

**PPIAF PRO-POOR APPROACH**

*May 11, 2016*

# the pro-poor agenda

Eliminating poverty is at the heart of the international community’s development agenda. In 2015, governments around the world demonstrated their political commitment to this agenda by adopting 17 United Nations Sustainable Development Goals.[[1]](#endnote-1) This commitment is also evident in the twin goals held by the World Bank. These goals aim to reduce the share of people living in extreme poverty to 3% of the global population by 2030 and to boost shared prosperity, that is, to improve in a sustainable manner the living standards of the bottom 40 percent in every country.[[2]](#endnote-2)

As stated in the PPIAF Charter, the mission of PPIAF aligns with these goals as it aims “to help eliminate poverty and achieve sustainable development in developing countries by facilitating private sector involvement in infrastructure.” PPIAF carries out this mandate by supporting the formulation of functional institutional frameworks in developing countries, thus contributing to the creation of enabling environments and attracting private sector participation in infrastructure development. Increased private sector participation in infrastructure development is expected to lead to improved access to quality infrastructure services for the general population, but especially for the poor.

Infrastructure policies are relevant to three out of four World Bank policy areas that focus on increasing the income generation capabilities of households belonging to the bottom 40% in income distribution.[[3]](#endnote-3) These three policy areas are: (1) fair and transparent institutions capable of delivering universal, good-quality basic services (a greater and better supply of pubic goods, protection of property rights); (2) well-functioning markets (improved connectivity to markets, competition policy); and (3) adequate risk management at the macro and household levels (macro-prudence, safety nets).”[[4]](#endnote-4) By increasing access to quality infrastructure services, promoting the connectivity to markets, and incorporating risk management, especially in regards to increasing climate resilience[[5]](#endnote-5), such policies can be expected to enhance the income generation capacity of the most impoverished households.

Research is needed to better understand the economic impact of public-private partnerships in infrastructure. However, a literature review by Ruiz-Núñez, Dinthilac and Wei[[6]](#endnote-6) did reveal a “positive and significant impact of private sector participation in access, quality of services, labor productivity, and reduction in technical losses”.[[7]](#endnote-7) The authors of the study also determined that the magnitude of the impact of public-private partnerships in infrastructure tends to vary by sector, the size of project, and the context, especially with regard to the institutional and regulatory environment. Because of the limited availability of data the authors were unable to confirm whether these positive gains led to job creation, lower prices, or reduced poverty rates.

## Ensuring a pro-poor focus at PPIAF

The following section provides seven ways to incorporate a poor-poor focus in the work of PPIAF. The recommendations are grouped in two different levels: strategy level and activity/project level technical assistance. By adopting these recommendations, PPIAF would become better positioned to contribute to the overall mission to eliminate poverty and achieve sustainable development.

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| STRATEGY LEVEL | |
|  | 1. **Set targets, track, and report grant approvals in countries and regions with most acute infrastructure needs and highest poverty rates.** Under its current strategic plan, PPIAF has set approval targets of 60% geographically-traceable technical assistance grants in Sub-Saharan Africa and 65% in low-income countries (DAC 1 and 2). This targeted approach ensures that the majority of assistance is directed toward geographic locations with the highest levels of poverty. |
|  | 1. **Align PPIAF and SNTA regional work with climate change priorities.** Developing countries are the most vulnerable to climate change and are likely to suffer 75% of the cost of damages produced by its effects.[[8]](#endnote-8)Climate change poses a serious threat to urban infrastructure in countries rich and poor.[[9]](#endnote-9) Climate change-related events disproportionately harm the poor due to inadequate planning and low levels of investment in resilient infrastructure, which are both critical to supporting adaptation and rapid recovery following a shock.[[10]](#endnote-10) By incorporating climate change priorities into a system-wide analysis of a country’s infrastructure project pipeline, this approach would ensure that the benefits of PPIAF support are more sustainable and less susceptible to the negative effects of future climate-related events. |
|  | 1. **Establish a results chain between the type of technical assistance provided by PPIAF and poverty elimination, test assumptions and report results**. As part of its FY 2015-2017 strategy, PPIAF formulated a theory of change regarding the infrastructure gap problem and its linkage to poverty. Under this strategy, PPIAF also developed a logical framework to illustrate how PPIAF technical assistance contributes to the improvement of access indicators for specific infrastructure services. |

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| ACTIVITY/PROJECT LEVEL | |
|  | 1. **Consider the incidence of poverty in a particular country/region/city as part of context analysis.** Considering the incidence of poverty in a particular geography as part of the context analysis would include understanding the extent to which country and subnational development policies are geared towards inclusive growth. The Country Partnership Frameworks (CPF) that frame all WBG engagements are a good source for this information. Determining whether the proposed technical assistance (TA) is linked to specific objectives considered as part of the CPF would facilitate understanding the TA’s contribution towards poverty eradication and shared prosperity. The PPIAF application form provides space to indicate whether the proposed activity would have “pro-poor impacts.” By incorporating information on the linkages between TA and CPFs, PPIAF would be in a better position to identify and prioritize more effectively pro-poor initiatives.   Furthermore, PPIAF can strengthen its pro-poor focus by including specific poverty data, particularly on the region or city where the proposed PPIAF intervention will take place. Data could focus, for example, on access to basic services as measured by the human opportunity index and sector specific access indicators. |
|  | 1. **Build capacity for investment planning, project development, and management at the subnational level.** The gap in infrastructure is not only due to lack of financing and funding, but is also attributable to the prevalence of inadequately structured projects.[[11]](#endnote-11) Poor project management and implementation oversight are additional factors that contribute to the infrastructure gap. These challenges are likely to become more acute with the growing trend towards devolution of responsibilities to local governments. In the context of fiscal and infrastructure planning decentralization, this can be a substantial concern. Consider the example of Colombia. The country faces serious infrastructure challenges, such that the quality of its road infrastructure has been ranked 108th out of 142 countries. To address this, a recent World Bank study recommended streamlining investment planning, project structuring, and management at the subnational level to complete the decentralization of the road network.[[12]](#endnote-12) The same study found that in Peru the country’s main challenge in terms of increasing access to infrastructure services was “…ensuring that investments are prioritized and implemented effectively.”[[13]](#endnote-13) The study added that “closing gaps in infrastructure is not about a lack of money, it is more about coordination and implementation.”[[14]](#endnote-14)   PPIAF is currently supporting the phase 2 of the Tanzania PPP program which encompasses building project development capacity at the subnational level. Similar projects could be developed for other countries and/or a subnational component could be incorporated within traditional institutional and capacity building activities that would have normally only engaged the central government. Lessons from such an experience could then be collected and shared, particularly in terms of the design, implementation, and sustainability of results for these types of activities at the subnational level. |
|  | 1. **Encourage the collection of citizen feedback as part of our technical assistance when possible.** Concrete ways in which infrastructure projects, including those procured through PPPs, could maximize benefits to the poor is by engaging the poor themselves in the design, management, and provision of services.[[15]](#endnote-15) Furthermore, PPP projects can also be pro-poor by “providing services that are better tailored to reflect the needs, preferences, and constraints of the poor,” as well as by “establishing a system for the on-going monitoring and analysis of project’s impact on the poor.”[[16]](#endnote-16)   PPIAF should consider developing mechanisms to foster greater citizen feedback as part of the activity design phase, when possible. In order to gain a better understanding of ways this can be achieved, PPIAF may consider engaging directly with the secretariat responsible for planning and conducting the bank-wide coordination of the World Bank’s Citizen Engagement Strategic Framework.[[17]](#endnote-17) |
|  | 1. **Conduct completion and post-completion monitoring**. Once activities are closed, PPIAF captures information regarding the progress made towards the expected outcomes, expected date for the realization of the expected outcomes, and contact information for follow-up at a later stage. As part of post-completion monitoring PPIAF conducts periodic reviews that aim to assess whether outcomes were achieved. PPIAF also notes whether at closing stage the activity can be linked to or otherwise contribute to an infrastructure project planned for future implementation. As part of our post-completion monitoring we then assess projects to identify any progress made in this regard. To promote greater understanding of the pro-poor dimension of our results, PPIAF has recently started conducting impact assessments. These assessments look at a group of interventions on a country basis for countries where PPIAF has provided recurrent and significant technical assistance valued at $2 million USD and greater. The purpose for doing so is to gather findings and present these annually to the Program Council. PPIAF expects to present linkages, if any, between what we do and the actual impacts, particularly as they relate to our pro-poor mandate. |

1. The Sustainable Development Goals were adopted on September 25, 2015. More information available online: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/#prettyPhoto> [↑](#endnote-ref-1)
2. World Bank. Report Card: The World Bank Group Twin Goals & the Millennium Development Goals 2014/2015. Online: http://www.worldbank.org/content/dam/Worldbank/gmr/gmr2014/GMR\_2014\_Report\_Card.pdf [↑](#endnote-ref-2)
3. Cord, Louise, María Eugenia Genoni, and Carlos Rodríguez-Castelán, editors. 2015. *Shared Prosperity and Poverty Eradication in Latin America and the Caribbean.* World Bank, Washington, DC. Online: <http://hdl.handle.net/10986/21751>. Cord, Genoni and Rodríguez-Castelán propose using this framework to understand the effects of policies in eradicating poverty and boosting shared prosperity. The fourth policy area mentioned is equitable, efficient and sustainable fiscal policy and macroeconomic stability. [↑](#endnote-ref-3)
4. Ibid. Page 3. [↑](#endnote-ref-4)
5. For more information on mainstreaming climate change in infrastructure PPPs, please see: World Bank Group and PPIAF. Emerging Trends in Mainstreaming Climate Resilience in Large Scale, Multi-sector Infrastructure PPPs. A Global Knowledge Product. January 2016. Online: https://library.pppknowledgelab.org/attached\_files/documents/2874/original/Mainstreaming\_Climate\_Resilience.pdf?1459201479 [↑](#endnote-ref-5)
6. Ruiz-Núñez, Fernanda, Clio Dinthilac, and Zichao Wei. “The Economic Impact of Public-Private Partnerships in the Infrastructure Sector: Literature Review. March, 2016. Online: https://library.pppknowledgelab.org/World%20Bank%20Group/documents/2384 [↑](#endnote-ref-6)
7. Ibid. Page 11. [↑](#endnote-ref-7)
8. World Bank. 2010. Cities and Climate Change: An Urgent Agenda. Urban development series; knowledge papers no. 10. Washington, DC. World Bank. https://openknowledge.worldbank.org/handle/10986/17381 [↑](#endnote-ref-8)
9. Ibid. Pg. 8 [↑](#endnote-ref-9)
10. World Bank. Feature Story: Climate Change Complicates Efforts to End Poverty. February 6, 2015. Online: <http://www.worldbank.org/en/news/feature/2015/02/06/climate-change-complicates-efforts-end-poverty> [↑](#endnote-ref-10)
11. Authers, John. “Infrastructure: Bridging the gap”. Financial Times. November 9, 2015. Online: <http://www.ft.com/intl/cms/s/0/0ac1a45e-86c8-11e5-90de-f44762bf9896.html#axzz48NJGWmGr> [↑](#endnote-ref-11)
12. Op.Cit. Cord, Genoni et al. Page 139 [↑](#endnote-ref-12)
13. Ibid. Page 290. [↑](#endnote-ref-13)
14. Ibid. Page 290 [↑](#endnote-ref-14)
15. Pérez-Ludeña, M., 2009, “Towards a New Model of PPPs: Can Public Private Partnerships Deliver Basic Services to the Poor?” UNESCAP Working Paper, United Nations Economic and Social Commission for Asia and the Pacific, Bangkok. Online: <http://www.gsdrc.org/document-library/towards-a-new-model-of-ppps-can-public-private-partnerships-deliver-basic-services-to-the-poor/> [↑](#endnote-ref-15)
16. UNDP. Starting a Pro-Poor Public- Private Partnership for a Basic Urban Service. 20005. Online: <http://www.undp.org/content/undp/en/home/librarypage/capacity-building/starting-a-pro-poor-public--private-partnership-for-a-basic-urban-service.html> [↑](#endnote-ref-16)
17. For more information on the Strategy, please see: World Bank. Brief: Citizen Engagement. September 30, 2014. Online: <http://www.worldbank.org/en/about/what-we-do/brief/citizen-engagement> [↑](#endnote-ref-17)