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PACIFIC INFRASTRUCTURE BUSINESS OPPORTUNITIES SEMINAR 2026

PPP AND PRIVATE SECTOR OPPORTUNITIES IN THE PACIFIC



Creating Markets, Creating Opportunities

Crowne Plaza Hotel, Nadi, Fiji

27 MAY 2026

IFC: A MEMBER OF THE WORLD BANK GROUP



IBRD

International Bank for Reconstruction and Development

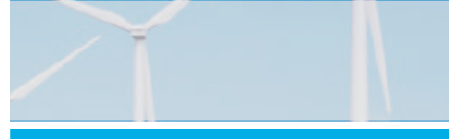
Loans to middle-income and creditworthy low-income country governments



IDA

International Development Association

Interest-free loans and grants to governments of the poorest countries



IFC International Finance Corporation

◀ SOLUTIONS IN PRIVATE SECTOR DEVELOPMENT ▶



MIGA Multilateral Investment Guarantee Agency

Home of the World Bank Group Guarantee Platform



ICSID International Centre for Settlement of Investment Disputes

Conciliation and arbitration of investment disputes

THE WORLD BANK GROUP: DRIVING DEVELOPMENT, REDUCING POVERTY

Developing countries must create **hundreds of millions of jobs** in the next decade.

Job creation is the World Bank Group's **highest priority**.

WE HELP BY

- **Investing in infrastructure, health, and education** to set the preconditions for jobs
- **Supporting policy and regulatory reforms** that businesses need to thrive
- **Mobilizing private capital at scale**, crowding in investors and building more resilient local firms.

IFC 2030: A Key Pillar of the World Bank Group's Drive for Job Creation

A FIVE-YEAR STRATEGY FOR CREATING MORE AND BETTER JOBS

One Goal	One Approach	Five Key Sectors
Scaling up private investment to enable job creation	Working as one World Bank Group	infrastructure, agribusiness, primary healthcare, tourism, and value-added manufacturing

IFC: WHAT WE DO - GLOBALLY

Integrated Solutions, Increased Impact

INVESTMENT

Financial products tailored to client needs

- Loans
- Equity
- Trade and Commodity Finance
- Derivatives and Structured Finance
- Blended Finance

\$56.3 billion committed in FY25
\$90.6 billion committed portfolio

UPSTREAM

Create proprietary projects and investment opportunities by developing a sustainable pipeline of bankable transactions

- Early-stage, project level intervention in return for proprietary rights for equity and debt arranger role.
- Promoting and anchoring the design and implementation of platforms and programmatic approaches.
- Working closely across the World Bank Group to help develop policies, regulations and frameworks for private sector investments.

ADVICE

Innovative solutions combining IFC's expertise and tools

- Help create new markets
- Unlock investment opportunities
- Strengthen clients' performance and impact
- Improve environmental, social, and corporate governance standards
- Support shaping corporate sustainability strategies

\$290 million FY25 advisory expenditures

MOBILIZATION

Mobilizing and managing capital for investment

- Syndications
- IFC Asset Management Company
- Anchor investments

\$38.1 billion mobilized from investors in FY25

IFC: WHAT WE DO - PACIFIC

IFC's *Integrated Model* for Pacific Development

Advisory

PPP transaction support, regulatory reform, sector strategies



Investment

Debt and equity to private sponsors and financial institutions



Mobilization

Crowding-in lenders via IFC platform and ESG standards

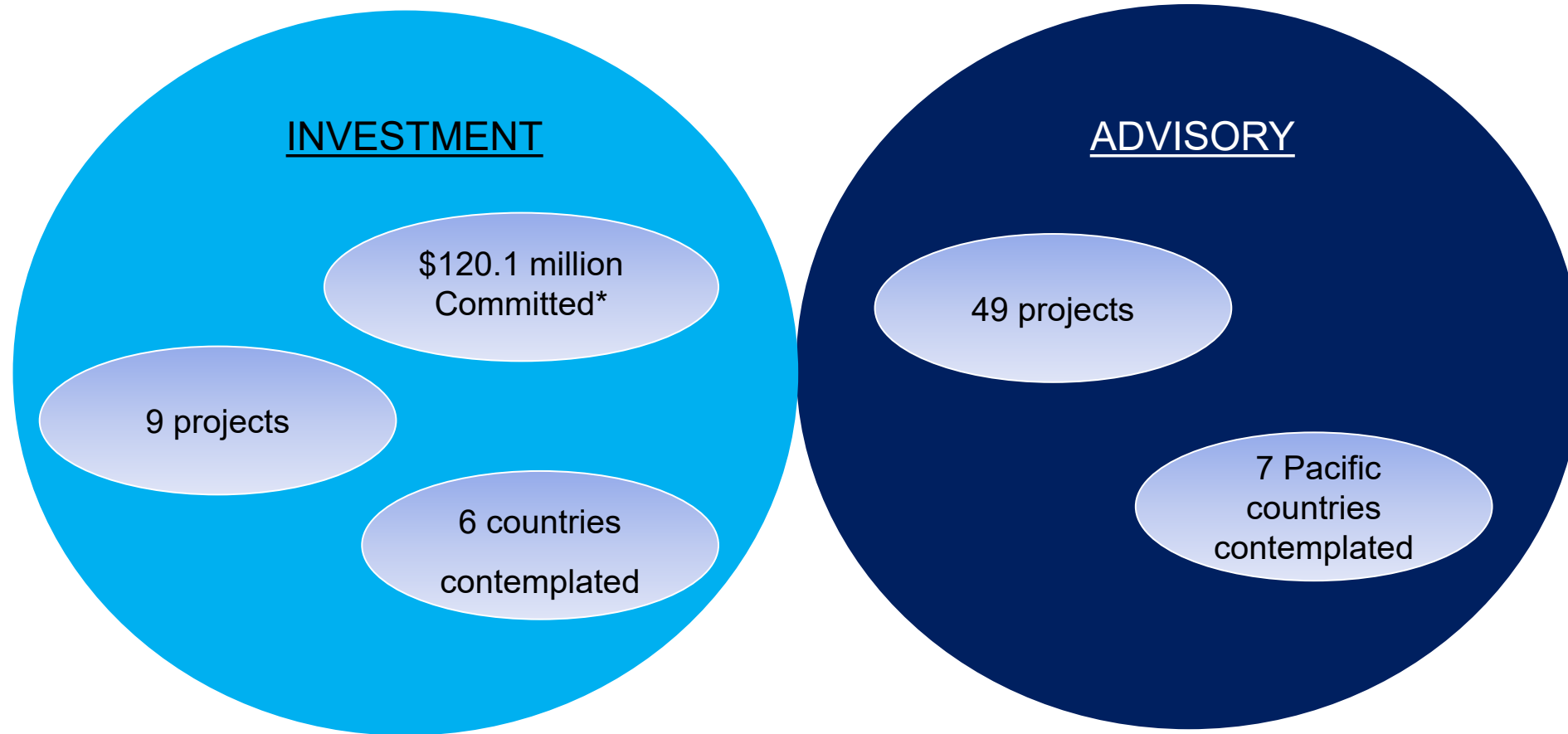


Upstream

Early project shaping for improved bankability and readiness

- IFC advisory services help governments and SOEs improve enabling conditions through policy reform and transaction design optimization
- Direct investment financing flows to credible private sponsors and financial institutions that on-lend to businesses across Pacific markets
- Mobilization strategy brings bankable structures, strong ESG standards, and predictable processes that attract third-party lenders to infrastructure projects
- Upstream engagement shapes projects earlier in development to ensure realistic planning and alignment with public policy objectives

IFC: PACIFIC PORTFOLIO



* including Mobilization

STRATEGY – MAKING INFRASTRUCTURE INVESTIBLE IN THE PACIFIC

**Service outcomes
over assets**

Fit-for-purpose PPP models

Transparent risk allocation

- Strategy centers on service outcomes—reliability, affordability, and resilience—rather than merely building assets, ensuring long-term value delivery to Pacific communities.
- Fit-for-purpose PPP models for small markets include project bundling to reach viable scale and phased approaches reflecting real operating constraints.
- Comprehensive project preparation encompasses feasibility studies, demand analysis, affordability assessments, ESG requirements, and climate resilience planning before market engagement.
- Risk allocation and revenue models must be realistic, with transparent viability support mechanisms such as availability payments where user fees cannot fully cover costs.

EMERGING PRIVATE SECTOR OPPORTUNITIES ACROSS THE PACIFIC

- Energy sector focus includes renewables integration, battery storage, grid modernization services, independent power producers, and energy efficiency programs delivering measurable carbon reduction
- Water and sanitation opportunities center on non-revenue water reduction, and performance-based operations and maintenance contracts where economically viable and sustainable.
- Digital infrastructure remains strong opportunity area including submarine cables, telecommunications towers, data services, and e-government platform development across islands
- Municipal and social infrastructure offers practical entry points through ESCO streetlighting, solid waste management, and targeted facilities with measurable performance metrics

Energy

Renewables integration, storage, grid services, IPPs

Water

Loss reduction, performance O&M

Transport

Ports/terminals, airports, asset management

Digital

Submarine cable, data services

Municipal

Solid waste, facilities

UNDERSTANDING INVESTOR BARRIERS: THE BANKABILITY GAP

Scale & demand volatility

Revenue constraints

Counterparty risk

Process uncertainty

- Scale and demand risk challenges include small market size that cannot justify bid costs, demand volatility, and limited geographic diversification opportunities
- Revenue model constraints stem from affordability limitations, tariff adjustment politics, collection challenges, and gaps between cost recovery requirements and willingness to pay
- Counterparty risk concerns focus on state-owned enterprise and government payment reliability, foreign exchange convertibility in some jurisdictions, and contract enforcement predictability
- Procurement and process risks include unclear timelines, changing project scope during bidding, limited baseline data, and inconsistent application of evaluation criteria

FIJI: REGIONAL PLATFORM FOR PPP DEMONSTRATION AND LEARNING

- Fiji offers larger economy, deeper private sector, and stronger banking system compared to some peers, creating viable investment environment
- Strong potential exists across renewable energy and grid modernization, water performance improvements, logistics and port services, and digital infrastructure requiring quality service delivery
- Tourism sector linkages create additional infrastructure needs where service quality directly impacts economic competitiveness and visitor experience across hospitality and transport sectors

CALL TO ACTION: PARTNERSHIP AGENDA FOR PACIFIC INFRASTRUCTURE

1. Build credible, prioritized pipeline with early bankability screening, realistic demand assessment, and sequencing aligned with institutional capacity development.
2. Invest adequately in project preparation including comprehensive data collection, feasibility studies, ESG compliance, and climate resilience assessment.
3. Establish predictable procurement systems with transparent evaluation criteria, consistent timelines, and clear decision-making processes that build investor confidence.
4. Partner with IFC and World Bank Group combining advisory support, direct investment capacity, and third-party capital mobilization to crowd in sustainable private financing.

IFC Corporate Transaction Advisory (CTA)

Corporate Transaction Advisory (CTA): Public Private Partnerships

What is a PPP?

A **Public–Private Partnership (PPP)** is a long-term agreement between a government entity and a private sector entity to provide a public asset and/or service, in which the private sector entity bears significant risk and management responsibility, and remuneration is linked to performance.

Government Objectives

Alleviation/removal of the State's role

Injection of Private capital in public services

Increased budgetary certainty

Introducing private sector capacity and efficiencies

Maintaining oversight to ensure quality

Private Sector Objectives

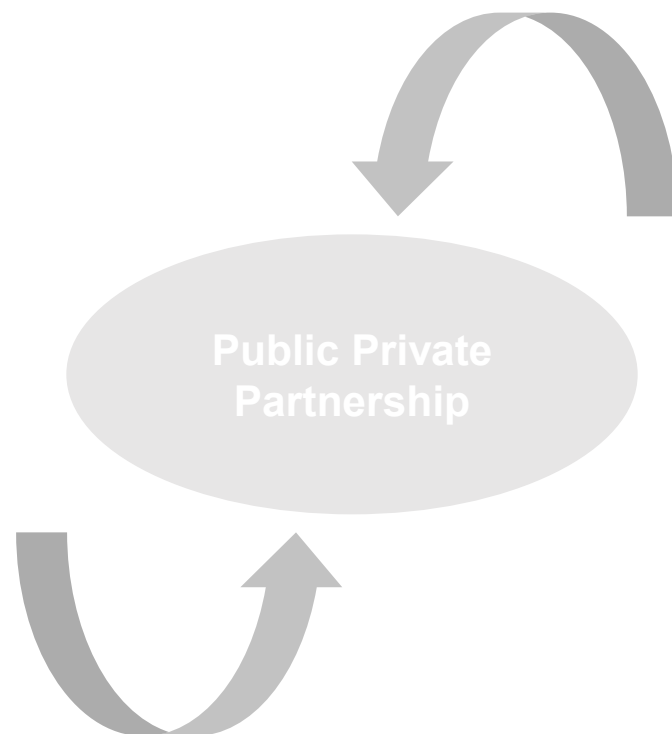
Attractive risk weighted returns

Government guarantees mitigate certain risks

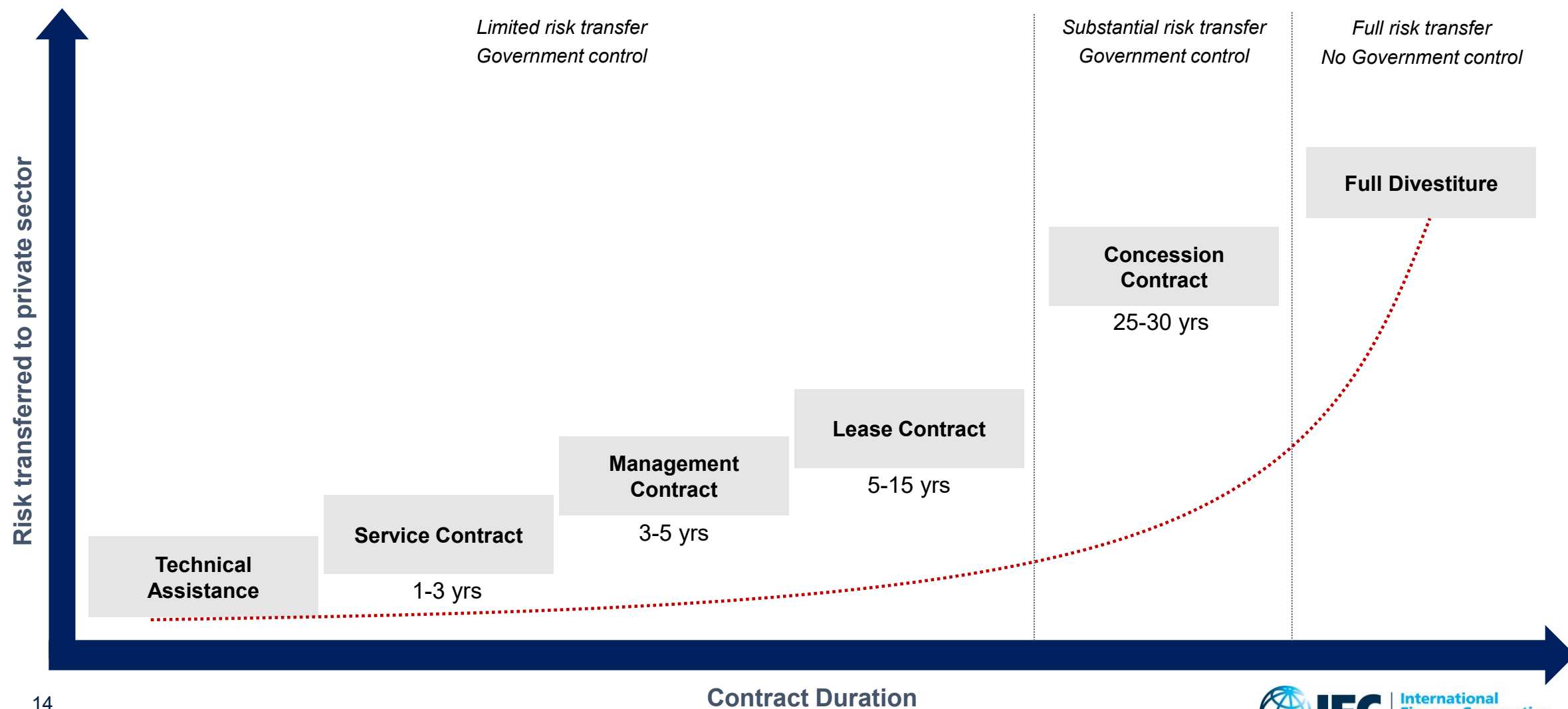
Long-term investment opportunities

Upside from operational outperformance

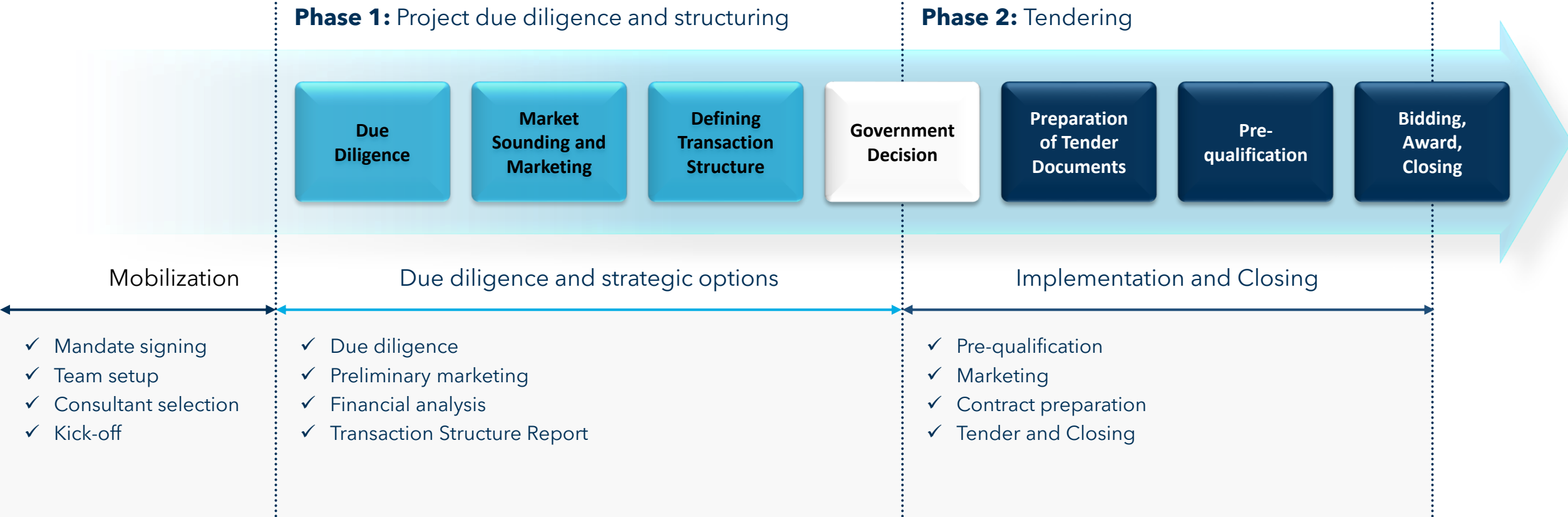
To operate under a clear regulatory framework



Options for Private Sector Participation



Transaction Advisory Support: Implementation of PPP Projects



IFC PPP Transaction Advisory Mandates 2016-2026

- Closed Projects

Fiji Housing

Fiji Solar

Fiji Health (\$24m)

PNG Mt Hagan Hospital

Solomon Islands Tina River Hydro (\$60m)

Timor-Leste Tibar Bay Port (\$300m)

Timor-Leste Health Diagnostics

Timor-Leste Dili Airport

- Active Projects

PNG Housing (\$50m)

PNG Mini Grids (\$25m)

Solomon Islands Bina Harbour TPP (\$35m)

Timor Leste Housing (\$25m)

Timor-Leste Wind (\$50m)

Vanuatu Housing (\$20m)

WHAT DETERMINES SUCCESS?

- Strength of the business case
- Political commitment
- Stakeholder management
- Land issues
- Balanced risk allocation

Balanced risk allocation - a bankable PPP Agreement is critical to ensure technical viable projects are investable, financeable, and sustainable

Ensures Project Financing

- Banks and investors rely on the Agreement to assess revenue certainty and repayment capability.
- Availability and terms of financing depend on the risk associated with the Agreement.

Provides Revenue Certainty

- Revenue/Purchasing obligations of Offtaker
- Tariff + any adjustments.
- Payment security
- PPP requires predictable income over the contract term.

Balanced Risk Allocation

- Compensation for termination events
- Changes in law
- Force Majeure Events
- Project Implementation

Investor Confidence

- If the risk allocation of the Agreement is not well balanced it will discourage developers from bidding for the project.
- Suboptimal outcome due to lower quality of developers and/or higher tariff due to less competition.

Enables Long-Term Planning

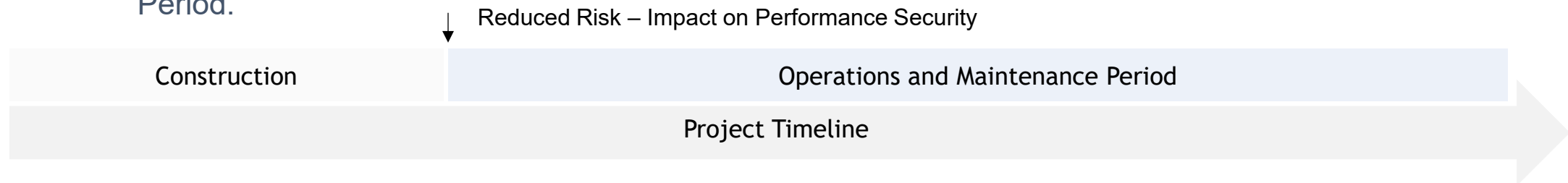
- With revenue and operational conditions secured, the PPP can optimize plant operations, plan maintenance, and manage costs, knowing that payments are secured under the Agreement.

A well structured Agreement improves the chances of a successful project and a lower Tariff

Examples of Risk Allocation and Bankability Issues

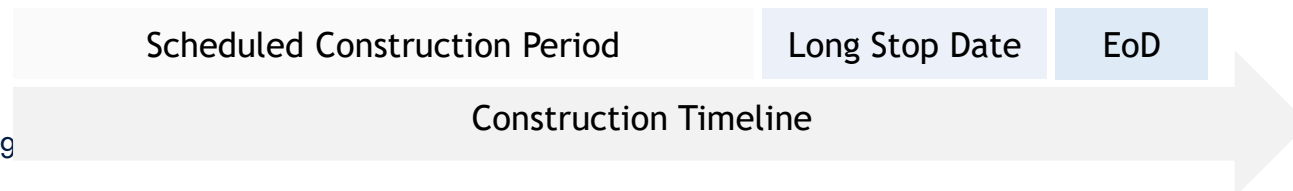
- **Performance Security**

- Incentivizes the PPP to fulfill its obligations under the Agreement. In cases of breach or non-performance of its obligations, the Grantor can draw upon the performance security.
 - E.g. Liquidity Damages in the event of delays or failure to deliver the agreed electricity.
 - Note: Should consider the risk to Offtaker/Grantor over the Agreement term. Construction Period v Operation Period.



- **Construction Timelines**

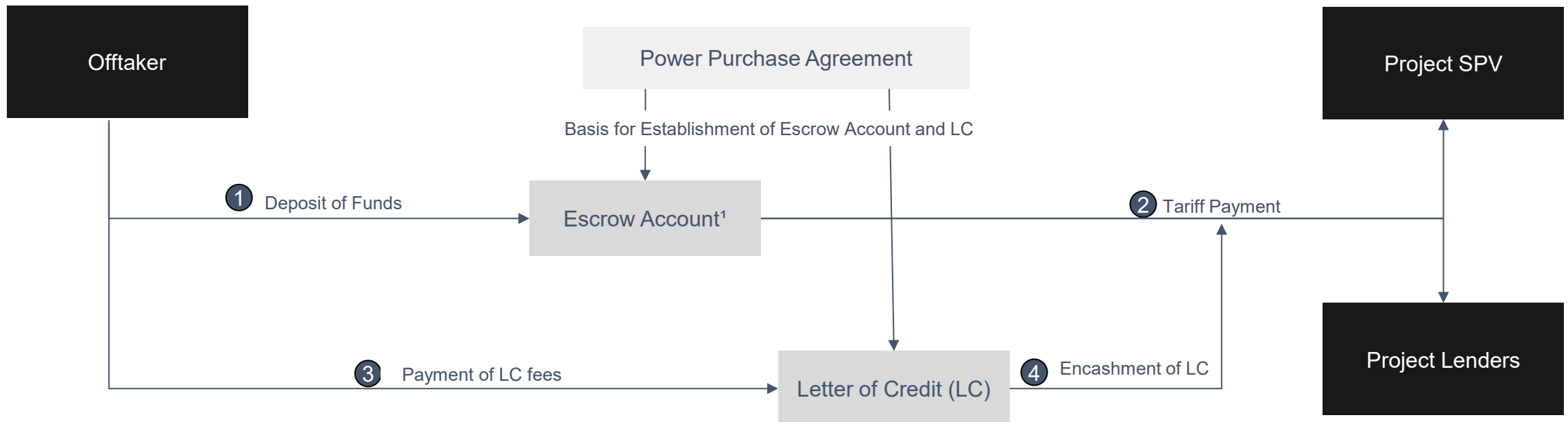
- Construction period in the Pacific tend to be longer due to higher perceived risks of unforeseen delays.
- Agreement should allow for a reasonable amount time + appropriate mechanisms to manage delays.
- Time extension given (Long Stop Date) but penalties may apply to the PPP for a period before triggering EoD



Examples of Risk Allocation Bankability Issues

- Payment Security (availability payment models)

- Letter of Credit e.g. covering 6-12 months of estimated tariff payments; and/or
- Escrow Account e.g. deposited 3 months of estimated tariff payments; and/or
- Government guarantees

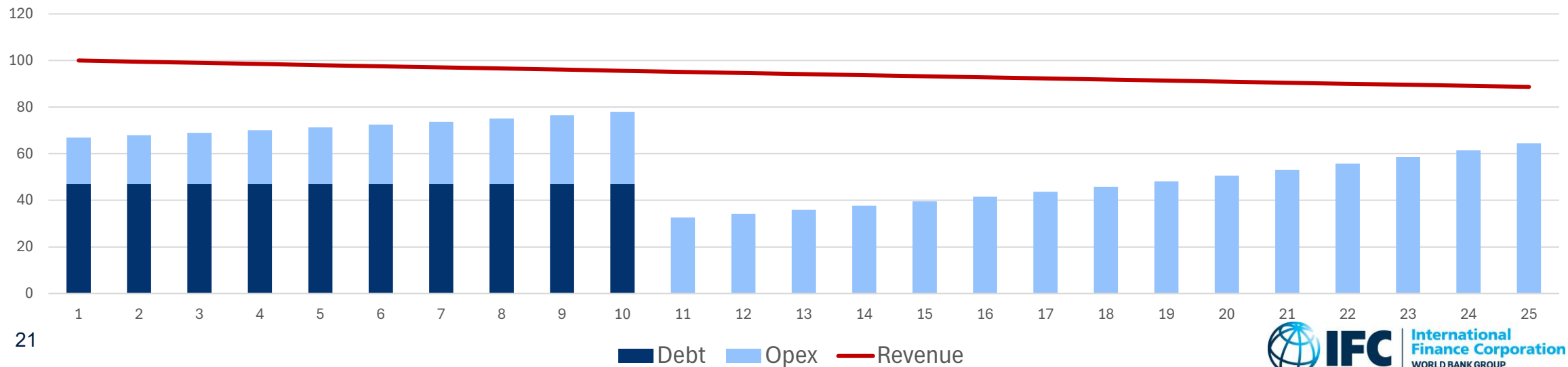


Risk Allocation / Bankability of PPA

- **Tariff: Fixed or Escalating**

- Developer/Banks typically prefer escalation of tariffs over the PPA term
- Governments tends to prefer flat tariff.
- Stability of currency and inflation.
- Tariff and OPEX mismatch and impact on debt service and equity return.

Example Project CFs – Flat Tariff



Risk Allocation / Bankability

- **Compensation for Losses not at the fault of IPP**

- Eg IPP Unavailability of External Evacuation Infrastructure
 - Developer/Banks position is normally that the EEI is the responsibility of the offtaker, and thus there should be no financial risk to the Developer.
 - Expectation is that payment is to be received as if the electricity has been delivered.
 - Any other structure (e.g. thresholds of unavailability) will put pressure on the project and higher tariffs.

- **Termination and Compensation**

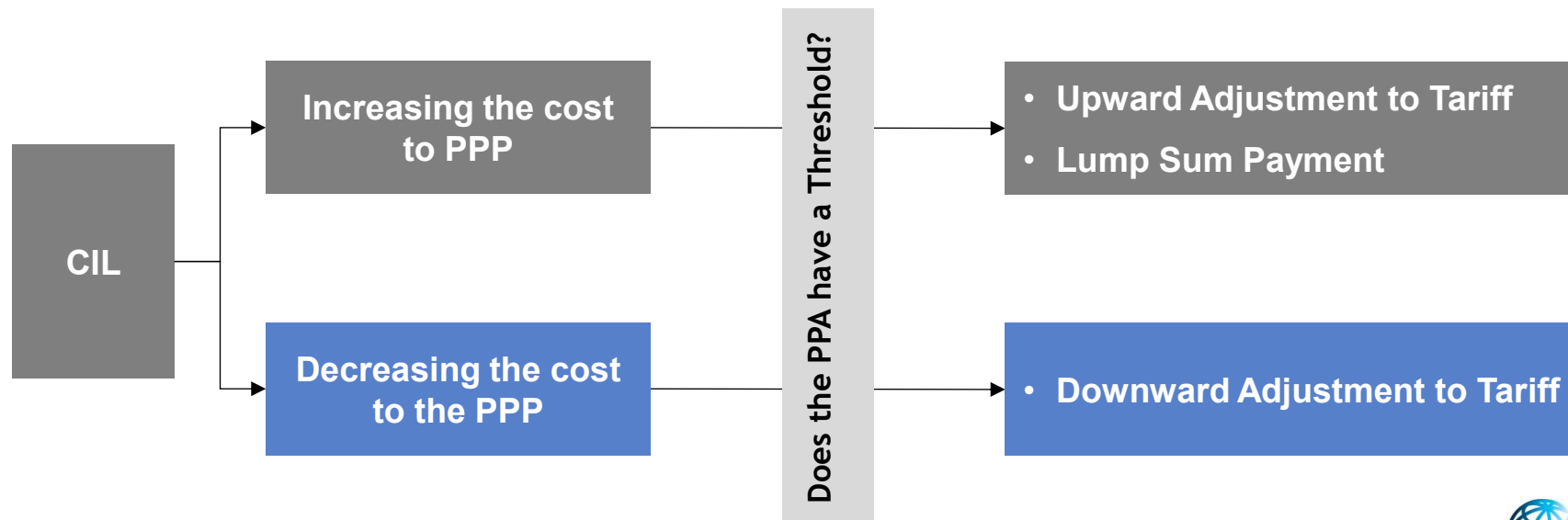
- Compensation normally dependent on the type of event of default and includes compensation to cover the investment of the PPP and/or outstanding debt to lenders.
- Banks will push for compensation to cover all debt due under all termination events.

Government EoD	Developer EoD	Force Majeure EoD
Debt + Equity + Return	Debt	Debt + Equity

Risk Allocation / Bankability

- Change in Law and Cost Sharing Mechanism

- Definition: Changes in Law impacting the cost or feasibility of the project. PPP is adjusted to maintain the economic balance of the contract.
- Some PPPs have a threshold of impact to cost from CIL before compensation is triggered.
- Note developer will price in thresholds as part of their proposed tariff.
- Market expects to see balance in cost/benefits of changes in law in PPAs.



Final Word - Managing the Bid Process – Investor and Market Confidence

- Managing the bid process effectively is key to attract and retain interest from Developers in the project.
- Qualification Criteria
 - Needs to ensure firm has the competency to deliver the project, but if criteria are too stringent you may cut the potential bidder pool.
 - Consider international/investor pools and suitability
- Providing timeline information to market and responsiveness to market feedback is critical.
- Sufficient timeline to ensure developers have the required time to prepare quality bids.
- Timeline extension should be considered on the basis of market feedback, provision of new information and/or changes to the project documents.
- Transparency is key

Other Consideration

- Project size
- Government Policies and Strategies.
- ²⁴E.g. plans/pipeline of projects planned to be implemented through PPPs

Thank You!