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Headline: Five projects worth Bt200 billion get the green light under new PPP law			

PPP projects

First five government public-private partnership projects under the new PPP law worth around Bt200 billion to be submitted for Cabinet approval by year's end.

Three Metropolitan Rapid Transit (MRT) projects	Distance (km)	Budget (Bt bn)
MRT Blue Line extension	27	82.49
MRT Pink Line (Khae Rai - Min Buri)	34.5	56.73
MRT Yellow Line (Lat Phrao - Samrong)	30.4	54.77

Two waste-to-energy power plant locations	Budget (Bt bn)
Nonthaburi	4.14
Nakhon Ratchasima	2.25

Source: State Enterprise Policy Office (SEPO) NATION GRAPHICS

Five projects worth Bt200 billion get the green light under new PPP law

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FIVE PROJECTS worth a total of Bt200.38 billion are expected to kick-start public-private participation under the new PPP law as part of the country's infrastructure development plan from 2015 to 2020.

"The PPP projects that were identified are meant to help lower the financial burden of the government as it is planning to spend a large amount of capital on infrastructure projects," Deputy Prime Minister Somkid Jatusripitak said yesterday after the PPP Policy Committee's meeting.

He said the PPP model would help keep public debt - which is now at 45.7 per cent of the country's gross domestic product as of September - under control. The government traditionally prefers to keep the debt level at below 50 per cent - well below the international standard of under 60 per cent.

The Council of Economic Ministers revealed yesterday that five PPP projects under the new Private Investment in State Undertakings Act (PPP law) worth around Bt200.38 billion will be sent to the Cabinet for approval in the next three months. They include three Metropolitan Rapid Transit (MRT) projects in Bangkok and two waste-to-energy power plants in Nonthaburi and Nakhon Ratchasima provinces.

The government hopes to invest around Bt1.57 trillion in public infrastructure (2015-20), largely through partnerships with the private sector. The five-year plan has outlined 66 investment projects in 20 categories where 84 per cent of them are transport projects.

Ready to be launched in about 4 months

The director of the State Enterprise Policy Office (SEPO), Kulit Sombatsiri, revealed that it would take at least four months before any construction could begin and most likely the waste power-plant in Nonthaburi would be the first to kick-off as the Cabinet approved the project last Tuesday. Of the three mass-transit projects, MRT Blue is better prepared for construction.

Feasibility studies for all five projects have been done and all of them have already gained environmental impact assessment approvals and that is the reason why they were picked under the new PPP law, he said.

The Blue Line will be under the "PPP Net Cost" benefit-sharing model (fare revenue collection and commercial development of station areas and revenue sharing on a performance-based agreement). The other two lines are still under consideration on whether they should be under the PPP Net Cost or the "PPP Gross Cost" model (the private receives an operating and maintenance fee, while the public benefits from fare revenues and commercial development of station areas).

Meanwhile, Supant Mongkolsuthree, chairman of the Federation of Thai Industries, said this was a positive development. If they were fully implemented, it would help with the stimulation of the economy through improvement of transport infrastructure and logistics. Private investments will also increase along with it.

"Investment in mass-transit projects is the most obvious in terms of the effect on the economy as the projects are sure to spur growth of the property and real estate along the rail lines," he said.

Pimonwan Mahujchariyawong, deputy managing director of Kasikorn Research Centre (KResearch), said the three MRT projects are known to the public so their impact on the economy has already been factored in, but the announcement has provided clarity on how it will be funded.

"The impact [from the five PPP projects] on the GDP will be minimal this year and the next since I do not expect construction of the MRT lines to begin until around the end of next year. So, the impact of the capital investment into the projects, which will make its way into the economy, should begin by then and become more apparent in 2017," she said.

"Nevertheless, KResearch expects construction of the MRT Green Line, Laem Chabang Port Phase 3, double-track railways and the four motorways projects to help spur economic expansion next year," she added.