

Climate-smart Public Financial Management MENA Conference

February 26–29, 2024
Cairo, Egypt



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Crowding in Private Investment in Public Investment

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Outline

- Defining Public Private Partnerships (PPPs) as a scheme to crowd in private investments in public investments
- Motivations for the use of PPPs to crowd in private investments in public investments
- Showcasing best PPP practices from countries worldwide
- Highlighting critical success factors for effective development of PPP programs
- Addressing specific considerations for incorporating climate mitigation & resilience in PPPs

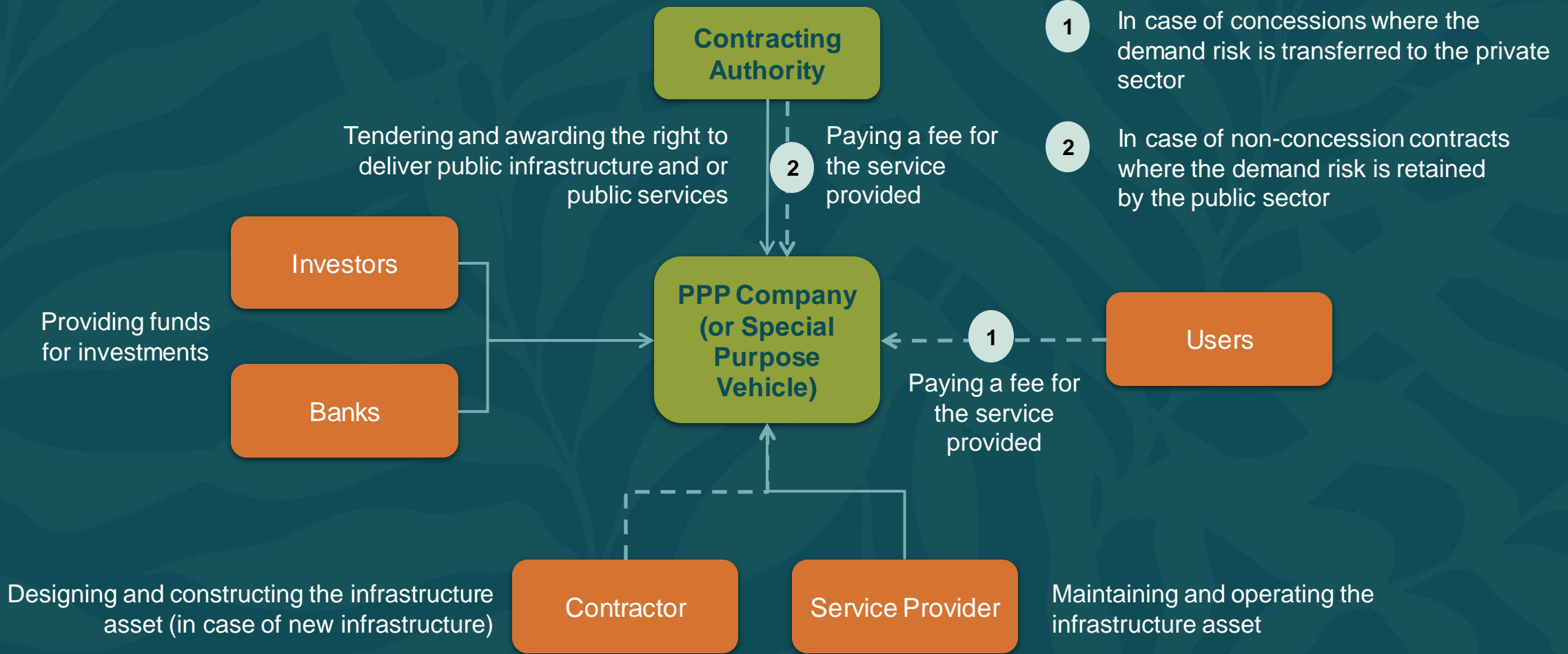


Definition PPP

A long term contract between a public party and a private party for the development (or significant upgrade or renovation) and/or management of a public asset or service, in which the private agent bears significant risk and management responsibility throughout the life of the contract, provides a significant proportion of the finance at its own risk and remuneration is significantly linked to performance and/or the demand or use of the asset or service so as to align the interests of both parties



Structure of a PPP



Spectrum of PPP and other Procurement Options

- Private Risk & control
+ Public Control

+ Private Risk & control
- Public Control and Regulation



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Motivations for the use of PPP

- **Accelerating investments** through shifting the financial burden to the private sector and the funding to the users or the next generation
- **More effective project delivery** of high-risk infrastructure projects by giving the right incentives to the private sector
- **More efficient service delivery** by optimizing the costs over the life cycle of the project and stimulating innovation



PPP Best Practices: **Canada**

Population (million) 38.2
GDP (US\$ billion) 1,988
GDP per capita (US\$) 51,988



Program 2003 - 2012

Economic Impact

Critical Success Factors

200+ PPP projects

500,000 jobs
created

stable pipeline of **projects**

\$92 billions of
economic output

stability in the form of P3
agreement

\$10 billions of
cost savings

robust project **financing**
environment

\$63 billions project value

\$7 billions of
tax revenues

favoured payment mechanisms that
provide for **predictable** payments

Sources: Intervistas, Dentons



PPP Best Practices: Uzbekistan

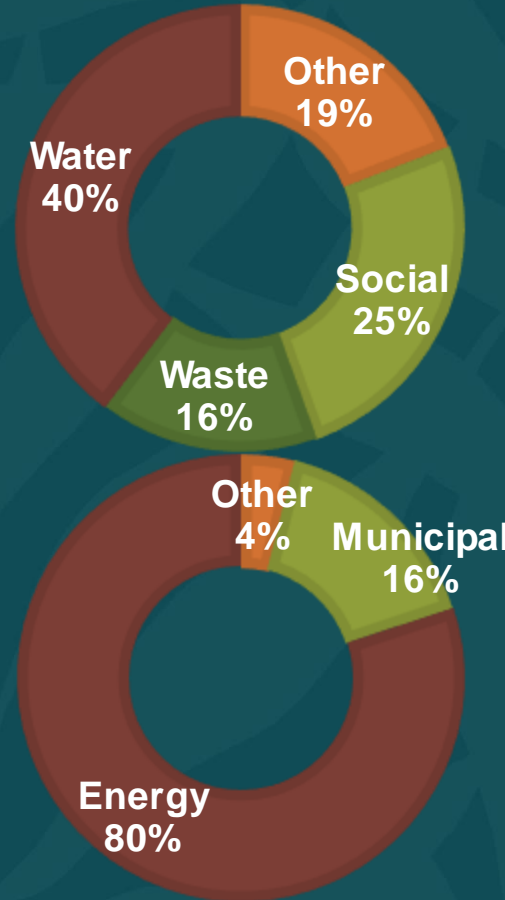
Population (million) 34.9
GDP (US\$ billion) 69
GDP per capita (US\$) 1,983



Program 2019 - 2022

350+ PPP projects

\$9 billion project value



Critical Success Factors

National Development Plan prioritizing PPP

Well-staffed and CP3P trained PPP Unit with external advisory support

PPP Law and Implementing Regulations

Small size or government pays PPP providing low risk PPP structures

Sources: VandenBroek



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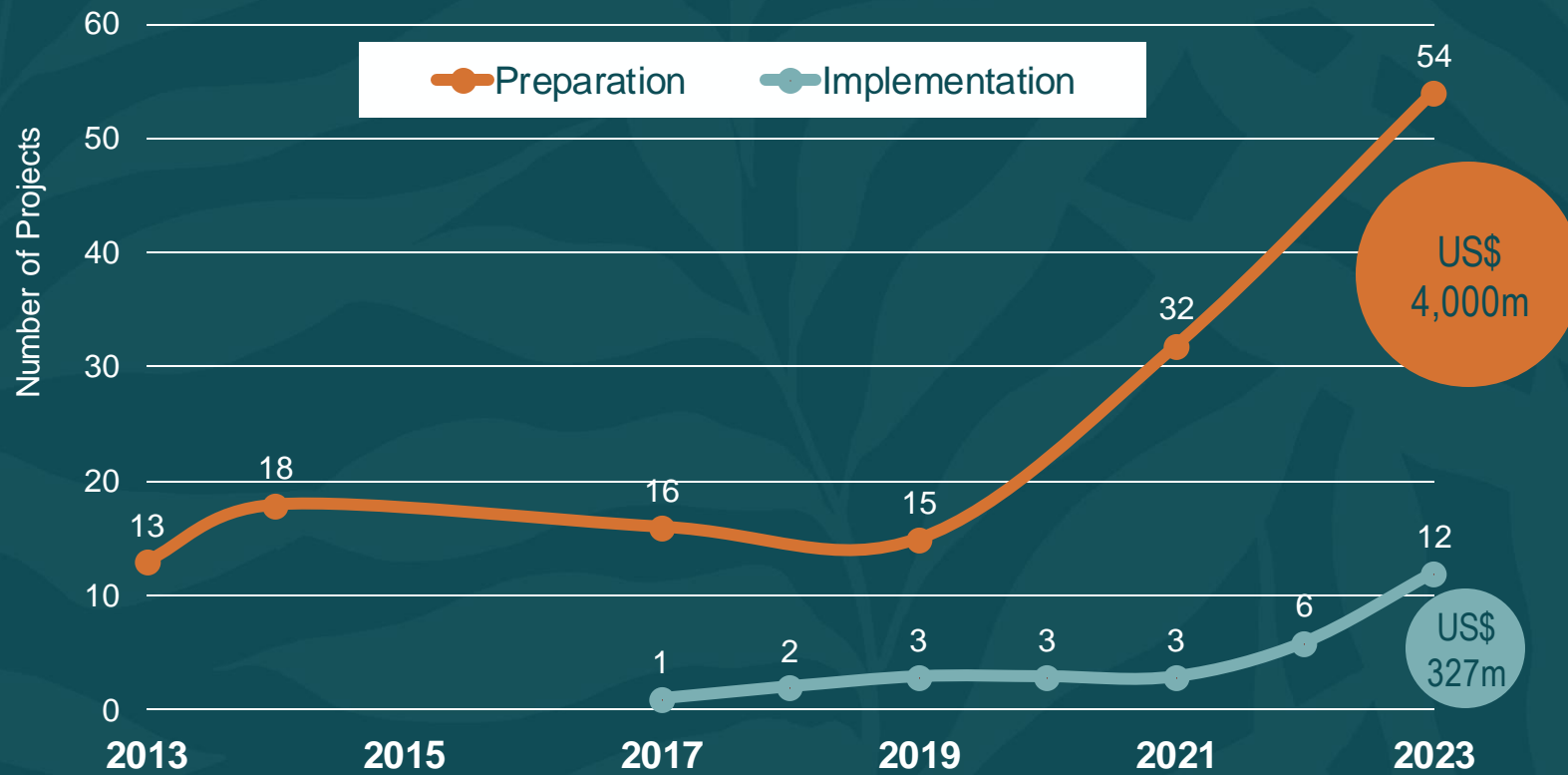


PPP Best Practices: Kyrgyzstan

Population (million) 6.7
 GDP (US\$ billion) 8
 GDP per capita (US\$) 1,277



Program 2013 - 2023



Critical Success Factors

Facilitating Project Development Support Fund established in 2014

Well-staffed and CP3P trained PPP Unit with external advisory support

PPP Law and Implementing Regulations, updated regularly to incorporate lessons learned

Small size PPPs providing low risk PPP structures

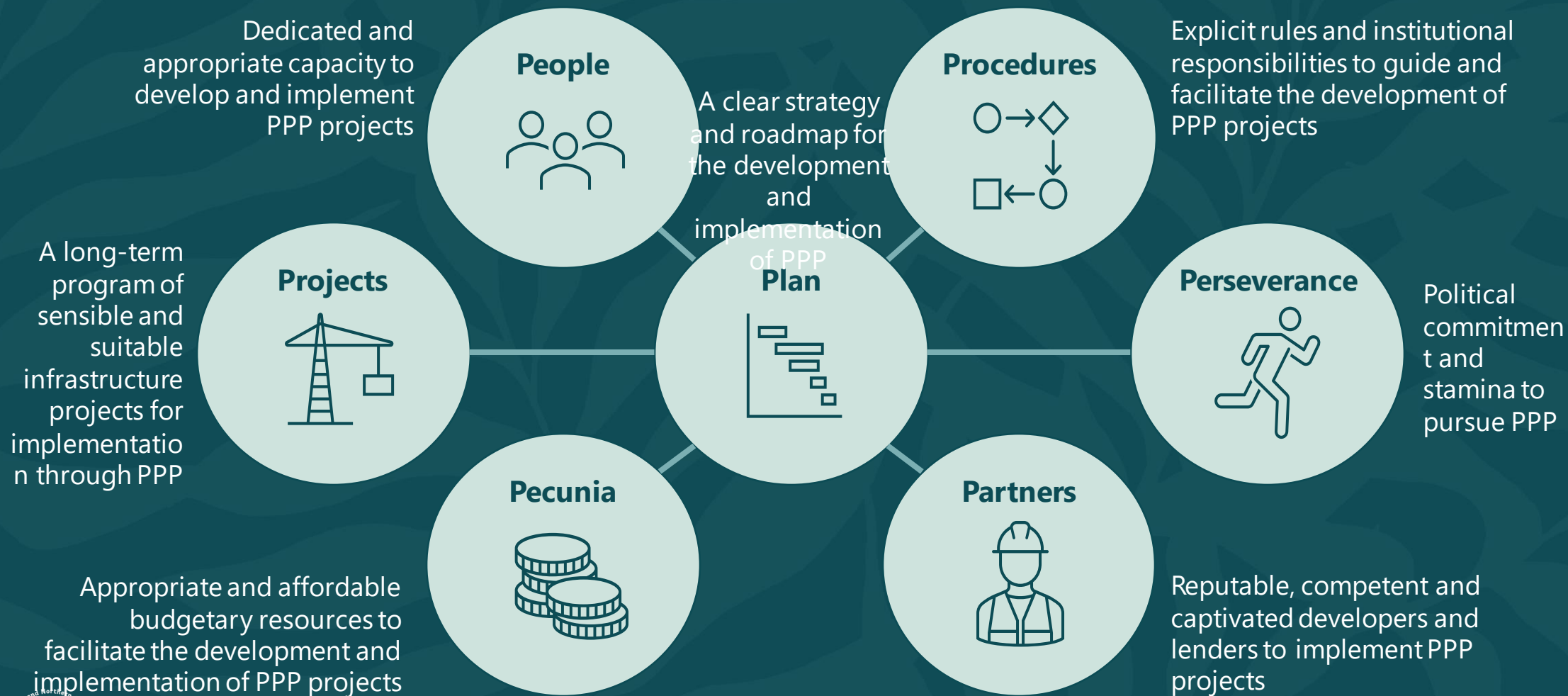


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Sources: VandenBroek

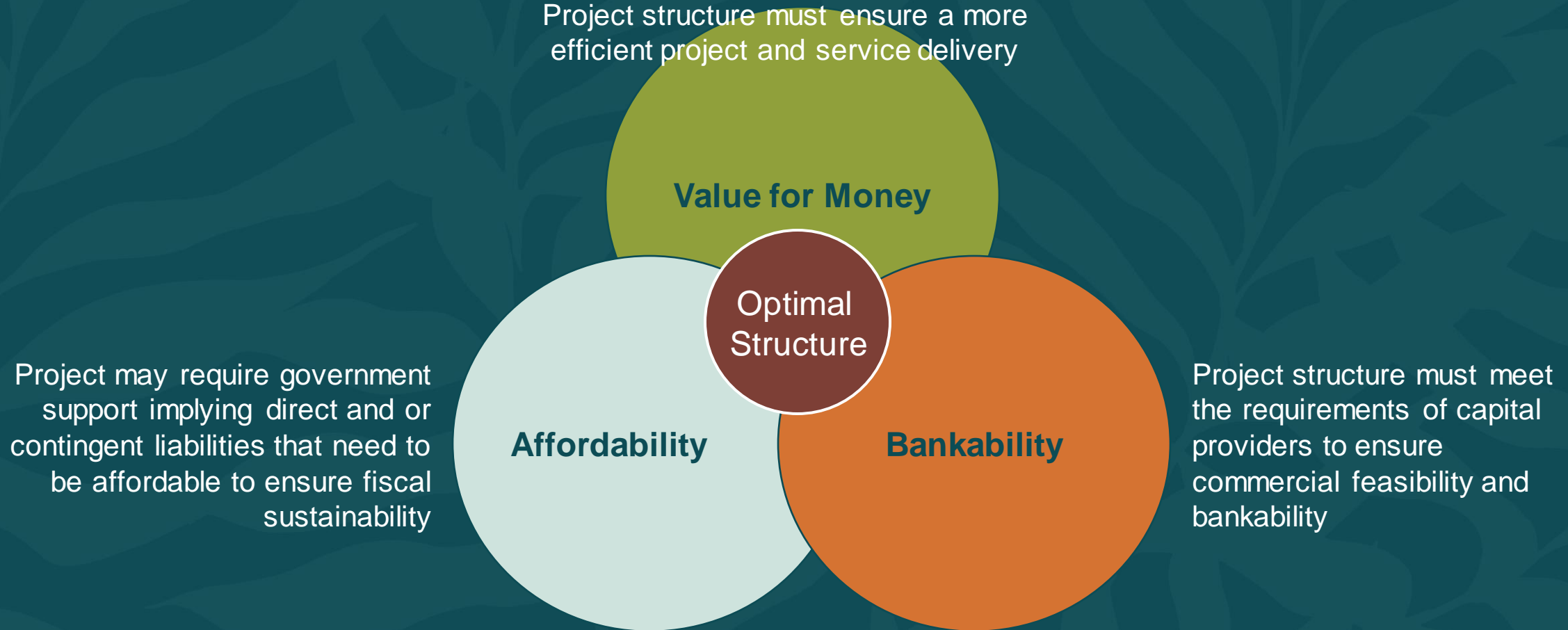


Critical Success Factors for Effective PPP Programs



Government Support is Essential for Successful PPPs

Project structure must ensure a more efficient project and service delivery



Project may require government support implying direct and or contingent liabilities that need to be affordable to ensure fiscal sustainability

Project structure must meet the requirements of capital providers to ensure commercial feasibility and bankability

Too much risk transfer will reduce market appetite



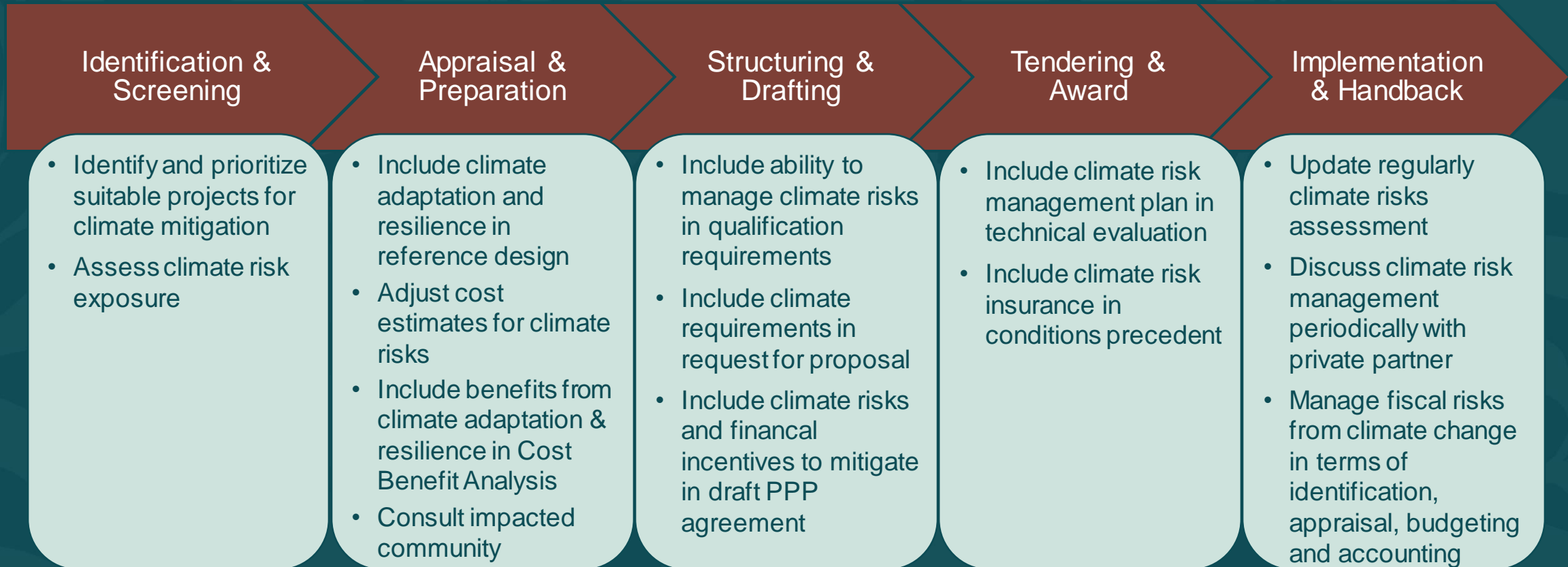
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Specific Considerations for Climate Mitigation & Resilience Throughout the PPP Life Cycle



Incorporate Climate Mitigation & Resilience in PPP Framework



THANK YOU

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