

DRAFT PPIAF PROGRAM CHARTER

*Helping to eliminate poverty and increase shared prosperity in
developing countries by
facilitating private involvement in infrastructure*

May 2015

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I. Introduction

1. The Public–Private Infrastructure Advisory Facility (PPIAF) is a multi-donor technical assistance facility established in 1999. It is aimed at helping developing countries improve the quality of their infrastructure through the participation of the private sector. PPIAF is housed in the World Bank and is funded through donor contributions to various trust funds administered by the International Bank for Reconstruction and Development and the International Development Association (collectively, the World Bank).

II. Vision, Mission, Objectives and Strategy

2. PPIAF’s vision is to be the center of excellence in enabling the public sector to attract private sector participation and investment in infrastructure by supporting institution development, building capacity and accelerating PPP programs at a regional, national and sub-national level. PPIAF’s mission aligns with the World Bank’s twin goals to eradicate poverty and increase shared prosperity. Both Vision and Mission are consistent with our donors’ objectives to sustain development in poorer countries by facilitating private sector involvement in infrastructure. PPIAF was created to address blockages in private sector participation in infrastructure as a result of institutional weaknesses and lack of capacity. Sustainable, efficient, reliable and affordable infrastructure services enable economic growth and, in the right circumstances, can accelerate the eradication of poverty and support the creation of jobs at the regional, national and subnational levels.

3. Effective private sector involvement poses many challenges for governments as they seek to transform their roles from the exclusive financiers, owners and operators of services to the facilitators and regulators of services provided by private firms. The burden of these challenges is considerable in developing countries, which usually face constrained administrative capacity and other resources. PPIAF’s strategy is informed by an understanding of the conditions required to accelerate infrastructure investment. PPIAF’s theory of change, as per the Strategy and Business Plan, identifies a series of conditions, spanning three main development streams: institution building ; projects and transactions ; and market development stream.

4. Knowledge Management is central to the implementation of our Strategy and our development as a Center of Excellence. Therefore, to reinforce further the benefits of a more programmatic approach to our technical assistance activities, PPIAF’s strategy shall also manage and leverage the knowledge gained from our work.

III. Contributions

5. PPIAF is open to contributions from governments and their agencies, international financial institutions and philanthropic foundations.

6. In order to be in good standing, all participating donors are required to make a minimum contribution of US\$500,000 per annum, to be assessed on a rolling three year calculation period¹ effective e from FY.... The assessment of good standing will be made annually by

¹The assessment of donor good standing is made using the following formula: $G_y = \left[\frac{C_p}{3} \right] > C_m$ where:
y = Calculation Date (1st day of July of every year)

the PMU (as defined below) on a calculation date of the 1st day of July (i.e. the beginning of each fiscal year of the World Bank).

7. To avoid the proliferation of new non-core trust funds while allowing donors the flexibility to contribute to specific sectors or themes pertaining to PPIAF's mission, they have the option of contributing up to 50% of their overall contribution to a Non-Core Fund, provided that at least 50% is contributed to the Core Fund (both as defined in Section V below).

NB: To cater for specific constraints of our existing donors, this rule would apply to new donors willing to join PPIAF, but not to current donors or, alternatively, whenever a donor requests to set up a new Non-core trust fund.

IV. Governance and Organizational Structure

8. The governance and organizational structure of PPIAF will comprise a Program Council (PC), a Strategic Oversight Committee (SOC), a Technical Advisory Panel (TAP) and a Program Management Unit (PMU) supported by Regional Coordination Offices (RCOs).

Program Council (PC)

9. The PC is PPIAF's joint decision-making, oversight and advisory body. It comprises one representative of each of the donors in good standing in accordance with Section III above (each a "Member") and is chaired by the relevant World Bank Senior Director responsible for PPIAF

The PC is responsible for:

- (a) Reviewing and approving the PPIAF strategy and business plan.
- (b) Reviewing and approving the annual work program and establishing the approval process for specific proposals for PPIAF assistance under the work program.
- (c) Providing overall strategic guidance for the implementation of the PPIAF strategy, business plan and annual work program by the PMU.
- (d) Selecting members of the SOC.
- (e) Approving the establishment of field-based RCOs.
- (f) Approving and amending this Charter and the corresponding the operations manual

G_y = Good standing on calculation date

p = Calculation period: a period of 3 years before the Calculation Date

C_p = Total donor contribution during 3 year calculation period

C_m = Minimum annual contribution of \$500,000

10. The PC meets at least once per year. If the representative designated by a Member is unable to attend a Program Council Meeting (PCM) in person, that Member representative may participate by telephone or video-conferencing at the time of the meeting.

11. -Decisions by the PC are made by consensus. For the purpose of this Charter, consensus is a procedure for adopting a decision in a meeting when no participant blocks a proposed decision. It need not reflect unanimity. A dissenting decision maker that does not wish to block a decision may state an objection to be recorded in the PCM minutes. The Chair articulates the consensus view and may propose resolutions to the Council in case a consensus for decision-making cannot be spontaneously found among members..

12. Decisions by the PC may also be made on an electronic no-objection basis. In such cases, the PMU circulates to all representatives designated to the PC the proposed decision and specifies the period during which any representative may object. An objection by any representative to a proposed decision precludes a decision. If no objection is received prior to expiration of the specified review period, the decision is recorded and notified to the representatives by the PMU.

Strategic Oversight Committee (SOC)

13. The SOC addresses the need for an accessible mode of consultation between the members of the PC and the PMU with limited time requirements between the annual PCMs. The objective of the SOC is to provide guidance to the PMU by articulating donor interests and positions mainly on operational issues and in the preparation of PCMs. The SOC is not a decision-making body. The SOC is comprised of up to three Member representatives to be appointed at the annual PCM.

14. The SOC is responsible for:

- (a) Facilitating decisions by the PC between its annual meetings, provided that any actual decisions would be subject to PC approval in accordance with the decision-making procedures set forth in this Charter.
- (b) Supporting the PC in providing guidance for the implementation of the agreed PPIAF strategy, business plan and annual work program.
- (c) Providing guidance to the PMU with regard to the appointment of members to the TAP.
- (d) Reviewing the TAP work program and the TAP report .

Technical Advisory Panel (TAP)

15. To ensure the quality and relevance of PPIAF-financed activities, the PC is supported by an independent TAP. The TAP is comprised of up to three experts appointed after

consultation with the PC members on a no-objection basis and on the basis of their expertise in matters related to private involvement in infrastructure in developing countries.

16. The TAP is responsible for:

- (a) Reviewing and advising on the PPIAF strategy as reflected in draft annual work programs prepared by the PMU.
- (b) Evaluating the impact of the PPIAF annual work program through *ex-post* evaluation of activities selected by its members.
- (c) Providing advice on specific issues prior to or during PCMs, as requested by the PC.

17. The TAP's findings and recommendations are forwarded to the PMU and PC Members. The TAP meets as required and its members are available for consultation during PCMs.

Program Management Unit

18. The PMU carries out the PPIAF mandate and manages its day-to-day operations. It is housed in the World Bank's headquarters in Washington, DC and operates under the World Bank's policies and procedures. The PMU is comprised of professional and administrative staff employed by the World Bank and headed by a Program Manager. Professional staff of the PMU is recruited by the World Bank based on relevant expertise and experience. The World Bank is responsible for the administrative and managerial oversight of all PMU staff (including consultants and any secondees) and is responsible for reporting on the PMU performance.

19. Key responsibilities include:

- (a) Reviewing proposals for PPIAF assistance in alignment with PPIAF's mission, strategy, business plan, annual work program, and the approval criteria set forth in Section VI below, and implementing such proposals if approved .
- (b) Evaluating and monitoring the quality and effectiveness of PPIAF-funded activities in accordance with World Bank policies and procedures.
- (b) Maintaining effective relationships with contributors, recipient governments, the private sector, and other stakeholders.
- (c) Preparing and submitting for approval by the PC the PPIAF annual work program, the multi-year strategy and the business plan.
- (d) Implementing the PPIAF annual work program, the multi-year strategy, and the business plan after approval by the PC.
- (e) Overseeing the operations of field-based RCOs.
- (f) Providing program management and administration services to the PC including coordinating meetings, handling no objection processes, and maintaining records, such as meeting minutes, decisions and Charter amendments.
- (g) Support the TAP in providing timely information needed ..

- (h) Providing quarterly reports and annual reports to the PC as per the Administrative agreements.

20. With the approval of the PC, the PMU may establish field-based *Regional Coordination Offices (RCOs)* to assist in executing the PPIAF work program. The RCOs comprise small teams who report to the Program Manager. In addition to supporting the PMU in the aforementioned functions, key responsibilities of the RCOs include:

- (a) Identifying opportunities for PPIAF assistance, supporting local requests for PPIAF interventions, and tailoring assistance strategies to local priorities and conditions.
- (b) Working with client authorities and local representatives of Members, the World Bank and other international financial institutions to promote effective coordination and supervision of PPIAF funded activities.
- (c) Activity Monitoring and Reporting to PMU on activity progress

V. Trust Fund Architecture

21. To maximize flexibility for contributors, PPIAF has a two-tier trust fund architecture: a “Core Fund” and “Non-Core Funds”.

22. The *Core Fund* is a multi-donor trust fund that comprises a pool of resources that can be used for any activity falling within PPIAF’s mission. Contributions to the Core Fund are not subject to any donor restrictions. Unless otherwise indicated, all contributions to PPIAF would be designated to the Core Fund.

23. *Non-Core Funds* are other multi-donor and single-donor trust funds that include donor restrictions relating to themes, activities or regions in accordance with PPIAF’s mission, strategy and business plan. All donors contributing to a specific Non-Core Fund are subject to the same terms and conditions applicable to that particular trust fund. Different donor restrictions within a specific trust fund are not possible. Individual Non-Core Funds may be established according to World Bank policies and procedures governing the establishment of new trust funds, subject to approval by the PMU.

25. Each donor enters into a trust fund Administration Agreement with the World Bank for contributions to the Core Fund, and another Administration Agreement with the World Bank for each Non-Core Fund to which a contribution is made, if any, and in compliance with World Bank trust fund policies & procedures..

VI. Project Approval Criteria

26. Proposals for PPIAF assistance are assessed by the PMU against the following criteria:

- (a) *Consistency with PPIAF Mission, Strategy and Business Plan:* All activities must be consistent with PPIAF’s overarching objective of helping to eliminate poverty and increase shared prosperity in developing countries by facilitating private sector involvement in infrastructure.

- (b) *Government Commitment*: Country-specific activities may be undertaken only where there is clear evidence of government commitment to the activity. The government in question must approve of the proposed activity in writing.
- (c) *Coordination with Other Development Partners*: PPIAF activities will be undertaken in a way that promotes effective coordination with the activities of development partners. In particular, country-specific activities may be undertaken only if the PMU is satisfied that the proposed activity does not duplicate the work undertaken by the World Bank Group (including the World Bank, IFC and MIGA), other PPIAF contributors or, to the extent this is easily verifiable, by other development partners.
- (d) *Co-financing and Catalyzing*: PPIAF is able to finance up to 100% of the costs of an activity. However, co-financing from the recipient government and other development partners is encouraged.
- (e) *Value for Money*: PPIAF activities should aim to ensure value for money, including through cost benefit analysis whenever possible and appropriate, or adopting the lowest cost strategies consistent with appropriate standards of quality.
- (f) *Quality Assurance*: Applications for PPIAF funding should contain clear and measurable indicators against which activity quality and effectiveness can be assessed. Larger activities should usually include appropriate consultative and quality review mechanisms.
- (g) *Regional and Sectoral Balance*: Subject to the strategy, business plan and work program approved by the PC, activities financed from the Core Fund should aim to maintain a reasonable balance across developing regions and across eligible infrastructure sectors.
- (h) *Environmental and Social Responsibility*: Where a project to be supported by PPIAF is anticipated to have potential adverse environmental or social consequences, appropriate measures must be adopted in accordance with the relevant World Bank environmental and social safeguard policies.
- (i) *Additionality*: PPIAF is intended to result in a net additional flow of resources to relevant activities. Accordingly, funding for the proposed activity should not be more conveniently available from other sources, including loans from international financial institutions, grants from other programs, or a government's own resources.

VII. Miscellaneous

27. This Charter becomes effective upon adoption by the PC in accordance with the decision making procedures set forth in this Charter and replaces the previous PPIAF Program Charter dated July, 1999, as revised July 2000 and May 2001.

28. Amendments to this Charter can be proposed by any Member of the PC through the SOC or by the PMU annually. Any amendments to the Charter require approval of the PC to become effective in accordance with the decision making procedures set forth in this Charter. In exceptional circumstances, a waiver of specific provisions of this Charter may be proposed by the PMU and approved by the PC.

29. In case of conflict between the terms of this Charter and the terms of the Administration Agreements signed by the donors the terms of the Administration Agreements prevail.

30. Nothing in this Charter shall be considered a waiver of, or impair or limit, any privileges or immunities of any Member of the PC and/or the World Bank under their respective Articles of Agreement or any applicable law, all of which are expressly reserved.
