

Advisory Services in Public-Private Partnerships

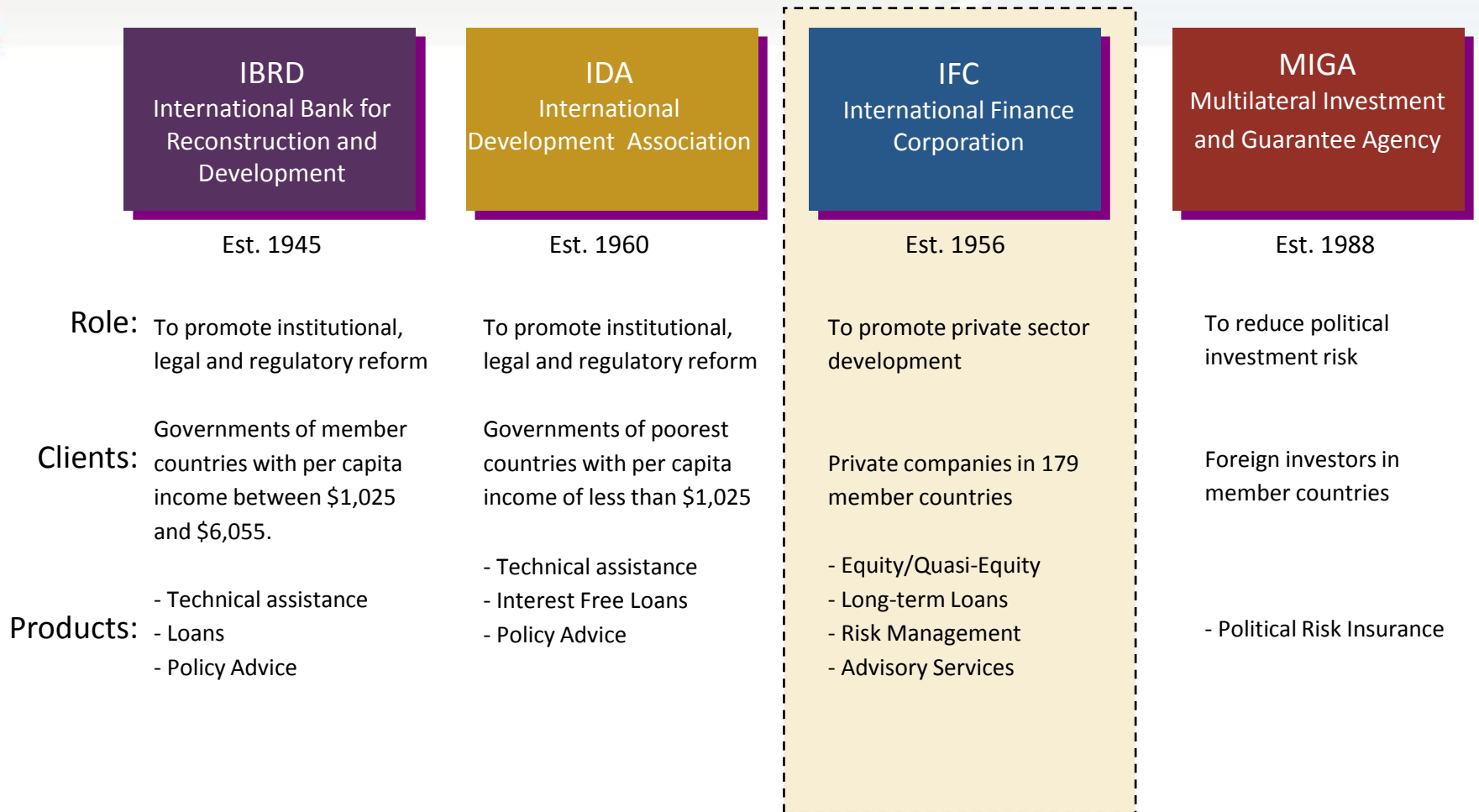
*Creating opportunity
where it's needed most*

PPPs in Africa

May 31, 2013

Introduction to IFC

IFC is a member of the World Bank Group



← Shared Mission: To Promote Economic Development and Reduce Poverty →

IFC's Three Businesses

Investment Services

Loans
Equity
Trade finance
Syndications
Securitized finance
Blended finance

**\$56.5 b
portfolio**

Advisory Services

Access to finance
Sustainable Business
Investment Climate

Public-Private Partnerships

**\$200 m
per year**

IFC Asset Management Company

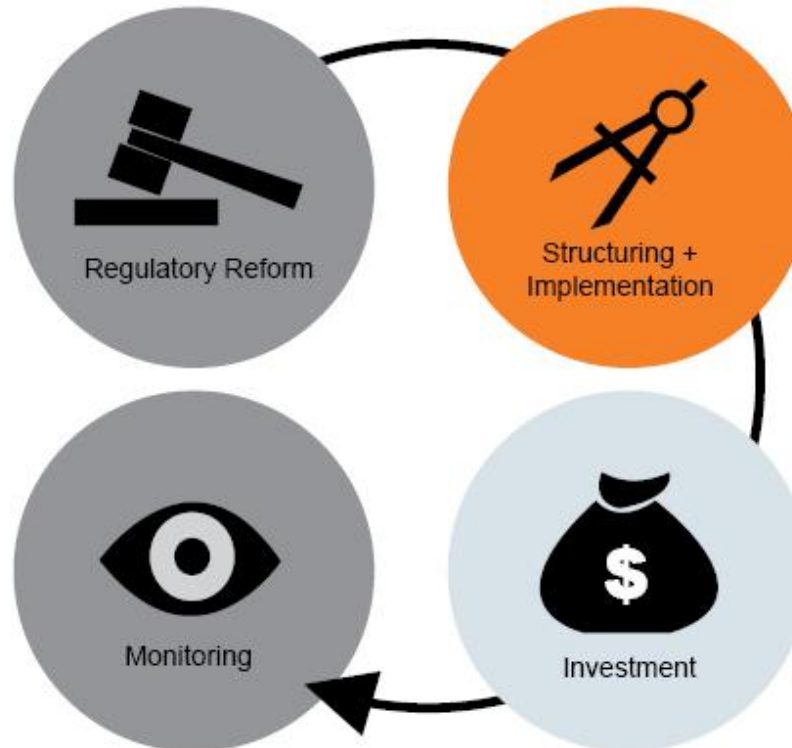
- Wholly owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC

**\$4.5 b
under
mgmt**

IFC and WBG Support for PPPs



- Introducing competition
- Setting the conditions for private investment



- Assessing consistency with environmental and social standards.
- Tracking results and sharing lessons.



- Advising governments
- Collaborating with donors
- Implementing private-sector participation arrangements (PPPs)



- Financing projects through debt, equity and mobilization of external resources.

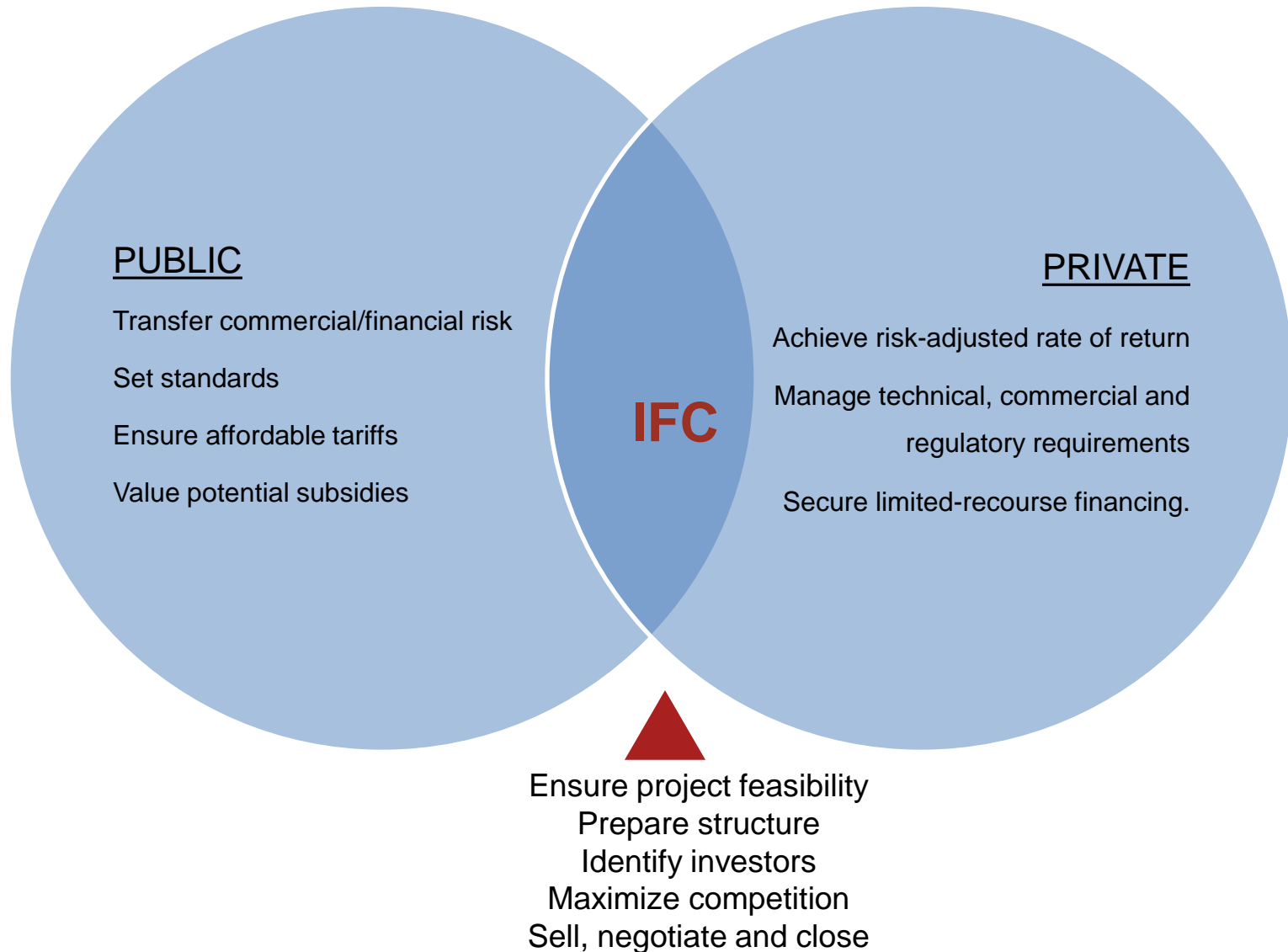
Why we support PPPs

What is a PPP?

“A partnership between the public and private sector to deliver a public service with full or partial transfer of risks to the private sector”



A win-win solution



Performance Gains: PPP (302) vs. SOE (928)

- **12% increase in residential connections** for water utilities
- **54% increase in residential connections per worker** for water utilities and a **29% increase** for electricity distribution companies
- **19% increase in residential coverage** for sanitation services
- **18% increase in water sold per worker** and a **32% increase** in electricity sold by worker
- **45% increase in bill collection rates** in electricity
- **11% reduction in distribution losses** for electricity and a **41% increase in the hours of daily water service**
- **24% increase in labor productivity** in electricity and **22% in water** following PSP



Source: Gassner & Popov 2008, Gridline #36, Sample of 302 utilities with private sector participation and 928 state-owned companies in 71 developing countries

Working with IFC

The partner of choice in PPPs

Market knowledge

and experience as both advisor
and investor

**Objectivity &
transparency**
in transactions

24

years in PPPs

Neutral partner

balancing objectives of
government, consumers
and investors

IFC's value added

Pioneering transactions
in frontier markets & sectors

**Long-term
partnerships**
and shared
objectives

**Social and
environmental**
development
commitment

Expertise of the largest
multilateral developmental
organization

IFC's record of success



Ongoing/Successful

Impact of IFC PPPs



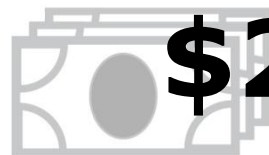
35.5
million

people with first-time or improved access to education, electricity, health, sanitation, water, and other basic services.



\$3,000,000,000

in private investment

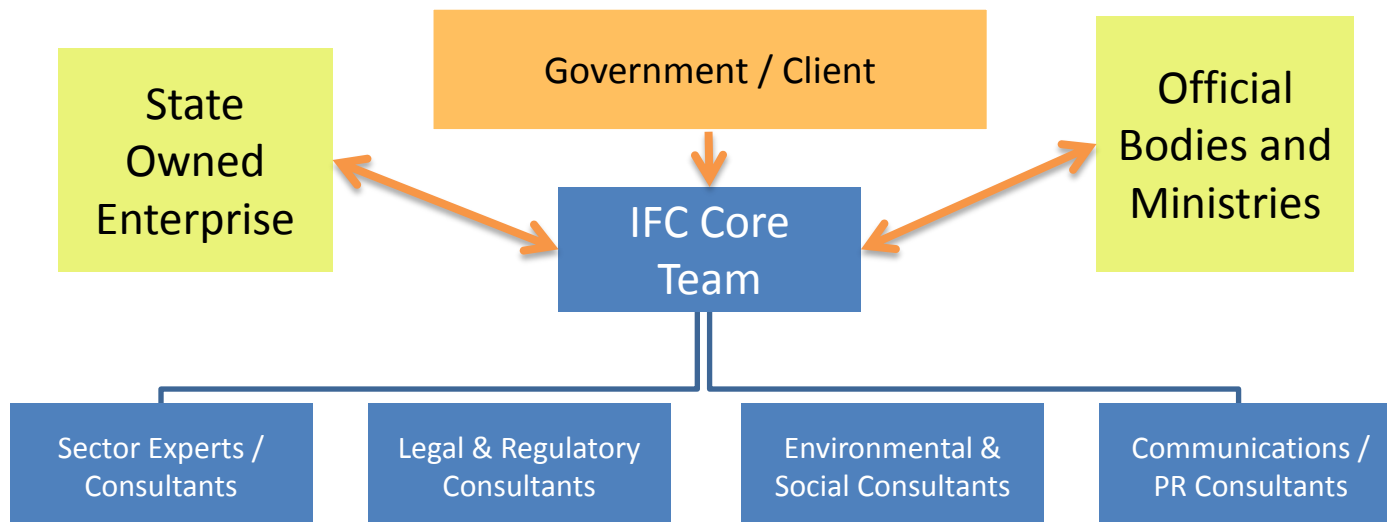


\$2,000,000,000

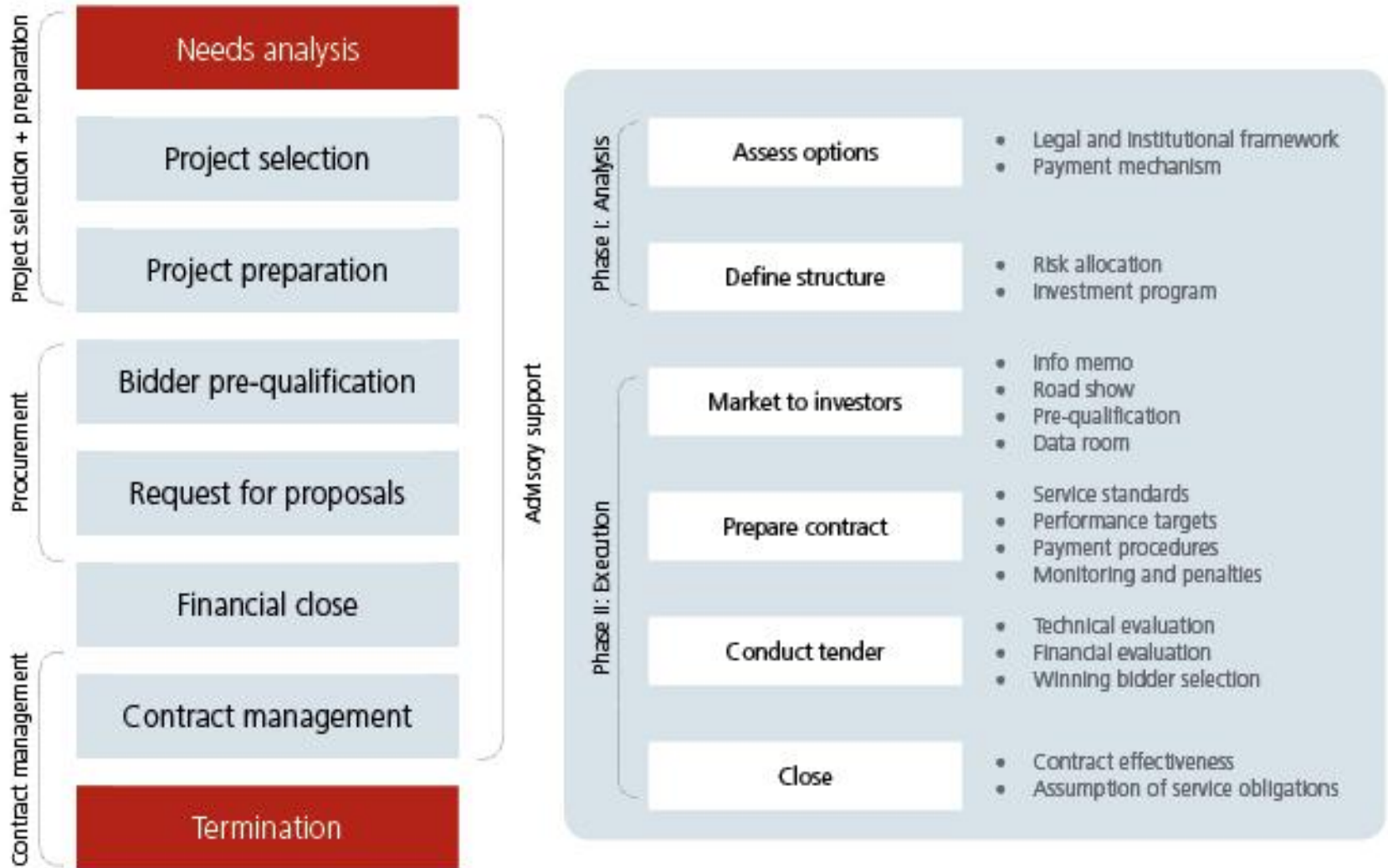
in fiscal benefits

IFC C3P's Role in PPPs

- Serve as lead advisor to:
 - **Recommend Strategy** for private sector participation in the Project
 - **Conduct Due Diligence** for market, technical and legal data
 - **Review /Suggest Policy Changes** (if any) necessary for the Project's success
 - **Market Transactions** to potential operators and industry investors
 - **Manage the Bidding Process** ensuring transparency and competitiveness



The PPP process



IFC PPP Advisory Mandates in Africa (ongoing)

	Project Name	Country	Sector	Status	
1	Benin Hospital PPP	Benin	Health	Feasibility Stage	■
2	Comoros Telecom	Comoros	Telecommunications	Feasibility Stage	
3	Guinea Bissau electricity and water	Guinea Bissau	Water/Power	Feasibility Stage	
4	Kenyatta University student accommodation	Kenya	Education	Procurement	
5	Health Centres PPP (170)	Lesotho	Health	Feasibility Stage	■
6	Wind Energy PPP	Lesotho	Renewable energy	Feasibility Stage	
7	Tourism PPP	Lesotho	Tourism	Feasibility Stage	■
8	Nouakchott port	Mauritania	Transport	Feasibility Stage	
9	Pharmaceutical Supply Chain	Southern Sudan	Health	Feasibility Stage	
10	Nyagak III	Uganda	Water	Feasibility Stage	
11	Kenya Multimedia ICT Park (KMIP)	Kenya	Other	Feasibility Stage	
12	Mauritius Port privatisation	Mauritius	Transport	Procurement	
13	Cross River State Hospital PPP	Nigeria	Health	Procurement	
14	Kigali Bulk Water	Rwanda	Water	Feasibility Stage	
15	Niger Dry Port	Niger	Transport	Feasibility Stage	
16	Benin Water & Sanitation	Benin	Water	Feasibility Stage	
17	Ghana health	Ghana	Health	Feasibility Stage	
18	Kampala Waste Management PPP	Uganda	Waste	Feasibility Stage	

IFC PPP Advisory Mandates in Africa (closed)

Completion Date	Project Name	Country	Sector	
1998	Uganda SNO	Uganda	Telecommunications	
1997	Gabon SEEG	Gabon	Water/ power	
2000	Uganda Telecom	Uganda	Telecommunications	
2001	Mauritel	Mauritania	Telecommunications	
2001	SONEL	Cameroon	Power	
2001	SANParks	South Africa	Tourism	
2003	Air Tanzania	Tanzania	Transport	
2005	Moatize	Mozambique	Mining	
2005	Toamasina Port	Madagascar	Transport	
2005	Kenya Uganda Rail	Kenya and Uganda	Transport	
2008	Lesotho National Referral Hospital	Lesotho	Health	
2008	Kenya Safaricom	Kenya	Telecommunications	
2009	Benin Port	Benin	Transport	
2009	Uganda Small Scale Water	Uganda	Water	
2010	Cape Sierra Hoteal	Sierra Leone	Tourism	
2010	Monrovia Power	Liberia	Power	
2012	Lesotho Medical Waste Pilot	Lesotho	Health	■

■ Funding from Government of Japan

Lesotho National Referral Hospital PPP

- IFC was transaction advisor to Government for the development of a new national referral public hospital with higher level of service and quality.
- October 2008: GoL signed an 18-year PPP agreement with Tsepong Pty Ltd (regional consortium led by Netcare with significant local participation)
- PPP: design, construction, finance, full operation of a greenfield 425-bed **national referral public hospital**, a new **gateway clinic** and refurbishment of **3 primary care clinics** in Maseru
- Primary care clinics opened in May 2010; new hospital opened in October 2011
- Government provided capital contribution of 40% of total capex
- Government pays Private Operator an annual Unitary Payment which guarantees service to 20,000 inpatients and 310,000 outpatients p.a.
- WBG Support: GPOBA: US\$6.25m – output based aid for service delivery in early years to assist Government budgeting. Strong World Bank sector and country support for the project.
- Impact: (i) Co-pay per patient does not change and is same as other public health facilities in country (\pm US\$1.25 per patient); (ii) First for Africa – clinical and non-clinical public services delivered by a Private Operator.



Cape Sierra Hotel PPP



- March 2009: Government of Sierra Leone awarded a 25 year lease of the Cape Sierra Hotel to the National Social Security and Insurance Trust (NASSIT). The lease provided that NASSIT would redevelop the Cape Sierra Hotel to an international class standard.
 - NASSIT assigned its rights under its lease to the Winning Bidder through a sub-lease and concession agreement. Private operator to redevelop and operate the Cape Sierra Hotel and NASSIT receives percentage of revenue p.a.
 - IDEA(UK) was declared the winner after evaluation of the technical and financial bids. IDEA(UK) plans to construct a 200 bed hotel to be operated by Hilton Hotels Worldwide.
-
- Currently, there are no international brand hotels in Freetown and attracting an international brand hotel is seen as a crucial component of GoSL's tourism strategy.
 - The Cape Sierra hotel is envisioned as a landmark development to demonstrate GoSL's commitment to attracting investment as well as developing the tourism sector.
 - The Cape Sierra Hotel helps to address the acute shortage of quality accommodations in Freetown which is expected to become more pronounced with expected increase in mining activity.
 - Project Cost: \$40 million

Benin Port PPP



- IFC was Lead advisor to Government of Benin
- Assignment completed in 9 months: within Government's political window
- Private operator is Groupe Bolloré (France) and SMTC (Benin)

- Objective is to improve port performance, expand capacity, cut costs, reduce delays, develop external markets for agriculture / fishing. Port also serves Burkina Faso, Mali, and Niger
- Development Impact:
 - \$632 million fiscal benefits;
 - \$256 million private investment;
 - create > 450 jobs
- Millennium Challenge Corporation financing a new berth



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