Emerging Markets / Developing Economies and India PPP infrastructure trends

**EMDEs trends**

- **Investment Commitment (USD Bn)**
- **Projects reaching FC**

**India trends**

- **Investment Commitment (USD Bn)**
- **Total Project Cost**
- **Projects reaching FC**

- Nearly 6,000 projects, US$1350bn investment
- Significant fall in PPPs over last 4-5 years globally

- Nearly 1450 projects
- Sharp decline since 2010

Source: PPI Database, World Bank
Source: PPP Database, India
India PPPs – significant contribution...

Sector wise PPP projects (2000-17)

- Roads: 48%
- Energy: 22%
- Water Sanitation: 7%
- Urban public transport: 5%
- Social and Commercial Infrastructure: 9%
- Ports: 7%
- Airports: 1%
- Railways: 1%

Status of Projects in different stages (2000-17)

- Completed: 2%
- Pre-construction Stage: 20%
- Under Construction: 30%
- Operation and Maintenance Stage: 48%

Source: pppindia.gov.in, GoI

- Total investment mobilised Rs. 9,31,406 cr across 1457 projects
- Electricity Generation: >5000 MW, Roads: >15,000 km in O&M Stage,
...full PPP potential yet to be realised

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<th>Design innovation and optimization of Life-Cycle Cost</th>
<th>Augment and mobilise private finance</th>
<th>Build efficiency and quality</th>
<th>Service delivery – available, reliable and safe</th>
<th>Transfer of operating asset</th>
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<td>?</td>
<td>~2 years for Financial Closure (FC)</td>
<td>~5 years from FC to COD</td>
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- Lack of efficient and robust project preparation
- Little scope of design innovation for private sector
- Rising NPAs in infrastructure
- Lack of alternate financing sources / instruments
- Larger financing, hedging ecosystem underdeveloped
- Externalities - availability of land and clearances
- Private sector contractor / developer capacity issues
- Construction technology and practices
- Weak service delivery / asset management focus
- Public sector capacity - Performance monitoring / enforcement
- Disputes & litigations
- Not enough projects have reached transfer stage

~2 years for Financial Closure (FC)

~5 years from FC to COD
Reimagining PPPs

- **PPPs as service delivery and governance tool rather than just financing**

- **Is public sector better placed to finance infrastructure, particularly during build phase**

- **Asset creation and management not just creation**

- **Need to bring in People in 3Ps – People, Public, Private Partnership (4P)**

- **Developing and supporting private sector capacity and corporate governance, transparency**