PPIAF

PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

ANNUAL REPORT

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Helping to
eliminate poverty
and achieve
sustainable
development through
private
involvement in
infrastructure

PPIAF AT A GLANCE

The Public-Private Infrastructure Advisory Facility (PPIAF) is a multidonor technical assistance facility aimed at helping developing countries improve the quality of their infrastructure through private sector involvement. Launched in July 1999, PPIAF was developed at the joint initiative of the governments of Japan and the United Kingdom, working closely with the World Bank. PPIAF is owned and directed by participating donors, which include bilateral and multilateral development agencies and international financial institutions. PPIAF was built on the World Bank Group's Infrastructure Action Program and has been designed to reinforce the actions of all participating donors. PPIAF is governed by a Program Council comprising representatives of participating donors and is managed by a small Program Management Unit.

PPIAF pursues its mission through two main mechanisms:

- Channeling technical assistance to governments in developing countries on strategies and measures to tap the full potential of private involvement in infrastructure.
- Identifying, disseminating, and promoting best practices on matters related to private involvement in infrastructure in developing countries.

Support Available

PPIAF can finance a range of country-specific and multicountry advisory and related activities in the following areas:

- Framing infrastructure development strategies to take full advantage of the potential for private involvement.
- Building consensus for appropriate policy, regulatory, and institutional reforms.
- Designing and implementing specific policy, regulatory, and institutional reforms.
- Supporting the design and implementation of pioneering projects and transactions.
- Building government capacity in the design and execution of private infrastructure arrangements and in the regulation of private service providers.

PPIAF assistance can facilitate private involvement in the financing, ownership, operation, rehabilitation, maintenance, or management of eligible infrastructure services. Eligible infrastructure services comprise roads, ports, airports, railways, electricity, telecommunications, solid waste, water and sewerage, and gas transmission and distribution. Countries eligible for PPIAF-financed assistance include developing and transition economies as listed from time to time by the OECD's Development Assistance Committee.

Applying for PPIAF Support

Applications for PPIAF support can come from any source. In the case of country-specific activities, however, the beneficiary government must approve all requests for support. An application form for PPIAF support can be downloaded or completed on-line through the PPIAF Web site (www.ppiaf.org) or be requested from the Program Management Unit. Proposals will be assessed against the criteria specified in PPIAF's charter, which is available on the Web site or can be requested from the Program Management Unit. Those criteria include consistency with PPIAF's mission, government commitment, additionality, donor coordination, value for money, and environmental and social responsibility.

Delivery of PPIAF Services

PPIAF-financed activities make extensive use of consultants. Procurement is governed by World Bank guidelines. Further information about procurement arrangements and consultancy opportunities is available from the PPIAF Web site.

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SECTION 1

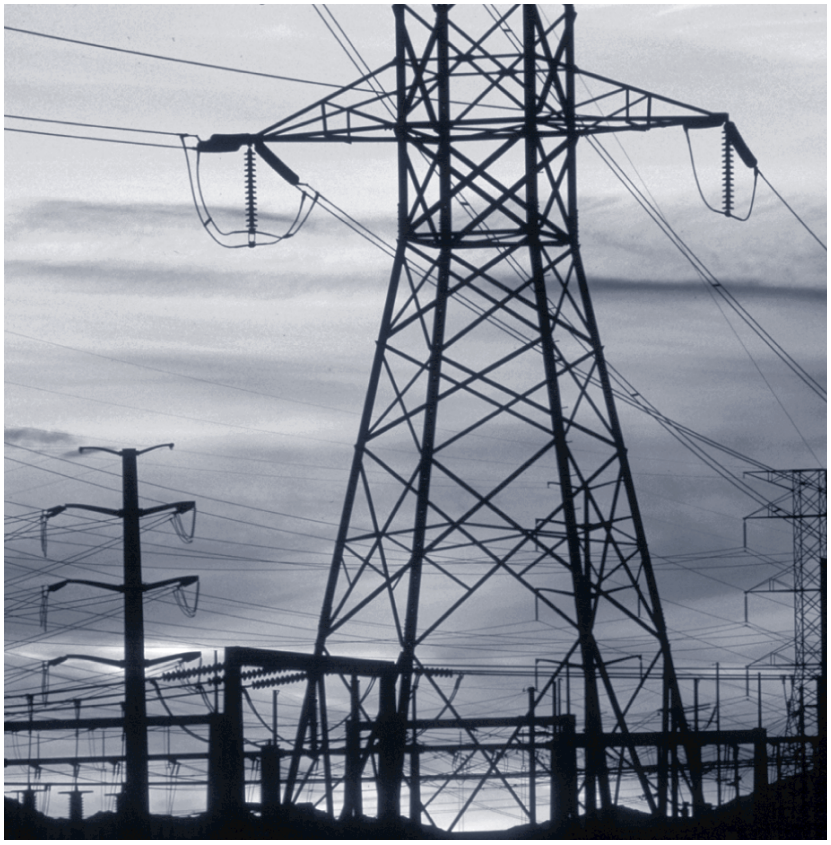
The Promise and Challenges of Private Involvement in Infrastructure and the Role of the Public-Private Infrastructure Advisory Facility

The Promise and Challenges of Private Involvement in Infrastructure and the Role of the Public-Private Infrastructure Advisory Facility

Improving the quality and quantity of a country's infrastructure services can bring major benefits by enhancing economic growth, living standards, and environmental sustainability. This is especially important in the developing world, where more efficient, more accessible, and less costly infrastructure is essential to effective poverty alleviation.

INFRASTRUCTURE AND POVERTY ALLEVIATION

While the relationship is complex, many studies show that infrastructure plays a substantial role in growth. The quality of a country's infrastructure has a significant effect on industrial productivity, costs, and competitiveness and thus on investment, employment, and export earnings. Self-provision of electricity and other infrastructure services can increase costs enormously for businesses. And infrastructure provision places a major burden on public finances, diverting resources that might otherwise go to education, health care, or other social objectives. Many developing countries spend as much on transport and telecommunications as they do on health care.



The link between adequate infrastructure provision and improved living standards comes sharply into focus in the daily lives of all sections of the population—but most immediately and palpably for the poorest. Ready access to potable water improves health and frees up time for valuable activities—for a woman to work in a household business or a child to go to school. Access to proper sanitation dramatically reduces debilitating and life-threatening disease. Access to dependable electricity reduces the unproductive time a household spends meeting its energy needs, provides a reliable source of light for children to do their homework, and improves the local environment. Access to improved transport makes it easier and cheaper to get goods to market or to get to work or school. Access to modern telecommunications can put a remote village in touch with a wide range of services, including education and health care, and connect local entrepreneurs to global markets. Access to better, cheaper, and more reliable infrastructure leads to higher living standards, by reducing the time that households spend on basic subsistence activities and by directly improving health, especially of vulnerable populations.

Traditional Approaches to Infrastructure Provision Have Failed to Deliver…

In recent years developing countries have invested about 4 percent of national output in infrastructure—nearly 20 percent of total investment, or about $250 billion annually.[1] Yet the results have been disappointing, particularly in terms of the impact on the poor. One billion people in the developing world still lack adequate access to clean water, and 2 billion lack adequate sanitation. What these cold statistics mean in human terms—for basic health standards and quality of life—is devastating. In developing countries water-related infections are the primary cause of the high incidence of diarrheal diseases, which kill about 2 million children and cause about 900 million episodes of illness a year. Electric power has yet to reach 2 billion people worldwide, and in many parts of Sub-Saharan Africa less than 8 percent of the people are hooked up to the power grid system. Even those with access to basic infrastructure services too often receive very poor and unreliable service.

Developing country governments have traditionally tried to meet infrastructure needs through public sector monopolies, often with below-cost tariffs. The results have fallen well short of hopes and

expectations. With rare exceptions, public infrastructure provision has suffered chronic problems. Service delivery is inefficient. Waste is high. Technical inefficiencies in power, roads, railways, and water alone are estimated to have caused losses of $55 billion a year in the early 1990s—equivalent to 1 percent of all developing countries' GDP, a quarter of annual infrastructure investment, and twice the annual development finance for infrastructure.

Artificially low tariffs remain the norm for public sector infrastructure providers. While politically attractive, this strategy undermines the financial position of utilities and makes it difficult to finance even routine maintenance, let alone the investments required to expand and improve services. It also distorts resource use and imposes a significant fiscal burden on governments. The fiscal costs associated with mispricing infrastructure services in power, water, and railways alone have been estimated at nearly $123 billion annually, or nearly 10 percent of total government revenue in developing countries.

Customers are dissatisfied—and often spend much money and effort to find alternatives. And public sector managers and employees often struggle to do their jobs in the face of conflicting mandates. All too often the rules and incentives under which public enterprises operate are simply incompatible with delivering good, cost-effective services. Numerous studies show the willingness of consumers—including the poor—to pay for improved infrastructure services.

...and Have Failed the Poor Above All

Public sector monopolies are often directed to charge tariffs below the full cost of supply for infrastructure services. Policies of this kind are sometimes defended as being intended to help the poor. But more often than not the subsidized services are consumed by high-income households, while the poor receive no access to formal services.

Where services must be provided below cost, it is difficult to raise funds to extend services to areas that lack them—usually low-income and rural areas. In these areas households must find other ways of meeting their infrastructure needs, and the alternatives often turn out to be more costly in time, effort, and money. For example, in developing countries urban households without access to piped water often pay more than 20 times the piped water price to buy water from informal vendors. Households without access to electricity often must rely on more expensive forms of energy—for example, paraffin can cost 10 times as much as electricity for lighting, and a dry cell battery to power a radio costs about 1,000 times as much per unit of energy as does mains electricity.

THE PROMISE OF PRIVATE INVOLVEMENT

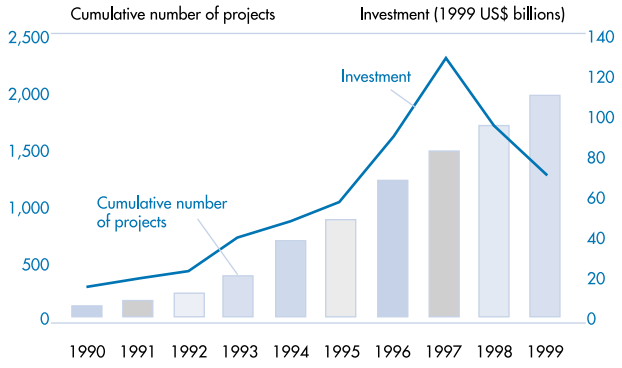
Disenchantment with traditional approaches to infrastructure provision has led governments to explore how best to mobilize and harness the skills and resources of the private sector. In so doing, these governments have reexamined their own role and are seeking to transform it—moving away from being the exclusive financiers, managers, and operators of infrastructure to being facilitators and regulators of services provided primarily by private firms.

Experience over the past decade or so has confirmed the importance of the private sector's contribution toward improved infrastructure services. Private involvement brings access to management expertise and capital. Unleashing competition between service providers can spur innovation, reduce costs, and enhance responsiveness to consumers. Access to service expands. Labor productivity rises. New technologies are introduced. These benefits of private involvement in infrastructure are being realized in an increasing number of countries, rich and poor alike.

Trends in Private Involvement in Infrastructure in the 1990s

As reform-minded governments have embraced liberalization and privatization policies over the past decade, the private sector has grown in importance as a financier and long-term operator in most infrastructure sectors and in an ever increasing number of countries.

Figure 1.1 Annual investment flows to infrastructure projects with private involvement in developing countries, 1990–99

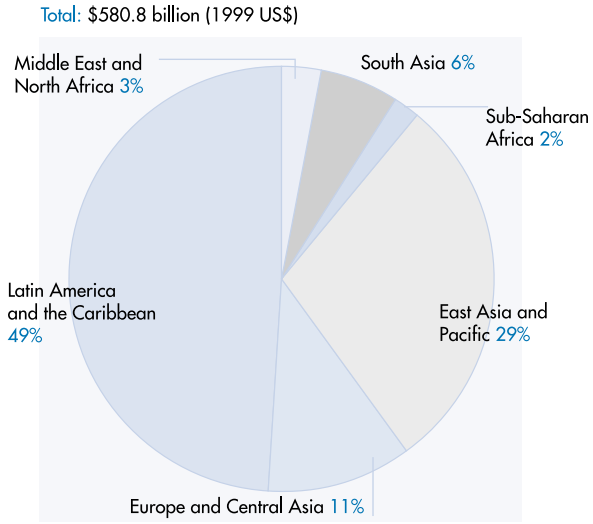


Source: World Bank, PPI Projects Database.

Most developing countries have now introduced some form of private sector involvement in infrastructure. Investment flows to infrastructure projects with private involvement rose steadily in the last decade, from less than $16 billion in 1990 to a peak in 1997 of more than $125 billion (all in 1999 U.S. dollars; figure 1.1). While there was some decline following the shocks of the 1997 financial crisis, there is growing evidence that confidence is being restored in some of the hardest-hit countries following the introduction of important policy reforms.

Regional Trends. While broad trends in investment flows to infrastructure projects with private involvement were similar across regions in 1990–99, the actual volume of flows varied substantially (figure 1.2). Latin America and the Caribbean led the growth in private infrastructure activity with just under half the total investment in such projects—more than 24 times that in Sub-Saharan Africa. East Asia followed with about 30 percent. Further disaggregation of data from Asia reveals that middle-income countries accounted for 80 percent of the flows to that region; among low-income countries, China, India, and Indonesia attracted the most private investment.

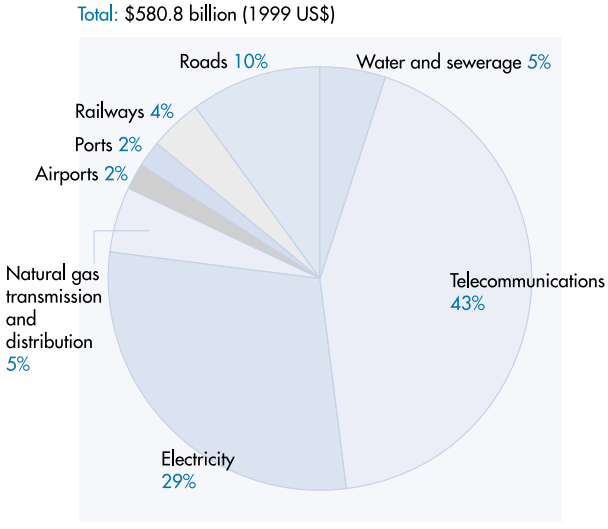
Figure 1.2 Investment in infrastructure projects with private involvement in developing countries by region, 1990–99



Source: World Bank, PPI Projects Database.

Sectoral Trends. Investment flows to infrastructure projects with private involvement have also been uneven across sectors. Telecommunications and electricity have been by far the leading recipients of investment (figure 1.3). Investment in water and sanitation projects lags far behind that in other household services, reflecting the additional challenges in introducing private involvement in sensitive sectors that are often the responsibility of subnational governments.

Figure 1.3 Investment in infrastructure projects with private involvement in developing countries by sector, 1990–99



Source: World Bank, PPI Projects Database.

NEW CHALLENGES FOR GOVERNMENTS

Private involvement in infrastructure transforms the role of the public sector. Governments need to adapt to new roles as effective facilitators and regulators of services provided by private firms. The public and private sectors become partners in infrastructure development, playing distinct but complementary roles.

The challenges for governments can be considerable. Governments and other important interest groups must adopt a new mind-set—particularly in light of the technological changes in such sectors as power and telecommunications. Infrastructure development strategies need to be framed to tap the full potential for private involvement. Market structures often need to be reformed to unleash the benefits of competition. New regulatory systems need to be designed that give private firms the confidence to invest while also protecting consumers and other legitimate social interests. Public institutions need to adapt to new roles. Projects and contracts need to be designed to ensure an equitable and efficient allocation of risks and marketed effectively to the private investor community. Private partners need to be chosen in ways that ensure the best deal possible for the country, but without imposing excessive demands on prospective bidders. And officials need to develop new skills in dealing with all these issues, as well as in administering modern regulatory systems.

These challenges are significant for any government, but particularly so for those in developing countries. Developing country governments usually face greater obstacles in establishing credible transaction processes and regulatory frameworks that will allow them to enlist and interact with private partners on reasonable terms. And they typically confront greater constraints in administrative capacity and other resources for grappling with these issues.

In many low-income countries attracting private investment in infrastructure remains a challenge. This is particularly so when there are perceptions of high country risk—a matter to which investors are increasingly alert as a result of the recent financial turmoil in several emerging markets. In Sub-Saharan Africa, for example, private involvement in infrastructure is often limited to management contracts or leases. While these more limited forms of private involvement can offer important benefits, they do not introduce new investment capital and do not always lead to sustainable service improvements.

There is ample room for improving approaches to involving the private sector. Private involvement per se is not always synonymous with total success: the nature and level of its benefits depend critically on the form of involvement and on the rules and incentives under which the private sector operates. In some developing countries initial efforts to involve the private sector are driven by the need to finance a particular greenfield project. Too often, inadequate attention is given to the role of that project within a broader infrastructure development strategy, or to broader policy, regulatory, and institutional reforms that could reduce financing costs, improve efficiency, and help to sustain private investment without the need for substantial government guarantees. And sometimes too little attention is given to ensuring that the benefits of private involvement extend rapidly to the poorest members of society.

There is also scope for reducing the transactions costs associated with private infrastructure ventures—which can amount to as much as 5–10 percent of the cost of a project. And there is ample opportunity to improve the flow of information between sectors and countries on best practices in such areas as procurement, risk allocation, and regulation.

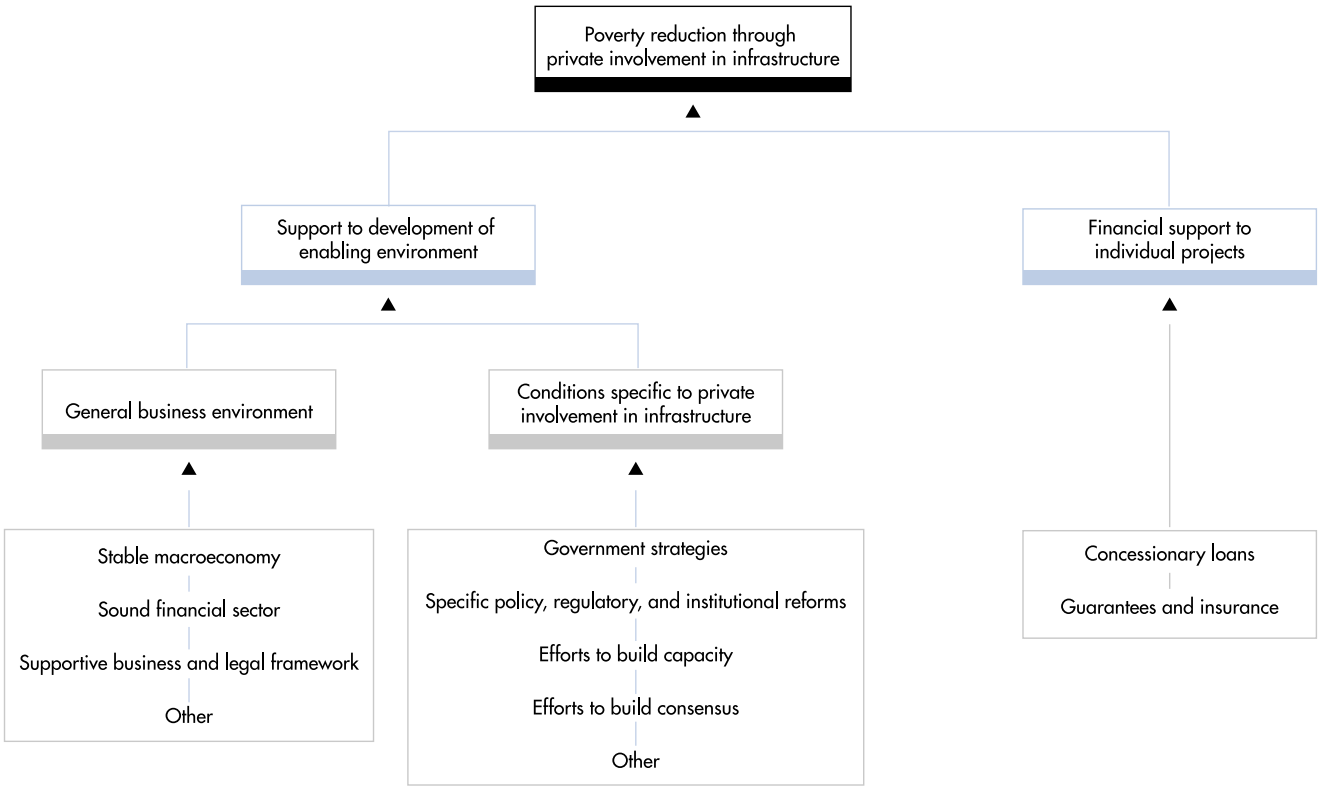
THE ROLES OF DEVELOPMENT ASSISTANCE AND THE PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

Donors and international development agencies can play an important role in helping developing country governments meet these challenges. In recent years the development community has provided support in two ways: helping to finance individual projects and helping to develop an appropriate enabling environment. Interventions in the second category include those focusing on the general business environment as well as those addressing conditions specific to private involvement in infrastructure (figure 1.4).

Until recently development assistance aimed at helping governments improve the enabling environment for private involvement in infrastructure was largely ad hoc—reactive rather than proactive—and it failed to realize the potential economies from broader and more systematic approaches. This approach also tended to limit the transfer of lessons of experience between donors as well as between beneficiary governments and sectors.

Recognition of the limits of past approaches prompted the establishment of the Public-Private Infrastructure Advisory Facility (PPIAF), in July 1999, with a specific mandate to assist developing countries in improving the quality of their infrastructure through private involvement. Building on the successful experience with a number of other thematically focused

Figure 1.4 Development assistance, private involvement in infrastructure, and poverty reduction



multidonor assistance programs, PPIAF complements and reinforces the activities of official donors by creating a mechanism for improving the quality, coherence, and coordination of technical assistance in this area while mobilizing and leveraging donor resources.

PPIAF has two main aims:

- To channel technical assistance to governments in developing countries on strategies and measures to tap the full potential of private involvement in infrastructure.
- To identify, disseminate, and promote best practices on matters related to private involvement in infrastructure in developing countries.

PPIAF's key methods of intervention are through country-specific and broader advisory and related activities in the following areas:

- Framing infrastructure development strategies to take full advantage of the potential for private involvement.
- Building consensus for appropriate policy, regulatory, and institutional reforms.
- Designing and implementing specific policy, regulatory, and institutional reforms.
- Building government capacity in the design and execution of private infrastructure arrangements and in the regulation of private service providers.
- Supporting the design and implementation of pioneering projects and transactions.
- Identifying, disseminating, and promoting best practices.

PPIAF is open to official donors, both bilateral and multilateral agencies. To maximize flexibility for donors, PPIAF has a two-tier financial structure. The Core Fund consists of resources that are freely usable in accordance with the PPIAF work program and financial plan. Contributions to the Core Fund are made in cash in freely convertible currencies and are untied. In addition, subject to conformity with the objectives of PPIAF and consent by the Program Management Unit, donors may establish or contribute to noncore funds that are tied to use for a particular theme, activity, or region.

1. All dollar amounts are in current U.S. dollars unless otherwise specified.

SECTION 2

Operations

For the fiscal year ending June 30, 2000, PPIAF approved 74 activities in more than 40 countries for a total value of $15.6 million, mobilizing additional cofinancing from other donors and contributions from governments of around $15 million.[2] (Figure 2.1 and table 2.1 present a breakdown of the fiscal 2000 portfolio, and annex 1 provides a brief description of the activities.) A breakdown of the fiscal 2000 work program, comparing planned with actual activities, was presented to the Program Council at the annual meeting on May 11–12, 2000, in Canada (see annex 3, which also includes the fiscal 2001 indicative work program agreed with the Program Council).

The portfolio reflects a reasonable balance across the eligible regions. Among sectors, "infrastructure" activities—those covering all sectors—accounted for the largest share of approvals and funding, reflecting PPIAF's emphasis on systematic approaches that transfer lessons of experience across sectors. Among PPIAF deliverables, the top three ranked by portfolio share are infrastructure development strategies; policy, regulatory, and institutional reforms; and identification, dissemination, and promotion of best practices.

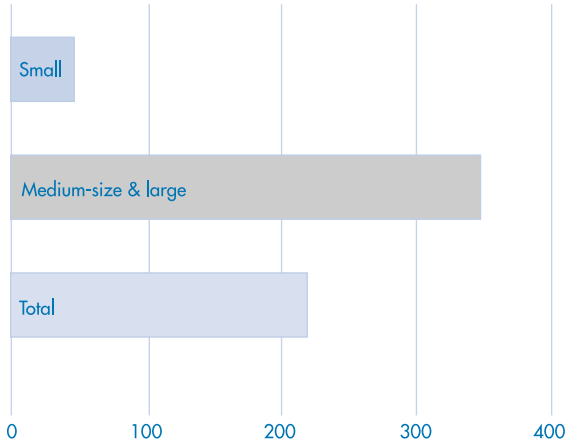
In this first year of operation PPIAF progressed through a start-up phase during which, among other things, it established and staffed its Program Management Unit, concluded trust fund agreements with donors, set up basic administrative and monitoring systems, and began work to launch two regional coordination offices in Sub-Saharan Africa.

Of the 74 approvals for fiscal 2000, 47 percent (35) were for small activities ($75,000 or less), with an average value of about $62,057 (table 2.2; figure 2.2). Medium-size and large activities (more than $75,000) made up the larger share of the portfolio both in number (39) and in value ($13.4 million), with an average size of about $344,256.

Table 2.2 PPIAF activities by size, fiscal 2000

SIZE	NUMBER OF ACTIVITIES	FUNDING (US$ THOUSANDS)	SHARE OF ACTIVITIES (%)	SHARE OF FUNDING (%)
Small	35	2,172	47	14
Medium-size	16	2,950	22	19
Large	23	10,476	31	67
Total	**74**	**15,598**		

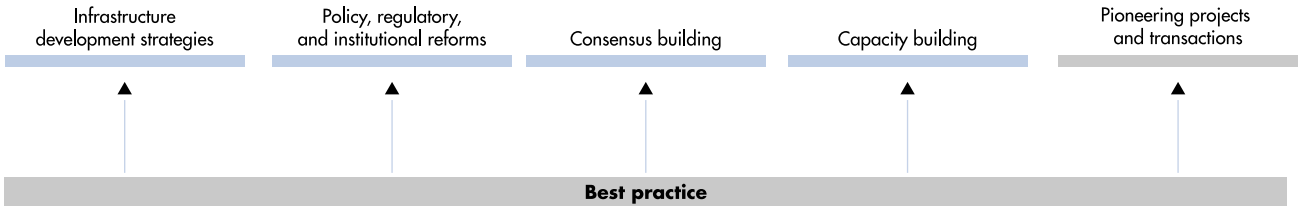
Figure 2.2 Average size of PPIAF activities, fiscal 2000



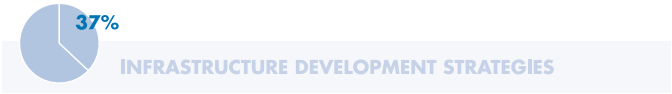
PORTFOLIO REVIEW OF SELECTED ACTIVITIES

This section summarizes selected activities that have been undertaken under one or more of PPIAF's six deliverables: infrastructure development strategies; policy, regulatory, and institutional reforms; consensus building; capacity building; support to pioneering projects and transactions; and, common to and underlying the first five deliverables, identification, dissemination, and promotion of best practices (figure 2.3).

Figure 2.3 PPIAF Deliverables



While the activities described in this section are classified by the primary deliverable, in practice many approved activities include actions corresponding to two or more deliverables. For example, an initiative such as the South Asia Forum for Infrastructure Regulation (see box 2.6) has elements of consensus building and policy, regulatory, and institutional reforms in addition to its primary component, capacity building. (See annex 1 for a list and brief description of fiscal 2000 activities classified by deliverable.)



Infrastructure development strategies are analytical studies intended to guide governments on options for expanding private involvement in infrastructure. A key product in this area is the Country Framework Report. Prepared at a country's invitation, these reports involve a comprehensive review of the environment for private involvement in infrastructure and are based on extensive consultations with a range of stakeholders. Each report has three main objectives:

- To describe and assess the current status and performance of key infrastructure sectors.
- To describe and assess the policy, regulatory, and institutional environment for involving the private sector in these sectors.
- Through these steps, to assist policymakers in framing future reform and development strategies and to assist potential private investors in assessing investment opportunities.

The India Country Framework Report attracted strong interest from private sector and government representatives, with nearly 250 investors and financiers attending meetings in Paris and New Delhi. The presentation of the Philippines report at a

Box 2.1 A Country Framework Report for Uganda

Recently commissioned by the government, the Uganda Country Framework Report is an infrastructure policy assessment focusing on power, water, transport, and telecommunications and on cross-cutting issues common to these sectors. Its objective is to describe the performance of these infrastructure sectors, identify the key factors promoting or constraining their development, and assess the potential for private involvement in each sector. Some of the policy recommendations being developed are becoming central to the government's approach to infrastructure sector reform.

The process for the report was designed to maximize ownership by the government and other key stakeholders. The Utility Reform Unit of the Ministry of State for Privatization organized the working group, which included representatives from all line ministries and infrastructure parastatals. This group provided the interface between the line ministries and parastatals. Three major consultative workshops were held, and all working documents related to the report were made available on a Web site.

This collaborative approach produced a high degree of consensus in the government on the role of the state in infrastructure development, the importance of private involvement, and the need for continued reform efforts. Careful attention was also paid to briefing interested parliamentarians and key donors, whose representatives participated in the consultative workshops.

roundtable in Manila attracted about 200 private sector financiers and technical specialists as well as national and local government officials.

Country Framework Reports under way in fiscal 2000 included those for Cambodia, Côte d'Ivoire, the Dominican Republic, Honduras, Mexico, Peru, Uganda, and Vietnam. (See box 2.1 for a brief description of the Uganda Country Framework Report.)

PPIAF has undertaken infrastructure development studies at the regional and subnational levels as well as for individual infrastructure sectors:

- In Kenya it is supporting an assessment of the potential for road concessions. The assessment will conclude with the preparation of a strategy for developing a legal and regulatory framework for private involvement in road concessions.
- In Thailand it is supporting reforms aimed at opening the water and sewerage sector to increased participation by private providers. The goal is to present a viable plan for private involvement for adoption and implementation in Samut Prakan Province.
- In Sri Lanka it is providing advice to the Public Enterprise Reform Commission in reviewing and analyzing the privatization of infrastructure enterprises. This activity will evaluate the impact of past privatizations, including improvements in corporate governance and financing for modernization and growth. It is expected to lead to a framework for introducing competition and—where competition is not possible—regulation of infrastructure sectors.

All 24 activities supported by PPIAF in fiscal 2000 in the area of infrastructure development strategies are described in annex 1.

Box 2.2 Supporting telecommunications reform in Algeria

In December 1999 the newly appointed Algerian government expressed interest in carrying out major reforms in telecommunications—to progressively liberalize the sector, create an autonomous regulator, and privatize the incumbent public operator.

PPIAF provided support to the government in designing and implementing a telecommunications policy statement and telecommunications law. The policy statement lays out the government's long-term objectives for the sector and seeks to build consensus on the reform measures among policymakers and key stakeholders. Issued in July 2000, it calls for progressive liberalization of the sector and contains a detailed calendar with the sequencing of reform measures, including privatization of the public telecommunications operator. The policy declares the government's commitment to awarding a GSM license to a private operator in 2001, to opening up value added services (including VSAT and GMPCS) to competition in 2002, and to allowing full competition in the entire sector by 2005.

The telecommunications law allows the separation of operating, policy, and regulatory functions and establishes the legal basis for a transparent regulatory framework. Adopted by the president in August 2000, it permits the creation of an autonomous regulator and enables the emergence of a multi-operator market structure in which regulatory provisions on tariffs, interconnection, and universal service will put all operators on an equal competitive footing.

The success of the PPIAF-supported initiatives has paved the way for continued assistance in the sector from the European Union, the African Development Bank, and the World Bank Group.

POLICY, REGULATORY, AND INSTITUTIONAL REFORMS

Private involvement in infrastructure often requires deep transformation of policies, laws, and institutions. PPIAF assists governments in developing detailed strategies for involving the private sector, in restructuring industries to facilitate competition, and in designing and establishing regulatory and institutional frameworks. Its work in this area has included evaluating options for reform, helping to prepare and implement new regulatory and institutional arrangements, and organizing seminars on best practices on particular issues.

In fiscal 2000 one PPIAF-supported activity provided timely advice to the Algerian government on policy, regulatory, and institutional reforms in the telecommunications sector (box 2.2). Another assisted the Lagos State government, in Nigeria, in an effort to privatize the Lagos State Water Corporation (box 2.3).

Other PPIAF activities in policy, regulatory, and institutional reforms include these examples:

- In Vanuatu, in the South Pacific, PPIAF provided support to the government in strengthening its capacity to regulate the private concessionaires that dominate in water, power, and telecommunications. A study reviewed existing concession contracts and provided the government recommendations on developing policy statements and a regulatory framework to foster greater efficiency and competition in these sectors.
- In Cambodia PPIAF funded work to analyze the level and quality of water services provided by local entrepreneurs, survey and verify consumer satisfaction with service and cost, and compare the performance of private and public operators. The findings demonstrated the legitimacy of the private service being provided and supported the government's policy and regulations aimed at recognizing the role of small-scale private water providers.
- In Croatia PPIAF is supporting an analysis of the legal and institutional framework for granting infrastructure concessions at the state, county, and municipal levels, taking into account likely European Union directives. This activity is expected to result in the design of a modern concession framework that will bring Croatia in line with European best practice.

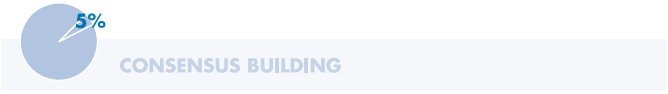
Box 2.3 Helping to privatize the Lagos State Water Corporation

The performance of the Lagos State Water Corporation in meeting the water needs in the metropolitan area has been poor, and the city has no effective sewage treatment and no connected sewerage system. Less than half the approximately 13 million people in Lagos are connected to the water company's system. The poor, who make up most of the unconnected population, pay 10–12 times as much for water as connected customers do. Moreover, the water company is bankrupt and its system at constant risk of collapse despite considerable investments in the past 10 years.

PPIAF assistance to the Lagos State government has focused on policy and regulatory reform in the water and sewerage sector to facilitate private involvement, complementing work by the International Finance Corporation and others on a transaction to involve the private sector. A PPIAF review has provided the government options and recommendations for establishing a stable market structure in which the private sector can operate. And the project has contributed to the establishment of a ministerial privatization committee. The PPIAF assistance has been designed to complement and reinforce the actions of other donors, including the aid agencies of France, the Netherlands, Norway, and Sweden.

The project could also have benefits extending beyond Lagos. The Federal Ministry of Water Resources views the Lagos water privatization as a pilot case with potential demonstration effects for other states in Nigeria. And if the project demonstrates private sector interest in the water sector, it could lead to further development of the sector elsewhere in Nigeria and in Sub-Saharan Africa.

All 24 activities supported by PPIAF in fiscal 2000 in the area of policy, regulatory, and institutional reforms are described in annex 1.



Sustainable progress in private involvement in infrastructure depends on the understanding and cooperation of a range of stakeholders—politicians from both the government and the opposition, trade unions, the general public, and the domestic and foreign private sector. To engage these groups, PPIAF has supported consensus building activities ranging from seminars and workshops to study tours and public awareness campaigns.

In May 2000 PPIAF cosponsored a conference in London to discuss best practices in getting the private sector to participate and invest in infrastructure services for low-income households in developing countries (box 2.4). Earlier in the year it supported another consensus building activity in India's water and sewerage sector (box 2.5).

In Algeria PPIAF provided support for a two-day seminar to

Box 2.4 Moving toward consensus on private solutions and the poor

In May 2000 PPIAF, the U.K. Department for International Development, and the World Bank sponsored a conference in London—Infrastructure for Development: Private Solutions and the Poor—to explore the frontiers of knowledge and best practice in mobilizing the private sector to participate and invest in infrastructure services for low-income households in developing countries. The aim: to identify a learning and practical agenda for moving toward more consistently "pro-poor" private infrastructure reforms and arrangements. More than 200 delegates from over 40 countries attended the three-day event—government officials, regulatory agents, utility operators, investors, financiers, academics, consultants, and representatives from nongovernmental organizations and multilateral and bilateral donors. The conference focused on three broad areas:

- Understanding the nature and extent of the challenge of expanding access to infrastructure for low-income households in developing countries.
- Expanding low-income households' options for gaining access to improved infrastructure services through market structure and regulatory reforms.
- Reducing financial and institutional barriers to improved infrastructure services for low-income households.

Conference participants from across sectors and stakeholder groups expressed consensus on the kinds of policies that would help improve service delivery to the poor through private sector projects:

- Promoting good general macroeconomic policies.
- In reforms to facilitate private involvement, giving early attention to market structure, particularly to ease entry (and avoiding exclusivity in private sector contracts).
- Putting in place transparent and independent systems for economic regulation.
- Avoiding prescriptive and inflexible design standards and overconcentration on unique modes of service.
- Avoiding consumption subsidies and cross-subsidies.
- In reform processes, emphasizing consultation and participation, particularly of low-income households and communities.

The conference promoted discussion and learning about improving private provision of infrastructure services in ways responsive to the needs of the poor. Since the conference PPIAF has received much positive feedback and many requests for advice on how to apply the ideas discussed in ongoing reforms.

Box 2.5 Building consensus on private involvement in water supply and sanitation in India

Despite substantial investment by the central and state governments over the past 50 years, water supply in India continues to be only intermittent. And poor sanitation and solid waste management practices have contaminated water supplies and degraded the environment, creating health hazards.

PPIAF funds, along with cofinancing from the Ministry of Urban Development and the World Bank, supported a seminar in New Delhi in February 2000 to help build consensus on private involvement to improve water supply and sanitation. More than 200 delegates from the central government, state and municipal governments, the private sector, and bilateral and multilateral agencies discussed international and Indian experience in involving the private sector in financing and managing water supply and sanitation investments.

Seminar participants reached a consensus on needs for successful private involvement in the Indian water sector:

- A core group should be formed in the central government—with representatives from states, cities, investors, operators, and bilateral and multilateral agencies—to accelerate the reform in water supply and sanitation (including drainage).
- Regional workshops should be organized in cities and states to encourage and create awareness about private involvement in the water sector. Model bidding documents and contracts should be prepared for use in cities that have mobilized strong, sustained support for private involvement.
- Government support and multilateral financing might be necessary in the early years of private involvement to cover investments to reduce losses—often 50 percent or more today—and pay for postponed maintenance. Financing options for private involvement should depend on success in improving the efficiency of operations—and thus in generating an operational surplus that could service debt.

take stock of international experience in concessions for ports, airports, telecommunications, electricity distribution, and water distribution and sewerage. The seminar helped build consensus on a national policy to promote infrastructure concessions and raised awareness among Algerian participants about necessary conditions for a concession agreement, including provisions safeguarding the public interest.

All seven consensus building activities supported by PPIAF in fiscal 2000 are described in annex 1.

CAPACITY BUILDING

The scarcity of expertise within governments on how to design and execute private infrastructure arrangements and how to regulate private service providers is a major impediment to expanding private involvement in infrastructure and increasing its effectiveness. PPIAF assists governments in strengthening their capacity in these areas. One such effort, a major capacity building initiative in South Asia, is described in box 2.6.

PPIAF approved seven activities in fiscal 2000 whose primary focus was capacity building. In Peru, for example, it is supporting measures to enhance the capacity of OSITRAN, the

national transport regulatory agency, to set and review tariffs for monopoly services and to monitor the development of the transport market to ensure that regulation maximizes market efficiency. PPIAF is also organizing a regional workshop in Africa to discuss private involvement in water and sewerage and other infrastructure sectors, developing a work program for creating the Organization of Caribbean Utility Regulators, and arranging a workshop on the role of the private sector in developing disaster-resilient infrastructure in Bangladesh. All the capacity building activities supported by PPIAF in fiscal 2000 are described in annex 1.

SUPPORT TO PIONEERING PROJECTS AND TRANSACTIONS

PPIAF may support the design and implementation of pioneering projects and transactions. This may include contributions toward technical inputs on engineering, financial, legal, environmental, or other issues.

PPIAF's main focus is improving the enabling environment for private involvement in infrastructure, where multidonor facilities tend to have a comparative advantage. PPIAF does not usually become involved in the detailed design and execution of individual projects. But it may provide support to the design and implementation of projects or transactions that are innovative in some important respect and thus have the potential to offer demonstration effects.

During its first year of operation PPIAF reviewed a number of proposals that included support to specific projects. In most cases the assistance requested from PPIAF related to policy, regulatory, and institutional reforms, and many proposals were approved under that broad deliverable (see above).

Box 2.6 Building regulatory capacity through the South Asia Forum for Infrastructure Regulation

With nearly 20 independent infrastructure regulatory bodies already in place and about 100 senior regulatory staff, South Asia has large capacity building and training needs. In response to these needs, PPIAF contributed seed money for the creation of the South Asia Forum for Infrastructure Regulation (SAFIR), which is intended to become self-financing. In May 1999 a steering committee of regional regulators held its first meeting in New Delhi to provide guidance on developing this initiative.

In February 2000 SAFIR organized a core course on infrastructure regulation and reform, in Agra, India. The two-week course, which attracted cofinancing from the U.S. Agency for International Development and the World Bank, dealt with important issues related to private involvement in infrastructure in South Asia. The first week covered reform of infrastructure sectors, including introducing competition in service provision and establishing and organizing regulatory agencies. The second covered the techniques of economic regulation, in particular, price regulation methods and the underlying analysis. The course provided participants with the conceptual underpinnings and used international and regional case studies to show how they apply in practice. The faculty was drawn from among leading international and regional experts, and the 73 participants came from six countries and a range of sectors and professional backgrounds.

Based on the success of the Agra course, SAFIR is proposing a second course in Sri Lanka in the next fiscal year. SAFIR has been operating an on-line information center through its Web site (www.safir.teri.res.in) for the last year, and it recently published the first issue of the SAFIR Newsletter, a quarterly publication on topics of interest to regulators in South Asia.

BEST PRACTICE

As new experience with private involvement in infrastructure emerges, notions of best practice are evolving rapidly. Sound decision-making requires timely access to reliable analysis of lessons from this emerging experience. PPIAF can help identify and disseminate global best practice in several ways:

- Supporting conferences or other gatherings to foster the sharing of best practice thinking on key issues.
- Preparing "toolkits" that draw together, in a user-friendly way, best practice on particular issues related to private involvement—whether on issues in a single sector or on themes or issues that cut across several sectors.
- Preparing case studies and model documents.
- Developing Web sites to disseminate best practice knowledge.

In fiscal 2000 PPIAF supported 11 best practice activities. Among these was the conference Infrastructure for Development: Confronting Political and Regulatory Risks (box 2.7).

PPIAF is also supporting the development of three toolkits on issues related to private involvement in infrastructure:

- Port Privatization Toolkit—a comprehensive guide to privatizing ports. This toolkit will review developments in the industry, options for private involvement, restructuring alternatives, regulatory approaches, management of labor reform, and management of the privatization process.
- Toolkit for Private Participation in Roads and Highways—a source of hands-on advice for creating an analytical framework that would support local policymakers in assessing contracting, regulatory, and funding options for engaging the private sector in road development, operation, and maintenance.
- Toolkit for the Procurement of Advisory Services for Private Participation in Infrastructure—a comprehensive guide for governments on the full range of issues in selecting and managing advisers for the process of involving the private sector in infrastructure. Serving as a training and reference manual,

Box 2.7 Identifying best practice in managing political and regulatory risks

Political and regulatory risks are a substantial impediment to private investment in infrastructure. While not unique to infrastructure, such risks are particularly significant in this sector because investments tend to be large, long term, and immobile; regulatory interventions tend to be pervasive; and governments often face strong pressures to accommodate short-term political interests.

With the government of Italy and the World Bank, PPIAF cosponsored a conference in Rome in September 1999 to address political and regulatory risks that tend to be especially significant in developing countries, particularly those without a long track record of good government performance. The three-day conference—Infrastructure for Development: Confronting Political and Regulatory Risks—was attended by about 290 participants from more than 50 countries, including government officials and experts from international organizations, academia, and the private sector.

The conference sessions covered these emerging issues:

- The nature and significance of political and regulatory risks associated with private infrastructure investments in developing countries.
- Developments in each of the main strategies and instruments for managing risk (domestic policy reforms, international legal protection, political risk insurance and guarantees).
- Opportunities to further improve risk management strategies.

From their diverse experience, the speakers, contributors, and participants developed several points of interest during the conference and identified issues requiring further analysis. Participants and speakers confirmed the importance of pursuing additional empirical studies and called for greater international cooperation in defining appropriate standards of regulatory behavior. Conference presentations and papers can be found at PPIAF's Web site (www.ppiaf.org).

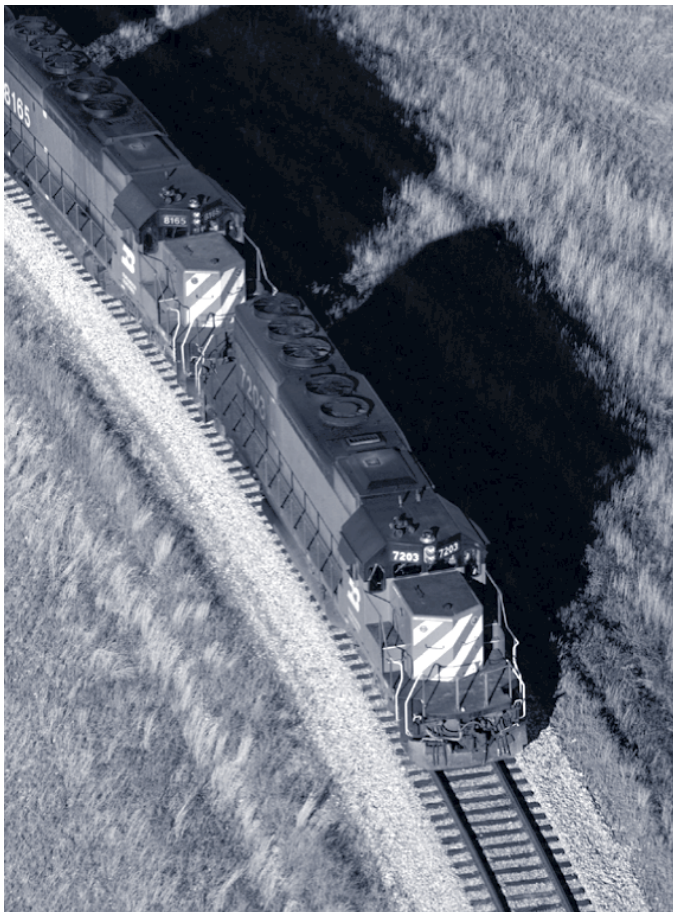
this toolkit will help government officials select the best external advisers and obtain the services they need from economic consultants, regulatory specialists, transaction lawyers, investment bankers, and other specialists in private involvement in infrastructure.

In addition, PPIAF has supported activities to identify best practice in developing local capital markets in ways that promote private involvement in infrastructure and to review best practice in involving the private sector in telecenters in low-income communities. All 11 activities supported by PPIAF in fiscal 2000 with a primary focus on best practice are described in annex 1.

Links to conferences that PPIAF has supported (and toolkits, once completed) can be found at PPIAF's Web site (www.ppiaf.org).

1. See www.oecd.org/dac/htm/daclst97.htm and explanatory notes at www.oecd.org/dac/htm/daclist3.htm.

2. In addition, PPIAF assumed responsibility for 17 ongoing activities (totaling $1,882,200) that had been funded from the Japanese government's contribution to the World Bank Group's Infrastructure Action Program, from which PPIAF was created (see annex 2).



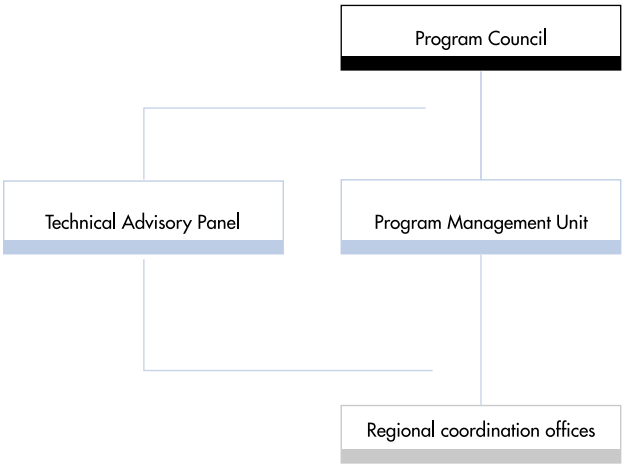
SECTION 3

Governance Structure

Governance Structure

PPIAF is governed by a Program Council made up of representatives of donors that contribute resources to PPIAF (figure 3.1). (PPIAF is open to contributions from official donors, international financial institutions, and other official agencies.) The Program Council is to be supported by a Technical Advisory Panel of leading international experts. A Program Management Unit manages PPIAF in accordance with a general strategy and the annual work programs approved by the Program Council. This governance structure is designed to ensure the quality and coherence of the activities of PPIAF and its accountability to participating donors.

Figure 3.1 Organizational structure of PPIAF



THE PROGRAM COUNCIL

Under the PPIAF program charter, membership on the Program Council is open to eligible organizations contributing a minimum of $250,000 a year to PPIAF's Core Fund. Table 3.1 shows the members as of June 30, 2000. (Members can also contribute to noncore funds, whose use is restricted to particular themes, activities, or regions.) During the reporting period discussions were held with a number of other bilateral donors and international agencies—including France, Germany, the Netherlands, and the Asian Development Bank—about membership on the Program Council.

Table 3.1 Members of the PPIAF Program Council as of June 30, 2000

BILATERAL
Canada (Canadian International Development Agency)
Japan (Ministry of Finance)
Norway (Norwegian Agency for Development Cooperation)
Switzerland (State Secretariat for Economic Affairs)
United Kingdom (Department for International Development)
MULTILATERAL
United Nations Development Programme (UNDP)
World Bank

The Program Council meets once a year to review the strategic direction of the PPIAF program, its achievements, and its financing requirements. It is chaired by the World Bank's vice president for Private Sector Development and Infrastructure.

The Program Council is responsible for:

- Considering and defining PPIAF policies and strategies.
- Approving the annual work program and financial plan.
- Reviewing PPIAF's performance, including selecting activities for ex post evaluation by the Technical Advisory Panel.
- Overseeing the Technical Advisory Panel and Program Management Unit.

The Program Council's first annual meeting was held May 11–12, 2000, in Whistler, British Columbia, Canada, hosted by the Canadian International Development Agency. At that meeting the Program Council agreed to amend the PPIAF program charter to facilitate membership by regional development banks.

THE TECHNICAL ADVISORY PANEL

To ensure the quality and relevance of PPIAF-financed activities, the Program Council is to be supported by an independent Technical Advisory Panel, with members selected on the basis of expertise in matters relating to private involvement in infrastructure in developing countries. The Program Council chair will appoint the members of the panel after consulting with Program Council members. The process of identifying candidates and selecting members of the panel was begun during the reporting period, and the panel members are expected to be appointed and to begin their work before the end of calendar year 2000.

The Technical Advisory Panel will be responsible for:

- Providing advice, at the request of the Program Council, on issues relating to private involvement in infrastructure in developing countries.
- Reviewing and commenting on the PPIAF strategy as reflected in draft annual work programs prepared by the Program Management Unit.
- Evaluating the impact of the PPIAF annual work program through ex post evaluation of selected activities.

The Technical Advisory Panel will meet as required, but at least twice a year, and its members will participate in the annual meeting of the Program Council.

THE PROGRAM MANAGEMENT UNIT

The Program Management Unit is responsible for managing PPIAF in accordance with the general strategy and annual indicative work program approved by the Program Council (see annex 3 for the indicative work program). The unit has been kept small, focusing on administering the PPIAF program rather than delivering activities. It relies extensively on external consultants to deliver activities, following World Bank guidelines on procurement.

The Program Management Unit's key responsibilities include:

- Reviewing proposals for PPIAF assistance in accordance with the criteria and process approved by the Program Council (for activities funded from the Core Fund) or by relevant contributors (for activities funded from noncore funds).
- Arranging for delivery of PPIAF programs and activities.
- Providing secretariat services to the Program Council and Technical Advisory Panel.
- Maintaining effective relationships with contributors, recipient governments, the private sector, and other stakeholders.
- Proposing and administering the PPIAF work plan and budget and managing the disbursement of funds.
- Overseeing the operations of field-based regional coordination offices.

THE REGIONAL COORDINATION OFFICES

The Program Council approved the establishment of two field-based regional coordination offices in Africa—in Nairobi, Kenya, and in Pretoria, South Africa—to assist in executing the PPIAF work program. Regional coordinators have been selected for these offices.

Reporting to the program manager, the regional coordination offices have the following key responsibilities:

- Identifying opportunities for PPIAF assistance, supporting local requests for PPIAF interventions, and tailoring assistance strategies to local priorities and conditions.
- Working with recipient governments and representatives of contributors, international financial institutions, and other official agencies to promote effective coordination of advisory activities.
- Providing liaison with private sector representatives to ensure that their perspectives are reflected in PPIAF advice and activities.
- Assisting in the supervision of PPIAF activities.
- Fostering contacts and good working relationships with key government officials and representatives of donor, multilateral, and investor communities.

EVALUATION AND APPROVAL PROCEDURES

PPIAF's evaluation and approval procedures are designed to promote timely and efficient review of all proposals submitted, based on the guidelines and criteria set out in the program charter (see table 3.2 for a summary of the criteria, and annex 4 for a description of the evaluation and approval process). During the reporting period the average time for approving small applications was two to four weeks, and for medium-size and large proposals, six to eight weeks.

Table 3.2 Criteria for approving proposals for PPIAF assistance

- **CONSISTENCY WITH PPIAF MISSION**
  All activities must be consistent with PPIAF's overarching objective of helping to eliminate poverty and achieve sustainable development.

- **GOVERNMENT COMMITMENT**
  Country-specific activities may be undertaken only where there is clear evidence of government commitment to the activity. The government must approve of the proposed activity in writing. For multicountry activities designed to directly benefit a small number of easily identifiable countries, the relevant governments also must approve in writing. For multicountry activities with more diffuse beneficiaries, similar approvals are not required.

- **DONOR COORDINATION**
  PPIAF is a multidonor facility, and the activities it supports must be undertaken in a way that promotes effective coordination with the activities of official donors. In particular, country-specific activities may be undertaken only if the Program Management Unit is satisfied that the proposed activity does not conflict with programs or activities being undertaken by the World Bank Group, by other PPIAF contributors, or, to the extent that this is easily verifiable, by other donors.

- **ADDITIONALITY**
  PPIAF is intended to result in a net additional flow of resources to the activities it supports. Accordingly, funding for a proposed activity should not be more conveniently available from other sources, including loans from international financial institutions, grants from other programs, or a government's own resources.

- **COFINANCING**
  While PPIAF can pay up to 100 percent of the costs of an eligible activity, cofinancing from the recipient government and other sources is encouraged. Indeed, it is particularly important to indicate any estimates of government cash or in-kind contributions.

- **VALUE FOR MONEY**
  PPIAF activities should aim to ensure value for money, including by adopting the lowest-cost strategies consistent with appropriate standards of quality.

- **QUALITY ASSURANCE**
  Applications for PPIAF funding should contain indicators against which the quality of the proposed activity can be assessed. Larger activities should usually include appropriate consultative and quality review mechanisms.

- **REGIONAL AND SECTORAL BALANCE**
  Subject to the work program approved by the Program Council, activities financed from the Core Fund should maintain a reasonable balance across developing regions and across eligible infrastructure sectors.

- **ENVIRONMENTAL AND SOCIAL RESPONSIBILITY**
  Where a project to be supported by PPIAF is expected to have significant potential adverse environmental or social consequences, appropriate measures must be adopted to ensure an objective and transparent assessment of those potential consequences.

SECTION 4

Finances and Resource Mobilization

Finances and Resource Mobilization

To enhance the potential for maximizing the impact of PPIAF activities, PPIAF has, in addition to its six innovative deliverables and focused governance and organizational structure, an innovative financing structure.

FUNDING

To maximize flexibility for contributors, PPIAF has a two-tier financial structure: a Core Fund and noncore funds. The Core Fund consists of untied funds and can be used for any activity falling within the work program approved by the Program Council. The funds may be applied to governance costs and program activities. Contributions to the Core Fund are not subject to any donor restrictions, such as on the nationality of consultants who are hired for PPIAF-funded activity. Unless otherwise indicated, all contributions to PPIAF are designated as core funds. In the case of the regional development banks, such core contributions can be tied to their relevant operational region where required by their statute.

Under the PPIAF program charter, membership is open to eligible organizations that contribute a minimum of $250,000 a year to PPIAF's Core Fund.

Noncore funds are those that include donor restrictions relating to themes, activities, or regions. Individual noncore funds may be established with the consent of the Program Management Unit. Contributors to noncore funds are required to make at least the minimum contribution to the Core Fund. Two donors have established noncore funds with PPIAF: Switzerland (for selected countries in Europe and Central Asia) and the United Kingdom (for selected countries, including in Asia and Africa).

Contributions to PPIAF are primarily in the form of cash. In limited cases, however, contributions of in-kind resources may also be considered.

Each contributor enters into a trust fund agreement with the World Bank Group for its contributions to PPIAF. The World Bank Group recovers a small administrative charge for costs associated with the administration of trust funds.

MEMBER CONTRIBUTIONS

As of June 30, 2000, PPIAF had received a total of $17.5 million from six donors: Canada, Japan, Norway, Switzerland, the United Kingdom, and the World Bank (table 4.1). Eight donors, these six along with France and the United Nations Development Programme (UNDP), had pledged about $53 million (including the $17.5 million received), which would cover the period up to June 2001 (table 4.2).

Table 4.1 Member contributions to PPIAF received as of June 30, 2000

(US$ thousands)

MEMBER	CORE	NONCORE	TOTAL RECEIVED
Canada	250		250
Japan	3,400		3,400
Norway	250		250
Switzerland	640	1,270	1,910
United Kingdom	7,390	1,721	9,111
World Bank	2,625		2,625
Total	**14,555**	**2,991**	**17,546**

Table 4.2 Member contributions to PPIAF pledged as of June 30, 2000

(US$ thousands)

MEMBER	CORE	NONCORE
Canada	250	
France	250	
Japan	5,400	
Norway	750	
Switzerland	640	1,270[a]
United Kingdom	13,765	21,596[b]
UNDP	In-kind[c]	
World Bank	9,000	
Subtotal	30,055	22,866
Total	**52,921**	

Note: Pledged amounts include receipts as of June 30, 2000. Contributions pledged by Norway, the United Kingdom, and the World Bank are for three years; those by Japan and Switzerland are for two; and those by Canada and France are for one.

a. Targeted to countries in Europe and Central Asia.

b. Targeted to countries including in Asia and Africa.

c. UNDP's in-kind contribution—an offer to provide accommodations for the field-based regional coordination offices in locations and on terms to be agreed with the Program Management Unit—is not included in the total.

EXPENDITURES

PPIAF's expenditures fall into three main categories: program activities, regional coordination offices, and program administration. As of June 30, 2000, expenditures on these activities totaled $5.4 million (table 4.3; see tables 4.4 and 4.5 for a breakdown of expenditures within the three categories). Of the total of $15.6 million approved for program activities, $3.8 million (24 percent) had been disbursed.

Table 4.3 PPIAF expenditures for program activities and administration as of June 30, 2000

(US$ thousands)	
EXPENSE CATEGORY	**EXPENDITURES**
Program activities	3,847
Program Management Unit	1,463
Regional coordination office (Kenya)	45
Total	**5,355**

Table 4.4 PPIAF program activity expenditures as of June 30, 2000

(US$ thousands)	
EXPENSE CATEGORY	**EXPENDITURES**
Consultant fees and contractual services	3,133
Travel	332
Staff costs	221
Other expenses (overhead)	161
Total operational and overhead expenses	**3,847**

Table 4.5 PPIAF Program Management Unit and regional coordination office expenditures as of June 30, 2000

(US$ thousands)	
EXPENSE CATEGORY	**EXPENDITURES**
Program Management Unit core administration [a]	904
Technical assessments of activities [b]	25
Consultant fees and contractual services [c]	171
Travel [d]	116
Other expenses (overhead) [e]	247
Regional coordination office (Kenya) [f]	45
Total operational and overhead expenses	**1,508**

a.Includes Program Management Unit staff costs (such as administration, evaluation of proposals, and governance and coordination of donor relations, the Technical Advisory Panel, and annual meetings).

b.Includes fees paid to professionals to assess the technical viability of proposals.

c.Includes fees of short-term consultants (to prepare the donor database, perform graphic design, and the like), an honorarium for a Technical Advisory Panel member, and expenses of participants in annual meetings and retreats.

d.Includes travel expenses of the Program Management Unit staff, interviewees, and participants in annual meetings and retreats.

e.Includes office space, supplies, communications, computers, and Program Management Unit equipment.

f.The regional coordinator for the Kenya regional office is on board in the Washington headquarters to start up that office.

CASH POSITION

As of June 30, 2000, cash balances in the PPIAF trust fund accounts totaled $12.2 million. Of this total, approximately $11.8 million had been committed or allocated to approved activities, leaving only $400,000 available for activities expected to be approved shortly after the end of the fiscal year. Replenishments from contributions pledged by donors take about a month to process.

SINGLE AUDIT PROCESS

The World Bank Group has instituted an annual "single audit" exercise for all trust funds. As part of this exercise the PPIAF program manager signs a trust fund representation letter as to the correctness and completeness of the financial process for all PPIAF trust funds. The task manager for each approved activity is required to confirm to the program manager in writing that he or she has complied with all the terms set forth in the PPIAF award letter, has exercised due diligence with respect to the administration, management, and monitoring of the funds awarded for the activity, and ensures that all expenses and disbursements are in accordance with World Bank procurement and administrative guidelines, which the PPIAF donors have agreed to follow.

ANNEXES

Annex 1 Approved PPIAF Activities for Fiscal 2000

Table A1.1 Approved activities for fiscal 2000 by country, sector, and PPIAF deliverable

		SECTOR												
		All	Energy		Water	Telecoms	Transport							
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
	CORE FUNDS													
AFRICA	**GUINEA**													
	Review of Regulatory Framework for Transport and Utilities Assisting the government in developing the infrastructure sector through increased private investment and in establishing an appropriate regulatory system.	■									Policy, regulatory & institutional reforms	$75,000	9/13/00	12/29/00
	NIGERIA													
	Privatization of the Lagos State Water Corporation Assisting the Lagos State government in facilitating an appropriate market structure for the private provision of water and sanitation services.				■						Policy, regulatory & institutional reforms	$365,000	12/22/99	12/31/00
	NIGERIA													
	Strengthening of the Kaduna State Water Board Assisting the Kaduna State government in safeguarding its investment in, and securing the sustainability of, the water supply.				■						Consensus building	$74,500	4/30/00	1/30/01
	SÃO TOMÉ AND PRINCIPE													
	Telecommunications Reform Assisting in formulating a regulatory framework to encourage increased private sector entry in the telecommunications sector.					■					Policy, regulatory & institutional reforms	$200,000	5/26/00	12/29/00
	SENEGAL													
	Country Framework Report Analyzing how to attract private providers in key infrastructure sectors, with a particular focus on policy and regulatory issues.	■									Infrastructure development strategies	$410,000	4/5/00	7/31/01
	SOUTH AFRICA													
	Seminar on Power Sector Reform and Privatization Conducted a seminar to advise key policymakers on power sector reform by sharing global best practice. International experts participated and assisted the government in designing a reform program.		■								Consensus building	$65,750	**Completed**	
	REGIONAL OR MULTICOUNTRY FOCUS													
	AFRICA													
	Africa Private Infrastructure Financing Facility Assessed the feasibility of establishing a new facility to assist in financing private infrastructure projects in Sub-Saharan Africa.	■									Other	$775,000	**Completed**	
	AFRICA													
	African Research Network Enhanced the capacity within a network of African academics to conduct applied research on infrastructure regulation; strengthened the capacity to advise governments on infrastructure regulatory issues; documented creative solutions adopted throughout Africa in private infrastructure; and generated local policy-oriented publication on private infrastructure.	■									Capacity building	$50,000	**Completed**	

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
AFRICA	**AFRICA**													
	Journalists Workshop on Water Policy and Private Involvement in Africa Conducted a workshop attended by 30 participants, including selected journalists from nine African countries (Côte d'Ivoire, Kenya, Lesotho, Malawi, South Africa, Swaziland, Uganda, Zambia, and Zimbabwe), to discuss private involvement in water and sewerage and other infrastructure sectors.				■						Capacity building	$37,000	**Completed**	
EAST ASIA AND PACIFIC	**CHINA**													
	Regulatory Reform in Universal Telecommunications Service Analyzing open market competition and its impact on the expansion of telecommunications services to the poor and drafting guidelines for regulatory reform relating to universal telecommunications services.					■					Policy, regulatory & institutional reforms	$65,000	4/18/00	12/29/00
	CHINA													
	Regulatory Reform of Railways Surveying reforms in the railway sector, identifying current challenges, and proposing measures to establish appropriate regulatory and competition policies to promote private involvement in the sector.						■				Policy, regulatory & institutional reforms	$30,000	4/18/00	12/29/00
	CHINA													
	Private Involvement and Foreign Direct Investment in Water, Transport, and Energy Recommending sector reforms to support private involvement in water, transport, and energy; and identifying options for a policy, legal, and regulatory framework to attract foreign direct investment in infrastructure.		■		■					■	Policy, regulatory & institutional reforms	$675,000	3/10/00	11/30/00
	CHINA													
	Regulatory Framework for Natural Gas Reform Developing a regulatory framework for natural gas that would increase private involvement in the sector.			■							Policy, regulatory & institutional reforms	$573,974	5/24/00	6/1/01
	PHILIPPINES													
	Water and Sewerage Legislation Assisting the Philippine planning agency, the National Economic Development Authority (NEDA), in drafting legislation that incorporates regulatory reforms in the water sector, including the establishment of a regulatory commission.				■						Policy, regulatory & institutional reforms	$220,000	12/27/99	11/30/00
	THAILAND													
	Capacity Building for the Thai National Telecommunications Commission Preparing detailed, world-class licenses for all main, fixed, and mobile telecommunications service providers in Thailand and building the capacity of the newly formed national telecommunications commission through secondments and study tours of senior staff.					■					Policy, regulatory & institutional reforms	$300,000	6/1/00	6/29/01

		SECTOR												
		All	Energy		Water	Telecoms	Transport							
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
EAST ASIA AND PACIFIC	**THAILAND**													
	Strengthening of the Ministry of Finance's Privatization Group Supporting policy development and market liberalization in the utility sectors, the establishment of sector regulators, and the coordination of privatization efforts.	■									Infrastructure development strategies	$75,000	5/1/00	6/29/01
	THAILAND													
	Water Sector Reform Promoting reforms aimed at opening the water and sewerage sector to increased involvement by independent private service providers.				■						Infrastructure development strategies	$74,605	3/15/00	12/31/00
EUROPE AND CENTRAL ASIA	**BULGARIA**													
	Structural and Regulatory Assessment Analyzing options for restructuring network utilities in ways that would enhance their efficiency, market responsiveness, and fiscal responsibility as well as increase private involvement.	■									Infrastructure development strategies	$60,000	11/15/99	12/28/00
	CROATIA													
	Legal Reform of Concession Arrangements Analyzing the legal and institutional framework for granting infrastructure concessions at state, county, and municipal levels.	■									Policy, regulatory & institutional reforms	$180,000	6/1/00	2/28/01
	HUNGARY													
	Liberalization of the Electricity Market Advising on implementation of the energy market deregulation program, preparing manuals on the establishment of a new, private transmission company and an independent system operation grid code, and enhancing regulatory capacity in open access and transmission pricing.		■								Infrastructure development strategies	$150,000	8/1/00	3/15/01
	LATVIA													
	Establishment of a Public Service Regulatory Commission Organizing an implementation team of local and international experts to support the creation of a multisectoral regulatory commission for transport, energy, and telecommunications services.	■									Policy, regulatory & institutional reforms	$250,000	6/1/00	12/10/01
	ROMANIA													
	Structural and Regulatory Review of Gas, Electricity, Transport, and Telecommunications Assessed structural and regulatory reforms in key infrastructure sectors and identified approaches and strategies that would increase competition and promote market-based decisionmaking in infrastructure provision.	■									Policy, regulatory & institutional reforms	$50,000	**Completed**	
	SLOVAKIA													
	Regulatory Arrangements for Infrastructure Establishing a sustainable regulatory framework for infrastructure that will allow greater private involvement and competition.	■									Policy, regulatory & institutional reforms	$75,000	2/22/00	11/30/00

LATIN AMERICA AND THE CARIBBEAN

	SECTOR											
	All	Energy		Water	Telecoms	Transport						
	Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
ARGENTINA													
Review of Concession Contracts Structuring a second generation of privatization transactions in transport infrastructure by evaluating present experiences and recommending an appropriate course of action for continued support to private infrastructure.						■	■		■	Infrastructure development strategies	$409,000	8/2/00	3/30/01
ARGENTINA													
Water Sector Reform in Tucuman Assisting the Tucuman provincial government by presenting lessons learned from the first water concession, offering recommendations for a second concession, and organizing a workshop to discuss the issues and recommendations, including a future strategy.				■						Policy, regulatory & institutional reforms	$111,300	3/10/00	3/31/01
BOLIVIA													
Strategy for Private Involvement in Infrastructure Evaluating the distributional impact of private infrastructure in the past few years; drawing lessons on how to increase the impact on the poor; devising a strategy, contract design, and tariff regulation that would continue to support these efforts; and identifying approaches and opportunities for deepening private involvement in infrastructure.	■									Infrastructure development strategies	$350,000	1/31/00	1/31/01
COLOMBIA													
Road Concessions Studying alternative road concession arrangements in support of the concession program for the Bogotá Buenaventura Road Export Corridor project.									■	Infrastructure development strategies	$121,960	7/19/00	1/31/01
DOMINICAN REPUBLIC													
Country Framework Report Assessing different infrastructure sectors on their efficiency, access, competitiveness, and private involvement; identifying legal, regulatory, financial, and institutional barriers to private involvement; assessing the impact of poor infrastructure performance on growth and poverty; and recommending a policy and action plan for government consideration.	■									Infrastructure development strategies	$277,200	2/22/00	7/2/01
GUATEMALA													
Regulatory Framework for Natural Gas Transmission Introducing a legal and regulatory framework for the gas pipeline activity ($131,700 was awarded in the third quarter of fiscal 2000, and a supplement of $38,300 was given in the fourth quarter).			■							Infrastructure development strategies	$170,000	1/12/00	12/30/00
HONDURAS													
Country Framework Report Analyzing the key challenges in access, efficiency, and quality in the water, transport, electricity, and telecommunications sectors; outlining the major investment requirements, policy issues, and options for refocusing the public sector role toward greater reliance on private financing and management in these sectors; and analyzing key legal, policy, and regulatory issues and constraints in attracting private involvement in the sectors.	■									Infrastructure development strategies	$425,000	2/1/00	1/31/01

	SECTOR											
	All	Energy		Water	Telecoms	Transport						
	Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
MEXICO													
Remittances to Fund Infrastructure Investments Studying the use of overseas remittances to fund infrastructure investment requirements and identifying barriers to the successful implementation of this strategy.	■									Infrastructure development strategies	$75,000	2/22/00	1/31/01
NICARAGUA													
Rural Electrification Analyzing market-based options and public-private initiatives for providing electricity to poor rural areas. The study has two parts: a rural electrification market survey and an evaluation of sustainable market delivery mechanisms.		■								Infrastructure development strategies	$75,000	3/13/00	3/31/01
PARAGUAY													
Telecommunications Privatization Supporting preparatory studies for the proposed privatization of the national telecommunications company.					■					Policy, regulatory & institutional reforms	$75,000	10/25/99	12/31/00
PERU													
Building the Tariff Setting Capacity of OSITRAN Designing appropriate methodologies for setting tariff rates under OSITRAN's concession contracts for transport infrastructure, and building and testing models for projecting service demand and financial results under each concession.						■	■	■		Capacity building	$610,620	8/1/00	9/28/01
VENEZUELA													
Electricity Sector Reform Assessing the current state of power sector reform and recommending ways to structure support for further sector restructuring through increased private involvement.		■								Consensus building	$75,000	6/1/00	2/15/01
REGIONAL OR MULTICOUNTRY FOCUS													
MULTICOUNTRY													
Organization of Caribbean Utility Regulators Presented international best practices and sector reviews for regional utilities and developed a work program (including next steps) for creating an Organization of Caribbean Utility Regulators.	■									Capacity building	$28,000	**Completed**	
ALGERIA													
Consensus Building in the Energy (Gas and Electricity) Sector Conducting two seminars, the first to discuss the implications of the new electricity law and the second to assist the government in designing a comprehensive strategy for private involvement in the gas sector.		■	■							Infrastructure development strategies	$75,000	7/21/00	12/29/00

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
MIDDLE EAST AND NORTH AFRICA	**ALGERIA**													
	Seminar on Private Involvement in Infrastructure Using Concession Contracts Conducted a two-day seminar to take stock of international experience with concessions in ports, airports, telecommunications, electricity distribution, and water distribution and sewerage. Participants reached a consensus on a strategy for opening these sectors to private involvement.	■									Consensus building	$68,000	**Completed**	
	ALGERIA													
	Telecommunications Reform Prepared a new telecommunications policy strategy designed to assist the government in initiating a sector reform plan and drafted a sector policy statement aimed at increasing private involvement in the sector.					■					Policy, regulatory & institutional reforms	$62,000	**Completed**	
SOUTH ASIA	**BANGLADESH**													
	Private Sector Role in Infrastructure Risk Reduction Conducted a workshop on the private sector's role in developing disaster-resilient infrastructure.	■									Capacity building	$70,200	**Completed**	
	INDIA													
	Private Involvement in Water Supply and Sanitation Presented a seminar on best practice in private infrastructure, necessary legislation and regulation, and financing options to jump-start private infrastructure contracts. Some 250 key decisionmakers from national, state, and local governments and the private sector attended.				■						Consensus building	$55,000	**Completed**	
	INDIA													
	Review of Power Sector Reform in Orissa Reviewed the approach to power industry restructuring and regulation adopted in Orissa, disseminated the results, and supported the development of a new strategy for electricity reform in other states. The review built on the results of the India Country Framework Report.		■								Policy, regulatory & institutional reforms	$200,000	**Completed**	
	INDIA													
	Tariff Approaches for Electricity Reform in Uttar Pradesh Developing tariff approaches and strengthening the regulatory commission's institutional capacity to implement these approaches.		■								Policy, regulatory & institutional reforms	$150,000	5/22/00	1/31/01
	REGIONAL OR MULTICOUNTRY FOCUS													
	BANGLADESH, INDIA, AND NEPAL													
	Financing Constraints for Small and Medium-Size Enterprise Investment in South Asia Conducting research on policy and financing approaches to foster private infrastructure investments in South Asia where providers are small and medium-size enterprises; identifying financing, policy, and regulatory constraints; and identifying new and innovative approaches.	■									Best practice	$236,000	12/22/99	12/22/00

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
SOUTH ASIA	**BANGLADESH, INDIA, AND NEPAL**													
	Investment Potential for Tertiary Infrastructure in South Asia Assessing the current and potential scope in South Asia for private involvement in tertiary-level infrastructure services (less than $500,000).	■									Best practice	$144,000	12/22/99	12/30/00
	SOUTH ASIA													
	South Asia Forum for Infrastructure Regulation Cosponsoring the establishment of the South Asia Forum for Infrastructure Regulation (SAFIR) to serve the needs of infrastructure regulators in Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka; and sustaining capacity through a training program aimed at setting up an information center that hosts conferences, workshops, and seminars and supports basic regulatory research and other initiatives.	■									Capacity building	$400,000	8/13/99	12/30/00
	SOUTH ASIA													
	South Asia Forum for Infrastructure Regulation II Conducting a second core course on infrastructure regulation and reform (in Sri Lanka) and a workshop on regulatory strategy, program development, and dissemination activities.	■									Capacity building	$240,000	8/1/00	6/15/01
	SOUTH ASIA													
	South Asia Stakeholders Workshop for the Water Utility Partnership Conducted a stakeholders workshop in Kathmandu July 21–22, 2000, to launch the Water Utility Partnership for Capacity Building in South Asia.				■						Consensus building	$20,000	**Completed**	
GLOBAL	**GLOBAL FOCUS**													
	GLOBAL													
	Analysis of Infrastructure Demand by Low-Income Households Prepared an empirical analysis of low-income households' demand for infrastructure services and identified techniques for assessing this demand when preparing private infrastructure transactions.	■									Best practice	$36,200	**Completed**	
	GLOBAL													
	Best Practice on Telecommunications Universal Service Obligations and Fiscal Impact: Lessons from Morocco Analyzed the fiscal impact and the effect on access expansion from liberalizing telecommunications service provision. Global lessons were drawn from experience in Morocco.					■					Best practice	$75,000	**Completed**	
	GLOBAL													
	Establishing Information for Infrastructure Business: India Pilot With India as a pilot case, creating a database of information sources on public-private infrastructure.	■									Infrastructure development strategies	$74,000	4/18/00	1/1/02

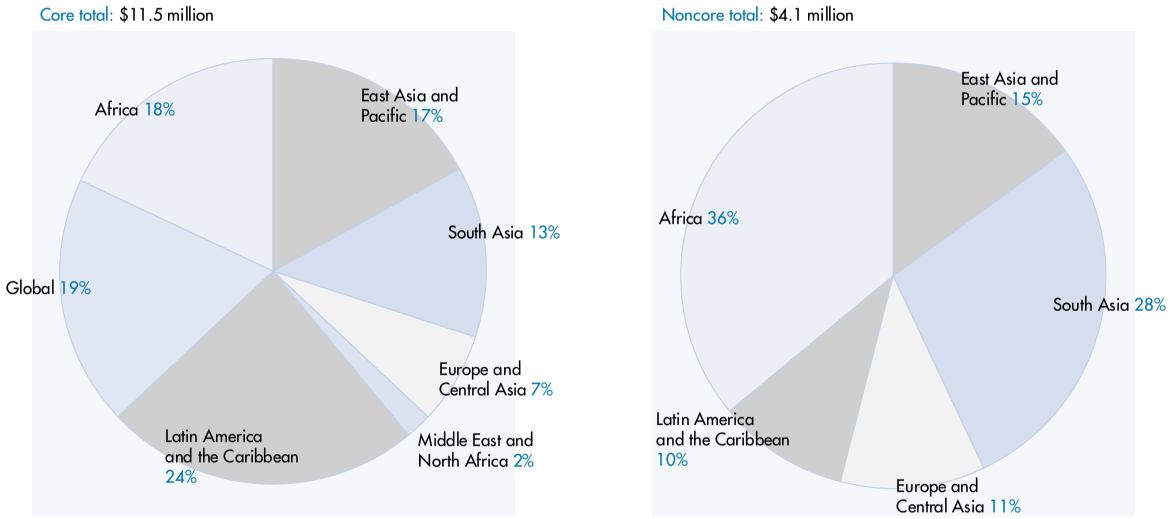
		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
GLOBAL	**GLOBAL**													
	Infrastructure for Development: Private Solutions and the Poor Organized an international conference with key stakeholders (the private sector, developing country governments, nongovernmental organizations, community groups, the donor community) to focus on current best practice in serving the poor through private infrastructure and ways to move ahead in making reforms to support private involvement more responsive to their needs.	■									Consensus building	$485,000	**Completed**	
	GLOBAL													
	Literature and Activity Survey on Private Involvement in Infrastructure and the Poor Prepared a detailed survey of the literature on private provision of infrastructure services and the extension of services to low-income households.	■									Best practice	$17,500	**Completed**	
	GLOBAL													
	Local Capital Market Development and Private Involvement in Infrastructure Identifying "best practice" policy, regulatory, institutional, and financial parameters for establishing strategic links between the domestic capital market and private infrastructure service providers.	■									Best practice	$75,000	12/6/99	11/28/00
	GLOBAL													
	Port Privatization Toolkit Developing a comprehensive guide to privatizing ports, including a review of developments in the industry, options for private involvement, restructuring alternatives, regulatory approaches, management of labor reform, and management of the privatization process.							■			Best practice	$75,000	5/21/99	12/31/00
	GLOBAL													
	Private Infrastructure for Development: Confronting Political and Regulatory Risks Sponsored a conference that explored best practice in mitigating political and regulatory risks affecting private investment in infrastructure, reviewed developments in the main risk management strategies and instruments, examined potential synergies between different approaches, and identified opportunities for filling gaps in knowledge.	■									Best practice	$150,000	**Completed**	
	GLOBAL													
	Private Involvement in Telecenter Operations: Review of Best Practice Prepared a desktop review and developed an impact assessment methodology for evaluating the social and economic sustainability of telecenters in low-income communities.					■					Best practice	$74,000	**Completed**	
	GLOBAL													
	Toolkit for Private Participation in Roads and Highways Providing hands-on advice for creating an analytical framework that would support local policymakers in assessing different contracting, regulatory, and funding options for engaging the private sector in road development, operation, and maintenance.									■	Best practice	$632,000	11/22/99	10/31/01

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
GLOBAL	**GLOBAL**													
	Toolkit for the Procurement of Advisory Services for Private Participation in Infrastructure Developing a set of guidelines and templates to assist developing countries in tendering, contracting, and managing advisory services for private involvement in infrastructure.	■									Best practice	$467,000	11/22/99	12/31/00
	NONCORE FUNDS: TARGET COUNTRIES OF SWITZERLAND													
EUROPE & CENTRAL ASIA	**AZERBAIJAN**													
	Electricity and Natural Gas Restructuring and Regulatory Reform Analyzing the gas and electricity sector with a view to increased private involvement.		■	■							Policy, regulatory & institutional reforms	$440,000	3/10/00	4/27/01
	NONCORE FUNDS: TARGET COUNTRIES OF THE UNITED KINGDOM													
AFRICA	**KENYA**													
	Road Concessions Assessing the potential for concessions in the road network and recommending an appropriate strategy and preparing a legal and regulatory framework for private road concessions.									■	Infrastructure development strategies	$543,000	7/3/00	9/28/01
	MALAWI													
	Urban Water Studying the options for private involvement in the water sector in two urban centers, Blantyre and Lilongwe; building consensus among stakeholders; and disseminating lessons learned.				■						Infrastructure development strategies	$194,350	7/3/00	4/30/01
	TANZANIA													
	Airport Management Privatization Strategy Identifying and evaluating options available for the development of an airport management privatization strategy.								■		Infrastructure development strategies	$232,000	1/4/00	11/30/00
	UGANDA													
	Implementation Strategy for Privatization and Reform of Uganda Railways Corporation Preparing a strategic implementation paper for the reform and privatization of the rail sector and advising the government on the policy, legislative, regulatory, and institutional reforms that would result in increased private involvement in the sector.						■				Infrastructure development strategies	$75,000	7/30/00	12/1/00
	UGANDA													
	Country Framework Report Assessing the water, transport (roads, railways, and airports), electricity, and telecommunications sectors on their efficiency, access, competitiveness, and private involvement; identifying legal, regulatory, financial, and institutional barriers to service delivery by private providers; and recommending an action plan for government consideration.	■									Infrastructure development strategies	$400,000	8/13/99	12/31/00

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
AFRICA	**UGANDA**													
	Rural Electrification Strategy Drafting a rural electrification policy and implementation plan for the Ugandan Ministry of Energy and Mineral Development compatible with a private sector–led, market–driven approach to rural electrification.		■								Infrastructure development strategies	$40,000	12/6/99	12/18/00
LATIN AMERICA & CARIBBEAN	**GUYANA**													
	Water and Sewerage Modernization Program Reviewing private involvement in the provision of water and sanitation services; recommending appropriate options; drafting contract documents; assisting in procuring services and negotiating contracts; and enhancing institutional capacity through study tours and training to develop local expertise in private involvement in infrastructure.				■						Policy, regulatory & institutional reforms	$400,000	7/31/00	1/1/01
SOUTH ASIA	**CAMBODIA**													
	Private Provision of Water Services Analyzed the level and quality of water services provided by private water supply companies and public utilities and the consumer satisfaction with these services, and assessed any significant changes in the level and quality of services that may have resulted from private involvement.				■						Policy, regulatory & institutional reforms	$73,600	**Completed**	
	CAMBODIA													
	Country Framework Report Preparing a comprehensive survey of Cambodia's infrastructure endowment, performance, and investment plans; reviewing the policy, regulatory, and institutional environment; and drawing up an action program for private involvement in infrastructure for government consideration.	■									Infrastructure development strategies	$483,000	3/10/00	1/31/01
	NEPAL													
	Market Approach to Providing Telecommunications in Rural Nepal Advising the government on the design and implementation of a competitive licensing process involving a least-cost one-time capital subsidy.					■					Policy, regulatory & institutional reforms	$75,000	7/30/00	12/31/00
	SRI LANKA													
	Assessment of Options for Private Involvement in the Water Sector Assessing the scope and prospects for, and the policy implications of, introducing significant private involvement in expanding and rehabilitating water and sewerage services in selected urban areas.				■						Infrastructure development strategies	$263,088	4/1/00	11/1/00
	SRI LANKA													
	Railway Reform Assessing options for private involvement in the freight and commuter railway sector. Activity will also include training, workshops, and a public awareness campaign.						■				Policy, regulatory & institutional reforms	$360,000	7/20/00	11/01/01

		SECTOR											
		All	Energy		Water	Telecoms	Transport						
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding	Implementation date	Completion date
SOUTH ASIA	**SRI LANKA**													
	Review of the Privatization of Infrastructure Enterprises Advising the Public Enterprise Reform Commission in its review and analysis of the privatization of infrastructure enterprises.	■									Infrastructure development strategies	$432,400	4/14/00	3/30/01
	VIETNAM													
	Corporate Rural Electrification Advising the government on the design and implementation of a competitive licensing process in rural electrification involving a least-cost one-time capital subsidy to reach the poor.		■								Policy, regulatory & institutional reforms	$72,000	1/24/00	12/30/00
											TOTAL	**$15,598,247**		

Figure A1.1 Approved activities by region and type of funding



Annex 2 Legacy Activities from the Infrastructure Action Program

		SECTOR										
		All	Energy		Water	Telecoms	Transport					
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding
AFRICA	**CÔTE D'IVOIRE**											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$300,000
	SOUTH AFRICA											
	Johannesburg Utility Reform Assisted the city of Johannesburg in defining structural, regulatory, and institutional reforms in support of private involvement in its water and electricity utilities.		■		■						Infrastructure development strategies	$50,000
	AFRICA											
	Africa Connect Initiative Prepared a concept paper on regulatory and private financing issues for telecommunications across Africa.					■					Infrastructure development strategies	$50,000
EAST ASIA AND PACIFIC	**INDONESIA**											
	Regulatory Body for Jakarta Water Concessions Assisted the city government of Jakarta in setting up the Jakarta Water Supply Regulatory Agency.				■						Policy, regulatory, and institutional reforms	$75,000
	PHILIPPINES											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$140,000
	REPUBLIC OF KOREA											
	Framework for Private Involvement in Greenfield Investments Reviewed existing legislation (the Private Investment Act) and supported the development of institutions responsible for private involvement in greenfield activities in the country.	■									Policy, regulatory, and institutional reforms	$75,000
	VANUATU											
	Utility Reform Assisted the small island of Vanuatu in designing a strategy for reforming its utilities to increase private provision of services.	■									Policy, regulatory, and institutional reforms	$96,000

		SECTOR										
		All	Energy		Water	Telecoms	Transport					
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding
EAST ASIA AND PACIFIC	**VIETNAM**											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$114,400
	EAST ASIA											
	Private Involvement in Infrastructure in East Asia Prepared a study on the impact of the East Asian financial crisis on private involvement in infrastructure in the region.	■									Infrastructure development strategies	$200,000
EUROPE AND CENTRAL ASIA	**CZECH REPUBLIC**											
	Regulatory Assessment Assessed the regulatory environment and financial framework in the utility sectors and recommended policies to support increased private involvement in various sectors in conformity with European Union accession requirements.	■									Infrastructure development strategies	$55,000
	POLAND											
	Review of the Electricity Market Structure Reviewed the structure of the electricity market, including the existing long-term power purchase agreements, environmental constraints, and social concerns; and recommended, for approval by the Council of Ministers, strategies for increasing private involvement in the sector.		■								Infrastructure development strategies	$67,800
LATIN AMERICA AND THE CARIBBEAN	**BRAZIL**											
	Water Sector Reform Assisted selected states and municipalities in improving the coverage, quality, financial viability, and cost-effectiveness of water and sanitation services through increased private involvement.				■						Policy, regulatory, and institutional reforms	$100,000
	BRAZIL											
	Transport Sector Reform Assessed the regulatory environment and financial framework in the transport sector and recommended policies to support increased private involvement in roads, ports, airports, and railways.						■	■	■	■	Infrastructure development strategies	$100,000

		SECTOR										
		All	Energy		Water	Telecoms	Transport					
		Infrastructure	Electricity	Gas transmission & distribution	Water & sewerage	Telecommunications	Railways	Ports	Airports	Roads	Deliverable	Approved funding
LATIN AMERICA AND THE CARIBBEAN	**MEXICO**											
	Strategy for Private Involvement in the Water Sector Identified and evaluated options for enhancing the efficiency and quality of municipal water and sanitation services.				■						Infrastructure development strategies	$59,000
	MEXICO											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$200,000
	PERU											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$100,000
SOUTH ASIA	**INDIA**											
	Country Framework Report Assessed the current status and performance of key infrastructure sectors; described and assessed the policy, regulatory, and institutional environment for private involvement in those sectors; and assisted policymakers in framing future reform and development strategies and in helping potential private investors assess investment opportunities.	■									Infrastructure development strategies	$100,000
											TOTAL	**$1,882,200**

Annex 3 PPIAF Work Programs for Fiscal 2000 and 2001

	FISCAL 2000 INDICATIVE WORK PROGRAM		FISCAL 2000 ACTUAL WORK PROGRAM		FISCAL 2001 INDICATIVE WORK PROGRAM	
	FUNDING (US$ THOUSANDS)	SHARE OF INDICATIVE WORK PROGRAM (%)	FUNDING (US$ THOUSANDS)	SHARE OF ACTUAL WORK PROGRAM (%)	FUNDING (US$ THOUSANDS)	SHARE OF INDICATIVE WORK PROGRAM (%)
Activities in key areas of action	12,200	61	12,841	75	17,600	77
Infrastructure development strategies	4,400	22	5,754	34	6,700	29
Specific policy, regulatory, and institutional reforms	3,000	15	4,808	28	6,000	26
Consensus building	1,000	5	843	5	1,900	8
Capacity building	1,800	9	1,436	8	2,000	9
Support to pioneering projects and transactions	2,000	10	0	0	1,000	4
Identification, dissemination, and promotion of best practices	4,800	24	1,982	12	2,400	11
Conferences	1,500	8	150	1	400	2
Toolkits	2,000	10	1,174	7	1,300	6
Other	1,300	7	658	4	700	3
Other supporting activities	1,000	5	775	5	0	0
Project Management Unit expenditures	2,000	10	1,508	8	2,845	12
Total	**20,000**	**100**	**17,106**	**100**	**22,845**	**100**

Annex 4
Process for Evaluating and Approving Proposals for PPIAF Assistance

1 The process for evaluating and approving proposals for PPIAF assistance has been designed to ensure conformity with the approval criteria and the annual work program (figure A4.1).

2 Proposals for PPIAF assistance may be evaluated and approved through one of two processes:

(a) Proposals may be specifically identified in the annual work programs approved at annual meetings of the Program Council, or

(b) Proposals may be dealt with by the Program Management Unit between meetings of the Program Council in accordance with the agreed work program, criteria, and processes.

3 The evaluation and approval processes for the second category of proposals aim to strike a balance between speed, cost, comprehensiveness of evaluation, transparency, and other considerations. To facilitate this approach, proposals are classified according to the amount of support requested from PPIAF: small ($75,000 or less), medium-size (more than $75,000 and up to $250,000), or large (more than $250,000).

4 The evaluation and approval process for proposals under the Core Fund is described below. Proposals for which funding is sought from noncore funds will generally follow the same process, with final approval required from the relevant donor rather than the Program Council as a whole.

A. APPLICATIONS

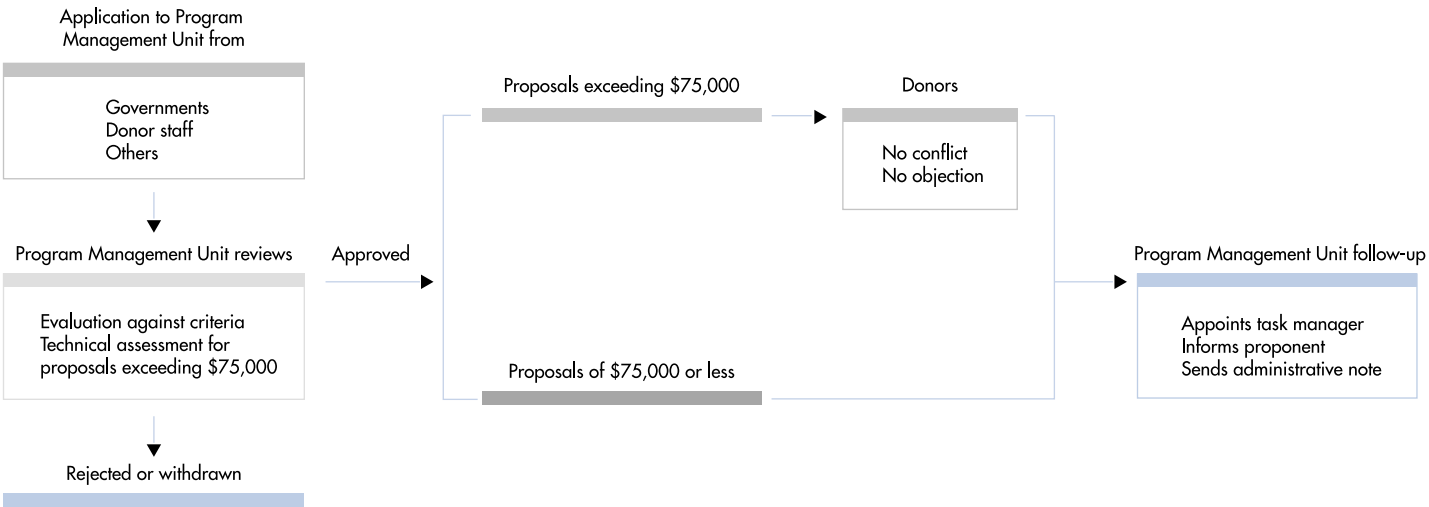
5 Proposals for PPIAF assistance may originate from any source. Consistent with the approval criteria, however, proposals relating to country-specific activities will require the approval in writing of the relevant government.

6 Proposals for PPIAF assistance are initiated by the completion of an application form that seeks to capture all key information required to assess the proposal. Application forms—together with supporting information—will be available on the PPIAF Web site, as well as in paper form that is disseminated widely.

B. INITIAL SCREENING

7 The Program Management Unit will undertake an initial screening of all proposals to ensure that the application is complete and is consistent with the threshold eligibility criteria in relation to eligible countries, sectors, forms of private involvement, and nature of intervention. If required, the Program Management Unit may consult with the proponent to elicit additional information.

Figure A4.1 Application process for PPIAF assistance



C. TECHNICAL ASSESSMENT

8 Proposals that meet the threshold eligibility requirements will be subject to more intensive scrutiny according to the approval criteria and annual work program.

9 For small proposals ($75,000 or less), the Program Management Unit may undertake this evaluation from its own resources but may request an independent technical assessment from one or more specialists with relevant expertise. For this purpose, the Program Management Unit shall develop and maintain a roster of relevant specialists, drawing on World Bank Group staff as well as other qualified professionals. The findings and recommendations of such assessors shall not be binding on the Program Management Unit, but shall in all cases be recorded in the activity file and will be available to PPIAF donors. To ensure a rapid response capability, applications for small activities shall be considered on a rolling basis, without the need for a relative assessment of proposals through the periodic batching of proposals.

10 For medium-size and large proposals (more than $75,000), the Program Management Unit is obliged to seek an independent technical assessment from one or more specialists with relevant expertise drawn from the roster. As with small proposals, the findings and recommendations of such assessors shall not be binding on the Program Management Unit, but shall in all cases be recorded in the activity file and will be available to PPIAF donors. Unlike small proposals, medium-size and large proposals will usually be batched for evaluation on a quarterly basis, so as to allow an assessment of the relative merits of each proposal. However, this batching requirement may be waived in the case of urgent requests with the agreement on a "no objection" basis of the Program Council.

11 In all cases, if the Program Management Unit is of the opinion that the proposed activity is technically sound but raises significant social, political, or other sensitivities not fully addressed in the approval criteria, the Program Management Unit shall refer the proposal to the Program Council for further guidance.

D. DONOR COORDINATION

12 Proposals that are adjudged to meet the threshold eligibility requirements and to be consistent with other approval criteria will then be tested to ensure that they are not in conflict with the programs or activities of donors.

13 For small proposals ($75,000 or less), the Program Management Unit shall make this assessment by undertaking a review against information reasonably available on donor programs and activities.

14 For medium-size and large proposals (more than $75,000), the Program Management Unit will undertake a more active assessment. In the case of donors participating in PPIAF, this will involve consultation on a "no objection" basis. This consultation will usually be undertaken through electronic mail inviting nominated contact persons to register any concern within a maximum of 10 working days.[1] To facilitate this process, participating donors are to advise the Program Management Unit of relevant contact details within their organization. In the case of donors not participating in PPIAF, best endeavors will be made to obtain relevant information on these donors' programs.

15 If the above processes reveal any issue of donor coordination, the Program Management Unit shall endeavor to resolve such matters through appropriate consultation. Matters that cannot be resolved in this manner may be referred to the Program Council for further guidance.

E. APPROVAL

16 Proposals that pass the above tests shall be subject to final approval according to the following process.

17 For small and medium-size proposals ($250,000 or less), the program manager is authorized to approve the proposal without further reference to the Program Council. However, the program manager shall inform the Program Council of the approval activity through quarterly reports.

18 For large proposals (more than $250,000), the Program Management Unit is required to seek the endorsement of the Program Council on a "no objection" basis. This will normally be through a series of quarterly reports based on the quarterly batching of proposals, where donors would be asked to register any objection within 10 working days. For urgent requests, the Program Council may be invited to endorse the activity at the same time as it is asked to waive the batching requirement (see para 10) and to confirm that there is no conflict with donor programs or activities (see para 14).

F. NOTIFICATION OF PROPONENT

19 Proponents will be notified immediately following the acceptance of their proposal, and all approved proposals will be posted on the PPIAF Web site. If a proposal is rejected, an explanation will be provided to the applicant.

G. EXECUTION

20 Once an activity has been approved and PPIAF funds are allocated, the Program Management Unit shall designate a task manager for the activity on the basis of relevant expertise. The task manager will be responsible for ensuring that all appropriate procurement, supervision, and reporting procedures are complied with.

1.In the case of urgent matters, the Program Management Unit may expedite this process by seeking affirmative advice from Program Council members.

CREDITS

PHOTO

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