

PAKISTAN DEVELOPMENT FORUM

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Water, Power and Prosperity Session

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The Global Infrastructure Challenges



Percentages of total projected cumulative infrastructure investment needed during the next 25 years to modernize obsolescent systems and meet expanding demand, broken down by region (rows) and sector (columns).

Middle East

\$0.9T

Total projected cumulative infrastructure spending 2005–2030: **\$41 trillion**

Africa \$1.1T

U.S./Canada

\$6.5T

South America/
Latin America

\$7.4T

Europe

\$9.1T

Asia/Oceania

\$15.8T



Source: Booz Allen Hamilton, Global Infrastructure Partners, World Energy Outlook, Organisation for Economic Co-operation and Development (OECD), Boeing, Drewry Shipping Consultants, U.S. Department of Transportation

The National Infrastructure Challenges

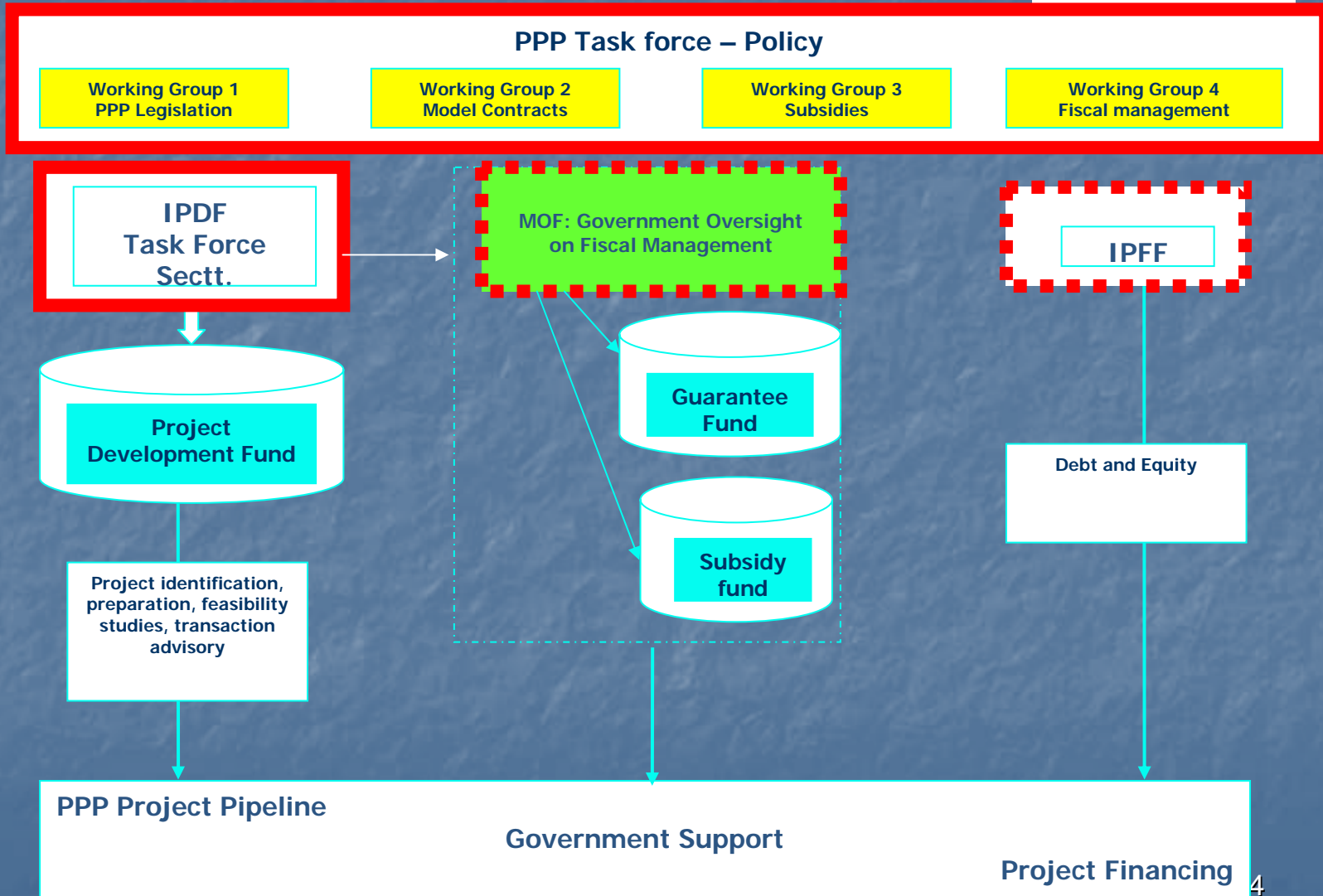
Public Funding – Traditional Approach

- Limited Fiscal Space (*65% of total fixed investment under the MTDF has to come from the private sector*)
- Fiscal Responsibility and Debt Limitation Legislation
- Capacity to plan, procure and operate infrastructure

Private Funding – New Approach

- Gap between Economic Viability and Financial Viability
- Credit Worthiness of the Off Takers
- Lack of Long Term Fixed Rate Financing
- Tradition of Ad acohim

Government's Response



IPDF Sector Focus

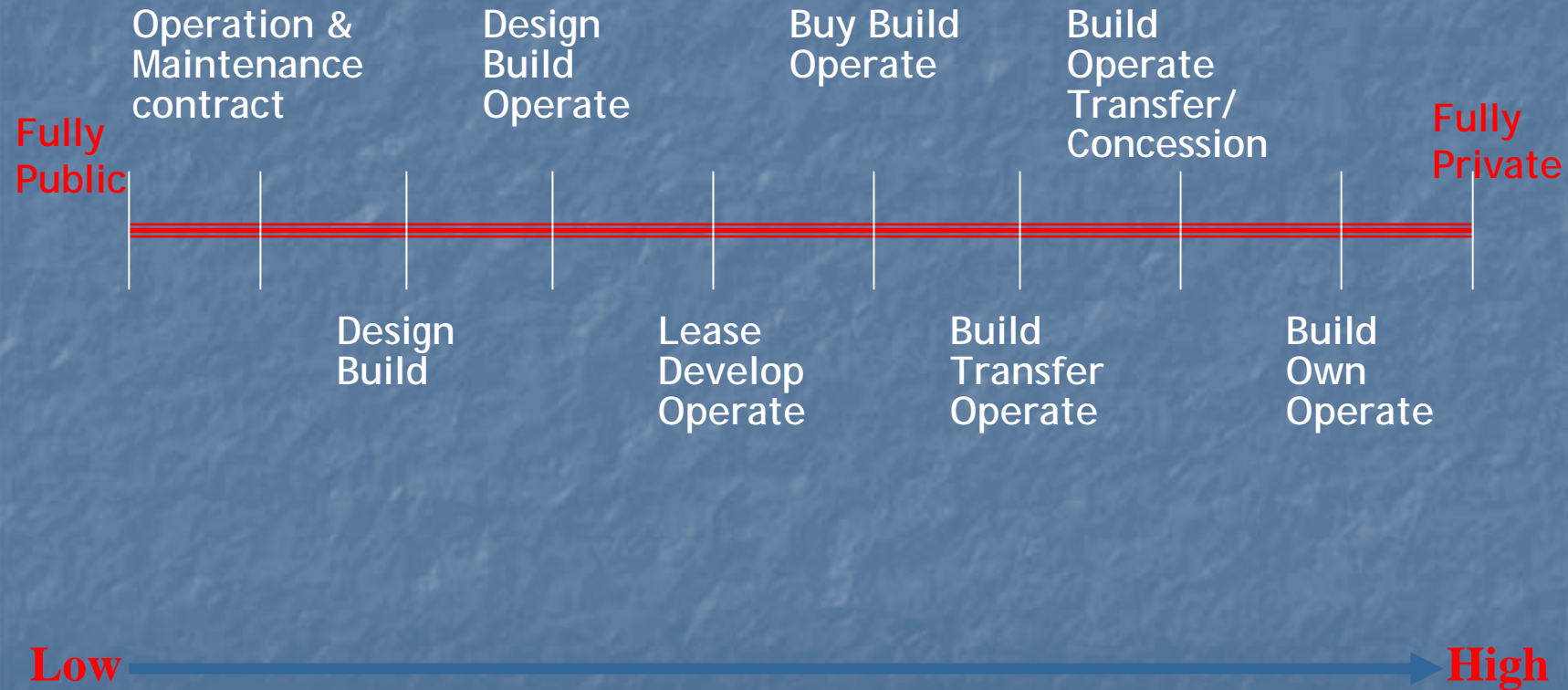
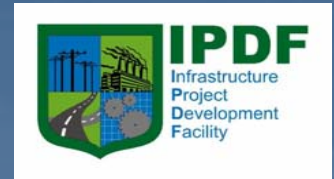
PPP project evaluations will focus on, but will not be limited to, the following sectors:

- ❖ **Supply Chain Logistics** (Trucking, warehousing, wholesale markets, seaports, fishing harbours, slaughter houses, cold storage, airports, rail, roads etc.)
- ❖ **Mass Urban Public Transport** (buses, rail rings, intercity rail links etc.)
- ❖ **Basic Municipal Services** (Water Supply and Sanitation, Solid Waste Management etc.)
- ❖ **Basic Social Services** (Health Facilities, Educational Facilities, community centers etc.)
- ❖ **Energy** (Other than PPIB Projects - Captive Power, Multipurpose Water Reservoirs)
- ❖ **Real Estate** (office accommodation, low cost housing etc.)

Typical PPPs in Water and Power Sectors

- IPPs
- Captive Power Generation
- Water Distribution
- Water Treatment Plants
- Multipurpose Water Reservoirs

PPPs : Spectrum of Options



Roles, Skill Requirements, and Risks of Private Sector

Achieving Value for Money

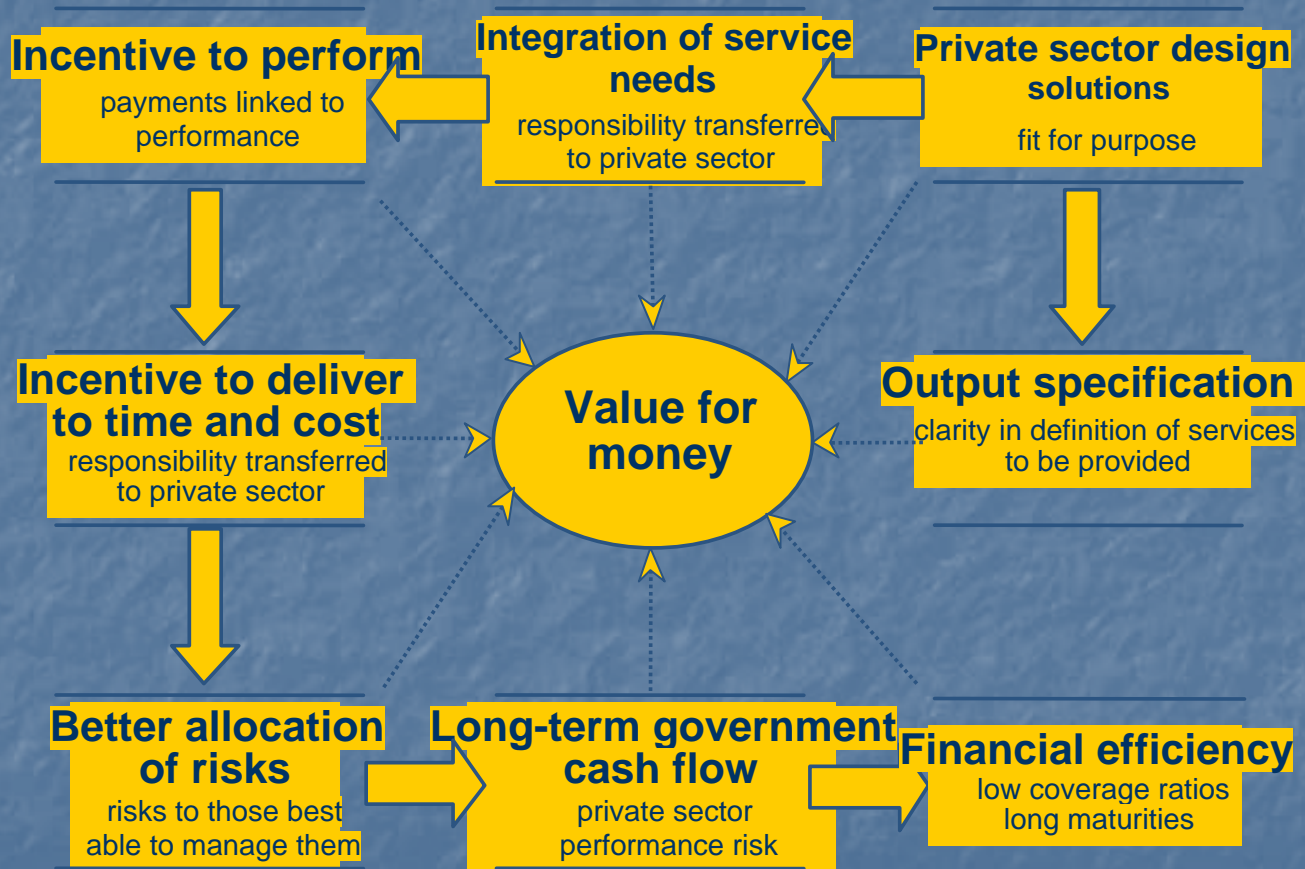
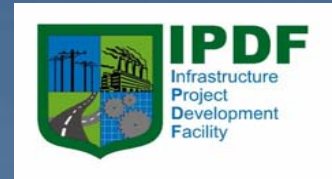
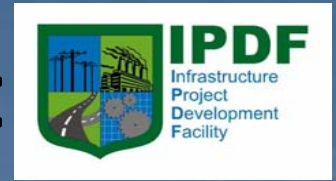


Illustration of Complexities:

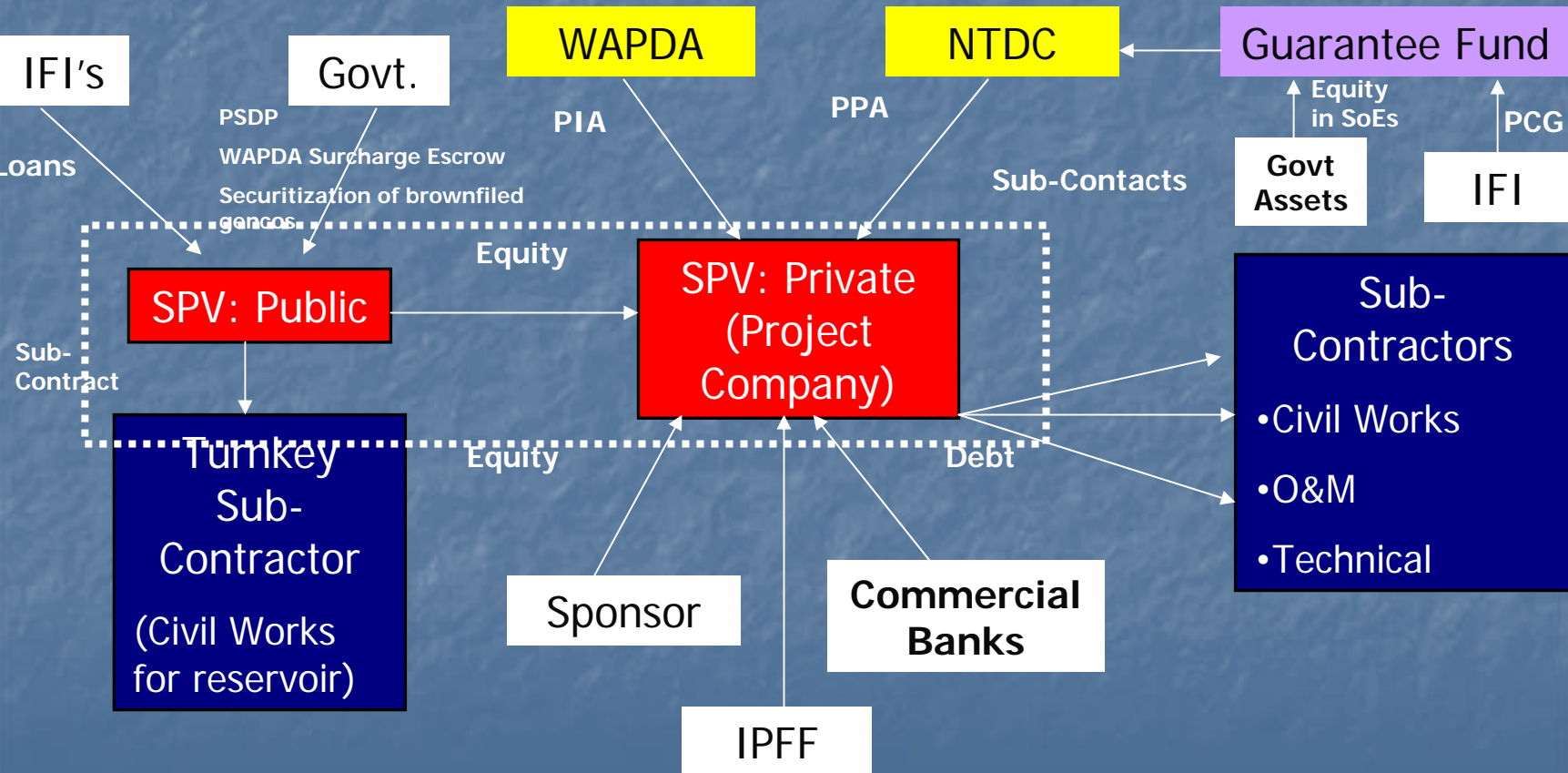
Structure for an MWR



Pre-Development Phase

Development Phase

Operational Phase



Timeline

- IPDF Launched 2nd Quarter of FY06/07
- IPFF being launched 4th Quarter of FY06/07
- PDF Fund scheduled to be launched 2nd Quarter of FY07/08
- Viability Gap Fund scheduled to be launched 2nd Quarter of FY07/08
- Guarantee Fund planned to be launched 4th Quarter of FY07/08

Thank You

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