



2008 Annual Report



Helping to eliminate poverty
and achieve sustainable
development through
public-private partnerships
in infrastructure



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PPIAF at a glance



The Public-Private Infrastructure Advisory Facility (PPIAF) is a multidonor technical assistance facility that helps developing countries in using public-private partnerships to improve the quality of their infrastructure and thereby reduce poverty. Launched in July 1999, PPIAF was developed as a joint initiative of the governments of Japan and the United Kingdom, working closely with the World Bank. It was built on the World Bank Group's Infrastructure Action Program and designed to reinforce the actions of all participating donors.

PPIAF's membership today includes bilateral and multilateral development agencies and international financial institutions. Owned and directed by its participating donors, PPIAF is governed by a Program Council made up of representatives of these donors, and managed by the World Bank through a Program Management Unit.

How PPIAF pursues its mission

PPIAF helps developing countries improve their infrastructure through three main mechanisms:

- It offers governments technical assistance on strategies and measures they can use to tap the full potential of public-private partnerships in infrastructure.
- It provides technical assistance grants to sub-national entities to help them improve their creditworthiness and mobilize financing.

- It identifies, disseminates, and promotes best practices in matters relating to public-private partnerships in infrastructure and sub-national borrowing.

What support is available?

PPIAF can finance a range of advisory and related activities in a single country or across multiple countries. These activities include the following:

- Framing infrastructure development strategies to take full advantage of the potential for private involvement
- Building consensus on 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 to design and execute private infrastructure arrangements and regulate private service providers
- Building creditworthiness to access financing without sovereign guarantees

PPIAF support can facilitate public-private partnerships for financing, owning, operating, rehabilitating, maintaining, or managing eligible infrastructure services in a variety of sectors: roads, ports, airports, railways, electricity, tele-

communications, solid waste, water and sewerage, and gas transmission and distribution.

Countries eligible for PPIAF-financed assistance are developing and transition economies as classified by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Entities eligible for PPIAF's Sub-National Technical Assistance Program include municipal, state, provincial, and other local and regional authorities as well as publicly owned utilities and boards, funds, agencies, and authorities responsible for providing infrastructure services.

How to apply for PPIAF support

Applications for PPIAF support may come from any source. For country-specific activities, however, the beneficiary government must approve all requests for support. For multicountry activities designed to directly benefit a small number of easily identifiable countries, the relevant governments must give written approval.

An application form for PPIAF support can be downloaded from the PPIAF Web site (<http://www.ppiaf.org>) or requested from the Program Management Unit. Proposals are assessed against the criteria specified in PPIAF's charter, available on the PPIAF Web site or on request from the Program Management Unit.

How PPIAF delivers services

PPIAF-financed activities make extensive use of consultants, with procurement governed by World Bank guidelines. More information about procurement arrangements and consultancy opportunities is available on the PPIAF Web site at <http://www.ppiaf.org>.

How PPIAF ensures consistency with its mission

PPIAF requires that all activities it finances be consistent with its overarching objective of helping to mobilize public-private partnerships to reduce poverty and achieve sustainable development.

How to contact PPIAF

PROGRAM MANAGEMENT UNIT

c/o The World Bank
1818 H Street NW
Washington, DC 20433
USA
Tel: (+1) 202 458 5588
Fax: (+1) 202 522 7466
E-mail: ppiaf@ppiaf.org or snta@ppiaf.org

EAST AND SOUTHERN AFRICA REGIONAL COORDINATION OFFICE

Kenya Re Towers
Upper Hill, P.O. Box 30577
Nairobi, Kenya
Tel: (+254 20) 271 4095
Fax: (+254 20) 271 4275
E-mail: nairobirco@ppiaf.org

EAST ASIA AND PACIFIC REGIONAL COORDINATION OFFICE

Floor 23 Taipan Place
F. Ortigas Jr. Rd., Ortigas Center
Pasig City, Metro Manila
Philippines
Tel: (+63 2) 637 5855
(+63 2) 917 3000
Fax: (+63 2) 637 5870
E-mail: manilarco@ppiaf.org

WEST AND CENTRAL AFRICA MIDDLE EAST AND NORTH AFRICA REGIONAL COORDINATION OFFICE

Corniche Ouest X Leon Gontran Damas
BP 3296
Dakar, Senegal
Tel: (+221) 33 859 4100
Fax: (+221) 33 825 1518
E-mail: dakarrco@ppiaf.org

SOUTH ASIA CENTRAL ASIA AND EUROPE REGIONAL COORDINATION OFFICE

50M, Shantipath
Chanakyapuri
New Delhi 110 021
India
Tel: (+91 11) 411 77 801
(+91 11) 411 77 850
Fax: (+91 11) 411 77 849
E-mail: delhirco@ppiaf.org



Message from the program manager

Today's global economic turmoil presents new challenges that make PPIAF's mission more relevant every day: to equip developing countries with the tools to improve and expand access to infrastructure.

The months ahead promise to be trying ones for infrastructure projects in developing countries. Existing projects may undergo a period of stress as the economic climate changes assumptions about costs and revenues. New projects will find it more difficult to obtain financing as private partners shy away from risk and governments face new budget constraints. And governments will be forced to rethink economic regulation across the board.

As existing projects are tested by the stress of changing market conditions, new importance will be placed on post-transaction support. And as new projects deal with tightened credit markets, there will be a need for innovative project models and financing arrangements. Financing new projects may mean greater engagement with nontraditional financiers: non-OECD investors, private equity partners, or sovereign wealth funds. PPIAF can provide the resources to help governments cope with the changing landscape of infrastructure finance and evolving regulatory needs.

Even in the face of rapidly shifting priorities, infrastructure remains the basis for any development agenda. High food prices cannot be alleviated without good roads, efficient ports, and effective irrigation systems. The adverse effects of climate change cannot be reduced or mitigated without new ways to meet energy and transport needs. And markets cannot function

efficiently, nor barriers to knowledge be eliminated, without modern telecommunications networks.

A new set of challenges calls for new ways of partnering with the private sector, and PPIAF is responding. A new Non-Core Fund window will be aimed at supporting activities that have climate change impacts. Another major new PPIAF initiative, the Sub-National Technical Assistance (SNTA) Program, offers assistance to subnational entities to increase their direct access to financing from private sources such as capital markets, banks, and other commercial lenders (box 1). SNTA Program grants are helping subnationals achieve credit ratings, improve their creditworthiness, and conclude financing transactions. PPIAF will also remain in close communication with donors and international financial institutions about changes in technical assistance priorities that may result as the global economic crisis begins to affect private participation in infrastructure.

Both the SNTA Program and the traditional PPIAF activities focus heavily on upstream work to strengthen enabling environments for private participation and to demonstrate the bankability of projects through early-stage preparation. Sub-Saharan Africa is one region where upstream work is critically needed. Because of its many small, poor countries, large regional infrastructure projects make financial and economic sense. But such projects are difficult to prepare, especially when legal and regulatory frameworks have not been harmonized across countries. PPIAF's work in Africa has systematically supported transnational projects, including

through activities aimed at harmonizing regulation and strengthening regional project preparation facilities, drawing on experience from similar efforts around the globe.

PPIAF concentrates about half its technical assistance activities in Africa, but demand for PPIAF services has boomed in other regions as well. In South Asia, India has emerged as the leading recipient worldwide of private investment in infrastructure, largely because of its strong economic growth and supportive government policies. In middle-income regions such as Latin America, where many countries already have well-developed capacity to prepare and manage public-private partnerships in infrastructure, technical assistance needs have shifted more to the SNTA Program side. In all regions the global financial crisis is likely to mean more PPIAF work to help governments understand the contingent liabilities they face on existing infrastructure projects, assist with the restructuring and renegotiation of projects in distress, and maintain the momentum of project preparation pipelines.

Filling gaps in information is often a necessary first step toward filling gaps in infrastructure. This past year PPIAF has given particular attention to its knowledge management priorities, which include gathering data on public-private partnerships, disseminating best practices, and analyzing factors critical to the success of infrastructure finance. In Africa PPIAF has

supported a groundbreaking research program, the Africa Infrastructure Country Diagnostic, the first comprehensive review of infrastructure financing needs in the region. To help counterpart governments meet their information needs, PPIAF has worked with partners such as the Infrastructure Consortium for Africa to put together a series of basic guides and manuals on preparing and financing public-private projects. And it has supported pioneering research on the role in Africa of emerging financiers such as China and India.

Assessing the outcomes of technical assistance grants is a critical part of PPIAF's mission. This past year the Program Management Unit undertook a full review of outcomes from all activities, finding that 83 percent had achieved their intended result. PPIAF also stepped up its outreach efforts by launching a new Web site and expanding the Gridlines series of four-page technical notes. Another important development this past year was implementation of the Program Council's decision to commission a strategic review of the PPIAF program, which will produce recommendations to help shape the program's future directions.

PPIAF is celebrating its 10th anniversary in 2009. The program's challenges today seem just as dramatic as they did 10 years ago in the wake of the Asian financial crisis. In the years ahead PPIAF will continue to help developing countries meet new challenges as they arise.



PPIAF Program Manager Jyoti Shukla

Before joining PPIAF in January 2004, Jyoti built up extensive experience at the World Bank in infrastructure strategies, regulatory reform, and private sector development and worked in China, India, and many countries of Latin America and the Caribbean.

Box 1

The Sub-National Technical Assistance Program—PPIAF's newest major initiative

PPIAF launched the Sub-National Technical Assistance (SNTA) Program in July 2007 to help subnational government entities improve their creditworthiness so that they can access market-based financing for infrastructure directly—without sovereign guarantees. The three-year pilot program offers technical assistance to a wide variety of subnational government entities, including municipal, state, provincial, and other local and regional authorities as well as publicly owned utilities and boards, funds, agencies, and other special-purpose government bodies responsible for providing infrastructure services. The aim is to help such entities mobilize capital for improvements in infrastructure services and promote the development of local financial markets.

Initial funding for the program was provided by the U.K. Department for International Development, the International Finance Corporation, and the World Bank (through its Development Grant Facility). Additional resources have been pledged by other donors.

By working with government clients to help them access infrastructure finance directly, rather than indirectly through public-private partnerships, the SNTA Program adds a second important set of infrastructure financing options to those provided by PPIAF. With two sets of options to choose from, PPIAF clients have a comprehensive and balanced way of finding optimal solutions to infrastructure finance problems.

As these examples show, SNTA Program activities approved for funding in fiscal 2008 cover a range of needs.

Supporting a water utility bond issue in Uganda

The SNTA Program has helped the National Water and Sewerage Corporation of Uganda prepare a municipal bond issue for sale in the domestic capital market. The bond issue is designed to support much-needed new infrastructure investments and expand the financing options available to the utility in the long term.

Building viable development finance institutions in southern Africa

Development finance institutions in Africa have generally played a minor role in mobilizing finance for infrastructure projects. To strengthen the viability of development finance facilities in southern Africa, an SNTA Program activity has helped a select group of these facilities improve their creditworthiness and credit ratings by restoring sound management and lending principles.

Helping Karnataka access finance for new highways

In India the Karnataka state government launched a massive road improvement program in 2000 that is well beyond its ability to finance from budgetary or donor resources. The SNTA Program is helping state officials explore market-based financing options to supplement existing sources.

Strengthening creditworthiness in Ukraine to improve heating services

Ukraine is one of the least energy-efficient countries in the world and has one of the highest carbon dioxide emission levels relative to GDP. In an effort to modernize and improve the efficiency of their heating utilities, two cities in Ukraine are looking to use subnational finance. The SNTA Program is working with the two cities to help strengthen their ability to guarantee borrowing by their heating utilities, opening the way to improve heating services in the cities.

Helping low-income communities access credit

In Guatemala some commercial banks have begun lending to community-based organizations for improved infrastructure services. But the perceived risks limit the amount of capital that banks are willing to make available. The SNTA Program is helping the government design a guarantee facility to ensure continued lines of microcredit for basic infrastructure and housing.



James Leigland

Team Leader for the Sub-National Technical Assistance Program

1. Emerging trends



Before the financial market turmoil in the fall of 2008 and the growing prospects for a sharp economic slowdown in developing countries, private investment in infrastructure in the developing world had been slowly approaching the peak levels of the mid-1990s. Investment commitments to infrastructure projects with private participation grew for the fourth consecutive year in 2007, reaching US\$158 billion—almost 10 percent higher than the levels achieved before the Asian financial crisis in 1997, according to the PPI Project Database (box 2). Investment levels are likely to fall starting in 2009. PPIAF will continue to offer assistance tailored to clients' emerging needs.

Growing diversification in private participation

A particularly encouraging feature of the 2005–07 data showing growth in new investment commitments was the diversification across a wider range of countries and investment sources. By the end of 2007 investment was more evenly spread across regions than ever before, with South Asia and the Middle East and North Africa becoming new leaders in attracting investment and Sub-Saharan Africa seeing its share of investment grow. New financiers continued to expand their presence in infrastructure sectors, with the number of infrastructure financing facilities increasing and investment by non-OECD financiers such as China and India growing rapidly, especially in Africa.

Low-income regions playing stronger roles

Low-income countries attracted a growing share of investment commitments in the developing world, rising from 7 percent in 1996–2000 to more than 23 percent in 2004–06. India, a low-income country, led the developing world in investment commitments to infrastructure projects with private participation. It attracted 19 percent of such commitments in 2007, up from 13 percent in 2001–06 and 5 percent in 1996–2000. Telecommunications was a big driver of the investment growth in India, as was transport, with new toll road projects and airport concessions.

Africa was also attracting much more private investment, with the region's investment commitments in 2001–06 almost three times those in 1995–2000. While telecommunications accounted for much of this growth, investment commitments also increased in such sectors as transport.

Changing profile of risk allocation

The growth in investment commitments was driven by a changing mix of risk allocation mechanisms. The recovery in private investment in infrastructure was concentrated in relatively low-risk activities. Investment grew in areas with booming demand—in competitive markets (telecommunications) and in sectors crucial to competitiveness (transport). Investors also favored activities in which revenues could be secured through long-term wholesale contracts (electricity generation or water treatment plants)

Box 2

Continued growth in private participation in infrastructure in 2007

The growth in investment commitments to infrastructure projects with private participation for the fourth consecutive year in 2007 confirmed a market rebound after several years. The 2007 data from the PPI Project Database indicate that investment commitments grew by 24 percent in real terms, reaching a new peak at US\$158 billion. This growth was fueled largely by a reassessment of risks in infrastructure projects and, in many cases, a reallocation of those risks between the public and private partners.

Telecommunications again the strongest sector

Telecommunications continued to dominate recorded investment commitments, with US\$75 billion in 2007, or 47 percent of the total. This share was smaller than those of previous years, however, and new investment commitments became more widely dispersed across regions and countries. Investors in the sector faced relatively low risks because the lumpy investments were relatively inexpensive and full cost recovery was the norm, leading to robust cash flows and adequate profits.

Transport investment remained stable

Transport investment stayed at peak levels, with new commitments of almost US\$30 billion in 2007. Much

of this growth was related to India's program of public-private partnerships in transport, which reached closure on 31 projects (mostly for highways) in 2007, and to Mexico's new road concession and public-private partnership programs.

Energy recovered strongly

Energy investment doubled in 2007, with new commitments reaching about US\$50 billion. Independent power producer (IPP) projects drove this impressive growth, accounting for 80 percent of the total for the sector. This trend reflected the private sector's interest in new wholesale facilities, with projects secured by risk mitigation mechanisms such as guaranteed off-take agreements.

Water and sanitation projects continued to grow

The number of water projects with private participation reached an all-time high of 62 in 2007. These projects accounted for investment of more than US\$3.2 billion, 18 percent higher than the level in 2006. Even so, this sector continued to attract less private investment than any other infrastructure sector, and private partners remained highly selective in their choice of countries and projects. Two-thirds of the projects counted in 2007 involved the construction or operation (or both) of bulk treatment facilities.

rather than by retail payments from end users. In contrast, investment remained limited where social and political difficulties hampered the introduction of cost-recovery tariffs (water and electricity distribution).

Greater pragmatism in partnership arrangements

Through 2007 and early 2008 public-private partnership arrangements continued to rely on a wide array of options, including many hybrid solutions. Besides greenfield options such as build-operate-transfer and build-own-operate contracts, brownfield concessions also showed some

increase in use after more than a decade in decline. Management contracts were increasingly being used as a way to involve private partners without the investment risks that they normally face in long-term public-private partnerships. Management contracts were also being used as a mechanism for technical assistance to help public providers learn how to improve service through commercial and managerial innovation.

Changing mix of sponsors and operators

The 2007 data from the PPI Project Database confirm a diversification of private sponsors and

operators, with private participation in infrastructure no longer dominated by large companies from developed countries. Among the top 10 sponsors in 2001–06, only 3 were holdovers from the top 10 list in 1990–2000, and 4 were developing country investors. At the other end of the scale, small domestic operators also were playing a larger role. Tens of thousands of small-scale private service providers were active in the developing world by mid-2008, often serving low-income households in slums and periurban and rural areas.

Non-OECD financiers playing a larger role

By 2007 non-OECD financiers such as China, India, the Russian Federation, and the Arab states were also contributing to a changed landscape of infrastructure finance in the developing world, especially in Africa. China, India, and the Arab states committed more than US\$8 billion to infrastructure and related projects in Africa in 2006, the latest year for which data are available. In addition, growing anecdotal evidence suggests that philanthropic organizations were playing a larger role in infrastructure service improvements and investment. By early 2008 such organizations were estimated to be spending US\$8.3 billion a year on international development work of all kinds.

Growing decentralization

Increasing decentralization in the developing world has meant that subnational entities have taken on greater responsibility for the delivery of infrastructure services. Decentralization has been an important trend in middle-income countries in Eastern Europe and Latin America and by 2007 was also beginning to play a role in Africa and East and South Asia. But subnational entities often lack the access to financial resources or the capacity needed to carry out these responsibilities effectively. Thus the trend toward greater decentralization has led to a major subnational funding gap that needs to be addressed through subnational borrowing as



well as public-private partnerships. The turbulence in international financial markets is likely to make solutions to this problem even more challenging.

The role of PPIAF

PPIAF has traditionally taken an active role in helping developing countries improve their enabling environment for sustainable public-private partnerships and design and monitor the sustainability of emerging public-private transactions. Through its new SNTA Program, PPIAF now also offers technical assistance to help public utilities and subnational governments with responsibility for infrastructure to improve their creditworthiness.

Developing the enabling policy environment

Whatever the institutional arrangement chosen for delivering infrastructure services, and whatever the changing reality of global finance, an



appropriate policy, regulatory, and institutional framework and adequate capacity are critical for governments as they prepare to meet future infrastructure financing needs. PPIAF technical assistance helps governments evaluate their policy frameworks for infrastructure service delivery and for private participation to allow effective public-private partnerships. In all such activities PPIAF ensures that policy, regulatory, and institutional reforms maintain a strong pro-poor focus on improving access, affordability, and inclusion.

Offering a broad range of options

To be effective, contractual solutions for private participation in infrastructure must be tailored to the circumstances and policy choices of a country. Thus all contracting options must

be considered—from traditional public sector approaches to the full range of public-private partnership arrangements. The global financial crisis may mean that more government or donor money will be needed to help public-private partnerships in infrastructure remain viable. PPIAF helps government clients explore the ever-growing list of options to find the arrangements that are best and most sustainable in their situation.

Helping public utilities access financing

While public-private partnerships may be appropriate in many cases, some public utilities may choose not to enter into such arrangements. When such utilities demonstrate commercially oriented financial performance, PPIAF offers help, through its SNTA Program,

in improving creditworthiness and accessing market-based financing. Rising interest rates and declining government revenues may mean that borrowing programs should be delayed or restructured. The SNTA window allows PPIAF to support the full range of financing options for sustainable infrastructure.

Building government capacity

PPIAF has continued to help clients develop their capacity to anchor project preparation in enhanced legal and regulatory environments. In Africa much of this assistance has focused on helping to create or strengthen public-private partnership units in such countries as Kenya, Malawi, Mauritius, Mozambique, Nigeria, South Africa, and Uganda. If the global financial crisis begins to threaten the viability of existing projects, and slow the preparation of new projects, these centers of expertise should help governments lessen the negative consequences for infrastructure development in their country.

Providing post-transaction support

While PPIAF has traditionally been associated with upstream support for future contracts, economic turmoil is forcing governments to shift their focus somewhat toward ensuring the sustainability of existing contracts. For PPIAF,

this often means helping governments develop capacity to evaluate the contingent liabilities associated with these projects and monitor contract implementation. In addition, if existing contractual arrangements come under stress and begin to need adjustment or renegotiation, governments can ask PPIAF for assistance to evaluate and, if necessary, update risk sharing arrangements based on experience in other countries.

Sharing knowledge and experience

An important part of PPIAF's contribution to promoting public-private partnerships has been to gather and share global knowledge on emerging experience in key infrastructure sectors. As part of this effort, PPIAF sponsors the PPI Project Database, one of the most widely used sources of information on emerging trends in public-private infrastructure investment commitments, and has produced toolkits on public-private partnerships in different infrastructure sectors. PPIAF's robust global knowledge management portfolio also includes important analytical work on the impact of private participation in infrastructure, on the emergence of non-OECD financiers, and on options for improving infrastructure services in Africa.



2. Program operations and outcomes

New funding commitments in fiscal 2008 amounted to US\$23.3 million: US\$17.9 million for PPIAF activities and US\$5.3 million for SNTA Program activities. Overall, 121 activities were approved in 50 economies: 97 under PPIAF and 24 under the SNTA Program. The grants averaged US\$192,232 (US\$184,951 for PPIAF and US\$221,661 for the SNTA Program). In addition, this past year the Program Management Unit analyzed the outcomes of all completed activities, finding that 83 percent of activities aiming for measurable outcomes had achieved at least one outcome.

Distribution of program activities in fiscal 2008

Distribution by region

Funding to Sub-Saharan Africa accounted for 45 percent of combined new country-specific commitments from PPIAF and the SNTA Program. From PPIAF 49 percent of new country-specific support went to Africa, compared to 32 percent from the SNTA Program, which tends to focus on middle-income countries.

This funding picture is reversed in regions with a greater share of middle-income countries. Latin America received 27 percent of total SNTA Program support but only 8 percent of total PPIAF support (figure 1). The Middle East and North Africa received 9 percent of PPIAF support, but has not yet received any SNTA support. For other regions the SNTA and PPIAF shares were about the same size.

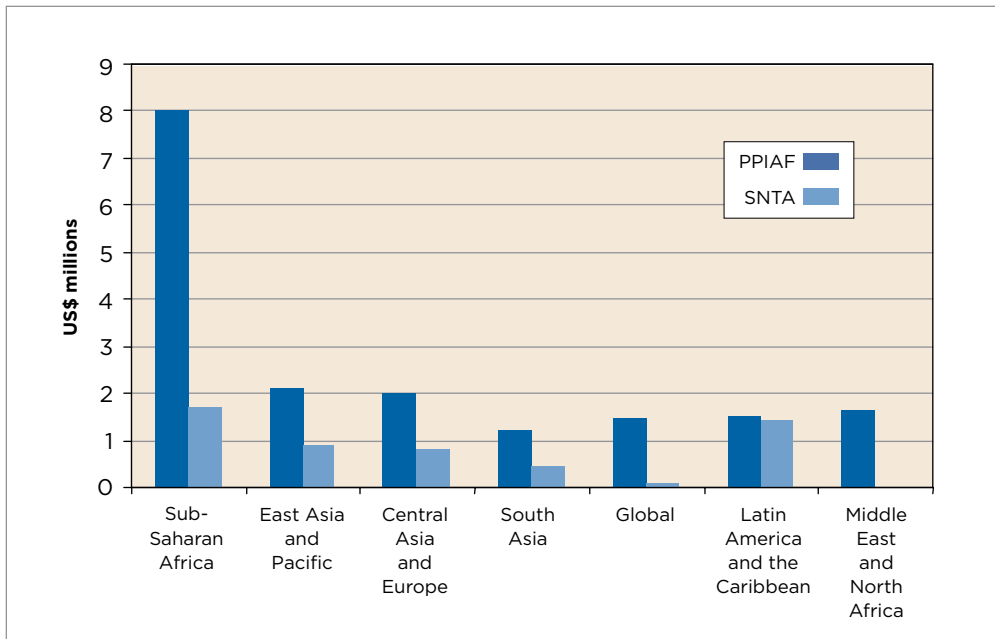
While Africa's share of the SNTA Program funding, at 32 percent, was smaller than its share of PPIAF support, it was still the largest regional share. Given the SNTA Program's focus on market-based financing, new commitments are likely to be more evenly distributed across regions and between low- and middle-income countries. Within middle-income countries, however, SNTA Program activities will focus on lower-income regions and activities with significant poverty reduction implications.

Distribution by country income group

A large share of PPIAF funding was again directed to poor countries in fiscal 2008, reflecting the continuing focus on Africa. About 59 percent of PPIAF's country-specific grants were allocated to countries eligible to borrow from the International Development Association—or IDA countries. This share is smaller than in previous years. But the reason for that is the large number of regional and transnational activities (not picked up in the country-specific funding numbers), most of which involve IDA countries.

Some 24 percent of total PPIAF funding was directed to regional activities. More than half those activities—53 percent, accounting for US\$2.3 million in funding—are Africa-specific projects with large impacts on IDA countries. These include support to develop regional power pools, transport corridors, and, in Central Africa, a telecommunications backbone. These regional activities also include support to a groundbreaking knowledge program in

Figure 1 Distribution of PPIAF and SNTA Program portfolios by region, fiscal 2008



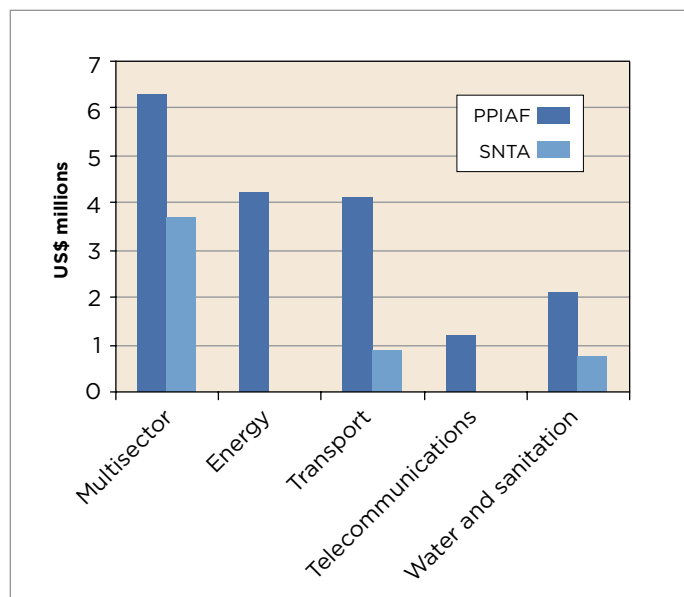
Africa, including the Africa Infrastructure Country Diagnostic and a report on emerging financiers active in Africa, *Building Bridges: China's Growing Role as Infrastructure Financier for Africa*.

From the SNTA Program, about US\$3.2 million (60 percent) was allocated to middle-income countries eligible to borrow from the International Bank for Reconstruction and Development (IBRD countries), while about US\$1.1 million (20 percent) went to poorer IDA and IDA-blend countries. About US\$1 million went to regional and transnational activities (19 percent). The smaller share of SNTA Program funding going to poor countries reflects the types of challenges the governments of these countries are expected to face as well as guidance from PPIAF's Program Council to work toward a 70/30 split between middle-income and low-income countries.

Distribution by sector

Multisector activities accounted for the largest share of the combined PPIAF and SNTA Program portfolio in fiscal 2008, at 44 per-

Figure 2 Distribution of PPIAF and SNTA Program portfolios by sector, fiscal 2008





cent of funding (figure 2). This share reflects PPIAF's continuing focus on activities that generate infrastructure development strategies and policy frameworks that cut across sectors. It also reflects the frequently multi-sector nature of subnational borrowing, particularly for municipalities. Many knowledge products also fall into this category.

Transport accounted for the next largest share of funding (21 percent), followed by energy (18 percent), reflecting the rising trends in private investment commitments in these sectors in recent years. Relatively downstream support in the energy sector is helping to bridge Africa's massive energy deficit, and similar work continues in East and South Asia. PPIAF also maintains a priority focus on energy distribution in the gas and electricity subsectors, where projects tend to be high risk and thus difficult to conclude.

The water and sanitation sector received 12 percent of funding, similar to its share in fiscal 2007. Activities in the sector tended to focus on urban water and solid waste management.

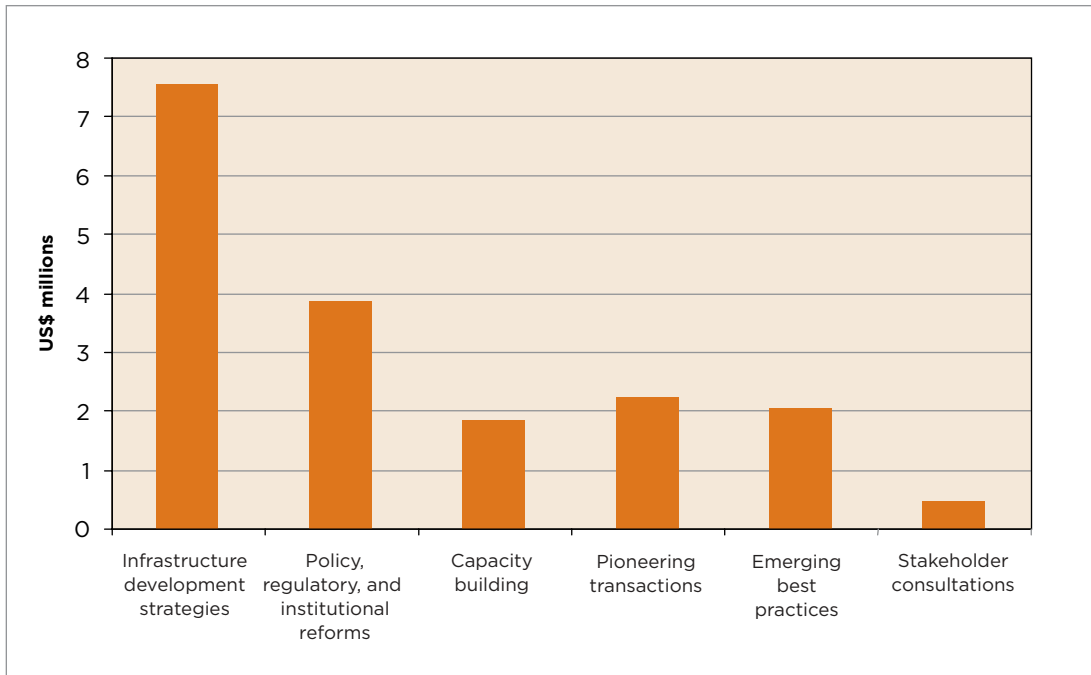
Telecommunications activities accounted for about 5 percent of the combined PPIAF and SNTA Program portfolio. These activities have been centered largely on expanding rural access to services and creating appropriate policy frameworks for private involvement in postconflict and very poor countries.

Distribution by type of activity

From PPIAF, about two-thirds of funding in fiscal 2008 supported upstream infrastructure development strategies (42 percent) and policy, regulatory, and institutional reforms (21 percent; figure 3). Activities in these two categories often overlap. About 12 percent of PPIAF funding was allocated to the broad theme of capacity building (10 percent) and stakeholder consultations (2 percent).

The small amount of funding allocated to stakeholder consultation activities largely reflects PPIAF's decision to incorporate more of such activities into its support to infrastructure strategy and policy development rather than implement them as stand-alone activities. It also reflects a

Figure 3 Distribution of PPIAF portfolio by type of activity, fiscal 2008



conscious decision over the past two to three years to move away from larger advocacy events requiring expensive regional or global conferences. PPIAF has instead preferred to fund smaller and much less expensive local conferences and workshops as a way of promoting overall reform efforts. Smaller events are usually more effective in attracting key stakeholders and focusing debate on country-specific policy issues.

Pioneering transactions, supported on an exceptional basis, accounted for about 12 percent of PPIAF funding in fiscal 2008. Finally, PPIAF continues to allocate about 10 percent of its resources to its knowledge management portfolio, for activities that document and disseminate emerging knowledge on public-private partnerships.

In the SNTA Program four activities supported improvements to creditworthiness in fiscal 2008, while another four supported efforts to facilitate credit ratings. Thirteen activities supported the appraisal or structuring of transactions. And three activities encompassed all three categories.

Outcomes of PPIAF-funded activities

PPIAF has always maintained a special emphasis on monitoring the emerging outcomes of its activities even after they have been completed. Virtually all PPIAF activities produce defined outputs, such as reports or training materials used in workshops. But each activity is also intended to achieve more meaningful outcomes with significant long-term value to clients, such as laws, transactions, new institutions, and formally adopted strategies.

PPIAF's Program Council has authorized five indicators for outcomes achieved by PPIAF activities: transactions facilitated, PPI laws and regulations, infrastructure strategies, institutions created or strengthened, and training events. These indicators reflect the small size of PPIAF grants and the relatively upstream nature of the activities financed.

In fiscal 2008 the Program Management Unit analyzed the outcomes of 379 activities, accounting for about US\$80 million in funding,

Table 1 Outcomes achieved by PPIAF activities by region through fiscal 2008

Region	Activities completed			Activities achieving at least one measurable outcome		Outcomes achieved
	Total	With no measurable outcome	With measurable outcomes	Total	Share of total (%)	
Sub-Saharan Africa	112	33	79	63	80	125
Central Asia and Europe	59	7	52	47	90	67
Latin America and the Caribbean	58	11	47	36	77	63
East Asia and Pacific	76	19	57	44	77	50
South Asia	52	18	34	33	97	37
Middle East and North Africa	22	5	17	14	82	22
Total	379	93	286	237	83	364

that have been implemented since PPIAF's inception. Ninety-three of these—about 25 percent of the activities, accounting for about 13 percent of funding—targeted outputs such as training programs, stakeholder consultation activities, or global or regional knowledge management studies. These activities typically have diffuse impacts that are difficult to quantify and thus did not have measurable outcomes.

The other 286 activities—three-quarters of all activities, accounting for about 87 percent of funding—did aim for measurable outcomes. About 83 percent of these (237 activities) achieved at least one outcome: a law passed, a strategy adopted, an institution established, or a transaction facilitated. Nine of the projects aiming for measurable outcomes could not be evaluated because of a lack of historical data. The 237 activities together accounted for 364 outcomes, averaging more than 1.5 distinct outcomes per activity (table 1).

As a result, PPIAF is proud to report that since its inception PPIAF activities have facilitated 82 transactions, supported 51 laws and regulations, created or strengthened 74 institutions, and assisted in the formulation of 146 strategies (table 2). In addition, 24,274 participants have benefited from 338 PPIAF-funded conferences and training activities from program inception through fiscal 2008.

Table 2 Outcomes of PPIAF activities by type through fiscal 2008

Type of outcome	Total
Transactions facilitated	82 ^a
PPI laws and regulations	51
Infrastructure strategies	146
Institutions created or strengthened	74
Training events	338
Training participants	24,274

a. The number of transactions facilitated is lower than reported in previous years because of a reclassification of some outcomes, in which activities resulting in multiple transactions were counted as a single transaction.

PPIAF is able to achieve such strong results in activity outcomes because of its focus on initial review of project proposals and its network of field-based staff and task managers, who work closely with client countries during both the design of an activity and the implementation of the technical assistance. The Program Management Unit reinforces this continual attention to the quality of implementation and focus on development outcomes with a strong emphasis on portfolio management, which includes semiannual portfolio reviews to monitor the implementation of all ongoing activities as well as annual reviews of the outcomes of all closed activities.

3. Regional and global activities in 2008



Consistent with Program Council guidance, PPIAF directed nearly half of new commitments to Sub-Saharan Africa: 45 percent of new country-specific commitments from the combined PPIAF and SNTA Program portfolio, and 49 percent of such commitments from the PPIAF portfolio, went to Africa in fiscal 2008. East Asia continued to show strong demand, accounting for about 13 percent of new commitments from the total combined portfolio. Central Asia and Europe followed with about 12 percent. The Middle East and North Africa and Latin America and the Caribbean received larger shares of PPIAF funding than in fiscal 2007 (between 8 and 9 percent each), while South Asia's share dropped somewhat (to about 7 percent), largely because of the political uncertainty in parts of the region.

For a full list of all PPIAF and SNTA Program activities approved in fiscal 2008, see annex 2.

Sub-Saharan Africa

Sub-Saharan Africa lags well behind other developing regions in access to modern infrastructure services, including piped water, flush toilets, electricity, fixed-line and mobile telephones, and formal waste disposal facilities. Despite limited gains in the 1990s and early 2000s, many countries are not expanding services fast enough to keep up with population growth and urbanization. On present trends Africa is likely to fall even further behind.

Emerging findings from the Africa Infrastructure Country Diagnostic, a major knowledge program designed to improve our understanding of infrastructure sectors in Africa, suggest that infrastructure needs in the region—for new investment and for operation and maintenance—will amount to an estimated US\$75 billion a year in 2006–15. At current spending levels, that would leave the region with a funding gap of US\$35 billion a year. More than half this gap is associated with the power sector, which will require US\$43 billion a year. Transport accounts for the next largest share, US\$21 billion, or 3.3 percent of regional GDP.

Most of the funding burden will fall on governments, which remain the main source of funding for infrastructure despite the broadening array of infrastructure financiers in the region. But many governments are also seeking to meet the challenge by engaging with third-party financiers and implementing public-private partnerships. Governments are increasingly interested in improving the policy environment for such partnerships and in creating public-private partnership units to facilitate their development.

While private investment remains relatively low, encouraging trends in the business and sector policy environments are leading to growing private sector interest. Africa had commitments to private infrastructure projects amounting to US\$11 billion in 2007, with roughly half going to new investment in physical infrastructure. There is also growing evidence that public and private financiers alike are allocating more funding to infrastructure in the region.

Regional overview

Africa continues to be a priority area for PPIAF: in fiscal 2008 it directed 49 percent of country-specific funding from the PPIAF portfolio, and US\$9.7 million in total, to the region. The continued growth in the Africa portfolio has been facilitated by PPIAF's regional coordination offices in Nairobi, Kenya, and in Dakar, Senegal.

The role of PPIAF in Africa is becoming more important as private participation in infrastructure has increased in the region. African governments and private entities have shown renewed interest in engaging with PPIAF on key infrastructure projects. PPIAF is frequently asked for technical assistance activities that identify investment opportunities for private sector involvement and create strong institutional and regulatory frameworks to ensure the sustainability of infrastructure projects. The majority of activities funded by PPIAF in the region include a capacity building component to strengthen the capacities of actors in the public sector, especially those involved in public-private partnerships. An emerging trend in African infrastructure is the increasing importance of China, India, and a few Arab states.

The SNTA Program had an important first year in Africa, which received 32 percent of the program's funding in fiscal 2008. While African credit markets are less developed than those in other regions, there has been strong interest in SNTA Program support as state-owned enterprises and local authorities seek to tap local markets to close the infrastructure financing gap.

PPIAF activities

Multisector activities attracted the highest share of PPIAF funding in fiscal 2008 (43 percent), with upstream capacity building and public-private partnership units forming an important part of PPIAF's strategy in the region. Following multisector activities, energy and transport both received more than 20 percent of assistance in the region. Energy and transport are the two sec-

tors most critical for economic development and also those in which the greatest needs arise.

Supporting energy—from large scale to small

Energy is the infrastructure sector in the most urgent need of new investment in Africa. Disruptive power outages routinely plague 35 of Africa's 53 countries. Even South Africa, the region's economic powerhouse, is not immune to power problems. Its energy challenges have had a profound impact on the economy, particularly the mining sector, and government officials describe the situation as "critical."

Regional solutions are key in tackling Africa's energy problems. In support of broader regional development, PPIAF is funding a number of transnational energy activities. These include continued support to the West African Power Pool and assistance to the Southern Africa Power Pool through support for an investor outreach program.

PPIAF is also supporting sector and utility reform in a range of countries. In Nigeria PPIAF is helping the government with capacity building to support the development of public-private partnerships. In Mozambique it is helping the state electricity company, EDM, develop a north-south transmission backbone.

Looking beyond large projects, PPIAF is also supporting activities aimed at reaching rural and more remote areas. Its contribution to the Lighting Africa program supports innovative off-grid solutions that harness the potential of local small-scale entrepreneurs and major international players (box 3). And in Senegal PPIAF is providing upstream support to a transaction that will advance rural electrification in the country.

Helping to build transport links

The transport sector is an area where public and private sector interests are beginning to converge in Africa. New kinds of contracts and better regulation are leading to more—and increasingly sustainable—projects with private participation, and public and private partners

are recognizing the need to update and strengthen existing contracts.

PPIAF support in transport ranged from urban transport to ports and regional transport corridors. A grant in Botswana is helping the government determine its options for establishing rail corridors to link the country with key regional economic centers. Another is supporting a major study examining the core transport networks in East and southern Africa, including road, rail, port, and airport facilities, and a related public-private partnership investment strategy to improve service, reduce costs, and increase efficiencies along the major routes.

Among other new projects, a study of post-contract management in Zambia is aimed at helping the government put the Zambia Rail Concession on a more sustainable footing. A new activity in Tanzania continues PPIAF's emphasis on bus rapid transit. And two activities will study options for private participation—in seaports in Guinea-Bissau and an airport in Sierra Leone.

Breaking new ground in multisector activities

Multisector activities remain the largest category of funding, accounting for a third of PPIAF funding in Africa. Much of this support has been aimed at helping governments implement and scale up public-private partnership units. These units, which give governments an institutional mechanism for preparing and managing a pipeline of public-private partnership projects, remain a key focus of PPIAF's work to develop capacity. In fiscal 2008 new grants to support such units were approved for Mozambique, Nigeria, and South Africa.

PPIAF's multisector activities in Africa also support a groundbreaking research program. An important part of this is the Africa Infrastructure Country Diagnostic, for which PPIAF is among the original funders. Sponsored by the African Union, this large, multiyear, multi-donor initiative is undertaking original analytical work to understand Africa's infrastructure financing needs and how they can be most ef-

Box 3

Lighting Africa—fostering solutions for off-grid energy

More than 500 million Africans lack access to modern energy and are forced to rely instead on costly, inefficient, and often hazardous fuel-based products such as kerosene lamps and candles. The Lighting Africa initiative seeks to change this through a range of programs aimed at extending and improving off-grid lighting products. It includes programs of market research, business development, knowledge sharing, and policy work, including the design and implementation of new product standards and certifications. PPIAF is one of eight sponsors of the initiative, having made a commitment of US\$1 million.

One focus is catalyzing private sector efforts to make solutions more widely available. The Lighting Africa initiative seeks to strengthen ties between the international lighting industry, local suppliers, and service providers to get lower-cost solutions to market. It also aims to reduce technical, policy, financial, tariff, and information barriers to a rapid scale-up of high-quality lighting products. And a Development Marketplace competition aims to spur innovation in off-grid lighting for Africa by offering grant awards for the most promising new lighting technologies.





fectively addressed. The study is producing data on basic sector performance indicators for 24 African countries as well as a series of analytical studies building on the data to shed light on a wide range of infrastructure policy issues in the region.

Preliminary findings were presented at PPIAF's annual meeting in June 2008 and have since been shared with donors, development agencies, and regional African organizations at several international events, including the World Bank and International Monetary Fund annual meetings. Most recently, findings were presented at the African Union Heads of State meeting in January 2009. (All findings will be made available on the Web at <http://www.infrastructureafrica.org>.)

Another important PPIAF knowledge product has been the *Building Bridges* report on non-OECD financiers active in Africa. The report documents the role of emerging financiers such as China and India and sheds light on the financing mechanisms they use. Work such as this aims to help African governments better manage new flows of funding for infrastructure.

Another effort along these lines is a regional survey of infrastructure investment funds in Africa, which aims to increase knowledge about the scale of private finance available in the region and on the needs for it. In collaboration with the Infrastructure Consortium for Africa Secretariat, PPIAF also has financed a guide to infrastructure financing in the region, *Survey of Private Partner Project Bankability Information Requirements*.

Continuing support to other sectors

PPIAF focuses its limited support to the telecommunications sector in Africa largely in postconflict and fragile states or on regional infrastructure with a strong development impact. In fiscal 2008 PPIAF approved four new PPIAF activities for telecommunications in Africa. These include activities to strengthen the legal and regulatory environment in Guinea and Liberia. PPIAF is also supporting the development of a fiber-optic backbone in Central Africa to expand access to faster and more affordable data services.

PPIAF funding for the traditional water utility sector in Africa has been relatively limited. In fiscal 2008 support went to a review of an on-

going water utility concession in South Africa. Other activities are supporting the development of management contract arrangements in the Democratic Republic of Congo and the ongoing urban water sector reforms in Malawi and Mozambique. A significant share of activities in the water sector have been undertaken with public utilities through the SNTA Program.

SNTA Program activities

The SNTA Program has provided PPIAF with an important new development tool for use in Africa. The program is particularly useful in the water sector, where private participation has been limited. The SNTA Program collaborated with the Water and Sanitation Program to support shadow credit rating exercises for seven African water utilities. This activity, which followed from a stakeholder consultation exercise supported by PPIAF, supported assessments of creditworthiness for these utilities. The findings of this activity were presented at a regional conference held in Dakar, Senegal, on November 24–25, 2008.

Another interesting SNTA Program activity, also in collaboration with the Water and Sanitation Program, involves support to the Uganda National Water and Sewerage Corporation for a bond issue in the local markets to raise domestic resources for capital investments. If successful, this would be the first bond issue by an African water utility (see box 1).

In Swaziland an SNTA Program grant is facilitating the entry of creditworthy cities into the municipal finance market. The grant supports efforts aimed at increasing the knowledge of policy makers and examining specific strategies for improving the cities' creditworthiness and ability to raise domestic private finance. A similar activity in southern Africa is supporting efforts by the South African Cities Network to facilitate borrowing by local governments.

Governments and utilities are not the only entities to benefit from SNTA Program grants in fiscal 2008. The program is helping three Afri-

can development finance institutions use credit ratings to identify organizational reforms, improve regulatory oversight, and enhance their access to finance. The grant will fund credit assessments and a regional workshop on issues relating to the creditworthiness of development finance institutions.

Outcomes

The PPIAF portfolio in Africa has produced strong outcomes. Since inception, more than 80 percent of activities in the region have resulted in at least one measurable outcome. These activities, representing more than US\$20 million in funding, have produced a total of 125 outcomes.

At the transaction level, activities have helped produce a number of innovative contractual approaches to public-private partnerships. One activity was aimed at improving water service delivery in the Democratic Republic of Congo. The country's government is exploring the option of setting up a management contract over a five-year period that would restore the utility (Regideso) to sound financial footing and make a significant improvement in its operations.

In capacity building, PPIAF's work with governments on public-private partnership units is helping countries manage a pipeline of projects and work with municipalities to facilitate public-private partnerships at the local level. As a result of PPIAF support in South Africa, several municipalities are now working toward specific transactions involving public-private partnerships. In Mozambique, PPIAF's support to the Maputo public-private partnership unit has also led to the initiation of new transactions (box 4).

In the policy sphere, PPIAF consultations have helped improve the regulatory environment and facilitate downstream transactions. In Ghana, for example, PPIAF support has resulted in revised legislation and regulation needed to establish an appropriate institutional framework for a bus rapid transit program. In Burki-

Box 4

Support in Mozambique leads to more than 36 new projects

Mozambique has emerged from one of Africa's longest-running conflicts. While the war destroyed nearly all the country's major infrastructure, the government has made great strides in introducing improvements. Still, much remains to be done.

The City of Maputo, Mozambique's capital, wanted to explore possibilities for private participation as a way to increase investment in infrastructure and improve services. It requested support from PPIAF to help in evaluating its legal and institutional environment, to see wheth-

er private participation might be an option. The PPIAF-funded study recommended that the city council form a public-private partnership unit.

The results have been impressive. The City of Maputo now has a pipeline of more than 36 projects, with an estimated value of US\$65 million. Twenty-two have already been awarded, and the rest are under negotiation, in preparation, or at the bidding stage. The projects include the construction of an international bus terminal and the rehabilitation or construction of housing, markets, parking, health kiosks, and government buildings.

na Faso a PPIAF grant supported the creation of a legal framework for the energy sector that calls for the establishment of an electricity regulator. This framework has paved the way for the preparation of an affermage contract for the state-owned electricity utility, SONABEL.

PPIAF is also seeing progress in its portfolio of cross-border activities in Africa. A PPIAF-funded business plan for the West African

Power Pool has been formally endorsed, helping to ensure the long-term sustainability of the organization. Officials of the power pool and the Economic Community of West African States (ECOWAS) also endorsed PPIAF-funded templates for public-private partnership transactions related to priority cross-border power transmission projects.



East and Southern Africa Team (Nairobi, Kenya)

from left to right—Njeri Gicheru (Program Assistant), Francis Karuu (Driver/Messenger), Joel Kolker (Regional Team Leader), and Serah Njoroge (Program Officer and Deputy Team Leader)



West and Central Africa, and Middle East and North Africa Team (Dakar, Senegal)

from left to right—Lorenzo Bertolini (Regional Team Leader) and Alassane Wade (Operations Analyst)

East Asia and Pacific

Infrastructure investment in East Asia and Pacific has been stretched by the demands of continued economic growth in many countries, especially Indonesia, the Philippines, and Vietnam. Governments confront the twin challenges of aging infrastructure assets and growing demand for new infrastructure even as they continue to deal with fiscal management issues.

In the face of these challenges, governments increasingly recognize the role of, and opportunities for, private participation. Yet the environment for private investment in infrastructure has been affected both by macroeconomic factors, such as rising inflation in a number of countries, and by wider global financial events.

At the subnational level, local governments and government enterprises are seeking to strengthen their ability to borrow from capital markets for vital infrastructure investments as national governments increasingly decentralize infrastructure service provision. Much needs to be done not only in developing the capacity of subnational entities but also in implementing policies and strategies that will further develop local capital markets for subnational finance.

Regional overview

In fiscal 2008 PPIAF committed US\$3 million for 15 activities, 5 of them SNTA Program activities, in East Asia and Pacific. Support for the region accounted for 12 percent of PPIAF commitments and 17 percent of SNTA Program commitments. Nearly 58 percent of PPIAF funding in the region went to multisector projects—in Indonesia, Mongolia, and the Philippines.

PPIAF activities

Upstream work to support the enabling environment for private participation in infrastructure continued to be the main focus of PPIAF activity in the region. The two largest activities approved in fiscal 2008 support governments in strengthening infrastructure policies and under-



taking reforms. One is assisting the Mongolian government in preparing an infrastructure strategy for the South Gobi Desert region, to help ensure that the development of major mineral resources is integrated with broader infrastructure development. The other, in Indonesia, is assisting in setting up an infrastructure guarantee fund to help attract private finance for much-needed infrastructure projects.

In the Philippines PPIAF supported the Philippine Development Forum's infrastructure workshop, which provided valuable consensus building around the government's infrastructure priorities. Further downstream, PPIAF provided support to the Philippine government for an independent assessment of a concession agreement as part of the bidding process for the state-owned electricity transmission company, Transco.

Box 5

Reducing nonrevenue water losses in Ho Chi Minh City

Ho Chi Minh City, Vietnam, faces critical losses in its water supply system. In 2005 a PPIAF grant supported a review of international practices in reducing nonrevenue water through performance-based contracts with the private sector. The city used the report to help the water utility Saigon Water Corporation (SAWACO) develop a contract to address the city's water losses. Bidding documents for the nonrevenue water contract were prepared, and a competitive tender held.

SAWACO, recognizing that it lacked the capacity and experience to evaluate the bids received from the private sector, requested follow-on assistance. PPIAF responded, launching an activity in September 2007 to build SAWACO's

capacity and provide staff training in contract monitoring.

In early July 2008 Ho Chi Minh City awarded a five-year, performance-based, nonrevenue water contract to the Philippines-based Manila Water Company, which had teamed up with the Vietnam-based Construction Technology Development JS Company to win the US\$15 million contract. The two PPIAF-funded activities were essential in ensuring the quality and success of the transaction. Besides PPIAF, sources of support for the activity aimed at reducing nonrevenue water included Ho Chi Minh City itself, the Finnish government, and the World Bank-funded Vietnam Urban Water Supply Development Project.

In Vietnam PPIAF provided support for designing a competitive market for generation as a growing number of private sector power providers work to meet the increasing demand for electricity. PPIAF has also provided training for the Saigon Water Company as it evaluates private sector bids for a performance-based contract to reduce nonrevenue water (box 5). Another PPIAF activity in Vietnam has supported the government in examining options for private participation in a rail mass rapid transit system for Ho Chi Minh City, the country's largest city and its economic hub.

PPIAF also increased its outreach to the Pacific Islands, approving two new activities to support infrastructure development efforts in this part of the region. A regional study will help Pacific Island governments examine options for developing a telecommunications and information and communication technology resource center. Another activity will assist the government of the Solomon Islands in design-

ing a strategy to finance a public-private renewable energy project.

SNTA Program activities

In the Philippines three SNTA Program grants approved in fiscal 2008 are aimed at helping to mobilize financing from capital markets. The first supports the national government's efforts (through the Department of Finance) to improve local government financing, particularly in raising capital from local financial markets. This activity is focused on obtaining credit ratings for at least 10 local government units, developing a framework for monitoring and regulating the borrowing activities of local government units, and sharing knowledge through a workshop to discuss the role of credit ratings in local government finance. A second, small SNTA Program grant is helping the Marikina city government explore its financing options for projects to upgrade services for poor

communities, including determining which projects would be best suited for market-based financing.

A third SNTA Program activity is supporting a larger initiative of the Water and Sanitation Program in the Philippines, the Small Water Utilities Improvement and Financing Project, which seeks to improve the performance and financial viability of small utilities. The SNTA Program is supporting the efforts of 11 water utilities to improve their access to finance—an approach in line with the Philippine water sector financing policy—including through an assessment of financing needs and possible commercial financing.

The SNTA Program has also been active in China as that country begins to experiment with subnational borrowing. The program is providing support to help reform China's urban development investment companies. Wholly owned by municipal governments, these municipal corporations were established during the early 1990s, when local governments were under great pressure to both build municipal infrastructure and reform the role of government in managing infrastructure services. The SNTA Program's support will help urban development investment companies obtain a credit rating and a financial management assessment aimed at helping to transform them into financially viable utilities.

Another SNTA Program grant supported a workshop on debt financing for municipal development in Ningbo, China. The workshop, held in Ningbo at the end of January 2008, re-

viewed international and Chinese experience in debt management and financial intermediation.

Outcomes

In fiscal 2008 PPIAF saw important results from activities initiated in previous years. In Vanuatu the government formally adopted legislation establishing a multisector utilities regulator, a process many years in the making. In Vietnam the City of Hanoi is following up on a PPIAF-funded study to develop a performance-based approach to reducing nonrevenue water. The Hanoi activity is based on PPIAF-funded assistance to the state-owned Hanoi Water Business Company to identify options for reducing water losses.

Also in Vietnam, the national government issued a decree establishing guidelines for the operations of local development investment funds, the investment vehicles through which subnational governments will engage with the private sector for the development of infrastructure. This decree came as a result of a PPIAF activity that provided specific advice to the funds on investment policy, including investment appraisal procedures, investment eligibility criteria, risk exposure policy, and portfolio monitoring.

In the Philippines just-in-time support from a small PPIAF grant of US\$75,000 to Transco, the state-owned transmission company, also produced results. The grant assisted with an independent assessment of a proposed concession contract, a transaction that yielded investment commitments of US\$3.95 billion (box 6).



East Asia and Pacific Team (Manila, Philippines)

Paul Reddel (Regional Team Leader) and
Hope Gerochi (Program Officer)

Box 6

Helping to seal the deal in the Philippines

The transmission system in the Philippines needs more than US\$850 million in investments to expand and improve the delivery of electricity in the country. The government, as part of its overall development strategy, planned to privatize the state-owned National Transmission Corporation (Transco) through a concession. But the bidding process for the concession failed.

The government, seeking to attract bidders while also protecting its interests, requested PPIAF support for an independent assessment

of the concession agreement. PPIAF-funded consultants brought international experience and technical expertise, providing support to the government throughout the new bidding process to help ensure its success.

The Transco concession was successfully awarded to a private operator in December 2007 for US\$3.95 billion. As part of the agreement, the private operator will finance, operate, maintain, rehabilitate, and manage Transco for the 25-year concession period.

South Asia

South Asia has emerged as one of the developing world's leading recipients of private investment in infrastructure, in large part because of continued investments in India's telecommunications, energy, and transport sectors. The region attracted 13 percent of investment commitments to infrastructure projects with private participation in developing countries in 2001–06, up from just 5 percent in 1995–2000.

Yet the region continues to face a large infrastructure deficit—stemming from both too few new projects and poor maintenance of existing assets—and an urgent need to scale up investments. Estimates from a World Bank study suggest that sustaining annual GDP growth of 7.5 percent in South Asia would require annual investments of about 5 percent of GDP to meet the increased demand for infrastructure services along with another 2 percent of GDP for capital replacement.¹

Raising investment to this level will be a big challenge, and South Asian governments will need to look to the private sector and the capital markets. Annual investment commitments to infrastructure projects with private participation, averaging only around 0.9 percent of regional GDP in 2001–06, will need to increase in the coming years to eliminate the region's infrastructure deficit.

Market borrowings by subnational entities to finance and expand infrastructure services have been limited mostly to India, where about 10 local bodies have accessed capital markets in the past decade. More than 100 parastatals in India have financed capital investments in infrastructure from local commercial banks and are open to foreign currency loans. The government of India, through an ongoing program, is encouraging urban local bodies to ac-

cess market-based finance to scale up infrastructure services.

Regional overview

PPIAF approved 15 new activities in South Asia in fiscal 2008, including one SNTA Program activity, with aggregate funding of about US\$1.6 million, or about 7 percent of the combined portfolio. Support for this region accounted for 7 percent of PPIAF commitments and 7 percent of SNTA Program commitments. This funding level is low compared with that in previous years, largely because challenging political environments in Bangladesh, Nepal, Pakistan, and Sri Lanka distracted government attention from infrastructure issues.

Activities in India

PPIAF's support to India in fiscal 2008 was strategically focused—aimed at providing technical assistance and knowledge support, at state and national levels, in sectors for which opportunities for public-private partnerships are being considered for the first time, such as railways, urban transport, and power transmission. PPIAF has customized its approach to India's diverse regions. In some of the poorer states, such as Bihar, PPIAF has supported upstream policy and institutional reforms, while in higher-growth states with large demand for infrastructure, such as Maharashtra and Andhra Pradesh, it has provided downstream assistance to develop business strategies and identify public-private partnership projects.

In Bihar, working alongside a broader reform program supported by the U.K. Department for International Development and the World Bank, PPIAF is helping to develop an enabling legal and institutional framework for public-private partnerships. With PPIAF's support, the government is assessing the potential of such partnerships to ease financial distress, improve efficiencies in project management, and foster better accountability.

¹ Isabel Chatterton and Olga Susana Puerto, "Estimation of Infrastructure Investment Needs in the South Asia Region" (Sustainable Development Network, World Bank, Washington, DC, 2006), <http://go.worldbank.org/0ZFY0DMTI0>.



In Maharashtra PPIAF, along with the International Finance Corporation, is helping the state government set up a special institution to develop urban infrastructure projects through public-private partnerships and support capacity building by municipalities. PPIAF is also helping the power distribution company in Maharashtra build the institutional capacity to manage and monitor distribution franchisee contracts with private operators. These contracts are designed to reduce power losses and secure much-needed investments in the sector, improving service to customers.

In Andhra Pradesh PPIAF is helping the government assess strategic options for developing infrastructure in a sustainable manner in the coastal growth corridor. This work includes extensive stakeholder consultations to incorporate local priorities and concerns.

At the national level PPIAF is supporting the Indian government's initiatives to develop policy, legal, and regulatory frameworks for public-private partnerships in new sectors. Activities include developing a model concession agreement for the modernization of railway stations, assessing potential areas for partnering with the private sector for railway reforms, and developing comprehensive capacity build-

ing programs across sectors to scale up infrastructure through public-private partnership models. For example, PPIAF is assisting a newly established bus company in the city of Pune in developing a business plan and strategy for a public-private partnership to improve city bus services.

An SNTA Program activity approved in fiscal 2008 will help the Karnataka state government raise investment finance for a US\$1.2 billion state highway development program. The grant will help the government examine options for leveraging additional financing from the private sector and local financial institutions to close the large financing gap for its road network. Funding also will be provided to conduct workshops and training for Karnataka officials on the financing of infrastructure projects and the strengthening of creditworthiness to raise finance from the market.

Other activities in the region

In Bangladesh PPIAF provided support, in partnership with the International Finance Corporation, to help the government create a transparent and competitive bidding process for a gas-based independent power producer (IPP) project. PPIAF also provided assistance in organizing road shows for the IPP transaction.

In Bhutan a new PPIAF activity is assisting the government in designing policy, regulations, and business options for developing backbone infrastructure, broadband, and value added services. Consultations involving the government and telecommunications operators and investors are expected to lead to a new policy for developing communications infrastructure.

In Maldives, following on an earlier activity that looked at the feasibility of, and explored strategic options for, public-private partnerships in the port sector, PPIAF is now helping to design a legal framework for developing efficient ports. The enabling framework is aimed

at establishing an autonomous port authority to regulate, monitor, and maintain ports. In this country of 192 inhabited islands, maritime development is important for equitable economic growth and poverty reduction.

In Nepal a new activity is assisting the government in assessing the feasibility of public-private partnerships for developing a highway project. The first major road link connecting this landlocked country to India, proposed as a

public-private partnership project, will aid trade and economic development for Nepal.

In Pakistan, where the political turmoil has meant a weak environment for public-private partnerships and infrastructure development, PPIAF approved only one new activity in fiscal 2008. Support was provided to the government's Infrastructure Project Development Facility to organize stakeholder consultations on options and challenges in delivering water supply, sani-

Box 7

Central and South Asia move forward on electricity trade

Electricity shortages in Afghanistan and Pakistan have prompted these South Asian countries to look to electricity imports to help meet demand. Meanwhile, the neighboring countries of Central Asia have surplus electricity and have been looking for export markets. In mid-2008 government representatives from Afghanistan, the Kyrgyz Republic, Pakistan, and Tajikistan signed an intergovernmental agreement on the development of a Central Asia-South Asia regional electricity forum—the first cross-border initia-

tive aimed at enabling electricity trade between the two regions.

PPIAF provided support early on, helping a multicountry working group and intergovernmental council assess the financial feasibility of the project and develop a legal structure and institutional framework. PPIAF funding also helped the working group evaluate risks and options for public-private partnerships to help support the agreement. Other partners included the World Bank and the Asian Development Bank.





tation, and waste management services through public-private partnerships.

PPIAF also supported regional cross-border activities in the past year, including a workshop on strategic communication for private participation, held in April 2008. Eighty officials from eight countries across Asia listened to communication experts and participated in hands-on exercises to learn how to better integrate consultations and communication programs into their reform efforts. Another regional activity helped facilitate cross-border electricity trade between Central and South Asia (box 7).

Outcomes

PPIAF activities in South Asia have led to important outcomes. In Kabul, Afghanistan, a corporatized urban water and sanitation company has been established, and a pilot for community-based solid waste collection is now under way.

In Pakistan the government's new Infrastructure Project Finance Facility has received

a license to operate as a nonbank financial intermediary with a focus on infrastructure development and private financing. In addition, PPIAF funding has supported the government's efforts to launch a universal service fund to expand telecommunications services in rural areas. Following up on a first pilot, developed with assistance from PPIAF, the government has scaled up this initiative and conducted additional rounds of bidding. Five service licenses were awarded in 2008.

In Sri Lanka the telecommunications regulator has issued a discussion paper on options for developing a telecommunications backbone with substantial input from a PPIAF-supported study. The study provided potential business models for developing a nationwide high-speed telecommunications backbone network. The government is already engaging a transaction advisor for implementation of the network.

In the Indian state of Maharashtra an electricity transmission company, with support from PPIAF, has finalized its business plan and public-private partnership strategy after extensive review by utility management and staff. The company has launched the strategy to seek strategic alliances with the private sector to develop electricity transmission infrastructure. India's Ministry of Finance has used PPIAF support in appointing a panel of transaction advisors to help ministries and state governments expedite the development of transactions involving public-private partnerships. With support from this panel, more than 40 new projects have reached varying stages of development.



South Asia, and Central Asia and Europe Team (New Delhi, India)

from left to right—Bernadette Nogueiro (Program Assistant), Bhavna Bhatia (Regional Team Leader), and Tarun Shankar (Infrastructure Specialist)

Middle East and North Africa

The Middle East and North Africa has had one of the fastest regional growth rates in private participation in infrastructure, with annual investment commitments in 2004–08 three times those in 1996–2000. The substantial demand for infrastructure and good expectations for cost recovery in the region are attracting growing attention from development finance institutions and private investors. While most of the recent growth in private participation has been in telecommunications, activity is also increasing in energy, transport, irrigation, and solid waste management.

Regional overview

PPIAF's challenge in the Middle East and North Africa has been to keep pace with the rapidly increasing demand for its support as the region experiences a boom in private participation in infrastructure. The region accounts for a small but growing part of PPIAF's portfolio: the region's share of the fiscal 2008 portfolio was just over 9 percent. A key focus of PPIAF's activities in the region is developing new partnerships and facilitating dialogue among policy makers, regulators, investors, and other stakeholders.

PPIAF activities

In fiscal 2008 PPIAF funded six new activities in the region, accounting for US\$1.7 million in commitments. In the Republic of Yemen PPIAF approved a grant to study financing options for a gas pipeline. In Morocco, where only about 70 percent of the waste in urban areas is being collected, PPIAF supported an effort to evaluate how private operators can help better manage solid waste. New activities in the Arab Republic of Egypt this past year have focused on mobilizing assistance for the country's public-private partnership unit, for the design of energy sector reforms, and for the implementation of pilot performance-based road maintenance contracts. PPIAF also funded an initiative by the Arab

Water Council to develop new partnerships and the establishment of a regional infrastructure regulators forum.

Outcomes

Past PPIAF activities in the region are yielding encouraging outcomes. An important outcome has come out of support to help develop the transaction model and regulatory framework for the West Delta irrigation project in Egypt. The government is tendering a design-build-lease contract for the project, which will require no budgetary subsidies. Many companies have signaled an interest in bidding on the project, including Chinese, European, and local Egyptian operators. Construction is slated to begin by 2010.

In Tunisia a PPIAF technical assistance grant to help prepare a strategy for private participation in infrastructure has also led to a promising outcome: a new concession law, approved in April 2008 (box 8).

Box 8

PPIAF support leads to a new concession law in Tunisia

Crucial to overcoming poverty in Tunisia is access to good-quality infrastructure services at an affordable price. Seeking to bring new investment to the country's infrastructure sectors, the government asked PPIAF for help in developing a comprehensive strategy for increasing the private provision of infrastructure and updating the legal, regulatory, and institutional framework to support sustainable public-private partnerships in infrastructure.

The government has taken significant steps to promote public-private partnerships since the activity was completed. In 2006 it divested 35 percent of its controlling stake in Tunisie Telecom, the incumbent national fixed-line and mobile operator, for US\$2.25 billion. And in April 2008 the government adopted a framework law on concessions, making the country more attractive to private operators.

Central Asia and Europe

Central Asia and Europe attracted greater investment commitments to infrastructure projects with private participation than any other developing region in 2007. A key factor in the region's attractiveness to investors has been its regulatory and market structure reforms, driven by the process of accession to the European Union.

Telecommunications has seen the most private investment, followed by the energy sector. In the water sector there has been a shift from concessions to management and lease contracts, which involve a greater reliance on public funding for capital expenditure. Interest in developing highways through private participation is picking up.

Many governments also are interested in accessing capital market financing for infrastruc-

ture development. That will require putting into place enabling legal and policy frameworks and taking measures to improve the creditworthiness of subnational entities and parastatals.

Regional overview

In fiscal 2008 PPIAF approved 12 new activities in Central Asia and Europe—including 3 SNTA Program grants—for total funding of US\$2.8 million, about 12 percent of the combined PPIAF and SNTA Program portfolio. Support for activities in the region accounted for 11 percent of PPIAF commitments and 15 percent of SNTA Program commitments for the year. A substantial share of the support was directed to the Balkans.

The distribution across energy, water supply and sanitation, and multisector activities was fairly even, with each sector receiving about 30 percent of the assistance. In the energy sector



the support was focused on facilitating renewable energy projects, competition and market development, regulatory frameworks, and stakeholder consultations. Activities relating to urban infrastructure—such as water, solid waste, and urban transport—accounted for the largest share of grant support provided across all sectors in the region.

Activities in the Balkans

PPIAF support to Central Asia and Europe in fiscal 2008 was concentrated in the Balkans. In Kosovo funding was approved to support the energy regulator in facilitating the development of renewable energy projects with private participation. The aim is to assist the regulator in developing a framework for secondary legislation and regulations that can help in meeting its targets for reducing electricity consumption. In the former Yugoslav Republic of Macedonia PPIAF is providing support to the government, the transmission utility, and the energy regulator in introducing competition and market reforms. In Croatia a PPIAF activity is helping to structure public-private partnerships for a new waste management facility.

In Serbia PPIAF awarded the government a grant to help public utility companies in a range of sectors develop detailed strategies for increasing their efficiency and financial viability. In Bosnia and Herzegovina PPIAF support helped the government conduct a series of stakeholder consultations aimed at building consensus on energy reforms and the role of the private sector. And in Montenegro an SNTA Program grant is helping the city of Podgorica upgrade its water system.

Activities elsewhere in the region

Elsewhere in the region, PPIAF awarded three grants in Ukraine during fiscal 2008. One SNTA Program grant is helping the government assess constraints to market-based financing for subnational entities and solicit recommendations for facilitating such financing. Another is supporting



technical assistance to two Ukrainian cities aimed at improving their creditworthiness so that they can guarantee the borrowing of their heating companies for infrastructure investment.

In Armenia PPIAF is funding an activity to improve management of solid waste in Yerevan, including an assessment of options for public-private partnership and the development of an enabling policy, regulatory, and institutional framework. The capital city generates about 40–50 percent of the country's waste, and environmental and safety concerns make waste management a priority for the city government.

Outcomes

Past activities supported by PPIAF in the region have resulted in a number of transactions. In FYR Macedonia PPIAF support led to the tendering of 60 mini-hydropower sites to private developers (box 9).

PPIAF support to the government of Armenia helped lay the groundwork for the award of a railway concession contract in early 2008. Several PPIAF grants helped the government organize road shows, market the transaction, draft requests for proposals, design commercial contracts, and manage the bidding process.

PPIAF support to nine countries in southeastern Europe helped governments assess the feasibility of developing regional gas infrastructure. Extensive consultations were carried out to foster support and engage stakeholders in the process (box 10).

Box 9

FYR Macedonia tenders 60 mini-hydropower plants

When the government of FYR Macedonia devised its energy strategy, it gave high priority to developing mini-hydropower plants with private participation as a way to diversify the country's energy supply and increase the use of local resources. Recognizing that pilots could serve as models for future hydropower privatization in the region, it sought PPIAF support to help develop its plans.

PPIAF supported an in-depth review of the country's legal, regulatory, and institutional

framework for private power development and a prefeasibility cost analysis. The PPIAF-funded activity also included helping the government identify sites for new plants, developing the pilot bid packages, and supporting the tendering and award of mini-hydropower sites.

The PPIAF activity produced a recommended tariff methodology that was adopted by the regulator, and 60 hydropower sites have been tendered to private developers.

Box 10

Gasification study fosters cooperation in southeast Europe

The countries of southeast Europe rely mostly on diesel, heavy fuel oil, coal, wood, and electricity to meet their energy needs. Natural gas, a relatively clean fuel that is often cheaper than other sources of energy, has had a very small role in the region's energy mix.

Could natural gas potentially play a larger role? PPIAF helped fund a study that analyzed the economics of greater use of natural gas in the region. The study compared the economics of natural gas with those of other energy sources, examined the feasibility of constructing regional and cross-border gas infrastructure,

and assessed the economics of bringing natural gas into the region's major cities. A comparative analysis assessed potential sources of natural gas, including piped gas from the Russian Federation and the Caspian region, as well as liquefied natural gas. Finally, the study investigated the role and viability of national and regional gas storage to increase security of supply.

The study led to the concept of the European Community Gas Ring, which would connect up to seven countries in the region, allowing anchor customers to switch to natural gas.

Latin America and the Caribbean

In 2007 Latin America and the Caribbean registered its highest level of private participation in infrastructure since 2003, with US\$38.3 billion in investment commitments, most of it in telecommunications, energy, and transport. This was the fourth consecutive year of growth, marking a resurgence in private participation after the sharp downturn of the 1990s. Though declines in investment are expected in 2008 and 2009 as a result of the credit crisis, the region continues to provide lessons and best practices as other regions increase their level of private participation.

Regional overview

In past years PPIAF has allocated relatively low levels of funding to activities in Latin America, following Program Council guidance to direct more support to low-income and African countries. But support to the region increased in fiscal 2008: PPIAF approved 17 new activities for about US\$2.9 million in funding, accounting for 13 percent of the combined PPIAF and SNTA Program portfolio, up from only 4 activities in fiscal 2007.

Latin America is a strong focus for the SNTA Program, receiving 27 percent of its new commitments in fiscal 2008. As municipalities and other subnational entities in the region's middle-income countries become more financially viable, they are looking to capital markets for investment finance. That has led to a strong demand from governments for support to strengthen their creditworthiness and manage transactions, and the SNTA Program responded in fiscal 2008 with technical assistance in this area. Latin America is expected to spearhead the subnational financing activities of the program by piloting cutting-edge interventions and consolidating know-how that will benefit activities worldwide.

PPIAF activities

In Brazil PPIAF is supporting two pilot projects in municipal solid waste management to help the government explore its options for private participation, including by assessing local conditions and identifying risk mitigation tools. In Colombia PPIAF awarded the government a grant for traffic studies to help structure and tender the Ruta del Sol road concession. The transaction, which will involve up to US\$2.5 billion in investment, will be the largest infrastructure project in Colombia and one of the largest in the region.





PPIAF is also supporting efforts to fill the information gap on private participation in the region. To help evaluate the impact of private participation in infrastructure, PPIAF has cofunded a publication, *The Impact of Private Sector Participation in Infrastructure: Lights, Shadows, and the Road Ahead*. Another regional initiative will gather data on the operational and financial performance of private participation in Latin American airports over the past decade and make policy recommendations for improving the sector's performance.

SNTA Program activities

Nearly half the support to Latin America in fiscal 2008 went to seven new SNTA Program activities. In Colombia PPIAF awarded three SNTA Program grants to support subnational borrowing. The first will help develop a plan for improving the creditworthiness of Barranquilla's TransMetro, which includes the city's bus rapid transit system. The second is supporting a study to evaluate the financial feasibility of two commuter cable car lines pro-

posed for Bucaramanga to link this city with outlying poor areas. If these cable car lines prove to be feasible, the activity will also define a strategy for financing them. The third grant is aimed at helping to improve the risk management practices of La Promotora de Pereira, the city of Pereira's development finance institution, to strengthen its ability to access financing for sustainable infrastructure projects from capital markets.

In Brazil an SNTA Program grant is assisting with the preparation of an initial public offering of ownership shares for the water utility Comesa. The utility is wholly owned by the state of Pernambuco, which is expected to sell 30–40 percent of its shares.

In Guatemala the SNTA Program is supporting an activity to help bring in commercial financing for basic infrastructure services for the poor. The activity will produce an operating manual for a proposed guarantee fund (FOGA) to support private banks investing in basic community infrastructure. Through seminars and training sessions, the activity will

also promote the FOGA concept among private banks, communities, and microfinance institutions interested in financing local infrastructure projects.

In Peru an SNTA Program grant is helping subnational governments gain access to commercial bank and capital market financing, with the aim of complementing their existing transfers and own revenues, diversifying their funding sources, creating a credit history, and introducing financial discipline. This activity includes help in preparing an information package—including financial information, investment plans, investment project documents, and institutional information—that will facilitate access to commercial financing.

In Honduras an SNTA Program grant is supporting the efforts of three municipal governments that would like market-based financing for infrastructure projects, including a regional waste facility and two toll roads. The grant is supporting assessment of the legal and regulatory environment for subnational borrowing in Honduras and the appraisal of several municipal borrowing transactions.

Outcomes

Many earlier PPIAF activities in Latin America and the Caribbean are yielding positive outcomes. In Peru work funded by PPIAF underlies a legal framework for rural electrification, which has been approved by the country's parliament, and a national ports law, which has led to the award of a contract to Dubai Ports to operate a new container terminal.

In Panama City the government is implementing a bus rapid transit system based on the findings of a PPIAF-funded urban transport study. In Colombia a PPIAF grant to help the government facilitate private investment in ports resulted in three seaport and two airport concessions, expected to generate substantial investment.

In Costa Rica, where PPIAF funded the development of a draft general telecommunications law and legislation and regulation for licensing, interconnection, and the functioning of the regulatory authority, the congress has approved the two key pieces of telecommunications legislation: the General Telecoms Law and the Law on Public Institutions of the Telecom Sector.



Latin America and the Caribbean (Washington, DC)

Joshua Gallo (Regional Program Leader)

Global knowledge management

PPIAF supports a robust global knowledge management agenda to supplement its grant-funded technical assistance with information on best practices and lessons learned across the developing world. In fiscal 2008 it approved 14 new global knowledge management activities for just over US\$1.5 million in funding, about 7 percent of the combined PPIAF and SNTA Program commitments.

PPIAF activities

PPIAF's ongoing knowledge management activities can be broadly grouped in three categories: gathering and analyzing data on the changing roles and incentives of private players in infrastructure, providing operational information for clients, and analyzing factors that drive infrastructure service performance.

Gathering and analyzing data

PPIAF funds a number of data gathering activities to foster greater understanding of private participation in infrastructure across countries and sectors. In fiscal 2008 PPIAF continued its support to the PPI Project Database, cofunded with the World Bank. PPIAF continues to refine and improve the methodol-



ogy of the database to adapt to the changing landscape of private participation. This past year PPIAF and the World Bank also developed partnerships with overseas data collection agencies in China and India to improve the comprehensiveness of data from these two emerging economies.

In addition, PPIAF finalized a report, *The Role of Developing Country Firms in Infrastructure*, that provides a first glimpse, through surveys and interviews, of how local and regional firms have become important players in infrastructure in many developing countries. The full report, with interviews, is available on the PPIAF Web site.

PPIAF also is funding regional studies in Africa on the emergence of new financiers such as China and India. A similar regional study was undertaken for South Asia to explore the financing mechanisms used in this region's booming infrastructure market. The results will be forthcoming in PPIAF's Gridlines series. Reports like these are designed to expand the frame of reference for players in infrastructure finance and include them in the broader development debate.

Providing operational information for clients

A second set of activities focuses on providing operational knowledge for policy makers and regulators. Building on the success of the *Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services*, PPIAF has funded a series of two-day conferences on public transport planning (box 11). The course and part of the toolkit have been translated into Chinese. In addition, the toolkit *Public-Private Options for Developing, Operating, and Maintaining Highways* is being revised and expanded to incorporate new topics, case studies, and lessons learned since the first edition was prepared in 2002.

A major report published in fiscal 2008 is *Public-Private Partnership Units: Lessons for Their Design and Use in Infrastructure*, a product that complements PPIAF's effort to scale

up government PPP units for managing project pipelines. This report has been one of the most popular products on the PPIAF Web site.

Another flagship product launched in fiscal 2008 is the *Infrastructure and Law* Web site. This site serves as an important resource for policy makers and regulators on the contractual and legal aspects of infrastructure projects (box 12).

Continuing to update and expand existing knowledge has been an important part of PPIAF's global knowledge management strategy. As part of this, PPIAF is supporting work to update the *Body of Knowledge on Utility Regulation* in partnership with the Public Utility Research Center at the University of Florida. This Web-based compendium of information complements forthcoming PPIAF publications on practical regulatory issues, such as low-discretion rules for regulators in the water sector and a technical guide on setting tariffs.

In addition, two more user's guides in a se-

ries of three were prepared in collaboration with the Infrastructure Consortium for Africa. One publication, *Donor Debt and Equity Financing for Infrastructure*, covers donor financing facilities active in African infrastructure. The other, a guide to project information requirements of private investors, was released in October 2008 in both English and French. This user's guide is being expanded to provide global application.

Analyzing factors driving infrastructure service performance

Finally, PPIAF continues to sponsor analytical pieces assessing the impacts of different institutional arrangements on infrastructure service performance as part of its efforts to advance knowledge. The most recent such publication, *Does Private Sector Participation Improve Performance in Electricity and Water Distribution?* undertakes an econometric analysis of 300 water and electricity sector projects with

Box 11

Global training program in urban transport

The launch of the *Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services* in fiscal 2008 has been followed by an extensively prepared outreach strategy and series of events to make the toolkit accessible to policy makers in different parts of the world. As part of this, PPIAF has funded a series of workshops on strategic policy and planning for the transport sector. The workshops are tailored to the region in which they are held. Each one uses regional case studies, and special efforts are made to attract participants from different countries across the region. So far workshops have been held in Colombia, Ghana, Morocco, the Philippines, and Washington, DC. Those attending learn about



such topics as reforming the bus industry, designing networks and routes, and carrying out cost analyses and financial planning.

Box 12

New Web site to aid with transactions

The *Infrastructure and Law* Web site was created by the World Bank and PPIAF to help development specialists and government officials better manage the complex legal and contractual issues associated with infrastructure projects. Drawing on years of World Bank experience, the user-friendly site features checklists, model bidding documents, terms of reference, sample laws and regulations, and clauses from contracts designed

for transactions in power, transport, telecommunications, and water and sanitation. Annotated comments prepared by legal experts in the different sectors provide guidance to users and make the site an interactive learning tool. The Web site was launched internally at the World Bank in spring 2008 and externally in November 2008, at <http://www.worldbank.org/inflaw>.

private participation and a control group of 900 without private participation. Another report uses a case study approach to draw lessons from the past decade of private participation in the water sector in developing countries. And a new study funded by PPIAF is assessing the impact of governance on the performance of state-owned enterprises and limited forms of private participation.

SNTA Program activities

The SNTA Program is moving forward to bring together expertise on financing at the subnational level and assess the potential for increasing such financing. One of the SNTA

Program's first global knowledge products is a survey of market-based lending to subnational governments to finance infrastructure in developing countries. The study, slated for publication in early 2009, assesses trends in such lending and analyzes the principal obstacles to growth in private participation in the municipal credit markets of developing countries. In addition, notes in the Gridlines series have covered such topics as municipal bonds and credit enhancements for municipal borrowing. And several knowledge products are being developed on credit ratings and subnational insolvency frameworks.



Global Knowledge Management

Clemencia Torres de Mástle (Senior Regulatory Economist)

Outreach and dissemination

PPIAF continues to scale up its marketing efforts to increase the visibility of PPIAF, its activities, and its knowledge products.

Personal outreach efforts

PPIAF staff, from the field offices as well as headquarters, together attended more than 100 workshops, conferences, and outreach events during fiscal 2008. These included investor forums, government workshops and meetings, and outreach events targeted to the private sector, civil society, and donors. Some of these outreach efforts were at the global level, but most of the contacts were at the national level, in recipient countries where PPIAF representatives participate actively in dialogues on sector reforms and development priorities.

Web site

PPIAF launched its new Web site in February 2008, at <http://www.ppiaf.org>. The updated site provides a much more user-friendly interface, allowing visitors to find material by sector, theme, and region as well as by type of knowledge product. Each month the site features new stories highlighting the development impact of PPIAF activities, reporting on industry trends and events, and profiling infrastructure specialists.

In addition, the site now provides more detailed descriptions of PPIAF activities approved in the past three years, with updates on the status of both those being implemented and those that have been closed. This information will be updated twice a year to give users current information on PPIAF's work.

PPIAF's Web site has proved to be an effective means for disseminating knowledge products. The site received visits from 147 countries and territories in the first few months after its launch, and it remains one of the most popular

sites on infrastructure at the World Bank. Promotional efforts such as directory registrations and Google advertising campaigns for different products have helped increase the number of visits.

E-newsletter

PPIAF's quarterly newsletter has seen its readership nearly double since January 2007, with a subscriber base at the end of fiscal 2008 of nearly 6,000 and growing. PPIAF continues to increase efforts to expand the readership, particularly among governments, through more targeted outreach efforts. The newsletter is now sent through a service company, Vertical Response, to get more data on readers' top picks and on bounce rates.

Publications

In fiscal 2008 PPIAF published a short, four-page brochure providing a brief overview of its activities and an accompanying two-page brochure on the SNTA Program. The short brochure on PPIAF, together with the related application forms, is now available in English, French, and Spanish.

PPIAF has continued to expand its Gridlines series of four-page notes as its primary dissemination product, using the series to summarize lessons learned from innovative projects and knowledge management work. Nine new notes were published in fiscal 2008, bringing the total to 38. PPIAF also continues to publish reports as part of its own branded series of Trends and Policy Options publications and Working Papers (box 13).

Working closely with the World Bank's External Affairs Office of the Publisher (EXTOP), PPIAF is extending its outreach through World Bank country offices and more than 250 World Bank InfoShops and depositary libraries throughout the world.

PPIAF products and publications launched in fiscal 2008

PPIAF produces several flagship products each year as part of its global knowledge management portfolio. In addition, it features three publications series that draw on local, regional, and global partners. *Gridlines* are four-page notes that focus on emerging trends in public-private partnerships. *Trends and Policy Options* publications are derived from broad research underlying both PPIAF and non-PPIAF activities. *Working Papers* include case studies, conference papers, and other informal products of research. For a full list of PPIAF publications, go to <http://www.ppiaf.org>.

FLAGSHIP PRODUCTS

- Body of Knowledge on Utility Regulation—an online learning module providing essential information on utility regulation
- Private Participation in Infrastructure (PPI) Project Database—the leading source for PPI trends in the developing world, covering energy, telecommunications, transport, and water and sanitation projects
- Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services and Global Training Program—a global toolkit serving as a teaching resource on urban transport for policy makers and professionals
- Infrastructure and Law Web site—a useful resource for policy makers and regulators on the contractual and legal aspects of infrastructure projects

GRIDLINES

- Helping a New Breed of Private Water Operators Access Infrastructure Finance: Microfinance for Community Water Schemes in Kenya
- India Leads Developing Nations in Private Sector Investment: But the Region Needs More Investment to Meet Demands

- Recent Trends in Private Activity in Infrastructure: What the Shift Away from Risk Means for Policy
- Are Brownfield Concessions Poised for a Comeback? New Signs of Life after a Decade in Decline
- Asking the Right Questions: Johannesburg Completes a Groundbreaking Municipal Bond Issue
- Protecting Electricity Retailers against Price Volatility: The Electricity Tariff Equalization Fund in New South Wales
- Does the Private Sector Deliver on Its Promises? Evidence from a Global Study in Water and Electricity
- Worldwide Trends in Private Participation in Roads: Growing Activity, Growing Government Support
- A Demand-Driven Design for Irrigation in Egypt: Minimizing Risks for Both Farmers and Private Investors

TRENDS AND POLICY OPTIONS SERIES

- Building Bridges: China's Growing Role as Infrastructure Financier for Africa

COSPONSORED PUBLICATIONS

- Public-Private Partnership Units: Lessons for Their Design and Use in Infrastructure
- Solid Waste in Latin America and the Caribbean
- Donor Debt and Equity Financing for Infrastructure: User Guide for Africa
- India River Basin Development Optimization Study
- Foundation for Sustainable Development: Rethinking the Delivery of Infrastructure Services in Mongolia
- The Impact of Private Sector Participation in Infrastructure: Lights, Shadows, and the Road Ahead

WORKING PAPERS

- The Rise and Fall of Brownfield Concessions: But Some Signs of Recovery after a Decade of Decline



Outreach and Dissemination

from left to right—Herb Ladley (Junior Professional Associate), Janique Racine (Communications Officer), and Amsale Bumbaugh (Information Specialist)

4. Program finances

A focused governance structure helps PPIAF channel resources to beneficiary governments in response to demand. These resources are used to help the beneficiaries design programs of public-private partnerships. PPIAF's innovative financing structure supports this demand-responsive approach.

Finances and resource mobilization

PPIAF has a two-tier financial structure: a Core Fund and Non-Core Funds. The Core Fund consists of funds that are not subject to prior restrictions on the choice of country or sector. Contributions to the Core Fund by regional development banks, however, are limited to eligible countries and consultants as defined by the charter of the contributing regional development bank.

The Core Fund is used for all activities falling within PPIAF's approved work program and may be applied to governance costs as well as program activities. All donor contributions are designated for the Core Fund unless otherwise indicated.

Core Fund contributions by eligible organizations start at US\$250,000 a year. All contribu-

tions are in cash, though PPIAF may consider accepting contributions in kind in limited cases.

Non-Core Funds are subject to donor restrictions relating to themes, regions, or activities. A donor may set up a Non-Core Fund after making the minimum Core Fund contribution and with the consent of the Program Management Unit and the Program Council.

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

Contributions received

In the 12 months ending July 1, 2008, PPIAF had a total of US\$27.3 million in cash receipts, including those for the SNTA Program as well as US\$2.1 million in net investment income (table 3). In addition, at the close of the fiscal year, residuals from closed and canceled activities totaling US\$2.167 million were rechanneled to finance new requests for technical assistance.

Contributions in fiscal 2008 brought the total cash receipts since PPIAF's inception to almost US\$175 million, US\$166.1 million for PPIAF and US\$8.6 million for the SNTA Program (table 4).

Table 3 Member contributions, fiscal 2007 and 2008 (US\$ thousands)

Type of funding	Receipts in fiscal 2007			Receipts in fiscal 2008		
	PPIAF	SNTA Program	Total	PPIAF	SNTA Program	Total
Core	21,512	n.a.	21,512	16,605	8,574	25,179
Non-Core	2,789	n.a.	2,789	0	0	0
Net investment income	1,533	n.a.	1,533	2,024	58	2,082
Total funding	25,834	n.a.	25,834	18,629	8,632	27,261

Note: n.a. = not applicable.

Table 4 Member contributions: confirmed receipts as of July 1, 2008 (US\$ thousands)**Summary**

Type of funding	PPIAF	SNTA Program	Total
Core	124,531	n.a.	124,531
Non-Core	35,905	8,574	44,479
Net investment income ^a	5,700	58	5,758
Total funding	166,136	8,632	174,768

Member	Duration ^b	Receipts
PPIAF Core funding		
Asian Development Bank	January 2001–June 2008	1,750
Australia	July 2007–June 2008	1,170
Canada	July 1999–June 2008	2,134
European Commission	July 2005–June 2007	1,118
France	July 2000–June 2008	2,768
Germany	January 2001–June 2008	2,064
International Finance Corporation	July 2006–June 2008	250
Italy	July 2003–June 2004	250
Japan	July 1999–June 2006	10,435 ^c
Netherlands	July 2001–June 2008	3,750
Norway	July 1999–June 2007	2,850
Sweden	July 2000–June 2008	2,222
Switzerland	July 1999–June 2008	9,554
United Kingdom	July 1999–June 2008	65,710
United States	July 2003–June 2005	750
World Bank	July 1999–June 2008	17,756
Total		124,531
PPIAF Non-Core funding		
Japan	March 2001–June 2006	5,608 ^d
Sweden	July 2002–June 2007	7,539 ^e
Switzerland	July 1999–June 2005	3,082 ^f
United Kingdom	July 1999–June 2005	19,676 ^g
Total		35,905
SNTA Program Non-Core funding		
International Finance Corporation	July 2007–June 2008	4,100
United Kingdom	July 2007–June 2008	2,474
World Bank	July 2007–June 2008	2,000
Total		8,574

Note: The figures in the table may differ slightly from those reported in previous annual reports because amounts are pledged in own currency and then converted to U.S. dollars at the time of transfer. n.a. = not applicable.

- Pursuant to annex 1, paragraph 4, of the trust fund agreements. This amount supersedes earlier references to net investment income in other reports.
- Refers to the period for which the received amount is allocated.
- Includes US\$1.4 million in unallocated cash from the Infrastructure Action Program.
- Targeted to countries in East Asia.
- Targeted to countries in Sub-Saharan Africa. The Swedish Non-Core Trust Fund under Multi-Donor Trust Fund I was fully disbursed on June 30, 2007. A new Swedish Non-Core Trust Fund exists under Multi-Donor Trust Fund II.
- Targeted to countries in Eastern Europe and Central Asia. The Swiss Non-Core Trust Fund was fully disbursed on June 30, 2007.
- Targeted to selected low-income countries in Asia and Sub-Saharan Africa. The U.K. Non-Core Trust Fund was fully disbursed on June 30, 2005.

Expenditures

Expenditures fall into two main categories: program activities and program management and administration. In fiscal 2008 (July 1, 2007–June 30, 2008) total expenditures for PPIAF and the SNTA Program amounted to US\$18.9 million (table 5). Of this amount, US\$15.5 million went to program activities, down slightly from the US\$16.7 million in fiscal 2007 (table 6).

Table 5 Expenditures for program activities and administration, fiscal 2007 and 2008 (US\$ thousands)

Expense category	2007			2008		
	PPIAF	SNTA Program	Total	PPIAF	SNTA Program	Total
Program activities	16,748	n.a.	16,748	13,200	2,259	15,459
Program administration	2,798	n.a.	2,798	2,934	511	3,445
Program Management Unit ^a	2,414	n.a.	2,414	2,554	466	3,020
Regional coordination offices	1,450	n.a.	1,450	1,362	74	1,436
Other program administration expenditures	384	n.a.	384	380	45	425
Dissemination and outreach ^b	194	n.a.	194	157	0	157
Technical Advisory Panel ^c	149	n.a.	149	117	0	117
Annual meeting costs ^d	26	n.a.	26	59	9	68
One-off special projects ^e	0	n.a.	0	23	30	53
Technical assessments of activities ^f	15	n.a.	15	24	6	30
Total program activities and administration expenditures	19,546	n.a.	19,546	16,134	2,770	18,904

Note: n.a. = not applicable.

- Includes staff salaries (headquarters and regional coordination offices), benefits, overhead, travel, office space, administration, evaluation of proposals, and governance and coordination of donor relations.
- Includes activities related to the marketing and branding of PPIAF and its products (such as annual reports, brochures, Gridlines, the newsletter, and the Web site).
- Includes fees paid to Technical Advisory Panel members for their time in reviewing PPIAF activities, their travel to Washington, and their participation in the annual meeting of donors.
- Includes travel and per diem expenses of speakers and invited participants and beneficiaries and other costs related to the annual meeting (food and conference services).
- Includes fees paid to professionals and consultants undertaking nonadministrative projects relevant to PPIAF's mission.
- Includes fees paid to professionals to assess the technical feasibility of proposals.

Table 6 Program activity expenditures, fiscal 2007 and 2008 (US\$ thousands)

Expense category	2007			2008		
	PPIAF	SNTA Program	Total	PPIAF	SNTA Program	Total
Staff costs	750	n.a.	750	871	2	873
Travel	1,190	n.a.	1,190	939	40	980
Consultant fees and contractual services	14,805	n.a.	14,805	11,155	2,216	13,371
Other activity expenditures	3	n.a.	3	235	1	236
Total program activity expenditures	16,748	n.a.	16,748	13,200	2,259	15,459

Note: n.a. = not applicable.

Sources and uses of funds

Of the US\$175 million PPIAF has received since inception (US\$166.1 million for PPIAF and US\$8.6 million for the SNTA Program), US\$152 million has been allocated to activities (table 7). Almost US\$22.5 million, or 13 percent of the total cash receipts, has been allocated to program administration, including Program Management Unit and regional coordination office costs as well as expenses relating to the Technical Advisory Panel and all outreach activities.

Table 7 Sources and uses of funds as of June 30, 2008 (US\$ thousands)

Item	PPIAF	SNTA Program	Total
Receipts	166,136	8,632	174,768
Less approved activities	146,227	5,320	151,547
Less Program Management Unit and regional coordination offices	21,947	511	22,458
Plus confirmed fiscal 2009 pledges	4,605	7,400	12,005
Plus residuals from closed and canceled activities	10,431	0	10,431
Total expected funds	12,998	10,201	23,199

Program management costs

Despite the launch of the SNTA Program, program management costs increased only marginally in fiscal 2008 while declining significantly as a percentage of the now higher level of commitments. The Program Management Unit has managed the launch of the SNTA Program with the addition of only two staff members—a senior staff member (the SNTA Program leader) and a mid-level staff member who serves on a part-time basis as program leader for Latin America and the Caribbean, a position reinstated because of the considerable interest in the region in the SNTA Program.

Program Management Unit costs totaled US\$3.0 million for the fiscal year, or about 11 percent of the total program size of US\$23.3 million. Total Program Management Unit costs were 16 percent of actual disbursements, which lagged behind commitments—higher as a result of the addition of the SNTA Program (table 8).

**Table 8 Activity commitments and expenditures, fiscal 2008
(US\$ thousands, except where otherwise specified)**

Expense category	PPIAF	SNTA Program	Total
Program activity commitments	17,940	5,320	23,260
Program activity expenditures	13,200	2,259	15,459
Program administration			3,445
Program Management Unit			3,020
Other program administration expenditures			425
Total program activity and administration expenditures			18,904
<i>Program Management Unit costs</i>			
As percentage of actual program activity and administration expenditures			16
As percentage of program activity commitments			13
<i>Total program administration costs</i>			
As percentage of actual program activity and administration expenditures			18
As percentage of program activity commitments			15

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 attesting 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 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 has ensured that all expenses and disbursements accord with World Bank procurement and administrative guidelines.



Program Finances and Administration Team

from left to right—Patricia Roldan (Resource Management Assistant) and Claire Markgraf (Junior Professional Associate)

Maria Anton Butler (Program Assistant) and Katia Nemes (Senior Program Assistant)

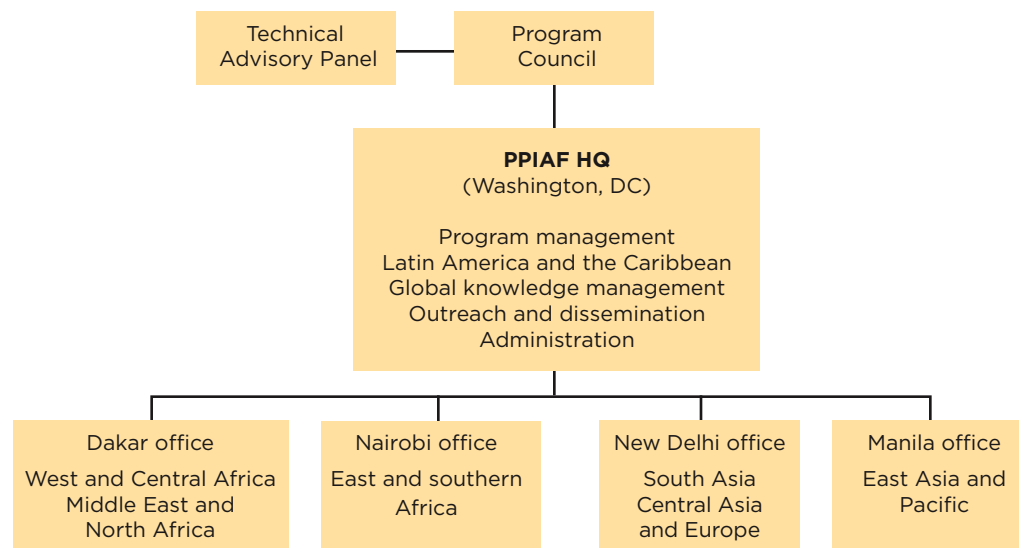


Annex 1 Governance structure

PPIAF has a governance structure designed to ensure the quality of its activities and its accountability to participating donors. At the top of this structure is the Program Council, made up of representatives of contributing donors (figure A1.1). The Program Council is supported by the independent Technical Advi-

sory Panel, whose members are leading international experts in different aspects of public-private partnerships in infrastructure. PPIAF is managed by the Program Management Unit in accordance with a general strategy laid out in PPIAF's charter and in the annual work programs approved by the Program Council.

Figure A1.1 Organizational structure of PPIAF



The Program Council

As provided in PPIAF's charter of July 1999, amended in July 2000 and May 2001, membership in the Program Council remains open to eligible organizations contributing a minimum of US\$250,000 a year to PPIAF's Core Fund (table A1.1). Members may also contribute to Non-Core Funds, whose use is restricted to particular themes, regions, or activities. The Program Council meets once a year to review the strategic direction of the PPIAF program, its achievements, and its financing requirements. Chaired by a designated representative of the World Bank, the Program Council is responsible for:

- Considering and defining the policies and strategies of PPIAF
- 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 the Program Management Unit

In fiscal 2008 the Program Council conducted its ninth annual meeting since PPIAF's launch in July 1999. Held in June 2008, the meeting was hosted by the African Development Bank in Tunis, Tunisia. The first day of the meeting featured presentations by specialists, on emerging themes related to emerging financiers in Africa and subnational borrowing, along with case studies of PPIAF activities. The second day focused on PPIAF's progress and gave the Program Council an opportunity to give PPIAF feedback. Donors agreed to move forward with the planning for the next evaluation of PPIAF, which will be completed in time for the 10th annual meeting, in 2009.

The Technical Advisory Panel

Members of the Technical Advisory Panel are selected on the basis of their expertise in matters relating to public-private partnerships in infrastructure in developing countries. They are appointed by the chair of the Program Council after consultation with its members.

The Technical Advisory Panel is responsible for:

Table A1.1 Members of the PPIAF Program Council as of July 1, 2008

Bilateral

Australia (Australian Agency for International Development, or AusAID)
Canada (Canadian International Development Agency)
France (Ministry of Foreign Affairs)
Germany (Federal Ministry for Economic Cooperation and Development, or BMZ)
Italy (Ministry of Foreign Affairs)
Japan (Ministry of Finance)
Netherlands (Ministry of Foreign Affairs)
Norway (Norwegian Agency for Development Cooperation)
Sweden (Swedish International Development Cooperation Agency)
Switzerland (State Secretariat for Economic Affairs)
United Kingdom (Department for International Development)
United States (U.S. Agency for International Development)

Multilateral

Asian Development Bank
European Commission
International Finance Corporation of the World Bank Group
United Nations Development Programme (observer status)
World Bank

- 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 panel met twice in fiscal 2008. It held its 13th meeting in Washington, DC, in January 2008. Panel members also participated in the Program Council's annual meeting. The panel conducted an ex post review of selected activities as part of its regular responsibility for independent evaluation of the impact of PPIAF's program. The six members reviewed 22 completed and on-

going activities from fiscal 2008 as well as the business plan for the SNTA Program.

The panel's review focused on three areas: PPIAF's support for stakeholder consultations; its global outreach, including research on trends and cutting-edge themes; and the challenges of private participation. The review confirmed earlier assessments of the high quality of the work being generated by PPIAF and concluded that in nearly all instances the work is being done cost-effectively. The panel also found that PPIAF has taken significant steps to address many of the strategic suggestions made in earlier reviews. The panel commented that many of the activities reviewed illustrate the unique opportunity that PPIAF, with its global portfolio of projects, has to reflect on the frontiers of knowledge and experience relating to private participation in infrastructure projects and to disseminate this knowledge to a wide audience of practitioners in the field.

There was only one change in the membership of the Technical Advisory Panel in fiscal 2008: Valentine Chitalu, unable to continue serving, resigned from the panel as of June 30, 2008.

The membership of the Technical Advisory Panel is as follows.

**Anton Eberhard, Director,
Management Program in Infrastructure Reform
and Regulation, University of Cape Town,
South Africa**

Anton Eberhard is a professor at the University of Cape Town, where he directs the Management Program in Infrastructure Reform and Regulation at the Graduate School of Business. His research and teaching focus on the restructuring and regulation of the electricity and water sectors, investment challenges, and links to sustainable development, including widened access to affordable services and programs in renewable energy and energy efficiency. He has worked in the energy sector for more than 25 years and was the founding director of the Energy and Development Research Centre in South Africa.

**Eduardo M. Engel, Professor of Economics,
Yale University (Chair of the panel)**

Eduardo Engel came to Yale in 2001 after a decade on the faculty at the University of Chile. He has published wide-

ly in the areas of macroeconomics, public finance, and regulation. He was awarded the Econometric Society's 2002 Frisch Medal for the best applied article (empirical or theoretical) published in *Econometrica* in the previous five years. His current research interests include dynamic macroeconomic models and private participation in infrastructure.

**Nasser Munjee, Chairman,
Development Credit Bank, India**

Building on years of experience in infrastructure development and finance, Nasser Munjee serves as an advisor to governments in South Asia in the area of public-private partnerships. He was managing director of India's Infrastructure Development Finance Company and executive director of the Housing Development Finance Corporation.

**Dianne Rudo, President,
Rudo International Advisors**

Dianne Rudo is a senior investment banker and financial consultant with more than 25 years of international and domestic project and corporate finance transactional experience with both the public and the private sector. She heads her own financial services company specializing in policy development and training on international project and corporate finance issues and transactions. Previously she was the vice president and head of the Project Finance Division at the Export-Import Bank of the United States. Dianne was new to the Technical Advisory Panel in fiscal 2008.

Robin Simpson, Independent Consultant

With global expertise in policy development for infrastructure provision, Robin Simpson is a consultant and senior policy advisor for Consumers International (based in the United Kingdom) as well as the European Commission, World Bank, and Wateraid. He has written numerous papers, participated in many international symposia relating to infrastructure, and worked on regional programs in Africa, Latin America, and Central and Eastern Europe. Areas of particular interest include utility regulation and pricing, private participation, and the development of consumer rights institutions. Robin has been with the Technical Advisory Panel since the beginning of 2007.

**Valentine Chitalu, Former Head,
Zambia Privatization Agency**

Valentine Chitalu is an entrepreneur in Zambia and southern Africa specializing in private equity and local private sector development. Until December 2003 he worked for CDC/Actis in London and Lusaka specializing in deals origination throughout southern Africa and portfolio management in Zambia and Malawi. Valentine was previously chief executive officer at the Zambia Privatization Agency, where he was responsible for divestiture of more than 240 companies. Valentine holds several board positions in Zambia, Australia, South Africa, and the United Kingdom and is chairman of Zambia Breweries, MTN (Zambia) Limited, Stanbic Bank (Zambia), and ALBIDON (Zambia) Limited.

The Program Management Unit

The Program Management Unit is responsible for the day-to-day management of PPIAF in accordance with the general strategy and the annual work program approved by the Program Council.

The unit is small, focusing on administering the PPIAF program rather than delivering activities. PPIAF 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 Non-Core 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 the field-based regional coordination offices

The Regional Coordination Offices

PPIAF has four regional offices:

- East and southern Africa, in Nairobi
- West and Central Africa, and Middle East and North Africa, in Dakar
- East Asia and Pacific, in Manila
- South Asia, and Central Asia and Europe, in New Delhi

Oversight of PPIAF activities in Latin America and the Caribbean is managed out of PPIAF's headquarters in Washington, DC.

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 contributors, international financial institutions, and other official agencies to promote effective coordination of advisory activities
- Consulting 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 the donor, multilateral, and investor communities



Annex 2 Activities funded in fiscal 2008

Table A2.1 PPIAF and SNTA Program activities and funding by region and sector, fiscal 2008

Region	Number of activities	Funding (US\$)	Share of activities (%)	Share of funding (%)
Sub-Saharan Africa	42	9,689,951	35	41
East Asia and Pacific	15	2,995,758	12	13
Latin America and the Caribbean	17	2,942,159	14	13
Central Asia and Europe	12	2,793,107	10	12
Middle East and North Africa	6	1,664,000	5	7
South Asia	15	1,649,610	12	7
Global	14	1,525,520	12	7
Total	121	23,260,105	100	100
Sector				
Multisector	52	9,974,389	43	44
Transport	25	4,985,544	21	21
Energy	19	4,228,392	16	18
Water and sanitation	19	2,885,530	16	12
Telecommunications	6	1,186,250	5	5
Total	121	23,260,105	100	100

Table A2.2 PPIAF and SNTA Program activities by region, fiscal 2008

Economy	Activity	Description	Funding (US\$)	Type of activity
Sub-Saharan Africa				
PPIAF				
Botswana	Prefeasibility Study for New Rail Link	Conducting a prefeasibility study on establishing additional rail corridors to link Botswana to key regional seaports and provide an alternative trade corridor allowing access to emerging regional trade partners	540,000	Infrastructure development strategies
Congo, Dem. Rep. of	Road Show for Water Management Contract	Conducting a road show—to help facilitate a public-private partnership (PPP) for the national public water utility, Regideso—in cities in which there are operators with significant experience in the sector, such as Paris, London, Madrid, Rotterdam, Lisbon, Rabat, Tunis, Kinshasa, Durban, and Cape Town	89,700	Pioneering transactions
Gabon	Telecom Interconnection Support	Supporting a fair, efficient, and sound interconnection regime in Gabon by assisting the telecommunications regulator (ARTEL) in designing and implementing such a regime	261,700	Policy, regulatory, and institutional reforms
Guinea	Telecom Sector Reform	Assisting in creating an effective regulatory environment for the telecommunications sector, conducive to private investment, including through the provision of institutional support for the creation of a sector regulator and targeted support for the development of a pro-competitive interconnection framework	245,000	Policy, regulatory, and institutional reforms
Guinea-Bissau	Port Sector Reform Study	Studying the feasibility of involving the private sector in port operations and providing a detailed action plan for implementing key reform proposals	251,850	Infrastructure development strategies
Liberia	Telecom Sector Licensing	Supporting the regulator in finalizing a licensing regime by facilitating consensus building through industry consultations and facilitating regular discussions between the industry and public sector stakeholders	75,000	Stakeholder consultations
Madagascar	Capacity Building on Public-Private Partnership for Decision Makers in the Public and Private Sectors	Supporting a capacity-building program for the preparation and delivery of high-level training and a workshop on PPPs in Antananarivo, with about 200 decision makers from the government and the public and private sectors	75,000	Capacity building
Malawi	Public-Private Partnership Implementation: Development of Regulations and Procedures	Developing guidelines, procedures, and model contracts to kick-start and provide guidance for the implementation of PPPs in Malawi	251,500	Policy, regulatory, and institutional reforms
Malawi	Urban Water Sector Reform, Phase 2	Consulting stakeholders on the government's sector reform program, conducting workshops on private participation in the urban water sector, and providing advisory support to urban water sector reform activities, including organizational management and strategy development	74,500	Stakeholder consultations
Mauritania	Electricity Sector Reform	Assisting SOMELEC, the public electricity company of Mauritania, in restoring its financial, technical, and operational viability and identifying options for sector reform measures that would lead to enhanced private sector involvement in the power sector	305,000	Policy, regulatory, and institutional reforms

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Sub-Saharan Africa, PPIAF, continued				
Mozambique	City of Maputo Public-Private Partnership Unit Support	Supporting Maputo's PPP unit in strengthening its organization and increasing its effectiveness in formulating and managing its growing portfolio of PPP projects; and providing technical training for its staff	321,740	Infrastructure development strategies
Mozambique	Legal and Financial Advisory Services for Power Transmission System	Helping to develop the first private-sector-led generation hub in Africa through a pioneering form of build-own-operate-transfer contract	782,000	Pioneering transactions
Nigeria	Public-Private Partnerships in Infrastructure Development	Providing funding and support to facilitate consensus and capacity building in the infrastructure sectors and develop an action plan for PPPs in support of key infrastructure development initiatives	75,000	Capacity building
Senegal	Rural Electrification Concessions	Preparing a market survey and prefeasibility study for the Matam-Bakel-Kanel-Ranérou rural electrification concession, taking into account different options for structuring the proposed concession	350,000	Infrastructure development strategies
Sierra Leone	Sierra Leone Airports Authority Private Sector Participation Options Study	Developing a matrix of options for reform of the Sierra Leone Airports Authority to enhance the airport's efficiency and safety and ensure its compliance with international codes and standards	230,250	Infrastructure development strategies
South Africa	Capacity Building Support to the National Treasury Public-Private Partnership Unit, Municipal Desk	Scaling up knowledge and capacity among local authorities and in the private sector relating to the municipal PPP guidelines, the Municipal Financial Management Act, sector-specific guidelines on the preparation of municipal PPPs, and the market development assistance funds available from the national PPP unit	364,950	Capacity building
South Africa	Public-Private Partnership Implementation Unit for the Sedibeng District Municipality	Assisting the Sedibeng District Municipality in establishing a PPP capacity building program to strengthen the compliance with and execution of the municipal PPP guidelines and methodology for the delivery of infrastructure and municipal services, including in local economic development, transport, property development, energy efficiency, and solid waste management	250,000	Capacity building
South Africa	Review of Mbombela (Nelspruit) Water Concession	Documenting lessons learned from the Mbombela water concession, filling the information vacuum on PPP experience in South Africa, and contributing to policy discussions on the appropriate role of the private sector in the country's water sector	120,000	Capacity building
Sudan	Improved Legal Frameworks for Enhanced Private Sector Participation in the Rail Sector	Assisting the government in establishing an improved institutional and legal framework for enhanced private participation in the rail sector, with the aim of improving the sector's sustainability	75,000	Infrastructure development strategies
Tanzania	Dar es Salaam Bus Rapid Transit	Developing model bidding and contract documents for a bus concession and fare collector and providing a strategy for their implementation under the Dar es Salaam bus rapid transit system	74,800	Infrastructure development strategies

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Sub-Saharan Africa, PPIAF, continued				
Tanzania	Legal Advisors for the Ruhudji Hydro-power Project	Hiring legal advisors to prepare high-quality documents ensuring that the Ruhudji Hydropower Project is structured as a bankable program and according to the highest market standards	460,000	Pioneering transactions
Tanzania	Public-Private Partnership Awareness in the Power Sector	Providing training to officials in Tanzania's power utility and the Tanzanian government on energy infrastructure finance, the structuring of new energy projects, and implementation options for private financing for key projects	70,000	Capacity building
Zambia	Public-Private Partnerships in Irrigation Infrastructure Development and Management	Assisting the government in implementing an irrigation development scheme by assessing the institutional framework; developing a transaction model for public-private partnerships involving smallholders and commercial farmers; building the capacity of government bodies; establishing standard contractual arrangements for the design, construction, management, and financing of new irrigation schemes; and developing a conflict resolution mechanism	123,400	Pioneering transactions
Zambia	Review and Restructuring of Existing Railway Concession in Zambia	Undertaking an independent technical and financial review of the existing Zambia Railway Concession; conducting a stakeholders' seminar to disseminate information on the performance of the concession; and preparing a long-term railway development strategy based on projected economic growth and railway transport capacity requirements	288,000	Infrastructure development strategies
Regional	Africa Infrastructure Country Diagnostic Study, Phase 2	Funding phase 2 of the Africa Infrastructure Country Diagnostic study, a multidonor initiative to improve the knowledge base on infrastructure sectors in Africa and define a baseline against which the renewed efforts of the international community to promote the development of African infrastructure can be assessed. (Phase 1 covered 24 countries in Africa; phase 2 will extend coverage to the remaining countries in the region.)	480,000	Emerging best practices
Regional	Capacity Building Support for the West African Electricity Sector Regional Regulatory Body	Building the capacity of the regional regulatory body to establish appropriate rules and standards for the efficient and effective management of the electricity network, ensure regulation of regional electricity exchanges, and supervise regional market operation	75,000	Policy, regulatory, and institutional reforms
Regional	Central African Backbone	Preparing model bidding documents to select an international consortium for managing and maintaining the Central African backbone; studying resale and lease prices for access to international and global backbones and bandwidth to route the backbone's international traffic; coordinating and monitoring inputs from the environmental study; and performing liaison with legal consultants and providing the technical inputs needed	460,000	Infrastructure development strategies

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Sub-Saharan Africa, PPIAF, continued				
Regional	Core Strategic Transport and Public-Private Investment for East and Southern Africa	Examining core strategic transport networks and a PPP investment strategy to improve service, reduce costs, and increase efficiency along the major transport corridors in East and southern Africa	600,000	Infrastructure development strategies
Regional	Dissemination of Innovative Regulatory Approaches	Disseminating the results of a knowledge building activity undertaken under a previous PPIAF grant, "Improving Regulation of Water and Sanitation Services"	60,030	Capacity building
Regional	Grant Extension: Role of China in Sub-Saharan Africa's Infrastructure Development, Dissemination	Updating and disseminating the PPIAF study that resulted in the report <i>Building Bridges: China's Growing Role as Infrastructure Financier in Africa</i>	64,986	Emerging best practices
Regional	Kazungula Bridge Project and Border Facilities	Determining the appropriate legal and institutional organization and optimum financing and operating arrangements (loan, build-operate-transfer, toll concession) for the Kazungula Bridge and advising the governments concerned on setting up the institution and finalizing the financing arrangements	36,500	Infrastructure development strategies
Regional	Poverty and Infrastructure Services in the Slums of Dakar and Nairobi	Preparing a comparative analysis of two unique, large-scale, representative, and comparable data sets on 1,960 slum households surveyed in Dakar and 1,755 surveyed in Nairobi	74,175	Infrastructure development strategies
Regional	Private Investors' Meeting in Support of Regional Energy Projects in the Southern Africa Region	Preparing a stakeholder consultation on regional power sector investment planning and priorities and an extensive road show for stimulating interest among private investors and lenders in regional generation and transmission projects in Africa	288,600	Stakeholder consultations
Regional	Review of Multisector Regulatory Agencies in Five African Countries	Reviewing the institutional challenges of the multisector regulatory agencies in five West African countries—Cape Verde, The Gambia, Guinea-Bissau, Niger, and Senegal—and providing a first-level assessment of their effectiveness	75,000	Policy, regulatory, and institutional reforms
Regional	Support to the New Partnership for Africa's Development (NEPAD) Infrastructure Project Preparation Facility	Providing assistance to NEPAD's Infrastructure Project Preparation Facility in its day-to-day business; assisting in the consideration of longer-term strategic issues involved in processing applications to the facility; and preparing an action plan for further assistance	42,855	Capacity building
SNTA Program				
Senegal	City of Dakar Financial Management Diagnostic	Providing a diagnostic review of the financial management system of the City of Dakar so as to identify concrete short- and medium-term measures to improve the city's creditworthiness in the eyes of prospective lenders	152,250	Specific performance improvement
South Africa	Removing the Barriers to Local Government Borrowing	Through financial, contextual, and policy analyses, identifying barriers to local government borrowing in a way that will facilitate policy reforms needed to enable local governments to enter into prudent, market-based borrowing transactions not backed by sovereign guarantees	199,065	Other

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Sub-Saharan Africa, SNTA Program, continued				
Swaziland	Facilitating Sub-national Infrastructure Investment	Facilitating the entry of creditworthy cities and subnational entities into the regional municipal finance market; building the knowledge of policy makers, subnational entities, and local governments on the benefits of and means to achieving creditworthiness and accessing municipal finance markets; and examining ways in which equity financing may be useful in improving the creditworthiness and performance of subnational state-owned enterprises	315,000	Financing
Uganda	National Water and Sewerage Corporation Municipal Bond Issuance Support	Facilitating a bond issue by the National Water and Sewerage Corporation to raise domestic resources for capital investments—the first water infrastructure bond issue in Africa—by procuring legal counsel, preparing financial documents and reports required, and assisting in securing the approval of the Uganda Stock Exchange and the Capital Markets Authority	75,000	Financing
Regional	Credit Rating Project with Development Finance Institutions (Southern African Development Community, Development Finance Resource Center)	Engaging a recognized credit rating institution to prepare credit ratings for selected African development finance institutions; providing a credit assessment and diagnostic for each participating institution that draws on previous work in Africa and in the developed world; and conducting a regional workshop to share knowledge on issues relating to the creditworthiness of development finance institutions	223,500	Credit rating
Regional	South African Cities Network Subnational Borrowing Support Program	Providing technical assistance on a demand-driven basis to subnational government entities in southern Africa to facilitate the entry of the region's creditworthy cities and subnational entities into the regional municipal finance market and assist other subnational entities and local governments in achieving creditworthiness	393,300	Other
Regional	Water Utility Credit Ratings	Providing a creditworthiness assessment and diagnostic process for seven utilities, including an on-site dialogue and review with the utilities to arrive at a credit assessment score contextualized by an assessment of the local financial market and regulatory framework and the preparation of diagnostic reports identifying key strengths and weaknesses and the potential to access local finance	320,300	Credit rating
East Asia and Pacific PPIAF				
Cambodia	Regulatory Strategies for the Development of the Electricity Distribution Market	Developing a strategy for electricity transmission and distribution, taking into account global experience and developments in the sector; and providing recommendations on appropriate regulatory actions to achieve equity, efficiency, and reliability	341,850	Policy, regulatory, and institutional reforms

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
East Asia and Pacific, PPIAF, continued				
Indonesia	Infrastructure Guarantee Fund	Supporting the Risk Management Unit in establishing an infrastructure guarantee fund to provide appropriate public support to privately financed infrastructure projects in Indonesia	500,000	Policy, regulatory, and institutional reforms
Mongolia	Integrated South Gobi Infrastructure Development Strategy	Helping the government identify infrastructure development options, taking into account the financial, environmental, and social implications of mining for the development of towns likely to be affected	700,000	Infrastructure development strategies
Philippines	Development Forum Infrastructure Workshop	Helping to engage domestic consultants to work with the Infrastructure Sub-Working Group to facilitate discussions at a workshop, ensure the quality of those discussions, and produce a discussion paper as an output of the workshop	8,913	Stakeholder consultations
Philippines	Support to the Government on the Assessment of the Privatization of the National Transmission Corporation (Transco)	Helping the government obtain an independent, third-party assessment of the concession agreement for Transco with the aim of protecting the government's interests, highlighting priority areas of the agreement for improvement or modification, and bringing in proven international practice and experience with similar concession and privatization transactions relevant to the Philippines	74,100	Infrastructure development strategies
Solomon Islands	Ownership and Financing Options Study for a Renewable Energy Public-Private Partnership	Assisting the government in developing a strategy for ownership and financing of a public-private hydropower development	65,000	Infrastructure development strategies
Vietnam	Design of Vietnam Competitive Generation Market	Assisting the Electricity Regulatory Authority in completing the design of the competitive (single-buyer) generation market to ensure consistency with the objectives and conditions established by the 2005 Electricity Law and the government's sector road map	54,075	Policy, regulatory, and institutional reforms
Vietnam	Ho Chi Minh City Metro Rail Project	Providing a framework for ensuring that appropriate consideration is given to private participation in implementing and operating the rail project, with a view to minimizing costs on a risk-adjusted basis, optimizing institutional arrangements, and taking advantage of a market-oriented approach to maximizing the benefits of the project	200,000	Pioneering transactions
Vietnam	Support to Saigon Water Corporation (SAWACO) for Evaluating Bids for Nonrevenue Water PPP Contract	Providing training for SAWACO in how to evaluate the bids for the PPP contract from the prequalified bidders and in how to prepare for overseeing the contract, pending the mobilization of an international consultant who will provide ongoing implementation support	73,270	Pioneering transactions
Regional	Study on Regional Telecoms Regulatory Facility for the Pacific Islands	Examining options for the development of a resource center on telecommunications and information and communication technology, to assist telecommunications policy makers in the Pacific region in tackling regulatory challenges	74,550	Capacity building

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
SNTA Program				
China	Ningbo Municipal Finance Capacity Building	Supporting the Workshop on International Approaches to Municipal Finance, in Ningbo, China	68,000	Financing
China	Urban Development Investment Corporations Credit Ratings	Delivering technical assistance to cities in China, on a demand-driven basis, to help them obtain a credit rating and an extended financial management assessment, with the aim of helping local governments manage the borrowing practices of their urban development investment corporations and transform them into financially viable entities engaged in the development of local infrastructure	350,000	Credit rating
Philippines	Credit Rating for Selected Cities	Supporting efforts to reform the financing framework for local government units with policy advice and transactional support on a pilot basis—with the assistance focused on achieving credit ratings for selected local government units, developing a framework for monitoring and regulating the borrowing activities of such units, and sharing knowledge through a workshop to discuss the role of credit ratings in local government finance	390,000	Credit rating
Philippines	Initial Scoping Study and Diagnostic for Marikina City	Helping the City of Marikina develop an overall financing strategy to implement components of its priority capital expenditure program and prepare the implementation of its priority projects, particularly those suited to market-based financing	27,000	Financing
Philippines	Small Water Utilities Improvement and Financing Project	Helping 11 small water utilities improve their access to finance from financial institutions through an assessment of their financing needs and options and an assessment of their likelihood of obtaining commercial finance, including identifying steps that the financial institutions can take to remove some of the financing constraints	69,000	Financing
South Asia				
PPIAF				
Bangladesh	Road Shows to Promote a 330- to 450-Megawatt IPP Project	Supporting the participation of four government officials in a road show for the Bibiyana independent power producer project, as a way to improve market interest in the power generation project and thus lead to greater competition and more attractive bids for the government	26,500	Pioneering transactions
Bhutan	Policy and Regulatory Framework for Telecommunications Backbone Infrastructure Development	Assessing options for private participation in the provision of backbone infrastructure, broadband, and value-added services and providing short- and medium-term recommendations for improving such services	70,000	Policy, regulatory, and institutional reforms
India	Advice for Developing an Implementation Framework for Strategic Alliance Partner Model for Power Transmission System Development in Maharashtra	Finalizing the structure of a PPP for developing the power transmission system in Maharashtra, identifying risks, and developing a risk allocation framework for this innovative model that has not been applied elsewhere in India	200,000	Infrastructure development strategies

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
South Asia, PPIAF, continued				
India	Institutions, Processes, and Capacity Review to Facilitate Public-Private Partnerships	Supporting an assessment of the existing institutional framework, processes, and capacity for implementing PPP projects; identifying important areas where PPP units and other key entities responsible for developing and implementing PPPs would require support; and developing an action plan to provide capacity building support	107,800	Capacity building
India	Legal, Policy, and Institutional Support for Facilitating Public-Private Partnership Projects in Bihar	Supporting the government of Bihar in developing an enabling legal, regulatory, and institutional environment for public-private partnerships in infrastructure service provision in the state	74,950	Policy, regulatory, and institutional reforms
India	Preparation of Business Plan for Maharashtra Urban Infrastructure Development Company	Assessing market circumstances and preparing a strategy and business plan for the Maharashtra Urban Infrastructure Development Company to enable it to fulfill its mandate effectively; identifying potential revenue sources for the company; and suggesting organizational, governance, and capital structure models	75,000	Policy, regulatory, and institutional reforms
India	Public-Private Partnership Policy and Options for Railways	Developing a comprehensive PPP policy and assessing options that Indian Railways could use in soliciting and effectively utilizing private sector resources and expertise in developing the rail sector	75,000	Infrastructure development strategies
India	Study on Business Plan for Pune Mahanagar Parivahan Mahamandal Limited	Assessing the performance of the public transport system in the city of Pune and looking at strategic options for developing an action plan for improving the system	75,000	Policy, regulatory, and institutional reforms
India	Technical Advisory Support to Maharashtra State Power Distribution Company Limited for Postfranchise Contract Management	Providing support to the Maharashtra State Power Distribution Company in establishing a franchisee management unit	150,000	Policy, regulatory, and institutional reforms
India	Visakhapatnam-Kakinada Coastal Growth Corridor Project: Preparation of an Infrastructure Development and Public-Private Partnership Strategy	Providing support to the government of Andhra Pradesh in preparing an "infrastructure vision" for the Visakhapatnam-Kakinada coastal growth corridor, including an action plan and implementation mechanism for key infrastructure projects and identification of projects that can be implemented on a PPP basis	75,000	Infrastructure development strategies
Maldives	Facilitating a Legal Framework for Port Development	Providing draft laws and regulations to redefine the role of the Port Authority and other government and private entities working in the port sector	75,000	Policy, regulatory, and institutional reforms
Nepal	Structuring a Public-Private Partnership for the Kathmandu-Terai Road Project	Determining the scope and structure of the proposed Kathmandu-Terai road project as a PPP	99,500	Infrastructure development strategies
Pakistan	Workshop on Public-Private Partnerships in Municipal Services	Helping the government organize a two-day workshop on PPPs in municipal services with a specific focus on solid waste management and water and sanitation services	35,500	Capacity building

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
South Asia, PPIAF, continued				
Regional	Workshop on Consultations and Strategic Communications in the Water and Sanitation Sector in East and South Asia	Conducting a workshop to share experience and train selected reforming policy makers in the region in using effective communication techniques while implementing reforms and infrastructure development through public-private partnership	70,360	Emerging best practices
SNTA Program				
India	Facilitating Private Financing and Domestic Borrowing for the Roads Sector in Karnataka	Supporting the government of Karnataka in hiring a financial advisor to outline options for leveraging a proposed World Bank loan to access additional financing from the private sector and local financial institutions, as a way to close the large financing gap for Karnataka's road improvement program	440,000	Financing
Middle East and North Africa PPIAF				
Egypt, Arab Rep. of	Framework for Public-Private Partnership and Improved Payment Collection in the Power Sector	Developing a framework for PPPs in the power sector based on a new law calling for greater competition, a gradual increase in prices, and an appropriate allocation of risk between public and private sector participants	74,000	Policy, regulatory, and institutional reforms
Egypt, Arab Rep. of	Public-Private Partnership Unit Capacity Building	Preparing a comprehensive diagnostic report on PPP development issues in Egypt, preparing a business development plan for the central PPP unit, and reviewing policy issues arising in the design of pilot PPP projects	450,000	Capacity building
Morocco	Development of Private Sector Participation Strategy for Solid Waste Management	Reviewing the role of the private sector in solid waste management in Morocco, examining options for further private participation in the sector, preparing model bidding documents for municipal solid waste services, and building capacity at the municipal and regional levels to ensure proper contracting of private participation	290,000	Infrastructure development strategies
Tunisia	Sfax Municipal PSP Slaughterhouse	Providing technical assistance to the municipal government of Sfax and the association of seven municipalities of Greater Sfax to identify feasible PPP options for the development of a new slaughterhouse facility that will integrate the operations of four existing and deficient facilities	75,000	Infrastructure development strategies
Yemen, Rep. of	Public-Private Partnership Models for Domestic Gas Pipeline Financing	Helping to formulate an optimal gas market structure and define possible options for financing a gas pipeline, either as an integrated pipeline with an associated power plant or as a separate project with a different financing structure	700,000	Infrastructure development strategies
Regional	Support of the Arab Water Council	Supporting the development of a Web portal, hosted by the Arab Water Council's Web site, on PPPs in water to facilitate capacity building and knowledge sharing among water professionals, decision makers, the media, and the private sector in the Middle East and North Africa	75,000	Capacity building

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Central Asia and Europe				
PPIAF				
Armenia	Feasibility Study for Integrated Solid Waste Management through Public-Private Partnerships in Yerevan City	Preparing a feasibility study for an integrated solid waste management system in Yerevan that incorporates private participation	531,500	Infrastructure development strategies
Bosnia and Herzegovina	Seminar on Private Sector Participation in Infrastructure	Providing a seminar or workshop on PPPs in infrastructure with the aim of helping to strengthen the institutional capacity of several national and subnational ministries, road directorates, and concession commissions	29,400	Capacity building
Croatia	Assistance for Private Sector Participation in the Northwest Regional Waste Management Facility	Providing assistance to the Northwest Regional Waste Management Facility (JUSZH)—drawing on international best practice—in structuring a scheme involving private participation to develop and implement a regional waste management facility that optimizes waste minimization, carbon reduction potential, and renewable energy generation	75,000	Pioneering transactions
Kosovo	Establishing Regulatory Framework for Developing Renewable Energy Sources	Assisting the Energy Regulatory Office in developing secondary legislation and regulations for the development of renewable energy sources	202,500	Policy, regulatory, and institutional reforms
Macedonia, FYR	Assisting the Transmission System Operator and Energy Regulator to Operate in the Competitive Electricity Market Regime	Providing assistance to the Energy Regulatory Commission in developing new tariffs for the next control period and building capacity for undertaking its responsibilities during the ongoing market reforms and introduction of competition	605,767	Policy, regulatory, and institutional reforms
Montenegro	Assessing Public-Private Partnership Potential in Highways and Developing Enabling Framework	Assessing the potential for the introduction of private participation in the development of the highway sector in Montenegro, specifically for the two priority road corridors identified by the government, which includes developing a draft legal framework for implementing PPPs and draft terms of reference for future support to take priority road investment projects to the bidding stage	181,000	Infrastructure development strategies
Serbia	Advisory Support to Interagency Working Group for Designing a Reform Strategy for Municipal Public Utility Companies	Assisting the interagency working group formed by the government in formulating a strategy to reform the delivery of essential municipal services (water and sanitation, solid waste management, district heating, and public transportation), including an assessment of institutional reforms and potential for public-private partnerships	74,600	Infrastructure development strategies
Ukraine	Review, Analyze, and Recommend Public-Private Partnership Investment Models for Euro 2012 Projects	Helping the government strategize on how best to attract private investment for Euro 2012 infrastructure projects and, in particular, providing detailed financial analysis and guidance for attracting private investment for the modernization of regional airports	237,000	Infrastructure development strategies

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Central Asia and Europe, PPIAF, continued				
Regional	Southeast Europe Regional Gasification Study	Assessing the feasibility of developing regional gas infrastructure in Southeast Europe and analyzing the economics of gas storage as a part of developing gas infrastructure and a gas market	47,000	Infrastructure development strategies
SNTA Program				
Montenegro	Creditworthiness Assessment for the Podgorica Water Utility	Assisting the Podgorica Water and Sewer Company and its owner, the Municipality of Podgorica, in its plans for upgrading and expanding water and wastewater services, possibly with private participation, commercial finance, or both	285,000	Specific performance improvement
Ukraine	Municipal Creditworthiness Enhancement Project	Supporting a program to enhance the creditworthiness of two Ukrainian cities so that each can guarantee the borrowing of its heating company for priority infrastructure investment; and helping the cities in designing programs that cost-effectively enhance creditworthiness and in using competitive and transparent procedures to recruit and manage consultants to implement these programs	505,340	Specific performance improvement
Ukraine	Review of Legal and Regulatory Framework for Financing Subnational Entities	Reviewing the legal and regulatory framework in Ukraine to assess the potential for, and the constraints on, subnational borrowing for infrastructure development and providing recommendations for enabling market-based financing for subnational entities	19,000	Financing
Latin America and the Caribbean PPIAF				
Brazil	Private Participation in Municipal Solid Waste Management Projects	Identifying two suitable pilot projects in Brazil, systematically evaluating local conditions, reviewing potential project structures, identifying an appropriate mix of public and private investment for each project, structuring the projects, and preparing the bidding documents and contracts for private participation	400,000	Pioneering transactions
Brazil	Public-Private Partnership Contracts for Regional and Irrigation Development	Providing analytical and advisory services for structuring PPP or concession transactions for developing and operating regional infrastructure (water resources and related transport and energy), with an immediate focus on legal services	75,000	Infrastructure development strategies
Colombia	Evaluating Private Sector Participation Diversity in the Water Sector	Collecting information and analyzing the effect of different forms of private participation on the performance of water and sanitation utilities	74,000	Infrastructure development strategies
Colombia	Regulatory Structures for Public Transport	Reviewing and analyzing existing regulatory structures and designing an appropriate legislative framework for the improvement of public transport and tariff regulation in Colombian cities	248,358	Policy, regulatory, and institutional reforms
Colombia	Traffic Studies for the Ruta del Sol Concession	Preparing traffic studies to help the government structure and tender the Ruta del Sol road concession, the largest infrastructure project in Colombia and one of the largest in the region	400,000	Infrastructure development strategies

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Latin America and the Caribbean, PPIAF, continued				
Panama	Implementation of Bus Transport Framework	Helping to implement the recommendations of an earlier PPIAF-funded activity (“Improving the Bus Transport Framework”) by finalizing bidding documents and contracts and offering implementation advice to the government	47,312	Policy, regulatory, and institutional reforms
Regional	Airport Benchmarking and Performance Assessment	Documenting the operational and financial performance of private participation in airports in the region over the past decade, analyzing regulatory schemes implemented in the region, and providing policy recommendations to improve the performance of the sector	150,000	Infrastructure development strategies
Regional	Publication, Translation, and Dissemination of Impact of Private Sector Participation in Infrastructure Manuscript	Editing, publishing, and disseminating <i>The Impact of Private Sector Participation in Infrastructure: Lights, Shadows, and the Road Ahead</i> , a book providing a systematic evaluation of the impacts of private participation in infrastructure in Latin America	50,000	Policy, regulatory, and institutional reforms
Regional	Public Transport Service and Operations Planning Dissemination Course, Bogotá, Colombia	Preparing for and presenting the World Bank course “Introduction to Public Transport Service and Operations Planning” for Latin America and the Caribbean during the Transmilenio annual conference in Bogotá	27,200	Emerging best practices
Regional	Supporting Center for Indigenous Environmental Resources (CIER) Energy Exchange Study	Conducting the second phase of a strategic, technical, commercial, and regulatory analysis of the potential for implementing energy exchanges by public and private sector entities between the Andean countries and the countries of Central America and the Southern Cone	57,000	Infrastructure development strategies
SNTA Program				
Brazil	Compesa IPO Action Planning Consultancy	Assisting with an initial public offering (IPO) of ownership shares in Compesa (Companhia Pernambucana de Saneamento), to help state government officials and PPIAF better understand how much work will be required to carry out the IPO and how PPIAF can help	29,000	Financing
Colombia	Creditworthiness Improvement Plan for Barranquilla Urban Transport	Conducting a detailed diagnostic review of Barranquilla’s public finances and proposing a strategic plan to address the most pressing constraints, including the municipality’s ability to sustainably cofinance the 30 percent infrastructure costs of the bus rapid transit system	253,200	Financing
Colombia	Creditworthiness Strengthening for La Promotora de Pereira	Helping La Promotora, a development finance institution owned by the Colombian city of Pereira, improve its operational risk management practices, internal controls, and monitoring and evaluation capabilities, so as to improve the organization’s ability to provide financing for sustainable infrastructure projects	117,500	Specific performance improvement
Colombia	Feasibility Study for the Implementation of Integrated Cable-Type, Aerial Corridors in the Integrated Mass Transit System for Bucaramanga’s Metropolitan Area	Evaluating the feasibility of two cable car lines proposed for Bucaramanga (Morrórico and Carrera 33; Palonegro Airport and Ciudadela Real de Minas) and defining a strategy for financing those cable car lines	176,000	Financing

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Latin America and the Caribbean, SNTA Program, continued				
Guatemala	Testing Credit Enhancement Facility (FOGA) for Commercial Financing of Basic Infrastructure for the Poor	Preparing a manual for a proposed guarantee fund (FOGA) to support private banks investing in basic community infrastructure; and promoting, through seminars and training sessions, the FOGA concept among communities, private banks, and microfinance institutions interested in financing local infrastructure projects	56,389	Financing
Honduras	Project Appraisal and Legal-Regulatory Review	Providing training to municipal authorities in the appraisal and structuring of municipal borrowing transactions for their infrastructure projects; and undertaking an analysis of the legal and regulatory framework for municipal borrowing in Honduras that could provide the basis for a countrywide strategy to develop the municipal finance market	425,904	Financing
Peru	Access to Commercial Bank and Capital Market Financing	Providing direct technical assistance to selected subnational governments to facilitate their access to commercial bank and capital market financing, so as to allow them to complement existing transfers and own revenues, diversify funding sources, create a credit history, and introduce financial discipline	355,296	Financing
Global PPIAF				
Global	Body of Knowledge on Utility Regulation	Updating, expanding, and disseminating the <i>Body of Knowledge on Utility Regulation</i> and evaluating it so as to establish a path for the long-term sustainability of its governance board and secretariat	228,333	Emerging best practices
Global	Delivering Pro-Poor Infrastructure: Background Literature and Concept Note, Phase 1	Providing a concept note for a proposed study on approaches to the delivery of infrastructure to the poor and carrying out the background work needed to create an information base on pro-poor infrastructure programs	40,000	Emerging best practices
Global	Impact of Internal and External Governance on the Performance of Infrastructure Service Providers	Conducting a study on the design of infrastructure reforms for state-owned enterprises and limited forms of public-private partnership—including the full spectrum from service contracts to concession contracts—to improve understanding of the issues and draw new insights and lessons	75,000	Emerging best practices
Global	Measuring the Impact of Private Sector Participation in Water and Electricity Distribution, Follow-Up Study	Supporting follow-up outputs to further capitalize on the major data collection effort on private participation and state-owned utilities and the knowledge gained as part of the earlier research	56,638	Emerging best practices
Global	Presentation of the Urban Bus Toolkit to the International Mass Transport Conference in Pereira, Colombia	Supporting the dissemination of the Urban Bus Toolkit to an international audience of government officials and other technical experts in mass transport from Latin America and the Caribbean at the International Mass Transport Conference in Pereira, Colombia, August 21-23, 2007	1,750	Capacity building

Table A2.2, *continued*

Economy	Activity	Description	Funding (US\$)	Type of activity
Global, PPIAF, continued				
Global	Private Participation in Infrastructure (PPI) Project Database, Fiscal 2008	Supporting the maintenance and enhancement of the PPI Project Database, which tracks private activity in infrastructure in developing countries	349,950	Emerging best practices
Global	Publication of Paper on Public-Private Partnership Units	Supporting the finalization of the paper on PPP units that was produced jointly by the World Bank and PPIAF in fiscal 2007	11,500	Emerging best practices
Global	Public Transport Service and Operations Planning Training Courses and Dissemination	Assisting in broader dissemination of the approaches to bus transport reform developed under the Urban Bus Toolkit, to enable city policy makers to more systematically explore, design, and implement options for organizing the delivery of urban passenger transport	147,900	Emerging best practices
Global	Road Gridlines Publication	Preparing a four-page Gridlines note that analyzes the key trends and emerging policy issues in private participation in roads in developing countries	6,024	Emerging best practices
Global	Small Providers of Water and Electricity, Phase 2 (Identifying Key Issues and Opportunities)	Identifying key issues and opportunities for small-scale private service providers in improving access to, and the affordability and quality of, basic water and electricity services for the poor in developing countries; and identifying a set of recommended policy and operational options for countries going forward	50,000	Infrastructure development strategies
Global	Study on the Causes of Public-Private Infrastructure (PPI) Project Cancellation	Analyzing the causes of the cancellation of PPI projects in middle- and low-income countries and reviewing a set of case studies providing more detailed analysis for a subset of canceled projects	23,500	Emerging best practices
Global	Supporting an In-Depth Publication on Project Finance for Build-Operate-Transfer (BOT) Concessions and Public-Private Partnerships	Producing a publication on project finance for BOT concessions and PPPs, including best practices in BOT projects and project finance and issues of greatest interest to developing countries, such as allocating risk, mobilizing finance, using limited recourse financing, and managing fiscal risks	74,700	Emerging best practices
Global	Toolkit on Resource Allocation and Utilization in the Transport Sector	Developing a toolkit on resource allocation and use in the transport sector (road, rail, aviation, maritime transport), with the aim of improving the understanding of issues relating to public and private expenditure in the sector; and systematically developing an instrument to help task teams and partner countries increase efficiencies in resource allocation and use in the sector	385,400	Emerging best practices
SNTA Program				
Global	Municipal Finance Survey	Providing a research paper, presentation, and Gridlines note surveying private, market-based lending to finance subnational government infrastructure in the developing world	74,825	Other

Acronyms and abbreviations

BOT	Build-operate-transfer
GDP	Gross domestic product
IPO	Initial public offering
IPP	Independent power producer
PPI	Private participation in infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-private partnership
PSP	Private sector participation
SNTA	Sub-National Technical Assistance (Program)

How to contact PPIAF

PROGRAM MANAGEMENT UNIT

c/o The World Bank
1818 H Street NW
Washington, DC 20433
USA
Tel: (+1) 202 458 5588
Fax: (+1) 202 522 7466
E-mail: ppiaf@ppiaf.org or snta@ppiaf.org

EAST AND SOUTHERN AFRICA REGIONAL COORDINATION OFFICE

Kenya Re Towers
Upper Hill, P.O. Box 30577
Nairobi, Kenya
Tel: (+254 20) 271 4095
Fax: (+254 20) 271 4275
E-mail: nairobirco@ppiaf.org

EAST ASIA AND PACIFIC REGIONAL COORDINATION OFFICE

Floor 23 Taipan Place
F. Ortigas Jr. Rd., Ortigas Center
Pasig City, Metro Manila
Philippines
Tel: (+63 2) 637 5855
(+63 2) 917 3000
Fax: (+63 2) 637 5870
E-mail: manilarco@ppiaf.org

**WEST AND CENTRAL AFRICA
MIDDLE EAST AND NORTH AFRICA
REGIONAL COORDINATION OFFICE**
Corniche Ouest X Leon Gontran Damas
BP 3296
Dakar, Senegal
Tel: (+221) 33 859 4100
Fax: (+221) 33 825 1518
E-mail: dakarrco@ppiaf.org

**SOUTH ASIA
CENTRAL ASIA AND EUROPE
REGIONAL COORDINATION OFFICE**
50M, Shantipath
Chanakyapuri
New Delhi 110 021
India
Tel: (+91 11) 411 77 801
(+91 11) 411 77 850
Fax: (+91 11) 411 77 849
E-mail: delhirco@ppiaf.org



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