

# Private Sector Engagement

2<sup>nd</sup> meeting of the Infrastructure Financing  
and PPP Network of Asia and the Pacific

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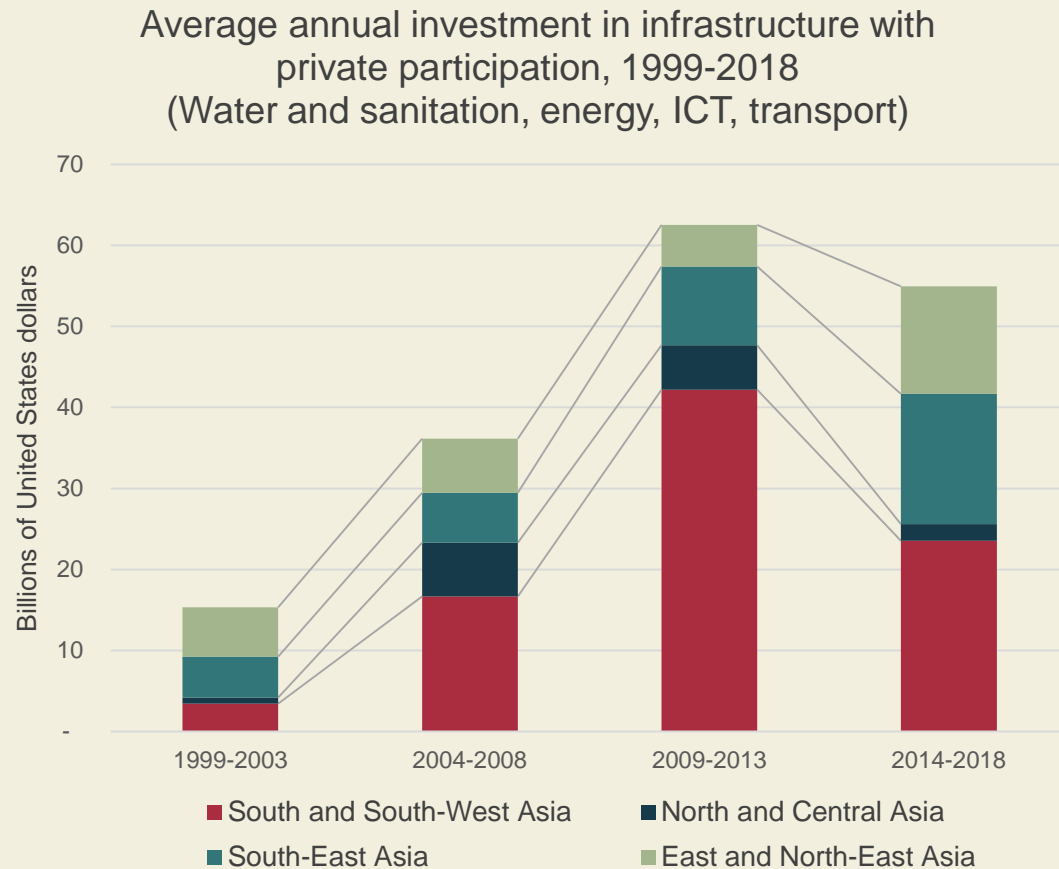
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04



# A decline trend of private sector involvement in infrastructure investment

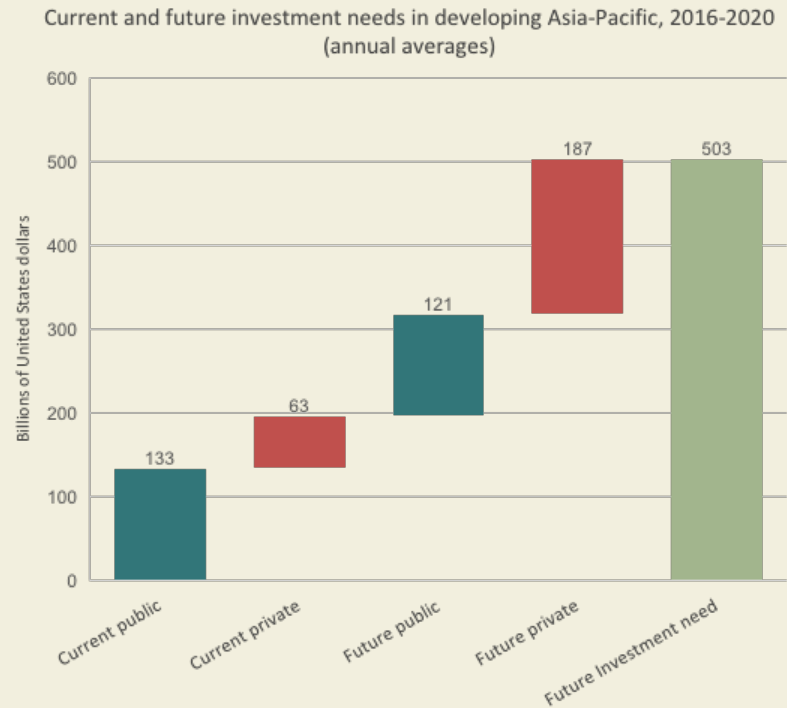


Source: PPI Database, World Bank

- Average private participation in infrastructure dropped from \$63 billion in 2009-2013 to \$55 billion in 2014-2018 in Asia-Pacific.
- Nevertheless, this trend is not homogeneous across subregions
  - East and North-East, and South-East Asia show a >50% increase
  - South and South-West, and North and Central Asia show a ~50% decrease
- The energy sector was the most negatively affected, with a reduction of 48% of private participation in investment



# Private sector participation is essential to meet the infrastructure financing gap

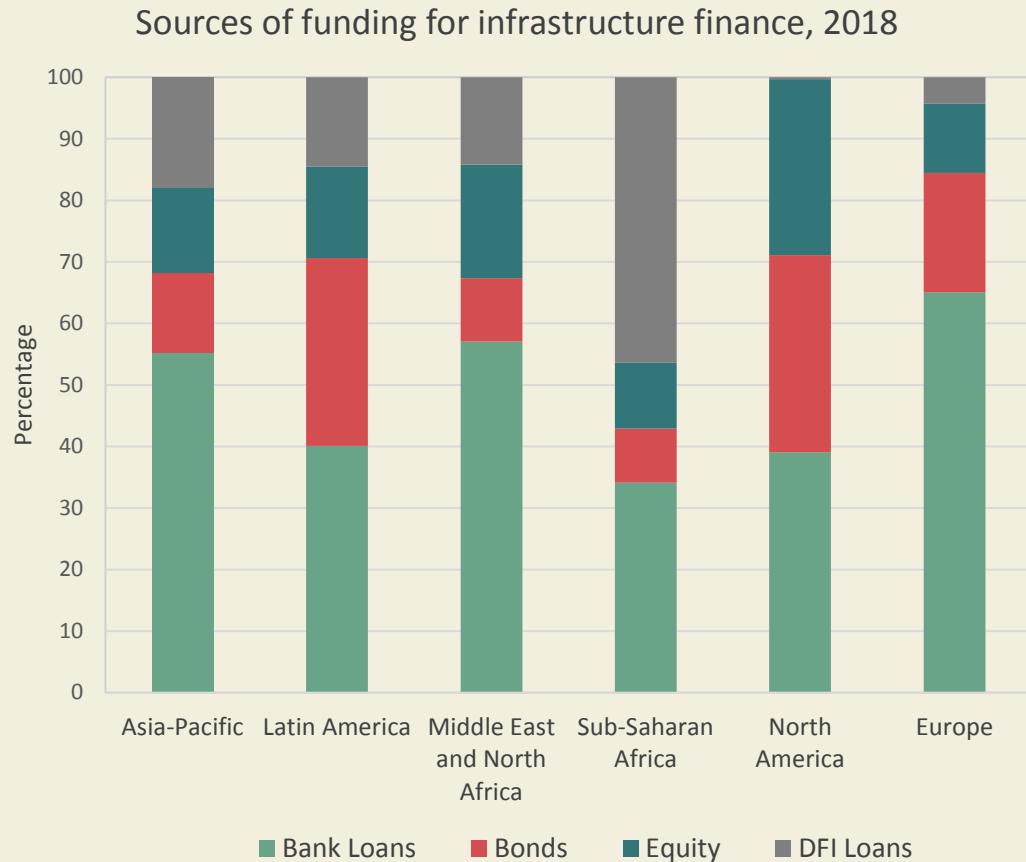


Source: ADB (2017)

- There's an estimated investment gap of \$308 billion annually by 2020, or 5% of the region's GDP.
- Currently, the public sector is the main investor in infrastructure: around 70% of total current investment
- Due to limitations in fiscal space expansion, the public sector cannot support the investment gap alone
- Private sector has to quadruplicate its current investment



# Sources of infrastructure finance

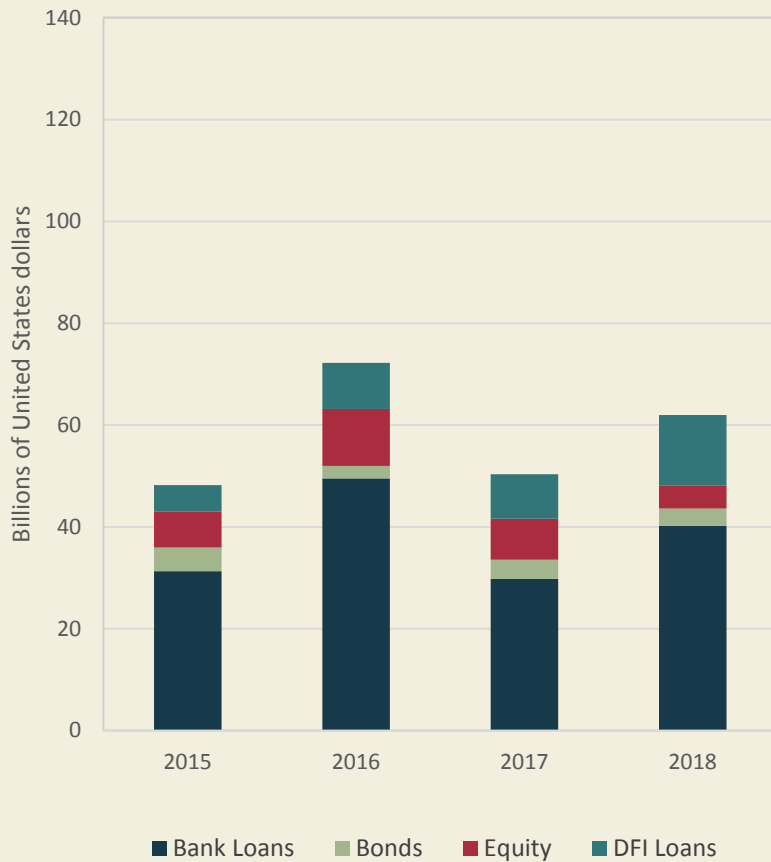


- Over **50%** of the funds collected for infrastructure finance came from bank loans, which is above the world average
- There is a substantial dependence on Development Financial Institution Loans
- Equity and Debt for infrastructure financing could be further explored



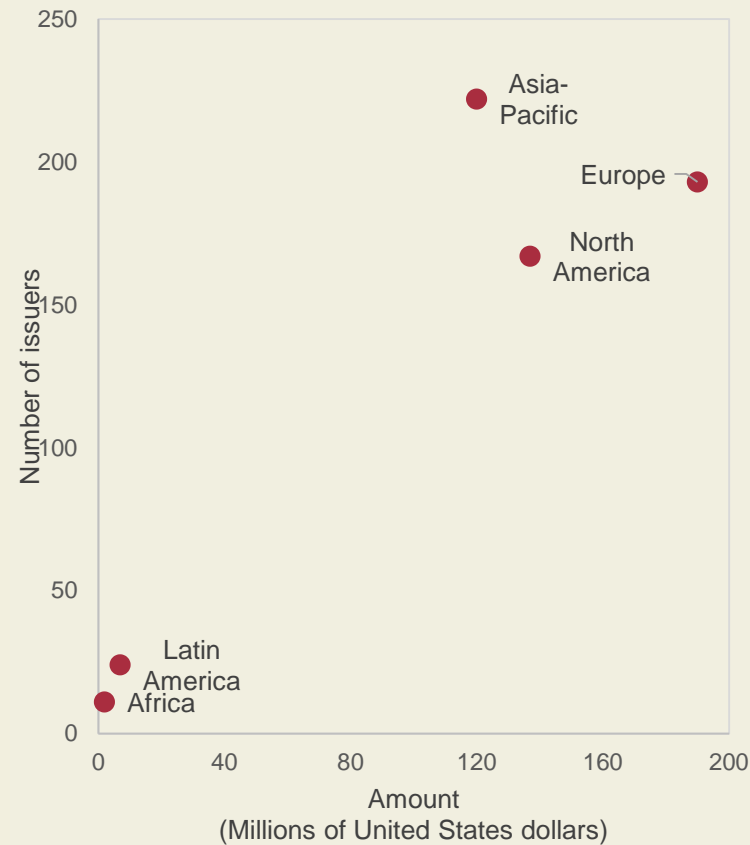
# Innovative arrangements to attract private finance

Volume of **Project Finance** in Asia-Pacific  
2015-2018



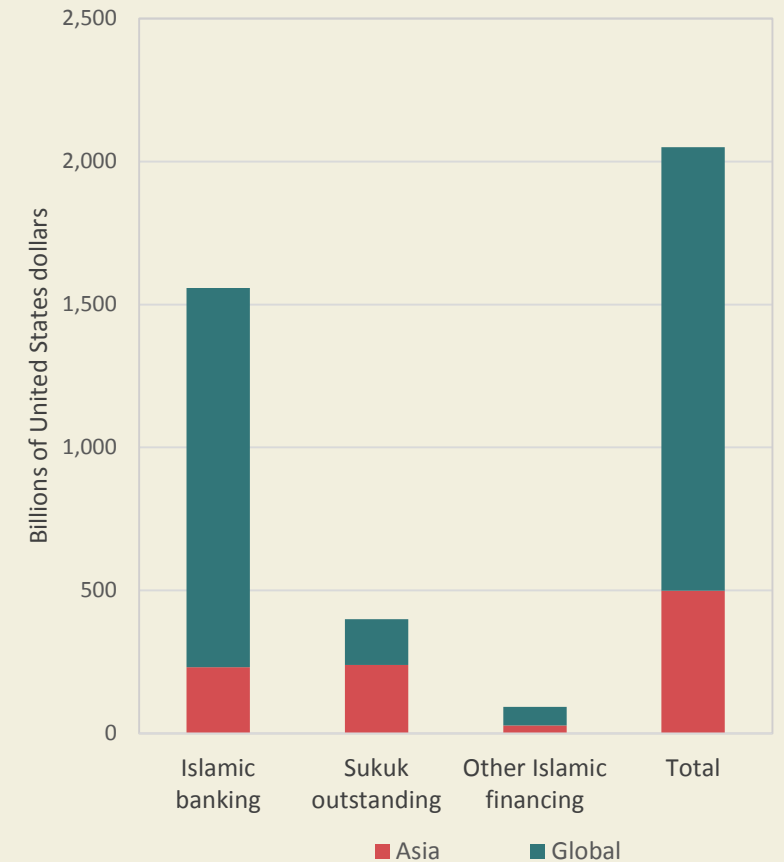
Source: IJ Global Database

Cumulative **green bond** issuance,  
2007-2018  
(corporate and sovereign)



Source: Climate Bonds Initiative

Total worth of the **Islamic financial**  
service industry, 2017



Source: ESCAP, based on  
Islamic Financial Services Board

THANKS