Public Private Partnerships

Matthias Finger
Professor, EPFL
Structure of presentation

• Cities in the South
• The evolution of cooperation
• Public Private Partnerships
• Conditions for success
Humans are turning into an urban species!
Almost all future population growth will occur in urban areas.
Rural populations have essentially stopped growing.
Most future population growth will occur in developing countries.
## Cities in the South

<table>
<thead>
<tr>
<th>Interval</th>
<th>Class</th>
<th>1950</th>
<th>1980</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>&lt; 1m</td>
<td>0</td>
<td>399</td>
<td>247</td>
<td>50.9</td>
</tr>
<tr>
<td>1m – 2m</td>
<td>1</td>
<td>52</td>
<td>143</td>
<td>29.5</td>
</tr>
<tr>
<td>2m – 4m</td>
<td>2</td>
<td>22</td>
<td>61</td>
<td>12.6</td>
</tr>
<tr>
<td>4m – 8m</td>
<td>3</td>
<td>10</td>
<td>19</td>
<td>3.9</td>
</tr>
<tr>
<td>8m – 16m</td>
<td>4</td>
<td>2</td>
<td>14</td>
<td>2.9</td>
</tr>
<tr>
<td>&gt; 16m</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Note: m refers to million persons

As is well known, the 485 metropolises are distributed around the world somewhat unevenly. The numbers of places (in the full data set) on each continent are as follows: Africa, 45 [9.3% of the total]; Asia, 245 [50.5%]; Europe (including all of the former USSR), 70 [14.4%]; North America, 73 [15.1%]; Oceania, 6 [1.2%]; and South America, 46 [9.5%]. In 1950, Europe contained cities that were on average the most populous (1.6 million), but by 2010 the South American cities should be on average the largest (3.3m).

485 metropolises:
- Asia: 245
- N. America: 73
- Europe: 70
- S. America: 46
- Africa: 45
- Oceania: 6

Challenges:
- Transport
- Water & sanitation
- Energy
- Health
- Security

Source: Mulligan & Crampton (2005)
The evolution of “cooperation”

**ODA/cooperation**
- Small scale
- Rural
- The poorest
- Local communities
- Cheap

**Infrastructure development**
- Metropolises
- Urban
- Emerging
- Individuals, municipalities
- Costly, investments

Expenses on public infrastructures in the next 20 years: 15 bio. Euros
- Asia: 6 bio, Europe: 4 bio
- Water: 6 bio, transport, energy, health 3 bio/each

Source: Siemens Financial
Public Private Partnerships (PPP)

Financing PPP
- BOT
- BTO

Management PPP
- Concession (15 yrs +)
- Lease contract (4-15 yrs)

Investment needs (global):
- Water: x43
- Health: x10
- Energy x6
- Transport x4

Source: Siemens financial
Conditions for success

- Good governance
- Regulation
- Legal security
- Institutional capacity

→ Reduce uncertainty

Development assistance

Institution building

Regulatory reform

Financing follows as demand is there

... but at which level?