

# Public-Private Infrastructure Advisory Facility (PPIAF)



**Presentation to Financing  
Renewable Energy Projects  
Training Program  
October 11, 2012**

# Agenda

- 1. Structuring PPPs**
- 2. What is PPIAF?**

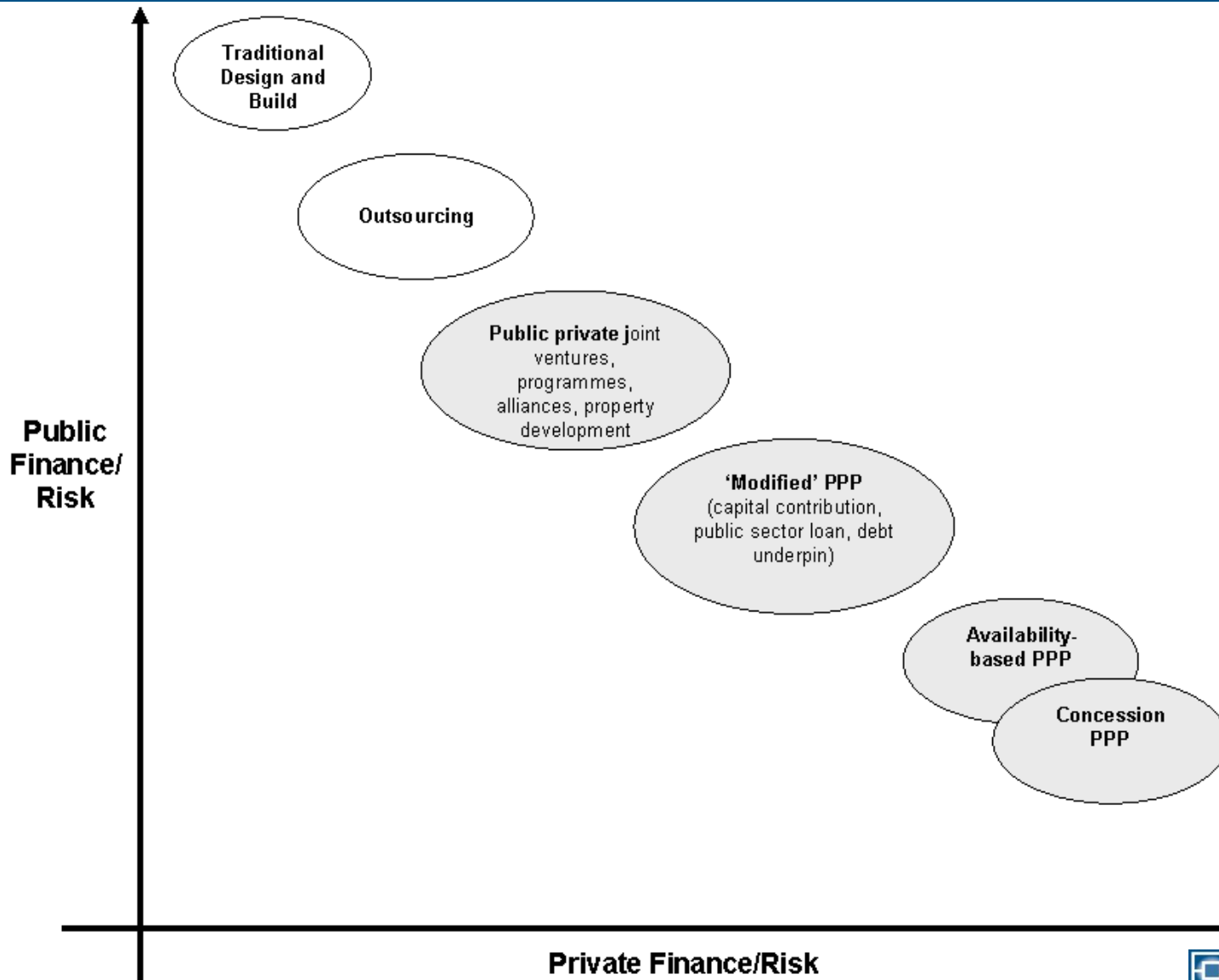
# Agenda

## 1. Structuring PPPs

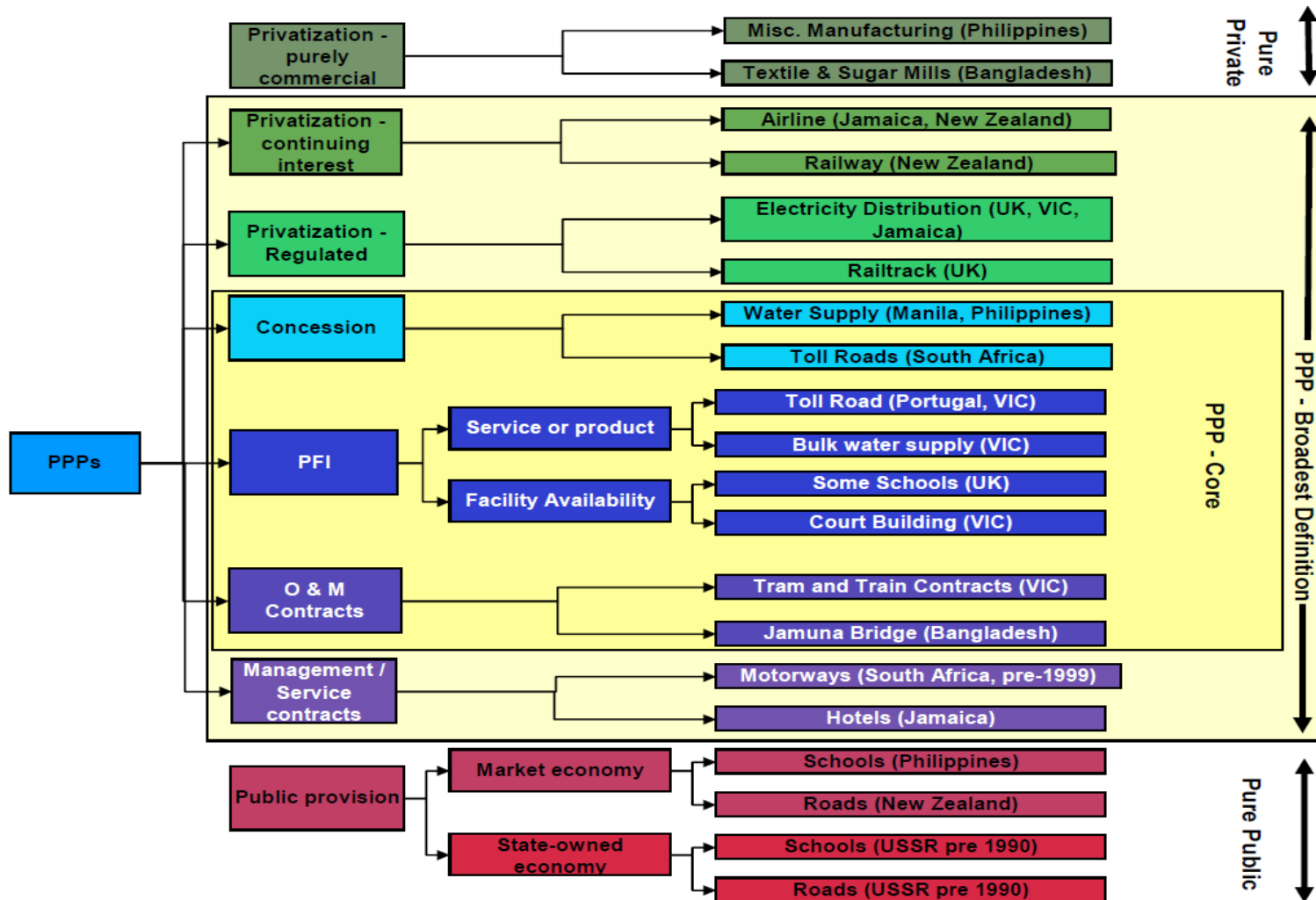
# What are PPPs?

- **A PPP involves the private sector in aspects of the provision of infrastructure assets and services that have traditionally been provided by government**
- **Key characteristics of all PPPs:**
  - Long-term contractual relationship between public and private sector
  - Transfer of key project risks to the private sector
  - Ownership and accountability for assets generally remains with the public sector
- **PPPs vary in nature according to the level of risk transferred and the level of private finance/capital deployed**

# What are PPPs?



# The Spectrum of PPPs



# Common Contract Structures for Renewable Energy Projects

## Greenfield & Brownfield

- Brownfields include: expansions and rehabilitations of existing assets
- Example: Ormat Orkaria Geothermal Plant - *Kenya*

## Permanent private ownership (BOO)

(57% in 2011)

- Common with wind/solar farms. Average contract length in 2011: 26 years
- Example: 40MW La Fe San Martin Wind Farm - *Nicaragua*

## Temporary private ownership (BOOT)

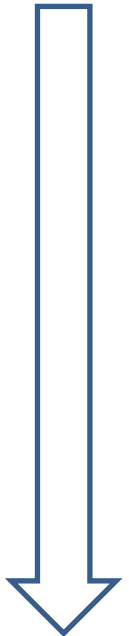
(37% in 2011)

- Common where resource ownership remains with government, i.e. hydropower. Average contract length in 2011: 33 years
- Example: 120MW Itezhi-Tezhi Hydropower Plant – *Zambia*

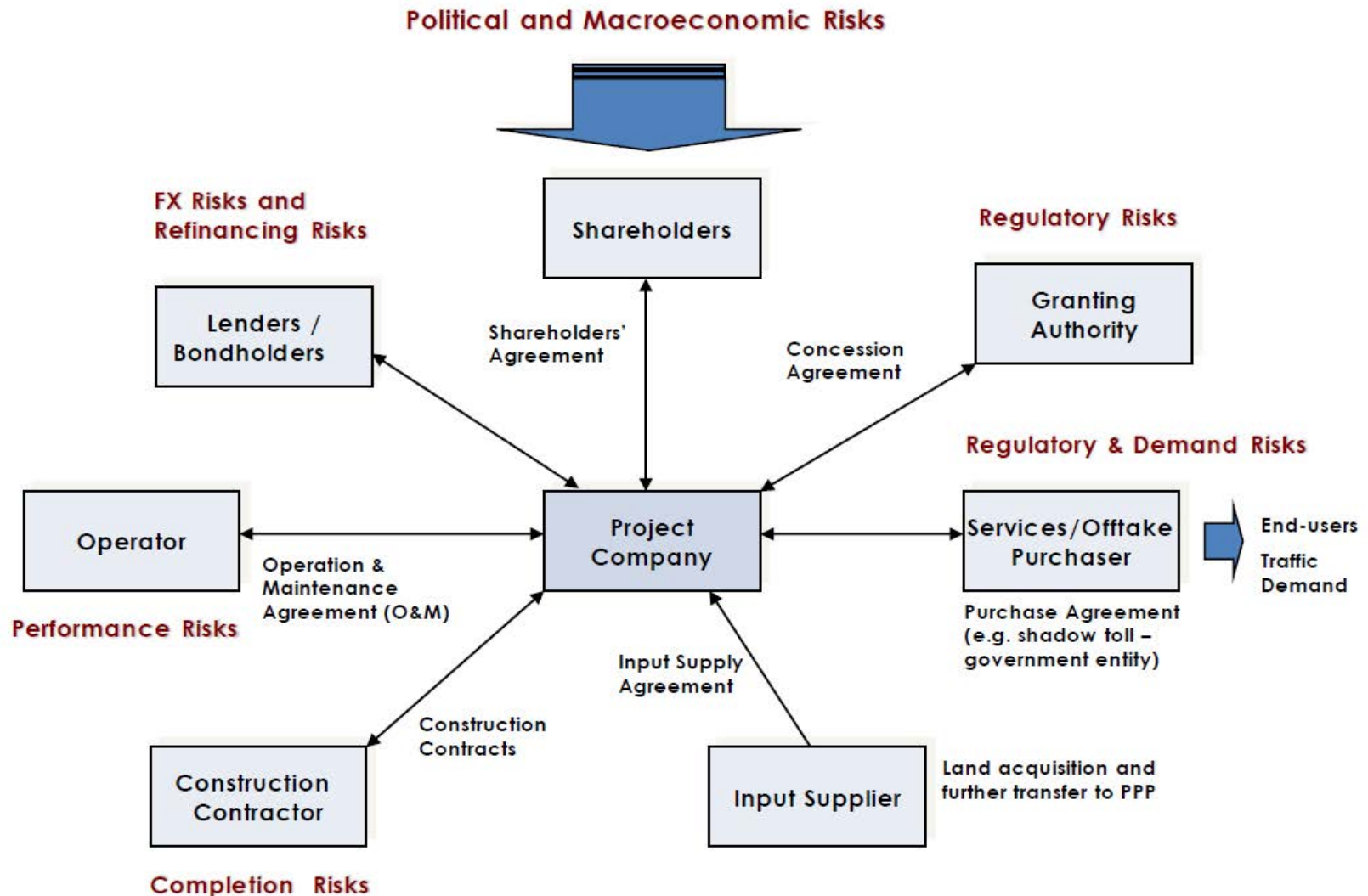
## No private ownership: Management and Lease contracts

- Example: 52 Small Hydropower Plants - *Turkey*

Decreasing  
Private Sector  
involvement



# A Typical PPP Structure

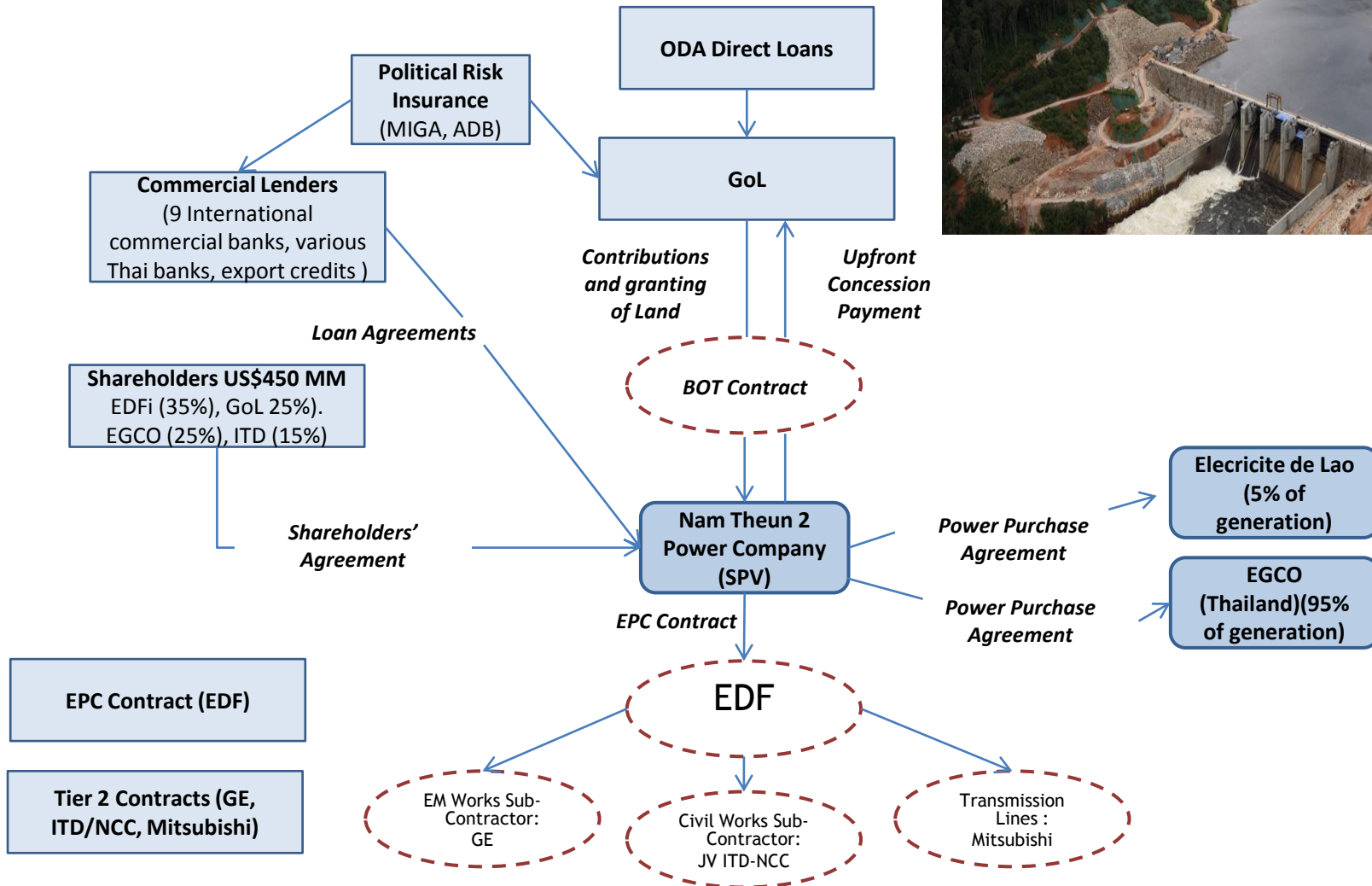






# Nam Theun 2 Hydroelectric Project

1,072 MW – 25 year BOT – US\$1.25 billion - Lao PDR



# Agenda

## 2. What is PPIAF?

# PPIAF supports private sector investment in developing countries

## A. Technical Assistance to Governments to Structure PPPs

### Enabling Environment Reform

- Policy development
- Legal and regulatory reforms
- PPP options
- Tariff regimes

### Project Preparation

- Business plan development
- Pre-feasibility studies
- Preparation of concessions, PPAs
- Negotiation of contracts

### Capacity and Awareness Building

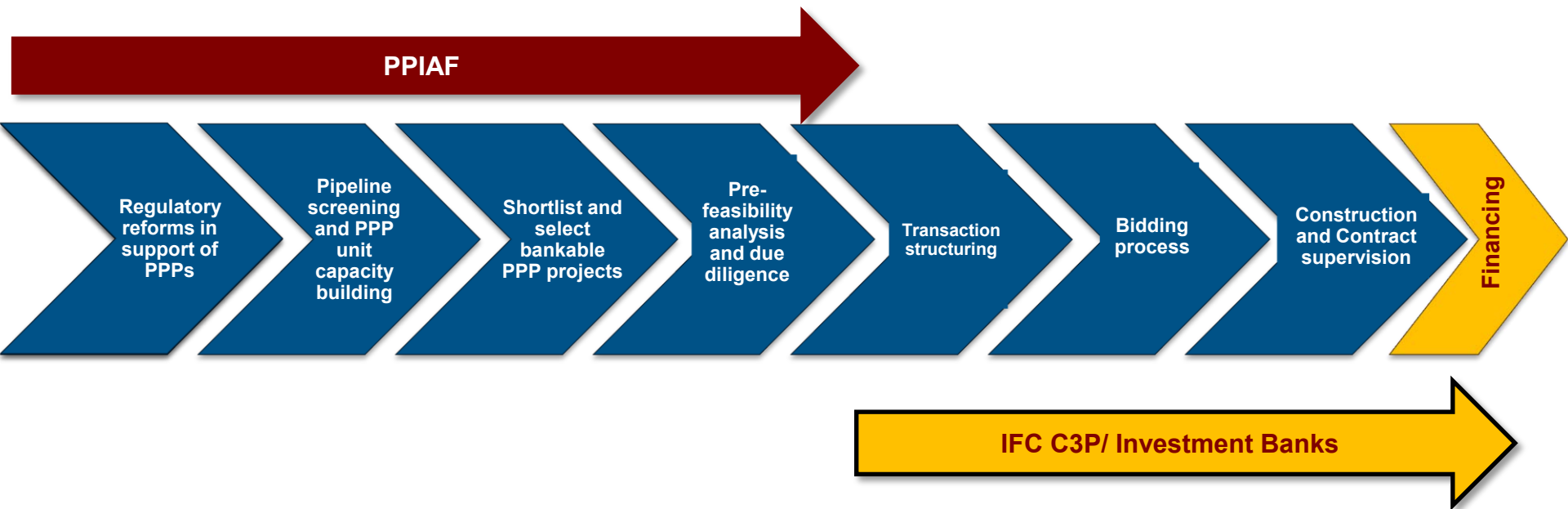
- Knowledge products
- Training
- Rapid diagnosis for PPPs

## B. Sub-National Technical Assistance

Capacity creation in local utilities and municipalities to help them access financing on commercial terms and to improve their creditworthiness

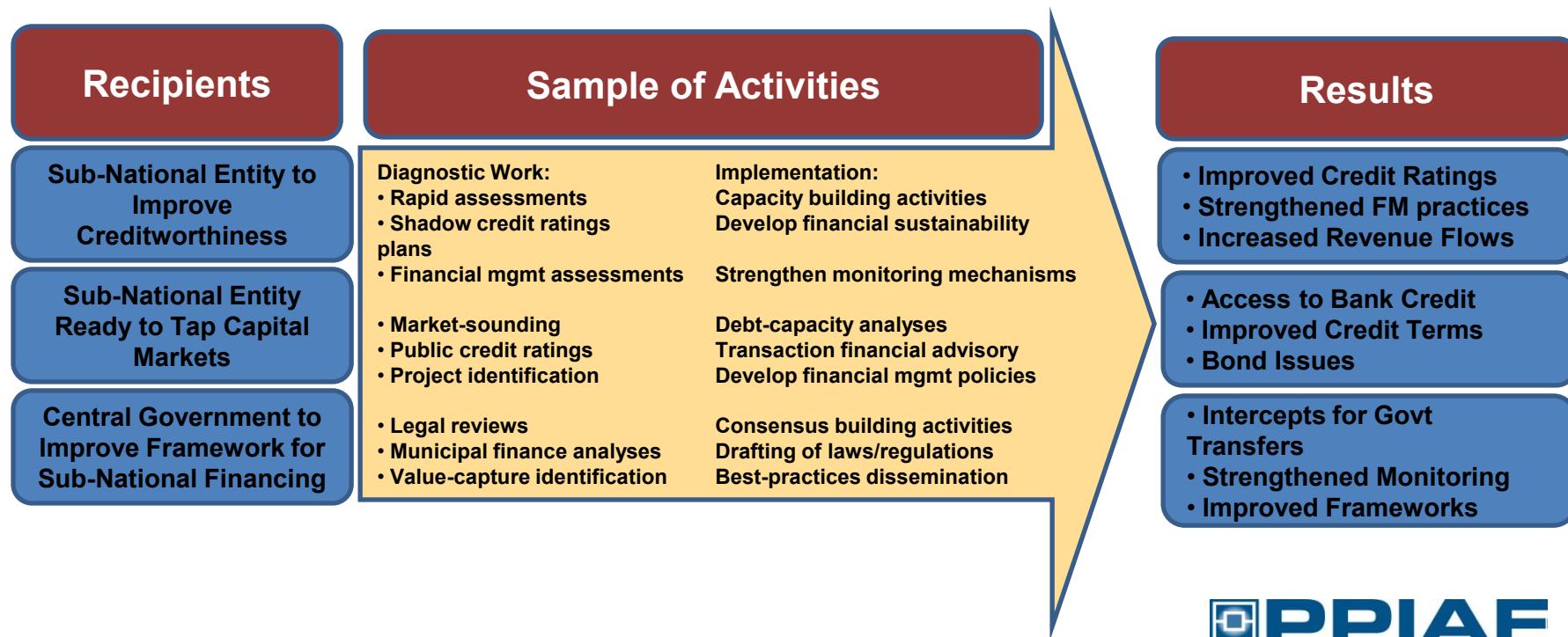
# Support for PPPs: PPIAF supports the business enabling environment

## Regulatory reforms in support of PPPs



# SNTA Program

- SNTA provides TA grants to help sub-national entities improve their creditworthiness to help them access market-based financing without sovereign guarantees.
- SNTA is widening the nature of its support so that LIC sub-nationals can receive TA that is reflective of where they are on the journey towards accessing sub-national finance.



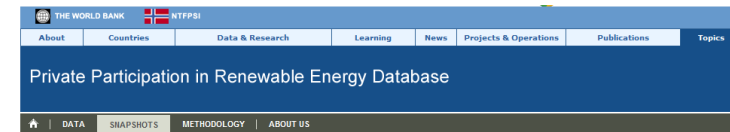
# Examples of support to renewable energy projects

- **Kenya: Assessment of Geothermal Development Company for Enhanced Access to Finance**
  - Diagnostic of the Geothermal Development Company's finances to identify weaknesses and recommend capacity building measures
  
- **Guinea: Energy Sector Hydro PPP – Capacity Building & Project Preparation**
  - Developing the capacity of the Ministry of Energy to manage the selection of private investors and prepare the development of the first IPP transaction
  
- **Lesotho: Renewable Energy Sector Gap Analysis**
  - Assisting the Government of Lesotho to analyze the specific gaps and weaknesses in the existing regulatory, institutional, and policy framework for the renewable energy sector

# Measuring Private Investment in Renewable Energy

## Private Investment in Renewable Energy Database

- A project portal that collects data on utility-scale renewable energy projects with private participation in IDA and IBRD countries, integrated with the PPI Database.  
<http://ppi-re.worldbank.org>.
- Launched August 2012: data on financed RE projects between 1990-2011, based on public sources and updated semi-annually (iterative process).
- Detailed project level information on >750 financed RE projects, and 350 pipeline projects since 2011.



### Global

#### Highlights

- In 2011, 12,014 MW of renewable energy projects with private participation reached financial closure in developing countries, with total project costs of USD 22,674 million.
- For pipeline projects the global potential installed capacity reached 34,683 MW.
- The most active region was Europe and Central Asia, with 13,393 MW of pipeline, and 2,116 MW or USD 3,578 million in closed projects.
- The most active country was Brazil, with 948 MW in pipeline, and 4,933 MW or USD 8,896 million in closed projects.
- Wind was the most active technology, totaling 17,799 MW in pipeline, and 4,774 MW or USD 9,921 million in closed projects.
- The most active sponsor was Iberdrola SA of Spain, with 1,700 MW in pipeline, and 1,820 MW or USD 1,760 million in closed projects.

#### More snapshots

Select a technology  
-OR-  
Select a country  
-OR-  
Select a region  
-OR-  
Global snapshot

