



Partnering Public and Private Investment for Development

Multi-year Expert Meeting on Investment for Development
Third session

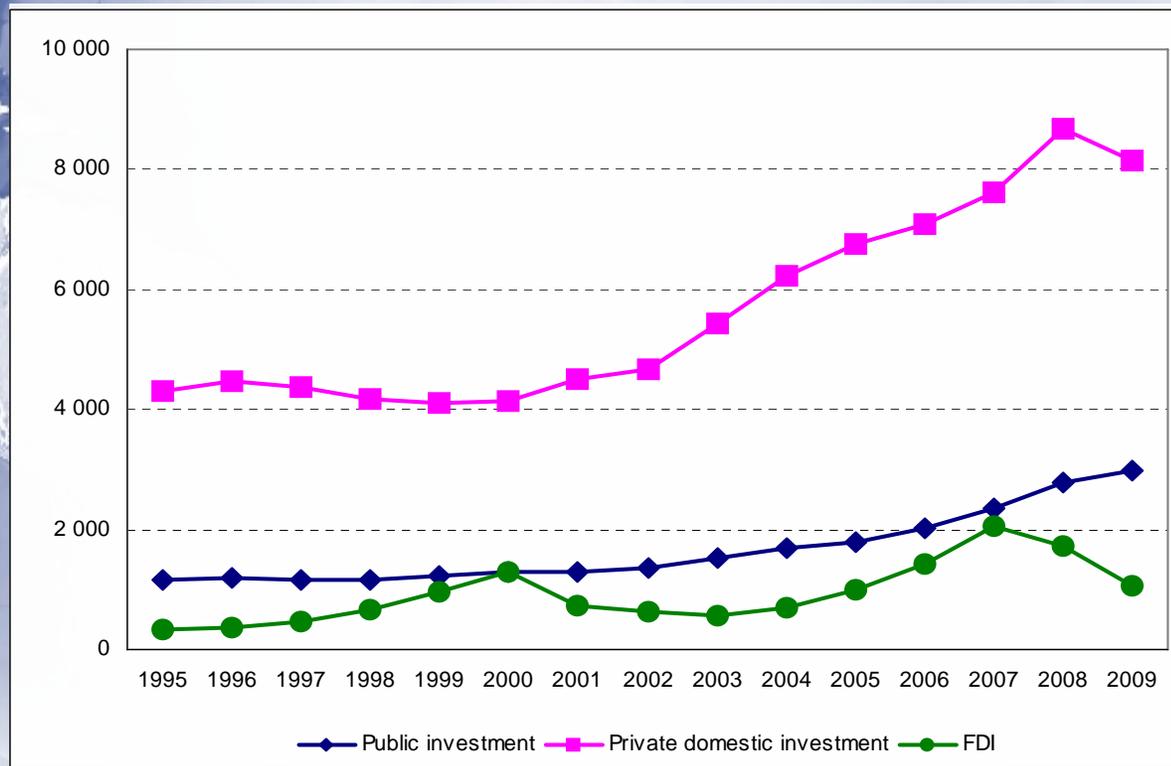
Geneva, 2–4 February 2011

Introduction

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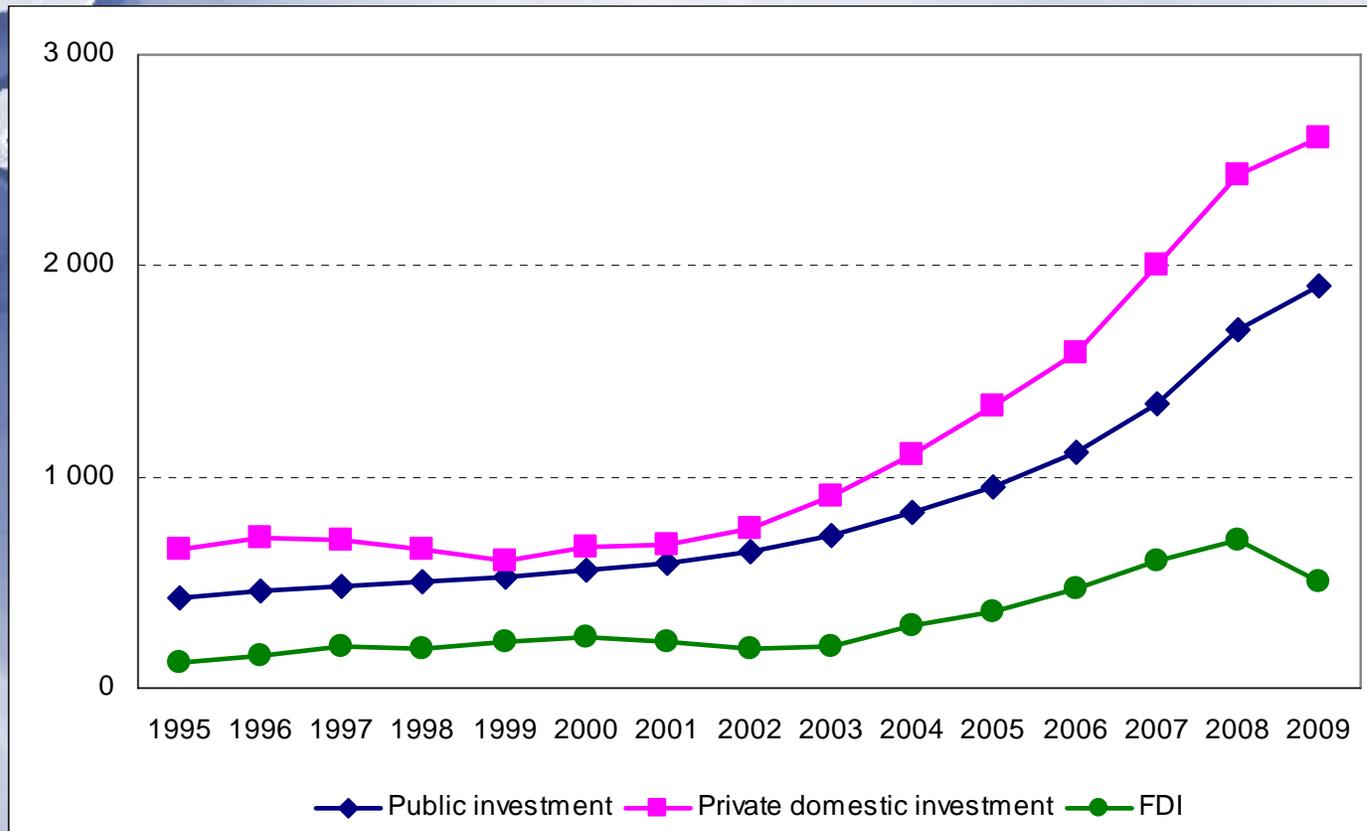
Global public, private investment and FDI, 1995–2009

(Billions of dollars)



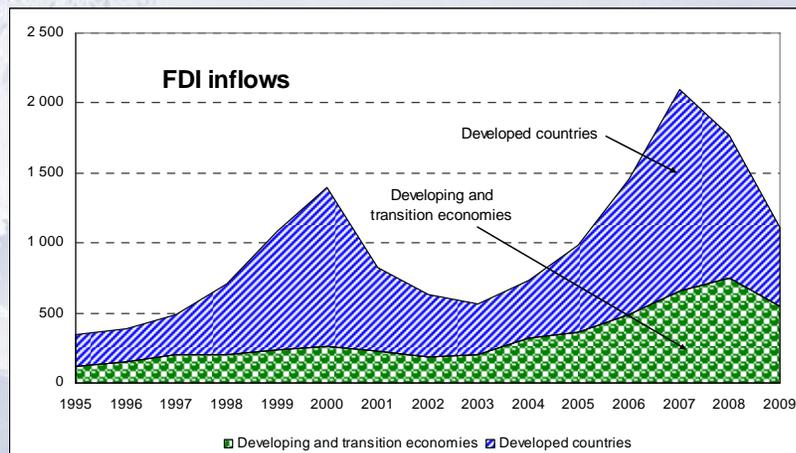
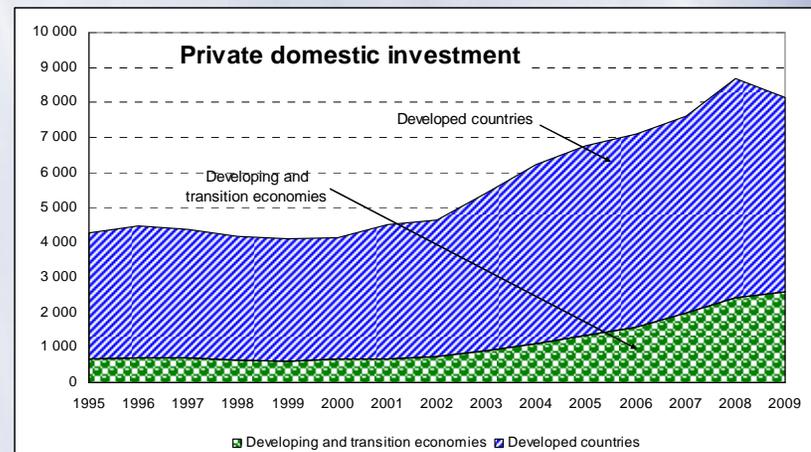
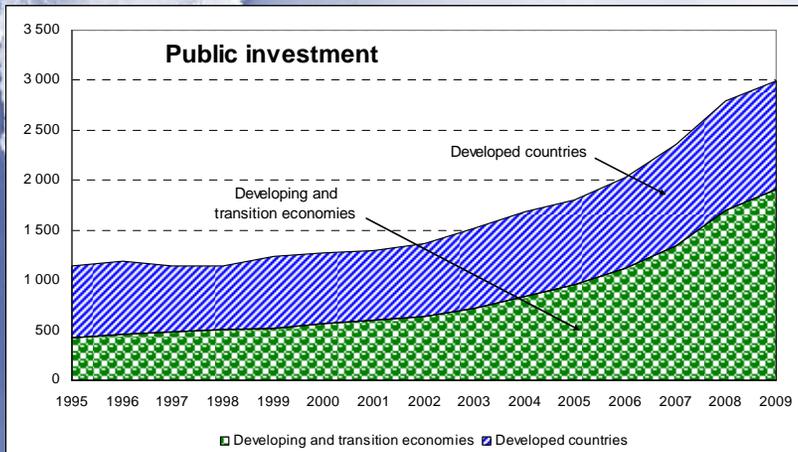
Public and private investment in developing and transition economies, 1995–2009

(Billions of dollars)



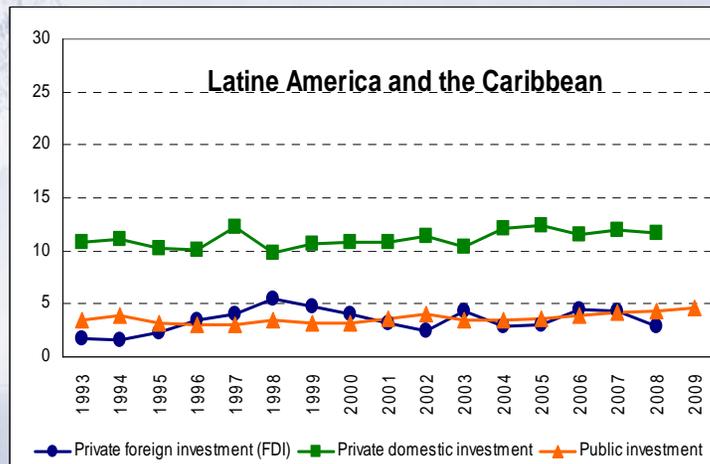
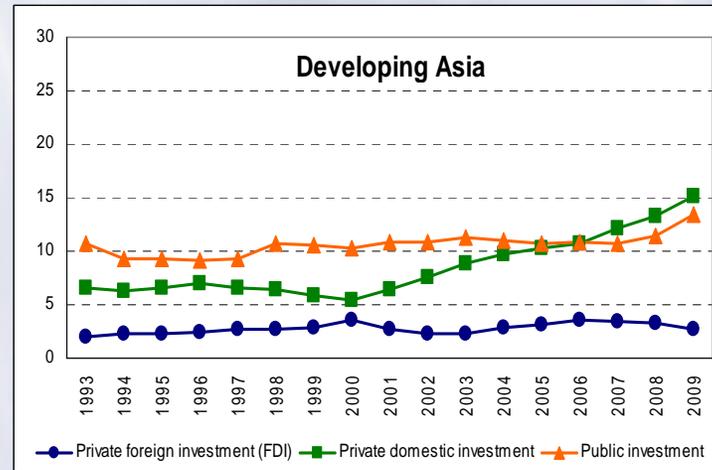
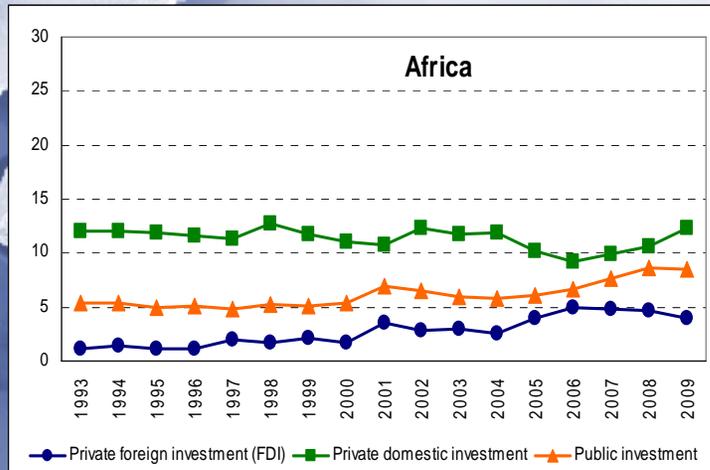
Public and private investment in developing and transition economies, 1995–2009

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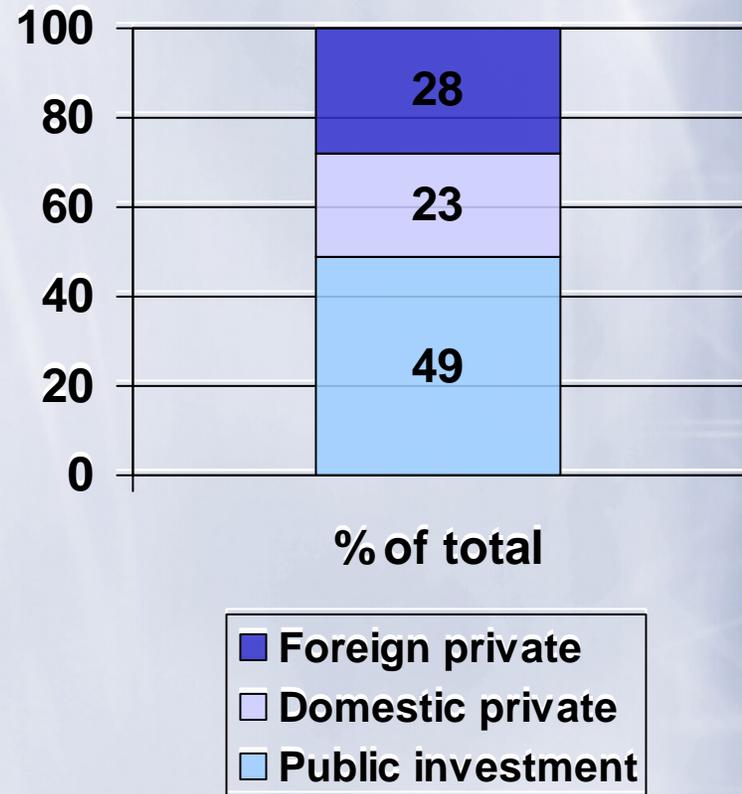
Public and private (foreign and domestic) investment as a share of GDP by developing regions, 1993–2009

(Per cent)



Private participation is crucial in infrastructure development – including by foreign investors

- ✧ Needs far exceed available public resources.
- ✧ Governments have opened up to the private sector.
- ✧ Half of all infrastructure investments in developing countries are financed by private actors.
- ✧ Foreign private investment is often more significant than domestic private investment.



Source: UNCTAD, based on the World Bank's PPI database.

PPP in infrastructure requires multi-actor arrangements

The Bujagali Hydropower project in Uganda is a good case study:

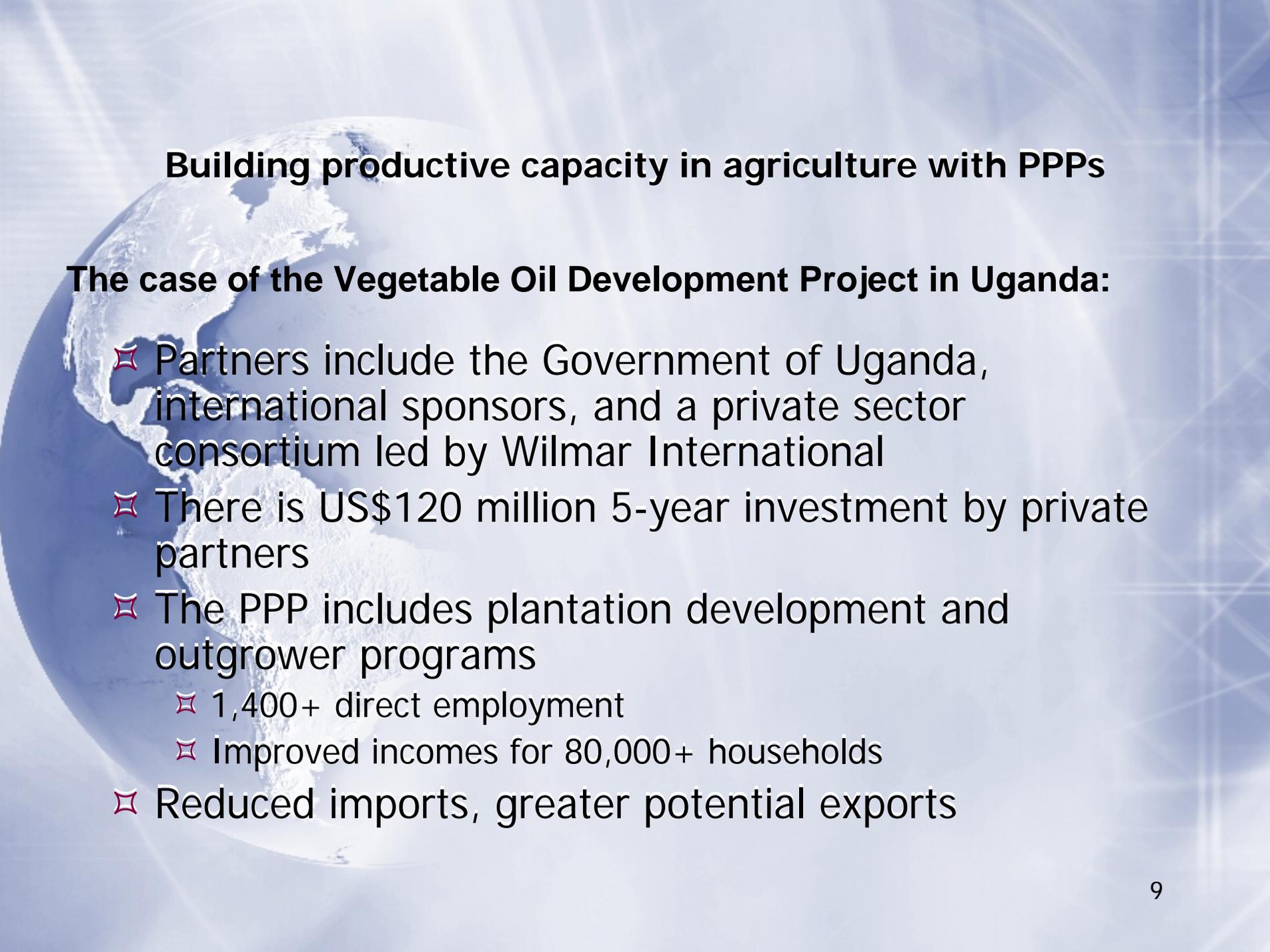
- ✧ The Government is making in-kind contributions
- ✧ The private sector is responsible for developing, financing, constructing and maintaining the facility and related interconnection projects
- ✧ Central piece: A 30-year power purchase agreement
- ✧ International development finance institutions provide most of the financing



Work in progress: September 2010
Source: www.bujagali-energy.com

Private sector participation in agricultural development

- ✧ Successful PPPs serve as important agents of change for revitalizing and expanding agricultural production
- ✧ Examples include:
 - ✧ Improving agricultural technologies, esp
 - ✧ Joint research and development (R&D)
 - ✧ Seed and technology centres
 - ✧ Extension services to help farmers move from subsistence to market-oriented production



Building productive capacity in agriculture with PPPs

The case of the Vegetable Oil Development Project in Uganda:

- ✧ Partners include the Government of Uganda, international sponsors, and a private sector consortium led by Wilmar International
- ✧ There is US\$120 million 5-year investment by private partners
- ✧ The PPP includes plantation development and outgrower programs
 - ✧ 1,400+ direct employment
 - ✧ Improved incomes for 80,000+ households
- ✧ Reduced imports, greater potential exports

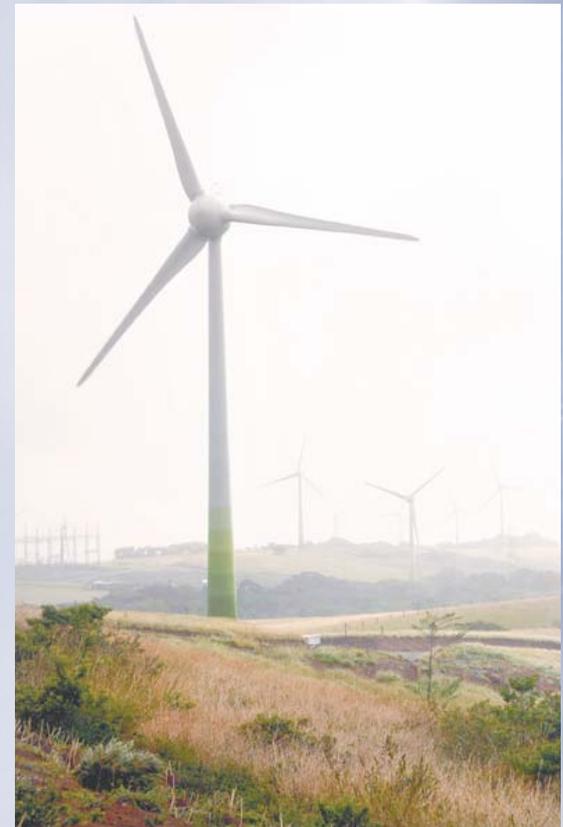
Renewable energy investments through PPPs

- ❖ Low-carbon investments, with their strong development co-benefits, require public support to be realized
- ❖ While this can take many forms, PPPs can serve as an effective means to generate investment

Renewable energy investments through PPPs

The case of Proyecto Eólico Guanacaste in Costa Rica

- ✧ A 50 megawatt wind park, 55 turbines
- ✧ An \$88 million USD investment
- ✧ A Build-Operate-Transfer (BOT) project
- ✧ The Partnership consists of Instituto Costarricense de Electricidad and a private group led by Econergy International
- ✧ Financing secured by Econergy (combination of working capital and medium-term financing)



Reaping benefits from public-private partnerships

- ✧ Development gains through complementarities, synergies and linkages
- ✧ Investment costs and risks shared between the partners
- ✧ Access to technology and know-how
- ✧ More efficiency in the establishment and operation of investment projects

Policy options for interaction between public and private investment

- ✧ Public investment in support of private investment:
 - ✧ Infrastructure, e.g. (high-tech) industrial parks or agricultural storage facilities
 - ✧ R&D programmes
- ✧ Public-private equity joint ventures
 - ✧ State-owned enterprises (e.g. extractive industries)
 - ✧ State-sponsored research institutes
- ✧ Non-equity private investment supporting public investment
 - ✧ Concessions in infrastructure projects



Creating an enabling framework for public-private partnerships

- ✧ Entry conditions for private investors and scope for public-private cooperation
- ✧ Investment promotion and protection
- ✧ Appropriate distribution of responsibilities between public and private partners
- ✧ Securing financing



Thank you