

**UN Expert Group Meeting on Special Needs and Challenges in  
Developing Countries for Achieving Sustainable Transport**

**10-11 May, 2016, New York**

**PUBLIC-PRIVATE PARTNERSHIPS AND  
INNOVATIONS IN FINANCING:**

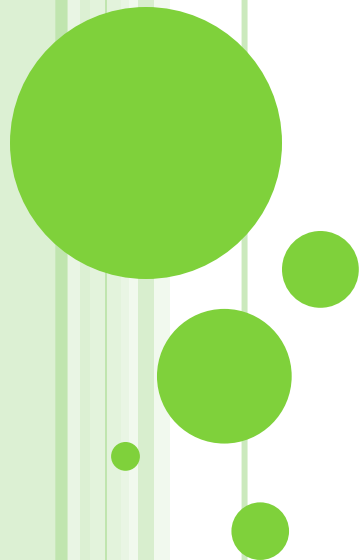
**ATTRACTING SUSTAINABLE FINANCING FOR LARGE SCALE  
INFRASTRUCTURE AND RURAL SYSTEMS**

**Zhi Liu**

**Lincoln Institute of Land Policy**

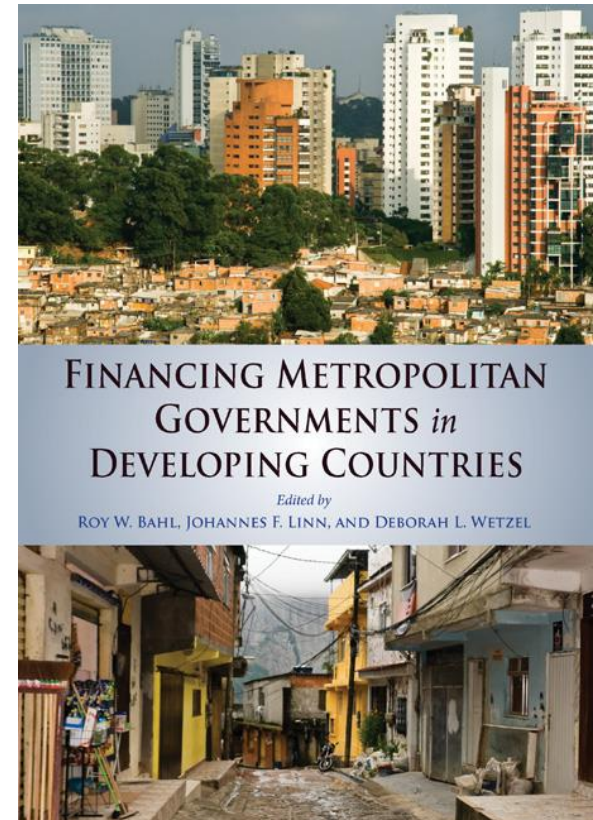
**and**

**Peking University—Lincoln Institute Center for Urban  
Development and Land Policy**



# ESTIMATING INFRASTRUCTURE FINANCING GAPS

Gregory K. Ingram, Zhi Liu, and Karin Brandt (2013), “Metropolitan Infrastructure and Capital Finance,” in Roy W. Bahl, Johannes F. Linn, and Deborah L. Wetzel (ed.), Financing Metropolitan Governments in Developing Countries, Lincoln Institute of Land Policy.



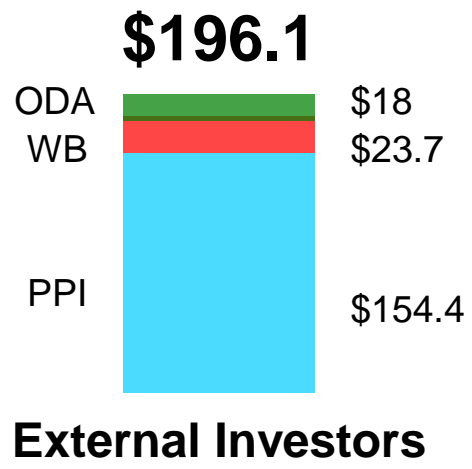
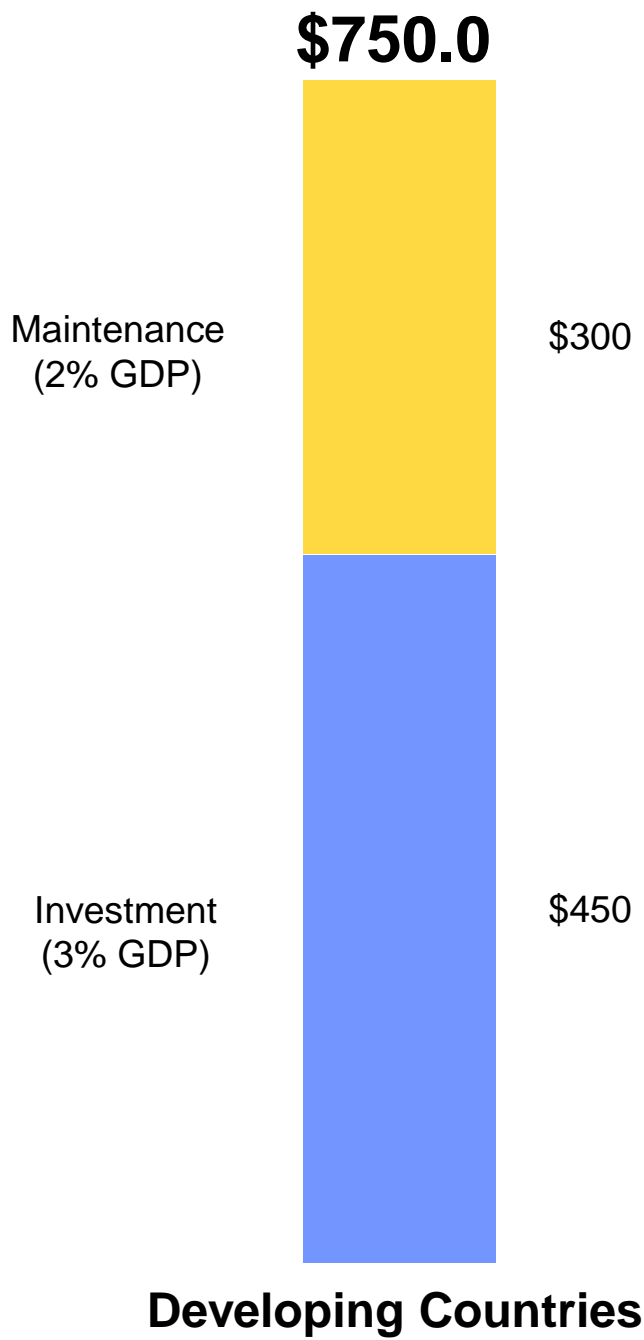
# INVESTMENT PROJECTIONS TO MAINTAIN RELATION BETWEEN PHYSICAL STOCKS AND ECONOMIC ACTIVITY

Country income group	GDP 2008 \$bn.	Investment	Maintenance	Total	Investment	Maintenance	Total
		Percent of national income			US\$ 2008		
Low	\$ 509.60	2.8	1.7	4.5	14.00	8.80	22.80
Lower-middle	\$ 7,691.90	3.5	2.4	5.9	270.80	183.80	454.60
Upper-middle	\$ 7,471.90	2.2	1.5	3.7	165.20	113.20	278.40
Hign	\$ 42,041.40	0.8	0.9	1.7	332.80	363.70	696.40
Total	\$ 57,714.80				782.80	669.50	1,452.20

Source: authors' projections; GDP data from World Bank WDR 2010.



# INVESTMENT PROJECTIONS (\$US BILLIONS, 2010): A HUGE FINANCING GAP EXISTS



# HOW TO FILL THE INFRASTRUCTURE FINANCE GAPS ?

- Increase existing stocks' performance
- Reduce subsidies and set efficient service tariffs
- Draw in PPP investment and remove PPP impediments
- Develop domestic financing instruments
- Maintain investment with growth levels

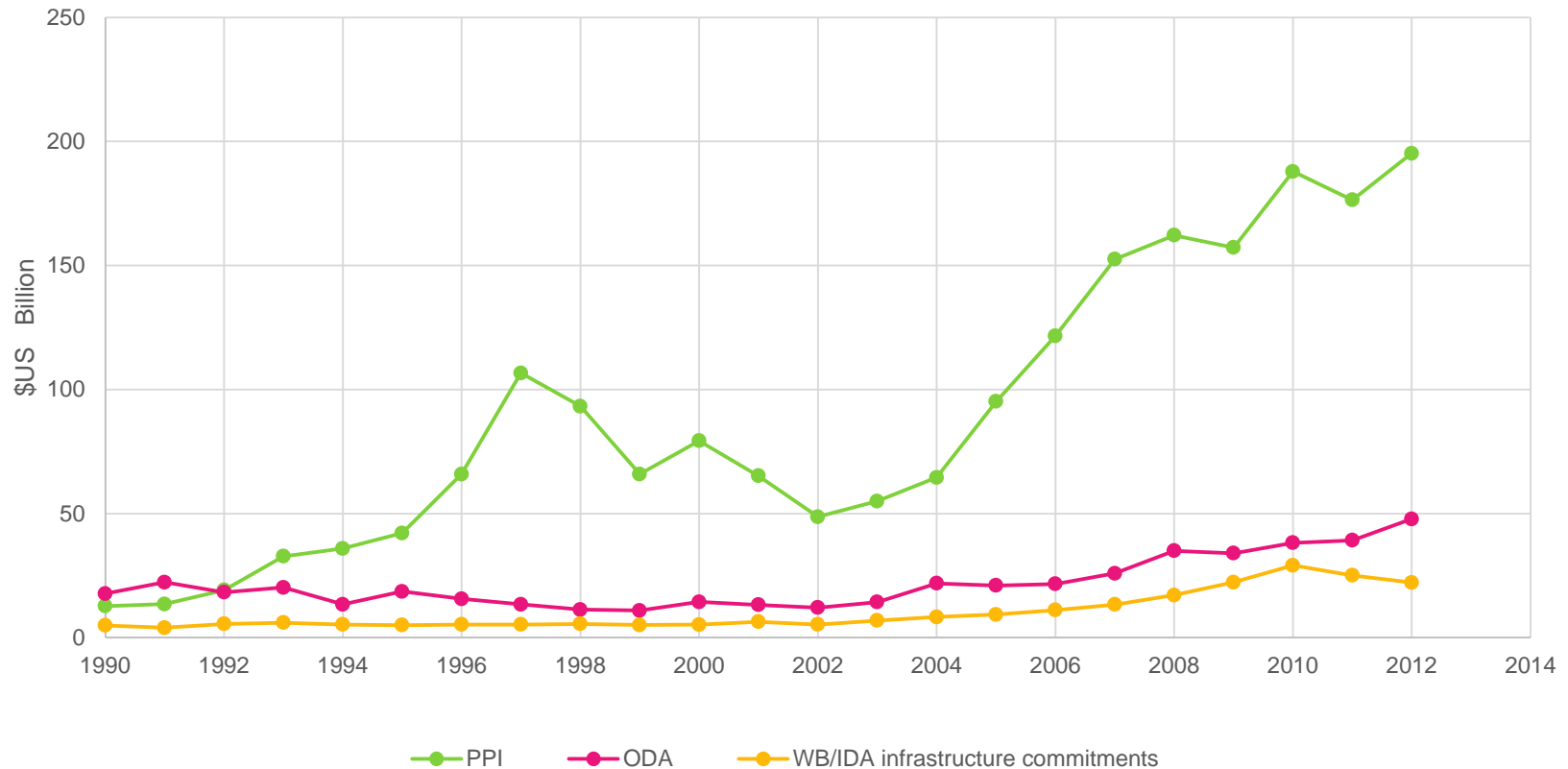


# WHAT IS PPP?

- What is PPP? *No single official definition, but usually refers to...*
  - **A**rrangement
  - **B**etween public and private by
  - **C**ontract for the
  - **D**elivery of public service
- Why PPP?
  - **E**fficiency gain
  - **F**iscal space
  - **G**ood risk allocation
- PPP as a procurement tool
- Partnerships: public, private, users



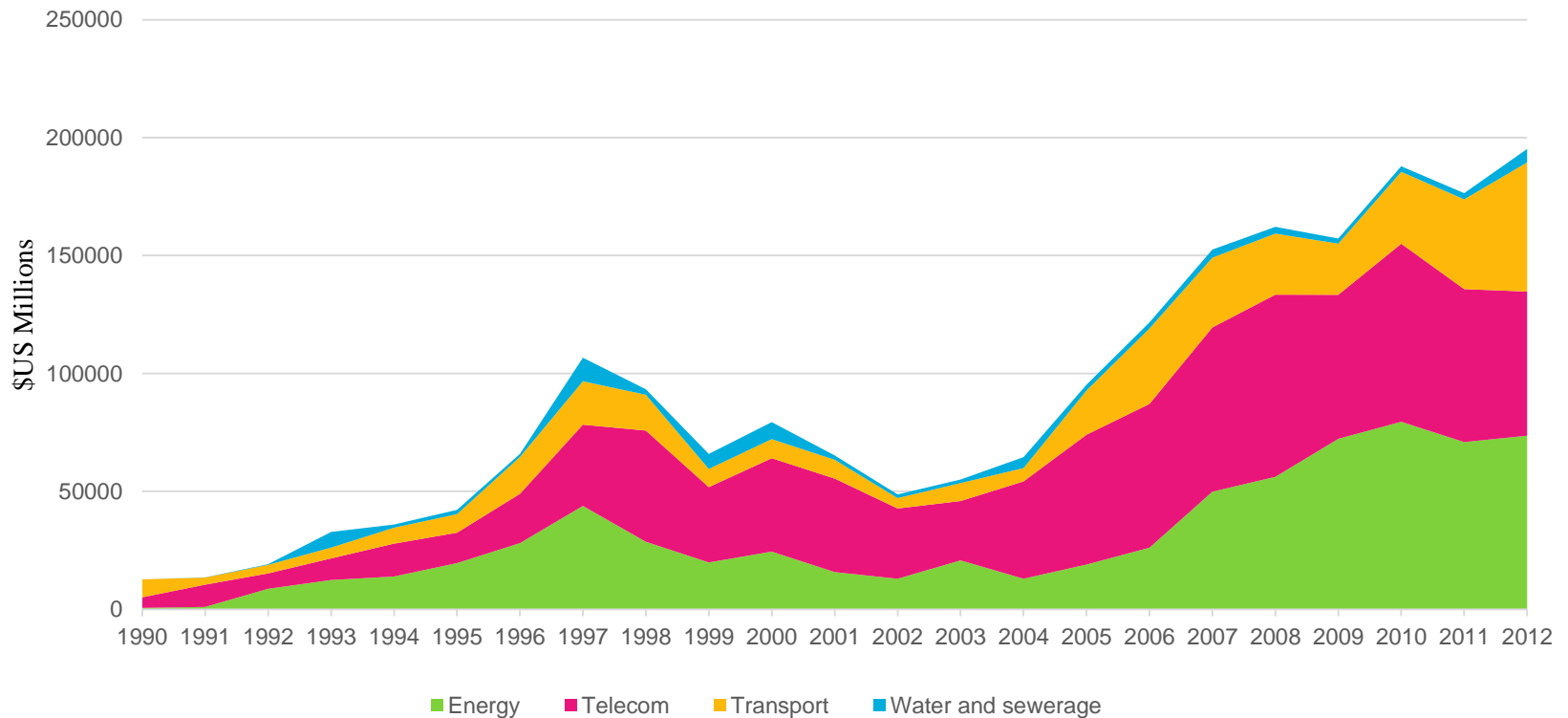
# PPP IS MUCH LARGER THAN DEVELOPMENT ASSISTANCE IN INFRASTRUCTURE...



Source: PPI data from PPIAF, World Bank and World Bank Data, *ibid.*



# THE LEVEL OF PRIVATE PARTICIPATION VARIES AMONG INFRASTRUCTURE SUB-SECTORS...

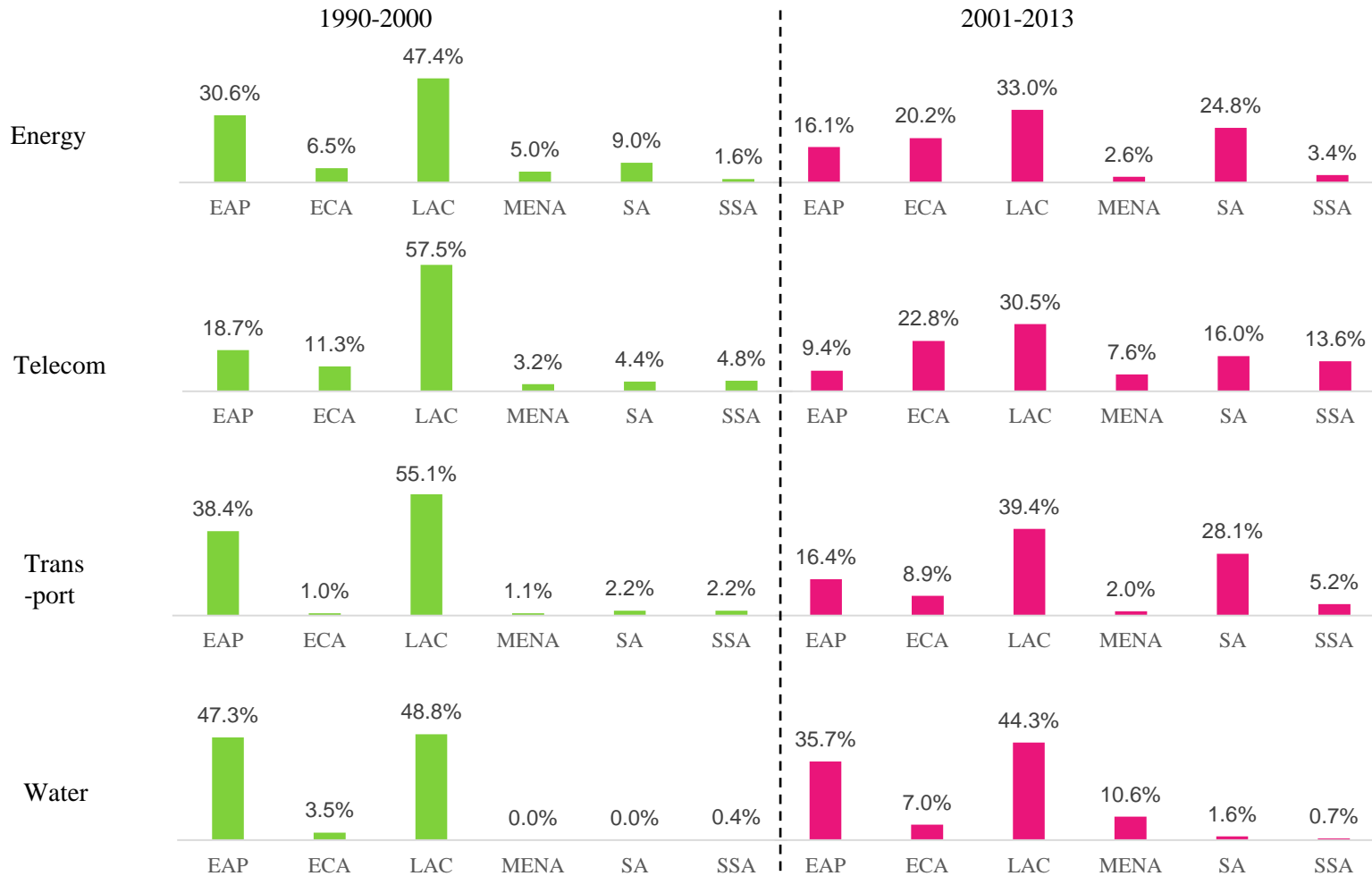


Source: PPI data from PPIAF, World Bank and World Bank Data, *ibid.*





# PPP IN INFRASTRUCTURE IS BECOMING LESS REGIONALLY CONCENTRATED...



# BUT IMPEDIMENTS TO PPP REMAIN...

- Lack of clear PPP policy and program
- Weak government institutional capacity
- Presence of various legal constraints
- Lack of bankable projects and poor business climate in the lowest-income countries
- Decentralization of revenues and investment responsibilities (in some countries)
- **Major effort is needed to remove these impediments**

