



PPI in developing countries

2007 data results from
the PPI Project Database

USAID Infrastructure Workshop
December 15, 2008

Overview

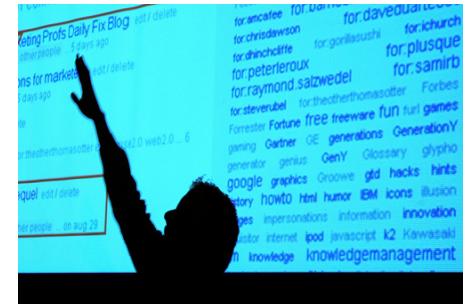
- PPIAF – what is it?
- PPI – sectors & types
- The global track record
 - Sector
 - Region
 - Type of PPI project
- Emerging trends
- The financial crisis

Introduction to PPIAF

- Public-Private Infrastructure Advisory Facility
- Multi-donor trust fund – 14 donors (1999)
- Managed by the World Bank
- Small TA grants to explore PPI & subnational borrowing
- Annual budget \$30 million, Portfolio: \$136 million
- PPIAF knowledge resources, including...

Global Knowledge Management (<http://PPIAF.org>)

Urban Bus Toolkit Tools and options for reforming urban bus systems



Web-Based Infrastructure and Law Search Tool

Home - Private Infrastructure Projects - The World Bank & PPIAF - Microsoft Internet Explorer

Address: <http://ppi.worldbank.org/>

PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPi Projects Home

- Sector Data Snapshots
- Regional Data Snapshots
- Country Data Snapshots
- Generate Rankings
- Project Information
- Methodology
- Publications
- Other Resources
- Frequent Questions
- Ask a Question

Home

The **Private Participation in Infrastructure (PPI) Project Database** has data on more than 3,300 projects in 150 low- and middle-income countries. The database is the leading source of PPI trends in the developing world, covering projects in the energy, telecommunications, transport, and water and sewerage sectors.

DID YOU KN?W

Developing country companies have become a driving force of private participation in water projects

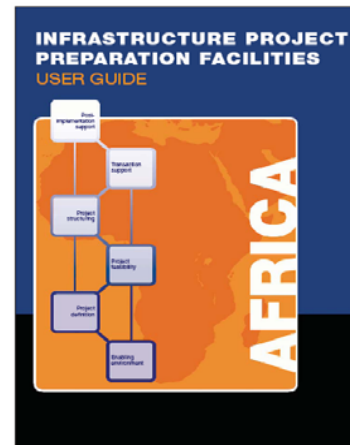
CURRENT FEATURES

- Recent trends & their policy implications**
After several years of a declining trend, investment commitments to PPI projects increased sharply in 2004 and 2005. The recovery showed different distribution of investment across sectors and regions.
- PPI in Sub-Saharan Africa**
Review of selected railway concessions
- Private participation in water**
Using management and lease-assignment contracts for water supply

GET DATA

Country snapshot Sector snapshot Region snapshot Generate Custom Report

A PRODUCT OF **THE WORLD BANK** **PPIAF**



ICA Secretariat: Knowledge Products

New Publications:

Improving regulatory systems for infrastructure provision

Role of central PPP units

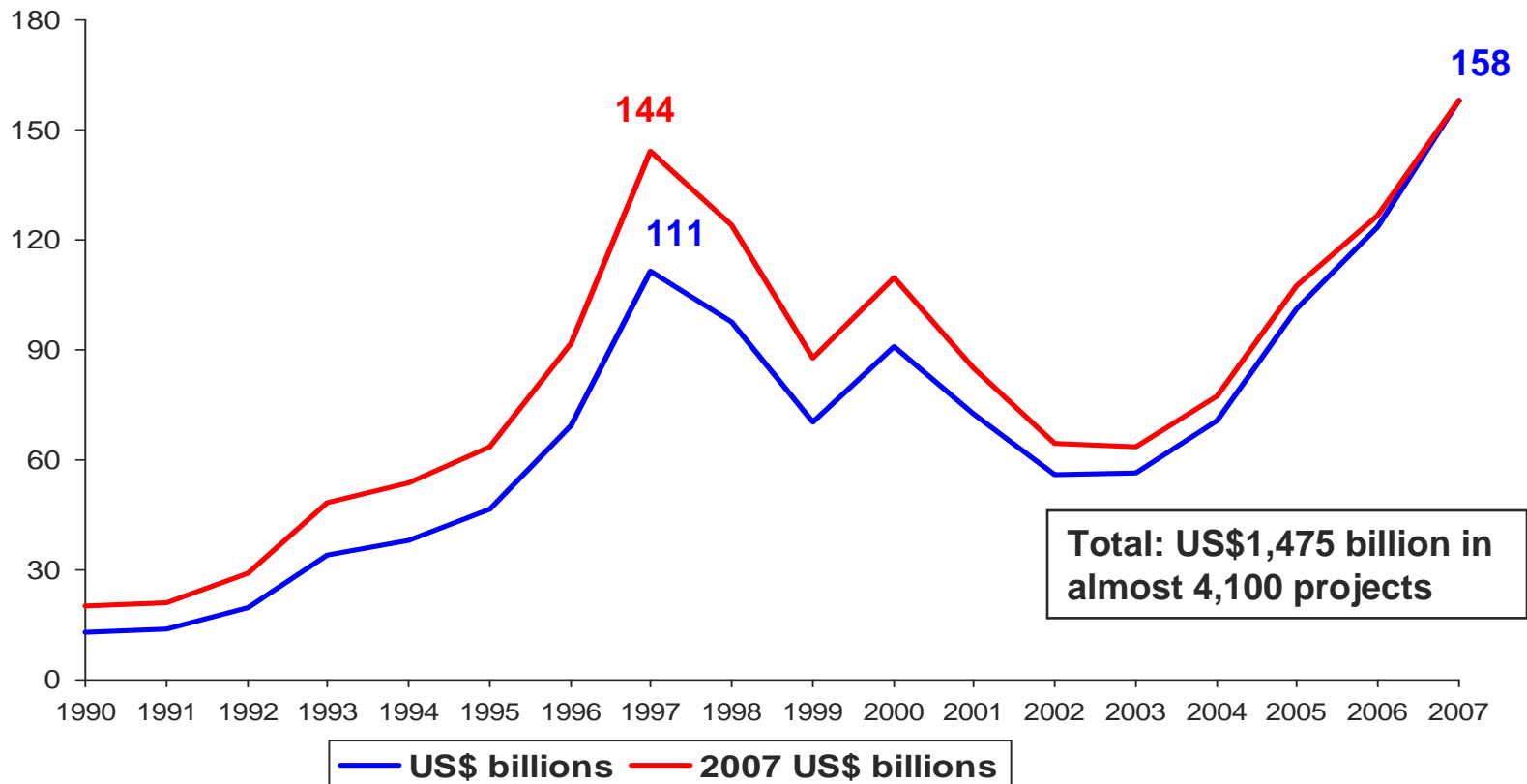
Framework for unsolicited proposals

PPI Project Database (<http://ppi.worldbank.org>)

- Coverage: 4,100 projects, 141 countries, since 1985
- Sectors:
 - **Water and sewerage** - treatment plants and utilities
 - **Energy** - electricity and natural gas
 - **Transport** - airports, seaports, railways, and toll-roads
 - **Telecommunications**
- PPI types & subtypes:
 - **Mgmt & lease contracts**
 - **Concessions**: ROT, RLT, BROT
 - **Greenfield projects**: BLT, BOT, BOO, merchant, rental
 - **Divestitures**: full, partial

PPI in developing countries real and nominal terms, 1990–2007

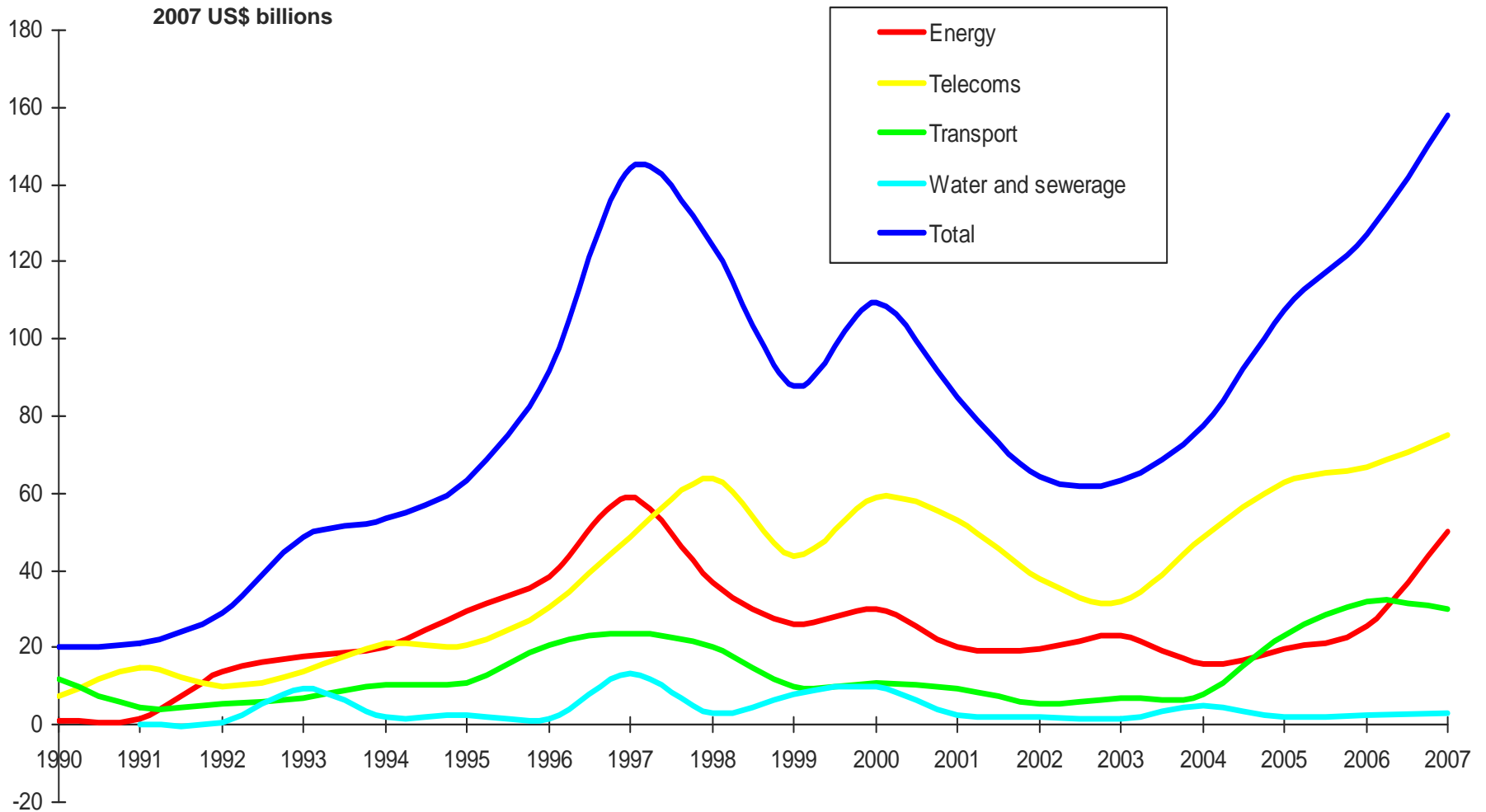
Investment commitments to infrastructure projects with private participation grew by **25%** in **2007**, to a level **10%** higher in real terms than the peak in 1997.



PPI Investment by Sector, 2007

- Telecommunications increased 13% to \$75 billion, the sector's highest level ever, and 47% of total PPI investment for the year.
- Energy grew by 96% to US\$50 billion, the sector's second highest level since 1990. It accounted for 32% of total PPI investment in 2007.
- Transport declined by 7% to \$29 billion, but remained at the second highest level in real terms since 1990.
- Water amounted to \$3 billion, well below the peak of 1997 but within the \$2–3 billion range of the previous three years.

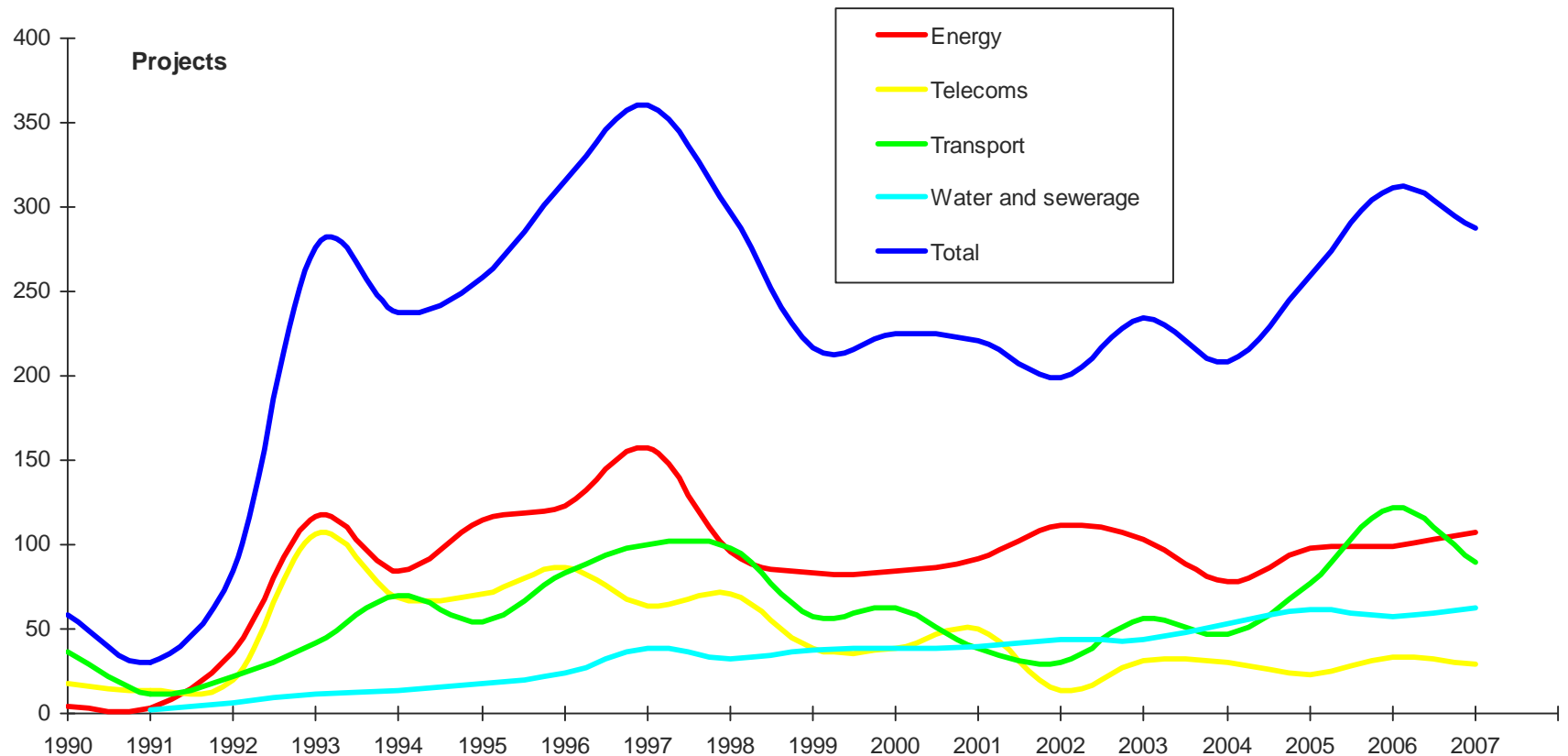
PPI Investment by sector, 1990–2007



Source: World Bank and PPIAF, PPI Project Database.

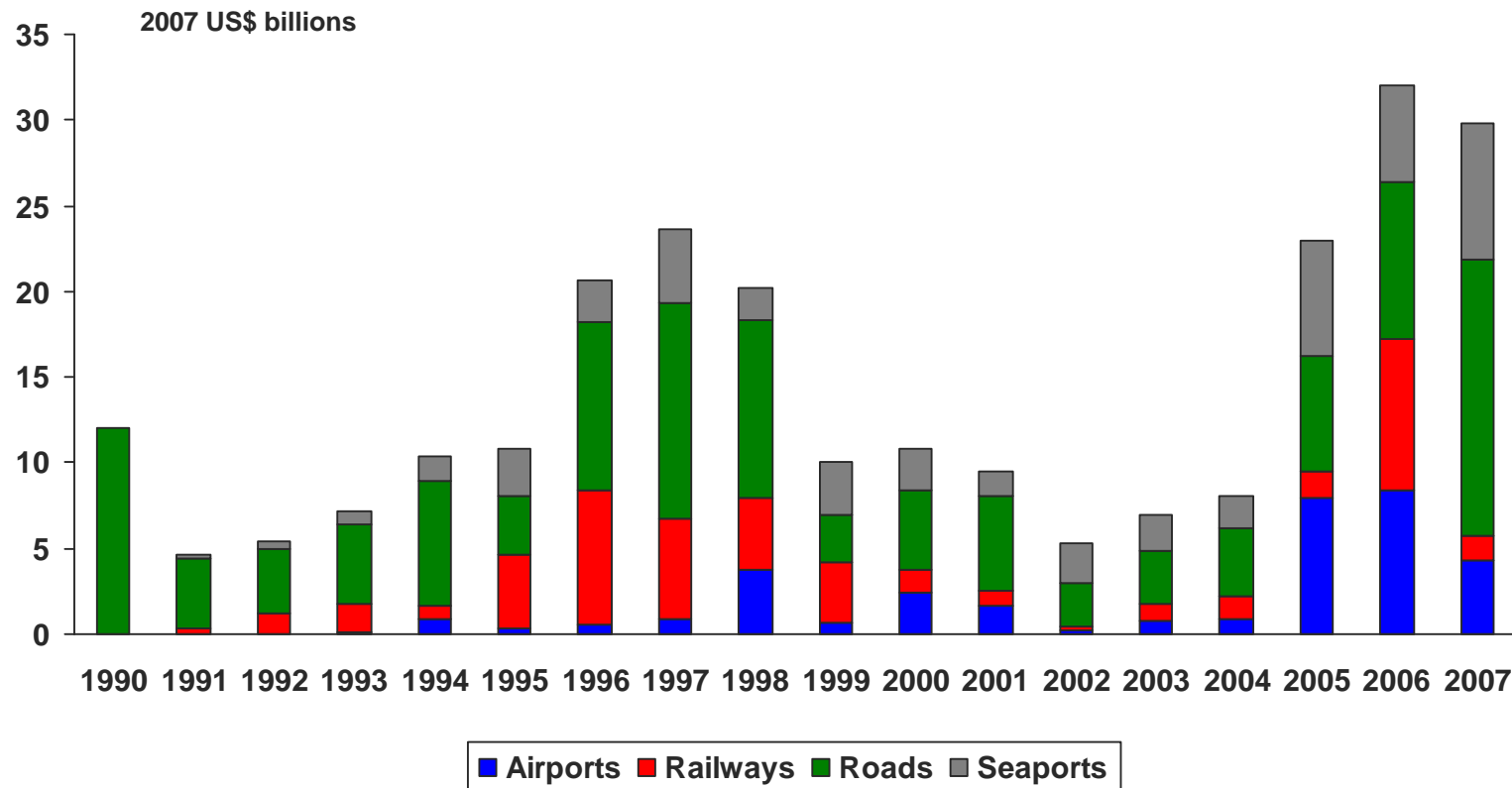
Numbers of PPI Projects by sector, 1990–2007

The number of infrastructure projects implemented in 2007 fell by 7% to 288. But the situation varied across sectors. The number of projects rose by around 8% in energy and in water and sewerage, while it dropped by 12% in telecommunications and by more than 25% in transport.



PPI Investment in Transport by subsector, 1990–2007

Roads and seaports accounted for most of the investment in transport in 2007, while railways and airports saw investment decline.

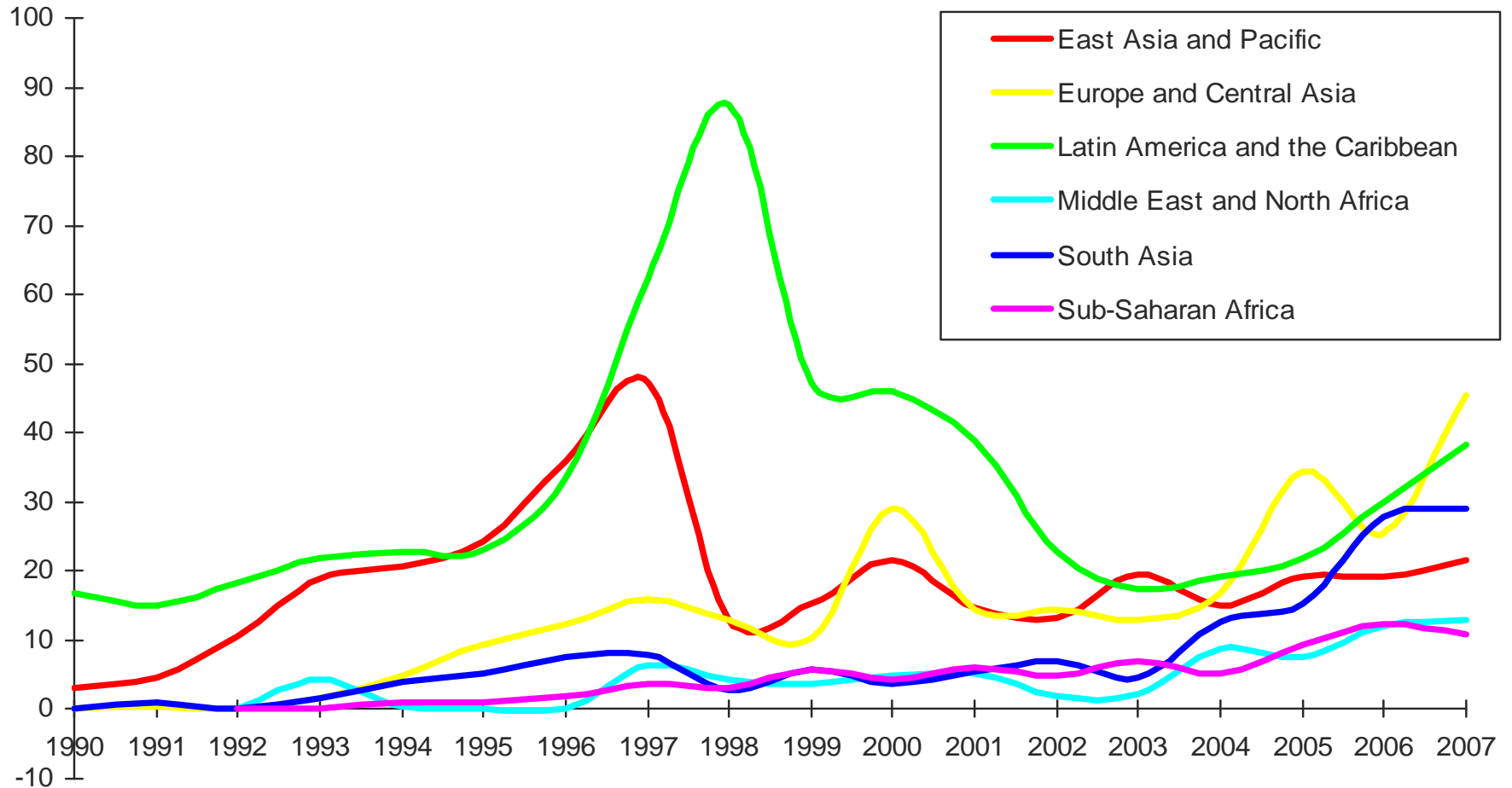


PPI Investment by region, 2007

- Investment grew in all regions except Sub-Saharan Africa, where it declined by 10% from the 2006 level, its highest ever. Telecom accounted for most of the investment in the region.
- Europe and Central Asia saw investment grow by around 80%, reaching its highest level since 1990. The growth was driven by energy (Russian divestitures of generating assets) and telecommunications.
- In Latin America and the Caribbean investment increased by 28%, driven mostly by transport.
- In East Asia and Pacific investment rose by around 10%, driven by energy and telecommunications.
- The Middle East and North Africa had growth of 7%, and South Asia 4%, with both reaching new peaks.

PPI Investment by region, 1990–2007

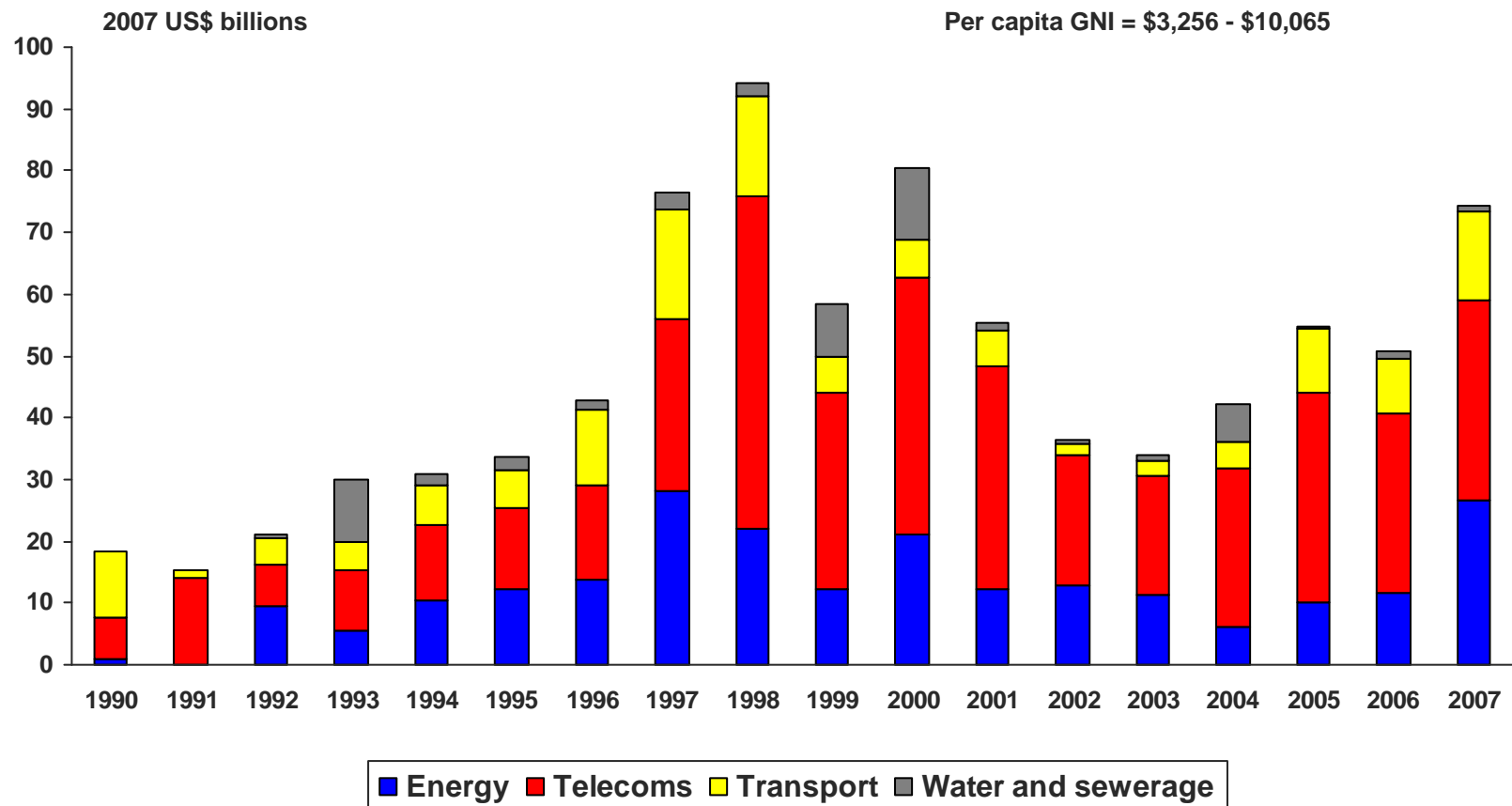
2007 US\$ billions



Source: World Bank and PPIAF, PPI Project Database.

PPI Investment in upper-middle-income countries, by sector, 1990–2007

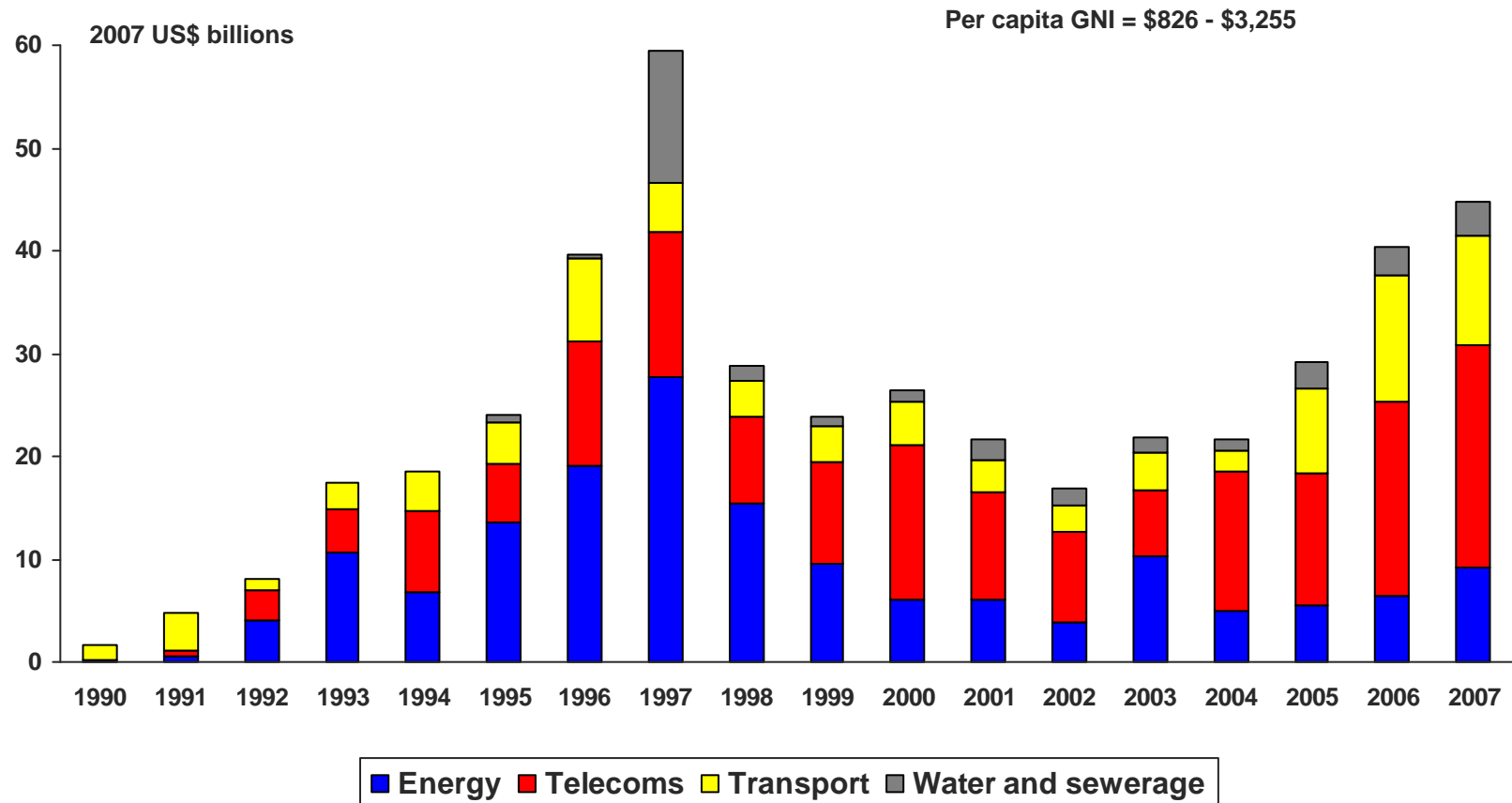
Investment in **upper-middle**-income countries grew by 46%, driven by energy and, to a lesser degree, transport and telecommunications.



Source: World Bank and PPIAF, PPI Project Database.

PPI Investment in lower-middle-income countries, by sector, 1990–2007

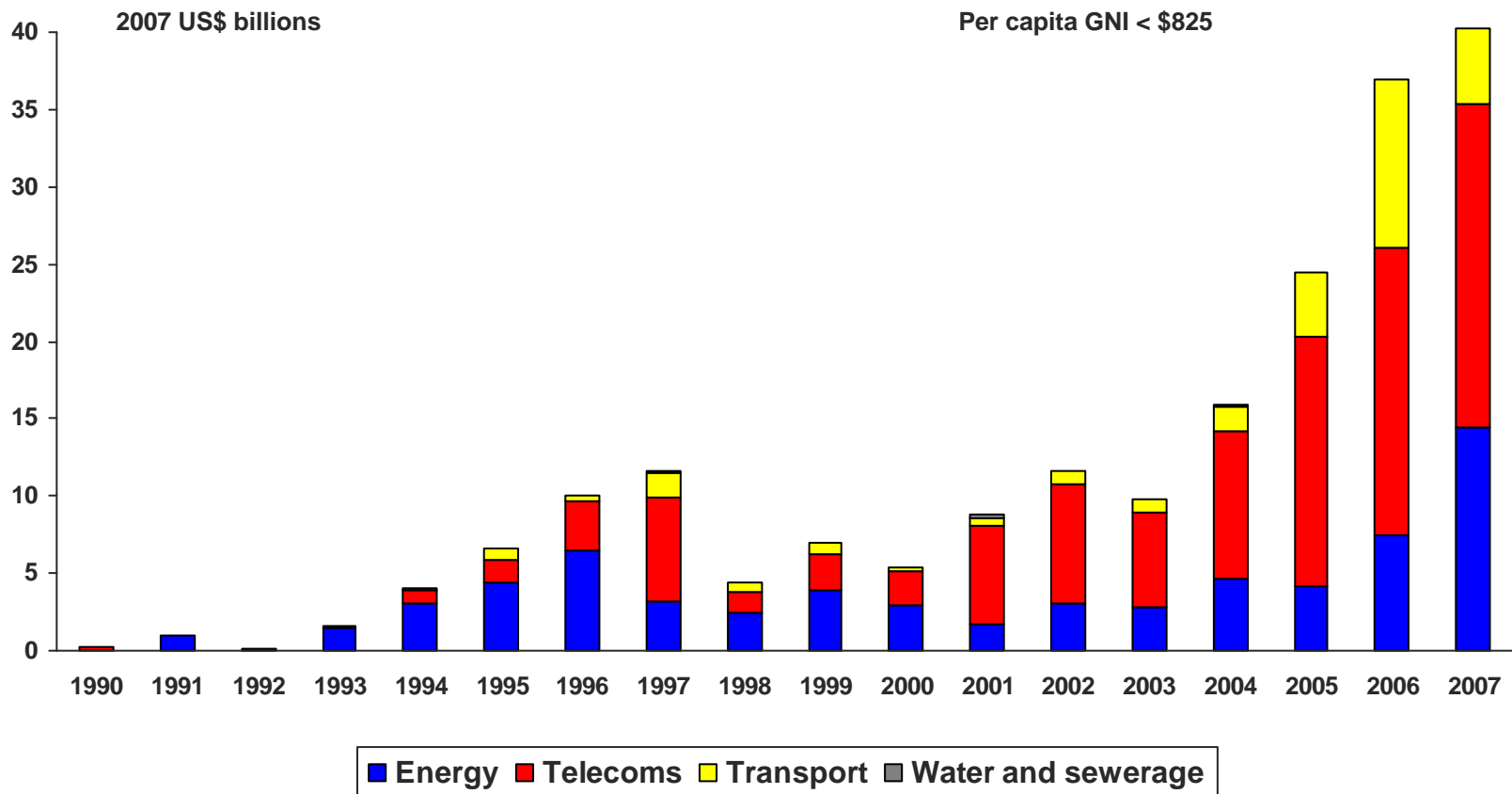
Telecommunications and energy accounted for most of the investment growth in **lower-middle**-income countries.



Source: World Bank and PPIAF, PPI Project Database.

PPI Investment in low-income countries by sector, 1990–2007

Investment grew in **low-income** countries, driven by energy and, to a lesser degree, telecommunications.



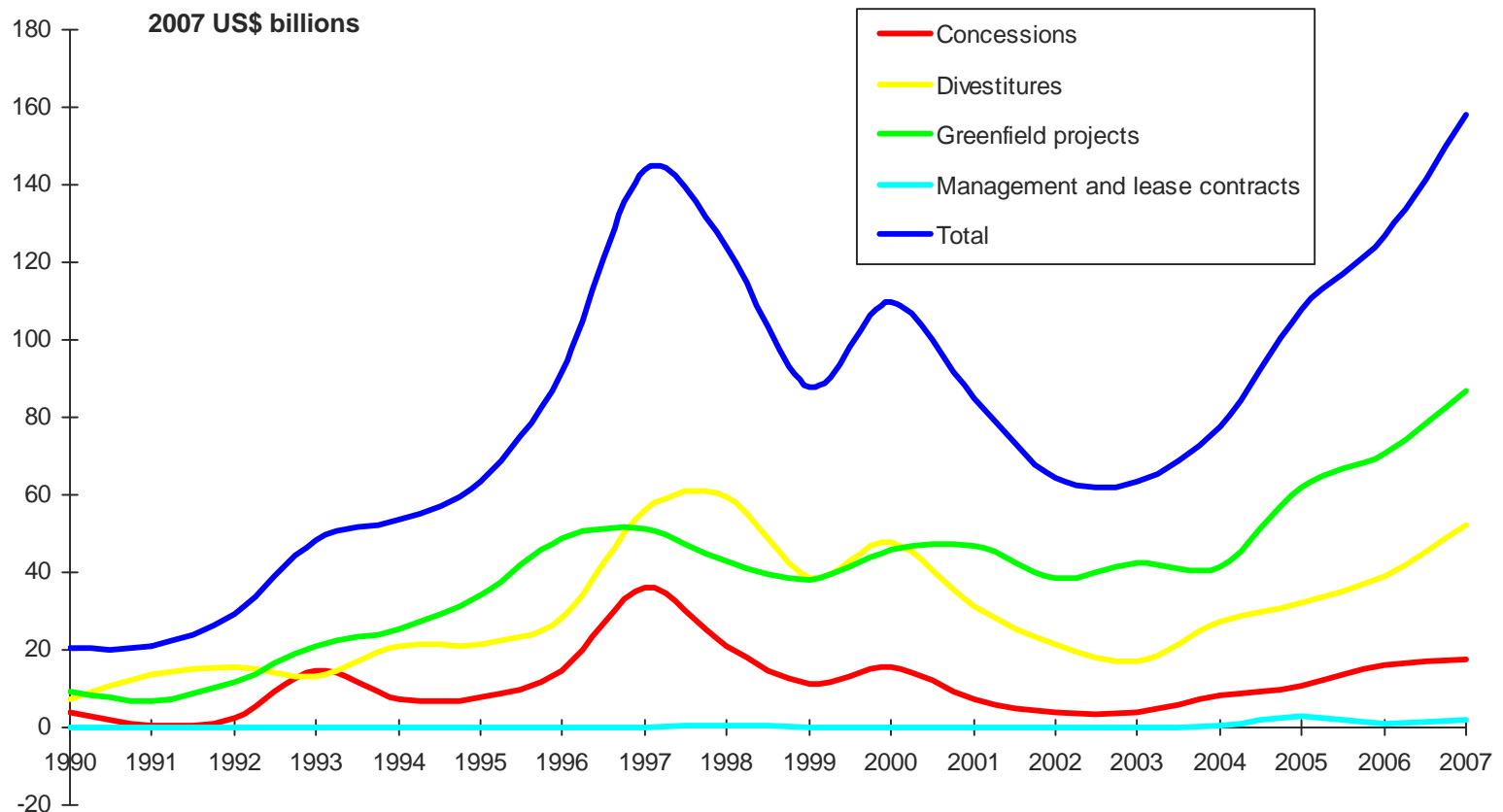
Source: World Bank and PPIAF, PPI Project Database.

PPI Investment by Type of Project, 2007

- Greenfield projects account for the largest share of investment; most of this is in merchant telecommunications projects.
- Divestiture, particularly partial share sales in telecommunications and energy, ranks second.
- Concessions (brownfield projects) continue to struggle; projects involving water and energy distribution virtually disappeared after the Asian Crisis.
- Management and lease contracts continue to grow in numbers, but involve little or no capital investment.

PPI Investment by type of project, 1990–2007

Greenfield projects and divestitures accounted for 93% of the growth in investment commitments.



Emerging trends

- More risk aversion: greenfield, mgmt contracts, hybrids
- New sponsors: more diversification
- New non-OECD financiers: e.g., China and India in Africa
- More small-scale providers: the “other” private sector
- Less focus on full cost-recovery: emergence of OBA
- More realistic regulation: independent regulation possible?
- The need for project preparation: lack of bankable projects
- The role of good governance: procurement transparency
- “Upstream” project preparation: who pays?

Postscript: The Financial Crisis

- Developing world unlikely to avoid contagion
- Some banks (eg in Africa) may escape turbulence
- But capital inflows will slow (FDI, loans, investments in securities markets, remittances)
- Global recession will dampen commodity prices
- But inflation already increasing (14 - 62% in 10 African countries)
- Inflation complicates PPI risk assessments & further reduces capital flows
- Some new PPI projects can be financed locally, many will be delayed or abandoned
- Existing projects may experience cash flow problems

The Financial Crisis: What to do Now

- Why help? Infrastructure investment can help lessen recessionary impacts; need to maintain preparation momentum.
- Donor/IFI funding support:
 - For private partners, to refinance, recapitalize, temporarily substitute IFI debt for commercial debt.
 - For public partners, to blend higher levels of public financing for PPI projects, meet off-take obligations.
- Technical Assistance to governments:
 - To assess contingent liabilities on existing projects.
 - To help with renegotiations, restructuring of existing projects.
 - To maintain project development pipelines, redesigning new projects with less investment or more public debt.



Thank you.

For more information, please visit:

www.PPIAF.org