



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 use 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 subnational 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 subnational 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 range of sectors: roads, ports, airports, railways, electricity, telecommunications, solid waste, water and sewerage, and gas transmission and distribution. Countries and territories eligible for PPIAF-financed assistance are those classified as least developed countries, low-income countries, and lower-middle-income countries and territories by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Entities eligible for PPIAF's Sub-National Technical Assistance Program (SNTA) 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.





**James Leigland**  
*Interim Program Manager*

## Message from the program manager

This year PPIAF is celebrating its tenth anniversary. Some features of the PPIAF program have changed since its beginning in 1999. Grants tend to be smaller and more targeted now than in the early days. The mix of sectors, countries, and types of private involvement the program supports has also evolved. Such changes are particularly evident this year, with the launch of a new, non-core climate change window funded by the Norwegian Agency for Development Cooperation and with the integration of the SNTA Program activities into the broader program.

Many other features of the PPIAF program have stayed the same. At its core the program remains demand responsive and focused on the upstream enabling environment in which public-private infrastructure projects must be developed.

Demand for PPIAF assistance has never been greater. The total for grant commitments in fiscal 2009 is the largest ever, in large part because the need for the kind of assistance PPIAF offers is greater than ever. This past year was a challenging one for infrastructure investment in developing countries. The financial crisis and recession tested the resolve of governments, private investors, and donors alike. PPIAF is doing what it can to bring these actors together to mitigate the damaging effects of the downturn and lay the foundation for long-term, sustainable economic growth and poverty reduction.

If nothing is done, infrastructure investment in poor countries stands to be one of the biggest casualties of the financial crisis. Diminished access to transport, water, and energy would be a serious setback for poverty reduction and economic growth in emerging markets. Many large debt-financed projects are being put on hold. Private investors are demanding that governments take on a larger share of risk in public-private partnerships. At the same time governments' own-source revenues are declining as a result of shrinking tax bases, volatile commodity prices, and other effects of the crisis.



The PPIAF team continues to believe that as the crisis unfolds, the single most important thing governments can do for infrastructure is to improve the enabling environment for investment—by adopting policies that encourage investment and by implementing those policies through effective management and regulation. Accordingly, regulatory and capacity building work has been an important share of the PPIAF portfolio this past year. In essence, PPIAF’s original mandate has never been more relevant. PPIAF also stands ready to assist governments as they seek to maintain existing infrastructure and keep investment pipelines moving.


In addition, PPIAF will push forward with its knowledge program, enabling developing countries to leverage global experience in coping with economic dislocations. Diagnostic work such as the Africa Infrastructure Country Diagnostic study is leading the way in assessing knowledge gaps. Cutting-edge research on public-private partnerships will help governments evaluate an ever-broader array of options across the public-private spectrum.

Gaps between the infrastructure in place and the infrastructure still needed are not getting any smaller, particularly for the world’s poor. Over the next 10 years, keeping its primary focus on the upstream enabling environment, PPIAF hopes to help governments take advantage of all resources available to overcome the downturn and put infrastructure investment on a sustainable foundation.

An important milestone for PPIAF this past year was the departure of Jyoti Shukla as program manager. Jyoti led the program for five years and was responsible for many of its procedural and strategic strengths—strengths that, among other things, resulted in an extremely positive independent evaluation of the program this past year. The team will miss her leadership but looks forward to working with her as she takes on her new role as a manager in the World Bank’s Latin America and the Caribbean Region.



**James Leigland**  
Interim Program Manager



PPIAF remains demand responsive and focused on the upstream environment



# 1. EMERGING TRENDS

The global financial crisis has transformed the outlook for infrastructure projects with private participation in developing countries. In the second half of 2009 developing economies are seeing some light at the end of the tunnel, with the crisis easing and investment flows returning. But as was the case with the Asian financial crisis, it is clear that the downturn of 2008–09 will leave a lasting impact on the outlook for private participation in infrastructure long after the crisis has receded.

As the global economic climate trends toward recovery, governments will have to adjust their strategy on public-private partnerships to account for an attenuated risk appetite, lower debt-to-equity ratios, and the need for clarity on contingent liabilities. For PPIAF, the crisis means a renewed focus on ensuring that governments have access to expertise and global best practice, to help them maintain existing investment through difficulties and lay the groundwork for future projects.

## Onset of the crisis

Before the second half of 2008 private activity in infrastructure looked set to continue the encouraging trends of the previous half decade. Investment, once heavily concentrated in profitable telecommunications projects, had become more evenly distributed across sectors. It had also become more diverse geographically, with larger shares than ever before going to low-income countries, particularly in Sub-Saharan Africa and South Asia. And investment was growing robustly. In 2007 (the most recent year for which comprehensive data are available) investment exceeded the 1997 peak for the first time. Investment rose in all developing regions except Africa, where it hovered near record levels. In Central Asia and Europe it grew by a staggering 80 percent.

The global financial crisis has disrupted these trends. Investment in Central Asia and Europe fell by 54 percent between July 2008 and March 2009. Some other regions saw investment fall as well.

The Asian financial crisis that began in 1997 was followed by a similar downturn in infrastructure investment. The global fallout from that downturn led to a transformation in private investment in infrastructure as investors became far more risk averse. Private operators opted for contracts that were free of the risks associated with customers' willingness and ability to pay for services or that had a variety of risk mitigation arrangements, often paid for by governments and donors.

After years of focus on risk mitigation, infrastructure investment is suffering somewhat less collateral damage this time around. Other factors also point to a better long-term outlook for infrastructure. This time there is broader consensus that maintaining infrastructure investment is critical for recovery and long-term growth. And improvements in fiscal management since the last crisis mean that many countries are better prepared to support investment.

In contrast to past crises, when governments and the private sector retreated in tandem, this crisis seems to have aligned the interests of investors and governments in favor of infrastructure. New private money continues to be earmarked for infrastructure. Institutional investors such as pension funds, burned by toxic securities, are shopping for investments that generate stable, long-term returns. Nevertheless, there are still major obstacles of bankability and financing blocking the flow of private money to new projects.



## Effects of the crisis on investment

Fewer infrastructure projects with private participation are reaching financial closure in developing countries. The investment represented by projects reaching closure in July 2008–March 2009 was down by 15 percent compared with the same period a year earlier. More significantly, projects that had been delayed or were at risk of being delayed over the same period accounted for investment amounting to US\$54.5 billion.

A higher cost of financing was a significant source of these delays, and the trends of increasing costs, delays, and cancellations are expected to continue through the rest of 2009. International project finance is now much more expensive and difficult to arrange because lenders have less money and are more risk averse in selecting projects and markets. For international lenders, the potential for exchange rate fluctuations further complicates the risk picture. The loan syndication system that made possible the dramatic growth in project finance since 2002 has largely broken down. Normal bank syndications for large infrastructure projects have now been replaced by “club” arrangements involving a time-consuming series of bilateral negotiations between the borrower and multiple lenders.

These developments affect project finance more directly in developed economies than in emerging markets. But international lenders had played a growing role in infrastructure project finance in developing regions over the past five years, either by lending directly to projects, as in Eastern Europe and Latin America, or by lending to local banks to help them offer amounts and tenors that make large infrastructure projects possible, as in Africa and Asia.

Of course, countries vary widely in their reliance on international banks. In India, for example, the banking system is less dependent on foreign banks for financing and guarantees than those in many other developing countries. But in most emerging economies projects that reached financial closure in the last four months of 2008 were either well along in development or relied heavily on a mix of local public banks, export credit agencies,

## Gridlines series



PPIAF's Gridlines series offers a way to rapidly disseminate new research on best practices, emerging trends, and relevant case studies. Of the 11 four-page notes published in fiscal 2009, three, such as this one, focused on the effects of the financial crisis.

and bilateral and multilateral agencies for finance. These financing institutions, however, are unlikely to be able to fully fill the gap left by departing private international lenders.

## Support for public-private partnerships in a downturn

PPIAF's mission to provide demand-responsive technical assistance is more relevant than ever. On the basis of conversations with several groups of stakeholders—including developing country clients, private sector developers, financiers, and bilateral and multilateral donors—the Program Management Unit has identified several priority areas for PPIAF support over the coming 18 months.

### **Assessing contingent liabilities and new project priorities**

Many governments, especially those with significant project portfolios, will need rapid-response assessments of the contingent liabilities they face. Which projects are likely to come under stress because of the crisis? How have project risks been allocated, how have these risks changed (in size, allocation, and the like), what measures are in place to mitigate the risks, and for which risks are governments responsible? How do the contracts and agreements with lenders handle a catastrophic lack of global market liquidity? In particular, what liabilities do governments face if projects terminate early under such conditions?

Once governments have this kind of liability assessment, they can prepare a framework for responding to overtures from project companies on project restructuring and act preemptively to avoid problems on some projects. For the longer term, governments may now also be more willing to look at designing risk management frameworks that integrate contingent liabilities in public-private infrastructure projects into their budgeting processes. Finally, understanding contingent liabilities on existing projects is a prerequisite to determining the priority of new projects. Some may need to move forward in a timely fashion; others may need to be delayed until markets more fully recover.

### **Maintaining assets and sector performance**

This is a good time for governments and their development partners to consider the value of public-private arrangements that focus mainly on operations and maintenance rather than on investment. A greater focus on operations and maintenance projects at this point makes sense both economically and practically, since such projects are relatively easy to structure at a time of constrained liquidity. These contracts tend to be smaller ones—low-investment arrangements such as service, management, or lease (or *affermage*) contracts—and therefore often involve the domestic private sector. Some road maintenance projects have successfully involved small and micro enterprises. And some operations and maintenance contracts can be designed to shift to longer-

term, capital-intensive projects once markets begin to recover.

### **Assisting projects in distress**

Some governments will need technical assistance to help with projects already in distress or, more positively, to put into place measures for dealing with contractual issues that may arise. Governments will have to make decisions on whether to slow or stop investments, how to respond to the potential entry of new investors into distressed projects, and whether to contribute their own debt or equity to projects, allow asset sales, permit extraordinary tariff increases, or negotiate the mothballing of projects or termination of contracts. In some cases they will need to consider social programs to protect the most vulnerable groups in society. Governments in these situations will need legal, technical, economic, and financial advice to help in comparing the options and in conducting negotiations with project companies and lenders.

### **Maintaining a pipeline of future projects**

Many governments will need help in maintaining their project development pipelines in the face of changing market realities. Once these pipelines shut down, fully restarting them typically takes years. To sustain the momentum, governments will need to evaluate innovative approaches to structuring public-private infrastructure projects. These could include the possibility of using public sector debt and equity to replace commercial finance; designing public projects so that they could be transformed into public-private projects once markets begin to recover; using subsidies to lessen the impact of necessarily high tariffs, especially for poor customers; and adjusting legal and regulatory frameworks to facilitate the development of public-private projects under these changing conditions.

### **Strengthening subnational borrowers**

As a result of the financial crisis, liquidity in financial markets—including domestic capital markets in developing countries—has come under strong pressure. Subnational borrowing was abruptly curtailed in late 2008. Even so, demand for the services of PPIAF's Sub-National Technical Assistance (SNTA) Program has been

strong and is likely to remain so. To help fill the gap left by retreating international financiers, officials at all levels of government will again turn to local capital markets, and they will need precisely the kind of technical assistance offered by the SNTA Program. In the current environment SNTA Program activities are likely to focus more on enhancing creditworthiness and credit ratings than on structuring financing for transactions.

### Some encouraging signs

The Asian financial crisis led to a precipitous decline in infrastructure spending in many countries. Long-gestating infrastructure projects were postponed, and the drop-off in infrastructure spending retarded economic growth—leading to what is often referred to as the “lost decade” for many Asian countries.

This time around one encouraging sign is that countries are increasingly recognizing infrastructure investment as an important tool for dealing with the economic downturn. Many are considering, or have already put into place, some form of stimulus package in response to the financial crisis, often highlighting infrastructure. Bilateral and multilateral donors are also adopting the infrastructure agenda as part of their crisis response packages. For example, the World Bank Group, in collaboration with the bilateral donor community, is preparing a comprehensive response to support infrastructure spending during the economic downturn.

Another encouraging sign is that governments are less willing to blame the private sector for problems than they were 10 years ago. At that time some public officials perceived the private sector as renegeing on commitments to infrastructure projects in distress. This time around many public officials in developing countries are taking a more pragmatic view, suggesting that the public-private partnership model is under less threat in today's crisis than it was a decade ago.

Is the developing world facing another lost decade in infrastructure investment? It is too early to tell. The financial crisis is still unfolding. But this time the global market for private participation in infrastructure seems

better prepared to deal with the challenges stemming from such a crisis, and PPIAF stands ready to do what it can to help.

## Private Participation in Infrastructure Project Database



The Private Participation in Infrastructure (PPI) Project Database is the cornerstone of PPIAF's strategy to gather and disseminate relevant data on PPI in developing countries. The PPI Project Database Web site is the leading global source of data on PPI trends and projects and offers a user-friendly way of navigating and organizing these data. The Web site is found at <http://www.worldbank.org/ppi>.

## 2. PPIAF COUNTRY AND REGIONAL ACTIVITIES

PPIAF approved US\$18.9 million in funding for 86 activities in fiscal 2009 (see Annex 2 for a full list of fiscal 2009 activities). This represents a record year for PPIAF, despite the economic climate.

### Distribution of program activities in fiscal 2009

PPIAF continues its strategic focus on Sub-Saharan Africa, directing its greatest-ever amount of funding to the region in fiscal 2009 (Figure 1). The region's 33 new activities received PPIAF grants totaling US\$7.6 million, roughly 50 percent of the US\$15.4 million in country- and region-specific commitments for fiscal 2009 (up from 45 percent in fiscal 2008). East Asia and Pacific, where activities receive higher average funding commitments, had the second largest amount of funding. Its eight new activities received US\$2.8 million, or 18 percent of country- and region-specific funding. South Asia received US\$1.6 million, similar to its funding level in fiscal 2008. Funding was down slightly in Central Asia and Europe, Latin America and the Caribbean, and the Middle East and North Africa, a shift attributable to unusually high demand from these regions in fiscal 2008.

The distribution of PPIAF funding commitments by country borrowing status has been largely stable (Figure 2). In fiscal 2009 PPIAF directed almost three-quarters of country-specific funding to low-income countries eligible to borrow from the International Development Association ("IDA countries") or from both the IDA and the International Bank for Reconstruction and Development ("IDA-IBRD blend countries"). The rest went to middle-income countries eligible to borrow from the IBRD ("IBRD countries"). The level of support to IDA countries remained the same as in fiscal 2008 despite a reclassification of countries that reduced the number in the IDA category. Moreover, the funding totals and distribution shown in Figure 2 exclude global knowledge activities and some regional and cross-regional activities for which IDA countries are the main beneficiaries. The

Figure 1

PPIAF country- and region-specific funding by region, fiscal 2009

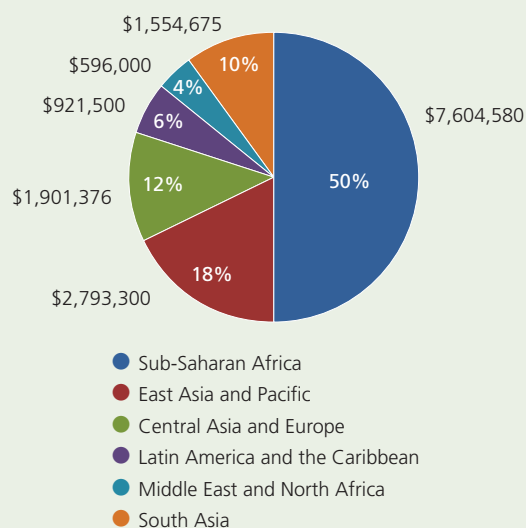
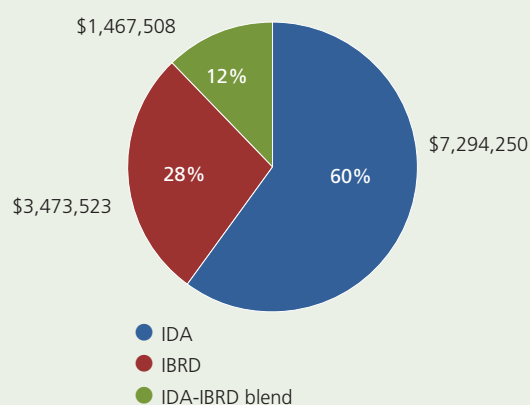


Figure 2

PPIAF country-specific funding by country borrowing status, fiscal 2009



Central Asia–South Asia Regional Electricity Trade Project is one such activity (see Annex 2 for a description).

Energy and multisector activities each accounted for about a third of total PPIAF commitments in fiscal 2009 (Figure 3). Multisector activities, which typically provide general support to the enabling environment for multiple infrastructure sectors, have been a particularly strong priority for governments as a result of the financial crisis and the growing need for capacity building.

Energy is the sector where countries typically have the greatest need, given the importance of electricity to economic growth and the huge gaps in access to services, especially in Africa and South Asia. Some PPIAF-funded activities have helped governments determine how to structure generation and distribution transactions. But much of the support is focused on the upstream policy environment for energy—helping governments with issues involving market structure, regulation, and sector strategy.

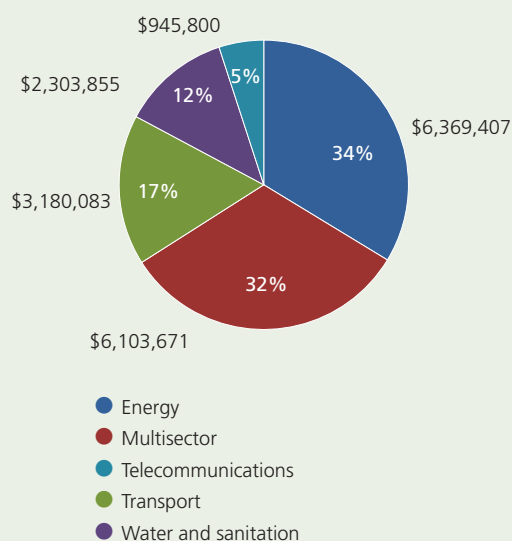
In the transport sector PPIAF has focused a large share of support on urban transit. Eight activities in this area were approved for funding in fiscal 2009. As developing countries urbanize, governments are looking for ways to rapidly scale up sustainable urban transit through light rail and bus rapid transit corridors. Ports and airports, critical to economic integration and commerce, have also been a focus of PPIAF support, with funding approved for seven new activities aimed at helping governments look at options for investment in these categories.

Activities in the water sector received 12 percent of funding, similar to the shares in fiscal 2008 and 2007. As governments increasingly focus on urban infrastructure, more of this funding has tended to go to urban water and solid waste management activities.

Telecommunications has traditionally received the smallest share of PPIAF funding. While this sector is critical for economic growth, it also has the smallest gaps in access to services, since most of the needs are met by the private sector on a purely commercial basis. Where PPIAF does provide support for this sector, it is generally in fragile states and aimed at helping governments extend access to rural and poor customers.

Figure 3

PPIAF funding by sector, fiscal 2009



### Sub-Saharan Africa

In Sub-Saharan Africa, like everywhere else, the global financial crisis has changed the outlook for private participation in infrastructure. The crisis has also renewed the focus on infrastructure in Africa, and demand for PPIAF assistance in the region has never been stronger than in the past fiscal year. Only time will tell whether requests for PPIAF assistance in Africa will remain elevated once the financial crisis has receded. A return to normalcy may bring with it the more typical levels of demand seen in previous years.

### Regional overview

The crisis struck later in Sub-Saharan Africa than in the rest of the world. At the outset there was even a perception that the region might escape a downturn, thanks to high commodity prices, ample liquidity, and a less integrated financial sector. But as the financial crisis has led to a

## Guidebook on PPPs in Africa



PPIAF works with governments and development partners to meet specific knowledge and learning needs. This guidebook, produced in partnership with the Infrastructure Consortium for Africa, helps practitioners navigate strategies for promoting public-private partnerships (PPPs) in infrastructure. A PPIAF activity is adapting the book for a more global audience.

contraction in global demand, 53 million people are at risk of falling back into poverty, according to the World Bank.<sup>1</sup> Smaller global trade and capital flows, paired with drops in tax revenue and remittances and an expected fall in development assistance, are increasing the pressure on African governments and households. And while a recovery now seems to be starting to take hold in developed countries, Africa is likely to recover later than the rest of the world because the effects of strengthening

demand and capital flows will take longer to reach its markets.

Yet the crisis may not have a dramatic effect on private participation in African infrastructure, if only because it was already relatively rare before the crisis started. While infrastructure projects with private participation were on the increase in other regions over the past five years, Africa still averaged only about 10 such projects a year outside the telecommunications sector. The immediate prospects for private participation in infrastructure in Africa will likely depend on the leadership of multilateral institutions and development banks and their willingness to do more to replace retreating private capital.

African governments are well aware of the importance of sustaining infrastructure investment and maintenance through the downturn. But unlike developed country governments, which are pushing stimulus measures that include public infrastructure investment, most African governments lack the fiscal space to pursue expensive public investment initiatives. Yet there is a growing perception that infrastructure is critical as a foundation for sustainable growth. And while private investment in infrastructure is falling, African governments recognize that the role of the private sector remains key.

The crisis has not only renewed the focus on infrastructure in Africa, it has also led to greater emphasis on the potential for debt finance at both national and subnational levels. In the past the cost of infrastructure projects in developing countries was often increased by investors' need to seek short-term foreign currency financing for



### East and Southern Africa Team (Nairobi, Kenya)

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

1. World Bank, "Financial Crisis Could Trap 53 Million More People in Poverty," press release, February 12, 2009, <http://go.worldbank.org/1FWPZ7KCJO>.




projects generating long-term local currency revenues. To reduce financing costs and better match the long life of infrastructure projects, governments and investors are now looking more to local capital markets.

### Areas of PPIAF assistance

As the downturn has reinforced the need for African governments to invest in infrastructure, it has also sharpened attention on the need to focus on the basic institutional and regulatory environment surrounding public-private partnerships and subnational debt. This focus is reflected in PPIAF activities in the region. In Lesotho and Mauritius, for example, PPIAF is helping to put into place the regulatory structure necessary for investment. And PPIAF is continuing to expand its broad portfolio of public-private partnership units, creating centers of expertise within governments for developing and managing a pipeline of public-private projects. Work on such units is ongoing in Ghana, Malawi, Mauritius, Nigeria, South Africa, and Uganda and under discussion in several other countries in Sub-Saharan Africa.

A new initiative launched by PPIAF in the past fiscal year is a small window for activities related to climate change, funded by the Norwegian Agency for Development Cooperation (NORAD). With energy use and transport accounting for most carbon emissions globally, achieving the twin goals of slowing climate change and reducing poverty requires piloting the right climate-friendly infrastructure. The new window will support public-private partnerships in Africa that integrate both private investment in infrastructure and climate change considerations. Even before the launch of this new

**Trends and Policy Options series**



The Trends and Policy Options series is PPIAF's flagship series, featuring cutting-edge research on emerging issues relevant to public-private partnerships in infrastructure. This report, *Building Bridges*, offers the first rigorous quantitative analysis of the impact of Chinese investment in infrastructure in Africa.

window, PPIAF funding was focused on activities that generate environmental as well as economic benefits. One example is a renewable energy project on the shores of Lake Kivu that is starting to produce outcomes (Box 1).

The energy sector suffers by far the largest financing gap in Africa, according to the Africa Infrastructure Country Diagnostic study. PPIAF continues to pay particular attention to the need for reliable power

### Box 1 Developing renewable energy at Lake Kivu

Rwanda sits on the shores of Lake Kivu, whose water is saturated with 29 billion cubic meters of methane gas. Fully developing this energy source could more than triple the country's energy supply. In March 2009 the Rwandan government signed a US\$100 million independent power producer agreement to generate power—initially 25 megawatts and eventually up to 100—for Rwanda and neighboring countries. PPIAF helped the government engage legal and transaction advisors to assist in structuring the transaction as a bankable public-private partnership. Beyond meeting critical energy needs and supporting economic activity, the transaction will set an important precedent in Rwanda, helping to pave the way for further private participation. It will also help build peaceful cooperation among countries in the region.



supply, with eight new activities in the sector. One grant is helping Uganda study how to use donor funds more effectively to leverage private investment. Another set of activities is focused on improving and enhancing regulatory capacity through the Regional Electricity Regulators Association of Southern Africa.

PPIAF also continues to push the knowledge agenda in Africa. For example, PPIAF hosted the conference “Financing Water for Growth in Africa,” attended by over 150 delegates from governments, utilities, donors, and the private sector. PPIAF also sponsored two events to launch the preliminary findings of the Africa Infrastructure Country Diagnostic study in Africa, one in Kenya and one in Ethiopia (see Section 3 for more on these events).

### East Asia and Pacific

East Asia and Pacific has been spared the worst effects of the global financial crisis, though early hopes of economic “decoupling” were not realized. But even as growth rates declined in East Asia, private participation in infrastructure in the region grew in the first quarter of 2009, leading to a 27 percent increase in investment overall in July 2008–March 2009 compared with the same period a year earlier. PPIAF continues to monitor investment in the region and look for ways to respond to emerging needs.

### Regional overview

The export-dependent East Asian economies have been adversely affected by the downturn in consumer demand in the United States and the European Union. And because much of the drop in foreign consumer demand is expected to be long term, these economies face a need for major strategic adjustments in the near future.

Allowing for some lag, private participation is expected to be significantly lower across all infrastructure sectors in Indonesia, the Philippines, and Vietnam, where PPIAF’s activities in the region are largely concentrated. Less funding has been available for infrastructure projects, largely because lenders that still have liquidity have been seeking borrowers with higher credit quality and because lenders and sponsors have diminishing appetite for legal, regulatory, and sovereign risk.

Dealing with financiers’ concerns about legal and regulatory risk will be critical in keeping project pipelines moving. Diagnostics looking at contingent liabilities and just-in-time assistance to restructure existing projects may also be important. PPIAF expects to focus mostly on energy and transport in the region’s larger economies while continuing to respond selectively to emerging opportunities in smaller ones, such as the Lao People’s Democratic Republic, Timor-Leste, and the Pacific Island nations.

### Areas of PPIAF assistance

In fiscal 2009 PPIAF approved funding for two transport activities in East Asia, both of them in the Philippines. One grant is supporting work by transaction advisors



#### East Asia and Pacific Team (Manila, Philippines)

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

to the government road agency to review and help bid out the Cavite-Laguna toll road south of Manila as a demonstration of a well-prepared and well-managed public-private partnership process. Another is helping to bring international best practice to bear in the design of a bus rapid transit system in Cebu City.

Capacity building has been the main focus of new activities in Lao PDR and Vietnam. In Lao PDR PPIAF is helping to build the capacity of the Lao Holding State Enterprise, a fully government-owned holding company with an equity share in the Nam Theun 2 hydropower plant, to catalyze private investment in power generation projects. The aim is to produce electricity for export to neighboring countries and to supply the domestic network. Another activity is assisting the Lao government in defining a sector policy that can promote and support a diversified industry of electricity service providers for isolated rural areas. In Vietnam PPIAF support is helping to establish a public-private partnership development office under the Ministry of Planning and Investment.

In Indonesia PPIAF continues to support the government's efforts to generate renewable electricity from geothermal sources. To support the creation of bankable geothermal projects, a PPIAF-funded study is identifying the most effective means to mitigate risks associated with upstream development of geothermal electricity generation projects.

The water and sanitation sector has been another focus in the region. PPIAF is helping Metro Iloilo in the Philippines study options for potential private participation in the sector. PPIAF also continues to monitor emerging outcomes in the sector, such as a contract to reduce nonrevenue water in Vietnam and a pro-poor subsidy framework for solid waste management in the Philippines (Box 2).

### South Asia

In South Asia, India accounts for most of the investment in infrastructure projects with private participation. In 2003–07 its regional share was about 78 percent. The country's infrastructure sector felt the impact of the global crisis in the second half of 2008, with some big transactions facing delays in financial closure. But concerted efforts by the government to ensure that investment levels are maintained facilitated closure of some projects in the first quarter of 2009. Other countries in the region are more dependent on international finance and thus will face a greater slowdown in private participation in infrastructure.

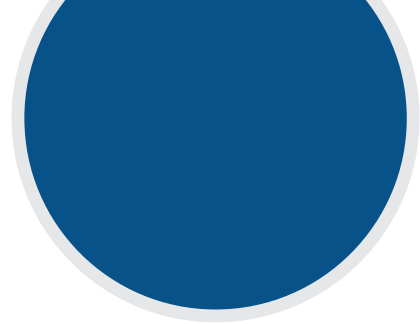
### Regional overview

In India the likely effects of the financial turbulence on private participation in infrastructure already seem fairly clear: fewer bids, extended bid periods for new projects, and project closures being driven by public sector banks as a result of greater risk aversion among foreign and domestic private banks. In addition, some private Indian

#### Box 2 Creating incentives for solid waste management in the Philippines

Solid waste management has become one of the most pressing problems of rapidly growing cities in the Philippines. The World Bank has worked with several local governments to support the development of solid waste landfills through private participation. But the high cost of developing these facilities is often cited as a deterrent by local governments. Many poor areas remain unserved or underserved, and uncollected waste is burned, indiscriminately dumped, or dumped illegally in bodies of water. Open dumping is still the most popular method of disposal.

Local governments need incentives to invest in solid waste management. A small PPIAF grant helped develop a subsidy framework to provide such incentives. The national government adopted the framework—and put aside 2.8 billion Philippine pesos (US\$60 million) as counterpart funds for local governments undertaking eligible capital investments in solid waste management services.



firms are considering disinvesting from projects as a way to strengthen their cash flows. In July 2008–March 2009 about a third of the investments in projects awarded, raising finance, or at an advanced stage of the tender were being delayed because of the financial crisis. But an encouraging sign in India is that the government has been proactive, introducing several stimulus measures for infrastructure projects in its public-private partnership program.

For PPIAF the challenge in India will be to respond quickly with tailor-made assistance to government requests for help with its aggressive efforts to maintain market liquidity and structure viable projects that respond to the changing environment. PPIAF will focus its technical assistance on helping to develop innovative project and financing structures. To keep its large public-private partnership program on track, the government is seeking to strengthen risk assessment, postcontract monitoring, and oversight systems to provide early warning for restructuring projects. PPIAF will continue to provide upstream support to strengthen the regulatory and institutional framework and capacity building at different levels of government.

Elsewhere in South Asia, the governments of Bangladesh, Maldives, and Sri Lanka are expanding the dialogue among stakeholders on options for public-private partnerships

to improve infrastructure services. They also seek to set up public-private partnership units and strengthen their legal frameworks for facilitating private participation. Given today's economic environment and the early stage of these public-private partnership programs, PPIAF support to these countries will probably focus on selected areas of the legal and institutional frameworks and wide dissemination of regional and global experience with public-private partnerships, including through PPIAF knowledge products. In Afghanistan and Pakistan, where security and country risks are likely to limit public-private partnerships, PPIAF will provide selective assistance for important projects in distress and the completion of existing activities.

#### Areas of PPIAF assistance

In India, where PPIAF's priority has been to help the government maintain its investment program, much of the support in fiscal 2009 went to activities focusing on broader issues relating to strategy and the enabling environment. One key activity relates to the management of project risks, which as a result of the crisis has become an ingredient critical to the success of public-private partnership projects. The PPIAF assistance should help the government effectively assess and allocate risk in projects with large amounts of leveraged capital and long gestation periods. Along similar lines, PPIAF is engaged in capacity building activities such as preparation of a toolkit

#### Box 3 Improving electricity transmission in Maharashtra

The Indian state of Maharashtra faces unique energy needs: fuel is available in the eastern part of the state, but the heavy demand is in the western part. To help promote investments and operational efficiency in the power sector, the state's integrated utility was unbundled in 2005. The state government sought PPIAF support for developing a business plan for the transmission company and studying options for private participation. Following an assessment of investment needs and of options for a public-private partnership, the state government and the management of the transmission company launched a process to identify a strategic private partner to develop the electricity transmission system.

With follow-up support from PPIAF, a new public-private partnership arrangement has been designed and developed and a bidding process carried out. In June 2009 letters of intent were issued to four private firms for aggregate investment of US\$1.5 billion.

The business plan and financing strategy prepared with PPIAF support assisted the utility in understanding the strategic options. The utility received US\$50 million in financing from the International Finance Corporation (IFC). The financing was approved in June 2009 by the IFC Board.

and training program on public-private partnerships, with the aim of building the capacity of staff at all levels of government.

Despite the financial crisis, past PPIAF activities in India have been effective in achieving outcomes. In Maharashtra, for example, a PPIAF activity facilitated the preparation of a business plan for a transmission utility. This utility received US\$50 million in financing from the International Finance Corporation (Box 3).

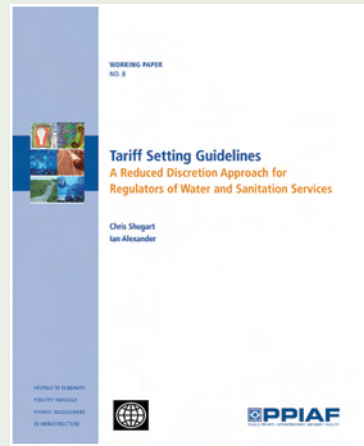
Other focus areas in India continue to be the urban sector and lagging states. PPIAF is assisting the Orissa state government in studying options for private participation to improve solid waste management and the Bihar state government in strengthening its legal framework to facilitate private participation in infrastructure.

Outside India, PPIAF approved funding for two new activities in fiscal 2009. One grant is helping Pakistan develop a hydropower tariff policy in consultation with stakeholders. Another is helping water utilities in Nepal prepare baseline data for water and sanitation services in collaboration with the Asian Development Bank.

### Middle East and North Africa

For the past two years the Middle East and North Africa has had faster growth in private participation in infrastructure than any other region. Its share of the investment in private infrastructure projects in the developing world rose to about 8 percent, with much of the investment in the Arab Republic of Egypt and Iraq. With the region's ample natural resources and huge infrastructure deficit,

## Working Paper series



The Working Paper series features emerging views and research in a more informal context, allowing the series to be produced and disseminated more rapidly than a traditional publication. This paper offers strategies governments can use to improve the predictability and transparency of tariff setting arrangements for infrastructure contracts, particularly in the water and sanitation sector.

both the demand for and supply of projects have been high. In response to the growth, PPIAF has focused its support in the region on improving government capacity to manage investments. With the onset of the financial crisis, the need for government expertise is even greater as projects come under stress from falling commodity prices and tighter liquidity.



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

Lorenzo Bertolini (Regional Team Leader) and Alassane Wade (Operations Analyst and Deputy Team Leader)

## Regional overview

The financial crisis is likely to have a severe economic effect in the Middle East and North Africa. Sliding oil prices in 2008–09 are expected to shrink fiscal space in oil-producing countries, and foreign direct investment flows are expected to fall in both resource-rich and resource-poor countries.

As a result of the economic downturn, large infrastructure projects have already been delayed or postponed. This trend is expected to continue through the rest of 2009 because of the need to restructure projects to increase the government or multilateral funding shares, so as to compensate for sharply declining levels of private project finance. Despite rising demand, PPIAF assistance is likely to remain at its current low level. But there may be some opportunities to engage with reforming and middle-income countries as they seek support to sustain their project pipelines in the face of the crisis.

## Areas of PPIAF assistance

As governments in the Middle East and North Africa look to build infrastructure and take advantage of public-

private partnerships, capacity building has been a main focus of PPIAF support. Earlier capacity building activities in the region are starting to pay dividends, with support to the government of Egypt producing important outcomes in the tendering of new projects in that country (Box 4). A more recent activity, in fiscal 2009, was a regional seminar for policy makers, organized in partnership with the International Finance Corporation, to share global experiences with public-private partnerships. Support to the government of the Syrian Arab Republic is aimed at building capacity through additional training of the government's public-private partnership task force. PPIAF also provided support to establish a network of infrastructure regulators in the region, building on the success of similar initiatives in other regions.

Two other activities were also launched in fiscal 2009. PPIAF is helping the government of Djibouti study options for private participation in solid waste management. And it is helping the government of Tunisia prepare bidding documents for private participation in the Radès Logistics Zone, a 50-hectare facility at the port of Tunis dedicated to the logistics of container traffic.

### Box 4 Supporting public-private partnerships in the Arab Republic of Egypt

The Egyptian government sees public-private partnerships as a central element of its reform agenda, providing an important means of delivering investment in public infrastructure. In 2006 the government began an ambitious public-private partnership program across a range of public infrastructure sectors, with pilot projects planned in the health, transport, utility, and education sectors.

To help ensure success, the government enlisted the support of PPIAF and others (including the World Bank, International Finance Corporation, and U.S. Agency for International Development). It sought assistance in strengthening the capacity of the central public-private partnership unit and streamlining the policy, legal, and institutional framework for public-private partnerships. It also sought support for the preparation of pilot projects.

Several pilot projects have already been launched. One is the recently awarded New Cairo Wastewater Treatment Plant Project. With the technical assistance of the central public-private partnership unit, the Ministry of Housing, Utilities, and Urban Development invited private companies to participate in competitive bidding for the design, construction, financing, operation, and management of a new wastewater treatment plant serving New Cairo City, Madinaty, and El Mostakbal. The aim is to develop a model public-private partnership transaction that can then be replicated in other urban services projects. Subsequent projects will be tendered under the new public-private partnership law now awaiting approval by the Egyptian parliament.



## Central Asia and Europe

Central Asia and Europe saw investment in infrastructure projects with private participation grow by 80 percent in 2007, and the region emerged as a leader among the developing regions. The financial crisis has put this growth in jeopardy. Investment levels in the July 2008–March 2009 period were down by 54 percent from the previous year, a bigger drop than in any other developing region. Demand from the region for PPIAF support is likely to grow in response to this downturn.

### Regional overview

Regulatory and market structure reforms associated with the process of accession to the European Union drove the earlier robust growth in private investment in infrastructure. But the high investment levels were made possible by international project finance, mostly from Western European banks that are now either insolvent or operating with very high loan-to-deposit ratios. In the broader economy, recession in Western Europe will reduce the demand for exports from the region, slow economic growth, and lead to higher unemployment and inflation. It will also increase country debt levels, already high compared with those in other emerging economies.

PPIAF has traditionally maintained a low profile in Central Asia and Europe. But the scale of the impact the crisis is likely to have on private participation in infrastructure in the region will increase the demand for technical assistance. Priority areas include project restructuring, more robust upstream project preparation, risk monitoring, and management of contingent liabilities. As public finances come under greater pressure, governments may

## PPP in Infrastructure Resource Center for Contracts, Laws and Regulation Web site



A new product, the PPP in Infrastructure Resource Center for Contracts, Laws and Regulation Web site, fills a critical knowledge gap. It offers access to reviewed legal documents from past World Bank infrastructure transactions valuable knowledge that helps practitioners avoid having to “reinvent the wheel” when it comes to structuring transactions. The Web site is found at <http://www.worldbank.org/pppiresource>.



### 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 and Deputy Team Leader)

seek private participation as a way to meet investment needs. Indeed, some countries, such as Poland, have been pushing ahead with privatization plans despite the difficult environment. In Armenia, following extensive PPIAF support, the private sector is helping to meet investment needs in the rail sector through a concession (Box 5).

### Areas of PPIAF assistance

PPIAF support to Central Asia and Europe has continued to focus on the Balkan states and regional initiatives. The region's many small, landlocked countries mean that regional cooperation is key to solving major challenges in infrastructure. Several PPIAF grants approved in fiscal 2009 are intended to support such cooperation. PPIAF

support to the Caspian Development Corporation is aimed at helping to create a new gas transmission corridor from the Caspian Sea to Eastern Europe. Along similar lines, PPIAF is supporting the development of a wholesale electricity market in Southeastern Europe in order to open up greater economies of scale. And follow-up support for the Central Asia–South Asia Regional Electricity Market will help Central Asian countries generate revenue by selling surplus electricity to Afghanistan and Pakistan.

Postconflict countries are another area of focus in the region. In Bosnia and Herzegovina, for example, PPIAF is helping the government examine options for private participation at the port of Brčko. In Serbia PPIAF is funding a study on electronic toll collection systems

#### Box 5 Increasing investment in Armenian Railways

In 2005 a PPIAF-funded study found that continuing to operate Armenian Railways as currently structured would require government subsidies of more than 135 billion Armenian drams (US\$360 million) over the next 15 years. The cash flows from the government-managed operations would fall short of the levels needed to replace worn-out assets. After exploring potential options for restructuring Armenian Railways and improving its services, the study recommended a concession framework for involving the private sector.

The government accepted the study's recommendation to concession the railway as a vertically integrated operation with open access regulations allowing multiple operators to provide services. It decided to undertake the concession through a transparent, competitive international tender. PPIAF provided funding for a transaction advisor and preparatory work for the concession.

In 2008, the first year of the concession, the private operator provided almost US\$20 million in capital investment. This investment level is higher than the aggregate investment in the previous three years (see figure).



Source: Audited Financial Statements, Concessionaire Report

aimed at helping the government improve the efficiency of highway management.

Several fiscal 2009 grants were a quick response to needs emerging as a result of the financial and economic crisis. In Croatia PPIAF is assisting the government in strengthening its legal and institutional framework and in developing risk assessment models. In the former Yugoslav Republic of Macedonia support to the government is helping to improve the investment climate for private participation in the power sector. And in Kazakhstan a grant is helping to build the capacity of the central public-private partnership unit to develop projects in the difficult crisis environment.

### Latin America and the Caribbean

Latin America and the Caribbean is a pioneering region for private participation in infrastructure, and many countries have mature project pipelines and investment programs. PPIAF has focused less on the region in recent years, but in the past fiscal year there was an increase in demand for its support in part because of needs arising from the financial crisis. A Colombian road concession is one example of a PPIAF-supported project that had to be restructured as a result of the financial crisis (Box 6).

### Regional overview

International banks play an important role in infrastructure project finance in Latin America and the Caribbean,

## Toolkit for Public-Private Partnerships in Roads and Highways

Jointly sponsored by PPIAF and the World Bank, this toolkit is aimed at helping policy makers and practitioners in developing roads and highways through public-private partnerships (PPPs). It provides an overview of the development of PPPs as well as when and where they may be used most effectively for the benefit of the public and the economy. The toolkit is found at <http://www.ppiaf.org/PPPRoads&highwaytoolkit>.

### Box 6 Moving forward with Colombia's Ruta del Sol concession

The Ruta del Sol concession, expected to involve up to US\$2.5 billion in investment, will be the largest infrastructure project in Colombia and one of the largest in Latin America. The concession will entail rehabilitating 950 kilometers of road, expanding up to 840 kilometers to double lanes, constructing a new 75-kilometer double-lane road, and operating and maintaining the entire road system.

PPIAF assisted the Colombian government in preparing traffic studies required for structuring and tendering the concession. The tender process for sections of the project is now under way. The process is being carried out by the local authorities of the jurisdictions through which the highway will run. Several firms have shown interest in tendering for the project, including two Colombian firms, Bancolombia and Conalvias, and an Italian one, Impregilo.

The Ministry of Treasury is now assessing options for raising the funds for the project. Possibilities include borrowing some US\$1 billion from multilateral development banks or issuing sovereign bonds.



and because of this, the region's larger economies have already started to feel the effects of the global liquidity and credit squeeze. Investment commitments to infrastructure projects with private participation in the region declined by 16 percent in July 2008–March 2009 compared with the same period a year earlier.

#### Areas of PPIAF assistance

Transport was a major focus of PPIAF support to the region in fiscal 2009, accounting for three new activities. In Colombia PPIAF provided support to the city of Bogotá to study the possibility of adding a metro line with private participation. In Paraguay PPIAF is assisting the Ministry of Public Works in designing a strategy for private participation in transport. And on the knowledge front PPIAF is funding a major study on the efficiency of ports in the region.

The water sector also received support, with two new activities. In Honduras PPIAF is helping the government implement a performance-based contract to reduce nonrevenue water. In Brazil PPIAF provided funding to update and edit the book *Brazil: Framework Analysis for Public-Private Partnerships in Irrigation* and to hold a workshop to disseminate the book to government and the private sector.

In the power sector new activities include a study of options for power generation in Caribbean countries and capacity building on public-private partnerships for officials in the Mexican state of Jalisco. Caribbean countries' small size limits economies of scale in generation and transmission. The PPIAF study will look at options for submarine cables and pipelines to help small economies connect to a larger

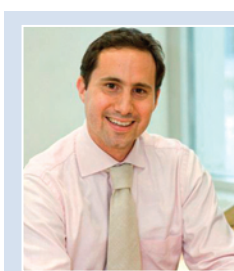
energy grid. It will also examine options for meeting energy needs through renewable sources such as wind and geothermal.

#### Outcomes of PPIAF-funded activities

PPIAF constantly monitors the emerging outcomes of activities, before and after they have been completed. Virtually all 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.

The boxes in the previous sections give a sense of some of the outcomes documented in different regions throughout the past fiscal year. But PPIAF also regularly makes more systematic efforts to document outcomes. In fiscal 2008 PPIAF conducted a comprehensive review of all outcomes to date. Reviewing 379 completed PPIAF activities, the analysis identified 289 that targeted measurable outcomes. Eighty-four percent of these 289 activities generated one or more measurable outcomes, for a total of 353 outcomes. The review also showed that from the program's inception through fiscal 2008, PPIAF activities had facilitated 82 transactions, supported 51 laws and regulations, created or strengthened 74 institutions, and assisted in the formulation of 146 strategies. In addition, 24,274 participants had benefited from 338 PPIAF-funded conferences and training activities.

As part of a five-year review commissioned by PPIAF donors, consultants extended that earlier analysis of outcomes. This review, produced in fiscal 2009, offers a systematic structure for classifying the outcomes achieved by PPIAF. The consultants reviewed outcomes in the enabling environment according to three categories: *identified*, *developed*, and *implemented* (Table 1). They looked at assistance relating to the project cycle according to three similar categories: *identified*, *developed*, and *transacted* (Table 2).



#### Latin America and the Caribbean (Washington, DC)

Joshua Gallo (Regional Program Leader)

The analysis shows that “PPIAF has achieved a high degree of positive outcomes across both the enabling environment and project cycle assistance segments. Advice provided through PPIAF grants appears to be valued and in general, acted upon.”<sup>2</sup> For the first category of activities—those related to the enabling environment—43 percent of reviewed activities have resulted in an “implemented” outcome, a strong result for activities aiming to improve the enabling environment through the adoption or improvement of laws, regulations, or institutions. In comparison, 35 percent resulted in a “developed” outcome and 22 percent in an “identified” outcome. For the “project cycle” category of activities, more than 56 percent of reviewed activities resulted in

a “transacted” outcome, or reached financial closure, another strong result.

As part of the analysis, reviewers also conducted four site visits to different PPIAF activities in India, Kenya, Uganda, and Vietnam. While evidence of outcomes existed in all four countries, variations between the countries were attributed to variations in government capacity and the enabling environment for public-private partnerships. This further underscores the need to focus on those countries with the greatest needs related to the enabling environment and capacity building.

For more information on the five-year review, see Annex 1.

**Table 1 Analysis of outcomes of PPIAF activities relating to the enabling environment, through fiscal 2008**

	Identified	Developed	Implemented	Projects analyzed	Total projects (2000–08)
PPI policy or strategy	33 (26)	43 (34)	49 (39)	125	213
Legal, regulatory, or competition framework	14 (22)	19 (30)	31 (48)	64	102
Institution building or development	3 (9)	15 (45)	15 (45)	33	75
<b>Total</b>	<b>50 (22)</b>	<b>77 (35)</b>	<b>95 (43)</b>	<b>222</b>	<b>390</b>

Source: Cambridge Economic Policy Associates, “Public-Private Infrastructure Advisory Facility (PPIAF) Review and Recommendations on Governance Aspects” (report prepared for PPIAF, Washington, DC, 2009).

Note: Figures in parentheses are the percentage of the projects analyzed.

**Table 2 Analysis of outcomes of PPIAF activities relating to the project cycle, through fiscal 2008**

	Identified	Developed	Transacted	Projects analyzed	Total projects (2000–08)
Project preparation and transactions support	2 (13)	5 (31)	9 (56)	16	42

Source: Cambridge Economic Policy Associates, “Public-Private Infrastructure Advisory Facility (PPIAF) Review and Recommendations on Governance Aspects” (report prepared for PPIAF, Washington, DC, 2009).

Note: Figures in parentheses are the percentage of the projects analyzed.

2. Cambridge Economic Policy Associates, “Public-Private Infrastructure Advisory Facility (PPIAF) Review and Recommendations on Governance Aspects” (report prepared for PPIAF, Washington, DC, 2009), p. 85.

## 3. PPIAF GLOBAL RESEARCH AND DISSEMINATION ACTIVITIES

As a global platform for knowledge and advice, PPIAF offers clients a way to leverage best practice on public-private partnerships in infrastructure from every region of the world. PPIAF devotes a substantial part of its portfolio to developing new knowledge through research and helping to make existing knowledge accessible through books and short notes, toolkits, multimedia products, users' guides, and workshops. PPIAF also focuses on disseminating its knowledge products and on promoting the program to ensure that policy makers and development partners are aware of the resources available.

### Global knowledge management

PPIAF supports a robust global knowledge management agenda to supplement its grant-funded technical assistance in specific countries with information on best practices and lessons learned across the developing world. In fiscal 2009 it approved 14 new global knowledge management activities for just over US\$2.5 million in funding, about 13 percent of total PPIAF commitments.

PPIAF's ongoing knowledge management activities can be broadly grouped in four categories: gathering and analyzing data on the changing roles and incentives of private players in infrastructure, making existing knowledge operational for clients, assessing the performance of public-private partnerships, and expanding knowledge for improving infrastructure services.



#### Global Knowledge Management

Clemencia Torres de Mästle (Senior Regulatory Economist)

### Gathering and analyzing data

The core of PPIAF's data gathering and analysis efforts remains its continuing support for the Private Participation in Infrastructure (PPI) Project Database, the most authoritative source of data on public-private partnerships in infrastructure in developing countries. The PPI Project Database is where policy makers and investors turn to learn about the most recent trends in investment, whether by sector, country, region, or country income group.

With the onset of the financial crisis, there was enormous demand for real-time knowledge on how it was affecting investment. The quarterly and annual updates of the PPI Project Database already track investment after projects reach closure. This past year the PPI Project Database team developed another analytical tool—a new database to track the impact of the crisis on infrastructure. While it is still too early to assess the full impact of the crisis, the new database gives a glimpse of its unfolding, observable effects. Besides recording projects that reach closure, the database tracks pending projects and seeks to account for delays and cancellations, looking at how much they can be attributed to the crisis and how much to other factors. The PPI Project Database team has produced a series of quarterly notes interpreting the findings captured in the new database.





### **Making existing knowledge operational**

Making knowledge operational by disseminating global best practices to policy makers in developing countries is an important part of PPIAF's knowledge program. PPIAF continues to fund a broad range of toolkits and learning materials. A grant awarded in fiscal 2009 is helping to expand a successful manual on preparing public-private partnerships from a book designed specifically for Africa into one with global application. The guide helps policy makers tackle the most challenging aspects of structuring and financing such partnerships. Another guide will give policy makers practical advice on the project cycle and project finance, and a third will assist policy makers in exploring options for urban light rail.

The update of the highways toolkit was completed in fiscal 2009, and the new version was launched at a dissemination workshop and event in India. The Urban Transport Planning workshop series continues to expand, with more workshops planned in China, Jordan, Pakistan, Vietnam, and Sub-Saharan Africa. And a new set of training materials was commissioned on public-private partnerships in irrigation.

PPIAF has also joined forces with many of its partners to support the Multilateral PPPI Capacity Building program, which aims to harmonize knowledge and training on public-private partnerships. The program is cosponsored by the World Bank Institute, Asian Development Bank, Islamic Development Bank, and other partners. It is developing a toolkit, a knowledge portal, and face-to-face pilot workshops on private participation in infrastructure.

In a separate activity PPIAF funded a one-day workshop in Paris in January 2009, to share the results of a comprehensive global study of experience with private participation in the water sector.

PPIAF also undertook an update of the Body of Knowledge on Infrastructure Regulation Web site. PPIAF

and the World Bank have partnered with the University of Florida to create the site. In fiscal 2009 PPIAF supported the update and expansion of the site, which included the coverage of new sectors (transport); the inclusion of new topics (such as regulation for state-owned enterprises); and the translation of the glossary into several new languages (such as Chinese and Portuguese). Finally, to increase the practical relevance of the site, a new section was added featuring guidance on specific questions that arise in the daily work of regulators. The Web site is found at <http://www.regulationbodyofknowledge.org>.

### **Assessing the performance of public-private partnerships**

PPIAF continues to support groundbreaking analytical research into the factors driving the performance of public-private partnerships in infrastructure. In fiscal 2009 PPIAF focused on disseminating a series of completed studies that look at the performance of private participation as well as on funding new studies. One completed study looks at the lessons for improving private sector performance in water and sanitation

#### **Guidebook for PPP practitioners**



This book seeks to provide a practical, comprehensive guide to public-private partnerships (PPPs)—how governments can enable and encourage PPPs, how PPP financing works, what PPP contractual structures look like, and how PPP risk allocation works in practice.

(Box 7). Another PPIAF-funded study, now under way, is assessing how different degrees of unbundling affect performance in the power sector.

### Pushing the knowledge envelope

Creating new knowledge through innovative studies is a major focus of the knowledge program. One new study is looking at the market potential for investments in the rehabilitation of hydropower infrastructure. Two others are focusing on the policy environment for investment. In addition, PPIAF is supporting a Thematic Group on Infrastructure Regulation, which will produce a series of conferences and workshops to take stock of best practice in infrastructure regulation.

### Engaging with civil society

One activity funded in fiscal 2009 focuses on engagement with civil society. The Water Dialogues, a series of

discussions involving multiple groups of national and international stakeholders, examine whether and how the private sector can be involved in providing water to the world's poor. Five national Water Dialogues have been concluded, in Brazil, Indonesia, the Philippines, South Africa, and Uganda.

PPIAF is funding two global meetings to conclude this international, multiyear project. Through this grant, PPIAF is supporting the efforts of the different stakeholders to build consensus on the part the private sector can play in delivering water and sanitation services that meet the needs of the poor.

### Outreach and dissemination

PPIAF's outreach and dissemination program continues to be a strategic focus. In fiscal 2009 PPIAF increased its outreach through the Web and hosted a number

## Box 7 Studying the impact of private participation

As a global knowledge leader, PPIAF is constantly pushing to find better ways of structuring public-private partnerships. And a key to improving such partnerships is understanding how they have worked in the past. What have been the successes and failures? To whom do the benefits accrue? In this past fiscal year PPIAF support for thorough, up-to-date econometric studies produced results. Together, three studies have dramatically increased the available knowledge on how public-private partnerships have functioned.

The first study—*Does Private Sector Participation Improve Performance in Electricity and Water Distribution?*—undertook an econometric analysis of 300 water and electricity sector projects with private participation and a control group of 900 without private participation over more than a decade of operation. The data set compiled is unique in its coverage, and its size and composition made it possible to address for the first time methodological problems that have plagued empirical research and hampered conclusive results.

The second study, the most in-depth one to date of the Latin American experience with private participation—*The Impact of Private Sector Participation in Infrastructure: Lights, Shadows, and the Road Ahead*—advances the literature by offering robust econometric analysis. The results of the analysis show that private participation in infrastructure can have large benefits, particularly in productivity and in the quality and coverage of services.

The third study, not yet published, documents the experience with public-private partnerships for urban water utilities in developing countries. The study captures the most important lessons from the past decade of projects, showing what worked and what did not—and how public-private partnerships can improve efficiency in poorly performing urban water and sanitation utilities in the developing world.

In partnership with the World Bank's Office of the Publisher, PPIAF held a formal launch for the first two studies in Washington, DC, in November 2008. This was followed by a workshop for policy makers to discuss the findings of the two reports. Findings of the first study were presented at the East Asia and Pacific Infrastructure Regulatory Forum in Cairns, Australia, and at other events throughout the year. Research from the third study was the subject of a PPIAF-funded workshop for policy makers in Paris in January 2009 and was discussed at the World Water Forum in Istanbul in March 2009.

of events aimed at disseminating knowledge products and increasing the program's visibility to clients and stakeholders.

### Making personal contact

PPIAF staff, from the field offices as well as headquarters, together attended more than 100 workshops, conferences, and outreach events in fiscal 2009. 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.

### Using electronic tools

Traffic to the PPIAF Web site increased over the past year, with the site averaging 14,000 unique page views a month. Users from 197 countries visited the Web site, with a large share of the traffic coming from developing countries (more than half the top 25 countries by page views were PPIAF client countries). PPIAF continued to add and improve content and increase the visibility of the site. It also initiated a redesign of the site to improve the layout and the ease of navigation and to place the site on internal World Bank servers, providing access to better support for Project Management Unit staff. The redesigned site will go live in fiscal 2010.

PPIAF now sends its electronic newsletter monthly rather than quarterly, taking advantage of the greater frequency to feature more events, news stories, and new publications. The number of subscribers continues to grow, reaching more than 8,000 by the end of fiscal

2009. Subscribers are added through the Web site and through contacts with universities, policy makers, and stakeholders.

### Disseminating knowledge

PPIAF's popular Gridlines series continues to expand. Eleven new four-page notes were published in fiscal 2009 (Box 8). The series has proved to be an effective way to rapidly disseminate knowledge on the impact of the financial crisis on infrastructure. Three Gridlines focusing on this issue were published in the past fiscal year.

Publications are disseminated through PPIAF field offices as well as through the World Bank's global distribution

**PPIAF Web site**

The screenshot shows the PPIAF website interface. At the top, there are navigation tabs for Home, About Us, Topics, Sectors, Activities, Resources, and News. Below the tabs is a search bar and a large banner image showing a group of people. The main content area is divided into several sections: 'New needs for technical assistance: Responding to the effects of the financial crisis on private participation in infrastructure', 'Resources & Tools' featuring 'GRIDLINES', 'Feature Stories', 'News', 'Project Database', and 'Publications'. Each section includes a brief description and a 'Learn More' link.

The PPIAF Web site, at <http://www.ppiaf.org>, is the best place to find all the newest knowledge products and information on PPIAF. The Web site includes news and features, and a searchable database of all PPIAF activities since the program's inception.



### Outreach and Dissemination

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

network of country offices and more than 250 World Bank Public Information Centers, Development Information Centers, and deposit libraries throughout the world.

By far the largest distribution channel is through attendance by PPIAF field office staff at conferences and workshops. Staff also share materials with government officials and donors, investors, financiers, and consultants during meetings. In addition, PPIAF leverages a network of distribution lists, for example, those used by public-private partnership units in some countries. The Delhi office recently sent copies of the book *Unlocking Land Values to Finance Urban Infrastructure* to policy makers in India, including members of a high-level committee on urban reform set up by the government.

Also in fiscal 2009, PPIAF partnered with the communications team in the World Bank's Africa Region to launch the report *Building Bridges: China's Growing Role as Infrastructure Financier for Africa*. The World Bank vice presidents for the Africa Region and for the East Asia and Pacific Region both participated in the panel discussion and question-and-answer session. The media were invited, and a press release was published on the PPIAF and World Bank Web sites.

As a side event to the annual meetings of the World Bank and International Monetary Fund in October 2008, PPIAF organized a seminar on the preliminary findings of the Africa Infrastructure Country Diagnostic study. The seminar was chaired by the World Bank vice president for the Africa Region and the deputy chairman of the African Union Commission. PPIAF also helped the study team develop two brochures and a multimedia presentation that were disseminated at the African Union Summit's Infrastructure Day in January 2009.

Emerging findings from the Africa Infrastructure Country Diagnostic study were also disseminated at two country-specific presentations in Ethiopia and Kenya in January 2009. The event in Addis Ababa drew 50 participants from the government, public authorities, private companies, and donor organizations to discuss the size

of the infrastructure financing gap and possible ways to close it. During the morning session Joel Kolker (regional team leader for PPIAF) talked about investment issues and Vivien Foster (World Bank economist and principal author of the study) presented the early findings of the study.

PPIAF worked with the World Bank's Office of the Publisher to launch two reports on the impact of private participation in infrastructure (see Box 7). The launch event, chaired by the World Bank's director for sustainable development in Latin America, featured the authors of the reports as well as discussants from the Bank's Sustainable Development Network team and the Center for Global Development.

PPIAF has also reached out to academia, expanding its distribution list through contacts at universities in key developing countries. Professors at Stanford and Harvard Universities have requested publications, and the Harvard Business School has turned one PPIAF-funded study—*Does Private Sector Participation Improve Performance in Electricity and Water Distribution?*—into a business case study for the classroom.

#### PPIAF in Africa brochure



PPIAF seeks to tailor its outreach efforts to specific clients and contexts. This brochure, created in advance of the African Union Summit in 2009, highlights PPIAF activities in Africa and region-specific knowledge products. The brochure is available in both English and French.

## Box 8 PPIAF products and publications launched or updated in fiscal 2009

### Flagship products

- Private Participation in Infrastructure (PPI) Project Database—the leading source for PPI trends in the developing world, covering transport, energy, telecommunications, and water and sanitation projects
- PPP in Infrastructure Resource Center for Contracts, Laws and Regulation Web site—a useful resource for policy makers and regulators on the contractual and legal aspects of infrastructure projects

### Toolkit

- Toolkit for Public-Private Partnerships in Roads & Highways—initially launched in 2002 and freshly updated in 2009 to incorporate new case studies and lessons learned. A draft was presented at a January 2009 workshop in Washington, DC, and at a March 2009 workshop in India.

### Trends and Policy Options series

- #5: Building Bridges: China's Growing Role as Infrastructure Financier for Africa (also available in French and Chinese)
- #6: Does Private Sector Participation Improve Performance in Electricity and Water Distribution?
- #7: Unlocking Land Values to Finance Urban Infrastructure

### Cosponsored publications

- Attracting Investors to African Public-Private Partnerships: A Project Preparation Guide (also available in French)
- The Impact of Private Sector Participation in Infrastructure: Lights, Shadows, and the Road Ahead (also available in Spanish)
- Private Sector Investment in Infrastructure: Project Finance, PPP Projects and Risk (second edition)
- Private Participation in the Transport Sector: Lessons from Recent Experience in the CEE and SEE Countries

### Working Papers

- #7: Emerging Market Investors and Operators: A New Breed of Infrastructure Investors
- #8: Tariff Setting Guidelines: A Reduced Discretion Approach for Regulators of Water and Sanitation Services

### Gridlines

- #39: Enhancing the Creditworthiness of Municipal Bonds: Innovations from Mexico
- #40: Unlocking Land Values to Finance Urban Infrastructure: Land-Based Financing Options for Cities (also available in Chinese)
- #41: Taking a Holistic Approach to Planning and Developing Hydropower: Lessons from Two River Basin Case Studies in India
- #42: China's Emerging Role in Africa: Part of the Changing Landscape of Infrastructure Finance (also available in French)
- #43: The Changing Landscape of Infrastructure Finance in Africa: Nontraditional Sources Take on a Growing Role (also available in French)
- #44: The Informal Recycling Sector in Developing Countries: Organizing Waste Pickers to Enhance Their Impact
- #45: Financing the Boom in Public-Private Partnerships in Indian Infrastructure: Trends and Policy Implications
- #46: What Drives Private Sector Exit from Infrastructure? Economic Crises and Other Factors in the Cancellation of Private Infrastructure Projects in Developing Countries
- #47: Private Participation in Transport: Lessons from Recent Experience in Europe and Central Asia
- #48: Another Lost Decade? Effects of the Financial Crisis on Project Finance for Infrastructure
- #49: New Needs for Technical Assistance: Responding to the Effects of the Financial Crisis on Private Participation in Infrastructure

## 4. SNTA PROGRAM

The Sub-National Technical Assistance Program has just completed its second year of implementation. Designed to complement PPIAF's traditional focus, the program provides support to subnational government entities to improve their creditworthiness for market-based financing without sovereign guarantees. The program's technical assistance grants can support a wide range of activities to assist subnational entities in borrowing from market-based sources such as banks, bond markets, and investment funds. Examples include activities aimed at improving internal financial controls, developing a capital financing plan, improving corporate governance of a public enterprise, obtaining or improving a credit rating, structuring a project, developing innovative credit structures, and preparing a bond or share issuance.

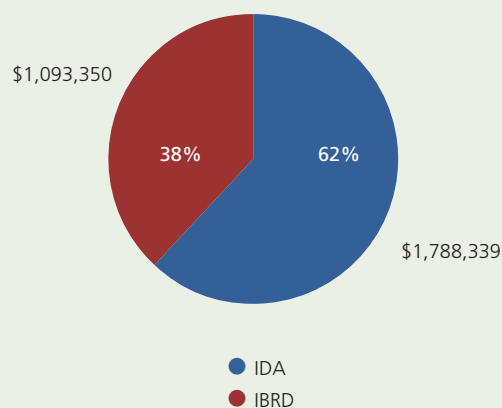
Fourteen new SNTA Program activities were approved in fiscal 2009, for a total of US\$4.8 million. Funding was down slightly from the US\$5.3 million approved in fiscal 2008. This was in part because of market uncertainties stemming from the global financial crisis; many local governments took a wait-and-see attitude toward subnational borrowing in late 2008. In addition, many initial proposals had to be restructured to reflect the practical realities of subnational finance in the current environment as well as the objectives of the SNTA Program.

### Client demand

The SNTA Program is experiencing greater than expected demand for upstream work involving capacity building and improvements to policy, legal, and regulatory frameworks. The program was originally designed to focus downstream, closer to actual transactions than the core PPIAF program. Because of the expectation that the SNTA Program would work in close proximity to transactions, the program was also expected to work more with middle-income than with low-income countries. Yet much of the demand in fiscal 2009 came from low-income countries and regions. About 60 percent of funding was allocated to IDA countries, and the rest to IBRD countries (Figure 4). (No funding went to blend countries in fiscal 2009.)

Figure 4

SNTA Program funding by country borrowing status, fiscal 2009



The demand from low-income countries in Sub-Saharan Africa has been an encouraging surprise. This region accounted for a larger share of SNTA Program activities than any other in fiscal 2009, with six activities amounting to 45 percent of funding (Figure 5). Indeed, more funding was devoted to Sub-Saharan Africa than to all of the higher-income regions combined.



Figure 5

SNTA Program funding by region, fiscal 2009

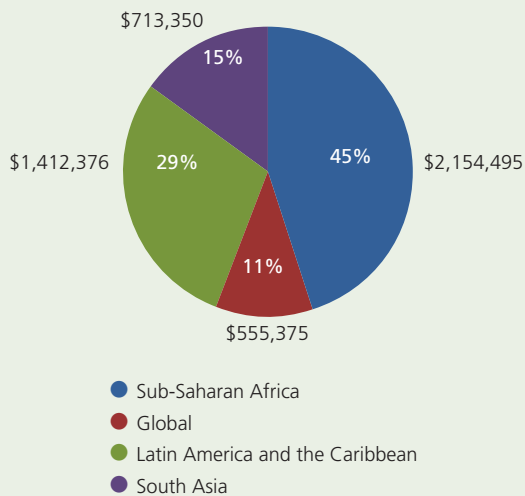
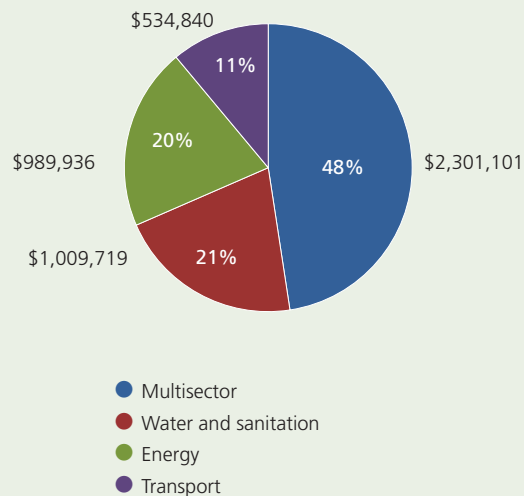


Figure 6

SNTA Program funding by sector, fiscal 2009



A significant share of the demand has been for upstream work in all kinds of countries, linked to downstream transactions on a two- to three-year time horizon rather than the one-year period the program was meant to target. The appropriate balance between upstream and downstream work is one of the issues being considered in the SNTA Program evaluation that began in mid-2009.

Most of the SNTA Program's grants, which focus on improving the enabling environment for subnational finance, affect the capacity for borrowing across different sectors (Figure 6). This is reflected in the large share of multisector activities. The remaining activities were targeted to state-owned enterprises or municipalities borrowing for a specific purpose.

### Program activities

An important driver of SNTA Program support in Africa is the exploding demand for urban infrastructure. Africa is the world's most rapidly urbanizing region, and growing urban populations put pressure on cities' infrastructure and budgets. The SNTA Program is helping African

cities meet their growing needs for urban infrastructure investment by borrowing on their own account or through utilities. In Rwanda, for example, the program is supporting a feasibility study of the potential for debt financing of a new bus terminal in Kigali.

Support for utility borrowing is another key part of SNTA Program support in Africa. In fiscal 2009 new grants were approved for Malawi's electricity utility ESCOM and for two activities in Kenya to help meet urgent needs in the water sector through subnational borrowing. The SNTA Program is helping regional initiatives leverage the same type of financing. One activity is supporting the



Southern Africa Power Pool in evaluating the potential creditworthiness of several of its member utilities.

In South Asia two new activities focus on improving the enabling environment for subnational borrowing by Indian cities. The larger of these is helping 12 cities in Maharashtra develop a strategy for financing infrastructure priorities through subnational borrowing. The other is helping 10 Indian cities develop action plans to improve their creditworthiness.

In Latin America the SNTA Program is helping Brazil's state-owned electricity incumbent develop a strategy

to improve its creditworthiness so that it can pursue funding from the bond market. And the largest activity in the region this past fiscal year has already produced an outcome—a US\$100 million bond issue in the Mexican state of Quintana Roo (Box 9).

The SNTA Program also continues to push forward on its own global knowledge agenda. One study is undertaking groundbreaking research on the use of land-based collateral for subnational borrowing. Another is taking a comprehensive look at insolvency frameworks in selected developing countries.

#### Box 9 Meeting municipal infrastructure needs in Mexico

The Mexican state of Quintana Roo put forward an ambitious proposal to meet the infrastructure needs of the poorer segments of its population living on the Mayan Peninsula: to invest US\$465 million in new projects. The local capital market is well developed, and the state's larger cities have long had access to the bond market. But smaller and poorer cities still have a way to go. By going forward with infrastructure projects, these cities stand to reap substantial added benefits—from 50 percent matching federal government funds to additional investment under public-private partnership agreements.

The state's government sought support from the SNTA Program to put together a pooled municipal bond transaction—Mexico's first—to help its cities gain access to the bond market. The SNTA Program provided just-in-time support. In June 2009, despite the difficulties arising from the global financial crisis, the state was able to go forward with the first tranche of pooled bonds, worth US\$100 million.

## 5. 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 in support 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 contributions 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.



#### Program Finances and Administration Team

From left to right—Claire Markgraf (Junior Professional Associate) and Patricia Roldan (Resource Management Analyst); Katia Nemes (Senior Program Assistant) and Maria Anton Butler (Program Assistant)

**Table 3 Member contributions, fiscal 2008 and 2009 (US\$ thousands)**

Type of funding	Receipts in fiscal 2008			Receipts in fiscal 2009		
	PPIAF	SNTA Program	Total	PPIAF	SNTA Program	Total
Core	16,605	n.a.	16,605	12,816	n.a.	12,816
Non-Core	0	8,574	8,574	2,554	6,589	9,143
Net investment income <sup>a</sup>	2,024	58	2,082	1,214	180	1,394
<b>Total funding</b>	<b>18,629</b>	<b>8,632</b>	<b>27,261</b>	<b>16,584</b>	<b>6,769</b>	<b>23,353</b>

Note: n.a. = not applicable.

## Contributions received

For the 12 months ending June 30, 2009, PPIAF had a total of almost US\$22 million in cash receipts, including those for the SNTA Program, as well as US\$1.4 million in net investment income (Table 3). In addition, at the close of the fiscal year, residuals from closed and canceled activities totaling US\$2.36 million were rechanneled to finance new requests for technical assistance. Contributions in fiscal 2009 brought the total cash receipts since PPIAF's inception to a little over US\$198 million, US\$183 million for PPIAF and US\$15 million for the SNTA Program (Table 4).

**Table 4 Member contributions: confirmed receipts as of June 30, 2009 (US\$ thousands)**

### Summary

Type of funding	PPIAF	SNTA Program	Total
Core	137,346	n.a.	137,346
Non-Core	38,459	15,163	53,622
Net investment income <sup>a</sup>	6,914	238	7,152
<b>Total funding</b>	<b>182,719</b>	<b>15,401</b>	<b>198,120</b>

### Funding by Member

PPIAF Core funding	Duration <sup>b</sup>	Receipts
Asian Development Bank	Jan. 2001–June 2008	1,750
Australia	July 2007–June 2009	2,873
Canada	July 1999–June 2008	2,134
European Commission	July 2005–June 2009	1,255
France	July 2000–June 2008	2,768
Germany	Jan. 2001–June 2009	2,406
International Finance Corporation	July 2006–June 2009	750
Italy	July 2003–June 2009	897
Japan	July 1999–June 2006	10,435 <sup>c</sup>
Netherlands	July 2001–June 2009	3,750
Norway	July 1999–June 2009	2,850
Sweden	July 2000–June 2009	2,550
Switzerland	July 1999–June 2008	9,554
United Kingdom	July 1999–June 2009	74,500
United States	July 2003–June 2009	1,000
World Bank	July 1999–June 2009	17,873
<b>Total</b>		<b>137,346</b>

**Table 4 Member contributions: confirmed receipts as of June 30, 2009 (US\$ thousands) (continued)**

PPIAF Non-Core funding	Duration <sup>b</sup>	Receipts
Japan	March 2001–June 2006	5,608 <sup>d</sup>
Norway	July 2008–June 2009	915 <sup>e</sup>
Sweden	July 2002–June 2009	9,178 <sup>f</sup>
Switzerland	July 1999–June 2005	3,082 <sup>g</sup>
United Kingdom	July 1999–June 2005	19,676 <sup>h</sup>
<b>Total</b>		<b>38,459</b>

SNTA Program funding	Duration <sup>b</sup>	Receipts
International Finance Corporation	July 2007–June 2009	4,100
Italy	July 2008–June 2009	647
Switzerland	July 2008–June 2009	1,766
United Kingdom	July 2007–June 2009	4,649
World Bank	July 2007–June 2009	4,000
<b>Total</b>		<b>15,163</b>

**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.

- a. Pursuant to annex 1, paragraph 4, of the trust fund agreements.
- b. Refers to the period for which the received amount is allocated.
- c. Includes US\$1.4 million in unallocated cash from the Infrastructure Action Program.
- d. Targeted to countries in East Asia.
- e. Targeted to countries in Sub-Saharan Africa and focused on integrating the climate change agenda in policy and transaction work.
- f. 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.
- g. Targeted to countries in Eastern Europe and Central Asia. The Swiss Non-Core Trust Fund was fully disbursed on June 30, 2007.
- h. 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 2009 (July 1, 2008–June 30, 2009) total expenditures for PPIAF and the SNTA Program amounted to US\$21.2 million (Table 5). Of this amount, US\$17.5 million went to program activities, up by US\$2.0 million from fiscal 2008 (Table 6).

**Table 5 Expenditures for program activities and administration, fiscal 2008 and 2009 (US\$ thousands)**

Expense category	2008	2009
Program activities	15,459	17,476
Program administration	3,445	3,720
Program Management Unit <sup>a</sup>	3,020	3,160
Regional coordination offices	1,436	1,512
Other program administration expenditures	425	560
Dissemination and outreach <sup>b</sup>	157	105
Technical Advisory Panel <sup>c</sup>	117	61
Annual meeting costs <sup>d</sup>	68	30
One-off special projects <sup>e</sup>	53	352
Technical assessments of activities <sup>f</sup>	30	12
<b>Total program activity and administration expenditures</b>	<b>18,904</b>	<b>21,196</b>

a. Includes staff salaries (headquarters and regional coordination offices), benefits, overhead, travel, office space, administration, evaluation of proposals, and governance and coordination of donor relations.

b. 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).

c. 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.

d. 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).

e. Includes fees paid to professionals and consultants undertaking nonadministrative projects relevant to PPIAF's mission.

f. Includes fees paid to professionals to assess the technical feasibility of proposals.



**Table 6 PPIAF program activity expenditures, fiscal 2008 and 2009 (US\$ thousands)**

Expense category	2008	2009
Staff costs	873	1,088
Travel	980	1,045
Consultant fees, contractual services, and other expenditures	13,606	15,343
<b>Total program activity expenditures</b>	<b>15,459</b>	<b>17,476</b>

### Sources and uses of funds

Of the US\$198 million PPIAF has received since inception (US\$183 million for PPIAF and US\$15 million for the SNTA Program), US\$176 million has been allocated to activities (Table 7). A little over US\$26 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, 2009 (US\$ thousands)**

Item	PPIAF	SNTA Program	Total
Receipts	182,719	15,401	198,120
Less approved activities	165,561	10,155	175,716
Less Program Management Unit and regional coordination offices	25,002	1,178	26,180
Plus confirmed fiscal 2010 pledges	11,408	3,150	14,558
Plus residuals from closed and canceled activities	12,593	198	12,791
<b>Total operating funds beginning July 1, 2009</b>	<b>16,157</b>	<b>7,416</b>	<b>23,573</b>

### Program management costs

Program Management Unit costs totaled US\$3.2 million for the fiscal year, or about 13 percent of the total program size of US\$24.2 million. Total Program Management Unit costs were 15 percent of actual disbursements, which lagged behind commitments—higher as a result of the addition of the SNTA Program (Table 8).

The total program management costs increased slightly in fiscal 2009. This was brought about by the cost of the strategic review of the PPIAF program that was completed in March 2009. Other administrative costs were down slightly, especially those relating to the Technical Advisory Panel and dissemination. The panel members held a

videoconference in January 2009 instead of meeting in Washington, DC. Several of the publications generated from various activities were charged to the projects and not to the Program Management Unit. Several cost-saving measures are being explored to ensure that the total program management costs remain at acceptable levels.

**Table 8 Activity commitments and expenditures, fiscal 2009 (US\$ thousands, except where otherwise specified)**

Expense category	PPIAF	SNTA Program	Total
Program activity commitments	18,903	4,836	23,739
Program activity expenditures	14,190	3,286	17,476
Program administration			3,720
Program Management Unit			3,160
Other program administration expenditures			560
<b>Total program activity and administration expenditures</b>			<b>21,196</b>

#### Program Management Unit costs

As percentage of actual program activity and administration expenditures	15
As percentage of program activity commitments	13

#### Total program administration costs

As percentage of actual program activity and administration expenditures	18
As percentage of program activity commitments	16

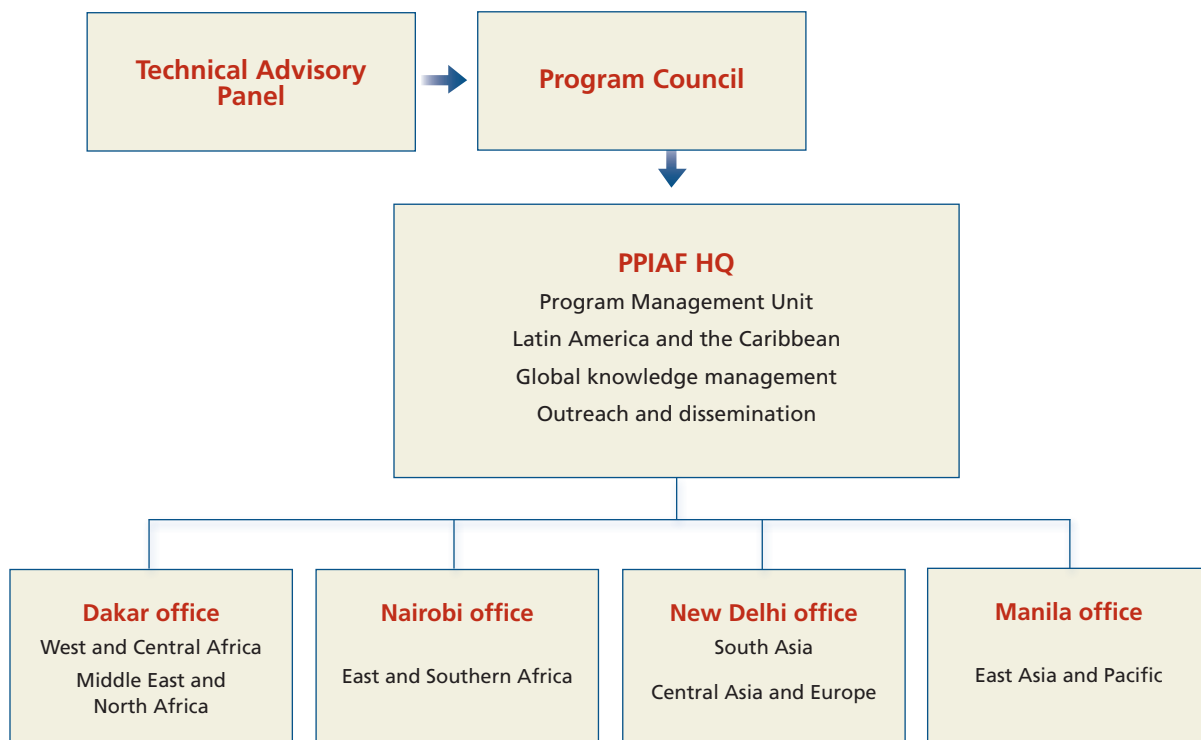
### Single audit process

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.

# 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 Advisory 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.

Figure A1.1 Organizational structure of PPIAF



## 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 (see Table 4). Members may also contribute to Non-Core Funds, the use of which 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
- Reviewing PPIAF's performance
- Overseeing the Technical Advisory Panel and the Program Management Unit

In fiscal 2009 the Program Council held its tenth annual meeting since PPIAF's launch in July 1999. The meeting was hosted by the Italian Ministry of Foreign Affairs in Rome and attended by representatives of donors and partners, including the Energy Sector Management Assistance Program, European Investment Bank, Infrastructure Consortium for Africa, Millennium Challenge Corporation, Private Infrastructure Development Group, and Water and Sanitation Program. The meeting started with a workshop, jointly organized by the Infrastructure Consortium for Africa and PPIAF, on the impact of the credit crisis.

The chief agenda item at the meeting was to discuss the findings of the five-year review of the program commissioned in fiscal 2008 by the Program Council and to consider whether to implement its recommendations. The review, conducted by Cambridge Economic Policy Associates, provided recommendations in three key areas: the continued relevance of PPIAF, the appropriateness of its governance structure, and the impact of its activities in reducing poverty. Recommendations that the Program Council agreed to implement include these:

- Developing an explicit strategy for allocating some resources, within a demand-led framework
- Integrating further with the regional development banks
- Evaluating outcomes at the country and sector level

- Moving toward clearer branding of PPIAF publications
- Broadening the dissemination of PPIAF knowledge products

The reviewers had strong positive conclusions about the relevance of PPIAF going forward. According to their report, "PPIAF funding, together with the specialist expertise of the PMU [Program Management Unit], is now much sought after by infrastructure practitioners, both traditional users within the World Bank Group, but increasingly within RDBs [regional development banks], seeking to develop capacity in the infrastructure area."<sup>3</sup> The report added, "The demand for PPIAF services is considerable and many times the budget that PPIAF has available to disburse. At the same time, the challenges to procuring private capital for infrastructure in the poorest developing countries continue to be immense and growing, especially as a result of a credit crunch."<sup>4</sup>

### 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:

- 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

3. Cambridge Economic Policy Associates, "Public-Private Infrastructure Advisory Facility (PPIAF) Review and Recommendations on Governance Aspects" (report prepared for PPIAF, Washington, DC, 2009), p. 91.

4. Ibid, p. 92.

The panel typically focuses on conducting ex post reviews of PPIAF activities. In fiscal 2009 the panel reviewed only one activity, focusing instead on providing high-level advice to the consultants conducting the strategic review of the program and on responding to the recommendations of the reviewers. Several of the panelists spoke at PPIAF's annual meeting in Rome:

- One panel member, Dianne Rudo, conducted an ex post review of PPIAF's strategic response to the financial crisis. Rudo argued that PPIAF has a key part to play and emphasized the need for PPIAF to continue its upstream activities so as to help create an enabling environment for the time that private finance returns.
- Another panel member, Robin Simpson, presented the panel's response to the strategic review at the annual meeting. The panel supported the reviewers' positive overall

assessment of the program and encouraged the Program Council to adopt only the recommendations that would significantly improve the program's operation.

The Program Council agreed that in the future it could request advice from the panel on particular questions and that those requests would be channeled through the council's chair. The Program Council also agreed that this strategic advisory role would be in addition to, not in place of, the panel's important quality control function in reviewing a sample of PPIAF activities each year.

There was only one change in the membership of the Technical Advisory Panel in fiscal 2009: Eduardo Engel, chair of the panel, stepped down. The membership of the panel through the fiscal 2009 annual meeting was 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 water and electricity sectors, investment challenges, and links to sustainable development, including wider 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.



**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. This year Munjee reached the end of a long tenure on the panel and retired from its membership.



**Dianne Rudo, President, Rudo 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. Rudo 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.

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### **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, the World Bank, and WaterAid. He has written numerous papers and participated in many international symposia relating to infrastructure. Areas of particular interest include utility regulation and pricing, private participation, and the development of consumer rights institutions.

## **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

## **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 2009

Table A2.1 Summary of PPIAF activities and funding by region and sector, fiscal 2009

Region	Number of activities	Funding (US\$)	Share of activities (%)	Share of funding (%)
Sub-Saharan Africa	33	7,604,580	39	41
East Asia and Pacific	8	2,793,300	9	15
Global	14	2,531,385	16	13
Central Asia and Europe	10	1,901,376	12	10
South Asia	7	1,554,675	8	8
Cross-regional	1	1,000,000	1	5
Latin America and the Caribbean	8	921,500	9	5
Middle East and North Africa	5	596,000	6	3
<b>Total</b>	<b>86</b>	<b>18,902,816</b>	<b>100</b>	<b>100</b>

Sector	Number of activities	Funding (US\$)	Share of activities (%)	Share of funding (%)
Energy	22	6,369,407	26	34
Multisector	31	6,103,671	36	32
Transport	17	3,180,083	20	17
Water and sanitation	13	2,303,855	15	12
Telecommunications	3	945,800	3	5
<b>Total</b>	<b>86</b>	<b>18,902,816</b>	<b>100</b>	<b>100</b>

**Table A2.2 Summary of SNTA Program activities and funding by region and sector, fiscal 2009**

Region	Number of activities	Funding (US\$)	Share of activities (%)	Share of funding (%)
Sub-Saharan Africa	6	2,154,495	43	45
Latin America and the Caribbean	3	1,412,376	21	29
South Asia	3	713,350	21	15
Global	2	555,375	14	11
East Asia and Pacific	0	0	0	0
Central Asia and Europe	0	0	0	0
Middle East and North Africa	0	0	0	0
<b>Total</b>	<b>14</b>	<b>4,835,596</b>	<b>100</b>	<b>100</b>

Sector	Number of activities	Funding (US\$)	Share of activities (%)	Share of funding (%)
Multisector	7	2,301,101	50	48
Water and sanitation	2	1,009,719	14	21
Energy	3	989,936	22	20
Transport	2	534,840	14	11
Telecommunications	0	0	0	0
<b>Total</b>	<b>14</b>	<b>4,835,596</b>	<b>100</b>	<b>100</b>

**Table A2.3 PPIAF and SNTA Program activities in Sub-Saharan Africa approved in fiscal 2009**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>PPIAF</b>				
<b>Burkina Faso</b>	Economic Analysis of the Donsin Airport in Burkina Faso	Providing prospective investors and financiers with a thorough economic analysis of a project to finance the construction of a new international airport at Donsin through the sale of adjacent land	170,000	Infrastructure development strategies
<b>Cape Verde</b>	Public-Private Partnership (PPP) Strategy and Capacity Building	Developing a strategic framework for a PPP program and strengthening the technical capacity of government agencies, including through a review and assessment of the policy, legal, and institutional framework for PPPs	74,500	Capacity building
<b>Comoros</b>	Telecom Privatization Options	Undertaking a sector diagnostic and options study related to the involvement of the private sector in Comoros Telecom, with the goal of later replicating this type of study in other sectors and supporting broader economic and development benefits	200,000	Infrastructure development strategies
<b>Congo, Rep.</b>	Support to the Water Sector	Preparing a strategy for introducing innovative institutional and contractual PPP arrangements to improve the performance of the water sector, which has been operating with a deficit of at least 1.3 billion CFA francs a year	272,800	Infrastructure development strategies
<b>Ethiopia</b>	Economic and Financial Technical Assessment of the Gibe III Hydro Power Project	Carrying out an economic and financial assessment to determine the viability of the Gibe III Hydro Power Project and analyzing whether the benefits from the project justify the investment. This activity was later canceled at the government's request because further discussions were needed on a related project.	300,000	Infrastructure development strategies
<b>Gabon</b>	Review of Institutional and Regulatory Framework for the Electricity Sector	Reviewing the institutional and legal framework for the electricity sector to evaluate the first 10 years of concessioning and offer lessons for improving the effectiveness of investment planning, promoting private participation and renewable energy, and increasing access to services for the poor	382,600	Policy, regulatory, and institutional reforms
<b>Ghana</b>	PPP Regional Perspectives Study	Undertaking a systematic analysis of recent financial sector developments, their impact on the local supply of PPP financing, and options for enhancing that supply	202,720	Infrastructure development strategies
<b>Ghana</b>	Public-Private Partnership Program	Strengthening the government's institutional and technical capacity and knowledge for developing its PPP market	402,500	Infrastructure development strategies
<b>Lesotho</b>	Regulatory Model for Power and Water Sectors	Developing an economic and financial regulatory model for the water and electricity sectors, for use in tariff setting and sector and investment planning	287,175	Policy, regulatory, and institutional reforms

**Table A2.3 PPIAF and SNTA Program activities in Sub-Saharan Africa approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Liberia</b>	Strategic Options for Liberia Telecom Corporation	Preparing a study for Liberia Telecom Corporation that identifies options for transforming and positioning the company for future growth and value creation and considers financial, operational, legal, regulatory, and other dimensions as well as different scenarios	245,000	Infrastructure development strategies
<b>Liberia</b>	Technical Support to the Power Sector	Designing a master plan for the development of the power sector, including feasible pathways of sector development that involve leveraging private participation	446,000	Infrastructure development strategies
<b>Malawi</b>	Multimodal Transport Development and PPP Potential Study	Preparing a comprehensive, multimodal transport sector development strategy that includes an assessment of the potential for PPPs or private participation in all transport subsectors	100,000	Infrastructure development strategies
<b>Mali</b>	Private Sector Participation in Rural Water Sector	Developing an enabling environment for private participation that allows effective delivery of water services by small-scale private operators, through an activity that includes looking at regulation, contracting, and use of technical management tools	264,270	Capacity building
<b>Mauritius</b>	PPP Support	Reviewing the institutional and legal frameworks for PPPs; and reviewing the list of potential projects identified by public entities and assessing whether the projects are financially and commercially viable and would have sufficient benefits to justify being given priority by the government	244,900	Infrastructure development strategies
<b>Mauritius</b>	Support to Establish the Utility Regulatory Authority	Supporting institutional strengthening of the new multisector regulatory agency	350,000	Policy, regulatory, and institutional reforms
<b>Mozambique</b>	Power Development Capacity Building	Producing model legal documents for transactions for the state-owned enterprise Electricidade de Moçambique and providing capacity building to enhance its bargaining position in transactions, particularly in the 1,000-megawatt Temane CC Power Project	75,000	Capacity building
<b>Mozambique</b>	Urban Water Management Model, Finalization and Dissemination	Supporting the second phase of an activity that helped the government's urban water asset holding company (FIPAG) document its successful experience in implementing a delegated management contract	34,800	Emerging best practices
<b>Nigeria</b>	Assessment of Financial Crisis Impacts on PPPs	Assessing current threats and opportunities on the supply side of the PPP market in Nigeria arising from the recent world and national economic events	65,500	Infrastructure development strategies
<b>Nigeria</b>	Institutional and Capacity Building for the Infrastructure	Providing advisory services to follow up on the government's PPP Policy Framework Strategy and Implementation Plan, including preliminary	423,200	Infrastructure development strategies

**Table A2.3 PPIAF and SNTA Program activities in Sub-Saharan Africa approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
Nigeria	Concession Regulatory Commission	advisory support to identify priority PPP projects; critical legal and policy work in support of a more robust, transparent PPP policy framework and enabling environment; and selected capacity building support to key policy makers and practitioners seeking to use the PPP framework		
	Performance Contracts for Power Utilities in Nigeria	Reviewing existing performance measurement systems in Nigeria's electricity sector; preparing separate draft performance contracts for generation (hydro and thermal), transmission, and distribution and sale entities; and outlining an implementation plan for introducing and monitoring contracts at different levels	253,000	Policy, regulatory, and institutional reforms
Senegal	Water Sector Reform	Undertaking economic and financial studies to help assess the feasibility of alternative contractual and institutional PPP arrangements with a view to ensuring sustainable sector development in 2011–25	405,955	Policy, regulatory, and institutional reforms
Tanzania	Prefeasibility Study of PPP Options for Kisarawe Freight Station	Establishing the framework required for development of a freight station outside Dar es Salaam Port under the PPP model, with a focus on freight logistics, transport arrangements, preliminary designs, economic analysis, investment plan, operational plan, marketing study, and analysis of PPP options	331,300	Infrastructure development strategies
Togo	Private Sector Participation Reform Options to Strengthen CEET	Helping the incumbent power utility develop organizational and business management tools that meet international standards of financial management	475,000	Infrastructure development strategies
Uganda	Bus Rapid Transit Conceptual Design	Defining a long-term conceptual design for the Kampala bus rapid transit system, including the preliminary design and institutional arrangements and financial controls	279,000	Infrastructure development strategies
Uganda	Private Sector Participation in Uganda Energy Sector	Helping the government more effectively leverage donor support to increase local commercial finance in the energy sector, including by reviewing experience, developing detailed options to enhance private financing, and developing institutional options for facilitating private investment	73,500	Infrastructure development strategies
Uganda	Private Water Service Delivery and Access to Finance	Defining the characteristics of the private operators participating in PPP arrangements in the water sector, examining their constraints and potential ways to improve their service delivery, and assessing the terms and conditions of private financing that has been made available to the private operators	74,810	Infrastructure development strategies

**Table A2.3 PPIAF and SNTA Program activities in Sub-Saharan Africa approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Regional</b>	Broadband Regional Connectivity for Economic Community of West African States (ECOWAS) Region	Conducting a detailed feasibility study covering the commercial, legal, and financial issues of using the power transmission grid of the West African Power Pool as a backbone for fiber-optic broadband access	500,800	Infrastructure development strategies
<b>Regional</b>	Compact Fluorescent Lamp Waste Management	Providing specific tools, incentives, techniques, and policies to manage discarded fluorescent lamps, especially with the aim of supporting an enhanced private sector role for infrastructure investment strategies and institutional arrangements	170,000	Infrastructure development strategies
<b>Regional</b>	Design of Special-Purpose Company for WAPP CLSG Interconnection Project	Providing technical and advisory support for the establishment of a proposed West African Power Pool (WAPP) special-purpose company to facilitate accelerated development of the WAPP Côte d'Ivoire–Liberia–Sierra Leone–Guinea (CLSG) Interconnection Project	75,000	Infrastructure development strategies
<b>Regional</b>	Impact of Climate Change in Transport	Examining the implications of both climate change mitigation and adaptation efforts for the private sector in Sub-Saharan Africa's transport sector, including vehicle operators, vehicle manufacturers, and facilities services providers, by building on ongoing work in Ethiopia, Ghana, and Mozambique	261,500	Infrastructure development strategies
<b>Regional</b>	Infrastructure Consortium for Africa (ICA) Users' Guide Translation and Publication	Translating and publishing the users' guide <i>Attracting Investors to African Public-Private Partnerships</i> , prepared jointly by PPIAF and the ICA Secretariat	44,000	Emerging best practices
<b>Regional</b>	Regional Electricity Regulators Association (RERA) of Southern Africa: Potential Roles for National Electricity Regulators	Developing a report for RERA that proposes regulatory guidelines for national regulating entities, aimed at promoting efficient, large-scale, regional bulk power transactions to enhance the security and reliability of electricity supply in the Southern Africa Power Pool region	75,000	Infrastructure development strategies
<b>Regional</b>	Support for Infrastructure Consortium for Africa (ICA) Water Conference	Supporting the ICA in organizing a two-day meeting in Dakar, Senegal, on the theme "Financing Water for Growth in Africa" with a specific focus on enhancing private participation in the water sector in Africa	44,750	Stakeholder consultations
<b>SNTA Program</b>				
<b>Kenya</b>	Assessment and Development of Market Transactions in the Kenyan Water Utility Sector	Analyzing debt structure, creating "information memorandums" to highlight the institutional and governance structures of the potential borrowers, and providing shadow credit reports to support efforts to access market-based financing	486,000	Credit rating



**Table A2.3 PPIAF and SNTA Program activities in Sub-Saharan Africa approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Kenya</b>	Kenya Airports Authority (KAA) Debt Finance Review	Supporting the KAA in examining commercial finance options for its infrastructure development plans, specifically by assisting management in determining what role commercial finance can play in the authority's debt finance mix and in selecting the most suitable forms of commercial financing	275,000	Credit rating
<b>Kenya</b>	Project Development Facility for Small Water Utilities	Establishing a project development facility that would support higher-quality loan applications and increase private financing to the community-based water market segment	523,719	Financing
<b>Malawi</b>	Electricity Supply Corporation of Malawi (ESCOM): Creditworthiness Improvement	Developing a plan to put ESCOM in a financially sustainable position by 2010	243,780	Specific performance improvement
<b>Rwanda</b>	Debt Finance Prefeasibility Study of the Kigali Bus Terminal	Assessing the potential to attract market-based domestic finance to construct a new bus terminal in Kigali	259,840	Financing
<b>Regional</b>	Creditworthiness Improvement for Southern Africa Power Pool (SAPP) Members	Improving potential access to private finance by enhancing the financial viability and service delivery quality of the public utilities that are members of the Southern Africa Power Pool	366,156	Credit rating

**Table A2.4 PPIAF activities in East Asia and Pacific approved in fiscal 2009**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>China</b>	Public-Private Partnership Training for Small Towns in Shandong Province	Delivering a PPP training program to governments of small rural towns in Shandong Province to increase awareness of PPPs as a means of addressing their infrastructure needs	74,580	Capacity building
<b>Indonesia</b>	Addressing Upstream Risk in Geothermal Projects	Identifying the most effective means to mitigate risks associated with upstream geothermal development, building on two previous PPIAF-supported activities on developing geothermal energy in Indonesia	75,000	Infrastructure development strategies
<b>Lao PDR</b>	Policy Advising for Private Sector Participation in Decentralized Energy Services	Defining adequate sector policy to promote and support a diversified industry of electricity service providers with an emphasis on villages and small and medium-scale operations	244,700	Policy, regulatory, and institutional reforms
<b>Lao PDR</b>	Support to Lao Holding State Enterprise on Contract Preparation and Corporate Planning	Building capacity in Lao Holding State Enterprise to catalyze private investment in up to 15 power generation projects for export of electricity to neighboring countries and least-cost supply to the domestic network	639,520	Capacity building

**Table A2.4 PPIAF activities in East Asia and Pacific approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Philippines</b>	Cebu Bus Rapid Transit Corridor	Identifying a preferred demonstration concept and corridor for bus rapid transit that can be subsequently considered as part of a wider process for identifying an efficient and effective mass public transport option for Cebu	315,000	Infrastructure development strategies
<b>Philippines</b>	Lead Transaction Advisor for Cavite-Laguna Toll Road	Supporting the Department of Public Works and Highways in securing transaction advisors to bid out the Cavite-Laguna Toll Road south of Manila as a well-prepared and well-managed PPP process	700,000	Pioneering transactions
<b>Philippines</b>	Metro Iloilo Water District Options Study	Assessing the condition of water and sanitation services in Metro Iloilo; exploring the possible options, including private sector participation, for improving water service; and holding a stakeholder workshop on the options that will be considered for the service area	244,500	Infrastructure development strategies
<b>Vietnam</b>	Support for the Establishment of a PPP Development Program Office	Establishing a PPP development program office under the Ministry of Planning and Investment that will act as the primary government counterpart for the government's PPP program	500,000	Policy, regulatory, and institutional reforms

**Table A2.5 PPIAF and SNTA Program activities in South Asia approved in fiscal 2009**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>PPIAF</b>				
<b>India</b>	Improving Rural Electricity Services through Renewable-Based Distributed Generation and Supply	Developing viable and sustainable business models under PPP arrangements for distributed generation and supply of power in rural areas, which will be assessed for biomass and mini-hydro-based generation projects	200,000	Infrastructure development strategies
<b>India</b>	PPP Options for Solid Waste Management in Orissa	Exploring the feasibility of shared or regional waste management facilities for urban clusters in the state of Orissa in partnership with the Water and Sanitation Program, which is providing technical assistance as well as cross-cutting professional support	74,831	Infrastructure development strategies
<b>India</b>	Second Annual Workshop for PPP Nodal Officers	Facilitating a roundtable to share experiences and discuss issues related to scaling up infrastructure PPPs	50,000	Capacity building
<b>India</b>	Strengthening Infrastructure PPP Frameworks and Capacity Building	Implementing the recommendations from a 2007 study ("Review of Institutions and Processes for PPPs"), with the goal of strengthening the framework for infrastructure PPPs and building capacity in national, state, and local government to implement PPP projects	750,000	Capacity building

**Table A2.5 PPIAF and SNTA Program activities in South Asia approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>India</b>	Strengthening Risk Assessment and Management Framework for Infrastructure PPP Projects	Strengthening the risk assessment and management capacity of the PPP cell at the Department of Economic Affairs, which is implementing an ambitious program of infrastructure development with private sector participation	132,000	Capacity building
<b>Nepal</b>	Establishing Water and Sanitation Baseline and Capacity Building Support to Kathmandu Water Utility	Supporting three newly created entities responsible for water services operation, policy making, and regulations in Kathmandu Valley in carrying out the baseline study and training and exposure visits for capacity building	273,000	Capacity building
<b>Pakistan</b>	Developing Hydropower Tariff Regulations in Pakistan	Providing the services of an internationally reputed expert for developing a proposed hydropower tariff mechanism and regulatory process for Pakistan	74,844	Policy, regulatory, and institutional reforms
<b>SNTA Program</b>				
<b>India</b>	Action Plan for Improving the Creditworthiness of 10 Indian Cities	Reviewing the results of credit evaluations undertaken by selected Indian cities in the context of the national government's Jawaharlal Nehru National Urban Renewal Mission	75,000	Credit rating
<b>India</b>	Financing Strategy and Advice for Preparation for Market Borrowing for City Infrastructure Projects in Maharashtra	Helping 12 cities develop a comprehensive financing strategy for infrastructure priorities based on an assessment of all financing options, including nonsovereign market debt, bonds, and public and private financing	625,100	Financing
<b>India</b>	Lessons from the Indian Municipal Bonds Experience	Analyzing the structure of bond issuances in the market and the reasons that repeated issuances are limited	13,250	Emerging best practices

**Table A2.6 PPIAF activities in the Middle East and North Africa approved in fiscal 2009**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Djibouti</b>	Private Sector Involvement in Solid Waste Collection System	Establishing a solid waste collection system using independent small-scale providers in Quartier 7, the largest and most populous neighborhood in the city of Djibouti	106,000	Pioneering transactions
<b>Syrian Arab Republic</b>	PPP Capacity Development Support	Mobilizing additional technical assistance required to strengthen the capacity of the government's PPP task force, focusing on guidance and training, definition of the PPP institutional framework, and organization of a study tour for the task force	75,000	Capacity building
<b>Tunisia</b>	Support to Development of the Radès Logistics Zone	Preparing bidding documents for the concessioning of logistics zones and tailoring them to the Radès test case	70,000	Capacity building

**Table A2.6 PPIAF activities in the Middle East and North Africa approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Regional</b>	Establish a Forum or Network of Infrastructure Regulators	Preparing a background paper to take stock of recent developments in infrastructure reform, regulation, and private sector participation in the region	290,000	Capacity building
<b>Regional</b>	Regional PPP Seminar	Cosponsoring a seminar in Dubai focusing on global experiences in PPPs, with a particular focus on the road sector	55,000	Capacity building

**Table A2.7 PPIAF activities in Central Asia and Europe approved in fiscal 2009**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Bosnia and Herzegovina</b>	Institutional Reforms and PPP Options for the Port of Brčko	Assessing the viability of private sector participation in Brčko port and outlining a policy reform package that would help the authorities identify changes needed in the institutional framework and choose between alternative port management structures	185,833	Infrastructure development strategies
<b>Croatia</b>	Assistance to Strengthen Legal and Institutional Framework and Develop Fiscal Risk Assessment Model for PPPs	Building capacity in the Ministry of Finance and the future PPP agency in facilitating PPPs, assessing fiscal risks, and safeguarding fiscal capacities	151,700	Capacity building
<b>Kazakhstan</b>	Capacity Building Support to PPP Center in Kazakhstan	Providing recommendations to the central PPP unit on training and institutional development, appraising and reviewing pilot PPP projects, improving tax legislation and tariff regulation under concessions, and establishing a fiscal risk management program in the Ministry of Finance	40,000	Capacity building
<b>Macedonia, FYR</b>	Improving Investment Climate in FYR Macedonia's Electricity Sector	Preparing substantive recommendations for policy changes and wider government action required to improve the investment climate in the energy sector	43,743	Infrastructure development strategies
<b>Montenegro</b>	PPP Options for New Power Generation	Helping the government, which is selling 22 percent of its vertically integrated incumbent power utility, develop a strategy to attract private investors in order to raise the capital required for construction of new power generation	75,000	Infrastructure development strategies
<b>Serbia</b>	Reforms and PPP Options to Improve Toll Collection System for Highway Projects	Reviewing the existing toll collection system on the Serbian highway network, providing an outline policy reform package to identify any necessary changes in the institutional framework, and determining the feasibility of extending electronic toll collection or the alternatives	75,000	Infrastructure development strategies

Table A2.7 PPIAF activities in Central Asia and Europe approved in fiscal 2009 (continued)

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Turkey</b>	Restructuring of Istanbul Subsidiary Enterprises	Producing a study and two seminars on the Istanbul Metropolitan Municipality and the practice of central government transfers in the country, including a review of the potential to float some of the profitable subsidiary companies and outsource selected activities	72,500	Infrastructure development strategies
<b>Regional</b>	Capacity Building for Urban Transport Planning and Reform for Caucasus Region	Providing a public transport training session for policy makers in the Caucasus region that incorporates experience in Azerbaijan and global lessons from the urban bus toolkit	53,600	Capacity building
<b>Regional</b>	Southeastern Europe Wholesale Electricity Market Opening	Helping countries in southeastern Europe develop a regional market that is functional and attractive for investors to develop new power generation projects and rehabilitate and upgrade selected facilities	684,000	Policy, regulatory, and institutional reforms
<b>Regional</b>	Structuring and Financing Caspian Development Corporation for Gas Development in the Caspian Region and Improved Access to Gas Supply in Europe	Examining options for using nontraditional routes for the delivery of gas to the European Union and the European Energy Community, which would entail creating an entity to catalyze gas production and infrastructure development through coordinated gas purchasing	520,000	Policy, regulatory, and institutional reforms

Table A2.8 PPIAF and SNTA Program activities in Latin America and the Caribbean approved in fiscal 2009

Country	Activity	Description	Funding (US\$)	Type of activity
<b>PPIAF</b>				
<b>Brazil</b>	PPP Irrigation Report Update	Reviewing, editing, publishing, and disseminating the report <i>Brazil: Framework Analysis for Public-Private Partnerships in Irrigation</i>	29,000	Infrastructure development strategies
<b>Colombia</b>	Bogotá Metro Line Study	Carrying out, with the help of local experts, a technical evaluation of the possibility of building a metro line in Bogotá	75,000	Pioneering transactions
<b>Honduras</b>	Support for Nonrevenue Water Performance-Based Contracting in Tegucigalpa	Infusing international know-how and best practice into the design and bidding of a performance-based contract for reducing nonrevenue water in Tegucigalpa; and harvesting lessons learned from the contract design for use elsewhere	75,000	Infrastructure development strategies
<b>Mexico</b>	Building Technical Capacity to Develop the PPP Program in Jalisco	Strengthening the capacity of the Jalisco state government to develop and implement the PPP program approved by the state's congress	230,000	Capacity building

**Table A2.8 PPIAF and SNTA Program activities in Latin America and the Caribbean approved in fiscal 2009 (continued)**

Country	Activity	Description	Funding (US\$)	Type of activity
<b>Paraguay</b>	PPP Transport Framework	Designing schemes for private participation in the transport sector, taking into account the legal, financial, technical, and institutional aspects of each subsector	75,000	Infrastructure development strategies
<b>Paraguay</b>	PPP Strategy for Paraná-Paraguay River Dredging and Maintenance	Preparing a concession strategy for the dredging and signaling of the stretch of the Paraná River under Paraguayan jurisdiction; assessing the technical, financial, and legal feasibility of the potential concession; and drafting the bidding documents	75,000	Infrastructure development strategies
<b>Regional</b>	Caribbean Regional Energy Strategy: Analysis of Supply-Side Options for Power Generation	Analyzing the technical, financial, and economic viability of connecting Caribbean countries through submarine cables and pipelines so that countries and utilities can benefit from economies of scale and scope	287,500	Infrastructure development strategies
<b>Regional</b>	Port Structure, Efficiency, and Performance Benchmarking, Phase 1	Studying the relationship between port structure, efficiency, and the impact of logistics on food prices	75,000	Emerging best practices
<b>SNTA Program</b>				
<b>Brazil</b>	Strategy for Restructuring of Eletrobrás	Strengthening the credit rating of the state-run power utility Eletrobrás and helping the company access international financial markets by designing a major corporate restructuring process to improve its internal governance and technical and commercial efficiency	380,000	Specific performance improvement
<b>Mexico</b>	Pooled Bond Issue by State of Quintana Roo	Providing financial advisory services to prepare Mexico's first pooled bond issue, including structuring the pooled transaction, soliciting investors for the best borrowing terms, conducting a competitive selection among financial institutions to underwrite the bonds, and building consensus on the authorizing legislation required to implement the transaction	595,576	Financing
<b>Regional</b>	Regional Credit Rating Improvement Program for Subnational Authorities	Providing the first phase of creditworthiness assistance to Latin American governments through a "city to city" support model involving municipal finance practitioners from subnational entities in Mexico and elsewhere in the region, in partnership with the International City/County Management Association of Latin America	436,800	Credit rating



Table A2.9 PPIAF and SNTA Program global and cross-regional activities approved in fiscal 2009

	Activity	Description	Funding (US\$)	Type of activity
<b>PPIAF</b>				
<b>Cross-regional</b>	Central Asia–South Asia Regional Electricity Trade (CASA 1000) Project, Structuring and Legal Advisory Support (Phase 2)	Providing follow-up support on the financial, legal, and risk mitigation issues for the Central Asia–South Asia Regional Electricity Market and the CASA 1000 Transmission and Trade Project	1,000,000	Pioneering transactions
<b>Global</b>	Developing Core Learning Module for PPPs in Irrigation	Developing a core learning module on public-private partnerships in irrigation, drawing on World Bank experience in Egypt, Ethiopia, Morocco, Zambia, and, most recently, Mali and Senegal	75,000	Emerging best practices
<b>Global</b>	Emerging Issues in Infrastructure Regulation: Taking Stock of Issues, Options, and Resources Available for Supporting Policy Makers and Regulators	Conducting a series of seminars and informal presentations; producing a dedicated Web site on regulatory issues in infrastructure; and developing a roster of regulatory experts who could be called on to assist governments	74,586	Emerging best practices
<b>Global</b>	Multilateral PPPI Capacity Building (MP3IC)	Developing and disseminating global course materials on public-private partnerships to benefit target audiences in developing countries, including policy makers, senior officials, civil society, and stakeholders	690,000	Capacity building
<b>Global</b>	PPI Project Database	Identifying and disseminating transaction features of infrastructure projects with private participation, such as contractual arrangements, source and destination of investment flows, and information on the main investors	406,000	Emerging best practices
<b>Global</b>	PPP Guidebook	Revising and reformatting the project preparation guide <i>Attracting Investors to African Public-Private Partnerships</i> to suit a more global audience	75,000	Emerging best practices
<b>Global</b>	Public and Private Financing of PPP Projects: A Pilot Project	Producing a database to quantify the contributions to the investment costs of PPP projects by the private sector, the host country public sector, and foreign official sources; and noting, for each project, the revenue sources and changes in the contributions to investment costs from the different actors	46,500	Capacity building
<b>Global</b>	Public-Private Partnerships in the Water Sector: Lessons of the Past Decade	Holding a workshop on the study “Improving Urban WSS Utilities in Developing Countries: Drawing the Lessons of the Last Decade of PSP & Expanding the Scope of Private Sector Involvement”	126,930	Stakeholder consultations

**Table A2.9 PPIAF and SNTA Program global and cross-regional activities approved in fiscal 2009 (continued)**

	Activity	Description	Funding (US\$)	Type of activity
<b>Global</b>	Rehabilitation of Hydropower Infrastructure	Studying the market potential and practical issues of rehabilitation investments so as to enhance their contribution to water, energy, and environmental security and identifying a potential portfolio of promising and high-priority opportunities for Africa and Latin America	170,000	Infrastructure development strategies
<b>Global</b>	Revisiting Policy Options on Market Structures in the Power Sector	Studying power market structures and how different degrees of unbundling affect performance, and developing a set of policy recommendations to improve the performance of infrastructure service providers	200,000	Emerging best practices
<b>Global</b>	Short Papers on Emerging Issues in Infrastructure Regulation	Commissioning short papers on emerging regulatory issues relevant for developing countries that will be disseminated to a broad external audience of policy makers, regulators, and other experts working on these topics	40,675	Emerging best practices
<b>Global</b>	Short Publication on Project Development and Project Finance for PPPs	Translating into French and Spanish and publishing <i>A Practical Guide to Private Participation in Infrastructure: Project Development and Project Finance</i>	56,635	Emerging best practices
<b>Global</b>	Urban Light Rail Projects: A Framework Approach	Producing an instructional text that can help city officials and public institutions successfully incorporate private sector involvement in light rail projects	71,600	Infrastructure development strategies
<b>Global</b>	Urban Transport Planning Courses for Fiscal 2009	Translating into French and disseminating main sections of the recently completed, PPIAF-financed bus reform toolkit and preparing for and presenting multiple offerings of the Bank's "Public Transport Planning and Reform" course in Jordan, Pakistan, China, Vietnam, and Sub-Saharan Africa	267,250	Emerging best practices
<b>Global</b>	Water Dialogues	Supporting two meetings to engage a wider and more influential international audience of policy makers and other stakeholders in the Water Dialogues	231,209	Stakeholder consultations
<b>SNTA Program</b>				
<b>Global</b>	Integrating Land Financing into Municipal Strategies for Borrowing and Debt Management	Producing a policy paper on frameworks for integrating land financing into the overall strategy of subnational borrowing, finance, and debt management	39,375	Emerging best practices
<b>Global</b>	Multicountry Review of Insolvency Frameworks	Preparing an informational guide on governance issues surrounding the insolvency of subnational entities in a selected group of developing countries, looking in particular at practical experiences with insolvency	516,000	Emerging best practices

## Acronyms and abbreviations

<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IDA</b>	International Development Association
<b>PPI</b>	Private participation in infrastructure
<b>PPIAF</b>	Public-Private Infrastructure Advisory Facility
<b>PPP</b>	Public-private partnership
<b>PSP</b>	Private sector participation
<b>SNTA</b>	Sub-National Technical Assistance (Program)



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