



# PPP From The Private Sector Perspective

WEI Lihao  
Vice President, Jumbo Consulting

01

# How to Address the Concerns of Private Sector

Professional service provider of infrastructure

# Financial viability

## — Investors' Perspective



### I. Risk Analysis

- **Risk identification:** risk matrix
- **Risk assessment:** presentation of the likelihood and impact for each risk event
- **Risk allocation:** subject to negotiations for different projects
  - ✓ Retained risks
  - ✓ Transferred risks
  - ✓ Shared risks



### II. Risk Structuring

-- to incorporate risk allocation mechanism into the contract provisions

**Theoretically Optimum risk allocation**

V.S.

**Practically risk allocation in less mature PPP markets**



### III. Financial Viability

- Return should be **risk-adjusted**
- **IRR & NPV**

# Bankability

## —Lenders' Perspective of Financial Viability

- Finance Covenants—Debt Service Coverage Ratio
- Finance Covenants—Security package
- Reserve Account and Cashflow Waterfall
- Direct Agreement and Step-in Rights
- Sponsors' guarantee



# How to Address the Concerns of Private Sector?

## ➤ **Market Sounding**

- ✓ Make sure that the project is attractive to active players;
- ✓ Communicate the status of the project to the private sector, thus allowing interested companies to start preparing for the future tender

## ➤ **Integrated Information Platform**

- ✓ Not only a info publishing media, but also an important media for realizing transaction;
- ✓ important channel for the private sector (including investor and banker) to source and assess PPP projects.

02

# COMPANY OVERVIEW

Professional service provider of infrastructure

# Jumbo Advantage

- Founded in 2002, one of **the earliest Chinese professional organizations** dedicated in infrastructure and public services in China and overseas.
- Jumbo experts have been **deeply involved in many national-level policy making** in PPP and relevant domains.
- **Completely (100%) covering all industries** of infrastructure and public service, for example:

Energy

Environment protection

Education

Agriculture

Affordable housing

Technology

Culture

Hydraulic engineering

Medical Health

Sports

Municipal engineering

Elderly Care

Tourism

Transportation

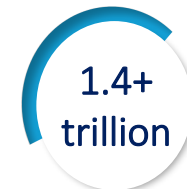
Others



**Involving more than 380 cities/counties**



**Over 730 Projects**



**Over RMB 1.4 trillion investment**



**HQ in SH with 13 local branches and HK office in preparation;  
Cambodia Office set up last month**

# Our Role in Transaction Service

## ➤ **Government Advisor**

- ✓ As transaction advisor, Jumbo provides the implementing agency with project identification, preparation, procurement, contract negotiation until financial closing.

## ➤ **Private Sector Advisor**

- ✓ Jumbo provides professional advisory service on investment opportunity sourcing and screening, structure and risk analysis, financial forecast, bidding strategy, contract negotiation and financing arrangement, etc.





济邦咨询  
JUMBO CONSULTING

Thanks for Attention



BETTER JUMBO, BETTER PPP

[www.jumbocn.com](http://www.jumbocn.com)