

# Cross-Border Public-Private Partnerships

EDB Analytical Study

Almaty, Republic of Kazakhstan, 2023



# Regional Economic Cooperation and Infrastructure Connectivity

## Cross-border infrastructure



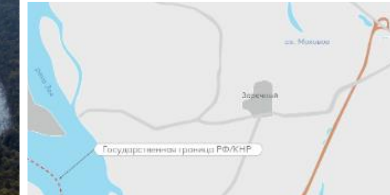
Eliminates gaps and bottlenecks, enhances connectivity



Creates conditions for transit, movement of goods and services

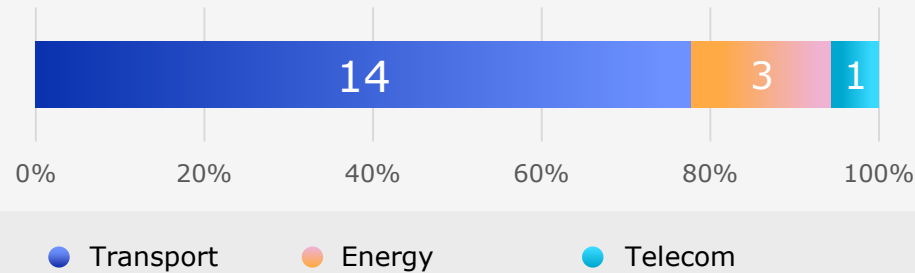


Requires a great deal of investment

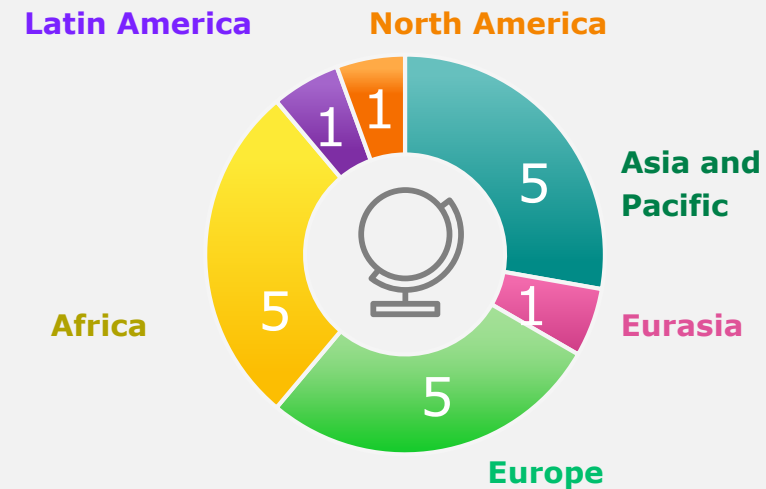


# Sectoral and geographical structure

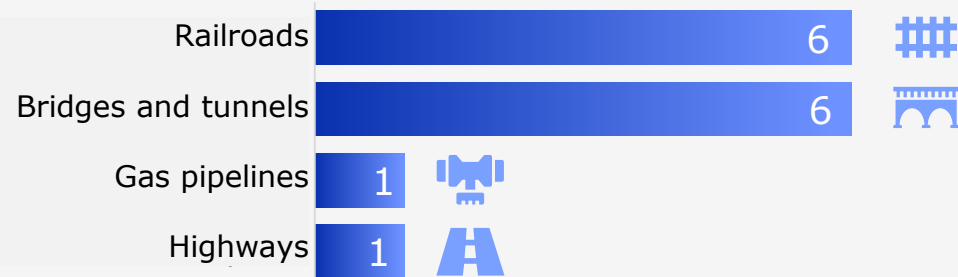
Cross-border PPPs by sector



Geography of cross-border PPPs



Cross-border PPPs in the transport sector



**Only one cross-border PPP in Eurasia:**

Russian–Chinese project for the construction and operation of a road bridge across the Amur River.



## Case 1

# China–Laos High-Speed Rail Line

Lesson learned:

For lower-middle-income countries, it is important to take on the financial burden very carefully when implementing large infrastructure projects. There is a risk of exorbitant debt growth and downgrading of sovereign credit ratings.



Participating Countries	China, Lao P.D.R
Sector	Transport
PPP Model	Build–Operate–Transfer (BOT)
Status	Successfully Completed
Commissioning Date	December 2021
Costs	\$5.965 billion
Legal Framework	Agreement between the Governments of the People’s Republic of China and the Lao People’s Democratic Republic (2015)

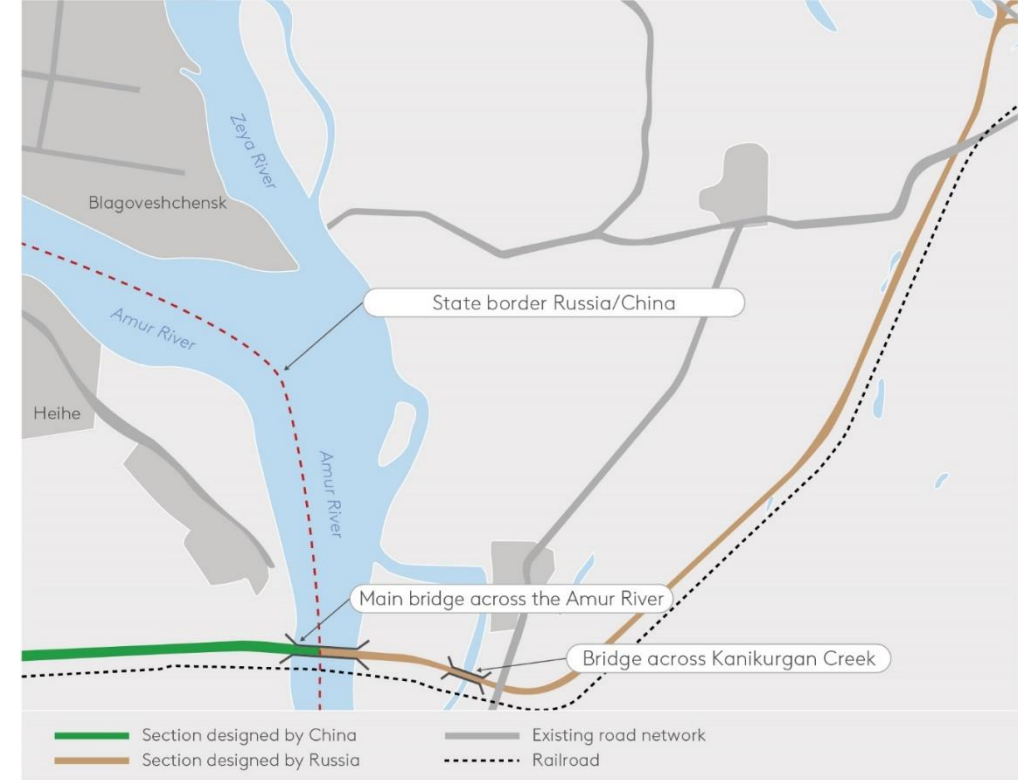


## Case 2

# Road Bridge Across the Amur (Heilongjiang) River between Blagoveshchensk and Heihe

Lesson learned:

Speeding up internal approval procedures is very important when planning and implementing a cross-border PPP project.



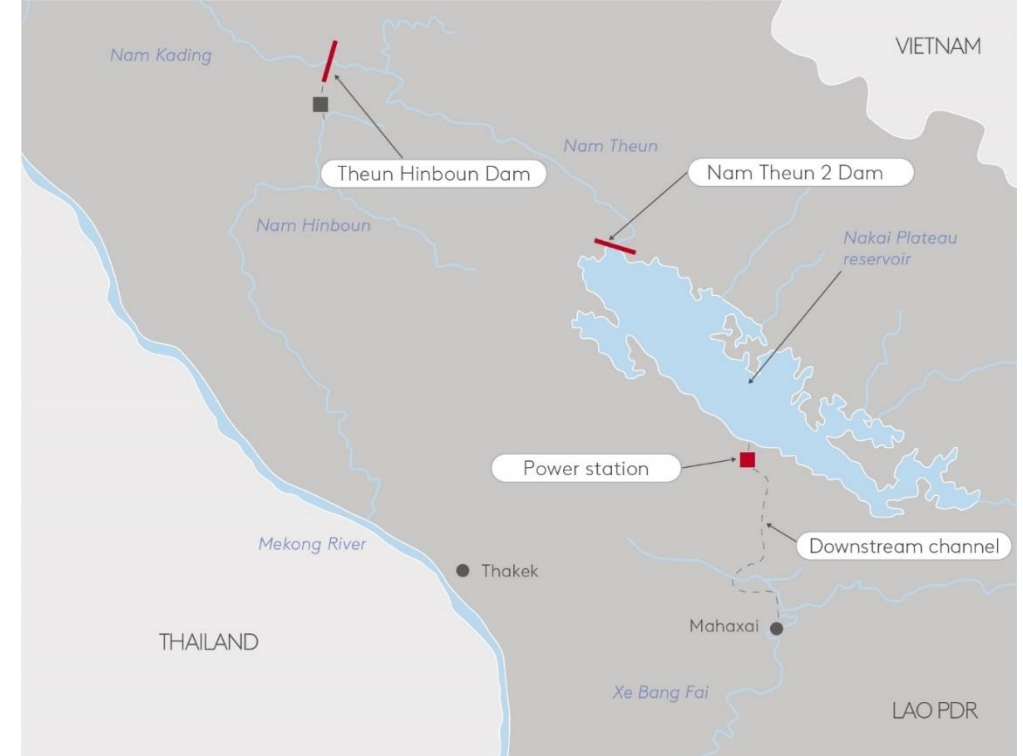
Participating Countries	China, Russia
Sector	Transport
PPP Model	Build-Operate-Transfer (BOT)
Status	Successfully Completed
Commissioning Date	May 2021
Costs	\$0.3 billion
Legal Framework	Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on the Joint Construction of the Bridge Across the Amur (Heilongjiang) River in the Vicinity of Blagoveshchensk and Heihe, dated 26 June 1995; Additional Protocol, dated 3 September 2015



## Case 3 Nam Theun 2 Dam

Lesson learned:

The social and environmental aspects of cross-border PPP projects should be a particular focus of attention, as well as working with the local communities affected by the project.



Participating Countries	Lao P.D.R., Thailand
Sector	Energy
PPP Model	Build-Operate-Transfer (BOT)
Status	Successfully Completed
Commissioning Date	August 2010
Costs	\$1.3 billion
Legal Framework	Memorandum on Mutual Understanding signed in 1994 by the Governments of Laos and Thailand
HPP total Capacity	1,070 MW, of which 995 MW are exported to Thailand, and 75 MW are consumed domestically

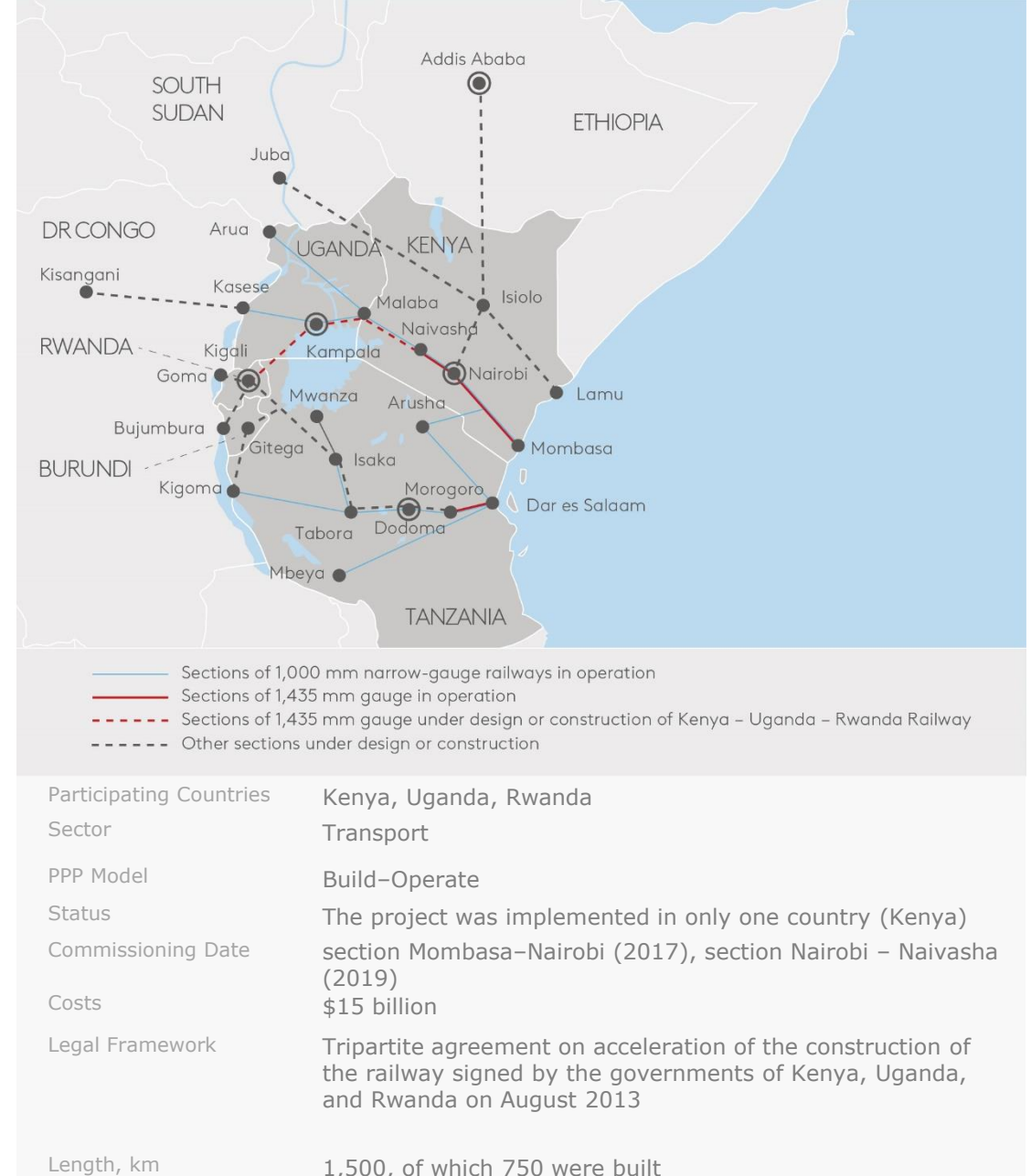


## Case 4

# Kenya–Rwanda–Uganda East African Railway

Lesson learned:

Realistic forecasting of cargo flows by means of a feasibility study is necessary.





## Case 5

# West African Gas Pipeline

Lesson learned:

The cross-border PPP model can be successfully implemented for pipeline transportation, where investments from transnational energy companies prevail.



Participating Countries	Nigeria, Benin, Togo, Ghana
Sector	Transport, Energy
PPP Model	Build-Operate-Transfer (BOT)
Status	Successfully Completed
Commissioning Date	2012
Costs	\$0.95 billion
Legal Framework	Agreement among the Governments of Nigeria, Benin, Togo, and Ghana on the Development of the West African Gas Pipeline on the Basis of Private Investment and Commercial Principles (21 January 1995); supplemented by intergovernmental agreements in 2000 and 2003

# Cross-border PPPs

## Cross-border PPPs:

Mandatory Criteria	OBJECT	Cross-border infrastructure
	INTERNATIONAL LEGAL FRAMEWORK	Two or more states on the side of the public partner
	MULTIPLE PARTICIPANTS	Intergovernmental agreement among the states involved in the project
Supplementary Criteria	INTEGRATION OBJECTIVES AND IMPACT	Joint utilisation by the states of economic, transport, energy, and other potential, and increased integration impact
	EXTENDED RISK MATRIX	Additional legal, commercial, financial, and political risks

## Impact

- 01** synergy of combining property and financial resources of states acting as public partners
- 02** solving the problem of differences between the legislation and investment opportunities of the two states
- 03** coordinated fulfillment of obligations under the PPP agreement "on both sides of the border" by one private partner
- 04** an agreed regime for the construction and operation of cross-border infrastructure

**Produces outcomes** that could not have been achieved by individual countries through national PPP projects

# Guidelines for Cross-Border PPPs

Adaptation of traditional PPP models to the participation of two or more states

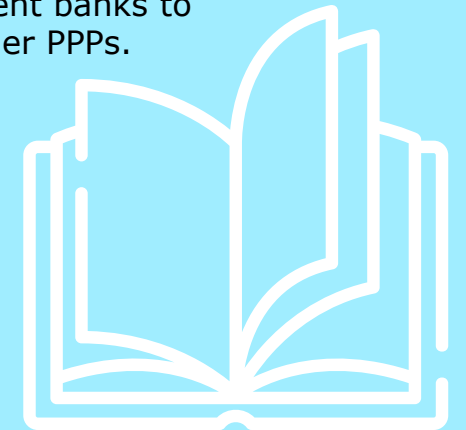
Recommendations applied on a voluntary basis

Speeding up and facilitating the negotiation process

More certainty when structuring and launching



- 1.** Ensure that political decisions are made, and cross-border PPPs are planned, in line with regional co-operation priorities.
- 2.** Maintain cohesion of national cross-border infrastructure development plans.
- 3.** Develop special international and national legal frameworks for cross-border PPPs.
- 4.** Establish bilateral and multilateral institutional mechanisms to support cross-border PPPs.
- 5.** Work in partnership with regional economic associations and multilateral development banks to improve the effectiveness of cross-border PPPs.
- 6.** Improve financial stability and reduce risk exposure of cross-border PPPs.
- 7.** Encourage and support cross-border PPPs that contribute the most to the Sustainable Development Goals (SDGs).



# Benefits of partnership with the EDB in promoting cross-border PPPs

## EDB products for cross-border PPPs



## BENEFITS

- 01** Expertise to develop common positions for member states on key parameters of cross-border PPPs
- 02** Neutral platform for discussion and exchange of experience in regulation and financing of cross-border PPPs
- 03** Special financing instruments for cross-border PPPs
- 04** Technical assistance in the preparation of cross-border PPPs

Thank you for your attention!

Շնորհակալութիւնս ուշադրութեան համար.

Дзякуй за ўвагу!

Назар аударғандарыңызға рахмет!

Назар салганыңыздарга рахмат!

Благодарю за внимание!

Раҳмати калон!



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## Research at the EDB website



Thank you for your attention!



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