UNECE INTERNATIONAL PPP FORUM
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URBAN RAIL

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Overview

1. Urban Rail: A brief introduction
2. Major problems and benefits
3. Risk Management in the context of Urban Rail
4. Stages in assessment of PFI contracts in terms of value-for-money and risk
PPP URBAN RAIL:
A Brief Introduction

- Development of Urban rail
- Reasons
  - Requirements
    - Long term arrangements
    - Detailed contract
    - Annual payments
PFI Risk Management in the context of Urban Rail

- What do the critics say?
  Urban Rail PFI does not represent value-for-money!

- What does the government say?
  Risk transfer?

- Risk Vs Uncertainty

- Stages in assessment of PFI contracts
Stages in assessment of Urban Rail PFI contracts in terms of Value-for-money and Risk

1. Initial contract stage
2. After the infrastructure is built
3. Operational phase
4. Final stage of project termination
Urban Rail Case

Stage 1
Initial contract stage
- Lack of competitive bidding market
- Complexities in risk transfer
- Lack of risk disclosure
- Transferring risk through SPVs
- Inability of public sector to manage PFI risk

Stage 2
After the infrastructure is built
- Changes in the value of contract
- Refinancing and opportunistic gains
- Difficulty in estimating the value of contracts

Stage 3
Operational phase
- Role of contract and relationship issues
- Lack of attention to behavioral, social and political considerations
- Research findings:
  - Role of good communication and collaboration
  - Role of trust practices

Stage 4
Final stage of project termination
- None of the UK project reached this stage
- Australian projects and termination risk
- Role of uncertainties
- Development of flexible and trustful approaches

Stage 1
Stage 2
Stage 3
Stage 4
References:


Thank you