Appendix: **Procurement method comparison summary – private capital for public infrastructure**

Model	Scope and payment	Key sectors	Whole of life	Cost certainty	Risk transfer	Programme certainty	Outcome and delivery certainty	Design / innovation	Co-design and transparency	Capture project value through commercial developments	Competition and market
PPP/P3 (Australia/Canada/ UAE/Saudi Arabia/USA/Ireland)	DBFM/DBFOM Core services operations generally retained by the government. Maintenance and lifecycle services provided by proponent. Service payments budgeted and disbursed by the government or government authority.	Broad (transport, civil, social, economic).	Yes. Includes handback condition obligations.	High, fixed payment over life of concession.	High – subject to certain exclusions, private sector bears exposure to delivery, and operating risk over the concession term.	High – private sector capital bears cost exposure to programme delay.	High, with mature and flexible mechanisms to ensure sustainable, evolving and enduring value for money outcomes.	High, given strong market and value for money approach to evaluation (with high degree of process interactivity), and equity risk / reward.	Moderate to high, given established interactive tender process, user groups and design stages (through delivery).	Yes, adjoining commercial developments possible.	Competitive tender process with a mature market of investors, contractors and service providers. In most jurisdictions a stipend is paid.
Mutual Investment Model (Wales)	DBFM Core services operations (e.g. soft FM) publicly delivered and retained by the government. Lifecycle maintenance provided by proponent. Service payments budgeted and disbursed by authority. Government takes an equity stake of up to 20% to participate in upside and governance/project company board.	Social infra/civil, transport (applied to schools, hospitals, roads to date).	Yes. Includes handback condition obligations.	High - consistent with PPPs.	High - consistent with PPPs.	High – consistent with PPPs.	High - consistent with PFI and not as flexible as international PPP/P3.	High to moderate (late-stage procurement with planning in place by authority but has been applied to slightly earlier stage partnership model in schools sector).	Moderate co-design and transparency (authority typically taking limited to no risk on design development), consistent with PPPs depending on the nature of the process/project.	None proposed (all on site commercial operations are by authority).	Competitive tender process, with committed funding, including consideration of social and community benefits with a mature market in line with PPP participant market.
Precinct development (Australia/North America)	DBFM/DBFOM Augmenting the development of infrastructure (often through a PPP or similar model) with additional commercial development incorporated into a broader project to achieve enhanced social and economic outcomes. Value capture, through land payments, offsets or subsidy from the commercial developments may contribute to the financial and social outcomes.	Mixed use, anchored with public infrastructure.	Yes. Includes handback condition obligations.	High, fixed payment over life of concession for core public infrastructure combined with private sector risk on integration of urban renewal/precinct commercial developments.	High, depending on government objectives and land tenure arrangements.	High but with precinct activation warranting a ramp up in commercial activity to achieve sustainable social, economic and urban renewal outcomes.	High –generally consistent with PPPs, subject to precinct activation ramp up timing.	High innovation consistent with PPP models.	High to moderate co-design and transparency, consistent with PPPs depending on the nature of the process/project.	Yes, with key feature of the model providing commercial development that complements core publicly operated infrastructure. Result can be urban renewal and public activation within a single project framework.	Competitive tender processes for the development and underlying infrastructure, including a competitive process for development scope or land payment to government. A stipend is provided for the core public infrastructure bid.
Private Finance Initiative (PFI) / SoPC4 (England and Wales)	DBFM/DBFOM Service payments budgeted and disbursed by the local government or departmental agency.	Broad (social infra, economic, transport, civils, defence, utilities and waste).	Yes. Includes handback condition obligations.	High – consistent with PPPs.	High – consistent with PPPs.	High – consistent with PPPs.	High - delivery and performance standards are defined for the duration of the concession term. Not as flexible as international PPP/P3.	Moderate, as typically late-stage procurement and evaluation methodology for design requirements may be more formulaic or rely on template designs.	Moderate co-design and transparency (authority typically taking limited to no risk on design development), consistent with PPPs depending on the nature of the process/ project.	Typically none.	Competitive tender process with a mature market established through many decades of PFIs in the UK.
Concession (worldwide)	DBFOM Concession is either purchased by the private sector or licenced for a period of time with an upfront payment or royalty payable to the government.	Broad (social infra, economic, transport, civil, government services, utilities, operations).	Yes.	Governments receive a contracted sale price or licence payment. Full revenue and cost risk borne by private sector.	High - private sector bears exposure to delivery (if applicable), revenue, cost and operating risk over the concession term.	Variable, depending upon the nature and requirements of the concession.	Generally high, but sensitive to implications of private sector service delivery.	Depends upon type of asset, but typically conducive to innovation and service reform by private sector owners to achieve targeted returns.	Subject to the nature of the concession agreement.	Yes.	Competitive tender process with a mature market of investors and contractor participants.
Progressive P3 (Canada)	DBFM used for projects of over CAD $100 million or high risk, with appointment of a delivery partner (usually a D&C contractor) to progressively develop the design and delivery solution, the services and the associated costs, financing, and, contractual structure. Core services operations generally retained by the government.	Social Infra. Starting to be applied to civil and economic infrastructure.	Yes, but less integrated than some other forms of PPP.	Moderate. Progressive PPPs build up design and cost with regard to risk allocation. Some risk of cost creep as project elements are progressively built. Ultimately, cost certainty locked in at financial close.	Progressive build up the delivery and services solution in partnership with the government. A higher level of design and joint approach to risk provides a higher level of cost, programme and risk resolution at financial close.	Progressive development of programme in partnership with the government. Fixed programme from financial close.	High, due to the level of joint development undertaken prior to financial close. Subcontracting of key packages can be undertaken progressively providing additional certainty.	Limited given single contractor selected early and then other elements price focused.	High – consistent with PPPs/P3s.	Yes.	Competitive tender process for development partner but as various prices build for each element there may be fewer incentives to achieve whole of life value-for-money and or innovative solutions to ameliorate project costs.
Wide equity (Canada and Australia)	DBM. Core services operations generally retained by the government. Private sector financing of equity only, with the remainder provided by the government. Service payment provides equity return and services payment of O&M).	Social Infra and social infra augmentations.	Yes. Includes handback condition obligations.	High – consistent with PPPs.	High – consistent with PPPs.	High – consistent with PPPs.	High – consistent with PPPs.	High – consistent with PPPs.	High, given closer collaboration with procuring authority through design process.	Yes - can be consistent with precinct development projects depending on the nature of the process / project.	Competitive tender process or bilateral negotiation process for D&C and Services, depending on the nature of the project. Conflicts can emerge if the D&C contractor equity is present, as opposed to an active independent equity model.

Note: Balance sheet treatment for government subject to jurisdiction, government policy and accounting standards

Definitions

DBM – Design, Build, Maintain

DBFM – Design, Build, Finance, Maintain

DBFM – Design, Build, Finance, Maintain

DBFOM – Design, Build, Finance, Operate, Maintain

D&C – Design and construction

O&M – Operations and maintenance

SPV – Special Purpose Vehicle, project company set up to raise financing, manage and operate the PPP/PFI project