THE DIGITAL COOPERATION ORGANIZATION ON SCALING PROSPERITY WITH COLLABORATION

KEARNEY ON THE ROLE OF PHILANTHROPY IN BOOSTING PUBLIC-PRIVATE PARTNERSHIPS

VOLUNTARY CARBON MARKETS ON HOW TO RESPONSIBLY HELP THE PLANET

FINANCING THE FUTURE

IMPACT

AN FII INSTITUTE PUBLICATION

PUBLIC-PRIVATE PARTNERSHIPS: FINANCING THE FUTURE

FII INSTITUTE
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Impact on Humanity

FACTS AND FIGURES

CRUNCHING THE DATA

$100.7 bn

+16% from 2023

global PPP spending across low and middle-income countries in 2024

$83.7 bn

average PPP spending across low- and middle-income countries in last five years

SOURCE: WORLD BANK PPI DATABASE, 2024

83% satisfaction for PPP projects

69% satisfaction for non-PPP projects

SOURCE: WORLD BANK/INTERNATIONAL FINANCE CORPORATION ANALYSIS

12–15% average return on PPPs

SOURCE: MARCO BUSO ET AL, 2021

WORLD'S BIGGEST EMERGING MARKETS FOR PPPS

Based on existing federally published or announced pipelines, for example, Sauda Arabia has a further 200 projects currently awaiting approval, which have not counted in this list. Colombia also has 15 major 4G project renewals, which are not publicised as part of a federal pipeline.

SOURCE: PARTNERSHIPS BULLETIN WORLD'S BIGGEST EMERGING MARKETS, 2025

2.5–12% PPPs share of public infrastructure investment in Europe between 2016 and 2023

SOURCE: CEPR, 2025

THE BEST OF BOTH WORLDS

AT FII9 IN RIYADH THIS PAST OCTOBER, A STORIED BOARD of Changemakers discussed the interplay between public and private power brokers in improving our world. The debate was passionate and important – and it inspired, among other conversations within the FII Institute community in recent months, this Impact Report, our first of 2026.

It is the fitting conclusion of a process that we do time and time again at FII Institute. We are more than conveners of dialogue. We are activists for action, connecting those who can make decisions and turn ideas into investments and partnerships with one another. And it builds on the inaugural P3 Summit cofounded and organized by Richard Attias & Associates and Teneo in New York last September, which convened 100 leaders: 20 public sector leaders (heads of states and ministers) from 16 countries, and over 75 global private sector leaders. From those findings, we understood more clearly the strengths of public-private partnerships, as well as where the public is confused or uncertain about them.

In the coming pages, you'll hear the best of our thinking – and those of our close FII Institute partners – about how to build on the great work already done by public-private partnerships (PPPs) to improve the world. You'll also hear reality checks: alongside what works, and what can be done better, you'll hear what is wrong about the process, and how the public really thinks about PPPs.

The aim is to get you – to get us – thinking more about how to improve our planet, leaving it better than it was when we found it, catalyzing investment and making meaningful change. It's an ongoing conversation we'll be discussing more at our gatherings across the globe in the months to come, so join us and become part of the FII Institute community.

Richard Attias
Chairman of the Executive Committee and Acting CEO, FII Institute

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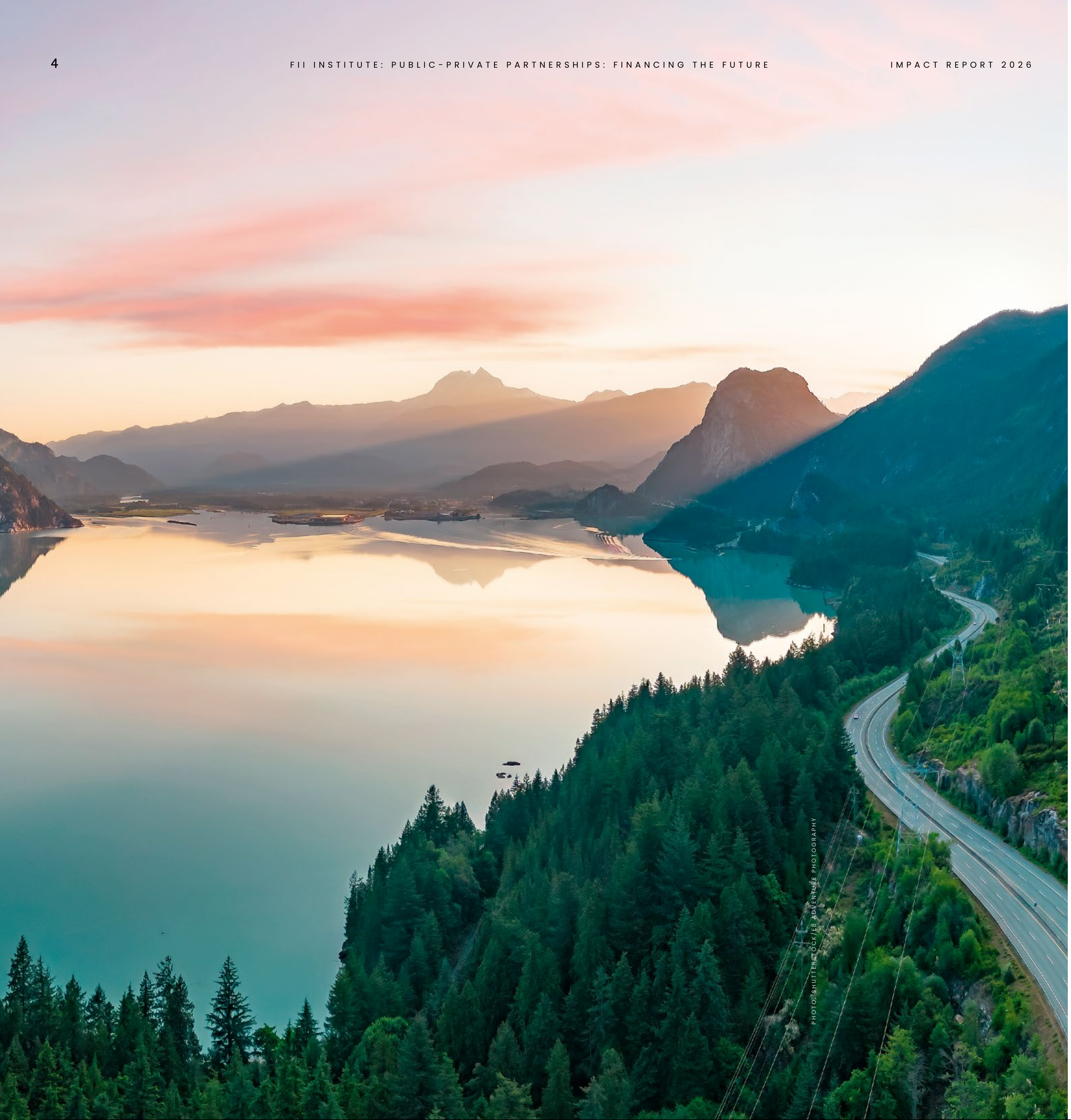
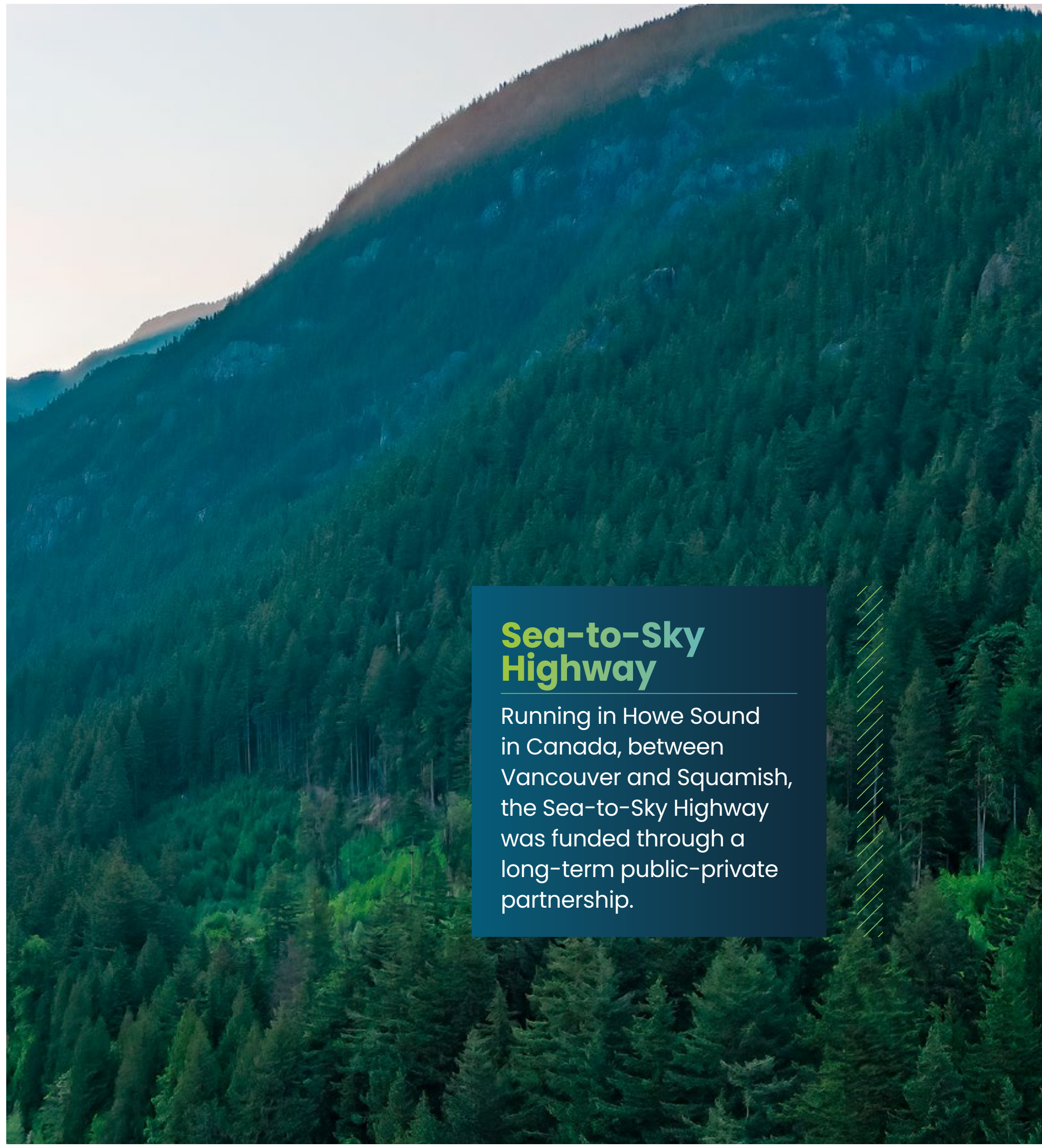


PHOTO: SHUTTERSTOCK/EB ADVENTURE PHOTOGRAPHY



Sea-to-Sky Highway

Running in Howe Sound in Canada, between Vancouver and Squamish, the Sea-to-Sky Highway was funded through a long-term public-private partnership.

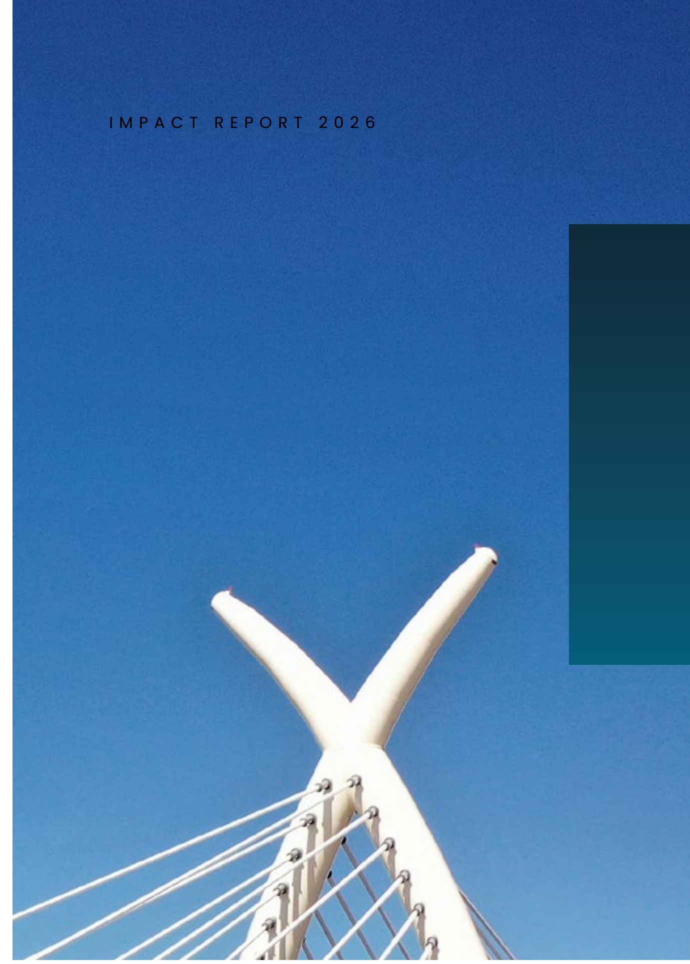
FINANCING THE FUTURE

The macroeconomic argument in favor of a new era of public-private partnerships.

THE GLOBAL ECONOMY HAS LEFT THE AGE OF EASY money behind. A decade of ultra-low interest rates and abundant liquidity has given way to persistent inflation, elevated borrowing costs, and rising public debt. At exactly the moment when the world needs to invest at scale in clean energy, resilient infrastructure and digital connectivity, the fiscal room for manoeuvre is shrinking.

That tension is the starting point for a new conversation about public-private partnerships (PPPs). What began as a narrow procurement technique for roads, hospitals and airports is fast becoming the core architecture of how the next phase of global development will be financed.

At FII9 in Riyadh – where delegates gathered under the theme of "The Key to Prosperity: Unlocking New Frontiers of Growth" – that shift came into sharp relief. Over three



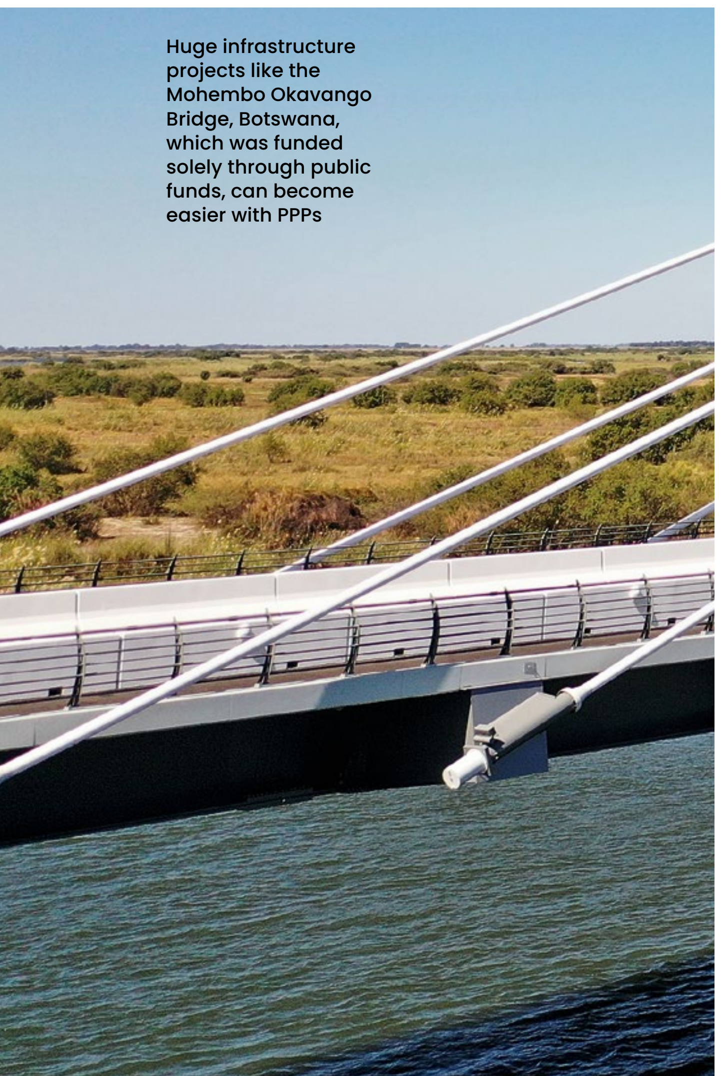
$15 trillion

estimated global infrastructure financing gap by 2040

$130-170 bn

Africa's annual financing shortfall

days, more than $50 billion in agreements and investment pledges were announced, spanning AI infrastructure, renewable energy, advanced manufacturing and logistics. Those deals were evidence of a broader transition from a model where the state funds and owns, to one where it seeds and steers engagement while private capital scales projects.



Huge infrastructure projects like the Mohembo Okavango Bridge, Botswana, which was funded solely through public funds, can become easier with PPPs

PHOTO: BASHI KIKIA/GETTY IMAGES/ISTOCK

THE GAP BETWEEN NEEDS AND MEANS

By 2040, the global infrastructure financing will reach $94 trillion, with some $15 trillion opening up as an investment opportunity for private capital. In the United States alone, the American Society of Civil Engineers estimates a $3.7 trillion funding shortfall, concentrated in the systems, like wastewater and electricity networks, that underpin daily life and economic competitiveness.

But America's headache is the world's full-fledged fever. Africa faces an annual infrastructure financing gap of between $130 billion and $170 billion, according to Algest Investment Bank, even as its population heads towards a projected doubling by 2050. In the absence of reliable power, transport and digital connectivity, the continent's demographic boom ceases to be an advantage.

At the same time, sovereign balance sheets are under strain. Across both advanced and developing economies, public debt has climbed to historic highs, while higher interest rates have pushed debt-service costs to levels not seen in decades. In many economies, fiscal deficits above 6% of GDP are increasingly normal.

Even the most determined government cannot simply spend its way out of the infrastructure gap without risking macroeconomic instability. Instead, the state must pivot towards a new role, where it is an architect, a risk-taker of last resort and a convener of private capital. →

→ FUNDING FUTURE TECH

PPPs aren't new, but the type of infrastructure being built increasingly is. The bridges and roads of the 20th century are giving way to data centers, fiber networks, sovereign cloud platforms and green hydrogen value chains.

At FII9, delegates repeatedly described finance and technology as essential and inseparable twins of modern development.

No single actor can carry those risks alone. Governments need private expertise and balance sheets to efficiently deliver complex assets. Private investors need public partners to secure land, streamline permitting, expand grid capacity and provide long-term regulatory certainty. In many cases, they also need public co-investment or guarantees to make pioneering projects bankable.

Technology is also changing how finance works. The tokenization of real-world assets promises to turn traditionally illiquid infrastructure into digital, tradeable claims. That could allow for fractional ownership by long-term investors, and ultimately even by citizens, deepening domestic capital markets while aligning public support with project success. Global custodians and asset managers are now building the "pipes" for this tokenized future, positioning infrastructure as a distinct, mainstream asset class rather than a niche allocation.

FINANCING THE FUTURE

For decades, the gravitational center of global investment was concentrated in North America and Europe. Today, that centre of gravity is shifting. The Gulf Cooperation Council (GCC) has emerged as one of the world's most dynamic destinations for capital, anchored by ambitious national transformation agendas and deep pools of sovereign wealth.

Saudi Arabia's trajectory is emblematic of this. Foreign direct investment inflows have quadrupled in recent years, according to comments made by H.E. Khalid bin Abdulaziz Al-Falih, Minister of Investment, Ministry of Investment of Saudi Arabia (MISA), at FII9, with around 90% now flowing into non-oil sectors, from advanced manufacturing and tourism to green energy and digital infrastructure. That shift reflects deliberate policy choices to open markets, standardize regulatory frameworks and use public capital to de-risk new value chains.

The result is a kind of safe harbor in an otherwise low-growth, high-uncertainty world. While global FDI has stagnated or declined in many regions, the GCC's pipeline of planned infrastructure and industrial projects now exceeds $2.5 trillion, according to Boston Consulting Group data, with PPPs playing a central role in structuring and financing them. For global investors searching for yield, diversification and inflation-linked income, this represents a compelling proposition.

SEEDING MARKETS WITH SOVEREIGN WEALTH

One of the most important innovations highlighted at FII9 is the evolving role of Sovereign Wealth Funds (SWFs). Once viewed primarily as passive investors allocating surplus capital abroad, funds such as Saudi Arabia's Public Investment Fund (PIF) have become active engines of domestic transformation.

They're better seen as "market seeders." Rather than crowding out private capital, the state deliberately goes first into sectors that are strategically important but commercially unproven. By taking on the riskiest early phases of planning, land assembly and enabling infrastructure, SWFs lower the barriers for private participants that follow.

Once the viability is demonstrated, the public role evolves. As H.E. Khalid Al-Falih has argued, there comes a point where governments and sovereign funds must begin to "scale back" their direct spending, allowing the private sector to take the lead in rolling out and optimizing mature value chains. That phased hand-off is crucial because it frees up sovereign capital to seed the next generation of frontiers.

PHOTO: WILPUNT/GETTY IMAGES/ISTOCK

The 80km Gautrain Rapid Rail Link connects Pretoria, Johannesburg and OR Tambo International Airport. It is widely seen as South Africa's first large-scale PPP

The results are visible in Saudi Arabia's energy transition. A decade ago, the Kingdom's solar capacity was negligible, despite its vast solar resource. Through early anchor investments, long-term power purchase agreements and support for national champions, the state seeded a competitive renewables market that now attracts global players on purely commercial terms. The same approach is being applied to green hydrogen, sustainable tourism and AI-ready data infrastructure.

Across Asia, the Middle East and parts of Africa, sovereign investors are cocreating blended finance platforms with multilateral institutions and development banks. Tiered capital structures, where concessional or philanthropic funds absorb first losses, are being used to crowd institutional investors into climate adaptation, social infrastructure and other underserved segments.

AN ENGINE OF GROWTH

When capital was cheap, PPPs were often treated as an optional extra – a way to shift specific projects off the public balance sheet, or to import private-sector efficiency into construction and operations. Today, they are a central hub of economic strategy.

They enable the state to stretch every dollar of public investment using private capital, while retaining strategic control over what gets built, where and to what standard.

For investors, infrastructure-backed PPPs offer long-duration, often inflation-linked cash flows at a time when public markets are volatile and dominated by a narrow set of mega-cap technology stocks. As private credit and infrastructure debt mature as asset classes, pension funds and insurers are increasingly comfortable holding such exposures on their books – provided the policy and regulatory environment is predictable.

For citizens, well-designed PPPs can mean better services, more resilient infrastructure and faster progress towards climate and development goals, without unsustainable tax rises or austerity. But as this report will explore, that outcome is not guaranteed. It depends on getting the fundamentals right: transparency, fair risk-sharing, strong governance and a relentless focus on both economic and social return on investment.

The world can't afford to delay the infrastructure and energy transition investments that will determine prosperity – and planetary stability – for decades to come. Nor can it fund them through public budgets alone. Financing the future is, by definition, a joint endeavor.

AN ONGOING CONVERSATION

The interplay between public and private partners has long been a topic of discussion in the FII community, as our past events have shown.

"Three essential actions can unlock stronger economic performance: revising the corporate governance code, increasing global capital and startup activity and supporting sustainable growth through close collaboration between the public and private sectors."

H.E. SATSUKI KATAYAMA
Minister of Finance, Minister of State for Financial Services, Japan, speaking at FII PRIORITY Asia

"The Takaichi cabinet growth strategy centers on crisis management investment, in which public and private sectors act together and proactively address national risks and social challenges."

H.E. SANAE TAKAICHI
Prime Minister of Japan, speaking at FII PRIORTY Asia

PHOTO: FII INSTITUTE

"For public-private partnerships, our experience is that there isn't a one-size-fits-all formula. We must be flexible and conscious of the fact that we need to come up with something that provides a win-win situation while being good for business."

THE HON. PAUL MP CHAN
GBM, GBS, MH, JP, Financial Secretary, The Government of the Hong Kong Special Administrative Region of the People's Republic of China, speaking at FII9

"As a bank, it is important for us to figure out what the strengths of our clients are and make sure they're leveraged from a public-private perspective."

MASAHIRO KIHARA
President & Group CEO, Mizuho Financial Group, speaking at FII9

"We're the beacon of private-public partnerships; countries bring resources, and we add value. Of five ventures, the first is a giant refining capacity project worth $11 billion with Aramco and TotalEnergies."

PATRICK POUYANNÉ
Chairman & CEO, TotalEnergies, speaking at FII9

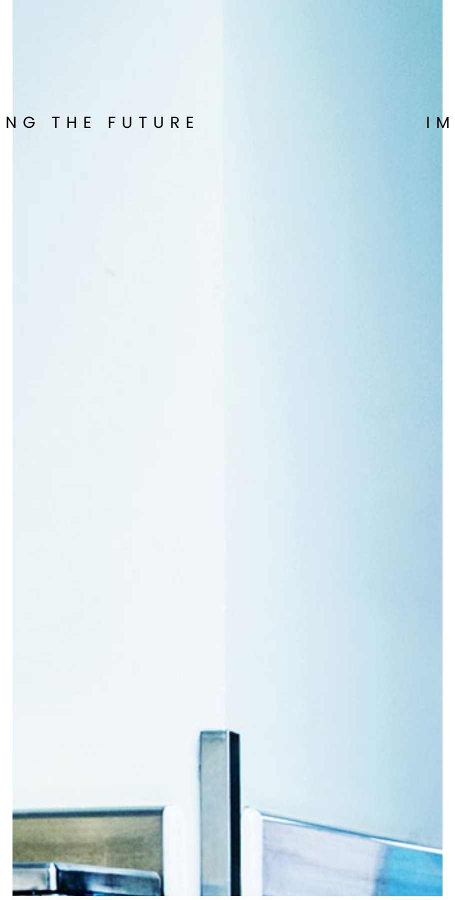
PHOTO: JESSE THOMPSON/GETTY IMAGES

Melbourne Metro Tunnel

At $13.5 billion, the twin 9 km tunnels that make up the Melbourne Metro Tunnel in Australia would have been beyond most state budgets, without PPP support.

BENEFITING THE PUBLIC

The goal of any project at a state level is to ensure it leaves the country in a better position than it was when work began. And PPPs can be a useful way to do so by unlocking capital and private sector initiative and know-how for the benefit of the public.



THE CASE FOR PUBLIC-PRIVATE PARTNERSHIPS

It's becoming ever more clear why public-private partnerships are needed, and how they help nations.

IN THE 20TH CENTURY, nations were built by the state. Highways, power plants, ports and hospitals were financed from public coffers and managed by public agencies. In the third decade of the 21st century, that model has cracked – if it hasn't already broken outright. Debt-laden governments now face a polycrisis of ageing infrastructure, climate shocks and a capital-hungry digital revolution that they cannot fund alone.

That means Public-Private Partnerships (PPPs) have moved from an interesting option to an economic necessity – and done well, they're becoming the architecture of national prosperity.

We've already explored the scale of the infrastructure investment gap. At the same time, governments are running out of fiscal headroom. Across the G7 and much of the Global South, sovereign debt and deficit levels have reached historic highs. Analysts expect the US federal deficit alone to remain above 6.5% of GDP for years to come. The era in which the state could act as sole financier of national infrastructure is becoming increaasingly unsustainable.

> “One thing's clear: if PPPs are to help nations, they must also help citizens.”

Yet the private sector is sitting on significant firepower. Unlisted infrastructure funds have grown from roughly $20 billion in assets under management in 2009 to more than $1.5 trillion in 2024, according to Allianz – a vast stockpile of “dry powder” looking for long-term, inflation-linked returns. Emerging markets now account for about 61% of global PPP activity by GDP share, underlining how dependent development strategies have become on attracting private capital.

FROM CONCRETE TO COMPETITIVENESS

PPPs are more than a way to pour concrete more cheaply. They can help improve competitiveness – as we show in the coming pages with success stories of how PPPs have helped bolster a nation with the benefit of private sector spending.

But the value of PPPs is not limited to headline-grabbing megaprojects. They also shape the social infrastructure that makes nations liveable, from schools to hospitals, from housing to innovation districts.

For nations wrestling with inequality and demographic change, these projects can become tools for social cohesion: improving access to housing, healthcare and education, while demonstrating that markets can serve public purpose.

Still, there are challenges that need to be overcome. For one thing the energy transition and climate adaptation present a test for any large projects. Many of the projects needed, including flood defences, resilient →

PHOTO: HXDBZXY/GETTY IMAGES/ISTOCK

$20 bn

in assets under management in 2009

$1.5 tn

in assets under management in 2024

SOURCE: ALLIANZ, 3.5% TO 2035: BRIDGING THE GLOBAL INFRASTRUCTURE GAP

> **"Public-Private Partnerships (PPPs) have moved from an interesting option to an economic necessity – and done well, they're becoming the architecture of national prosperity."**

→ water systems, rural electrification are in places or sectors that private capital has traditionally shunned as too risky or low-return.

PPPs can offer a solution in those areas. MUFG's GAIA fund, a $1.48 billion platform cofounded with the Green Climate Fund and others, uses concessional capital in a junior tranche to absorb first losses, making it viable for commercial investors to finance adaptation projects in 25 emerging markets. Around 70% of GAIA's allocation is targeted at climate-hardened infrastructure, such as water management and resilient agriculture.

For participating nations, structures like GAIA unlock projects that would otherwise remain stuck at concept stage. They build physical resilience against climate shocks while signaling to markets that these countries are investable. Over time, that reputational effect can lower sovereign borrowing costs and attract further private investment.

Sovereign Wealth Funds add another layer to the equation. Institutions such as Saudi Arabia's Public Investment Fund (PIF) have explicitly adopted a "market seeder" role, using their balance sheets to take early risk in emerging sectors, from renewables to AI data centers, and crowding in global partners once it has shown the model works. That allows nations to turn resource wealth or fiscal surpluses into long-term, diversified assets at home and abroad, accelerating domestic transformation while sharing risk with private co-investors.

PRIVATE CAPITAL FOR THE PUBLIC GOOD

One thing's clear: if PPPs are to help nations, they must also help citizens. That means ensuring the disciplines and innovations of private capital are harnessed in ways that are demonstrably fair to all – everywhere around the world.

On the financial side, institutions like Barclays, Franklin Templeton and State Street are reshaping the tools available to governments. Barclays' climate and transition finance platforms use blended structures to crowd in additional investors. Between 2020 and 2024, for every £1 of its own capital, Barclays Climate Ventures enabled over £2 in co-investment, multiplying the impact of public and philanthropic funds.

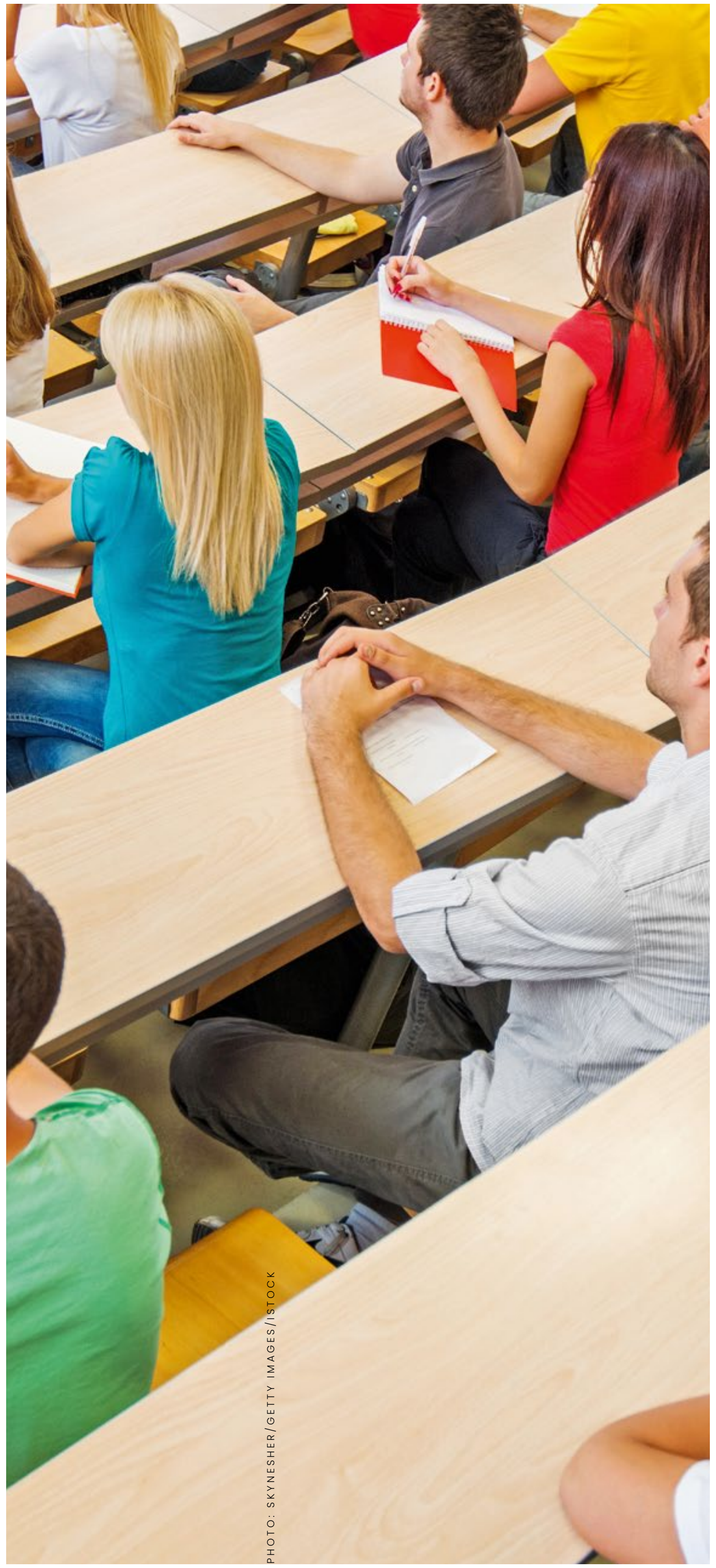


PHOTO: SKYNESHER/GETTY IMAGES/ISTOCK

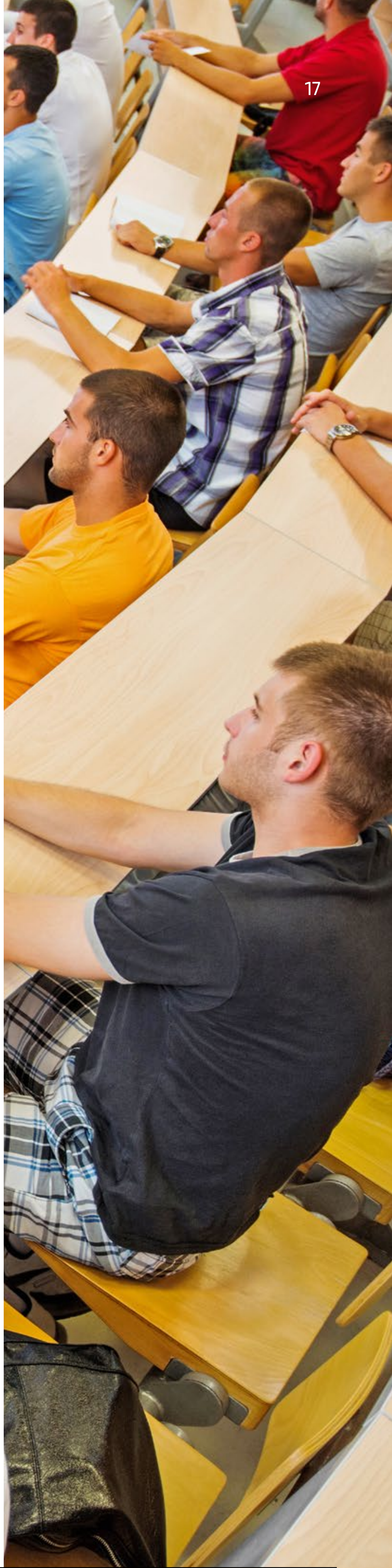
Franklin Templeton is building vehicles that open infrastructure and private markets to a broader range of savers, aligning household wealth with the long-term assets their economies depend on. State Street, meanwhile, is preparing for a tokenized future, where infrastructure assets can be fractionalized into digital units, potentially allowing nearby citizens to own a direct stake in the roads, grids or schools they use.

For a nation, these shifts matter. They broaden the investor base for infrastructure, reduce dependence on any single funding channel and create opportunities for citizens to share in the returns of national development.

MODEL FOR A POLYCRISIS WORLD

None of this removes the need for strong public oversight. PPPs only retain their value if they're transparent, well-designed and clearly aligned with human well-being, not just GDP or internal rates of return. The trust gap between leaders who believe PPPs benefit everyone and citizens who don't, which we will discuss later, is real, and dangerous if ignored.

But the direction of travel is clear. We're in a world of fiscal constraints, climate risk and technological upheaval, in which PPPs have become a central pillar of nation-building. They enable countries to tap global pools of capital, accelerate the deployment of critical infrastructure, build human capital and social cohesion, and handle risk in ways that would be impossible for the public or private sector acting alone.



SCALING PROSPERITY THROUGH COLLABORATION

The next phase of global digital growth depends not on technology alone, but on coordinated partnerships that align ambition, capital and capability across sectors, argues Dr Hajar El Haddaoui.

DR HAJAR EL HADDAOUI

is Director-General, Digital Cooperation Organization (DCO). She has been involved in the tech industry for over 20 years. She is a leader with global experience spanning multinational organizations and public sector entities and works with both companies and stakeholders on regulatory and political issues related to emerging technologies, policies, international cooperation and strategic dialogue.

PHOTO: GORODENKOFF/SHUTTERSTOCK, PR

THE DIGITAL ECONOMY IS NOW ONE OF the defining engines of global growth. The Digital Cooperation Organization's (DCO) Digital Economy Trends Report (DET 2026) estimates that the digital economy will reach $28 trillion in 2026, representing 22% of global GDP, with digital activity expanding further across sectors, markets, and societies.

But growth at scale is not automatic.

While innovation is advancing rapidly, the ability to translate digital momentum into broad-based prosperity remains uneven, particularly in emerging and transitioning economies. Capital exists. Technology exists. What is often missing is the mechanism that allows collaboration to scale.

This is where public-private partnerships matter.

PPPs act as enablers of the digital economy. They align governments, businesses and investors around shared outcomes, allowing digital growth to benefit everyone. If well-designed, they turn ambition into momentum and expansion into durable prosperity.

> "The digital economy advances with innovation, but it accelerates through collaboration at scale."

COLLABORATION AS THE ENGINE OF DIGITAL GROWTH

The digital economy is fundamentally interconnected. Its success depends on cooperation across the economy: governments setting enabling conditions, businesses innovating and delivering, investors mobilizing long-term capital, and institutions ensuring trust and interoperability.

When these actors move in isolation, progress fragments. When they move together, growth accelerates. Collaboration is not a supporting condition. It is the growth model.

> "If the digital economy succeeds, everyone advances. If everyone leans in, everyone wins."

WHY THE DIGITAL ECONOMY IS A VIP INVESTMENT DOMAIN

The digital economy is not a stand-alone sector. It is the accelerator of modern economies. It enhances productivity in healthcare, education, energy, logistics, finance, manufacturing and creative industries. It expands access to markets, reduces friction and enables participation at scale for businesses and individuals alike.

This is what makes the digital economy a VIP investment domain.

Digital investment today is less about capturing existing markets and more about accelerating and expanding markets themselves. Value is created through network effects, adoption and ecosystem growth. →

> **"Digital investment is no longer about capturing a market. It is about accelerating and expanding the market."**

→ FROM ASSETS TO ECOSYSTEMS

This is where public-private partnerships deliver their greatest value.

Well-structured digital PPPs do not simply finance individual projects. They activate ecosystems. They enable SMEs to digitize, platforms to scale, services to reach new users and entire sectors to become more productive.

Healthcare systems become more efficient. Education systems become more accessible. Financial services become more inclusive. Trade becomes more seamless.

This is the multiplier effect that defines digital growth and makes it investable.

> **"Digital PPPs are not about building systems. They are about unlocking participation at scale."**

Different models of PPPs reflect this diversity. Some focus on infrastructure delivery, others on service provision, platform enablement, skills development or blended finance. This flexibility allows businesses of different sizes, sectors and risk appetites to participate meaningfully in the digital economy's expansion.

From the perspective of the DCO, PPP models are evident across our projects and initiatives, including:

- **IMPACT:** Platform enablement + solution adoption marketplace (GovTech PPP model)
- **WE-ELEVATE:** Service provision + ecosystem partnerships (MSME e-commerce enablement PPP model), currently live across multiple member states including Rwanda, Nigeria and The Gambia, with Morocco committed to a roll-out.
- **SKILLS UNIVERSE:** Skills development + shared infrastructure (talent marketplace/registry PPP model)

Moreover, the Public-Private-People Partnership (P4) model serves as a collaborative framework that integrates public entities, private organizations and citizens to drive social and economic transformation. By harnessing the strengths of government, the private sector and civil society, the P4 model focuses on collaborative governance to tackle critical social issues, particularly poverty alleviation and community development.

Key features of P4 include fostering cooperation among sectors to achieve common goals, promoting holistic development through essential services like education and healthcare for marginalized communities, empowering families by addressing their specific needs and leveraging private sector expertise to create innovative solutions for complex challenges. Through this approach, the Digital Cooperation Organization effectively drives impactful initiatives in the global digital economy, ensuring inclusivity and sustainability in alignment with our four-year agenda.

ALIGNING AMBITION WITH EXECUTION

At their core, digital PPPs bring alignment. They connect long-term public priorities with private-sector capability and capital. They create predictability where uncertainty would otherwise slow progress. For investors, they offer visibility on demand, clearer risk-sharing, and exposure to growth driven by adoption and scale rather than short-term cycles.

For governments, they accelerate delivery and unlock innovation difficult to achieve alone. Most importantly, they align incentives around outcomes, not inputs.

> **"When incentives align, scale follows."**

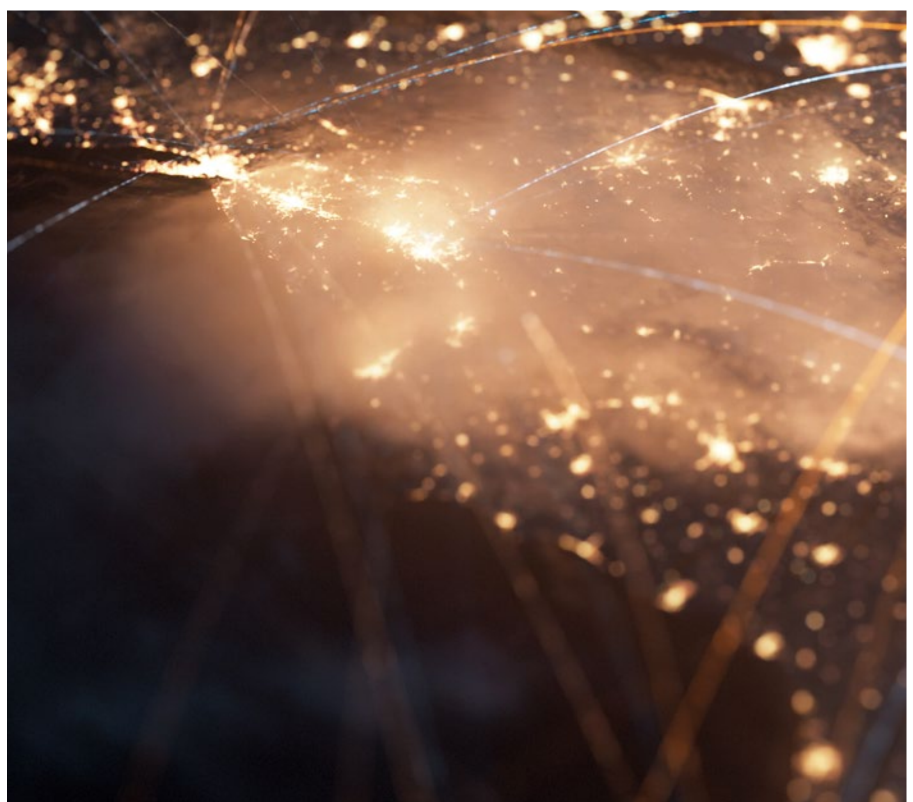


PHOTO: DKOSIG/GETTY IMAGES/ISTOCK

THE FOUNDATIONS THAT MUST MOVE TOGETHER

The digital economy still relies on essential foundations. Connectivity, data capacity, skills, governance and trust remain critical enablers of growth. While these foundations vary by market, they share one common requirement: coordination.

Governments are uniquely positioned to anchor these foundations. The private sector brings efficiency, innovation and speed. Investors provide the long-term capital required to sustain momentum.

PPPs are the mechanism that allows these roles to reinforce one another rather than compete.

> **"There is no scalable digital economy without alignment across the ecosystem."**

MAKING COLLABORATION ACTIONABLE: THE DCO FRAMEWORK

While the case for collaboration is widely accepted, execution often lags. Digital PPPs involve multiple stakeholders, evolving technologies, and long-term commitments. Without structure, opportunities stall and capital hesitates.

The Digital Cooperation Organization's Framework for Collaborative Investment in the Digital Economy was developed to address this challenge.

The Framework provides a practical roadmap for governments and businesses to work with investors on PPPs across the digital economy, covering both enabling conditions and delivery pathways. It helps translate national digital ambition into coherent, investable opportunities by clarifying roles, aligning incentives, and supporting smarter resource mobilization.

By reducing fragmentation and improving coordination, the Framework helps collaboration move from intention to impact.

> **"Collaboration only delivers value when it is designed to scale."**

THE PATH FORWARD

The digital economy will continue to expand. The question is whether its growth will remain uneven or translate into shared prosperity. Public-private partnerships and, in fact, the P4 model, offer a proven way to align ambition, capital and execution. Supported by DCO's Framework, they provide the architecture needed to accelerate digital growth across markets and sectors.

For business leaders and investors, this is not a peripheral opportunity. It is a pathway into the most dynamic transformation shaping the global economy.

> **"The future of digital prosperity will be built by those who know how to grow together."**

The Gordie Howe International Bridge spans borders and the public and private sectors

LEADING BY EXAMPLE

Four stories of successful PPPs that are changing the game worldwide.

ACROSS THE GLOBE, INNOVATIVE PARTNERSHIPS are delivering critical infrastructure that drives economic growth and improves quality of life. These success stories provide a diverse set of models – from transport in North America to innovation hubs in Africa and energy links in Europe – that can serve as benchmarks for future projects.

PHOTO: WINDSOR-DETROIT BRIDGE AUTHORITY, CARNEGIE MELLON UNIVERSITY AFRICA

Both the government of Rwanda and investors from Africa50 helped bring Kigali Innovation City into existence

1. THE GORDIE HOWE INTERNATIONAL BRIDGE: A CROSS-BORDER LIFELINE

LOCATION: USA/Canada
VALUE: ~$4.4 billion

The Gordie Howe International Bridge is a monumental infrastructure project connecting Detroit, Michigan, and Windsor, Ontario. It addresses a critical bottleneck in the trade corridor between the United States and Canada, which handles over 25% of all surface trade between the two nations.

THE PPP MODEL: The project is delivered under a design-build-finance-operate-maintain (DBFOM) model with a 36-year concession period. It utilizes an "availability payment" structure, where the public authority (Windsor-Detroit Bridge Authority) retains the demand risk (toll revenue), while the private partner (Bridging North America) receives fixed payments based on the availability and maintenance quality of the bridge.

WHY IT SUCCEEDED:

- **RISK TRANSFER:** By retaining toll revenue risk, the public sector shielded private investors from traffic volume uncertainty, a notorious cause of failure in toll road PPPs. This made the project highly attractive to bond markets.
- **FINANCIAL STRUCTURE:** The project deployed a mix of short-term bank debt, medium-term bonds and long-term bonds, optimizing the cost of capital across the construction and operational phases.
- **ECONOMIC INTEGRATION:** Beyond the bridge, the project includes massive ports of entry, facilitating seamless trade and logistics, which boosts the competitiveness of the North American manufacturing sector.

→ 2. KIGALI INNOVATION CITY: BUILDING A KNOWLEDGE ECONOMY

LOCATION: Rwanda
VALUE: ~$300 million

Kigali Innovation City (KIC) represents a shift from "hard" infrastructure to "knowledge" infrastructure. It is a mixed-use technology hub designed to house universities, biotech firms and retail real estate, aiming to position Rwanda as a pan-African tech hub.

THE PPP MODEL: KIC is a joint venture between the Government of Rwanda and Africa50, an infrastructure investment platform founded by the African Development Bank. The government provided the land and shared infrastructure (roads, utilities), while Africa50 serves as co-sponsor and lead developer.

WHY IT SUCCEEDED:

- **ECOSYSTEM APPROACH:** Unlike stand-alone real estate developments, KIC integrates education (four universities) with commercial industry, ensuring a steady pipeline of talent for tenant companies, creating a self-reinforcing cycle of innovation.
- **STRATEGIC SPONSORSHIP:** The involvement of Africa50 brought credibility and development finance expertise, crucial for attracting further private investment into a frontier market.
- **LEAPFROGGING:** The project allows Rwanda to bypass traditional industrialization and move directly into the knowledge economy.

3. NEUCONNECT INTERCONNECTOR: THE INVISIBLE ENERGY HIGHWAY

LOCATION: UK/Germany
VALUE: €2.8 billion

NeuConnect, under construction since 2023, is a privately financed high-voltage direct current (HVDC) interconnector linking the energy grids of the UK and Germany for the first time. It enables the flow of 1.4GW of electricity, enough to power 1.5 million homes.

THE PPP MODEL: Historically, interconnectors were built by state-owned transmission system operators. NeuConnect, however, is a merchant project financed by a consortium of global investors, including Meridiam, Allianz, Kansai Electric and TEPCO. It operates on a commercial basis, generating revenue by arbitraging price differences between the UK and German power markets.

WHY IT SUCCEEDED:

- **STRATEGIC SPONSORSHIP:** Market-led resilience: The project capitalizes on the complementary nature of wind generation in the UK and Germany. When the wind blows in the North Sea, excess power can be sold to Germany, and vice versa. This flexibility enhances energy security for both nations without requiring public subsidies.
- **TECHNOLOGICAL FEAT:** The 725 km of subsea cables demonstrates the private sector's ability to manage extreme technical complexity and delivery risk.
- **INVESTOR APPETITE:** The project proved that there is strong institutional appetite for energy transition infrastructure that offers long-term, inflation-linked returns.

4. CROSS RIVER RAIL: TRANSFORMING URBAN MOBILITY

LOCATION: Brisbane, Australia
VALUE: ~AUS$5.4 billion

Cross River Rail is a transformative 10.2 km rail line including 5.9 km of twin tunnels under the Brisbane River. It unlocks a major bottleneck in the region's transport network.

THE PPP MODEL: The tunnel, stations and development (TSD) package is delivered as a PPP. A key innovation was the integration of "digital twin" technology – a virtual replica of the physical asset used for planning, construction, and operation.

WHY IT SUCCEEDED:

- **DIGITAL INTEGRATION:** The use of a digital twin allowed for unprecedented stakeholder engagement and early detection of design clashes, significantly reducing construction risk.
- **INCLUSIVE DESIGN:** A dedicated Accessibility Reference Group ensured the infrastructure met the needs of all users, reducing the risk of costly retrofits and building deep community support.
- **AVAILABILITY MODEL:** Like Gordie Howe, the use of availability payments insulated private investors from patronage risk, ensuring the project's bankability.

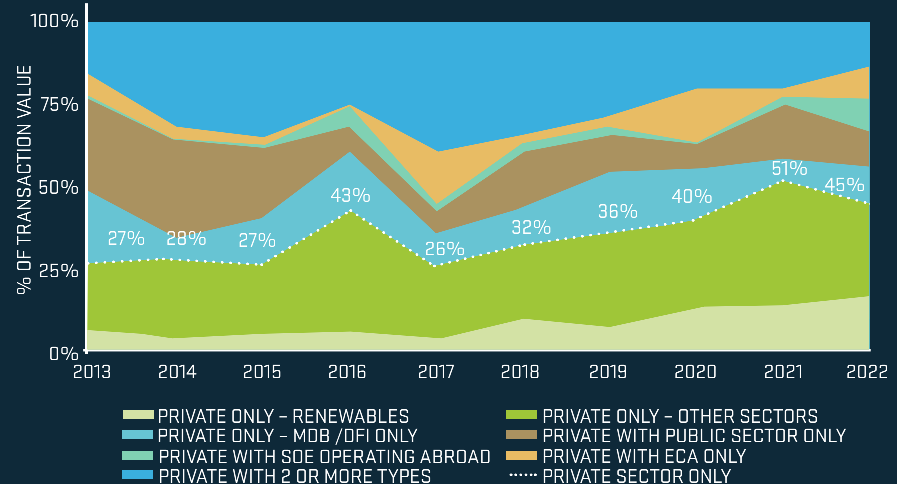
PHOTO: ABSTRACT AERIAL ART/DIGITAL VISION/GETTY IMAGES, WENYI LIU/MOMENT RF/GETTY IMAGES

The Brisbane River bisects the Australian city, but the PPP-backed Cross River Rail project cuts under the waters

UNLOCKING INSIGHTS THROUGH DATA

Digging into the data uncovers new truths about PPPs.

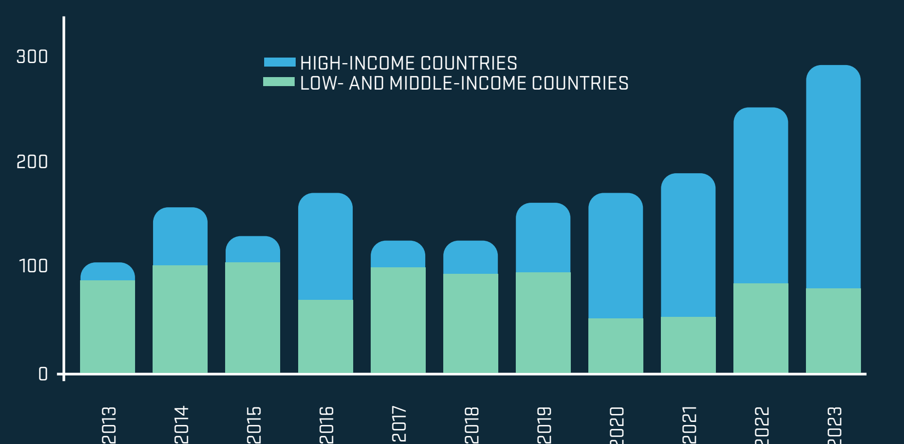
HALF OF PRIVATE INFRASTRUCTURE INVESTMENT IN DEVELOPING MARKETS NEEDS PRIVATE SECTOR SUPPORT



SOURCE: PPIAF/WORLD BANK, 2024

PRIVATE INVESTMENT IN INFRASTRUCTURE PROJECTS IN PRIMARY MARKETS BY INCOME GROUP

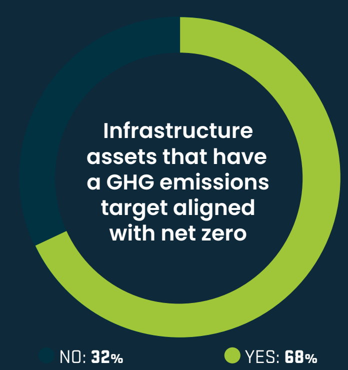
(US$ billion, HICs and LMICs)



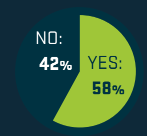
SOURCE: PPIAF/WORLD BANK INFRASTRUCTURE MONITOR, 2024

ALMOST ONE-THIRD OF INFRASTRUCTURE ASSETS STILL HAVE NO NET ZERO TARGET

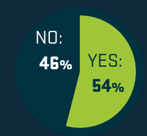
moreover, over 40 percent of these targets do not have interim targets or target-setting frameworks



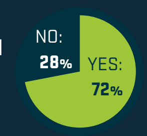
Aligned with a net zero target-setting framework



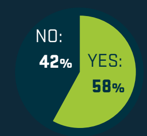
Science-based



Publicly communicated

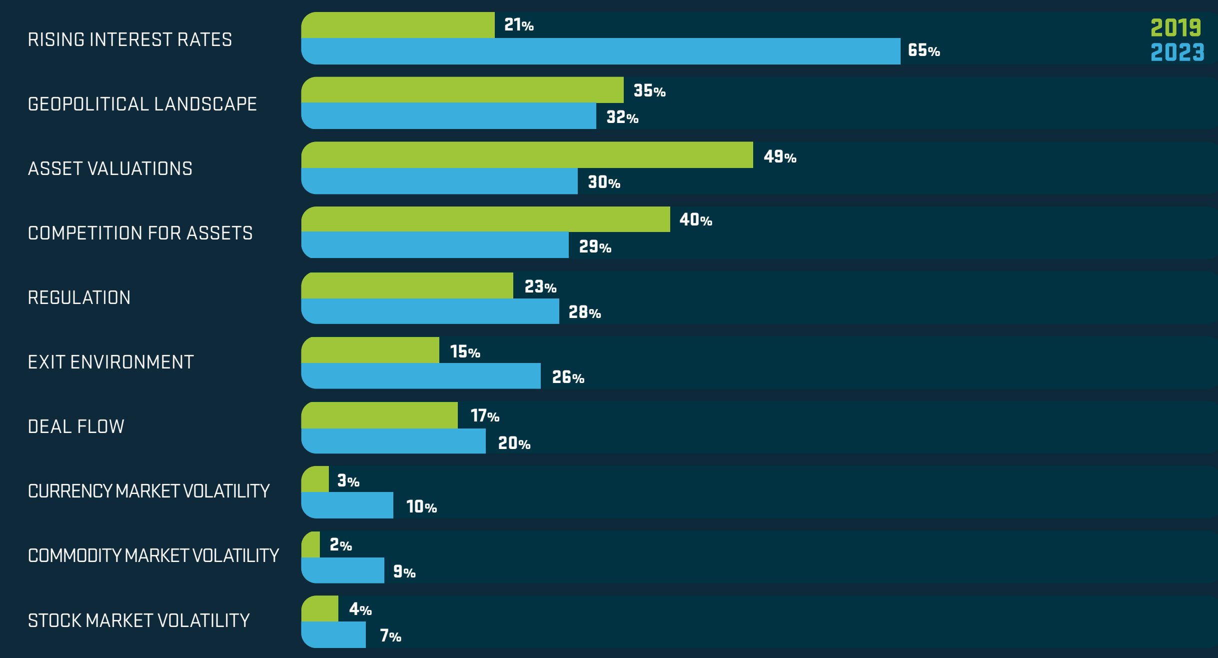


Includes interim target



SOURCE: PPIAF/WORLD BANK INFRASTRUCTURE MONITOR, 2024

HALF OF PRIVATE INFRASTRUCTURE INVESTMENT IN DEVELOPING MARKETS NEEDS PRIVATE SECTOR SUPPORT

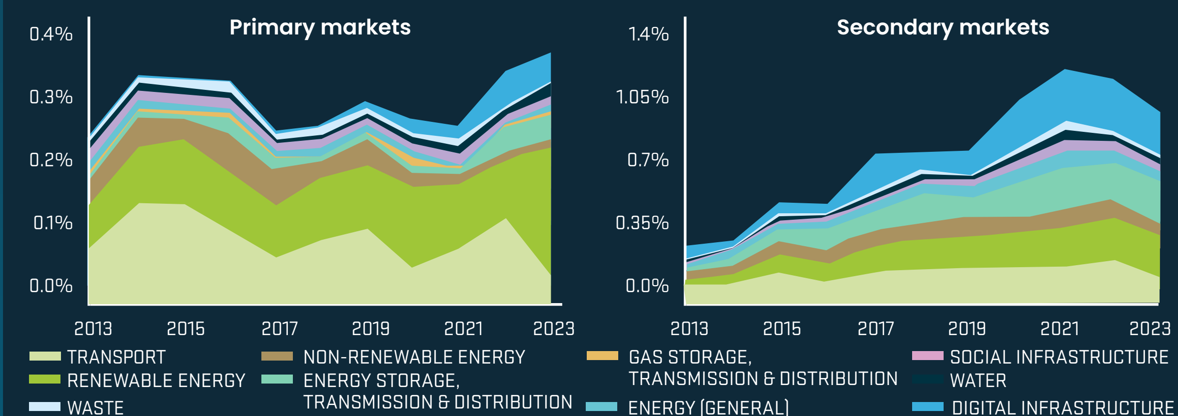


SOURCE: PPIAF/WORLD BANK INFRASTRUCTURE MONITOR, 2024)

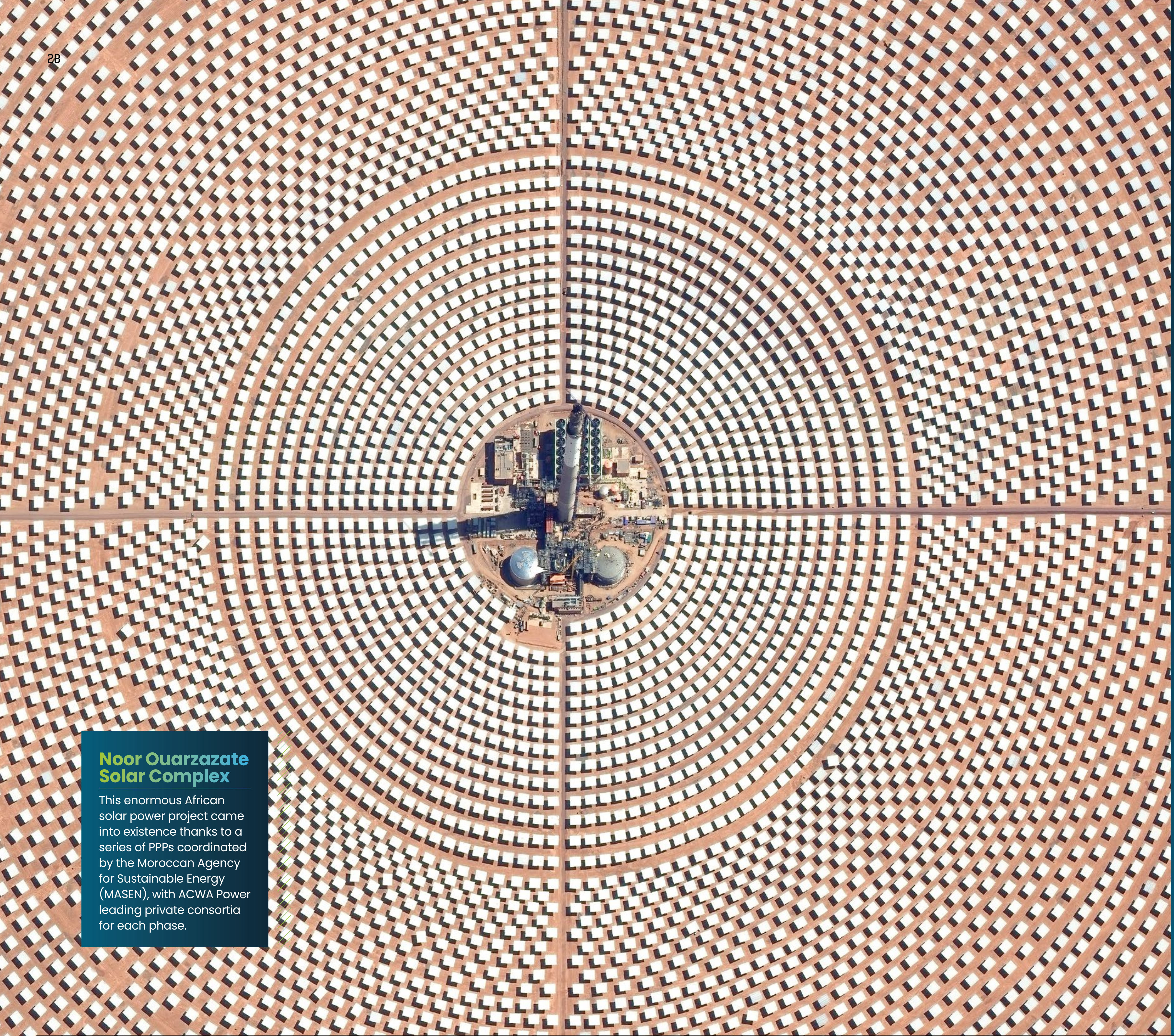
10% OF ANNUAL PHYSICAL AND SOCIAL INFRASTRUCTURE INVESTMENT GLOBALLY FROM PPPS

SOURCE: TOULOUSE SCHOOL OF ECONOMICS, 2021

HALF OF PRIVATE INFRASTRUCTURE INVESTMENT IN DEVELOPING MARKETS NEEDS PRIVATE SECTOR SUPPORT



SOURCE: PPIAF/WORLD BANK INFRASTRUCTURE MONITOR, 2024



Noor Ouarzazate Solar Complex

This enormous African solar power project came into existence thanks to a series of PPPs coordinated by the Moroccan Agency for Sustainable Energy (MASEN), with ACWA Power leading private consortia for each phase.

PHOTO: MAXAR/SCAPEWARE3D/DIGITALGLOBE VIA GETTY IMAGES

HARNESSING THE PRIVATE SECTOR

Mobilizing the innovative and disruptive nature of the private sector to bring about major projects that do good for a state or country requires careful consideration to unlock the most benefits, but can be done by understanding its strengths … and limitations.

HOW THE PRIVATE SECTOR CAN BOLSTER PUBLIC PROJECTS

Finding the right playbook to follow for PPPs can be tricky – but here's a starting point.

FOR MUCH OF THE LAST century, the division of responsibility was clear. Governments planned, financed and owned the infrastructure that underpinned national development, while the private sector operated in the spaces in between. That world has gone. Now we need a different model: one where private capital and know-how are baked into public projects from the outset.

The question is no longer whether the private sector should be involved, but how it can bolster public projects in ways that are aligned with the public interest.

The starting point is capital. Faced with stretched public balance sheets and a multitrillion-dollar infrastructure gap, governments simply cannot build alone. But in

PHOTO: NANOSTOCKK/GETTY IMAGES/ISTOCK

the most effective partnerships, the private sector does far more than simply write the checks.

Banks increasingly see themselves as co-architects of public projects rather than passive financiers. Their executives describe a "multiplier effect," when commercial discipline helps public ambition. By using limited pools of concessional or philanthropic money to de-risk riskier elements – for example, early-stage clean-tech deployment or climate adaptation in vulnerable regions – they can bring in far larger volumes of commercial capital. For every dollar of capital deployed, several more can follow. The effect is to stretch scarce public resources without surrendering control of policy goals.

DE-RISKING NEW MARKETS

The private sector can also help seed entirely new markets that the state needs but is reluctant to build alone.

Saudi Arabia's renewable energy story is one example. A decade ago, the sector was constrained by regulatory uncertainty and doubts over who would buy the power. Private developers were wary of committing capital without long-term clarity on offtake agreements.

Saudi Arabia's Sovereign Wealth Fund stepped in alongside the Ministry of Energy and other public agencies to shoulder early risk. By supporting the first wave of projects, providing creditworthy offtakers and helping to design competitive tenders, they helped develop a broader transformation. The lesson is clear: when governments and sovereign investors use their balance sheets to absorb early uncertainty, they can unlock private investment at scale. Rather than crowding out markets, they crowd them in.

The same "market seeder" logic is now being applied to AI and digital →

“ The question is no longer whether the private sector should be involved, but how it can bolster public projects in ways that are aligned with the public interest.”

→ infrastructure. The state provides the long-term vision and regulatory environment; private partners bring capital, technical expertise and global ecosystems of clients and developers.

EXECUTION AND INNOVATION AT SPEED

Money is important. But it’s not the be all and end all. Another key contribution of the private sector is in execution and lifecycle management.

Major contractors, operators and technology firms specialise in delivering complex projects under tight timelines and performance guarantees. They’re used to navigating cost inflation, supply-chain volatility and regulatory shifts across multiple jurisdictions. When they enter PPPs, that expertise can significantly reduce the risk of time and cost overruns that have plagued purely public projects.

For the public sector, this means better visibility over how assets will perform over 20 or 30 years, not just during the construction period. It also means contracts can be structured around outputs like journey times, availability and emissions, rather than inputs alone. When operators are paid to keep assets running smoothly, they have strong incentives to innovate.

Institutional investors are ever more hungry for long-duration, inflation-linked cash flows that infrastructure projects can provide. That has created a new pool of capital willing to finance public projects throughout their lifecycle – provided they are structured with the right covenants, transparency and reporting. Private actors are now doing more than building the projects. They’re building the financial plumbing that keeps them running.

WHO WINS?

The private sector is reshaping who gets to participate in – and benefit from – national infrastructure. Historically, ownership of toll roads, grids or hospitals has been concentrated among a small group of large institutions. But that’s starting to change. As more pension funds, insurers and even retail investors seek exposure to “alternatives,” infrastructure is moving from a niche allocation to a mainstream component of diversified portfolios.

Unlocking that capital requires innovation. Open-ended infrastructure funds, listed vehicles and new distribution channels are bringing long-term projects within reach of ordinary savers. Over time, this can tighten the link between citizens’ savings and the assets that underpin their economies.

Tokenization takes this further, making it easier for local residents to own a stake – however small – in the projects shaping their daily lives.

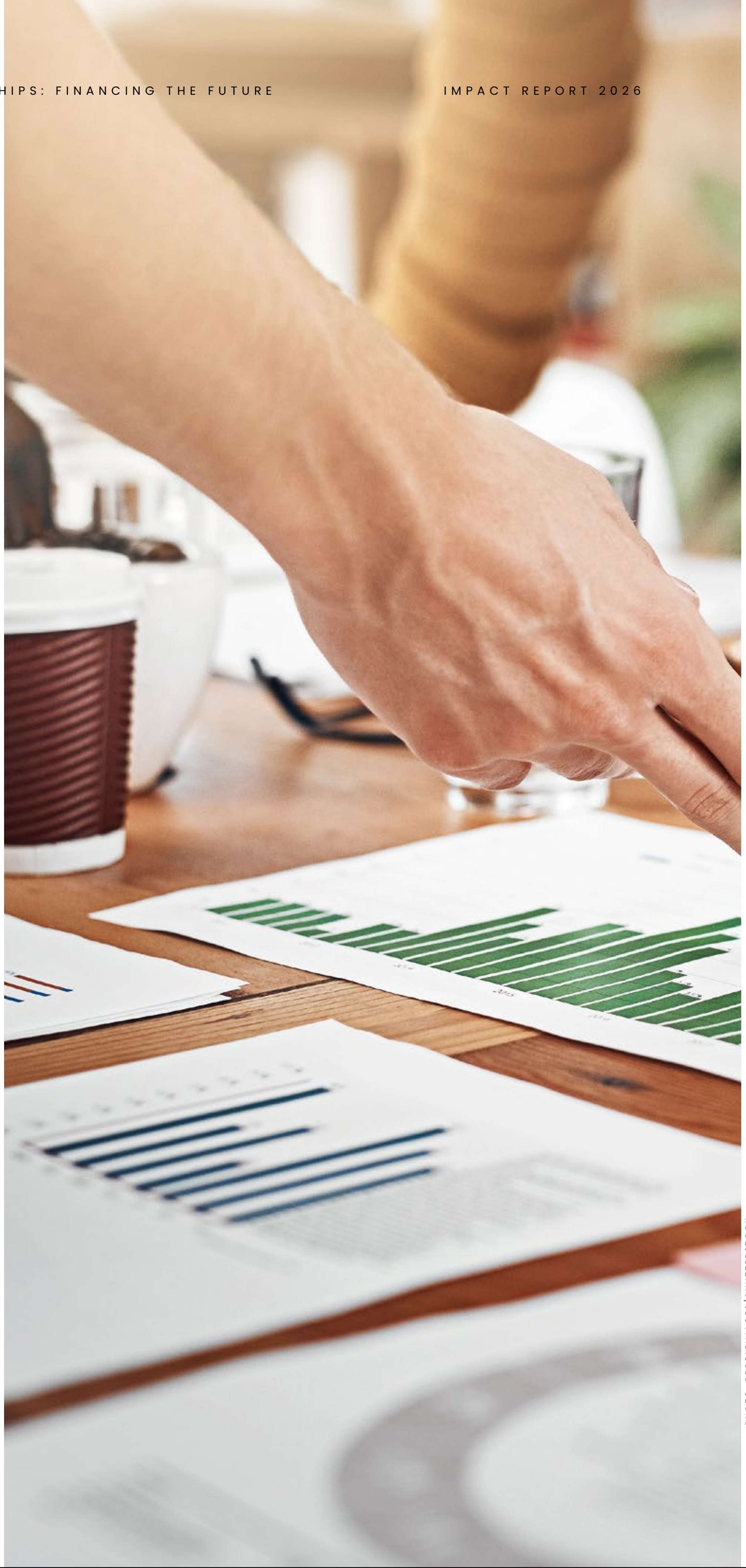


PHOTO: PEOPLEIMAGES/SHUTTERSTOCK

It could also improve transparency, by encoding key contractual terms and performance data directly into token frameworks. For governments worried about a trust deficit, that kind of radical visibility is attractive.

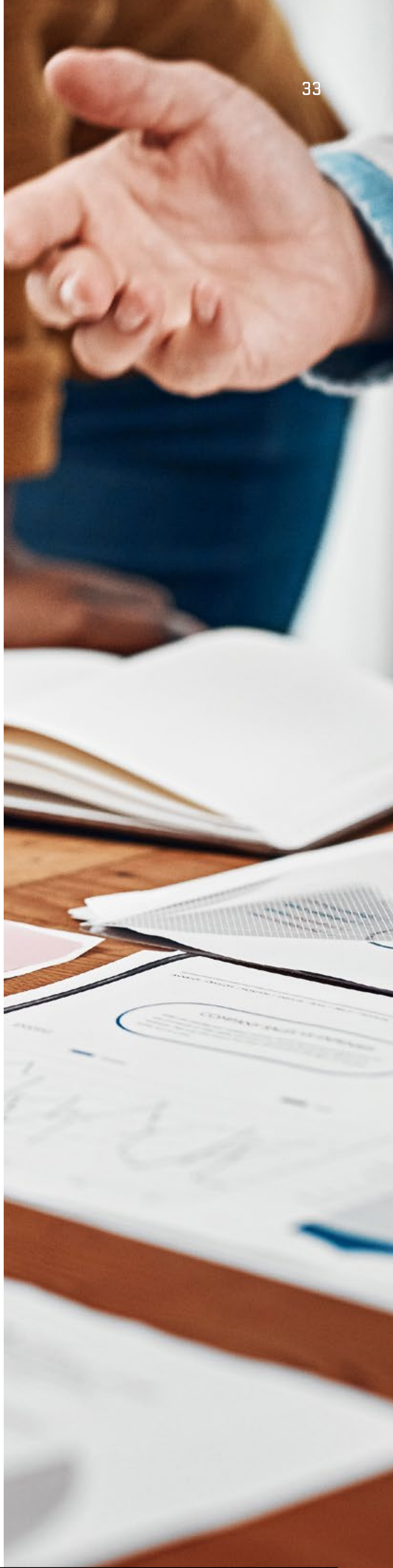
APPEALING TO BETTER ANGELS

None of this implies that the private sector is altruistic. Banks, asset managers, contractors and technology firms are ultimately accountable to their shareholders or beneficiaries. Their participation in public projects is driven by return expectations, risk appetite and regulatory constraints.

But that’s why they can be powerful allies. Investors increasingly act as “term-makers” rather than as passive capital: they demand clearer ESG metrics, robust governance and credible transition plans from projects they back. They also reinforce many of the objectives that governments espouse, like decarbonization, resilience and social inclusion. But they do so with financial backing.

Policymakers must take advantage of this, but also ensure there are clear guidelines. Strong legal frameworks that define roles, responsibilities and dispute-resolution mechanisms can keep the public good at the core of any action. Transparent procurement processes can champion and look for quality, resilience and social impact alongside the keenest price for a project. And designing contracts that balance flexibility with accountability can ensure adjustments happen as technology and conditions change, without opening the door to opaque renegotiations.

The private sector can be a good partner in national strategy, helping governments move faster, manage risk more intelligently and build assets that are not only financially sound, but socially and environmentally fit for purpose. It can bolster big projects for the betterment of us all.



AVOIDING THE PP-PITFALLS

PPPS come with plenty of promise – but there is also a panoply of pitfalls to avoid.

PUBLIC-PRIVATE PARTNERSHIPS HAVE LOTS OF benefits, including speed, innovation and a scale of capital that governments alone can't muster. But the history of PPPs is also a history of projects that went over budget, underdelivered or lost public support. Understanding why they fail is now as important as celebrating where they succeed.

The first pathology is baked in at the planning stage. Governments and private bidders alike fall prey to "optimism bias" – underestimating costs and overestimating demand. A late 1990s review by the UK government found that while PPPs often meet delivery deadlines, 73% of projects exceeded contract prices, mirroring a wider industry pattern of overpromising and underpricing. Things have improved since then, with the proportion dropping to 22% by 2003, but such projects still risk ballooning costs.

This is compounded by aggressive bidding. Private consortia sometimes lowball construction and operating costs simply to win the deal, assuming they can renegotiate later. In Latin American transport concessions, that dynamic has become a successful business model. But it comes with another cost: citizens see the headlines about spiraling costs and reasonably conclude that PPPs are just privatization by stealth.

As with all projects, cheapest isn't necessarily best. Moving from lowest-price awards to most economically advantageous tenders is a good way to help without hindering progress.

Mobilizing private finance can unlock new opportunities for development, as PPPs show

PHOTO: DANIEL TOMLINSON/GETTY IMAGES/ISTOCKPHOTO, PIRANKA/GETTY IMAGES/ISTOCK

CONTRACTUAL TRAPS

The second failure mode is contractual rigidity. PPPs were built in an era when 25- or 30-year concessions felt sensible. Things have changed since then, including volatile interest rates, technological revolutions and political churn. As a result, such terms can become straightjackets. Research by the Global Infrastructure Hub suggests that 45% of global PPP contracts are renegotiated within a decade of signature. Governments are often dragged back in to absorb losses they thought they had offloaded.

The fix is not to abandon long-term partnerships, but to design them with living mechanisms: pre-agreed review points, technology refresh clauses and clearly defined triggers for adjustment that don't require tearing up the contract. Done well, this turns renegotiation from a crisis into an expected maintenance cycle.

A third pitfall of PPPs can be technological obsolescence. In digital and AI-enabled infrastructure, a 25-year contract can be outpaced by a five-year innovation cycle. Broadband networks, smart grids or data centers that require then-current tech can quickly age. The collapse of municipal broadband PPPs such as the SiFi Networks deal in Arlington, Texas, signed in 2021 but abandoned in 2023, shows how quickly market and technology shifts can render a model unworkable.

Traditional PPP thinking has to evolve. For tech-heavy projects, shorter concessions, modular designs and tools like digital twins allow owners and operators to stress-test scenarios before committing their capital.

THE POLITICAL DIMENSION

Even perfectly structured deals can be undone at the ballot box with a change of government, destroying investor confidence overnight. The UK's abrupt termination of its Private Finance Initiative in 2018 left a financing vacuum. This isn't always the case: Türkiye's PPP program has continued to attract capital despite macroeconomic volatility because it sits within a clear legal framework that survives governmental changes. PPPs can't be a partisan project. They require bipartisan consensus and stand-alone legislation that outlives individual ministers and electoral cycles. For investors, policy durability is now as important as any credit rating.

How PPPs fail is pretty well understood. But how to fix it is harder. Still, manage it and PPPs can shift from being seen as a gamble with public money to being recognized as disciplined, transparent vehicles for long-term value creation.

73%
of PPP projects exceed contract prices in 1999

22%
of PPP projects exceed contract prices in 2003

(SOURCE: UK NATIONAL AUDIT OFFICE, 2003)

2021
deal signed for SiFi Networks broadband supply in Texas

2023
deal abandoned due to "declining interest"

(SOURCE: ARLINGTON, TX CITY COUNCIL, 2023)

HOW BANKS CAN HELP WITH PPPS

Money makes the world go round – especially with PPPs, which means banks play a vital role in projects.

BANKS HAVE ALWAYS FINANCED public infrastructure. What is changing is where in the process they intervene - and how much of the heavy lifting they are willing to do before a project ever reaches financial close.

In the traditional model, a government announced a new road, hospital or energy system; commissioned a feasibility study; then went shopping for lenders. In the modern PPP era, that sequence is increasingly reversed. With volatile interest rates, tight supply chains and citizens demanding clearer value for money, projects aren't really bankable by default anymore.

Allianz's economic research argues the global economy needs to invest close to 3.5% of GDP per year – equivalent to around $4.2 trillion annually – over the next decade to future-proof social, transport, energy and digital infrastructure against megatrends such as urbanization, supply-chain disruption and AI-driven digitalization. That needs bankrolling, in a big way.

YOU CAN BANK ON IT

It all adds up to banks playing an important role. But their first contribution is often invisible: helping design the shape of the deal.

PPPs are as much a bundle of risks, revenue streams, performance obligations and legal commitments as they are assets. Capital can sometimes be too cautious in these projects, putting risk costs that make the project unaffordable.

In the UK, the Association of Infrastructure Investors in Public Private Partnerships (AIIP) has argued for a more modern, simpler PPP model, with dozens of recommendations aimed at reducing complexity and improving value for money. Meanwhile, the Future Governance Forum has proposed Infrastructure Investment Partnerships, including ideas such as clearer governance and neutral dispute resolution to improve delivery culture and reduce friction.

The banks' role in this is unglamorous, but can be the difference between a PPP that attracts deep pools of capital and one that limps from renegotiation to renegotiation. Banks can be a disciplining force that brings rigor and efficiency to public mandates.

ENGINEERING RISK

Public projects fail less often because the engineering is impossible than because the financial and political risks are misallocated. But banks specialize in slicing those risks into forms that different investors can accept: construction risk, operating risk, demand risk, FX risk, interest-rate risk and policy risk. They structure hedging, insurance and guarantees so that the party best able to manage a risk is actually incentivized to do so.

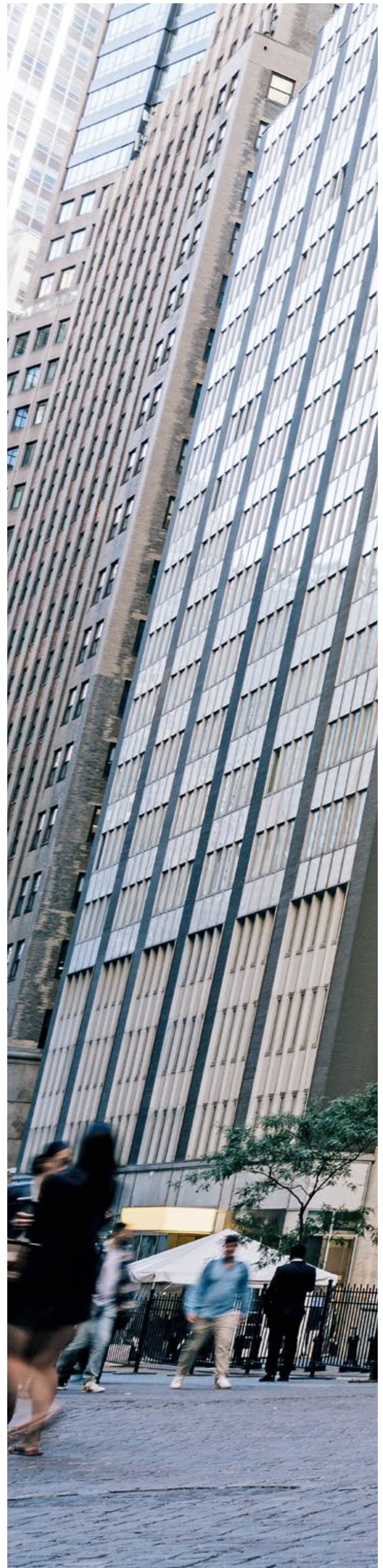


PHOTO: LEOPATRIZI/GETTY IMAGES/ISTOCK

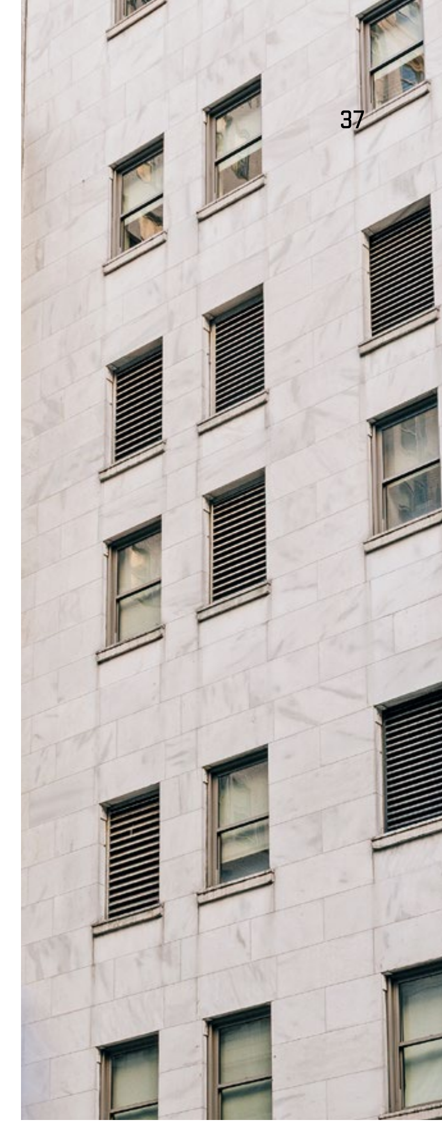
This matters most in emerging markets, where currency volatility can turn a perfectly sound toll road or water project into a fiscal headache. Investors increasingly demand stronger covenants and protections, and FX risk remains the elephant in the room for mobilizing developed-market capital into the Global South. Banks can help by arranging local-currency financing where feasible, building blended-finance guarantees into the capital stack or using risk-sharing structures that prevent a currency shock from automatically becoming a public-sector bailout.

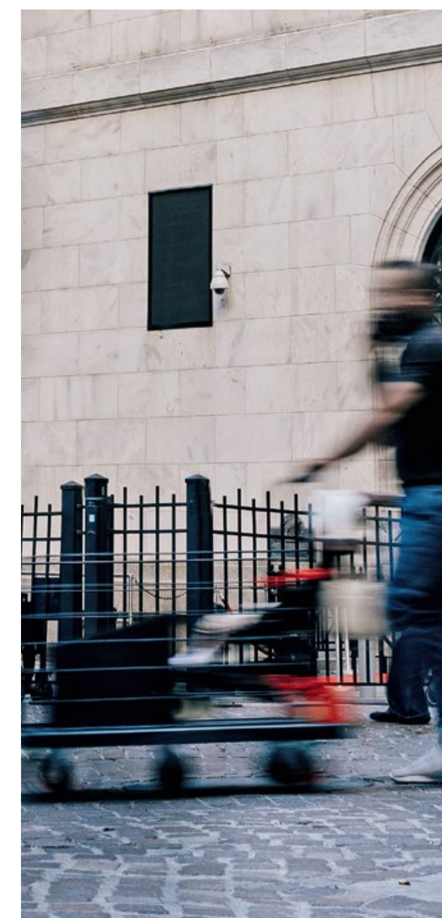
But the most direct way banks can bolster public projects is by helping fund categories of infrastructure that markets have historically ignored: climate adaptation, resilience and certain types of social infrastructure where cashflows are indirect.

Here, the private sector is not held back by lack of capital, but by first-loss fear. Banks and public partners can solve that with blended finance.

FUNDING THE MESSY MIDDLE

Banks also help governments and public sponsors deal with a tricky political economy problem: the transition can't be financed purely by backing "already green" assets. →





→ In many countries, the biggest emissions reductions come from upgrading existing systems. These projects are essential but complex, involving interim technologies, hard-to-measure baselines and public sensitivity about costs.

Transition finance is a whole-of-economy problem solver, turning a national transition plan into investable projects. Banks can align capital markets discipline with public policy ambition – provided policy is stable enough to underwrite.

Banks also specialize in the things that can sometimes hamstring large projects. A significant share of PPP friction is administrative, whether that's reporting, reconciliation, milestone verification, payment disputes or long settlement cycles. Blockchain-based settlement, tokenized ownership units and smart-contract-like automation could reduce those frictions, speed up cashflows and make performance reporting more transparent.

Some are even using tokenized assets. In December 2025, J.P. Morgan issued a $50 million commercial paper instrument for Galaxy Digital on the Solana blockchain, with purchasers including Coinbase and Franklin Templeton, an indication that mainstream finance is experimenting with on-chain issuance and servicing.

KEEPING THINGS HONEST

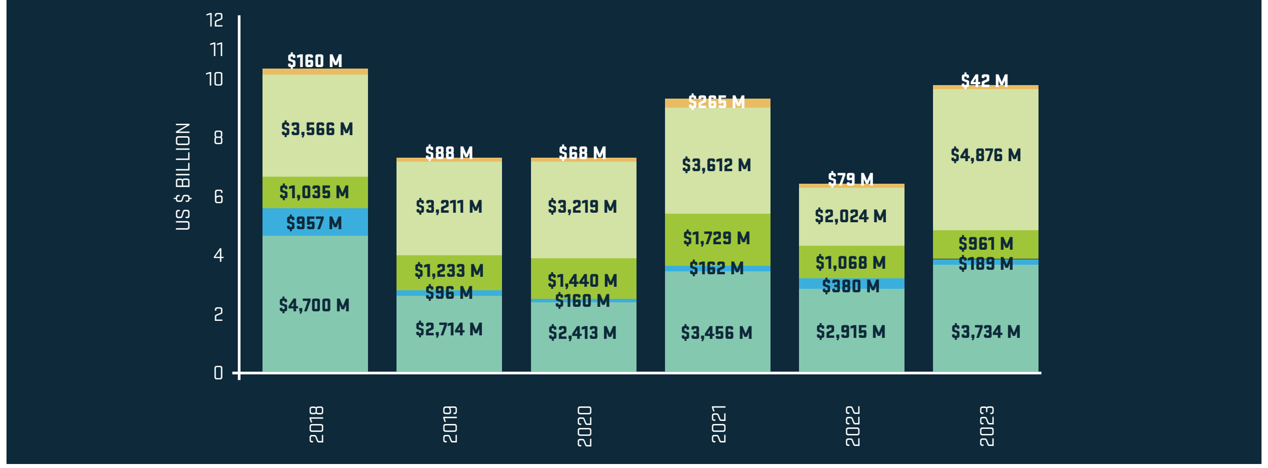
Still, banks alone aren't a substitute for good governance. But they can materially improve public projects by doing what they do best: structuring risk, enforcing discipline, mobilizing capital across boundaries and building financial infrastructure that makes long-term projects investable.

The strongest PPP ecosystems aren't just those that attract money. They're the ones that can use banks' capabilities to professionalize project selection, de-risk what matters and build financing models that survive political cycles and economic shocks.

In the next decade, the countries that build fastest - and keep public consent while doing it - are likely to be the ones that treat banks not as last-minute lenders, but as early-stage co-designers of how national ambition becomes durable reality.

SOURCES OF FINANCING TO BLENDED FINANCE

Sources of financing to blended finance deals (excl. guarantees and insurance instruments) 2018-2023



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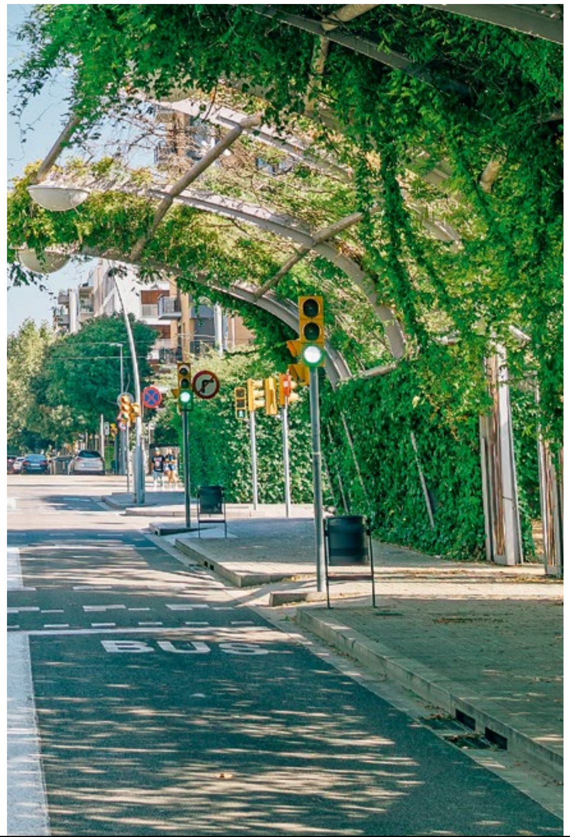


PHOTO: ALEXANDER SPATARI/MOMENT RF/GETTY IMAGES

Bridging the divide between the public and private sectors is crucial to unlocking the best opportunities for major infrastructure projects

WHAT DO INVESTORS NEED FROM PPPS?

Investors are a major player when it comes to public-private partnerships, but how do you ensure they engage?

INVESTORS HAVEN'T FALLEN out of love with infrastructure. If anything, the appetite for long-dated, real-economy assets has strengthened as portfolios search for diversification, inflation protection, and cashflows have moved out of step with public equities. What has changed is the balance of power, and the bar for what qualifies as investable.

Capital allocators no longer behave like grateful buyers of whatever governments put in front of them. They behave like term-setters. Franklin Templeton describes investors becoming "term-makers" rather than "term-takers", which comes with demands for stronger covenants, clearer risk protections, and more explicit ESG and impact metrics.

For public-private partnerships, that creates a simple reality: capital is available, but only for PPPs that feel resilient under stress, politically durable, and operationally measurable. So anyone needing to attract investment needs to answer a simple question: what do investors need to commit?

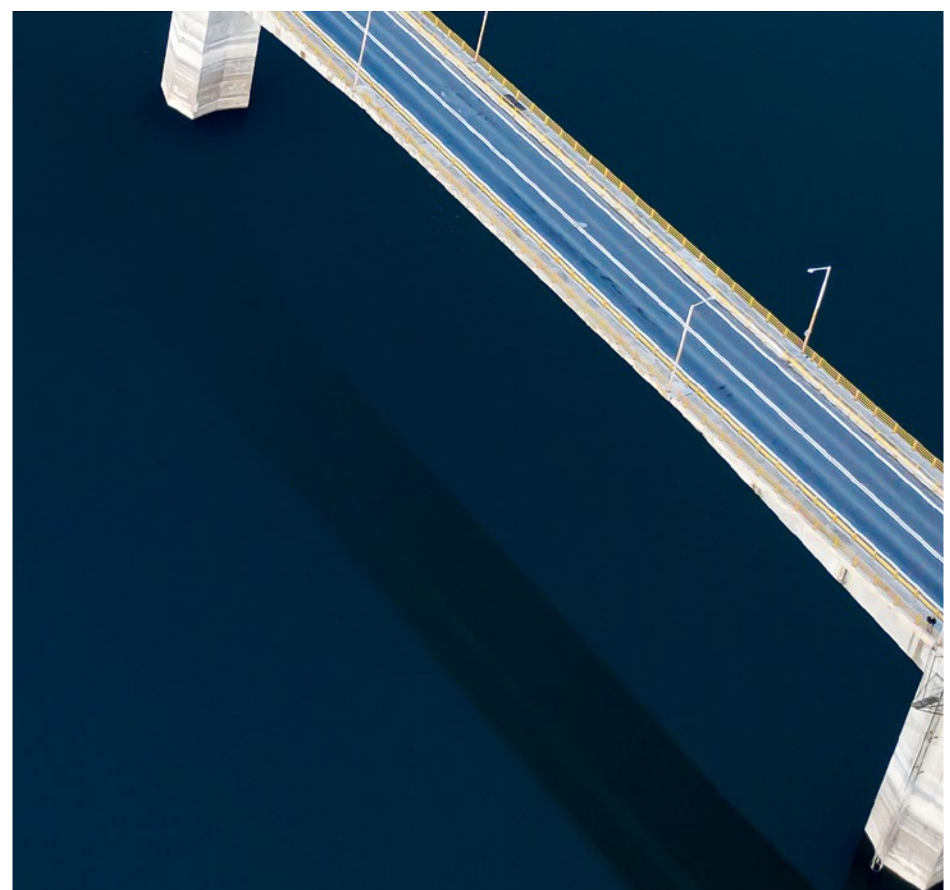
PREDICTABILITY IS PRIME

Infrastructure is a long haul. Pension funds and insurers are matching decades-long liabilities. In exchange, they're willing to accept complexity, but won't accept arbitrariness. That's why policy durability matters as much as engineering excellence. Investors want a standalone legal framework that survives electoral cycles and reduces the chance that a change in government becomes a change in contract. They also want regulatory stability.

And they want clarity on who holds which risk. Investors want contracts built for a world of shocks rather than smooth projections.

When investors become the "term-makers" Franklin Templeton described, covenants become vital. Investors also want flexibility without fragility. PPPs meant to run as rigid 30-year time capsules don't work. They need – as we've discussed in this report already – to have regular updates and renegotiations.

Investors also want reliable, comparable performance data over the life of an asset. Things like availability, maintenance backlogs, safety indicators, emissions outcomes, user experience and resilience measures can all tell people how well a project is running. AI can help with monitoring those changes over time.



LIQUIDITY - A CREDIBLE EXIT, NOT A LEAP OF FAITH

Long-term investors can hold their investments for decades, but they value the option to exit when needed, which is where a functioning secondary market comes in.

Franklin Templeton points to a growing secondary ecosystem for private assets as a necessary ingredient for long-term sustainability in private markets. This is particularly important in regions where the historic problem has been not "can we build?" but "can we sell or refinance later?"

For emerging markets, EFG Hermes argues that credible local capital markets and privatisation pathways can →

More superprojects like the Chenab Bridge in Jammu and Kashmir, one of the highest railway arch bridges in the world at 476 meters long, could be enabled by PPPs

→ provide that missing exit route. Currency is also a challenge for putting investment into regions that need the most development. Franklin Templeton calls FX risk the "elephant in the room" for emerging-market PPPs. For a pension fund investing in hard currency, an infrastructure asset can perform brilliantly in local terms while delivering poor returns once currency swings are accounted for.

As a result, investors want PPP structures that address that FX risk. Sometimes that means financing in local currency, but othertimes it might mean blended finance guarantees that cushion shocks. Often it means the presence of credible, sophisticated intermediaries who can engineer risk-sharing arrangements without leaving governments holding the bag when volatility hits.

Successful partnerships in complex regions also require local nuance. Foreign capital may be comfortable with engineering risk, but it balks at bureaucratic opacity and understanding informal power structures. Local champions who can translate global capital standards into on-the-ground delivery become part of what investors are actually buying.

SHOW YOUR IMPACT

Investors have become more explicit about ESG requirements, too. For PPPs, that means two major things. First, contracts and reporting will often end up defining what good looks like beyond financial performance alone. Second, most projects will try and demonstrate how impact measurement is embedded into their governance, rather than being bolted on afterwards.

> "Investors want contracts built for a world of shocks rather than smooth projections."

But despite all of that additional overheads and reporting, investors are a fickle lot who also want PPPs to be easier to administer. Financing major infrastructure projects can be plagued by friction, whether they're settlement delays, paperwork, reconciliation, milestone verification, or payment disputes. Friction equals into cost, and cost eats into any returns.

Because of all that, the checklist becomes clearer. Investors want PPPs that are predictable, protected, measurable, refinancable, and actually executable in the real world and not just on paper. They want their currency risks addressed, rather than ignored. They want ESG that's grounded in data and is more than just talking points. And they want systems to arrange their projects that reduce friction and increase transparency, rather than adding to the burden of building projects.

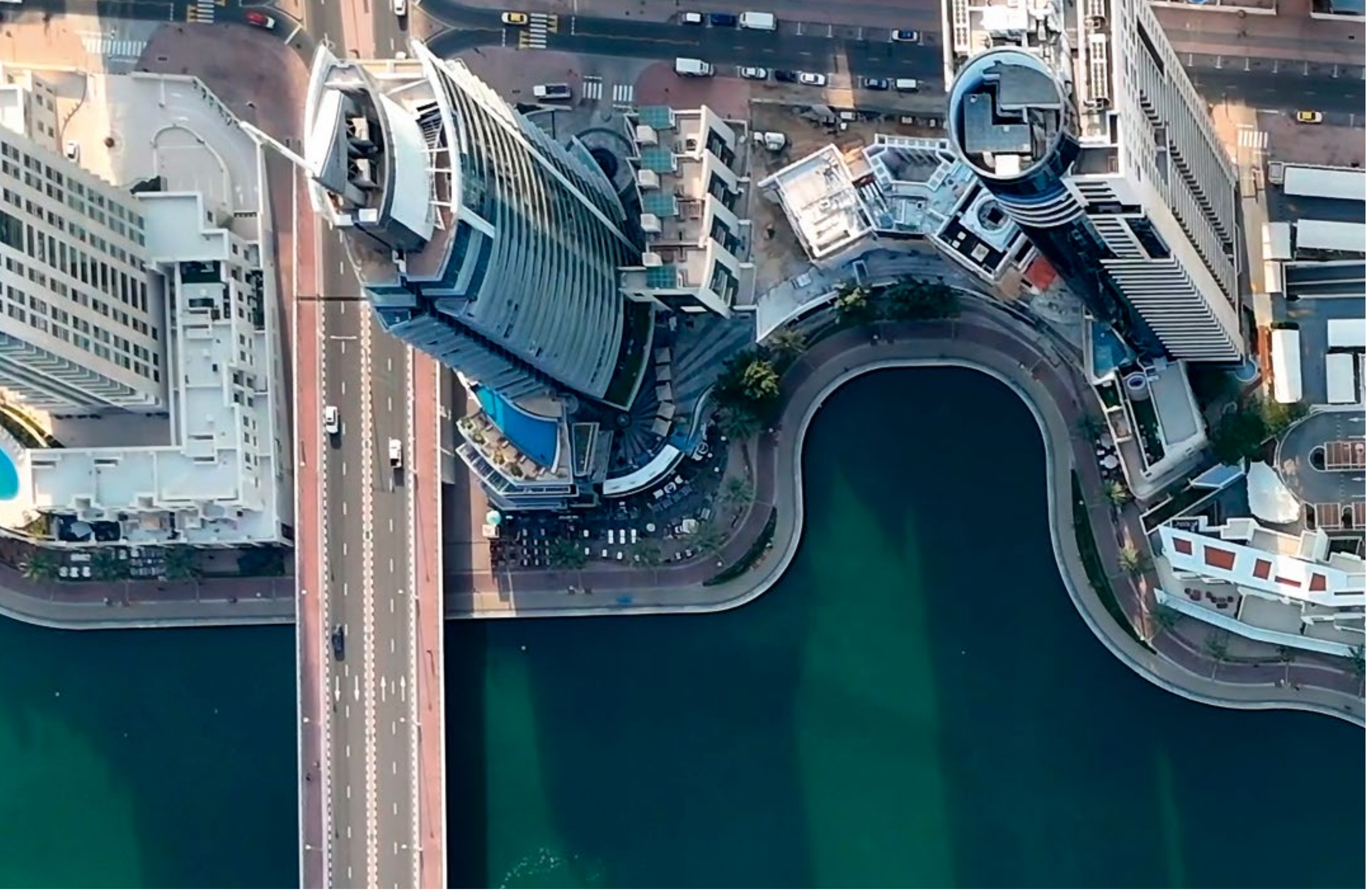
Delivering on this checklist requires political will, but it also requires a digital upgrade. The friction that investors loathe can't be solved by spreadsheets and PDFs.

To satisfy the "term-makers," PPPs must adopt the same digital maturity as the assets they are building. This means using smart contracts to automate milestone payments, ensuring capital isn't trapped in bureaucratic limbo.

THE NEW COMPACT

Capital markets aren't withdrawing from PPPs – not even slightly. But that they are maturing in their decisionmaking about which projects they fund, and which ones they're leaving on the table. They're ready to deploy the trillions of dollars needed to close the global infrastructure gap, but they're taking the path of least resistance.

For governments and sponsors, competing for this capital is as much about offering clarity as it is the highest yield. By treating investors as sophisticated partners who require data, liquidity, and operational efficiency, public entities are getting funding and building a blueprint for resilience and long-term prosperity.



WHY THE FUTURE BELONGS TO THE PPPP

Adding a fourth P to the equation – philanthropy – is the next logical step of public-private partnerships, reckons Bob Willen, Global Managing Partner and Chairman, Kearney.

BOB WILLEN

is the Global Managing Partner and Chairman of Kearney. He serves as the firm's tenth person in this role. As chair for Kearney's Middle East and Africa region from 2015 to 2024, he sustained growth in the MEA region, led the firm's strategic growth initiative and spearheaded the acquisition of top Middle East transformation specialist MSE to better support Kearney's clients in end-to-end transformation initiatives. He has more than 25 years of consulting experience leading strategic and organizational transformations for large commercial and government clients globally and previously headed Kearney's global aerospace and defense, automotive, transportation, and infrastructure practices.

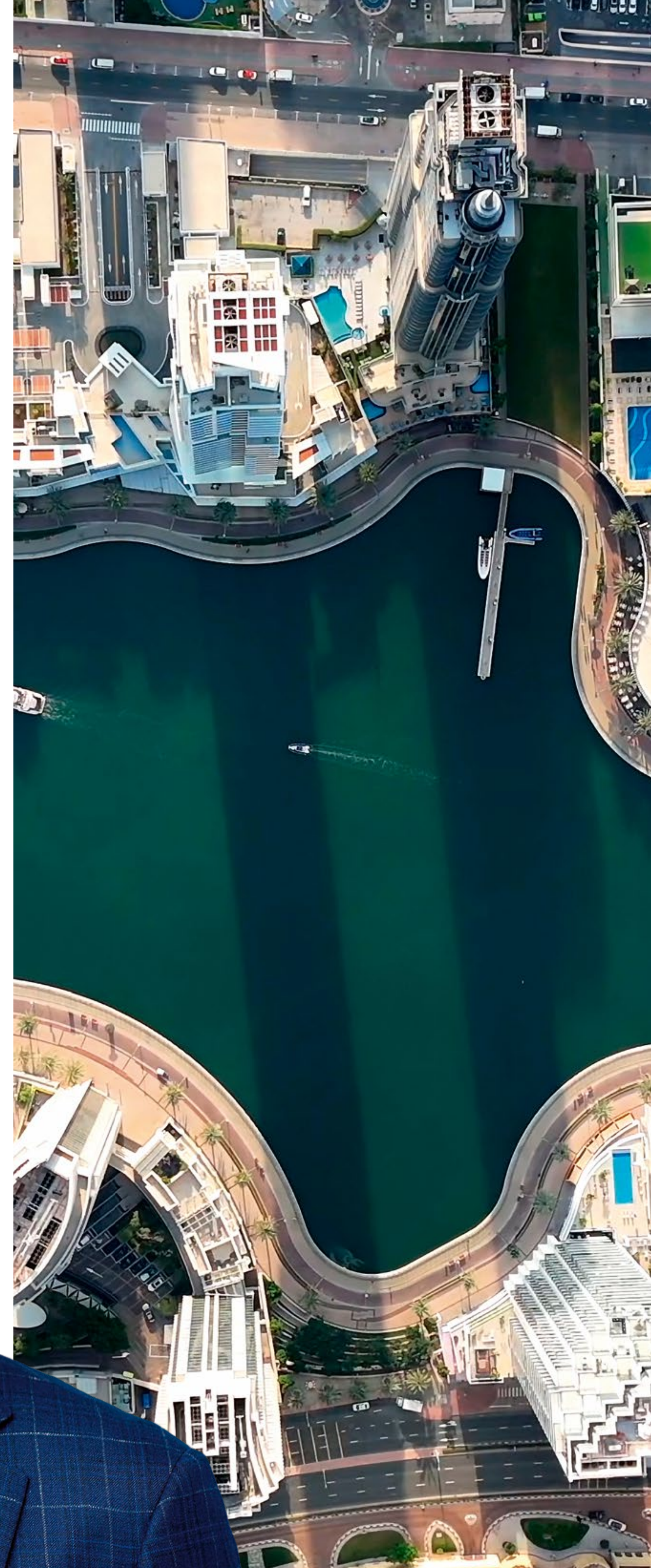


PHOTO: BODRUMSURF/GETTY IMAGES/ISTOCK, KEARNEY

IF THE LAST DECADE HAS TAUGHT THE GLOBAL community anything, it's that the world's most significant challenges no longer fit neatly into the standard public or private box. The old rules of engagement – where the state handles stability and the market handles speed – are being rewritten by a range of challenges, including climate pressure, demographic shifts and tech disruption.

"Governments are expected to deliver equity and long-term value. Businesses are wired for innovation, efficiency and speed," explains Bob Willen, Global Managing Partner and Chairman, Kearney.

> **"Public-private partnerships bring those two worlds together at a time when complexity is rising everywhere."**

For Willen, the public-private partnership (PPP) is an essential delivery model for a volatile world. "They're becoming one of the few models that can deliver resilience, affordability, innovatio, and scale all at once."

NAVIGATING COMPLEXITY

Willen believes leaders need to think about how to broker those partnerships. It starts with a fundamental question of capacity: "Do we have the institutional capacity and governance readiness to manage a long-term partnership?" he asks.

> **"The real differentiator is complexity. When a project presents significant financial uncertainty or unpredictable demand, or if there's a high level of climate exposure or technological risk, a PPP can give leaders the tools to manage those issues without slowing things down."**

That's specifically important for long-life infrastructure projects with clear performance measures, like power plants, airports or water treatment facilities. These are assets where the combination of public oversight and private dynamism creates a "best of both worlds" scenario, allowing entities to "share risk, match incentives and combine capabilities," says Willen. →

→ THE RISE OF THE 'PPPP'

Just as FII Institute pointed out how the energy sector is adding "speed" to its trilemma to become a quadrilemma, Willen believes the partnership model is adding a fourth dimension: philanthropy. At Kearney, the focus is shifting toward "PPPPs": public-private-philanthropic partnerships.

"The real shift that this philanthropic involvement represents is the strategic impetus," Willen says. "With these partners, it's always about putting impact creation and serving communities at the center." Willen describes philanthropy's role as a multiplier.

> **"The key is that philanthropy doesn't replace the public or private sector – it multiplies both."**

By introducing this fourth "P," projects can absorb early-stage risks that traditional investors might shun. "It's often the spark that gets a complex partnership moving, and inspires bold ideas," Willen says. This "catalytic capital" is essential for funding early-stage work at the neighborhood or community level, areas that rarely get the commercial attention they require.

FINANCING THE FRONTIER

The urgency for these evolved models is driven largely by the climate crisis. Willen points to the implementation of the Paris Agreement, endorsed by over 190 countries a decade ago, which is "not moving fast enough to sustain net-zero pledges."

He attributes this lag partly to a lack of political will, but also to a failure to incorporate the private sector's innovation and funding capacity. "Global economies need to scale climate finance flows to at least $1.3 trillion annually by 2035," Willen warns. "How could this possibly happen if we rely only on public funding? The private-sector role has never been so critical."

To bridge this gap, particularly for "frontier" or first-of-a-kind projects, the financial architecture must change.

> **"For frontier projects, the objective isn't to eliminate risk – it's to reshape it so the project becomes investable."**

Blended finance, particularly in the Gulf region, can help, with Sovereign Wealth Funds (SWFs) becoming anchors for these complex deals. "It's becoming more common for SWFs to collaborate in hybrid models with ministries and private operators," Willen says, noting that this middle ground creates "long-duration, patient capital, which is exactly what complex PPPs require."

This ecosystem is further enriched by private equity. Willen notes that mid-market PE firms are increasingly active in social infrastructure and digital platforms, bringing "not just financing, but operational skills."

REDEFINING SOVEREIGNTY

As nations lean more heavily on these partnerships, national interests are evolving. Willen argues that modern sovereignty is no longer just about owning the concrete and steel; it is about owning the capability.

> **"PPPs build sovereignty when they're designed to grow capability – not dependency."**

This requires a deliberate approach to local content and knowledge transfer. "Building real sovereignty also means clear commitments on skills development and joint operations," Willen says. It involves bringing universities and innovation incubators into the fold to ensure that the partnership leaves behind a legacy of expertise.

"Sovereignty is increasingly measured not only in asset ownership, but in technology, data governance, supply-chain localization and operator capability," he explains. "When these kinds of indicators move in the right direction, sovereignty grows." Willen cites the Kingdom of Saudi Arabia's Vision 2030 as a prime example of where this capability building is being actively deployed across new industries.

And the tech innovations that have come about in the last few years are making major changes, too. "It seems like everything has been about AI for the past couple of years," Willen admits. But for PPPs, the hype must translate into tangible value.

> **"If PPPs want to benefit, they need a clear view of where AI adds real value: predictive maintenance, demand forecasting, digital twins, adaptive traffic systems, improved citizen services."**

However, Willen cautions that this requires rigorous governance. Contracts must now embed strong data protocols and cybersecurity measures. Furthermore, there is a skills gap to close: "Public partners need enough AI literacy to oversee delivery, and private partners need to commit to responsible use," he says.

When executed correctly, the impact is transformative. "AI reduces cost, shortens timelines and reduces environmental impact. It makes infrastructure more adaptive and more sustainable," Willen says.

PHOTO: AU USANAKUL/SHUTTERSTOCK

The systems change that Willen speaks about can unlock mega infrastructural projects

CITIES AT THE CORE

Looking 10 to 15 years ahead, Willen predicts the fastest growth in PPP activity will occur where urbanization and climate pressure combine, across the Middle East, Sub-Saharan Africa and the Asia Pacific region.

"Cities in these areas are building infrastructure quickly, and looking for flexible, resilient models," he says. Urban resilience, he adds, is a "systems challenge." Kearney's Global Cities Resilience Index highlights that governance, finance and technology must all work in concert. PPPs are the mechanism that forces this synchronization. "They allow resilience goals – like service continuity, faster recovery times or affordable access – to be written directly into contracts."

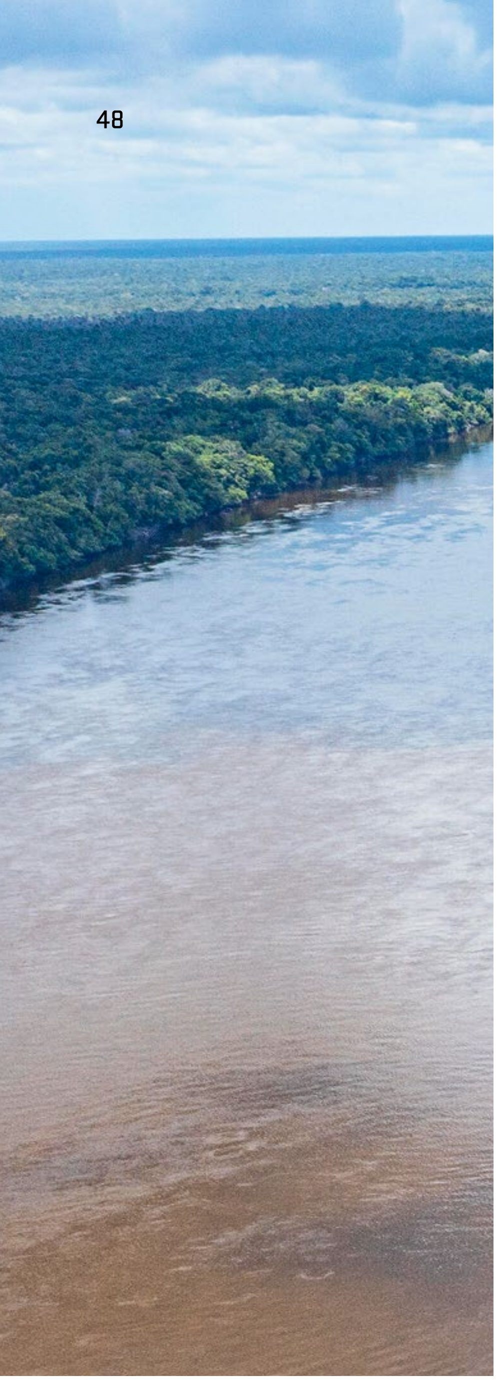
> **"For mayors, the first step is to establish a clear resilience baseline. Understand where the gaps are ... then build a pipeline of PPPs directly linked to those priorities."**

The drive toward these complex partnerships is a recognition of the shared reality we all live in. "It reminds us that no one can solve any planetary issue alone, in our own silo," Willen says.

Success in the coming decade will belong to those who can combine and harness the differing strengths of the public and private sectors. "We need the governmental ambition and exigence combined with the private sector's innovation and funding capacity," he says.

Whether it is through the deployment of digital twins, the "crowding in" of global capital via sovereign wealth funds or the catalytic spark of philanthropy, the goal remains the same.

> **"Cities that combine clarity of vision with capable institutions will lead the next decade."**



WHAT DOES IT TAKE TO BRING PUBLIC AND PRIVATE TOGETHER?

In this report, we've covered the challenges and opportunities involved in each part of PPPs. But how can we combine them together for the benefit of all?

OFTEN DESCRIBED AS A financing tool, public-private partnerships are more than that. In practice, they're a translation exercise between two worlds that look at risk, success and accountability in fundamentally different ways. Governments have to consider their public mandates, legitimacy and long horizons – and work within those constraints, all while thinking about how to win the next election. On the other side, business thinks in cashflows, execution and incentives, with a focus on the bottom line.

Sometimes it can feel like both parties are speaking at cross purposes. But the unfortunate reality is that PPPs only work when those two languages are turned into one shared voice.

So how do you get to that agreement? How can we bring public and private together for the betterment of all society? There are a few steps to take to try and make that process smoother.

1. START WITH ONE DEFINITION OF SUCCESS – THEN MAKE IT CONCRETE

Every PPP begins with a plan: a bridge that unblocks trade, a rail line that unlocks a city, an innovation district that keeps talent at home, an interconnector that makes the grid more resilient. But agreeing on the end point of that plan can be trickier.

Success has to be written into PPP plans in terms both sides can live with. That means being explicit about what the public is buying - often including availability, reliability, safety, accessibility, decarbonization outcomes, local jobs and skills transfer – and what the private partner is rewarded for delivering. Usually including on-time completion, lifecycle maintenance, uptime and performance against service levels. Without that shared definition, the partnership spends its life arguing about whether a project is working at all.

PHOTO: MICHAEL RUNKEL/ROBERTHARDING/PICTURE ALLIANCE

2. ALLOCATE RISK TO THE PARTY THAT CAN ACTUALLY MANAGE IT

PPPs fail when risk is transferred on paper but not in reality. The private sector is happy to help instil discipline into what can often be wayward public projects that overrun on budgets and timeframes. But they are less happy to shoulder all the risk. Therefore it's important risk is shared, and placed where it can be actively managed at the lowest cost.

Bringing public and private together often comes down to a simple question: are you asking each side to carry risks they can't influence? If the answer is yes, the project will eventually be renegotiated – and renegotiation is where trust and value typically dissipate.

3. BUILD GOVERNANCE THAT SURVIVES POLITICS

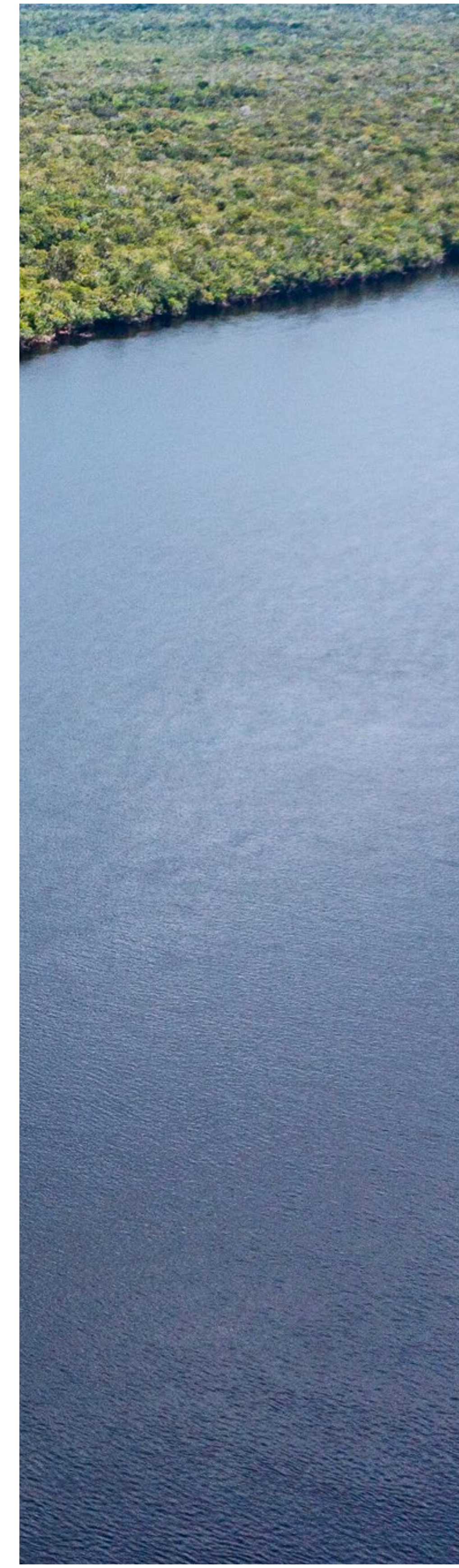
The development of infrastructure is political by nature. The danger is less that politics touches projects, because it always will, but that a partnership is built on assumptions that can be reversed at the next election. Private sector partners always look on with skepticism when they're making agreements at what happens when the public next goes to the ballot box.

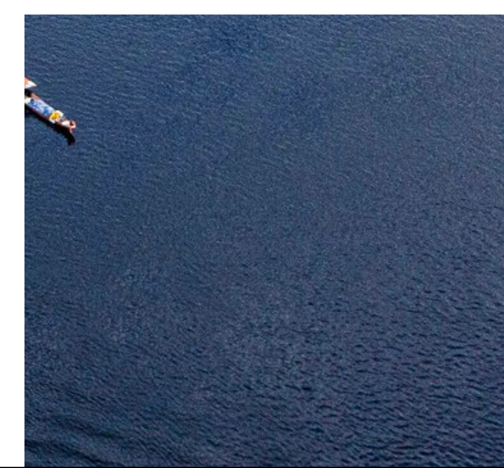
One way to avoid that is to use clear legal frameworks, repeatable procurement processes and institutional capability that outlasts any single minister or CEO.

4) TREAT OPTIMISM BIAS AS A DESIGN FLAW

Big projects attract lots of optimism, in part thanks to the political impetus for good headlines. Costs can be underestimated, timelines can be compressed and demand can be overpromised. Result: a large share of major projects exceed original contract prices, and PPPs are not immune to that wider reality. So hardwiring realism into the process early in any development is important. Using selection criteria that reward quality and resilience, not just the lowest number, can be useful, as can stress-testing assumptions against worst-case scenarios.

The private sector can strengthen public delivery by imposing a disciplined understanding of what can go wrong, then pricing it honestly. →





→ 5. DESIGN FOR CHANGE

Classic PPPs were designed for a world of concrete and steel. But today's infrastructure is increasingly digital, energy-sensitive and fast-moving. That creates a new risk: technological obsolescence.

So building in shorter contract durations for tech-heavy assets, modular build-outs and explicit clauses that allow tech upgrades without a full renegotiation can help futureproof things. Think back to the way AI changed everything about our world, and look ahead to the potential of quantum or some other technology to do the same again. Then think about how to design your projects for change so both parties aren't left on the hook.

6) MAKE THE PARTNERSHIP LEGIBLE TO THOSE WHO LIVE IT

Communities don't experience infrastructure as an asset. They generally don't see the grand planning documents, the big picture, or even the artistic renders. Instead they experience it as disruption. They hear construction noise, see changed streets and displaced jobs.

So showing early and speaking loudly about the benefits these projects bring is vital. Projects that don't face public opposition that stymies development tend to do three things well. They show their benefit to the local community early . They report performance in ways non-specialists can understand. And they don't treat contracts as secret texts, redacting only what genuinely needs protection.

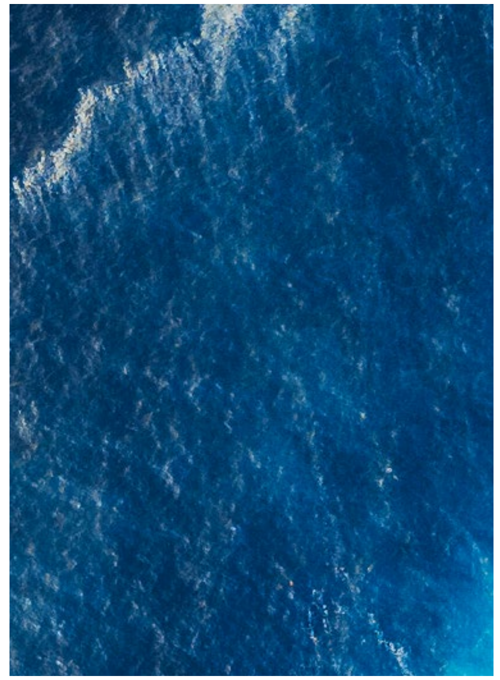
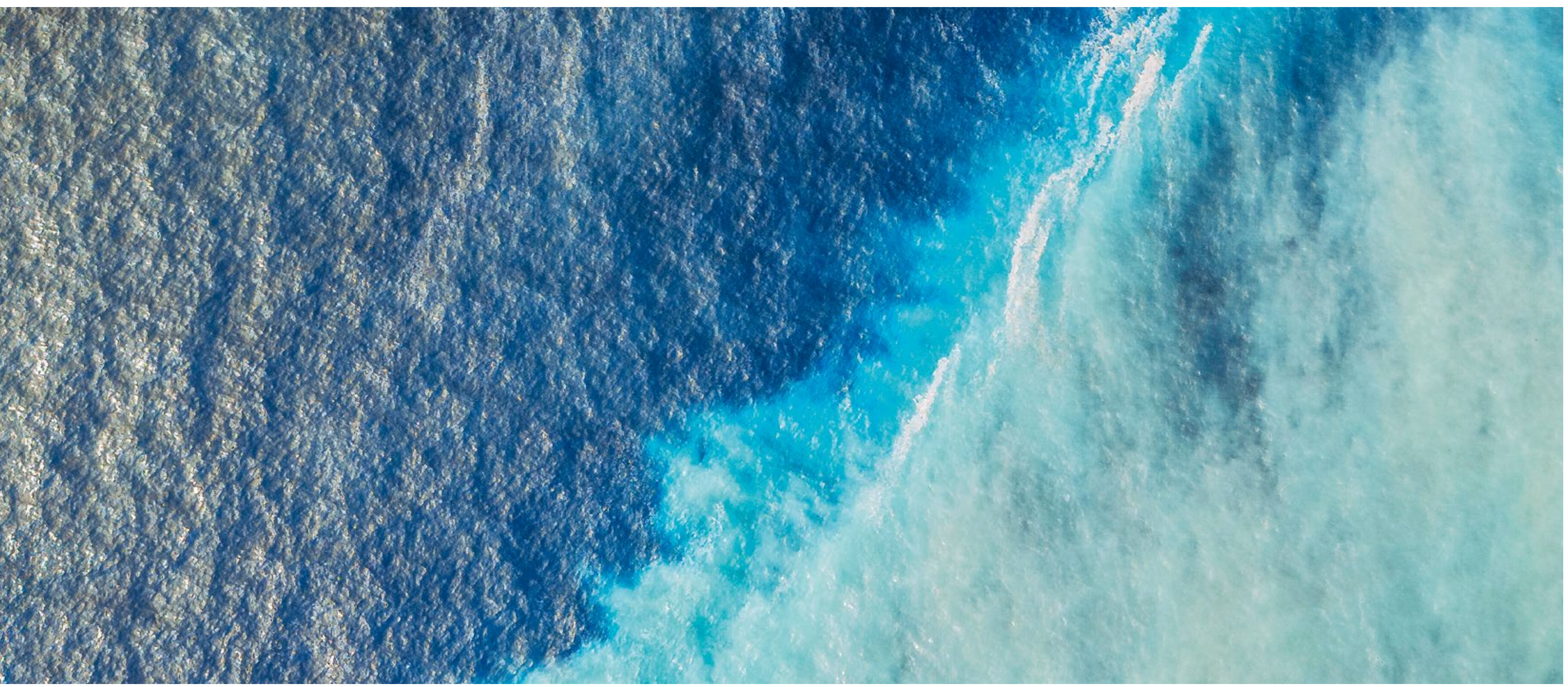


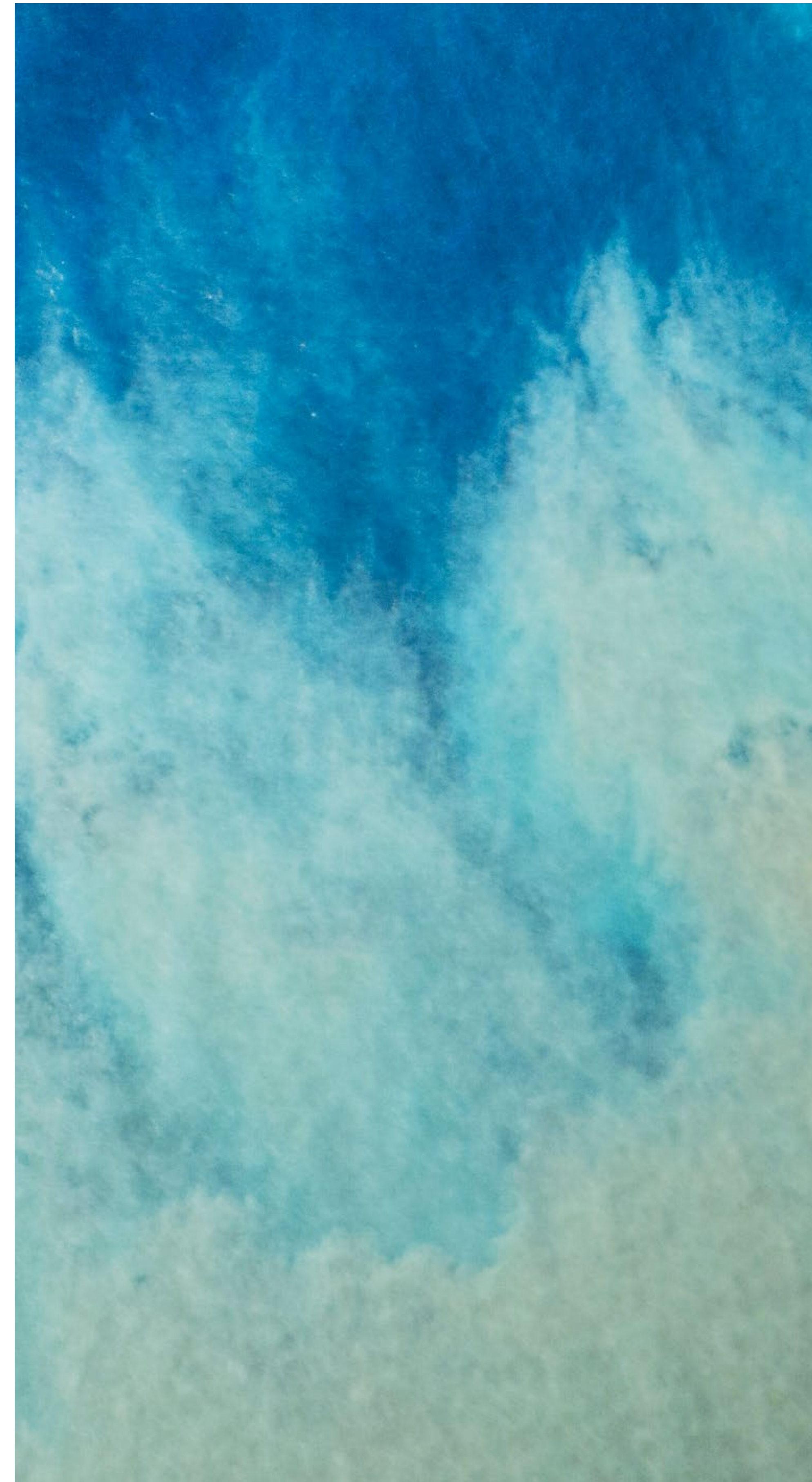
PHOTO: DIMITRI WEBER/AMAZING AERIAL AGENCY/PICTURE ALLIANCE

BRINGING IT ALL TOGETHER

So what does it take to bring public and private together? It takes alignment before the first shovel hits the ground. It takes governance that can survive volatility rather than pretend it won't arrive. And it takes endurance: partnerships that accept the work is not "closing the deal," but operating the relationship through construction, handover and decades of use.

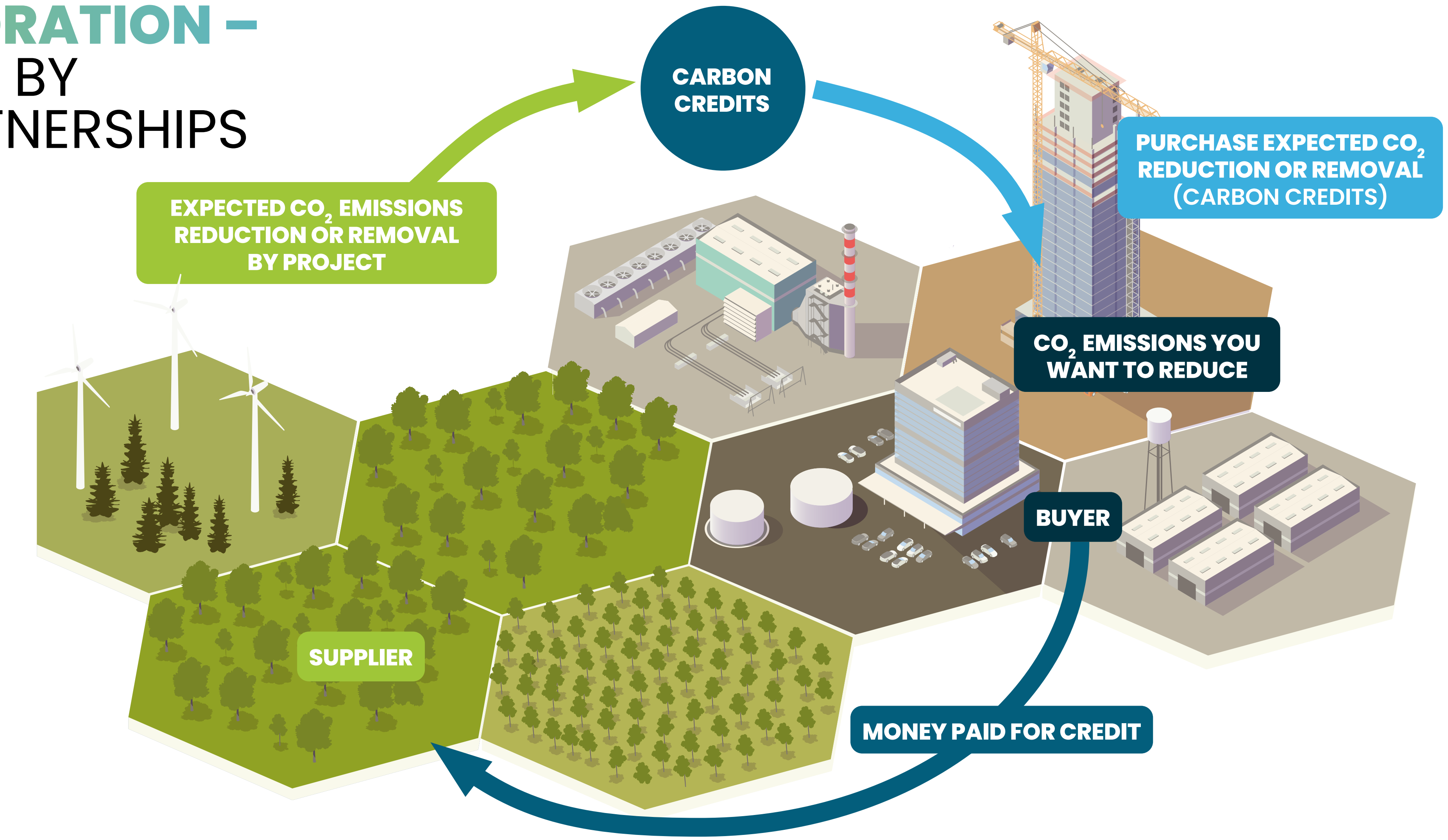
When it works, a PPP isn't a compromise between two sectors. It's unlocks a new way to build infrastructure that is technically complex, financially credible and publicly legitimate at the same time.





CARBON & COLLABORATION – THE IMPACT CREATED BY PUBLIC-PRIVATE PARTNERSHIPS

Carbon markets could truly benefit from public-private partnerships, according to Erik Ringvold, Chief Business Development Officer at Regional Voluntary Carbon Market Company (VCM).



ERIK RINGVOLD

is Chief Business Development Officer at Regional Voluntary Carbon Market Company (VCM), Saudi Arabia. In this capacity, Erik drives strategic initiatives, fosters partnerships and leads efforts to expand VCM's impact across the global carbon market landscape.
A seasoned executive specializing in carbon markets, Erik brings extensive experience across the full carbon market value chain. Before joining VCM, he spent over a decade at McKinsey & Company, where he advised a diverse range of stakeholders, including project developers, traders, banks, investors, carbon credit buyers, and standard setters.

INFOGRAFIC: MATHISWORKS/DIGITAL VISION VECTORS/GETTY IMAGES; PHOTO: PR

IN OUR WORLD OF CARBON, NOT A SINGLE CREDIT would flow without the end-to-end collaboration between the public and private sectors. And much more can be done. Through deepened public-private collaboration, meaningful progress can be made towards national emissions targets, while simultaneously creating economic opportunity and catalyzing new green industries.

But before delving into these partnerships, and how to scale them, let us briefly revisit what carbon credits are, and why they are so important to get right.

WHY THE CARBON CREDIT JOURNEY MATTERS

Put simply, a carbon credit is a certificate representing one ton of greenhouse gas emissions equivalent reduced or removed through a defined project.

This means an initiative that helps remove or reduce greenhouse gases – the primary driver of global warming – which otherwise wouldn't be commercially viable, can become self-sustaining by calculating and monetizing the environmental impact it creates.

This might not sound like a very big deal. But imagine the difference this funding can make for a small, community-run project in a region where income levels sit well below the poverty line and resources are scarce. This is in fact the reality: thousands of community-led or small enterprise environmental projects exist only because carbon credit mechanisms provide the means to sustain operations and support jobs

In countries such as Kenya, Pakistan, Bangladesh and many others – where limited government support and funding remain major hurdles for environmental →

→ initiatives while being exposed to climate disasters at the same time – carbon credits and carbon markets play a vital role in enabling projects that preserve forests, protect water bodies and provide clean energy alternatives to coal or fossil fuels for household heating.

Furthermore, carbon credits can play a key role in scaling up new green industries in advanced economies such as Saudi Arabia, where large-scale projects that otherwise wouldn't be economical across carbon capture, waste recycling or biochar can now be developed.

Today approximately 0.2 Gt tons of CO_2 per annum is reduced or removed globally through carbon credits – a good start, approximately equivalent to the size of the annual emissions of a country like Spain – however to support global net zero, these markets need to reach 5-10 Gt over the coming decades. This could see carbon markets becoming a trillion-dollar industry.

COLLABORATION: FUNDAMENTAL TO SCALING CARBON MARKETS

So how can public-private partnerships drive carbon markets forward? Through three major pillars of blended carbon finance, carbon project development and emissions compliance systems.

BLENDED CARBON FINANCE

At the end of the day, it's the carbon credit users who ultimately pay for the climate impact generated. In today's carbon markets, that is primarily private companies who use them for voluntary purposes. But increasingly governments will contribute directly, as carbon credit users, to meet their country level reduction targets, through the mechanism established under UN's Article 6. While the world's largest carbon offtaker is Microsoft, followed by Saudi Arabia's ENOWA, the third-largest is now the country of Norway. Increasingly we expect to see more and more such governments move up the rankings.

However, the end-users will usually pay for their carbon credits upon need, often years ahead of project implementation. Whereas project financing needs to be secured and provided up-front. To bridge this gap, there is now increasing evidence of successful public-private collaboration. According to analysis by MSCI Corporation, government and multilateral institutions provided 15% of total financing, up from 11% in 2023. Continued involvement from governments and multilaterals can be catalytic for scale-up, especially when including tranches of first-loss financing or preferential sustainability-linked rates.

Where funding increases, impact follows. According to the same MSCI Corporation report, between Q3 2021 and Q3 2024, the number of projects seeking registration

PHOTO: DIANA ROBINSON/MOMENT RF/GETTY IMAGES

with major standards more than doubled from 1,400 to 4,344. These new projects have increased potential issuance capacity by more than four times – from 210 $MtCO_2e$ per year to 899 $MtCO_2e$ per year.

CARBON PROJECT DEVELOPMENT

Public-private collaboration on the ground is another critical success factor. Beyond basics like clear regulation, licensing and supportive tax regimes, successful projects often see hands-on collaboration between private and public sectors. For example, governments often own or control assets that could be used for carbon credit development, such as large swaths of unproductive land, coastline, landfills, wastewater, which can be repurposed for carbon credit development, often leveraging private sector developers to jointly execute on projects. While there are successful examples of such collaborative projects across Vietnam, Turkey, Brazil, to name a few. The untapped potential is vast. Governments worldwide should take a closer look at the assets they control to more deeply understand their potential for climate impact, as well as a potential additional revenue source – and then engage their private sector to jointly execute on it.

EMISSIONS COMPLIANCE SYSTEMS

Finally, and perhaps most importantly, is the collaborative development of holistic emissions compliance systems between governments and their corporates. A well-designed emissions compliance system is the most cost-effective way to reduce emissions and encourage technological innovation. Such a system provides a standardized method for emissions calculations across corporates, sets standards for what good carbon credit quality looks like (i.e., such as recent endorsements by UK and France for the standard set by the Integrity Council for Voluntary Carbon Markets). Global emissions compliance systems often allow 5-30% of carbon credit use, to provide corporates with flexibility – but also as a mechanism to provide the incentives to scale up local carbon credit industries. Upfront clarity on the scale and quality of carbon credits allowed for use in compliance systems by governments is the strongest signal of all, to spur on the private sector carbon industry – and ultimately to achieve the goals of lowering emissions and creating new economic growth.

A CLOSER LOOK AT CARBON COLLABORATION IN SAUDI ARABIA

VCM in Saudi Arabia was established under the initiatives of H.R.H. The Crown Prince and Prime Minister of Saudi Arabia, Mohammed bin Salman, where we see our role as a "dual engine" of sustainable growth for the economy. Marketplaces such as ours provide the crucial infrastructure layer that enables this flow of capital – connecting private funding to project developers through a credible, trusted and scalable platform or exchange.

On the other hand, our advisory services are working with both public and private entities to scale up the emerging carbon project industry in Saudi Arabia. Upon the announcements of H.R.H. Prince Abdulaziz bin Salman, the Minister of Energy, Saudi Arabia has made large strides towards an emissions compliance system, with an operational carbon standard in place, and an emissions trading system announced to be launched over the coming few years.

At VCM we see a clear future carbon vison for Saudi Arabia. One ecosystem. One marketplace. One iconic collaboration – with the PPP model at the heart of its success.

WHAT DO PEOPLE REALLY THINK ABOUT PPPS?

Recent data from Richard Attias & Associates makes clearer what the world thinks about PPPs.

SUCCESSES OR FAILURES, public-private partnerships can be a sore spot for the general public, according to new survey data shared by Richard Attias & Associates (RA&A) and partners. The data highlights a growing perception gap between public and private decision-makers, and poses a key question at the heart of modern public-private partnerships: who actually benefits?

Asked whether PPPs "equally benefit everyone," just 23% of citizens across seven countries agreed. Among business and government leaders, that figure almost doubles to 41%. The split matters because PPPs increasingly depend on public consent, as well as investor confidence – and because any deficit in legitimacy risks triggering delays, redesigns or renegotiation.

The research also suggests leaders are aligned with each other on global interdependence, but they're very much less aligned with the public. Leaders are almost unanimous in rejecting isolationist responses to securing critical supply chains: 98% back cooperation, with a preference for regional alliances (57%) over fully global frameworks (41%). Virtually nobody backs go-it-alone approaches such as tariffs or stockpiling. But the everyday public are less sure: 53% favour cooperation, while 47% lean toward nationalism.

Leaders' priorities are fragmented among shared global infrastructure (27%), equitable access (26%), large-scale investment (26%), and stronger safeguards (21%). The key takeaway from such a split outcome is that, without a shared framework, the public-private tech partnership agenda risks pulling in four directions at once.

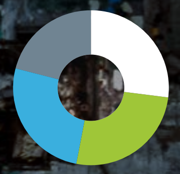
PHOTO: AERIALPERSPECTIVE WORKS/GETTY IMAGES/ISTOCK

41% of leaders agree PPPs equally benefit everyone

23% of the public. agree PPPs equally benefit everyone

98% of supply chain-leaders support cooperation

FRONTIER TECHNOLOGY PRIORITIES AMONG LEADERS:



27% shared global infrastructure

26% equitable access

26% large-scale investment

21% stronger safeguards

57% prefer regional alliances

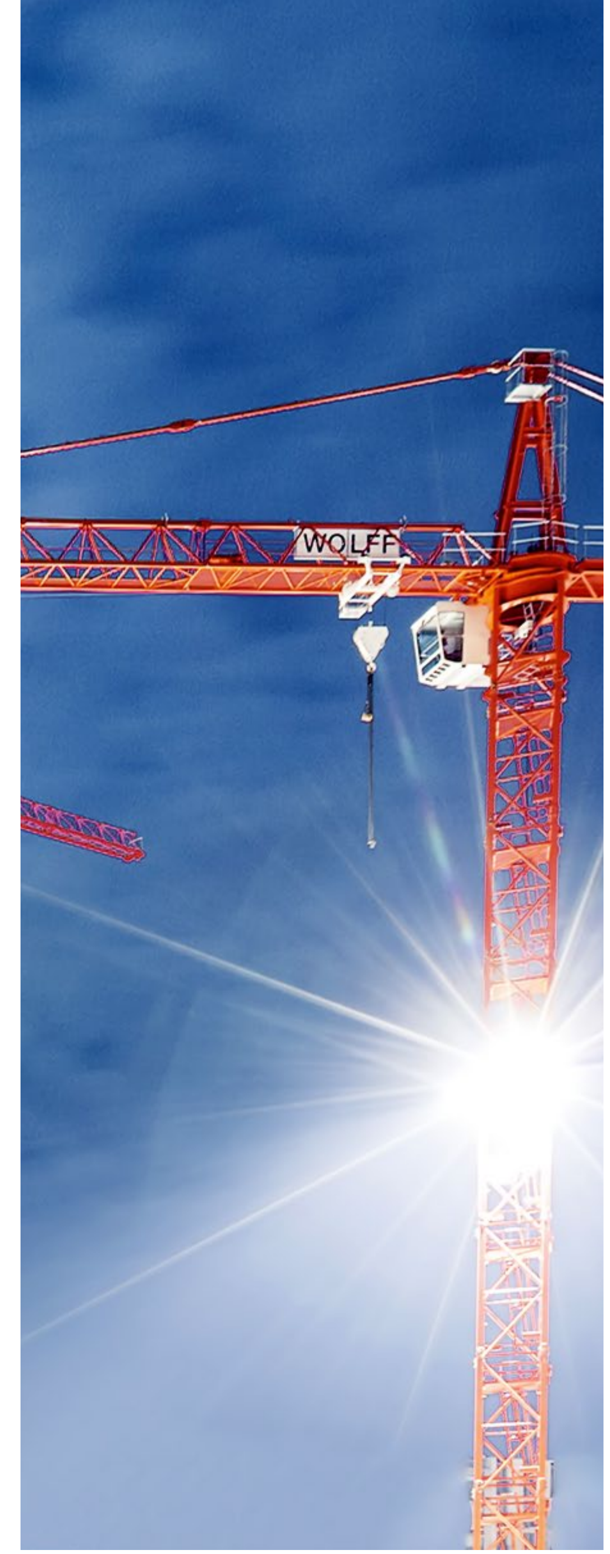
41% prefer global frameworks

SUPPLY CHAINS

53% favor cooperation

47% lean toward nationalism

Virtually **no support** for **isolationist approaches** (e.g., tariffs/stockpiling)



FIXING THE TRUST GAP

Recent data highlights the massive trust deficit the public has in PPP projects succeeding – so how can we solve that problem?

IF TRUST IS THE NEW INFRASTRUCTURE, THE foundations of many Public-Private Partnerships look worryingly cracked. Recent research by Richard Attias & Associates (RA&A) and Teneo found that while 41% of global leaders think PPPs "equally benefit everyone," only 23% of citizens agree. That 18-point gap is a strategic risk to the success of any PPP project.

The world is highly skeptical of anything to do with formal authority. Some 61% of people say they feel a sense of grievance towards institutions, according to Edelman's Trust Barometer, so every PPP is built on contested ground. If communities see partnerships as vehicles for privatizing profit and socializing risk, the social license for even the most urgent infrastructure will erode.

BUILDING UP TRUST

The first step in closing the trust gap is to change what success looks like. PPPs have traditionally been judged by metrics such as GDP uplift, traffic volumes or internal rate of return. Those numbers matter to treasuries and investors – but not to parents waiting in a hospital corridor or commuters stuck on a delayed train.

FII Institute's work on moving beyond GDP argues for a different lens: one that measures prosperity through human well-being, opportunity and health. Embedding these citizen-centered indicators into PPP design is important. Transparency is equally important. Complex contracts, off-balance-sheet liabilities and confidential renegotiations feed suspicions that PPPs hide bad deals for taxpayers. Governments can and should publish contracts (with limited redactions), disclose performance data and use digital tools to bring projects to life in real time.

Financial actors are moving in the same direction. State Street's work on tokenization hints at a future where infrastructure assets can be broken into digital units, with ownership and cash flows recorded transparently on chain. In time, that could allow local residents to hold a stake – however small – in the bridges, schools or wind farms serving their communities. And ownership is a powerful antidote to suspicion.

PHOTO: RICOWDE/MOMENT RF/GETTY IMAGES

COMMUNITY-CENTERED PPPS

Citizens don't care about the financing of projects. They want to know: who will get the jobs, how will my neighborhood change, what happens to my bills? "Community-Centred PPPs" (CP3s) answer those questions upfront. They prioritize local hiring, skills transfer and community assets as explicit design goals, not afterthoughts. Kigali Innovation City offers a glimpse of this in practice: by weaving universities into the project, it ensures that local youth are the primary beneficiaries of the emerging tech ecosystem, rather than spectators to it.

Tech also plays a role. It can either deepen divides or bridge them. FII Institute's PRIORITY Compass shows the fear that AI and advanced digital infrastructure will widen inequality is real – particularly in emerging markets that have often been left out of previous industrial waves.

Through initiatives such as AI Inclusive, FII Institute and its partners are advancing the idea of "sovereign compute" and inclusive AI training, ensuring new digital PPPs upskill local populations and support domestic innovation. When people see technology improving their healthcare, education or job prospects, rather than simply extracting data and profits, trust follows.

Fixing the trust gap requires redesigning PPPs so that fairness is visible in their structure, not just asserted in speeches. That means success metrics that reflect human well-being, alongside transparent contracts and data that citizens can interrogate. It requires community-centered models that lock in local benefits, and ownership and participation mechanisms that align public and investor interests.

HOW CAN FII INSTITUTE HELP?

We're more than a think tank – we're a do tank, dedicated to changing the world for the better.

AT A TIME OF FRAGMENTED POLITICS AND stretched public finances, everyone agrees that we need more and better Public-Private Partnerships. Fewer agree on how to get there. The global infrastructure gap is measured in trillions of dollars. The trust gap between citizens and the people who make decisions for them can be seen in newspaper headlines and street protests. In between sits a missing institution: a neutral broker with the convening power, data and capital to turn ambition into bankable, people-centred projects.

That is the space the FII Institute can help occupy. At FII9 in Riyadh, more than 10,000 key decisionmakers gathered around a simple premise: neither governments nor markets can solve the infrastructure and climate crises alone. Over $50 billion in deals were announced during the three-day summit, spanning AI, renewables and major infrastructure – proof that, with the right platform, public mandates and private capital can align at speed. But if the old model of PPPs is under strain, the question becomes what can FII Institute do to help build the next generation?

THE CONVENOR OF IMPACT

FII Institute's first contribution is as a trusted convenor. It sits at the intersection of governments, sovereign wealth funds, global financial institutions and emerging-market champions, with a mandate explicitly focused on leaving a positive impact on humanity.

This allows FII Institute to host conversations about risk-sharing, regulation and social impact that might be harder inside a single capital market or ministry. It also means the Institute can surface lessons from success stories and translate them into practical guidance for other regions. FII Institute's role as a convenor of impact is structured around three pillars: THINK, XCHANGE and ACT. Together, they constitute a toolkit for re-wiring PPPs from concept to completion.

THINK – DATA FOR PEOPLE-CENTRED PPPS

Most PPP debates start with financing structures. FII Institute's starting point is different: what do people actually define as prosperity?

Through flagship research such as the FII PRIORITY Compass we ask citizens across geographies what matters most to their well-being, from health and clean air to job security and digital access. These findings provide an evidence base for moving "beyond GDP" to a richer set of outcome metrics that can be embedded into PPP design.

In the PPP context, this matters on two fronts. First, it helps close the trust gap. Survey work by Richard Attias & Associates shows that while 41% of leaders believe PPPs equally benefit everyone, only 23% of citizens agree. By reframing success around human outcomes – cleaner neighborhoods, affordable housing, reliable transport – rather than purely financial indicators, FII Institute's research gives policymakers a language that resonates with communities as much as credit rating agencies.

Second, it offers investors a clearer view of long-term resilience. Projects aligned with well-being priorities are less likely to be derailed by political backlash. Institutional investors are becoming "term-makers" and demanding stronger ESG and social metrics. We help with that.

In practical terms, the THINK pillar can support governments and sponsors to:

- Use FII Institute data to prioritise pipelines that align with citizen needs.
- Build impact dashboards where social indicators sit alongside IRR and debt-service metrics.
- Stress-test PPP proposals against trust and legitimacy risks, not just construction and demand risks.

XCHANGE – TURNING IDEAS INTO DEALS

Insight does not lay cables or pour concrete. The XCHANGE pillar is where FII turns research into relationships, and relationships into deals. FII Institute is designed as a "do-tank", not a talking shop. By bringing together ministers, mayors, Sovereign Wealth Funds, commercial banks and asset managers, FII Institute accelerates the matching of capital to credible projects. Over $50 billion of agreements announced at FII9 show how quickly momentum can build when the right actors share a single platform.

Crucially, XCHANGE is not just about large-ticket announcements. It also creates a "safe space" for rival institutions to explore co-investment, blended finance and new structures that individual actors might be reluctant to pioneer alone.

For PPPs, this convening power can:

- Shorten the time from concept to financial close by aligning stakeholders early.
- Help structure blended-finance platforms that use concessional capital to de-risk private investment in emerging markets.
- Share templates from successful models with countries that lack in-house expertise.

And when trust and policy durability are as important as yield, a neutral arena to align narratives, expectations and timelines is itself a form of infrastructure.

ACT – PUTTING SKIN IN THE GAME

The third pillar, ACT, is where FII moves beyond convening to co-creation.

Through initiatives such as WAVE, which aims to accelerate ocean regeneration, FII Institute blends philanthropic, public and private capital into vehicles that can fund nature-positive infrastructure at scale. Similarly, our AI Inclusive initiative supports sovereign compute and AI capabilities in emerging markets, ensuring that digital PPPs do not simply extract data but also build local skills and innovation ecosystems. These programs are prototypes for how FII can help PPPs in a number of →

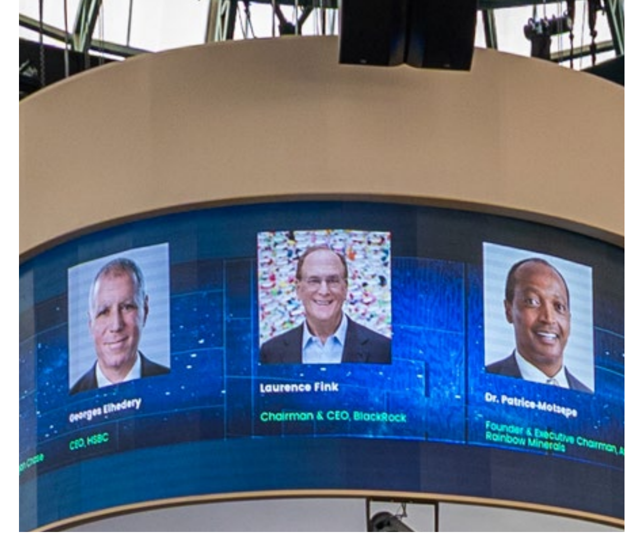


PHOTO: FII INSTITUTE

→ concrete ways. And in each case, the Institute is not competing with markets or states. Instead it's modelling how capital can be deployed with a clear impact mandate and a willingness to absorb early risk.

FROM REPORT TO ROADMAP

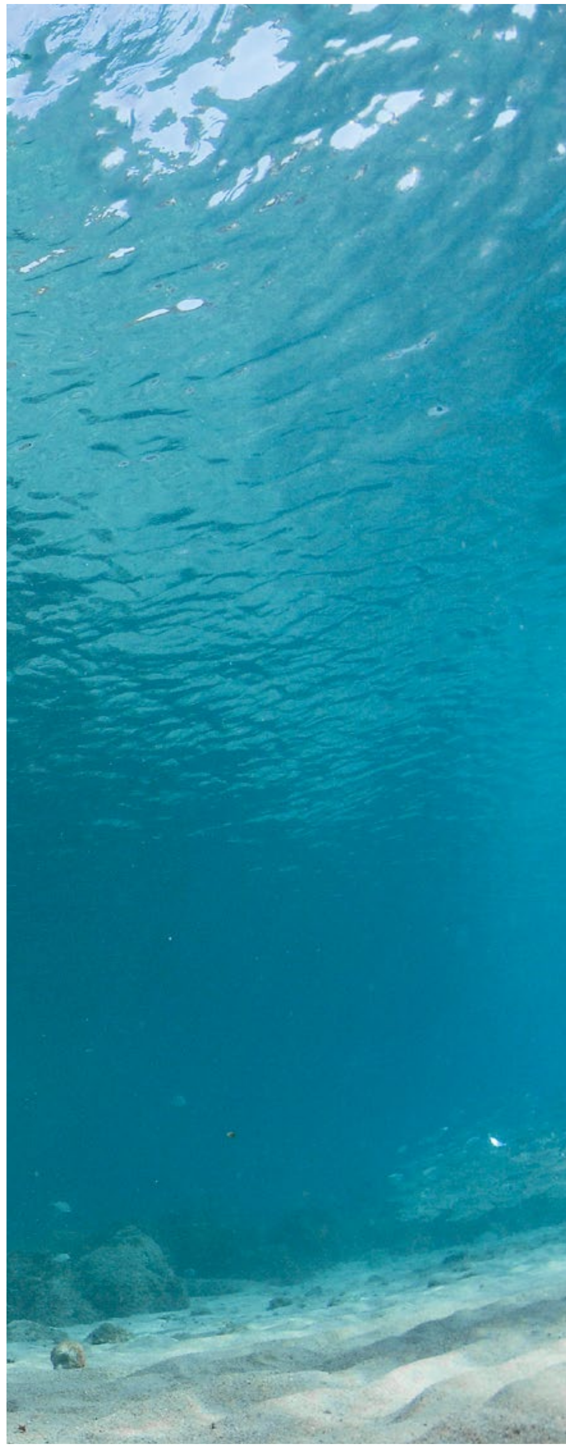
Taken together, THINK, XCHANGE and ACT give FII a unique role in reshaping PPPs for the 21st century.

The THINK pillar grounds projects in what citizens value and in the realities of a polycrisis world where climate shocks, demographic pressures and technological disruption collide. The XCHANGE pillar assembles the coalitions and capital stacks required to design credible, resilient PPPs. The ACT pillar demonstrates how to turn those designs into living, breathing projects that regenerate ecosystems, build skills and restore trust.

The challenge is scale. The global infrastructure gap is projected to reach $15 trillion by 2040; Africa alone faces an annual shortfall of more than $100 billion. Meanwhile, institutional cash earmarked for infrastructure has surged to over $1.5 trillion, alongside trillions more sitting on sovereign balance sheets. Bridging those two worlds is necessary.

FII Institute cannot, and does not seek to, do this alone. But as a convenor of impact with a mandate to think, exchange and act, it can help turn PPPs from contested acronyms into trusted vehicles for shared prosperity.

Because if the 20th century was defined by what governments built on their own, the 21st will be defined by what we build together. FII Institute's task is to make sure those partnerships are not just bigger and faster – but fairer, more transparent … and ultimately more human.



Social and environmental considerations loom large on PPP decisionmaking

A CALL TO ACTION

Public-private partnerships remain important to the future of our planet – but how do we ensure they're most effective and beneficial for all?

Over the preceding pages, we've heard the best of the FII Institute community's view on public-private partnerships. We've also crunched the data and analyzed the past history of programs to understand what works – and what doesn't. The topic has been a hot-button issue at FII Institute meetings around the world on multiple continents – and will continue to be so for the future.

So what can we take away from the collective intelligence of the FII Institute community?

1

Pivot PPPs from procurement to economic architecture

PPPs have evolved from narrow procurement techniques for specific assets like roads into the core architecture of global development finance. As fiscal space shrinks due to high public debt and elevated borrowing costs, governments can no longer act as the sole financiers of national infrastructure.

So they shouldn't. Public sector leaders must transition from a "fund and own" mentality to a model where the state seeds and steers engagement while private capital scales projects. Leaders should treat PPPs as a central pillar of national economic strategy rather than an optional extra.

2

Close the trust and perception gap

Rightly or wrongly, the public is skeptical about PPPs. While 41% of leaders believe PPPs equally benefit everyone, only 23% of citizens agree. This deficit in legitimacy is a strategic risk that can trigger project delays, redesigns or cancelations.

We need to work to fix that. Prioritize local hiring, skills transfer and transparent communication. Success should be measured through human well-being and social return on investment rather than purely financial indicators like GDP uplift or internal rates of return.

3

Turn the state into a market seeder

Sovereign Wealth Funds (SWFs) are shifting from passive investors to "market seeders" that take on early-stage risks in strategically important but commercially unproven sectors like green hydrogen or AI-ready data centers.

Take advantage of that. Use sovereign capital to absorb the early phases of planning and land assembly to crowd in private participants. Once a sector reaches maturity, the state should scale back its direct involvement to free up capital for the next generation of frontier investments.

4

Design for durability

Traditional 30-year rigid contracts are becoming straightjackets in an era of five-year innovation cycles and political volatility. Approximately 45% of global PPP contracts are renegotiated within a decade, often due to unforeseen technological or political shifts.

So work within that. PPPs must be designed with "living mechanisms," including modular build-outs, technology refresh clauses and pre-agreed review points. To ensure political durability, projects should be supported by bipartisan consensus and stand-alone legislation that survives electoral cycles.

5

Scale through blended finance

There is a vast amount of private dry powder out there – more than $1.5 trillion in unlisted infrastructure funds – seeking long-term, inflation-linked returns. First-loss fear often holds this capital back, particularly in emerging markets.

Adapt to encourage that risk taking. Implement blended finance platforms where public or philanthropic funds absorb first losses, de-risking the project for institutional investors. This allows governments to stretch every dollar of public investment by acting as a multiplier for private capital.

TAKE ACTION TODAY

FII Institute has laid down the gauntlet as a "do tank," not just a think tank, spearheading a number of initiatives designed to create a better world. Many large organizations have already committed to change. Will you join them?

To join our community, visit **https://fii-institute.org**.

FINANCING THE FUTURE

FII-I has three pillars to deliver its mission: THINK, XCHANGE and ACT

1 FII-I THINK
Identify societal challenges and current inhibitors
Curate the brightest ideas to address societal issues

3 FII-I XCHANGE
Create platforms for live discussions on the future of humanity
Share knowledge, stories and publications with different stakeholders

2 FII-I ACT
Catalyze innovation and initiatives by mobilizing partners and resources

THE ERA OF THE STATE ACTING as the sole financier of national progress is over. With a global infrastructure gap projected to reach $15 trillion by 2040, public-private partnerships (PPPs) have shifted from an optional tool to an economic necessity. Yet, as this report highlights, the model itself must evolve. We are witnessing the rise of "PPPPs," integrating philanthropy and people, to address complex crises ranging from climate adaptation to digital inequality.

But success demands legitimacy as much as capital. We've seen a stark trust gap persists, with only 23% of citizens believing PPPs benefit everyone. Future projects must prioritize transparency and human well-being, and be accountable to the communities they serve. At the same time, governments must pivot to becoming market seeders, using sovereign wealth to de-risk early-stage innovations before crowding in private investment.

Financing the future is a joint enterprise. By combining public oversight with private dynamism – and the convening power of "do-tanks" like the FII – we can transform PPPs from financial contracts into engines of inclusive, resilient growth.

PHOTOS: ADOBESTOCK, PRIVAT (8)

THE FII INSTITUTE IS GUIDED IN ALL IT DOES BY A STRONG PURPOSE, VISION AND MISSION.

PURPOSE
Enabling a brighter future for humanity

VISION
Empowering the world's brightest minds to shape a brighter future for ALL, and with ALL

MISSION
Curating and enabling ideas to impact humanity sustainably

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