

A Tale of Three Cities:

Urban Rail Concessions in Bangkok, KL and Manila

Transport Forum

March 11, 2005, Washington D.C.

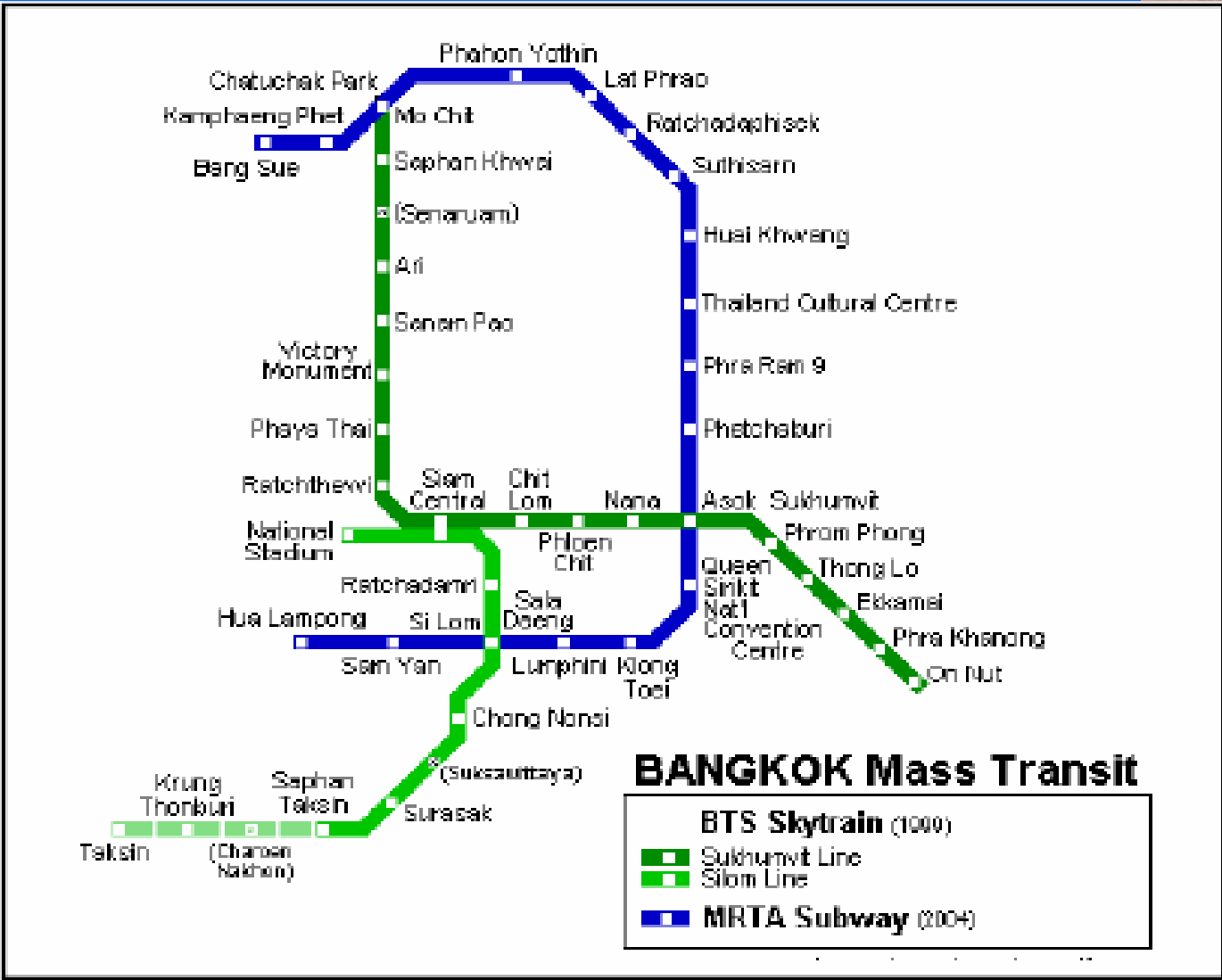




Bangkok MRT Network



Pop: 10m
 Pub. Tr : 53%
 MRTA:
 200K/day
 BTS: 350K/day



KL MRT Network



Population: 1.4 m

Pub. Tr : 16%

Star: 110K/day

Putra: 150K/day

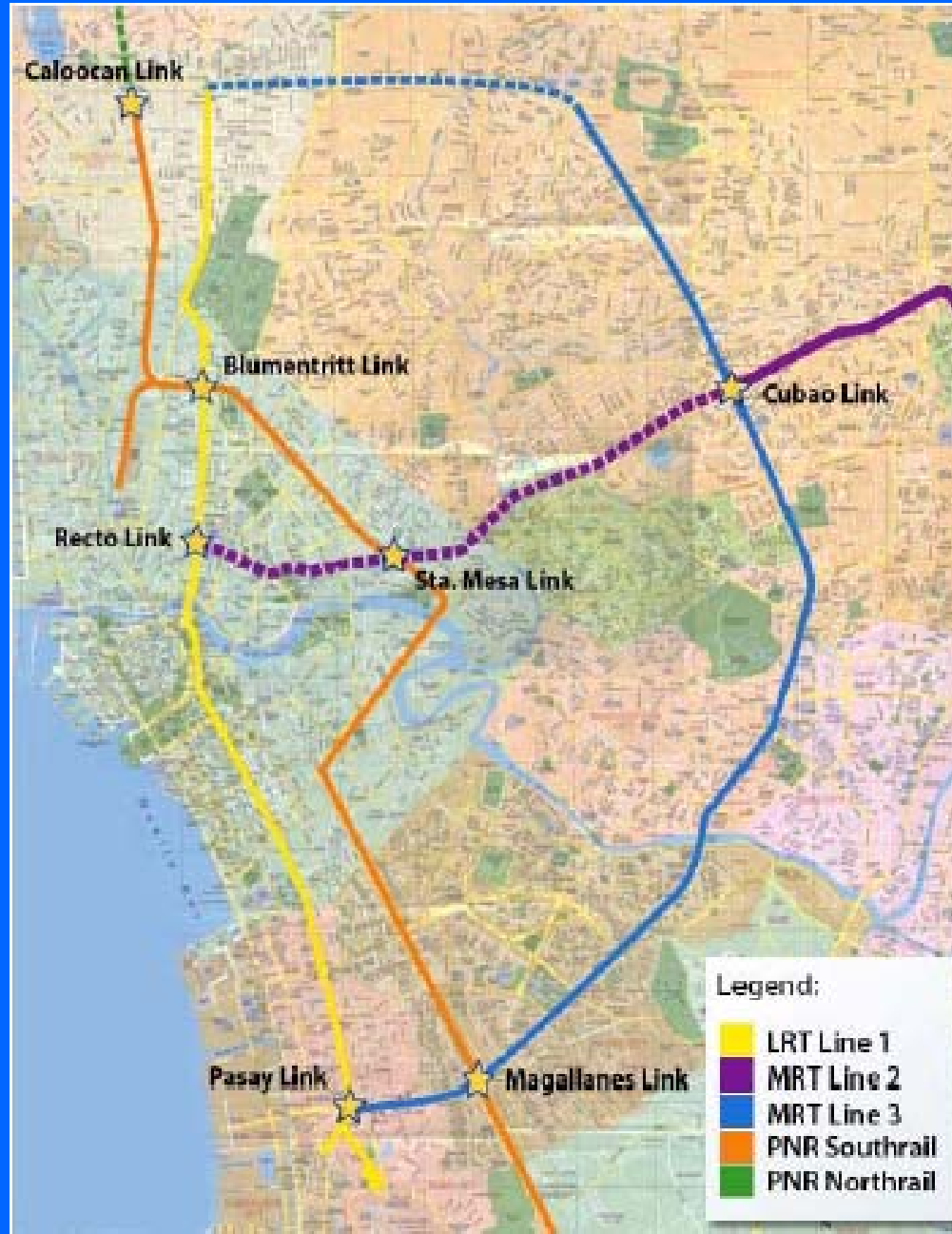
Mono: 45K/Day



STAR: Yellow
 PUTRA: Pink
 Monorail: Red



Manila MRT Network



Population: 11 m.

Public Tr.: 72%

LRT III: 375K/day





Are these beneficial concession projects?

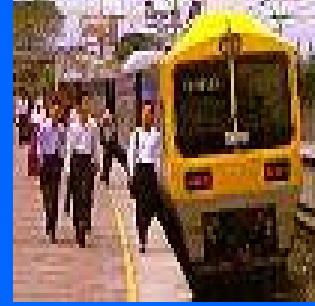


	Bangkok		Kuala Lumpur			Manila
	BTS 2000	Blue 2004	Star 1999	Putra 2000	Monorail 2004	LRT III 2000-1
Concession	BOT	BOT for E&M	BOO	BOT	BOT	BLT
Km.	23	18	25	24	11	24
\$/Km Bench Mark	59 30-75	155 60-180	33 20-46	53 33-87	36 30-75	40 27-66
Pass./Km	15.2	8.9	4.4	6.3	4.1	15.6
Pass/Station BM (16-20)	15	7	4	6	4	16
Operation Rev/Op. Cost	*** 2.1	*** Too early	** 1..3 with Putra	*** 1.3 with Star	*** >1	** Lease>rev. 15% return





Would the public sector have developed the project?



- Not clear, but considerable doubt
- Most projects (excepting MRT in BKK) identified by private sector
- Private sector brought finance + expertise provided space for govt. to handle other priorities
- Leaders were in support of attracting private capital & accelerating implementation.





What scale of private sector financing?



	Bangkok		Kuala Lumpur			Manila
	BTS	Blue	Star	Putra	Monorail	LRT III
Cost	\$1.23 bn	\$3.13 bn	\$0.9 bn	\$1.54 bn	\$0.32 bn	\$0.68 bn
% Govt.	Depot sites	80% for land+Civil	10%	0	0	0
%Govt. Loan	0%	0%	20%	25.6%	25.4%	0%
%Private Equity	33%	25.6% for Eqpt/O&M	10%	20.4%	22%	28%
Other Debt	66.8%	74.4%	60%	54%	52.6%	72%
Govt Action	Planning to buy	Planning to buy	Assets taken in 2000	Asset taken in 2000	NA Listed	Lease>rev1 5% return.





Would public sector procurement be more effective?

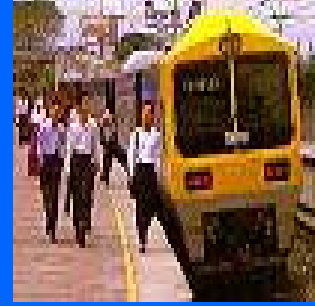


- Limited evidence but concession seems more effective method
- Though with different technologies, markets & history, MRT 3 in Manila and BTS in Bangkok (both private) were delivered before MRT 2 & Blue lines (both public)





Has private financing achieved its expected results?



- No in general (too early for KL monorail)
- LRT III – Extra \$30-60 m/ year lease compensation by Govt.
- Asian crisis (1997) showed the vulnerability of poor concession design;
- BTS considering to restructure financing while Govt. plans to buy
- STAR + Putra assets taken by Govt. (SPNB)





Broad Observations



- **BTS, Putra, LRT III justified, early to judge others;**
- **Private concessions delivered in all cases;**
- **Govt. leveraged private capital/expertise;**
- **Poor revenue performance largely due to failed complementary actions or unrealistic assumptions;**
- **Risk allocations were poor between public & private parties – Poor Concession Design;**
- **Winners: Residents, users (poor?), road users;**
- **Losers: Investors, Bankers & govt. (tax payers);**





Emerging Issues

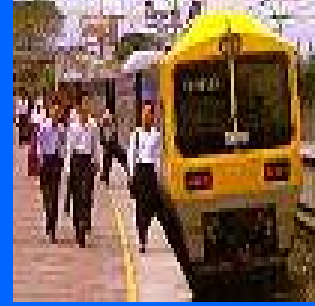


- **INTEGRATION:**
 - Physical transfers – Manila
 - O&M : KL, BKK & Manila (Maint.)
 - Fare: All
 - Bus feeder: All
 - Land development: All but more in KL
- **REGULATION:** Institutional framework, pricing, concession design/award/management
- **EXPANSION:** Bangkok, Manila
- **PLANNING & COORDINATION**





Lessons from the Tale of Three Cities?



Let's discuss

Thank You

Presentation based on a paper prepared for the JBIC-WB-ADB sponsored Study – Connection Matters

