

Forum on Public Private Partnership (PPP) Policy Frameworks for Myanmar
co-organized with the Ministry of National Planning and Economic Development

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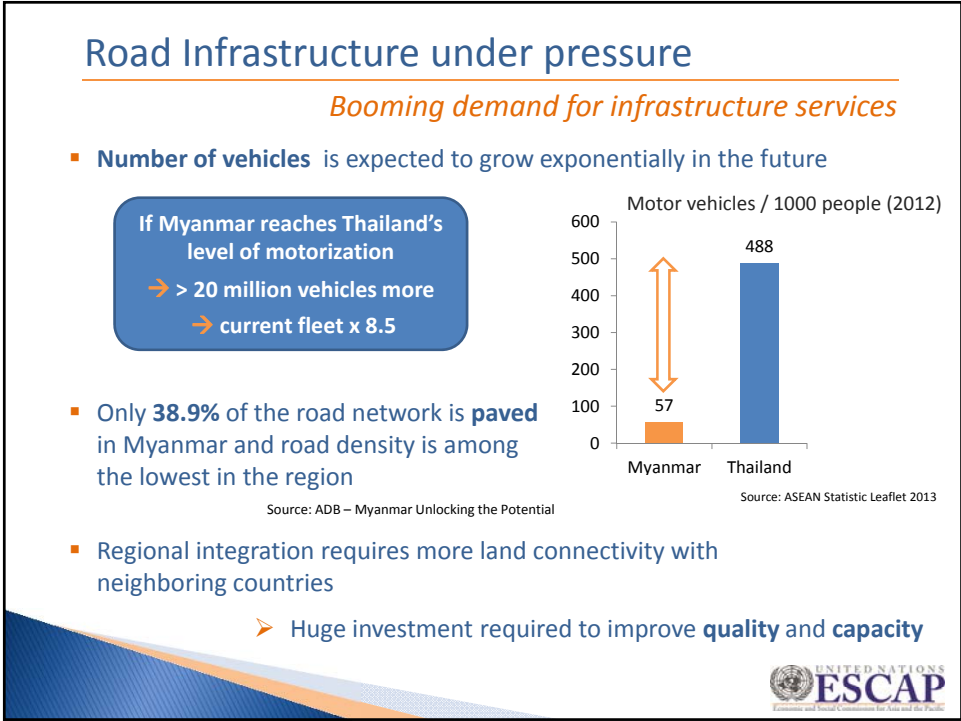
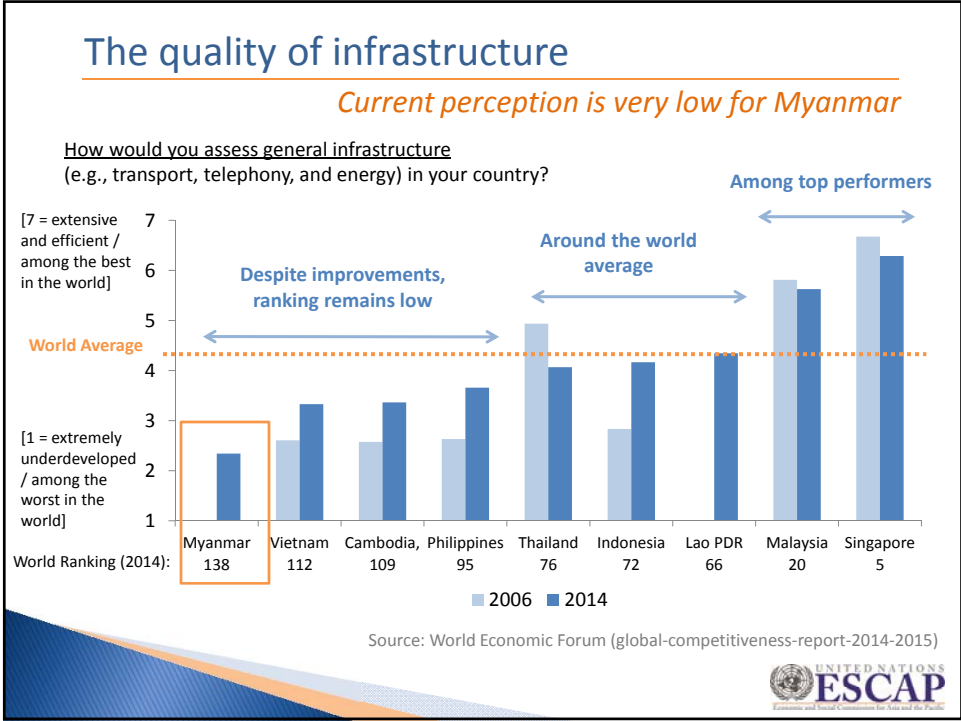
*Setting the Scene:
Myanmar Infrastructure Challenges*

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1. Infrastructure needs
2. Financing options
3. Public-Private Partnerships





Similar patterns in other transport sub-sectors

Booming demand for infrastructure services



- **Railways** need to be upgraded (currently low operating speeds) and key links with other countries need to be built

- **Ports:** Myanmar could become a regional hub thanks to its strategic location → port capacity will need to be developed and handling facilities upgraded (volume of export almost tripled since 2000)



- **Airport:** number of passengers has almost **tripled** in Myanmar since 2000



Rapid urbanization creating investment needs

Booming demand for infrastructure services

- **10 million** more people are expected in Myanmar’s large cities by 2030, which is the equivalent of 2 new cities the size of Yangon or 10 new cities the size of Mandalay
- Large cities would likely need to invest **\$146 billion** from 2010 to 2030 to upgrade infrastructure for existing population and new arrivals

Source: McKinsey Global Institute (2013)



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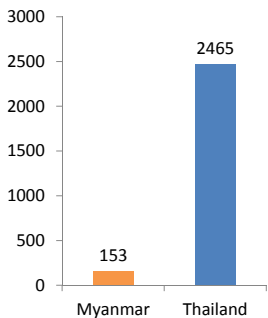


Energy and Power potentials

Booming demand for infrastructure services



Electric power consumption (kWh per capita) - 2012



- Electricity consumption doubled between 2007 and 2012
- Current capacity of electricity generation is insufficient to meet growing demand
- Growth likely to continue → consumption is still low in international comparison
- Only 52% of the population has access to electricity
- There are abundant sources of energy, including renewables (e.g. hydro)



Social sectors

Schools and hospitals

- Low Government investment levels in social infrastructure and services, compared to other ASEAN countries; gradual signs of social budgets increasing
- Education is a key priority for national development; ratio of expenditure to GDP is low in comparison with other ASEAN countries



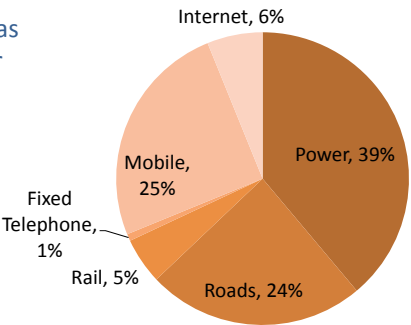
Source: PwC Presentation at ESCAP Workshop on PPP's for Infrastructure Development in Myanmar (2014)



Funding requirements

Difference btw the current & projected infrastructure stock

- Lack of modern Infrastructure is major challenges to economic development and impediment to the country competitiveness
- Investment gaps could total as much as **\$80 billion** by 2030 or **\$4.7 billion** per year (i.e. 7% of current GDP)



Source: ADB – Myanmar Unlocking the Potential





1. Infrastructure needs

2. Role of Public-Private Partnerships



Financing Options


Public Finance

- Majority of the needs will be financed through the public budget, for example:
 - Public Borrowing (Loans, Govt Bonds,...)
 - Revenue collection (tax to GDP ratio low ~5%)
 - Reprioritizing sector expenditures

The public budget is unlikely to cover all the needs

- The government should try to tap private sector resources
 - Public-Private Partnership is the mechanism

Private Finance



Public-Private Partnerships

Financial consideration

- No upfront disbursement from the public... but the private sector is not providing services for free.
- The private sector is not only building the infrastructure but also operating it

Duration

Key differences