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WAPPP MAGAZINE

WAPPP

SPECIAL DOSSIER: Six Interviews on Innovation, Impact & the Future of PPPs



FEATURES

- Rethinking Urban Futures: Beyond Growth and Consumption.
- Harnessing Private Sector Skills in Developing Social Infrastructure Projects in Saudi Arabia
- African Ingenuity Building Africa's Infrastructure Future




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EDITOR'S LETTER

We are proud to present this issue, featuring in-depth interviews with six leading International Financial Institutions (IFIs) from around the globe. They share insights into their Public-Private Partnership (PPP) initiatives and future plans, offering a practitioner-driven perspective on the PPP landscape.

This exceptional series provides an invaluable overview of real-world PPP experiences.In addition to these interviews, this issue includes a diverse range of PPP-related articles, exploring various dimensions of the field.

THIBAUT MOURGUES, CHIEF EDITOR

We are also delighted to share updates about our organization. A recent highlight was the **9th Istanbul PPP Week,** where WAPPP partnered with major IFIs and sent a strong delegation led by President Ziad-Alexandre Hayek and Executive Director Jean-Christophe Barth. They actively participated throughout the event, and WAPPP co-sponsored a special award to **Hatter Hannoura**, Head of Egypt's PPP Unit, for his successful development of a project preparation fund. We look forward to continuing our collaboration with Istanbul PPP Week, under the leadership of Dr. **Eyup Vural Aydin**, in future editions.

Photography by Francois MercerEvent image from the 9th Istanbul PPP Week

“As we move into 2025, we are launching a new cycle centered on Blended Finance—a critical approach to amplifying limited public funds with private and philanthropic resources, making impactful projects viable.”

Additionally, WAPPP has successfully concluded its 2024 webinar and research cycle, focusing on **Small-Scale PPPs** and their potential to advance the Sustainable Development Goals (SDGs). Detailed publications on this work will be released soon.

As we move into 2025, we are launching a new cycle centered on **Blended Finance**—a critical approach to amplifying limited public funds with private and philanthropic resources, making impactful projects viable.

The coming year promises to be dynamic. Key initiatives include enhancing our capacity to deliver value to all members—individual consultants, corporations, and PPP units—through cross-fertilization, knowledge exchange, and new services. For example, WAPPP will introduce a mediation and conflict prevention service to assist PPP units facing challenges with private partners.

Your feedback is invaluable. Please share your comments, suggestions, or ideas to help us improve this magazine. We are also seeking new contributors, so don’t hesitate to submit articles or proposals. This magazine is yours, and we look forward to your active participation!

THE WORLD ASSOCIATION OF PPP UNITS & PROFESSIONALS WAPPP

SPECIAL DOSSIER

WAPPP

Global Voices in PPP: Inside the Strategies of Leading IFIs

Exclusive Q&As on Innovation, Impact & the Future of Public-Private Partnerships

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IN CONVERSATION WITH Matthew Jordan-Tank, Director, Sustainable Infrastructure Policy & Project Preparation, EBRD

Interview Conducted By:

Thibaut Mourgues, Managing Partner Camden Advisory, WAPPP Head of AI and technology chapter, Head of Editorial Board

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Sergel Samolis, CEO of PPP Expertise Eurasia and Co-Chair WAPPP's Eastern Europe and Central Asia Chapter

Could you tell us about your advisory work?

Let me give you a quick overview of how things have evolved in terms of our PPP advisory work and investing in PPPs as well. About a decade ago, we got into this business of government PPP advisory, because we recognize that many projects were coming to us as already prepared PPPs with real structural and bankability issues. It was difficult for EBRD and for the market in general to be able to finance these. They had certain aspects that made them unbankable or required corporate guarantees. And we saw just too few PPPs coming to the market in general as a quantum, which was a reflection of the lack of capacity at the local government level in our countries of operation. For those two main reasons, we decided to go into this PPP advisory area.

After several years of experience, we've learned some key things. One is that it's very difficult to create institutional momentum, to create a program of PPP in a country, if you only approach your support to countries on a project-by-project basis, if you really want to create some scale in any given sector or build up enough experience the country. You need to think of ways of packaging things in a more programmatic way.

So, after several years of working mostly on a single project basis, we shifted about three years ago toward thinking our support more systematically, more programmatically, by working with governments to set up, essentially a replication, in many ways, of what we established at EBRD within our PPP advisory unit. In other words, setting up a dedicated unit of specialists who are working on a PPP pipeline and attempting to find PPPs and types of PPPs that can be relevant, replicated and packaged together with clear goals and timelines. In our headquarters, we shifted to looking for countries and saying to them, okay, let's set up a PPP unit that's dedicated around the concept of a PPP facility at the national level, and let's get that capitalized.

Let's find enough money to be able to prepare not just one project, but 10 or 15 projects in your country, we will partner with you because we're a development bank and we have capacity to do that and implement knowledge transfer. Let's set aside money to prepare 10 to 15 projects. And let's pre identify, through a prioritization, a selection process, the 10 or 15 projects that we think have a very good chance of being able to be successfully tendered. That means they're the types of projects that have been successfully done as PPPs elsewhere in the world. We are of course, also looking at whether the legal environment is sufficiently developed to be able to successfully tender PPPs. So we got the money in place, we got a commitment and a definition with the country of the 10 or 15 projects to prepare under this new national facility.

What the country needed, of course, was a bit more capacity on the ground of experts, PPP experts that can work directly within this new sort of arranged facility approach, build off of any national PPP unit that they've already in place, but strengthen it. The way we did this was we structured the fees that we earn (our advisory business is structured around a fee based advisory approach, whereby the government pays us a modest fee - I would call it modest, because it's typically between three and 10% of the total advisory value of the advisory effort - we call it a government contribution). Instead of retaining them within our accounts to offset the running costs of our PPP advisory unit, we will plow those fees back into hiring national PPP experts on the ground within the countries where we were setting up these national PPFs, in exchange for the country committing to working with us on 10 to 15 PPP s over the next several years. We typically set up a five- year time frame for preparing those, which is quite accelerated.

We give back to the country the fees we earn by hiring and paying for these experts who work directly on this facility to help it to be implemented. We created this three or four years ago in Greece. We picked Greece because they had started working with us on one or two projects and they had higher ambitions, and so did we in the country. Based on the first 18 months of results, we saw the potential and the attractiveness of this model, as opposed to preparing one project and taking three to four years to run through the full preparation cycle, tendering award and PPP, contractual award, etc. Within two years, we had started 10 separate PPPs under the Greek PPF. Why did that happen? One, we had the pre-identified pipeline, we had people on the ground, new additional resources, and we had the money dedicated, set aside for this facility. In the case of Greece, that was 20 million euros that the Greek government contributed directly into their national PPF which is comanaged by the Greek government with EBRD.

Based on that, the Uzbeks found out about this because I was talking about it in various fora internationally. They came and said: “we're really interested in having something similar in our country, we have a lot of ambitions on PPPs”. We had also started working on one PPP with them. So, we sat down with them and agreed essentially on a very similar setup: 10 PPPs set aside within the Uzbek project development facility, a PPF, we use fees to hire two people on the ground, and they contribute 10 million to that effort of their own. It just started in 2024, so it's newer, but we're off to a good start.

About a year and a half ago, we started discussing the same idea, a national PPF for Egypt, and we are now, I'm happy to say, very, very close. It's taken some time to get the administrative and governmental approvals, but we're going to do the same thing in Egypt, the Egyptian government will contribute, we will earn fees, and we will use the fees to hire people on the ground and so on.

What do you see as the main challenges?

In many cases developing countries that want to do PPPs start with a single PPP project that is iconically large in size; it's a single project, and you could say that they put all their eggs in one basket. If it takes too long, sometimes you've changed administrations, the new government might come in and have different priorities, and you haven't yet delivered on the thing you started with the previous government, and then the PPP unit nationally is going to struggle to maintain momentum.

When you lose momentum, you obviously lose people, people you had maybe brought into your PPP unit, because they also are not fulfilling their own professional goals. The government's not seeing results. And so, it just altogether starts to become quite stressed at the political and economic level.

A third challenge is that the market, the investors, the bidders that are potentially out there, may very well be interested in the right iconic project to start off with, but maybe not. And if they aren't attracted, you're going to have a very thin participation in the first ever PPP that you're doing. And you may struggle to get robust competition going. If the international investors only see one PPP, it's going to be inherently a harder sell. That often means that they're going to price things higher than they otherwise would, because they don't see any full potential of this becoming a program, something where they can do repeat transactions, etc.

"In many countries, governments start with one iconic PPP project—putting all their eggs in one basket—and if that falters, momentum is lost. That's why we've moved to a national program approach: building pipelines, replicating proven models, and embedding local capacity for the long haul."

And then finally, when you have all this pressure building up and times going by, there's a big PPP, and it's not coming to the market, people start to get anxious. There is a temptation for governments to just try to contract this directly on a bilateral basis. This is a reality; it happens around the world in many places. In that case, it becomes hard to achieve value for money in the classic sense, with the higher cost of financing offset by the efficiency and the expertise that the private sector will bring over the long term because that requires a lot of competition. With a direct award, you have to run through a whole secondary process of recompeting to ensure that you've got a good competitive price. That's arm's length, etc, it's known as the Swiss challenge, or similar schemes, but the results are not as convincing as with a good primary competition.

We've gone to this national PPF approach, because it addresses all of those issues. You get people working on a program of a longer, bigger pipeline, you get people on the ground that address the capacity issue and you can select PPPs that you know are going to work because you've done them before. We're doing in Greece a series of irrigation PPPs that are very similar. In Uzbekistan, we've picked social infrastructure, schools and dormitories that can be replicated. In Egypt, we're picking desalination plants, there's a whole program of them to do potentially up to twenty.

Now we've got over half our internal resources dedicated in in our countries, in Greece, in Tashkent, in Cairo, and I think we will continue to develop that model. As countries come forth and say "Listen, we want to work with you over multiple project basis, a pipeline basis, and work for many years with you. And we want to have resources that are on the ground with us". And that's very healthy as well, because you have higher chance of having capacity stick at the local level, and resources that are from the countries themselves. As a person who's been in development MDB for 25 years now, I can say one of the main reasons where MDBs can add value is transferring knowledge and being a long-term partner for the country.

Thank you very much, that was very instructive. Just to better understand, how does the PPF articulate with the national PPP unit. Does it take the role of the PPP unit or does it work in cooperation with it?

No, It complements the PPP units. Most definitely. It aggregates to them, and we build around what's already there. But it just adds more resources, and it helps them. We work with them to find those 10 to 15 projects that we're going to commit to work on with them, and it's vice versa. They've committed to feeding those projects through the facility, which is funded, and then with people on the ground and, on our side, we have our PPP experts and we work with them to comanage that process.

Do you envisage this model to continue being developed in other countries' operations?
Yes, we're going to take a look at it organically in places where we see (1) the potential for several PPPs to be developed, (2) the political and institutional support for this, and (3) willingness to partner with EBRD. We work in dozens of countries of operations and we're not going to do this everywhere, but yes, we're open to doing it in more countries. It's just a matter of sitting down and looking at those factors.

Does EBRD finance the projects you work on?

Not necessarily but we do have a filter, which is: is this the type of project or types of projects that EBRD would be interested in financing? Is there additionality? Is there a need for transition to more private sector investment in that market, in that sector, in that country? And is this the type of project that's in the realm of interest for EBRD and others to finance? What it also means is that our downstream banking teams are paying a lot of attention to what we are doing. Now, we do have a Chinese wall, so they don't have an unfair advantage in terms of being able to finance the project before anyone else, but they are following this and as soon as the project becomes public, meaning there's a roadshow where the government is exhibiting and promoting the project, and indeed the tender starts with a pre-qualification process, my colleagues who sit in another team, will be very active and may discussing like any bank does.

In practice, what's the share of the projects that obtain finance, compared to the one that you advise?

It's about half. Half the projects have received some EBRD downstream financing. For every project that is done with EBRD financing, we have to show financial additionality. we can't be crowding out other available private financing for a sponsor.

Matthew, can you talk about the geographical scope? If I understand well, you've been expanding to the Mediterranean quite a lot. What is the vision behind that?

We are currently active in Prague for the rail connection to the airport. We have wastewater treatment in Tunisia as well. In Ukraine we had a number of projects, they were suspended but it’s starting to be reactivated, for instance in the port sector. We're looking at some projects again in the port area, transport and logistics in Romania and Bulgaria as well. We've also been active in Kazakhstan. There was a bit of a hiatus for some years but we're getting again becoming more active in Kazakhstan in transport and potentially other areas.
The newest expansion that we're working on is in Sub-Saharan Africa (Kenya, Tanzania, Nigeria, Ivory Coast, Benin, and Senegal). Those six countries are expected to become countries of operation officially later this year. It’ll be fascinating to see how we can contribute on top of what's already being done by other institutions. We'll be very interested in partnering with others, such as the African Development Bank and the IFC. We have worked quite a lot with IFC advisory in places like Ukraine. We're continuing to work in Egypt in the desalination sector with them. And we worked with them jointly in Bulgaria and Sofia Airport.

How far do you participate in the project cycle?

We made that decision to support countries all the way through to financial close, not just ending a commercial and collecting, you know, a success fee or other fees and exiting at that point. We took the view that a significant amount of work still needs to be done between commercial and financial close, and often that's where governments actually need quite a bit of support if they've never done this before.During implementation, if EBRD is involved in downstream financing, of course there's a lot of monitoring that goes on.

Do have the impression that the interest of governments for PPPs is fading, or do you see a future for PPPs?

Oh, I think it's pretty robust. I don't think it's fading at all. governments realize that there is a role for private sector.On the one hand, revenue generating PPPs always have a certain amount of attraction, such as transport, airports and ports and logistics. But I also think there is a very strong demand, and we're seeing this in several places, for social infrastructure, schools, healthcare, hospitals, dormitories, etc. The challenge of those smaller PPPs, leaving aside large hospitals, is that they need to be packaged in a way that can be put together to achieve scale quicker. It's more attractive to investors when you have a sizable package or at least a national program that's behind the effort.
I mentioned desalination. That's a trend in the growing number of countries that face water stress because of climate change such as Jordan and all throughout North Africa and the Middle East. Desalinated water has come down in cost and can be combined with a low carbon or a zero carbon approach in terms of the energy requirement using renewables and either directly or through the grid, through wheeling processes. In general, I think the future is pretty solid for PPPs. But what holds back countries is just the struggle to get a few successes under their belts and being able to do it before political momentum and support runs out.

Maybe a question about small PPPs. You mentioned that in Central Asia, are you trying to bundle smaller projects into other ones?

Social infrastructure, particularly schools, is the main area I would think of for smaller PPPs. Individual secondary schools might cost three to four million USD, but when you can package 20 of them together, it becomes a more interesting prospect. You need to be able to do this in a replicated and systematic way.

Water is a lot more difficult. Sometimes people think of municipal water projects as easy to replicate, but the inputs are always quite specific to each individual situation for water, water quality and any sort of legacy issues that the investor will need to take on, such as contamination from heavy industry, and that varies from city to city. So water projects are not really amenable to national water PPPs and bundling.

Another possibility is related to the private sector e-mobility schemes, which aren't really classic PPPs because it's more fleet based but they are attractive if you can find a scheme allowing replication at the national level. We are already investing in those e-mobility schemes with the private sector on a fleet basis and those will grow. They're very interesting as well in terms of decarbonizing.

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Driving PPP Evolution in Asia-Pacific: A Conversation with Fumiko Kawawaki, Director General Asian Development Bank

Insights on policy, innovation, and the future of private sector collaboration in infrastructure finance

Interview Conducted By: Thibaut Mourgues

Thank you very much for agreeing to take this interview. Maybe you could say a few words about the history of PPPs within ADB, how you started and how it developed.

Sure. This office was set up in 2014 to look at enhancing our support for PPPs. We've been working for 10 years; we've learned a lot and now we're expanding our coverage. We are no longer just the office of PPPs but an office of market development because we see a lot of synergies in looking at PPPs with asset maximization projects that may not be PPPs, including with carbon credit markets or the credit markets which also support infrastructure development. Right now, we have 52 mandates in many countries. ADB has the coverage of Asia Pacific, so all the way from Mongolia to the other side, which is now Turkey. Our flagship project for last year was the Nino-Aquino International Airport, which was closed within 12 months, and that's been the biggest success for us.

We have a very close relationship with the governments because our main job in ADB has been the public sector or the sovereign operations, and from that we incorporate the PPPs where we can. This is done through a systematic effort on the diagnosis, which we incorporate into the Country Partnership Strategy process, with PPP roadmaps and PPP Monitors, our flagship analysis or diagnosis document, to see how the PPP fits into the development goals of the country.

From then, we structure our capacity building upstream and our transaction advisory midstream. And of course we look forward to the downstream investment.

MANILA, PHILIPPINES (13 December 2024) — ADB has approved a $30 million loan to support public–private partnership (PPP) projects in the Philippines and help the country strengthen infrastructure development, advance climate action, and enhance economic competitiveness.

Source: www.adb.org/news

Do you have a PPP strategy at the level of ADB, and what would be the main pillars?

We had a PPP guidance note but we are working now on a private sector development operational approach. Within this year we'll have a new sort of comprehensive approach for private sector development which incorporates PPPs.

Could you give some details about how PPPs are mainstreamed within the organization?

The mainstreaming of PPPs is the process that I was talking about with the Country Partnership Strategy being an integral part of those discussions with the country on what they want to achieve, what their development strategy is, and how ADB supports those.

It's basically an agreement between the country and ourselves on what portions of the economy we work on. Within that, with the PPP roadmap, we have the solutions or the levers to be able to give the government an option of having private sector participation, PPPs, instead of just borrowing from us.

We look at the whole picture of the economy and then we come up to where ADB will be helpful, looking at PPPs as a private sector development tool as well as a procurement methodology. We have been in every single CPS discussion in the last two years. In the last three years since I've been here, we have had 19 new mandates and that's been like a record as we're not that big of a team. We now see the demand of a lot of countries lacking fiscal space and looking for options for getting the private sector involved. With the direction of the sector shift that we have in ADB, it is the right time to look at the mainstreaming of all options to include the private sector.

Can you describe how your team is organized, how you coordinate with the rest of the Bank?

We have two operational advisory teams, a team that looks after East Asia, Pacific and Southeast Asia, and a team that looks at Central West Asia and South Asia.

And then we have our “brain trust”, which is the “Special initiatives and funds” office. They look at all the diagnostics, the new products, the studies and they play a big part in training and capacity building.

"We look at the whole picture of the economy and then we come up to where ADB will be helpful, looking at PPPs as a private sector development tool as well as a procurement methodology."

Do you focus on advisory within your unit?

Yes, our office is the only office in ADB that can do advisory for fee and transaction advisory. We do focus on that, but we also look very closely at the upstream work on the policy. The wonderful thing that I found with having everything under one shop is that when they're doing a policy loan in the public sector, we are part of the team. It means that we can influence those policies with the on-the-ground realities of the market. When we're doing transaction advisory and we find bottlenecks here and there, we can go to the policy guys where we're a team member and say like “okay, it's not working here, can we have these things changed in the next policy dialogue, in the next policy loan?” And there's a virtuous circle of us testing the policies and then changing and improving them, looking at them from the transaction level.

What is the share of disbursement for PPPs compared to total disbursement of the bank?

Disbursement, we don't have a specific target because we don't look at it as disbursements. We look at it as mobilization.In terms of financial close, we've had USD2.12 billion closed this year and that's a pretty good number compared to the whole bank mobilization. We do around USD25 billion in loans every year, so it's not that big, but talking only of advisory, the leverage is quite high. We spent one million dollars to get two billion or something like that; in terms of developmental impact or leverage, transaction advisory work is very effective.

This work could not be done without our Asia-Pacific Project Preparatory Fund. We have, very fortunately, four very generous donors that contribute to the Fund and that helps with the upstream work, the project advisory work. Of course we charge fees, but we can't charge fees for everything. Japan, Canada, Australia, and Korea, those are the four countries that have been so generous, and we really appreciate that. They're leveraging their money by 63 times.

Which sectors or geographies do you think are most conducive to business?

It depends on what you mean with “conducive”, because some countries have perfect laws, that's “conducive”, but they don't have many deals because the implementation of those laws is not stellar.
Right now, our best performing clients are Philippines and Uzbekistan. They show that the government must really have the will to do this, because it is very difficult to do PPPs. But they have the tenacity, and they have the patience, and they have the commitment to go for PPPs and that's really made a difference in attracting private sector investment.

In terms of sectors, do you focus on specific sectors?

We have been diversifying our sectors. We have now lots of soft sectors, like hospitals or education institutions. Our traditional sectors are of course transport and energy. But now, we have a much more diversified portfolio. COVID has given us a big shock in terms of noticing, and the governments noticing, how their medical systems, their education systems were not meeting the challenge when it came to COVID. A lot of demand comes from our countries for us to look at those sectors. And therefore, we will go with where the demand is, where the developmental need is. Another part is digitization, like digital IDs, or data centers. Those are two new very vibrant areas.

What is your impression about the quality of the preparation of the projects within your countries of operation?

Well, we're the transaction advisors, so if the preparation is bad, it's our fault.
There is also an input from the governments in terms of setting the framework for the projects and prioritizing them. Some countries are better equipped than others for that.
We don't judge the governments on what they have or what they don't have. We look at the capacity and we ask them “what is your goal” and then we augment or we build the capacity, according to their need. If everyone was perfect, they would not need us, right? We work as a development institution, that's our job.

Do you have a specific tool to assess project preparation or project readiness for transaction?

There could be a hundred checklists, but each country is different, each situation is different. We rely on the professionalism of our staff to go through and prepare the projects. We do have a climate change toolkit and a gender toolkit to make sure of those because most of our guys are bankers and are not too skilled in looking at those. We have a climate change specialist and a gender specialist who check everything in those areas, as well as the quality infrastructure lens that we put every project through before it goes to market. Those three aspects are very important to us.

What are currently in your view the main barriers to increasing the volume of PPP operations?

The project readiness in terms of availability of land is one thing that gets stuck a lot. There are also issues with the legal framework, but we try to get the projects prepared within the legal framework that they have. Also, we talk about markets. Can we get the people, the investors, or the sponsors interested in our markets? In terms of technology, we try to get the best technologies to our countries and sometimes that is difficult because people are risk-averse and they haven't come to our countries before. Our job is really to sell and to mitigate some of the risks so the sponsors will be willing to come to our countries with the best technologies.

Do you partner with other IFIs or other development partners to cooperate on PPPs?

With the MDB harmonization and the G20 recommendations, we all have been trying to play well together. Sometimes it appears in the form of joint letters for certain policies or certain approaches, and other times we may be looking at the same sector so we would cooperate on what we're doing.

Looking at the market in general, what are in your views the most important trends about PPP and how do you see the future?

That's a very difficult question now because of the uncertainty in certain countries.

My hope is that we will continue our direction for sustainability, meaning sustainability not only for the project but sustainability in terms of, we can't use “climate change” anymore, severe weather events?

A lot of technical advances are very exciting to make projects better, cheaper, and faster. We want to take advantage of those technologies and introduce them into our countries. And sustainability is key. Whether it's financial sustainability or environmental sustainability, because in the long run, they're going to incur more cost if not built in the sustainable manner.

Have you noticed a stronger appetite in recent years from governments for PPPs?

Ever since COVID, the fiscal situation has been challenging for all countries, including developing countries. There's been more interest in doing more things with other people's money, and that includes looking at private sector solutions.

One of the areas that is raising strong interest now is small PPPs, which are seen as a tool to accelerate infrastructure development at the local level. Are you equipped to deal with small PPPs or are you interested in developing this type of tool?

Yes, we are supporting some governments with the smaller PPP regulations and capacity building. For me, the most important thing for PPPs, especially for the small ones, is the monitoring of the contract after it's signed and during implementation, so you get what you signed for.

For that, you need people that are going to be there for the long-term in the country to make sure the capacity stays. That's the discussion we're having with countries when they look at small PPPs. Because even in developed countries, when the contracts are not monitored, you know you're not going to get the value for money that you were envisioning. If countries are willing to develop that capacity, we are very happy to support.

In practice, have you already worked on small PPP schemes in your operations?

It depends on what you call small.There are different types of approaches but let's say projects with Capex under USD 50 million, for instance.We have lots of those, including projects for USD10 million because in the Pacific you don't have big projects.

Another tool which is gaining increasing recognition recently is blended finance. Do you work on incorporating this approach within your advisory work?

Certainly. We have some blended finance facilities in ADB that our private sector lending arm can use. We're always trying to get them to put into our projects.

But we can't always depend on donors to come up with these blended finance solutions. Europeans are not willing to put a whole bunch of money, other pockets are drying up. That's where we as ADB think that the carbon credits, biodiversity credits, nature-based solutions, these natural resources credits, these credit markets need to be developed to have a market way of providing blended finance for the projects to get done.

My final question would be about the role of the private sector. How do you assess the interests of the private sector for PPPs and what would you like to see as evolution from the private sector?

PPPs offer the private sector very good value in coming into a new country and partnering with the government. That gives certain assurances that are different from when you are working in a normal private-private relationship. The difficulty is in the evaluation of the risks of the country or the sector. That's where people like us, the MDBs, offer value in getting ways to mitigate or being the honest broker. My question to the private sector would be: "What would it take for you guys to come to our countries?" I try to figure it out every time we go for marketing. It's different for each sector, but we are here to support and to invite the private sector to come in, because we see great value in the private sector innovation and efficiency coming into our countries

ADB's Market Development & PPPs at a Glance

🔹 **From PPPs to Market Development**
Established in 2014, ADB's PPP Office began as a PPP support unit and has since evolved into a broader market development platform, integrating PPPs with asset optimization, carbon credit markets, and more.

🔹 **Strong Sovereign Roots, Strategic Advisory**
With 52 mandates across Asia-Pacific, ADB's strength lies in government partnerships—blending upstream diagnostics, midstream transaction advisory, and downstream investments.

🔹 **Flagship Success**
The Ninoy Aquino International Airport PPP reached financial close in just 12 months—ADB's largest and fastest infrastructure PPP to date.

🔹 **Team Structure & Strategy**
Two advisory teams cover East, Central, South, and Southeast Asia. A third "brain trust" unit focuses on diagnostics, toolkits, and innovation.

🔹 **Beyond Disbursement: High Leverage Impact**
With $2.12B closed in PPPs last year, ADB focuses not on volume but mobilization. A $1M advisory budget can unlock billions in private investment.

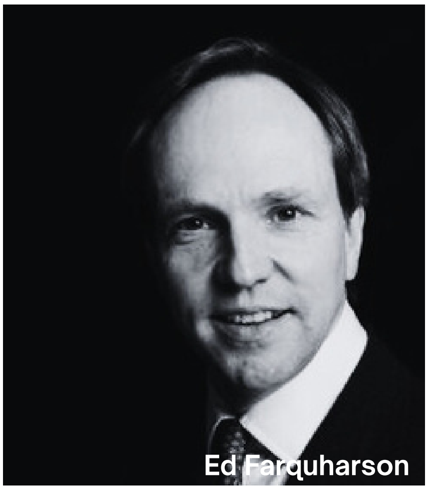
🔹 **Sector Diversification**
ADB is supporting PPPs in transport, energy, and emerging areas like hospitals, education, and digital infrastructure (data centers, digital IDs).

🔹 **Blended Finance & Climate Focus**
With donor support and innovative credit markets (carbon, biodiversity, nature-based), ADB is actively building blended finance into its pipeline.

🔹 **Emphasis on Small PPPs**
ADB supports governments in local PPPs under $50M, especially in Pacific Island nations, recognizing the importance of long-term contract monitoring.

🔹 **Public Sector Commitment is Key**
"The biggest barrier isn't finance or law—it's political will," says Kawawaki. Countries like the Philippines and Uzbekistan stand out for their dedication to PPPs.

🔹 **MDB Coordination & Private Sector Ask**
ADB works with other IFIs and MDBs to harmonize approaches.



WAPPP recently met with Julien Chebbo who heads up European Investment Bank's Advisory Division that focusses on public and infrastructure finance across EU as well as with Ed Farquharson who is a member of the team. This Division also includes the European PPP Expertise Centre (EPEC) initiative.

On EIB's support for PPPs

EIB's support to PPP can be split it into two areas: what EIB does as a lender to PPP projects, and what EIB does in providing advice to public authorities for their PPP projects. These are two very distinct but complementary activities of the Bank.
The Bank's involvement in lending to PPPs goes back to the 1990s. Today it has provided over EUR 55 billion of project financing to the PPP sector, supporting over 250 different projects. EIB publishes its PPP lending activities on an annual basis.

Lending to PPPs is carried out by the same project finance teams that finance PPP projects as well as private-to-private projects, i.e. where structured or project financing is the common element. Wholly private projects using project finance could include industrial projects such as battery manufacturing, critical raw material mining, solar or offshore wind power generation. EIB is a project focused lender and only lends if the project is justified economically, socially, environmentally, technically, regardless of the delivery mode. When it comes to a PPP, the Bank will then look at the risk allocation, the quality of private party and whether the PPP contract is bankable.

Turning to its PPP advisory support, there are two main channels for this. First, there is EPEC. This is a network of mainly European PPP units to exchange PPP knowhow and experience. This network is run and funded by EIB and is supported by EIB experts who are part of the public infrastructure finance advisory team. PPP advisory support can also be provided under the various European Commission funded mandates that are administered by the Bank, such as InvestEU. Wider than just PPP, this support focuses on specific, usually project-oriented, advice related to the financing of public infrastructure. The support is usually provided by a combination of internal EIB experts and external advisory specialists procured by the Bank. This enables the Bank to mobilise significant resources in both depth and breadth, for what can be quite large project advisory assignments within the EU.

It is important to stress that the EIB is agnostic about PPPs: it is a procuring authority's decision whether or not to deliver a project using a PPP approach. But it is important for public authorities to be aware that a PPP approach is one of the project delivery tools available. This means knowing how to assess whether or not to use the PPP approach and have the capacity to use the approach. For example, EPEC has developed selection tools for public authorities to help screen for potential PPPs and to help them focus on those projects that may make sense as PPPs, before entering into the details of bankability and contractual aspects.

"EIB's support to PPPs is twofold: as a lender, having financed over EUR 55 billion in more than 250 projects, and as an advisor, helping public authorities assess, structure, and manage PPPs—with the flexibility to say when a PPP may not be the right path."

Sometimes the advice may be that it is not appropriate to do a PPP and EIB is not afraid to give that advice. After all, the Bank can lend both to the public and private sectors, across the wide spectrum of borrowers and financing approaches. What is important is that the PPP project makes sense. Equally, the public infrastructure finance advisory team is not exclusively focused on PPP projects.

So, while the Bank can lend to public and private borrowers alike, when it comes to its PPP advisory side, it focuses on the public sector as the beneficiary of its advice. Depending on the project stage, EIB can provide advice upstream or downstream in the project cycle, with these practices requiring different skills. So, PPP advisory work comprises both policy-related work, such as support in refreshing a country's PPP laws or regulations, or developing their methodologies, such as for value-for-money assessment, through to more project-focused work such as support with how to prepare a road to rail transshipment facility as a PPP project, or even how to manage a university accommodation PPP contract once the PPP agreement is signed.

Thus, EIB's PPP advisory work requires not only banking skills, but also policy and public acumen, an understanding of value for money assessment, affordability assessment, Eurostat balance sheet treatment, contract management etc.

EIB's dual PPP role: on one side, infrastructure project financing; on the other, EIB advisors working with public officials on project planning.

Could you explain how you define PPPs within the Bank? Do you have an Minternal definition?

Ed Farquharson

We first of all distinguish between contractual and institutional PPPs and we tend to focus more on contractual PPPs. Within that definition, clearly there must be a long-term contract between a private entity and a public entity to deliver a public service. There has to be a significant component of private investment, which distinguishes it from service contracts. And private capital has to be at risk to the performance of the project. Within that, the revenue stream can either be from government pay availability payments or from users, or a hybrid of the two.

Those are the main elements. We track all such PPP projects in the European market and this is publicly available on PPP project database on the EPEC website. Simply to make things manageable, we exclude from that database anything below EUR 10 million. We are comfortable with that because it is often harder to justify value for money for PPPs below this project size, in any case.

It is also important to note that our database of PPP projects does not reflect some significant PPP sectors that you might expect to see when compared to markets outside Europe. For example it does not include many renewable energy infrastructure projects.

Could you elaborate further why you do not include renewable energy?

Ed Farquharson

The point here is that renewable energy projects in the European market often tend to be arrangements between two private entities for the supply and purchase of electricity, say a privatised regulated utility or transmission company and a private power supplier. Equally, lending-wise, EIB may finance a renewable energy project on a project finance basis, however it won't show up in our numbers as a PPP financed by the Bank for the same reasons.

But as the European market develops further, we increasingly need to think about wider forms of public private collaboration and this can challenge older PPP definitions. For example, blending of the RAB (regulated asset-based) model, with a PPP-like structure inside it, such as the Thames Tideway project in the UK, are increasingly being considered in some markets. We're also seeing more institutional PPPs, particularly for example in housing developments in various European markets. It's a constantly evolving market.

EIB support to PPPs outside the European Union

Support to projects outside the EU markets falls under a separate Directorate of the Bank, called EIB Global. This Directorate also finances PPPs, using in the same project finance approaches described above. EIB Global, for instance, has recently financed PPP projects in Turkey, Jordan, Uzbekistan, Senegal, Zambia, Mexico. EIB Global also has advisory capability, but it is not exclusively focused on PPPs. The EPEC team is happy to support them from time to time given the depth and breadth of European PPP experience available.

EPEC

As mentioned, EPEC is one of the channels that the Bank uses to provide advisory support public authorities on PPPs. The original idea was launched back in 2008 by the EIB and the European Commission to support public authorities in Europe on the best practices of PPPs at a time when then this approach to project delivery was becoming quite widely used but was still new to many.

It was set up to provide a mechanism for ensuring an exchange of experience across the public sector in Europe to help develop the European PPP markets. Every EU member state is now a member of EPEC.

Even though outside the EU 27 at the time, a number of Candidate and other countries, were also invited to join and they continue to benefit from the activities of EPEC including the annual meetings where PPP experience and best practices is shared between the EPEC members, as well as access to guidance materials and market information developed by the core EPEC team.

EIB funds the EPEC initiative and has done so since the very beginning. So, membership is free and all EPEC activities, like running the network, the PPP help desk and other network related forms of support are provided free to the members. But in addition to that, wider PPP advisory support funded under the InvestEU and other mandates, is also free to eligible beneficiaries

"Every EU member state is now a member of EPEC, benefiting from shared PPP experience, best practices, and free advisory support funded by the EIB—making EPEC a unique, public-sector-driven knowledge hub for PPPs in Europe."

The size of the overall team that supports public and infrastructure finance, including EPEC and the PPP advisory work is more than 25, so it is a sizeable team. The team is not formally organised by sectors and PPP issues can be quite varied. But people tend to fall into specific issues where they've done previous work, and this is something that is encouraged, while also making sure that a flow of knowledge and understanding and experience flows throughout the team. But it happens that after on-the-job experience, people will become more familiar with sectors say, education, health care, housing, hydrogen, space or high tech. Equally, if the task is focusing on, say, value for money assessment, those in the team who have already had experience focusing on that topic will tend to be involved again. Another example may be issues around Eurostat treatment. This is a very important characteristic that distinguishes the European PPP market from other markets because the Eurostat rules on balance sheet/off-balance sheet treatment are often a crucial consideration for public authorities in Europe. Indeed EIB/EPEC developed a few years ago official guidance jointly with Eurostat to help ensure that the application of Eurostat rules to PPPs was as clear as possible for public authorities. Similar guidance was developed for the Eurostat treatment of energy performance contracts, etc.

It is worth mentioning that, beyond PPPs, EIB Advisory has hundreds of people involved in advising the public sector across a range of issues. The EIB's Projects Directorate, for example, has real industry sector specialists that work on economic, technical and environmental and other issues related to projects, while in the public and infrastructure finance team, the focus is naturally more on financing topics; and then PPP is another sub-niche. It is recognised that the more you zoom in, however, the more you need to infuse this financial topic and PPP options in all assignments.

This brings me to the question of whether you have noted some change in the attitude of governments toward PPPs. Have you noticed a growing interest or on the contrary some PPP fatigue?

Ed Farquharson

It's a complex answer because the European PPP market is quite mature and diverse. We have gone through several political cycles, with PPPs coming in and out of fashion at different stages of these political cycles in different countries. For example, you'll find PPPs popular in Greece at the moment. Whereas, if you go to Spain, you will have less activity for a number of reasons. But these things change all the time. In the large mature markets like France, Germany, UK, generally, PPPs suffer from a degree of established media antipathy,which is often based on a misunderstanding of this complex topic. But despite that, a lot of PPP activity is still going on in those countries, because at the technical level, it is well-understood and, for the right projects, it is seen as a good tool to deliver those projects: a recent industry publication highlighted that despite the demise of PFI as a UK policy, England has one of the largest pipelines of different forms of PPP for a single region. So you have to be careful about who is saying what and who is actually doing things.
Anyhow a general answer to your question is that PPPs have become sort of boring in a number of markets. They have become part of the menu of project delivery options that are available and therefore continue to be used or not used based more on their merits rather than sentiment and in an environment of better-informed practitioners. So, boring is good. It's a bit different to when I first got involved, at least in government-pay forms of PPP in the early 2000's, (user-pay concession forms PPP are certainly not new) when it was more revolutionary.

In terms of sectors what has been the evolution, what are the sectors where you see most potential?

Ed Farquharson

If one looks over the years at the EPEC PPP market report that we publish every year, the transport sector is always there as one of the top sectors both in terms of numbers of projects and in terms of value and there's no reason to suppose that that will change in the future. The reasons are fairly easy to understand as many transport projects tend to be quite large and well-suited for a PPP approach: the service requirement is relatively clear and easy to contractualise, for example, and the market is familiar with the use of PPPs in the sector.

The other sectors tend to be health and education and more recently, environment, with district heating and solid waste treatment, water treatment, as some examples. But then, if you go to the next question "is PPP mainly driving this investment?", the answer is probably not. Driving those sectors are more the investment priorities of governments. So, if a government has a policy to renew social infrastructure, then PPPs will follow as a delivery tool. If you take a country like the Netherlands, for example, there are not that many new PPP projects being developed at the moment compared to the past because the investment priorities of the Government are different to what they were before. But when projects are developed as PPPs, the Netherlands has a good track record in using sound approaches, so it is not a lack of willingness or knowhow or capacity.

Do you implement more user-pay or availability payment projects?

Ed Farquharson

We track this statistic as well and we'll be publishing our annual market update shortly. It was around 50/50 in 2023; in 2024 it could be around 60 percent government-pay. This compares with five or six years ago, when the market was more dominated by government pay availability PPPs, partly because the focus of PPP investments in Europe largely comprised social infrastructure projects. Today the focus has increased on sectors such as broadband and other economic infrastructure areas; in France, for example, they have delivered over recent years a very large broadband PPP program. Same for road transport, with recently a more even balance of user-pay/government-pay projects. Waste treatment, another important sector, again tends to be a mixture of user and availability payment schemes. Our advisory support then broadly follows the trends in this area.

One question that you would expect me to ask is about AI. How do you see the input of AI in PPPs? How do you see AI in general as a PPP sector?

Ed Farquharson

As a PPP sector, my off-the-cuff reaction is that it's not necessarily a sector, but it will obviously play an increasingly important role in the PPP process. It'll find its way into how the public puts its proposals together, how it will assess bids, down into contract management.

As for AI infrastructure itself, data centres and AI are quite closely linked. We have recently seen quite a number of data centre projects in Europe, and of some of them are even PPPs (as in Italy). And then of course AI drives energy consumption, so maybe we'll see a few more energy production PPPs. All in all, I think it's going to be more a case of a change in the way we work, rather than being a specific sector.

How do you cooperate with other institutions, particularly other IFIs, if this is the case?

Julien Chebbo

We do work alongside other IFIs from time to time, although we are more European focused: the E in EIB stands for Europe for a reason. Other IFIs, with the exception perhaps of the EBRD, are not so focused on our main European markets, so this tends to limit working together.

Of course, we are happy to share information with the other IFIs and we speak to them from time to time on PPP topics. So this can include IFIs such as the World Bank/IFC, especially when it comes to issues that have a global dimension, such as climate proofing PPPs. The EIB and the EBRD may also find themselves co-financing projects as a result of the fact that the IFIs have limits on the percentage of their exposure to any particular project. But again, opportunities to do so tend to happen more in non-EU markets, so outside the purview of our part of the Bank and more for our colleagues in EIB Global.

Could you name the worst project or the best project you work on? Maybe there were some failures in the PPPs you worked on that you drew lessons from, maybe very nice successes you're very proud of.

Ed Farquharson

Well, people always like to talk about successes and never failures. t's a matter of public record that EIB was one of the financiers of the two Carillion hospital projects in the UK.

It wasn't particularly pleasant experience for the lenders. But, from a public sector perspective, the government avoided paying for two half-built projects and then completed them, so you could compare that with what might have happened if they had not been done as a PPPs where the government would have paid the contractor right from the beginning as well as paying for the remedial works.

One lesson to be learned from these examples is that it's extremely important to keep an eye on the performance of the contractor. The second lesson to learn is that there is a point beyond which the mechanisms in the PPP model for the private party to rescue a project in trouble no longer work so well: the sponsors and the shareholders and perhaps even the lenders are willing to walk away. In other words, the mechanism that you want in a PPP is that there is enough 'skin in the game' and risk allocated to the private party, including the lenders, that they have an incentive to rescue the project and put it right, but there is sometimes a point, beyond which that doesn't make sense anymore. Arguably good PPP contract management would prevent not getting to that stage in the first place and trigger the actions earlier when there is something for the private party to rescue.

And what's your best project?

Ed Farquharson
That's actually harder to answer, because to say one project is better than the other depends on the perspective. I would say, one of my favorite projects is the Eurotunnel, because it's a fabulous piece of infrastructure, and it did not really cost the two governments anything. But if you were an initial shareholder or even a lender to Eurotunnel, you would probably have a very different opinion. It is also a great early example of a cross-border PPP.

Coming to more recent times, we tend to like projects that break new ground, when countries do new stuff in new sectors. Some of the examples in Greece are quite good, for example, in the waste management sector.The reason why their PPP projects are so impressive is that they represent a real step-change from many projects delivered in the traditional way.

> ***"We tend to like projects that break new ground, when countries do new stuff in new sectors." – Ed Farquharson***

Julien Chebbo
We are very happy with the French Cegelog project, an affordable housing project for military/civilian use that was signed in 2022 with a strong energy efficiency component. The EIB provided EUR 484m in financing and we try to showcase it as something for inspiration for many other countries across Europe. Talking of newer sectors, there is the recent Italian national data center PPP project which, again, is an interesting showcase for the other member states to follow suit. Lately, we also completed a large rail rolling stock PPP projects in France and in Germany that could also inspire other countries that are seeking to renew their rail fleets. These show how PPPs can play a role as part of the solution for the housing crisis, for data sovereignty, and for rail.

"So you can see how we try to get the EU member countries more familiar with the PPP approach, build confidence in their use and from there, and help the public authorities apply the approach to their new priorities for delivering public services." — Edward Farquharson

Edward Farquharson

It's also probably worth mentioning the Irish social housing PPP. Many people are interested in this programme because it its success in such an important sector. EIB financed the first pilot phase of this multi-phase programme and helped get it going.

Espoo Schools was another wonderful project that has received several awards for its contribution to high quality teaching facilities. This a school project in Finland which was groundbreaking for the country: it enabled a local authority do a PPP for the first time in the education sector and they did it extremely well. We were involved in advising on that project to help them prepare the project for market and it was also subsequently financed by the Bank. Another example nearby is the Kekava bypass road PPP in Latvia where we worked with the authorities from the early stages. Again, this was the first PPP project of its kind in the Latvian market and has kickstarted the Latvian market: today they're looking at PPPs in many of other sectors. Currently we are providing advisory support to the Latvian government on how to deliver more than 2,000 affordable rental apartments across the country. So you can see how we try to get the EU member countries more familiar with the PPP approach, build confidence in their use and from there, and help the public authorities apply the approach to their new priorities for delivering public services. That probably best sums up the heart of what we try to do and why we do it.

Public-Private Partnerships Driving Africa's Infrastructure Transformation

A Conversation with Esther Kouamé Lodugnon, Principal PPP Transaction Advisory Specialist, African Development Bank, Interview by Thibaut Mourgues

Esther, thank you for accepting this interview. To start with, could you describe the history of PPPs with the African Development Bank?

Thank you, Thibaut. The African Development Bank (AfDB) has been a longstanding partner in transformative PPPs across the continent. Some of our most pioneering projects include the Ouarzazate Noor 1 and 2 solar plants in Morocco, the Dakar Toll Highway and Container Terminal in Senegal, the Lake Turkana Wind Power Project in Kenya, and the Kigali Bulk Water Supply Project in Rwanda. We've also supported critical energy projects like the Azura-Edo Power Plant in Nigeria and the Ruzizi Hydropower Project spanning Rwanda, DRC, and Burundi.

Beyond direct projects, AfDB has also significantly influenced the PPP landscape through policy support and strategy development. From 2006 to 2022, the Bank approved 78 PPP operations with a total net commitment of $4.74 billion. Furthermore, we created the Africa50 Fund to fast-track PPPs in sectors like transport, energy, ICT, and water.

What is the current PPP strategy of the Bank and has it evolved in recent years?

Yes, it has. The AfDB adopted a comprehensive PPP Strategic Framework for 2021–2030, with a strong focus on scaling up infrastructure and service delivery across Africa.We engage through both sovereign and non-sovereign operations, depending on whether the counterparty is a government or private entity.

How are PPPs integrated into the Bank's overall strategy?

PPPs are embedded in the Bank's sector strategies, especially in energy, water, transport, and urban development. We encourage governments to assess every infrastructure project for PPP suitability, but we promote PPPs only when they're the most appropriate solution.

Internally, is there a dedicated PPP team or is the work spread across departments?

We have a core PPP team within the Private Sector Infrastructure and Industrialization Complex (PIVP) that coordinates across departments. For energy sector PPPs, however, the Power, Energy, Climate and Green Growth Complex (PEVP) takes the lead.

THE STRATEGY RESTS ON THREE KEY PILLARS:

- **Pillar 1:** Strengthening the PPP-enabling environment—supporting legal reforms, institutional capacity, and dissemination of best practices.
- **Pillar 2:** Project preparation and transaction advisory—from early project design to commercial close.
- **Pillar 3:** Financing PPPs—deploying a wide array of instruments, including debt, equity, guarantees, and viability gap funding.

Total Projects: 75 **Total Project Approvals: $64 584 648**

Source: https://www.afdb.org/en/topics-and-sectors/sectors/public-private-partnerships

Which sectors and regions are most conducive to PPPs?
Transport and energy remain the most attractive sectors due to predictable revenue streams. Water, ICT, smart cities, and even social sectors like healthcare and education are emerging as strong candidates.Geographically, most African countries present opportunities due to high infrastructure demand and limited public budgets. However, success hinges on factors like political stability, clear legal frameworks, institutional capacity, and access to finance.

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What financial instruments does the Bank use to support PPPs? Any new ones on the horizon?
We use a mix of debt, equity, sovereign and non-sovereign loans, and guarantees. We also finance government contributions like viability gap grants. Risk mitigation instruments, such as partial risk guarantees, are increasingly important. There's potential for more innovative financing—especially through blended finance mechanisms.

How do you evaluate the quality of PPP project preparation?
We use two tools:

- Country PPP Diagnostic Tool – evaluates national readiness.
- PPP Screening Checklist – assesses project-level preparedness across dimensions like political support, project feasibility, financial viability, and transparency.

Are you satisfied with the performance of your PPP portfolio?
"Satisfied" might be too strong. However, our PPP interventions have been relevant, effective, and sustainable. We've improved access to infrastructure and social services and supported green and inclusive growth. That said, we aim to do more and do better through our new strategic framework.


The African Development Bank has been involved in the most transformative and pioneering PPPs in Africa.

What are the main barriers to scaling PPPs in Africa?
Several. These include:
- Weak institutional capacity
- Regulatory gaps
- Political and currency risks
- Complex project preparation
- Limited access to long-term finance

All of these contribute to the difficulty in increasing the scale of PPP operations.

Do you partner with other IFIs or development actors to support PPPs?
Absolutely. Collaboration with IFIs is essential. It enables blended finance, risk-sharing, co-financing, and development of cross-border infrastructure. Initiatives like the Africa50 Fund are great examples of joint efforts to boost project preparation and implementation.

What are some key trends you've seen in the PPP space recently?
- Several trends stand out:
- Learning from failures – Better contract design and risk management.
- Sector diversification – PPPs now span cyber security, digital governance, and smart cities.
- Sustainability focus – Emphasis on climate-resilient and green infrastructure.
- Social PPPs – Healthcare, education, and housing are gaining traction. Côte d'Ivoire, for instance, is building universities via PPPs.

How does the Bank view smaller PPPs? Can they play a role?
Yes, but selectively. While small PPPs (under $50 million) may not justify high transaction costs, they can address local needs effectively—especially in rural areas and municipalities. They're faster to implement, involve local businesses, and can be scaled if successful. For example, mini-grids for rural electrification are ideal for this model.

Finally, could you elaborate on blended finance in the Bank's PPP approach?
Blended finance is central to our approach. By combining concessional and commercial capital, we reduce project risk and attract private investment. This is especially useful in sectors with high impact but perceived high risk—like healthcare, agriculture, and climate-resilient infrastructure. It's about unlocking private capital for public good.

5

Driving Regional Development through Innovation in PPPs the Eurasian Development Bank's Vision and Experience in Scaling Sustainable, Digital, and Cross-Border Public-Private Partnerships

Eurasian Development Bank (EDB) Svetlana Maslova, Doctor of Law, PPP Projects Director, Project Activities Support Department. Interview by Thibaut Mourgues and Sergei Samolis.

What is the history of PPPs in your institution?

The Eurasian Development Bank (EDB) is an international financial institution established in 2006. Today it has six member states, which are also EDB's countries of operation – Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Uzbekistan is in the process of becoming the seventh participant. The Bank's HQ is in Almaty, Kazakhstan.

As a multilateral financial institution and development institution, EDB's mandate is to facilitate trade and economic ties between member states through investment activities and support of projects that enhance inter-country production cooperation and cross-border economic impact. Infrastructure is the key sector for Bank, and Public-Private Partnerships (PPPs) have been an integral part of EDB's investment strategy. EDB has been at the forefront of launching and financing landmark PPP projects in each member states, providing debt and technical assistance.

Some key examples include:

- **Russia:** The award-winning deals Pulkovo Airport PPP (2010) and the Western High-Speed Diameter toll road PPP (2012).
- **Kazakhstan:** The Big Almaty Ring Road Project (2020) – the PFI European Transport Deal of the Year.
- **Kyrgyzstan:** The Uzgen Bypass PPP (2023), the country's first toll road under a PPP model.

Based on your experience, what is your assessment of the average quality of preparation of the PPP projects you intend to finance?

High-quality PPP project preparation is critical, yet it remains a major challenge across member states. Many stakeholders underestimate the importance of thorough groundwork at the PPP screening and appraisal phases, leading to issues in later stages. To address this, the Bank uses its Technical Assistance Fund to finance PPP project preparation. For instance, currently Bank is financing the pre-feasibility study for the Bishkek-Kuntuu-Belogorka-Suusamyr highway and feasibility study and financial model for the waste management project, both PPP projects in Kyrgyzstan. Also, EDB focuses on building practical competencies of public sector in PPP structuring through training.

Does your institution have a PPP strategy? If yes, what are its main pillars?

Yes, the EDB has a comprehensive PPP Program aligned with its broader mission. The Program focuses on three key pillars:
·PPPs for Sustainable Development Goals (SDGs) – Ensuring PPP projects contribute to social and environmental benefits.

- Digitalization of PPPs – Enhancing transparency and efficiency through digital solutions.
- Cross-border PPPs – Supporting infrastructure projects that benefit multiple countries.

Recognizing the varying levels of PPP maturity in member states, the EDB also tailors its approach to specific national needs. For example, from 2022 to 2023, the Bank implemented the Comprehensive PPP Capacity Development Program in Central Asia, which focused on:

- Forming a local PPP community and identifying relevant projects for financing.
- Development of the institutional environment and capacity building in the field of PPP.
- Mobilizing investments from private investors, systematic work to expand the pool of implemented PPP projects.
- Digitalizing PPP processes for transparency and efficiency.
- Attracting private investment and scaling up cross-border PPPs.

This initiative was implemented in Armenia, Kazakhstan, Kyrgyzstan and Tajikistan and received the 2023 Award by the Association of Development Finance Institutions in Asia and the Pacific (ADFIAP).

What were the activities delivered under this in terms of capacity building in the field of PPP?

To implement this program component, the EDB selected PPP Expertise Eurasia Ltd (UK), a reputable, APMG-accredited training organization specializing in CP3P® credential education. As a leading provider of PPP training and capacity-building in Eastern Europe and Central Asia, they collaborated with the Bank to design and deliver hands-on “learning by doing” training based on specific deals in the PPP pipeline of participating countries. Such workshops consist of two components:

- Theoretical training – Delivered online, based on the APMG PPP Guide, the recognized Body of Knowledge behind the CP3P® credential, developed by the World Bank and leading IFIs. Participants accessed an interactive e-learning platform for self-paced and instructor-led sessions on PPP fundamentals, national frameworks, and sector-specific content, including interviews with leading PPP practitioners.

- Practical workshop – Conducted in intensive 2-3 day on-site workshops, with participants from procuring authorities, PPP Units, and relevant government agencies. These workshops featured detailed project simulations, where participants role-played public authorities structuring, procuring, and negotiating PPP deals from project identification to financial close.

The project case studies and financial models, developed by the consultant, were based on real PPP projects in priority sectors such as solid waste management, toll roads, hospitals, and solar energy. EDB bankers actively participated in all workshops, with some sessions including private sector representatives to enhance realism by simulating negotiations with SPVs and lenders. These PPP simulation workshops have been highly engaging and popular with the participants, enhancing practical skills and fostering teamwork. As a result, several PPP projects that were the focus of the practical workshop have now advanced to the practical stage and will be funded by the EDB.

This is an exciting example of focused and highly practical way of upstream engagement in PPPs. Does EDB also provide broader support for longer-term development of PPP capacity in member countries?

Yes, we do. Beyond the above deal-specific workshops, our Comprehensive Programme has longer-term dimension of building up PPP capacity and developing the PPP institutional environment in our member states via supporting development and delivery of educational and analytical PPP-products.
In every case EDB establishes a partnership with a leading local university and national PPP-unit.
Under such projects, the Bank finances:

- Development of the syllabus, course notes and other training materials the PPP courses, all compliant with CP3P theory and best international practice, as well as based on EDB's practical experience in financing PPP projects.
- Certification of professors and course trainers as APMG Certified Public-Private Partnership Specialists (CP3P) in collaboration with PPP Expertise Eurasia.
- Creation of an EDB-branded study/conference room with audio-visual equipment enabling rollout of the PPP course in online mode.
- Establishment of the “EDB PPP Scholarship” awarded to the best students taking the PPP course.
- Preparation of the Country PPP-profile

Such a Project is already being finalized in Armenia and launched in Kyrgyzstan. We also are working on scaling up the Project in Kazakhstan and Tajikistan.

What financial instruments are currently used for PPPs, and which new instruments would be beneficial?

The EDB employs a range of financial tools for PPPs, including:

- Limited recourse project financing.
- Equity investment, equity, and mezzanine financing.
- Financing facilities for interest payment, reserve accounts, and other project-specific needs.
- Bank guarantees for project bonds, etc.

A Program-based approach to financing PPPs across different sectors is currently in development, which could enhance scalability and efficiency.
To mention non-financial instruments, EDB provides Technical Assistance in the form of grants for project structuring, feasibility studies, legal and project advisory, roadshows, etc.

How does your institution contribute to shaping PPP policies and frameworks in countries?

The EDB actively supports member states in refining their PPP policies, working closely with national PPP units to align efforts with both national needs and global best practices. A recent initiative in this area was the **Country Review “PPP Legal Environment in Eurasia”**, which analyzed how well PPP laws facilitate investment and balance public-private interests.
Preparing this Country Review was a joint effort that brought together the Bank, PPP Units and PPP experts from EDB member countries. For over 6 months there were biweekly calls with participation of PPP Units of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan to discuss various inputs for the Country Review. This process was hugely beneficial not only in terms of putting the document together, but also in terms of allowing the participants to learn from each other’s mistakes and achievement and finding ways of improving their own PPP framework.

While PPP legal frameworks vary by country – reflecting infrastructure needs, investment capacity, and legal systems – the review found significant similarities in key areas, including project selection, private partner procurement, and PPP agreements. However, there are differences in terms of state support measures, investor guarantees, dispute resolution, and unsolicited proposal assessments. Investors see regulatory variations as barriers to cross-border investment, reinforcing the need for greater harmonization.

Similar joint work between the Bank and national PPP units is currently underway in other areas, for example, cross-border PPPs. EDB has developed a **Conceptual Framework and Guidelines** for **Cross-Border PPPs**, and now we and the PPP units are jointly developing a register of potential cross-border PPP projects, a draft model agreement and a common national regulatory framework for cross-border PPPs, as well as conducting training sessions on cross-border PPPs.

In general, the hallmark of EDB's PPP activity is that all our PPP initiatives are conducted and receive feedback through local partners - national PPP units of Member States. For this purpose, we have organized on the Bank's platform a working interaction with all PPP units. This allows the Bank to be at the center of the PPP agenda of each of the Member States, and PPP units to exchange experience and best practices among themselves. But most importantly, our joint engagement platform leads to the emergence of a common **Eurasian PPP-agenda and Eurasian** PPP-standards. This is a chance and a challenge at the same time.

What role do partnerships with other IFIs or stakeholders play in advancing PPPs?

Collaboration of IFIs is a really important feature for scaling up PPPs in the emerging markets that often have limited capacity of local banking sector and capital markets to finance large long-term deals. Large MDBs provide access to lower-cost financing and global expertise, while EDB brings deep regional knowledge and close ties with its member countries.
We have a long and successful history of co-financing PPPs alongside with other IFIs, to name a few landmark deals:

- Pulkovo Airport (2010) – together with EBRD, IFC, NIB, BSTDB
- Western High Speed Diameter (2012) – with EBRD
- The Greater Almaty Ring Road Project (2020) – with EBRD and IsDB.

The Bank also partners with UN organizations, such as UNECE, to promote PPPs aligned with SDGs. Joint activities include training sessions on UNECE’s PPP and Infrastructure Evaluation and Rating System (PIERS) and roundtable discussions on cross-border PPPs, for instance during the 8th UNECE International PPP Forum in 2024.

What innovations or emerging trends have you observed in PPPs over the past years? How has your institution adapted PPP strategies to address global challenges such as climate change, digitalization, and resilience?

From our perspective, two key trends stand out: PPPs for the SDGs & Circular Economy, and Digitalization in PPPs.

- PPPs are increasingly seen as tools for achieving environmental and social impact alongside economic returns. A prime example of our support for this dimension is a project **“Development of sustainable management of waste and secondary resources: infrastructure and transition to a circular economy”** that the Bank recently launched in Kyrgyzstan. It was initiated to address a critical and ambitious challenge for Kyrgyzstan to reduce the negative environmental impacts of methane and landfill gas emissions. The guiding idea of the project is to introduce sustainable waste management tools to reduce the volume of waste 'buried' in landfills and increase the volume of waste returned to the production cycle (recycling, secondary resources, SR).

The project aims to stimulate private investors to invest in "sustainable" infrastructure for safe waste and SR management, within the framework of PPP projects for SDGs. So far, investors have been cautious about participating in such projects, mainly due to uncertainty about the return on investment. As the first step the EDB is financing a feasibility study for a PPP project for the SDG **“Building and Operating a Waste and Secondary Resources Management Complex”.**

The approach involves structuring a bankable PPP project for the SDGs, treating waste not as an environmental pollutant, but rather as a potential source of income through secondary resources.
Secondly, the EDB is financing creation of the regulatory framework and Road map for the development of the secondary resources market, which is the first necessary step to introduce the above-mentioned business approach and launch a pilot PPP project. The result will be a fundamentally new approach to waste management regulation, where special financial and legal incentive instruments will use rather than fines and limits. Notably, the above efforts will make it possible to pursue small-scale PPPs in waste and SR management via their bundling.

- The second key innovation is the **digitalization of PPPs**. The global shift towards a digital economy has significantly influenced PPPs in the Eurasian region. Member states are working to develop digital infrastructure, implement platform solutions, and introduce new technologies to streamline PPP processes. These efforts aim to reduce time and costs, enhance investor engagement, improve data accessibility, and enable better coordination and oversight of PPP portfolios.

To support this transition, the EDB provides technical assistance to member countries, focusing not just on digitizing documents but on a comprehensive transformation of PPP management. This includes process optimization, competency development, and the full integration of digital technologies into project preparation and execution.One key initiative is the EDB Technical Assistance Fund’s support for the project **“Creation and Implementation of a Procurement Subsystem to Identify Private Partners for PPP Projects in Kazakhstan.”** This platform serves as a single access point for all tender procedures and PPP-related data, offering a centralized, transparent, and efficient digital procurement system. As a result, all PPPs in Kazakhstan are now processed through this EDB-supported platform, significantly reducing time and costs for authorities while increasing investor participation.
In 2025, the EDB plans to scale up its digitalization efforts with the project **“Digital Transformation of PPP Project Management Processes in the Kyrgyz Republic.”** This initiative will cover the entire PPP lifecycle—from initiation to monitoring—by developing digital infrastructure, integrating advanced technologies, and implementing platform solutions to:

1. Enhance efficiency in tendering, direct negotiations, contract execution, and project monitoring.
2. Modernize PPP management in alignment with the SDGs and the ESG agenda.
3. Reduce time and financial costs associated with PPP project management.
4. Improve communication among stakeholders.
5. Increase transparency, boost investor confidence, and enhance public awareness.
6. Strengthen monitoring mechanisms, including oversight of contingent liabilities under PPP agreements.
7. This initiative will streamline processes, improve governance, and reinforce Kyrgyzstan’s commitment to sustainable and efficient PPP management.

This initiative will streamline processes, improve governance, and reinforce Kyrgyzstan’s commitment to sustainable and efficient PPP management.

6

Pioneering PPPs: Inside IFC's Approach to Public-Private Partnerships

Linda Munyengeterwa, Global Director of PPP & Corporate Finance Advisory, International Finance Corporation. She shares insights on global trends operational structures, and the ingredients for successful PPP projects in developing economies.

How is your internal team organized to handle PPP-related work?

We are a global team with unparalleled regional presence across all emerging markets. We are highly decentralized, with more than 130 staff based in 31 countries. We have organized our teams across five regional groupings:

- Latin America and the Caribbean
- Middle East, Central Asia, and Turkey
- Africa
- Asia (which includes East Asia, the Pacific, and South Asia)
- Europe

Our team is structured to ensure that we can provide comprehensive, high-quality advisory services to our clients, leveraging our over 35 years of global expertise and local knowledge. The team is divided into sector-specific groups, each focusing on key areas such as transportation, energy, water and sanitation, healthcare, and education. This specialization allows us to develop deep sectoral expertise and provide tailored advice that addresses the unique challenges and opportunities within each sector.

"Each project is supported by a multidisciplinary team—finance, legal, technical, social, and climate experts working as one."

We have established regional hubs in strategic locations around the world, including Africa, Asia, Latin America, the Caribbean, Europe, and the Middle East. These hubs enable us to maintain a strong local presence, understand regional dynamics, and respond quickly to client needs. Our regional teams work closely with local stakeholders to ensure that our solutions are contextually relevant and sustainable.

Each PPP project is supported by a multidisciplinary team that includes experts in finance, legal, technical, environmental, social, and climate aspects. This holistic approach ensures that all critical dimensions of a project are thoroughly considered and addressed. Our multidisciplinary teams collaborate closely to deliver integrated solutions that maximize project success. In addition, experienced project managers lead our PPP engagements, ensuring that projects are executed efficiently and effectively.

They are responsible for coordinating the efforts of the multidisciplinary team, managing client relationships, and overseeing project timelines and budgets. Our project managers bring a wealth of experience and a track record of successful project delivery.By leveraging our sector-specific expertise, regional presence, multidisciplinary approach, and commitment to innovation and capacity building, we are well-equipped to support our clients in developing and implementing successful PPP projects that drive sustainable development and economic growth.

Which sectors and geographies are most conducive to PPPs, and what factors make them suitable?

We see demand for PPPs across all regions, but there are some common themes across markets that are most conducive for PPPs.

First, **a strong political commitment to PPPs**. Governments need to be committed to the project objectives and provide the necessary support to ensure smooth implementation.

Second, **a strong legal and regulatory framework**. A robust legal framework ensures that PPP projects are financially viable, sustainable, and deliver value for money. This framework helps with risk distribution across the public and private sectors, ensuring that resources are effectively managed. The presence of a reliable legal and regulatory framework is also critical to attracting credible private sector participants.

Third, **proper project selection and project preparation is key**. Governments that have a credible pipeline of projects and clear prioritization achieve more success. Once projects have been prioritized, proper project preparation, including detailed technical, legal, financial, and environmental studies, is crucial. This ensures that the project is bankable and meets clear public sector goals.

Finally, **stakeholder engagement**. Engaging all stakeholders, including the public, private sector, and local communities, is vital for the success of PPP projects. This ensures that the project meets the needs of all parties involved.

For example, IFC helped the Bulgarian government structure and tender a bankable concession of **Sofia Airport**. The work included the required legal, technical, and environmental and social due diligence and investor outreach, as well as support in revisions of the Concessions Act which enabled the project to materialize. The project attracted more than $580 million in private investment, boosting the economy post-pandemic by attracting new visitors and cargo.

Sofia Airport (SOF) is the 6th largest international airport (2020) in the Central and Eastern Europe region, located 10km east of the center of the city of Sofia. The airport serves 75 destinations in Europe and the Middle East, delivered by 24 airlines, and it serves as the main hub for Air Bulgaria.

Source: www.meridiam.com

How do you balance risk-sharing between public and private partners to ensure successful PPP outcomes?

Balancing risk between the public and private sector in PPPs is always a challenge. Effective risk sharing involves identifying and allocating risks to the party best able to manage them, but in reality, all parties understandably wish to control the risk they take on, and finding the balance between a risk allocation to both parties is critical.

A few of the steps we take to approach risk allocation include **risk identification** and assessment. First, we conduct a thorough risk assessment to identify potential risks associated with the project. This is informed by the technical, legal, environmental and social, and commercial assessments that form part of our typical due diligence process.

> ***“Balancing risk isn’t just technical—it’s about trust, protection mechanisms, and sound due diligence.”***

Following risk identification, we go through the process of allocating these risks to the party best able to manage them to ensure there is a **bankable structure** put in place. In certain instances, it is insufficient to address risks solely between the parties of the PPP agreement, so either additional government support or credit enhancements—such as guarantees provided through our World Bank Group colleagues or others—may be needed to ensure project success.

One recent example of this is the **Dakar BRT project**. The project involves the acquisition of rolling stock and associated equipment for, and the operation and maintenance (O&M) of, the first Bus Rapid Transit (BRT) network in Dakar for a period of 15 years. With a total length of 18.3 km, the BRT route extends from downtown Dakar to suburban Guédiawaye. The project was structured to ensure a fair allocation of risk between the private sector and the government, and the project successfully attracted bank financing to implement the project. However, there were certain residual risks that the winning bidder, Meridiam Africa Investments SAS, retained, where they felt that they needed additional protection, so they obtained a **MIGA guarantee** to protect their equity against certain political risk events.

Dakar’s 18.3 km network and fleet of 144 buses are fully powered by renewable and solar energy. Expected to serve 300,000 passengers daily, in half the average commute time, Dakar’s e-BRT system is a game changer for the city, easing congestion and reducing greenhouse gas emissions.

Source: www.esi-africa.com

What are in your view the main barriers to a strong increase of your PPP operations?

The main barriers to increasing our PPP operations are finding countries that have the right mix of success factors—specifically strong political commitment, sound legal and regulatory frameworks, and a clear and realistic pipeline of feasible transactions.

However, even when these factors exist, there are other obstacles that can easily derail a PPP project: an environmental or social risk that cannot be sufficiently mitigated, or a vocal stakeholder opposing the implementation of the project, for example.

Therefore, one key aspect of our PPP operations approach is to provide **holistic support** to our clients, such as the criteria we use to help clients prioritize projects. We also support clients with project preparation to ensure that all aspects of the PPP project are carefully considered, ranging from financial and commercial to legal, environmental, and social.
We also prize **innovation**. For example, IFC worked with the state government of **São Paulo** to structure a PPP last year that raised $2.7 billion for the utility SABESP through share sales. This project helps expand services to rural areas and informal settlements while keeping water and sanitation tariffs low for residents. This was **the largest stock sale of the year in Latin America** and the largest global utilities offering in 2024.

To what extent can standardization improve the efficiency and effectiveness of PPP project preparation and implementation?

Contract standardization can help streamline the PPP process, creating a more cohesive and efficient framework. When we work with government agencies to simplify project preparation, it helps make the tendering process more accessible to investors and encourages greater international participation in infrastructure projects. This is particularly beneficial when a government client has **a pipeline of projects within the same sector.**

Transaction costs are typically higher with PPPs than with traditional publicly procured and financed infrastructure. But if you can replicate and standardize the PPP approach and structure, transaction costs are not only reduced for the government, but also for bidders. This, in turn, can create a larger bidder pool and better pricing for governments.

> ***"Standardization lowers costs and speeds up projects—but it must leave room for innovation.***

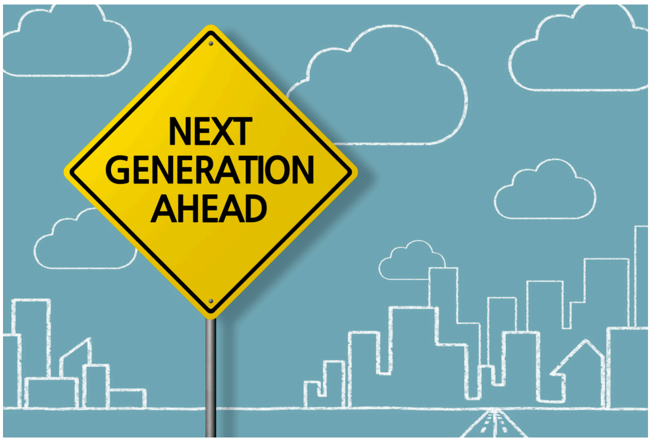
Standardization provides a structure, but it should not come at the cost of innovation. By creating **common frameworks and templates**, we provide a solid foundation for private sector players to bring their expertise and innovation to bear within a more predictable and efficient system. Innovation can follow standardized guidelines to ensure that PPPs remain dynamic and adaptive to changing market conditions.

For example, **Uzbekistan's PPP program** began with traditional renewable energy IPPs. It gradually expanded to include energy storage, and subsequently expanded to other sectors, such as transportation, hospitals, and university education.

Rethinking Urban Futures: Beyond Growth and Consumption

Next-generation cities must prioritize societal well-being over unchecked expansion

Dr. Jana Konstantinova, EPFL (Ecole Polytechnique Fédérale de Lausanne)



As cities expand at breakneck speed, their infrastructure often strains under the pressure. Yet, it's time to challenge the old assumption that growth must always be met with more construction. Infrastructure isn't about bigger numbers or sprawling networks—it's about building environments that enhance the lives of residents. True infrastructure supports, anticipates, and most critically, stimulates societal well-being.

This is the promise of **next-generation cities**: urban spaces guided not by expansion alone but by principles of sustainability, equity, and human connection. The real question before us is profound: How do we reimagine cities to embody these values? **How can we redefine "living standards" to transcend mere consumption?**

Throughout history, cities have experimented with innovative models of governance to stabilize their economies and uplift societies. In the 15th century, the **Adriatic city of Ragusa** (now Dubrovnik) set a pioneering example, enacting social policies that prioritized public welfare—introducing housing safety measures, sanitation systems, food reserves during famine, and vital social infrastructure like hospitals, pharmacies, and schools. Fast-forward to recent times, and **Porto Alegre, Brazil** showcases participatory budgeting: an empowering model where citizens directly influence how public funds are allocated.

"The next frontier of urban living lies in shaping infrastructure that evolves with society's changing needs."

Now, the evolution continues—with a critical shift in the role of **Public-Private Partnerships (PPPs)**. Successful PPPs must go beyond building physical structures; they must deliver intrinsic societal value. It's not just about meeting today's needs—it's about anticipating tomorrow's demands.
However, a fundamental tension persists: traditional infrastructure planning is often short-term (1-5 years), while projects are executed over decades and remain static even as cities evolve. Urban planners and policymakers must flip this model. Infrastructure must be seen not as a static product, but as a dynamic process—capable of growing, adapting, and enhancing living standards over time.

"Infrastructure should create real value—not just more roads, more buildings, or more consumption."

To make this vision real, we must cultivate both **physical and conceptual "urban agoras"**—inclusive spaces where residents co-create the post-growth future of their cities. Participation must move from token gestures to true integration in the decision-making process.The journey ahead demands two focus areas: defining the future urban experience and transforming the governance models of today's cities into sustainable, thriving hubs. In tomorrow's cities, caring for people—nurturing their potential, responding to their needs, and elevating their daily lives—must be the heartbeat of every decision.

Harnessing Private Sector Skills in Developing Social Infrastructure Projects in Saudi Arabia

A Case Study on Wave 1 and Wave 2 PPP Schools Projects

By Hidayathullah Baig

Reimagining Education Infrastructure Through Partnerships

Saudi Arabia's Vision 2030 emphasizes transforming the education sector to meet global standards and equipping future generations with skills for a knowledge-based economy. The Kingdom's PPP program has been a pivotal mechanism to achieve these goals by involving the private sector in financing, designing, building, and maintaining school infrastructure. This case study focuses on the **Wave 1 and Wave 2 PPP school projects**, demonstrating their role in enhancing educational infrastructure.

Background

The emphasis on education sector transformation under Saudi Vision 2030 is reflected in the strategic objectives of the National Transformation Program (NTP) which include:

- Improving recruitment, training and development of teachers
- Improving the learning environment to stimulate creativity and innovation
- Improving curricula and teaching methods
- Improving students' values and core skills
- Development of financing methods and improvements in financial efficiency
- Educating students to address national development requirements and labour market demands
- Increasing Private Sector Participation in the Education Sector.

The scope of private sector involvement in the financing and construction of education infrastructure is clear. In order to meet these objectives, the Ministry of Education of the Kingdom of Saudi Arabia ('MoE'), through the Tatweer Building Company ('TBC') has developed the PPP initiative for schools in Saudi Arabia. The PPP initiative envisages to replace rented and outdated school buildings as well as increase the capacity of school buildings.

Project launch

The **Wave 1 Schools Project** was launched in 2019, which involved the construction, operation, and maintenance of 60 public schools in both the Makkah and Jeddah regions, benefitting more than 52,000 students of various educational levels: elementary, intermediate, and secondary. **Wave 2 Schools Project** followed building on the lessons learned from the Wave 1 Schools Project, which also involved the construction, operation, and maintenance of 60 public schools in Madinah region, benefitting equal number of students.

These projects were structured to align with international best practices while catering to local socio-economic dynamics. Both waves prioritized efficiency, sustainability, and quality, with private sector partners taking on critical roles in project delivery.

Structure of the Projects

MoE and TBC, were the joint Procurers for the projects, with the private sector partner tasked to design, build, finance and operate and maintain these schools located in the cities of Jeddah and Makkah. The transactions were structured as a 20-year Public Private Partnership ('PPP') on Build-Maintain-Transfer ("MBT") model between the successful bidder and the Procurers. Upon the expiry of PPP term, the schools will be transferred back to the Procurer; with MoE undertaking to provide teaching and administrative staff and maintain the overall delivery of educational curricula.

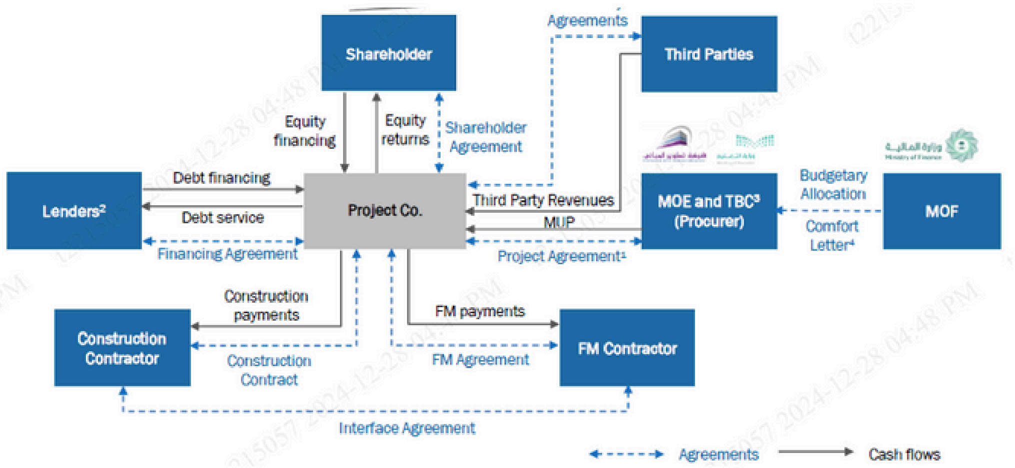


Figure 1: Project Contractual Structure

Scope of the Private Sector Partner

The scope of the Private Sector Partner includes modification, revision or improvements to the Reference Design, construction of the schools and providing ongoing Facilities Management ('FM') services throughout the term of twenty (20) years, excluding the construction period of 2-3 years. The FM services include Hard FM of built assets, Soft FM services such as cleaning and waste collection, Whole Life Cycle Management for the replacement of built assets and the Management of Services Interfaces during the term of the FM Agreement.

Project Sponsors

The Project Sponsors (successful bidders) for the Wave 1 Schools Project are Ajyad Knowledge Company for Education and Training (owned by Vision Invest and Al Omran Group) and Al Bawani Company Limited and the Project Sponsors for the Wave 2 Schools Projects are Vision Invest and Al Omran Group.

Vision Invest and Al Omran Group are diversified group of companies with interest education, power, water and utilities sectors. Vision Invest is a successful PPP developer of social and economic infrastructure projects in KSA and wider GCC regions, while Al Omran Group is a leading strategic investor in food, real estate, manufacturing and hospitality business. Al Bawani is a leading engineering and contracting company in Saudi Arabia and has successfully completed several landmark projects in the Kingdom.

Financing the Projects

The Wave 1 Schools Project was built at a cost of SAR 1.56 billion and the Wave 2 Schools Project is being built at a cost of SAR 2.250 billion. Both the projects were financed in 80:20 debt-to-equity ratio, with the Sharia compliant financing provided by Islamic banks and equity by the Project sponsors.

Risk allocation

In the context of a PPP project, risk allocation involves determining which party in the contract will absorb the costs (or gain the benefits) associated with changes in project outcomes due to specific risk factors. Effective risk allocation is a key strategy for enhancing value for money in PPP projects. The key risks were identified and appropriately allocated between the Procurer and the Private Partner as summarized in the table below:

RISK	PROCURER	PRIVATE PARTNER
Land acquisition	Procurer	
Design risk	-	Private Partner
Construction delays	-	Private Partner
Operational performance	-	Private Partner
Force majeure	Shared	Shared

References

1. *Saudi Vision 2030 official documents.*
2. *NCP website.*
3. *TBC website.*
4. *Public Private Partnership Handbook, World Bank Group.*
5. *Case studies and performance reports from Wave 1 and Wave 2 PPP projects.*
6. *Industry analyses and academic literature on PPP frameworks and best practices*

Wave 1 School Project: Laying the Foundation

Wave 1 School Project marked the Kingdom's initial foray into PPPs for educational infrastructure. Key characteristics of this phase include:

1.Scope and Objectives: Wave 1 School Project involved the development of 60 schools across Jeddah and Makkah regions, targeting underprivileged areas with limited access to quality infrastructure.

2.Private Sector Role: Partners were responsible for design, construction, and maintenance over a 20-year concession period. Financial risks were shared between public and private entities.

3.Outcomes: The schools delivered under Wave 1 School Project adhered to international standards, with modern amenities and environmentally sustainable designs. Early results indicated improved student satisfaction and operational efficiency.

Wave 2 School Project: Scaling and Refining the Model

Building on the success of Wave 1 School Project, the Wave 2 School Project expanded the PPP model with the following features:

1. **Enhanced Scope:** Wave 2 School Project involved the development of 60 schools, covering a wider geographical area of Madinah.
2. **Innovations:** The private sector introduced advanced building technologies and modular construction methods, reducing costs and timelines.
3. **Focus on Outcomes:** Performance-based contracts ensured accountability, linking payments to measurable outcomes such as facility uptime and maintenance standards.
4. **Capacity Building:** Training programs were included to equip local contractors and suppliers with knowledge and skills aligned with global practices.

Analysis: Leveraging Private Sector Expertise

The success of these PPP projects can be attributed to effective collaboration between the public and private sectors. Since the delivery of Wave 1 School Project and the Phase 1 of the Wave 2 School Project have completed construction recently, it is too early to analyse the improvements in students satisfaction rates and any operational efficiency metrices. However, the key takeaways as of date would include:

1. **Efficiency Gains:** Private sector involvement streamlined project delivery, leveraging expertise in project management and innovative construction techniques.
2. **Risk Allocation:** Risks such as construction delays and cost overruns were effectively mitigated by transferring them to private entities.
3. **Sustainability:** Emphasis on green building practices resulted in cost savings and environmental benefits, contributing to the Kingdom's sustainability goals.

Local Development: Engagement of local suppliers and contractors stimulated economic growth and job creation, aligning with Saudi Vision 2030's objectives.

Challenges and Lessons Learned

While the projects demonstrated significant benefits, several challenges emerged:

1. **Regulatory Hurdles**: Delays in obtaining permits and approvals highlighted the need for streamlined processes.
2. **Stakeholder Coordination:** Ensuring alignment among multiple stakeholders required robust governance structures.
3. **Capacity Constraints**: Initial resistance and capacity gaps in local contractors underscored the importance of continuous training.

Lessons from these challenges emphasize the importance of early stakeholder engagement, clear contract terms, and capacity-building initiatives.

Future outlook for PPPs in the education sector in Saudi Arabia

With the lessons learned, TBC is in the process of launching of Wave 3 and Wave 4 PPP school projects shortly. Apart from these, the MOE plans to engage private sector under the PPP program in developing schools, boarding schools, colleges, universities, university hospitals, accommodation for university staff, etc. as per National Centre for Privatization & PPP (NCP) Project pipeline.

Conclusion

The Wave 1 and Wave 2 PPP Schools Projects showcase the transformative power of public-private collaboration. By tapping into private sector skills and innovation, Saudi Arabia is building a more sustainable, inclusive future — exactly what Vision 2030 envisions. As more waves roll in, the Kingdom's education sector is poised for even greater leaps forward.

Small Scale Airport Public-Private Partnership projects (SSPPPs) – Is there a business case?

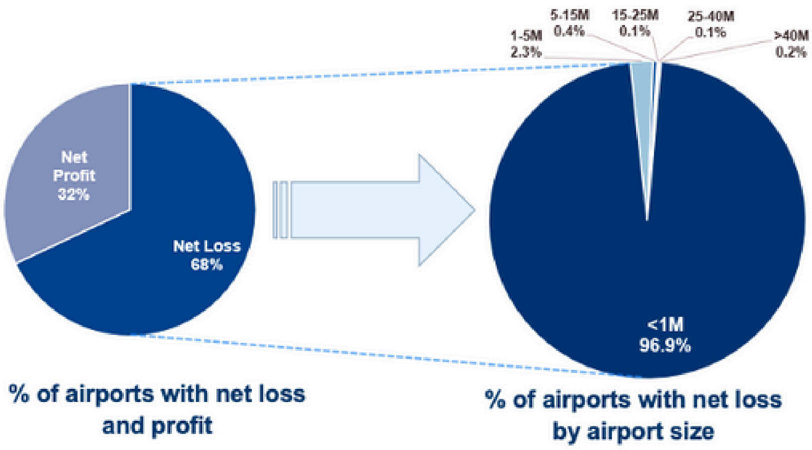
By Patrick Lucas – WAPPP Airport Chapter - Airport Economics Consulting Inc's principal and founder

Airports are asset-intensive businesses that require large investments just to accommodate a single aircraft landing. They must achieve a critical mass before they can start recovering these large investments in infrastructure and their operating costs to reach profitability.

On a distributional basis, the majority of airports across the globe are small in that they have low passenger and cargo traffic throughput in any given year. During pre-pandemic times, based on analyses from ACI World (ACI Airport Economics Report) more than 90% of the world's airports had fewer than five million passengers on a per airport basis.

When the world's airports are analysed through the lens of profit and loss, as much as 68% are estimated as operating at a net loss. Interestingly, of that 68% operating at a net financial loss, the vast majority are small – 97% of these airports have fewer than one million passengers (See Chart 1).

Chart 1: Distribution of airports with a net loss



Source: ACI Airport Economics Survey and Official Airline Guide (2019).

Airports that serve the smallest markets tend to have higher overall costs on a per-passenger basis by virtue of the fact that they do not have sufficient scale. Average total costs decline with an increase in market size. Fixed costs, such as depreciation, interest expenses and other capital costs, are spread over an expanding airport's traffic throughput.

The inverse relationship between average total costs and throughput as seen in the data is an indicator of economies of scale. Because certain markets continue to recover from the pandemic, data during stable times is presented for the period 2017-2019.

Chart 2 shows average unit costs across various size categories of airports. Although the chart is not an actual cost curve, the significant decrease in unit costs beyond those airports with fewer than one million passengers is indicative of economies of scale.

While this may vary, at some point airports achieve a level of minimum efficiency. Moreover, there may even be diseconomies of scale in the traffic development continuum when airports need to invest more in capital (CAPEX) to meet current and future demand. The extra costs and potential excess capacity in the near-term results in what economists refer to as diseconomies of scale.

Similarly, as traffic levels grow, airports can offer additional services beyond aeronautical activities. There are cost efficiencies and synergies in offering other services on the non-aeronautical side of the business, whether it is in the travel retail space, food and beverage or other forms of commercial real estate development. Revenue diversification goes hand in hand with economies of scope. Non-aeronautical revenues as a percentage of total revenues tends to increase for each airport size category. While airports with fewer than one million passengers show non-aeronautical revenue shares of 31% the world largest airports in terms of traffic numbers, greater than 40 million passengers per annum, show a share of 43% (See Chart 3).

Chart 2: Average total costs (USD) per passenger by airport size

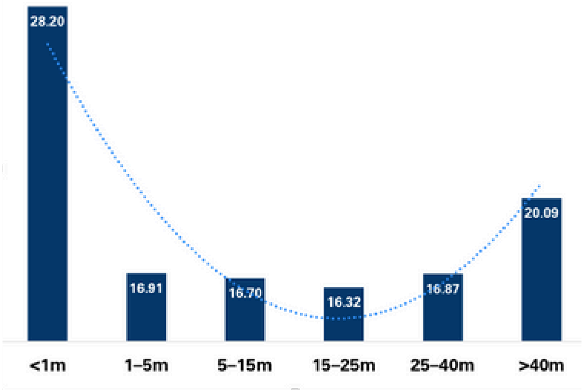
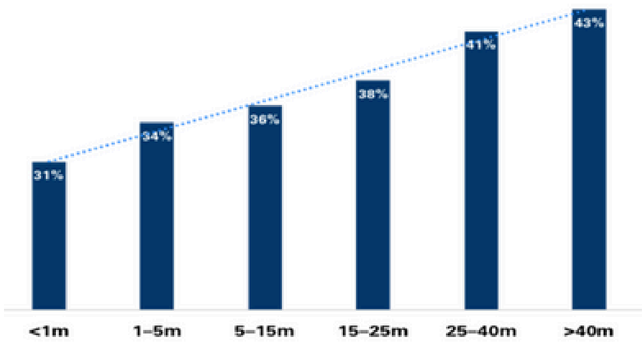


Chart 3: Non-aero as a % total revenues by airport size



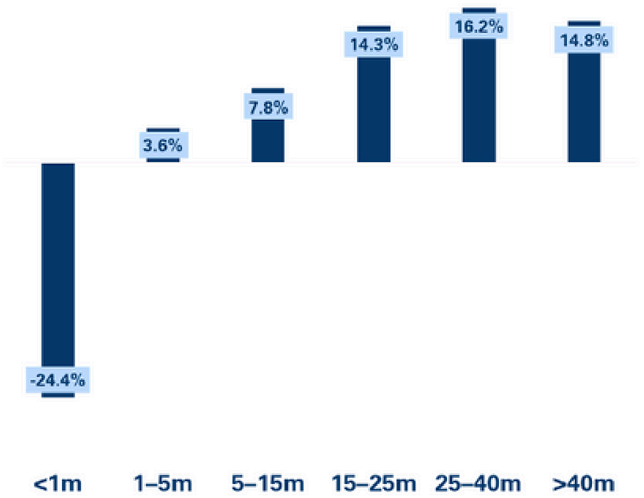
Source: ACI Airport Economics Key Performance Indicators
**2017-2019 medians; adjusted to 2023 global inflation International Monetary Fund (IMF).*

Policy levers and financing mechanisms to support smaller airports
If the majority of small airports are loss making, why are they kept open for business? The reason smaller regional airports remain in operation hinges on the fact that they contribute to the local, social, and economic development of their surrounding communities.

Depending on the context, there are several financing and funding tools that could be considered for smaller airports. Because of the positive externalities that they generate, in multiple jurisdictions, government intervention in the form of subsidies or grants helps to cover the shortfall or deficits.

While there are always exceptions, when it comes to overall financial performance, size does matter. The probability of making a loss increases with lower traffic volumes because the overall market becomes smaller as analyzed in Chart 4. Again, if net profit margins are analysed and different forms and grants and subsidies are excluded, the smallest airports have either negative margins or very thin margins.

Chart 4: Net profit margins (excluding grants and subsidies)



Source: ACI Airport Economics Key Performance Indicators (2019).

Governments continue to find alternatives to the financing conundrum. Recognising the important role these smaller airports play in terms of socio-economic development and connectivity, in order to cover the operating deficits, the European Commission's Aviation State Aid Guidelines have historically recognised those airports with fewer than three million passengers per annum as eligible for State aid.

However, such subsidies are deemed as time bound and temporary based up to the year 2027. Thereafter, smaller airports are expected to achieve financial viability by raising airport charges, incentivising traffic development and achieving certain cost efficiencies.

While there is no doubt that some of these tools may slightly improve traffic and the bottom line, there is no denying the underlying economics. A recent report by ACI Europe in collaboration with Oxera revealed that that those airports with fewer than one million passengers have a high likelihood of operating at a loss irrespectively. That is, the underlying economics linked to economies of scale remain the same. Thus, there are strong arguments recognising that state aid is still a critical safeguard in covering the financial shortfall beyond 2027.

Risky business?

Given that many small airports operate at a loss, it begs the question, can a case be made for private sector participation? What possible factors are at play to incentivise such an investment?

Small scale airport Public-Private Partnership projects are generally complex to implement, due to difficult operational considerations, high project development costs with minimal payout and weak profitability metrics.

So how do we make it happen? Many governments across the globe have recognised the complexity of covering the high costs that small airports face due to their low throughput. In these instances, such smaller airports are included in a cluster or network that encompasses profitable airports with higher throughput levels.

From a policy standpoint, several objectives could be met under this model – Government financing is reduced by capitalizing on the cross-subsidisation model of a network thereby ensuring that the economic and social benefits that small airports offer to their communities are maintained.

The PPP model remains applicable to small-scale airports, albeit in varying forms:

- Mexico and Brazil, or even more recently the Cape Verde Islands, have adopted airport cluster or network schemes, where one or more larger profitable airport tend to cross-subsidise or compensate the net losses of smaller airports.

- On some continents, such as in Africa, small-scale airport PPP schemes are introduced through a combination of measures via grants and higher passenger charges. This solution presupposes that vital and costly infrastructure such as the runways and aircraft aprons are already in place, or that a government and/or multilateral institution offer appropriate grants as a source of finance.

- In North America and Europe, many regional airports or small-size secondary airports are developed and managed within the framework of Operate and Maintain (O&M) management contracts, where the private party assumes full management of the airport's operation and maintenance. However, the more substantive investment in infrastructure is ensured through subsidies either by regional or national institutions.

Creating fertile grounds for small scale airport Public-Private Partnership projects (SSPPPs)

Whatever the model, we are reminded by the timeless adage that 'there no such thing as a free lunch'. That is, private operators have a bottom line and expect a return on their business for a given level of risk. A successful PPP typically allocates risk appropriately between the public and private entities with the appropriate contractual instruments depending on the objectives.

The models of private sector participation are differentiated by the degree of risk transfer. For instance, shorter-term management contracts (~5 years) typically follow a classic O&M model with no or minimal requirements linked to financing the infrastructure. In cases where capital investments are required, and a government is not able to finance or construct the capital asset such as a new terminal or runway, a build-operate-transfer (BOT) model is used.

The BOT concession contract is longer lived than a short-term management contract, and its lifespan is dependent on the cost-recovery time (~30 to 35 years), as revealed in ACI World's 2018 Policy Brief: Creating fertile gounds for private investment in airports.The longer the time horizon, the higher the risk transfer to the private sector. However, successful SSPPPs, usually require a combination of public sector financing or other economic incentives coupled with the appropriate model of private sector participation. This is often known as hybrid PPP financing schemes that may also consider evolving models of private sector participation.

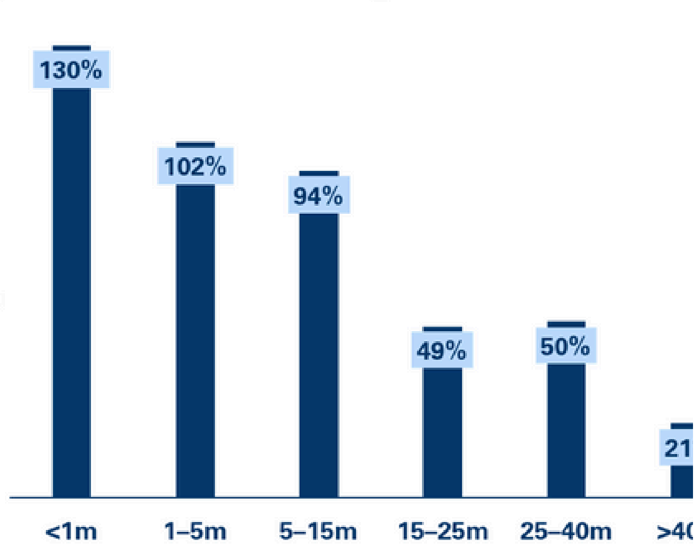
Based on government objectives and needs, matching the PPP model with the right contract lifespan and recognising the underlying economics are foundational elements. In addition to having clear and consistent economic regulatory frameworks set up prior to privatisations, it is critical that governments make the appropriate preparations and due diligence ahead of time of the tendering and bid process. This instils confidence in private investors and other related stakeholders.

The 'diamond in the rough' – managerial levers to grow traffic

The cautionary story that has been told up to now is that small airports with fewer than one million passengers per annum are loss making due to insufficient scale. Thus, when private sector participation is considered, appropriate government incentives need to be bundled into the right P3 model based on those circumstances. On the other hand, truth be told that the smallest airports across the globe are also the fastest growing in the world. When airports are analysed through the lens of the year 2006, before the Global Financial Crisis, and based on the airport size categories in that year, the smallest airports have had the greatest gains in passenger traffic.

From 2006 to 2023, airports with fewer that one million passengers (<1m), between 1 and 5 million (1-5m) and between 5 and 15 million experienced absolute growth of 130%, 102% and 94% respectively. Indeed, it is true that the smaller airports start from a lower passenger traffic base, but many of those airports classified as small in 2006 (<1m) have graduated into other size categories over the years. This means with the increased scale, profitability follows.

Chart 5: Passenger traffic growth % from 2006 to 2023 by airport size (From the perspective of 2006 size categories)



Source: ACI World Airport Traffic Database

There is no doubt that these small and emerging airports play an essential role in feeding traffic into hub airports for onward journeys to other major national and international destinations. This results in important feedback loops for airports in a given aviation market.

In other instances, existing major airports may already be congested and have reached a point of saturation. This is when smaller airports stand to strategically benefit from traffic leakage and grow as a result of this burgeoning demand.

Smaller airports that are commercially driven or have a policy objective to support the economic development of the communities they serve have various managerial levers at their disposal.

The strategic development of traffic and resultant revenue growth involves several managerial levers and the engagement of multiple stakeholders to ensure success:

- **Market analyses and forecasts** to determine and promote the viability of new routes or increased air service.
- Ensuring that an airport has the **necessary infrastructure** to support the desired level of air service.
- Effective **marketing and promotional strategies** alongside the local tourism authorities and hospitality industries.
    a. Passenger traffic development (Leisure and business)
    b. Air cargo development
- **Airport-airline relations** – **Provision of incentive packages** such as landing fee or passenger fee discounts, marketing support, and streamlined customs and immigration processes
- **Enhancing the overall customer experience (for passengers)** goes hand in hand with air traffic development.

Public-private partnerships remain an important development tool and viable financing mechanism for small scale airport projects, provided that they are structured properly balancing government objectives with investor expectations.

Making use of proven schemes and hybrid financing models are definite in ingredients in propelling SSPPPs in the airport sector. Unless loss-making airports are clustered within a network alongside profitable airports, they usually require some public subsidies or grants. This ensures that any financial shortfall is covered, and that infrastructure is financed in a sustained manner.

Finally, blending in the right entrepreneurial talents for a longer-term strategy aimed at developing traffic growth and revenue streams are also critical levers.

About the author and some acknowledgments:

Former ACI World economics director, Patrick Lucas, is principal and founder of Airport Economics Consulting Inc (https://airport-economics.com/) and member of the WAPPP Airport Chapter leadership committee.

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African Ingenuity Building Africa's Infrastructure Future:Insights from the 2025 Africa PPP Roundtable

Mpumi Mazibuko, WAPPP: Senior Partnership Associate & Leadership committee for PPP Philanthropy Chapter

In April 2025, the Africa Chapter of the World Association of PPP Units & Professionals (WAPPP) convened a virtual roundtable that brought together experts from across the continent to tackle one of Africa's most pressing challenges: bridging the infrastructure gap through effective public-private partnerships. Under the theme Advancing Infrastructure Development in Africa: Strategies for Project Preparation and Risk Management, the two-day event featured four high-level panel discussions that dissected the practicalities in the art and science of developing bankable, sustainable infrastructure projects.

This event, deliberately curated with a majority of African panelists, serves as compelling evidence of the continent's growing pool of best in class expertise, deepening knowledge base and its inherent capability to execute PPPs autonomously. Another key element of the event's structure was the critical inclusion in each session of public sector panelists representing diverse national experiences from Egypt, South Africa, Zambia, and The Gambia.

The discussions echoed that the continent is at a pivotal moment, armed with growing expertise, innovative approaches, and a clearer understanding of what makes PPPs succeed or fail within the nuanced localities in Africa. With Africa's infrastructure deficit estimated at $100 billion annually, the insights shared at this roundtable offer a roadmap for governments, developers, and financiers seeking to catalytically transform project concepts into completed operational infrastructure that drives economic growth and improves lives.

Project Preparation - A Paradox

"A PPP project can be made or broken at the preparation stage," emphasized one panelist during the opening session on project development and preparation. This sentiment echoed throughout the discussions: meticulous preparation is essential, yet it remains one of the most challenging aspects of infrastructure development in Africa.
The roundtable highlighted a critical shift in thinking about project selection. Rather than simply asking the question, can this project be delivered as a PPP, governments must first determine if the project is worth pursuing at all. This distinction separates the investment decision (project viability) from the procurement decision (delivery model), ensuring that only strategically aligned, economically sound projects advance to the PPP stage.

The panel from the first session, identified several interconnected factors that determine success at the preparation stage such as:

- **Strategic alignment and rigorous screening:** projects need to align with National Development Plans and address genuine public needs, not just political agendas. Equally important is a rigorous screening process to identify projects truly suitable for the PPP model.
- **Realistic funding and bankability:** clarity on government financial commitments (through dedicated funds), appropriate risk allocation, and early, high-quality information with potential bidders is essential for bankability.
- **Effective market sounding:** obtaining feedback from the lender community during the project preparation phase, helps shape the risk allocation matrix in a market-acceptable manner.
- **Political will and institutional capacity:** political will, while essential, must be matched by institutional capacity within government bodies.
- **Stakeholder engagement:** The involvement of line ministries from early ideation stages is crucial to avoid implementation hurdles, and was emphasized— highlighting the importance of broad stakeholder buy-in from the outset.

Insights from Egypt's experience with its innovative project preparation fund, established through a strategic €10 million agreement with the European Bank for Reconstruction and Development (EBRD), resonated strongly with attendees. A representative from the Egyptian PPP Central Unit, explained the structure of the fund and how it offers a blueprint for accelerating infrastructure development across Africa by tackling the often-underestimated hurdle of project preparation. Some of the notable efficiencies introduced by the fund include a significant reduction in the timelines for project preparation and the procurement process for technical advisors, which has been reduced from a protracted 15-18 months to a mere 6-8 weeks. This rapid engagement of pre-qualified experts is a game-changer for project delivery. Egypt's Project Preparation Fund, stands as a compelling example of a strategic and effective approach to overcoming financial limitations in PPP project development.

The Art of Structuring for Bankability

Moving beyond feasibility studies, the second session delved into the critical phase of structuring projects for bankability—translating potential into market-ready propositions that align public needs with private sector requirements.

Bankability, the ability to generate predictable, sufficient cash flows to service debt, cover operational costs, and yield investor returns is the cornerstone of project delivery. Achieving this demands meticulous attention to revenue certainty and optimal risk allocation especially in trying to mobilise private capital investment.

The panelists stressed that PPP contracts are long-term commitments—"marriages," as one expert colourfully described them—requiring careful calibration. These contracts must provide clarity on obligations, performance standards, payment mechanisms, risk mitigation, and crucially, termination scenarios to ensure lenders can recover their investment.

South Africa's framework, anchored by Treasury Regulation 16, was highlighted as a model of a clear, stable legal and regulatory environment that provides investor confidence. Yet the discussions acknowledged that each country must develop frameworks tailored to their unique contexts, avoiding a copy and paste approach to standardization.

Given fiscal constraints across the continent, the session showcased creative approaches to enhance bankability:

- **Project Unbundling:** Breaking down large projects into manageable components, allocating parts based on funding suitability (e.g., government funding for initial capital expenditure, private sector for operations and maintenance).
- **Alternative Security:** Utilizing government-backed dedicated funds or tripartite agreements to secure payments without full sovereign guarantees.
- **Blended Finance:** Strategically incorporating Viability Gap Funding, concessional capital, and risk mitigation instruments from the outset to enhance viability and reduce costs.

The Risk Reality: From Perception to Management

The third session tackled perhaps the most formidable barrier to private investment in African infrastructure: risk. The discussions revealed a sophisticated understanding of risk categories, with panelists offering a practical "Top 5 De-risking Checklist" covering market demand, financial and foreign exchange, contractual, policy and political, and environmental and social risks.

Panelists shared concrete examples of both success and failure through this risk lens. The Nairobi Expressway's bankability was tied directly to high traffic volumes, while the cancelled Nairobi-Nakuru Expressway contract reflected the Kenyan government's inability to afford service fees due to fiscal constraints—a classic market demand and affordability risk scenario.
Perhaps most striking was the discussion on Africa's "risk perception gap." While the continent is often perceived as high-risk, leading to higher borrowing costs, actual default rates for African projects—according to Fitch and Moody's data cited by panelists—are lower compared to Latin America and Asia. This discrepancy between perceived and actual risk underscores the need for evidence-based decision-making and improved communication of Africa's infrastructure investment track record.

The session outlined innovative risk management strategies, including:

- **Currency Solutions:** Setting project pricing in the same currency as financing and indexing cash flows to inflation to manage exchange rate and inflation risks.
- **Credit Guarantees:** Partnering with suitable institutions to access long-term local currency financing, lowering the cost of capital.
- **Political Risk Insurance:** Utilizing products from institutions like MIGA to protect against risks such as civil unrest, currency transfer restrictions, and expropriation.

However, panelists questioned the real-world efficiency of some risk mitigation tools. While Political Risk Insurance (PRI) is designed to protect investors, concerns were raised about delays in recovery funds, the cost-benefit balance of premium payments, and the mismatch between guarantee tenors and project lifecycles.

Building Ecosystem Synergy

The final session recognized that successful PPPs do not exist in isolation—they require a cohesive ecosystem where governments, developers, and financiers collaborate effectively. Panelists outlined key principles for successful collaboration, emphasizing clear objectives, defined roles, effective communication, and realistic timelines.
The International Finance Corporation (IFC) shared insights on its dual Advisory and Co-development roles in fostering collaboration — a blueprint for other DFIs to follow. IFC's work on the Mozambique transport corridor, which connects Malawi and neighboring countries, exemplified how strategic PPP alignment can boost regional trade and infrastructure integration.
The discussions highlighted the importance of purpose-driven innovation in PPP financing and structuring. "Rather than simply aiming to build a new clinic, the core goal might be to improve healthcare access," noted one panelist, explaining that this broader objective could be achieved through upgrading existing facilities or providing specialized equipment—alternatives that might reduce capital expenditure and enhance bankability. This shift toward defining the development problem before determining the infrastructure solution represents a maturation in Africa's approach to PPPs, focusing on outcomes rather than outputs.
Another significant theme emerging was the critical need to address underdeveloped domestic financial markets – a common hurdle limiting local currency financing for infrastructure PPPs across Africa. Experts emphasized that strengthening these markets is essential for sustainable, long-term investment. The PPP Directorate of The Gambia provided a compelling case study in proactive policy; the country is actively developing its capital markets specifically to unlock these vital local financing opportunities, enhance national financial resilience, and ultimately create a more robust environment for infrastructure development.

The Road Ahead: Challenges and Opportunities

Despite the progress evident throughout the roundtable discussions, significant challenges remain in building a robust PPP ecosystem across Africa:

- Capacity gaps persist among stakeholders, though governments are addressing this through partnerships with various specialist institutions for training and expertise development.
- Financing constraints for feasibility studies and early-stage project development continue to hinder progress.
- Underdeveloped domestic financial markets limit access to local currency funding, though countries like The Gambia are actively working to develop their capital markets to unlock local financing opportunities.
- Balancing PPP contracts remains challenging, as governments struggle to design agreements that allocate risk fairly while protecting public interests and attracting private investors.
- The roundtable concluded with a call for a holistic, collaborative approach to infrastructure development—one that prioritizes development outcomes over merely delivering physical assets.

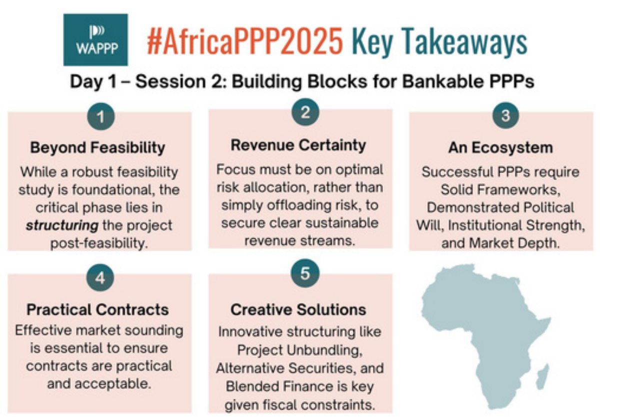
The roundtable concluded with a call for a holistic, collaborative approach to infrastructure development—one that prioritizes development outcomes over merely delivering physical assets.

Conclusion: From Rhetoric to Results

The 2025 Africa PPP Roundtable revealed a continent moving beyond rhetoric to practical implementation of PPPs. The discussions showcased a growing sophistication in project preparation, structuring, risk management, and stakeholder collaboration—essential ingredients for closing Africa's infrastructure gap. As aptly summarized in the sessions: The future of African PPPs hinges on more than just financing infrastructure, it requires solving development challenges through smart, collaborative, and sustainable approaches.

By prioritizing development-led structuring, strengthening local ecosystems, and crafting bankable yet balanced projects, Africa is positioning itself to harness the full potential of public-private partnerships. The journey from concept to commissioning remains challenging, but the roadmap is clearer than ever before—a testament to the growing capacity, expertise, and commitment of Africa's PPP professionals.
The Africa Chapter looks forward to being a platform that facilitates continued deliberation through to the 2026 edition of the Africa PPP Roundtable, where stakeholders will reconvene to build upon these insights and further advance the continent's infrastructure agenda. As the infrastructure dialogue evolves and implementation challenges are addressed, these gatherings will serve as crucial waypoints in Africa's journey toward closing its infrastructure gap through effective and sustainable public-private partnerships.

Africa's PPP Takeaways Round Up



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