

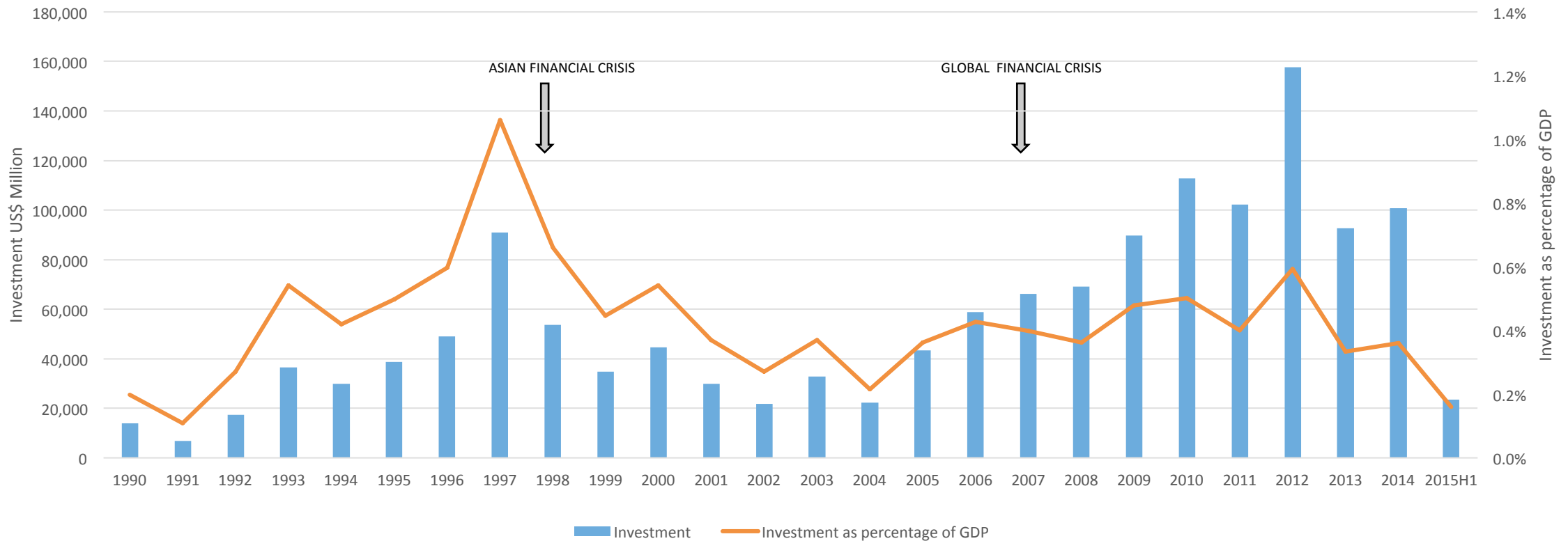
# Public Private Partnerships (PPPs) in Emerging Markets and Developing Economies

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MAR. 2016

# Investments in PPP Projects have grown in absolute terms with two notable periods of expansion and one period of contraction but it has not kept pace with GDP growth

Investments in PPP Infrastructure Projects 1990-2015  
( 2015 US\$ million and as percentage of GDP)



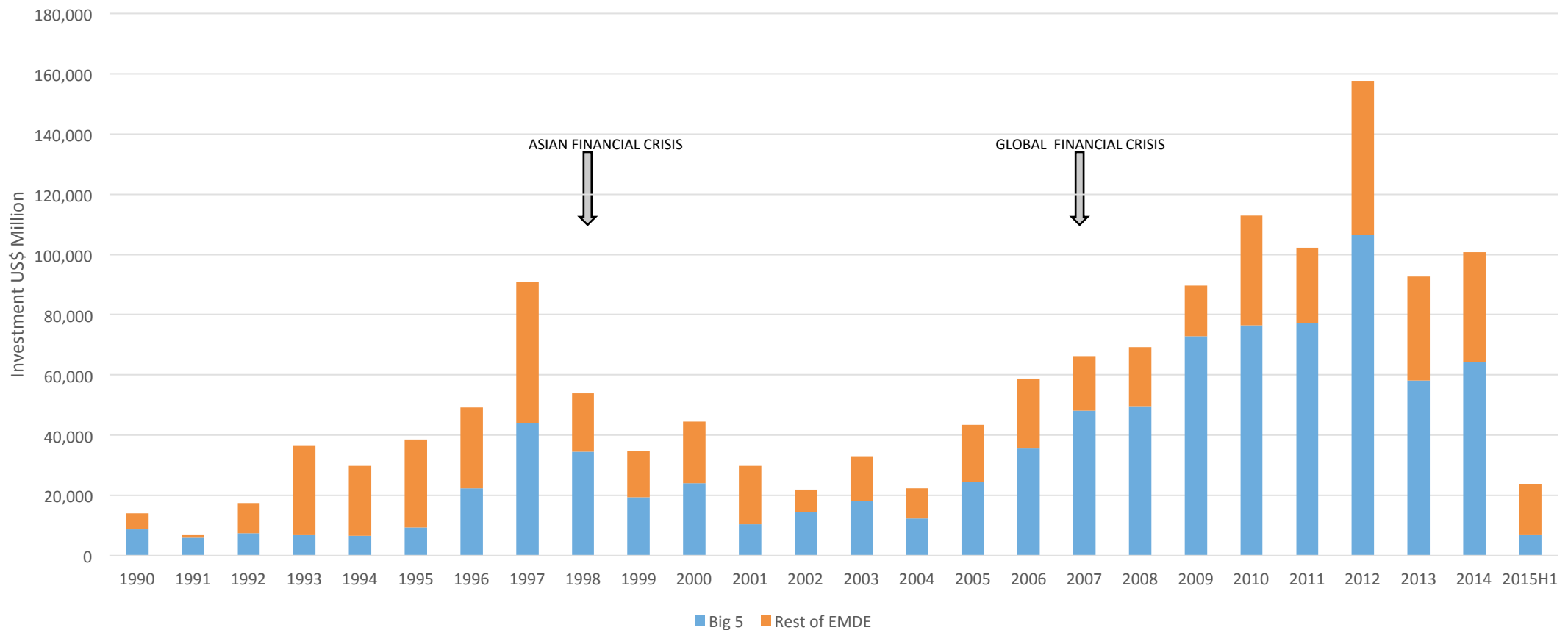
Source: PPI database World Bank, as of Nov 2015

Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 1990-2015(H1), excluding telecom, divestitures and merchants.

For 2015, data for the whole year are predicted based on H1. All the investments are at 2015 US\$ price level.

# Growth in PPP was increasingly driven by the 5 big economies: Brazil, India, Turkey, China and Mexico (Top 5 countries in PPI 2011-2015)

Investments in PPP Infrastructure Projects in Top Five Countries vs Rest of EMDE, 1990-2015  
(2015 US\$ million)



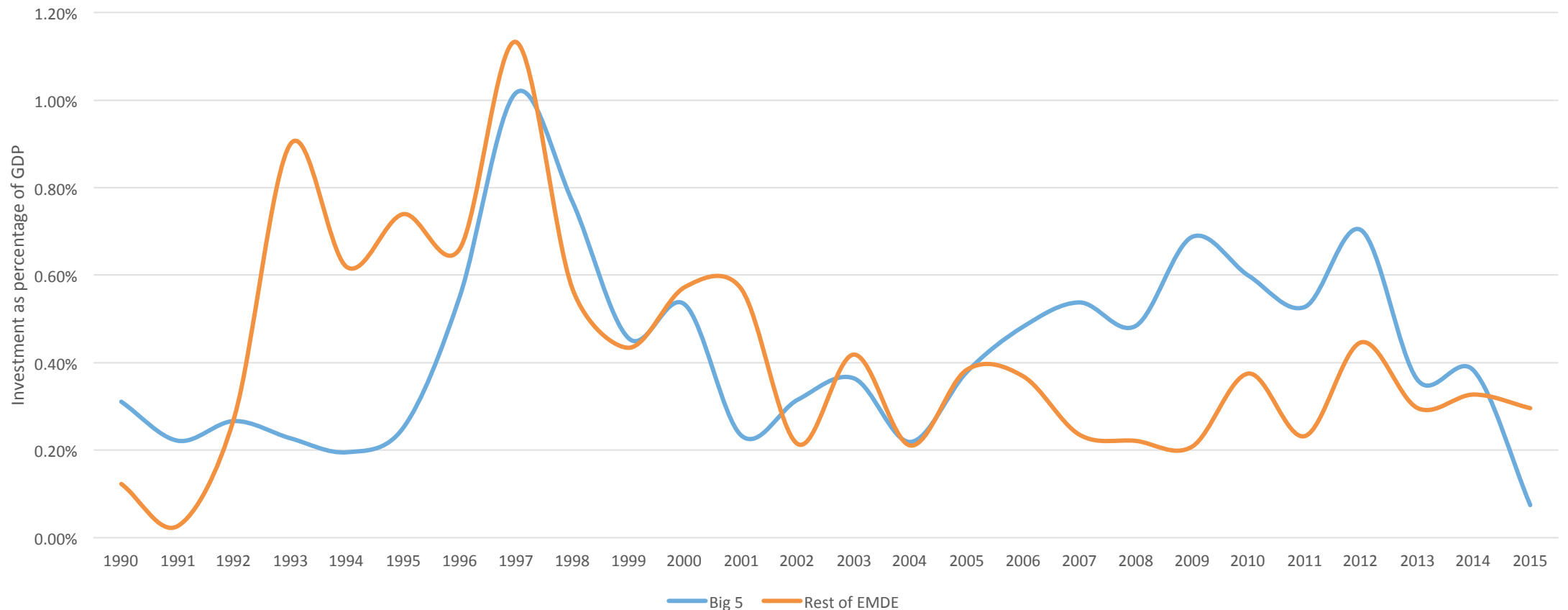
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# The dominance of the top five also remains when looking at investment as percentage of GDP.

Average Annual Investments in PPP Infrastructure Projects as Percentage of GDP:  
Top 5 Countries vs Rest of EMDE, 1990-2015



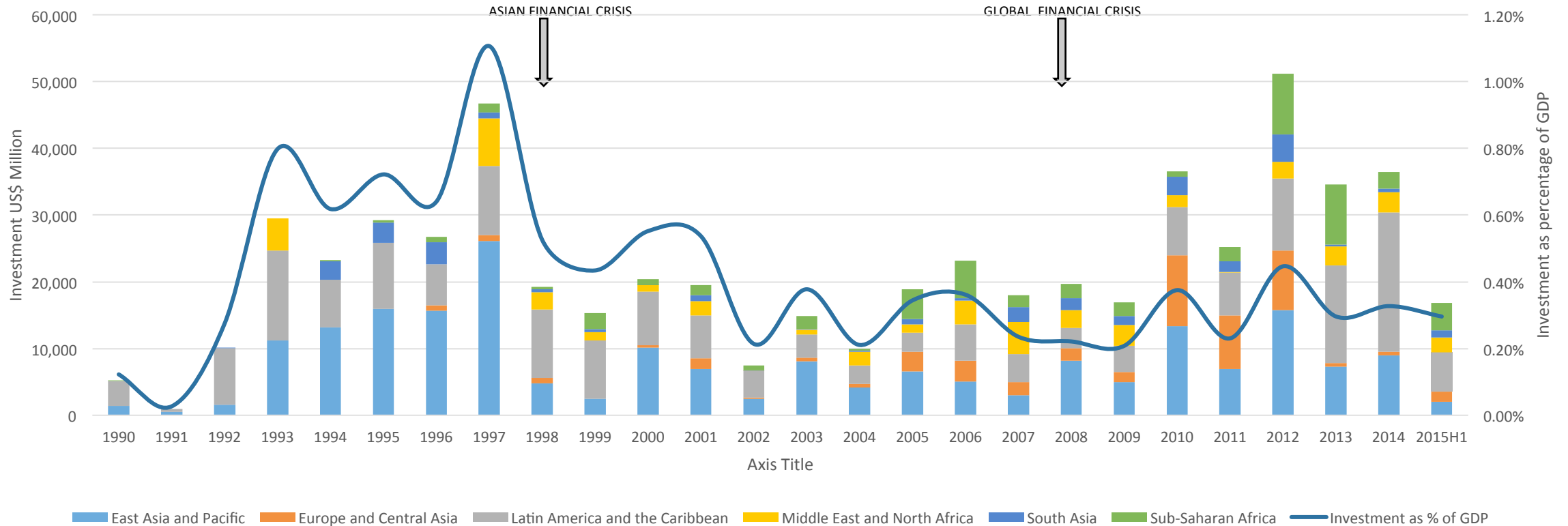
Source: PPI database World Bank, as of Nov 2015

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But there is good news: the rest of EMDE is becoming more evenly distributed across regions and the market is deepening.

Investments in PPP Infrastructure Projects in Non-top 5 EMDE, by region, 1990-2015  
(2015 US\$ million and as percentage of GDP)



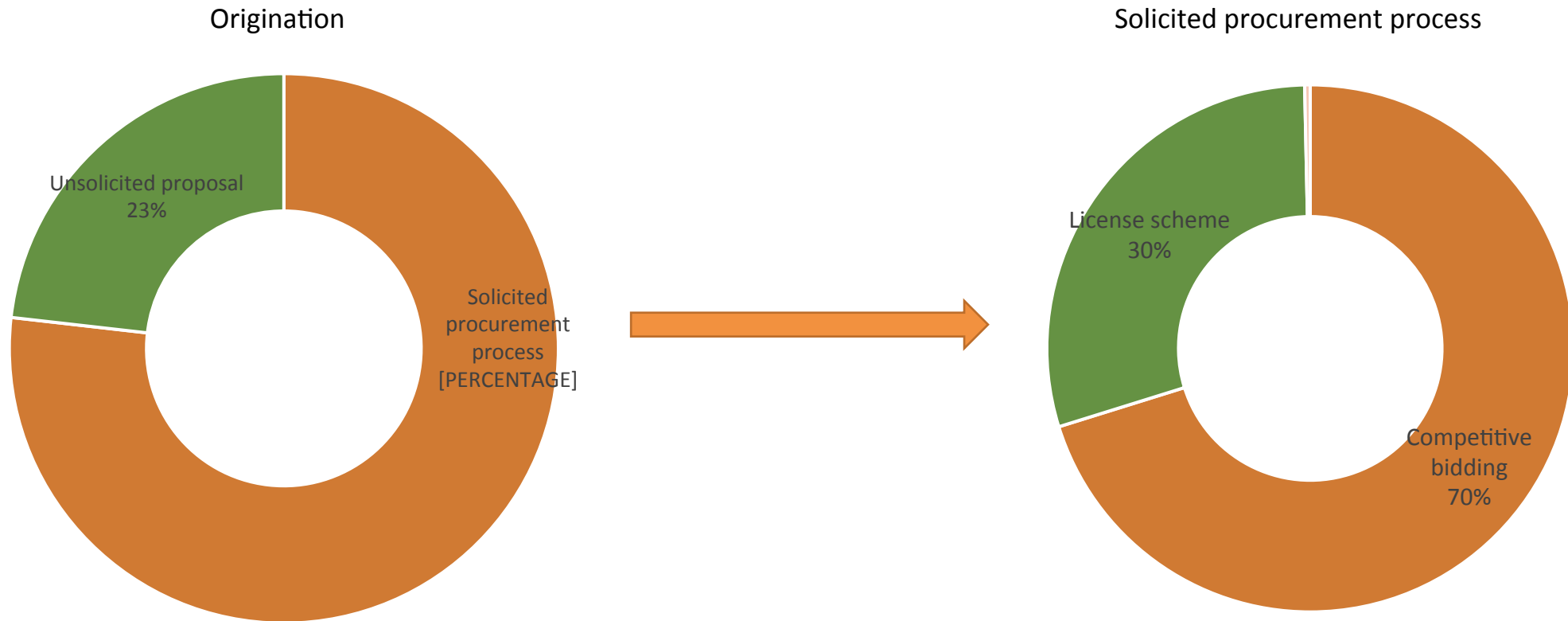
Source: PPI database World Bank, as of Nov 2015

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# A significant number of projects (23%) are originated through unsolicited proposal

PPP infrastructure projects origination and award methods under solicited procurement process , 2010-2014



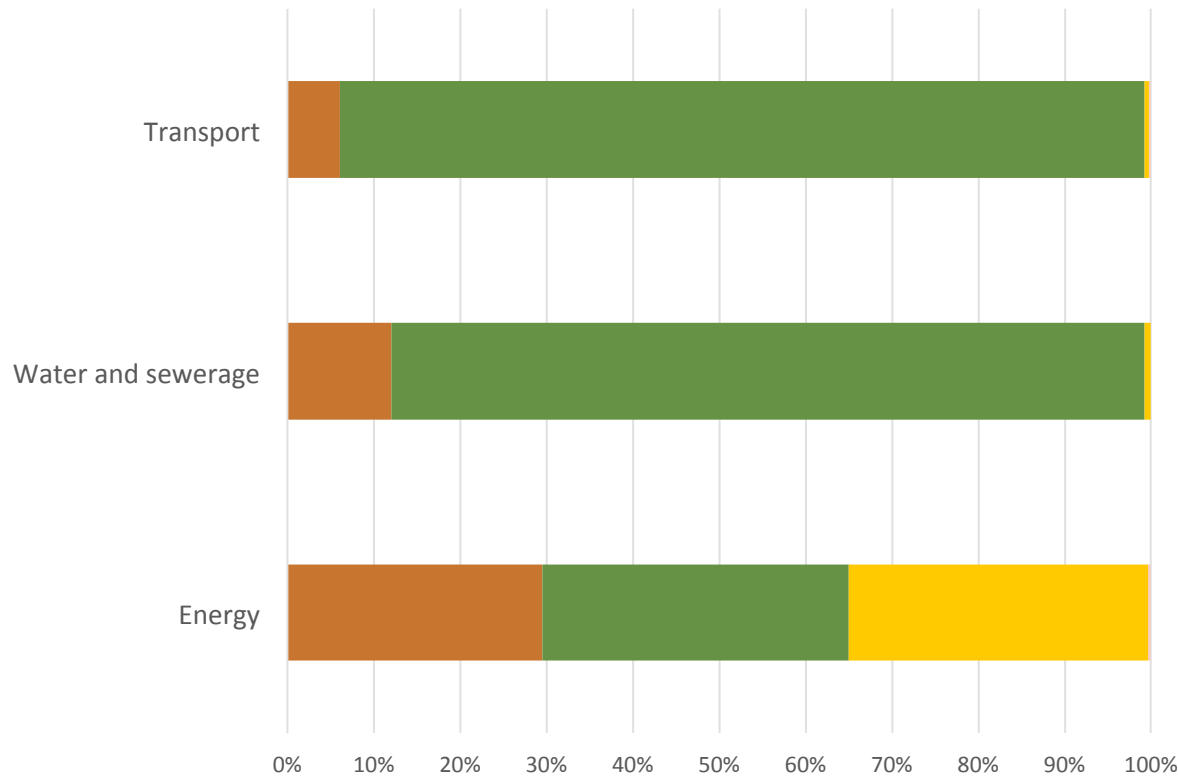
Source: PPI database World Bank, as of Nov 2015

Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 2010-2014, excluding telecom, divestitures and merchants.

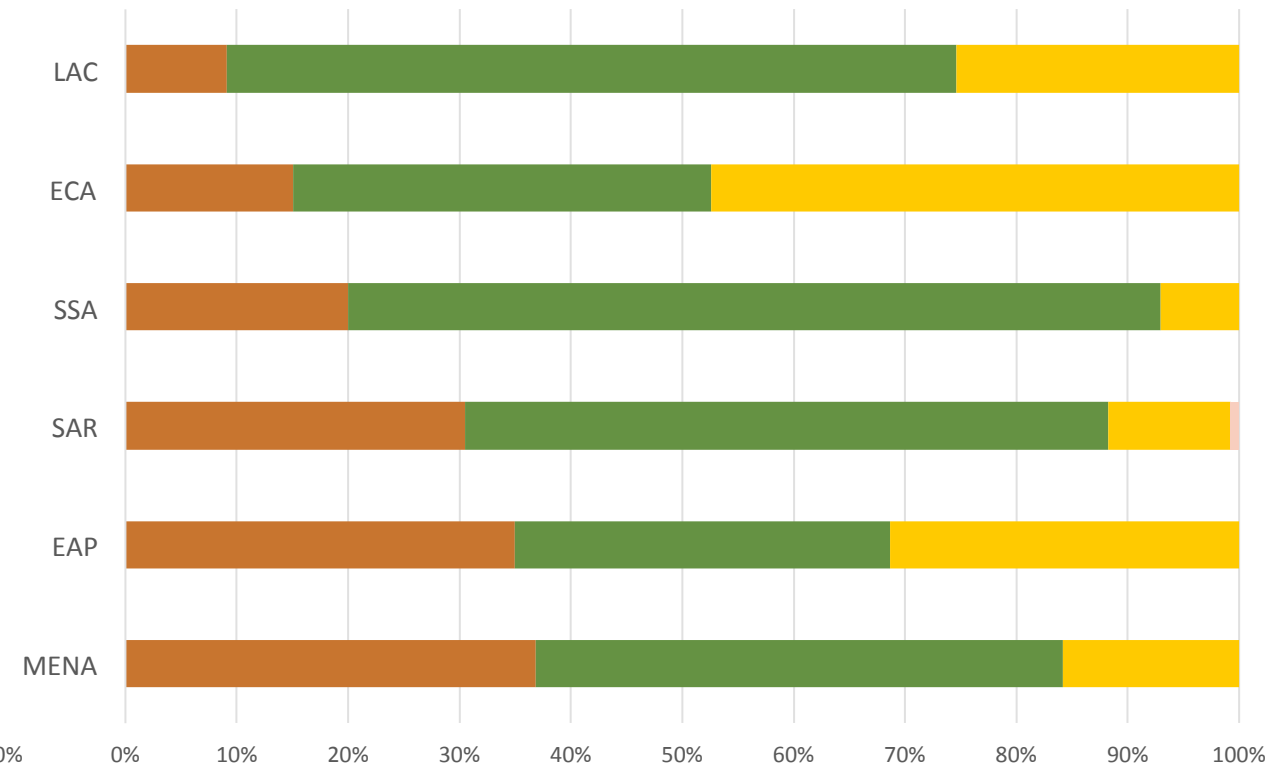
The data presented in this graph are based on the number of projects which have award method information.

# Energy Sector has highest share of direct negotiation

PPP infrastructure projects award methods, by sector 2010-2014



PPP infrastructure projects award methods, by region 2010-2014



■ Direct negotiation ■ Competitive bidding ■ License scheme ■ Competitive negotiation

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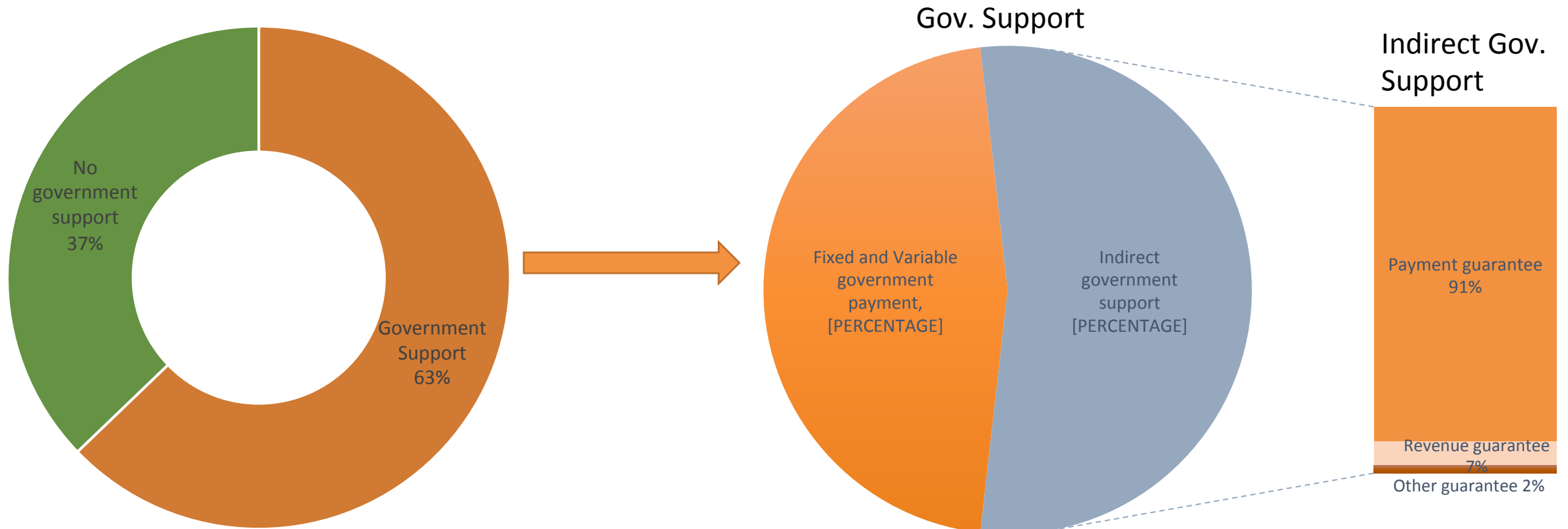
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Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 2010-2014, excluding telecom, divestitures and merchants.

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# Direct and indirect government support continue to play a critical role in facilitating private sector investment in PPPs.

Type of government support for PPP infrastructure projects, 2010-2014



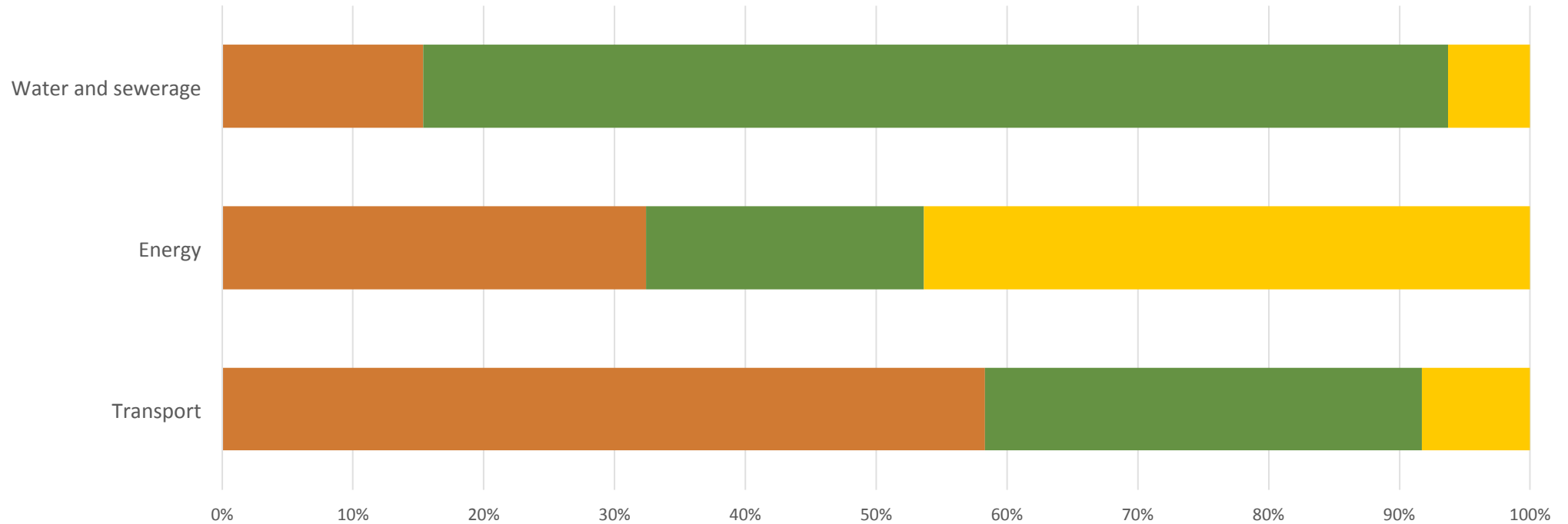
Source: PPI database World Bank, as of Nov 2015

Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 2010-2014, excluding telecom, divestitures and merchants. The data presented in this graph are based on the number of projects which have government support information.



# Water and sanitation has the highest percentage (85%) of projects receiving some type of government support.

Type of government support for PPP infrastructure projects by sector, 2010-2014



	Transport	Energy	Water and sewerage
No government support	232	358	22
Direct government support	133	235	112
Indirect government support	33	512	9

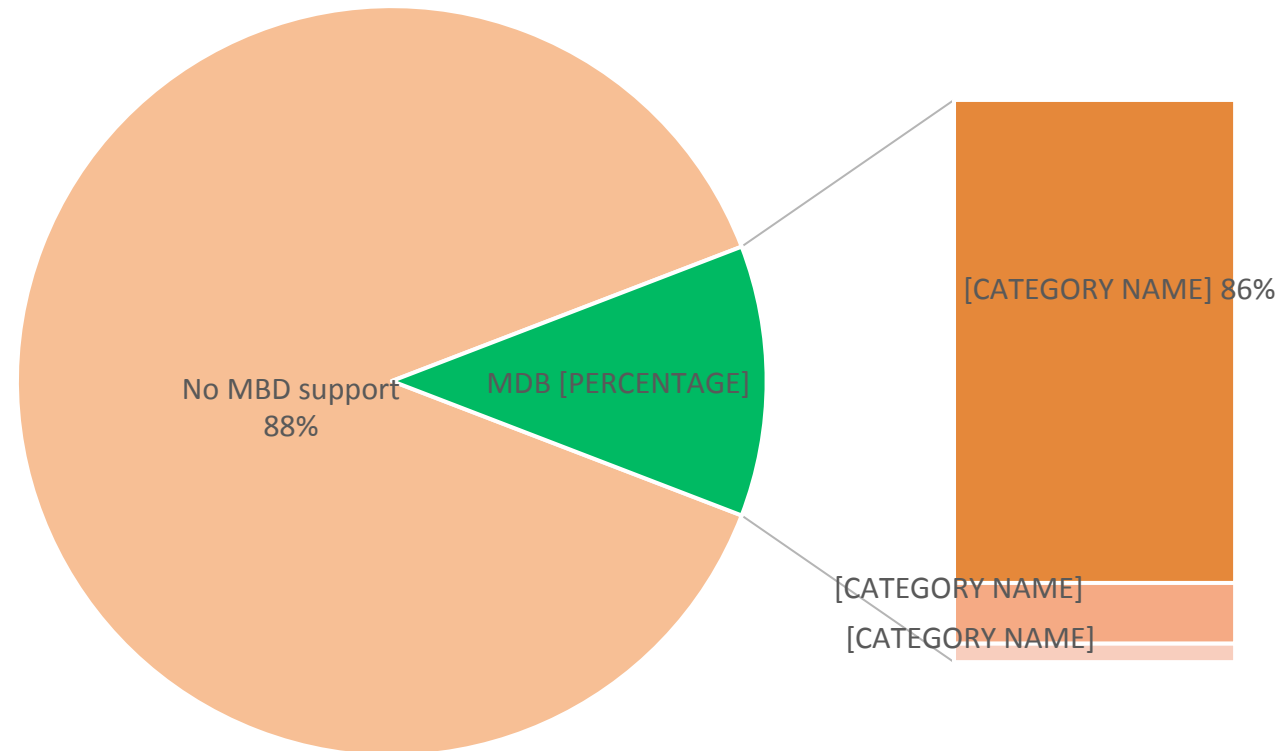
Source: PPI database World Bank, as of Nov 2015

Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 2010-2014, excluding telecom, divestitures and merchants.

The data presented in this graph are based on the number of projects which have government support information.

# The role of Multilateral Organizations supporting PPPs has been significant (12%) and largely in the energy sector

Multilateral Development Banks support for PPP infrastructure projects by sectors, 2010-2014

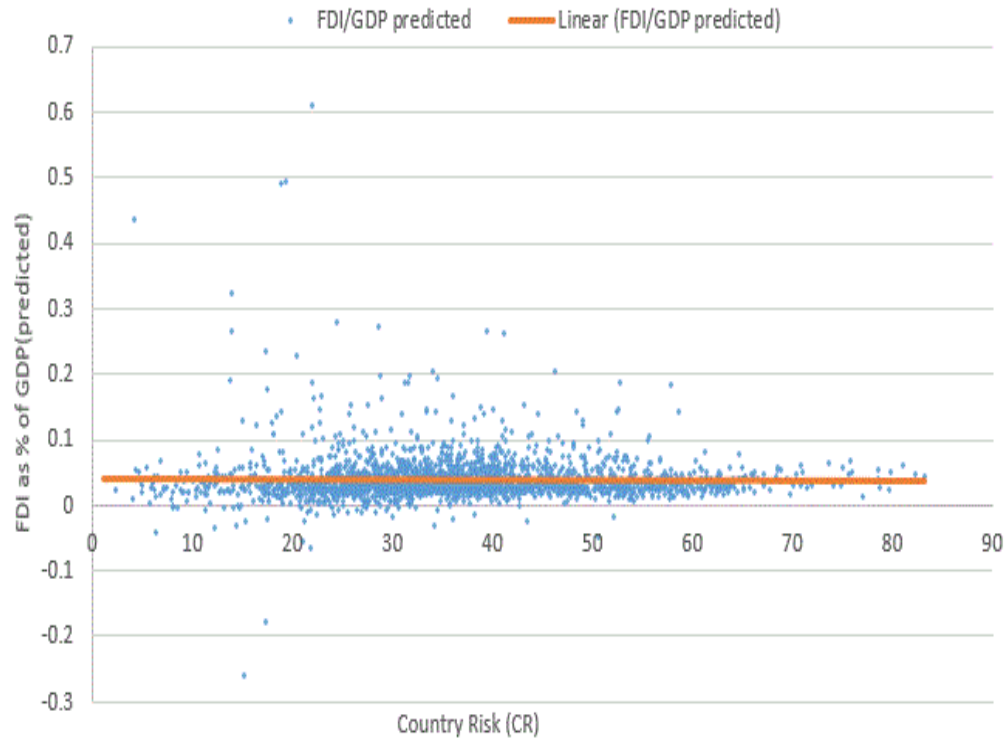


Source: PPI database World Bank, as of Nov 2015

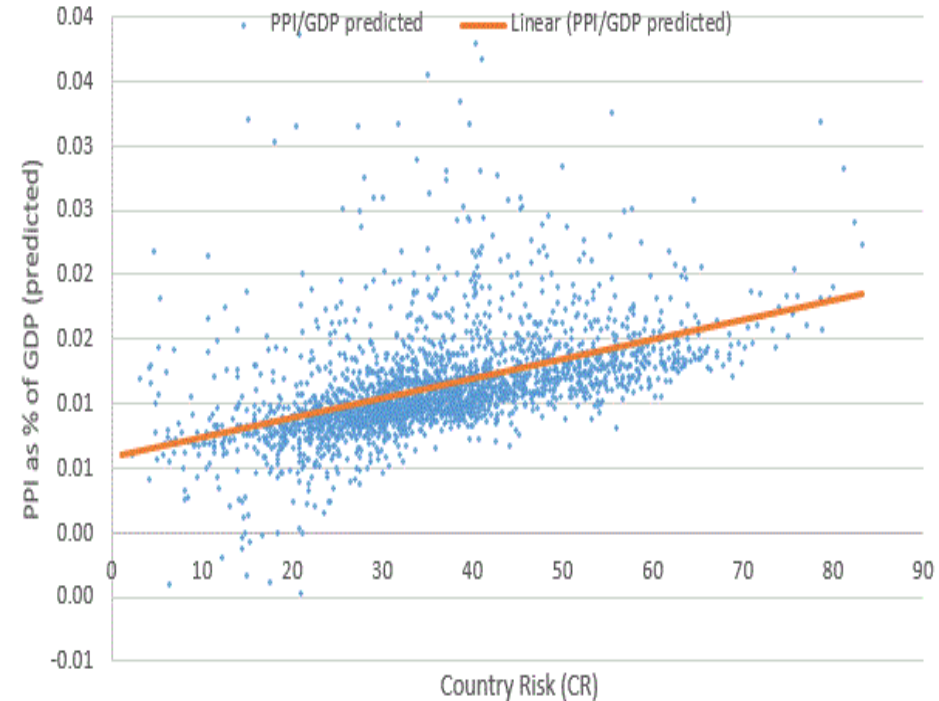
Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 2010-2014, excluding telecom, divestitures and merchants. The data presented in this graph are based on the number of projects which have MDB support information.

# Overall macroeconomic conditions coupled with a country's sound institutional and regulatory framework are critical for PPP markets to grow: PPI are more sensitive than FDI to country risk

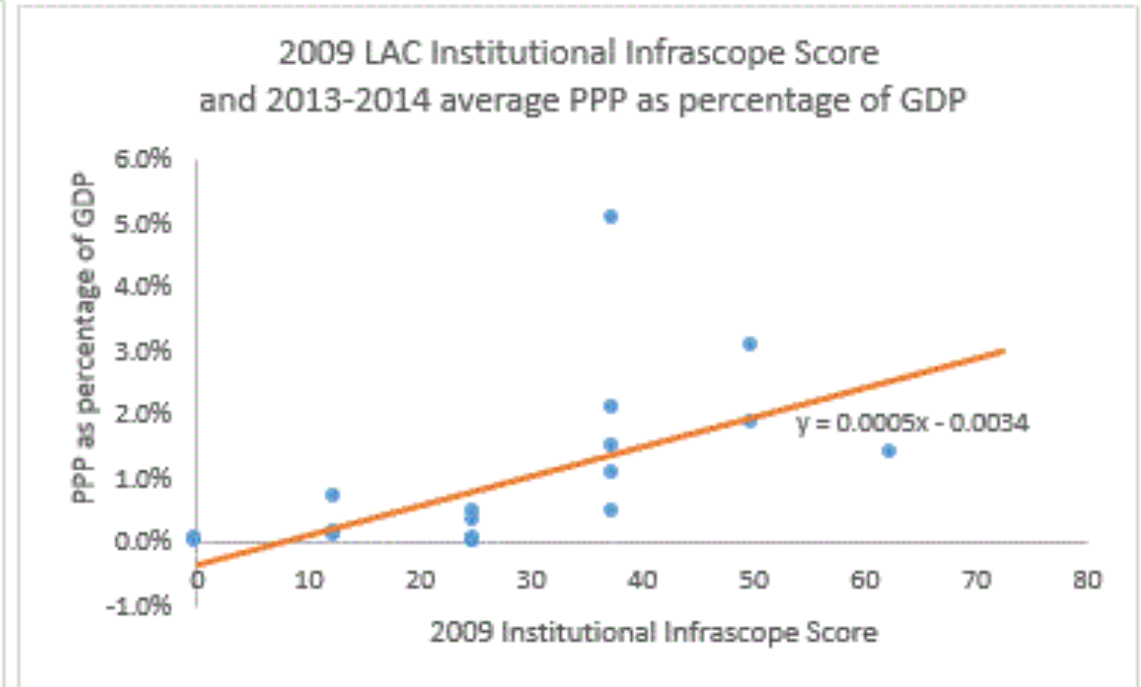
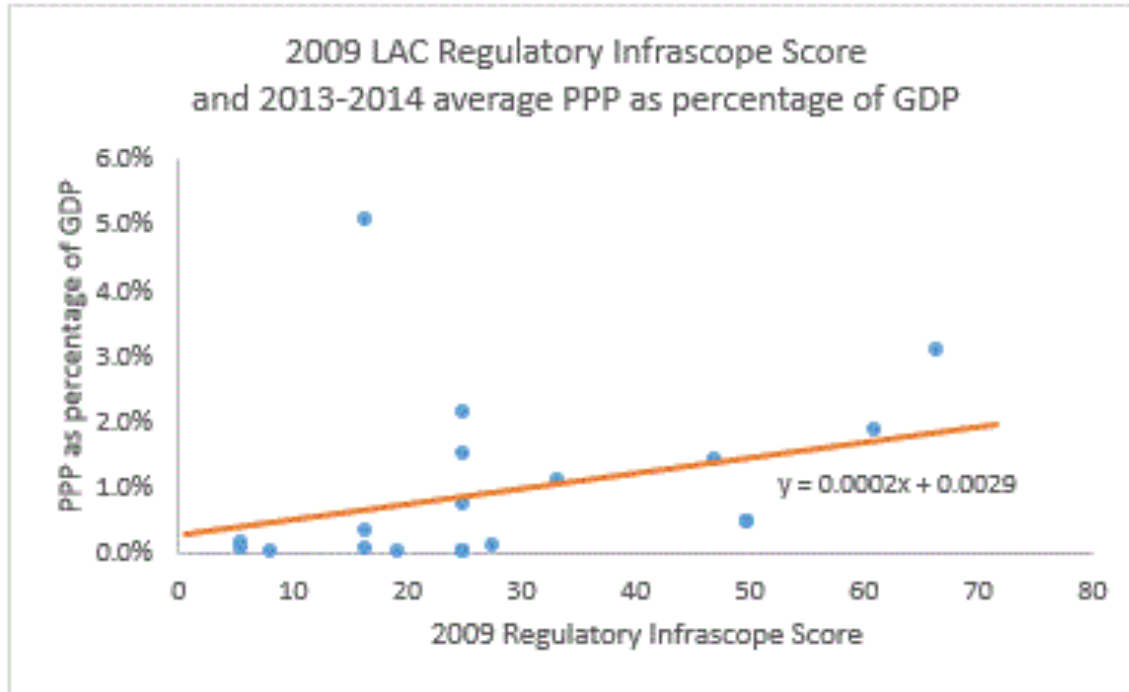
2.9a Correlation between Country Risk and predicted value of Foreign Direct Investment (FDI) as percentage of Gross Domestic Product (GDP)



2.9b Correlation between Country Risk and predicted value of Private Participation in Infrastructure (PPI) as percentage of Gross Domestic Product (GDP)



Infrascope data confirms this theory, as countries with established and stable institutions and regulatory systems were able to advance more PPP projects



Source: PPI database World Bank, Infrascope Economist Intelligence Unit (EIU)

Note: Data cover the projects in energy, transport, and water and sanitation reaching financial closure 1990-2014, excluding telecom, divestitures and merchants.

- Regulatory index measures (i) Consistency and quality of PPP regulations; (ii) Effective PPP selection and decision making; (iii) Fairness/openness of bids, contract changes and (iv) Dispute resolution mechanisms
- Institutional Index measures: (i) quality of institutional design and roles and (ii) PPP contract, hold-up and expropriation risk