
Project Working Group on Transport and Border Crossing (PWG-TBC)

17th Session
25-26 April 2012
Almaty, Kazakhstan

Public-Private Partnerships in the SPECA region

(Item 4.8 of the Agenda)

Note by UNECE/UNESCAP

1. In the SPECA region, public-private partnership projects (PPPs) have increased in number and scope over the past ten years. According to the Private Partnership in Infrastructure Project Database of the World Bank and the Public-Private Infrastructure Advisory Facility (PPIAF), total investment in public-private transport sector projects in Central Asia was \$193 million in 2000-2004, which increased to \$1,445 billion in 2005-2009. Kazakhstan has had the most experience in private sector involvement in infrastructure development, beginning with PPPs in the energy sector (electricity and natural gas), a railway concession in 2005, a Build-Operate-Transfer project for Aktau airport in 2007, and a management contract for the Astana Airport.

2. However, progress has been significantly constrained for a variety of reasons. PPPs involve relatively complex financial arrangements, compared with more “traditional” forms of project financing, and many governments have limited capacity for developing bankable projects and managing contracts. Meanwhile, the global financial crisis which began in late 2008 brought new challenges, including decreased tax revenue, increased external debt servicing, and additional budgetary burdens due to the need to roll-out measures to support private companies, including the banking sector. It also had tremendous repercussions on the private sector, especially in terms of their access to financing as well as their willingness to shoulder risk. As a result of the crisis, many PPP projects in the pipeline have been unable to reach financial close and have been cancelled or delayed, while projects under construction

face a high risk of renegotiation due to higher borrowing costs and lower-than-anticipated revenues.

3. There is still untapped potential for PPPs for transport infrastructure development in the SPECA region, but in order to use this mode of financing, governments must improve their capacities to engage with the private sector, as well as put in place certain institutional and legal frameworks. Governments also need to improve their capacity to analyse the costs and benefits of infrastructure projects, so as to be able to assess which projects would be suitable for PPPs.

4. UNECE and UNESCAP are continuing to promote PPPs for transport infrastructure development. UNESCAP has focussed on assisting member states in building capacity for designing and implementing PPPs, in accordance with UNESCAP resolution 66/5 on the Implementation of the Jakarta Declaration on Public-Private Partnerships for Infrastructure Development in Asia and the Pacific. In March 2011, it organised a “Regional Meeting on PPP Units and Programmes on Institutional Development and Support to Capacity Building in PPPs” (New Delhi, 29 February –1 March 2011), followed by a Regional Consultation Meeting on curriculum development for formal training and capacity building programmes on PPPs (New Delhi, 2-4 March 2011). It also held a training course on Model Concession Contracts from 25 April to 23 May 2011, the fourth in a series of such courses offered online.

5. UNESCAP is now supporting the Government of Indonesia, which is hosting the Asia Pacific Ministerial Conference on Sustainable and Inclusive Infrastructure Development (2 – 5 May 2012, Jakarta). At this Conference, high level government officials will share their experiences in PPPs in infrastructure development, including in air and sea transport, rail transport, toll roads, as well as water supply and waste sanitation, power generation, and ICT development.

The Project Working Group may wish to

- Encourage SPECA countries to pursue policy measures to create the appropriate institutional environment for the development of public-private partnerships;
- Encourage SPECA countries to strengthen the training programmes for government officials and other relevant stakeholders by taking advantage of training materials on PPPs prepared by UNECE and UNESCAP.