Transcript | The Keys to Effective Public-Private Partnerships

1
00:00:12.570 --> 00:00:14.469
Derek Alton: Well, Hello!

2
00:00:14.740 --> 00:00:19.080
Derek Alton: And welcome to this panel event on public-private partnerships.

3
00:00:20.030 --> 00:00:23.960
Derek Alton: My name is Derek Alton, and I'm the community engagement lead here at apolitical.

4
00:00:25.530 --> 00:00:33.120
Derek Alton: It'd be great to hear from you all. So do post in the chat. We want to know where everybody's coming from. So where are you joining us. From what organization do you represent

5
00:00:33.390 --> 00:00:42.950
Derek Alton: today? We'll be talking about public-private partnerships, including what makes a successful partnership. How do you achieve value while managing risk and examples where this is being done well

6
00:00:43.740 --> 00:01:10.490
Derek Alton: for those of you who may be joining us for the 1st time, welcome, so apoliticals the world's largest community for government used by over a quarter of a million public servants. In fact, we broke 270,000 recently. So more than a quarter of a million public servants and policymakers from 170 different countries. Our mission is to make government smarter, and we do this by putting the best knowledge and skills at your fingertips of public servants like yourselves from all over the world.

7
00:01:11.570 --> 00:01:13.839
Derek Alton: So where are you all joining us from?

8
00:01:14.080 --> 00:01:20.930
Derek Alton: Just put it in the chat, and let us know where you're coming from, what country, what organization you represent.

9
00:01:23.840 --> 00:01:40.239
Derek Alton: I am coming from originally. I'm from Canada, as you might be able to tell from my thick Canadian accent, but I now am based in London, England. Where else do we have people we got? Oh, fellow Canucks! Excellent! We've got some people from New Brunswick from St. John's East coast is well represented here. Welcome, welcome!

10
00:01:40.620 --> 00:01:54.180
Derek Alton: So we're thrilled to kick off today's conversation with an invitation for everyone on this call to join our innovation, innovative procurement community, a space to share insights and ask questions about innovation in government procurement with public servants around the world.

11
00:01:54.380 --> 00:02:22.260
Derek Alton: We'd love for you to join our speakers in this community where you can continue today's conversation once the event has come to an end, and you can find the link in the resource tab at the bottom of your screen, and my colleague Joel, will share it in the chat. Excellent! Thank you, Joel. I can't wait to see you there. And this isn't particularly important to me. Communities is something I work on with apolitical. And really, it's this amazing space to help you connect with your peers and with leading ideas and practices, a place you can ask questions, share resources and grow together.

12
00:02:24.580 --> 00:02:34.130
Derek Alton: Okay. So I'm going to quickly read through a few technical notes now before we get into today's conversation. So this event is recorded for on-demand viewing on the apolitical website.

13
00:02:34.340 --> 00:02:40.560
Derek Alton: So please don't record it yourself. Contact details for privacy concerns are in the apolitical homepage footer.

14
00:02:41.000 --> 00:02:45.429
Derek Alton: Closed captions are available and can be toggled on or off in your screen.

15
00:02:48.630 --> 00:03:00.870
Derek Alton: So it's almost time for introductions to our wonderful speakers. But before we do, we're going to run a few quick polls and get a sense of where everybody's coming from to today's discussion. So let's look at the 1st poll

16
00:03:02.680 --> 00:03:09.050
Derek Alton: roughly. What share of government-led projects would you estimate involve collaboration with private sector partners

17
00:03:09.680 --> 00:03:20.839
Derek Alton: none, a few. So one to 25%, some 26 to 50%, many 51 to 75%, most or all. So 76 to 100%.

18
00:03:21.610 --> 00:03:28.189
Derek Alton: What, roughly, what share of government-led projects would you estimate, involve collaboration with private sector partners?

19
00:03:29.410 --> 00:03:31.400
Derek Alton: Let's see, the numbers are coming in here.

20
00:03:32.800 --> 00:03:33.930
Derek Alton: Interesting.

21
00:03:34.050 --> 00:03:38.998
Derek Alton: It feels so. It looks like a bit of almost like an even split across the different

22
00:03:40.150 --> 00:03:41.689
Derek Alton: the different levels here.

23
00:03:43.450 --> 00:03:49.309
Derek Alton: But it looks like the winner is many. So most people here believe that it's about 51 to 75% of

24

00:03:49.520 --> 00:03:52.510
Derek Alton: projects and partnerships that government work on are with private sector.

25
00:03:53.350 --> 00:03:54.399
Derek Alton: Thank you for that.

26
00:03:56.310 --> 00:04:07.300
Derek Alton: Okay. And the second poll in your organization, who typically makes decisions on whether to pursue a public-private partnership.

27
00:04:08.500 --> 00:04:19.620
Derek Alton: senior politicians or ministers, departmental leadership program or project managers, procurement or commercial teams or other.

28
00:04:20.519 --> 00:04:23.260
Derek Alton: So once again, the question is in your organization

29
00:04:23.510 --> 00:04:31.900
Derek Alton: who typically makes decisions on whether to pursue a public-private partnership, senior politicians or ministers, departmental leaders.

30
00:04:32.480 --> 00:04:34.319
Derek Alton: program or project managers.

31
00:04:34.490 --> 00:04:43.240
Derek Alton: procurement or commercial teams or other. And if other I see there's a couple of people put other. If you could put what? Who that other is in the chat?

32
00:04:45.850 --> 00:04:46.910
Derek Alton: Interesting.

33
00:04:48.270 --> 00:04:53.620
Derek Alton: I find it fascinating because how people are answering is probably different than how I would answer, so this is interesting to see.

34
00:04:55.100 --> 00:05:01.830
Derek Alton: So, as you can see here, most people say, would say, senior politicians or ministers are the primary drivers of partnerships.

35
00:05:01.840 --> 00:05:25.790
Derek Alton: departmental leaders following second, and then a small number for program or project managers followed by procurement and commercial teams. See, I find this interesting, because in my experience I would actually say, most projects don't go up to the level of departmental leadership or politicians and would actually be program or project managers who make these decisions. But that's just been my experience. I'm really curious to hear what our speakers would have to say to this question.

36
00:05:26.970 --> 00:05:31.030
Derek Alton: So with that, let's jump in.

37
00:05:31.600 --> 00:05:35.770
Derek Alton: So now, introducing our speakers, we're fortunate to have 3 brilliant guests join us today.

38
00:05:36.130 --> 00:05:49.479
Derek Alton: Travis Kellerman is the senior climate policy advisor in the Government's office of New Mexico. The Governor. Sorry. Excuse me. Governor's office of New Mexico and Advisory Council Member to the Us. Small business administration.

39
00:05:50.480 --> 00:06:00.260
Derek Alton: Richard Geddes is professor in Cornell University's Jeb. E. Brooks, school of public policy and founding director of the Cornell program in infrastructure policy.

40
00:06:00.770 --> 00:06:10.139
Derek Alton: and Sambo Molunga is the senior legal officer in public-private Partnerships Office of the Zambian Ministry of Finance and national planning.

41
00:06:10.370 --> 00:06:16.809
Derek Alton: You can read their full Bios by visiting the resources tab at the bottom of your screen and heading to the speaker section.

42
00:06:18.320 --> 00:06:24.470
Derek Alton: Okay, so we'll jump into the panel in one moment. But I want to ask you all a quick icebreaker to get us started.

43
00:06:24.730 --> 00:06:30.149
Derek Alton: and as ever we invite you all all attendees to share your own responses to this question in the chat to the side.

44
00:06:31.360 --> 00:06:37.389
Derek Alton: So and I'm going to come to the speakers with this, starting with Sambo

45
00:06:38.140 --> 00:06:43.239
Derek Alton: in 6 words or fewer. What makes a good partnership

46
00:06:43.350 --> 00:06:48.840
Derek Alton: so in 6 words or fewer, what makes a good partnership.

47
00:06:49.620 --> 00:06:52.049
Chongo Sombo Mulenga: Thank you, Derek. 6 months is very short. But

48
00:06:52.820 --> 00:06:58.759
Chongo Sombo Mulenga: okay, I would save our project preparation and clear objectives in 6 words.

49
00:06:59.440 --> 00:07:00.250
Derek Alton: Amazing.

50
00:07:00.420 --> 00:07:01.479
Derek Alton: How about you, Rick?

51
00:07:02.600 --> 00:07:09.910
Rick Geddes: Again. It's it's very tough. In 6 words, I'd say a long-term relationship based on trust.

52
00:07:10.610 --> 00:07:14.050
Derek Alton: Trust seems to be a good theme. Here, Travis, how about you?

53
00:07:14.335 --> 00:07:17.470
Travis Kellerman: I'll do it in 4 or 5. It's a clear win-win.

54
00:07:18.080 --> 00:07:19.110
Derek Alton: Clear win-win.

55
00:07:19.910 --> 00:07:20.949
Derek Alton: I like that.

56
00:07:21.290 --> 00:07:22.167
Derek Alton: I like that.

57
00:07:22.690 --> 00:07:27.710
Derek Alton: Yeah, I think for me the idea of trust and common goals.

58
00:07:27.860 --> 00:07:30.489
Derek Alton: I think, is the key things I would I'd put for mine.

59
00:07:31.685 --> 00:07:35.600
Derek Alton: All right. So let's kick things off.

60
00:07:36.210 --> 00:07:46.770
Derek Alton: The 1st theme here I want to focus on is this idea of defining value in public private partnerships. So how do we define this value? So everybody's sort of staying from the same place.

61
00:07:47.490 --> 00:07:49.220
Derek Alton: Richard, I'm gonna come to you first? st

62
00:07:50.800 --> 00:07:55.870

Derek Alton: What does big picture of success look like in the modern public-private partnership?

63
00:07:57.360 --> 00:08:02.850
Rick Geddes: I think, to to Travis's point that both sides benefit from the partnership.

64
00:08:02.980 --> 00:08:24.160
Rick Geddes: but they also both the public sector project, sponsor, and the private partner have to understand the goals and the needs of each partner. And of course the public sector and the private sector have have different goals, oftentimes so so structuring a contract that it assures that that both parties are successful

65
00:08:24.583 --> 00:08:29.680
Rick Geddes: is is a partnership that's going to work in the long term and be in the public interest.

66
00:08:32.799 --> 00:08:34.419
Derek Alton: Remember, I put myself on mute there.

67
00:08:34.689 --> 00:08:38.199
Derek Alton: I kind of want to follow up with that. So how does that work as like

68
00:08:38.959 --> 00:08:48.679
Derek Alton: it's it's 1 thing to start out with a common goal. But these things tend to be moving a moving target oftentimes. How do you bring everybody with you as that target moves.

69
00:08:50.620 --> 00:08:52.948
Rick Geddes: So so thanks, Eric. I mean, I've I've

70
00:08:53.290 --> 00:09:10.790
Rick Geddes: I'm an economist by by training and studied regulation for a long time, and I sort of always go back to the standard things in the economics of regulation when you're dealing with public assets, which is one or the if it's a told or priced facility, like a toll road.

71
00:09:10.830 --> 00:09:31.940

Rick Geddes: you know, are are the tolls reasonable? Are they? Are they set, you know, in a way that it respects the the principles of natural monopoly pricing, for example, does the contract ensure service quality? Is the quality of service, say on the Toll Road? Whatever it is, could be an airport or a seaport, etc.

72
00:09:32.100 --> 00:09:56.060
Rick Geddes: Excellent quality and other provisions in the contract to ensure that the asset is maintained over properly maintained over the life of the p. 3 contract. So I think, even though there's things change over time, it's a moving target, as you say, if you sort of have those 3 concepts as your talisman and go back to those, I think it'll be a successful p. 3. Contract.

73
00:09:58.120 --> 00:10:00.929
Derek Alton: Thanks, Rick Travis. I want to come to you next.

74
00:10:01.520 --> 00:10:11.779
Derek Alton: so we know that government and private sector oftentimes have different pressures and different incentives that they have on them, just because of how they're structured

75
00:10:12.200 --> 00:10:24.460
Derek Alton: from your work and experience. How do you? How can you align those, even though there's these distinct different incentives. How do you align enough to move forward on a collective project together, and from the government perspective really make sure that public priorities stay centered.

76
00:10:25.770 --> 00:10:36.150
Travis Kellerman: Yeah, I I do believe so. Going back to the phrase, Win Win. It's it's possible, and pretty much every sector it. It does take some time. There's complexity there. But

77
00:10:36.650 --> 00:10:56.770
Travis Kellerman: my focus is often on specific climate actions, and I believe in every climate action. There's a crossover into some form of economic development or economic opportunity. So whether it's adaptation or mitigation that creates work and jobs, it creates

78
00:10:56.980 --> 00:11:00.169
Travis Kellerman: very specific projects to to execute that action.

79
00:11:00.440 --> 00:11:11.879
Travis Kellerman: And one program I'm really proud of in New Mexico is the clean transportation fuel standard that became its its program, whereas

80
00:11:11.970 --> 00:11:15.169
Travis Kellerman: currently into implementation. So we had this

81
00:11:15.260 --> 00:11:28.470
Travis Kellerman: movement. The objective was very clear from a from a climate view that decarbonization in the transportation sector it it needed to happen. It's our second biggest sector for emissions.

82
00:11:28.470 --> 00:11:47.939
Travis Kellerman: and we needed to find a way to do that without affecting working people, without causing a bunch of economic disruption to average New Mexicans in their daily lives. So that was a big priority. And on the private side there's a big opportunity there, because

83
00:11:47.950 --> 00:12:15.480
Travis Kellerman: rather than just focus on electric vehicles, we got to look at decarbonizing all forms of transportation. And that means looking at the inputs for current vehicles. So when you lower the carbon intensity of a fuel. You create a new industry that often blends existing fuels with lower carbon fuels. You have to create feedstocks and inputs for that.

84
00:12:15.660 --> 00:12:27.199
Travis Kellerman: So you have this big new revenue opportunity in often rural parts of the State. And now farmers and ranchers, the agricultural sector

85
00:12:27.310 --> 00:12:34.639
Travis Kellerman: gets to participate in a whole new revenue stream for generating feedstock for these fuels.

86
00:12:35.100 --> 00:12:42.750
Travis Kellerman: Also, working folks can keep doing what they're doing. They don't have to buy a new vehicle. They simply

87

00:12:43.060 --> 00:12:58.420
Travis Kellerman: go to the pump. And there's new options, often those. And this was another another requirement. We couldn't let the the price of fuels rise in this in this effort. So the idea in this program is

88
00:12:58.530 --> 00:13:03.429
Travis Kellerman: if you're above the carbon intensity level that's laid out for the fuel.

89
00:13:03.630 --> 00:13:26.079
Travis Kellerman: you have to buy credits. And if you're below that intensity level, you qualify for credits, and through that regulated market you create essentially a net out of what that price should be. So you create carbon reductions, and these are significant. By 2030 and 2040. You don't raise the price of the pump

90
00:13:26.120 --> 00:13:53.059
Travis Kellerman: and you create many new opportunities for farming and ranching communities around the State. You also have a direct mandate within our standard to reinvest in communities for infrastructure, so they can diversify so they maybe can participate better in creating these fuels. So that's a it took 4 years. But we saw clearly in the support line to speak on this bill when it was still running through the legislature.

91
00:13:53.060 --> 00:14:00.900
Travis Kellerman: We had chevron, a major oil and gas company speaking just behind the Sierra Club, a major environmental group.

92
00:14:01.000 --> 00:14:17.370
Travis Kellerman: So that's very rare. And that takes a lot of dialogue and figuring out what what works for everyone. So it's not just the public private side. It's multiple stakeholders and being very clear, because a lot of farming and ranching folks didn't understand the opportunity for for their side.

93
00:14:17.910 --> 00:14:27.260
Derek Alton: So, Charles, I have a follow up question for you as well on this, because it clearly took a lot. I mean, it's an amazing win-win case study.

94
00:14:27.400 --> 00:14:43.640

Derek Alton: But it took a lot of work to get to that point, and I know the experience I've had when I worked in the government of Canada, and I know a lot of other people's have is that oftentimes you don't have 4 years to build these relationships and to get to creating that win-win story that everybody's excited about?

95
00:14:43.930 --> 00:14:54.690
Derek Alton: Are there things that you learned from your experience that you think moving forward would allow you to create that same win-win and the energy behind that win win that helps you get it through legislation more quickly.

96
00:14:55.140 --> 00:15:04.920
Travis Kellerman: Yeah, the early engagement with stakeholders that would would oppose it, or or maybe confused. There's a lot of education that has to happen.

97
00:15:04.920 --> 00:15:11.669
Travis Kellerman: And so I I think that's dismissed as something that happens after or happens during the push.

98
00:15:11.670 --> 00:15:35.139
Travis Kellerman: But you really need to build that consensus, because it was very clear how it was going to benefit everyone. It was a big decarbonization piece. There's a lot of economic opportunity there, and it wasn't going to affect people, but the agricultural sector, the farming and ranching folks. It wasn't just the organizations that represent them. It was average people on the ground that

99
00:15:35.140 --> 00:15:49.860
Travis Kellerman: that were really confused, and thought it was just going to raise Diesel prices, for example. So that is what frankly delayed things at least a couple of years, and even during the last push we saw opposition there.

100
00:15:50.000 --> 00:16:02.669
Travis Kellerman: the the default, and accepting that, there's going to be often splits and people running to different sides of an issue. You can get ahead of that by clearly educating around

101
00:16:02.830 --> 00:16:27.730
Travis Kellerman: how this works. Admitting that it's not perfect or ideal, it's not going to be full electrification on one side. It's also not going to be business as usual, on the other, but you can

show how it blends together. Pardon the pun, but that's part of it. You need that that consensus early on. So the education piece, how does a clean fuel standard and a program work?

102
00:16:27.730 --> 00:16:36.190
Travis Kellerman: How is it different than, say, California or Washington, who's done it before, and showing how it's going to be different in New Mexico, really hammering that home so

103
00:16:36.190 --> 00:16:53.629
Travis Kellerman: that that could have happened 4 years ago in much more depth, and that engagement could have been behind the scenes leading up to that. So I feel like there's a lot of work to build that consensus early on, and then, once it's exposed, you can really accelerate how long it takes before it passes.

104
00:16:55.070 --> 00:16:57.149
Derek Alton: Thanks. Travis Sambo

105
00:16:57.560 --> 00:17:15.260
Derek Alton: working in Zambia. How do you define public value and successful public private partnerships? And in particular, how is it different? I mean, both Rick and Travis are coming from the United States. It's a different context than Zambia. What are the key differences that you notice. But then, also. What are some of the similarities you see shared with what you've heard so far from Rick and Travis.

106
00:17:16.119 --> 00:17:28.119
Chongo Sombo Mulenga: Alright. Thank you. I think that for for the Zambian case it's not very difficult to define public value, because the need for infrastructure is very significant. And the gap that we need to fill

107
00:17:28.189 --> 00:17:45.419
Chongo Sombo Mulenga: as the Ppp office in promoting this project is very wide. So basically, when you're talking about public value. You're looking to see that this project meets a public need, and to give an example, I would mention Zambia's flagship Ppp project, which is the Lusakandola Road project.

108
00:17:45.419 --> 00:18:04.439
Chongo Sombo Mulenga: And basically, this is a road that connects the southern part of Zambia to the northern part. And even more than this, it actually connects a lot of countries within the

Sadiq region. So when you look at a project like that, it's very easy to see public value because the project is creating

109
00:18:04.579 --> 00:18:20.199
Chongo Sombo Mulenga: a safe and efficient road. It's also promoting economic activity by creating jobs and enhancing trade. So when it comes to public value, basically, we're just looking to make sure that a public need is being met by the project.

110
00:18:20.199 --> 00:18:34.589
Chongo Sombo Mulenga: and also when it comes to what makes a successful Ppp in the Zambian context. Of course, we can't do away with public value. It's a must. It's a given. But another thing that we look at is affordability.

111
00:18:34.589 --> 00:18:49.569
Chongo Sombo Mulenga: because I'm sure you're aware of the economic standing of many African countries. So even as we are doing Ppps, we tend to leverage user pays Ppp projects. But even as we are doing this, we always strive to make sure that

112
00:18:49.569 --> 00:18:59.269
Chongo Sombo Mulenga: the the project is affordable for the users, and also affordable for the government, and I think that another issue that I would add to that is that

113
00:18:59.559 --> 00:19:13.559
Chongo Sombo Mulenga: Ppp projects need to be commercially attractive for the private sector. Otherwise you're going to have real challenges with the project if the private sector doesn't see that they're getting something valuable out of it. So I think that

114
00:19:13.729 --> 00:19:42.679
Chongo Sombo Mulenga: in in the presentations or responses by Travis and Rick. I think there's some good similarities there, but I think that for us one of the things we lean more towards is affordability, because you're trying to get these projects out with budget limitations. And in a sense you're transferring the the cost of the project to the users. But even as you do, that you need to make sure that it still remains affordable. So I think for us, affordability is a very key issue.

115
00:19:45.340 --> 00:20:02.639

Derek Alton: Excellent. Just wanted to remind everybody. There's a Q&A at the bottom. You'll see a button at the bottom. So this is a chance for you to ask questions. I selfishly have hogged the 1st half of this session for questions I have, because this is a topic I'm really interested in. But we want to give you a chance to ask your questions as well. So make sure you put your questions into the Q. And A.

116
00:20:02.930 --> 00:20:13.050
Derek Alton: Sambo, I want to come back to you actually with the next question. So from your experience, what are the most common missteps that you see in procurement?

117
00:20:13.300 --> 00:20:17.059
Derek Alton: And do you find international frameworks help mitigate these? And if so, how.

118
00:20:19.201 --> 00:20:21.788
Chongo Sombo Mulenga: That's actually a very good question.

119
00:20:22.470 --> 00:20:46.540
Chongo Sombo Mulenga: when I talk about international frameworks, maybe I can talk about the certification program that the Apmg International offers. I think that for me, undertaking that training was very eye opening, and sometimes I wish that I had had this training as well as officers from my team. I wish that we had had this training prior to developing our Ppp act. It's a 2023 act.

120
00:20:46.740 --> 00:21:00.259
Chongo Sombo Mulenga: but really one of the things that stood out to me after undertaking that training is that we really do need to pay a lot of attention to the project structuring phase. That is the for me, I would say the most key

121
00:21:00.580 --> 00:21:22.140
Chongo Sombo Mulenga: part of procurement, because it actually informs your procurement decision whether you're going to go ahead and procure this Ppp project, because, as you're doing your structuring and undertaking the necessary comprehensive tests, you're able to tell whether this project is going to work or how it's going to work. So I think that's a very important step. I think that the public

122
00:21:22.140 --> 00:21:49.699

Chongo Sombo Mulenga: sector should always pay a lot of attention to that phase. And then I think another thing that I would mention is that projects really do need to be subjected to competition. I think that competition is very Cardinal in ensuring that you get the best out of the private sector. So you're making sure that you're getting the best private sector participant for the project, and I think that ultimately this translates into ensuring that the project delivers

123
00:21:49.990 --> 00:21:54.849
Chongo Sombo Mulenga: value for money, and it also helps ensure that

124
00:21:55.050 --> 00:22:12.020
Chongo Sombo Mulenga: certain risks can be avoided. So maybe an example that I would give is that when you select a good private partner you're able to avoid challenges like construction delays, because obviously you're working with a private partner that is experienced in projects of the nature that you're procuring.

125
00:22:12.120 --> 00:22:37.929
Chongo Sombo Mulenga: And the last thing that I would mention, because, especially because of the African context, a lot of projects in Africa struggle with bankability. So you find that a number of deals have been signed. But they're struggling to move from commercial close to financial close. So in the recent Wap Africa, Ppp. Day, this was one of the topics, and I think one of the takeaways from this topic was that

126
00:22:37.930 --> 00:22:48.460
Chongo Sombo Mulenga: the preparation or bankability of a project actually starts during the project structuring phase. So the discussions were really about structuring projects for bankability.

127
00:22:48.530 --> 00:23:12.500
Chongo Sombo Mulenga: And this is why I really emphasize that project. Preparation is a very, very key stage, and I think that sometimes it can be overlooked even when we look at our legal frameworks, you can clearly see project, identification and appraisal as well as procurement. But the in between we just talk about a feasibility study. So I do think that those would be

128
00:23:13.070 --> 00:23:18.270
Chongo Sombo Mulenga: the most common procurement missteps that would need to address by, you know.

129

00:23:18.390 --> 00:23:26.360
Chongo Sombo Mulenga: paying attention to procurement, preparing projects for bankability, and also subjecting projects to competition.

130
00:23:27.560 --> 00:23:34.340
Derek Alton: Sort of that measure twice cut, once. Kind of analogy. I like it, Rick. I want to come to you next.

131
00:23:34.690 --> 00:23:37.920
Derek Alton: Looking at case studies across the public service?

132
00:23:38.050 --> 00:23:47.950
Derek Alton: Are there examples where p. 3 s. Have delivered and perhaps where they have failed? And I know there's a lot you can work through here. There's a lot of critique of Government's ability to deliver.

133
00:23:48.210 --> 00:23:51.420
Derek Alton: Are there examples that really inspire you with? P. 3 s. Done? Well.

134
00:23:52.580 --> 00:23:55.145
Rick Geddes: So so it's good question, Derek. And I think,

135
00:23:55.770 --> 00:24:13.060
Rick Geddes: 1 1 of the ways you have to think about it is is who you know, who is benefiting from the p. 3. Right and p. 3 s. Should be in the public interest, and I think there's a lot of benefits where you have Dbfom design, build, finance, operate, maintain, all bundled together.

136
00:24:13.070 --> 00:24:37.059
Rick Geddes: and a project that ensures. I mean, one of the big problems we have in the United States. Derek, as I'm sure you know, is a big deferred maintenance problem. The United States is good at building shiny new facilities. We're not as good at maintaining those over the decades up to the standards that the engineers designed. So I think one of the big underappreciated benefits of p. 3 in general.

137
00:24:37.060 --> 00:24:47.629

Rick Geddes: is where you combine design and construction. A dB. With O. And M. So you do a dbom, and you could include financing in that. And I.

138
00:24:47.630 --> 00:24:50.010
Derek Alton: Sort of explain the acronym you said O, and M. So can you explain.

139
00:24:50.010 --> 00:24:52.079
Rick Geddes: Oh, sorry operation, maintenance.

140
00:24:52.120 --> 00:25:18.169
Rick Geddes: So O. And M is just operation and maintenance over the life of the project, and I like to think of an analogy of buying a new car, you know, when you buy a new car you get an owner's manual in the glove box with it, and that tells you how frequently to change the oil, how how you have to maintain the car over time. And that's done. Engineers do that very specifically, and it may be changes with the car. It's kind of the same thing

141
00:25:18.170 --> 00:25:33.179
Rick Geddes: with an infrastructure project right? If you get a new bridge, the engineers tell you how often it has to be resurfaced, how you have to paint it, how you have to monitor the chemical composition of the asphalt and the vibration and everything else.

142
00:25:33.180 --> 00:26:01.780
Rick Geddes: and you have to keep it up to those standards. You know. As I said, the Us. Has this deferred maintenance problem where the operation and maintenance standards that you're given are not maintained. One of the easiest things in the world to defer. If you're a state or local government is maintenance, and you defer it a year, and then another year, when you have a tight budget, and pretty soon you have a problem. So I think, in general, just in general for the public sector.

143
00:26:01.810 --> 00:26:22.339
Rick Geddes: p. 3 s. That combine design and construction, and we can talk about the benefits of design, build versus the way the us has traditionally delivered projects, but they combine design, build with operation and maintenance, I think, really have social benefits over the long time, because the public sector is contractually binding itself

144
00:26:22.430 --> 00:26:45.329

Rick Geddes: with a private partner to maintain, to operate and maintain the facility up to the engineering standard, you know, over the long term. So I think that that in general is a social benefit of p. 3 s. That a lot of countries could benefit from. I think Derek, in terms of specific. P. 3 s. You know, the the Indiana Toll Road concession

145
00:26:45.430 --> 00:26:47.463
Rick Geddes: get gets a lot of

146
00:26:48.130 --> 00:27:02.959
Rick Geddes: criticism. But from the public sector side I'm a fan of Mitch Daniels having the wherewithal and being a champion to lease out the Indiana Toll road to private partners, and they got, I believe, a 4 billion dollars

147
00:27:03.020 --> 00:27:14.240
Rick Geddes: concession payment prior to the 2,008 global financial crisis that Mitch Daniels was able to use to fund to fully fund his State's transportation plan.

148
00:27:14.270 --> 00:27:36.629
Rick Geddes: So from the public sector's perspective for the Indiana Toll Road. I believe you know that that was a big success, and I think around the world the Pacific Highway upgrade in New South Wales, in Australia, has a pretty good record of doing successful. P. 3 s. We could also talk about unsuccessful

149
00:27:36.730 --> 00:28:06.350
Rick Geddes: p. 3 S. If you want Derek, the parking in the city of Chicago, parking meters, p. 3. Garnered a lot of criticism where they contracted out the operation of the parking meters, and people were upset with the concession there. So so you really have to do it right. But I do think there's there's a lot of examples of design build combined with operation and maintenance. These d-bombs that's combined with the financing component to Sambo's Point. You know, the the

150
00:28:06.360 --> 00:28:16.340
Rick Geddes: the bankability is of the public versus the private sector is key, and sometimes I think to compare those directly is comparing apples and oranges.

151
00:28:16.360 --> 00:28:31.030

Rick Geddes: because you wouldn't get the project financed unless you brought in private sector private sector financers, financiers, you know, to some degree. So it's not a question of doing it one way or the other. It's a question of whether the project will move forward at all.

152
00:28:31.100 --> 00:28:32.859
Rick Geddes: So I just wanted to inject that.

153
00:28:33.520 --> 00:28:35.369
Derek Alton: So if I,

154
00:28:35.550 --> 00:28:41.470
Derek Alton: to simplify it for my brain what you're saying. So in some ways Samba talked about this whole idea of

155
00:28:42.230 --> 00:28:45.199
Derek Alton: sort of making sure you do a lot of prep beforehand.

156
00:28:46.405 --> 00:29:09.190
Derek Alton: And the piece that I'm adding, from what you're saying, is that part of that prep is actually to map out the maintenance journey of whatever it is that you're building from the start and having rather regular, almost like, built into your calendar. Regular touch points with the partners to be like, okay, right now is, we should be doing this type of maintenance. How's that going right now? We should be doing this type of maintenance. That's how that's going. Is that correct? A good summary of what you're saying.

157
00:29:09.630 --> 00:29:28.569
Rick Geddes: Absolutely, Derek, that's an excellent, excellent summary, and one of my goals is to is to emphasize that benefit that I think is underappreciated in the United States, where you bundle the design and construction the dB. Part with with the operation and maintenance into a long term

158
00:29:29.145 --> 00:29:34.635
Rick Geddes: P. 3. Contract. But I would add something to that, Derek, if I may. And this this is

159
00:29:35.230 --> 00:29:55.200

Rick Geddes: something I hope we talk about more in this conversation is technology. And one of the things I've observed have been running this program for 15 years is, I call it, a quiet technological revolution occurring in infrastructure delivery. And that's additives to asphalts and concrete that make them more elastic and make them last a longer time.

160
00:29:55.200 --> 00:30:16.960
Rick Geddes: Sensors embedded in concrete to help monitor the project. All sorts of new coatings you can have for steel. That'll make it last longer. Just a whole bunch of things that's happening. And one of the things you are worried about with a P. 3. Long-term contract is technological lock in

161
00:30:16.970 --> 00:30:25.537
Rick Geddes: that the technology will be set. It could be 2025 years at the beginning of the contract, and it won't change, and that's

162
00:30:25.900 --> 00:30:48.780
Rick Geddes: I would say, important area of contracting called future proofing. That's a risk to the public sector, asset owner, and you can put that risk, maybe to Sambo's point on the private partner by saying they have to use the latest technology. So let's not just check in on how the operation and maintenance is going. Let's check in and make sure you're using

163
00:30:48.780 --> 00:31:09.140
Rick Geddes: the latest technology in your operation and maintenance of the facility, because that's a moving target these days. So I think this notion of future proofing some people prefer future enabling, I prefer you enable the future to take place through the contract is a really another underappreciated benefit of this the P. 3 model.

164
00:31:10.280 --> 00:31:19.960
Derek Alton: I think it's actually a good segue to the question I wanted to ask you, Travis, which is really at the basic level, how do you achieve value through p. 3 s. While managing risks

165
00:31:20.080 --> 00:31:31.700
Derek Alton: such as as Rick was just saying, advances in technology, for example, or I mean the big one right now is limited resources cuts that we're all facing in government right now. How do you manage that risk and still have success with p. 3 s.

166
00:31:32.966 --> 00:31:36.809

Travis Kellerman: When I think about risk in the public sector.

167
00:31:37.170 --> 00:31:46.030
Travis Kellerman: there's certainly financial risk. You have to think about budgets. But there's also political risk. And so there's capital and political capital.

168
00:31:46.571 --> 00:31:59.158
Travis Kellerman: When you look at what you should or should not take on and make that assessment, I think you have to take a portfolio approach so much like an investor would think about.

169
00:31:59.700 --> 00:32:02.850
Travis Kellerman: what, what, where to diversify their portfolio.

170
00:32:02.930 --> 00:32:19.909
Travis Kellerman: and on one end you can lean into really what seem like really risky things. But they're actually more risky for the entities on the other side. I'm a bit biased. I come from a data and and startup background as well.

171
00:32:19.910 --> 00:32:35.739
Travis Kellerman: And so when you think about what startups and and early stage companies have to go through, they're taking on a lot of risk. Their investors are often taking on risk as well. And so they're looking for pilot projects. They're looking for commercialization.

172
00:32:35.740 --> 00:33:03.099
Travis Kellerman: And so a partner like the State of New Mexico, can be a really valid, powerful assurance of their technology and their value. So there's there's a lot to be said for that's 1 end of the spectrum you can invest in things like quantum technology which we're looking at in New Mexico or fusion technology, which is a longer term play. And there's a lot of research and development there.

173
00:33:03.120 --> 00:33:10.749
Travis Kellerman: But you have to understand. The risk really is in how you structure it to. To. To Sambo's point, you have

174
00:33:10.950 --> 00:33:23.850

Travis Kellerman: the structuring of the deal. What? What is the public partner putting in? What what are they doing? How are they using and leveraging their maybe credit worthiness again to the bankability point and and the financing point.

175
00:33:24.030 --> 00:33:50.099
Travis Kellerman: that end of the spectrum, you can reduce your risk and exposure by simply being that more credible partner in in these pilots and transactions, and one mechanism on that end as well, is the advanced market commitment. So I really like Amcs to move things along faster without adding a lot of risk to the public partner. So.

176
00:33:50.100 --> 00:33:52.339
Derek Alton: Sorry. Could you explain? Amc. Again? Sorry.

177
00:33:52.340 --> 00:34:18.010
Travis Kellerman: Yeah, it's essentially a a promise to buy something as long as it's produced in a certain way. So the example I would use is green cement we're looking at that in the State. The State of New Mexico is the largest buyer of construction materials in in our in our state. So as the largest buyer, if we sign an advanced market commitment to buy a product, if it meets certain requirements.

178
00:34:18.010 --> 00:34:22.860
Travis Kellerman: the developer on the other end of that commitment can use that to

179
00:34:22.860 --> 00:34:44.790
Travis Kellerman: finance their company and their project, and we can also look at locating their manufacturing in state. So the the de-risk in in that in that advanced market commitment is to also have a provision where, if they're not able to deliver in in this case, green cement below a certain carbon intensity

180
00:34:44.820 --> 00:34:57.340
Travis Kellerman: and below a certain price. Then there's no obligation from the State to buy that that product. So you really limit the risk there, because then it's just business. As usual, there's there's no obligation.

181
00:34:57.340 --> 00:35:21.399
Travis Kellerman: But if they do meet that requirement, you get to decarbonize yet another big part of the transportation sector, and that sets a model that you can move to other areas that

also starts a new early stage company and and propels that industry and that can take the form of a an Rfp. And and you can have a lot of competition. Another good point by Sambo is that

182
00:35:21.400 --> 00:35:41.500
Travis Kellerman: it doesn't have to be an exclusive deal, but you can put out these requirements, knowing that there might only be a few vendors that can fulfill them, and if they're not able to. There's no risk for your entity. So that's 1 portion of their portfolio, and you can certainly balance that with more tried and true investments I like to think about

183
00:35:41.620 --> 00:35:59.349
Travis Kellerman: in the State. We've done a lot for pre kindergarten making that completely free. But you need to collaborate with daycare providers to make sure there's the capacity for that. And there's coordination with with working programs. Also, we have free college tuition.

184
00:35:59.630 --> 00:36:18.490
Travis Kellerman: and those are big social infrastructure investments. But you have to coordinate with the universities and make sure that's all possible. So those are really good investments of the state budget, and and really good partnerships, and sort of more tried and true and accepted as opposed to

185
00:36:18.710 --> 00:36:25.509
Travis Kellerman: fusion technology which not a lot of people understand to begin with, and may or may not happen in 30 years.

186
00:36:27.140 --> 00:36:36.890
Derek Alton: Amazing. Thank you, Travis, and we've already got our 1st question about AI. So just a heads up that's coming your way. A good reminder people to put your questions in the Q. And A.

187
00:36:36.890 --> 00:37:00.670
Derek Alton: And for this final section. And I've been so immersed in the conversation, I realize we're a bit behind schedule. So I'm going to try to get us rapid fire through this next section so we can get into questions from people here. But it's really about looking to the future. And so, Travis, I want to come back to you again and sort of ask a question about where you're seeing promising innovations in the p. 3. Space that are designed and delivered, especially innovations that go beyond just cost savings.

188

00:37:00.670 --> 00:37:06.159
Travis Kellerman: Yeah. So when I think of innovation I, I was in clean energy development for a while.

189
00:37:06.320 --> 00:37:25.460
Travis Kellerman: And the financing structures there, how you make those deals work. That's really important. It's critical. We've seen that with the Inflation reduction act, some of the rollbacks that have happened recently at the Federal level in the Us. And what does it take to still have progress and to still deploy new innovative technologies? So

190
00:37:25.540 --> 00:37:42.340
Travis Kellerman: 1 1 thing that's really promising, that still has support at the Federal level in New Mexico is geothermal, and that's essentially drilling in the ground for hot rock. So that's called advanced geothermal. When you get down to a few 1,000 feet

191
00:37:42.340 --> 00:37:55.940
Travis Kellerman: you have a stable temperature. You pump water in a closed loop system, usually, and you can continuously generate power by running a steam turbine from that that hot rock, turning that water into steam.

192
00:37:56.170 --> 00:38:10.209
Travis Kellerman: And so that's what's called baseload firm power. And that's clean, firm power. It's the same as what a nuclear reactor would provide. But there's no need to run that reactor. You simply move that loop.

193
00:38:10.340 --> 00:38:27.220
Travis Kellerman: So geothermal, we just discovered. New Mexico has plenty of physical resource. We have something like 160 gigawatts of of resource that's available to develop right now and then another 600 gigawatts. That's raw resource undeveloped.

194
00:38:27.220 --> 00:38:41.360
Travis Kellerman: So we have tremendous capacity to not just power our state, but power many states around us, and if we think about how to move that along. We could wait for that industry to develop. We could

195
00:38:41.370 --> 00:38:55.839

Travis Kellerman: be on standby for advanced geothermal to to take shape, and or as a as a real real partner. We stepped in most recently to this deal between Meta, who operates Facebook and Instagram.

196
00:38:55.930 --> 00:38:59.439
Travis Kellerman: their data center, which is located in New Mexico

197
00:38:59.630 --> 00:39:24.060
Travis Kellerman: and Xgs energy. They're a geothermal developer. And then also Pnm, our biggest utility. And we supported a structure that created a 150 megawatt project. So it's 1 of the biggest in the Us. We also just proved that we have the most efficient. Well down in a place called Lightning Dock in in the Us. So you can tell. I'm quite, quite excited, quite proud of those things. But

198
00:39:24.150 --> 00:39:35.760
Travis Kellerman: the innovation there was not waiting on co-locating the that project. So co-location means essentially building the geothermal power plant right next to the data center.

199
00:39:35.980 --> 00:40:05.559
Travis Kellerman: we can build it wherever if we use something called a virtual power purchase agreement. So that's a kind of a you know, a behind the scenes, almost innovation, that allows you to develop geothermal power. Put it on the same grid that in this case Pnm operates and the data center, Meta's data center can use power as they they normally do. But they're buying those attributes. So they're buying the clean, green, firm power attributes from that production.

200
00:40:05.590 --> 00:40:09.970
Travis Kellerman: So now we essentially have leapfrogged many years of

201
00:40:10.010 --> 00:40:38.919
Travis Kellerman: waiting for that development, that perfect ideal scenario to happen. And we've used this financing and offtake agreement innovation to leapfrog. And by 2030 this thing will be operational. It'll be benefiting some community in New Mexico with that direct power, and Meta will be buying it at a at a price that makes it affordable, and drives down that that cost curve. So again, Sambo's point, Rick's point around affordability. That's really key.

202
00:40:38.920 --> 00:40:59.959

Derek Alton: And I love the example. I am so interested in the role that governments can play in terms of making markets helping develop markets. I mean, I think Marianne Masucato has written a bunch about the role the government can play as sort of the 1st innovator and then creating that space and bring industry with you to create these new markets. So it's exciting to see this happening in action in New Mexico. I'll have to come visit sometime soon.

203
00:41:00.370 --> 00:41:05.069
Derek Alton: Sambo, I want to come back to you a question sort of building on this conversation.

204
00:41:05.350 --> 00:41:14.300
Derek Alton: Practically speaking, what is the most important thing for those in the room here today to prioritize for better partnerships in their own work.

205
00:41:15.269 --> 00:41:35.390
Chongo Sombo Mulenga: You know, Derek, I could talk about project preparation until ears fall off. Just to share a little story. My office and I. We've been working on sensitization in Pvps and during one of these sessions we were, I was making a presentation on the legal and institutional framework, and I was just sharing

206
00:41:35.750 --> 00:41:47.659
Chongo Sombo Mulenga: the functions of the public Private Partnership office. And at that point I had shared that monitoring and evaluating the implementation of projects is one of the functions of our office.

207
00:41:47.660 --> 00:42:06.700
Chongo Sombo Mulenga: And at that point I got a question that asked, saying, Well, if you monitor and evaluate projects, then why do projects fail so for me? I find that it's very important for people to understand just how key project preparation is, because I think that it helps ensure that the Ppp project

208
00:42:06.700 --> 00:42:29.460
Chongo Sombo Mulenga: delivers what it's intended to deliver. You know it meets public needs and also contributes to the attainment of sustainable development goals. But one other thing that I would like to share is political support. I think that having worked in the Ppp office under 2 different administrations, I think I've been able to see the difference that political support for projects

209

00:42:29.460 --> 00:42:46.699
Chongo Sombo Mulenga: makes. And because of this, I think that our country has been able to make a lot of progress in Ppps, because these projects have a lot of support from the President and his Cabinet. So I think that political support for Ppps is also very, very cardinal. I mean.

210
00:42:46.790 --> 00:42:54.689
Chongo Sombo Mulenga: we've had some tough lessons, but ultimately I think that it's been a very positive experience, because we have so much support.

211
00:42:56.360 --> 00:43:16.169
Derek Alton: Amazing, and my last question for my section. And then we're going to hand it over to you. So remember to put your questions in the Q. And a. And Rick. I'm sorry I'm going to see if I can keep you to 1 min, so we have more time for the questions. So here's your challenge in 1 min. What role does public sector leadership play in steering partnerships towards public good? Are there key skills to build or trends to focus on

212
00:43:16.450 --> 00:43:18.080
Derek Alton: or look out for.

213
00:43:20.010 --> 00:43:21.869
Rick Geddes: Do you want to? Shall I take that Derek?

214
00:43:21.870 --> 00:43:23.009
Derek Alton: That's for you, Rick.

215
00:43:23.010 --> 00:43:23.909
Rick Geddes: Okay, I, just.

216
00:43:23.910 --> 00:43:24.550
Derek Alton: Short and sweet.

217
00:43:24.550 --> 00:43:44.149
Rick Geddes: Technology question that was was asked if if I could, because what Travis was talking about with geothermal has particular salience here at Cornell, because we have a 2 mile straight down test borehole right on the edge of campus that is, testing heat and other characteristics, that what's called the crystalline basement.

218
00:43:44.220 --> 00:44:07.289
Rick Geddes: Our geothermal is much deeper than where Travis is out of New Mexico. His is relatively close to the surface. We're sitting on the Marcellus shale, so it's a it's a different geological situation. But I'd love to. I have to bring that up as a Cornell faculty member, but in terms of what what makes partnership successful is that sort of the thrust of the question. Derek.

219
00:44:07.290 --> 00:44:09.270
Derek Alton: From a perspective. Yes, yeah. Go ahead.

220
00:44:09.270 --> 00:44:26.600
Rick Geddes: I think early engagement, as Travis brought up early engagement of key stakeholders and getting out in front of those concerns. The other thing, you know, because I'm in the business. I have to talk about education, and it's a moving target as you brought up Derek, and there's lessons to be learned from around the world

221
00:44:26.600 --> 00:44:46.269
Rick Geddes: that are both positive and negative. So what to do, what not to do, I think in terms of, and constantly for the public sector to constantly be renewing its knowledge base about how to do. P. 3. S. Correctly. The other thing we haven't discussed Derek is our neighbors to the North Canada

222
00:44:46.270 --> 00:45:07.499
Rick Geddes: are a leader in the use of P. 3 units. I'm sure you know this a Ppp unit just for everybody's benefit. I think of it as like a little consulting entity. But within government it's just within government. It could be people who have worked in the private sector before, but it sort of consults and advises the public sector entity

223
00:45:07.876 --> 00:45:23.910
Rick Geddes: that that the project sponsor that's going to be doing the p. 3. And I view them as as I think there's a pretty good their use in Australia and many other countries, I think that is, that is an example of where you can build, as we call it, Derek public sector capacity.

224
00:45:23.910 --> 00:45:48.160
Rick Geddes: So the public sector capacity to do. P. 3 s. That are in the public interest. So I think that the education piece, the early engagement piece. The stakeholder, you know, getting

out in front of these these effects is very important, so I think those are the keys to success. And also, you know, keeping in mind what what the public interest is, and how the private sector can contribute to that.

225
00:45:49.690 --> 00:46:14.717
Derek Alton: Amazing thanks, Rick, before we jump into your questions. Just a reminder to join our innovation and public procurement community. It's a community I'm personally very excited about, I think again, I think changing the way we do. Procurement is a game changer. Government spend more money than anyone else, and being able to shift. How government spend that money and make it more effective is one of the biggest unlocks we can do to really make government work better.

226
00:46:15.430 --> 00:46:26.479
Derek Alton: Rick, I want to come back to you with this question I kind of alluded to earlier. AI. So we have a question here about AI. So where, if anywhere, can AI usefully address the procurement challenge or opportunities raised today.

227
00:46:27.050 --> 00:46:54.749
Rick Geddes: Sure. So, Derek, in this. In this context, I guess I have to make a plug for a co-author and friend who's developed an AI platform just for infrastructure. It's called Teo AI, and it is A. It's an amazing tool. So so think of of Chat Gpt, that some listeners might be familiar with, but squared in terms of what it can do, but also focused on infrastructure. So if you're a

228
00:46:54.800 --> 00:47:09.650
Rick Geddes: public sector entity, and you're you're thinking about doing a P. 3. And you, you're, you know, could be a particular project, you know, a wastewater methane capture project in your area, and you want to know

229
00:47:09.850 --> 00:47:27.000
Rick Geddes: about the success and failure factors. You can plug those questions into this AI platform, Tao, and it will quickly, you know, within seconds do the work that would take days or weeks for a human researcher to do, and quickly tell you what's been successful.

230
00:47:27.150 --> 00:47:53.599
Rick Geddes: You know I'm just making up this project example of a methane capture because we did it for our wastewater treatment plan here in Ithaca, New York, which was 100 years old and leaking a lot of methane, you know. Put a methane digester. How should you do that? What

should be in the contract? What are the problems and challenges that you should be concerned about, how can you do a value capture? Deal this. This AI platform will give you that

231
00:47:53.600 --> 00:48:09.839
Rick Geddes: very quickly. So so that's just in terms of the research piece, you know. AI, and it's changing almost daily. It seems in terms of the power that that AI can contribute, so that that would be just one example that I'm you know, aware of, and pretty excited about.

232
00:48:10.780 --> 00:48:29.869
Derek Alton: And I should say that I have a couple of friends of mine who are also really interested in this question and doing. Some one of them is doing a Phd. On this exact question, and they're both active in the innovation and public procurement community. So another plug join the innovation procurement community for a chance to have deeper conversations on this exact topic.

233
00:48:29.870 --> 00:48:42.599
Derek Alton: Samba, I want to come to you with the next question, because I wonder if it's something that you've come across in Zambia. I know I've definitely seen it in parts of Europe. Which is this is a question from Ema really asking about

234
00:48:43.900 --> 00:48:45.700
Derek Alton: So if this

235
00:48:46.370 --> 00:49:04.620
Derek Alton: concern about our judgment around private sector and private sector actors in some countries, there's just this hesitation to work with the private sector because of that distinct difference in values and incentives. And so there's a skepticism towards it in certain countries.

236
00:49:04.640 --> 00:49:18.310
Derek Alton: Have you experienced that in the Zambian context? And what what can be done to help sort of bridge that gap, and make people within the Government more comfortable with working with private sector actors.

237
00:49:19.310 --> 00:49:30.206
Chongo Sombo Mulenga: Yeah, definitely, we've we've we've experienced that, you know, people, especially the public wondering, why is the private sector being more involved?

238
00:49:30.660 --> 00:49:55.660
Chongo Sombo Mulenga: How our revenue is being shared. Is there anything for government? Those concerns do come up. But I think that the starting point 1st of all is that knowledge is power. I think that from my side of the world the understanding of Ppps can be a bit limited. So I think that it's very important to sensitize people so that they get to understand what Ppps are about. Another thing is transparency. I do believe that the public sector should also be

239
00:49:55.660 --> 00:50:03.939
Chongo Sombo Mulenga: transparent with the people so that they get to understand how these particular projects are working.

240
00:50:03.940 --> 00:50:28.620
Chongo Sombo Mulenga: Yeah. So I would say that those are the main things. It's very important to be transparent. And actually, one more thing that I'd like to add is encourage the local private sector participation in projects. I think that can also be very helpful, because sometimes, when you have these international players from the private sector partnering with government, they can be a bit of apprehension. But I think that

241
00:50:28.620 --> 00:50:41.210
Chongo Sombo Mulenga: the more that local private sector participants jump onto projects, then I think that they gain a greater sense of acceptability within government, and even among the citizenry.

242
00:50:42.180 --> 00:51:09.229
Derek Alton: Well, I think something that Rick alluded to, and yes, representing Canada here a bit, the P. 3 hubs, and having that expertise from the private sector embedded within government. Because then you have someone who's within government, who, you know, is for lack of a better term, like sort of on your side part of your group. They can help be that culture translator to help you translate to a different culture and make it feel more comfortable. I think that's a really good model to see as well.

243
00:51:09.650 --> 00:51:12.297
Derek Alton: Travis. Question for you.

244
00:51:13.310 --> 00:51:20.589

Derek Alton: So you're in the United States. One of the conversations that I've been keeping an eye on in the United States that I find really interesting is this whole conversation around abundance.

245
00:51:20.610 --> 00:51:47.950
Derek Alton: So the book, I think Ezra Klein and Derek Thompson wrote about abundance, but in many ways part of that is on the heels of some fairly high profile. Failures of p. 3 s. Notably, I think, the one they talk about is the rail high speed rail in California. I mean being here in the Uk. We have our own albatross high speed rail problem with the Hs 2. And I'm kind of curious to see if you're seeing that

246
00:51:48.350 --> 00:51:53.689
Derek Alton: conversation around abundance start to really come in and shape and influence the work that you're doing. How?

247
00:51:53.830 --> 00:51:58.509
Derek Alton: How is the conversation changing around? P. 3 s. In your context right now.

248
00:51:59.640 --> 00:52:13.279
Travis Kellerman: Well, new Mexico has its share of failures and things we want to avoid. We we've had incomplete projects kind of failed promises 1 billion dollar commitments that didn't end up

249
00:52:13.440 --> 00:52:14.840
Travis Kellerman: pulling through.

250
00:52:15.300 --> 00:52:29.590
Travis Kellerman: But again, I think this comes back to the the focus on risk where you need to have a broad, multi-layered view of of risk, and really think about the political reality that from a governor's office perspective

251
00:52:30.150 --> 00:52:49.979
Travis Kellerman: the executive branch has a lot of power to command agencies to make certain actions. It. It can enter into partnerships and and explore and and go into discoveries with different companies, different countries and sub national governments as well.

252

00:52:50.340 --> 00:52:57.210
Travis Kellerman: So when you think about what what to take on and and where to spend your political capital

253
00:52:57.470 --> 00:53:16.660
Travis Kellerman: as long as it doesn't affect the foundations of what makes a State functional. What? What people really care about, which is their their ability to earn a living wage and and have an income that supports their family to have their children be taken care of.

254
00:53:16.800 --> 00:53:20.980
Travis Kellerman: I I come back to that social investment piece where.

255
00:53:21.340 --> 00:53:35.509
Travis Kellerman: if you think about what affects people day to day, it's the ability to have a sustainable life. It's do. They have what they need? Do they have their their basics met, and recognizing that

256
00:53:35.660 --> 00:53:42.100
Travis Kellerman: they, the the public, does not in general. And I think it's it's vastly underestimated

257
00:53:42.390 --> 00:54:00.350
Travis Kellerman: how important it is that it's really flashy and exciting from a bubble perspective, to talk about new technology and how this is going to revolutionize our economy. It could be some big solar manufacturing play, for example.

258
00:54:00.370 --> 00:54:26.250
Travis Kellerman: and when that doesn't end up, end up playing out when it doesn't actually happen, or when it happens at a much greater cost, and you expected. That's a lesson to learn from. But the the bigger win the bigger success there is to have a clear boundary so that it doesn't affect those core priorities that you didn't divert core budget into something that that created a bunch of risk around the core infrastructure that people care about day to day.

259
00:54:26.400 --> 00:54:52.389
Travis Kellerman: That's what really causes disruption. That's what really causes damage. So preserving, that is is really important and just on the topic of abundance. You know as we move into the next 30 years, those the 3 decades ahead of us. Energy is so critical to everything

human society does, and abundance and economic prosperity comes from energy abundance. That's a.

260
00:54:52.390 --> 00:54:52.790
Derek Alton: Hmm.

261
00:54:52.790 --> 00:55:16.230
Travis Kellerman: I think, shared philosophy now, but how you create that, and at what cost is really important. So, having a diversified approach to that as well where things like geothermal are extremely promising, and we're accelerating that development fusion is something we can invest in. But it doesn't have to take away from meeting more immediate needs, and you can balance. You can hedge your risks there.

262
00:55:16.260 --> 00:55:38.870
Travis Kellerman: So data centers require a lot of power. How are we going to power, those places. And what else are we going to use that power? For if that industry moves or changes, or there are efficiencies that we can't predict? So thinking about an energy abundance as a foundation for an economy. That's when you can bring in new advanced manufacturing, new industrial development.

263
00:55:38.870 --> 00:55:51.470
Travis Kellerman: And New Mexico has never really had an industrial base. So if we have a clear energy role which we do as an energy exporter of oil and gas and increasingly clean energy.

264
00:55:51.470 --> 00:55:59.920
Travis Kellerman: that energy abundance begets a new economy for us. So investments in energy really benefit everyone, making sure down

265
00:55:59.920 --> 00:56:00.900
Travis Kellerman: Travis portable.

266
00:56:01.320 --> 00:56:29.069
Derek Alton: I'm gonna jump in here because we're almost out of time, and I want to sneak one last question in so apologies. But I'll come to you 1st with this last question, and I know there's a bunch of questions here that we're not going to have time to get to. So what I would say is including another one here for you, Travis. Actually, what I would say is, if we don't get a chance

to get your question. Please post them in the community, the innovation, public procurement community, and we'll get our speakers and myself to jump in and answer them there as well. So as a final wrap up question for everyone here starting with you, Travis.

267
00:56:29.440 --> 00:56:46.219
Derek Alton: what is the one takeaway that you hope people listening? Take from this conversation? We've talked about all sorts of different ideas and advice, but if you hadn't sifted down to a single piece of advice in 30 seconds, so we have time to go around to everybody. What would be that single point of advice that you think is most important? People take away.

268
00:56:46.560 --> 00:57:06.560
Travis Kellerman: Yeah, don't. Don't chase the the trendy thing right now. Don't don't chase an Amazon warehouse or a Tesla Gigafactory. Take risks in new pilots, new innovations, think about working people, and how it benefits them, make social infrastructure investments. And that opens you up to make all these new

269
00:57:06.590 --> 00:57:31.620
Travis Kellerman: pilots. And and more, what's considered more risky investments or partnerships, the Ppps, that matter that move things should not affect your core priorities of delivering services, delivering a sustainable life for average people. And that's what really matters. So preserve that, and then get risky and fun and make sure it doesn't affect that. You can have.

270
00:57:31.620 --> 00:57:32.159
Derek Alton: I like that.

271
00:57:32.160 --> 00:57:33.879
Travis Kellerman: More adventure. There.

272
00:57:33.880 --> 00:57:35.970
Derek Alton: I like that, Rick. 30 seconds or less.

273
00:57:36.150 --> 00:57:55.470
Rick Geddes: That's tough to. So you go back to our original comment. I think that the success factor in the p. 3 is that it's truly a long term relationship between the public sector project, sponsor and the private partner that takes the needs and objectives of each other

274
00:57:55.580 --> 00:58:11.439
Rick Geddes: into account. And I think, if you and you you structure that in the proper institutional and regulatory framework, and there can be serious major public benefits that come out of it, so that that would be my final comment.

275
00:58:12.060 --> 00:58:14.140
Derek Alton: Thanks, Rick, and to end it all off. Sambo.

276
00:58:14.850 --> 00:58:26.440
Chongo Sombo Mulenga: 30 seconds. I would say that only pursue Ppps if they show that they deliver a better value for money than a traditional procurement of the project.

277
00:58:27.620 --> 00:58:50.879
Derek Alton: Oh, look at that concise, perfect! So thank you so much. Everyone, so lots of brilliant questions and answers in the past 55 plus minutes. So we didn't get to your questions like I said, put it into the community. That's where we'll continue to answer that. And I want just to give a big thank you to the incredible wisdom of our speakers. So if you can give Sambo, Richard, and Travis a virtual round of applause

278
00:58:50.920 --> 00:59:05.050
Derek Alton: for being such an engaged group here as well. A big thank you to all of you. And one final thing before you all go, please. We have a poll here just to figure out how it went for you today, and you can sort of answer the poll on a scale of one to 10

279
00:59:07.244 --> 00:59:10.159
Derek Alton: and while you're doing that, thank you so much, everyone for doing that.

280
00:59:10.240 --> 00:59:39.259
Derek Alton: Okay, so well, that's all we have time for today. We're basically at time. We hope you found it helpful. And we want to say a huge thank you once again to everyone who made it happen today, and for you for taking time out of your busy schedules on summer or winter, depending where you are today making time for us. We appreciate it. So keep an eye out for an email coming your way with today's recording and resources. And we hope to see you at another apolitical event very, very soon. Have a great day. Everyone.

281
00:59:40.000 --> 00:59:42.109

Rick Geddes: Thanks, Derek. Good job. Take care.