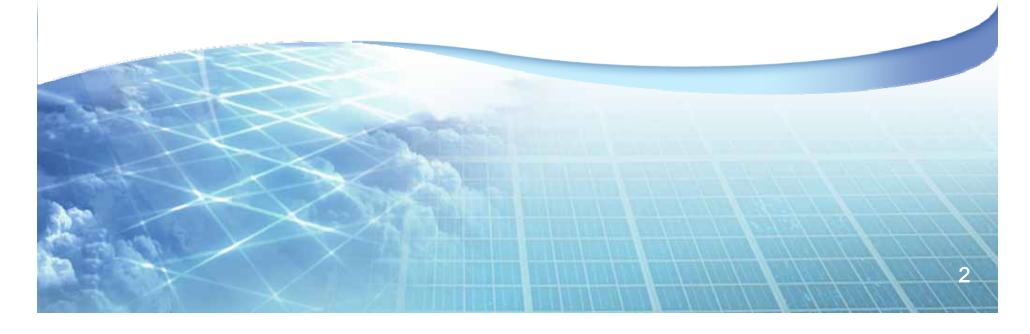
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I. PPI Overview



Concept of PPI

PPI (Private Participation in Infrastructure)

 Public & Private Partnerships to provide infrastructure facilities and related public services

Rationale and Position of PPI

- Provide a new option for public service delivery under fiscal constraints
- Introduce private sector efficiency and innovation
- Provide stable & long-term investment opportunities for the private sector

History of PPI Act

Enactment Aug. 1994

[□]The Private Capital Inducement Promotion Act _□

Revision Dec. 1998

The Act on Private Participation in Infrastructure

- Risk Sharing, Minimum Revenue Guarantee

Amendment Jan. 2005

The Act on Private Participation in Infrastructure

- Expansion of Facility Types
- Introduction of BTL Scheme
- Diversification of Investor Profile (Infra. Fund)

^{*} PPI Guideline is issued to provide PPI policy direction and implementation guidance

Structure of the PPI Act

PPI Act, Enforcement Decree

- Eligible facility types (44)
- Investment schemes : BTO, BOT, BOO, BTL, etc.
- Implementation procedure
- Infrastructure Credit Guarantee
 Fund, Infrastructure fund
- Government support, risk sharing measures

Basic Plans for PPI

- Policy directions
- General guidelines for PPI project implementation
- BTL Implementation guidelines

Implementation Schemes

BTO (Build-Transfer-Operate)

- Road, Railway, Port, etc.
- Concessionaire collects user fee to recover its investment
- Private sector takes demand risk
- Solicited & Unsolicited projects

BTL (Build-Transfer-Lease)

- Schools, Welfare/medical facilities, Cultural Facilities, etc.
- Government pays concessionaire for service delivery
- No demand risk for private sector
- Solicited projects only
- Others : BOT, BOO, etc.