2021

ANNUAL REPORT

PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

PPIAF
Enabling Infrastructure Investment

PPIAF is the only global facility dedicated to strengthening the policy, regulatory, and institutional underpinnings of private sector investment in infrastructure in emerging markets and developing countries, as well as enabling finance for subnational entities. We call this the critical upstream.

While many initiatives focus on developing infrastructure projects with private sector participation, PPIAF sets the stage to make this possible by building institutions, strengthening the capacity of counterparties, and reducing policy, regulatory, and institutional risks.

Turning hundreds of thousands in grant financing into hundreds of millions in infrastructure investment—this is the role of PPIAF.

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FOREWORD

From the PPIAF Program Manager

The 26th UN Climate Change Conference (COP26) has just concluded in Glasgow. With some trepidation about the final language, but with no other option than to look forward, it is my hope, and PPIAF's aim, that countries have the means to do as they said at COP26—build a resilient global society, starting with transformations in infrastructure systems. Here, PPIAF is well-placed to make valuable and lasting contributions.

We have good reason to be optimistic. Today, there is hardly any debate on the impacts of climate change—not surprisingly since we're experiencing them firsthand. Instead, the discussion is about how, and how soon, we might get there—and who will bear the burdens along the way. Sustainability and social justice are two sides of the same coin in the face of climate change. Universal, affordable access to services must be sustainable, and sustainability is only possible if it is equitable.

That's why PPIAF's Renew Strategy, which launches in FY23, considers key trends driving infrastructure investment and private sector participation to accelerate transitions that are sustainable and just. Climate change has brought an urgency to sustainable infrastructure development, and PPIAF has a clear role in addressing it.

Infrastructure must be resilient, accessible to all, and reduce global carbon emissions. Accomplishing this will require radical changes in policies over technological choices, strong institutions that can shepherd the reforms needed at breakneck speed, and massive financing for a transformation that benefits all.

We have already begun. PPIAF operates by giving grants, but our value added extends far beyond the funds provided. To illustrate, PPIAF is supporting an initiative to improve the maritime connectivity of Comoros, an island nation that is particularly vulnerable to climate change. Port infrastructure and transportation services between the country's three main islands are costly and inefficient, constraining economic growth and exacerbating inequality. PPIAF is working to improve the country's legal, regulatory, and institutional framework to improve port infrastructure through public-private partnerships (PPPs). It also supports a vessel renewal program that will increase safety and reduce carbon emissions. PPIAF support will help integrate domestic markets and communities, creating new opportunities for the world's poorest.

Our work with India's national grid operator is helping integrate renewable energy into the country's power system. Sustainable, renewable energy will be critical for weaning India from coal while providing universal access to electricity. This accomplishment will touch the lives of the millions who do not have access to electricity services today.

In Ukraine, PPIAF's work at the subnational level helped provincial cities improve their credit ratings, which will open the door for investment in municipal infrastructure projects. One city, Kryvyi Rih, leveraged a good credit rating to obtain a €6.4 billion loan to improve energy efficiency in schools.

These activities touch on two critical realities. First, they emphasize that access to infrastructure services should be available to all, especially marginalized and excluded groups. Second, infrastructure is central in global efforts to mitigate—and perhaps reverse—the negative impacts of climate change. The private sector has an important role in accelerating these efforts in the context of a strong enabling framework.

What we do in the next 10 years—and we must not let up—will be critical. Governments must be sure-footed and resolute in implementing sustainable policy choices and reforms. PPIAF's mandate extends beyond specific projects—it strengthens the strategic engagement of governments with the private sector in infrastructure development.

Today, we see that the world's poor are the most vulnerable when infrastructure does not live up to its promise. Our work going forward—in partnership with donors, governments, and the private sector—will help ensure that it does.

Jemima "Jema" Sy

A message from one of our donors, **The Swedish International Development Cooperation Agency**

There is broad agreement that the world is facing a severe climate crisis, manifested through recent wildfires, floods, droughts, and biodiversity loss. In combination with the global COVID-19 pandemic, no corner of the globe has been spared.

The latest report by the Intergovernmental Panel on Climate Change (IPCC) shows the impacts of climate change will become irreversible if we do not manage the risks properly. We cannot afford to exceed tipping points in future planning. The report has a clear message regarding climate change: We will either make it or break it the next decade.

So, what do we have to do to make it?

First, we need rapid, transformational change to get on track with the required emissions cuts by 2030. These efforts include managing trade-offs while seizing opportunities to create better-quality jobs, health benefits, and livelihoods.

Second, economic recovery from the global pandemic calls for a building-back-better agenda that is greener and more inclusive. It must be just and aligned with long-term goals for reducing emissions, building resilience to climate impacts, and promoting biodiversity. While basic infrastructure provides essential services, it can also emit considerable amounts of greenhouse gases that contribute to climate change during its life cycle. The sector is also vulnerable to climate change impacts that threaten essential services such as water and sanitation, energy supply, and transportation.

Third, governments, businesses, investors, and other stakeholders must accelerate the transformation to achieve a climate-resilient future. We must establish policies, incentives, and financial solutions that are climate-smart and ecosystem-friendly. In low-income countries, climate adaptation will require significant financial investments, technology transfers, and technical assistance.

PPIAF has a niche and a critical role to play in addressing climate challenges. It builds the foundation for increased private and public funding of resilient, inclusive infrastructure for basic public services in the world's least-developed, low-income, and fragile countries. Together, the public and private sectors complement each other, creating effective synergies that achieve better development results that neither could achieve alone.

The partnership between PPIAF and the Swedish International Development Cooperation Agency (Sida) has developed steadily since 2000. By late 2019, Sida agreed to provide additional resources to the Climate Resilience and Environmental Sustainability Technical Advisory (CREST). This program strengthens PPIAF's ability to work with the public sector in delivering climate-resilient and environmentally sustainable infrastructure services in partnership with the private sector.

CREST, launched in FY21, has allowed PPIAF to significantly ramp up its climate adaptation and environmental sustainability offerings to client countries. For example, it provides climate resilience and environmental sustainability support to the Democratic Republic of Congo (DRC) and state-owned enterprises (SOEs) in Indonesia (see Regional Highlights).

Through this partnership, PPIAF continues to be a relevant global player in supporting environmental reforms, improving the legislative environment, and promoting innovation and market development at the local level. This work ensures that partner countries address other urgent topics like land use and zoning, environmental and social requirements, and standards. PPIAF's work addresses barriers that prevent countries from maximizing different sources of financing for low-carbon infrastructure projects and provides invaluable knowledge services supporting World Bank Group infrastructure investments.

The dialogue between PPIAF and its donors intensified during the COVID-19 pandemic to ensure that it works flexibly and adapts its support to the emerging needs of its partner countries. Overall, we are impressed by PPIAF's COVID-19 PPP Rapid Response initiative, which promotes a smooth transition to a post-pandemic world. Through this initiative, national PPP units, ministries, and utilities can request technical advice for rapid assessments of the COVID-19 impact on PPP programs. This initiative recognizes the need for greener and more inclusive economic development and infrastructure.

In managing the post-COVID-19 recovery and the climate crisis, we have the opportunity to build forward better and greener and reach the most marginalized and vulnerable communities without leaving anyone behind. PPIAF's work remains vitally important in helping institutions become effective partners with the private sector, with PPPs catalyzing private sector investment in sustainable infrastructure and supporting countries as they implement their national climate change plans.

Sida looks very much forward to continuing its partnership with PPIAF. Let's do it and do it right.

Cecilia Scharp is Sida's Assistant Director General and Head of Department of International Organizations and Policy Support.

A message from one of our beneficiaries, **ProInversion, Peru's Private Investment Promotion Agency**

Peru has enjoyed some of the region's fastest economic growth in the last decade, averaging about 6 percent. Continuing this level of development will be challenging, especially in light of climate change and the COVID-19 pandemic. Infrastructure is an integral part of the solution, as it underpins much of the economy.

In 2019, we unveiled our National Infrastructure Plan, which includes recommendations for incorporating environmental sustainability components in public projects. It also showed that we face a financing gap of $110 billion over the next 20 years. Closing this gap means attracting more private sector investment through PPPs.

To achieve this, Peru is working to improve its PPP framework. Not long ago, we added more checks and balances to the process to guarantee well-structured PPP projects. But now, there are opportunities to streamline the management of PPPs and strengthen PPP institutions, including ProInversion, the PPP procurement agency of the Peruvian government. ProInversion is evolving into a matrix organization that includes a new unit responsible for guiding our project teams and standardizing criteria for each of our key PPP disciplines—legal, finance, engineering, and socio-environmental—leading to a more robust structuring process.

However, the PPP pipeline has moved too slowly. We want to accelerate the process and manage it more efficiently. Here, PPIAF's support has been invaluable. PPIAF worked with us to introduce an updated project management system, conduct assessments, and restructure our organization. They helped identify, adapt, and apply best international practices to Peru, such as compensation upon the expiration of concessions. Other recommendations involved project financing mechanisms that reduce costs to the state, making technical specifications more transparent for potential bidders, and identifying opportunities for improving our internal processes and governance.

Building PPP capacity at ProInversion and other relevant Peruvian ministries is essential. Practitioners need better knowledge, information, and skills to improve the management of PPP projects. PPIAF was instrumental in helping us develop the scope of work for a project controls office that uses monitoring and reporting tools to track progress and identify potential delays in a timely way. PPIAF also helped us create a new internship program for undergraduates—a PPP training program that hones their capabilities and knowledge. This year, we are also launching an expanded version of our training program based on best international practices adjusted to the Peruvian context.

PPIAF is helping us in this regard by working with us to identify opportunities to improve our ability to prepare PPP projects, for example, in allocating risks, undertaking procurement openly and transparently, and addressing project financing issues.

We are continuing to work on PPIAF's recommendations. These include developing a standard PPP contract in line with international best practices, identifying mechanisms for financing PPP projects, and strengthening ProInversion's ability to analyze a project's technical and economic parameters.

More work related to climate will also be needed. An infrastructure project should include adaptation measures, technology for mitigating negative climate impacts, and pre-investment studies that include evaluations of disaster risk. Financial models also need to be updated to consider environmental management measures, and legal contracts with concessionaires should require an analysis of climate risks and information about their carbon footprint.

We see many more opportunities for working together with PPIAF. There is room to work on the payment mechanism for PPP projects, including improving contract design and identifying social and environmental risks correctly and in advance. Another important area for collaboration is developing a platform for storing and managing project documentation for all stages of the PPP life cycle, especially the award and contracting processes. By doing so, we will be better positioned to monitor projects, identify problems, and incorporate solutions when structuring PP projects.

Rafael Ugaz is Executive Director of ProInversion, the PPP Procurement Agency of Peru's Ministry of Economy and Finance.

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OVERVIEW

Addressing the **Impacts of Climate Change**

The last year saw a surge of climate change impacts across the globe, ranging from rising sea levels to uncontrolled wildfires. Developing countries and emerging economies are especially vulnerable to these impacts, partly because they lack the resources and capacity to address them—especially when the COVID-19 pandemic is ravaging economies worldwide. PPIAF's role in addressing the impacts of climate change on infrastructure development is in line with the World Bank's green, resilient, inclusive development approach—or GRID.

For over 20 years, PPIAF has encouraged private sector participation (PSP) in infrastructure by building capacity and improving regulatory and institutional frameworks at both the national and subnational levels. PPIAF helps both government clients and the private sector collaborate to finance and operate infrastructure sustainably and inclusively. In this report, PPIAF highlights its contributions to building sustainable and resilient infrastructure. Much of our work addresses the impacts of climate change, both through mitigation and adaptation. Our advice helps countries develop markets for renewable energy, urban transport systems that integrate electric vehicles and non-motorized modalities, and infrastructure that can withstand climate impacts—all in partnership with the private sector.

One mechanism for increasing our climate responsiveness is the Climate Resilience & Environmental Sustainability Technical Advisory (CREST) initiative, which strengthens PPIAF's ability to support climate resilience and environmental sustainability of infrastructure. CREST provides funds to include climate components in existing PPIAF activities. As a result, approximately 70 percent of our activities include a climate component.

Another important program is enabling government authorities, development partners, and service providers to mainstream unconventional water resources in water-scarce countries. The program is developing the existing body of knowledge on the economics, governance, and management of desalination and wastewater reuse. Following a critical analysis of the policy and regulatory framework of desalination and reuse in selected countries, the program will develop case studies, guidelines, and toolkits. It will also work to improve governance frameworks. The technical assistance provided under the program is expected to inform the design and implementation of investment operations financed by the World Bank and other development partners.

Institution building is critical for successful PPP programs. The PPP Institutions Building program reviewed critical factors leading to the success and failure of PPP programs and is preparing an approach paper on the practical experience of interventions supporting PPP institutional development. Themes covered include capacity building, legal and institutional frameworks, project preparation, financing, contract management, and sustainability. The findings and recommendations will inform institutional building support provided to selected countries.

The economic impacts of COVID-19 can also threaten PPP contracts. Less than a month after COVID-19 was declared a pandemic, PPIAF launched the COVID-19 PPP Rapid Response Umbrella Program that provides just-in-time, targeted technical advice to governments navigating the impact of COVID-19 on their PPP programs. The aim of the program is to help authorities get ahead of negative developments that could mean far greater fiscal, financial, and social costs through a rapid assessment of their portfolios to identify risks, estimate their costs, and inform decisions on options and actions.

Enabling Subnational Entities to **Attract Financing & Improve Governance**

PPIAF's Subnational Technical Assistance (SNTA) program provides grant funding to help municipalities and state-owned utilities gain the experience, knowledge, and skills necessary to borrow on commercial terms for sustainable infrastructure projects. It helps subnational entities develop bankable infrastructure projects, strengthen financial management systems, and build creditworthiness. Since its launch in 2007, PPIAF's SNTA program has provided $45 million in funding for 181 activities.

SNTA's work with **Cameroon**'s Port Authority of Douala illustrates this approach. It provided technical assistance to strengthen the financial viability of the port, which will allow it to access commercial financing as well as non-sovereign loans from development partners. PPIAF supported a shadow credit rating of the port and worked with port management to develop an action plan addressing the findings of the ratings exercise. This process gives the port authorities a better understanding of what drives its credit quality and its prospects for accessing finance. The SNTA program also works with municipalities to improve their creditworthiness.

In **Ukraine**, it provided support and guidance through the credit rating process for three cities—Mariupol, Zaporizhzhia, and Kryvyi Rih. As a result, all three cities obtained a rating from an international credit rating agency.

The credit rating of a municipality is tied to their capital investment plans (CIPs) and how they choose to fund these investments. Lenders expect to be able to query the full set of planned and actual capital investments in each CIP. Following a City Creditworthiness Academy that helped identify areas of weakness in **Turkish Metropolitan Municipalities**, PPIAF supported five municipalities to improve their CIPs. As part of this assistance, debt management strategies were developed in three municipalities. In the city of Eskisehir, PPIAF provided support to measure the effects that design choices of capital investment projects would have on greenhouse gas emissions and lifecycle costs in order to help prioritize investments and further "climatize" the CIP.

Municipalities in **Morocco** face a significant challenge—rapid urbanization is driving increased needs for investments that municipalities cannot fund. SNTA support identified shortcomings in the country's tax system (which contributed to low revenue collection and inequitable distribution across municipalities), assessed the applicability of innovative financing for urban development such as land value capture (LVC) in the Moroccan context, and supported the government in adopting a performance assessment system of municipalities that was applied to the city of Casablanca. As a result of this activity, Morocco is making critical improvements to the way local taxes are administered and distributed.

In **Senegal**, SNTA provided technical advice for a Power Sector Financial Recovery Plan for the country's national electricity company, SENELEC. The assistance reviewed its current financial and operational status and modeled the impacts of COVID-19. While the review found that the company was in good financial health, its operational and financial performance was threatened by high production costs due to a dependence on oil. Investments will be needed to update its infrastructure to generate revenues, as well as to introduce gas and renewable energy sources.

In **Colombia**, SNTA is building on the lessons learned from a program to implement the country's first tax incrementing financing (TIF) instrument. Municipalities use this instrument to finance infrastructure by capturing tax increments when property values rise. SNTA is developing pilots to build an infrastructure project pipeline in several Columbian cities that can be financed using the tax incrementing financing instrument. The resulting improvement in services will benefit those unserved today.

In **Vietnam**, PPIAF undertook a comprehensive financial management assessment of the power generation subsidiaries of Vietnam Electricity (EVN), the country's leading power company. Fitch Ratings, a leading credit rating agency, was retained by EVN to provide independent assessments for its subsidiaries. All five subsidiaries received international credit ratings of BB, which will enable them to access domestic and international capital markets—such as syndicated loans or international bonds—without government support. This work follows successful support for EVN and the EVN National Power Transmission Corporation in obtaining a credit rating.

Globally, the SNTA program published an operational guidebook and training module on property tax reform for municipal administrators. It provides guidance on analyzing and assessing immovable property tax systems, diagnosing the strengths and weaknesses of such systems, and developing a property tax intervention strategy where needed. It will assist city governments in developing property tax systems to enhance revenue yields and improve creditworthiness.

The SNTA program provided training seminars, e-learning tools, and translation/adaptation of knowledge products as part of a three-year partnership between the World Bank and the Center for Financial, Economic, and Banking Studies (CEFEB) to build the financial management capacity of subnational authorities and PPP officers. This PPIAF-French Development Agency (AFD) program supported cities in developing countries by preparing them for market-based financing transactions in local currency for climate-smart infrastructure projects.

SNTA also supported the publication ***Public-Private Partnerships in Land Administration: Analytical and Operational Frameworks*** to help governments better understand and identify potential opportunities for PPPs in land administration. The work draws on international case studies to provide guidance on screening opportunities and on understanding and managing risks.

UKRAINE

Municipalities access finance with improved creditworthiness

Attracting private participation in infrastructure in Ukraine is challenging, especially in the eastern regions in the vicinity of an ongoing conflict with separatists. Private sector engagement in infrastructure is a priority for Ukraine's government, which is implementing reforms to encourage it.

Cities, however, are responsible for many critical infrastructure projects. But subnational governments often lack the capacity to manage their finances, which discourages investors. In these cases, a reliable, credible credit rating can make a difference. Credit ratings shed light on the strengths and weaknesses in municipal finances, providing a tool for governments to improve their financial operations.

IFC has been looking to credit ratings in selected Ukrainian cities to gauge their ability to access financing for municipal infrastructure projects. Three mid-sized, regional cities in central and eastern Ukraine—Mariupol, Zaporizhzhia, and Kryvyi Rih—requested assistance in obtaining credit ratings to improve access to financial markets for infrastructure projects. The municipality of Mariupol, a city of about 450,000, lies only 20 kilometers from the conflict zone.

PPIAF-supported advisory services to these three cities to obtain a credit rating from an internationally renowned credit rating agency. PPIAF provided guidance in navigating the credit rating process, helped the cities obtain an international foreign and local currency credit rating, and organized a workshop for city officials, the rating agency, IFC, and other stakeholders to discuss the rating results.

All three cities received a rating on par with Ukraine's sovereign rating, though below investment grade at B. The credit ratings were published to provide greater transparency and awareness about the cities' finances and operations. The rating took into account strong, own-account revenue bases, decreasing dependence on state budget transfers, and the flexibility to manage operational and capital expenditures. It also considered vulnerable risk profiles in revenue and expenditure structure, adjustability, and liquidity.

The credit ratings improve the cities' access to long-term commercial finance and enhance municipal internal budget planning. All three are engaged in IFI-financed projects, where the ratings provide valuable information to potential partners.

The ratings are already leading to significant savings for one Ukrainian city. Kryvyi Rih, for example, has used the credit rating to access better terms for a loan to improve energy efficiency in public schools.

JORDAN

Assessment finds PPIAF support for Jordan relevant and effective

PPIAF's support for Jordan has been relevant and in line with the government's priorities in infrastructure, according to an assessment conducted by the PPIAF Technical Advisory Panel (TAP) in FY21.

Between 2000 and 2020, PPIAF provided $2.4 million for 10 activities in Jordan. Four of these, accounting for about $1 million in grant assistance, focused on improving the enabling environment for PPPs at the national level. A subnational technical assistance activity completed in 2017 provided $220,000 to strengthen the institutional and financial management systems of the Greater Amman Municipality. This enabled it to sustainably finance and deliver services to its citizens and enhance its accountability. The remaining activities, accounting for nearly half of total funding for the country, focused on transport ($86,300), energy ($471,000), and the water and sanitation sector ($600,000). These included the following:

Support for the PPP enabling framework. PPIAF support laid the foundation for a PPP enabling framework, based on international best practices, that benefits all infrastructure sectors in Jordan. PPIAF's activities supported the World Bank's work on the Amman Development Corridor and helped develop the country's PPP pipeline. This activity is ongoing as further regulations are being developed and capacity-building work is underway.

Transportation. PPIAF analyzed PPP options for the Amman Ring Road Project and supported the Bank Group's direct assistance and policy loans for a pilot Maximizing Finance for Development initiative.

Water and sanitation. PPIAF advised the government on an appropriate industry structure to attract private sector participation in the sector. This support provided valuable inputs to the Ministry of Water and Irrigation as it considered options for structuring PPPs.

Energy. Two PPIAF activities complemented a major government initiative to restructure, privatize, and regulate the energy sector. The first developed a strategy for transitioning to a competitive electricity market, and the second focused on designing optimal tariff methodologies. These activities informed an EU/USAID initiative to strengthen regulatory capacity in the country's energy sector. Not all recommendations were adopted, however. For example, the government has not reformed electricity tariffs, which has undermined the creditworthiness of NEPCO, the single buyer/seller of electricity in the country. Further support from the government and donors will be required.

The country assessment found positive evidence that Jordan was making significant progress in strengthening its PPP framework, supported by PPIAF. However, the implementation of PPP projects to date has been slow because reforms of the enabling framework have outpaced the government's capacity and resources to take full advantage of it. Jordan will need to take steps to buoy the underlying economics of PPP projects or the viability of the contracting authority, for example, by increasing user tariffs, improving SOE creditworthiness, or scoping down ambitious projects. PPIAF can work with Jordan should there be interest in taking such reforms forward.

KNOWLEDGE **MANAGEMENT**

Highlights of Knowledge Products FY21

PPIAF's expansive knowledge portfolio helps governments provide more resilient and sustainable infrastructure and improve service delivery. These resources include publications and online training courses, covering topics such as municipal finance, PPP certification and disclosure, deploying private sector resources to address developmental challenges, and reducing non-revenue water. This year's resources will help governments address infrastructure-related challenges by building their knowledge in relevant areas and applying it where it is needed most.

Assessing the Welfare and Distributional Impacts of the Maximizing Finance for Development Approach

Maximizing Finance for Development (MFD) is the World Bank Group's approach to directing resources—including finance, expertise, and solutions—to support sustainable growth in developing countries. The MFD approach harnesses private sector resources and deploys them where they have the most impact, freeing up public resources for areas such as social protection, health, and education. This reference paper provides guidance in assessing the welfare and distributional impacts of private sector participation in interventions in infrastructure sectors.

Access the paper at https://ppiaf.org/activity/global-assessing-welfare-and-distributional-impacts-maximizing-finance-development-0.

3-Year CEFEB-WB Partnership for Municipal Finance Capacity Building Program

Local authorities across the globe have a strong demand for skills such as managing revenues and debts, mobilizing funds, and facilitating investment to overcome poverty. To meet this need, PPIAF and AFD developed a program to build the financial management capacity and performance of subnational governments in cities across the globe. The program delivered 11 in-person training events, a four-week French-language Massive Open Online Course (MOOC) with the participation of over 3,000 government officials. In-depth training on local financial strategies is also available through an online tutored course. AFD and the World Bank used the tools from the City Creditworthiness Initiative, which were adapted to e-learning and translated into French, Indonesian, and Spanish.

For more information, visit https://campus-collectivites-finances-locales.com/#anchor-fp-bottom.

Global PPP Certification Program

Professionals working on PPPs in developing countries—both in the public and private sectors—need to acquire and demonstrate the skills necessary for managing the PPP process. PPIAF supported the development and implementation of the PPP Certification Program offered by APMG, a global accreditation and examination institute. It is designed to help individuals working on PPPs (or those interested in learning about PPPs) achieve a common level of knowledge and understanding of the subject, verified through globally recognized certification. It also aims to standardize the process for delivering PPP projects worldwide. To obtain the certification, participants must pass three certification exams: Foundation Level, Preparation Level, and Execution Level. More than 7,000 people from both the public and private sectors in over 150 countries have passed the exams to date.

Sign up for the free, self-paced Foundation Level course at https://ppp-certification.com/training.

Component 1 — Good Performance-Based Contract Practices for Non-Revenue Water Program

Non-revenue water (NRW) is an expensive problem—globally, about $14 billion is lost in annual revenue when water is processed and distributed but not paid for. Reducing NRW can significantly improve the financial viability of utilities, expand access to water connections, and improve service quality. PPIAF, in partnership with the World Bank, the Inter-American Development Bank (IDB), and the International Water Association, developed an online resource that guides users through the process of developing performance-based contracts for reducing NRW, from screening through contract design. It includes sections on project preparation, tools and resources, case studies, and training. It also includes an operations manual and numerous assessment tools.

Learn more at https://pppknowledgelab.org/pbcsfornrw.

PPP Disclosure E-learning Module and Country Assessment Study

Disclosure of information plays an important role in PPP programs, as it can reduce the risk of corruption, increase the mobilization of private capital for investment in infrastructure, increase public confidence and awareness, and achieve value for money through PPP transactions. But challenges in developing and implementing systematic disclosure persist. As a result, not all governments disclose PPP information in a structured way. In response to this challenge, the World Bank, with PPIAF support, launched an e-course to help PPP practitioners understand how to plan and implement PPP disclosure frameworks. The e-course is available online.

Enroll in this self-paced course at https://pppknowledgelab.org/e-course-planning-and-implementing-disclosure-ppps.

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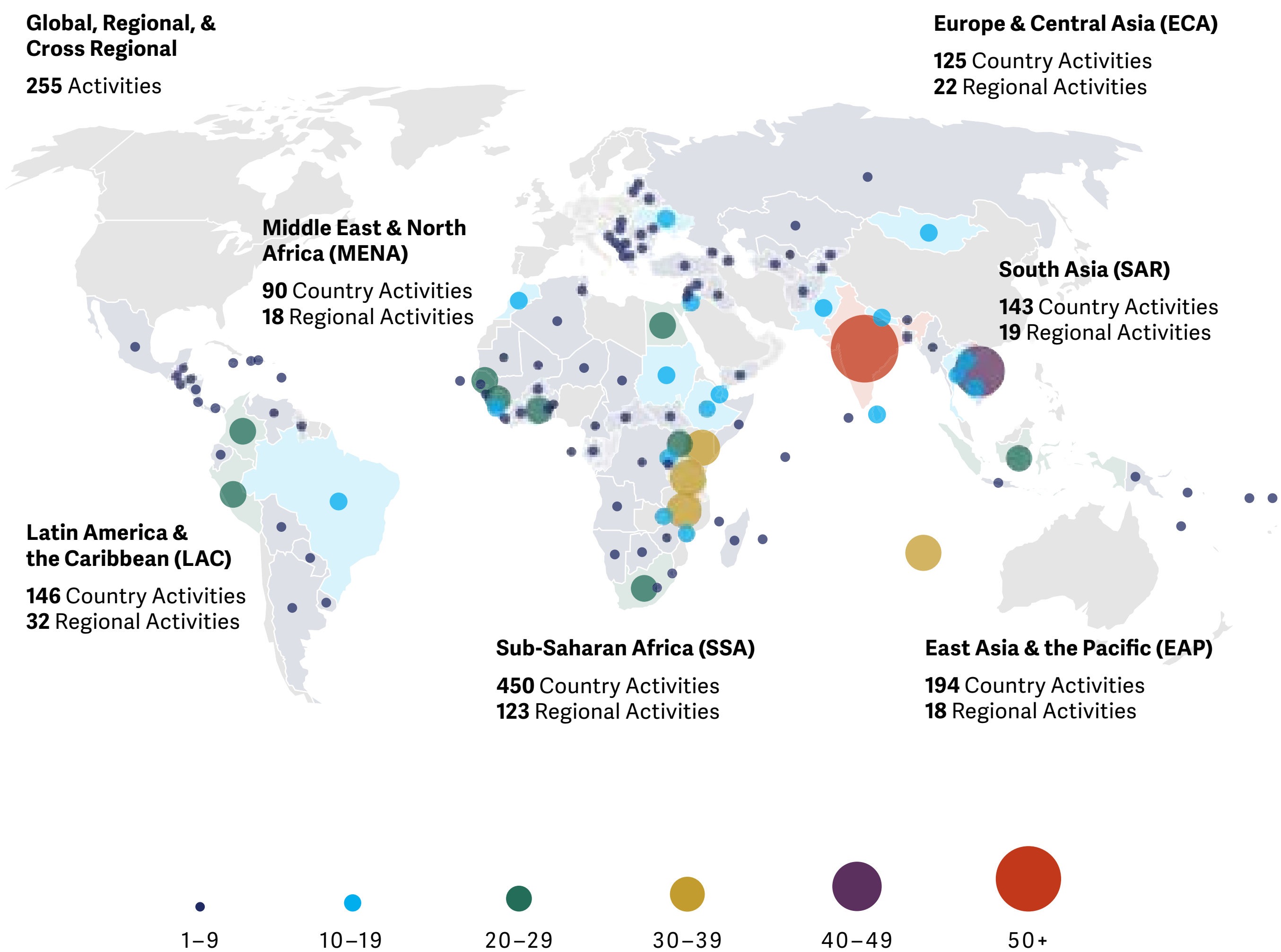
REVIEW OF FY21

HIGHLIGHTS OF FY21

Since its inception, PPIAF has funded
1,620 activities in **129 countries**.

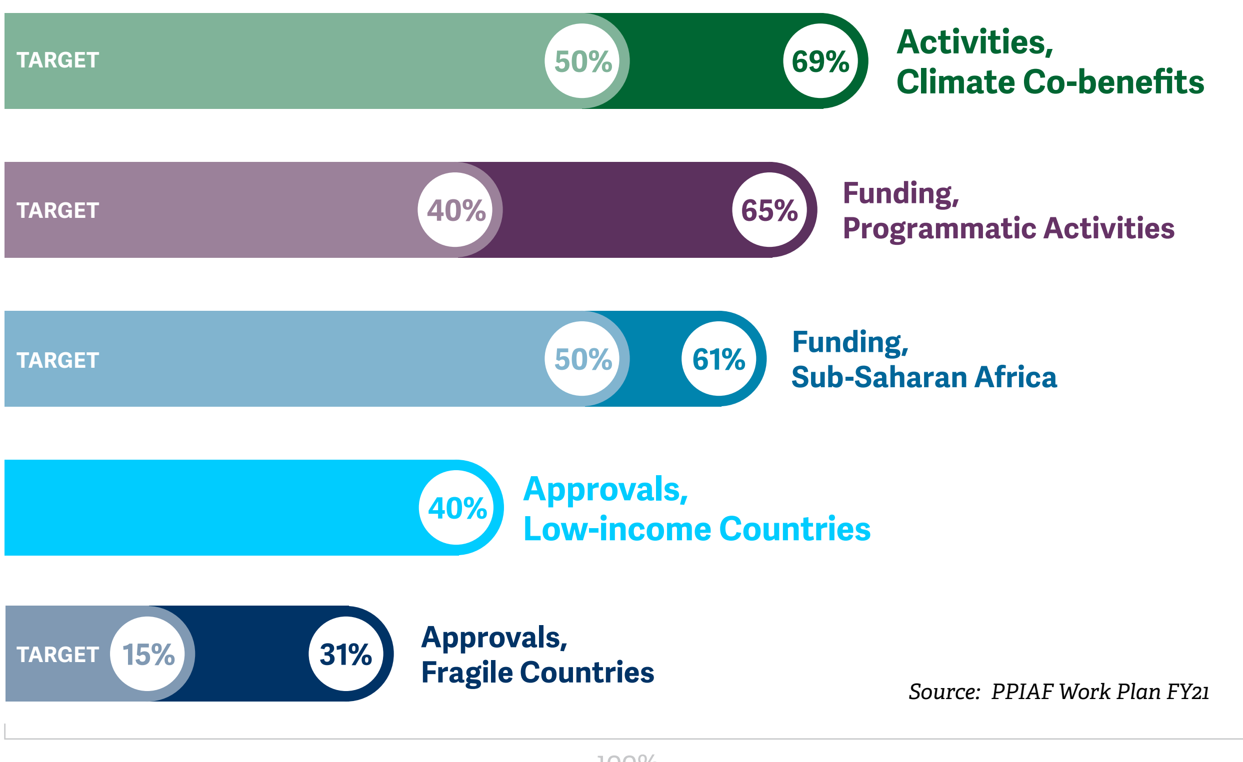


In FY21, 59 activities were approved by PPIAF with a total value of $13 million.

59
ACTIVITIES

$13
MILLION

In FY21, PPIAF exceeded its **annual fund allocation targets**.



Source: PPIAF Work Plan FY21

Funding Approved in Impact Countries

South Africa received the most funding in FY21, with $800,750 approved for three activities. In FY21, 62 percent of the impact countries that received funds were in Sub-Saharan Africa. Impact countries in East Asia and the Pacific are the second-largest beneficiaries, accounting for 13 percent of approved funding.

IMPACT COUNTRY	TOTAL AMOUNT APPROVED	NUMBER OF ACTIVITIES
Angola	$ 365,000	1
Colombia	$ 300,00	2
Ethiopia	$ 615,000	2
Guinea	$ 257,000	1
Haiti	$ 182,000	1
India	$ 300,000	1
Indonesia	$ 350,000	1
Jordan	$ 353,000	2
Kenya	$ 452,661	2
Lao PDR	$ 150,000	1
Malawi	$ 205,000	1
Nigeria	$ 800,000	3
Peru	$ 150,000	1
South Africa	$ 800,750	3
Ukraine	$ 146,670	1
Vietnam	$ 250,000	2
Grand Total	**$5,677,081**	**25**

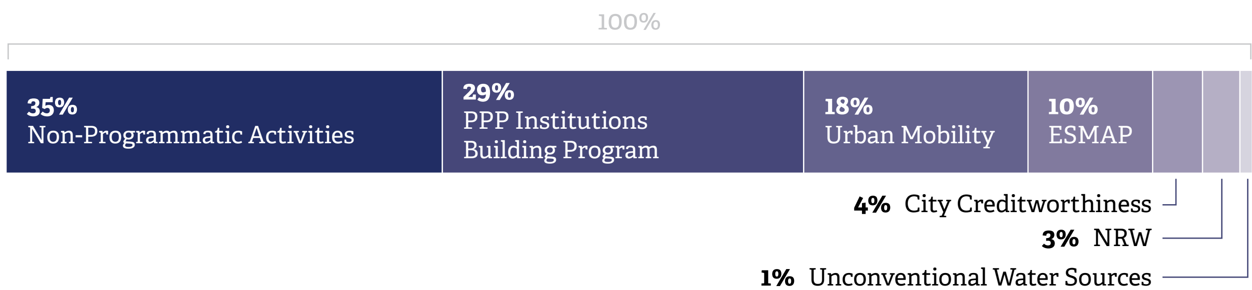
PPIAF Technical Assistance Support Channeled through Global Programs in FY21

PROGRAM NAME & DESCRIPTION	THEME	KEY PARTNERS (TRUST FUND)	FUNDING (FY21)
Building stronger institutions to deliver better Public-Private Partnerships Guided by an overarching framework that designates five milestones or key markers of progress, activities supported under this program are tailored to a country's specific PPP needs and designed to help the country work towards progressing on its path to a successful PPP program.	Fragility and Low Capacity Countries	World Bank's IPG Group (MDTFII)	$3,769,331
City Creditworthiness Helps subnational entities structure viable investments that will deliver low-carbon and resilient infrastructure services. It works with local authorities, including utilities, providing comprehensive, hands-on, and long-term support.	Subnational	World Bank's Urban Global Practice, Rockefeller Foundation, KGGTF, C40 Network (SNTA)	$500,000
Unconventional Water Sources This Program aims to enable government authorities in water-scarce countries, development partners and service providers to adopt new institutional structures and management models for mainstreaming unconventional resources in the water mix and to obtain greater value-for-money from desalination and reuse operations.	Sustainable Infrastructure	World Bank's Water Global Practice (SNTA)	$150,000
ESMAP Partnership Aims to address and alleviate upstream regulatory, policy, and institutional barriers to the deployment of renewable energy and energy efficiency solutions with private sector participation.	Sustainable Infrastructure	ESMAP (CCTF)	$1,255,000
Urban Mobility Program Aims to channel support complementary to that provided by the World Bank's transport group to hep cities improve their institutional, financial, and regulatory frameworks to create conditions more favorable to PPPs in urban mobility—like bus rapid transit projects or metro projects.	Sustainable Infrastructure	World Bank's Transport and Digital Development Global Practices (MDTFII)	$2,364,450
Good Performance-Based Contract Practices for Non-Revenue Water Program Catalyze better practices in the market of performance-based contracts for nonrevenue water.	Sustainable Infrastructure	World Bank's Water Global Practice, International Water Association, IDB (SNTA)	$453,000
		Total	**$8,491,781**

PPIAF Funding Allocation in FY21

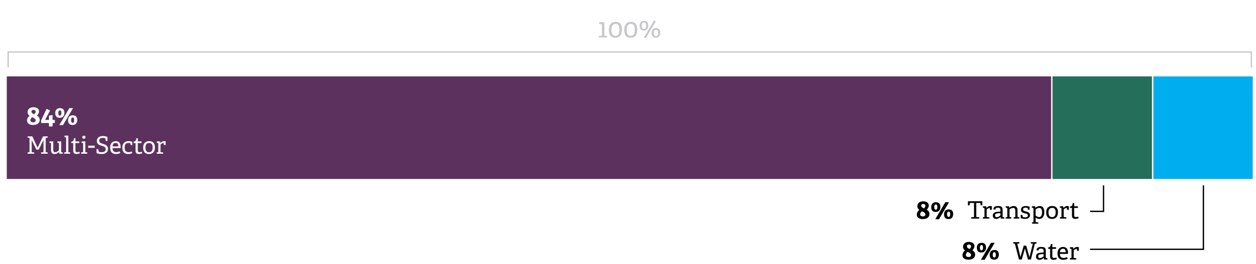
Funding Allocation by Program

More than half (65 percent) of PPIAF support in FY21 was channeled through Programmatic Activities. Nearly a third (29 percent) of all PPIAF activities were conducted through the PPP Institutions Building program with a large focus on low-income and fragile, conflict and violence-affected (FCV) countries.



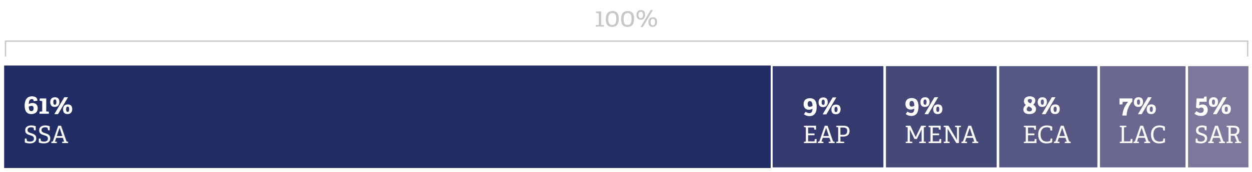
Global Knowledge by Sector

Most global knowledge product funds approved by PPIAF in FY21 were for multi-sector studies, followed by sector studies in transport (8 percent) and water (8 percent). More specifically, PPIAF approved seven multi-sector activities, the largest of which was a $500,000 activity, which was part of the City Creditworthiness Initiative. The second largest was a $265,000 activity, implemented in collaboration with the Global Infrastructure Facility (GIF), to mainstream gender considerations in infrastructure. Furthermore, PPIAF approved $240,000 for CREST guidelines entitled "Promoting Climate Resilience in the Evaluation and Delivery of Upstream and Midstream Infrastructure Advisory," in line with the World Bank Group's FY21–25 climate strategy.



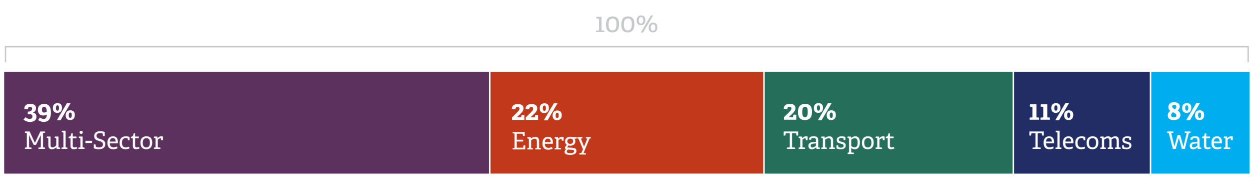
Technical Assistance by Region

FY21 saw an 8 percent increase in allocation of funds to the countries in Sub-Saharan Africa (SSA) compared to FY20. In total, 61 percent of funding went to SSA, surpassing PPIAF's target of 50 percent. East Asia and Pacific and the Middle East and North Africa regions followed, each receiving 9 percent of total funding.



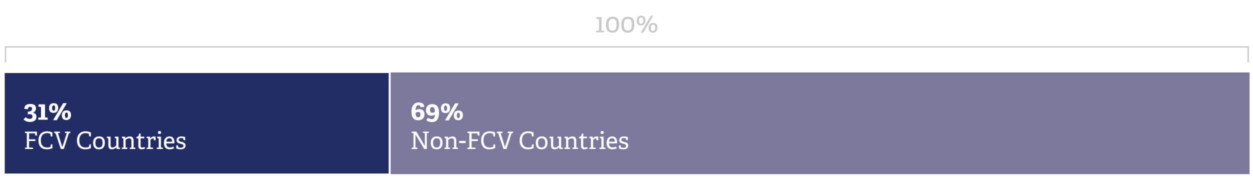
Technical Assistance by Sector

The largest allocation of FY21 project funds was for multi-sector activities (39 percent). Growing demand for digital services, especially in nascent markets, combined with PPIAF's strong engagement led to a significant increase in funding for the telecommunications sector. In FY21, it accounted for 11 percent of total funding, compared to 4 percent in FY20.



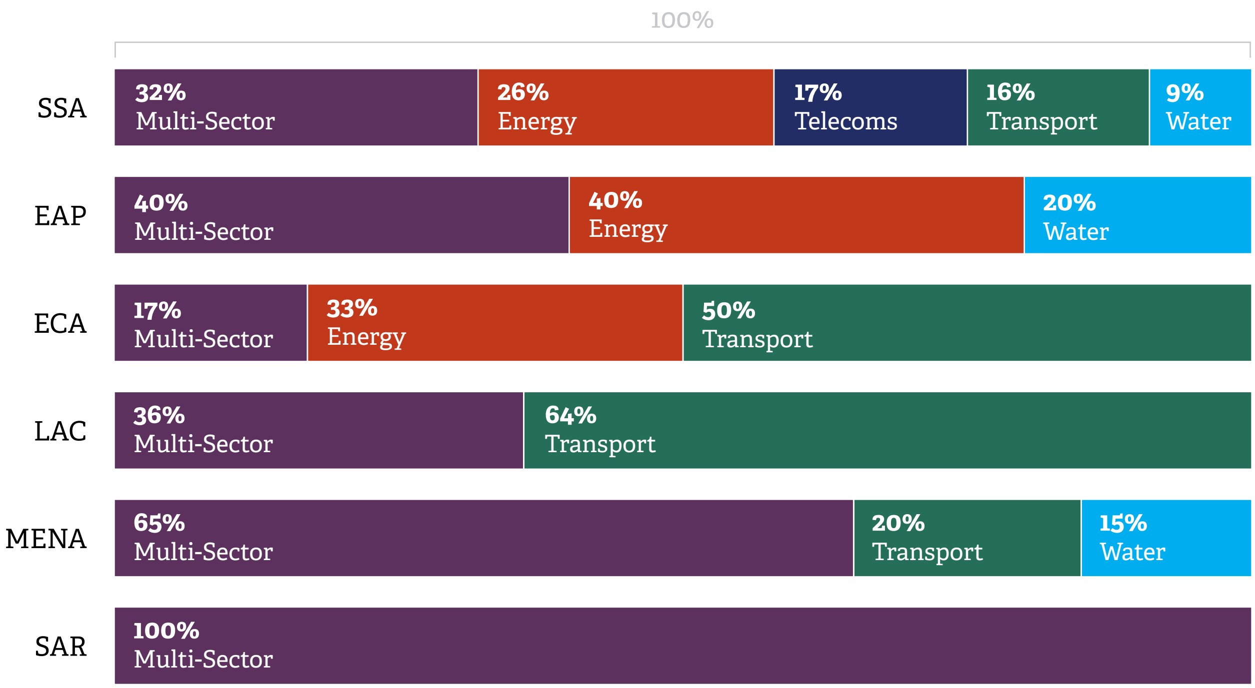
Technical Assistance Approved in FCV Countries

In FY21, 31 percent of funds in country-facing projects were allocated towards FCV countries, well above the target of 20 percent. This represents an increase of 4 percent compared to FY20.



Technical Assistance by Region & Sector

A breakdown by region and sector shows that the allocation of funds to different infrastructure sectors varied among PPIAF regions in FY21. In SSA, 32 percent of PPIAF-funded activities were multi-sector, 26 percent were energy, and 17 percent were telecoms. In contrast, all funding for the South Asia region (SAR) in FY21 was for multi-sector activities. In East Asia and Pacific (EAP), PPIAF funded multi-sector engagements (40 percent), energy sector (40 percent), or water and sanitation sector engagements (20 percent). In the Middle East and North Africa (MENA) region, PPIAF funded for multi-sector engagements (65 percent), transport (20 percent), or water and sanitation (15 percent). Activities in the telecommunications sector made up 17 percent of funding in the region.



Technical Assistance by Region & Fiscal Year

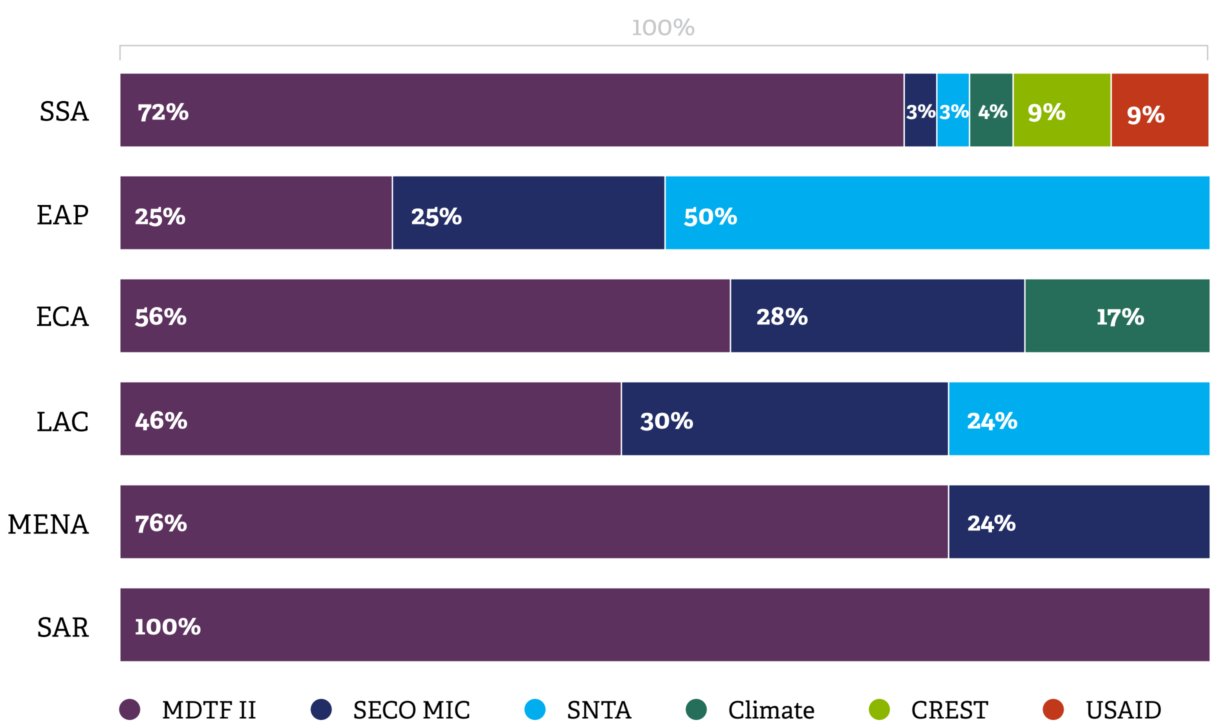
The SSA region saw the most significant increase in the share of funding allocation between FY20 and FY21. In FY21, 61 percent of approved funds were in SSA, compared to 54 percent in FY20. Both the Eastern Europe and Central Asia (ECA) and MENA regions saw slight increases in approvals, with a 1 percent increase in each between FY20 and FY21. SAR received the least funding in FY21 and saw the largest percentage decline between FY20 andFY21, with a 5 percent decrease of the total approvals between FY20 and FY21. Two activities were approved in SAR, each for $300,000, with both falling under the PPP Institutions Building program. Lastly, both ECA and the Latin America and the Caribbean (LAC) regions saw a 3 percent decrease in approvals—a 3 percent decline from FY20 to FY21.

REGION	FY20	FY21	DIFFERENCE
Sub-Saharan Africa (SSA)	54%	61%	7%
East Asia and Pacific (EAP)	12%	9%	- 3%
Eastern Europe and Central Asia (ECA)	6%	8%	2%
Latin America and the Caribbean (LAC)	10%	7%	- 3%
Middle East and North Africa (MENA)	8%	9%	1%
South Asia (SAR)	10%	5%	- 5%

Technical Assistance by Trust Fund & Region

The majority of PPIAF funding came from MDTFII ($7.5 million), followed by SECO MIC ($1.2 million), SNTA ($0.905 million), USAID ($0.6 million), CREST (approximately $0.6 million, not including top-up funding approved in FY21) and the Norway/ Netherlands/SECO Climate Change fund ($0.46 million).

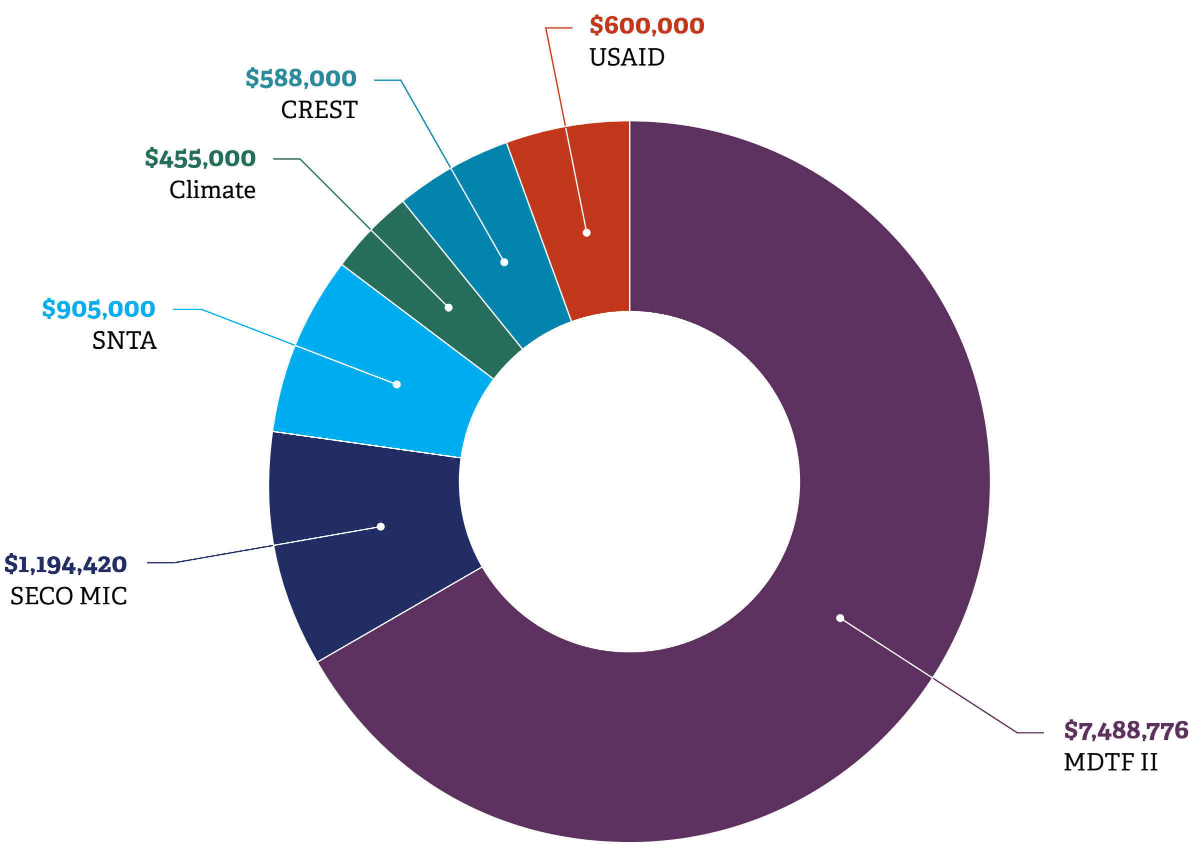
Please note: the following figures do not include CREST top-up funding

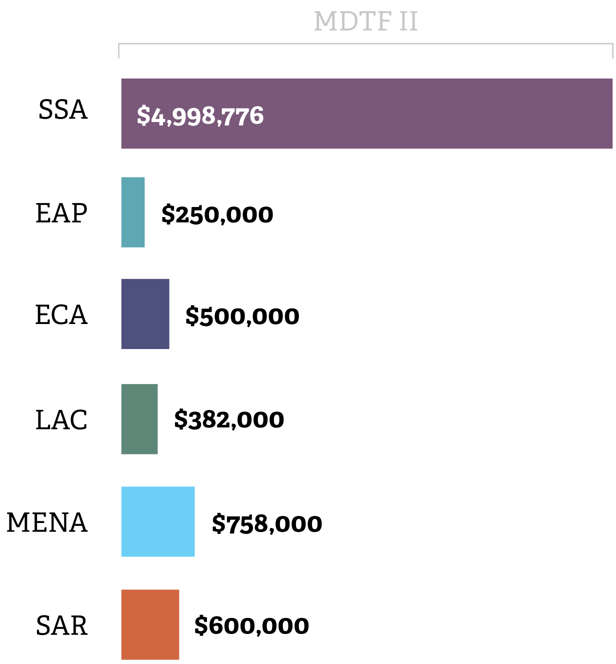


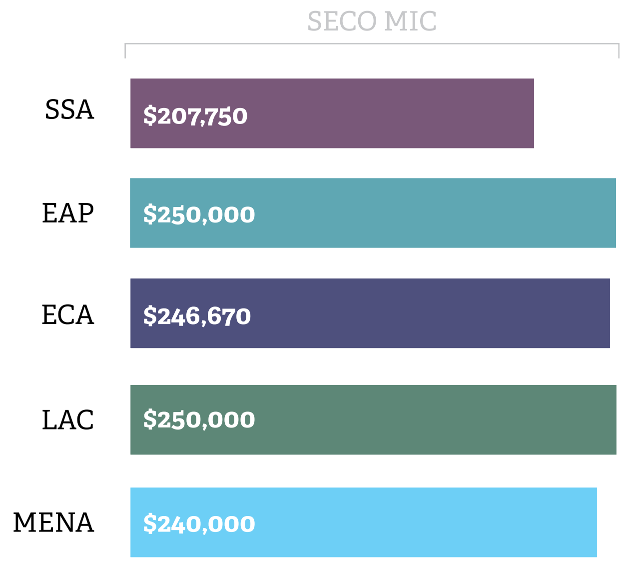
Technical Assistance by Trust Fund & Region

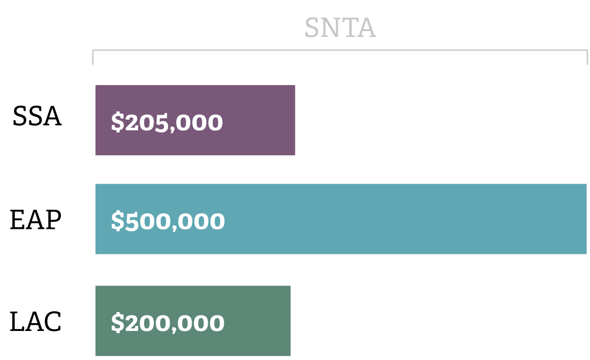
Most technical assistance in FY21 was allocated to SSA. MDTFII provided 72 percent of funds for the region. In EAP, PPIAF provided $1 million in grants—25 percent of this funding came from MDTFII, 25 percent from SECO MIC, and 50 percent from SNTA. MDTFII funded all activities in SAR.

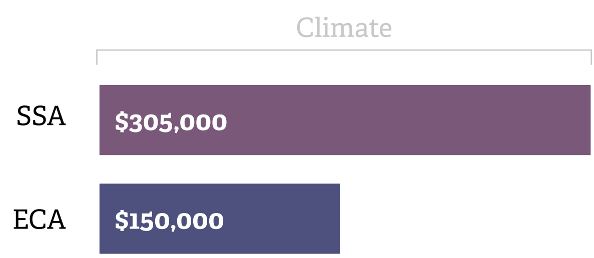
Please note: the following figures do not include CREST top-up funding

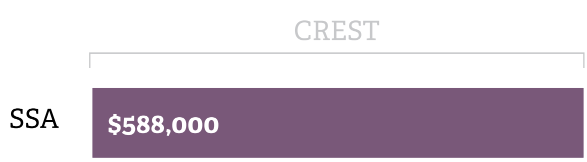


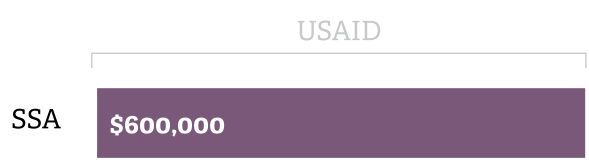

MDTF II
SSA
$4,998,776
EAP
$250,000
ECA
$500,000
LAC
$382,000
MENA
$758,000
SAR
$600,000


SECO MIC
SSA
$207,750
EAP
$250,000
ECA
$246,670
LAC
$250,000
MENA
$240,000


SNTA
SSA
$205,000
EAP
$500,000
LAC
$200,000


Climate
SSA
$305,000
ECA
$150,000


CREST
SSA
$588,000

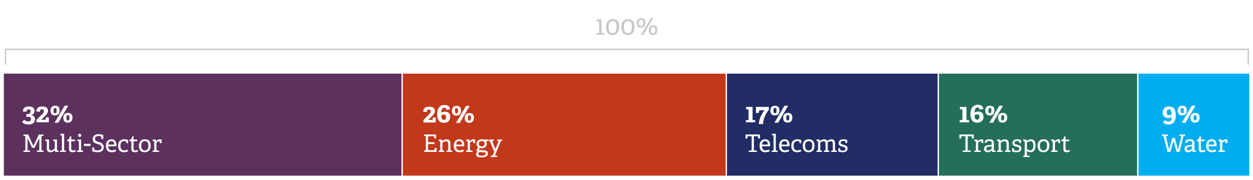

USAID
SSA
$600,000

3

REGIONAL HIGHLIGHTS

Sub-Saharan Africa

	FY21	FY20
FUNDS DEPLOYED	$6.9 million	$6.4 million
CO-FUNDING LEVERAGED	$4.59 million	$2.98 million
ACTIVITIES APPROVED	26	25
ACTIVITIES CLOSED	11	18



FY21 support in SSA was directed towards multiple sectors. The telecommunications sector accounted for 17 percent, representing a 10 percent increase over FY20 levels. Most funding in SSA was for multi-sector activities, while the water and sanitation sector received the least support. Furthermore, 66 percent of FY21 funding in SSA was made up of programmatic engagements falling under the Energy Sector Management Assistance Program (ESMAP), NRW, PPP Institutions Building, and the Urban Mobility programs.

CAMEROON

Supporting the development of the national railway

Cameroon's 1,100 kilometer railway system is a significant contributor to the country's growth. The railway links the country's leading urban centers and facilitates economic and social connections with its neighbors, mainly Chad and the Central African Republic. Camrail, a subsidiary of the French transportation conglomerate, Bolloré, has operated the railway under a concession agreement since 1999—a rare example of a successful railway PPP in Africa.

The development of the railway is a top priority for the government. In 2012, it adopted a railway development plan to develop existing railroads and build new lines to connect Cameroon to neighboring countries and the Kribi seaport. Under Camrail, the railway has seen improvements in passenger and freight traffic, fewer derailments, and infrastructure upgrades. Despite this success, the performance and quality of passenger services have grown worse in recent years, prompting public criticism.

The World Bank Group, which first supported the efficiency and sustainability of the transport sector by enabling the private operation of the railway sector, is currently supporting Cameroon to improve the efficiency and effectiveness of its multimodal transport along the Yaoundé–Kousseri Corridor. This will lead to improved performance of the country's rail/road corridors and are expected to have a regional impact.

At the government's request, PPIAF funded a study supporting the railway development plan in collaboration with GIF. The study, which supplements the technical feasibility work financed by the World Bank, assessed the performance of the current concession agreement between the government and Camrail, provided recommendations for a new institutional framework, and proposed PPP options for extending the network. It will also inform government decisions regarding potential PPP arrangements and amendments to the concession agreement.

These activities build on PPIAF's work to modernize Cameroon's legal and institutional framework for PPPs and strengthen the government's capacity to prepare them. A law is currently being prepared to strengthen the institutional framework for the sector. It includes several options for reinforcing the role of the government of Cameroon in the supervision of its infrastructure. The risk-sharing between the public and private sectors has important implications for the railway concession's viability, making the thorough review of options supported by PPIAF critical.

The study may support the development of modern, cost-effective railway infrastructure that will reduce greenhouse gas emissions and particulate matter, thanks to improved efficiency and a shift from truck to rail transport. In addition, the railway will enjoy improved capacity, safety, speed, and reliability. The government will also be better positioned to attract private sector participation in infrastructure development.

DEMOCRATIC REPUBLIC OF CONGO

Renewables can bring power to unserved and underserved cities

The Democratic Republic of Congo (DRC) is one of the least electrified countries in the world. Disparities between urban and rural areas are significant—only 1 percent of the rural population has power.

The government wants to boost renewable energy generation, particularly through hydropower, to address this critical situation. Estimates of its hydropower potential exceed 100 gigawatts, but less than 3 percent of this potential has been realized to date. Almost half of its installed hydropower capacity—estimated at 2,500 megawatts—is not operational. Demand, however, is high, with peak power demands exceeding 4,000 megawatts.

The DRC's energy sector is characterized by low access, weak regulatory and institutional environments, and limited investment. In response, the government of DRC is looking to close the supply-demand gap in power while also building the resilience of the energy sector, a critical part of its response to climate change.

Société Nationale d'Electricité (SNEL), the state-owned utility, suffers from poor technical and financial performance. Tariffs are below cost-recovery levels in urban areas, power purchase agreements are opaque, and billing and collection rates are low. Power transmission and distribution problems are compounded by poor financial and technical performance. Consequently, SNEL has been unable to make the capital and operational investments necessary to maintain, improve, or expand the power system to unserved and underserved communities.

The World Bank has been a significant development partner in the DRC's power sector, with investments targeting generation, transmission, utility reform assistance, and, more recently, access to electricity. It supports the DRC Electricity Access & Services Expansion (EASE) project, which aims to increase electricity access in the country. The Bank also supports the DRC National Mini-Grids program, which brings renewable-based mini-grid solutions to unserved or underserved urban areas in partnership with the private sector. In addition, the World Bank is preparing the DRC Electricity and Water Access and Governance project to enhance the climate resilience of energy infrastructure.

The government requested support from PPIAF to complement World Bank Group initiatives to provide electricity to selected provincial capital cities. This $350,000 PPIAF activity, co-funded by ESMAP, identifies critical gaps in the current legal, regulatory, and institutional environment. It provides recommendations identifying viable business models for attracting private sector participation and builds the capacity of key stakeholders—provincial governments and the central Ministry of Energy—to execute their respective PPP-related functions.

Complementing this work, PPIAF deployed additional resources through a special-purpose CREST funding window to finance a climate vulnerability assessment that will provide recommendations for strengthening electricity and water infrastructure through PPPs to increase adaptability to climate change. PPIAF is providing this support in partnership with AFRI-RES Trust Fund.

PPIAF support will enable the government to develop climate resilience and environmental sustainability strategies that better protect electricity and water infrastructure in partnership with the private sector. The recommended model will define the terms and necessary processes to secure the financing, development, construction, operation, and maintenance of three mini-grids by the private sector.

COMOROS

Better island connectivity can boost the economy

Comoros, an archipelago nation situated off the coast of Mozambique, has enjoyed steady GDP growth averaging 3.5 percent in the last five years, reaching $1.22 billion in 2020. But further economic growth is constrained by limited connectivity between its three main islands, a key bottleneck that prevents the Comorian islands and markets from integrating.

Maritime transport services between the islands, both for passengers and freight, are inefficient, unsafe, and expensive—fares range from $50–$70, which is unaffordable for the majority of the population. Inadequate port infrastructure, administrative inefficiencies, and high port fees exacerbate the problem. Isolated domestic markets and high commercial transaction costs have led to persistent inequality and poverty in affected regions.

Comoros is also highly vulnerable to climatic events and natural disasters. Cyclones, rising sea levels, coastal flooding, erosion, and landslides threaten the country's coastal communities and transportation infrastructure, which are located in low-lying coastal areas.

The government is working to strengthen the country's regulatory and institutional framework to address these shortcomings. In 2013, the Comorian Ports Company, Société Comoriene des Ports (SCP), was established to oversee and coordinate the development of the country's ports. Although SCP exists on paper, it does not yet have operational capacity.

In 2019, the World Bank Group pledged $175 million to support Comoros' development through its National Emergent Plan, an initiative that includes boosting the country's inter-island connectivity. The Bank analyzed Comoros's transport connectivity and economic growth potential, concluding that the government should integrate the country's modes of transport into a unified system to increase economic efficiency.

PPIAF reviewed the country's legal, regulatory, and institutional frameworks for PPPs and conducted an analysis to improve port infrastructure through PPPs. These activities aimed to strengthen the legal framework for PPPs and build the capacity of the SCP. This will enable it to prioritize investment projects and see them through financial close, award operations and maintenance contracts, and ensure that port tariffs will be sufficient to guarantee cost-recovery for concessionaires.

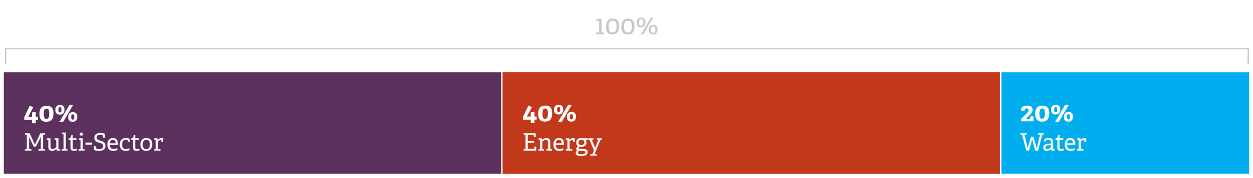
This work complemented a feasibility study financed by GIF, which recommended PPP options for fleet and vessel renewal programs to formalize transport service providers.

Support from PPIAF and GIF also informed a $40 million World Bank project that aims to strengthen the capacity and climate resilience of port infrastructure. It also aims to improve maritime safety through a vessel renewal program, improve the institutional framework for maritime policies, and build the capacity of the SCP so that it can effectively supervise port concessions and PPPs.

In addition, formalizing the country's transport service providers is expected to drastically improve the efficiency and reliability of inter-island transport operations in Comoros. This could lead to the introduction of modern, energy-efficient vessels, contributing to better safety and reduced carbon emissions.

East Asia & the Pacific

	FY21	FY20
FUNDS DEPLOYED	$1 million	$1.4 million
CO-FUNDING LEVERAGED	$1.7 million	$0.38 million
ACTIVITIES APPROVED	5	5
ACTIVITIES CLOSED	3	4



In FY21, support in EAP was primarily directed towards energy and multi-sector activities, each receiving 40 percent of approved funding. The remaining 20 percent of funding was for the water and sanitation sector. Programmatic engagements accounted for 30 percent of funding in EAP. One activity in the energy sector falls under the ESMAP program, and one multi-sector activity falls under the PPP Institutions Building program.

INDONESIA

Establishing a national framework for SOE Asset Recycling

For years, Indonesia has underinvested in its infrastructure, leading to an estimated $1.5 trillion infrastructure deficit. The government estimates that $477 billion, equivalent to 6.1 percent of the country's GDP, would be needed to meet the country's infrastructure investment needs between 2020–24.

Public funds cannot provide all the necessary resources. The government estimates that the private sector will need to provide about 40 percent of the required investment, with SOEs contributing another 20 percent.

Infrastructure SOEs dominate key sectors in the country, including electricity, transportation, and water. However, they suffer from low productivity and limited integration into regional and global value chains. SOE profits, as a share of GDP, have remained flat since 2009. And the private sector has been reluctant to engage.

The government is aware it must provide incentives to reduce risks to the private sector. In response, it is looking into alternative sources of financing, such as refinancing and asset recycling. Asset recycling allows public agencies to lease out existing infrastructure assets and use the proceeds to fund new infrastructure assets. Private investors find investing in established infrastructure assets attractive—the risk of investing in an existing asset with a proven revenue history is lower than investing in new infrastructure.

Indonesia's government introduced a new limited concessions scheme (LCS) framework in the infrastructure sector. LCS is an asset recycling model that leverages public sector assets to access private financing through concessions.

PPIAF's grant supports the design of a robust asset recycling framework for Indonesian SOEs, including preparing national-level guidelines and implementing regulations for the subsequent rollout at the subnational and SOE levels. The framework will also support the development of pilot infrastructure projects to demonstrate their viability.

The activity consists of a thorough review of prior privatization and SOE reform programs in Indonesia over the past 30 years, particularly in the aftermath of the Asian financial crisis in 1996–97; a review of relevant international examples and global best practices applicable to the Indonesian context; and a review of the national strategy for SOE asset recycling based on the LCS framework.

The activity will build the government's capacity to design an asset recycling framework for SOEs, including preparing national-level guidelines and implementing regulations for the rollout of pilot infrastructure projects. This will enable the government to raise financing through using existing SOE assets. It will also facilitate long-term local currency financing, which will encourage private sector participation in infrastructure sectors.

In the post-COVID economy, reforming SOEs and bringing private investment into existing assets will be one of the principal methods of mobilizing private investment and a key method for economic stimulus," said Jeff Delmon, Senior Infrastructure Finance Specialist at the World Bank.

By identifying challenges and lessons learned and analyzing data on SOE assets across the country, the government will have the necessary knowledge and tools to assess asset recycling opportunities. Step-by-step guidelines will outline the process of implementing LCS for SOEs, supported by capacity building for key government stakeholders, including the Ministry of Finance and the Ministry of State-owned Enterprises.

This activity includes follow-up work to integrate climate resilience and environmental sustainability considerations in the government's asset recycling framework.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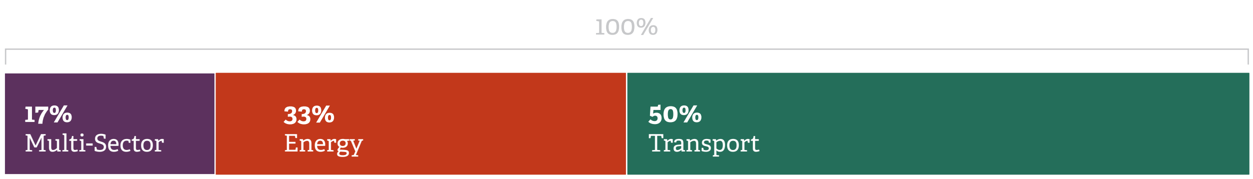
Europe & Central Asia

FY21	FY20
FUNDS DEPLOYED	
$0.9 million	$0.7 million
CO-FUNDING LEVERAGED	
$0.87 million	$0.87 million
ACTIVITIES APPROVED	
6	4
ACTIVITIES CLOSED	
1	1



Half of PPIAF's support targeted transport activities in ECA, followed by the energy sector (33 percent). All funding approved for ECA in FY21 was for programmatic engagements, falling under the PPP Institutions Building program (four activities constituting $596,670 in funding) and the Urban Mobility program (two activities constituting $300,000 in funding).

WESTERN BALKANS

Market-based mechanisms can promote investment in renewables

The countries in the Western Balkans region are heavily dependent on coal-generated power. They are also among the most vulnerable European countries to climate change, threatening economic sectors such as agriculture and infrastructure. To meet their commitments under the Paris Climate Accord, the Western Balkans 6—Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia—are looking to increase renewable energy generation and strengthen regional cooperation.

The region faces numerous obstacles to private investment in renewable energy. One issue is that all six countries have been slow to phase out feed-in tariff incentives—where renewable energy producers are guaranteed certain remuneration levels—and move towards more cost-effective market mechanisms for clean technologies as mandated by the European Union.

Other challenges to attracting investment to the sector include inadequate policy and regulatory instruments, weak local developers, small project sizes, limited credit and capacity from local banks, and financially weak utilities.

The World Bank launched the Western Balkans Energy Transition Program to support the introduction of market-based mechanisms, including auctions, feed-in premiums, and other competitive bidding mechanisms. Achieving this goal will require the governments in the Western Balkans region to modify their legal and regulatory frameworks.

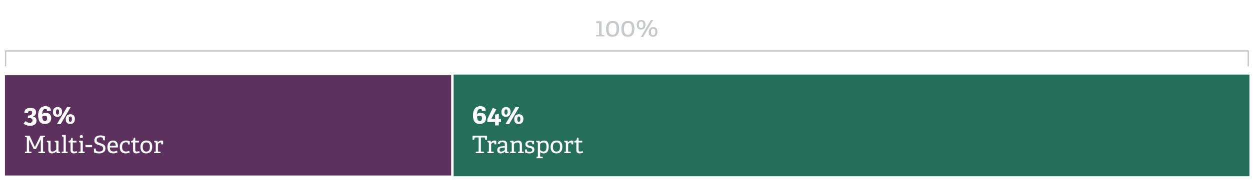
In support of the World Bank initiative, PPIAF is providing technical assistance to review each country's regulatory framework, drafting new regulatory instruments, designing competitive procurement mechanisms, and preparing specific renewable energy transactions. Assistance was tailored to each country's particular needs. Training staff of government and transmission companies ensured they had the technical capacity to design and conduct auctions or other mechanisms for competitive renewable energy procurement. In addition, PPIAF provided support to address country-specific barriers to investment in renewable energy, for example, developing regulations for integrating renewable energy into national grids, streamlining permitting procedures, and creating a quality pipeline of projects. PPIAF supported this initiative along with ESMAP.

Progress is underway to a green transition. The Renewable Energy Law has been approved in Serbia, and the largest utility in the country is undergoing corporate reform. In Kosovo, work is underway to finalize the draft legislation for its energy law.

PPIAF's support is enabling the scale-up of renewable energy for power generation in the Western Balkan countries, facilitating their progress in meeting binding targets established in their National Renewable Energy Action Plans. It also supports the Western Balkan 6 Initiative, which aims to strengthen a regional cooperation program for job creation and sustainable growth. In time, integrating renewable energy into national power grids will enable the Western Balkans countries to phase down their use of coal and make progress toward net-zero emissions.

Latin America & the Caribbean

	FY21	FY20
FUNDS DEPLOYED	$0.83 million	$1.2 million
CO-FUNDING LEVERAGED	$0.12 million	$1.8 million
ACTIVITIES APPROVED	6	8
ACTIVITIES CLOSED	6	4



In FY21, six activities worth $832,000 were approved for LAC. The transport sector accounted for 64 percent of the total, with multi-sector activities accounting for the remaining 36 percent. Furthermore, 64 percent of all approved funding in LAC was for programmatic engagements, with two activities approved under the Urban Mobility program and another two under the PPP Institutions Building program.

PERU

Structuring effective, transparent PPPs

Peru has made extensive use of PPPs to develop and finance infrastructure projects since introducing a PPP regulatory framework in 2008. According to the World Bank's Private Participation in Infrastructure (PPI) database, 166 projects reached financial close in Peru since the 1990s. In the last decade, Peru is reported to have launched 63 tender processes through PPPs.

Policymakers have further strengthened the framework in recent years. The latest rounds of amendments established and strengthened the PPP institutions and brought them closer to OECD standards. For example, the National System for Private Investment Promotion (SNPIP) was established, creating an ecosystem of institutions involved in PPP development. In 2018, additional reforms were introduced that reinforced the role of the Ministry of Economy and Finance in managing PPPs.

Despite Peru's extensive experience, the credibility of the Peru PPP program has suffered in the past five years because of the slow pace in taking projects to market and the long gap between the commercial and financial close of projects. ProInversion, Peru's private investment promotion agency, has sought to address this issue by improving the quality of project preparation and diversifying the portfolio of investors.

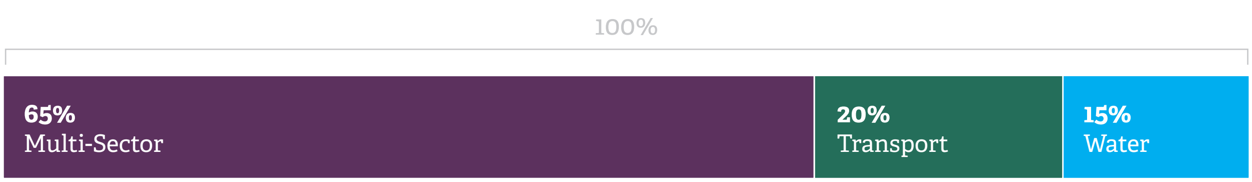
The World Bank Group recently completed a desk review of the state of Peru's PPP program to further improve its effectiveness. The review, A Roadmap to Relaunch PPPs and Infrastructure Financing in Peru, provided recommendations for further improving the country's PPP procurement methods. It also conducted a deep dive to examine issues facing PPP development, such as delays between commercial and financial close, optimal risk allocation, and opportunistic bidding.

A PPIAF activity approved in FY21 aims to help ProInversion improve project preparation by addressing timelines, competitive selection, and the contracting process, thereby improving the value for money of PPPs. The activity supported an ex-post review of 61 projects in the Peru PPP portfolio executed in the last decade. These projects spanned the energy, water and sanitation, social, digital development, and transport sectors. To support good project preparation, the government also requested help in drafting a terms of reference for a Project Management Office that would help the Ministry of Housing, Construction, and Sanitation manage the PPP lifecycle of sanitation plants and other water supply projects. The work was informed by best practices and a robust market-sounding exercise. This template will be useful for other contracting authorities requiring augmented capacity to participate in the PPP procurement process.

The findings have informed several government reforms and shed light on gaps within ProInversion and other essential stakeholders, such as line ministries. Building capacity within line ministries will allow ProInversion to better prepare PPPs and contracting authorities to better execute them. The overall cost, quality, efficiency, and effectiveness of infrastructure projects in Peru will be enhanced, leading to greater economic growth, more jobs, and lower greenhouse gas emissions.

Middle East & North Africa

	FY21	FY20
FUNDS DEPLOYED	$1 million	$0.93 million
CO-FUNDING LEVERAGED	$0.96 million	$0.71 million
ACTIVITIES APPROVED	5	4
ACTIVITIES CLOSED	2	6



In FY21, three of the five activities in MENA were multi-sector engagements that constituted 65 percent of all funding approved. Of these, two were also programmatic engagements falling under the Urban Mobility and the PPP Institutions Building programs. The two sector-specific activities were approved in Jordan in transport (20 percent), which falls under the Urban Mobility program, and the water and sanitation sector (15 percent), which falls under the NRW program.

EGYPT

Government seeks private sector participation in the rail sector

The Egypt National Railway (ENR) plays a critical role in passenger transport in Egypt, serving about 270 million people annually, mostly low-income earners. The railway's traffic density is also among the world's highest—it transports 1.4 million passengers every week. In contrast, the railway plays a marginal role in freight. In 2016, it carried only 3 million tons, accounting for only 4 percent of the system's traffic. In total, the system comprises 5,000 kilometers of track.

The transport sector is vital for connecting lagging regions to growth centers. By increasing connectivity, Egypt can meet the transportation demands of a growing population, provide better market access to the underserved, particularly in lagging regions, and provide the necessary routes for sourcing inputs and services and linking local and international markets.

Improving the efficiency of the railway network also supports the government's commitment to climate change. The government is committed to reducing greenhouse gas emissions and has formulated its Intended Nationally Determined Contribution (INDC), which recognizes the importance of reducing emissions in the transport sector.

Resources to achieve these goals, however, are in short supply. The government is looking to the private sector to provide financing and managerial skills necessary to improve railway infrastructure, operations, and safety and increase its freight capability.

The investment needs are significant. If current trends continue, Egypt could face an infrastructure financing gap of $230 billion over the next 20 years. The transport sector alone accounts for $180 billion of this amount.

As part of its infrastructure development plan, the government of Egypt spent billions to develop ports on the Mediterranean, Red Sea, and the Suez Canal. It also plans to develop three multimodal dry ports and logistics zones. With support from EBRD, a PPP for a dry port in the Greater Cairo Metropolitan Area has already reached financial close. However, this dry port would have limited benefits if not accessible by rail.

The World Bank's $440 million Railway Improvement and Safety for Egypt Project, approved in March 2021, aims to improve railway infrastructure, promote reforms that improve safety and service quality, and mobilize private sector investment.

PPIAF's advisory services, implemented in collaboration with the Bank's Transport Global Practice, supports ENR's restructuring program and the government's efforts to identify PPP opportunities in the railway sector. It helps government define opportunities for private sector participation in the rail sector and supports reforms that create an enabling environment to encourage private sector investment, exports, and job creation.

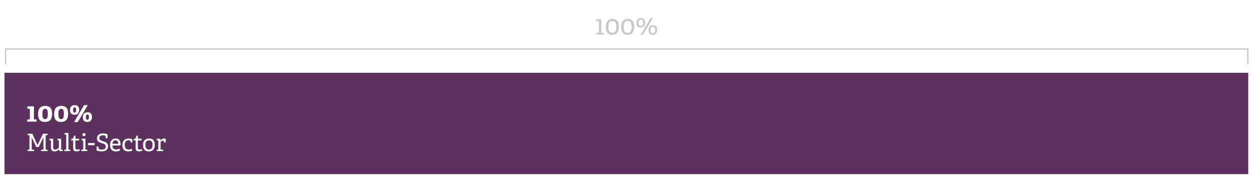
A pre-feasibility study of the sector identified a model for private sector participation for a freight railway line from the Alexandria Port to the dry port in the Greater Cairo Metropolitan Area. It also provided guidance on how best to maximize the operational efficiency of the railway line and highlighted the implications of the proposed changes in ENR's institutional setup.

By providing an economically feasible alternative for shipping freight, the railway will encourage a shift away from trucks. This will generate considerable savings in greenhouse gas emissions, time, vehicle operating costs, road accidents, and road maintenance costs.

The PPIAF report also recommended that a private sector partner be selected through a transparent bidding process to operate and manage the line. The project, estimated at $287 million, is economically viable and has an internal economic rate of return of 39 percent. IFC is planning a full feasibility study as a next step.

South Asia

	FY21	FY20
FUNDS DEPLOYED	$0.6 million	$1.2 million
CO-FUNDING LEVERAGED	$0.06 million	$2.53 million
ACTIVITIES APPROVED	2	5
ACTIVITIES CLOSED	5	1



In FY21, 100 percent of funding was for multi-sector activities in SAR. PPIAF approved two multi-sector activities under the PPP Institutions Program in India and Pakistan for $300,000 each.

INDIA

Laying the foundation to scale up renewable energy

Scaling up renewable energy and reducing greenhouse gas emissions are priorities for the Indian government, which plans to install 175 gigawatts of installed renewable energy capacity by 2022. But increasing renewable energy generation—which tends to be highly variable—is no easy task. Designing the necessary support structures and market mechanisms requires a thorough understanding of technical, regulatory, and market policy issues.

The India Renewable Energy Program, a World Bank project, aims to support the significant scale-up of renewable energy in India to address this challenge. It works with the state-owned Power System Operation Corporation (POSOCO), the national grid operator, to integrate renewable energy into the Indian power system.

A PPIAF-funded activity assisted POSOCO and other market players in conducting technical, regulatory, and market studies and provided recommendations to the Ministry of Power. A joint PPIAF-ESMAP activity is supporting POSOCO and other market players in establishing the technical, regulatory, and market conditions necessary to make this transition. PPIAF assistance focuses on removing commercial constraints around power purchase agreements that prohibit renewable energy investment and facilitating options for power market design to facilitate variable renewable energy integration.

The activity facilitated the implementation of new market mechanisms and support structures, including tools and a proposed integration of market management systems with POSOCO's existing energy management systems. A roadmap for deepening the wholesale power market in India was produced and disseminated to all key stakeholders, including the Ministry of Power, POSOCO, and the Central Electricity Regulatory Commission. The roadmap included bringing renewable and thermal energy contracts to the market in a phased approach, thus clarifying market rules for private sector participants.

An early outcome of the activity was the creation of guidelines that the Central Transmission Authority issues to new private renewable energy generators when seeking connectivity. Scaling up renewable energy will improve India's power stability and, in the long term, enable it to significantly reduce the amount of power generated by coal power plants. Enhanced system security will also contribute to the resilience of the power system, which will better prepare it for potential climate impacts.

The activity improved the technical strength of POSOCO. Capacity building helped POSOCO officials understand and use models for optimizing power dispatch with a significant amount of renewable energy generation—up to 10 percent above the "business-as-usual" scenario. Implementing PPIAF's recommendations can also potentially save on costs. A model developed by POSOCO and the World Bank team estimates savings of 1.3 percent—around $135 million annually—from optimized dispatch. The model has also been expanded to include hydropower, which will increase the savings. Further savings may be realized with improvements to power purchase agreements (PPAs) and market rules.

"Recognizing how challenging it is to push through institutional and policy changes in large systems such as India, this [activity] may help draw valuable lessons for the overall power market agenda globally," said Mirlan Aldayarov, a Senior Energy Specialist at the World Bank. "This includes the specifics of how to deal with sub-optimally designed PPAs and bringing them to market."

4

FY21 ACHIEVEMENTS

PORTFOLIO **PERFORMANCE**

Each activity funded by PPIAF is monitored following a 24–36 month period after it completes. This enables us to confirm that the objectives and outcomes of activities are relevant, and that implementation was effective and efficient. It also ensures that lessons learned are captured.

The table on the right illustrates the aggregate performance of PPIAF's portfolio in FY21 compared to previous fiscal years. PPIAF allocated a larger share of its funds to SSA as well as FCV economies. This fiscal year, 51 percent of funds were allocated to impact countries, a 28 percent decrease from FY20. The number of projects with climate co-benefits continued its upward trend. In FY21, 69 percent of activities had climate co-benefits, 12 percent higher than in FY20. Lastly, PPIAF met its funding allocation targets in all but one of the categories (strategic fitness score).

PPIAF exceeded its targets in all three categories for ongoing activities. It should be noted that only 2 percent of the ongoing portfolio has activities with slow utilization. Deliverables for 100 percent of activities completed in FY21 were rated as "satisfactory or above," and 92 percent were on track at closing—both metrics exceeding their targets. Finally, of activities reviewed at post-completion, 79 percent of the outcomes were achieved satisfactorily. This represents an increase of 5 percent compared to FY20.

Portfolio Performance FY18–FY21

Summary of Balance Score

APPROVED ACTIVITIES	BASELINE FY17	FY18	PERFORMANCE FY19	FY20	FY21	TARGET FY21
Approvals in impact countries	NA	58%	57%	79%	**51%**	50%
Approvals in fragile, conflict, and violence-affected states	NA	33%	33%	27%	**31%**	15%
Approvals in Sub-Saharan Africa	42%	54%	51%	54%	**61%**	50%
Activities with strategic fitness score rated standard or outstanding fit	99%	100%	94%	83%	**92%**	98%
Programmatic activities	NA	25%	52%	45%	**65%**	40%
Activities with climate co-benefits	NA	42%	51%	57%	**69%**	50%

ONGOING ACTIVITIES *(as of June 3o, each fiscal year)*	BASELINE FY17	FY18	PERFORMANCE FY19	FY20	FY21	TARGET FY21
Percent of portfolio with slow utilization	NA	NA	12%	6%	**2%**	20%
Activities with quality of deliverables rated "satisfactory" or above	95%	94%	97%	100%	**98%**	95%
Activities "on track"	41%	54%	87%	92%	**85%**	75%

COMPLETED ACTIVITIES	BASELINE FY17	FY18	PERFORMANCE FY19	FY20	FY21	TARGET FY21
Activities with quality of deliverables rated as "satisfactory" or above	64%	40%	98%	100%	**100%**	95%
Activities "on track" at closing	31%	37%	92%	88%	**92%**	40%

ACTIVITIES REVIEWED AT POST-COMPLETION*	BASELINE FY17	FY18	PERFORMANCE FY19	FY20	FY21	TARGET FY21
Outcome realization evaluations reporting outcome satisfactorily achieved	75%	62%	68%	74%	**79%**	80%

RESULTS **FRAMEWORK**

PPIAF's robust monitoring and evaluation system is based on its Results Framework, which tracks results at the output, outcome, interim outcome, and development impact levels.

At the output level, PPIAF reviews knowledge products and recommendations of the technical assistance to assure that the quality of the reports is in line with World Bank standards and suited to the context of the client. It also collects data on the number of government officials who partake in the training and workshops.

At the outcome level, PPIAF monitors the progress of its client countries in terms of the volume of private investment in infrastructure and the number of PSP transactions. PPIAF also monitors and evaluates its direct contributions toward an improved enabling environment for PSPs at the interim outcome level.

PPIAF has four interim outcome pillars that show the direct results of PPIAF's activities. The first involves developing client capacity to identify, assess, and enable PPP opportunities. The second focuses on strengthening policies and institutions in client countries to close regulatory and institutional gaps preventing private sector participation in infrastructure. The remaining two outcome pillars reflect PPIAF's work at the subnational level—strengthening the capacity of subnational entities to access market-based financing without sovereign guarantees and improving the administrative, technical, and fiscal skills needed to access financing.

At the development impact level, PPIAF uses open-source data to measure progress made by its 35 impact countries regarding the availability of infrastructure services in water, energy, and transport.

The data for interim outcome indicators is collected through post-completion reviews 24–36 months after an activity's completion date. Through these reviews, PPIAF measures progress towards activity outcomes, collects positive and negative lessons of experience, and closes the feedback loop using evidence-based design for new grants.

IMPACT: Increase in available infrastructure in PPIAF Impact Countries

1

Cumulative number of PPP transactions reaching financial close in PPIAF Impact Countries.

2

Cumulative amount of total investments in infrastructure (energy, digital development, transport and water sectors) through PPPs in PPIAF Impact Countries.

OUTCOME: Governments in PPIAF impact countries are systematically adopting policies, regulations, and programs that improve the investment climate for private participation and subnational financing.

Number of PPIAF Impact Countries that are improving their PPP enabling environment score.

INTERIM OUTCOMES

1

PPP capacity and reform consensus — Public institutions in PPIAF client countries are better able to identify, assess and enable private sector participation opportunities.

Percentage of PPIAF-funded activities that are effective in meeting their objective of supporting countries to better identify, assess and enable private sector participation opportunities. (Target: 80 percent)	Percent of PPIAF-funded activities in fragile countries that are effective in meeting their objective of supporting countries to better identify, assess and enable private sector participation opportunities.	Percent of PPIAF-funded activities that are effective in meeting their objective of supporting countries to better identify, assess and enable private sector participation opportunities in sustainable infrastructure/climate.

2

Policies and Institutions — PPIAF client countries adopt policies, regulations and institutions that catalyze private sector participation in infrastructure service delivery.

Percentage of PPIAF-funded activities that are effective in meeting their objective of supporting countries adopt policies, regulations and strategic plans that catalyze private sector participation. (Target: 80 percent)	Percent of PPIAF-funded activities in fragile countries that are effective in meeting their objective of supporting countries adopt policies, regulations and strategic plans that catalyze private sector participation.	Percent of PPIAF-funded activities that are effective in meeting their objective of supporting countries adopt policies, regulations and strategic plans that catalyze private sector participation in sustainable infrastructure/climate.

INTERIM OUTCOMES

3

Subnational Financing — Subnational entities (in countries with higher capacity) are able to access increased financing in infrastructure without sovereign guarantees.

Cumulative financing without sovereign guarantee to subnational entities that result from SNTA supported activities. (US$ millions)

Number of transactions without sovereign guarantee to subnational entities that result from SNTA supported activities per year. (Target: 2–3)

4

Subnational Entities improve their administrative, technical and fiscal capacity and increased capability to raise finance.

Percentage of SNTA activities that are effective in meeting their objective of improving the creditworthiness and capacity of subnational entities achieve the intended immediate outcomes per individual activity indicators and targets. (Target: 80 percent)

OUTPUTS

TECHNICAL ASSISTANCE

High quality technical advice on private sector investment in infrastructure delivered to client country satisfaction.

Percentage of the completed PPIAF supported technical assistance activities for which the quality of the final outputs is rated highly satisfactory or satisfactory by the PPIAF sectoral/regional experts.

KNOWLEDGE

High quality knowledge products on private sector investment in infrastructure prepared and shared to demonstrate how private sector investment in infrastructure can add value.

Percentage of the completed PPIAF supported knowledge products for which the quality of the final outputs is rated satisfactory or highly satisfactory by PPIAF sectoral/regional experts.

Number of global knowledge products produced by PPIAF on PPPs that are relevant for, and used by the international PPP community.

RESULTS

FY21 Highlights

Interim Outcome 1	PPP capacity and reform consensus — Public institutions in PPIAF client countries can better identify, assess, and enable private sector participation opportunities.

Global Knowledge: Guidebook for Metro Development with Private Participation ($170,000)

The Urban Rail Development Handbook is available on the PPIAF website, the World Bank Group e-library, and the Open Knowledge Repository (OKR). The full report has been viewed over 17,000 times and downloaded 12,000 times from PPP Library, while the PPP knowledge lab reports nearly 15,000 additional downloads. In addition, the World Bank Group publication tracker shows that the guidebook was tweeted across the globe more than 200 times, especially in Latin America. Finally, the handbook was complemented by training materials, workshops, an online course offered through the Open Learning Campus (OLC), and other dissemination efforts.

Nigeria — PPP Project prioritization and institutional strengthening for Kaduna State ($205,000)

PPIAF assisted the Kaduna Investment Promotion Agency (KADIPA) in developing a legal and institutional framework for PPPs. The existing KADIPA PPP law was found lacking in some areas, including the treatment of unsolicited proposals. With PPIAF support, Kaduna State successfully adopted a PPP policy to address those gaps. By adopting the recommended PPP manual, Kaduna State complemented its regulatory and institutional framework for PPPs and is tendering its first PPP. With PPIAF's support, the KADIPA PPP Unit also successfully developed a sound pipeline of PPP projects. It also increased its knowledge of PPPs, enabling the agency to serve as the PPP program's champion and coordinator. Three projects were shortlisted for scoping analysis from the created PPP pipeline. The Grain Aggregation Centers project was chosen as a pilot for its impact on the welfare and livelihood of the stakeholders in agribusinesses. Kaduna State is currently hiring a transaction advisor through an international tender to support the full feasibility study and the tendering process.

Interim Outcome 2	**Policies and institutions—PPIAF client countries adopt policies, regulations, and institutions that catalyze private sector participation in infrastructure service delivery.**

Public-Private Partnership in the Urban Public Transport Sector of Ulaanbaatar, Mongolia ($350,000)

PPIAF developed an efficient PPP framework that supported private sector participation in the e-ticketing public transportation system and a performance-based service contract for public transport operation. The activity is part of multi-year, Asian Development Bank (ADB)-funded technical assistance and investment programs to improve bus rapid transit systems in Ulaanbaatar, Mongolia. PPIAF delivered legal and regulatory assessments of transport PPPs, a financial assessment of bus operators, recommendations on improving the previous e-ticketing system, workshops, and model contract documents. The revenues for private operators in Ulaanbaatar increased through better targeted subsidies. The fare collection improved through the e-ticketing system.

Interim Outcome 3	**Subnational Financing—Subnational entities in countries with higher capacity can access infrastructure financing without sovereign guarantees.**

Developing a Transit Oriented Development Project via PPPs in Lima, Peru: Evaluation of the potential for Lima Metro's Line 2 Project ($300,000)

PPIAF supported the municipality of Lima and Peru's Agency for Promotion of Private Investment (Proinversion) in evaluating the potential for using land-based value capture mechanisms to finance complementary investments in Metro Line 2 and to inform future PPP structuring of the Lima Metro network. With PPIAF support, Proinversion created a general framework to implement Transit Oriented Development (TOD) PPP projects, as well as a specific TOD pilot project for Line 2 of the Lima Metro. Because there was no champion to move the project forward, the project did not gain traction with the client and was eventually canceled by the World Bank. However, the reports and studies were shared with the IDB, which granted $1 million to the Global Environmental Facility (GEF) for the National Platform for Sustainable Cities and Climate Change project in Lima. The study is now used as a reference by the project team conducting the TOD component. The scope of the TOD component of the GEF project is currently being discussed with the Urban Transport Authority. A preliminary list of metro stations has been agreed upon, and the final selection and design of the interventions will be made through a consultancy.

Interim Outcome 4	**Subnational entities improve their administrative, technical, and fiscal capacity and increase their capacity to raise finance.**

West Bank and Gaza: Technical Assistance to establish a sustainable municipal lending framework ($300,000)

The purpose of the $300,000 PPIAF grant was to (a) identify municipalities in a position to borrow and assess the legal and regulatory framework for municipal lending in Palestine, (b) provide recommendations on strengthening those frameworks, and (c) develop an institutional design and capitalization strategy for the Municipal Development and Lending Fund (MDLF) to initiate its lending activity. The activity successfully assessed the creditworthiness of municipalities. The consultants delivered clear and concrete recommendations on how the legal and regulatory framework in Palestine could be strengthened to facilitate municipal lending. Lastly, the activity successfully developed a set of recommendations for the MDLF to facilitate municipal lending. The Workplan developed for the MDLF provides input for an action plan that will be presented to relevant stakeholders after COVID-19 restrictions have been lifted. Lastly, the recommendations made by the consultants for improving the legal and regulatory framework are being used for designing a roadmap for reforms.

FULL SUMMARY **OF RESULTS**

In FY21, PPIAF reviewed 38 randomly selected projects completed in FY18 with a total grant value of $13.5 million. This number of projects comprises 58 percent of all activities closed in FY18. Of the 38 activities reviewed in FY20–FY21, 79 percent were rated “satisfactory” and above, indicating that the intended activity outcomes have been achieved. PPIAF classifies its technical support and knowledge products into four pillars:

Activities in **Interim Outcome Pillar 1** category had a 92 percent success rate in achieving their outcomes. PPIAF trained 2,000 government officials to prepare, procure, and manage public-private engagements in infrastructure. For example, in Lesotho, a series of targeted in-person C3P Certification trainings strengthened capacity of 23 key government officials in the Ministry of Finance and three line ministries. Three PPP pipelines were developed in Burkina Faso, Rwanda, and Nigeria, and 10 knowledge products were published.

PPIAF activities under **Interim Outcome Pillar 2** achieved their outcomes in 76 percent of cases. PPIAF’s institution strengthening work led to the creation or strengthening of 56 institutions. Among many notable results are establishment of the Ghana Infrastructure Investment Fund (GIIF), operationalization of the Special Projects Unit of the Rwanda Development Board, strengthened capacity of Guinea’s National Agency for the Development of Mining Infrastructure to share rail and port infrastructure.

Further, 34 policies and regulations were adopted and revised, and 24 strategies were implemented. For example, with PPIAF’s support, Guinea developed its first master plan, prioritizing infrastructure projects for extractive-led growth with a focus on leveraging existing railway infrastructure for multi-user and multi-purpose arrangements. PPIAF supported Guinea’s study on the economic benefits of infrastructure sharing, and development of a Master Plan of Auxiliary Mining Infrastructure.

PPIAF’s work contributed to realization of 22 transactions with a total value of $3.5 billion, among which $2.5 billion was leveraged through the GIFF. Five years after its establishment, GIIF already invested $275 million to support 12 different infrastructure projects for a total cost of $2.78 billion. These projects include two PPPs, nine private projects, and one SOE. Three projects are already operational, five are in the construction phase, and four are under development. GIIF supports them via debt (75 percent) equity (25 percent) and mezzanine (5 percent) instruments.

Five activities at the subnational level were reviewed corresponding to **Interim Outcome Pillars 3 and 4**. Three of these successfully achieved their outcomes. In one activity, PPIAF and the UN Capital Development Fund partnered to develop municipal financial markets in Africa by building capacity and knowledge of municipalities in Cameroon, Mali, Mongolia, Niger, Nigeria, and Tanzania. This enabled them to identify the most effective ways to sustain and diversity their financial resources. This activity also laid the foundation for a municipal investment financing program to address urbanization challenges.

The tables below illustrate the results reported in FY21 and for three preceding years within the strategy period of FY18–22. The results reported during these four years correspond to PPIAF activities closed in FY15–18.

In four years, PPIAF trained nearly 6,000 government officials in preparing, procuring, and managing private sector engagements in infrastructure. PPIAF implemented 43 activities leading to consensus on PPP reforms and 16 consultations leading to PPP pipeline development. As a result, 186 institutions (such as PPP units and infrastructure funds) were created or strengthened, 68 PPP regulations were passed, and 53 PPP strategies were adopted. PPIAF support enabled 547 municipalities and state-owned enterprises to improve their creditworthiness or strengthen their capacity to raise finance from private sources.

FY21 PPIAF Outcomes Realization Results

38 activities completed in FY18, $13.5 million in grant value	**FY21 Outcome Realization Review**
Interim Outcome 1: PPP capacity and reform consensus — Public institutions in PPIAF client countries better identify, assess, and enable private sector participation opportunities.	
Total # of activities	12
# of activities "satisfactory" and above	11
% of activities "satisfactory" and above *(80% target)*	92%
# of participants/government officials whose capacity is enhanced*	1,908
Total # of activities leading to consensus achieved on PPP reforms	10
PPP pipeline developed	3
PPP knowledge/information developed	10
Interim Outcome 2: Policies and institutions — PPIAF client countries adopt policies, regulations and institutions that catalyze private sector participation in infrastructure service delivery.	
Total # of activities	21
# of activities "satisfactory" and above	16
% of activities "satisfactory" and above *(80% target)*	76%
Institutions created/strengthened	56
Policies adopted, legislation passed/amended, or regulation issued/revised	34
Plans/strategies adopted or implemented	24
PPP transaction supported that materialized	22
Value of transactions (US$, millions)	3,505
Interim Outcome 3: Subnational Financing — Subnational entities are able to access increased financing in infrastructure without sovereign guarantees.	
Total # of activities	1
# of activities "satisfactory" and above	1
% of activities "satisfactory" and above	100%
Financing projects developed *(8–12 [2–3 per year] target)*	0
Financing leveraged without sovereign guarantee (US$, millions)	0
Interim Outcome 4: Subnational Capacity and Creditworthiness — Subnational entities improve their creditworthiness, administration, technical and fiscal capacity to increase their capability to raise finance.	
Total # of activities	4
# of activities "satisfactory" and above	2
% of activities "satisfactory" and above *(80% target)*	50%
Subnational entities whose capacity was strengthened/creditworthiness improved	6
Plans/strategies adopted by subnational entities towards enhancing access to finance	1
Number of credit ratings produced for subnational entities	0

FY18–21 Results

	FY18	FY19	FY20	FY21	FY18–21 Total
% "satisfactory" *(80% target)*	63%	75%	88%	79%	74%
Interim Outcome 1: PPP capacity and reform consensus — Public institutions in PPIAF client countries better identify, assess, and enable private sector participation opportunities.					
% of activities "satisfactory" and above *(80% target)*	**54%**	**55%**	**78%**	**92%**	**69%**
# of participants/government officials whose capacity is enhanced*	1,484	1,311	1,038	1,908	5,741
Total # of activities leading to consensus achieved on PPP reforms	13	13	7	10	43
PPP pipeline developed	1	5	7	3	16
PPP knowledge/information developed	13	18	14	10	55
Interim Outcome 2: Policies and institutions — PPIAF client countries adopt policies, regulations and institutions that catalyze private sector participation in infrastructure service delivery.					
% of activities "satisfactory" and above *(80% target)*	**63%**	**71%**	**89%**	**76%**	**74%**
Institutions created/strengthened	41	66	23	56	186
Policies adopted, legislation passed/amended, or regulation issued/revised	9	17	8	34	68
Plans/strategies adopted or implemented	9	3	17	24	53
PPP transaction supported that materialized	2	24	3	22	50
Value of transactions (US$, millions)	279	4,833	336	3,505	8,953
Interim Outcome 3: Subnational Financing - Subnational entities are able to access increased financing in infrastructure without sovereign guarantees.					
Financing projects developed *(2–3 per year target)*	6	33	2	0	22
Financing leveraged without sovereign guarantee (US$, millions)	71	34.3	0	0	105.3
Interim Outcome 4: Subnational Capacity and Creditworthiness — Subnational entities improve their creditworthiness, administration, technical and fiscal capacity to increase their capability to raise finance.					
% of activities "satisfactory" and above *(80% target)*	**82%**	**83%**	**100%**	**50%**	**81%**
Subnational entities whose capacity was strengthened/ creditworthiness improved	352	183	6	6	547
Plans/strategies adopted by subnational entities towards enhancing access to finance	4	13	3	1	21
Number of credit ratings produced for subnational entities	1	5	3	0	9

* Based on outcome realization and completion activity reports.

Our engagement directly contributed to 50 transactions in public infrastructure involving private capital or partners with a total value of $8.95 billion.

It also allowed subnational entities to leverage $105.3 million without sovereign guarantees and procure 22 infrastructure projects.

5

PROGRAM FINANCES

Balance Position in FY21

INFLOWS (US$, millions)	
Beginning Cash Balance FY21	18.08
Donor Receipts in FY21	13.77
Investment Income	0.13
Reflows	2.50
Total Inflows	**34.48**

OUTFLOWS (US$, millions)	
Transfer to Programming Activities	15.17
Transfer to PMU FY21 Budget	2.90
Transfer to PMU FY22 Budget	1.39
Total Outflows	**19.46**

Cash Balance @ End of FY21	**15.02**

CALLS ON BALANCE* (US$, millions)	
Grants Approved — Not Yet Transferred	0.55
Activities Pending Grand Funding Request	4.78
Total Calls on Balance	**5.33**

Cash Balance (Net of Calls of Balance) @ End of FY21	**9.68**

ACTIVITY LEVEL USES (US$, millions)	
Program Activity Disbursements	10.51
PMU Expenses, including indirects	2.90
Total Disbursements	**13.41**
Program Activity Commitments	6.29
PMU Commitments	0.40
Total Commitments	**6.69**
Program Activity Available Balance	13.30
PMU Available Balance	-
Total Available Balance	**13.30**

Projections for Remainder of Strategy Period

DESCRIPTION (US$, millions)	FY 22
Opening Balance (Net of Calls on Balance)*	9.68
Opening Balance	15.02
Reflow and Investment Income	1.62
Expected Contributions Donors	13.00
Total Resources	**29.64**
Programming Costs	16.15
PMU Costs	3.51
Indirect Cost Recovery	0.53
Total Uses	**20.19**
Closing Fund Balance	9.45
Closing Fund Balance (Net of Calls on Balance)	4.11
Share of PMU Costs/Total Funding	20%

* *Calls on Balance refer to the funding amounts for the approved activities by the donor which haven't been transferred out or are still pending for Grant Funding Requests (GFR) to set up disbursing-level TFs.*

Member Contribution Receipts

CORE MDTF II/PARALLEL ACCOUNT	FY20	FY21	TOTAL SINCE FY00 (US$, thousands)
Australia (DFAT)	—	—	26,604
Austria	—	—	2,740
Canada	—	—	2,130
European Commission	—	—	1,255
France (AFD)	—	824	5,012
Germany	3,353	—	10,217
IFC	—	—	4,200
Italy	—	—	1,179
MCC	250	250	3,750
Netherlands	3,650	4,460	16,541
Norway (NORAD)	959	—	5,200
Sweden (Sida)	3,138	2,269	19,396
Switzerland (SECO)	500	—	17,079
United Kingdom (DFID)	—	—	91,043
United States (USAID)	—	—	1,000
Grand Total	**11,850**	**7,783**	**207,344**

SNTA DONOR CONTRIBUTIONS	FY20	FY21	TOTAL SINCE FY07 (US$, thousands)
Australia (DFAT)	—	—	2,032
France (AFD)	—	824	2,688
IFC	—	—	4,100
Italy	—	—	647
Switzerland (SECO)	1,000	—	13,545
United Kingdom (DFID)	—	—	16,751
Grand Total	**1,000**	**824**	**39,762**

NON-CORE TFs	FY20	FY21	TOTAL SINCE FY99 (US$, thousands)
ADB	—	—	2,188
Australia (DFAT) Climate Change	—	1,505	1,505
Japan	—	—	17,380
Netherlands	—	—	4,286
Norway Climate Change	1,904	—	6,875
Switzerland (SECO) MIC & Others	500	3,000	29,680
United Kingdom (DFID)	—	—	49,692
United States (USAID) Water	685	658	7,343
Grand Total	**3,089**	**5,162**	**118,948**

Active   Inactive (most recent three years)   Exited

6

ANNEX

ACTIVITIES APPROVED IN FY21

Sub-Saharan Africa

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Angola	Digital Inclusion Gap Strategy	$365,000	MDTF II
Central African Republic	Improving Infrastructure-Based Service Delivery in CAR through PPP Delivery and Capacity Building Action Plan	$400,000	MDTF II
Comoros	Strengthening Regulatory Oversight of the Telecom Sector	$270,550	MDTF II
Cross-Regional	Agenda for Informal Transit Reforms in Sub-Saharan Africa Cities	$100,000	MDTF II
Eswatini	Scaling Up Renewable Energy and Closing the Access Gap in Eswatini	$200,000	MDTF II
Ethiopia	Advisory and Capacity Building Support on PPPs	$310,000	MDTF II
Ethiopia	Comprehensive Spectrum Management Review for the Telecommunications Sector	$305,000	MDTF II
Gambia	Energy Efficiency Strategy for The Gambia	$350,000	MDTF II
Ghana	Assessment of the GIIF Enterprise Risk Management Framework	$360,000	MDTF II
Ghana	Non-Revenue Water Management for Ghana Water Company Limited Operation in Accra	$300,000	USAID
Guinea	PPP program Phase III — Institutional Strengthening and Capacity Building to Support a Sustainable PPP program	$257,000	MDTF II
Kenya	PPP Pipeline Support (phase 3)	$152,661	MDTF II

Sub-Saharan Africa

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Kenya	Energy and Organizational Efficiency Analysis for Water Utilities	$300,000	USAID
Malawi	Preparation of Options for Financial Recovery for Electricity Supply Corporation of Malawi Limited	$205,000	SNTA
Mali	Enhancing Efficiency and Private Sector Participation in Bamako Public Transport	$294,700	MDTF II
Nigeria	Sustainable Green e-Mobility Solutions	$300,000	CREST
Nigeria	Power Sector Recovery Program—PPAs and Vesting Contracts Assessment and Capacity Building Support	$150,000	MDTF II
Nigeria	PPP Support Program-Preparation of FCCL Management Guidelines and Capacity Building	$350,000	MDTF II
Sudan	PPP Program support in Sudan Phase 2	$253,000	MDTF II
Sierra Leone	Promote and Strengthen Private Sector Participation in Off-Grid Solar Market	$290,000	MDTF II
Sierra Leone	Supporting Enhancement of Private Sector Bus Operators in Freetown	$300,000	MDTF II
South Africa	Development of Sustainable Financing Mechanisms for Demand-Side Energy Efficiency Market Transformation	$305,000	Climate
South Africa	Options Review for Electric Mobility in the Paratransit Sector	$207,750	SECO MIC
South Africa	Energy Service Company Market Development Support	$288,000	CREST
Sudan	Leveraging Mobile Technologies for Designing Effective Early Warning Systems	$100,000	MDTF II
Zambia	Public Transport Improvement Support	$190,865	MDTF II
	Sub-Total	**$6,904,526**	

East Asia & the Pacific

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Cross-Regional	Developing RE Storage System for Pacific Island Countries	$250,000	MDTF II
Indonesia	Support to Indonesia's Land and Property Valuation Systems	$350,000	SNTA
Lao PDR	Support to Electricité du Laos Financial Recovery	$150,000	SNTA
Vietnam	Scaling Up of Rural Water Private Sector Participation	$ 200,000	SECO MIC
Vietnam	Strengthening the PPP Legal and Regulatory Framework—Phase 2	$50,000	SECO MIC
	Sub-Total	**$1,000,000**	

Europe & Central Asia

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Georgia	Strengthening of Capacity of PPP Agency in Georgia	$100,000	Climate
Turkey	Increasing Private Sector Participation in Turkey's E-Mobility Transition	$150,000	Climate
Kyrgyz Republic	Enabling Kyrgyzstan to Set Up and Operationalize Their PPP Center	$150,000	MDTF II
Tajikistan	Improving Private Sector Participation in Dushanbe's Urban Transport Sector	$150,000	MDTF II
Turkey	Climate Adaptation Pilot	$200,000	MDTF II
Ukraine	Olvia and Kherson Ports Concessions Contract Management Support	$146,670	SECO MIC
	Sub-Total	**$896,670**	

Latin America & the Caribbean

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Colombia	Support Colombia's Development Bank (FDN) in the Establishment of a Project Preparation Facility	$100,000	SECO MIC
Colombia	Financing Urban Development in Colombia, Implementing Innovating LVC Instruments— TIF Phase II	$200,000	SNTA
Dominican Republic	PPP Capacity Building and Institutional Strengthening	$100,000	MDTF II
Panama	Supporting the Panama PPP Unit in Project Preparation and Governance	$100,000	MDTF II
Peru	Support the Government of Lima's Efforts in Increasing Private Sector Participation in E-mobility and Sustainable Smart Urban Mobility	$150,000	SECO MIC
Haiti	Support to Carry Out a Diagnostic of Private Sector Involvement in the Urban Transport Sector in Haiti	$182,000	MDTF II
	Sub-Total	**$832,000**	

Middle East & North Africa

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Egypt	FCCL Prioritization Support	$240,000	SECO MIC
Iraq	Assessing Private and Commercial Financing Potential in the Transport and Digital Sectors of Iraq	$75,000	MDTF II
Jordan	Amman Bus Rapid Transit Phase II	$200,000	MDTF II
Jordan	Building Capacity for Reducing Non-Revenue Water through Performance Based Contract in Urban Areas in Jordan	$153,000	MDTF II
Cross-Regional	Unlocking Opportunities for Private Sector Participation in Electric-Mobility Transition in the MENA Region	$330,000	MDTF II
	Sub-Total	**$998,000**	

South Asia

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
India	Support for National Infrastructure Pipeline Prioritization and PPP framework	$300,000	MDTF II
Pakistan	Support to PPP Framework Operationalization	$300,000	MDTF II
	Sub-Total	**$600,000**	

Global Knowledge

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Global	Fiscal Risk Management of PPP Projects to Build Better Infrastructure Post COVID-19	$58,000	MDTF II
Global	Fiscal Risks from Infrastructure in an Era of High Debt Vulnerabilities: Phase II	$150,000	MDTF II
Global	City Creditworthiness Initiative: Program II	$500,000	SNTA
Global	CREST Guidelines—Promoting Climate Resilience in the Evaluation and Delivery of Upstream and Midstream Infrastructure Advisory	$240,000	CREST
Global	Impact of COVID-19 on the Global Infrastructure Finance Landscape—Infrastructure Finance Update 2021	$50,000	MDTF II
Global	Mainstreaming Gender Considerations into Infrastructure Advisory	$265,000	MDTF II
Global	Mobilizing Private Investment for Road Safety	$150,000	MDTF II
Global	Governance Reforms and Private Sector Participation for Mainstreaming Unconventional Water Resources in Water Scarce Countries	$150,000	MDTF II
Global	Infrastructure Sector Assessment Programs in FCS and Island Countries in FCS and Island Countries	$250,000	MDTF II
	Sub-Total	**$1,813,000**	
	Total	**$ 6,904,526**	

ABBREVIATIONS

ADB	Asian Development Bank
AFD	Agence française de développement (French Development Agency)
CAR	Central African Republic
CIP	Capital Investment Plan
COP 26	26th UN Climate Change Conference of the Parties
COVID-19	Coronavirus Disease 2019
CREST	Climate Resilience and Environmental Sustainability Technical Advisory
DRC	Democratic Republic of Congo
DFAT	Department of Foreign Affairs and Trade (Australia)
DFID	Department for International Development (United Kingdom)
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ESMAP	Energy Sector Management Assistance Program
EU	European Union
FCCL	Fiscal Commitment and Contingent Liabilities
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict, and Violence
FY	Fiscal Year
GEF	Global Environment Facility
GDP	Gross Domestic Product
GFR	Grant Funding Request
GIF	Global Infrastructure Facility
IDB	Inter-American Development Bank
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contributions
IPCC	Intergovernmental Panel on Climate Change
LAC	Latin America and the Caribbean
Lao PDR	Lao People's Democratic Republic
LCS	Limited Concession Scheme
LVC	Land Value Capture
MDTFII	Multi-Donor Trust Fund II
MDLF	Municipal Development and Lending Fund
MENA	Middle East & North Africa
MIC	Middle-Income Country
MOOC	Massive Open Online Course
NORAD	Norwegian Agency for Development Cooperation
NRW	Non-Revenue Water
PMU	Program Management Unit
PPA	Power Purchase Agreement
PPI	Private Participation in Infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private Partnership
PSP	Private Sector Participation
RE	Renewable Energy
SAR	South Asia Region
SECO	State Secretariat for Economic Affairs (Switzerland)
SIDA	Swedish International Development Cooperation Agency
SNTA	Subnational Technical Assistance
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
TAP	Technical Advisory Panel
TF	Trust Fund
TIF	Tax Increment Financing
TOD	Transit Oriented Development
USAID	United States Agency for International Development

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SETTING THE FOUNDATION: By building institutions, strengthening the capacity of counterparties, and reducing policy, regulatory, and institutional risks, PPIAF enables governments to generate a pipeline of bankable projects.

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

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PPIAF
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