PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

2017

ANNUAL REPORT

17 YEARS SUPPORTING INFRASTRUCTURE DEVELOPMENT

PPIAF is the only global facility dedicated to strengthening the policy, regulatory and institutional underpinnings of private-sector investment in infrastructure in emerging markets and developing countries. We call this the critical upstream.

While many initiatives focus on developing infrastructure projects with private-sector participation, PPIAF sets the stage to make this possible. By building institutions; reducing policy, regulatory and institutional risks; and building the capacity of counterparties, this foundation allows governments to generate a pipeline of bankable projects.

The Critical Upstream that is PPIAF's focus turns hundreds of thousands in grant financing into hundreds of millions in infrastructure investment. This is the role of PPIAF.

All dollar amounts are in United States dollars ($) unless otherwise indicated.

MESSAGE FROM THE PROGRAM MANAGER

I am pleased to share with you PPIAF's annual report for fiscal year (FY) 2017. With the close of FY17, we completed our 2015–2017 strategy period, giving us the opportunity to look back and analyze long-term trends in regards to our mandate and strategy targets. This report provides the reader with a qualitative cross-section of the breadth and width of PPIAF's portfolio of activities, with snapshots of specific outcomes and achievements to illustrate the impact of our work as we help developing countries create an enabling environment for private-sector participation in infrastructure.

As per the guidance of its Program Council, PPIAF is in a stronger position today to report on results from the changes implemented in the last three years. This fiscal year has seen the adoption of a new, improved version of our results framework and the launch of a new website, including access to a greatly expanded repository of documents and activity-linked reports and outputs specifically for donors. A greater emphasis on programmatic support has meant targeting specific interventions and issues—an approach we are taking further in the next five years with the introduction of strong thematic elements, such as climate change or fragility, and a focus on generating impact in 30 priority countries. The strengthening of PPIAF's results monitoring allows us to better evidence the catalytic role played by PPIAF in enabling infrastructure investments. More robust financial-portfolio monitoring gives further assurance to our contributors about the high standard to which we hold our fiduciary obligations.

While FY17 was marked by a consolidation—total new grants approved reached $18.5 million, a 31 percent decrease over the previous year—the volume of our grant approvals remains in line with the annual average level observed before FY16.

PPIAF succeeded in meeting many qualitative targets and performance indicators in accordance with our Work Program for FY17:

- Seventy percent of approved activities to International Development Association (IDA) countries, with 42 percent to the least developed and lower-income countries;
- Grant disbursements, the best proxy for the implementation of our support, continued to grow over the previous years' levels, reaching $15.1 million; and
- A stronger emphasis on timely delivery of support has led to a reduction of activities delayed by more than 12 months (these now account for just over seven percent of the total portfolio).

However, the level of our commitments in support of Sub-Saharan Africa (SSA) countries, while remaining strong at 42 percent of country-oriented grants, fell short of the 50 percent targeted. Similarly, the share of commitments supporting fragile or conflict-affected countries (10 percent) fell short of the target (17 percent). These geographic and thematic priorities, maintained over the next business plan period, will be monitored closely to ensure better delivery.

Also noticeable is the reinforcement of our field presence with the creation of a new Asia/Pacific regional office in Singapore in November, complementing our already existing offices in West Africa (Dakar), East Africa (Nairobi), and Eastern Europe (Pristina). This enables the Program Management Unit (PMU) to better engage both with our beneficiary government counterparts and our World Bank country offices on the ground.

Overall, PMU costs have decreased from $3.7 to $3.4 million in FY17, thanks to budget savings linked to the partial replacement of outgoing staff. In FY17, PPIAF reduced the number of its budgeted staff by two positions, thanks in particular to the position of

Regional Leader for West, Central & North Africa, based in Washington and filled by a secondee by the Agence Française de Développement, at no cost to PPIAF. This effort will be maintained in the immediate future in view of new funding constraints.

We are fully aware that our business model, based on grants rather than reimbursable funding, requires constant support and replenishment by our donors, who in turn must have comfort that their money is being put to good use by PPIAF, thereby leveraging and optimizing what they could achieve on their own. This is the challenge we must continuously meet—demonstrating long-term impact on the ground to secure the continuous support of our donors.

The pages that follow provide more information on the technical assistance we have provided in FY17, as well as an expanded focus on the last three-year strategy period. We also illustrate successful activities and partnerships and status updates of activities funded through PPIAF's various trust funds.

As part of the newly-formed Infrastructure, PPPs, and Guarantees group, PPIAF finds itself at the heart of the newly-adopted Maximizing Finance for Development (MFD) approach to crowd in the private sector. We were also re-mapped within the World Bank Group to the Global Themes Vice Presidency—a move which puts us together with other corporate priority dimensions such as climate change, fragility, gender, and knowledge. This strengthens our ability to implement many of our grants. Looking forward to the next five-year strategy period, I am confident that PPIAF, with the support of our donors and the dedication of its team, will continue to ensure quality implementation and transformational impact of activities that make a difference in the lives of the people in the countries where we operate.

François Bergere

DONOR PARTNERS
SWITZERLAND'S SECO

Switzerland's State Secretariat for Economic Affairs (SECO) has long been one of the World Bank Group's key donor partners in addressing developmental challenges across the globe. Examples of this cooperation include programs in financial sector reform, urban resilience, corporate governance, and improving the investment climate. It has also participated in PPIAF's work since its inception, helping to promote the development of reliable, affordable infrastructure in emerging markets and developing countries.

SECO's overall mandate is to promote sustainable, broad-based and inclusive growth in its partner countries. Many of its programs are related to the private sector, which it sees as a key driver for economic growth. This strategy fits in well with the World Bank Group's new MFD approach, which purports to crowd in the private sector to reach the 2030 Sustainable Development Goals.

As such, infrastructure is one of the core themes of SECO's development strategy, accounting for about 25 percent of its developmental assistance. Infrastructure is essential for stimulating economic development and reducing poverty: basic services, such as water, sanitation, power, waste management, and transportation must be available if people and job-providing businesses are to thrive. But infrastructure is costly to build and maintain, especially in the face of challenges such as urbanization, climate change, population growth, and conflict.

PPIAF's work in infrastructure is important for SECO's overall portfolio on three levels: promoting investment, improving governance, and encouraging reforms that support economic growth and social development in a climate-friendly way. This gives partner countries access to advice, training and expertise necessary for governments to address these challenges in both low- and middle-income countries, enabling them to attract much-needed investment.

SECO's position among PPIAF donors is unique in that it currently contributes to four of our six active trust funds—the Multi-Donor Trust Fund, the Sub-National Technical Assistance Program, the Climate Change Trust Fund for Infrastructure, and the dedicated SECO-Middle Income Trust Fund. Altogether, SECO has contributed a total of $48 million since PPIAF's inception.

Dagmar Vogel, Head of Infrastructure Financing at SECO, sees great value in its partnership with PPIAF for advancing SECO's objectives. "PPIAF helps partner countries improve their infrastructure financing strategies, whether public or private," she said. "It also helps governments create proper regulatory frameworks and more efficient institutions to achieve their developmental goals."

Another facet of PPIAF that appeals to SECO is that it effectively complements other initiatives by filling in gaps that other stakeholders may not have the capacity to fully address. For example, it pinpoints regulatory weaknesses and draws on global best practices to address them. It uses regional approaches to transfer knowledge, which encourages South-South cooperation. It also creates a platform that enables various stakeholders, including government, the private sector, civil society, and communities, to coordinate more efficiently. This leads to better management of infrastructure project development by government and hence more financing options, including from both public and private sources.

A good example of fruitful collaboration between PPIAF and SECO is the Sub-National Technical Assistance program (SNTA), which was launched in 2007 together with the International Finance Corporation (IFC), the World Bank, and the United Kingdom's Department for International Development (DFID). The program is unique in its global reach, targeting both middle- and low-income countries, and its emphasis on developing a sustainable, market-based approach for infrastructure financing. Since its inception, SNTA has provided support of approximately $40 million for technical assistance activities in developing countries, facilitating over $900 million in sub-national transactions.

SNTA activities are aligned with other donor initiatives in the field, enabling it to draw from a rich body of knowledge and experience. For example, in Colombia, SECO partnered with Findeter, a Colombian development bank, IFC, and the United States Agency for International Development (USAID) to deliver a program under the World Bank's City Creditworthiness Initiative, which SNTA supports along with the Rockefeller Foundation.

These are some of the key reasons SECO, and other donors, are in PPIAF. Moving ahead, SECO looks forward to its ongoing work with PPIAF to tighten, and ultimately close, the infrastructure financing gap in emerging markets and developing countries.

WE THANK OUR DONOR PARTNERS FOR THEIR SUPPORT

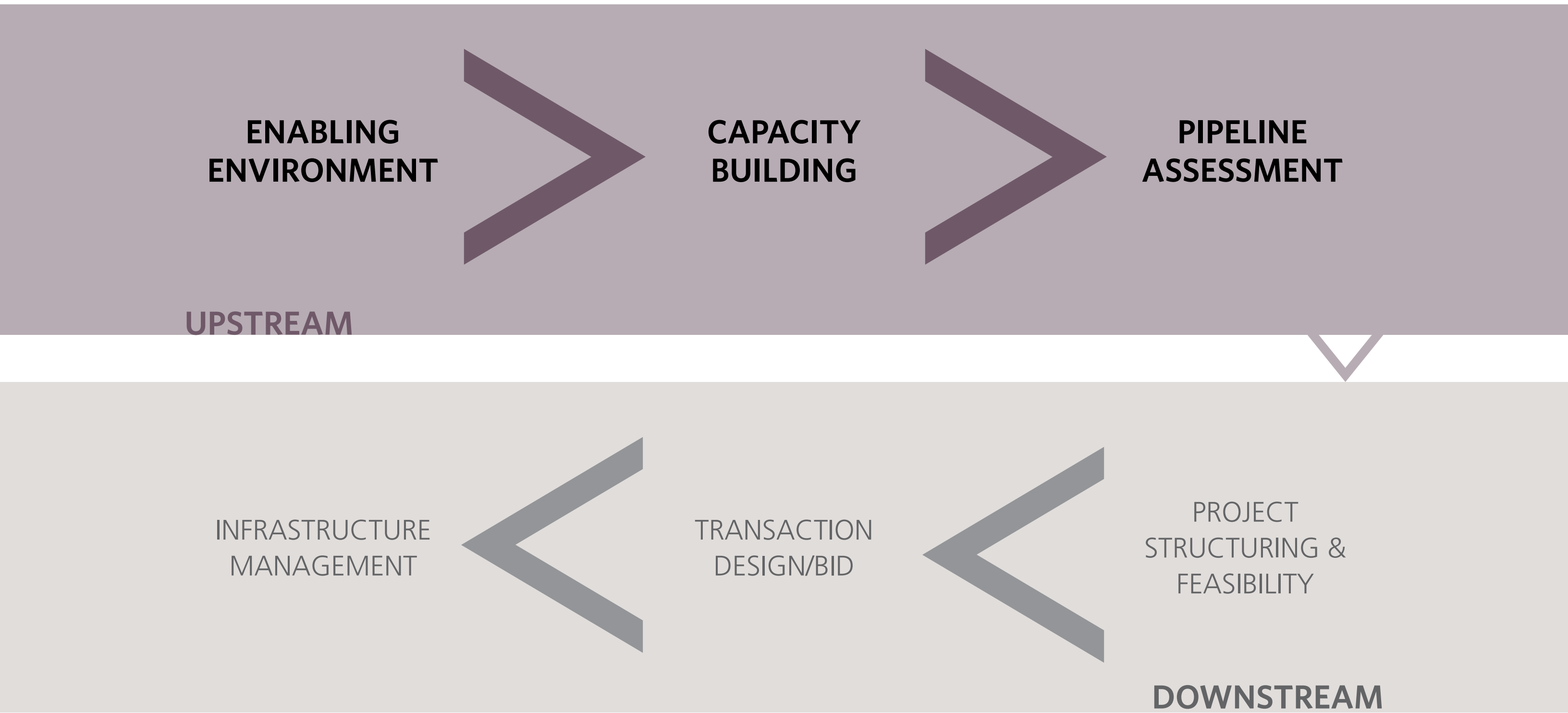
Owned and directed by its donors, PPIAF is governed by a Program Council composed of its donors and supported by an independent Technical Advisory Panel. It is managed by the World Bank through a Program Management Unit.

The Program Council meets annually to review PPIAF's strategic direction, achievements, and financing requirements and is responsible for defining our policies and strategies, approving the annual work program and financial plan, and reviewing performance through ex-post evaluations by the Technical Advisory Panel.

THE CRITICAL ROLE OF PPIAF

WHAT WE DO

PPIAF'S SUPPORT IN THE PPP PROJECT CYCLE



PPIAF is the only global facility dedicated to strengthening the policy, legal, and institutional underpinnings of private-sector investment in infrastructure. We call this the "critical upstream." Often governments lack the necessary policies, laws, regulations, institutions, and capacity needed to encourage private investment for the benefit of the public and private sectors and the general population. PPIAF was created to address this gap.

In developing countries, increased private investment is mainly limited by public-sector shortcomings and challenges in providing efficient and competitive markets. PPIAF has 17 years of experience in selecting, designing, and supporting activities that have resulted in significant leverage. Its global reach and partnership with the World Bank—a global development financial institution present in over 100 countries—as well as links to the major bilateral development agencies, allow it to span a wide range of engagements and apply unique insights to its activities.

PPIAF promotes informed decision-making by governments and stakeholders. We focus on both the quantity and quality of private participation, putting emphasis on whether it provides value-for-money and sustainable services for all segments of the population, particularly the poorest ones.

Not all PPIAF support leads to private participation in infrastructure—sometimes we recommend public procurement or financing as the optimal solution for improving services.

WHY INSTITUTIONS MATTER

Institutions provide the rules of the game that structure human interactions in societies. Good institutions are arguably the main reason why some countries are rich and others poor. Good governance, strong rule of law, contract enforcement, and property rights protection mean less uncertainty, lower transaction and information costs, and more investment. In short, infrastructure cannot be separated from the quality of the institutions or broader governing structures.

Infrastructure investments characterized by large sunk costs, low mobility of assets, and site specificity face the risk of opportunistic behavior by governments. For this reason, investors scrutinize the effectiveness of the legal and regulatory institutions as part of the due diligence process. Investors, understandably, want credible and enforceable "rules of the game." Good institutions contribute to an inviting investment climate that attracts more investment. When the government counterparty is knowledgeable, has a clear strategy, and operates within a solid regulatory framework, investors are more likely to invest. These realities are not just anecdotal: the academic community has shown empirically that stable rule of law and high-quality bureaucracies attract more private investment in infrastructure. The presence of good institutions also enables a greater impact of infrastructure investment on economic growth. Quality institutions promote inclusive infrastructure development that reduces poverty by boosting economic activity, creating jobs, reducing production and transportation costs, expanding production capacity, connecting markets, and improving access to key facilities such as health, education, and other basic services.

For PPIAF, "investing in the upstream" means deploying technical advice and resources to build consensus and knowledge in areas such as:

- Policy, legal, and regulatory reforms;
- Strategy development;
- Capital investment program and finance planning;
- Robust decision-making and operating procedures;
- Development, selection, and screening for project pipelines with private-sector participation;
- Strengthening oversight institutions and counterparties;
- Operational guidance and response capacity on unsolicited proposals;
- Improving the viability of service providers, including state-owned enterprises;
- Diagnosing and rating the credit of sub-national entities;
- Increasing the capacity of implementation agencies (national and local); and
- Supporting financial intermediaries of sub-national entities.

ADDRESSING GLOBAL CHALLENGES

High costs, technical complexity, involvement of multiple stakeholders, and the need for experienced, rock-solid management are only some of the broader obstacles facing infrastructure development. Other trends, such as climate change, urbanization, and post-conflict fragility present new challenges that PPIAF is prepared to address.

CLIMATE

The cost to developing countries to adapt to climate change is estimated at $70-100 billion annually

The world's existing stock of infrastructure accounts for more than 60 percent of global greenhouse gas emissions. Nearly all projected emissions growth is expected to come from developing countries where rapid urbanization, higher growth, and structural changes are underway.

More frequent catastrophic weather events, such as droughts, flooding, and storms will put new and existing infrastructure assets at risk, particularly in developing countries. Damage estimates are as high as $150 billion per year.

Furthermore, the cost to developing countries of adapting to climate change is estimated at between $70–100 billion per year. It is expected that the infrastructure sector, particularly transport, will bear the largest share of these future climate adaptation costs.

Without further action to curb climate change, 100 million more people will be at risk of being pushed into poverty by 2030.

See Djibouti story on page 43.

URBANIZATION

Infrastructure capital requirements in urban areas over the next 15 years are estimated at $50 trillion

Cities are important engines of economic growth but are vulnerable to social and environmental perils. These will only increase because of rapid urbanization: Today, 50 percent of the global population lives in urban areas; by 2050, almost three-quarters will.

Over the next 35 years, the urban population of Africa is likely to triple; that of Asia is expected to increase by 61 percent. More megacities—with populations of more than 10 million—are expected to emerge in Africa, Asia, and Latin America. Furthermore, in the next two decades, about 290 emerging cities—with populations between one and 10 million—will account for a quarter of global income growth and a third of energy-related emissions growth.

As urban populations grow, infrastructure capital requirements will strain local governments and sub-national service providers where capacity and resources are weak. The type of investments needed to develop sustainable urban areas—such as transportation infrastructure, water and waste management systems, and renewable energy—are complex and carry high upfront costs. This puts them out of reach for many small towns and emerging cities.

FRAGILITY

Fragile and conflict-affected states are home to about 18 percent of the world's population living with extreme poverty, economic disintegration, societal upheaval, and human tragedy

Infrastructure development in fragile and conflict-affected states poses an arduous challenge. In many cases, key economic assets have been destroyed or are in the control of hostile groups. Interventions in failed situations are difficult to implement and may unwittingly trigger further conflict. Citizens live in extreme poverty and have few employment opportunities to help them escape it. Consequently, fragile countries develop more slowly and have greater needs.

By 2030, poverty will be increasingly concentrated in fragile states—even in a best-case scenario, they will account for an estimated 50 percent of the world's poor. Fragility can also be found in higher-capacity countries, as in the MENA region, or at sub-national levels as seen in northeastern Nigeria. Fragile countries will also be affected by urbanization—60 percent of their populations will live in cities by 2030.

See Kosovo story on page 42.

WHAT IS SUSTAINABLE INFRASTRUCTURE?

In short, it is infrastructure that is planned, designed, constructed, and operated to be economically, socially, and environmentally sustainable and resilient to changes in climate over the long term.

Economically sustainable infrastructure provides jobs and helps boost GDP. It does not burden governments with unpayable debt or users with painfully high charges. It also seeks to build the capabilities of local suppliers and developers.

Socially sustainable infrastructure is inclusive and respects human rights; it is designed to meet the needs of the poor by increasing access, supporting poverty reduction, and reducing vulnerability to climate change. For example, distributed renewable power in previously unelectrified rural areas can increase household income and improve gender equality by reducing time spent on household chores.

Environmentally sustainable infrastructure mitigates carbon emissions during construction and operation and contributes to the transition to a lower-carbon economy, for example through high energy-efficiency standards. It also addresses local environmental challenges, especially around water provision and air quality.

Climate resilient infrastructure endures the impacts of climate-related events such as flooding, sea level rise, and increased extreme weather events.

What is Resilience? The capacity of economic, social, and environmental systems to cope with a hazardous event or trend or disturbance, responding or reorganizing in ways that maintain their essential function, identity, and structure, while also maintaining the capacity for adaptation, learning, and transformation.

What is "Climate-Smart" Infrastructure? Infrastructure that is low carbon as well as resilient is considered climate-smart.

17 YEARS OF IMPACT

$17.1
billion leveraged

276
institutions strengthened

1319
activities

140
policies, laws & regulations adopted

$902 million
raised by sub-national entities

84

sub-national entities credit rated

17,674

officials trained

+1 million

visits to PPIAF-funded websites in FY17

PPPIRC = 914,594 | PPP Lab = 100,369

3 out of 4

ongoing activities on track to achieve intended outcomes

17 YEARS OF HELPING

1999
BIRTH OF PPIAF

2001
MONTERREY CONSENSUS ON FINANCING FOR DEVELOPMENT

Aims to address the challenges of financing for development around the world, particularly in developing countries. The goal is to eradicate poverty, achieve sustained economic growth, and promote sustainable development as we advance to a fully inclusive and equitable global economic system.

2001
WATER SUPPLY & SANITATION IN KOSOVO

PPIAF funds a broader analysis of the institutional framework and the organization of water services in the Gjakovë sub-region, as well as drafting of terms of reference and preparation of bidding documents for a management contract.

2000
WATER SUPPLY & SANITATION IN KOSOVO

In the aftermath of the war, PPIAF provides funding to support private-sector participation in water supply in the Gjakovë-Rahovec region,where post-war outbreaks of water-borne illnesses and service interruptions cause concern. This support complements the Kosovo Emergency Water Supply and Sanitation Project, funded by the World Bank and Finland.

2002
VIETNAM WATER SECTOR SUPPORT

PPIAF provides support to Lim and Minh Duc, two small towns in Vietnam that lacked access to piped water to help them develop a design-build-lease (DBL) model to attract private operators to manage their water systems.

2000
MILLENIUM DEVELOPMENT GOALS ADOPTED

Eight international development goals for the year 2015 are established following the Millennium Summit of the United Nations and following the adoption of the United Nations Millennium Declaration. All 191 United Nations member states at that time, and at least 22 international organizations, commit to help achieve these goals.

2002
WATER SUPPLY & SANITATION IN KOSOVO

The Gjakovë and Rahovec Water Supply Management Contract is signed with private operator Gelsenwasser AG to manage the water utility in Gjakovë. The contract (financed by the World Bank) goes into effect in January for an initial period of up to three years. The management contract is performance based, with a $1 million fixed fee and a performance bonus based on the achievement of selected performance targets.

2001
ELECTRICITY IN NICARAGUA

PPIAF delivers the comprehensive study "Nicaragua: Sustainable Off-Grid Electricity Service Delivery Mechanisms," which plays an important role in identifying problems and proposing initial solutions to the many challenges of providing electricity service in rural areas.

2003
AFGHANISTAN TELECOMS

In the aftermath of its conflict in 2002, Afghanistan recognizes that strong telecommunications would be critical to rebuilding the country. Developing the sector becomes a high priority. The country takes early steps to promote private entry, focusing on getting the policy and regulatory framework right. PPIAF supports these efforts by helping in the development of a regulatory framework and improving the capacity of the Telecommunications Regulatory Board.

GOVERNMENTS FACE

2004
WATER SUPPLY & SANITATION IN KOSOVO

A consolidated water utility, Hidrosistemi Radoniqi, is set up to supply the towns of Gjakovë, Rahovec, Lumbardhi, and 56 villages in the surrounding area. Over the contract period, the utility becomes financially viable and records operating profits. Connections increase by 42%, consumers metered expand from 10% to 86%, and consumers billed expand from 20% to 100%. Service quality also improves, particularly at the high altitudes of Rahovec, which for the first time starts receiving a 24-hour supply of water year-round in all parts of town.

2005
AFGHANISTAN TELECOMS

The Telecommunications Law, drafted with PPIAF support, is passed in 2005. The law establishes an independent regulatory authority—the Afghanistan Telecom Regulatory Authority—by merging the Telecommunications Regulatory Board and the State Radio Inspection Department under the Ministry of Communications. The new authority assumes responsibility for telecommunications licensing as well as promoting sustainable competition in the sector.

2006
VIETNAM WATER SECTOR SUPPORT

Contracts are competitively bid, water systems are installed, and water delivery to customers begins in early 2007. The bid received is for a 12-year period, with a two-year design and build period, followed by a 10-year lease of the systems. The water companies and local authorities retain ownership of the assets and construction is financed by grants from Switzerland and Finland. Almost 90% of households in participating towns agree to connect to the new water systems.

2006
ELECTRICITY IN NICARAGUA

Through the World Bank's Off-Grid Rural Electrification project, photovoltaic battery charging stations are financed to provide energy to approximately 350 homes in several Miskito communities.

2006
BODY OF KNOWLEDGE ON INFRASTRUCTURE REGULATION

PPIAF supports the development of this online resource in collaboration with the Public Utility Research Center at the University of Florida.

2006
PPP PROGRAM SUPPORT IN KENYA

The Government of Kenya, intending to use public-private partnerships (PPPs) more often as a mechanism for procuring and financing infrastructure projects and services, asks for PPIAF assistance to find advisors for the development of a strategic implementation framework to create an environment conducive to private investment.

2007
SUPPORT FOR NEW TOLL ROAD IN SENEGAL

PPIAF helps establish the institutional and regulatory framework for the transport sector in Senegal, specifically supporting the National Agency for the Promotion of Investments and paving the way for the Dakar–Diamniadio Toll Highway project.

GLOBAL CHALLENGES

2006
LAUNCH OF PPPIRC
PPIAF supports the development of a website to provide information on legal and contractual issues in PPPs.

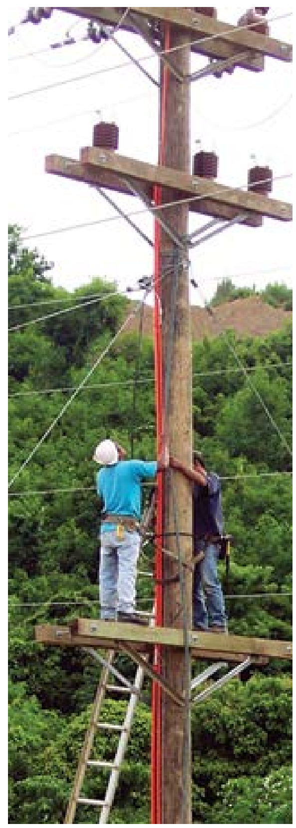
2007
PPP PROGRAM SUPPORT IN KENYA
PPIAF's work results in a draft PPP policy framework aiming to articulate the government's commitment to PPPs, and provide a policy basis for the PPP legal framework as well as a foundation for the PPP institutional framework.

2008
GLOBAL FINANCIAL CRISIS

2009
SUPPORT FOR NEW TOLL ROAD IN SENEGAL
The government of Senegal adopts the action plan for the development of contractual arrangements for the construction and management of the Dakar-Diamniadio toll highway. Subsequently, the government signs a 30-year concession for the construction and operation of the 20.4 km Pikine-Diamniadio road segment of the toll highway with SENAC, owned by Eiffage Group.

2009
PPP PROGRAM SUPPORT IN KENYA
The government implements detailed PPP guidelines.

2010
SUPPORT FOR NEW TOLL ROAD IN SENEGAL
The larger segment of the road, to be funded through a PPP arrangement, reaches financial close. This segment receives 41% of funds ($93 million) from private sources.



2011
ELECTRICITY IN NICARAGUA
Through the World Bank's Off-Grid Rural Electrification project, electricity access is extended to about 1,500 homes in El Ayote and 2,300 homes in El Cuá Bocay.

2010
PPP PROGRAM SUPPORT IN KENYA
A PPP unit is set up at the Ministry of Finance.

2011
RAILWAY REFORM TOOLKIT
Development of an easy-to-use resource on the rail industry as well as an experience-based set of best practices to aid in the planning and execution of railway reforms.

2012
PPP PROGRAM SUPPORT IN KENYA
PPIAF provides technical assistance to help operationalize Kenya's new PPP Unit, including how it coordinates with other government bodies for project development, information dissemination, and capacity building. The activity also involves reviewing the PPP Legal Framework and commenting on the draft PPP Law.

2013

INSTITUTIONAL AND POLICY SUPPORT FOR DEVELOPING A PPP PROGRAM IN JORDAN

Despite successful PPPs in specific sectors (e.g., Queen Alia International Airport), legal ambiguities stymied the government's ability to use PPPs to develop more projects. Thus, it reaches out to PPIAF for support in setting up a PPP unit, reviewing legal and regulatory gaps, identifying a PPP pipeline and developing a PPP strategy.

2013

PPP PROGRAM SUPPORT IN KENYA

Kenya's PPP Act is adopted by Parliament and published in the Kenyan Gazette on January 25. PPIAF continues supporting capacity building for the PPP Unit.

2014

PPP PROGRAM SUPPORT IN KENYA

PPIAF continues to provide support to the Kenyan government to develop its PPP Program, strengthening its design and implementation.

2013

LAUNCH OF PPIAF IMPACT STORIES

2014

INSTITUTIONAL AND POLICY SUPPORT FOR DEVELOPING A PPP PROGRAM IN JORDAN

PPIAF support results in a prioritized list of possible PPP projects, including a leave-behind methodology that can be used to evaluate future projects. A PPP law is passed in November, and a PPP unit, with a model based on PPIAF recommendations, is established.

2015

LAUNCH OF PPP SHORT STORIES COMPETITION

2015

INSTITUTIONAL AND POLICY SUPPORT FOR DEVELOPING A PPP PROGRAM IN JORDAN

The Cabinet passes PPP regulations.

2015

SET UP OF PPP KNOWLEDGE LAB

An MDB initiative to compile and curate the best knowledge on PPPs.

2016

ADOPTION OF SUSTAINABLE DEVELOPMENT GOALS AND 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

2017

PPP PROGRAM SUPPORT IN KENYA

PPIAF approves continued programmatic support to national and local institutions making up the PPP Framework in Kenya to successfully bring projects to market and manage public-side obligations in a way that attracts robust interest from the private sector.

10 YEARS OF SUB-NATIONAL TECHNICAL ASSISTANCE

In the last decade, the Sub-National Technical Assistance (SNTA) Program has provided $40 million in grant funding that helped sub-national entities (SNEs) around the world raise over $900 million in financing for infrastructure projects. Established in 2007 with funding from DFID, IFC, SECO, and the World Bank, the SNTA Program builds the systems and capacities of SNEs in developing countries to improve their access to market-based financing. (Current SNTA donors are the Agence française de développement (AFD), the Australian Agency for International Development, DFID, and SECO.)

SNTA's flexible approach to addressing the many constraints faced by SNEs and emphasis on a sustainable, market-based approach for infrastructure financing is unique in the development world.

Two independent evaluations have shown that our work has helped many SNEs around the world achieve important outcomes such as better public financial management, improved credit ratings, stronger institutional capacity and systems, and more successful implementation of innovative debt financing transactions.

SNTA has also incubated successful programs such as the City Creditworthiness Initiative, which brought municipal financial managers together to learn how municipalities can become creditworthy and gain access to private financing for infrastructure. Pioneered by the Urban Global Practice and developed in collaboration with SNTA, the program evolved to a standalone initiative implemented in partnership with the Rockefeller Foundation. As a result, participating municipalities are now preparing to borrow on commercial terms. SNTA launched a similar initiative with the Water Global Practice—Financing Universal Access to Water Supply and Sanitation—which aims to facilitate access to financing for water utilities.

Given its experience, knowledge, history, and SNE niche, SNTA is well-placed to play a stronger, more proactive role as a thought leader and ambassador in this space. It is well-positioned to share knowledge and insights on building the viability and creditworthiness of sub-national entities. Sub-national issues have been raised in high-level summits such as the 2015 Financing for Development Conference in Addis Ababa, the 21st Conference of the Parties, and the United Nations General Assembly's adoption of the Sustainable Development Goals. Given the increasing importance of urban development, SNTA's mission will remain relevant and in high demand for the foreseeable future.

SUB-NATIONAL ENTITIES ELIGIBLE FOR SUPPORT

Special-purpose government entities: Utilities, authorities, special districts, and state-owned enterprises with a primary focus on utilities delivering natural-monopoly infrastructure services.

General purpose sub-national government entities (provinces, states, municipalities) with infrastructure service delivery responsibilities: Entities that mix general infrastructure service delivery responsibilities with sector-specific service delivery responsibilities and that cannot easily separate the revenues related to each set of responsibilities.

Development finance institutions: Development banks and funds with a primary focus on infrastructure lending.

EXAMPLES OF ACTIVITIES THAT LED TO IMPROVED ACCESS TO FINANCING

SERGIPE, BRAZIL (2010)

SNTA helped strengthen the creditworthiness of Companhia de Saneamento de Sergipe-DESO, the water company of the Northeastern State of Sergipe. It also provided support in making financial projections and preparing a credit memorandum for prospective lenders. In November 2010, IFC closed a seven-year loan to DESO for 18.9 million Brazilian reais (approximately $11 million) to implement investments for reducing water losses, for example by purchasing water meters.

QUINTANA ROO, MEXICO (2010)

The first transaction of its kind in Mexico helped raise $196 million to be invested in sub-national infrastructure. SNTA support included the structuring of debt transactions by a state financing facility, including assistance in debt restructuring, borrowing at better terms and tenor, and reducing financing costs.

LIMA, PERU (2011)

SNTA assisted eight regional and municipal entities by facilitating credit ratings, implementing financial assessments, training, supporting transaction preparation, and helping the central government monitor and evaluate the financial health of local authorities. Ultimately, the municipality of Lima signed two significant deals: a $70 million commercial bank loan with BBVA Banco Continental in 2010 (partially backed by a $32 million IFC guarantee), and a subsequent $120 million loan with BBVA and Scotiabank in 2013. The technical assistance also helped the regional government of Arequipa obtain a $10 million commercial bank loan in 2011 to finance a road rehabilitation project.

IZMIR, TURKEY (2012)

SNTA activity supported a pilot of potential borrowing transactions to finance priority infrastructure projects in selected municipalities. It also helped the central government strengthen its coordination mechanisms and policy framework for financing sustainable cities, which resulted in an IFC loan of €28 million to the IZSU General Directorate, the water and sewerage administration of the Izmir Metropolitan Municipality, to help finance its wastewater treatment program.

DAKAR, SENEGAL (2015)

SNTA helped the city with a financial management diagnostic and a public expenditure and financial accountability assessment. This assistance helped Dakar to obtain a 20-year loan from AFD for €10 million ($15.8 million at the time of the transaction) to support a public lighting program.

FEATURE STORY: SNTA

SOUTH AFRICA
SUPPORT LEADS TO INNOVATION

Most SNEs in Southern Africa, including South Africa, do not have sufficient financial management capacity to effectively access finance for infrastructure services without such guarantees. The SNTA's mission, therefore, is relevant and fully in-line with the country's economic and government priorities.

Since 2009, SNTA has provided nearly $3 million in grant support for SNEs in South Africa and the Southern Africa region to enhance their creditworthiness, improve the enabling environment, and build their capacity. SNTA support has led to several important accomplishments in the region.

SNTA supported credit assessments and recommendations for restructuring processes to improve the technical and financial performance of four entities in southern Africa. Two of these successfully accessed financing and developed new, strategic partnerships. In 2012, the World Bank approved a $460 million credit to Zesco, Zambia's state-owned power company, to improve and expand its network. Electricidade de Moçambique (EDM), a power company, was selected as one of the implementing agencies for a project funded by the World Bank and AFD to support development of the power sector. EDM is also partnering with Brazilian companies to support the development of solar thermal energy transmission in Mozambique.

SNTA partnered with the Municipal Institute of Learning (MILE) to train 40 public finance managers from the Southern Africa region in a revenue management master class held in Durban. MILE has continued to deliver workshops on specific subjects in public financial management, for example, budget management.

SNTA's support for Tax Incremental Financing is enabling the City of Johannesburg to respond in innovative ways to finance infrastructure, with potential replication elsewhere.

Source: Universalia. Independent Evaluation of the Public-Private Infrastructure Advisory Facility's Sub-National Technical Assistance Program: Annex II – Case Study – South Africa, April 2016.

KENYA
A LONG-TERM TRANSFORMATIVE ENGAGEMENT

Since 2008, the SNTA Program in Kenya has helped SNEs improve their financial management capacity, access market-based financing, and enhance their own source revenues. In total, 47 SNEs and other entities were supported by SNTA, including six state-owned firms and one municipality (Nairobi). SNTA grants of approximately $3 million supported activities in all Kenyan infrastructure sectors, as well as the housing sector.

For example, SNTA supported a debt finance review of the Kenya Airports Authority (KAA) to assess its options for commercial financing. Shortly thereafter, KAA obtained concessional loans from the AFD and the European Investment Bank totaling $186 million to build a new terminal.

Another success is the SNTA-funded Project Development Facility (PDF) for community-based water organizations, developed in partnership with the Water and Sanitation Program, the Water Trust, K-Rep Bank and the Global Partnership on Output-Based Aid. The PDF aims to help communities access loans to build or maintain water infrastructure and deliver safe water to their residents. SNTA was able to broker deals for private-sector funding for 32 communities that received loans, with partial guarantees from USAID's Development Credit Authority.

SNTA's work also included capital markets transaction support for the Kenya Roads Board and the Kenya Wildlife Service, and bond issuance support for the National Housing Corporation. The bond issue is still pending.

An independent evaluation conducted in 2016 showed that the financial management capacities and creditworthiness of several SNEs increased and are being sustained, making SNTA support particularly relevant within the Kenyan context and SNE needs.

Source: Universalia. Independent Evaluation of the Public-Private Infrastructure Advisory Facility's Sub-National Technical Assistance Program: Annex I – Case Study – Kenya, April 2016.

INDONESIA
A FRAMEWORK FOR THE FUTURE

BACKGROUND

Indonesia, the world's fourth most populous nation, is home to more than 260 million people spread over a vast archipelago. Infrastructure development is a top priority for government to keep pace with the country's strong economic growth. Since 2000, GDP per capita has quadrupled to $3,600 in 2016; today, it is the world's 10th largest economy.

Disaster risk and preparedness also create demand for infrastructure. Being located on the Ring of Fire, a seismically-active line snaking 40,000 kilometers around the Pacific Basin, puts much of the country at risk of natural disasters. In recent years, earthquakes, volcanoes, and tsunamis have wrought tremendous damage to homes, buildings, and infrastructure, with loss of life numbering in the tens of thousands.

Government has been open to private-sector participation in the sector to access financing, and has worked closely with the World Bank Group to enable public-private partnerships for infrastructure projects. Between 1990 and 2016, private-sector investment in infrastructure totaled $38 billion, with 100 projects reaching financial closure. The World Bank's *Benchmarking Public-Private Partnerships Procurement 2017* reports that Indonesia scored above the average in East Asia Pacific countries in preparing, procuring, and managing PPP contracts.

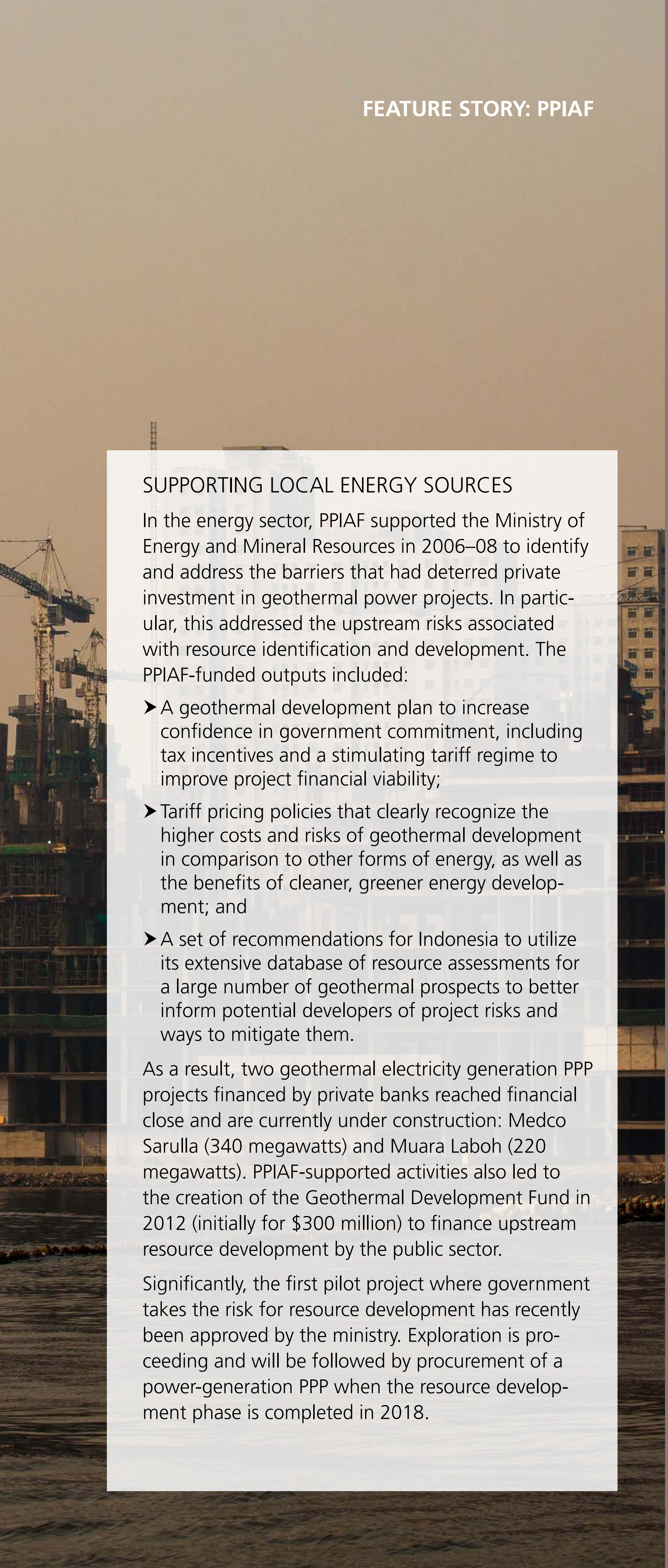
OUR ROLE

PPIAF has played an important role in this effort by supporting initiatives to improve the legislative and institutional framework for PPPs, as well as sector-specific assistance for energy PPPs. Overall interventions totaled $5.4 million.

ENABLING THE INSTITUTIONAL AND POLICY FRAMEWORK

PPIAF support from 2006–16 led to the following results:

- Development of an infrastructure risk management framework to enable government to support projects with guarantees and subsidies while managing consequent liabilities and fiscal risks;
- Establishment of the PPP Unit by the Ministry of Finance to assist with PPP project structuring;
- Creation of the Infrastructure Guarantee Fund (IGF) as a single window to provide guarantees for government obligations, which greatly reduces the risks in PPP contractual arrangements; the IGF guarantee has been approved for 15 projects with total capital cost of $15 billion;
- Development of a Viability Gap Financing Tool that enables the use of government grants to improve the financial viability of projects; and
- Establishment of a Project Development Fund to assist in project preparation and delivery.



SUPPORTING LOCAL ENERGY SOURCES

In the energy sector, PPIAF supported the Ministry of Energy and Mineral Resources in 2006–08 to identify and address the barriers that had deterred private investment in geothermal power projects. In particular, this addressed the upstream risks associated with resource identification and development. The PPIAF-funded outputs included:

- A geothermal development plan to increase confidence in government commitment, including tax incentives and a stimulating tariff regime to improve project financial viability;
- Tariff pricing policies that clearly recognize the higher costs and risks of geothermal development in comparison to other forms of energy, as well as the benefits of cleaner, greener energy development; and
- A set of recommendations for Indonesia to utilize its extensive database of resource assessments for a large number of geothermal prospects to better inform potential developers of project risks and ways to mitigate them.

As a result, two geothermal electricity generation PPP projects financed by private banks reached financial close and are currently under construction: Medco Sarulla (340 megawatts) and Muara Laboh (220 megawatts). PPIAF-supported activities also led to the creation of the Geothermal Development Fund in 2012 (initially for $300 million) to finance upstream resource development by the public sector.

Significantly, the first pilot project where government takes the risk for resource development has recently been approved by the ministry. Exploration is proceeding and will be followed by procurement of a power-generation PPP when the resource development phase is completed in 2018.

ASSESSING IMPACT

Impact assessments are independent evaluations of PPIAF's portfolio of activities in a specific country where PPIAF's assistance totaled over $2 million since FY06. These assessments are impartial reviews led by the Technical Advisory Panel with the purpose of examining the link between PPIAF's support and (i) the capacity of governments to improve the investment climate for private participation through the development, adoption, and implementation of policies, regulations, and programs; and (ii) the capacity of sub-national entities to access market-based financing to improve infrastructure services, without sovereign guarantees.

Over this strategy period the Panel conducted five country-level impact assessments—Indonesia, Malawi, Nigeria, Senegal, and Vietnam—where the results linked to PPIAF's support over a 10-year period were assessed through interviews with government officials, private-sector representatives, and implementing partners, as well as a desk review of project documentation. Please see the feature story on the following page for more information on the results captured by the FY17 Senegal impact assessment.

SENEGAL
A 16-YEAR PPIAF ENGAGEMENT

With PPIAF's support, Senegal's PPP readiness is above average in comparison to other African economies. This is good news for the country's 15-plus million people—Senegal is one of West Africa's fastest-growing economies and infrastructure will need to keep pace with demand.

ENERGY

Following recommendations from the Country Framework Report—a comprehensive study of the country's infrastructure sector—the Senegalese government initiated the Rural Electrification Program in 2003 as a priority program through privately-operated concessions. In 2008, a PPIAF grant financed a market survey and pre-feasibility study for the Matam–Bakel–Kanel–Ranérou rural electrification concession. This helped the rural electrification agency consider different structuring options for the transaction, leading to a review and update of the financial model of the Senegalese electricity utility, SENELEC, in 2012.

TRANSPORT

Also as a follow-up to the Country Framework Report, PPIAF helped establish the institutional and regulatory framework for the transport sector in 2007. The PPIAF grant supported technical assistance to the National Agency for the Promotion of Investments to consolidate the institutional framework and develop contractual arrangements for the Dakar–Diamniadio Toll Highway, the first toll road PPP in West Africa.

WATER

With the aim of reaching the Millennium Development Goals—halving the level of poverty and increasing access to sustainable water and sanitation services by 2015—the government engaged in reforms with PPIAF support. In 2005, a reform was introduced to transfer the maintenance of rural systems from the Department of Water Infrastructure Maintenance to the private sector. To help implement the reforms, the Ministry of Hydraulics requested technical assistance from PPIAF in 2007 to increase the reliability of water services in rural areas by supporting small-scale operators in maintaining rural boreholes. In 2009, PPIAF supported two studies to assess the feasibility of alternative contractual and institutional PPP arrangements to ensure sustainable sector development from 2011–25.

RESULTS TO DATE

Since 2000, Senegal has implemented 21 infrastructure projects leading to nearly $1.8 billion in investments—45 percent in energy, 40 percent in transport, and the remainder in information and communication technologies (ICT) and water.

Between 2000 and 2016, PPIAF supported 18 activities. As of June 2015, overall PPIAF support amounted to $2.6 million, the more recent activities adding a further $1.4 million.

The rural electrification program has made an ongoing contribution to rural electrification, although it did not result in a concession in the northern region as intended. For example, the methodology it introduced was used to electrify 55 villages, with another 70 villages in the pipeline.

Following the adoption of the institutional and regulatory framework for the the Dakar–Diamniadio Toll Highway, a concession contract was awarded in September 2009. The 30-year, $240 million concession required the concessionaire to build, finance, operate, and maintain 20.4 kilometers of roads between Pikine and Diamniadio and to operate and maintain other road sections. The Dakar toll road was inaugurated in August 2013 and was the first greenfield toll road PPP in West Africa. An additional contract was awarded in 2014 to extend the toll road to the new airport.

In the rural water sector, a concession was allocated to la Société d'exploitation d'ouvrages hydrauliques in 2014. The service in the contract zone in central Senegal serving 500,000 inhabitants is operating successfully: the production of drinking water has almost tripled, unit prices have fallen, and the billing recovery rate has risen from about 25 to 80 percent.

LAYING THE FOUNDATION

2000

PPIAF initially supported a Country Framework Report on the country's infrastructure sector. The study specifically examined the telecommunications, water and sanitation, energy, and transport sectors. The report clearly sets the tone of discussion for the following decade and contributed to the results of the telecom reforms and the Dakar-Diamniadio toll road.

2005

PPIAF helped measure the shortfall in capital investment required for supporting infrastructure development. This resulted in a rigorous analytical system being developed for estimating underfunded infrastructure needs and identifying how to meet them.

2006–2007

PPIAF supported the development of a model for delegated contract management based on the Beninese experience and lessons learned in Sub-Saharan Africa, which was followed by a flurry of legislation updating the concession law.

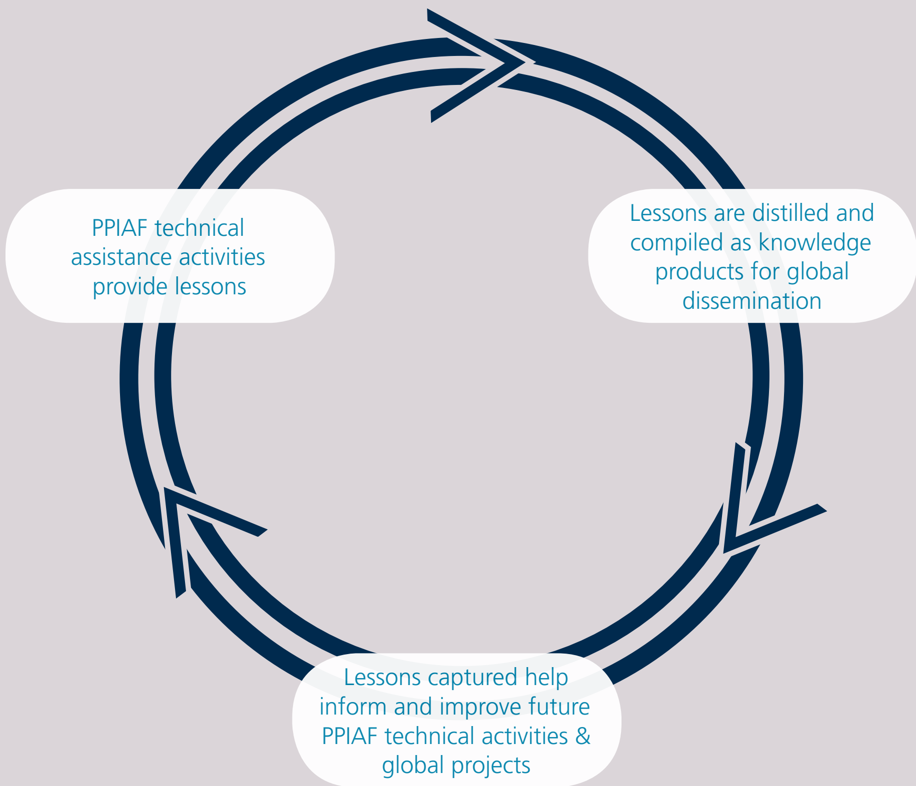
2009

PPIAF helped set up a strategic framework for prioritizing infrastructure investments. The final report of the study included a detailed action plan, with an associated budget, for the development of transport infrastructure in secondary cities.

2013

At the government's request, PPIAF provided funding for PPP training for senior government officials to enhance PPP awareness and strengthen their capacity in the management of PPP contracts with a special emphasis on build-operate-transfer arrangements.

OUR KNOWLEDGE SYSTEM



PPIAF works with various strategic parners to develop knowledge solutions for wider infrastructure problems

PPIAF's emphasis on capturing and using knowledge is central to its role as a center of excellence.

PPIAF systematically and routinely distills lessons learned from its technical assistance activities. We also play a key role in capturing the expert knowedge of strategic partners, such as multilateral development banks and the private sector. PPIAF's knowledge products are invaluable to clients, the development community, and investors who seek to increase private-sector participation in infrastructure and strengthen sub-national creditworthiness in developing countries.

LOCAL LESSONS = GLOBAL KNOWLEDGE

In our 17 years of operation, PPIAF has participated in almost 2,000 projects. We systematically capture the lessons generated from those technical assistance activities to create knowledge goods that both help inform future PPIAF activities and create a repository. This, in turn, plays a vital role in helping clients address developmental challenges.

The cumulative knowledge that PPIAF has captured is then made available on a variety of online platforms to reach the widest audience possible. These platforms are accessible to all our stakeholders, even in countries where security prevents physical access, at a scale and reach that cannot be achieved by single activities. This includes websites such as the PPP Knowledge Lab and the Public-Private Partnership in Infrastructure Resource Center (PPPIRC). Deploying this knowledge through online platforms offers a way to scale up rigorous screening of project pipelines through peer reviews and market reactions.

In the same way, capacity-building programs delivered through online global platforms, such as Coursera's massive open online courses, or partnerships with training institutions such as the Public Utility Research Center and APMG (for the PPP Certification Program), ensure that access to knowledge is cost effective. In this respect, PPIAF contributes to innovative and strategic developments or specific improvements for these platforms.

BUILDING PARTNERSHIPS

In addition to capturing knowledge through its own activities, PPIAF develops knowledge with various strategic partners such as educational institutions, development institutions, and PPP knowledge centers to help tackle wider infrastructure problems. An example of this type of collaboration is our partnership with the Public Utility Research Center at the University of Florida, which resulted in an update to the Body of Knowledge for Infrastructure Regulation and the development of tailored training solutions targeted primarily to fragile and conflict-affected states. Our close collaboration with the World Bank Group and other multilateral development institutions resulted in the development of the PPP Knowledge Lab, the *PPP Reference Guide*, and the PPP Certification Program.

PPIAF's support is not confined to virtual platforms alone. As a leader in this field, PPIAF continues to fund public-private infrastructure investment fora and communities of practices to offer stakeholders opportunities to network and share information. Such fora can be effectively used by countries to engage local as well as international private-sector players on a shared agenda.

THE KNOWLEDGE TO IMPROVE ENABLING ENVIRONMENTS

One of the limitations in evaluating the effectiveness of upstream initiatives and understanding how they impact downstream infrastructure investment is the lack of information about the different attributes making up the enabling environment for PPPs and sub-national financing.

Thus, we supported the development of products that specifically addressed this need by funding the Economist Intelligence Unit's *2015 Infrascope for Africa* and the *Benchmarking PPP Procurement* study. PPIAF is also funding *The State of PPPs in Fragile and Conflict States*, a study that aims to identify the challenges to the development of more sustainable and robust approaches for PPPs in fragile countries. It has also supported the development of the *Guidance on PPP Contractual Provisions* to assist developing countries to implement PPP projects in a consistent and efficient manner through the development of standardized contractual provisions.

These products represent examples of the support that PPIAF has continuously provided in developing knowledge about enabling environments that is critical for attracting the private sector and contributing to well-structured projects.

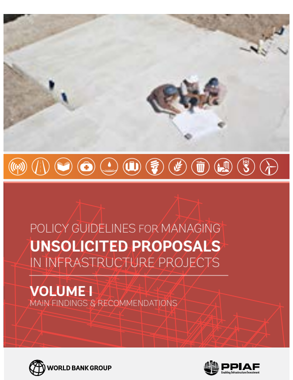
KEY KNOWLEDGE PRODUCTS FY15–FY17

APMG PPP CERTIFICATION PROGRAM

PPIAF has been a key player in the development of a multilateral development bank (MDB) collaboration for the creation of the APMG PPP Certification Program, which consists of a standard certification process to enhance basic understanding of PPPs in low- and middle-income countries. PPIAF funded the development of the body of knowledge and curriculum development process and turned knowledge into action by supporting training in key client countries, such as Kenya, Rwanda, and Uganda. This innovative, collaborative approach to setting standards for PPP professionals is expected to result in better designed PPP projects that better meet the needs of users. This is the first time MDBs have come together to support a global curriculum on PPPs, which is accessible to anyone with an Internet connection—with parts offered for free. The PPP Certification Program is an innovation of the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank (IADB), the Islamic Development Bank (ISDB), the Multilateral Investment Fund, and the World Bank Group. It is produced and administered by APMG International.

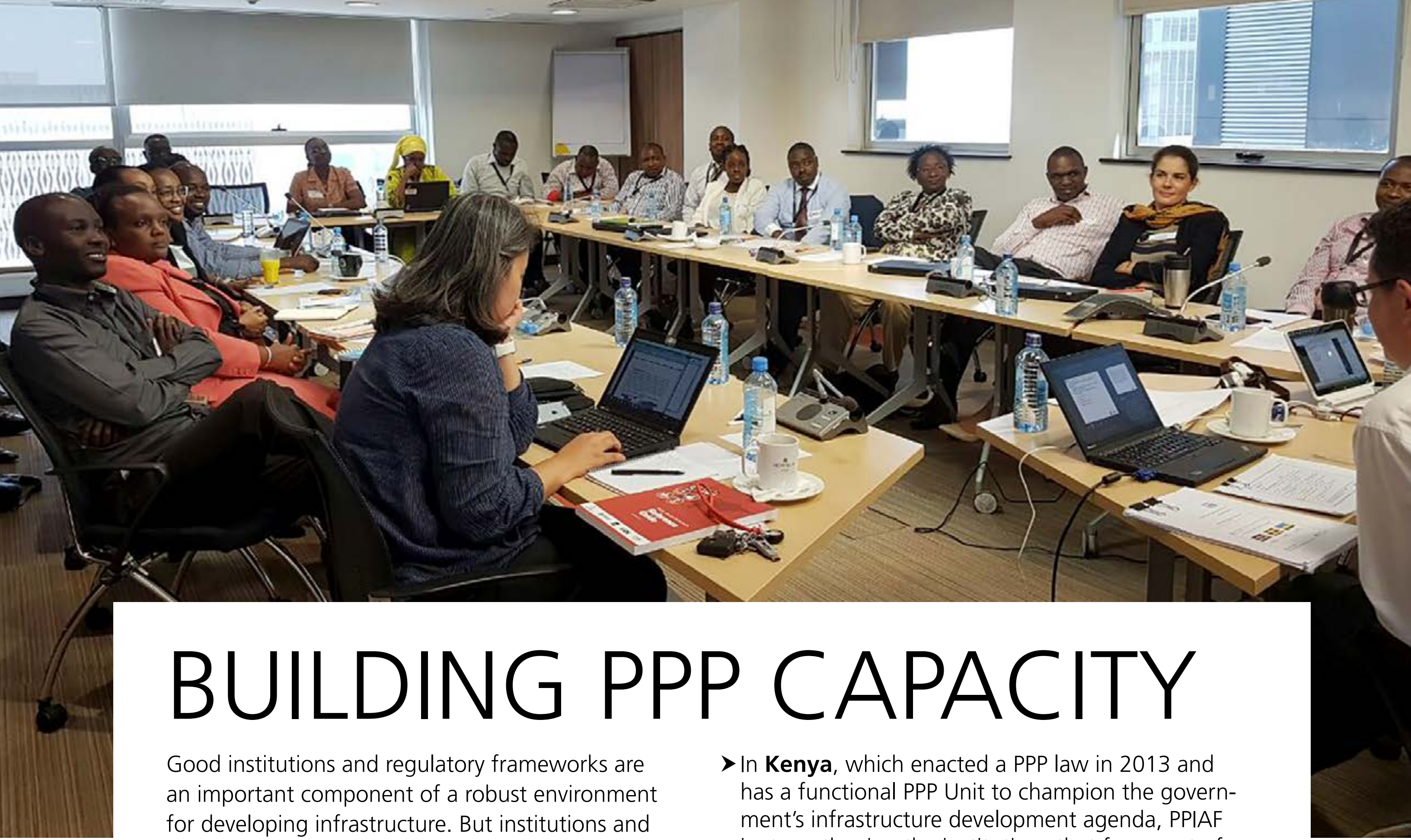
MOBILIZING ISLAMIC FINANCE FOR INFRASTRUCTURE PPPS

Islamic finance has been growing rapidly across the globe. The global Islamic finance market currently stands at around $1.9 trillion. However, Islamic finance is still a relatively untapped market for PPP financing, which makes *Mobilizing Islamic Finance for Infrastructure PPPs*—a joint publication of the World Bank Group and ISDB, with the support of PPIAF—an important resource for governments, private sponsors, lenders, and academics. This initiative represents the first systematic effort to capture and share knowledge on applying Islamic finance to infrastructure PPP projects. It fills a critical information gap that exists among many development practitioners, and can help developing countries explore Islamic finance as an resource to meet growing infrastructure needs. The report aims to provide information on how Islamic finance has been used in infrastructure projects through PPPs, the structural challenges and solutions, and what can be done to deepen and maximize its use for this purpose.



POLICY GUIDELINES FOR MANAGING UNSOLICITED PROPOSALS

When it comes to infrastructure projects, "unsolicited proposals" (USPs) represent an alternative to the traditional project initiation method. But USPs can lead to many challenges, including diverting public resources away from the strategic plans of the government, providing poor value for money, and leading to patronage and lack of transparency, particularly in developing countries. To ensure governments can mobilize the strengths of the private sector while protecting the public interest, USPs, when accepted, should be managed and used with caution as an exception to the public procurement method. The World Bank Group, with the support of PPIAF, launched an effort in 2015 to provide guidance for governments considering the development of a policy for USPs in infrastructure projects. This tool, *Policy Guidelines for Managing Unsolicited Proposals in Infrastructure Projects*, is a three-document series that includes the Main Findings, the Policy Guidelines for Managing USPs, and the Review of Experiences—an in-depth review of global best practices with USP policies and projects.



BUILDING PPP CAPACITY

Good institutions and regulatory frameworks are an important component of a robust environment for developing infrastructure. But institutions and legislation alone are not enough. Governments need critical skills if they are to develop roadmaps for infrastructure development, identify and assess potential projects, determine optimal ways to finance them, and work with the many stakeholders—particularly the private sector—involved in executing infrastructure projects. Without these skills, even promising infrastructure projects may stall or never get off the ground.

In East Africa, PPIAF is actively engaged with governments to strengthen this critically-needed capacity, often in tandem with work on developing project pipelines:

- PPIAF is supporting the government of **Lesotho** in the development of the PPP framework and building much-needed capacity for PPP implementation. In June 2017, officials from various ministries, including Finance, Health, Works, Development Planning, and Energy, participated in the AMPG PPP Certification Program, an initiative by MDBs that prepares candidates for the Certified Public-Private Partnership Professional credential exam. The training provided valuable information and skills at a critical time. The Contracts Manager at the Ministry of Finance, Mathabo Mpale, said: "The training was very useful and well-timed, as it comes at a time that we are finalizing the PPP Policy and also reviewing the draft PPP Law."
- In **Kenya**, which enacted a PPP law in 2013 and has a functional PPP Unit to champion the government's infrastructure development agenda, PPIAF is strengthening the institutions that form part of the PPP mechanism. This includes participation in the AMPG PPP Certification Program, post-contract monitoring, and even a PPP simulation game. These interventions focus on skills development and the building-up of physical and technical support resources, which enhance work efficiency and address capacity constraints.
- In **Uganda**, PPIAF is supporting the government in conducting a PPP diagnostic study that will guide ongoing and future infrastructure development work. PPIAF is also contributing to an assessment framework to select PPP projects.
- The government of **Rwanda** has developed policies and procedures for using PPPs to attract private-sector investment to build infrastructure. PPIAF's work is supporting the development of sector strategies, fiscal risk management, and pipeline assessment and prioritization. A training program for key decision makers and technical staff will provide the skills needed to roll out PPP projects.

These innovative initiatives are succeeding in setting standards and using knowledge to create a new class of PPP professionals in East Africa and throughout the globe. With ongoing support from PPIAF, MDBs, and other partners, these efforts will lead to infrastructure projects that meet the needs of people in developing countries and emerging economies.

REVIEW OF 2017 & THE STRATEGY PERIOD

HIGHLIGHTS OF FY17

$18.2 MILLION
IN GRANT APPROVALS

$0.5
LEVERAGED FOR EVERY $1

>60
NEW ACTIVITIES

10%
FOR FRAGILE & CONFLICT-AFFECTED STATES

PPIAF approved $18.2 million for 60 new technical assistance and knowledge activities in FY17. For every dollar approved by PPIAF, 50 cents was leveraged from other development partners. Compared to last year, the average size of current activities remained stable at $385,000, yet the total number of live activities increased slightly, from 116 to 131. Despite the increase in size of programmatic, multi-annual activities, the average age of our portfolio has remained stable at around 14 months.

Disbursements in activities increased to $15.1 million, bettering last year's total of $14.5 million. As a proportion of approvals, FY17 disbursements stand at 86 percent of approvals versus 53 percent in FY16. This ratio is significantly improved, but one that reflects the natural time lag between higher approvals from last year, commitments, and corresponding disbursements during this year.

APPROVED WORK PROGRAM VS ACTUALS

Type of Intervention	Approved Work Program Base Case ($million)	Actual Mobilization ($million)	Achievement (%)
Technical Assistance	22	14.7	67
• Programmatic	11	4.9	45
• Coverage	11	9.8	89
Knowledge	3	3.4	114
Total	**25**	**18.2**	**73**

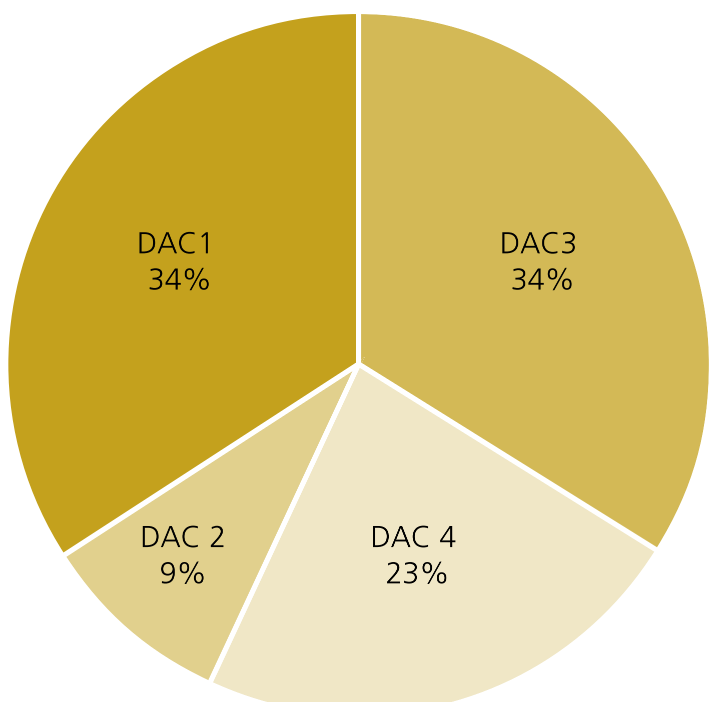
PPIAF aims to achieve greatest impact by focusing predominantly in low-income, low-capacity and fragile countries. In pursuit of this aim, in FY17, PPIAF sought to deploy 50 percent of its geographically tagged resources in low-income countries (LICs) and 17 percent in fragile countries. When considering all funding provided, PPIAF fell short of this aim—providing 43 percent to LICs and 10.5 percent to fragile countries. Funding provided from PPIAF's core Multi-Donor Trust Fund (MDTF) tells a different story: 56 percent of funds approved from the MDTF will support technical assistance in LICs and 21 percent will support activities in fragile states.

PPIAF SUPPORT TO FRAGILE COUNTRIES IN FY17*

Activity	Description
WEST BANK AND GAZA: Non-Revenue Water Performance-Based Contract	The objective of this support for Non-Revenue Water (NRW) Performance Based Contracts in West Bank and Gaza is to improve the capacity of the municipal water department of Hebron to manage its non-revenue water, implement a pilot performance-based contract for NRW management (if found feasible), and use this transaction to teach Palestinian water-sector institutions about PPPs. This will enable it to play a role in the overall water sector reform program. Furthermore, the support will strengthen the capacity of the Palestinian Water Authority, leading private-sector participation (PSP) in the water sector.
AFGHANISTAN: Supporting the Development of a PPP Program: Phase II	The objective of this activity is to further support the government in increasing its capacity to identify and develop a PPP project pipeline that can support its national development strategy. Phase II will build on the pipeline work initiated under Phase I, with a specific focus on energy (particularly renewables), solid waste, and transport/logistics sectors (based on the National Infrastructure Plan). It will also include a PPP country readiness diagnostic, developing a business plan and budget for the new institution established within the Ministry of Finance in charge of PPPs. It will also help prepare guidelines to implement the PPP Law.

* A third activity in a fragile country, Timor-Leste, establishing a Project Management Unit for the management of the Tibar Bay Port Concession, was approved for $377,025 in FY17Q1. However, the activity was cancelled due to an increase in implementation risk. This recipient-executed grant was supposed to be implemented alongside a World Bank project that was cancelled as well. Thus, the ability for the Bank to oversee the PPIAF activity directly in the field was also curtailed.

PPIAF TECHNICAL ASSISTANCE BY DEVELOPMENT ASSISTANCE COMMITTEE (DAC) LEVEL

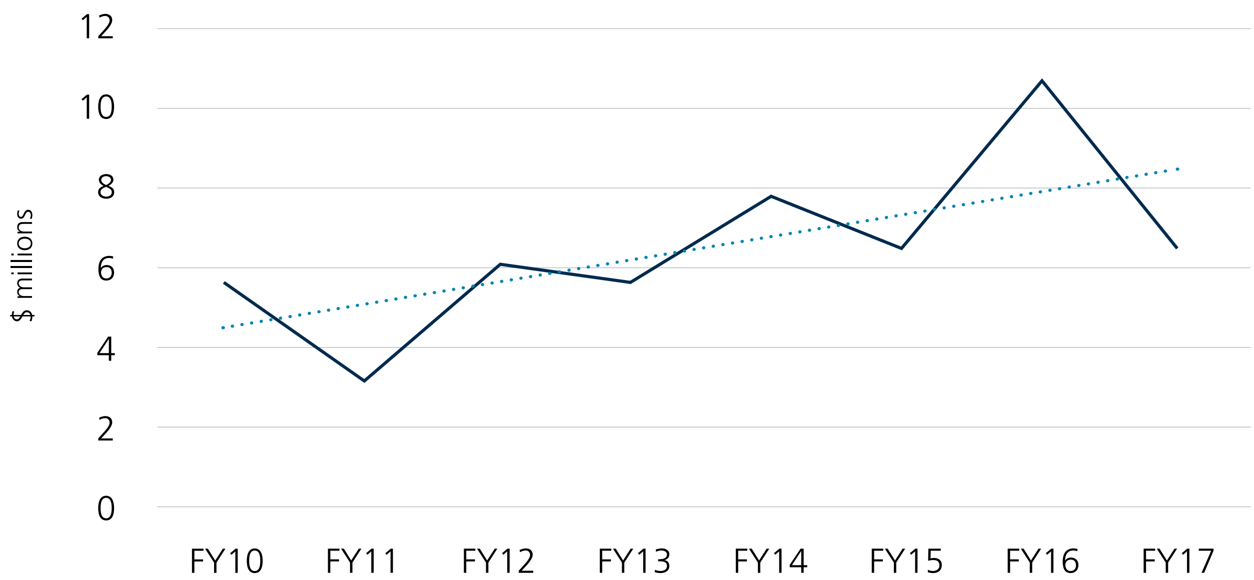


SUB-SAHARAN AFRICA

RECEIVES GREATEST SHARE OF PPIAF RESOURCES

In line with the decrease in volume of PPIAF activities to closer to historically normal levels, support to Sub-Saharan Africa—our priority region—returned to $6.5 million in FY17 (after an unprecedented high of $10.7 million in 2016). This represents 42 percent of country-specific grants approved from all PPIAF funding, by far the largest share.

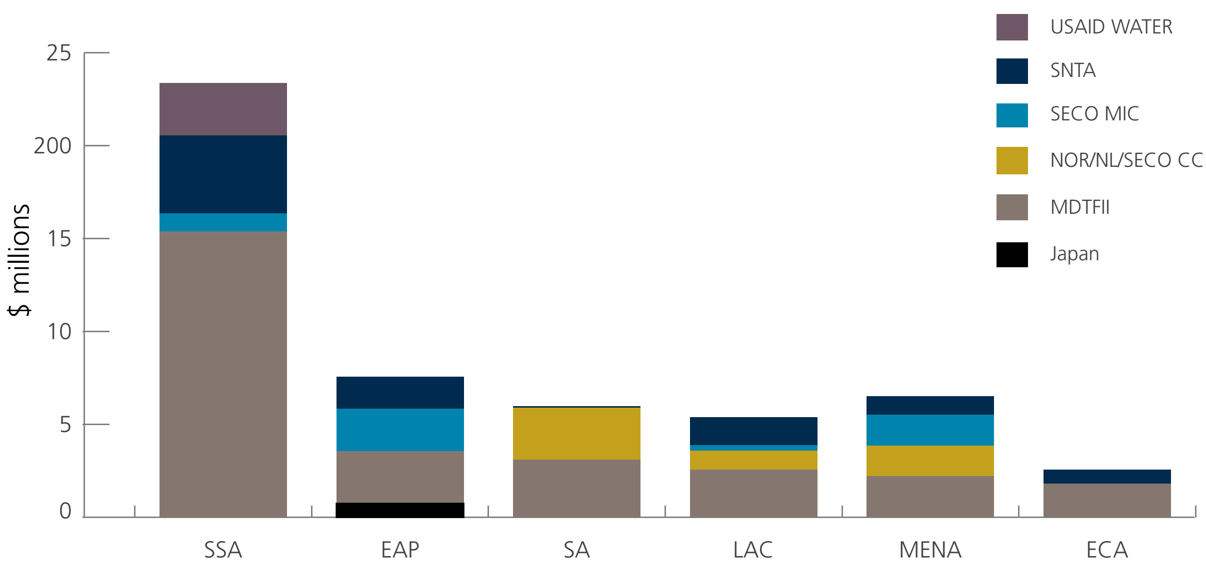
AMOUNT APPROVED FOR SSA FY10-FY17 (INCLUDING SNTA)



Driven by a relative increase in the volume of PPIAF's non-core funds, specifically SECO's priority middle income fund and SNTA, regions with a higher number of middle-income countries, such as East Asia Pacific (EAP), Europe and Central Asia (ECA), and Middle East and North Africa (MENA), saw their allocations of funding grow by five, one, and six percent respectively between FY16 and FY17.

Trust Fund	2015	% of total	2016	% of total	2017	% of total
MDTFII	$9,570,494	56%	$18,632,409	68%	$10,124,254	56%
SNTA	$3,783,814	22%	$3,900,550	14%	$3,286,639	18%
SECO MIC	$1,692,982	10%	$1,330,000	5%	$2,152,950	12%
Japan	$749,950	4%	$0	0%	$0	0%
NOR/NL/SECO CC	$658,650	4%	$2,399,157	9%	$1,305,000	7%
USAID Water	$497,100	3%	$1,022,150	4%	$1,301,809	7%
Total	$16,952,990	100%	$27,284,266	100%	$18,170,652	100%

TECHNICAL ASSISTANCE BY REGION, FY15–17



GROWTH IN NON-CORE FUNDS PUSHES

MORE RESOURCES TO MIDDLE-INCOME COUNTRIES (MICs)

HIGHLIGHTS OF SUPPORT TO THE REGIONS

SUB-SAHARAN AFRICA

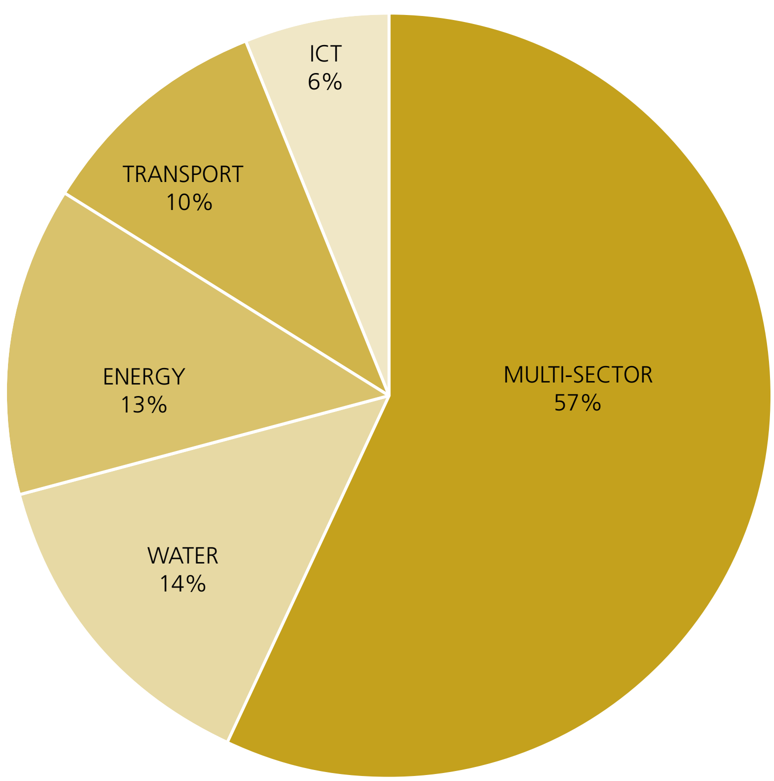
	FY17	FY15–17
FUNDS DEPLOYED	**$6.5** million	**$23.8** million
CO-FUNDING LEVERAGED	**$3.6** million	**$10.3** million
NEW ACTIVITIES APPROVED	**21**	**63**
ACTIVITIES COMPLETED	**16**	**65**

It is no secret that infrastructure investment needs in SSA are high. The continent has an annual infrastructure financing gap of roughly $100 billion, but often untold is the great market opportunity for infrastructure investors. SSA boasts four of the world's ten fastest growing economies, has 52 cities with populations greater than one million (with urbanization on the rise), and abundant natural resources. Proper policies and capacity to implement and oversee complicated PPPs are the key challenges preventing successful matches between infrastructure investors and projects. For these reasons, over FY15–17 most PPIAF support worked to build institutional capacity within client counterparts to render them capable of screening, prioritizing, and implementing infrastructure projects with private investment. Much of this important capacity and institutional strengthening work was and is still being delivered through four key programs—occurring at a regional level in West Africa, and in Kenya, Madagascar, and Tanzania. The largest of these programs, *Building PPP Institutional Capacity in the UEMOA Region*, implemented in partnership with AFD and the World Bank and leveraging over $2 million in co-funding, has helped build the necessary institutional architecture and capacity at both the regional and member state level so that key infrastructure PPPs can be delivered over the next decade.

Support from SNTA focused on financing local urban development projects in South Africa, strengthening financial management and creditworthiness of utilities in Kenya, Central African Republic, and Malawi, and helping key municipalities in Senegal strengthen their financial management practices so they are better positioned to provide essential urban services to low-income areas.

PPIAF's maintained focus in SSA was facilitated during this period through the re-opening of its regional office in Dakar, Senegal and additional staff at the Nairobi, Kenya office.

APPROVALS BY SECTOR IN SUB-SAHARAN AFRICA | FY15–17



WEST AFRICA
BUILDING PPP INSTITUTIONS & GOVERNMENT CAPACITY

The West Africa Region, with a population of 355 million, includes 16 diverse countries with different developmental needs. It includes several low-income countries and fragile states, where nearly half the population lives below the poverty line. Populations vary significantly as well—from just over half a million in Cape Verde to over 177 million in Nigeria. Gross domestic product ranges from $800 in Niger to $4,400 in Cape Verde. Eight of these countries—Benin, Burkina Faso, Côte D'Ivoire, Guinea, Mali, Mauritania, Senegal, and Togo—are francophone. Except for Guinea and Mauritania, all are members of the West African Economic and Monetary Union (UEMOA) and share a common currency.

As disparate as these countries are, all share one major obstacle to economic growth and poverty alleviation: low-quality and poorly-maintained infrastructure. Notwithstanding ongoing efforts, the collective infrastructure gap is expected to represent approximately 20 percent of GDP by 2020. This stifles employment, reduces regional competitiveness, and keeps living standards stagnant.

Because infrastructure development and scale-up requires significant investment, francophone governments have been eager to move away from a traditional public-service delivery model towards one with private-sector participation. This has created a strong demand for well-structured PPPs. In this context, PPIAF has been providing ongoing support.

As part of its 2015–2017 strategy, PPIAF approved over $5.6 million in grants to support francophone countries in establishing and/or reinforcing PPP institutions and building the capacity of government bodies responsible for implementing PPP programs and overseeing projects.

Francophone countries do not have the same level of experience with PPPs, so PPIAF's intervention was tailored. In Benin, Burkina Faso, Guinea, Mali, Mauritania, and Togo, PPIAF support began with detailed assessments of legal, regulatory, and institutional environments, including reform efforts. In countries with more advanced PPP programs, such as Côte d'Ivoire and Senegal, PPIAF focused on building the capacities of existing institutions.

RESULTS

PPIAF support led to key reforms in a number of countries in the region, and in some cases, led to additional support from other donors and multilateral development banks, including:

- Staff from eight institutions in eight countries, including PPP units and line ministries, have been trained in the fundamentals of developing and managing the PPP process.
- Mali (2016), Guinea (2017) and Mauritania (2017) adopted PPP laws.
- Consensus was achieved on the optimal institutional design of PPP units in Guinea, Mali, Mauritania, and Togo. PPP units are in the process of being set up in Guinea and Mali. Existing PPP units in Côte D'Ivoire and Senegal were strengthened.
- An online toolkit was developed and launched in Senegal, supported by new guidelines, training on using the toolkit, and validation sessions.
- The governments of Guinea, Mali, and Mauritania agreed on a harmonized pipeline of bankable projects that aligned with national development plans.

EAST AFRICA
THE NILE EQUATORIAL LAKES SUBSIDIARY ACTION PROGRAM

The Nile is the world's longest river, snaking 6,853 kilometers through 10 countries with a basin covering approximately three million square kilometers—an area equivalent to nearly 10 percent of Africa's total landmass and home to approximately 250 million people. This figure will increase substantially—the region's population is forecast to reach over 500 million by 2030.

The potential economic benefit from the use of Nile water is significant. Irrigation and hydropower generation alone is estimated to be worth over $11 billion. However, there is a growing need for infrastructure investments to attain the full potential of this resource. This will be vital for addressing poverty and food insecurity in the region—according to the 2016 Human Development Report, seven Nile Basin countries are among the bottom 25 in terms of their Human Development Index score.

Since February 2016, PPIAF has played an active role in addressing the region's infrastructure needs in partnership with the Nile Basin Equatorial Lakes Subsidiary Action Program (NELSAP), an investment program that supports cooperative inter-country and in-country investment projects related to the common use of the Nile Basin's water resources. NELSAP promotes investments in power development and trade, river basin management and development, agricultural trade and productivity, as well as fisheries and watershed management. Critically, its work also addresses environmental degradation in the sub-region.

NELSAP is administered by the Nile Basin Initiative (NBI), an intergovernmental partnership of 10 Nile Basin countries established to foster regional cooperation and economic integration through sustainable resource management and development. Since1999, NBI has catalyzed investments worth over $1.5 billion in large-scale projects, with over $4.5 billion more in development.

NELSAP is responsible for preparing a portfolio of infrastructure projects on behalf of Nile Basin countries and seeking potential sources of financing. Although its coordination unit was experienced at facilitating public finance, it had limited knowledge of how to attract interest from the private sector. Embracing its mission to eradicate poverty, promote economic growth, and reverse environmental degradation, NELSAP approached the World Bank Group for support in exploring the development of PPP options and mobilizing private investment for its projects. This led to a workshop organized by the World Bank and IFC in October 2016 for senior NELSAP officials that covered the fundamentals of PPPs. Using a case study of a hydropower project in Uganda, the training covered the structure, risk allocation, and roles of various actors at each stage of the process.

PPIAF built on this knowledge by developing a PPP pipeline screening methodology in conjunction with NELSAP, the World Bank, and IFC. The methodology was applied to 15 potential projects shortlisted and prioritized by NELSAP consisting of a mix of hydropower, water, and irrigation infrastructure. PPIAF's screening criteria provided deeper insights on the potential of these projects to be developed as PPPs; two were considered good candidates for PPPs in the short term.

PPIAF has been strengthening the capacity of NELSAP's coordination unit staff to provide them with the knowledge and skills to screen potential PPP projects themselves. It is also strengthening the capacity of representatives from the Ministries of Finance, Water, and Energy to enable them to review projects for potential PPP financing at the national level.

HIGHLIGHTS OF SUPPORT TO THE REGIONS

EAST ASIA AND PACIFIC

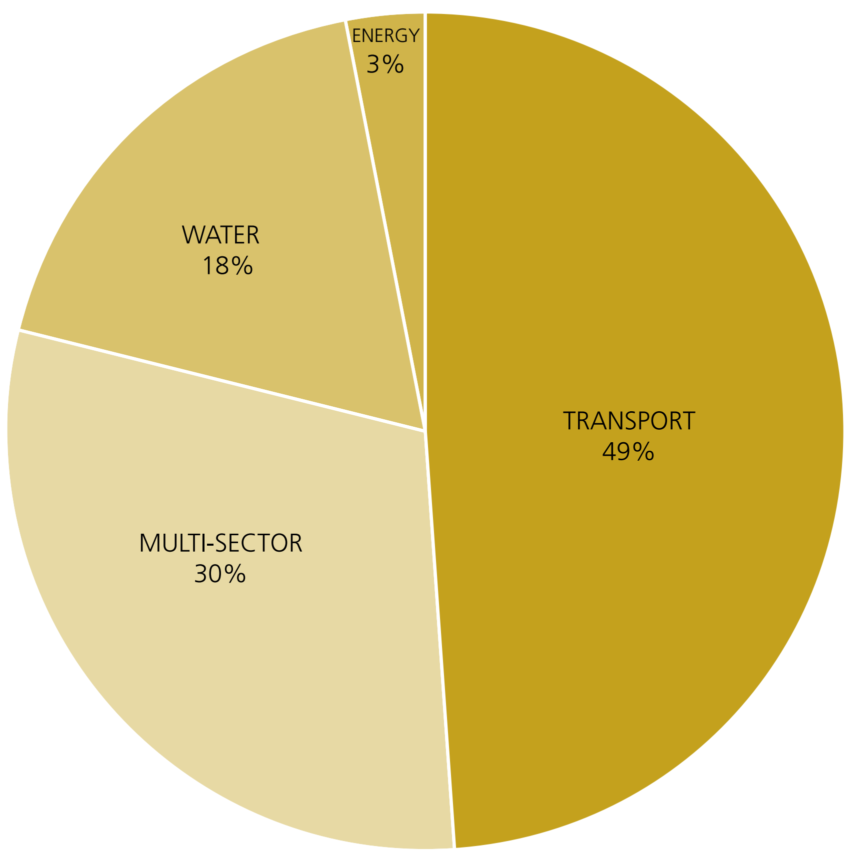
	FY17	FY15–17
FUNDS DEPLOYED	**$2.9** million	**$7.6** million
CO-FUNDING LEVERAGED	**$0.3** million	**$3.4** million
NEW ACTIVITIES APPROVED	**7**	**20**
ACTIVITIES COMPLETED	**3**	**16**

Well-maintained transport networks in East Asia help grease the wheels of the region's trade, particularly with the economic giant China. So it is no surprise that over the last business-plan period the lion's share of PPIAF support to the region focused on transport at the regional, state, and local levels.

Support to the aviation industry in the Pacific Islands is helping develop a pioneering transaction for a Regional Airport Performance Based Infrastructure Maintenance Contract with a view toward improving air safety standards and building client capacity. Indonesia, Laos, Timor-Leste, and Vietnam received technical assistance support to strengthen their ability to manage private investment in key transport subsectors. Vietnam also received support to develop community and gender-inclusive performance-based contracts for local road maintenance. This activity will help inform PPIAF as it looks to include gender considerations across its operations. Given the region's rapid urbanization, PPIAF sees increasing opportunities to support development of urban transit networks, with Mongolia and the Philippines receiving such support over the FY15–17 period. Beyond transport, the region received support to improve water and sanitation service delivery and manage water as a scarce resource when developing hydropower.

The SNTA Program has also been very active in the region. Municipalities in China, Indonesia, and Mongolia are working with the World Bank and SNTA to improve their financial management and planning capacity to finance needed urban infrastructure (in Mongolia, support specifically targets the transport sector). And in Vietnam, SNTA is helping develop a City Infrastructure Financing Facility that aims to increase the flow of finance from commercial banks to municipal infrastructure projects.

APPROVALS BY SECTOR IN ASIA PACIFIC | FY15–17



PHILIPPINES
INSTITUTIONAL SUPPORT FOR URBAN RAILWAY PPPS

The metropolitan area of Manilla, with 23 million people, is one of the biggest urban centers in the world…and with traffic to match. The city's light rail transit (LRT) system bears much of the urban transportation burden, but has been hampered by underfunding and maintenance issues. The government plans to build an extension and upgrade the existing line, and is looking to the private sector for investment.

Building government capacity and strengthening institutions is critical if PPPs are to play a major role in closing the country's infrastructure gap, especially in the transportation sector. The government approached the World Bank for assistance in building the capacity of the Ministry of Transportation and its attached agency—the Light Rail Transit Authority (LRTA)—to effectively manage its PPP portfolio, using a learning-by-doing approach. The LRT Line 1 Cavite Extension PPP (LRT1), which had been awarded to a private concessionaire and was in the early phase of implementation, was selected as a focal project.

PPIAF guided and assisted the LRTA in its new role as a regulator and, in parallel, a competitive tender was organized by the government and a consortium of suitable parties. The Light Rail Manila Corporation (LRMC) won the concession to operate and maintain LRT1. The line was successfully turned over to LRMC in September 2015.

Within two weeks of the handover, the concessionaire embarked on an assessment of the trains, substations, tracks, and passenger terminals to determine the extent of work needed to improve light rail service. Plans are to upgrade the passenger terminals, including facilities such as escalators and elevators that need to be repaired and overhauled. LRMC has begun restoring lighting at all passenger terminals to improve safety. The concessionaire broke ground for the pre-construction work on the extension, rehabilitated the existing line, and deployed refurbished light rail vehicles. Tracks were upgraded to accommodate speeds up to 60 kilometers per hour, resulting in much-improved service.

The capacity and monitoring tools provided by PPIAF, including a monitoring manual using key performance indicators to regulate the PPP concession, a booklet providing an overview of the PPP project, and contract management training, have enabled LRTA to more effectively oversee the project. The knowledge and experience garnered from this project will smooth the path for future infrastructure initiatives with participation from the private sector.

FEATURE STORY: LAC

PERU
SANITATION MADE EASY

For 2.4 million households in Peru, having a safe, well-built, multi-use bathroom was a dream out of reach. Why? Mainly because of cost. A lack of credit contributed to the problem—the only way to construct an in-house bathroom would be to pay the entire construction cost upfront.

In response, the World Bank Group, supported by the SNTA Program, addressed this financing challenge for households with inadequate or non-existent sanitation. The result was the Mi Baño product: a bathroom-in-a-box delivered to a client's door ready to install, which could be paid for through a microfinancing mechanism designed exclusively for its commercialization. With an untapped market estimated at $500 million, the initiative attracted interest from the private sector.

Mi Baño offered a practical solution for households with access to a water supply but without adequate sanitation. But acceptance by targeted beneficiaries remained a challenge. This involved more than marketing—it also required behavior change for people unaccustomed to indoor flush toilets. A holistic approach that included promotion through media, information distribution, and in-person education contributed to widespread acceptance of the model.

Affordability was another obstacle. In response, PPIAF supported micro-finance initiatives that would enable potential customers to purchase the product. This included pre-screening the municipal development banks that supported the program, conducting market research, designing micro-lending products, and implementing a monitoring and evaluation program.

The support of microfinancing institutions was critical. They developed ad-hoc micro-loan and saving products specifically for Mi Baño. Collaboration with other partners, including manufacturers, logistic operators, IT services, communal promoters, and small hardware stores, was also important for reducing costs.

The results were profound. The cost of a Mi Baño bathroom was only 40 percent of what families would have to pay to finance similar facilities on their own. And it was affordable, thanks to the financing packages offered by micro-lenders. As of 2015, the complete bathroom package was only five percent of the average household expenditures of the poorest 40 percent of the population.

Mi Baño is now a widely-accepted brand. A survey showed that 99 percent of respondents considered the bathroom-in-a-box, ready to install, as the best way to provide households with comfortable, functional bathrooms. The World Bank Group is now looking to replicate this initiative in other countries in other parts of Latin America and beyond.

HIGHLIGHTS OF SUPPORT TO THE REGIONS

LATIN AMERICA & THE CARIBBEAN

FY17	FY15–17
FUNDS DEPLOYED	
$1.73 million	**$5.4** million
CO-FUNDING LEVERAGED	
$0.37 million	**$1.33** million
NEW ACTIVITIES APPROVED	
6	**13**
ACTIVITIES COMPLETED	
1	**19**

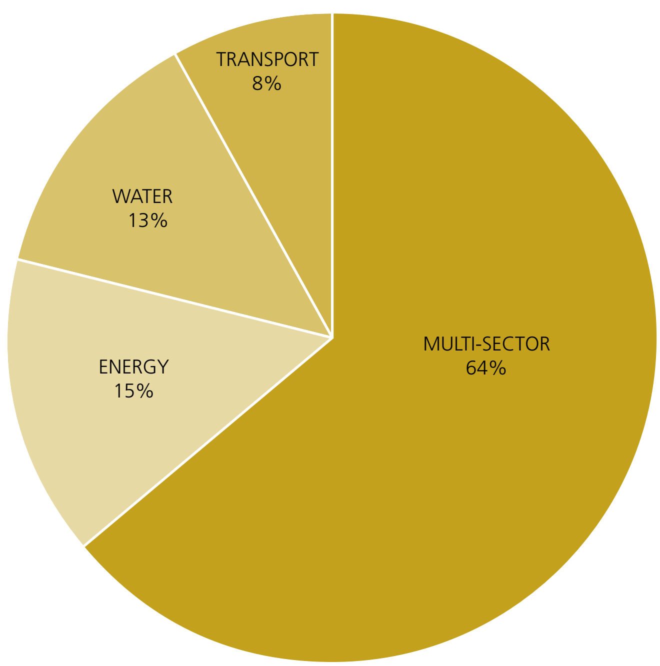
Many countries in the LAC region—namely, Argentina, Brazil, Chile, Colombia, Mexico, and Peru—embraced PPPs early. In the late 1990s, they attracted significant private investment in infrastructure. The 2001 financial crisis in Argentina, however, dampened these inflows. Only recently has the region attracted pre-2000 investment levels.

While many LAC countries have improved their legal and policy frameworks for PPPs in the last twenty years, better preparation of bankable projects is necessary if they are to attract more private-sector investors to infrastructure projects. Being the world's most urbanized region, subnational governments in LAC will play an increasingly important role in providing infrastructure services.

Given this landscape, PPIAF engaged in LAC at sub-regional, national, and subnational levels to improve institutional capacity and build project pipelines, thereby helping the region overcome its inadequate infrastructure. Working at the sub-regional level, PPIAF supported two multi-year programs. The first, in the Caribbean, is being delivered in partnership with the World Bank Group, IADB, and the Caribbean Development Bank. The second, in Central America, is being delivered with support from the Millenium Challenge Corporation, IADB and the Central American Bank for Economic Integration. Similar support is being provided at the national level in Paraguay, where PPIAF is helping implement the first-generation transport PPP projects under the country's new PPP law.

Subnational activities in the region have focused on the water and transport sectors. In Haiti, rural and small towns hope to see improved water and sanitation because of a PPIAF grant helping introduce private-sector participation in the sector. The SNTA Proram is providing support to Jamaica's solid waste management facility and to the water utility of Tegucigalpa in Honduras. SNTA has also been active in Colombia, where it is helping the government explore tax increment financing as a new source of infrastructure finance for cities. In transport, SNTA is supporting Quito, Ecuador to access market-based financing. And through support from PPIAF's SECO MIC fund, Lima, Peru is exploring possibilities for land value capture to finance transit oriented development alongside Line 2 of the Metro system. Finally, the region received support related to climate change—in Panama to help spur energy efficiency PPPs, and in Colombia to help with renewable energy project development.

APPROVALS BY SECTOR IN LATIN AMERICA & CARIBBEAN | FY15–17



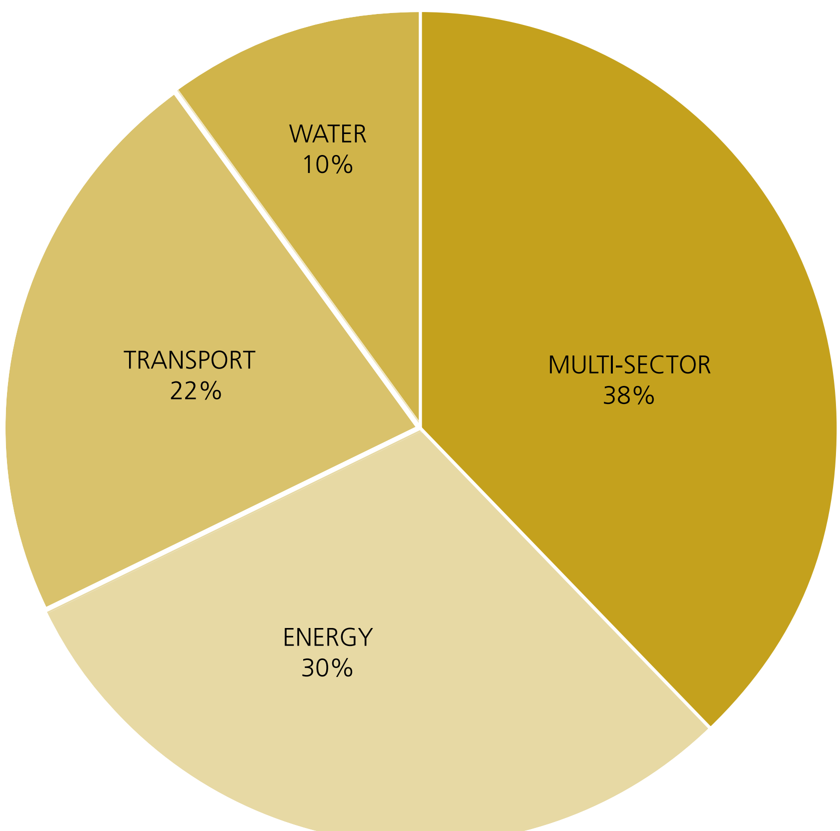
HIGHLIGHTS OF SUPPORT TO THE REGIONS

EUROPE AND CENTRAL ASIA

FY17	FY15–17
FUNDS DEPLOYED	
$1 million	**$2.6** million
CO-FUNDING LEVERAGED	
$0.15 million	**$0.5** million
NEW ACTIVITIES APPROVED	
2	**7**
ACTIVITIES COMPLETED	
3	**9**

Many countries in ECA are still transitioning from a legacy of centrally planned infrastructure and tariffs that are below cost recovery. The region is also marked by existing pockets of fragility, namely in Kosovo and the Balkans and in parts of Ukraine and Tajikistan. Given these dynamics and that ECA is not a priority region for PPIAF, technical assistance funds deployed over the FY15–17 period targeted sector reforms with a view towards building capacity in governments to enable them to attract private investment in key infrastructure sectors down the line. This included support to Ukraine's railway reform efforts that helped identify reform options, including key options for private-sector investment. In the Kyrgyz Republic, where the energy sector has fallen into the vicious cycle of poorly-maintained energy assets, leading to poor service, and thus less willingness to pay by end users, PPIAF provided capacity building support to the newly-formed energy regulator. PPIAF also supported the update to a sector study that highlighted the key pitfalls in the financial sustainability of the sector and offered recommendations for addressing them. Armenia, a country that has demonstrated that water sector PPPs can work, received funds to review its history of water-sector PPPs to glean lessons learned as it heads into the next round of PPPs. Other activities included capacity building for Tajikistan's PPP unit, a Balkan activity examining how to best commercialize fiber-optic capacity of energy utilities on a regional scale, and support for Ukraine to develop its Sustainable Logistics Action Plan, co-funded by the Korean Green Growth Trust Fund.

APPROVALS BY SECTOR IN EUROPE AND CENTRAL ASIA | FY15–17



KOSOVO

CONNECTING THE UNCONNECTED

In Kosovo, broadband internet access is not available in many areas, particularly rural ones. The reason? The cost of building the necessary infrastructure to extend broadband access is too high.

Infrastructure sharing is one approach to alleviating this problem. This means tapping unused optical fiber in existing high-voltage energy transmission lines to provide internet access—basically, using existing infrastructure more efficiently. By avoiding costly construction of new infrastructure, service can be delivered more quickly, at a lower cost, and to more households. This directly benefits customers, private internet service providers, the energy utility, and its stakeholders.

The public electricity transmission company, KOSTT J.S.C., policymakers, and regulators in Kosovo understood the benefits of infrastructure sharing and wanted to proceed with unlocking synergies between energy and telecom sectors. But obstacles quickly became apparent. For example:

- Telecom sector players did not know how much fiber in excess of KOSTT's capacity was available for leasing.
- KOSTT did not have an operational framework for infrastructure sharing.
- Although infrastructure sharing presented an excellent business opportunity for public utilities, policymakers did not know how to move forward and promote it.

To make sharing of fiber infrastructure assets happen, KOSTT, policymakers, and regulators needed best practice knowledge and greater capacity to implement it. This is where PPIAF stepped in.

A grant from PPIAF provided support to KOSTT, as well as the Ministry of Economic Development, which is a shareholder of an energy utility, and manages all energy and ICT activities for Kosovo. This grant:

- Provided support for the development of a GIS-based Broadband Infrastructure Atlas for the Ministry displaying existing and planned infrastructure routes and access points across the country that could be used for the broadband network deployment
- Conducted a broadband market demand study elucidating telecom industry dynamics
- Developed a costing model and conducted a sensitivity analysis to enable KOSTT to price excess infrastructure to sell to telecom operators
- Provided an expert to provide hand-holding in the process of KOSTT's operationalization of infrastructure sharing and turning it into a new business line

DJIBOUTI
RURAL ELECTRIFICATION

Djibouti, a small country in the Horn of Africa with a population of 942,000, faces major challenges in its power sector. Only half its population—mainly in urban areas—has access to electricity. Currently, about 90 percent of its power comes from hydroelectricity imports from Ethiopia. But electricity prices are among the highest in Africa, and unplanned outages are common, especially during the dry season. Djibouti's own power generation, which relies on diesel and heavy fuel oil, is insufficient for meeting its needs and leaves it vulnerable to fuel market-price fluctuations. Increasing access to electricity, especially for underserved rural regions, is therefore a priority for the government.

PPIAF helped the Government of Djibouti explore rural electrification options for underserved villages. It provided a technical assistance grant of $400,600 to finance the necessary technical, economic, and financial feasibility assessments for potential private-sector participation options for solar mini-grids, as well as the institutional arrangements necessary for the implementation and maintenance of the mini-grid model. The project resulted in:

- Analyses, including a pre-feasibility analysis of a PPP option study
- Recommendations for a PPP operations and maintenance contract
- Recommendations for legal and regulatory changes that would provide private operators with the incentive to maintain mini-grids
- Workshops, seminars, and public meetings including a pilot project appraisal and trainings

The studies led to several new initiatives. As of March 2017, rural electrification through solar mini-grids was progressing in three villages with support from the Korea International Cooperation Agency. The capacity of the mini-grids ranges from 100 to 200 kilowatts, serving approximately 50 to 100 households per village. Additionally, a 50-megawatt, centralized solar operations and maintenance project is ongoing with the private operator Green Enesys at Grand Barra.

According to the Djibouti Social Development Agency, the PPIAF-funded study accelerated the implementation of rural solar electrification due to the well-defined scope and technical specifications, which proved to be important for donors supporting these projects. The PPIAF-funded study also demonstrated that the very small size of these projects is a major hurdle for private-sector participation. It recommended operations and maintenance contracts for 12 mini-grids supported by public or donor funding. Under this approach, the solar equipment would be either provided to or leased to the private sector.

HIGHLIGHTS OF SUPPORT TO THE REGIONS

MIDDLE EAST AND NORTH AFRICA

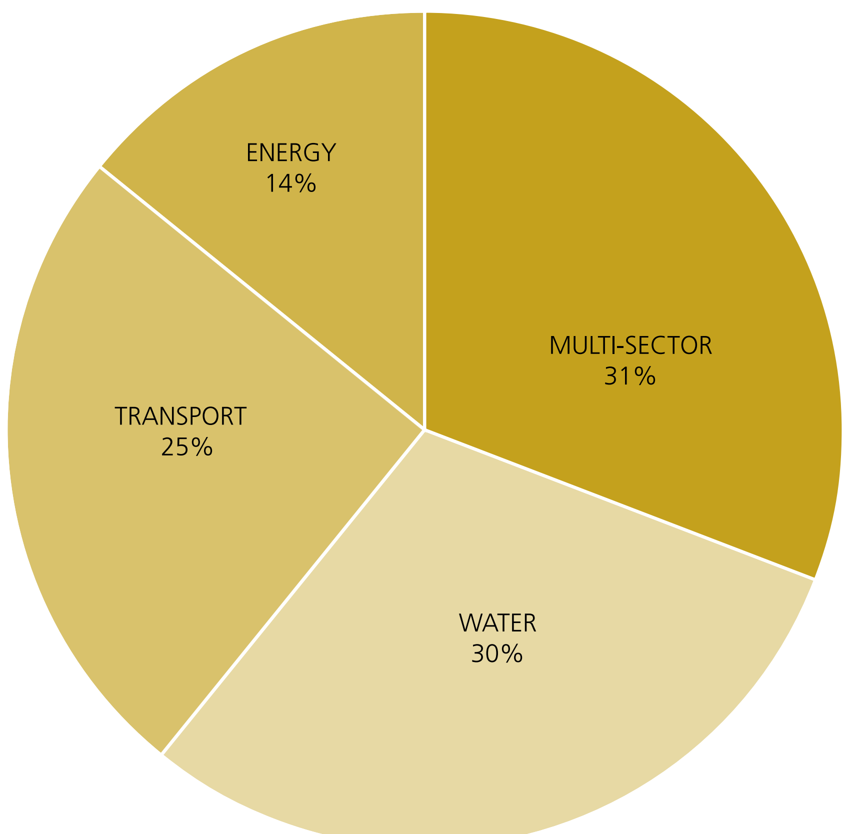
FY17	FY15–17
FUNDS DEPLOYED	
$2.1 million	**$5.2** million
CO-FUNDING LEVERAGED	
$0.9 million	**$5.02** million
NEW ACTIVITIES APPROVED	
5	**15**
ACTIVITIES COMPLETED	
4	**15**

The MENA region is in turmoil, with active conflicts in Iraqu, Libya, Syria and Yemen. Millions of refugees have fled into other countries—many of which are fragile or economically strapped themselves. Given this backdrop, private investment in infrastructure has fallen since 2010, the year the Arab Spring started. Providing quality infrastructure services is important to rebuild citizens' faith in their governments and spur economic growth.

Meeting the region's infrastructure needs cannot be met by the public purse alone. To that end, PPIAF support in the region targeted fragile states—which received more than one-third of funds deployed—and priority middle-income countries. The West Bank and Gaza benefited from four PPIAF activities that strengthened water and sanitation services, developed PPP and municipal lending frameworks, and helped the Palestine Energy and Natural Resource Authority identify potential private-sector partners for solar projects. Lebanon and Djibouti, also fragile countries, received support to help their nascent PPP programs build institutional capacity and assess readiness. Egypt, a priority MIC, received funds to support airport sector planning and to identify private-sector solutions for the Abu Tartour Port. Tunisia, another priority MIC, received support for its water, sanitation, and irrigation sectors. At the sub-national level, SNTA is helping Amman, Jordan improve its municipal finances. It is also helping Morocco strengthen its urban transit sector.

MENA is also benefiting from two regional activities. First, the Pan-Arab Regional Energy Trading Platform, which aims to promote regional energy trade and reduce greenhouse gas emissions, is being planned as a multi-year, programmatic engagement delivered in partnership with the Energy Sector Management Assistance Program, the Arab Coordination Group, and the OPEC Fund for International Development. A second initiative provided technical assistance to improve PPP project identification capacity in the transport sectors in Egypt, Morocco, and Tunisia.

APPROVALS BY SECTOR IN MIDDLE EAST AND NORTH AFRICA | FY15–17



SOUTH ASIA

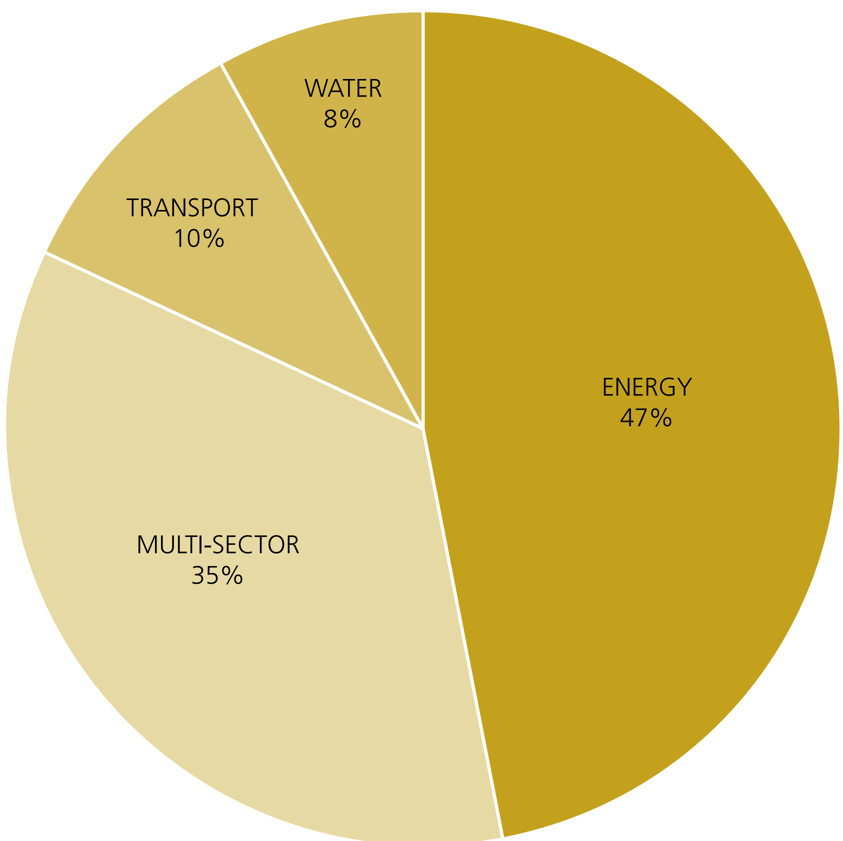
	FY17	FY15–17
FUNDS DEPLOYED	**$1.42** million	**$5.95** million
CO-FUNDING LEVERAGED	**$1.96** million	**$6.1** million
NEW ACTIVITIES APPROVED	**4**	**12**
ACTIVITIES COMPLETED	**6**	**10**

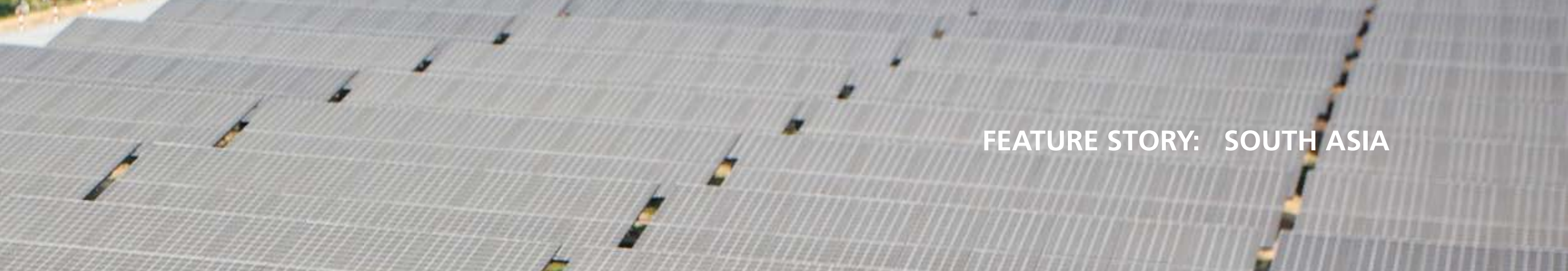
South Asia faces several major challenges in the years to come, including high numbers of people living in extreme poverty, significant infrastructure needs, and severe threats caused by climate change.

Over the last business plan period, much of PPIAF's support focused on these three challenges. For example, PPIAF deployed close to one-third of its funds in energy-starved Nepal, providing complementary technical assistance alongside a World Bank IDA operation designed to reform the country's energy sector and develop sustainable hydro resources. In Odisha, India, PPIAF supported two back-to-back activities to build institutional capacity and public awareness needed to crowd in private investment for renewable energy. Afghanistan received $850,000 in PPIAF funds and more than $2 million in donor funds to kick-start its PPP program by developing the necessary legal and institutional framework and identifying first-mover projects. Bangladesh and Sri Lanka also received support—institutional capacity building and project pipeline identification—to help develop their PPP programs.

The region also received PPIAF and SNTA support for municipalities and utilities. Chittagong, Bangladesh hopes to improve its public transport system through investments in priority bus routes. A PPIAF grant is helping inform decision making related to this. Through an SNTA grant, Karachi, Pakistan will undergo a fiscal and financial assessment to assess its creditworthiness. And finally, the Faisalabad water utility received two PPIAF grants over the last three fiscal years to reduce its non-revenue water through performance-based contracts—these activities are part of a larger PPIAF program aiming to address this problem globally.

APPROVALS BY SECTOR IN SOUTH ASIA | FY15–17





INDIA

ENABLING ODISHA TO COMBAT CLIMATE CHANGE

PPIAF support was instrumental in enabling the scale-up of renewable energy in Odisha, a state on the east coast of India. Improvements in the state's enabling environment catalyzed the development of a 1,000-megawatt solar park through a PPP.

As one of India's poorest states, Odisha is extremely vulnerable to climate change. Its direct impacts are expected to deepen poverty and undermine the state's current growth strategy.

A grant of $291,000 provided by PPIAF's dedicated Climate Change Trust Fund for Infrastructure supported technical assistance to develop a new renewable energy policy. An additional $75,000 grant provided crucial communications support for the dissemination of the new policy and community outreach for the solar park. The project was implemented with the support and collaboration of the World Bank energy team and IFC.

PPIAF's intervention led to the following results:

- **The development of a state policy for renewable energy.** Odisha's first comprehensive renewable energy policy framework identified a clear target of 2,750 megawatts to be installed in the state by 2022. The Renewable Energy Policy was approved by Odisha's cabinet in November 2016; an implementation plan for the policy was developed for the Government of Odisha in June 2017.
- The development of a land bank for renewable energy. A landbank assessment was conducted that identified key sites for development of the solar park. This had been a critical obstacle for the private sector—identifying potential sites expedited planning for the development of a large-scale solar park. To date, two potential sites have been identified in the Balasore district: one for a 250-megawatt solar park in Bahagana, and another for a 400-megawatt park in Bhograi.
- **Sensitization of state policy for renewable energy.** In April 2017, the World Bank Group hosted two workshops to sensitize the key elements of the new renewable energy policy to local stakeholders and build consensus among private developers, investors, and the Odisha government. This made it possible to map the way forward for developing a 1,000-megawatt solar park in Odisha through innovative PPP models.

PPIAF's upstream technical assistance support made the project feasible. As a result, IFC took over the transaction structuring and preparation of procurement guidelines, including a standardized set of documents needed to develop solar parks through PPP models.

This activity has aided in the removal of key barriers for private-sector participation and helped build local institutional capacity, all instrumental in creating a climate-smart enabling environment and transforming Odisha's energy sector. The development of untapped renewable energy generation through the achievement of 2,750 megawatts of capacity by 2022 will eventually increase access to electricity for the poor. In addition, renewable energy parks will utilize state land for more productive purposes and create employment opportunities for local residents.

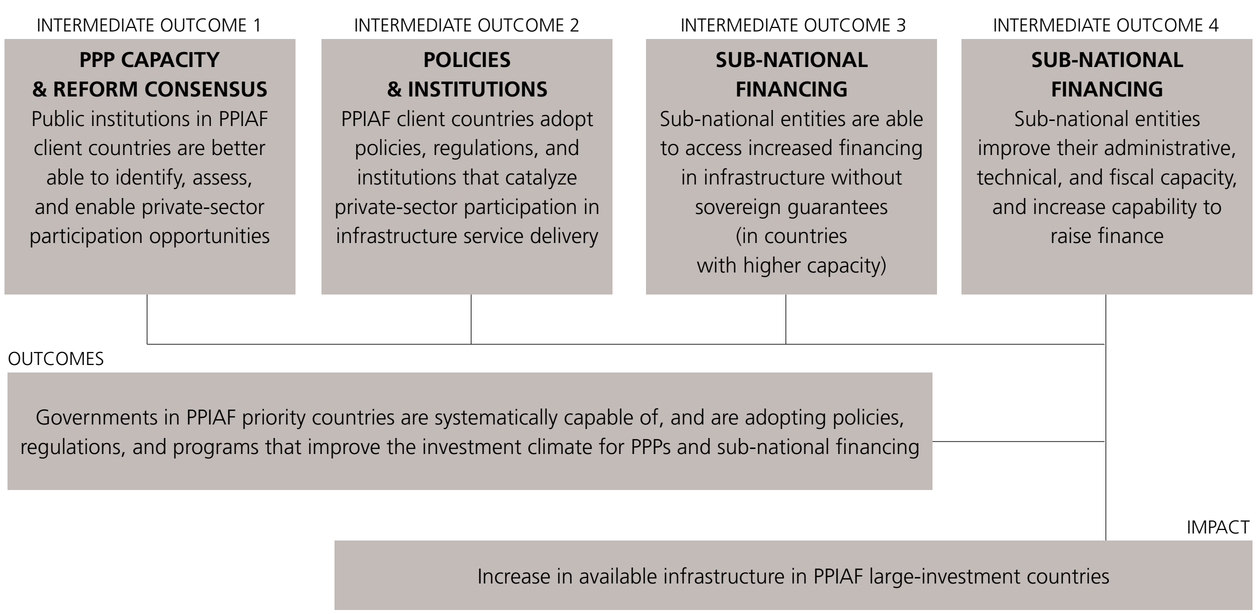
THEORY OF CHANGE & RESULTS FRAMEWORK

Monitoring and evaluating results is an important element of PPIAF's work—it ensures that projects are effective, efficient, relevant, and timely. PPIAF pursues the assessment of results and the monitoring of progress with great seriousness because we expect that the activities that we fund enhance developing countries' capacity to increase the availability of, and access to, higher quality infrastructure services for their citizens, especially the poor.

PPIAF has set in place a monitoring, evaluation, and learning system focused on each phase of the project life cycle—from design to completion and post-completion phases.

In FY14, PPIAF developed a theory of change that describes the infrastructure gap problem and the necessary institutional, regulatory, financial, and market changes that need to happen to increase private-sector participation in infrastructure development projects globally. Within this broader theory of change, PPIAF's Results Framework focuses on developing client countries' capacity to identify, assess, and enable private-sector participation opportunities, adopt appropriate policies and regulations, and put institutions in place that catalyze PSP infrastructure delivery. At the subnational level, we focus on supporting subnational entities' capacity to access market-based financing without sovereign guarantees and improving their administrative, technical, and fiscal capacity to raise finance.

Once activities have closed we conduct outcome realization assessments—three years after their closing date—to measure progress towards the anticipated outcomes and learn the reasons behind any lack of progress towards outcome achievement.



HIGHLIGHTS OF FY17 RESULTS

INTERMEDIATE OUTCOME 1 PPP CAPACITY & REFORM CONSENSUS

Two PPIAF publications made valuable contributions to our growing PPP knowledge bank. The first, *Investigating the Infrastructure Financing Gap*, assesses the key factors that determine the degree of private financing in infrastructure projects with a special focus on institutional, political, and governance characteristics. The paper explains how to make well-informed, evidence-based decisions about policies and specific interventions for multilaterals, international financial institutions, and developing country governments hoping to create a better investment climate for private participation in infrastructure.

The second, *South Africa's Renewable Energy IPP Procurement Program: Success Factors and Lessons*, examines lessons learned from the renewable energy IPP procurement program (REIPPP) in South Africa. The REIPPP process was the major contributing factor in South Africa's being named as one of the top 10 countries for securing renewable energy financing in 2012. The paper analyzes the process in-depth and assesses the results of the REIPPP investment program. The report's recommendations on attracting investments in renewables has made it a reference guide on renewable energy auctions throughout Africa. Government officials visiting South Africa's IPP unit use the paper to better understand the players and decisions involved in designing similar programs in their own countries. The report was produced in partnership with the University of Cape Town.

PPIAF also contributed to the implementation of rural solar electrification projects in **Djibouti**. Since March 2017, three villages have benefitted from solar minigrids funded by donor agencies, primarily the Korea International Cooperation Agency. Mini grids have a capacity that ranges from 100 to 200 kilowatts and serve an average of 50–100 households per village. Additionally, a 50 megawatt, centralized solar operations and maintenance project is underway, managed by a private operator.

Furthermore, the government is exploring expanding its power capacity through geothermal energy. The Djibouti Office for the Development of Geothermal Energy led a geothermal exploratory drilling program in the Lake Assal area with support from IDA, the OPEC Fund for International Development, the African Development Bank, the Sustainable Energy Fund for Africa, and AFD. An ongoing World Bank lending operation will support a new phase of exploration in 2018, which will include a technical feasibility study for a proposed 50-megawatt geothermal power plant. The PPIAF-funded *Power Sector PPP Viability Report* established that an IPP arrangement can effectively be used to engineer, procure, construct, finance, operate, and maintain such infrastructure.

INTERMEDIATE OUTCOME 2 POLICIES & INSTITUTIONS

PPIAF's work in Vietnam has strengthened the capacity of the country's institutions. For example, a PPIAF grant financed guidance documentation for the Ministry of Transport: *Viability Gap Funding Mechanisms* and *Fiscal Management Framework*. The Ministry used these tools in the design of the Dau Giay-Phan Thiet Expressway pilot PPP project (still pending procurement as of July 2017). As a result, the Ministry now has greater capacity, awareness, and understanding of the issues and mechanisms involved when developing infrastructure using PPPs.

In **Myanmar,** PPIAF's support to the telecommunications sector contributed to the adoption of policies and regulations for the liberalization of the sector. PPIAF support led to an operational sector road map and training for staff from the Post and Telecommunications Department (PDT). Key regulations were also developed. As of March 2017, several had already been approved, including Interconnection, Access and Licensing Regulations, and the Spectrum and Numbering Rules. With these regulations in place, PDT launched a competitive license issuance process with Telenor (Norway) and Ooredoo (Qatar). As of March 2017, there were four licensed mobile operators with 60 percent penetration for mobile service and 25 percent for internet services (up from 20 and 10 percent respectively in 2014).

In Egypt, PPIAF developed a strategy for enhancing the role of the private sector in the municipal solid waste management sector to improve its efficiency and effectiveness. The recommendations in the report were confirmed at a stakeholder workshop that included representatives from the government of Egypt, informal, private-sector garbage collectors, and donor agencies. This increased awareness of the policy actions necessary to enhance private-sector participation in the municipal solid waste management sector and built much-needed consensus among the government, private sector, and informal operators.

PPIAF support also facilitated three transactions which were completed as of June 2017.

In Nigeria, a PPIAF grant supported the $880 million Azura Edo IPP transaction, which reached financial closure with participation of local commercial banks in December 2015. Thirteen institutions provided debt funding totaling $690 million, including the largest share ($150 million) from a local commercial lender, Other First City Monument Bank.

PPIAF support led to the award of two performance-based contracts for improving water service delivery in Colón, **Panama** in 2013—a $17.8 million performance-based management contract financed by the World Bank and a $2.4 million supervision contract. PPIAF supported the design and preparation of the bidding documents. The Project Indicators Evaluation Report found that efficiency and metering indicators exceeded the targets set in the contracts.

PPIAF's support to the West African Power Pool Secretariat led to an 81-megawatt Power Purchase Agreement among **Côte d'Ivoire, Guinea, Liberia, and Sierra Leone** in 2016. A PPIAF grant enabled an assessment of the financial viability of the regional transmission network. The utilities in the participating countries also defined the new tariffs based on the financial model produced under the PPIAF grant. Construction of the power line is underway and is expected to be completed by 2020.

INTERMEDIATE OUTCOMES 3 & 4 SUB-NATIONAL FINANCING

PPIAF's support to the municipality of the Central District in **Honduras** resulted in a $53 million syndicated loan leveraged without a sovereign guarantee. A PPIAF grant financed the *Public Expenditure and Financial Accountability* report on the Central district's management of public finances. The report enabled the municipality to establish a baseline of the district's public financial management status and practices, and served as a reference for overall performance analysis.

The availability of this baseline gave confidence to banks—FICOHSA, Banco Atlantida, and Banco de Occidente—to provide a syndicated loan with the municipality for investments in urban transport infrastructure and refinancing of existing short-term debt. The $53 million syndicated loan was arranged by IFC and supported by an IFC guarantee of up to 50 percent of the loan.

Furthermore, PPIAF's support to Windhoek, Namibia strengthened the city's capacity and understanding regarding the implications of their cash-based accounting if they were to introduce accrual-based accounting in order to produce future financial statements in accordance with recognized accounting standards on a systematic basis.

HIGHLIGHTS FROM OUTCOME REALIZATIONS FY15–17

For the past strategy period, we analyzed a sample of 109 activities representing 37 percent of all funded activities that closed between 2011–14. A breakdown of the results is presented below.

	FY15	FY16	FY17	Total	Average
Outcome realization FY15-17					
Activities reviewed	47	46	16	109	36
Activities effective in achieving objectives (at least satisfactory rating)	30	29	12	71	24
Activities effective in achieving objectives (at least satisfactory rating) (%)	64	63	75	N/A	67
Activities not effective in achieving their objective (unsatisfactory rating)	17	17	4	38	13

	FY15	FY16	FY17	Total
Objective 1: PPP capacity and reform consesus				
# of participants/government officials with enhanced capacity	550	5082	0	5632
# of times consensus was achieved on PPP reforms	3	3	1	7
PPP pipeline developed	1	2	0	3
PPP knowledge/information developed	0	3	2	5
Objective 2: Policies and institutions				
Institutions whose capacity is strengthened	2	3	2	7
Policies, laws, and regulations adopted	8	3	2	13
Plans/strategies developed	1	3	1	5
PPP transactions supported that materialized	5	4	3	12
Objective 3: Sub-national financing				
Financing projects developed	38	3	0	41
$ millions of financing leveraged without sovereign guarantee	0	120	53	173
Objective 4: Sub-national capacity and creditworthiness				
Sub-national entities whose capacity was strengthened/ creditworthiness improved	9	3	2	14
Plans/strategies adopted by sub-national entities towards enhancing access to finance	1	3	1	5

PORTFOLIO PERFORMANCE

PPIAF is results-oriented. Throughout the activity life-cycle, we closely monitor implementation to ensure the timeliness and quantity of our work.

The balanced scorecard below showcases overall performance against our targets. This fiscal year, our activities were closely aligned to the strategic priorities as shown by the higher-than-targeted performance of the strategic fitness score. In terms of implementation, there is still room for improvement regarding the timeliness at completion. Only three out of 10 activities were delivered in accordance with the original estimated schedule. In FY17, 64 percent of our activities achieved highly satisfactory scores, and 88 percent scored satisfactory and above.

DESIGN

Indicator	Baseline FY16	Performance FY17	Annual Target FY17
Approvals in LIC*	60%	41%	50%
Approvals in Sub-Saharan Africa**	49%	42%	50%
Activities with strategic fitness score rated standard or outstanding fit	95%	99%	98%

IMPLEMENTATION

Indicator	Baseline FY16	Performance FY17	Annual Target FY17
PPIAF Financial Utilization Score	4.2	4.8	6
Activities with quality rated satisfactory or above	91%	95%	95%
Activities "on track"	57%	41%	75%

COMPLETION

Indicator	Baseline FY16	Performance FY17	Annual Target FY17
Activities with quality rated as highly satisfactory	73%	64%	80%
Activities "on track" at closing	31%	31% ***	N/A

POST-COMPLETION

Indicator	Baseline FY16	Performance FY17	Target FY17
Outcome realization evaluations reporting outcome satisfactorily achieved	63%	75%	75%

* Relative to the total amount of approved country- and region-specific grants (excludes global and cross-regional knowledge products). FY17 target for both LIC and SSA is 60 percent at MDTF level and 50 percent at PPIAF consolidated level. Performance as of end-June 2017 at MDTF level was 59 percent for LIC and 43 percent for SSA.

** Equivalent to 49 percent if SSA share of our Rapid Support Framework program (currently captured under cross regional) is accounted for.

*** Change of methodology in the second quarter of FY17: Timeliness of the activity delivery at closeout is now assessed solely based on differences observed between the initial and actual completion dates. Thus no target was set at the start of the fiscal year. In past quarters, activities were scored based on comparing actual and latest implementation schedules agreed to by the team, regardless of whether or not the activity's completion date had already been extended. The 30 percent "on track" indicator means that 7 out of 10 activities completed over the period encountered some delay in implementation. The baseline for FY16 has been retroactively calculated.

PROGRAM FINANCES

SOURCES AND USES OF PPIAF FUNDS

The table below compares the outgoing year's financial inflows and uses to those of the previous fiscal year. Total inflows reached $16.1 million, including $13.2 million in new contributions, while disbursement was $18.6 million, of which activity disbursements represented $15.1 million. PMU expenses were contained and reduced, from $3.7 million to $3.4 million, reflecting a tighter HR structure.

While inflows were 20 percent lower compared to FY16, disbursements remained at the same level, allowing for an increased ratio of disbursements to grants.

BALANCE POSITION IN FY17 ($ thousands)

Balance position	Changes in FY17
Opening balance	22,582
Inflows	
Contributions	13,207
Investment income	610
Reflows	2,271
Total inflows	**16,088**
Uses	
Administrative fees	114
Direct activity disbursements	15,085
PMU expenses	3,422
Subtotal disbursements	**18,621**
Provisions	
Activity commitments	3,649
Activity grants in process	-2,547
PMU commitments	-26
PM provisions	-1,299
Subtotal provisions	**-223**
Total uses	**18,398**
Fund balance	**(2,310)**
Ending balance	**20,272**

In FY17, PPIAF received $13.2 million in new donor contributions, 27 percent less than what it received in FY16. Of this, the contribution for PPIAF core activities received through its Multi-Donor Trust Fund II amounted to $10.2 million. The SNTA fund received $2 million. USAID Non-Core Trust Fund for Water and Sanitation in Sub-Saharan Africa received $1 million during the fiscal year (see table below).

Altogether, over the three years of the Business Plan period, contributions amounted to $41.2 million, or $13.7 million on average per year, falling 63 percent short of the anticipated amount of $65.7 million.

MEMBER CONTRIBUTION RECEIPTS, FY15–17 ($ thousands)

Core MDTF II	FY15	FY16	FY17	Total FY15–17
Australia	3,856	1,498	1,500	6,854
France	--	--	763	763
Germany	--	552	561	1,113
IFC	--	--	100	100
MCC	--	500	500	1,000
Netherlands	--	--	--	--
Norway	--	369	--	369
Switzerland	750	1,188	--	1,938
UK/DFID	--	5,393	6,738	12,131
USAID	--	--	--	--
Subtotal	**4,606**	**9,500**	**10,162**	**24,268**
Non-Core TFs				
USAID Water in SSA	597	766	1,000	2,363
Switzerland MIC	2,250	3,000	--	5,250
Switzerland Climate Change	1,000	2,000	--	3,000
Global Financial Crisis	--	(3,174)*	--	(3,174)
Netherlands Climate Change	--	2,000	--	2,000
Subtotal	**3,847**	**4,592**	**1,000**	**9,439**
SNTA Donor Contributions				
UK/DFID	--	2,429	1,282	3,711
Switzerland-SECO	1,500	1,500	--	3,000
France/AFD	--	--	763	763
Australia-DFAT	--	--	--	--
Subtotal	**1,500**	**3,929**	**2,045**	**7,474**
GRAND TOTAL	**9.953**	**18,021**	**13,207**	**41,181**

* Reallocation of DFID and SECO contributions from closed-down GFC TF to MDTF II.

LIST OF ACTIVITIES APPROVED IN FY17

COUNTRY/REGION	TITLE	TOTAL AMOUNT APPROVED	DAC STATUS
Afghanistan/South Asia	Supporting the Development of a PPP Program: Phase II	350,000	DAC1
SSA	Green Growth Investment Fund Africa (GGIFA) - Feasibility Study	200,000	NA
West Africa/SSA	West Africa Regional Air Transport Reforms: Benchmarking Fees/Charges/Taxes to Enable Private-Sector Investments	350,000	NA
Angola/SSA	Support to the Water Sector Reform Through a Pilot PPP Transaction in Cabinda	500,000	DAC1
Burkina Faso/SSA	PPP Pipeline Development and Institutional Framework Support	228,700	DAC1
Cambodia/EAP	Strengthening Regulation to Accelerate Services by Domestic Private Water Providers	300,000	DAC1
Cameroon/SSA	Support to the PPP Program	574,267	DAC3
Central African Rep./SSA	ENERCA: From Recovery to Sustainable Strategy	300,000	DAC1
Colombia/LAC	Review of Institutional, Policy and Regulatory Framework to Support Private-Sector Participation in Clean Energy	690,000	DAC4
EAP	Regional Airports Performance-Based Infrastructure Maintenance Contract	100,000	
Egypt/MENA	Development of a Master Plan for National Airports in Egypt and identification of a Pipeline of Potential Public-Private Partnership Projects	309,950	DAC4
Ethiopia/SSA	Non-Revenue Water Reduction Program through Performance Based Contract for Addis Ababa Water and Sewerage Authority (AAWSA)	308,031	DAC1
Ghana/SSA	Strengthening Private-Sector Participation in Community Water Supply	295,000	DAC3
Global	A Guide to Incorporate Gender Considerations into the PPP Project Cycle	50,000	NA
Global	From Waste to Resource: Why and How Should We Plan and Invest in Wastewater?	140,000	NA
Global	Global Review - Public Infrastructure Funds facilitating PPPs in a Fiscally Prudent Manner	184,444	NA
Global	Guidebook on PPP Railway Station Redevelopment	180,000	NA
Global	How to Foster Private-Sector Participation in Nascent Sectors by Creating Data Sharing and Reporting Standards: The Off-Grid PAYG Solar Case Study	200,000	NA

COUNTRY/REGION	TITLE	TOTAL AMOUNT APPROVED	DAC STATUS
Global	International Experience with Subnational Debt Financing of Infrastructure in China	94,867	NA
Global	Making the Most Out of Public Finance for Sustainable Transport	100,000	NA
Global	Migration of PPP Reference Guide to an Interactive Online Platform (PPP Knowledge Lab)	95,000	NA
Global	Operational Guidebook and Training Module for Municipal Administrators on Property Tax Reform	200,000	NA
Global	Practical Guide on the Establishment and Operation of Investment Funds Designed to Leverage Private-Sector Participation in Infrastructure Development	537,000	NA
Global	Procuring Infrastructure PPPs 2018	200,000	NA
Global	Selecting and Screening Projects for Implementation as PPPs	150,000	NA
Global	State of PPPs in Fragile and Conflict States	50,000	NA
Global	Strengthening Regulatory Management Capacity in FCS to Foster Private-Sector Provision of Services (Phase 3: Improving Infrastructure Regulation Program)	324,970	NA
Global	U.S. Experience with Pooled Financing of Infrastructure in Small Municipalities	52,022	NA
Honduras/LAC	Improving Access to Finance of Tegucigalpa Municipality Water Utility	199,700	DAC3
India/South Asia	Promoting Private-Sector Participation for Renewable Energy Development in Odisha	75,000	DAC3
Jamaica/LAC	Assistance to the National SWM Authority to Assess Financing Options for their Solid Waste Management Programme	98,300	DAC4
Jordan/MENA	Greater Amman Municipality: PEFA Assessment and Design of Technical Assistance for Strengthening Municipal Finance	220,000	DAC4
Kenya/SSA	Component 1 of the Financing Universal Access to Water Supply and Sanitation-Kenya Country Assessment	135,000	DAC2
Kenya/SSA	Financial Advisory Services for Kenya Energy Utilities (KENGEN & KPLC)	536,750	DAC2
Kenya/SSA	PPP Support Program – Phase 1	412,500	DAC2
Lao PDR/EAP	Sustainable Hydropower Development and Integrated Water Resource Management	740,000	DAC1
LAC	Strengthening Governance of Energy Sectors in Colombia and Brazil Under Conditions of Stress	100,000	
Lesotho/SSA	PPP Policy and Framework Support	205,000	DAC1
MENA	Pan-Arab Regional Energy Trading Platform (PA-RETP)	400,000	
Mongolia/EAP	Ulaanbaatar City Capital Investment Plan and Financial Assessment for Urban Transport Service Delivery	300,000	DAC3
Mozambique/SSA	Support to Water and Sanitation Infrastructure Board (AIAS)	250,000	DAC1
Niger/SSA	Private Sector-Based Delivery of Electricity Services in Rural Areas	397,356	DAC1
Niger/SSA	Support to Urban Sludge Management (USM) in Niamey	348,650	DAC1
Nigeria/SSA	PPP Project Prioritization and Institutional Strengthening for Kaduna State	259,811	DAC3

COUNTRY/REGION	TITLE	TOTAL AMOUNT APPROVED	DAC STATUS
Pakistan/South Asia	Non Revenue Water Reduction Program through Performance Based Contract for Faisalabad Water and Sanitation Agency (F-WASA) - Phase II	198,500	DAC3
Panama/LAC	Towards NDC Implementation Through Public – Private Energy Efficiency Initiatives in Panama	340,000	DAC4
Peru/LAC	Developing a Transit Oriented Development (TOD) Project via Public-Private Partnership (PPP) in Lima, Peru: Evaluation of Potential for Lima Metro's Line 2 Project	300,000	DAC4
Senegal/SSA	PPP Framework for Private-Sector Participation in the Road Sector in Senegal and Development of a Strategy for Urban Transport Investment	350,000	DAC1
South Africa/SSA	Non-Revenue Water Reduction Program through Performance Based Contracts for South Africa	346,000	DAC4
Sri Lanka/South Asia	PPP Capacity Building in Sri Lanka and Identification of Project Pipeline	800,000	DAC3
Tajikistan/ECA	Support to the Government of Tajikistan's PPP Program	226,900	DAC2
Tanzania/SSA	Developing Framework for Reducing Non-Revenue Water through Performance Based Contract in Dar es Salaam Water and Sewerage Corporation (DAWASCO)	158,159	DAC1
Tanzania/SSA	PSP Options Analysis for Urban Water Sector Reform	250,000	DAC1
Timor-Leste/EAP	Establishing a Project Management Unit for the Management of the Tibar Bay Port Concession	377,025	DAC1
Tunisia/MENA	Support for PPPs in Rural Water Supply and Irrigation	497,000	DAC4
Turkey/ECA	City Creditworthiness Initiative – Technical Assistance for Five Municipalities in Turkey	750,000	DAC4
Uganda/SSA	City Creditworthiness Initiative – Implementation of Action-Plans for Selected Ugandan Local Authorities	400,000	DAC1
Uganda/SSA	PPP Program Support	219,750	DAC1
Vietnam/EAP	Improving Sanitation Services Sustainability in Vietnam's Coastal Cities	355,000	DAC3
Vietnam/EAP	Railways Sector Strengthening	700,000	DAC3
West Bank & Gaza/MENA	Non-Revenue Water Performance-Based Contract	660,000	DAC3
Total grants approved		**18,670,652**	

ABBREVIATIONS

AFD	Agence française de développement (French Development Agency)
DBL	Design-Build-Lease
DFID	Department for International Development (United Kingdom)
ECA	Europe and Central Asia
EDM	Electricidade de Moçambique
GDP	Gross Domestic Product
GPOBA	Global Partnership on Output-Based Aid
ICT	Information Communication Technologies
IDA	International Development Association
IADB	Inter-American Development Bank
IFC	International Finance Corporation
IGF	Infrastructure Guarantee Fund
ISDB	Islamic Development Bank
KAA	Kenya Airports Authority
LAC	Latin America and the Caribbean
LIC	Low-Income Country
LRMC	Light Rail Manila Corporation
LRT	Light Rail Transit
LRTA	Light Rail Transit Authority (Philippines)
MDB	Multilateral Development Bank
MDTF	Multi-Donor Trust Fund
MENA	Middle East & North Africa
MFD	Maximizing Finance for Development
MIC	Middle-Income Country
MILE	Municipal Institute of Learning
MOOC	Massive Open Online Course
NBI	Nile Basin Initiative
NELSAP	Nile Basin Equatorial Lakes Subsidiary Action Program
NRW	Non-Revenue Water
PDF	Project Development Facility
PDT	Post and Telecommunications Department (Myanmar)
PMU	Program Management Unit
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private Partnership
PPPIRC	Public-Private Partnership in Infrastructure Resource Center
PSP	Private-Sector Participation
SECO	State Secretariat for Economic Affairs (Switzerland)
SNEs	Sub-National Entities
SNTA	Sub-National Technical Assistance
SSA	Sub-Saharan Africa
UEMOA	West African Economic and Monetary Union
USAID	United States Agency for International Development
USP	Unsolicited Proposal

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While PPIAF operates by giving grants, our value-added extends far beyond the funds provided.

LAYING THE FOUNDATION. PPIAF strengthens the regulatory and institutional frameworks that govern infrastructure development at the macro level. Our work may initially benefit a specific investment project, but it also benefits future projects, thereby extending our impact.

BUILDING PARTNERSHIPS. PPIAF is a neutral and trusted partner. This helps bring various stakeholders, such as governments and private investors, to the same page when addressing complex issues related to infrastructure development.

ASSESSING IMPACT. PPIAF's strong development impact assessment capacity ensures that projects with PPIAF involvement are sound and have been thoroughly vetted.

CAPTURING AND SHARING KNOWLEDGE. PPIAF's knowledge system ensures lessons learned from one project are collected and applied to future ones as well as shared through a multitude of global platforms.

WORLD BANK GROUP. As a part of the World Bank Group, PPIAF can draw from the resources, knowledge, and experience of the organization as needed.

Established in 1999, PPIAF is a multi-donor technical assistance facility financed by 11 multilateral and bilateral donors and housed inside the World Bank Group. Our mission is to help eliminate poverty and increase shared prosperity in developing countries by facilitating private sector involvement in infrastructure. PPIAF catalyzes private involvement in infrastructure in emerging markets through public-private partnerships (PPPs) as well as commercial financing of sub-national entities.

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