



PRIME MINISTER'S DEPARTMENT
PUBLIC PRIVATE PARTNERSHIP UNIT

PUBLIC-PRIVATE PARTNERSHIP MASTER PLAN 2030

PIKAS **2030**



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PIKAS 2030

**PUBLIC-PRIVATE PARTNERSHIP
MASTER PLAN 2030**

“ The Public-Private Partnership Master Plan 2030 (PIKAS 2030) has been designed to drive national growth, intensify public-private partnerships and speed up implementation, while still being driven by good governance in its projects and initiatives. ”



ANWAR IBRAHIM
Prime Minister



FOREWORD BY THE HONOURABLE PRIME MINISTER

Malaysia continues to face dire fiscal challenges due to weak financial management and governance in the past. Acknowledging these challenges, the government had to take drastic steps in managing the country's fiscal position. However, while these drastic steps are employed, they must not sacrifice new developments that would help to spur the people's economy as this would be too damaging to the people's and country's economy.

Hence, to balance the fiscal challenges without sacrificing new developments, the government must push for a greater Public-Private Partnership (PPP) with all its abilities. To push for a greater PPP, the Public-Private Partnership Master Plan 2030 (PIKAS 2030) has been designed to drive national growth, intensify public-private partnerships and speed up implementation, while still being driven by good governance in its projects and initiatives.

PIKAS 2030 is a continuation of existing policies and guidelines that have been improved to provide a more inclusive and clearer direction for PPP policies in Malaysia. PIKAS 2030 has been designed with various strategic initiatives that include infrastructure, health, education, digitalisation and sustainable development.

PIKAS 2030 also outlines several key targets that will serve as the benchmark for the success of PIKAS 2030. Through PIKAS 2030, the government projects an increase in private investment to RM78 billion while generating a Gross Domestic Product contribution of RM82 billion, and to open 900,000 new employment opportunities by 2030. These key targets must be supported by the whole government to ensure that developments from PPP can be enjoyed by all segments of society.

Finally, all our efforts through PIKAS 2030 must be planted with the strongest commitment and heightened understanding of good governance, and must be free from all attempts to plunder the wealth of the people.

Thus, I put my absolute trust in the Public Private Partnership Unit under the Prime Minister's Department to shape better PPP synergy in the interest of driving the people's economy.

ANWAR IBRAHIM

“ The Public-Private Partnership Master Plan 2030 is evidence of the government's commitment to further strengthening public-private cooperation to achieve national development goals. ”

SHAMSUL AZRI BIN ABU BAKAR
Chief Secretary to the Government





PREFACE BY THE CHIEF SECRETARY TO THE GOVERNMENT

Our nation stands at a pivotal juncture in which the demands for infrastructure development, economic growth and societal wellbeing necessitate innovative solutions. Traditionally, governments around the world have shouldered the responsibility of providing public assets and services to the people such as highways, seaports, airports, education facilities and public amenities. However, the scale and complexity of these efforts coupled with fiscal constraints have prompted governments including Malaysia to explore alternative avenues for effective and sustainable development.

To achieve this aspiration, an effective Public-Private Partnership (PPP) approach has been identified as a means to bridge the gap in infrastructure and public needs by leveraging the expertise and resources of the private sector. Complementing this aspiration, the Public Private Partnership Unit, Prime Minister's Department (UKAS) was established in 2009 as the central agency to plan, evaluate, coordinate and negotiate the implementation of PPP projects.

Throughout its fifteen-year existence, UKAS has maintained the momentum of public and private cooperation that began in the 1980s. Simultaneously, UKAS has elevated PPP initiatives to a higher level through good governance, clear policies and goal alignment consistent with the country's strategic vision.

The Public-Private Partnership Master Plan 2030 (PIKAS 2030) is evidence of the government's commitment to further strengthening public-private cooperation to achieve national development goals. PIKAS 2030 sets clear targets to ensure that every project undertaken provides maximum benefits, in line with the goal of improving the quality of life of the people through the provision of good infrastructure, reducing the development gap between urban and rural areas, and enhancing the country's economic competitiveness on a global scale.

With PIKAS 2030, Malaysia is on a clear track to achieve the desired aspirations with the cooperation and support of all parties, including the private sector, government and society to ensure this vision becomes a reality.

I would like to extend my highest appreciation to all stakeholders who have played a crucial role in shaping PIKAS 2030. The insights, expertise and support contributed to the preparation of this master plan are invaluable for the continued advancement of Malaysia in the future.

SHAMSUL AZRI BIN ABU BAKAR

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Introduction



Introduction

The Government plays a pivotal role in the provision of public assets and services such as roads, seaports, highways, schools as well as public amenities and utilities. However, projects related to public assets and services are often costly and require skilled professionals to implement. Acknowledging the substantial fiscal constraints that these projects may pose to the Government and the need for technical expertise, the Government engages with the private sector to implement Public-Private Partnership (PPP) projects.

The United Nations Sustainable Development Goal 9: Industry, Innovation and Infrastructure, Target 9.4 stipulates that existing infrastructure should be upgraded to be more environmentally sustainable and clean by 2030. The United Nations Conference on Trade and Development also estimates that current spending on economic infrastructure globally will need to be increased by a further USD1.1 trillion annually to achieve these Sustainable Development Goals.

Hence, there is great opportunity for governments around the world to continue to leverage on PPP in national development, including Malaysia.

Public-Private Partnership in Malaysia

Initial Wave of Privatisation

The concept of privatisation was first introduced through the Malaysia Incorporated Policy in 1981. Subsequently, the Privatisation Policy, established in 1983, harnessed greater involvement from the private sector in economic development and improved efficiency of government-owned enterprises. These efforts led to the reduction of the Government's fiscal burden. Since then, numerous initiatives were undertaken to bridge the gap between the public and private sectors. At the same time, the overall PPP process improved through the outlining of policy frameworks and guidelines, and the development of necessary support services. All these efforts aimed to position the private sector as the key driver of the nation's economic growth.

The privatisation initiative received positive response from the private sector which led to the launch of the Privatisation Master Plan in 1991. A total of 44 projects were successfully corporatised and subsequently privatised including several entities such as Sistem Televisyen Malaysia Berhad (TV3) in 1983, Malaysia International Shipping Corporation Berhad (MISC) in 1986, North-South Expressway (PLUS) in 1988 as well as Telekom Malaysia Berhad and Tenaga Nasional Berhad in 1990. In cultivating private sector participation in national development, the Government embarked on more privatisation projects such as Malaysia Airlines, the national air carrier in 1994 and the Light Rail Transit (LRT) projects in Kuala Lumpur. Privatisation led to public savings of over RM150 billion for the period of 23 years between 1983 and 2006.

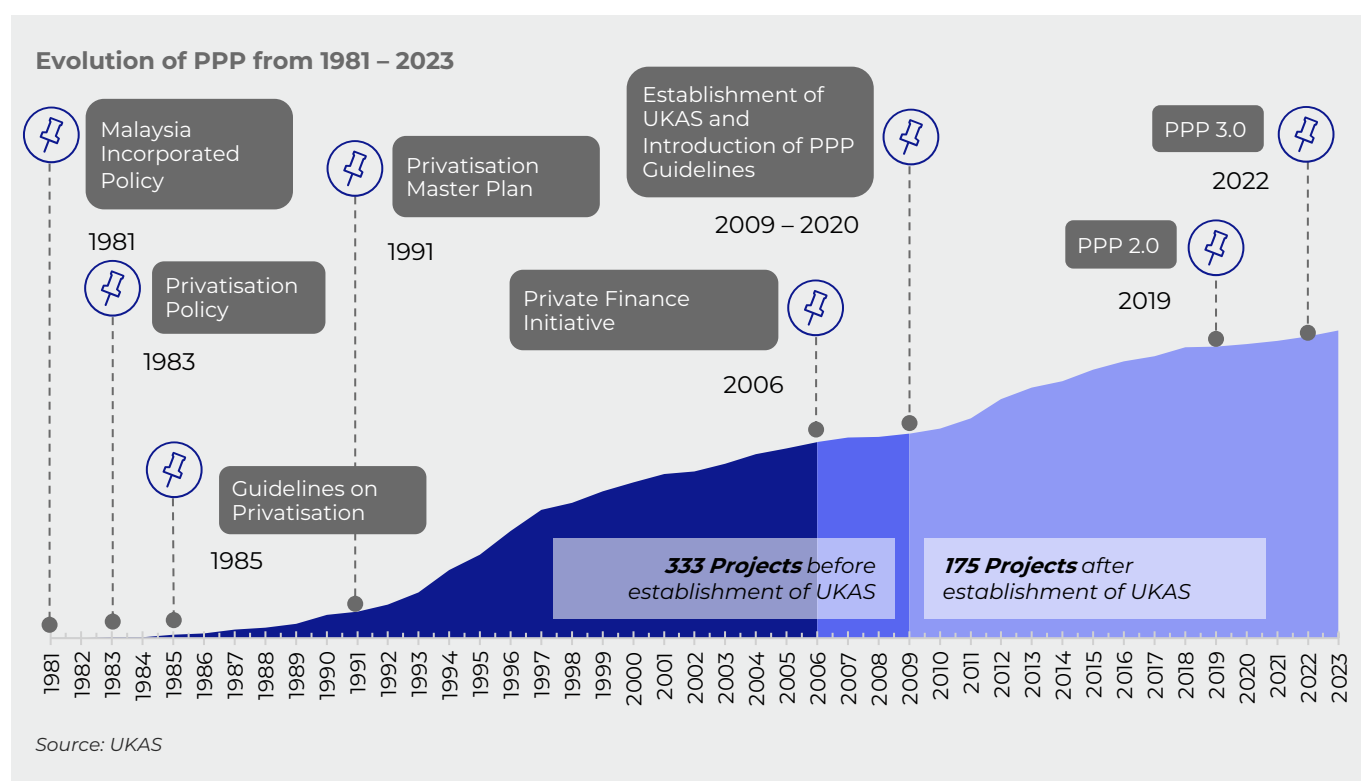
Private Finance Initiative

In 2006, the Private Finance Initiative (PFI) was introduced under the Ninth Malaysia Plan to complement the privatisation initiative. PFI reflects the Government's intention to draw greater private sector participation in developing infrastructure and utilities. It incorporates key elements including strengthening of approval procedures, improving implementation processes as well as emphasising performance indicators. These elements fortify checks and balances, as well as increase accountability and effectiveness in rolling out the PFI.

Streamlining Privatisation and Private Finance Initiative

The role of PPP in driving economic growth in Malaysia underscored the need to further strengthen the national PPP governance framework. The Public Private Partnership Unit (*Unit Kerjasama Awam Swasta* – UKAS) was established under the purview of the Prime Minister's Department in 2009 as the central agency to facilitate matters relating to PPP. The role of UKAS includes planning, evaluating, coordinating and negotiating the implementation of PPP projects. The establishment of UKAS led to the streamlining of privatisation and PFI under the PPP framework, while the PPP Guidelines were launched to support project implementation. This included taking into account the overall project benefits such as socio-economic impact, value for money and Government cost savings when evaluating a PPP proposal.

Thereafter, under the Tenth Malaysia Plan, the Government initiated a Facilitation Fund to support and encourage new investment which brings strategic impact to the nation including projects identified within the National Key Economic Areas. The PPP landscape in Malaysia continued to evolve with the introduction of PPP 2.0 in 2019, which aimed to strengthen projects implemented via the Land Swap model. Subsequently, PPP 3.0 was launched in 2022 to address the challenges from the COVID-19 pandemic with strategies to strengthen the existing PPP approach in order to expedite post-pandemic economic recovery.



The implementation of PPP in infrastructure development has undergone several changes and enhancements. The evolution saw the emergence of new partnership models, from the foundation of privatisation to the introduction of Build-Operate-Transfer (BOT) and Build-Operate (BO) models in 1991, as well as Rehabilitate-Operate-Transfer and Rehabilitate-Lease-Operate-Transfer models under PPP 3.0.

A total of 333 PPP projects were implemented from 1983 to 2009. Following the establishment of UKAS in 2009, a total of 175 PPP projects were concluded at a project cost of RM185.45 billion by the end of 2023. Given the ever-changing PPP landscape, guidelines and frameworks have been continuously improved to meet growing challenges. In this regard, it is timely to develop a long-term strategic framework to create a robust and sustainable PPP landscape to drive national wellbeing.

Impact of Public-Private Partnership

Significant Economic and Social Benefits

Infrastructure and utility development often involves a large amount of capital and specialised expertise. In this regard, private investments in PPP projects play an integral role in bridging funding gaps vis-à-vis Government financial commitments. Over the years, PPP projects have led to significant economic and social benefits to the country. This is evident from the contribution of PPP to national Gross Domestic Product (GDP), employment creation and economic spillover effects in Transportation & Storage and Information & Communications; Government Services; Finance & Insurance and Real Estate & Business Services; Agriculture; and Utilities projects.

Economic Contribution of PPP Projects in Malaysia

SECTOR	Economic Contribution to GDP (RM billion)			Employment Creation (Number of Jobs)		
	Total	Direct	Spillover	Total	Direct	Spillover
Transportation & Storage and Information & Communications	22.6	6.5	16.1	279,544	153,142	126,402
Government Services	18.6	6.5	12.1	289,536	168,477	121,059
Finance & Insurance and Real Estate & Business Services	7.3	2.3	5.0	109,401	64,201	45,200
Agriculture	1.5	0.6	0.9	11,270	3,751	7,519
Utilities	0.5	0.1	0.4	6,310	3,554	2,756
TOTAL	50.5	16.0	34.5	696,061	393,125	302,936

Source: UKAS

Note: The economic contribution of PPP projects can be categorised into direct impact and spillover impact. Direct impact refers to the economic contribution generated from initial injection of Capital Expenditure (CAPEX) and Operating Expenditure (OPEX). Spillover impact refers to the economic contribution generated from additional spending from related industries within the value chain as well as additional household consumption.

It is estimated that from 2009 to 2023, PPP projects contributed RM50.5 billion to the GDP, while creating 696,061 jobs in Malaysia. These contributions consist of direct and spillover impact from investment, which include household consumption and additional spending from related industries. In terms of direct impact, GDP contribution and employment creation from PPP projects stood at RM16.0 billion and 393,125 jobs respectively. Meanwhile, in terms of spillover impact, these projects also contributed RM34.5 billion to the GDP and created 302,936 jobs across related industries.

Projects in Transportation & Storage and Information & Communications contributed the most to PPP's economic contribution. The construction of highways have enhanced connectivity and mobility, and spurred development in surrounding areas. Rail projects have enhanced mass transportation and freight connectivity to wider business markets. Meanwhile, seaport projects have facilitated global and regional trade, stimulated investments and created employment opportunities. Additionally, airport projects have supported related industries, catalysed investments and boosted local economies. The projects under Government Services include the provision of healthcare and education infrastructure. Such projects have mainly led to improved accessibility to community facilities and services, enhanced human capital development as well as increased social wellbeing.

Furthermore, PPP projects in Finance & Insurance and Real Estate & Business Services have enabled the *rakyat* to afford comfortable living spaces. Projects in Agriculture have facilitated the need to address food security while projects in Utilities have contributed to the improvement of accessibility to clean water and reliable power supply.



The Framework



The Framework

The Public-Private Partnership Master Plan 2030

The Public-Private Partnership Master Plan 2030 is a strategic document which aims to drive future growth and development of Public-Private Partnership initiatives in Malaysia. The following illustrates the stages adopted in deriving each component of the Public-Private Partnership Master Plan 2030:

Stage 1: Defining a clear goal and intended objectives for PPP in Malaysia moving forward.

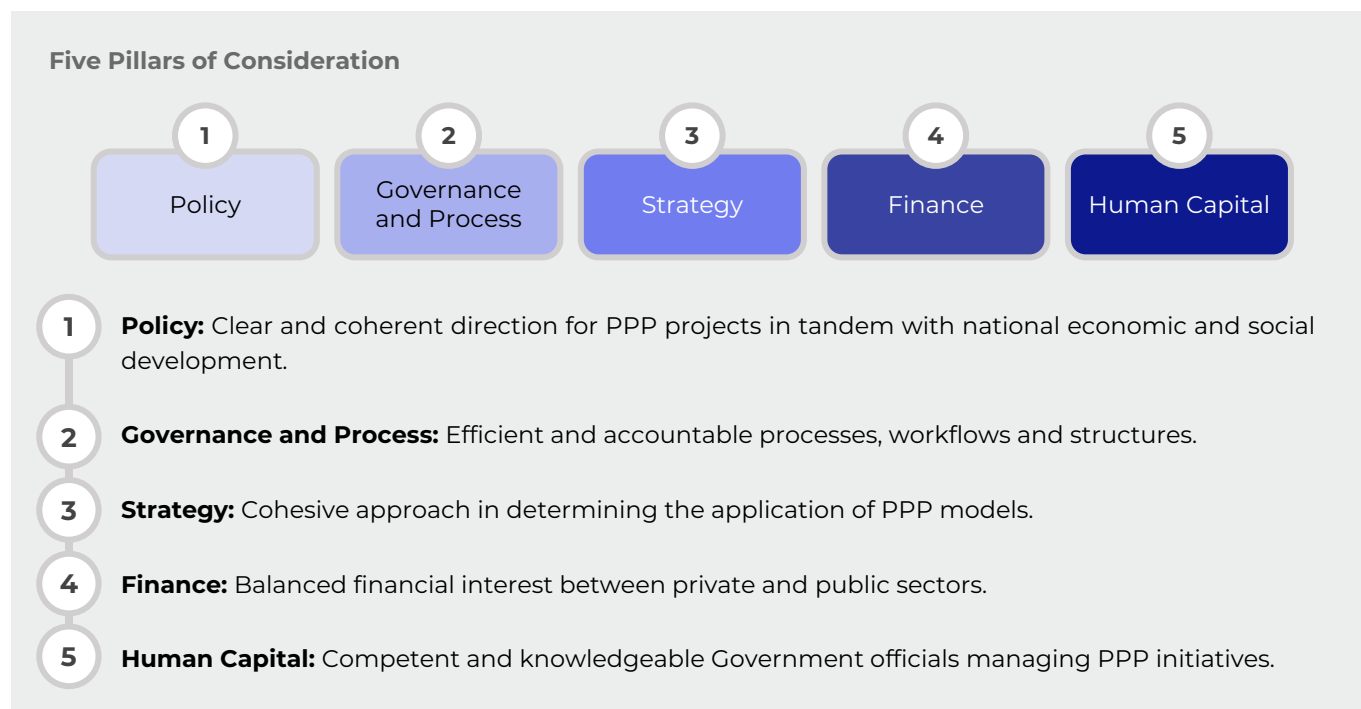
Stage 2: Identifying current key gaps and challenges impeding the potential of PPP.

Stage 3: Specifying and aligning the five pillars and four focus areas as key considerations.

Stage 4: Formulating a Master Plan encompassing a well-defined goal, objectives, strategic thrusts and initiatives.

Pillars of Consideration

The key considerations of the Public-Private Partnership Master Plan 2030 were derived based on the five pillars, namely Policy, Governance and Process, Strategy, Finance, and Human Capital. The existing landscape was assessed along the 5 pillars to ascertain gaps and challenges which may exist.



Focus Areas of National Policies and Directions

In formulating the Public-Private Partnership Master Plan 2030, the prevailing national policies and plans reflecting the Government's direction were reviewed. The Public-Private Partnership Master Plan 2030 is aligned to national policy directions to create synergy across public and private stakeholders in achieving the desired results for Malaysia's PPP landscape. The following policies were reviewed and mapped against four focus areas as follows:

Key Focus Areas for Policy Mapping

Focus Area 1 <i>Private Sector Driven</i>	Refers to policy directions which place a particular emphasis on synergies with the private sector. In determining the policies' relevance to private sector involvement, key aspects such as financing, operations, incentive mechanisms and stakeholder engagement were considered.
Focus Area 2 <i>Quality Services Delivery</i>	Refers to policies aimed at enhancing quality services delivery to end-users, by considering elements such as operations, maintenance and governance of services delivery. In the local PPP context, these services typically refer to vital public amenities such as healthcare, education, infrastructure and utilities.
Focus Area 3 <i>Innovation and Efficiency</i>	Refers to strategies and initiatives that focus on fostering innovation and efficiency throughout the provision of infrastructure and public services delivery. This is relevant to the PPP context in unlocking potential to provide high quality services, while achieving value for money.
Focus Area 4 <i>National Benefits</i>	Refers to policies which aim to contribute to nation-building and overall economic growth. These policy initiatives aim to generate benefits to the overall economy and societal welfare, attract investments and enhance the standard of living.

Mapping National Policies and Plans to Focus Areas

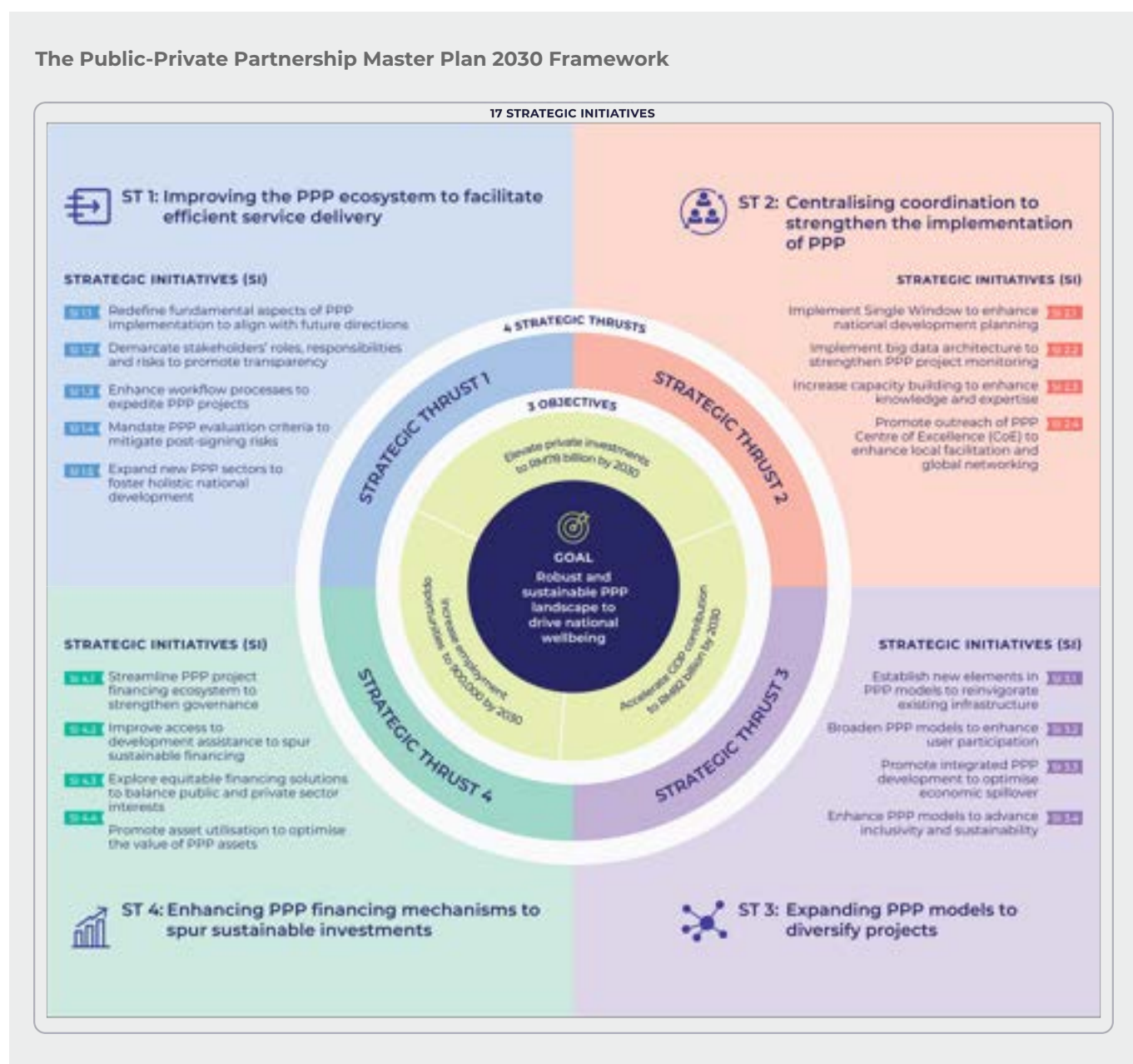
Policies	Focus Area			
	1	2	3	4
Malaysia MADANI	●	●	●	●
Ekonomi MADANI	●	●	●	●
Twelfth Malaysia Plan	●	●	●	●
Sustainable Development Goals	●		●	●
New Industrial Master Plan 2030	●	●	●	●
National Transport Policy 2019 – 2030	●	●	●	●
National Construction Policy 2030	●	●	●	●
Communications and Multimedia Blueprint 2018 – 2025	●	●	●	●
Malaysia Digital Economy	●	●	●	●
Malaysia Education Blueprint 2013 – 2025		●	●	●
National Integrated Water Resources Management		●	●	●
Green Technology Master Plan Malaysia 2017 – 2030	●	●	●	●
National Energy Policy 2022 – 2040	●	●	●	●
National Agrofood Policy 2021 – 2030	●	●	●	●
National Energy Transition Roadmap	●	●	●	●
National Security Policy 2021 – 2025		●	●	●

Overall, the Public-Private Partnership Master Plan 2030 adopts a holistic approach in charting the future vision of PPP by integrating the five pillars of consideration and aligning with national policies. Such an approach is imperative to ensure that the Public-Private Partnership Master Plan 2030 is in tandem with the current PPP landscape and bridge existing gaps.

The Master Plan Framework

The overall **Goal** of the Public-Private Partnership Master Plan 2030 is to establish a robust and sustainable PPP landscape to drive national wellbeing. This is driven by **3 Objectives** as key targets to strengthen the use of PPP for the benefit of the economy and *rakyat*. To meet the Goal and Objectives, **4 Strategic Thrusts** (ST) were formulated as the basis to derive the **17 Strategic Initiatives** (SI) and implementation plans for PPP up to 2030.

The PPP Master Plan 2030 Framework is illustrated below:





Strategic Thrusts

Strategic Thrust 1:

Improving the PPP ecosystem to facilitate efficient service delivery

Strategic Thrust 2:

Centralising coordination to strengthen the implementation of PPP

Strategic Thrust 3:

Expanding PPP models to diversify projects

Strategic Thrust 4:

Enhancing PPP financing mechanisms to spur sustainable investments



Strategic Thrust 1:

Improving the PPP ecosystem to facilitate efficient service delivery

Aims of Strategic Thrust 1

Strategic Thrust 1 (ST 1) covers initiatives to strengthen the fundamental aspects of PPP. It aims to establish the overarching directions and review guidelines for PPP initiatives in terms of definition, demarcation of roles, workflow processes, evaluation criteria and sectors. ST 1 will strengthen the current PPP ecosystem so that future PPP projects can be implemented efficiently and seamlessly. This thrust will be supported by five strategic initiatives as follows:

Strategic Initiatives (SI)

- SI 1.1 Redefine fundamental aspects of PPP implementation to align with future directions
- SI 1.2 Demarcate stakeholders' roles, responsibilities and risks to promote transparency
- SI 1.3 Enhance workflow processes to expedite PPP projects
- SI 1.4 Mandate PPP evaluation criteria to mitigate post-signing risks
- SI 1.5 Expand new PPP sectors to foster holistic national development

PPP fundamental aspects will be strengthened by addressing underlying gaps as follows:

1. enhancing the PPP definition through clear demarcation of roles and responsibilities of stakeholders in tandem with global definitions and improving model identification and classification to facilitate project execution;
2. minimising and allocating risks effectively by streamlining PPP workflows within UKAS, facilitating the process for implementing PPP projects through proper documentation, enhanced evaluation and transparent bidding, as well as improving end-to-end inclusivity across the PPP life cycle. This will mitigate post-signing risks and ensure that the project's main objectives are fulfilled; and
3. expanding PPP sectors to achieve holistic and balanced national development, position PPP as an enabler for growth as well as align with national policies and plans such as Malaysia MADANI, Ekonomi MADANI, the Twelfth Malaysia Plan and the mid-term review, and Sustainable Development Goals.

The overall process of PPP can be categorised into 3 main stages:

1	Pre-Signing	2	Signing	3	Post-Signing
	Screening, evaluation, preparation and negotiation		Signing of concession agreement		Implementation and project monitoring

Each stage of the PPP process, from evaluating PPP proposals to managing and monitoring projects, has its own set of implementation processes. Facilitation of these processes is imperative to the efficient execution of PPP projects. For example, a comprehensive set of evaluation criteria is required to accurately appraise project proposals to ensure optimal resource allocations.

A deep dive into Malaysia's PPP ecosystem indicates that there are several areas for improvement to strengthen the PPP landscape:

1. review of the current PPP definition in line with global definitions;
2. revision of the current PPP threshold criteria, taking into account inflationary impact;
3. review of Government stakeholders' roles;
4. determination of risk allocation between public and private stakeholders;
5. promotion of transparency, accountability and value for money through competitive bidding methods;
6. enhancement of the evaluation criteria and metrics in determining project viability; and
7. expansion of PPP projects to other economic sectors to unlock potential benefits.

Strategic Initiative 1.1:

Redefine fundamental aspects for PPP implementation to align with future directions

The fundamental aspects of PPP consist of the following:

Definition	Classification	Criteria
Defining PPP in the Malaysian context	Classifying PPP models to enable the Government to identify the appropriate mode of implementation for each project	Outlining the prerequisite criteria for PPP project qualification

It is important for these fundamental aspects to be clearly established, standardised and communicated to all stakeholders. The redefined fundamental aspects would take into account national development priorities and global PPP practices.

A PPP Definition

There is no common, globally accepted definition of PPP. It is typically defined based on the context of, and relevance to, each country. The key elements that are typically found in the PPP definition are as follows:



Previous PPP Definition

‘A form of cooperative arrangement between the public and private sector in providing infrastructure and public services where a stand-alone business entity is created, financed and managed by the private sector as a package which includes the construction, management, maintenance, repair and replacement of assets related to buildings, infrastructure, equipment and facilities.’

Source: Guide on the PPP 3.0 Implementation Framework, 2022

New PPP Definition



‘A form of cooperative arrangement between the public and private sectors in providing either public assets or services, or both, where a stand-alone business entity is created by the private sector to finance, implement and/or manage PPP projects.’

1	Public service delivery	...cooperative arrangement between the public and private sectors in providing either public assets or services, or both...
2	Financing obligation of PPP projects	...stand-alone business entity is created by private sector to finance...
3	Roles and responsibilities of the private sectors	...private sector to finance, implement and/or manage PPP projects.

The Public-Private Partnership Master Plan 2030 introduces a new definition to provide a clearer understanding that PPP does not only comprise of public infrastructure but also public assets or services, or both, depending on the nature of PPP projects. Further, the new PPP definition also aims to be more inclusive so that privatisation and alternative modes are also captured within the definition.

B PPP Classification

Privatisation and PFI were broadly categorised based on the payment mechanism, namely user-pays and government-pays projects respectively. Concurrently, PPP models were classified into three broad categories as follows:

Previous PPP Classification

Privatisation	Private Finance Initiative (PFI)	Others
• Sale of Asset/Equity • Corporatisation • Land Swap • Build-Operate-Transfer (BOT) • Build-Operate-Own (BOO) • Management Contract (MC) • Outsourcing • Leasing	• Build-Lease-Transfer (BLT) • Build-Lease-Maintain-Transfer (BLMT) • Build-Lease-Maintain-Operate-Transfer (BLMOT) • Build-Maintain-Transfer (BMT)	• Offtake • Joint Venture (JV)

The classification of PPP projects, according to appropriate models, is important to enable streamlining and planning of the implementation processes. Moving forward, the reclassification of PPP models will be as follows:

1. **Concession:** Transfer of activities and functions to the private sector for an agreed concession period. PPP concessions can be further categorised into user-pays, government-pays or hybrid;
2. **Privatisation:** Transfer of activities and functions to the private sector in perpetuity; and
3. **Alternative Mode:** PPP modes other than Concession or Privatisation.

New PPP Classification



New PPP Classification

Concession			Privatisation	Alternative Mode
User-pays	Government-pays/PFI	Hybrid-pays*		
• BOT • BROT/ROT • MC	• BLMT/BLMOT/BLT • RLMT/RLMOT/RLT • BMT • BOO • Outsourcing • MC	• BLMT-hybrid • RLMT-hybrid	• Sale of Asset • Sale of Equity • Corporatisation	• Land Swap • Offtake • JV • Leasing

* Hybrid-pay refers to the incorporation of user-pays elements into the existing government-pays model to reduce the Government's burden from Availability Charges and Maintenance Charges payments. Hybrid-pay can be considered for BLMT, BLT, BLMOT, RLMT, RLT, RLMOT, subject to the suitability of each project.

The PPP models listed above are not exhaustive and will be adopted based on the suitability for each project. While the Government aims to encourage more user-pays concession to reduce financial commitments, other forms of PPP models such as Build & Manage model and value-added Leasing model can be customised and expanded in view of its significant impact and spillover effect to the economy.

C PPP Criteria

Two main criteria to be fulfilled in order for projects to be classified under the PPP framework are as follows:

Minimum Project Cost	Minimum Concession Period
RM25 million	7 years

The current minimum project cost of RM25 million and the minimum concession period of seven years were established in 2005. Both thresholds are used to determine whether a project can be considered under the PPP framework.

Due to rapid economic growth and development as well as inflation over the past decades, the Government has decided to revise the minimum project cost for PPP projects to RM50 million. Meanwhile, the minimum concession period will remain at seven years taking into account a suitable period required to recoup investments.

New PPP Criteria:



All PPP projects are required to meet the minimum threshold of:

1. Project Cost: **RM50 million; and**
2. Concession Period: **7 years.**

Note: Any outsourcing project that involves payments from the public or any PPP project that requires inter-agency coordination between ministries and agencies, even though not fulfilling the minimum threshold of RM50 million or 7 years, must be referred to UKAS.

Strategic Initiative 1.2:

Demarcate stakeholders' roles, responsibilities and risks to promote transparency

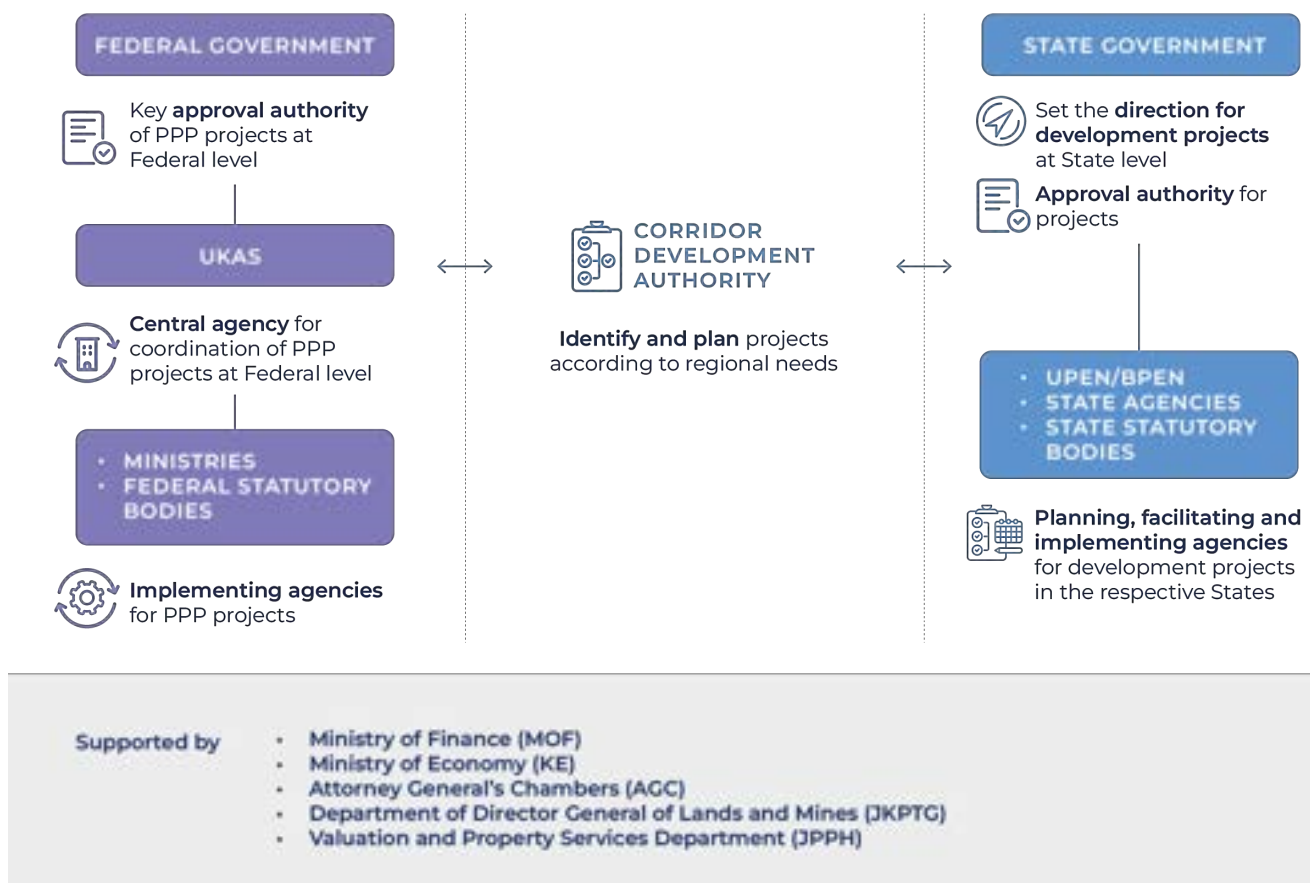
PPP projects are typically large-scale, highly complex and involve various stakeholders from the Government and private sector. As there is more than one party involved in the project, it is imperative that the roles, responsibilities and risks are clearly defined and demarcated among the stakeholders in order to promote transparency.

A Centralised Planning-Decentralised Implementation

State Governments, Federal Statutory Bodies and State Statutory Bodies may implement PPP projects subject to the provisions of the law under the Federal Constitution, relevant Acts or Enactments that establish the respective statutory bodies as well as relevant guidelines and Cabinet decisions. In this regard, a guideline on the implementation of PPP projects involving State Governments, Federal Statutory Bodies and State Statutory Bodies was issued by UKAS on 18 April 2023.

The following diagram illustrates the PPP governance structure in Malaysia:

PPP Governance Structure in Malaysia



Strategic Initiative 1.2:

Moving forward, UKAS will continue to plan, evaluate, coordinate and negotiate PPP projects at the Federal level involving Ministries and Federal Statutory Bodies. Concurrently, UKAS will also continue to work strategically with State Governments and State Statutory Bodies to facilitate implementation of PPP projects at the State level. Strengthened coordination and collaboration between Federal and State Governments will allow for better execution of PPP projects nationwide.

B Risk Management

Risk allocation between stakeholders is crucial as it identifies the expected risk of each stakeholder involved at the pre-signing stage. The appropriate allocation of risks between the Government and private sector at the onset of PPP projects is imperative to ensure effective risk management. This will provide the stakeholders with an opportunity to understand the risks involved as well as formulate mitigation plans prior to committing to a specific project.

In order to allocate risks effectively in a PPP project, stakeholders have to follow a six-step risk management framework which sets out the risks associated with each party.

1. Identification

- Implementing ministries/agencies to identify potential risks.
- Risk allocation tools identify the potential risks and assign the risks to either Government or private players. It depicts the type of risks that are borne by each party along with its rationale.

2. Evaluation

- Implementing ministries/agencies collaborate to evaluate the identified risks.

3. Allocation

- Implementing ministries/agencies to allocate the identified risks.
- UKAS to facilitate and review the viability of risk allocation.

4. Quantification

- Implementing ministries/agencies to quantify risk by multiplying the likelihood of the risk occurring by the size of the consequence.
- UKAS to facilitate and review risk quantification and incorporate risks into financial projections by Implementing ministries/agencies.

5. Prevention/Mitigation

- Implementing ministries/agencies to outline risk prevention/mitigation strategies and identify the responsible party for execution.

- **Prevention:** Before risk occurs to reduce the likelihood of risks.
- **Mitigation:** During/after risk occurs to reduce impact/cost towards the projects.

6. Monitoring

- Regular data collection and analysis by the respective Project Monitoring Committee.
- Regular reporting to UKAS.

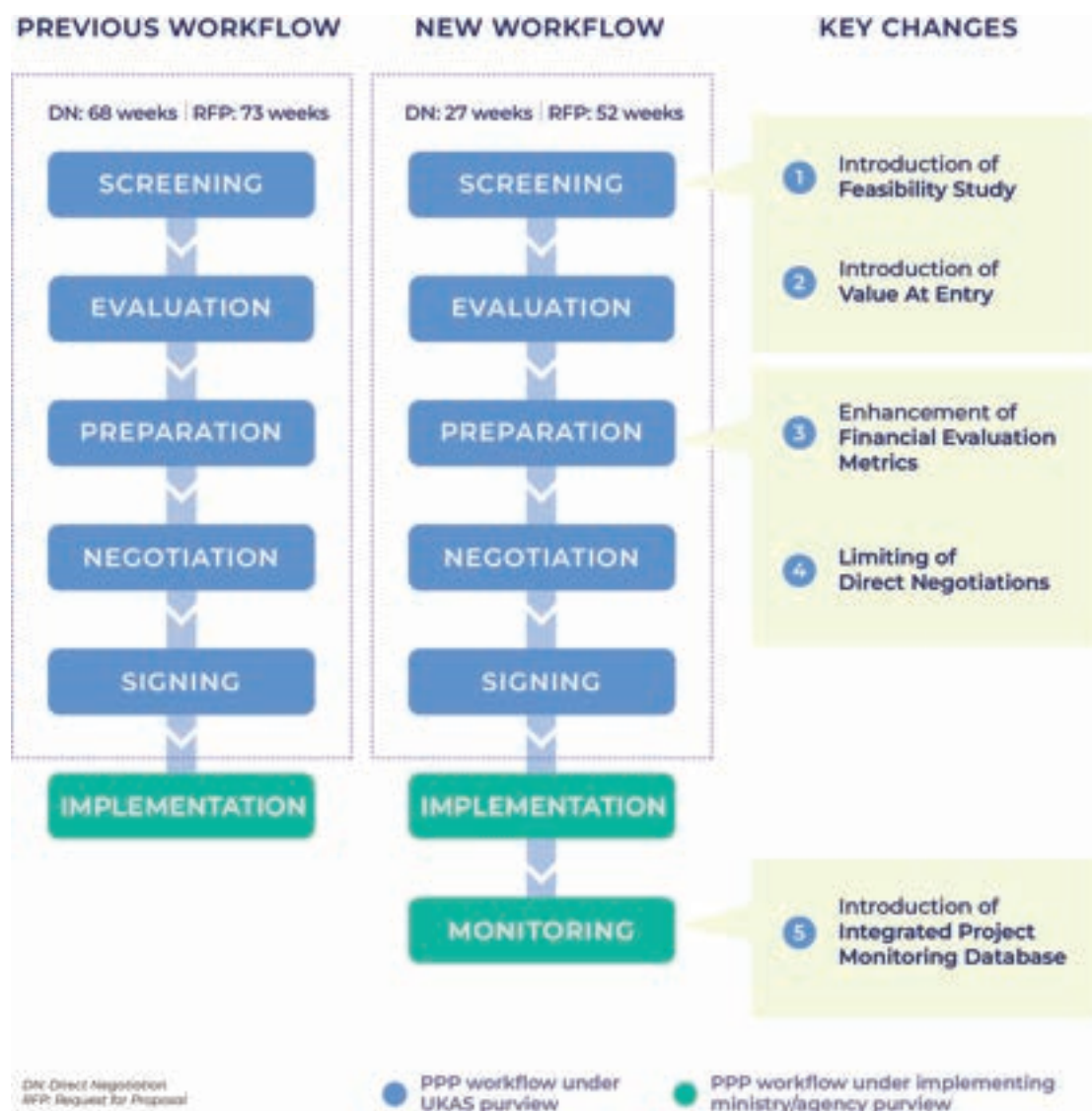
Enhance workflow processes to expedite PPP projects

A PPP Life Cycle

The workflow throughout the PPP life cycle serves as a guideline for all stakeholders. A clear and comprehensive workflow process is important to ensure efficient implementation of PPP projects. According to the standard operating procedure (SOP) for the PPP workflow, the expected duration between project screening to contract signing is 68 weeks for direct negotiations (DN) and 73 weeks for Request For Proposals (RFP). The duration for RFP is relatively longer compared to direct negotiations as there is a requirement to allocate a timeframe for the evaluation and filtration of bidders' proposals.

Five key changes were identified to address gaps along the PPP workflow to further streamline the existing process through proper documentation, enhanced evaluation and transparent bidding as well as improving end-to-end inclusivity across the PPP life cycle.

PPP Life Cycle



Strategic Initiative 1.3:

Through optimising workflows, the Government is committed to ensure that the current time taken to complete the PPP life cycle is reduced between screening project proposals to final implementation. The direct negotiations and RFP processes that used to span over 68 and 73 weeks is reduced to 27 and 52 weeks respectively. This enhanced workflow will be achieved through the full commitment of all stakeholders.

B Limiting of Direct Negotiations

Since PPP projects are typically costly and long-term in nature, competitive bidding ensures value for money and quality of service delivery for the Government and public. The Government, in November 2022, has reiterated the need for all projects to be implemented through open tenders and RFP. This emphasises the importance of having a fair, transparent and open bidding process, particularly for projects related to national development, social enhancement and economic wellbeing. In line with this, PPP projects will be executed through RFP to:

1. promote a **fair and transparent** bidding process;
2. increase **market competition** and innovation;
3. encourage **new business entities** to venture into PPP; and
4. enhance **risk management**.

It is noted that the Government reserves the right to terminate a bidding process if there is only one bidder or no bidders at all from the RFP. Alternatively, the Government can make alterations to the RFP or decide to launch a new RFP to seek other viable options.

While direct negotiations for PPP projects will be minimised moving forward, exceptions can be made on a case-by-case basis, subject to Cabinet approval. These exceptions encompass PPP projects with public or national interests in aspects related to:

1. **Defense:** Development of military facilities;
2. **Security:** Development of public order agency facilities;
3. **Health:** Development of facilities or provision of health services; and
4. **Main Infrastructure:** Development of highways, airports, seaports and rails.

Strategic Initiative 1.4:

Mandate PPP evaluation criteria to mitigate post-signing risks

Based on *Strategic Initiative 1.3: Enhance workflow processes to expedite PPP projects*, three key changes will be undertaken to further improve the overall efficiency of the PPP workflow process. The aim of this initiative is to mandate certain prerequisites for PPP projects to ensure viability and sustainability. Such prerequisites will support and expedite the project evaluation and subsequent negotiation processes for improved PPP workflow efficiency.

A Introduction of Feasibility Study

A feasibility study is a key component for PPP projects as it provides insights for the Government and private sector on the viability of the proposed project in both quantitative and qualitative aspects. The feasibility study can provide information on the viability of a specific project and the suitability of the location to undertake the proposed development. Additionally, it can also indicate potential costs and benefits of the proposed project to the Government and relevant stakeholders.

Currently, the requirement of a feasibility study at the early stage of a PPP project is part of the existing PPP workflow but it has not been fully adopted. The feasibility study can act as a filter to identify high potential projects. In several cases, feasibility studies have been implemented to further solidify the case for a project's approval. If findings from the feasibility study are found to be less favourable, the Government may re-evaluate the need and viability of the project.

As such, a feasibility study will be a prerequisite to assess project viability at the early stages to enable informed decisions to be made by the Government. The following highlights key evaluation areas of a feasibility study that can be considered in determining the viability of a proposed project:

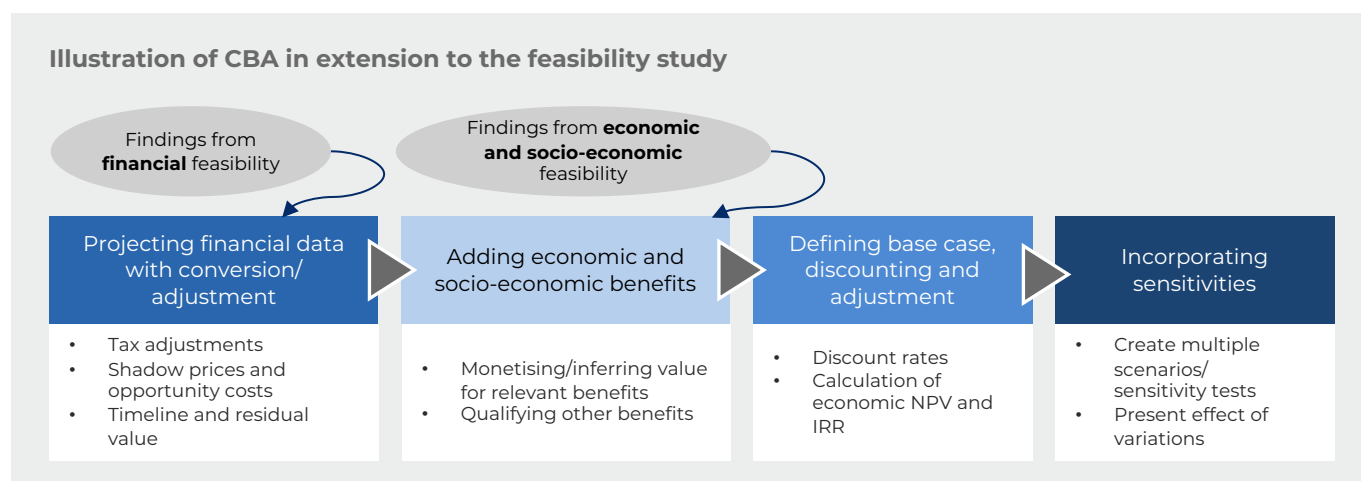
Financial	Economic and Socio-economic	Technical
Estimates the projected revenue and costs of the proposed project to determine the cash flow and financial viability through scenario analysis and/or sensitivity analysis.	Estimates the economic benefits such as contribution to GDP, employment creation and investment as well as socio-economic benefits towards the local communities and businesses through relevant impact assessments.	Outlines the technical aspects of the project such as engineering components, site analysis, building dimensions, construction materials, machinery and equipment, and systems specifications.

Strategic Initiative 1.4:

Along with the feasibility study, a cost-benefit analysis (CBA) should be embedded in the evaluation of PPP projects to:

- 1. prioritise PPP projects.** Instead of evaluating PPP projects on a case-by-case basis, a CBA allows the Government to evaluate and prioritise the need and urgency of multiple PPP projects. This enables the Government to undertake infrastructure planning and implement projects in phases, based on the economic and fiscal position of the country;
- 2. determine social and economic benefits.** A CBA captures and quantifies the social and economic benefits of PPP projects, which provides a more holistic approach to evaluate and substantiate the need for the project. This is particularly crucial in the case of government-pays projects, especially since Malaysia has a high proportion of PPP projects for educational institutions, student residential colleges, government buildings and land development; and
- 3. determine viability gaps and suitable financing options.** A CBA will also aid in estimating viability gaps of PPP projects by identifying the amount and quantum of financing support required from the Government or external parties. The provision of financing support by the Government should be optimal to manage the Government's fiscal burden and attractive to the private sector.

The implementation of a CBA is an extension from the feasibility study as illustrated below:



The following principles will be applied to effectively prioritise infrastructure projects:

- 1. increase community engagement.** Take meaningful action at the early stage of a PPP project to incorporate the views of the wider community and not just the most vocal or privileged. This will provide an opportunity to understand the needs of project recipients to mitigate potential community action;
- 2. enhance understanding of cost-benefit.** Robust estimates by using data-driven methods and scenario analysis, taking into account appropriate levels of uncertainty and potential variation, are vital to determine the viability of PPP projects. These measures provide a more realistic forecast and enable comparison and prioritisation of infrastructure projects at the national level. The cost-benefit fallacy, where individuals mistakenly believe that cost-benefit estimates are mostly accurate and unbiased, can then be prevented; and
- 3. embrace social impact consideration.** PPP projects should be implemented to effect social good and change for the *rakyat*. Hence, social considerations should be incorporated throughout the PPP project life cycle, from the screening stage to the day-to-day operations.

B Introduction to Value At Entry

Value At Entry (VAE) is an initiative to determine the viability of potential projects with the concept of “do it right at the first time”. Meanwhile, Value Management (VM) remains mandatory at the negotiation stage for projects valued at RM50 million and above, as well as projects with a concession period of more than seven years.

Moving forward, VAE shall be implemented at the screening stage, to filter potential PPP projects by verifying the viability and readiness of proposed projects. The VAE will be able to reduce lengthy negotiations by streamlining documentation at the earlier stages of the PPP workflow. The following illustrates the VAE and VM process within the PPP workflow:

VAE and VM Process Within the PPP Workflow



DN: Direct Negotiation
RFP: Request for Proposal

● PPP workflow under UKAS purview

● PPP workflow under implementing ministry/agency purview

C Enhancement of Financial Evaluation Metrics

The Financial Evaluation Metrics is a tool for assessing the viability and potential success of a project. This metrics will be further enhanced via a determined minimum paid-up capital and a flexible Equity Internal Rate of Return (EIRR).

Minimum Paid-up Capital

The paid-up capital is an indicator of the financial strength of a company that submits a proposal for a PPP project. This indicator is important during the evaluation stage, in particular to identify financially sustainable companies in tandem with the total cost of the proposed project. Subsequently, the successful company will be required to establish a special purpose vehicle (SPV) to implement the PPP project. The SPV is then required to fulfill a minimum paid-up capital criteria as part of project equity financing.

Currently, the minimum paid-up capital for the SPV is set at RM275,000. Taking into account economic expansion and rise in inflation, the minimum paid-up capital is revised to RM400,000. This minimum paid-up capital criteria will remain as one of the conditions in the PPP project agreement.

Equity Internal Rate of Return

Equity Internal Rate of Return (EIRR) is an indicative measure to determine the returns for the private sector on the equity investment made on the PPP project. Since 2014, the Government has capped the EIRR at 10% to safeguard the interests of the Government and the *rakyat*.

However, project risks and returns vary according to the nature of the projects and the relevant sectors. Thus, there is a necessity for flexibility in EIRR to take into consideration the nature of the industry in relation to the PPP project and further attract interest as well as participation of private investors. In this regard, a different range of EIRR can be considered based on the level of user demand, historical data and industry benchmark.

Strategic Initiative 1.5:

Expand new PPP sectors to foster holistic national development

Since the establishment of UKAS in 2009 until 2023, a total of 175 PPP projects have been implemented	Sector	Number of Projects	Percentage (%)
	Government Services	86	49.2
	Transportation & Storage and Information & Communications	51	29.1
	Finance & Insurance and Real Estate & Business Services	18	10.3
	Utilities	10	5.7
	Other Services	6	3.4
	Agriculture	4	2.3

Government Services projects account for 49.2% of total number of projects, comprising mainly of institutions of higher education, student residential colleges, healthcare facilities, and government buildings. Subsequently, projects related to Transport & Storage and Information & Communications constitute 29.1% of total projects, focusing on highways as well as electronic government systems. Projects related to Finance & Insurance and Real Estate & Business Services represent 10.3% of total projects, followed by projects related to Utilities (5.7%), Other Services (3.4%) and Agriculture (2.3%).

The Public-Private Partnership Master Plan 2030 aligns with national policies and global best practices such as the Twelfth Malaysia Plan, Ekonomi MADANI and Sustainable Development Goals 2030. This alignment is crucial to position PPP as a catalyst for economic growth and social wellbeing.

Moving forward, the scope of PPP will be expanded to ensure a comprehensive and balanced approach to national development. Hence, projects related to Tourism Infrastructure, Renewable Energy, Smart Agriculture and Science & Technology may be explored as potential PPP projects.

Sector	PPP Projects	
Government Services	- Higher education institutes - Healthcare facilities - Student residential colleges	- Pharmaceutical products, medicines & vaccines - Military facilities
Transportation & Storage and Information & Communications	- Highways - Federal roads - Seaports - Airports	- Bridges - Logistics terminals and facilities - ICT development
Finance & Insurance and Real Estate & Business Services	Government buildings	Real estate
Utilities	- Sewerage management - Waste management	- Power plants Renewable energy
Other Services	- Sport complexes - Convention centres	Tourism infrastructure Science & Technology
Agriculture	- Fisheries complexes - Abattoirs	Smart agriculture

Strategic Thrust 2:

Centralising coordination to strengthen the implementation of PPP

Aims of Strategic Thrust 2

Strategic Thrust 2 (ST 2) is dedicated to fortify the execution of PPP in Malaysia by enhancing governance and human capital capabilities. In terms of enhancing governance, ST 2 advocates for a “centralised planning–decentralised implementation” approach to strengthen the planning, execution and monitoring of PPP projects. Meanwhile, in terms of human capital capabilities, enhanced capacity building is paramount to ensure key stakeholders possess the required expertise for effective implementation of PPP initiatives. This thrust will be supported by four strategic initiatives as follows:

Strategic Initiatives (SI)

- SI 2.1 Implement Single Window to enhance national development planning
- SI 2.2 Implement big data architecture to strengthen PPP project monitoring
- SI 2.3 Increase capacity building to enhance knowledge and expertise
- SI 2.4 Promote outreach of PPP Centre of Excellence (CoE) to enhance local facilitation and global networking

UKAS, as a central agency, is responsible for the facilitation and coordination of PPP from the screening to signing stage. Meanwhile, project implementation and monitoring are managed by a Project Monitoring Committee (PMC) formed by the relevant ministries and agencies involved in the specific project. Project implementation and monitoring issues that affect and require amendments to the concession agreement will be escalated to UKAS for further action.

The implementation of PPP projects will be strengthened by addressing underlying gaps as follows:

1. streamlining national development planning through a centralised platform to promote transparency in the screening of proposed PPP projects;
2. enabling clearer visibility on PPP monitoring to establish efficient responses to any potential issues arising from implementation;
3. enhancing PPP human capital development to ensure that all stakeholders are equipped with the right knowledge and expertise to execute PPP projects; and
4. promoting PPP Centre of Excellence (CoE) through facilitation and advisory services to encourage more private sector participation in PPP.

In strengthening the implementation of PPP, it is imperative to have a robust governance structure across the PPP life cycle. Hence, all stakeholders comprising the relevant ministries and agencies as well as concessionaires need to be equipped with specific knowledge and capabilities. As the central agency for PPP, the corporatisation of UKAS and the establishment of a specific act on PPP can be explored as a potential option to further strengthen the effectiveness and efficiency of PPP implementation.

Strategic Initiative 2.1:

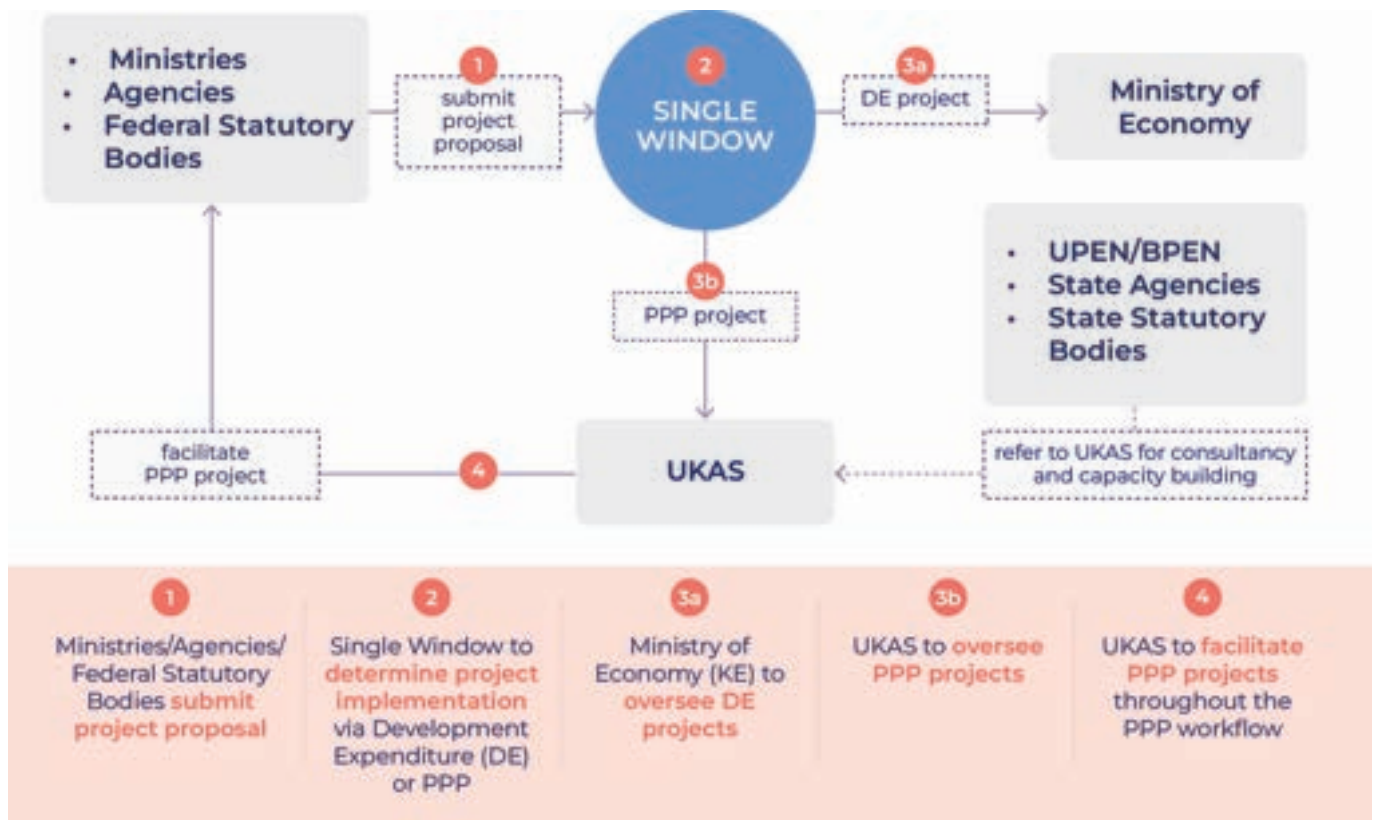
Implement Single Window to enhance national development planning

UKAS will continue to assume the role of planning and coordinating PPP projects at the federal level while State Governments and State Statutory Bodies will continue to implement state level PPP projects in strategic collaboration with UKAS as outlined in *Strategic Initiative 1.2: Demarcate stakeholders' roles, responsibilities and risks to promote transparency*. Improved coordination between planning and implementation of PPP projects can be achieved through the establishment of a centralised platform, namely a Single Window.

The Single Window aims to evaluate all development projects, including solicited and unsolicited PPP project proposals. Inclusion of PPP projects under the five-year Malaysia Plan will also facilitate the alignment of PPP projects with the national development plan. Project evaluation will take into account the current fiscal space, financial feasibility and affordability as well as promote the following key benefits:

1. structured and standardised criteria for all proposed projects;
2. fair and transparent evaluation for all proposed projects; and
3. alignment of proposed projects with national policies and development priorities.

Single Window Structure



Strategic Initiative 2.1:

In line with the approach of “centralised planning–decentralised implementation”, UKAS will ensure more efficient centralised planning towards an effective public services delivery. The existing framework in UKAS will be empowered to support centralised planning for PPP projects at the federal level. The current governance structure in UKAS to support the Single Window is as follows:

- 1 Project Steering Committee (*Jawatankuasa Pemandu Projek - JPP*):** Plan, evaluate, coordinate and negotiate PPP project proposals;
- 2 Public Private Partnership Committee (*Jawatankuasa Kerjasama Awam Swasta - JKAS*):** Consider, decide and endorse recommendations from JPP;
- 3 High Level Public Private Partnership Committee (*Jawatankuasa Tertinggi Awam Swasta - JTAS*):** Consider, decide and endorse recommendations from JKAS (as required); and
- 4 Cabinet of Malaysia:** Consider and decide on PPP project proposals.

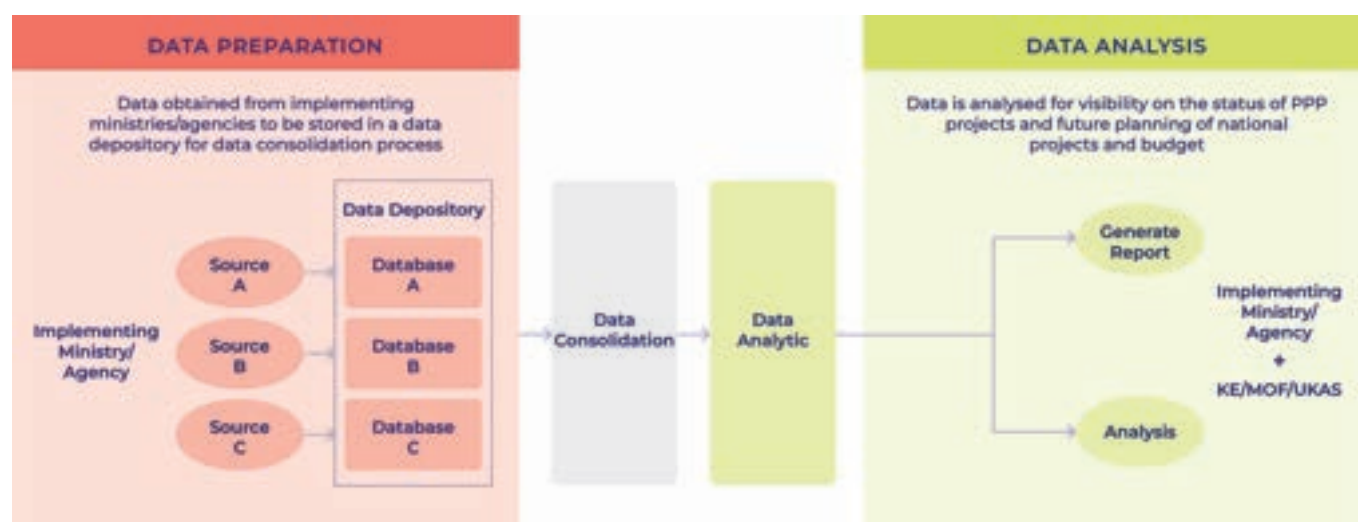
Strategic Initiative 2.2:

Implement big data architecture to strengthen PPP project monitoring

The involvement of UKAS within the PPP project life cycle is focused from the pre-signing stage until the signing stage, while the post-signing stage is managed by the PMC. Project status is only provided to UKAS when required. The absence of a fully integrated system creates challenges to key stakeholders to access project information.

Hence, the establishment of an integrated PPP project monitoring database is crucial to support and improve overall PPP project implementation and monitoring. The objective of the database is to capture key information which can be made accessible to the Government and public for reference and analysis, when necessary. The diagram below illustrates the big data architecture for an integrated PPP project monitoring database:

Integrated PPP Project Monitoring Database



An integrated PPP project monitoring database will enable UKAS to have information visibility across the entire PPP workflow. This will strengthen internal monitoring and broaden access to all information on PPP projects through the online database. UKAS will be able to monitor and analyse set Key Performance Indicators (KPI) to ensure optimal public service delivery.

Strategic Initiative 2.3:

Increase capacity building to enhance knowledge and expertise

Skilled human capital forms the core of every PPP project implementation. In the public sector, Government officials are at the forefront, facilitating PPP project initiatives. Therefore, requisite knowledge regarding each element of the PPP landscape is required to instil confidence among stakeholders. Concurrently, the Government leverages on the private sector's expertise to execute and manage PPP projects effectively.

PPP projects are complex in nature and are typically large-scale, contributing to national development. The skills required to carry out PPP projects are demanding, with some skills requiring on-the-job or targeted training. However, the rotation of Government officials in the public service poses a challenge vis-à-vis the need to build and maintain expertise.

Hence, extensive capability and capacity building should be prioritised to strengthen PPP project implementation at all stages. The corporatisation of UKAS as a central agency will enable UKAS to attract and retain key officials with the right expertise and knowledge of PPP projects in order to improve independency and efficiency on PPP project evaluation and facilitation.

Structured training and certification will be provided to empower PPP facilitators and implementers by enhancing knowledge and understanding. As a result, trained and certified PPP facilitators and implementers will be able to provide effective support to all stakeholders, including the private sector.

In order to initiate the process of capability and capacity building, UKAS officials will take the lead in obtaining mandatory PPP certification, followed by officials from the PPP units of implementing ministries and agencies. For officials newly involved in PPP projects, PPP training modules organised by the National Institute of Public Administration (INTAN) will be offered while expert and experienced officials will be encouraged to obtain the Certified Public-Private Partnerships Professional (CP³P) certification.

In addition, officials will also obtain feedback for continuous improvement from the relevant stakeholders. This can be achieved through frequent public sector engagement and private sector dialogues.

Strategic Initiative 2.4:

Promote outreach of PPP Centre of Excellence (CoE) to enhance local facilitation and global networking

UKAS established a Centre of Excellence (CoE) as a focal point for stakeholders to share knowledge and best practices on PPP projects. Currently, the CoE collates PPP-related information for knowledge sharing, implements PPP-related programmes and activities, and promotes collaboration and networking between the public and private sectors as well as academia.

UKAS will continue to play an important role to disseminate information on good practices and evolve into a national knowledge centre on PPP. The role of UKAS can be further expanded to support other PPP-related stakeholders in the implementing ministries and agencies. This can be achieved through training and capacity building as well as providing advisory and facilitation assistance to external parties. Other initiatives will include exposing Government officials to global PPP perspectives and collaborating with research institutes to publish PPP reference materials.

Strategic Thrust 3:

Expanding PPP models to diversify projects

Aims of Strategic Thrust 3

Strategic Thrust 3 (ST 3) explores enhancements to the PPP models with the aim to stimulate more PPP initiatives across diverse sectors, reduce the reliance on government-pays, and deliver more value-add in public services delivery. ST 3 will focus on introducing user-pays elements into existing government-pays models to establish hybrid-pay mechanisms and subsequently reduce the Government's fiscal burden. ST 3 will also focus on leveraging redevelop/regenerate elements to better utilise existing government-owned assets, incorporating value-add elements to enhance PPP models to improve public service delivery, and encouraging integrated development through PPP projects. This thrust will be supported by four strategic initiatives as follows:

Strategic Initiatives (SI)

- SI 3.1 Establish new elements in PPP models to reinvigorate existing infrastructure
- SI 3.2 Broaden PPP models to enhance user participation
- SI 3.3 Promote integrated PPP development to optimise economic spillover
- SI 3.4 Enhance PPP models to advance inclusivity and sustainability

PPP models define the structure of every PPP project through the optimal demarcation and allocation of key roles and risks to the parties. The variation and enhancement of PPP models are important to address the key gaps in the current use of PPP models, such as the continuous replication of existing models in PPP projects as well as the perception that the BLMT model increases the Government financial commitment. In addition, other key gaps include the confined use of user-pays model in highway and port projects, untapped potential of the current Land Swap model and the lack of value-added elements in the PPP Management Contract model.

PPP is significant for a nation's development as it will pave the way for high-impact projects with far-reaching benefits. The right PPP model ensures the private sector's expertise and resources are aligned with the Government's objectives to foster innovation, efficiency and accountability. In cases where the proposed projects requires flexibility on the roles and responsibilities between the Government and the private sector, the Government will collaborate closely with the private sector to determine the right PPP model based on the list of definitions and components of PPP models in the Public-Private Partnership Master Plan 2030.

The synergy between the public and private sectors will not only accelerate project execution but also mitigate risks, optimise costs and improve public service quality. The expansion of PPP models will also stimulate economic growth, generate employment opportunities, enhance the overall quality of life for *rakyat*, and position the nation towards a progressive future.

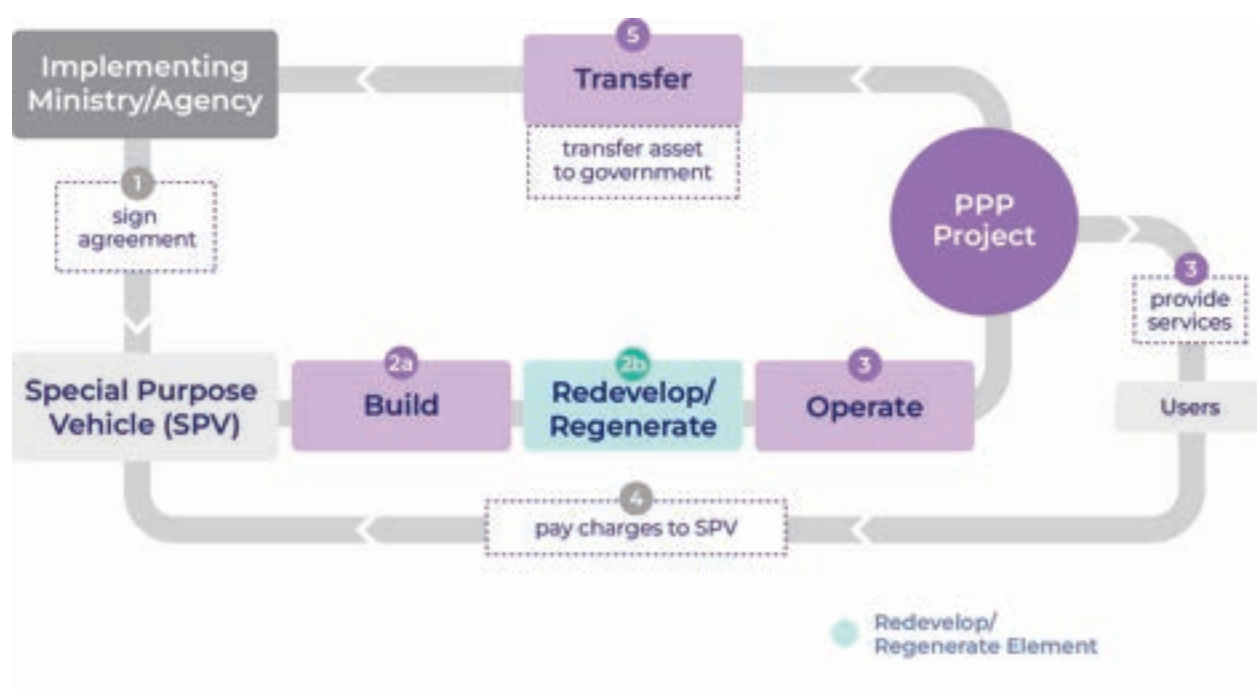
Strategic Initiative 3.1:

Establish new elements in PPP models to reinvigorate existing infrastructure

In SI 3.1, the redevelop/regenerate elements will be introduced to enhance the Build-Operate-Transfer (BOT) model, namely Build-Redevelop/Regenerate-Operate-Transfer (BROT) and Redevelop/Regenerate-Operate-Transfer (ROT).

Enhancement of Build-Operate-Transfer (BOT) Model to BROT and ROT Model

At present, the BOT model is generally adopted for highway development and port operation projects. The redevelop/regenerate elements seeks to revitalise and modernise government-owned brownfield assets through private sector involvement. The following depicts the mechanism for the BROT and ROT models:



Steps	BROT	ROT
1	Implementing ministry/agency will sign agreement with the SPV.	
2a 2b	SPV will assume the financing and development responsibilities for the redevelopment or regeneration of brownfield asset and the additional expansion work.	SPV will assume the financing and development responsibilities for the redevelopment or regeneration of brownfield asset.
	Implementing ministry/agency will grant to the SPV the right and licence to enter upon and occupy the project land throughout the concession period.	
3	Upon the completion of construction work, SPV will operate the asset and provide chargeable services to users.	
4	Users will pay charges to the SPV for services provided. SPV will retain the revenue generated throughout the concession period.	
5	Asset will be transferred to the Government at the end of concession period.	

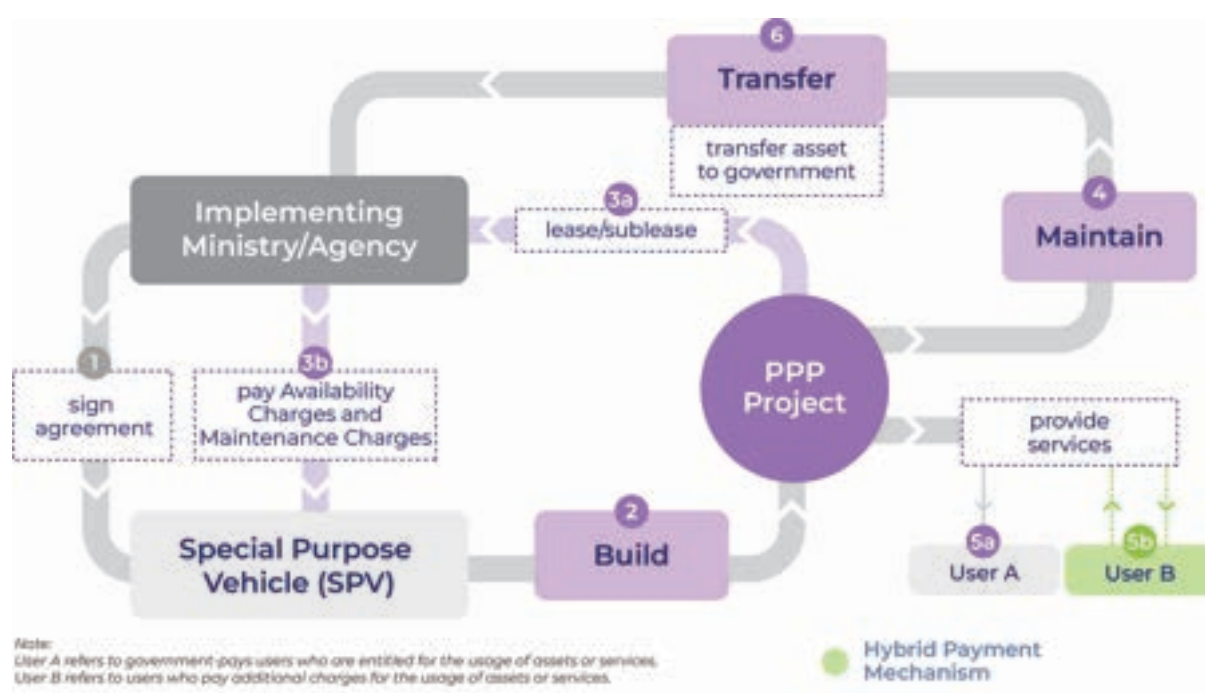
Strategic Initiative 3.2:

Broaden PPP models to enhance user participation

In SI 3.2, the hybrid-payment mechanism will be introduced to enhance PPP models such as Build-Lease-Maintain-Transfer (BLMT) and Redevelop/Regenerate-Lease-Maintain-Transfer (RLMT)/RLMT-Hybrid Model.

A Enhancement of Build-Lease-Maintain-Transfer (BLMT) Model

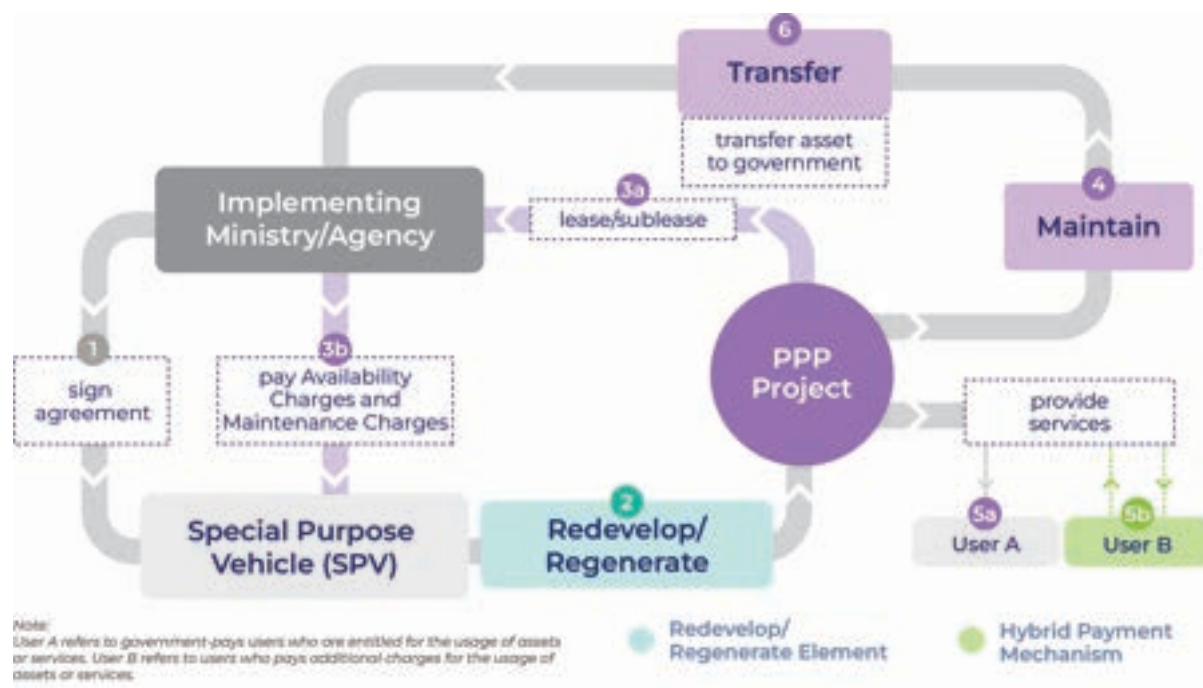
The BLMT model, which relies on the government-pays mechanism, remains relevant for certain sub-sectors such as education, healthcare and government services. The following illustrates the concept and process flow of enhancements to the existing BLMT model through a hybrid-payment mechanism. In this mechanism, the additional revenue generated from users of assets or services may be used to offset Availability Charges payment.



Steps	BLMT	BLMT-Hybrid
1	Implementing ministry/agency will sign agreement with the SPV.	
2	SPV will undertake the financing and development responsibilities for the greenfield asset. Implementing ministry/agency will grant to the SPV the right and licence to enter upon and occupy the project land throughout the concession period.	
3a 3b	Subsequent to the execution of a lease agreement, implementing ministry/agency will pay the SPV Availability Charges for the usage of assets via a sub-lease agreement and Maintenance Charges for relevant maintenance works.	
4	SPV will conduct maintenance works in accordance with the agreed KPI to ensure the assets are well-maintained.	
5a 5b	Implementing ministry/agency will use the asset to provide services to government-pays users.	Implementing ministry/agency or SPV can offset Availability Charges payment into PPP projects, utilising revenue generated from users of assets or services.
6	Assets will be transferred to the Government at the end of concession period.	

B Enhancement of Redevelop/Regenerate-Lease-Maintain-Transfer (RLMT) Model

The RLMT model will be used in brownfield assets such as learning institutions, student residential colleges and hospitals owned by the Government. In addition, the Redevelop/Regenerate element will be combined with the hybrid-payment mechanism, forming a new RLMT-hybrid model as illustrated below:



Steps	RLMT	RLMT-Hybrid
1	Implementing ministry/agency will sign agreement with the SPV.	
2	SPV will undertake the financing and redevelopment or regeneration responsibilities for the brownfield asset. Implementing ministry/agency will grant to the SPV the right and licence to enter upon and occupy the project land throughout the concession period.	
3a 3b	Subsequent to the execution of a lease agreement, implementing ministry/agency will pay the SPV Availability Charges for the usage of assets via a sub-lease agreement and Maintenance Charges for relevant maintenance works.	
4	SPV will conduct maintenance works in accordance with the agreed KPI to ensure the assets are well-maintained.	
5a 5b	Implementing ministry/agency will use the asset to provide services to government-pays users.	Implementing ministry/agency or SPV can offset Availability Charges payment into PPP projects, utilising revenue generated from users of assets or services.
6	Asset will be transferred to the Government at the end of concession period.	

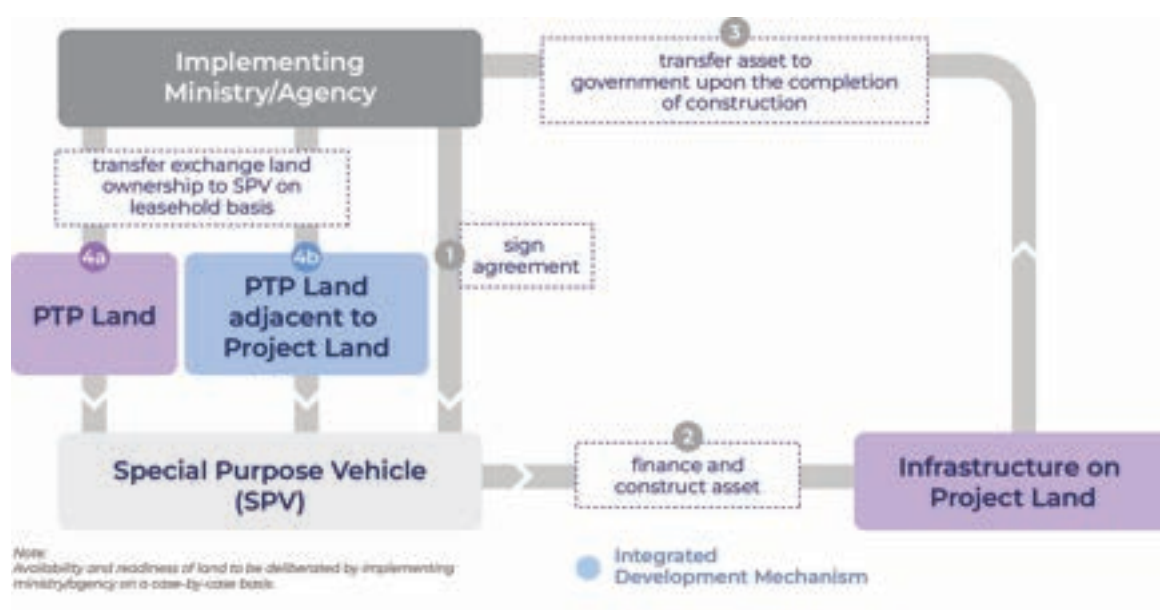
Strategic Initiative 3.3:

Promote integrated PPP development to optimise economic spillover

In SI 3.3, integrated PPP development will be encouraged in the Land Swap model to create commercial synergies, increase economic activities and unlock greater value for the surrounding areas.

Extension of Land Swap Model

PPP projects are implemented on Federal Government land that is owned by the Federal Land Commissioner (Pesuruhjaya Tanah Persekutuan – PTP). The Land Swap model remains relevant for PPP projects as the benefit-in-kind mechanism is used in exchange for government prime land. This mechanism minimises the need for large-scale funding in the delivery of critical public assets and services.



Steps	Land Swap	Land Swap Extension
1	Implementing ministry/agency will sign agreement with the SPV.	
2	SPV will undertake the financing and development responsibilities for the asset on project land. Implementing ministry/agency will grant to the SPV the right and licence to enter upon and occupy the project land throughout the concession period.	
3	SPV will transfer the asset to the Government upon the completion of construction of assets on project land.	
4a 4b	Implementing ministry/agency will transfer ownership of exchange land (PTP land of equivalent value to the asset constructed) to the SPV.	Implementing ministry/agency will transfer ownership of exchange land (PTP land of equivalent value to the asset constructed) which is adjacent to project land.

Strategic Initiative 3.3:

The Land Swap model is a flexible model whereby it could complement other PPP models to reduce the Government's fiscal commitment, where applicable. Moving forward, the Land Swap model will be further utilised particularly for integrated development projects to unlock greater value for the area.

Transit-Oriented Development (TOD)

Development of compact, mixed-use and pedestrian-friendly neighbourhoods centred on transit stations or hubs.

Healthcare Hub

Development of commercial buildings such as hotels and shopping malls on the land surrounding hospitals.

Education Hub

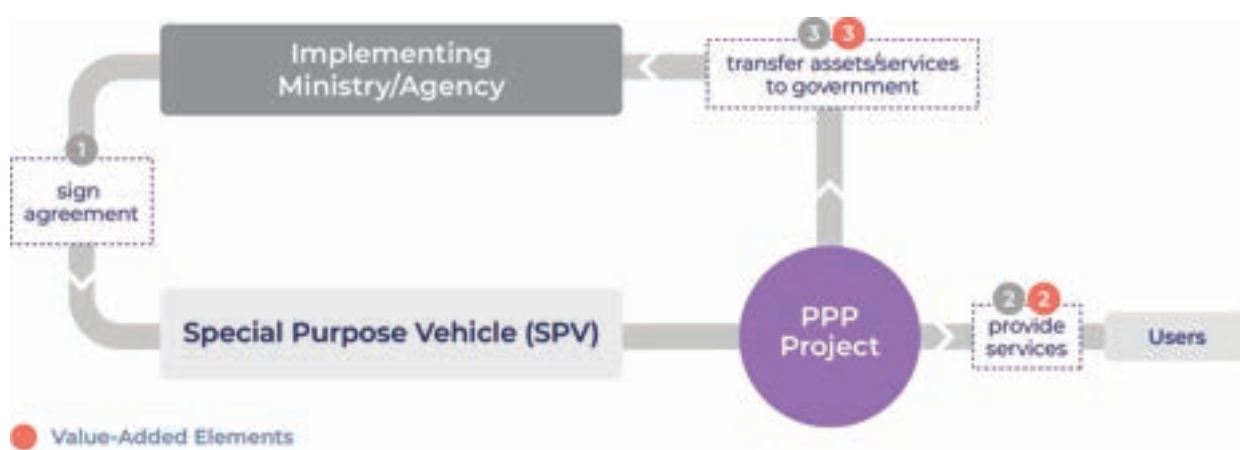
Development of commercial and industrial buildings on the land surrounding the university campus.

Strategic Initiative 3.4:

Enhance PPP models to advance inclusivity and sustainability

Moving forward, PPP projects will include value-added elements to ensure public service delivery are comprehensive in meeting the needs of stakeholders. This is crucial to create sustainable and long-lasting impact to the economy and environment. The following illustration provides an example of value-added elements into the Management Contract model:

Enhancement of Management Contract Model



Steps	Management Contract	Management Contract Value-added
1	Implementing ministry/agency will sign agreement with the SPV.	
2 2	SPV will undertake the responsibilities for provision of services to the users.	SPV will undertake the responsibilities for provision of services to the users by incorporating value-added elements.
3 3	Services and/or assets will be transferred to the Government at the end of concession period.	Services and/or assets will be replaced and transferred to the Government based on the required quality standard at the end of concession period.

The enhancement of long-term management contracts will include the following:

- adoption of technology.** The use of technology in management contracts for the maintenance and upgrading of infrastructure, facilities or equipment can help to increase labour productivity and process efficiency; and
- inclusion of sustainability elements.** Adoption of green elements in any asset replacement or upgrading works for long-term management contracts such as waste management, water and energy consumption as well as protection of biodiversity.

Strategic Thrust 4:

Enhancing PPP financing mechanisms to spur sustainable investments

Aims of Strategic Thrust 4

Strategic Thrust 4 (ST 4) highlights the need to accelerate private investment growth given that the current financing ecosystem is limited in encouraging greater participation in PPP projects. In order to spur sustainable investments, the PPP financing ecosystem and financing options will be enhanced. This thrust will be supported by four strategic initiatives as follows:

Strategic Initiatives (SI)

- SI 4.1 Streamline PPP project financing ecosystem to strengthen governance
- SI 4.2 Improve access to development assistance to spur sustainable financing
- SI 4.3 Explore equitable financing solutions to balance public and private sector interests
- SI 4.4 Promote asset utilisation to optimise the value of PPP assets

Generally, the risk of financing PPP projects is borne by the private sector. However, governments in many countries provide support to the private sector to obtain financing for PPP projects. In Malaysia, Government support includes the provision of the Infrastructure Facilitation Fund (*Dana Mudahcara Infrastruktur* – DMI), Government soft loans and reimbursable land acquisition costs. Although these financing mechanisms have enabled PPP projects to be implemented successfully, it has led to sizeable Government financial commitment. This calls for the need to revisit the current financing ecosystem.

In order to spur sustainable investments in PPP projects, new financing options will be explored by the Government and private sectors to finance the respective stages of asset life cycle. The outcome of this strategic thrust is to establish a cohesive platform and equitable financing solutions which balances the interest of private sectors, Government, financial institutions as well as the public.

Strategic Initiative 4.1:

Streamline PPP project financing ecosystem to strengthen governance

SI 4.1 aims to align the financing ecosystem of PPP projects to strengthen governance. For example, there is a need in public sector accounting to clearly recognise PPP assets and liabilities in the Government's financial statements. Currently, only the Government's debt and commitments of PPP projects are reported in the Government's financial statements, while the creation of assets through PPP projects is not reported due to the assets acquired and operated during the concession period are not accounted in the current cash accounting system. Therefore, there is a need to adopt the accrual accounting system in order to recognise the creation of PPP assets as well as liabilities to provide an accurate picture of the PPP project implementation in the Government's financial statements.

Currently, the Federal Government Accrual Accounting Manual: Public-Private Partnership (PPP) issued by Accountant General's Department of Malaysia in September 2021 outlines the key concepts, classification and accounting treatments of PPP such as recognition of service concession assets, recognition of liability and disclosure requirements. This enables the Government to report PPP assets to provide stakeholders and decision-makers a comprehensive understanding of the financial commitments and resources involved in PPP. This will foster accountability, informed decision-making and contribute to the overall effectiveness and integrity of PPP governance.

Furthermore, Malaysia has issued the **Malaysian Public Sector Accounting Standard (MPSAS) 19** – Provisions, Contingent Liabilities and Contingent Assets adopted from the Handbook of International Public Sector Accounting Pronouncements of the International Public Sector Accounting Standards Board published by the International Federation of Accountants (IFAC) in September 2018. Within MPSAS, the following applies:

1. when the realisation of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate;
2. a contingent asset is disclosed where an inflow of economic benefits or service potential is probable; and
3. contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits or service potential has become probable, an entity discloses the contingent asset.

In addition, the Government may consider adopting global best practices on PPP disclosure which emphasises on detailed reporting information on both PPP assets and liabilities, such as:

International Public Sector Accounting Standards (IPSAS). Under "IPSAS 32–Service Concession Arrangements: Grantor", PPP assets will be regarded as belongings to the government. As such, PPP assets and liabilities should be included in the government's balance sheet, given that:

1. the government controls or regulates what services the operator must provide with the PPP asset, to whom and at what price; and
2. the government controls any significant residual interest in the asset at the end of the contract.

Under this definition, government-pays projects would appear on the government's balance sheet, while the treatment of user-pays projects depends on the details of the contract.

Government Finance Statistics Manual. The manual sets out the criteria for classifying PPP assets and liabilities for statistical reporting purposes. Under these criteria, PPP assets and liabilities are accounted for in the government's balance sheet if the government bears most of the project's risks and rewards, including the degree to which the government controls the design, quality, size and maintenance of the asset, and bears construction risk; as well as the allocation of demand risk, obsolescence risk, and availability risk.

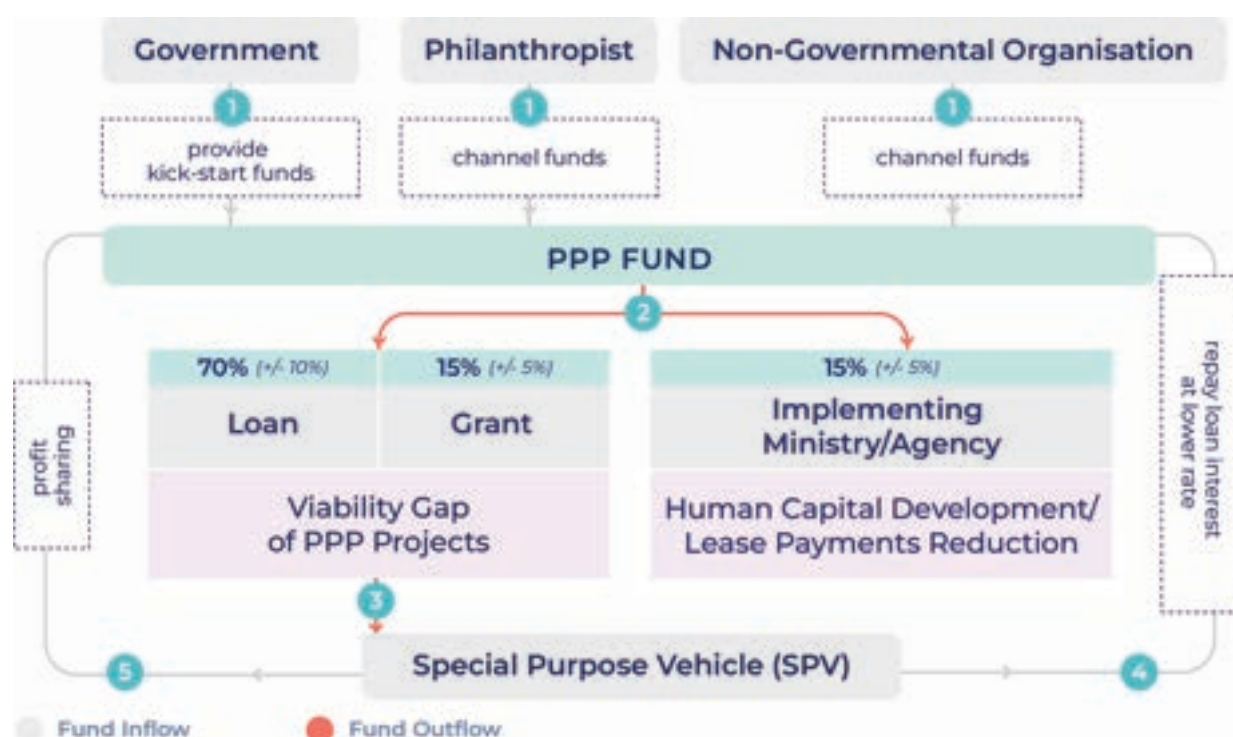
Strategic Initiative 4.2:

Improve access to development assistance to spur sustainable financing

In SI 4.2, the first-tier option available for the private sector to raise funds during the pre-construction and construction stage is by issuing Sukuk or bonds from the debt market.

The second-tier option focuses on the introduction of an integrated PPP fund, where it is intended to address the viability gap of PPP projects. The creation of a fund dedicated to provide bridging finance for PPP projects is timely and crucial to attract the interest of the private sector. It will support strategic PPP projects which are of national interest that may be unable to generate sufficient revenue at the initial stage of operations.

PPP Fund



Steps	PPP Fund
1	Government will provide initial funding to kick-start the PPP fund. Philanthropists and Non-Governmental Organisations are also able to channel funds into the PPP fund.
2	PPP fund will serve the SPV to close any project viability gap, as well as to assist the implementing ministry/agency in human capital development or reduction of lease payments.
3	SPV may obtain funding in the form of loans at a lower interest rate, or grants.
4	SPV will repay the loan interest at a lower rate back into the PPP fund.
5	SPV will be required to contribute a certain percentage of profit back into the PPP fund.

Strategic Initiative 4.2:

The PPP Fund brings four primary benefits as follows:

1. **self-sustainability.** This fund provides a sustainable source of funds for PPP projects, where the Government will not be required to provide continuous financial assistance in the long-term;
2. **strategic funding.** This fund will assist PPP projects that are strategic and of national interest;
3. **human capital development within ministries and agencies.** This fund will assist in capability and capacity building among Government officials involved in PPP through structured training and certification to improve PPP projects implementation; and
4. **funding of lease payments.** This fund will also pay the lease for government-pays PPP projects to alleviate the financial commitment of the Government.

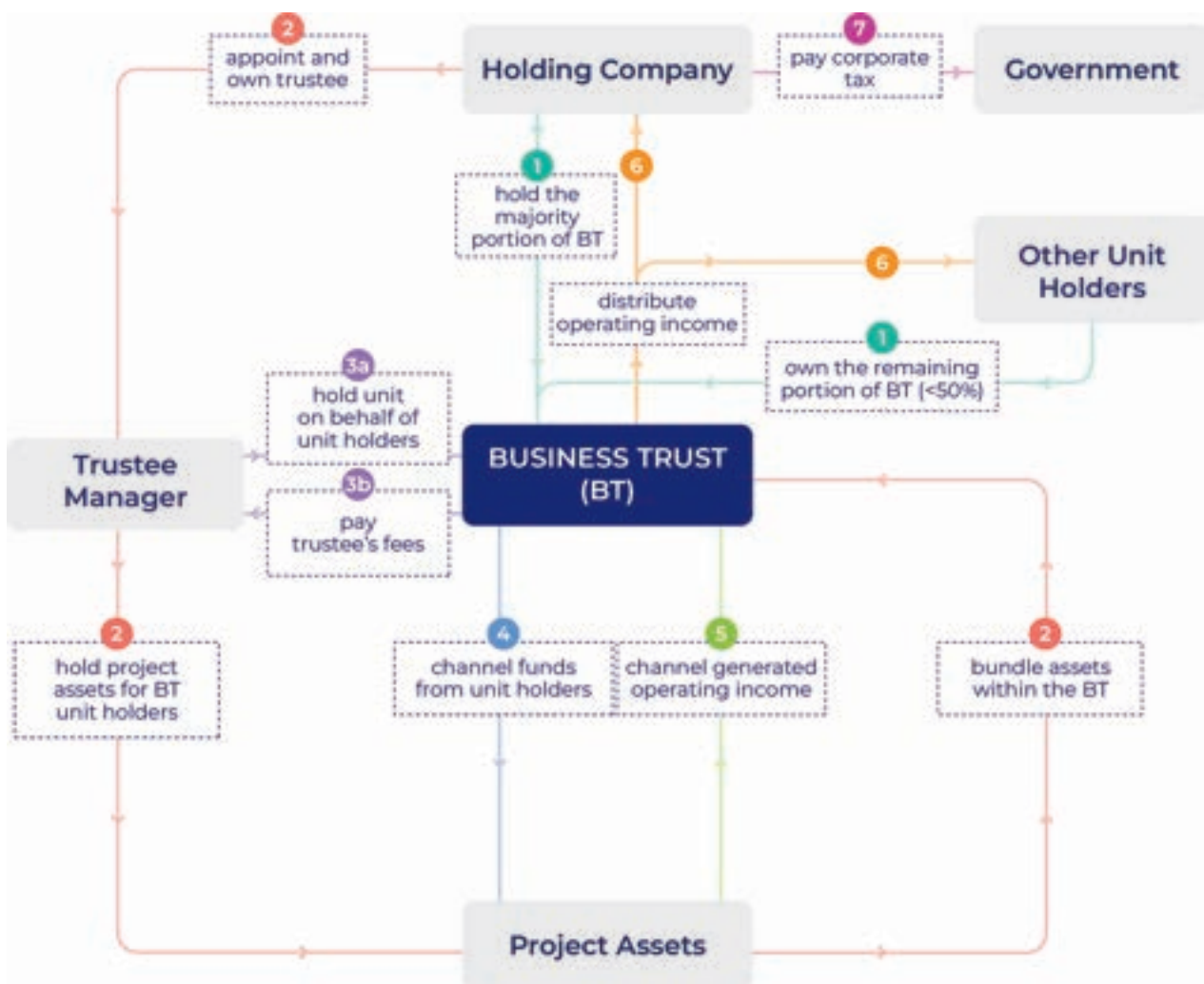
The Government will continue to support economic growth through infrastructure development. Hence, there is also a need to provide additional funding to further support PPP projects. In this regard, the annual allocation for the Infrastructure Facilitation Fund (*Dana Mudahcara Infrastruktur – DMI*) will be increased taking into account project needs.

Strategic Initiative 4.3:

Explore equitable financing solutions to balance public and private sector interests

In SI 4.3, balancing the interests of the public and private sector is essential to ensure that the financing option chosen mutually benefits both sectors in PPP. In this regard, Business Trust (BT) emerges as a viable and equitable financing option. The private sector benefits from the BT through the unit trust scheme for private sectors to refinance assets of an existing public asset and service project, and issue units of the BT to the public for investment. Meanwhile, the Government is able to reduce financial commitment and benefit by collecting tax revenue. PPP projects that have potential to opt for BT include highways, airports and seaports.

Business Trust



Note:
The establishment of a BT must comply with the Capital Markets and Services Act 2007 [Act 671] and any guidelines and practice notes issued by Securities Commission Malaysia.

Strategic Initiative 4.3:

Steps	Business Trust
1	Holding Company will be the ultimate owner of BT as the majority holder when the BT is formed, while other unit holders will own the remaining portions of the BT at <50% ownership.
2	Holding Company will appoint and own the Trustee Manager which manages the BT. The Trustee Manager will hold the project assets for unit holders of the BT. The assets will be bundled within the BT.
3a 3b	Trustee Manager will hold units on behalf of the unit holders. In return, trustee's fees will be paid to the Trustee Manager.
4	BT will channel funds from unit holders into the project assets.
5	Operating income generated will be channeled back into the BT throughout the operation of project assets.
6	Operating income will be distributed from BT to the Holding Company and the other unit holders.
7	Holding Company will pay corporate tax to the Government.

The BT serves as an alternative for the private sector to raise equity or to refinance their bundle of PPP assets with minimal intervention from the Government. Three primary benefits of BT are as follows:

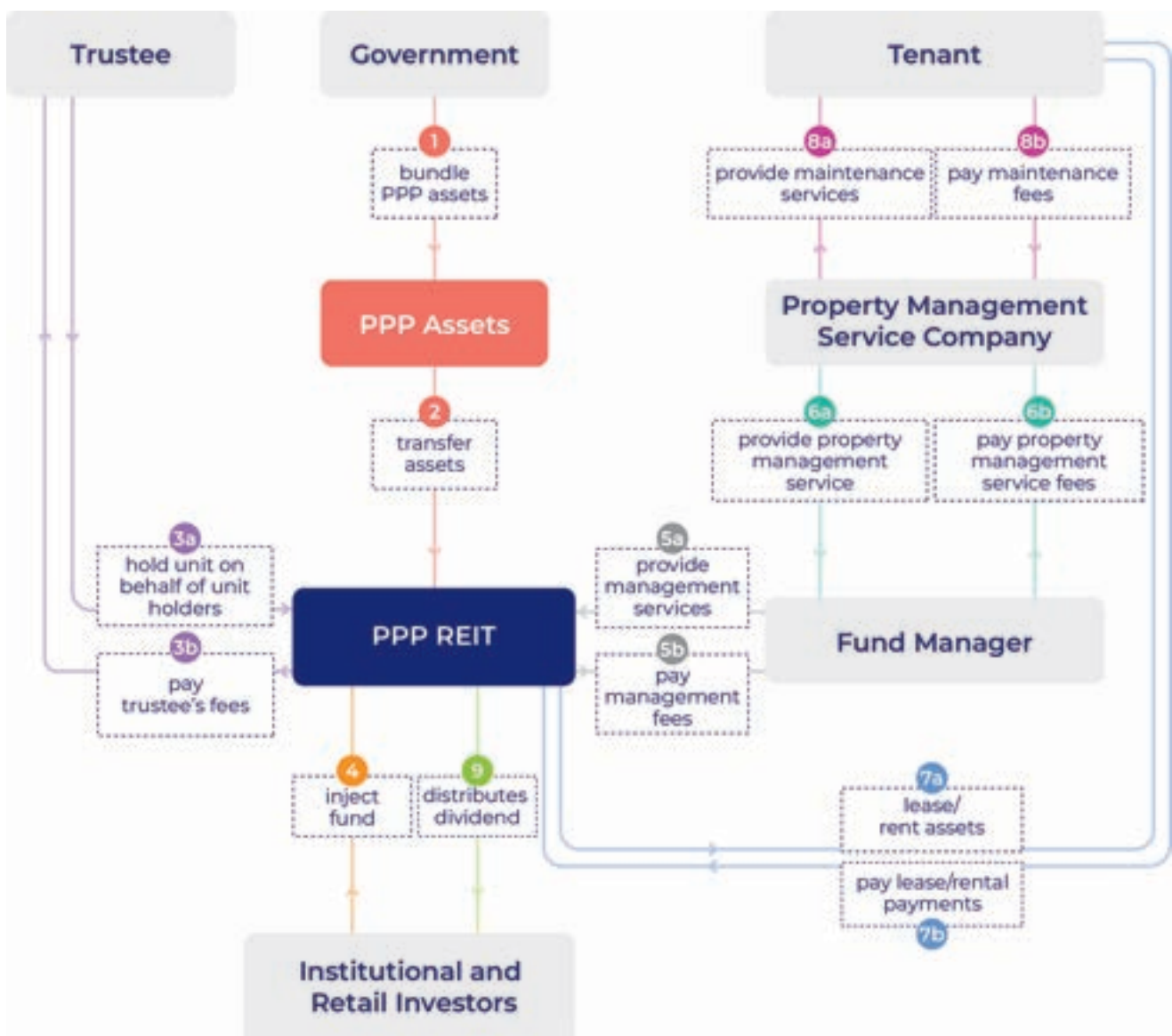
- 1. reduce reliance on Government assistance.** The BT allows the private sector to bundle their PPP assets into a trust and the private sector can list this bundle in the capital market to raise equity. This will enable PPP projects to be financed by the private sector and the public as opposed to receiving financial assistance from the Government;
- 2. ease of distribution payouts.** A company is restricted to paying dividends from accounting profits. In contrast, BT can pay distributions to investors out of operating cash flows; and
- 3. potential tax revenue to the Government.** This model generates revenue for the Government through corporate tax payments from the BT.

Strategic Initiative 4.4:

Promote asset utilisation to optimise the value of PPP assets

In SI 4.4, a PPP Real Estate Investment Trust (REIT) can be explored as a monetisation mechanism in obtaining funding from retail and institutional investors to be reinvested in the existing PPP assets. The PPP REIT will be created by the Government and applied to existing government assets reaching the end of their concessions. The selected assets can be transferred to the PPP REIT, whereby the PPP REIT acquires the assets to be bundled together as a package to generate rental or lease income.

PPP REIT



Note:
The establishment of a REIT must comply with any relevant laws as well as any guidelines and practice notes issued by Securities Commission Malaysia.

Strategic Initiative 4.4:

Steps	PPP REIT
1	Government will identify and bundle selected assets.
2	Government will transfer the bundled assets to the PPP REIT.
3a 3b	Trustee will hold the unit on behalf of unit holders of the PPP REIT. Trustee will manage the PPP REIT and in return, trustee's fees will be paid.
4	Institutional and retail investors will inject funds into the PPP REIT.
5a 5b	PPP REIT will appoint a fund manager to manage the fund and in return, management fees are paid.
6a 6b	Fund manager will appoint a property management service company to oversee the assets in the PPP REIT and in return, management fees will be paid.
7a 7b	PPP REIT will lease or rent the assets to the tenants and in return, lease or rental fees will be paid.
8a 8b	Property management service company will provide maintenance services to the tenants and in return, maintenance fees will be paid.
9	PPP REIT will distribute dividends to institutional and retail investors.

The benefits of PPP REIT include:

- 1. fund generation by monetising existing government assets.** Through bundling the government assets into PPP REIT, underutilised assets could be bundled together with high commercial value assets, thereby enabling the assets to generate income;
- 2. diversification of real estate portfolio risks.** In the event where a certain property is not performing, asset bundling could mitigate the risk as other performing properties and assets within the portfolio would be used as an offset. This allows the fund to be stable in terms of market performance in respect of the price and yield; and
- 3. ability to target stable income seeking investors.** Bundling assets through REIT diversifies the risk and may attract risk-averse investors.



Conclusion



Conclusion

The Public-Private Partnership Master Plan 2030 seeks to achieve the following goal:

“Robust and sustainable PPP landscape to drive national wellbeing”

PPP as a beacon of progress will benefit the *rakyat* through a **robust** ecosystem for national development.

Long-term viable and stable PPP will foster **sustainable** economic growth and reduce fiscal burden.

PPP will intrinsically attract private investments, create job opportunities and accelerate GDP contribution for overall **wellbeing**.

The Public-Private Partnership Master Plan 2030 aligns particularly with the missions of Ekonomi MADANI. The missions aim to achieve economic growth, fiscal sustainability, competitiveness and regionalisation, inclusive growth, strengthening good governance, decent jobs and fair wages as well as equality of opportunities. In achieving the overarching goal, “**Robust and sustainable** PPP landscape to drive national **wellbeing**”, the three Objectives, four Strategic Thrusts and seventeen Strategic Initiatives of the Public-Private Partnership Master Plan 2030 will accelerate the achievement of the Ekonomi MADANI missions.

The Public-Private-Philanthropy Partnership (PPPP) initiative introduced in the Ekonomi MADANI framework also complements the Public-Private Partnership Master Plan 2030 by welcoming the participation of individuals and organisations that contribute assets or financing to develop facilities and services for the benefit of the *rakyat*. It is envisioned that philanthropists will also fully embrace the missions of Ekonomi MADANI and support the creation of a robust and sustainable PPP landscape. The ultimate aim of these efforts will empower the people and translate into overall national wellbeing.

Overall, the Public-Private Partnership Master Plan 2030 signifies the Government's commitment in shaping a robust PPP environment which is highly adaptable. This Master Plan stands as a national testament to innovation and collaboration in shaping a prosperous and equitable future.



Proposed Projects



Proposed Projects

Projects in the Pipeline

This list represents PPP projects identified as key outputs under Strategic Thrust 3: Expanding PPP models to diversify projects.

No.	Project	Sector	Proposed Model
1.	Duta-Ulu Kelang Expressway (DUKE) Phase 2A, Kuala Lumpur	Transportation & Storage	BOT
2.	Putrajaya-Bangi Expressway (PBE), Selangor	Transportation & Storage	BOT
3.	West Ipoh Span Expressway (WISE), Perak	Transportation & Storage	BOT
4.	Kuala Lumpur-Karak Highway (Expansion)	Transportation & Storage	BOT
5.	KL Sentral Station (Redevelopment)	Transportation & Storage	BROT/ MC
6.	Express Rail Link (ERL) (Extension)	Transportation & Storage	BOT
7.	West Port Container Terminal (CT10 - CT17), Selangor (Expansion)	Transportation & Storage	BOT
8.	Kuala Lumpur Northern Dispersal Expressway (KL NODE)	Transportation & Storage	BOT
9.	Multi-Lane Fast Flow Toll Collection System (MLFF)	Transportation & Storage	BOT
10.	New Pantai Expressway Phase 2 (NPE 2), Selangor	Transportation & Storage	BOT
11.	Paroi-Senawang Link (PSL), Negeri Sembilan	Transportation & Storage	BOT
12.	Penang Airport (Expansion)	Transportation & Storage	ROT
13.	<i>Terminal Bersepadu Selatan</i> (TBS), Kuala Lumpur (Facilities Management)	Transportation & Storage	ROT
14.	Pulau Carey Port and Special Economic Zone, Selangor	Transportation & Storage	BOT

Projects in the Pipeline

No.	Project	Sector	Proposed Model
15.	Subang Airport (Regeneration)	Transportation & Storage	BROT
16.	<i>Lebuhraya Pantai Timur 3</i> (LPT 3), Terengganu–Kelantan	Transportation & Storage	BOT
17.	Medical Supply Logistics Services Across Malaysia	Government Services	MC
18.	Foreign Workers Health Inspection and Supervision Services in Peninsular Malaysia and Labuan	Government Services	MC
19.	Government Offices in Petaling Jaya and Kapar, Selangor as well as Labu, Negeri Sembilan (Redevelopment and Relocation)	Government Services	Land Swap
20.	<i>Bangunan Gunasama Kerajaan Persekutuan</i> (BGKP) Across Malaysia	Government Services	MC
21.	Selected Inspection Services for Occupational Safety and Health	Government Services	MC
22.	Government Hospital Support Services Across Malaysia	Government Services	MC
23.	Next Generation Emergency Services 999 (NG 999)	Government Services	Lease
24.	Military Cookhouses Across Malaysia	Government Services	MC
25.	Royal Malaysian Police Quarters and Facilities	Government Services	Land Swap
26.	Student Residential College and Facilities for Universities	Government Services	BLMT
27.	Putrajaya Buildings Refurbishment and Retrofitting	Government Services	MC
28.	Waste-to-Energy (WTE) Facility in Sungai Udang, Melaka	Utilities	BOO

Projects in the Pipeline

No.	Project	Sector	Proposed Model
29.	Waste-to-Energy (WTE) Facility in Kedah and Pahang	Utilities	BOO
30.	Gas District Cooling (GDC) Services, Putrajaya	Utilities	BOO
31.	Ipoh Sentral Transit-Oriented Development (TOD)	Real Estate & Business Services	Land Swap/JV
32.	Bukit Chagar Transit-Oriented Development (TOD)	Real Estate & Business Services	Land Swap
33.	Heritage Sites in Malaysia (Redevelopment)	Real Estate & Business Services	ROT
34.	Paddy Cultivation Infrastructure Development in MUDA Area, Kedah	Agriculture	Build & Maintain
35.	Kuala Lumpur Wholesale Market (Redevelopment)	Agriculture	BOT
36.	e-Tanah System in Pahang, Johor, Malacca, Negeri Sembilan and Penang	Information & Communications	BMT
37.	Public Cemetery in Selangor (Relocation from Kuala Lumpur)	Other Services	Land Swap

Potential Projects

The following list highlights potential projects that can be implemented in the future.

No.	Projects	Sector	Proposed Model
1.	Expansion of Maintenance, Repair and Overhaul (MRO) Services, Subang, Selangor	Transportation & Storage	MC
2.	Development of High-Speed Rail (HSR) (KLIA-Penang Conurbation)	Transportation & Storage	BOT
3.	Development of Melaka International Aero-City Hub	Transportation & Storage	BOT
4.	Development of Juru-Sungai Dua Bypass Expressway, Penang	Transportation & Storage	BOT
5.	Development of Klang Logistic Corridor (KLC)	Transportation & Storage	BOT
6.	Development of Kuantan-Singapore Expressway (LPT4)	Transportation & Storage	BOT
7.	Expansion of Airports	Transportation & Storage	BOT
8.	Development of Bandar Malaysia-Seri Kembangan Expressway	Transportation & Storage	BOT
9.	Expansion of West Coast Expressway (WCE) from Banting, Selangor to Nusajaya, Johor	Transportation & Storage	BOT
10.	Development of Pasir Gudang Expressway	Transportation & Storage	BOT
11.	Development of Kuala Lumpur-Klang Expressway	Transportation & Storage	BOT
12.	Leasing of Strategic Assets (Helicopters and Ships)	Government Services	Leasing
13.	Centralised Bus Services Management for Government Departments	Government Services	MC
14.	Rejuvenation and Regeneration of Government Buildings	Government Services	ROT
15.	Manufacturing of Medicine for Critical and Rare Diseases	Government Services	MC

Potential Projects

No.	Projects	Sector	Proposed Model
16.	Development of Elderly Care Facilities and Services	Government Services	BOT
17.	Operation and Maintenance of Stadiums and Sports Facilities	Government Services	MC
18.	Development of Army Quarters	Government Services	Land Swap
19.	Development of National Vaccines	Government Services	Outsourcing
20.	Development of Fire Stations Across Malaysia	Government Services	Land Swap
21.	Development of Therapy Centres for Children with Special Needs	Government Services	BOT
22.	Development of Healthcare Technopolis	Government Services	Land Swap
23.	Redevelopment of Royal Malaysian Customs Department Quarters	Government Services	BLMT/Land Swap
24.	Development of Offices and Facilities under Prime Minister's Department, Kuching, Sarawak	Government Services	Land Swap
25.	Medical Supply Logistics Services at University Teaching Hospitals	Government Services	MC
26.	Redevelopment of Military Land in Bukit Gambir, Penang	Government Services	Land Swap
27.	Development of Government Quarters in Selangor	Government Services	Land Swap
28.	Redevelopment of Penang Prison	Government Services	BLMT
29.	Management of Halon Bank Malaysia	Government Services	MC
30.	Redevelopment of Federal Resorts	Other Services	MC

Potential Projects

No.	Projects	Sector	Proposed Model
31.	Management of National Parks	Other Services	MC
32.	Development of Nano-Technology Centre	Other Services	BLMT-Hybrid
33.	Development of Ecotourism Sites and Protected Areas	Other Services	MC
34.	Development of Telecommunication Network Services for Education and Learning	Information & Communication	BOT
35.	Development of a Customs Management System	Information & Communication	BLMT
36.	Development of Satellite	Information & Communication	BOT
37.	Upgrading of Street Lighting (Energy-Efficient) Across Malaysia	Utilities	MC
38.	Development of Large-Scale Solar Projects Across Malaysia	Utilities	BOT
39.	Development of Elevated Future City	Real Estate & Business Services	To Be Determined
40.	Development of E-Credit	Finance & Insurance	BOT
41.	Smart Agriculture	Agriculture	BOT

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List of Components & Definitions of PPP Models and Abbreviations



Components of PPP Models

A PPP project is implemented by a Special Purpose Vehicle (SPV), specially established to undertake the PPP project. The following depicts the general definition of each component in a PPP model. The selection of a specific PPP model for a project will be determined by the ministries/ implementing agencies.

Development	B uild	The SPV develops a physical infrastructure project on a designated greenfield area which comprises designing and construction works: • Design: process of creating detailed plans, drawings and specification for the proposed projects; and • Construction: execution of the approved design into physical structure.
	R edvelop	The SPV redevelops a brownfield project (e.g. former industrial area, dilapidated social housing or abandoned commercial buildings), involving demolition of the entire structures (total redevelopment) or a section of the structures (partial redevelopment).
	R egenerate	The SPV rehabilitates and/or refurbishes a brownfield project without destroying the existing design, layout and function of the area.
Operation	L ease	The Government leases the land to the private sector for the purpose of PPP project implementation; or The Government leases assets/equipment from the private sector for the purpose of PPP project implementation.
	M aintain	The SPV conducts routine maintenance works in accordance with the KPIs set within the concession agreement.
	O perate	The SPV operates the asset and ensures the functionality of the asset.
Ownership	T ransfer	The SPV transfers the asset to the Government at the end of concession period.
	O wn	The SPV retains and owns the asset ownership at the end of concession period.

Definition of PPP Models

Concession	Description
User-Pays	
Build-Operate-Transfer (BOT)	The SPV is granted a concession contract to finance, construct and operate a project for a designated period as stipulated in the concession agreement and allowed to collect charges from users. At the end of the concession period, the ownership of project is transferred to the government.
Redevelop/Regenerate-Operate-Transfer (ROT)	The SPV is granted a concession contract to finance, redevelop/regenerate and operate a government-owned asset for a designated period as stipulated in the concession agreement and allowed to collect charges from users. At the end of the concession period, the ownership of the asset is transferred to the government in an improved condition.
Build-Redevelop/Regenerate-Operate-Transfer (BROT)	The SPV is granted a concession contract to finance, construct, redevelop/regenerate and operate a government-owned asset as well as construct additional structures for a designated period as stipulated in the concession agreement, and allowed to collect charges from users. At the end of the concession period, the ownership of the asset is transferred to the government in an improved condition.
Management Contract (MC)	The SPV is granted a concession contract to manage the government-owned asset for a designated period as stipulated in the concession agreement. Value-add elements such as adoption of technology and inclusion of sustainability elements will be included in the contract to distinguish MC for PPP with conventional MC. Although it is generally a government-pays model, it can also be a user-pays model depending on project suitability.
Government-Pays/PFI	
Build-Lease-Maintain-Transfer (BLMT)	The SPV is granted a concession contract to finance and construct public facilities . Upon construction completion, the SPV will lease the facility to the government to be operated by the government . The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. At the end of the concession period, the ownership of facilities is transferred to the government.
Build-Lease-Maintain-Operate-Transfer (BLMOT)	The SPV is granted a concession contract to finance and construct public facilities . Upon construction completion, the SPV will lease the facility to the government and the SPV will operate the facility. The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. At the end of the concession period, the ownership of facilities is transferred to the government.
Build-Lease-Transfer (BLT)	The SPV is granted a concession contract to finance and construct public facilities . Upon construction completion, the SPV will lease the facility to the government. The government will pay availability charges to the SPV. At the end of the concession period, the ownership of facilities is transferred to the government.
Build-Maintain-Transfer (BMT)	The SPV is granted a concession contract to finance and develop public services delivery assets such as information and communication systems. Upon completion of development, the government will operate the asset and pay charges to the SPV. At the end of the concession period, the ownership of assets will be transferred to the government.

Definition of PPP Models

Concession	Description
Government-Pays/PFI	
Redevelop/Regenerate-Lease-Maintain-Transfer (RLMT)	The SPV is granted a concession contract to finance and redevelop/regenerate public facilities. Upon construction completion, the SPV will lease the facility to the government to be operated by the government . The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. At the end of the concession period, the ownership of facilities is transferred to the government.
Redevelop/Regenerate-Lease-Maintain-Operate-Transfer (RLMOT)	The SPV is granted a concession contract to finance and redevelop/regenerate public facilities. Upon construction completion, the SPV will lease the facility to the government and the SPV will operate the facility. The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. At the end of the concession period, the ownership of facilities is transferred to the government.
Redevelop/Regenerate-Lease-Transfer (RLT)	The SPV is granted a concession contract to finance and redevelop/regenerate public facilities. Upon construction completion, the SPV will lease the facility to the government. The government will pay availability charges to the SPV. At the end of the concession period, the ownership of facilities is transferred to the government.
Build-Operate-Own (BOO)	The SPV is granted a concession contract to finance, build and operate a facility which provides services/infrastructure to the public sector. The SPV is not required to transfer the facility to the government at the end of the concession period.
Outsourcing	The SPV is granted a concession contract to finance, develop and manage the services/functions that are traditionally delivered by the government (e.g. equipment inspection, information technology services and medical supply). The government oversees the SPV to ensure it meets public needs and standards. In return, the government will pay for the services provided by the SPV depending on compliance to agreed KPIs.
Hybrid-Pay	
BLMT-hybrid	The SPV is granted a concession contract to finance and construct public facilities. Upon construction completion, the SPV will lease the facility to the government to be operated by the government . The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. In addition, the government will also include chargeable services with the aim to generate additional revenue streams to offset availability charges payment . At the end of the concession period, the ownership of facilities is transferred to the government.
RLMT-hybrid	The SPV is granted a concession contract to finance and redevelop/regenerate public facilities. Upon construction completion, the SPV will lease the facility to the government to be operated by the government . The government will pay availability charges to the SPV. Apart from that, the SPV will maintain the facility and in return, the government will pay maintenance charges depending on compliance to the agreed KPIs. In addition, the government will also include chargeable services with the aim to generate additional revenue streams to offset availability charges payment . At the end of the concession period, the ownership of facilities is transferred to the government.

Definition of PPP Models

Privatisation	Description
Sale of Equity	The sale of government equity shares to the private sector. The sale can involve partial or full transfer of equity stake depending on the terms of the agreement and the strategic objectives of the government.
Sale of Asset	The sale of government assets to the private sector. The assets could include physical infrastructure (e.g. building or facility), intellectual property or other tangible and intangible assets belong to the government.
Corporatisation	Corporatisation refers to the transformation process of a government-owned entity or service into a corporate entity with a more commercial and autonomous structure. The transformation is aimed at improving efficiency, accountability and financial performance while maintaining public service obligation and reducing dependency on government funding .
Alternative Mode	Description
Land Swap	The SPV is granted a contract to finance and construct public facilities or services (e.g. offices and government quarters). In return, the government will transfer ownership of specific government land of commensurate value to the SPV.
Offtake	The SPV is granted a contract to produce output or provide services to the government. In return, the government will pay for the output or services provided by the SPV.
Joint Venture	The government and private sector will form an agreement to undertake a development project , whereby the government will provide the land whereas the private sector will finance and develop the project. The government will receive a portion of the proceeds from the sale of the property on the development project.
Leasing	The government leases the land to the private sector for the purpose of PPP project implementation; or the government leases assets/equipment from the private sector for the purpose of PPP project implementation.

List of Abbreviations

AGC	Attorney General's Chambers
BLMOT	Build-Lease-Maintain-Operate-Transfer
BLMT	Build-Lease-Maintain-Transfer
BLT	Build-Lease-Transfer
BMT	Build-Maintain-Transfer
BOO	Build-Operate-Own
BOT	Build-Operate-Transfer
BPEN	<i>Bahagian Perancang Ekonomi Negeri</i> (State Economic Planning Division)
BROT	Build-Redevelop/Regenerate-Operate-Transfer
BT	Business Trust
CAPEX	Capital Expenditure
CBA	Cost-Benefit Analysis
CoE	Centre of Excellence
DE	Development Expenditure
DMI	<i>Dana Mudahcara Infrastruktur</i> (Infrastructure Facilitation Fund)
DN	Direct Negotiation(s)
EIRR	Equity Internal Rate of Return
GDP	Gross Domestic Product
IFAC	International Federation of Accountants
INTAN	<i>Institut Tadbiran Awam Negara</i> (National Institute of Public Administration)
IPSAS	International Public Sector Accounting Standards
IRR	Internal Rate of Return
JKAS	<i>Jawatankuasa Kerjasama Awam Swasta</i> (Public Private Partnership Committee)
JKPTG	<i>Jabatan Ketua Pengarah Tanah & Galian</i> (Department of Director General of Lands and Mines)
JPM	<i>Jabatan Perdana Menteri</i> (Prime Minister's Department)
JPP	<i>Jawatankuasa Pemandu Projek</i> (Project Steering Committee)
JPPH	<i>Jabatan Penilaian dan Perkhidmatan Harta</i> (Valuation and Property Services Department)
JTAS	<i>Jawatankuasa Tertinggi Awam Swasta</i> (High-Level Public Private Partnership Committee)

List of Abbreviations

JV	Joint Venture
KE	<i>Kementerian Ekonomi</i> (Ministry of Economy)
MC	Management Contract
MPSAS	Malaysian Public Sector Accounting Standard
NPV	Net Present Value
OPEX	Operating Expenditure
PFI	Private Finance Initiative
PMC	Project Monitoring Committee
PPP	Public-Private Partnership
PPPP	Public-Private-Philanthropy Partnership
PTP	<i>Pesuruhjaya Tanah Persekutuan</i> (Federal Lands Commissioner)
REIT	Real Estate Investment Trust
RFP	Request For Proposal(s)
RLMOT	Redevelop/Regenerate-Lease-Maintain-Operate-Transfer
RLMT	Redevelop/Regenerate-Lease-Maintain-Transfer
RLT	Redevelop/Regenerate-Lease-Transfer
ROT	Redevelop/Regenerate-Operate-Transfer
SI	Strategic Initiative(s)
SOP	Standard Operating Procedure
SPV	Special Purpose Vehicle
ST	Strategic Thrust(s)
TOD	Transit-Oriented Development
UKAS	<i>Unit Kerjasama Awam Swasta</i> (Public Private Partnership Unit)
UPEN	<i>Unit Perancang Ekonomi Negeri</i> (State Economic Planning Unit)
VAE	Value At Entry
VM	Value Management



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