



PPIAF
Enabling Infrastructure Investment

2016 ANNUAL REPORT





TABLE OF CONTENTS

Abbreviations	1
Message from the Program Manager	2
PPIAF Team	3
Donors	4
Section 1: Progress Towards 2015-2017 Strategic Objectives	7
Section 2: PPIAF and SNTA Program Support to the Regions	29
PPIAF invests more than \$10 million in Sub-Saharan Africa	29
Sub-Saharan Africa	31
East Asia and the Pacific	36
Eastern Europe and Central Asia	39
Latin America and the Caribbean	42
Middle East and North Africa	46
South Asia	50
Section 3: Measuring PPIAF's Results	55
New PPIAF Results Framework Endorsed by Council in May 2016.....	55
Three out of every five PPIAF activities have achieved or are on track to achieve their intended outcomes	56
PPIAF Performance is Improving, However More Effort is Needed to Further Boost Timeliness and Results	59
PPIAF Introduces Country Impact Assessments to Assess Aggregate Results at the Country Level	60
Technical Advisory Panel Supports Improvements in PPIAF Monitoring System	61
Section 4: PPIAF Administration and Management Updates	63
Human Resources Updates	63
Program Council Meeting	63
SNTA Independent Evaluation	64

Section 5: Program Finances	67
Contributions	68
Disbursements	69
Annex A: Overview of Activities Approved in Fiscal 2016, by DAC level, Region and Regional Cluster	72
Annex B: Summary of Activities Approved in Fiscal 2016, by Region and Source of Fund	76
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ABBREVIATIONS



ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
BOT	Build Operate Transfer
CABEI	The Central American Investment Bank
CAF	Corporacion Andina de Fomento
DFID	Department for International Development (U.K.)
EBRD	European Bank for Reconstruction and Development
ECA	Eastern Europe and Central Asia
ESMID	Efficient Securities Markets Institutional Development
FCS	Fragile and Conflict-Affected States
IADB	Inter-American Development Bank
ICT	Information Communication Technologies
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IISS	International Infrastructure Support System
IsDB	Islamic Development Bank
LAC	Latin America and the Caribbean
LIC	Low-Income Country
LNG	Liquefied Natural Gas
MCC	Millennium Challenge Corporation
MDLF	Municipal Development and Lending Fund
MFI	Micro-Finance Institution
MIC	Middle-Income Country
MIF	Multilateral Investment Fund
O&M	Operations and Maintenance
PBCs	Performance Based Contracts
PEFA	Public Expenditure and Financial Accountability Program
PMU	Program Management Unit
PPI	Private Participation in Infrastructure
PPP	Public-Private Partnership
PSP	Private-Sector Participation
RSF	Rapid Support Framework
SA	South Asia
SIF	Sustainable Infrastructure Foundation
SSA	Sub-Saharan Africa
SNTA	Sub-National Technical Assistance
TIF	Tax Increment Financing
WSP	Water and Sanitation Program
WSS	Water Supply and Sanitation

message from the PROGRAM MANAGER

Dear Friends,

I am pleased to share with you PPIAF's 2016 Annual Report. With the close of fiscal 2016, we completed the second year of our 2015-2017 Strategy and Business Plan, a year marked by a quantitative leap in activity. Total new grants approved surpassed \$27 million—a 60-percent increase over the previous year (\$16.9 million)—which is broadly in line with the plan's higher expectations. Alongside this ramp-up of approvals to record levels, we were able to generate significant co-financing of our activities from our partners (50 percent on average) and deliver on key targets, priorities and performance areas as agreed with our donors.

Key highlights include:

- **Increased relevance of PPIAF through programs:** PPIAF continued to adopt a more considered approach through the use of programmatic grants, approvals of which increased by 40 percent compared to last year. PPIAF supported seven technical assistance programs developed in past years and designed and approved six new programs. These were originated and are to be implemented in close collaboration with development partners, leveraging their expertise and co-financing.
- **Maintained focus on countries with the greatest need for our services:** Half of PPIAF's new grants are in Sub-Saharan Africa, 60 percent are in lowest-income countries (Development Assistance Committee (DAC) 1 and 2 countries), and one out of six are in fragile and conflict-affected countries.
- **Increased oversight of activities through newly endorsed results framework:** PPIAF approved a new results framework in May, which better reflects the hierarchy of results according to PPIAF's theory of change and business model. It incorporates the many M&E tools and improvements that we have instituted in recent years (e.g., the balanced scorecard approach) and more specifically reflects the contribution of Sub-National Technical Assistance (SNTA) activities to the overall results.
- **Focus on delivering knowledge to practitioners who need it:** Fiscal 2016 marked the second year that PPIAF took a structured approach to designing and producing knowledge products as part of its aspiration to become a center of excellence in private participation in infrastructure. Of note were two successful knowledge calls for proposals, generating high demand and resulting in \$2 million worth of support for 13 knowledge activities across PPIAF's thematic priority areas, while leveraging an additional \$1.7 million in co-financing from partners.
- **Continued tightening and streamlining of portfolio:** There was a 40-percent reduction in "stale" activities delayed by more than 12 months.



Although PPIAF achieved success across targets and performance areas, our activity disbursements (\$14.5 million) have not increased at the same rate as PPIAF approvals. We are watching this closely and will strive for improvement in fiscal 2017.

This year we also put a great deal of effort into improving the accessibility of knowledge generated by our initiatives. We made efforts to increase dissemination and outreach through existing channels—blogs, existing website and social media. We also devoted a great deal of time to the development of a new website, which came online in September 2016.

This was made possible by the continuous high level of dedication of PPIAF staff as well as the renewed support of our donors, as evidenced by significant new pledges from some of our main contributors.

The pages below provide more information on the technical assistance we provided in fiscal 2016; a snapshot of our assistance by region and sector; examples of successful activities and partnerships; and status updates of activities funded through PPIAF's various trust funds.

As part of the PPP Cross-Cutting Solutions Area, PPIAF was recently re-mapped within the World Bank Group to the Sustainable Development Vice Presidency – a move which puts us in closer contact with many of the World Bank infrastructure and operations staff, the very people who help implement many of our technical assistance grants. Looking forward to next year, I am confident that PPIAF will continue to deliver our technical assistance with an enhanced focus on ensuring timely and quality implementation for better results.

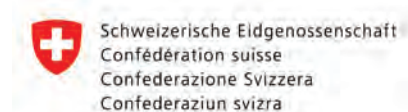
Best regards

François Bergere



DONORS

A Special Thanks to Our Donors



Since PPIAF's inception, the generous support of donors has ensured PPIAF's role as an effective upstream multi-donor technical assistance facility. PPIAF is committed to use our resources for eliminating poverty and encouraging sustainable development through the mobilization of public-private partnerships in infrastructure.

PPIAF TEAM



Washington, DC



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ONE SECTION



SECTION 1:

Progress Towards 2015-2017 Strategic Objectives



PPIAF breaks the \$20 million mark in support of private participation in infrastructure...

In fiscal 2016, PPIAF-supported activities reached \$27.3 million – a significant rise from last year’s \$17 million. Today, PPIAF has an active portfolio worth \$45 million, up from \$31 million last year, in technical assistance and knowledge activities that address key institutional gaps in over 50 countries and other global and regional activities. This unprecedented global reach was an ambition set out in the 2015-2017 Strategy and Business Plan that envisioned average annual approval to reach \$25 million by fiscal 2016. Bolstered by increased regional presence, renewed senior staff members and continuous support from its donors, PPIAF was able to deploy the highest level of activity it has in its history¹. In line with the increase in approvals, activity disbursements this year reached \$14.5 million – an annual rate of increase of nearly 17 percent over the last three years.

TABLE 1: PPIAF’s Actual Fiscal 2016 Approvals vs Fiscal 2016 Targets and Fiscal 2015 Approvals (in US\$)

	FY15 ACTUAL	FY16 TARGET*	FY 16 ACTUAL	TARGET REALIZATION
PROGRAMMATIC TECHNICAL ASSISTANCE	\$ 2,473,000	\$ 11,900,000	\$ 8,260,000	69%
TECHNICAL ASSISTANCE (COVERAGE)	\$ 11,326,000	\$ 9,300,000	\$ 16,004,000	172%
TECHNICAL ASSISTANCE SUBTOTAL	\$ 13,799,000	\$ 21,200,000	\$ 24,264,000	114%
STRATEGIC KNOWLEDGE INITIATIVE	\$ 1,534,000	\$ 1,300,000	\$ 234,000	18%
CALL FOR PROPOSALS	\$ 1,000,000	\$ 2,000,000	\$ 1,940,000	97%
OTHER	\$ 620,000	\$ 500,000	\$ 846,000	169%
KNOWLEDGE SUBTOTAL	\$ 3,154,000	\$ 3,800,000	\$ 3,020,000	79%
TOTAL	\$ 16,953,000	\$ 25,000,000	\$ 27,284,000	109%

* This was the high-case approved Work Program for FY16

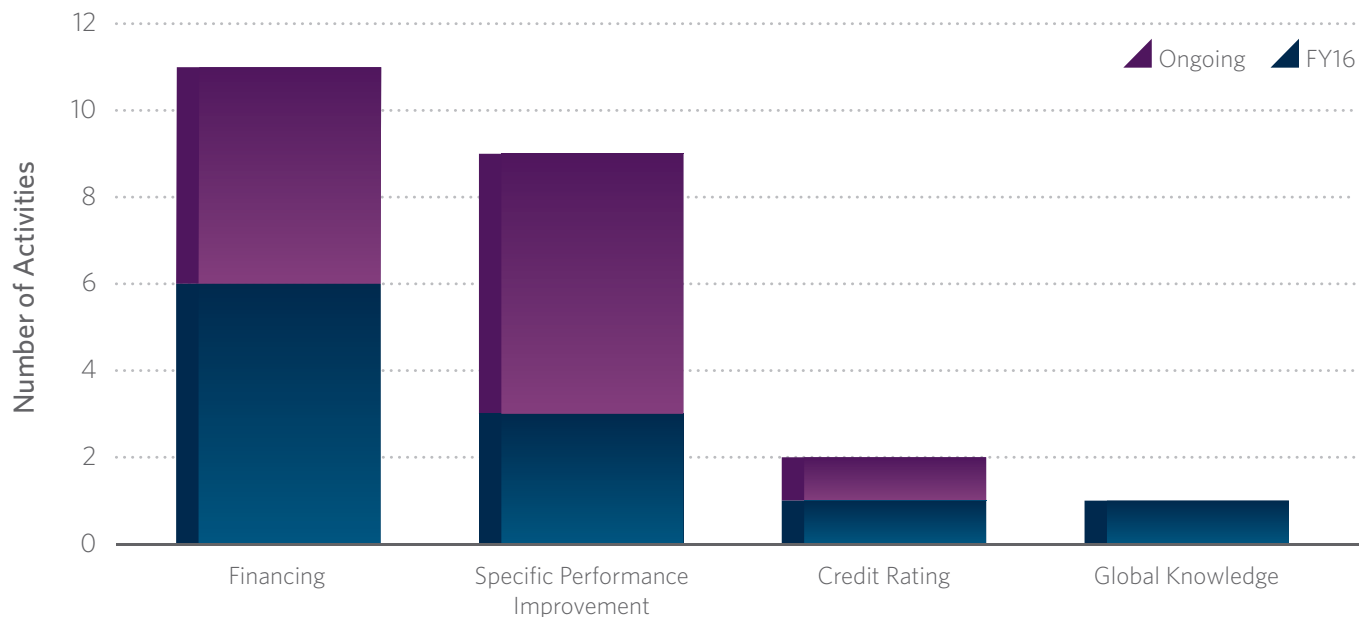
¹ Previous record approval was in 2009 at \$19 million.

... and maintains the pace of support to sub-national entity financing

As part of the above-mentioned overall deal-flow, PPIAF through its Sub-National Technical Assistance Program (SNTA), deployed \$3.9 million for ten new activities and programs, on par with the \$4 million approved in the previous year.

SNTA is a specific program implemented by PPIAF with a focus on supporting entities such as local governments, utilities and financial intermediaries, to access market financing without sovereign guarantees. A majority (62%) of its activity focuses on supporting such access through financial management improvements and transaction support. This year, SNTA provides a follow-on assistance to Colombia to test tax increment financing (TIF) in the city of Medellin, building on the diagnostics and feasibility conducted in an earlier grant. SNTA is also working with Indonesian local governments on a credit-rating exercise.

FIGURE 1: Number of Newly Approved and Ongoing SNTA Activities by Activity Type



For every \$2 invested by PPIAF, \$1 is co-invested by partners in advisory activities

PPIAF engages in reform activities that benefit from other actors' support. A review of 50 activities approved last year showed that a \$1 in co-financing is raised for every \$2 invested by PPIAF, a 1:2 ratio. For the SNTA and Knowledge Call for Proposals sub-portfolio, the leverage ratio is much higher – respectively 1:1 and 1:1.1.

BOX 1: PPIAF and PPP Framework Development

Procuring projects through PPP is a complex process. A number of Governments that are only just starting to consider PPPs as a means of implementing their capital investment programs may not expect to be thinking ahead about what investments make sense at all, and which ones will bring value when procured through PPP. After all, PPPs are often perceived as a way of transferring financial responsibilities to the private sector, rather than the commitment of public resources in the long-term in exchange for higher efficiency/value-for-money. Using its long, and global, experience in upstream PPP development, PPIAF is strengthening PPP frameworks in countries and subnational entities that are only just starting to resort to PPPs.

For example, together with the African Development Bank and other development partners, this year, PPIAF, through a joint World Bank energy and transport practice team started to work with Ethiopia's Ministry of Finance and Economic Development to develop a first mover pipeline in the energy generation sub-sector and at the same time, to draft guidelines for PPP development in transport and energy. This initiative is being undertaken as part of the overall *Instituting a Public Private Partnership Framework in Ethiopia (IPPPFE)* project implemented by the Ministry.

A PPP Framework is a set of policies, rules and norms with regard to the political, fiscal, financial, social and environmental implications of designing and managing PPPs. A clear PPP framework typically comprises the policies, principles and processes of PPP implementation and helps communicate the government's commitment to PPPs. A report from the World Bank published in Oct.2016 benchmarks the PPP framework and practice of 82 economies. The study looks at policy and practices in these areas and demonstrates a positive relationship between good governance and practice and the level of private participation in infrastructure.



Strategic programs, designed to tackle complex issues, grow further in significance in 2016 ...

PPIAF continues to adopt a more considered approach through programmatic grants, approvals of which increased by 40% compared to last year. Today, activities linked to programs, i.e. a sequence of activities designed to tackle multiple aspects of the enabling environment in a country, region or sector over the course of one or more years, to achieve more wide-ranging objectives, comprise 30% of all new approved technical assistance grants.

PPIAF supports six single-country programs that address a range of policy, regulatory and institutional risks. In Madagascar, for example, where a PPP law was recently approved, PPIAF recommendations on their implementing decrees have been taken on board by the Government, when revising those decrees. In addition, PPIAF is working with PPP institutions to define projects in power generation (large IPPs) and transport (airports and ports). The Ministry of Transport is in the process of exploring PPP opportunities for ten second-tier airports and to explore potential for PPP in ports. Staff from the PPP unit of the Ministry of Finance followed the on-line course on PPPs (French MOOC on PPPs) and this unit has prepared a series of well-documented working papers on PPPs.

Programmatic technical assistance also comprises three regional activities that accelerates national-level actions through regional support; and four multi-country programs that deploy and adapt tested methodologies for enhanced efficiency and replicability on a wider geographical scale.

PPIAF continued supporting seven technical assistance programs developed in previous years (an estimated \$10.17 million in planned support) and developed six new programs (an estimated \$11.5 million in planned support) (Table 2). These programs were originated in close collaboration with development partners, and leverage their financing and knowhow. All programs are designed around one of PPIAF's core solution areas: PPP institution building; creditworthiness; energy efficiency and climate change; regional integration; and access to infrastructure finance.

... including strategic SNTA programs

As part of the thrust toward programmatic engagements, fifteen percent of this year's SNTA funding was provided to two new activities, which are part of the cross-regional SNTA programs. The on-going *City Creditworthiness Initiative*, implemented in partnership with the World Bank and the Rockefeller Foundation, delivered three academies this year (in Turkey, India and Ethiopia) and implemented the country-wide technical assistance program in Tanzania that had been approved last year. The initiative worked with select Tanzanian municipalities to strengthen their financial performance, adopt international best practices and progress toward creditworthiness.

Likewise, SNTA launched and funded a new program—Financing Universal Access to Water Supply and Sanitation—that builds on the work of the Water and Sanitation Program and is supported by the Water Partnership Program, the Dutch Government and USAID. It aims to bring bankable water projects to market in at least three countries. This year, the Sub-National Public Expenditure and Financial Accountability (PEFA) program, developed in partnership with the Agence Française de Développement (AFD) to introduce improvements in public-sector financial management in cities in Africa, delivered assessments and prioritized action plans in the following cities: Agadir and Casablanca (Morocco), Sfax (Tunisia), Beira (Mozambique), and Pointe Noire (Congo). The program also supported Antananarivo (Madagascar) to design and implement a post-PEFA prioritized action plan.

TABLE 2: Ongoing Programs in PPIAF and SNTA (in \$ millions)

Thematic Area	Program Name	Trust Fund	Delivery Partners	Planned Support	Planned Co-Financing TA	Potential Investment
PPP Institution Building	Building PPP Institutional Support in Tanzania (FY15)	MDTF II	AfDB, DFID, WBG	1.7	41.6	TBD
	UEMOA Regional PPP Institutional and Project Financing Strategy Support (FY15)	MDTF II	AFD, Expertise France	4.0	2.4	TBD
	Scaling Up the PPP Program in Bangladesh (FY15)	MDTF II	ADB, Australian Sustainable Development Investment Portfolio, IFC	0.4	.05	TBD
	Programmatic Support for Madagascar – Building PPP Institutional Support (FY16)	MDTF II	WBG and AfDB	1.5	6.0	TBD
Credit-worthiness	City Creditworthiness Initiative (FY15)	SNTA	C40 Network, KGGTF, Rockefeller Foundation, WBG	1.6	2.8	TBD
	PEFA-PPIAF Initiative (FY16)	SNTA	AFD and WBG	TBD	TBD	TBD
Energy Efficiency and Climate Change	Nepal Power Sector Reform and Hydropower (FY16)	Climate Change	Gov't of Nepal, South Asia Water Initiative, WBG	2.1	24.0 (WB)	1,000 DPC (WB & ADB)
	Sri Lanka Climate Fund Phases I and II (FY15)	Climate Change	ADB, WBG	0.30	.17	TBD
	Developing Good Performance Based Contract Practices in the Marketplace to Manage Non-Revenue Water (FY16)	MDTF II & Others	Water Global Practice, IDB, International Water Association	4.2	1	165 (WB) + 200 (IDB)
Regional Integration	Caribbean Regional PPP Support (FY15)	MDTF II	Caribbean Development Bank, IDB, MIF, WBG	1.5	0.6	TBD
	Central American PPP Program (FY15)	MDTF II	IDB, MIF, MCC	1.2	1.86	TBD
Access to Infrastructure Finance	Ghana Infrastructure Investment Fund (FY15)	SECO MIC	Gov't of Ghana, WBG	0.8	.25	TBD
	Financing Universal Access to Water Supply and Sanitation (FY16)	SNTA	Water Global Practice, Netherlands Government, USAID	2.5	2.5 (WB) + 0.5 (Netherlands, others)	TBC In Kenya, ~50
Total approved FY15				\$10.3	\$47.9	TBD
Total approved FY16				\$11.5	\$35.9	TBD
Total				\$21.8	\$83.7	TBD

Can discrete coverage grants also be strategic?

The majority of PPIAF support continues through coverage grants, which are smaller in funding, narrower in scope, and implemented within a shorter time horizon. This year, PPIAF approved more than \$16 million in coverage grant activities (or 60 percent of the total technical assistance approved). One-off PPIAF grants can have substantial leverage and can catalyze strategic results, such as policies based on pathfinder projects. For example, PPIAF’s \$290,000 support to the State of Odisha, India, which ended this fiscal year, identified the most suitable land for solar parks and allowed the state to remove the risk of land identification/availability from the hands of private developers. This activity will now leverage \$200 million in investment from the World Bank—an amount that is almost 690 times PPIAF’s investment. Similarly, PPIAF’s \$70,000 support to performance-based contract structuring for 24/7 water supply in the State of Karnataka, India, also completed this year, leveraged 1,400 times the initial funding through a \$100 million investment approved by the World Bank board in December.

This year, the SNTA and the World Bank and International Finance Corporation’s Efficient Securities Market Institutional Development (ESMID) program supported the Kenyan National Housing Corporation (NHC) to look at its financing options through a shadow credit-rating exercise, assessing the ability to issue debt in the local capital markets. NHC received a single ‘A’ rating on a national scale and is in a strong position to enter the market for a corporate issuance. If successful, this activity will contribute to the ability of the state company to deliver 30,000 housing units.

Several coverage technical assistance activities build on previous PPIAF support. This occurs when an earlier activity shows need and potential for further engagement to consolidate the assistance and deliver final results. Close to half of all approved coverage grants in fiscal 2016 follow on from previous PPIAF and SNTA activities. Table 3 provides a few examples.

TABLE 3: Examples of Coverage Activities that Resulted in Follow-On Activities in Fiscal 2016

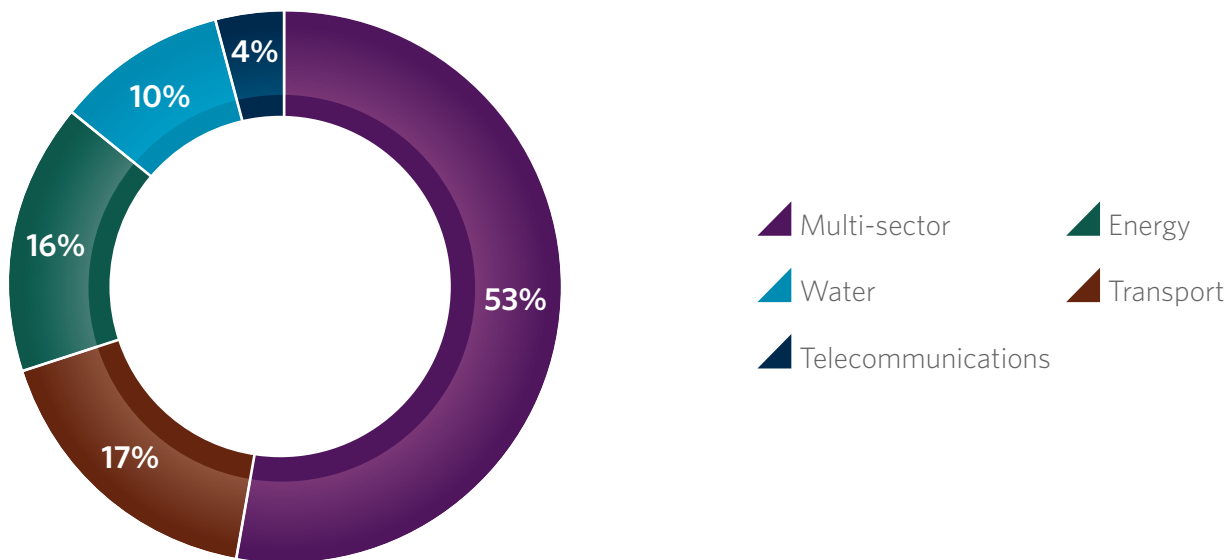
Initial Coverage Activity(ies)	Results and Scope of Follow-On Coverage Activity
Support to Indonesia’s sub-national government financing market.	The first activities helped identify opportunities and constraints in capital markets in five major cities. Subsequently, PPIAF provided technical assistance for a credit-rating update and capacity building for the Debt Management Unit of Jakarta. Finally, PPIAF provided support for credit rating and financial management assessments in the cities of Surabaya (East Java), Balikpapan (East Kalimantan), Semarang (Central Java) and the provinces of Yogyakarta and East Kalimantan. A recently approved activity builds on this work to improve sub-national governments’ awareness of alternative sources of infrastructure financing and improve their access to capital markets through the issuance of municipal bonds.
SNTA support to help with the financing infrastructure for urban redevelopment in Colombia	The first phase provided insights regarding potential legal and regulatory bottlenecks that require further study, and the key operational factors that should be taken into account in the use of tax incremental finance in an emerging market context. The second phase, approved this year, will support the national government and the cities of Medellín and Bogotá to move towards a successful TIF operation—this would be the first implemented outside of the United States.
Support to foster infrastructure sharing in Kosovo	The first coverage activity helped Kosovo understand how to best approach leasing the energy transmission company’s (KOSTT) excess fiber-optic capacity. KOSTT is currently taking active steps to lease excess capacity, which will enable broadband providers to increase internet capacity in hard-to-reach rural areas. The second activity, approved this year, will replicate this experience on a regional scale in the Western Balkans to attract serious private investment. The activity will work to harmonize policies and regulations across the region.

PPIAF activities rapidly increase to support key sectors in low-income countries...

PPIAF's technical assistance aims to strengthen the enabling environment to encourage private-sector investment in key economic infrastructure sectors such as water, transport and energy in countries with the greatest need and potential—lower-income countries, fragile and conflict-affected states, and priority middle-income countries. Whereas PPIAF continues to be most engaged in multi-sector activities consistent with the goal of establishing better PPP frameworks in country, this year's approvals saw a rebalancing between multi-sector activities (53 percent) and sector-specific activities (47 percent), compared to last year's proportions of 65/35.

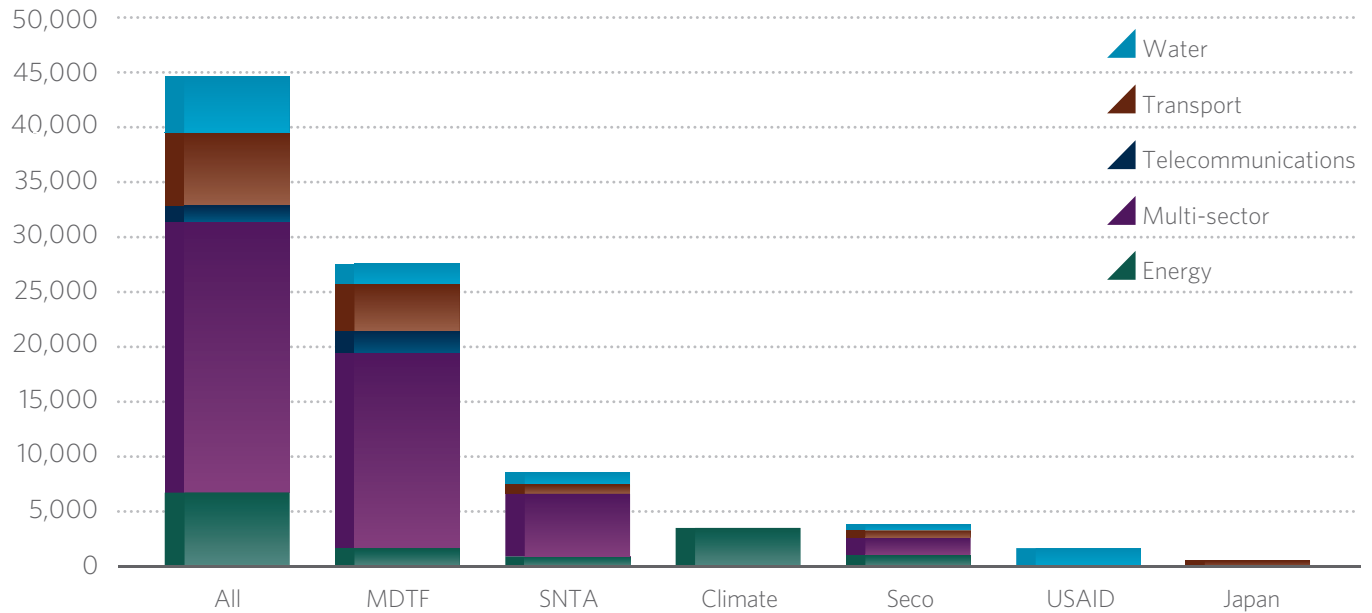


FIGURE 2: New Funding Approvals by Sector in Fiscal 2016



The sector profile of fiscal-2016-approved activities mirrors that of overall ongoing activities, with slightly more than half of grant amounts (53 percent) allocated to multi-sector activities, and transport, energy and water respectively account for 17, 16 and 10 percent.

FIGURE 3: PPIAF's Ongoing and Newly Approved Activities by Sector (in \$ millions)



Low-income countries (DAC 1 and 2) received 60 percent of country-identifiable activity funding in fiscal 2016, in terms of both flow (newly approved activities) and stock (the share of the existing portfolio of ongoing country-identifiable activities, with an investment of \$18.5 million out of a total of \$31 million).

FIGURE 4: New Funding Approvals by Country Income Status in Fiscal 2016

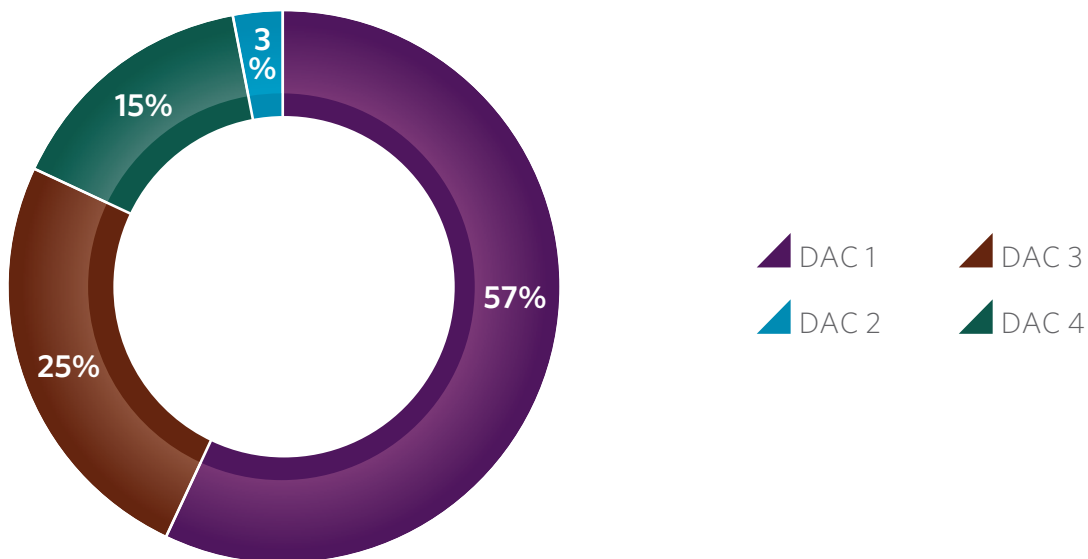
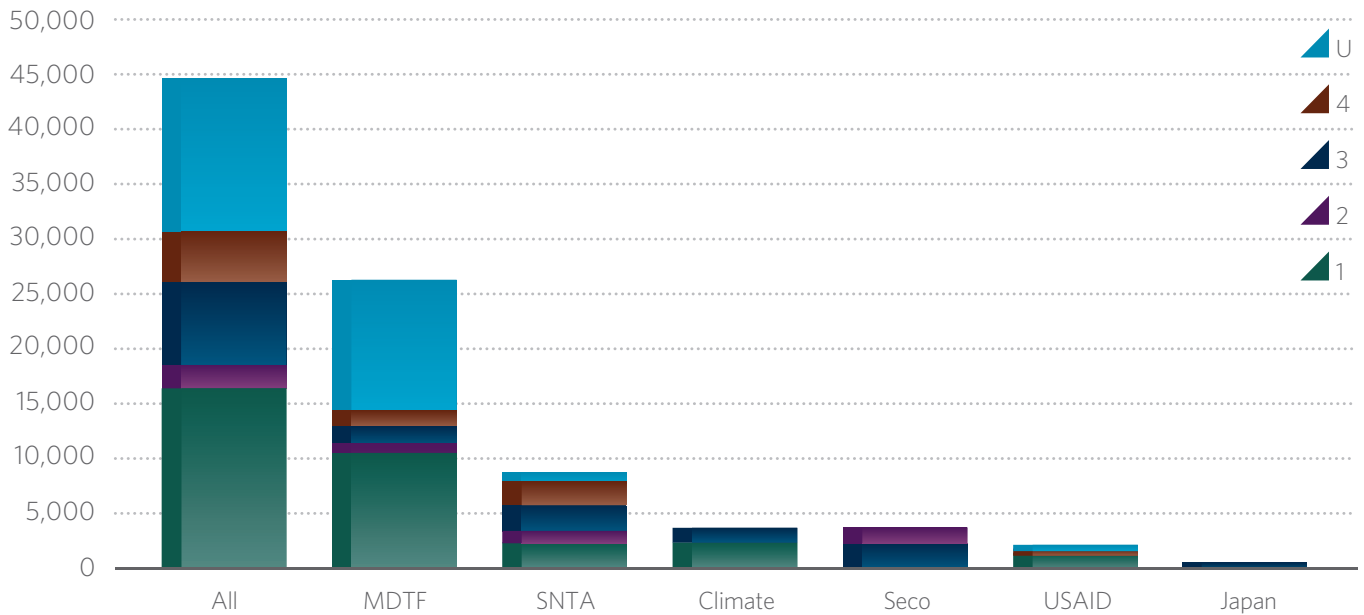
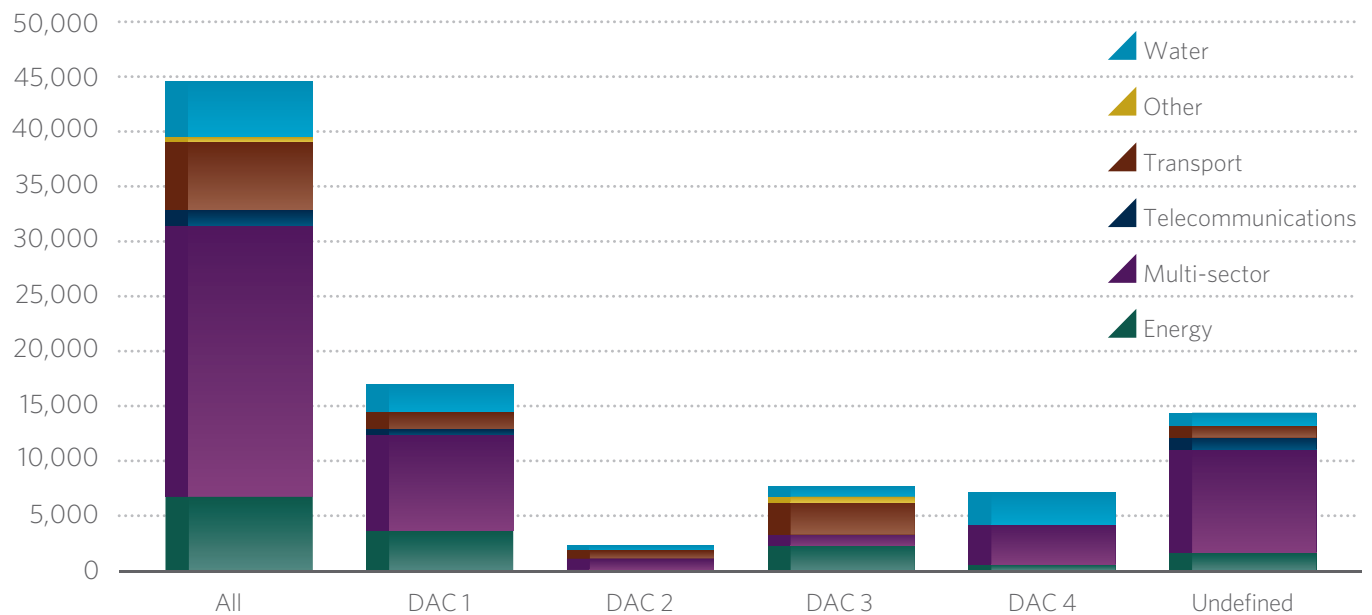


FIGURE 5: Total Portfolio by Country Income Status and Fund Source (in \$ millions)²



Sector emphases in low-income countries follow the overall trend of approved activities in fiscal 2016—roughly half of activities are multi-sector, followed by about 20 percent each on energy and transport, and 10 percent on water. This is also comparable to the sector breakdown for the total stock of ongoing PPIAF activities.

FIGURE 6: All Ongoing PPIAF Activities by Country Income Category and Sector (in \$ millions)³

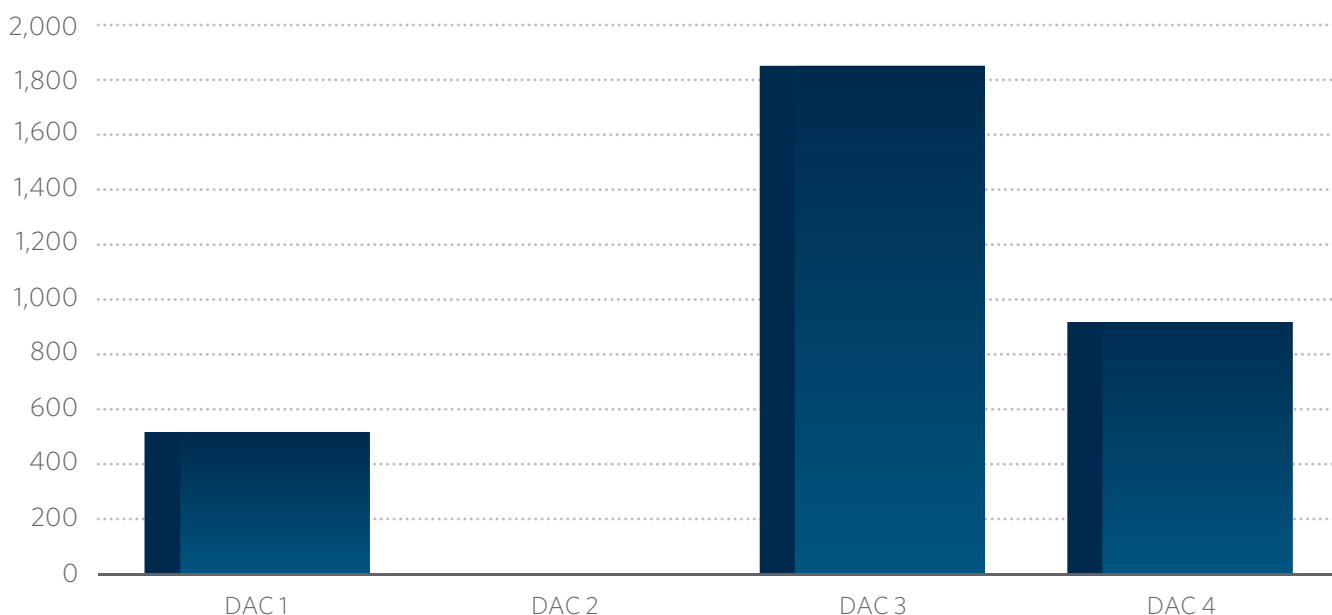


² "U" stands for undefined and refers to those activities such as regional activities or global knowledge activities which are not classified by country income level.

³ "Undefined" income level is for those activities - regional technical assistance that spans multiple countries and Global Knowledge activities - for which one clear country income classification does not exist.

Unlike the overall PPIAF deal flow, seven of the eight country-identifiable activities in the SNTA portfolio this year are in middle-income countries, including work in Karachi, Pakistan; Hunan Province in China; and Medellín in Colombia. Most of the portfolio targets multi-sector issues; only two of the 10 SNTA activities this year are sector-specific.

FIGURE 7: SNTA Funding by Country Income Status in Fiscal 2016 (in \$ thousands)



... but cautiously grow in fragile economies

PPIAF committed more than \$4.1 million to nine new activities (excluding knowledge activities) specifically benefitting fragile and conflict-affected states (FCS)—representing 24 percent of the \$17 million in country-identifiable grants. Although this is a significant increase in approved activities (compared to \$1.63 million last year), most PPIAF support in FCS this year is focused on relatively more stable states—i.e., those with a minimum level of state institutions and governance systems—including transition countries such as Kosovo. These activities are detailed in Table 4 below.

24% of PPIAF's country-identifiable grants specifically benefited fragile and conflict affected states.



TABLE 4: PPIAF Support in Fragile Countries, Fiscal 2016

Fragile Country (ies)	Trust Fund	Description	Total Approved Amount
CÔTE D'IVOIRE	Multi-Donor	This activity supports the development of a PPP legal framework and specific sector reforms likely to drive private-sector participation in key infrastructure projects.	\$928,805
KOSOVO, BOSNIA AND HERZEGOVINA	Multi-Donor	This activity builds on the recently closed Infrastructure-sharing activity in Kosovo. It will identify existing infrastructure-sharing opportunities for private-sector investment in the Western Balkan Region to determine a plan of action to operationalize infrastructure sharing in and between state-owned energy utilities on a regional scale.	\$406,330
GUINEA-BISSAU	Multi-Donor	This activity builds on other support provided to Guinea Bissau through the Rapid Support Framework (RSF) and UEMOA programs. It will develop a pipeline of first-mover PPP projects and build capacity and consensus of stakeholders involved in the design and development of PPP projects.	\$420,180
HAITI	Multi-Donor	This activity will support Haiti's National Directorate of Drinking Water and Sanitation to: (i) consolidate existing approaches to professionalize the management of water-supply systems in rural areas and small towns, and (ii) identify innovative approaches to expand private-sector participation in water supply and sanitation in rural areas and small towns.	\$380,640
LEBANON	Multi-Donor	This activity will support the preliminary assessment of PPP readiness, including in high-priority sectors, and identify options to move forward on selected initiatives.	\$423,075
MADAGASCAR	Multi-Donor	This activity will support improvements in the PPP legal and institutional framework of Madagascar, develop operating guidelines, support the development of a pipeline of projects, and help build the capacity of government officials.	\$631,800
SUDAN	Multi-Donor	This activity will help Sudan to establish a sound legal, policy and institutional framework, as well as to build capacity within relevant sector agencies to develop and implement PPPs. It will also recommend how to set up a PPP unit that will play an important role in developing PPP policy and strategy for the government and in developing a suitable PPP pipeline.	\$321,000
WEST BANK AND GAZA	Climate Change	This activity will assess solar-project candidate sites identified by Palestine's Energy and Natural Resources Authority and recommend the best candidate projects for private-sector participation.	\$299,000
WEST BANK AND GAZA	SNTA	This SNTA activity will help build the capacity of the Municipal Development and Lending Fund (MDLF) in assessing the creditworthiness of large and medium municipalities in West Bank and Gaza to identify those municipalities that are in a position to access financing.	\$300,000
Total			\$4,109,000
Support to fragile countries as a percent of total FY16 approvals			15%
Support to fragile countries as a percent of total FY16 approvals traceable to specific countries			24%

PPIAF support helps catalyze new infrastructure investments

PPIAF activities—both coverage and programmatic—do eventually help lead to increased private investment in infrastructure. As part of our results monitoring work, we are expanding our analysis of closed activities to understand what leads to impact and increased investment. Previous PPIAF support to pioneering transactions in Guinea gives an idea of how PPIAF assistance leads to investment:

- ***PPIAF support helps facilitate private-sector investment in Guinea’s electric utility:*** Responding to the Government of Guinea’s (GoG’s) request for assistance to strengthen its capacity to identify and implement PPPs, in 2013-2014 PPIAF funded a PPP diagnostic report and a PPP training workshop. This involved an in-depth examination of the key policy, legal and institutional constraints inhibiting the further development of PPPs in Guinea. It also examined and identified 10 potential projects (mostly in the energy, telecom and transport sectors) that could be implemented as PPP transactions with the benefit of additional upstream technical work. In June 2015, the GoG signed a management contract worth nearly \$13 million between its electricity utility and the consortium Veolia-Seureca.

Additionally, this year PPIAF supported activities leading to the development and implementation of strategies, both sector-specific and economy-wide, to help countries decide how to use PPPs in their infrastructure development agendas. Strategy development often requires the preparation of solid analytical assessments of the context and enabling conditions (fiscal, legal, social and political); building of consensus among stakeholders who may have diverging interests and concerns about PPPs; and, especially, supporting key decision-makers and actors on their capacity for understanding the implications of the policy and being able to execute them—at times, a lingering requirement even after the commercial close of the project. See for example the Box 2 story below, “From Pipe Dreams to Pipeline? Developing Mozambique’s Natural Gas Potential.” For this reason, last year PPIAF was involved in 38 analytical and advisory studies that underpinned policy, planning and legal recommendations. PPIAF also sponsored 12 workshops and seminars aimed at building capacity as well as consensus with more than 180 participants.

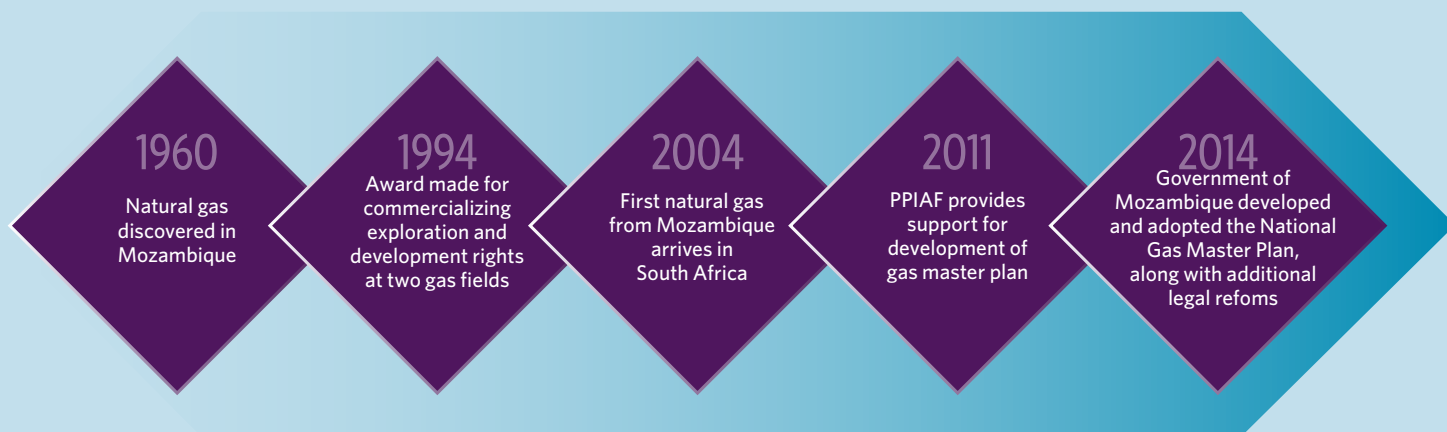
PPIAF contributed to strengthening two institutions, bringing the total number of institutions reached by PPIAF to 276. These included the Ministry of Energy and Hydraulics of Guinea, where a PPP unit was created and a ministerial order to appoint unit staff members was published in June, 2016. In Uganda, with direct support from the technical assistance, training, and just-in-time support aspects of this activity from 2014-2016, the Kampala City Council Authority has seen its own-source revenues increase by 86 percent in a 12-month period. Because Kampala’s debt cap is fixed by law at 10 percent of own-source revenues, the city has effectively doubled what it can borrow.

To date, PPIAF has contributed to the adoption of 137 policy, legislation or regulation items; 82 credit ratings; and the raising of more than \$1.2 billion in financing from non-sovereign sources.

TABLE 5: Total PPIAF and SNTA Outputs and Outcomes

Total Outcomes Captured (numbers reported are cumulative)	FY 2016	FY 2015	FY 2014
Enabling environment reform			
Institutions created/strengthened	276	274	272
Policies adopted, legislation passed/amended, or regulation issued/revised	137	136	133
Plans/strategies adopted or implemented	182	180	176
Project cycle-related assistance			
Number of transactions facilitated	154	154	149
Total size of all contracts (PPIAF only)	\$17.10 billion	\$17.10 billion	\$17.06 billion
Number of financings facilitated (SNTA only)	25	25	25
Financing raised from non-sovereign sources (SNTA only)	\$1.2 billion	\$1.2 billion	\$1.2 billion
Capacity and awareness building			
Total number of activities with technical capacity enhanced	211	203	203
Participants with technical capacity enhanced	2,540	2,540	2,382
Total number of activities leading to consensus achieved	147	147	146
Total Outputs Captured (numbers reported are cumulative)			
Enabling environment reform			
Analyses/assessments prepared	948	910	859
Credit ratings (SNTA only, includes formal and shadow credit ratings)	82	71	69
Policies prepared, or legal or regulatory changes recommended	195	192	181
Plans/strategies prepared	270	269	255
Project cycle-related assistance			
Total number of times advice given or studies/legal documents related to transaction/financing support prepared	220	216	206
Capacity and awareness building			
Workshops/seminars	694	682	644
Workshops/seminars participants	16,793	16,613	15,397
Knowledge products produced or disseminated	151	133	110

BOX 2: From Pipe Dreams to Pipeline? The Long Journey of Developing Mozambique's Natural Gas Potential



Natural gas was discovered in Mozambique in the 1960s, but at the time, it was not considered commercially viable, because no markets for natural gas existed. In the meantime, conflict and political instability in the region, and particularly in Mozambique and South Africa, prevented the development of this potential. Only after the country's return to stability in the 1990s did focus return—with the World Bank extending an International Development Association (IDA) credit to support the reforms of institutions and the award to Sasol for commercializing exploration and development rights at two gas fields in 1994.

Because the project was highly complex and involved trans-boundary country coordination, significant resources were invested not only in the financial and legal agreements among the various parties for the development of the field, production of gas, construction of the pipeline, operation of the processing facilities and sale of gas, but also among the many stakeholders affected by the project. In 2004, the first natural gas from Mozambique arrived in South Africa from the cross-border pipeline.

Although an important milestone, lessons from gas development in other emerging markets point to the disadvantage of not having a comprehensive master plan for the development of such resources. For example, the private sector could be developing production and export capacity under agreements with the government, but fuel oil might still be used for local power generation. Crude-centric developments, with the associated lack of private-sector investment in gas infrastructure, could lead to such incongruence.

In 2011 PPIAF approved funding for the development of a gas master plan for Mozambique. The plan would identify the most appropriate gas monetization options for Mozambique, taking into consideration the uncertainties related to timing and size of gas reserves and market development opportunities; define the long-term opportunities over five to 20 years; and identify policy and investment requirements to take advantage of these opportunities.



The assistance would also propose improvements required to modernize the sector's legal and regulatory framework for the expected expansion of the gas sector into deep off-shore and liquefied natural gas (LNG) export. A number of aspects of the wider legal framework (e.g., limitations on expatriate labor, foreign exchange regulation, fiscal stability clauses, alignment with the PPP and Petroleum Acts) were not conducive to attracting the necessary big investments for the complex deep off-shore developments.

In 2014, the Government of Mozambique developed and adopted the National Gas Master Plan along with additional legal reforms (e.g., regulations for petroleum operations, and establishing the specific tax regime for petroleum). By the end of 2014, a decree was promulgated that enabled groups led by Anadarko Petroleum Corporation and ENI SpA (private concessionaires) to proceed with exploration and production concessions with legal and fiscal certainty about the rules of engagement over a 30-year period. This allowed Mozambique to enter the LNG sector. The total amount of gas reserves is estimated at about 120 trillion cubic feet and could make Mozambique one of the world leaders in LNG exports.

However the slump in petroleum prices in 2015 led energy companies to postpone investments, and Anadarko announced that it will slash investment in Mozambique to \$2.6 billion in 2016—a 50-percent cut compared to the previous year. In 2016, the resettlement plan was jointly submitted by Anadarko and ENI to the Government of Mozambique, marking a critical point in project delivery.

More information about how we monitor and evaluate our technical assistance activities is provided in Section 3.

While the multi-donor core fund increased its share of total activity, non-core-funded grants still increased from \$7 million to \$8.6 million in fiscal 2016

Although support through the multi-donor fund dominated this year's mobilization (\$18.6 million or almost 70 percent) of funding, most of the non-core trust funds also grew their volume of new grants. Climate-change approvals almost quadrupled, while USAID water approvals doubled. Support remained even in the SNTA and SECO Middle-Income Country funds.

TABLE 6: PPIAF Support by Trust Fund, Fiscal 2016

PPIAF Support by Funding Source	FY15	% of Total	FY16	% of Total	Change
Multi-Donor	\$ 8,979,000	53%	\$ 18,632,409	68%	108%
SNTA	\$ 3,975,000	23%	\$ 3,900,550	14%	-2%
USAID Water	\$ 497,100	3%	\$ 1,022,150	4%	106%
Climate Change	\$ 658,650	4%	\$ 2,399,157	9%	264%
SECO MIC	\$ 1,693,000	10%	\$ 1,330,000	5%	-21%
Japan	\$ 400,000	2%	\$ -	0%	
Asian Development Bank	\$ 750,000	4%	\$ -	0%	
Total	\$ 16,952,750		\$ 27,284,266		61%

Two of PPIAF's non-core trust funds—the Asian Development Bank one and the Japan Trust Fund for East and South Asia Regions—did not support any new activities in fiscal 2016. The Asian Development Bank (ADB) fund, almost entirely depleted, will be closed after the last disbursements take place in the second quarter of fiscal 2017, while the Japan fund will continue until the remaining balance is allocated and utilized.

PPIAF support to middle-income countries focuses on SECO priority countries and middle-income countries that are also fragile states

Support to middle-income countries, including some fragile states such as West Bank and Gaza and Lebanon, received \$6 million in funding from PPIAF—about the same order of magnitude as last year. Of this, about 20 percent was funded through the SECO MIC trust fund. The sector profile for middle-income countries differs from the overall portfolio, with a much higher share of activity benefitting the transport sector.

TABLE 7: Support to Activities through PPIAF Non-Core Funds

Non-Core Trust Fund	Purpose of Fund	Activities Supported
SECO Non-Core Fund for Middle Income Countries	To support infrastructure development strategies, build institutional capacity, and support the design and implementation of pioneering projects in selected middle-income countries, including Colombia, Egypt, Ghana, Indonesia, Peru, South Africa, Tunisia and Vietnam.	In fiscal 2016, it supported \$1.33 million for three new technical assistance activities. Two were in Vietnam—one in the transport sector, which aims to extend community-inclusive performance-based road maintenance for local road networks; the other in the energy sector, which aims to help Vietnam develop a roadmap for its natural-gas market. The activity in South Africa supports the development of the enabling environment for the restructuring of the country's successful Renewable Energy IPP Program.
Non-Core Fund for Integrating the Climate Change Agenda with PPPs	To mainstream the consideration of climate-change externalities and opportunities with existing country-specific and multi-country sectoral work focusing on improving energy, transport, water, sanitation and telecommunications services.	In fiscal 2016, this fund provided support to one technical assistance activity and one thematic program. The activity, in West Bank and Gaza, will assess candidate sites for solar projects pre-identified by Palestine's Energy and Natural Resources Authority and recommend the best candidates for solar projects with private-sector participation. The thematic program will support power-sector reform and sustainable hydropower development in Nepal.
Non-Core Fund with USAID—Water, Sanitation and Hygiene in SSA	To catalyze increased access to water, sanitation and hygiene in Sub-Saharan Africa (SSA).	In fiscal 2016, three activities totaling \$1.02 million were approved from this fund. One works on a regional level to provide PPP support to the Nile Equatorial Lakes Subsidiary Action Plan (NELSAP); a second in Angola supports water-sector reform through a pilot PPP transaction in Cabinda; and one in Rwanda helps to build rural and urban PPP support for the water and sanitation company.

PPIAF pursues massive outreach on PPP professionalization in 2016

Delivering practical knowledge to those who can influence policies and improve practices is an important part of being recognized as a center of excellence in private-sector participation in infrastructure—an aspiration set out in PPIAF's strategy. Fiscal 2016 marks a new milestone in this direction, with:

- Strong interest received for the two calls for knowledge proposals;
- Success in outreach of PPIAF-supported learning events; and
- The increased relevance of PPIAF knowledge and technical advisory support to enhance investment programs of client countries and World Bank operational teams.

Calls for knowledge proposals are intended to stimulate knowledge creation by commissioning products in PPIAF's thematic priority areas. They continue to invite strong interest from the PPP community. PPIAF held two calls in fiscal 2016. Thirteen successful proposals were selected, covering a range of topics from resilient infrastructure PPPs to financing cross-border renewable energy, and guidance on guarantees for PPPs. The \$2 million funded by PPIAF leveraged co-financing of \$1.7 million from partners. Below are the successful proposals selected through the fiscal 2016 calls for knowledge proposals:

FY 16 Fall and Spring Calls for Knowledge Proposals

- Disaster Resilient PPP Guidance
- Estimating the Cost of Capital for PPP Operators
- Incorporating Climate Adaptation Risks to Performance-Based Contracts
- Infrastructure Management Toolkit for Fragile States
- Islamic Finance and PPPs–Preliminary Workshop
- Mobilizing Islamic Finance in PPPs
- Open Contracting Data Standard for PPPs
- Policy Toolkit for SME Participation in PPPs
- Practical Guidance on Government Guarantees for Infrastructure PPPs
- Recommended PPP Contractual Provisions
- Rethinking Power Sector Reform
- Translation of PPP Project Finance Guide
- Updating Railway Reform Toolkit

Additionally, six activities from the pilot call in 2015 were implemented in fiscal 2016.⁴

PPIAF OUTREACH IN 2016 TARGETED THE PROFESSIONALIZATION OF THE PPP COMMUNITY

The first level of the **Global PPP Certification** launched in fiscal 2016. It allows PPP professionals to obtain credentials as “Certified PPP Professionals” by demonstrating their PPP understanding, knowledge and skills through a series of examinations. The program aims to help public officials and their advisors implement sustainable PPPs. This year marked the debut of the Public Private Partnerships (PPP) Certification Guide and the foundation level exam. Online training for the foundation-level exam and the exams for the two practitioner-level modules that make up the remainder of the certification are expected to be available in fiscal 2017.

In fiscal 2016, PPIAF also deployed its senior technical team to support a highly successful **Massive Open Online Course (MOOC) on PPPs** in French, in which more than 13,000 people from more than 50 countries enrolled, with Africa representing 77 percent of total participants. The French MOOC is tailored specifically to Francophone countries and includes case studies from African and Middle Eastern countries to meet the unique circumstances and demands of those regions. The PPP MOOC was complemented by the release of “Guide de Référence des PPP”—the French version of the PPP Reference Guide, supported by PPIAF.

⁴ The six activities approved in the previous year’s calls for proposals were: 1)Regulating Water Services Provision in MENA (WBG); 2) Guidebook on the Development of Metro Projects with Private Participation (WBG); 3) Evaluating the Effectiveness of the PPP Legal, Institutional, and Regulatory Framework and Procurement Process in Developing Countries (WBG); 4) Capacity Building for Leaders in Urban Transport Planning (LUTP) (WBG); 5) PPP Simulation (Dutch MFA); and 6) Promoting Municipal Finance Markets through the Strengthening of the Knowledge and Capacities of National Investment Funds in African LDCs.

This year PPIAF also began deepening the linkages between knowledge, technical assistance and investments. This is exemplified by the **Developing Good Practices on Performance-Based Contracting (PBCs) for Non-Revenue Water (NRW) Program**, co-developed by PPIAF and the World Bank Water Global Practice. As a program management unit (PMU)-led knowledge activity, the program integrates best-practice knowledge into the technical advice that World Bank operational teams deliver and use in their investment lending projects. A significant portion of the program is dedicated to the standardization of operational approaches in identifying, designing and procuring PBCs for NRW management and adaptation into the investment lending activities of the World Bank and its partners, such as the Inter-American Development Bank. The program works with the International Water Association on the continued professionalization of global practitioners and clients on the topic. Today, the program is in the process of finalizing standard operating procedures and tools for NRW PBCs while also assessing the potential for, or preparing, projects in the following cities: Faisalabad, Pakistan; Nairobi/Mombasa, Kenya; and, Dar es Salaam, Tanzania.

Several other milestones were achieved by ongoing activities in fiscal 2016, including the launch of the **International Infrastructure Support System (IISS)** platform with the Sustainable Infrastructure Foundation (SIF). The first version of the **Report on Recommended PPP Contractual Provisions**, which was supported by PPIAF through our strategic knowledge initiative with the PPPIRC, was also released. A follow-up proposal to further develop the recommended provisions was selected for funding through the fall 2015 call for proposals and will be implemented in coordination with the Global Infrastructure Hub.

Strategic knowledge initiatives are conducted in collaboration with institutional partners that bring their own expertise and outreach. Below is a table describing the progress made in fiscal 2016 on each of the current strategic knowledge initiatives.



TABLE 8: Progress on PPIAF's Strategic Knowledge Initiatives

Strategic Knowledge Initiative	Partners	Description	Progress Updates in FY16
Enhancing the International Infrastructure Support System (IISS)-Phases 1 and 2 (Phase 2 new)	Sustainable Infrastructure Foundation and consortium of Multilateral Development Banks	Web-based platform to support standardized project preparation and connect public projects with private-sector investors.	<ul style="list-style-type: none"> Launched in February 2016 Supported development of sector- and sub-sector-specific templates Phase 2 launch in progress
Partnership with the PPIRC	African Legal System Facility, IADB's Multilateral Investment Fund	Website serving as a resource for PPP legal documents, which often have restricted disclosure, making it difficult for international legal experts to support projects in specific contexts. It collects and presents legal documents in a way that allows commercial-in-confidence items to remain undisclosed, providing a rich public-goods product to clients, the private sector, and the wider development community.	<ul style="list-style-type: none"> New website launched in June 2016 Website includes new feature pages on gender in PPPs and sub-national PPPs
Improving Infrastructure Regulation Program in Low-Income, Low-Capacity and Fragile Countries	University of Florida Public Utility Research Center, consortium of MDBs, regulatory practitioners and academics	Update to the Body of Knowledge on Infrastructure Regulation (BoKIR) through development of a fragile-focused narrative and FAQs on infrastructure regulation, as well as development of a self-assessment tool and maturity taxonomy for client-country governments to assess regulatory status.	<ul style="list-style-type: none"> New FAQs and narrative on infrastructure regulation in fragile states Early-findings workshop on unique constraints of regulation systems in low-capacity and FCS, to develop tailored solutions for these countries Self-assessment and maturity taxonomy tools developed (to be published in fiscal 2017)
Global PPP Certification	ADB, EBRD, IDB, IsDB, MIF	Development of the APMG-International PPP Certification Program, which is an initiative aimed at helping public officials and their advisors to implement efficient, sustainable PPPs. The PPP Guide is part of the family of Certified Public Private Partnership Professional (CP3P) credentials that, once mastered, enable PPP practitioners to achieve the title "Certified PPP Professional" under the auspices of the APMG PPP Certification Program.	<ul style="list-style-type: none"> Body of Knowledge launched Foundation level launched—exams and free online training available Initial training with WBG launched in August 2017

The 2016 communications agenda highlights dissemination of information about innovations in financing infrastructure at the global, local and sector levels

Since its first issue of a \$440 million "green bond" in 2008, the World Bank Group (International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC)) have raised more than \$12 billion in green bond financing to support climate-focused (mitigation and adaptation) projects and to intermediate the investment needs of pension funds looking for climate-smart fixed-income investments. PPIAF, with the World Bank Treasury, developed

an online tool explaining, “What are Green Bonds?” to help raise awareness among investors and the financial community about how developing countries can leverage green bonds to take action on climate change.

A series of in-depth studies focused on supporting the City of Dakar to further improve its financial standing on a range of aspects such as improving its tax maps and census and legal clarity on the applicability of various fees and taxes. The city’s plans of action are discussed in the “Stratégie Globale d’amélioration des Recettes de la Ville de Dakar” (Global Strategy for Revenue Improvement of the City of Dakar). Summaries about how PPIAF supported the City of Dakar and the City of Ulaanbaatar on their creditworthiness were also published.

“From Sidewalk to Subway” explores different financing instruments for urban transport mobility from the framework of “who benefits pays” and describes and appraises the applicability of general-, direct- and indirect-benefit instruments as well as PPPs to address an underfunding trap in urban transport whereby today’s capital investments are large yet revenues are nascent.

On the other hand, the Climate Risks and Resilience in Infrastructure PPPs issues paper highlights the lack of integration of climate resilience aspects in PPP policy and structuring frameworks despite the availability of a number of processes, tools and knowledge focused on this ever-growing risk. Another issues paper released this year discusses design pitfalls and solutions for performance-based contracting related to non-revenue water. NRW management programs can be self-financing; “Using Performance-Based Contracts to Reduce Non-Revenue Water” provides the contemporary thinking on this topic.

PPIAF website will continue to enhance stakeholder interface

PPIAF continued to develop its website over the previous 12 months and launched it in September 2016 (a six-month delay from the spring target). Stakeholders will be able to engage with PPIAF through a better user experience: enhanced search functions; integration with other platforms such as the PPP Knowledge Lab and PPPIRC; and secure access to PPIAF donors. For PPIAF clients in developing countries, who access the internet through mobile devices, PPIAF’s new website uses mobile-optimized technology so that the browser window adjusts to fit the device.

The website will also feature the different funding programs in PPIAF, in particular PPIAF’s SNTA, to better differentiate their aims and offerings.

Furthermore, PPIAF continued to expand its online presence through blogs and other social media forms. PPIAF clients and PMU staff contributed posts to the World Bank’s PPP Blog on a range of topics, including gender in PPPs, addressing climate-change risks in infrastructure, regional integration in West Africa, PPIAF’s Caribbean PPP Program, best practices in NRW management, and building a municipal finance market through pooled finance. A number of PPIAF technical assistance and knowledge activities were also featured in blogs authored by partners.



TMO

SECTION



SECTION 2:

PPIAF and SNTA Program Support to the Regions

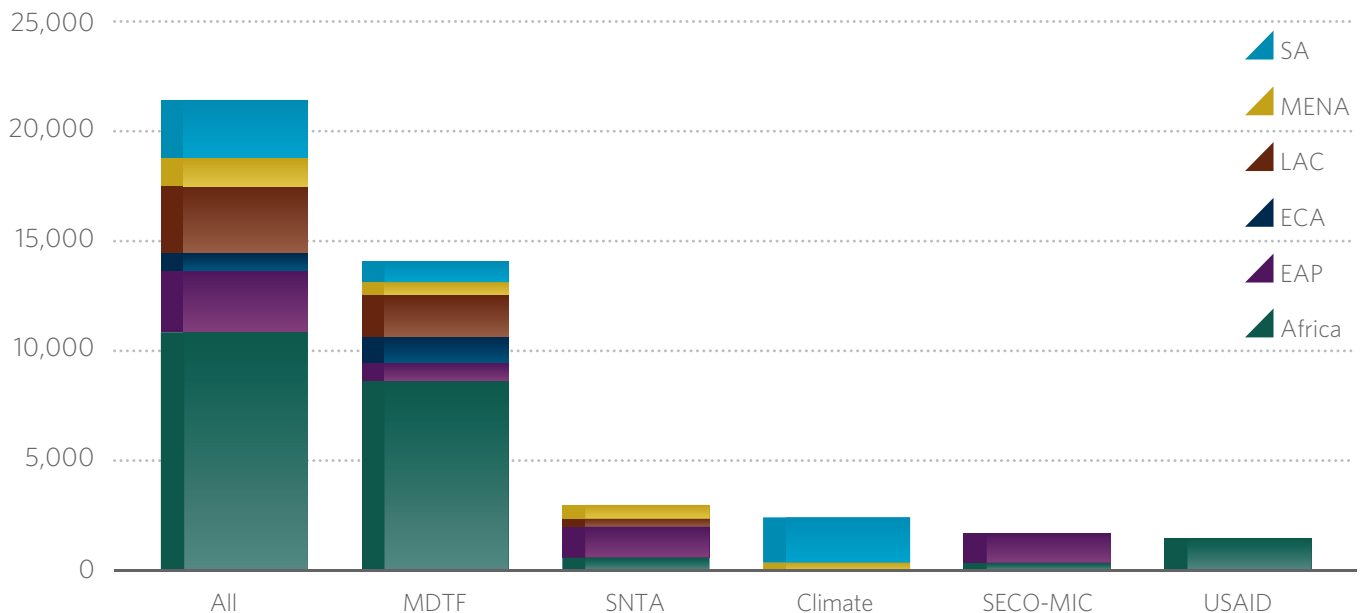


PPIAF invests more than \$10 million in Sub-Saharan Africa

PPIAF support to Sub-Saharan Africa—its primary region of focus—substantially increased, from \$6.5 million last year to \$10.7 million. This represents about half (49 percent) of country-specific grants approved from all PPIAF funding. The share of approvals this year in Sub-Saharan Africa from the PPIAF multi-donor core fund is significantly higher, at 64 percent.

Carving SNTA out of the portfolio presents a clear shift towards Sub-Saharan Africa, given that SNTA provided more pronounced support in East Asia and the Pacific (40 percent) and Latin America (16 percent), where there are more mature sub-national entities, local finance markets and decentralization policies. Nevertheless, SNTA delivered a sizeable amount of support (24 percent) for one activity in Senegal.

FIGURE 8: Regional Breakdown of PPIAF Approvals in Fiscal 2016 (in \$ millions)⁵

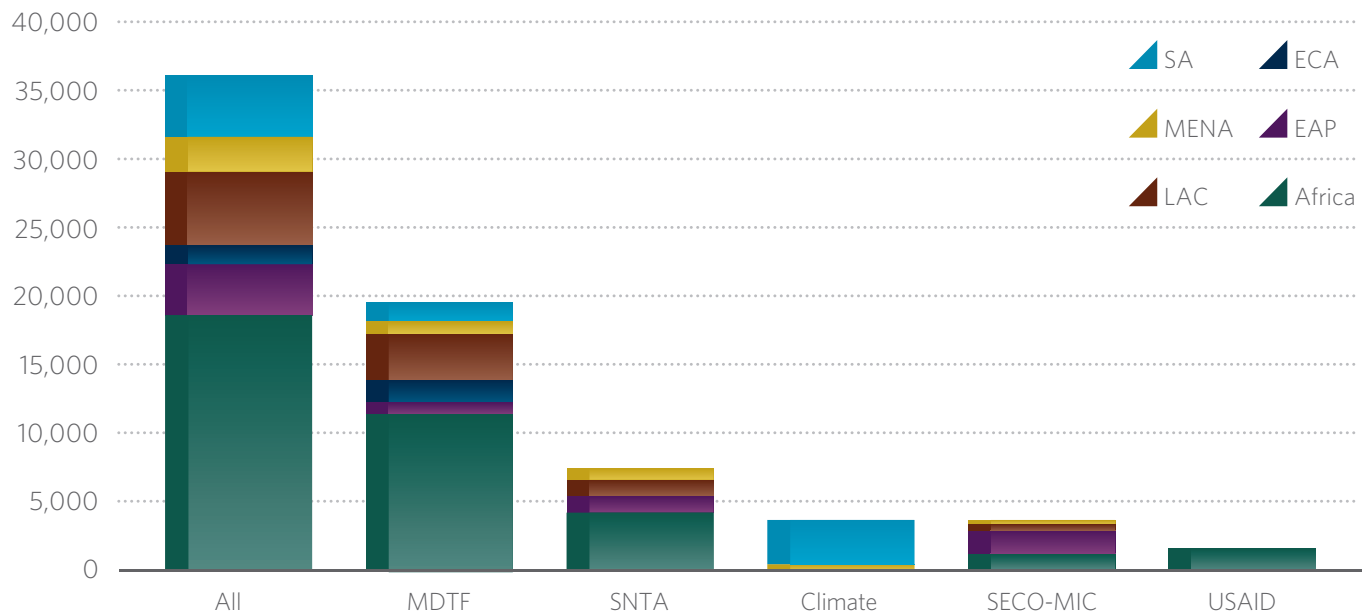


⁵ This figure does not include those activities - either cross regional or global knowledge activities - which are not attributable to a country.

The share of approvals this year in Sub-Saharan Africa from the PPIAF multi-donor core fund is significantly higher, at 64 percent.

The regional profile of all ongoing PPIAF activities is also similar, with a little more than half of activities (51 percent) invested in Sub-Saharan Africa, and the majority of MDTF funding (59 percent) invested in the region.

FIGURE 9: Regional Breakdown of Ongoing PPIAF Activities (in \$ millions)⁶



⁶ ibid



Sub-Saharan Africa

REGIONAL CONTEXT

Although Africa is still one of the fastest-growing regions, it faces significant challenges as a result of the end of the commodity super-cycle and region-specific risks.⁷ Growth slowed to 3.4 percent in 2015, down from 4.6 percent in 2014, mostly driven by a sharp slowdown in the two dominant economies of Nigeria and South Africa, representing the weakest economic pace since 2009. Slower growth deepens the challenge of reducing poverty.

In 2015, Sub-Saharan Africa (SSA) nevertheless saw an increase in private-sector investment in infrastructure (31 percent, compared to the five-year average), but this was driven by South Africa's Renewable Energy IPP Program.⁸

Despite improvements, infrastructure remains underdeveloped all over the continent. PPIAF is supporting countries such as Benin, Côte d'Ivoire, Guinea Bissau, Ethiopia, Madagascar, Mali, Rwanda, Sudan and Uganda, to strengthen their ability to attract private-sector participation through improved PPP policies and laws; implementing decrees; and establishing PPP units to regulate the process of procurement.

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF approved more than \$10.7 million in technical assistance for 20 activities in the region. This represents a 64-percent increase over fiscal year 2015. Three notable groups of activities feature in PPIAF and SNTA assistance to Sub-Saharan Africa this year:

- Systematic engagements on the development of PPP frameworks and programs at the regional and national levels;
- Improving understanding for decision-making on the role of strategic investment funds to leverage private participation in infrastructure; and
- Assisting creditworthy sub-national entities to diversify their sources of financing.

Systematic PPP Program Engagements: Five of the 20 are regional activities pursuing the priority of regional integration: (i) Enabling Private Investment into Communications Infrastructure in the Economic Community of West African States

⁷ <http://www.worldbank.org/en/region/afr/overview#1>

⁸ <http://ppi.worldbank.org/-/media/GIAWB/PPI/Documents/Global-Notes/Global2015-PPI-Update.pdf>

(ECOWAS) Region; (ii) Leveraging the existing regional energy infrastructure to improve internet connectivity in Mali, Mauritania and Senegal through private-sector participation—Phase II; (iii) PPP Support to the Nile Equatorial Lakes Subsidiary Action Program (NELSAP); (iv) Scaling up Power Transmission Investments in Africa (SUPTA); and (v) West African Economic and Monetary Union (in French, UEMOA)—regional PPP institutional and project financing support. Large activities were approved not only for regional projects, but also for systemic country engagements in fragile states such as Côte d'Ivoire, Sudan and Madagascar.

Role of Strategic Investment Funds: Additionally, PPIAF reinforced its support in establishing strategic investment or infrastructure funds (SIF) or specific equity/debt funds in Ghana, Côte d'Ivoire and Senegal. These funds will serve as anchor investors into infrastructure projects with private-sector participation. In response to large demand from the region, and to support the generation of a practical guide about good practices regarding the design and implementation of SIFs, PPIAF funded a knowledge initiative that will provide tools to governments for the establishment of SIFs for infrastructure development.



SNTA ASSISTANCE

Diversifying Finance for Creditworthy Sub-Nationals:

Through SNTA, PPIAF supported an activity that revolves around financing catalytic, local urban-development projects in South Africa, a first in the region; it explored the potential for re-using and/or re-positioning well-located public land to unlock value that could then be redirected to fund critical investments such as housing and urban redevelopment. In Kenya, SNTA is supporting the Kenya Roads Board and the National Housing Corporation to prepare for the issuance of their first bonds.

In Senegal, SNTA is helping to improve institutional infrastructure services by supporting 10 cities, including the capital, Dakar, to improve their financial management. This builds on national strategies (Act III and Plan Senegal Emergent) and aims to provide support and recommendations to the Government of Senegal for the institutional and financial aspects of the ongoing decentralization reform. Enhanced municipal finance will increase the capacity of local governments to meet their financing needs, especially lumpy urban infrastructure, and thus provide enhanced essential urban services to mostly low-income areas.

The City Creditworthiness Initiative (CCI) began with a series of revenue master classes, bringing together municipal financial managers to learn how municipalities can become creditworthy and gain access to private financing for infrastructure. SNTA-funded academies in Tanzania and Uganda have led to the design of country-wide technical assistance programs intended to help cities or central governments address challenges identified during the academies, leading to an increase in own-source revenue for more than four cities in these two countries.

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF's active portfolio in SSA included 44 activities totaling \$18.4 million (51 percent of country/regional activities). The region also saw the closure of 18 activities, totaling \$5.7 million. Some of these have already yielded preliminary results. One activity supported the City of Johannesburg to assess the financial, market and regulatory feasibility of using TIF upgrades at an identified site to fund public infrastructure. Thanks to this support, the issuance of the first TIF bond in Sub-Saharan African could become a reality.

Enhanced municipal finance will increase the capacity of local governments to meet their (Government of Senegal) financing needs, ...and thus provide enhanced essential urban services to mostly low-income areas.

As a result of previous PPIAF assistance for the development of PPP-project pipelines, some initial transactions are being implemented, such as the management contract in the energy sector in Guinea and the ongoing advisory for the roads sector in Uganda.

As part of its support to the Government of Senegal, PPIAF financed the elaboration of a PPP toolkit, which is the first of its kind in francophone West Africa. Managed by the PPP unit, this well-received toolkit provides key information and materials about the PPP institutional and legal framework as well as PPP preparation phases and methodology.

In Rwanda, following the completion of the Kigali Bulk Water Supply Project, the office of the prime minister approved the reform to split up EWSA into two public companies—Power and Energy Holding Company and Water and Sanitation Company—which are to operate as commercial companies to improve performance.

In Mali, PPIAF support was provided in the form of an in-depth examination of key policy, legal and institutional constraints inhibiting the further development of PPPs. It also examined several promising opportunities that could be implemented as PPP transactions. The African Development Bank (AfDB) and AFD are currently helping the government to implement the report's recommendations, with AFD helping the government to update the legal and regulatory framework, and AfDB supporting the establishment of the PPP unit.

LOOKING FORWARD

In fiscal 2017, PPIAF intends to reinforce its support to key thematic areas such as climate change, using the more programmatic approach described in the current strategy. Working together with the Pilot Program for Climate Resilience (PPCR), PPIAF will support the development of climate-resilient private-sector projects in a number of countries in the region. It will also focus on activities designed to scale up access to infrastructure services for the poorest populations in countries such as Ghana, where an activity will focus on strengthening private-sector participation in community water supply, with the aim of expanding access to water and sanitation services to the poorest residents. The portfolio also places a high priority on providing support to fragile and conflict-affected states such as the Democratic Republic of Congo, Guinea Bissau and Madagascar.

There has been an increase in funding requests in the water sector, with a number of activities in the pipeline for PPP scoping studies and options analyses for water improvement in urban and rural settings. Support in Kenya for financing universal access to water will build on ongoing efforts to develop a pipeline of commercially viable projects to be funded under the planned Kenya Pooled Water Fund (KPWF), which will facilitate financing of water-sector infrastructure by issuing long-term bonds in the local capital market.

Going forward, PPIAF is sticking to its objective of investing at least half of its resources in the region. As of the end of fiscal 2016, a pipeline of \$9 million has been developed, including a programmatic activity to support the Kenya PPP program.

BOX 3: Assessment of the PPP Enabling Environment and Development of a PPP Pipeline in Mauritania

PPIAF funding: \$305,750

BACKGROUND:

Located in the arid Sahel region of West Africa, Mauritania is one of the world's poorest countries, and its economy is heavily dependent on natural resources, including oil. There are, in fact, two parts of the economy: a resource-dependent, capital-intensive modern enclave economy that serves as the engine for export growth, but has little direct impact on the population, and a subsistence economy supporting half of the population. This presents a formidable challenge to poverty reduction. Except for the telecom sector, the private sector in Mauritania is not active in infrastructure; its involvement is constrained by weak policy and legal frameworks. Recently, the government has expressed strong political support towards progressing on a PPP agenda, including the development of a pipeline of potential projects that could be procured through PPPs in the transport and energy sectors.

PPIAF'S CONTRIBUTION:

PPIAF funded a PPP enabling environment assessment note, which identified a need for the formal adoption of a PPP law and the establishment of a PPP unit that will administer the country's PPP program in order to provide clarity to market participants on PPP development and opportunities.

PPIAF also supported the World Bank and AfDB teams to provide training activities for 28 institutions across Mauritania on PPP best practices. This wide outreach allowed representatives of line ministries to familiarize themselves with PPPs and to become aware of what they entail.

An appraisal of 44 infrastructure projects in the transport, energy, water and sanitation, and urban services sectors was also undertaken. The projects were assessed based on established criteria such as government support and engagement, technical viability, economic and social cost-benefit ratios, potential value for money, and applicability of PPP as a delivery mechanism. Three projects (a container terminal in the port of Nouakchott; an oil storage facility in the port of Nouadhibou; and a solid waste management project for the City of Nouakchott) were identified as having the potential to be developed further as PPPs.

PROGRESS:

The technical assistance has contributed to making PPPs a priority on the national agenda. The Government of Mauritania established a high-level inter-ministerial committee to oversee the PPP reform agenda—specifically, developing PPP regulation, assessing progress on the projects being developed as PPPs, and setting up a new PPP unit. This committee will serve as a counterpart to the World Bank team that is supporting the government in drafting the PPP law and associated implementing decrees.

The government is considering recruiting transaction advisors for these projects (such as the IFC's PPP Transaction Advisory Services (C3P) team) as well accessing support from GIF.

The Ministry of Finance has requested follow-up PPIAF support to perform the following key actions:

- Operationalization of the new PPP unit through the elaboration of operating guidelines and procedures for processing PPP projects;
- Assistance to ministries, municipalities and government agencies to identify, evaluate, negotiate, monitor and develop PPP projects; and
- PPP information dissemination, training and capacity-building.



East Asia and the Pacific

REGIONAL CONTEXT

Growth in East Asia and the Pacific has remained resilient and is expected to ease only modestly over the coming years, from 6.5 percent in 2015 to 6.2 percent in 2017-18. This reflects China's gradual shift to slower, more sustainable growth; aggregate growth in the Association of Southeast Asian Nations (ASEAN) economies remains stable.⁹

In a region marked by rapid urbanization and development, infrastructure needs are immense. Countries need further investment in infrastructure—to expand access and rehabilitate existing assets—to sustain their economic development, and private-sector investment is required to make this a reality.¹⁰ Despite the decline in private-sector investment in infrastructure since 2012, EAP attracted private-sector investments amounting to \$13.5 billion across 79 new projects in 2015, which represented 12 percent of infrastructure investments by the private sector globally.¹¹

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF approved six new activities in the region, totaling \$2.8 million and representing 13 percent of the global PPIAF portfolio. In gross terms, this is an increase over the \$1.9 million allocated to the region in fiscal 2015.

Reflecting the region's experience in PPPs, PPIAF's technical assistance targeted specific capacity strengthening in sectors, rather than general PPP framework development. Three activities approved this year provided support in Vietnam and Laos. In Vietnam, PPIAF approved: i) "Extending Community Inclusive Performance-Based Road Maintenance for Local Road Networks," supporting the scaling up of performance-based contracts for local road networks with a gender-inclusive approach, and ii) "Roadmap for Natural Gas Market Development," providing the government with guidance on market-based pricing of natural gas, long-term natural-gas market development, and the regulatory framework for price formation. In Laos, PPIAF approved "Institutional Readiness Program for Highway Sector PPPs Phase II," which is a follow up to the previous PPIAF-funded activity on the institutional readiness program for highway-sector PPPs. The activity aims to assist and advise the Ministry of Public Works and Transport in establishing an institutional framework to enable PPPs and to develop project procedures that will become a standard for future PPP projects.

9 <http://www.worldbank.org/en/region/eap/overview>

10 http://unctad.org/en/PublicationsLibrary/unctad_asean_air2015d1.pdf

11 <http://ppi.worldbank.org/~media/GIAWB/PPI/Documents/Global-Notes/Global2015-PPI-Update.pdf>

AREAS OF SNTA ASSISTANCE

PPIAF approved three SNTA activities focusing on catalyzing finance and credit ratings. In China, PPIAF approved “Technical Assistance to Improve Municipal Financing in Hunan Province,” to develop a municipal financing mechanism and build PPP capacity to finance municipal infrastructure. In Indonesia, PPIAF launched “Strengthening Subnational Fiscal Capacity for Infrastructure Financing,” which is follow-on assistance to three sub-national governments to improve access to capital market through municipal bond issuance. In Vietnam, PPIAF approved “City Infrastructure Financing Facility Project,” supporting setting up a pilot infrastructure financing facility to finance municipal infrastructure in Vietnam, by acting as a second-tier lender encouraging commercial banks to lend to sub-national governments on a market-driven basis.

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF’s active portfolio in EAP included eight activities totaling \$3.8 million. The majority (59 percent) of support is focused on helping countries put the conditions in place necessary for them to attract much-needed private financing for infrastructure. Alongside this, helping countries to build institutional capacity and develop the frameworks required to overcome infrastructure gaps and manage private investment is also very important, as is helping subnational entities become more creditworthy.

This year, the region saw the closure of eight activities, totaling \$2.8 million, some of which have already yielded preliminary results. Notably in Timor-Leste, a fragile country where PPIAF assisted with building the government PPP unit’s capacity for developing and implementing PPPs, PPIAF support helped spur the successful commercial close of the Tibar Bay Port concession. It has a total value of about \$280 million, of which nearly \$150 million will be provided by the private-sector partner and roughly \$130 million will be provided by the government.¹² In Indonesia, where SNTA provided assistance to improve access to capital markets through municipal bond issuance, selected sub-national governments (East Kalimantan and Semarang) are in the process of creating a debt management unit (DMU) and preparing local regulations to enable bonds issuances, hopefully in 2017 or 2018.

LOOKING FORWARD

In fiscal 2017, PPIAF expects its engagement in EAP to grow slightly over fiscal 2016 figures, helped by the scheduled opening of a regional office in Singapore in November 2016. Future support will continue to focus on specific sector institution building and creditworthiness. The focus will remain on priority MIC countries, such as Vietnam and Indonesia, and fragile countries such as Timor-Leste. Heading into the new fiscal year, the EAP pipeline is already robust. In Mongolia, PPIAF will support the Municipality of Ulaanbaatar to improve its financing capacity for public transport infrastructure and its capital investment planning. In Vietnam, PPIAF will support the Ministry of Transport to implement railway sector reform encouraging private-sector participation in the operation and maintenance of railway services. In Timor-Leste, PPIAF will help the government to establish a project management office to manage the recently awarded Tibar Bay Port concession.

¹² <https://www.mof.gov.tl/state-of-the-art-tibar-bay-port-brings-largest-ever-private-investment-to-timor-leste-2/?lang=en>

BOX 4: PPP Program Support to the Government of Timor-Leste

PPIAF funding: \$250,000

BACKGROUND:

Since 2013, PPIAF has supported the Government of Timor-Leste (GoTL) in strengthening institutional capacity to develop and implement PPP projects. This activity helped the government in setting up a PPP Unit and in establishing a procedure and mechanism for using the petroleum fund to make public contributions to PPP projects. It also provided support to increase the capacity of government officials to enable them to play a more active role in taking PPPs to market. This assistance was provided in parallel with the IFC's transaction advisory to the Tibar Bay Port concession, the country's first PPP project.

PPIAF'S CONTRIBUTION:

In order to help the GoTL's PPP unit to improve capacity, PPIAF provided technical assistance in the following areas:

- Provided guidance and reviewed the PPP project cycle;
- Developed criteria to screen projects and determine their eligibility as PPPs;
- Supported the PPP unit in reviewing infrastructure project pipeline opportunities to determine their eligibility as PPP projects;
- Developed a process through which the PPP unit and the Ministry of Finance can identify and assess public-sector direct and contingent liabilities arising from a PPP project;
- Developed a process to assess the cost of using petroleum/infrastructure fund proceeds to fund the public component of PPPs; and
- Proposed setting up the project management unit for Tibar Bay Port concession.

RESULTS:

PPIAF was able to successfully help the PPP unit to develop and implement its first PPP concession. Through a competitive bidding process, the GoTL awarded the concession of the port to the French group Bolloré, with a competitive financial offer (\$129 million for proposed viability gap funding) in June 2016. Additionally, a PMU is being set up to manage/regulate the Tibar Bay contract on behalf of the government. PPIAF funding is sought for the establishment and staffing of the PMU, as well as for assistance for the first two years after signing the concession. In addition to Tibar Bay, the PPP unit, with the support of PPIAF, has been assessing various other PPP opportunities.



Eastern Europe and Central Asia

REGIONAL CONTEXT

Demand for PPIAF support in the region remains strong. The economies of Eastern Europe and Central Asia (ECA) continue to face difficulties in an uncertain global economic environment, with short-term prospects differing substantially across countries. The economies of Central Asia and the South Caucasus, hit hard by low commodity prices and reduced remittances, are expected to contract.¹³ This strains their fiscal space and ability to finance their infrastructure needs through the public purse alone, further highlighting their need for private investment. Countries in the Western Balkans will fare slightly better, with slow growth. Nevertheless, all will need private investment to provide adequate infrastructure services to their populations. The countries' small size points to a need to focus on regional solutions. Private-sector investment in infrastructure in the region's PPIAF-eligible countries saw significant growth at the close of 2015; however, this is primarily due to several large mega-deals in Turkey. Beyond Turkey, in recent years, most ECA countries have seen very little private investment in infrastructure, despite significant infrastructure needs.¹⁴

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF provided \$1.1 million for three technical assistance activities in ECA, representing five percent of total PPIAF funding. It should be noted that starting in August 2015, a PPIAF staffer was relocated to Pristina (Kosovo), giving us closer access to local and regional counterparts. Whereas in gross terms, PPIAF support to the region almost doubled compared to fiscal 2015, as a percentage of total funding, it held steady. Approved activities span countries and sub-regions, though all are informed by or build on previous PPIAF technical assistance and complement the work of other donors active in the region. In early fiscal 2016, PPIAF approved an activity that builds on years of support to Armenia's water sector. The activity will complement transaction advice being provided by the European Bank for Reconstruction and Development (EBRD) and support an institutional assessment that will inform the design of a planned new nationwide lease contract. In Ukraine, PPIAF approved an activity to help with the development of a climate-friendly and cost-effective logistics action plan. This activity is informed by ongoing PPIAF work in Ukraine's rail sector and complements the work of donors such as the Global Infrastructure Facility and the Korean Green Growth Trust Fund. Most recently, PPIAF approved an activity to help promote regional connectivity in the Western Balkans through the effective use of infrastructure sharing. This regional activity directly benefits from the Kosovo infrastructure-sharing activity, which closed in fiscal 2016 and is described below.

¹³ <http://www.worldbank.org/en/region/eca/overview>

¹⁴ Based on data accessed from <http://ppi.worldbank.org/>



Support will focus on fragile, post-conflict countries such as Kosovo and lower-income countries in Central Asia such as Tajikistan, and benefit from strong donor and partner coordination.

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF's active portfolio in ECA included five activities totaling \$1.6 million. The majority (75 percent) of support is focused on developing the institutional capacities and frameworks necessary for countries to attract private-sector finance for infrastructure. Helping regions such as the Western Balkans to harmonize policies and frameworks to improve connectivity and provide a more attractive market for private-sector investment is also important.

The region also saw the closure of one activity in the fragile state of Kosovo designed to help the government think through and understand how to best approach leasing the energy transmission company's (KOSTT) excess fiber-optic capacity. Doing so will provide extra revenues for the transmission company and help cover operational and maintenance costs. It will also enable telecom providers to forgo the costly construction works component of broadband development and allow them to extend services to underserved areas. The Government of Kosovo has championed this work and included "expansion of the relevant infrastructure for ICT networks and services for socio-economic development" as a reform target in its 2016 Economic Reform Program. It proposes leasing 80 to 90 percent of KOSTT's unused dark-fiber infrastructure as a way to achieve this. KOSTT has already begun initial negotiations with a local telecom provider.

LOOKING FORWARD

Demand for PPIAF and SNTA in the region remains strong, so while strategic priorities push PPIAF to focus on other, lower-income, regions, PPIAF will continue to devote about five percent of its overall funding portfolio to activities in ECA. Support will focus on fragile, post-conflict countries such as Kosovo and lower-income countries in Central Asia such as Tajikistan, and benefit from strong donor and partner coordination.



BOX 5: Kosovo: Building Stakeholder Support for Public-Private Partnerships in the Energy Sector

PPIAF funding: \$175,000

BACKGROUND:

Kosovo, a newly independent, post-conflict country in the Balkans, suffered from serious technical, operational and financial problems in its state-owned power sector. Outdated generation and distribution infrastructure led to high technical losses, unreliable electricity supply, and a dependence on imports. In response, the government of Kosovo undertook a series of reforms to develop its electricity market. These included the unbundling of its vertically integrated mining, generation, distribution and supply operations, so that the distribution and supply divisions would be spun off into a new corporation, the Kosovo Electricity Distribution and Supply Company (KEDS). Doing so, however, would receive significant push back from the public, given the perception that the private sector would likely raise prices. The government needed to manage the communications around these changes carefully.

PPIAF SUPPORT:

PPIAF provided two related and relatively small grants to help the Ministry of Economic Development, in charge of the energy sector, to conduct public-opinion research and develop a communication and outreach strategy. The opinion research was one of the key components of the project and included a national survey of 1,000 Kosovars. The assistance helped develop a solid strategy for the information campaign and revealed a number of openings that the Ministry of Economic Development could use when communicating its energy reforms.

RESULTS:

The public information campaign for the Ministry of Economic Development in Kosovo was launched in December 2013, and several components of the communications strategy (e.g., a Facebook page with updates on energy reforms) were implemented. As a result, the government was also able to successfully privatize its distribution company without incident.



Latin America and the Caribbean

REGIONAL CONTEXT

Latin America and the Caribbean (LAC) has been one of the pioneers in private-sector participation in infrastructure. The first PPPs in the region were developed in the late 1970s; since then, the region has used PPPs as a source of innovative solutions to overcome infrastructure bottlenecks typical in developing countries. Although much has been done in this space, LAC continues to have a significant infrastructure shortage. According to infrastructure specialists, LAC should invest between 3.6 and 5.2 percent of GDP in order to close the undersupply of infrastructure in the region in the next 20 years. However, most countries in the region invest less than two percent of their GDP in infrastructure.^{15,16} Given this context, the role of private-sector investment in infrastructure has intensified since 2012, but more needs to be done. In 2015, LAC closed 128 projects worth \$35.2 billion, representing a decline of 32 percent over the previous five-year average.¹⁷

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF funded four new technical activities (worth \$2.56 million) in LAC; one is described in detail below. All have a strong partnership component, and three of them allowed PPIAF to partner with new organizations such as CAF (Corporación Andina de Fomento), CABEL (The Central American Investment Bank) and DINEPA (Haiti's water utility company). An additional \$1.8-million program was approved in 2016: the Central America Regional PPP Program will be developed in partnership with the MCC (Millennium Challenge Corporation), IDB (Inter-American Development Bank), CABEL and the World Bank, and will benefit all six Central American countries. This program is expected to deliver 16 pre-feasibility studies, having a direct impact on the capacity of those countries to reduce their infrastructure gaps.

AREAS OF SNTA ASSISTANCE

The SNTA program is very active in the LAC region. In fiscal 2016, SNTA completed phase-one support and approved phase-two support for activities designed to help the Government of Colombia finance infrastructure for urban redevelopment through TIF. The first phase provided useful insights on potential legal and regulatory bottlenecks needing

15 Perrotti, Daniel and Sánchez, Ricardo J. (2011), "La brecha de infraestructura en América Latina y el Caribe," Recursos naturales e Infraestructura Series No. 153, United Nations publication, Santiago, Chile.

16 Ruiz Nunez, Fernanda and Wei, Zichao (2015), "Infrastructure investment demands in emerging markets and developing economies," Policy Research working paper, no. WPS 7414, World Bank Group, Washington, D.C.

17 <http://ppi.worldbank.org/-/media/GIAWB/PPI/Documents/Global-Notes/Global2015-PPI-Update.pdf>

further study and the key operational factors that should be taken into account in subsequent stages of the project. The second phase, approved in fiscal 2016, will support the national government and the cities of Medellín and Bogotá to move towards a successful TIF operation—the first outside the United States.

In Quito, Ecuador, the program is supporting the municipality to enable it to borrow in the domestic capital market to partly finance the metro and to improve the efficiency of transport-services provision through increased private-sector participation in operations. The SNTA-PPIAF program is also active in Peru's water and sanitation sector (see Box 6).

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF's active portfolio in LAC included 10 activities totaling close to \$5 million. The majority (69 percent) of support is focused on developing the institutional capacities and frameworks necessary for countries to attract private finance for infrastructure. Helping regions such as the Caribbean to attract private investment for PPPs on a regional scale is also important, as is working with municipalities and sub-national entities.

The region also saw the closure of three activities, totaling \$682,000. The above-mentioned SNTA activity in Colombia has led to follow-on support. As a result of PPIAF support designed to help the government understand private-sector investment opportunities in the LNG sector, officials are better placed to evaluate commercial and technical options for the importation, re-gasification and power generation of LNG.

This year, PPIAF also finalized support to Colombia to help the national government and the Government of Bogotá explore financing options for the Bogotá Metro Project, and provide a detailed roadmap for the implementation of the preferred option(s). Although a bus rapid transit (BRT) system was eventually chosen over a metro, PPIAF support aided the secretariat of finance in detailing a roadmap for the implementation of its financing strategy. The activity also increased the capacity of Bogotá government officials to evaluate PPPs.

LOOKING FORWARD

In Fiscal 2017, additional PPIAF support to the region will be on par with the level provided in fiscal 2016. The focus will be on implementing the four activities approved in fiscal 2016, including a large program that will be developed in Central America. Furthermore, in alignment with our climate-change energy-efficiency thematic priority, PPIAF aims to support one activity in a priority MIC to help promote private-sector participation in clean energy. Other activities are currently being designed in partnership with World Bank teams on various topics, including to help spur investment in fragile countries such as Haiti, and helping sub-national governments in MICs to become more creditworthy and access commercial finance.

Moreover, in the coming fiscal year, it is expected that a PPP toolkit stemming from the Caribbean program will be available online, not only for Caribbean countries, but for any small economy that desires to finance infrastructure through PPPs.



BOX 6: Creditworthy Peruvian Municipal Banks and the Creation of Sanitation Markets for the Base of Pyramid Poor - Activity 1 & 2

PPIAF funding: \$150,000

BACKGROUND:

The Water and Sanitation Program (WSP) has been leading the “Creating Sanitation Markets” initiative (CSMI) that seeks to increase quality sanitation services and sustainable hygiene practices in poor households through: a) enhancement of domestic private-sector participation in designing and setting up business models to meet the expectations and needs of poor households without quality sanitation access; b) strengthening of national and local government’s capacity to enable reforms; and c) testing mechanisms for integrating the CSMI approach into the sanitation and hygiene programs of government, donors and the private sector.

Starting in fiscal 2015, PPIAF-SNTA partnered with WSP and ESMID to develop a product tailored to the Peruvian market, where only 28 percent of poor and nine percent of extremely poor households have access to sewerage, and about a third of extremely poor households (33.6 percent) do not have any form of safe excreta disposal systems. This initiative consisted of building the corporate governance, financial management and sanitation-related micro-credit lending capacity of local Peruvian public banks (Cajas Municipales de Ahorro y Credito (CMACs)) within the context of their role of providing small loans to the poor for the purpose of financing household-level sanitation improvements.

Opportunities for CMACs to provide financing in the sanitation supply chain were identified as follows: (i) designing and testing a sanitation loan to un-served households; (ii) innovating on the current or potential financial products for sanitation; (iii) incorporating into the current CMACs’ business models new activities that none of the other CSMI chain agents are able or willing to do; and (iv) being the entry point for reaching an unbanked market segment living below the poverty line.

Given the strong potential of the CMACs to have significant impact in the scaling up and financing of sanitation markets that serve the base-of-pyramid poor, PPIAF-SNTA and WSP have decided to pool their resources, relative foci and strengths to build the capability of three selected CMACs (Huancayo, Sullana and Trujillo) in WSS micro-lending and by extension their capacity to attract finance from the local capital market that can be directed toward sanitation investments.

PPIAF'S CONTRIBUTION:

PPIAF contributed by:

1. Pre-screening CMACs and key micro-finance institutions (MFIs) (four to five CMACs identified)
 - a. Rapid research to understand the current sanitation loan market to consumers in Peru and its key players. This will establish the main results up to now, key drivers behind the launch of this sanitation loan, and barriers and opportunities for scaling up.
 - b. In-depth interviews with CEOs and general managers of key MFI players, as well as 12 suitable CMACs candidates, in order to identify evaluation criteria for selecting those most likely to benefit from an intervention through this program.
 - c. Design of evaluation criteria (e.g., scope, financial scores, pro-poor business objectives, working philosophy, corporate social responsibility, etc.) and pre-screening of four or five CMACs.
2. Market research and design of micro-lending products
 - a. Develop market research (qualitative and quantitative) to deepen the understanding of perceptions of costs and benefits, beliefs, practices and barriers for customers to use formal financial services to invest in sanitation at the housing level.
3. Implementation and measurement and evaluation of micro-lending products
 - a. Establishment of task force to lead the implementation process of micro-lending products within CMACs.

RESULTS:

Using a relatively small grant provided by PPIAF, the World Bank team created Mi Baño, an affordable sanitation product that will benefit 2.4 million households in Peru.

In only one year and five months, the World Bank team worked in partnership with the three selected CMACs—Huancayo, Trujillo and Sullana—to develop the business model for Mi Baño, based on a shared-value approach. The World Bank team created a low-cost complete bathroom package and reduced customer transaction costs by 40 percent. As a result of the effort put forth by the World Bank team, in partnership with the CMACs and the Mi Baño Association (created in June 2015), the Mi Baño product was launched and leveraged \$7 million of investments from stakeholders, including financial support from the Inter-American Development Bank to support private MFIs to develop microloans for sanitation. Based on the successful launch, the World Bank team is now evaluating opportunities to expand the product to other parts of Peru, and will quite likely also look into bringing it to other countries with similar profiles.

To learn more about this initiative, please refer to <http://www.mibano.org/>.



Middle East and North Africa

REGIONAL CONTEXT:

The Middle East and North Africa (MENA) region remains in turmoil. Civil wars in Syria, Iraq, Libya and Yemen have inflicted extreme damage on human lives and infrastructure, forcing an estimated 15 million people to flee and giving rise to the biggest refugee crisis since World War II.¹⁸ At the same time, cheap oil and a subdued global economy further dampen the prospects of the region's economic recovery. The average growth rate in MENA is projected to remain low, at three percent in 2016¹⁹.

The region suffers from an acute infrastructure deficit and an annual investment gap of \$80 billion.²⁰ To spur the economic development and job creation needed to absorb a young population, this deficit must be addressed, which will require significant private-sector investment to supplement available public funding.

Despite the turmoil, recent investment trends in infrastructure have been positive in select countries, bolstered by large solar-power deals in Jordan and Morocco. The first half of 2015 saw an increase in private-sector investment in infrastructure in MENA—investment commitments totaled \$2.2 billion, representing nine percent²¹ of global investments.

This shows that an appetite for private-sector investment in infrastructure does exist, provided the right conditions are in place. Demand for PPIAF support and expertise to create the necessary enabling conditions for private-sector participation in infrastructure remains high.

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF approved just more than \$1.5 million in technical assistance for four activities in MENA, representing seven percent of total PPIAF support. This is roughly the same amount in dollar terms that PPIAF allocated to the region last year; however the region received a greater proportion of PPIAF funding (11 percent²²) in fiscal 2015. Notably, two new activities are being funded through SNTA (described below), and two activities support work in the fragile and conflict-

18 <http://www.worldbank.org/en/region/mena/overview>

19 World Bank's MENA economic monitor <http://www.worldbank.org/en/region/mena/publication/mena-economic-monitor>

20 World Bank -Infrastructure Investment Demands in Emerging Markets and Developing Economies

21 <http://ppi.worldbank.org/-/media/GIAWB/PPI/Documents/Global-Notes/H1-2015-Global-Update.pdf>

22 See figure 6 of PPIAF's 2015 Annual Report

affected states of Lebanon and West Bank and Gaza. PPIAF is supporting Lebanon to develop the institutional framework necessary for PPPs and special economic zones; it is supporting West Bank and Gaza to help the Palestine Energy and National Resources Authority (PENRA) improve energy security by diversifying its sources of electricity and reducing the country's dependence on imported power; increase the use of renewable energy; and attract private-sector participation (PSP) to the renewable energy sector in situations that can benefit from the private sector's expertise. Because of the area's favorable climate—the Palestinian Territory has about 3,000 hours of sunshine per year—the Palestinian Authority is hoping to secure enough investments in the renewable-energy sector to reach its goal of making renewables comprise 25 percent of the total energy mix by 2020.

SNTA ASSISTANCE

The bulk of SNTA support to the region is focused on improving the performance of sub-national entities and municipalities so that they can provide better infrastructure services to end users. SNTA continues to provide upstream support to sub-national entities, with most support centered on strengthening institutional frameworks and financial management capacity, as well as improving sub-national authorities' access to market-based financing. Ongoing SNTA activities within the region include:

- Technical assistance to the Greater Amman Municipality (GAM), to enhance its institutional and financial management systems.
- Supporting selected municipalities in Morocco to improve the framework for sub-national financing of urban transport projects, as well as to boost the financial and operational performance and creditworthiness of sub-national entities.
- Enhancing the financial sustainability of the national water utility (SONEDE) in Tunisia by identifying an action plan for SONEDE and the Government of Tunisia to allow SONEDE to regain its financial equilibrium and thereby improve its capacity to seek financing to implement the national investment program.
- Developing the municipal lending framework in West Bank and Gaza through capacity building for the Municipal Development and Lending Fund (MDLF). PPIAF will assist MDLF to assess the creditworthiness of large and medium municipalities in West Bank and Gaza and identify those that are in a position to borrow.

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF's active portfolio in MENA included seven activities totaling \$2.9 million. Most ongoing support (58 percent) is focused on developing the institutional capacities and frameworks necessary for countries to attract private finance for infrastructure; the remaining support is focused on helping sub-national entities to improve their creditworthiness and financial practices so they can access private-sector finance for infrastructure services.

The region also saw the closure of four activities, totaling just more than \$1 million; three of these have helped countries in the region develop their PPP frameworks, programs and strategies. Support to West Bank and Gaza has helped the country assess its PPP readiness, develop a PPP strategy, and identify a pipeline of potential projects. Based on the proposed strategy and pipeline, the government is considering promoting a few projects as PPPs, including solar-power projects for which PPIAF has also been asked to support prefeasibility studies.

In Jordan, PPIAF helped the government to advance its PPP agenda, from both transaction and enabling-environment standpoints. PPIAF supported the creation of PPP executive regulations, a business plan for the PPP unit, and a PPP diagnostic to identify gaps in the enabling environment. The PPP executive regulations were approved by the Cabinet, and the government has requested follow-up support from PPIAF to implement the business plans and address shortcomings identified by the diagnostic.

PPIAF also supported Morocco, Tunisia and Egypt in strengthening their transport ministries to render them capable of identifying and preparing viable PPP projects. In Tunisia, PPIAF helped the government pre-assess and recommend the institutional model for the PPP covering the expansion of the Radès port. It helped various technical stakeholders, such as the port authority and the ministry in charge of transport, to identify an institutional model solution which took into account political economy considerations.

The fourth activity, which closed in fiscal 2016, helped Egypt identify private-sector participation options for the Abu Tartour Port (ATP). The activity supported the Ministry of Trade and Industry (MTI) and the PPP Central Unit of the Ministry of Finance (PPPCU) to identify a preferred PPP option for the expansion of the ATP through private-sector participation and gauge the private sector's interest in developing, constructing, financing and operating new terminals and related industrial activities at the ATP. The activity identified a preferred option that is technically feasible and financially viable, and the government is in the process of signing a mandate with the IFC for advisory work to implement the project as a PPP.

LOOKING FORWARD

PPIAF's fiscal 2017 pipeline in MENA thus far includes eight activities, totaling \$2.8 million. Support in the region will remain focused on institutional framework development. Support to MENA will remain about 10 percent of total PPIAF funding.

PPIAF will continue to prioritize support to fragile countries in the region—Lebanon, Iraq, West Bank and Gaza—to help them build their institutional capacity and increase their national governments' and sub-national authorities' creditworthiness, political buy-in and ownership. In line with the increased number of funding requests from client governments, the nature of the support requested is also expanding to include further downstream support, such as key early-stage preparatory work, and transaction advisory services to governments regarding public-private partnerships (PPPs).

PPIAF acknowledges that there is a need to provide additional support and hand holding to help the clients operationalize their PPP policies and increase institutional capacity for improved service delivery through PPPs. To this end, PPIAF is increasingly partnering with the IFC and the Global Infrastructure Facility (GIF) to provide transaction advisory support and to enable the mobilization of private-sector and institutional investor capital.



BOX 7: Contract Management Support in the Solid-Waste Sector in Morocco

PPIAF funding: \$57,370

BACKGROUND

Between 2007 and 2011, Morocco made great progress towards establishing foundations for integrated and affordable municipal solid waste (MSW) management systems. Private-sector involvement became the main mode of provision of solid-waste collection and disposal services in cities. The government expressed a strong commitment to continue strengthening the enabling environment for sustainable private-sector participation in this sector. In addition to improving financial planning, contract quality and clarity, and contract management/governance, the government needed to address a large problem with contractual arrears.

PPIAF'S CONTRIBUTION

In 2012, PPIAF provided support to the government of Morocco to carry out a review of the management of small-scale private collection and landfill contracts in multiple municipalities across Morocco. The review assessed contract management issues to enable the design of operational and policy-oriented recommendations to allow the municipalities to resolve contractual arrears and performance issues related to the contracts.

RESULTS

Following PPIAF assistance, the Ministry of Interior prepared and adopted two circulars—one on the preparation of the local governments' 2013 budget, and one specific to MSW contract arrears. The circulars address the issue of arrears due by local governments under municipal solid-waste service contracts, including specific instructions and guidance on: (i) fairly estimating service costs; (ii) price revision; and (iii) budget arrangements regarding arrears rescheduling agreements. Additionally, the government improved specifications (“cahier des charges”) and contracts with the private sector. In particular, the government has introduced new clauses on arbitration modalities in specifications and contracts to improve dialogue and prevent disputes in the future. Finally, support from PPIAF and WB programs²³ has greatly reduced arrears, which fell from 70 percent²⁴ in 2012 to 32 percent at the beginning of 2014.

²³ PPIAF recommendations have been incorporated in several World Bank Solid Waste Sector Development Policy Loans (DPL). In particular, the third and fourth DPLs looked at measures for improving the business climate and the quality and effectiveness of private-sector participation in municipal solid waste. The fourth DPL also supported conciliation mechanisms between government, municipalities and the private sector. PPIAF and World Bank support has helped open up a dialogue channel and discussion forum between the public and private sectors.

²⁴ Percentage of total volume of arrears (as declared by private operators) compared to the original annual total amount of MSW contracts



South Asia

REGIONAL CONTEXT

Over the last decade, South Asia has experienced a long period of robust economic growth and been among the fastest-growing regions in the world. However, the region still needs to invest up to \$2.5 trillion to bridge its infrastructure gap over the next 10 years²⁵. The region is also prone to extreme climate change impacts ranging from intense rainfall, flooding and severe storms to extended droughts and heat waves that expose the vulnerability of its existing infrastructure systems. This situation is exacerbated by the growing urbanization challenges and population growth trends that are also serving to widen the infrastructure gap.

The overall private participation in infrastructure (PPI) investment in South Asia fell from \$6.2 billion in 2014 to \$5.6 billion in 2015, a nine-percent decline. Nevertheless, during the calendar year 2015, 43 deals were closed, totaling \$5.6 billion. Most of these projects (33) were in the energy sector, followed by the transport (eight) and water (two) sectors. Although the number of generation projects are down compared with the last few years, the projects comprising renewable-energy sources—wind, solar and hydro—represent a three-year high²⁶ (31 projects). The South Asia region has thus been positioning itself by engaging the private sector as key partners to not only develop low-carbon and climate-resilient infrastructure to help bridge the infrastructure gap, but also to address climate change while simultaneously aiming to meet the region's broader economic, social and environmental challenges through sustainable (climate-smart) infrastructure solutions.

AREAS OF PPIAF ASSISTANCE

In fiscal 2016, PPIAF approved approximately \$3 million in four new technical-assistance activities, double the amount funded the previous year. These new activities span PPIAF's priority sectors of energy, transport and water, and are being implemented in Nepal (one), Bangladesh (one) and Pakistan (two) respectively. Notable within the overall South Asia portfolio is the \$2.1-million grant to Nepal, funded through PPIAF's dedicated climate change non-core trust fund. This is a multi-year programmatic activity targeting power-sector reforms (e.g., tariff reforms and power trading) to develop renewable hydropower resources through private-sector engagement.

25 South Asia's \$2.5 trillion infrastructure gap - World Bank Feature Story, April 2, 2014 (<http://www.worldbank.org/en/news/feature/2014/04/02/south-asia-trillion-infrastructure-gap>)

26 2015 South Asia (SAR) PPI Update (<http://ppi.worldbank.org/-/media/GIAWB/PPI/Documents/Data-Notes/SAR-Update-2015.pdf>)



The South Asia region has thus been positioning itself by engaging the private sector as key partners... aiming to meet the region's broader economic, social and environmental challenges through sustainable (climate-smart) infrastructure solutions.

In Bangladesh, PPIAF support is focusing on the transport sector, to improve the Public Transport Service in Chittagong. In Pakistan, PPIAF is funding the development of a framework to reduce non-revenue water (NRW) through performance-based contracts through the Faisalabad Water and Sanitation Agency (F-WASA). This water-sector activity is expected to improve the network efficiency, service standards and customer base, leading to increased revenues from improved efficiency in water supply in the City of Faisalabad.

AREAS OF SNTA ASSISTANCE

The SNTA program has been less active in the South Asia region, though in fiscal 2016, it approved an activity in Pakistan that will help the municipality of Karachi carry out a credit rating.

PROGRESS HIGHLIGHTS IN FISCAL 2016

At the close of fiscal 2016, PPIAF's active portfolio in the South Asia region included nine activities totaling nearly \$4.8 million. The majority (80 percent) of support, including the climate-change focused support to the government of Nepal, is fundamentally focused on developing the institutional capacities and frameworks necessary for countries to attract private-sector finance for infrastructure. Other support aims to help governments access financing for infrastructure services and improve the creditworthiness of municipalities.

The region also saw the closure of two activities, totaling \$292,000, and saw some preliminary results from ongoing and completed activities:

- PPIAF grant funding in India for the State of Odisha helped to facilitate the development of a 1000-megawatt renewable-energy solar park project (more details can be found in the box below).
- In Afghanistan (a FCS country), a new PPP unit was operationalized, and a new PPP policy, law and regulation were enacted and passed respectively. Such PPIAF support is expected to facilitate the development of multi-sector PPP infrastructure projects in Afghanistan in the future.

LOOKING FORWARD

In fiscal 2017, PPIAF will continue to provide technical assistance support in Nepal, Sri Lanka and India to develop their renewable-energy sectors, primarily in hydropower, wind and solar technologies, respectively. These on-going activities, which are closely aligned with PPIAF's climate-change thematic area, will continue to build climate-smart enabling environments through the development of policy, legal and regulatory frameworks, including institutional capacity building activities needed to develop sustainable infrastructure-project pipelines. Additionally, PPIAF will continue to work on developing PPP frameworks and improving institutional capacities in Bangladesh, Pakistan and Afghanistan. Due to the growing climate-change threats in the region, PPIAF plans to ramp up adaptation efforts by mainstreaming climate resilience in large-scale infrastructure PPPs.

BOX 8: India: Renewable Energy Development in Odisha

PPIAF Grant Amount: \$291,000

BACKGROUND:

Odisha is one of the poorest states in India and is extremely vulnerable to climate change. The state is highly dependent on the agriculture sector and is vulnerable to floods and droughts, while its 487-kilometer coastline is periodically affected by cyclones and coastal erosion. The direct impacts of climate change are predicted to deepen the poverty in Odisha and undermine its current growth strategy.

In 2014, the Government of India (GoI) set out an ambitious target to install 175 gigawatts of renewable energy capacity by 2022. 100 gigawatts of this target is expected to come from solar photovoltaics. While the target is national, achieving it will rely to a large degree on the efforts of individual states that have the autonomy to formulate their own solar targets and policy incentives. Given this national momentum, in 2015, the Government of Odisha, through the Green Energy Development Corporation (GEDCOL) and the Department of Energy (DoE), requested support from PPIAF to help create an enabling environment to facilitate renewable energy development through solar parks by leveraging private-sector investment.

PPIAF'S CONTRIBUTION:

In 2015, PPIAF's grant for \$291,000 to provide technical assistance support to the State of Odisha focused on three components:

- Develop the state's new renewable-energy policy to promote clean energy development;
- Prepare a land-bank assessment with guidelines to identify and secure land to develop commercial-scale solar parks with a total capacity of 1000 megawatts; and
- Prepare standard contractual documents to streamline procurement processes for project developers to develop commercial-scale renewable-energy projects.

RESULTS:

PPIAF's grant enabled the State of Odisha to successfully develop its renewable energy policy, which is currently pending final cabinet approval from the GoI. Additionally, the land-bank assessment conducted to identify potential sites for solar parks has resulted in two sites at which to develop 250-megawatt and 400-megawatt solar parks in Bahagana and Bhograi, respectively. As a result of PPIAF's support, the State of Odisha received approval from the GoI's Ministry of New and Renewable Energy (MNRE) to be included under the national initiative for "Shared Infrastructure for Solar Parks (P154283) Projects" to develop solar parks up to 1,000 megawatts in Odisha. This milestone now allows the state to qualify for international financing at concessional levels through multilateral development banks such as the World Bank.

THREE

SECTION



SECTION 3: Measuring PPIAF's Results



New PPIAF Results Framework endorsed by Council in May 2016

During the May PPIAF Annual Donor Council meeting, a simplified and clearer results framework was proposed and endorsed. It aims to harmonize reporting across different PPIAF donors who were working with largely overlapping, albeit slightly different, business cases.

The new framework more squarely articulates PPIAF's objectives per its original mission and reflects its theory of change of how increased/improved infrastructure services are enabled through more robust country-level enabling environments that attract private-sector participation. The framework also more explicitly incorporates how SNTA supports the general objectives in a complementary, but unique manner—i.e., by catalyzing financing from the market.

The theory of change is that improvement in infrastructure services is accelerated with private-sector participation in infrastructure, whether in the form of PPPs (including PPPs that do not have significant private-sector financing but focus on operational efficiency) or in the form of market-based financing to both national and sub-national entities. Private-sector participation in infrastructure, in turn, is facilitated by an enhanced enabling environment at the country level. PPIAF will use publicly available data sources (the PPI Database, the IJ Project Finance and Infrastructure Journal, World Development Indicators, Infrascope and Benchmarking PPP procurement reports) to understand the trajectory of improvements in the functioning of the regulatory and institutional frameworks and service delivery in PPIAF-intervention countries. PPIAF will triangulate this information through the country impact assessment described above.

Two streams of intermediate outcomes constitute a better enabling environment. At the national level, and mainly from a PPP perspective, these are *strong and functioning institutional frameworks and policies supportive of private-sector participation* and *public entities capable of identifying, assessing and delivering on the private-sector participation opportunities*. From a sub-national perspective, particularly from the point of view of mobilizing debt for infrastructure service delivery, the intended outcomes are *market-based investment in sub-national entities* and *the improved ability of sub-national entities to raise finance*. The achievement of these results will be confirmed through the outcomes realization assessments.

Finally, the achievement of intermediate outcomes is directly affected by PPIAF's efforts to identify strategic projects/initiatives to support that are well designed and well implemented. This is measured by PPIAF's balanced scorecard.

Three out of every five PPIAF activities have achieved or are on track to achieve their intended outcomes

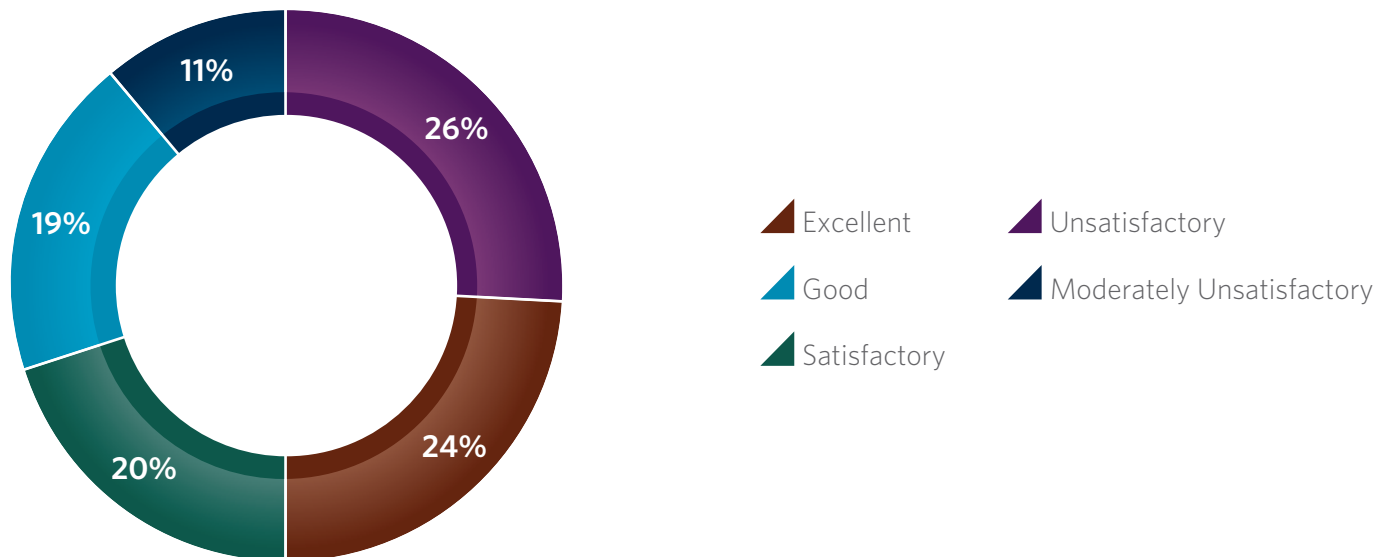
This year, PPIAF conducted outcomes realization reviews for 46 activities that closed in the last 18 to 24 months, representing 50 percent of total activities closed in fiscal 2013. Outcomes realization reviews assess whether PPIAF-funded activities, which are focused on intermediate outcomes, have translated into higher-level outcomes—typically whether investments have been mobilized from private-sector sources (as demonstrated by the close of a PPP or financing deal) and infrastructure service has been delivered.

Activities rated as “excellent” or “good,” i.e., those that have already achieved their outcomes or are in the process of achieving them as of the date of the assessment, include:

- **The adoption of debt-restructuring measures that will ensure the financial sustainability of the municipal solid-waste sector in Morocco (see also Box 7, above).** The sector has been bogged down, among other things, by the increasing payments owed by municipal governments to private-sector contractors (collectors and landfill operators). As a result of analysis done by PPIAF on the nature of arrears, the Ministry of Interior issued a circular to local governments in 2012 regarding the budget treatment for the rescheduling of these obligations, as well as fair estimation of service costs and pricing. This circular was also accompanied by public funding through the 2013 budget, to support the rehabilitation or development of additional solid-waste facilities as well as the amendment of general-service contracts between municipalities and private-sector operators to include clearer contractual clauses regarding responsibilities, payments and dispute resolution. PPIAF assistance was key to improving the sector's financial sustainability, and contributed to triggering the release of \$130 million in development policy financing from the World Bank to the Government of Morocco.
- **Investment in risk-mitigating measures to protect lenders and operations of a Brazilian state water and sanitation company in Santa Catarina (CASAN).** CASAN is a publicly traded company that regularly accesses financing from commercial sources, including local banks, as well as international financial institutions such as the IFC. Appropriate insurance coverage is usually a key condition for companies such as CASAN. However, at the time of PPIAF assistance, there were no requirements in Brazil to obtain insurance. Financiers of CASAN sought support from PPIAF to assess the physical risks to its above-ground assets, provide estimates of probable maximum losses, and propose measures for addressing or transferring these risks. As a result of the assistance, CASAN invested in risk-mitigation measures such as the installation of generators and prevention of fire and electrical damage, which not only protects its lenders, but also ensures that service continues for its clients. CASAN is mobilizing the \$22 million investment from the IFC for water-loss and energy-use reduction programs, providing more efficient service to 2.5 million clients.

- Confirmation of market conditions, allowing IFC equity investment in a water-kiosk business serving Haiti post-disaster.** PPIAF provided assistance to help a U.S. company refine its business plan and conduct preliminary market studies (including selection of initial sites), a necessary condition before IFC would enter into a shareholders' agreement. The venture sought to roll out decentralized water treatment and point-of-sale service in Haiti. As a result of PPIAF support, IFC Infracore invested \$820,000 in equity stakes in dloHaiti, which attracted \$3.4 million in funding. dloHaiti launched in 2013, and today it serves more than 300,000 customers through 500 sales points in Haiti.
- Formalization of PPP policy and PPP unit in Côte d'Ivoire.** Shortly after the country achieved political stability after many years of internal conflict, PPIAF conducted a rapid assessment of the country's PPP framework and recommended how to go about removing key bottlenecks to regain credibility with and catalyze private-sector participation; it also assessed a pipeline of projects that may make sense to procure through PPPs. In 2012, the government established the PPP unit and adopted two PPP decrees on PPP contracts and an institutional framework for PPP development. PPIAF also supported the development of the PPP project pipeline, including the Henri Konan Bedie-bridge build operate trade (BOT) concession. The motorway toll bridge linking the municipalities of Cocody and Marcory in Abidjan, completed in 2014, is the first major transport PPP project in the country. An impact assessment study of the bridge has shown that the project contributed to saving 18 million hours of transportation time and reducing CO₂ emissions by 90,000 tons per year (Le Guide de Référence des PPP, World Bank, 2016).

FIGURE 10: Outcomes Realization Results for Activities Reviewed in Fiscal 2016²⁷



²⁷ Category breakdown: excellent—outcome fully achieved; good—the outcome is not yet fully achieved, but there is a certainty regarding when it is anticipated to be achieved, based on observable client actions/circumstances; satisfactory—the client/TTL are working on outcome achievement (through a follow-up activity, or else there is some visibility on when an outcome is anticipated); moderately unsatisfactory—the client and/or TTL are still working on outcome achievement, but there is uncertainty regarding when the outcome is anticipated and/or the efforts for outcome achievement are insufficient; unsatisfactory—no progress towards outcome achievement.

PPIAF Performance is Improving, However More Effort is Needed to Further Boost Timeliness and Results

PPIAF assesses the quality of its delivery through the entire project cycle—from design through execution and achievement of outcomes. PPIAF continues to rate highly on how well funded activities fit with the objectives agreed with its donors and clients—this is evidenced by the fact that we have increased our share of approvals in low-income countries from 53 to 60 percent this year, and rated 95 percent of activities with a high strategic fitness. PPIAF quality of delivery also rates highly—91 percent of activities are of satisfactory quality in implementation, and 97 percent of activities deliver satisfactory quality outputs at completion.

However only about 60 percent of PPIAF activities are implemented or completed on time. Additionally, only a quarter of PPIAF’s activities fully achieve their intended outcomes, though most activities (60 percent) do result in progress towards desired outcomes. With continued focus on improving the design and selection of activities, PPIAF aims to support assistance that will help client governments achieve intended outcomes in roughly 50 percent of cases.

A client satisfaction survey, launched this fiscal year, confirmed that PPIAF assistance would effectively contribute to the achievement of expected outcomes. Survey respondents also had the opportunity to make recommendations for improvement. Among these, clients requested follow-up support from PPIAF to ensure the implementation of the action plans linked to the funded studies, as well as a greater level of participation from government officials in the drafting of terms of reference and the selection of consultant firms.



FIGURE 11: Balanced Scorecard, Fiscal 2016

POST-COMPLETION				DESIGN			
Indicator	Baseline FY15	Performance FY 16	Target (FY18)	Indicator	Baseline FY15	Performance FY16	Annual Target (FY16)
% of outcome realization evaluations reporting outcome fully achieved	28%	24%	50%	% of approvals in LIC*	53%	60%	65%
				% of approvals in Sub-Saharan Africa*	50%	49%	60%
				% of activities with strategic fitness score of standard or outstanding fit	n/a	95%	98%

Indicator	Baseline ⁺	Performance FY16	Annual Target (FY16)	Indicator	Baseline ⁺	Performance FY16	Annual Target (FY16)
% of activities with quality rated satisfactory or above**	97%	97%	95%	PPIAF Financial Utilization Score	4	4.2	6
% of activities "on track" at closing**	64%	65%	75%	% of activities with quality rated satisfactory or above**	67%	91%	95%
% Client satisfaction score**	n/a	100%	TBD	% of activities "on track"***	90%	57%	75%

COMPLETION				IMPLEMENTATION			
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*Relative to the total amount of approved technical assistance funding (excludes global and cross-regional knowledge products).

+Baseline values for financial utilization scores are based on performance from FY15. Baseline values for other indicators in implementation and completion stages are based on average performance from Q1-Q3, FY16.

**The % of activities with quality rated highly satisfactory and % of activities "on track" replaced the composite PPIAF Quality of Implementation Score and PPIAF Closeout Score.

***Defined as % of clients that agreed or strongly agreed that the assistance provided will contribute towards the achievement of the expected outcome. PPIAF rolled out the client satisfaction survey in fiscal 2016 for a sample of activities closed in the first three quarters.

PPIAF Introduces Country Impact Assessments to Assess Aggregate Results at the Country Level

This year PPIAF, through the Technical Advisory Panel (TAP), implemented country assessments in Nigeria and Vietnam to: (i) assess how the upstream support from PPIAF helped countries attract private-sector participation in infrastructure; (ii) review the country's ongoing engagement in a PPP, by establishing the quality of service delivery or the potential extent of the service (if greenfield), as well as reviewing the management of the PPP; (iii) provide strategic recommendations to the country on institutional/sectoral policy, PPP contract management (if applicable) and sustainability of the country's PPP program. These assessments will be conducted annually for selected countries in which PPIAF invested at least \$2 million over the previous 10 years.

The two assessments found:

PPIAF's support to Nigeria contributed to tangible impacts in the transport sector, but less so in the water and energy sectors. PPIAF provided technical assistance in Nigeria from 1999 to 2014. Total PPIAF funding to Nigeria has been \$4.6 million; 39 percent of this has gone to the water sector, 25 percent to the energy sector, 23 percent to multi-sector activities, and 13 percent to the transport sector.

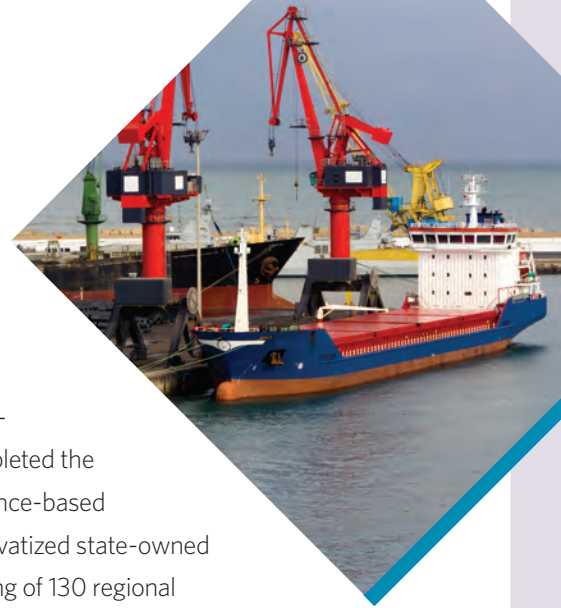
Recommendations supported by PPIAF in relation to the Nigerian port sector helped the Port Authority successfully transition from an operator to a regulator with monitoring and oversight functions. It also helped attract private-sector investors and operators to provide maritime services. The port sector gained new capacity through the introduction of a plant, equipment, and skilled manpower. Since 2008, two major concession operators in Lagos have invested \$500 million and have plans for further investment. The private sector introduced efficient operations and maintenance, which translated into reduced delays at terminals and on the high seas, as well as modern terminal designs that aid road transporters with faster throughput at the terminals. Additional benefits include reduced fiscal stress from the port sector, and fresh investment along with an enhanced plant and equipment, increased skills and capacity, and expanded trade opportunities.

The review found, however, that despite the high-quality outputs in the water and energy sectors, there is still significant resistance to handing over municipal water assets to private-sector management, and while Nigeria remains an energy-deficient economy, private investment in the energy sector is sporadic, and there are inefficiencies in terms of the metering of the produced power and consistent operation of the distribution networks.

PPIAF's support to Vietnam contributed to improvements in overall PPP framework and transport-sector policy. Prior to 2010, Vietnam's existing PPP framework focused mainly on domestic BOT PPPs and was unattractive for international financial investors. Between 2008 and 2014, PPIAF provided \$1 million of support to two related activities to enhance Vietnam's overall PPP enabling and funding framework. The new framework adopts international good practice (such as the adoption of international arbitration in dispute resolution), which increases the appeal of the Vietnamese PPP market to international investors.



According to Tranoc, the Hanoi city transportation department, private-sector participation has contributed to increased ridership and invested capital as well as improved operating results.



In the transport sector, PPIAF has been effective in increasing the use of performance-based contracting of urban bus services. With PPIAF's support, the World Bank completed the Road Network Improvement Project in 2012, which introduced elements of performance-based contracting into road maintenance contracts. Competitive bidding was opened for privatized state-owned enterprises with less than 50-percent government ownership, resulting in the awarding of 130 regional road-maintenance contracts. PPIAF's support to the city of Hanoi has helped the city improve its public transport services. Following the adoption of the route-by-route cost contract as the basis of private-sector participation in bus services, 13 five-year route service contracts were competitively awarded to private companies between 2005 and 2008. According to Tranoc, the Hanoi city transportation department, private-sector participation has contributed to increased ridership and invested capital as well as improved operating results.

Technical Advisory Panel Supports Improvements in PPIAF Monitoring System

During the first two quarters, TAP conducted reviews of activities at different stages: recently approved, ongoing, and activities approaching closure. TAP focused on SNTA program activities in the second quarter, to complement the external evaluation of SNTA. The review determined that the standard of work content is, as in previous years, very high.

The review also allowed TAP to provide inputs to the balanced scorecard methodology introduced last year. PPIAF has accordingly revised the balanced scorecard indicators to demonstrate the proportions of the activities in the implementation and completion stages that produce timely and quality outputs. Two indicators used at the implementation and completion stages were changed for better clarity, splitting the indicator on timeliness and quality of outputs into two indicators and reporting them as percentages of the total portfolio.

TAP's additional recommendations include executing greater clarity in specifying activity objectives; providing a rationale of why a jurisdiction wants to do PPPs; seeking innovation and originality in PPP design; including an assessment of any regulatory/legal changes on the outputs/outcomes of activities in the terms of references; as well as expanding the span of the technical assistance to allow more technical issues to be taken in, at least to the extent that they affect financial viability.

In terms of the SNTA program, TAP recommended focusing the terms of references on pure creditworthiness and the planning of financial transactions; factoring in those national actions that may affect local operations in the design of the technical assistance; setting realistic expectations for the clients in terms of the capacity of PPPs to deliver investments in infrastructure; and explaining SNTA support of creditworthiness.

FOUR

SECTION



SECTION 4:

PPIAF Administration and Management Updates



Human Resources Updates

This year, PPIAF hired a senior transport specialist at headquarters to strengthen the team's technical expertise. Two consultants were hired as staff members to reinforce respectively the West and Central Africa portfolio and the monitoring and evaluations teams. One consultant was hired in Nairobi to provide additional resources for the Middle East portfolio.

Conversely, PPIAF saw the departure of one senior-level specialist from headquarters. In fiscal 2017, PPIAF will increase its presence in the field by opening a regional office in Singapore to cover East and South Asia.

Program Council Meeting

The Program Council held its annual meeting from May 25 to 27, 2016 in the World Bank office of the Paris Conference Center in France. The meeting's objectives were to:

- Review PPIAF progress in fiscal 2016;
- Endorse the fiscal 2017 work program;
- Clarify the process, timeline and orientations for the next three-year PPIAF strategy (FY18-20);
- Discuss the findings of the independent evaluation report on the SNTA program; and
- Review, discuss and agree to the changes in the PPIAF program charter and operating principles.

As a result of the meeting, it was agreed that in fiscal 2017, PPIAF would:

- Consolidate the current level of approvals deal flow in the coming year, while focusing on ensuring timely delivery, achieving better outcomes, and identifying impacts from activities.
- Maintain strategic orientations (a mix of coverage and programmatic technical assistance activities, and geographic/income status); leverage new partnerships; staff and set up an Asian office in Singapore. Provided these priority targets were met, PPIAF could continue limited activity in "non-priority" countries, regions and sectors.

- Work toward overall strategic thematic priorities—climate resilience, innovative financing and low-capacity/fragile countries—which were approved by donors, particularly with regard to the knowledge agenda.
- Provide better and differentiated reporting and results targets for the non-core funds, including SNTA.
- Prepare a draft strategy for the 2018-2020 fiscal years, for discussion at an interim Program Council meeting in November 2016.

During the council meeting, donors and PPIAF representatives also discussed the World Bank's new cost-recovery policy for trust funds, the PPIAF charter and operating guidelines, and the SNTA program evaluation. The PMU committed to helping donors connect to a World Bank portal where they could access more information about trust-fund finances. Donors agreed on a revised draft to the program charter and operating principles, and resolved to further discuss the SNTA program evaluation (described in more detail below) at the interim Program Council meeting in November 2016.

SNTA Independent Evaluation

In response to PPIAF's donors' request at the Dakar Program Council meeting in May 2015, PPIAF commissioned an independent evaluation of the SNTA program's performance and progress to date, to inform the program's longer-term prospects and identify future needs. The evaluation covered all SNTA activities from the SNTA program's inception in 2007 through the end of June 2015, and included a detailed assessment of the country portfolios in Kenya and South Africa (with a review of 17 selected projects). The evaluation's findings were discussed with the PMU and donors during the Program Council meeting in May 2016.

The evaluation's findings confirmed the continued high relevance of the program and the unique position it covers. In addition to an impressive set of outputs and outcomes, the evaluation reported on the relevance, effectiveness, efficiency, management and sustainability of the program. The evaluation recommended finding a balance between a more programmatic approach and maintaining coverage activities. It also recommended higher visibility and distinguishing and clarifying SNTA strategic directions from those of PPIAF, to inform the 2018-2020 strategic plan.



The SNTA
evaluation
confirmed
the continued
high relevance
of the
program.

FIVE

SECTION



SECTION 5: Program Finances



The table below compares the outgoing year's financial inflows and uses from those of the previous fiscal year. Total inflows reached \$20.2 million, including \$18 million in new contributions, while disbursement was \$18.58 million, of which activity disbursements represented \$14.53 million. While inflows were 63 percent higher compared to fiscal 2015, and disbursements only 24 percent more, earmarking for grants in process was four times higher this year compared to fiscal 2015, resulting in a larger decrease in PPIAF's fund balance.

TABLE 9: Sources and Uses of PPIAF Funds

Sources and Uses of Funds	FY 15	FY 16
Inflows		
Contributions	\$ 9,952,000	\$ 18,021,000
Investment income	\$ 204,000	\$ 291,000
Reflows	\$ 2,264,000	\$ 1,937,000
Total inflows	\$ 12,420,000	\$ 20,249,000
Uses		
Administrative fees	\$ 178,000	\$ 336,000
Direct activity disbursements	\$ 11,608,000	\$ 14,525,000
PMU expenses	\$ 2,902,000	\$ 3,712,000
Sub-total disbursements	\$ 14,688,000	\$ 18,573,000
Provisions		
Activity commitments	\$ (385,000)	\$ 3,092,000
Activity grants in process	\$ 2,776,000	\$ 9,098,000
PMU commitments	\$ (92,000)	\$ (17,000)
PMU provisions	\$ (1,473,000)	\$ (1,136,000)
Sub-total provisions	\$ 826,000	\$ 11,037,000
Total uses	\$ 15,514,000	\$ 29,610,000
Net balance	\$ (3,093,000)	\$ (9,361,000)

Contributions

In fiscal 2016, PPIAF received \$18 million in new donor contributions, twice what it received in fiscal 2015. Of this, the contribution for PPIAF core activities received through its Multi-Donor Trust Fund II amounted to \$9.5 million. The SNTA fund received \$3.9 million. Non-Core Trust Funds for 1) Integrating the Climate Change Agenda with a Public-Private Partnerships Program, 2) Middle-Income Countries, and 3) Water and Sanitation in Sub-Saharan Africa received \$7.76 million during the fiscal year, amounting to a total of \$4.6 million for non-core, non SNTA Trust Funds, after reflowing the residual balance from the global financial crisis trust fund to the MDTF (see Table 10).

TABLE 10: Member Contributions Receipts, Fiscal 2016, 2015 and 2014, and Expected for Fiscal 17 (in thousand \$)²⁸

CORE-MDTF II	FY14	FY15	FY16	Expected in FY17
Australia	\$1,879	\$3,856	\$1,498	\$1,489
France				\$750
Germany	\$675		\$552	\$550
MCC	\$250		\$500	
Norway	\$488		\$369	
Switzerland		\$750	\$1,188	
UK			\$3,407	\$7,786
UK (DFID)			\$1,986	
USAID				
Sub-total	\$3,292	\$4,606	\$9,500	\$10,575
NON-CORE	FY14	FY15	FY16	FY17
Japan	\$830			
Switzerland—for MIC		\$2,250	\$3,000	
Switzerland—Climate Change		\$1,000	\$2,000	
Netherlands—Climate Change			\$2,000	
USAID Water in SSA	\$651	\$597	\$766	
Global Financial Crisis			-\$3,174	
Sub-total	\$1,481	\$3,847	\$4,592	\$0
SNTA Donors' Contributions				
	FY14	FY15	FY16	Expected in FY17
France				\$750
Switzerland		\$1,500	\$1,500	\$3,000
UK			\$2,429	\$2,429
Sub-total	\$0	\$1,500	\$3,929	\$6,179
GRAND TOTAL	\$4,773	\$9,953	\$18,021	\$16,754

²⁸ Contributions in FY16 from DFID and Switzerland result from the closing down of the non-core financial crisis trust fund. The money from that fund was deposited into the Core-MDTF II fund.

Disbursements

PPIAF increased disbursements from \$14.68 million in fiscal 2015 to \$18.58 million in fiscal 2016. Of that amount, \$14.5 million of disbursements were made for activities, whether approved in fiscal 2016, or in prior years that are still being implemented. In accordance with the administration agreements entered into by the World Bank and PPIAF donors, \$337,000 was collected as an administration fee. PMU spent a total of \$3.7 million, on expenses such as staff salaries, benefits and travel, evaluation of proposals, governance and coordination of donor relations, and other expenditures.

TABLE 11: Balance Position in Fiscal 2016

Balance Position	Changes in FY16
Opening Balance	\$ 31,943,000
INFLOWS	
Contributions	\$ 18,021,000
Investment Income	\$ 291,000
Reflows	\$ 1,937,000
Total Inflows	\$ 20,249,000
USES	
Administrative fees	\$ 336,000
Direct Activity disbursements	\$ 14,525,000
PMU expenses	\$ 3,712,000
Sub-total Disbursements	\$ 18,573,000
PROVISIONS	
Activity commitments	\$ 3,092,000
Activity grants in process	\$ 9,098,000
PMU commitments	\$ (17,000)
PMU provisions	\$ (1,136,000)
Sub-total Provisions	\$ 11,037,000
TOTAL USES	\$ 29,610,000
FUND BALANCE	\$ (9,361,000)
ENDING BALANCE	\$ 22,582,000

FUND BALANCE POSITION

The balance position of total PPIAF resources in Table 11 presents the remaining available resources that can be deployed to support activities and PMU operations in the upcoming financial year. As opposed to the sources and uses table, the balance position takes into account all funds available in the PPIAF trust funds at the beginning of the year (opening balance) and expenses as well as commitments and provisions as of June 30 of the current year. The balance position at the end of the financial year stood at \$22.58 million, compared to \$31.9 million in fiscal 15, showing a significant depletion, in line with the PMU's commitment at the previous Program Council meeting.

TABLE 12: Balance Position in Fiscal 2016 for Specific Trust Funds (in \$ thousands)

		MDTF II	SNTA	US-AID	ADB	Japan	Climate Change	SE-CO-MIC	Total	
		USD	USD	USD	USD	USD	USD	USD	USD	
Sources	Contributions	120,597	33,893	3,000	1,438	17,380	9,314	15,232	200,853	
	Investment income	5,625	999	-	173	2,355	114	192	9,458	
	Reflows	2,534	616	71	-	261	426	293	4,202	
	TOTAL SOURCES (A)	128,755	35,508	3,071	1,611	19,996	9,855	15,716	214,513	
DIRECT PROGRAM EXPENSES										
Uses	Activity disbursements	79,451	18,042	1,431	1,364	16,638	2,328	4,582	123,837	
	Activity commitments	5,787	1,572	530	-	82	1,053	1,133	10,156	
	Activity amount allocated but not committed	9,856	2,853	231	-	164	327	1,185	14,617	
	Activity grant amount less transferred to Child TF	3,892	850	25	-	-	1,060	676	6,502	
	Activities approved but no GFR	2,807	370	589	-	-	-	-	3,766	
	Sub-Total Direct Program Expenses (B)	101,794	23,687	2,804	1,364	16,885	4,768	7,576	158,878	
	INDIRECT EXPENSES									
	Administration fees (1%) (C)	2,230	678	90	20	57	186	305	3,565	
	Actual PMU expenses	17,161	4,589	110	213	2,568	831	1,625	27,096	
	Purchase order commitments (PMU)	189	24	-	-	9	15	5	241	
PMU expenses provision	264	471	179	-	30	551	655	2,151		
Sub-Total PMU Costs (D)	17,613	5,084	289	213	2,607	1,397	2,285	29,488		
TOTAL USES (E=B+C+D)	121,637	29,449	3,183	1,598	19,548	6,352	10,165	191,931		
Balance	Funding available as of June 30, 2016 (A-E)	7,118	6,059	-112	14	448	3,503	5,551	22,582	



ANNEXES



ANNEX A: Overview of Activities Approved in Fiscal 2016, by DAC level, Region and Regional Cluster

TABLE A.1: Activities Approved in Fiscal 2016, by DAC Level, Region and Regional Cluster

Country/Region	Title	Total Approved Amount	Instrument	Fragile ⁵	DAC ⁶	DFID Priority Country	Regional Cluster
Africa	Enabling Private Investment into Communications Infrastructure in the ECOWAS Region	\$519,390	PPIAF	N/A	N/A	N/A	Atlantic
Africa	Leveraging the Existing Regional Energy Infrastructure to Improve Internet Connectivity in Mali, Mauritania and Senegal Through Private Sector Participation (Phase II)	\$610,000	PPIAF	N/A	N/A	N/A	Atlantic
Africa	PPP Support to the Nile Equatorial Lakes Subsidiary Action Program (NELSAP)	\$110,000	PPIAF	N/A	N/A	N/A	Lake Victoria
Africa	Scaling up Power Transmission Investments in Africa (SUPTA)	\$660,000	PPIAF	N/A	N/A	N/A	N/A
Africa	UEMOA - Regional PPP Institutional and Project Financing Support	\$928,200	PPIAF	N/A	N/A	N/A	Atlantic
Angola	Support to the Water Sector Reform Through a Pilot PPP Transaction in Cabinda	\$588,650	PPIAF	Yes	1	No	Luso
Armenia	Support Second Generation Water PPP	\$254,000	PPIAF	No	3	No	N/A
Bangladesh	Improving Public Transport Service in Chittagong	\$597,150	PPIAF	No	1	Yes	Bay of Bengal
Benin	Enhancing Infrastructure Services through PPPs in Benin: Institutional Strengthening and Capacity Building support	\$431,007	PPIAF	No	1	No	Central West Africa
China	Technical Assistance to Improve Municipal Financing in Hunan Province	\$320,000	SNTA	No	4	Yes	N/A
Colombia	Financing Infrastructure for Urban Redevelopment Sub-National Technical Assistance Program - Phase II	\$600,000	SNTA	No	4	No	N/A
Côte D'Ivoire	Accelerating the Implementation of Côte D'Ivoire's PPP Program	\$928,805	PPIAF	No	4	No	Gulf of Guinea
Cross Regional	City Creditworthiness Initiative — Program Year II (FY16) - Application 1 (Three Academies)	\$345,800	SNTA	N/A	N/A	N/A	N/A
Cross Regional	Financing Universal Access to Water Supply and Sanitation (Component 1 and 2)	\$250,000	SNTA	N/A	N/A	N/A	N/A

TABLE A.1: Activities Approved in Fiscal 2016, by DAC Level, Region and Regional Cluster (cont.)

Country/Region	Title	Total Approved Amount	Instrument	Fragile ⁵	DAC ⁶	DFID Priority Country	Regional Cluster
Cross Regional	Improving PPP Disclosure Policy and Practice in Countries	\$800,050	PPIAF	N/A	N/A	N/A	N/A
Cross Regional	Rapid Support Framework (RSF)	\$1,150,000	PPIAF	Yes	N/A	N/A	N/A
Ethiopia	Support for Instituting a PPP Framework	\$468,450	PPIAF	No	1	Yes	N/A
Europe And Central Asia	Support to Foster Infrastructure Sharing in the Western Balkans	\$406,330	PPIAF	Yes	N/A	N/A	N/A
Global	Case Studies and Technical Guides for Resilient Infrastructure PPPs	\$150,000	PPIAF	N/A	N/A	N/A	N/A
Global	Component 1 - Good Performance-Based Contract Practices for Non-Revenue Water Program	\$775,790	PPIAF	N/A	N/A	N/A	N/A
Global	Enhancing the International Infrastructure Support System - Phase 2	\$233,790	PPIAF	N/A	N/A	N/A	N/A
Global	Estimating the Cost of Capital for Private Operators of Infrastructure PPPs in Developing Countries	\$40,000	PPIAF	N/A	N/A	N/A	N/A
Global	Improving Transparency and Accountability in Public-Private Partnerships (PPPs) Through the Extension of the Open Contracting Data Standard (OCDS) to PPPs (CFP 2)	\$160,000	PPIAF	N/A	N/A	N/A	N/A
Global	Incorporating Climate Adaptation Risks to Performance Based Contracting	\$280,000	PPIAF	N/A	N/A	N/A	N/A
Global	ISE Infrastructure Portal	\$125,000	PPIAF	N/A	N/A	N/A	N/A
Global	Islamic Finance and PPPs Preliminary Workshop	\$50,000	PPIAF	N/A	N/A	N/A	N/A
Global	Mobilizing Islamic Finance in Public-Private Partnerships	\$199,000	PPIAF	N/A	N/A	N/A	N/A
Global	Policy Toolkit for SME Participation in Public Private Partnerships	\$198,075	PPIAF	N/A	N/A	N/A	N/A
Global	PPP Knowledge Lab's Content Development Strategy and Build-out	\$70,000	PPIAF	N/A	N/A	N/A	N/A
Global	Practical Guidance on Government Guarantees for Infrastructure PPPs in EMDEs	\$95,000	PPIAF	N/A	N/A	N/A	N/A

TABLE A.1: Activities Approved in Fiscal 2016, by DAC Level, Region and Regional Cluster (cont.)

Country/Region	Title	Total Approved Amount	Instrument	Fragile ⁵	DAC ⁶	DFID Priority Country	Regional Cluster
Global	Recommended PPP Contractual Provisions	\$125,000	PPIAF	N/A	N/A	N/A	N/A
Global	Rethinking Power Sector Reform	\$250,000	PPIAF	N/A	N/A	N/A	N/A
Global	Translation and Dissemination of PPP Project Finance Guide	\$50,000	PPIAF	N/A	N/A	N/A	N/A
Global	Updating Railway Reform: A Toolkit for Improving Rail Sector Performance	\$217,800	PPIAF	N/A	N/A	N/A	N/A
Guinea-Bissau	Strategic Engagement for Infrastructure PPP in Guinea Bissau: Pillar II - Pipeline Development and Capacity Building	\$420,180	PPIAF	Yes	1	No	Atlantic
Haiti	Enabling Local Private Sector Participation in Water and Sanitation Service Delivery in Rural Areas and Small Towns of Haiti	\$380,640	PPIAF	Yes	1	Yes	N/A
Indonesia	Strengthening Subnational Fiscal Capacity for Infrastructure Financing	\$370,000	SNTA	No	3	Yes	N/A
Kenya	Bus Rapid Transit PSP Options Study	\$500,500	PPIAF	No	2	Yes	Lake Victoria
Laos	Lao PDR: Institutional Readiness Program for Highway Sector PPPs Phase II	\$546,700	PPIAF	No	1	No	Greater Mekong
Latin America and Caribbean	Central America Regional PPP Program: Phase I (Years 1 and 2)	\$1,430,000	PPIAF	N/A	N/A	N/A	N/A
Lebanon	PPP Country and SEZ Readiness	\$423,075	PPIAF	Yes	4	No	N/A
Madagascar	Strengthening the Legal and Institutional PPP Framework	\$631,800	PPIAF	Yes	1	No	N/A
Mauritania	Development of Policy and Institutional Mechanisms for PPP and Identification of Viable PPP Projects	\$401,595	PPIAF	No	1	No	N/A
Morocco	Strengthening the Urban Transport Sector in Morocco	\$500,000	SNTA	No	3	No	N/A
Nepal	Power Sector Reform and Sustainable Hydropower Development Project	\$2,100,157	PPIAF	Yes	1	Yes	Bay of Bengal
Pakistan	Assistance to Carry-Out a Financial Management Assessment and a Credit Rating of Karachi	\$60,000	SNTA	No	3	Yes	Central S. Asia

TABLE A.1: Activities Approved in Fiscal 2016, by DAC Level, Region and Regional Cluster (cont.)

Country/Region	Title	Total Approved Amount	Instrument	Fragile ⁵	DAC ⁶	DFID Priority Country	Regional Cluster
Pakistan	Developing Framework for Reducing Non-Revenue Water through Performance Based Contract in Faisalabad Water and Sanitation Agency (F-WASA)	\$265,675	PPIAF	No	3	Yes	Central S. Asia
Paraguay	Paraguay PPP Support	\$146,634	PPIAF	No	3	No	N/A
Rwanda	PPP Program Support	\$399,000	PPIAF	No	1	Yes	Lake Victoria
Rwanda	Support to the Water and Sanitation Company (WASAC) Rural and Urban PPP Capacity	\$323,500	PPIAF	No	1	Yes	Lake Victoria
Senegal	Development of a Strategy and Business Plan for the Strategic Investment Fund of Senegal (FONSIS)	\$541,923	PPIAF	No	1	No	Atlantic
Senegal	Strengthening Financial Performance of Selected Municipalities	\$524,750	SNTA	No	1	No	Atlantic
South Africa	Developing Enabling Environment and Restructuring Renewable Energy IPP Program	\$360,000	PPIAF	No	4	Yes	N/A
Sudan	Provision of PPP Support	\$321,000	PPIAF	Yes	1	Yes	N/A
Tanzania	Support to Tanzania's PPP Program (Phase 2)	\$528,750	PPIAF	No	1	Yes	Lake Victoria
Uganda	Due Diligence for Private Sector Participation In the Lake Victoria Transport Program	\$519,100	PPIAF	No	1	Yes	Lake Victoria
Ukraine	Support to the Development of a National Sustainable Logistics Strategy	\$403,000	PPIAF	No	3	No	N/A
Vietnam	City Infrastructure Financing Facility Project	\$630,000	SNTA	No	3	No	Greater Mekong
Vietnam	Extending Community Inclusive Performance-Based Road Maintenance for Local Road Networks	\$770,000	PPIAF	No	3	No	Greater Mekong
Vietnam	Roadmap for Natural Gas Market Development	\$200,000	PPIAF	No	3	No	Greater Mekong
West Bank And Gaza	Palestine Energy and Natural Resources Authority (PENRA) in West Bank Gaza	\$299,000	PPIAF	Yes	3	Yes	N/A
West Bank And Gaza	Technical Assistance to Establish Sustainable Municipal Lending Framework	\$300,000	SNTA	Yes	3	Yes	N/A

ANNEX B: Summary of Activities Approved in Fiscal 2016, by Region and Source of Fund

TABLE B.1: Summary of Activities Approved in Fiscal 2016, by Region and Source of Fund

Region	MDTFII		SNTA		Integrating Climate Change with PPPs (Norway and Netherlands)	
	Number	Value	Number	Value	Number	Value
AFRICA	17	\$9,169,700	1	\$524,750		
CROSS REGIONAL	2	\$1,950,050	2	\$595,800		
EAST ASIA AND PACIFIC	1	\$546,700	3	\$1,320,000		
EUROPE AND CENTRAL ASIA	3	\$1,063,330				
GLOBAL	16	\$3,044,755				
LATIN AMERICA AND CARIBBEAN	3	\$1,957,274	1	\$600,000		
MIDDLE EAST AND NORTH AFRICA	1	\$423,075	2	\$800,000	1	\$299,000
SOUTH ASIA	2	\$862,825	1	\$60,000	1	\$2,100,157
Total	45	\$19,017,709	10	\$3,900,550	2	\$2,399,157

TABLE B.2: Summary of Activities Approved in Fiscal 2016, by Sector and Source of Fund

Region	MDTFII		SNTA		Integrating Climate Change with PPPs (Norway and Netherlands)	
	Number	Value	Number	Value	Number	Value
Multi-sector	27	\$11,315,000	8	\$3,150,550		
Transport	8	\$3,220,884	1	\$500,000		
Energy	4	\$1,676,330			2	\$2,399,157
Water	4	\$1,676,105	1	\$250,000		
Telecommunications	2	\$1,129,390				
Total	45	\$19,017,709	10	\$3,900,550	2	\$2,399,157

Middle-Income Countries Fund (SECO)		Water, Sanitation, and Hygiene in Sub-Saharan Africa Fund (USAID)		Total	
Number	Value	Number	Value	Number	Value
		3	\$1,022,150	21	\$10,716,600
				4	\$2,545,850
2	\$970,000			6	\$2,836,700
				3	\$1,063,330
				16	\$3,044,755
				4	\$2,557,274
				4	\$1,522,075
				4	\$3,022,982
2	\$970,000	3	\$1,022,150	62	\$27,309,566

Middle-Income Countries Fund (SECO)		Water, Sanitation, and Hygiene in Sub-Saharan Africa Fund (USAID)		Total	
Number	Value	Number	Value	Number	Value
		1	\$110,000	36	\$14,575,550
1	770000			10	\$4,490,884
1	\$200,000			7	\$4,275,487
		2	\$912,150	7	\$2,838,255
				2	\$1,129,390
2	\$970,000	3	\$1,022,150	62	\$27,309,566

ANNEX C: Detail of Activities Approved In Fiscal 2016

TABLE C.1: Activities Approved from MDTF II Funds

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
AFRICA: Enabling Private Investment into Communications Infrastructure in the ECOWAS Region	Supporting the ECOWAS Commission to improve the regulatory framework to enable private-sector investment in cross-border communications infrastructures and services. The proposed support aims to help the regional institutions (ECOWAS, WATRA and WAPP) start moving from fragmented telecommunications markets towards a single telecommunications market.	\$519,390	Telecommunications	Infrastructure Development Strategies
AFRICA: Leveraging the existing regional energy infrastructure to improve internet connectivity in Mali, Mauritania and Senegal through private sector participation (Phase II)	Supporting SOGEM in designing and implementing an innovative PPP model with a private wholesale operator (selected through international, open, competitive bidding) under a concession contract ("PPP concession opérateur de gros" model) to sell excess capacity of the OMVS/SOGEM fiber-optic network CGFO to improve regional integration through enhanced connectivity between Mali, Mauritania and Senegal. The activity will include three components: preparation of international tender documents for the open-access PPP model for the resale of excess capacity on the OPGW network (setting up the environment for the PPP implementation); assistance in effective implementation of the open-access PPP model for resale of excess capacity on the OPGW network (transaction implementation); capacity building and knowledge transfer.	\$610,000	Telecommunications	Pioneering Transactions
AFRICA: Scaling up Power Transmission Investments in Africa (SUPTA)	Supporting mobilization of private capital for greenfield power transmission investments (IPTs) in Africa. The study will analyze and expand knowledge of frameworks and models and underlying ecosystems for scaling-up IPTs in Sub-Saharan Africa and provide recommendations on specific pipeline transactions.	\$660,000	Energy	Emerging Best Practices
AFRICA: UEMOA - Regional PPP Institutional and Project-Financing Support	Creating an institutional regional architecture that can ensure that selected regional and national PPP projects and programs are developed during the next decade. This activity is a part of a larger PPPIAF program to support UEMOA countries with the development of PPP projects. This grant focuses on building the institutional capacity at both the regional and member-state levels, whereas the previous three activities covered country-specific support to Togo, Mali and Senegal.	\$928,200	Multi-sector	Capacity Building
ARMENIA: Support Second Generation Water PPP	Building upon previous PPIAF work, this activity engages strongly with development partners, especially EBRD, which is funding the PPP transaction advisors for the Armenia water PPP project. It will allow PPIAF to continue supporting the ongoing water PPP reform in Armenia, with the implementation of nationwide lease contracts starting in 2016 (to replace the existing PPPs contracts).	\$254,000	Water	Infrastructure Development Strategies
BANGLADESH: Improving Public Transport Service in Chittagong	Informing the public authorities in Chittagong of measures to improve the urban transport system through the development of a strategic master plan, and preparing pre-feasibility studies for bus improvement projects as priority investments.	\$597,150	Transport	Infrastructure Development Strategies

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
BENIN: Enhancing Infrastructure Services through PPPs in Benin: Institutional Strengthening and Capacity Building support	Supporting the Ministry of Finance in developing and implementing its PPP program from both capacity-building and enabling-environment perspectives. The scope of work has seven main components: (i) review of best practices for institutional, legal and regulatory frameworks for PPPs; (ii) review of the current legal and regulatory framework; (iii) streamlining and strengthening the institutional framework governing PPPs; (iv) developing PPP procedures; (v) pipeline screening and project prioritization; (vi) pipeline development and PPP options; (vii) stakeholders consultation and PPP awareness seminar (including a high-level seminar and PPP-training workshop)	\$431,007	Multi-sector	Capacity Building
CÔTE D'IVOIRE: Accelerating the Implementation of Côte D'Ivoire's PPP Program	Supporting the development of a PPP legal framework and specific sector reforms likely to drive private-sector participation in key infrastructure projects. The activity will also help develop the capacities of the PPP unit and contribute to the improvement of access to finance for PPP projects with the development of a PPP project-preparation facility.	\$928,805	Multi-sector	Policy, Regulatory and Institutional reforms
CROSS REGIONAL: Improving PPP Disclosure Policy and Practice in Countries	Supporting the governments of Ghana, Kenya, Nigeria and Honduras to strengthen their PPP disclosure policies by diagnosing existing policies and practices, assessing the gaps in existing frameworks, and creating a customized disclosure framework for each country. This activity will also provide implementation support to help governments implement the customized framework. This activity builds on previous knowledge work funded by PPIAF, which developed a framework for PPP disclosure; the key findings of that work will be piloted in this technical assistance.	\$800,050	Multi-sector	Infrastructure Development Strategies
CROSS REGIONAL: Rapid Support Framework (RSF)	Supporting client governments with a rapid diagnostic of their PPP enabling environments to identify gaps impeding the development of PPP programs. This program will also assist in prioritizing projects and developing a project pipeline, and supporting the development of a business case for a pilot project in each country.	\$1,150,000	Multi-sector	Infrastructure Development Strategies
ETHIOPIA: Support for Instituting a PPP Framework	Supporting the Government of Ethiopia (GoE) with the development of a PPP project pipeline and PPP project screening to identify suitable opportunities. The activity will also help with the development of sector-specific PPP guidelines; a PPP policy; legal framework; draft legislation; and a generic PPP guidelines/manual. Additionally, supplementary guidelines for line ministries will be prepared that are specific to their respective sectors and describe the steps that need to be taken from project identification through preparation, procurement and implementation to help support capacity-building efforts.	\$468,450	Multi-sector	Infrastructure Development Strategies

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
EUROPE AND CENTRAL ASIA: Support to foster infrastructure Sharing in the Western Balkans	Scoping out existing infrastructure-sharing opportunities for private-sector investment in the Western Balkans to determine the plan of action to operationalize infrastructure sharing in and between state-owned energy utilities. Even though infrastructure sharing is occurring nationally in some of the target countries, the region as a whole lacks the vision and resources to establish an infrastructure-sharing initiative that would be visible and appealing to global markets.	\$406,330	Energy	Infrastructure Development Strategies
GLOBAL: Case Studies and Technical Guides for Resilient Infrastructure PPPs	The objective of this proposal is to harness knowledge and expertise learned from PPP projects in selected developed and developing countries to help developing-country governments prepare and structure disaster-resilient infrastructure PPPs.	\$150,000	Multi-sector	Emerging Best Practices
GLOBAL: Component 1 - Good Performance-Based Contract Practices for Non-Revenue Water Program	This is the first component of the program approved to catalyze increasingly better practices in the marketplace for PBCs for NRW management. The objective is to facilitate increasingly cost-effective delivery of NRW programs by development finance institutions through the creation, codification and standardization of operational lessons and instruments that support PBCs for NRW management, and by animating the partnership group to dynamically learn and build from each PBC that it supports.	\$775,790	Water	Emerging Best Practices
GLOBAL: Enhancing the International Infrastructure Support System - Phase 2	Aiming to improve the quality of project preparation for PPPs and maximize developing-country governments' limited resources for project preparation through the provision of standardized project-document templates and a secure project portal, as well as training and an improvement strategy. This activity also aims to increase private-sector firms' awareness of and participation in projects in developing countries by offering standardized reporting documentation and a singular platform. It builds on previous PPIAF support.	\$233,790	Multi-sector	Capacity Building
GLOBAL: Estimating the Cost of Capital for Private Operators of Infrastructure PPPs in Developing Countries	Producing a guideline for the estimated cost of capital for private-sector operators in developed countries and some illustrations of the utility of the methodology, along with a companion Excel model. It is intended for policymakers, practitioners and World Bank staff involved in quantitative financial analysis relating to investment appraisals, procurements and/or the design of regulatory policies relating to project finance transactions.	\$40,000	Multi-sector	Emerging Best Practices

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
GLOBAL: Improving Transparency and Accountability in Public-Private Partnerships (PPPs) Through the Extension of the Open Contracting Data Standard (OCDS) to PPPs (CFP 2)	Developing an extension of the open contracting data standard to include PPP contracts.	\$160,000	Multi-sector	Emerging Best Practices
GLOBAL: Incorporating Climate Adaptation Risks to Performance Based Contracting	Producing a guideline that will allow clients and contractors to assess, assign and price the risk of climate change in PBCs and develop maintenance and operating-performance standards designed to ensure that the PBC projects properly address climate-change impacts.	\$290,000	Transport	Emerging Best Practices
GLOBAL: Infrastructure Management Toolkit for Fragile States	Preparing a manual that will provide a set of products to help improve the understanding of infrastructure design, financing and management in fragile states. The study will look at how to design and manage infrastructure either through PPPs or traditional methods. In particular, the manual will identify ways of engaging citizens in infrastructure at different points in the infrastructure cycle. It will do this through two components: (i) A knowledge base of best practices in infrastructure, with a focus on PPPs and public input, in a form accessible to the community of interest in fragile states; and (ii) a self-paced on-line instruction manual for practitioners in fragile states.	\$140,300	Multi-sector	Emerging Best Practices
GLOBAL: Islamic Finance and PPPs Preliminary Workshop	Organizing a preliminary workshop to gain insights from multiple stakeholders on Islamic financing for PPPs. The objective of the workshop is to: (i) get clarity on the experiences of governments, development agencies and private-sector professionals with Islamic-financed PPPs; (ii) discuss how Islamic financing can become more mainstream in the PPP world; (iii) compare preliminary findings and observations from our literature review and case studies to the experiences of target audience members in attendance, to allow fine tuning of these findings; and (iv) understand how our study can be more productive and useful.	\$50,000	Multi-sector	Emerging Best Practices
GLOBAL: Mobilizing Islamic Finance in Public-Private Partnerships	Most governments know very little about how to make Islamic financing deals for PPPs, and even less about the relevant legal and regulatory issues. There is a need for more knowledge about Islamic finance in countries looking for infrastructure finance, and better facilitation of the use of Sharia-compliant instruments for mobilizing private-sector investment in infrastructure through PPPs.	\$199,000	Multi-sector	Infrastructure Development Strategies

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
GLOBAL: Policy Toolkit for SME Participation in Public Private Partnerships	This activity will draw on global case studies for lessons on how to promote and address challenges inhibiting SME and broader private sector participation in PPPs within the FCS context. The toolkit will adopt a flexible idea of SME participation in PPPs to open the potential for SMEs to fulfill “non-traditional” roles in these contract arrangements.	\$198,075	Multi-sector	Policy, regulatory and institutional reforms
GLOBAL: PPP Knowledge Lab —Content Development Strategy and Build-out	Developing a strategy to guide the ongoing content development of the recently launched Knowledge Lab site (https://pppknowledgelab.org) as well as the collaborative engagement strategy with the site’s formal partners and other key contributors.	\$70,000	Multi-sector	Emerging Best Practices
GLOBAL: Practical Guidance on Government Guarantees for Infrastructure PPPs in EMDEs	Preparing a guide for government officials in EMDEs, private-sector transaction advisors, investors and financiers regarding how to handle the guarantee issue and link it to other relevant tools and resources. The study will examine and promote best practices with regard to government guarantees in project preparation and design for infrastructure PPPs, taking into account the interests of both the public (fiscal discipline/contingent liabilities) and private sectors (bankability).	\$95,000	Multi-sector	Emerging Best Practices
GLOBAL: Recommended PPP Contractual Provisions	Adding more detailed commentaries to the 2015 report on Recommended PPP Contractual Provisions, to help government officials in emerging PPP markets better understand and use the contractual provisions.	\$125,000	Multi-sector	Emerging Best Practices
GLOBAL: Rethinking Power Sector Reform	Developing an updated shared vision of the policy agenda for power-sector reform. This will refresh our thinking about suitable approaches to such reform, gradually articulating a new synthesis that fully incorporates lessons from the previous decades. It will be thoroughly grounded in the specifics of any particular country context, and take on board the implications of recent technological trends and new policy objectives for the sector. A key element of the initiative is to examine the role that the private sector has played in power-sector reforms under a variety of different modalities, and to understand what types of private-sector participation are most likely to succeed in different policy environments.	\$250,000	Energy	Policy, Regulatory and Institutional Reforms
GLOBAL: Translation and Dissemination of PPP Project Finance Guide	Translating into French the publication “Private Sector Investment in Infrastructure: PPP projects, project finance and PPP frameworks 3ed.” This book is targeted to a non-specialist audience, to support policy makers and strategists in understanding best practices in the development of PPP legal frameworks, institutional frameworks, financing, transaction preparation and procurement, with examples from global PPP programs.	\$50,000	Multi-sector	Emerging Best Practices

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
GLOBAL: Updating Railway Reform: A Toolkit for Improving Rail Sector Performance	Updating the PPIAF Railway Reform toolkit to incorporate best practices and lessons identified in recent WB- and PPIAF-funded projects. This activity will also update and produce new case studies that reflect these lessons and maintain the relevance of the toolkit. The materials will be translated into French, Spanish and Russian and incorporated into all available versions of the toolkit.	\$217,800	Transport	Policy, regulatory and institutional reforms
GUINEA-BISSAU: Strategic Engagement for Infrastructure PPP in Guinea Bissau: Pillar II - Pipeline Development and capacity building	Foster an enabling environment for PPPs and identifying priority projects. This is expected to be achieved through the implementation of a series of activities to strengthen the government's capacity in preparing and managing PPP-type projects through two PPIAF-funded activities—one under the Rapid Framework Support and the other under the UEMOA program. Whereas the initial support (under development) will focus on reviewing and proposing recommendations for an appropriate institutional and legal framework to accelerate the country's PPP program, this proposed activity aims at developing a pipeline of first-mover PPP projects and building the capacity and consensus of stakeholders involved in the design and development of PPP projects.	\$420,180	Multi-sector	Infrastructure Development Strategies
HAITI: Enabling Local Private Sector Participation in Water and Sanitation Service Delivery in Rural Areas and Small Towns of Haiti	Supporting Haiti's progress toward universal access to water-supply and sanitation services. Specifically, offering a comprehensive water-supply and sanitation package of interventions, including construction/rehabilitation of water-supply systems to serve selected rural areas and small towns of 3,000 to 10,000 people, as well as public markets, schools and health facilities; implementing community-led total sanitation campaigns and sanitation marketing activities; and targeted capacity building for DINEPA's deconcentrated structures.	\$380,640	Water	Capacity Building
KENYA: Bus Rapid Transit PSP Options Study	Helping in the development of a structure that is attractive to the private sector, while meeting the Government of Kenya's (GoK) objectives in terms of the provision of high-quality passenger transport services. The objective is to identify a preferred service plan for BRT on the A104 corridor, following a review of options for private-sector participation.	\$500,500	Transport	Infrastructure Development Strategies
LAOS: Lao PDR: Institutional Readiness Program for Highway Sector PPPs Phase II	The objective of this activity is to support the Government of Lao PDR (GoL) /Ministry of Public Works and Transport (MPWT) to i) build its capacity to complete the preparation of the National Road 13 (NR 13) PPP Project through the award of the concession to financial close and commencement of implementation; and ii) to develop a tolling regulatory framework for the NR 13 Project. The activity also aims to assist and advise MPWT in establishing an institutional framework to enable PPPs and to develop project procedures that will become a standard for future PPP projects.	\$546,700	Transport	Capacity Building

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
LATIN AMERICA AND CARIBBEAN: Central America Regional PPP Program: Phase I (Years 1 and 2)	To implement three PPP components in parallel (pipeline development, legal and regulatory reform, and capacity building) during a four-year span, which will increase the PPP skills level in Central America, and better prepare Central American countries to develop, manage and implement PPP investment projects.	\$1,430,000	Energy, Transport	Infrastructure Development Strategies
LEBANON: PPP Country and SEZ Readiness	Initiating work to identify PPP readiness, including in certain high-priority sectors, as well as options to move forward on selected initiatives.	\$423,075	Multi-sector	Policy, Regulatory and Institutional Reforms
MADAGASCAR: Strengthening the Legal and Institutional PPP Framework	Improving the legal and institutional framework, developing operating guidelines, supporting the development of a pipeline of projects, and helping build the capacity of government officials. The main scope of work includes the following main components: (i) review of and advice regarding the current legal and institutional framework; (ii) preparation of operating guidelines for the entire PPP program; (iii) pipeline development; and (iv) capacity building.	\$631,800	Multi-sector	Policy, Regulatory and Institutional Reforms
MAURITANIA: Development of Policy and Institutional Mechanisms for PPP and Identification of Viable PPP Projects	Supporting the Government of Mauritania in developing a strong PPP program, along with a solid institutional arrangement to drive the country's PPP agenda. This support will be completed through the three major components: (i) coordination and consensus building; (ii) capacity building and advisory support; and (iii) portfolio enhancement and transaction development.	\$401,595	Multi-sector	Capacity Building
PAKISTAN: Developing Framework for Reducing Non-Renue Water through Performance Based Contract in Faisalabad Water and Sanitation Agency (F-WASA)	Conducting a technical study and an institution and financial options analysis, and reviewing the enabling environment for the preparation of a performance-based contract. The activity will also support a capacity-building and stakeholder consultation. The objective is to reduce NRW in F-WASA while simultaneously improving network efficiency, service standards, and the customer base, leading to increased revenues for the F-WASA.	\$265,675	Water	Pioneering Transactions
PARAGUAY: PPP Support	Strengthening the Government of Paraguay's institutional capacity to prepare and implement the first generation of PPP projects (roads, airport and waterways) under the new PPP legal framework and applying best international practices. Previous projects through 1999 were much more modest, focused only on energy, and were implemented under the previous law. This is the first generation of transport PPPs under the new law, with views to build a sustainable portfolio of PPP projects in the medium and long terms.	\$146,634	Transport	Infrastructure Development Strategies

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
RWANDA: PPP Program Support	The need to support the Government of Rwanda to develop a comprehensive PPP framework was one of the major lessons learned from the experience with the Kigali bulk-water project. It is hoped that this activity will enable the government to develop and manage PPP projects across infrastructure sectors. The main objective of this activity is to: help enhance institutional capacities through the development of sector strategies, including a fiscal-risk-management framework; help with the pipeline assessment and prioritization, with specialist advisory support to priority projects; and provide capacity building through the development and roll-out of a training program for decision makers and technical staff involved in PPP projects.	\$399,000	Multi-sector	Infrastructure Development Strategies
SENEGAL: Senegal: Development of a Strategy and Business Plan for the Strategic Investment Fund of Senegal (FONSIS)	Supporting the Government of Senegal's efforts to define an appropriate infrastructure finance system that, through FONSIS and the other entities involved in PPPs, will help the National Development Plan reach its objectives in the infrastructure sector. The activity will also help with FONSIS's institutional capacity to act as a vehicle to attract private capital.	\$541,923	Multi-sector	Infrastructure Development Strategies
SOUTH AFRICA: Developing Enabling Environment and Restructuring Renewable Energy IPP Program	Supporting the Department of Energy's Independent Power Producer (DoE IPP) Unit and the National Treasury to attract private-sector investment through the implementation of project-bond solutions for the primary and secondary markets. It seeks to address financing constraints that limit the amount of debt available for long-term infrastructure financing by increasing institutional investor participation in projects through the use of project bonds by helping develop a framework that is conducive to capital market solutions.	\$360,000	Energy	Policy, Regulatory and Institutional Reforms
SUDAN: Provision of PPP Support	Establishing a sound legal, policy and institutional framework as well as building the capacity within relevant sector agencies to develop and implement PPPs. This activity will also provide recommendations for the set-up of a PPP unit that will play an important role in developing PPP policy and strategy for the government and developing a suitable PPP pipeline. The capability of the private sector, including local commercial banks and project developers, to participate in the delivery of PPP projects with the aim of improving their participation in infrastructure services will be assessed.	\$321,000	Multi-sector	Policy, Regulatory and Institutional Reforms

TABLE C.1: Activities Approved from MDTF II Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
TANZANIA: Support to Tanzania's PPP Program (Phase 2)	This is the second phase of a three-year programmatic support for Tanzania to help build PPP institutional support. The overall objective of this phase is to improve the legislative, institutional, financial and technical framework to enable private-sector investment and accelerate the PPP program.	\$528,750	Multi-sector	Infrastructure Development Strategies
UGANDA: Due Diligence for Private Sector Participation In the Lake Victoria Transport Program	This activity is the first series of project(s) to be prepared under the Integrated Corridor Development Initiative (the Intermodal Strategy) in the EAC countries, endorsed at the 3rd EAC Heads of State Retreat held in Nairobi in November 2014. The Lake Victoria Transport Program will involve a series of projects (SoP), one per country, to revitalize transport services, with improvements to the institutional framework, safety, infrastructure, and access.	\$519,100	Transport	Infrastructure Development Strategies
UKRAINE: Support to the Development of a National Sustainable Logistics Strategy	Supporting the policy, regulatory and institutional reforms that will improve the performance of national and international transport logistics. The goal is to support the government to develop and implement a comprehensive sustainable logistics action plan that will address prioritized regulatory aspects and institutional barriers that impact the efficiency, cost and quality of road, railway and river-transport services. The work will also identify key infrastructure and other investment constraints that may limit the provision of effective logistics services.	\$403,000	Transport	Infrastructure Development Strategies

TABLE C.2: PPIAF Activities Approved from SNTA Funds

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
CHINA: Technical Assistance to Improve Municipal Financing in Hunan Province	The scope of work of this assignment will consist of two main parts: the first focuses on overall municipal finances, with particular attention to financing operation and developments/investments; the second focuses specifically on PPPs, to learn practices and opportunities in the context of municipal infrastructure financing. The work will generate knowledge on municipal finance systems in a pilot Chinese city as its transitions to a new legal and regulatory environment, testing solutions to problems it faces, as well as identifying ways to enhance the financing capacity and management of the city government.	\$320,000	Multi-sector	Financing
COLOMBIA: Financing Infrastructure for Urban Redevelopment Sub-National Technical Assistance Program — Phase II	Phase I of this PPIAF-funded project gave the World Bank and the Government of Colombia the opportunity to explore TIF as an innovative instrument to support Colombian cities in diversifying their urban infrastructure financing. The project provided useful insights on potential legal/regulatory bottlenecks that need to be further studied, and key operational factors that should be taken into account in subsequent stages of the project. Hence, a new grant (phase II) is needed to support the national government and the city to move towards a successful TIF operation.	\$600,000	Multi-sector	Financing
CROSS REGIONAL: City Creditworthiness Initiative —Program Year II (FY16) - Application 1 (Three Academies)	This is the first application under the second program year to support the delivery of three City Creditworthiness Academies in the following countries: Ethiopia; India (State of Madhya Pradesh) and Turkey. The program concept note to support the launch of the City Creditworthiness Initiative was approved in November 2014. PPIAF-SNTA is supporting this Initiative in partnership with the World Bank’s Low Carbon Livable Cities (LC2) Initiative and the Rockefeller Foundation.	\$345,800	Multi-sector	Specific Performance Improvement
CROSS REGIONAL: Financing Universal Access to Water Supply and Sanitation (Component 1 and 2)	The overall effort of this program will support access to finance and private investment by utilities and other water-service providers to increase or enhance the level of water supply and sanitation. The PPIAF funds will be used to: (i) complete assessments on the potential to mobilize private investment in water and sanitation programs in no fewer than 10 countries; (ii) complement these efforts with selective knowledge products; and (iii) complete an assessment and design of private-sector financing arrangements in no fewer than three or four countries that have a real opportunity to leverage such investment.	\$250,000	Water	Specific Performance Improvement

TABLE C.2: PPIAF Activities Approved from SNTA Funds (cont.)

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
INDONESIA: Strengthening Subnational Fiscal Capacity for Infrastructure Financing	Providing technical assistance for strengthening municipal fiscal capacity in Indonesia to support the financing of infrastructure development. The activity aims to improve sub-national governments' (SNGs') awareness of alternative sources of infrastructure financing and improve their access to capital markets through the issuance of municipal bonds. The proposed activity builds on the previous PPIAF-SNTA assistance for Indonesia: Support for Financial and Credit Rating Assessment for SNGs (closed in 2012) and Strengthening Subnational Fiscal Capacity for Infrastructure Financing (closed in February 2016).	\$370,000	Multi-sector	Credit Rating
MOROCCO: Strengthening the Urban Transport Sector in Morocco	Supporting the improvement of the framework for sub-national financing of urban-transport projects through: (i) strengthening the existing framework of inter-governmental transfers to increase the efficiency of central support in complementing sub-national contributions (including through external borrowing) and private-sector involvement, and (ii) identification, assessment, and recommendation of sustainable fiscal resources for urban-transport infrastructure and services at the central and sub-national levels.	\$500,000	Transport	Specific Performance Improvement
PAKISTAN: Assistance to Carry-Out a Financial Management Assessment and a Credit Rating of Karachi	Assessing the creditworthiness of Karachi by carrying out a fiscal and financial assessment of the city. The assessment and rating will provide credible information on the status of the city's finances and serve as a baseline against which improvements may be reviewed.	\$60,000	Multi-sector	Financing
SENEGAL: Strengthening Financial Performance of Selected Municipalities	Supporting the Government of Senegal to implement an effective and impactful decentralization by supporting fiscal engineering and metropolitan and regional competitiveness. Decision-making tools will be produced to better guide the government and, more specifically, the Ministry of Local Governance and Territorial Development and the Ministry in Charge of the PSE, in their efforts.	\$524,750	Multi-sector	Financing
VIETNAM: City Infrastructure Financing Facility Project	Supporting the Government of Vietnam in setting up a pilot City Infrastructure Financing Facility (CIFF) to finance municipal infrastructure in the country, by acting as a second-tier lender encouraging first-tier lenders (commercial banks) to lend to sub-national governments on a market-driven basis. Primary sub-national governments will be targeted (about 11 Tier 2 provinces), because although they are considered credit worthy, they normally cannot access commercial bank lending or the capital markets to finance infrastructure needs.	\$630,000	Multi-sector	Financing
WEST BANK AND GAZA: Technical Assistance to Establish Sustainable Municipal Lending Framework	Supporting the capacity of the Municipal Development and Lending Fund (MDLF) to support the assessment of the creditworthiness of large and medium municipalities in West Bank and Gaza, to identify those municipalities that are in a position to borrow.	\$300,000	Multi-sector	Financing

TABLE C.3: PPIAF Activities Approved From the Norway, Netherlands and SECO Integrating Climate Change Agenda With PPPs

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
NEPAL: Power Sector Reform and Sustainable Hydropower Development Project	Supporting the GoN's efforts to improve energy-sector performance by setting in place the appropriate institutional regulations/policies and development plans.	\$2,100,157	Energy	Policy, Regulatory and Institutional Reforms
WEST BANK AND GAZA: Palestine Energy and Natural Resources Authority (PENRA) in West Bank and Gaza	Assessing candidate sites for a solar project pre-identified by PENRA and recommending the best candidates for solar projects to be carried out with private-sector participation. More specifically, the study will cover the following: (i) confirmation of ownership of the proposed sites by the Palestinian Authority (ii) analysis of grid connectivity of the proposed sites; (iii) analysis of grid capacity; (iv) determination of the four most suitable sites for the solar plants; (v) Identification of potential environment and social issues related to the proposed sites; and (vi) review of project stakeholders and PETL creditworthiness.	\$299,000	Energy	Infrastructure Development Strategies

TABLE C.4: PPIAF Activities Approved from the SECO Middle-Income Non-Core Trust Fund

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
VIETNAM: Extending Community Inclusive Performance-Based Road Maintenance for Local Road Networks	The objective of the proposed PPIAF-supported work is threefold: (i) to set up a sustainable model for managing local road networks in Vietnam via expanding and scaling up performance-based contracts (PBCs) for high-quality, cost-effective maintenance of commune, inter-commune, and district roads; (ii) to develop local level capacity to effectively manage and maintain road assets; and (iii) capacity building and promotion of private-sector participation, including facilitating multi-models of gender-inclusive SMEs, micro enterprises, and community-engaged, women-led maintenance groups.	\$770,000	Transport	Capacity Building
VIETNAM: Roadmap for Natural Gas Market Development	This activity has two components: (i) a roadmap for natural gas market development in Vietnam; and (ii) associated workshops. The roadmap will be captured in an analytical report, which is the core focus of this activity. It is anticipated that two workshops will be held, one focused on roadmap options (draft roadmap), and one on the recommended path (final roadmap). This activity is intended to provide guidance to Ministry of Industry and Trade and other key agencies in Vietnam in the following areas: economic costing of natural gas; options for the evolution of market-based pricing of natural gas, and for natural-gas market development post-2020; synchronization of an emerging liberalized gas market with a competitive power market and with the long-term gas contract market; development options for supporting infrastructure; and a natural gas regulatory mechanism, including specific approaches to price formation and regulation.	\$200,000	Energy	Policy, Regulatory and Institutional Reforms

TABLE C.5: PPIAF Activities Approved from the USAID Water Non-Core Trust Fund

Country or Region/Title	Activity Description	Approved Funding	Sector	Action Area
AFRICA: PPP Support to the Nile Equatorial Lakes Subsidiary Action Program (NELSAP)	Supporting NELSAP with the review of the current project pipeline and advancing projects that could be implemented on a PPP basis. Through this assignment, NEL-CU (coordinating unit) will build its capacity to screen projects as potential PPPs.	\$110,000	Multi-sector	Infrastructure Development Strategies
ANGOLA: Support to the Water Sector Reform Through a Pilot PPP Transaction in Cabinda	Assisting the Government of Angola in defining the options and the strategy for structuring a PPP in water services in the province of Cabinda. The activity includes four components: (i) preliminary assessments; (ii) stakeholder engagement; (iii) preparation of options and strategy for structuring a PPP scheme in Cabinda; and (iv) lessons-learning and capacity-building support. PPIAF's funding will be complemented by a WB co-financing for due diligence and project-development work.	\$588,650	Water	Infrastructure Development Strategies
RWANDA: Support to the Water and Sanitation Company (WASAC) Rural and Urban PPP Capacity	Developing options for the improved management of rural water supply through enhanced PPPs, which is envisioned to increase their coverage and sustainability, thus benefiting the poor.	\$323,500	Water	Capacity Building

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