

An aerial photograph showing a large dam structure on the right side, with water cascading over it. The surrounding area is a dense green forest. A road winds through the forest on the left. The image is framed by a large teal graphic on the left and a white circular overlay in the center.

PUBLIC-PRIVATE
INFRASTRUCTURE
ADVISORY FACILITY

ANNUAL REPORT

2019

PPIAF is the only global facility dedicated to strengthening the policy, regulatory, and institutional underpinnings of private sector investment in infrastructure in emerging markets and developing countries, and enabling finance for subnational entities. We call this the critical upstream.

While many initiatives focus on developing infrastructure projects with private sector participation, PPIAF sets the stage to make this possible by building institutions, strengthening the capacity of counterparties, and reducing policy, regulatory, and institutional risks.

Turning hundreds of thousands in grant financing into hundreds of millions in infrastructure investment—this is the role of PPIAF.

ii MESSAGE FROM THE PROGRAM
MANAGER, DONORS & BENEFICIARIES

1 PPIAF: HELPING GOVERNMENTS
AND PARTNERS ACHIEVE THE
SUSTAINABLE DEVELOPMENT GOALS

17 REVIEW OF 2019

31 HIGHLIGHTS OF SUPPORT TO
THE REGIONS

61 OUTCOMES REALIZATION

67 PROGRAM FINANCES

73 ANNEX I: LIST OF ACTIVITIES
APPROVED IN FY19

MESSAGE FROM THE PROGRAM MANAGER



Dear Readers,

The close of FY 2019 marks two important milestones for PPIAF.

First, PPIAF is celebrating 20 years since it was founded in 1999. It remains the only global facility dedicated to building institutions in developing countries that set the stage for private participation in infrastructure (PPI) and enabling finance for subnational entities. As one of PPIAF's dear friends and supporters from the German Development Bank (KfW) said, "PPIAF would need to be invented if it had not been there already." PPI is a complex undertaking even for developed economies, as shown by the recent audits of public-private partnership (PPP) programs in Europe that point to deficiencies in governance. In this decade of rising debt levels, strengthening institutions in emerging markets and developing economies becomes even more important to ensure value for money and avoid unmanageable fiscal risks in PPI.

PPIAF is a 20-year testament to the type of partnership that underpins Sustainable Development Goal 17—the only target that is a means to achieve the other goals: one that focuses on building capacity, policy coherence, and fiscal sustainability as a way to mobilize financial resources from multiple sources, including private participation.

PPIAF is also coming to the midpoint of its five-year Critical Upstream Strategy, that, thanks to our donors and confirmed in the 2019 Program Council meeting, will be substantially resourced to its term. Without this support and spirit of multilateralism, PPIAF would not be able to play the unique, honest-brokering role that it has for 20 years.

This report provides an overview of PPIAF's activities and accomplishments, which are contributing to helping our clients achieve their goals, as well as the global goal of sustainable development embodied throughout the 2030 Sustainable Development Goals (SDGs).

PPIAF has achieved impressive results since its inception two decades ago. For example, PPIAF:

- Facilitated subnational entities in raising \$1.8 billion for regional and municipal infrastructure projects
- Improved 303 subnational entities' creditworthiness, administration, and technical and fiscal capacity

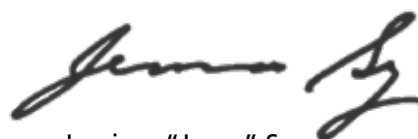
Funding decisions made in FY19 will help bring us further to our goals and the SDGs.

For instance, in support of Goals 1 and 8 on poverty alleviation and decent work and economic growth, PPIAF completed an activity to help six countries in the **West Balkans** develop a regional initiative to share existing fiber-optic infrastructure, which will expand access to the internet—especially in rural areas—at an affordable cost. This initiative directly informs the implementation of the Regional Strategy, *South East Europe 2020: Jobs and Posterity in a European Perspective* (SEE2020). In **Niger**, PPIAF facilitated a PPP that brought in a private sector partner to manage the capital's fecal sludge treatment for the first time, benefiting half a million households and laying the groundwork for similar projects throughout the country in pursuit of Goals

6 (Clean Water and Sanitation), 11 (Sustainable Cities), and 12 (Sustainable Use of Terrestrial and Inland Freshwater Ecosystem). In **Vietnam**, PPIAF's support for enhancing and rating the creditworthiness of the national energy company brings it closer to implementing effective Climate Action (Goal 13).

PPIAF is also emerging as a powerful engine for knowledge creation and dissemination. In FY19 PPIAF dedicated resources to pushing on Goal 9 (Industry, Innovation, and Infrastructure) as it relates to Goal 5 (Gender Equality) and other related SDGs. With the International Finance Corporation (IFC), PPIAF developed a primer on gender issues in infrastructure development. PPIAF also launched knowledge products on public transportation and road asset management, and updated guidance on PPP contractual provisions.

As the world moves closer to 2030, PPIAF is committed to deploying its expertise and resources to supporting institutions and partnerships that put sustainable infrastructure front and center towards meeting our global Sustainable Development Goals.



Jemima "Jema" Sy



MESSAGE FROM A DONOR

THE DUTCH MINISTRY OF FOREIGN AFFAIRS

On the 20th anniversary of PPIAF's establishment, I would like to offer our congratulations and express our appreciation for helping the Netherlands meet its goals for promoting development.

Worldwide, there is a considerable need for new and better infrastructure. As we move closer to achieving the Sustainable Development Goals and targets by the year 2030, developing countries need the tools and resources to accelerate their socioeconomic and private sector development on a larger scale. Public money alone cannot cover this need. Recognizing this, the government of the Netherlands follows the principle of using private money where possible, only drawing on public financing when necessary.

PPIAF is an essential part of the solution. It has helped us do crucial work in the enabling environment, which in turn helps developing countries mobilize private money for their infrastructure needs. Also, PPIAF builds, expands, and shares knowledge with other countries and their governments. Combined with capacity-building efforts, this approach has proven highly effective. Recent examples include Vietnam and Kenya, which made enormous progress in reforming their regulatory and legal frameworks and attracting investment in infrastructure projects.

As we move forward, we see four critical challenges to tackle where PPIAF can provide crucial support.

First, we need a regulatory and institutional environment that supports the development of bankable infrastructure project proposals. PPIAF's upstream work creates an environment where this becomes possible.

Second, there is a considerable need to build capacity at the governmental and institutional levels, especially in weaker and fragile states. We cannot address these challenges through bilateral programs alone; we need a multilateral approach.

Third, we see a need for global social and environmental standards in infrastructure. Governments, donors, developmental institutions, the private sector, and other stakeholders need to be on the same page as we press forward. We cannot afford to compromise on social and environmental standards—the long-term sustainability of infrastructure is at stake.

Finally, we see an increasing demand for climate-resilient infrastructure, which is neither cheap nor easy to build. In this era of climate change, however, it is crucial.

We believe PPIAF is well-placed to address these four challenges and ensure a private sector role in infrastructure development. The government of the Netherlands looks forward to furthering its cooperation with PPIAF on these issues in the years to come.

Joke Vroegop is Senior Policy Officer at the Dutch Ministry of Foreign Affairs.

MESSAGE FROM A BENEFICIARY

SENEGAL'S INVESTMENT PROMOTION AGENCY, APIX



Senegal is determined to develop its economy, create jobs, and increase prosperity. Infrastructure is fundamental to achieving these objectives, which are critical for meeting the 2030 Sustainable Development Goals. In that context, Senegal's Investment Promotion Agency, APIX, plays a central role. We want to speed up the development of infrastructure projects, and for that, we need to work effectively with the private sector in a way that is a win-win for everyone involved.

Identifying and preparing realistic PPP projects that are interesting to investors is, therefore, of critical importance. PPIAF supported us by building the necessary skills within APIX to do that, as well as prepare and manage long-term contracts and promote private investment in Senegal. PPIAF also helped us develop an appropriate institutional framework for capturing PPPs.

I witnessed the development of APIX since 2008, when I first joined the agency. I was involved in the development of the first PPP project in the country, the Dakar-Diamniadio toll highway. It was not easy. Besides the highway itself, there were environmental and social components to consider. The need for a more robust PPP approach and a better institutional framework became clear. For example, we had to improve regulations and adapt institutions to allow us to move from a conventional approach to building infrastructure to using a PPP model.

The first phase of the project was a success. The commute from Dakar to Diamniadio fell from two hours in 2013 to only 30 minutes today. The exten-

sion of the highway to the international airport also developed as a PPP. As a result of these wins, the government committed itself to the PPP path for infrastructure development.

Why? State resources are limited, and there are many other priorities, for example, healthcare and education. We knew that we did not have the resources to develop infrastructure on our own. However, through PPPs, we were able to accelerate the implementation of priority projects in partnership with both the domestic private sector and foreign investors, even in the context of budgetary constraints.

In spite of this experience, there is more we need to learn. For example, it is clear we need more standardization of project documents, and better external communications to keep the public and other stakeholders informed. Going forward, we look forward to working with PPIAF on these issues as well as further strengthening the PPP framework in Senegal.

I would like to thank PPIAF for its work with us over the last 20 years. PPIAF helped APIX set up the first tools to develop PPPs, and because of this support, PPPs have a bright future in Senegal.

Dominique Ndong is the Deputy Director General of APIX.



PPIAF

**HELPING GOVERNMENTS
AND PARTNERS ACHIEVE
THE SDGs**



In the 20 years since PPIAF was established, it has been a valuable partner to governments, the World Bank, and other development institutions in infrastructure development. How? By providing funding and applying accumulated knowledge, PPIAF is building regulatory and institutional frameworks throughout the developing world that are essential for enabling environments where the private sector is willing to invest.

Infrastructure is critical for meeting the Sustainable Development Goals, or SDGs. But the process of designing, funding, building, and operating it is extraordinarily difficult and costly. Governments understand they cannot take on this burden by themselves. They can, however, create partnerships that collectively have the financial resources, managerial skills, technology, and critically, the incentives to make it happen.

PPIAF is unique in its focus on critical upstream work. It draws from global best practices to build the capacity of governments, who ultimately are responsible for infrastructure development. It strengthens institutions upon which stakeholders rely as they develop infrastructure projects. It provides knowledge of regulations and legislation that

reduces the financial and operational risks facing both governments and private sector players. Importantly, PPIAF works through partnerships.

Our efforts in the last 20 years have contributed directly to the SDGs. And over the next 20, a period that will bring us to 2030 and beyond, our role will prove even more critical. Infrastructure development, after all, will always be a work in progress, and PPIAF will be there working with governments and partners to make it happen more efficiently, more effectively, sustainably, and at a lower cost.

This year's annual report highlights the ways our work has contributed to the SDGs, both directly and indirectly. All our work supports Goal 8, to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. It also feeds directly into Goal 9, which calls for building resilient infrastructure. These two goals go hand in hand. But we also address other SDGs.

For instance, in Niger, we helped introduce a new model for managing urban sludge. This activity supports Goal 6, which is to ensure availability and sustainable management of water and sanitation. Goal 7 seeks to provide access to affordable, reliable,



and sustainable energy. Here, we helped Vietnam's power transmission company obtain a positive credit rating, which makes the power sector more attractive to customers. We also worked to improve the power and gas sectors in Colombia by supporting the analyses that underlie effective development of the sector. Goal 11 is especially critical as urbanization accelerates: it aims to make cities safe, resilient, and sustainable. Our work at the subnational level directly supports this goal. In Uganda, for example, we helped municipalities build their creditworthiness by improving their revenue collection. Support for the Ring Road PPP in Amman, Jordan, also contributes to this goal.

Indirectly, PPIAF's work is contributing to other goals such as Goal 16, which promotes peace, justice, and strong institutions. We see this in Sri Lanka, where our work is building PPP capacity. We are also helping reduce inequality among countries—Goal 10—most visible in our work to promote infrastructure sharing in the six Balkan countries. We also seek to meet the goals of Goal 5, which calls for gender equality in all the work we do.

Going forward, PPIAF will allocate its funding of activities to increase the contribution of its work

towards achieving the SDGs. At least 35 percent of all activities (by number) will focus on Goal 13: Take urgent action to combat climate change and its impact. The importance of infrastructure on this goal cannot be overstated. Infrastructure, particularly transportation and energy generation, directly contribute to greenhouse gas emissions that drive climate change, and building resilient infrastructure is an essential component of mitigating climate impacts. PPIAF will contribute by providing the upstream support necessary for projects that will ultimately reduce emissions, or for projects that promote adaptation and resilience. Many of our non-core trust funds, such as the Trust Fund for Water and Sanitation in Sub-Saharan Africa or the Climate Change Trust Fund for Infrastructure, will exclusively focus on key SDGs.

The pages that follow describe our contributions to the SDGs in greater detail, including some of the examples mentioned above. We look forward to working with governments, donors, partners within the World Bank Group, other development institutions, the private sector, and local communities for many years to come.




























THE SDGs

17 GOALS TO TRANSFORM OUR WORLD

The Sustainable Development Goals are a call for action by all countries—poor, rich, and middle-income—to promote prosperity while protecting the planet. They recognize that ending poverty must go hand in hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.



WHERE PPIAF WORK CONTRIBUTES TO THE SDGs

WORK AREA	WHAT SDGs ARE RELEVANT				
Sub-Saharan Africa: Managing Urban Sludge in Niger	6 CLEAN WATER AND SANITATION 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 	15 LIFE ON LAND 	
Sub-Saharan Africa: Building Creditworthiness of Municipal Authorities in Uganda	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 	13 CLIMATE ACTION 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 
East Asia and Pacific: Achieving a Positive Credit Rating of Vietnam's National Power Transmission Corporation	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			
South Asia: Building PPP Capacity in Sri Lanka	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 		
Latin America and the Caribbean: Strengthening Colombia's Power and Gas Sectors	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 		
Middle East and North Africa: Supporting Jordan's Road Sector PPP Program	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	
Europe and Central Asia: Fostering Infrastructure Sharing in the Western Balkans	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 		
Global Knowledge Portfolio	5 GENDER EQUALITY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 		



OVERVIEW OF COUNTRY IMPACT ASSESSMENTS

Since 2016, PPIAF has conducted annual impact assessments in countries where it has invested a cumulative amount of at least \$2 million.

Additional criteria for country selection include PPIAF's strategic priorities, the type of activities completed in the country, the maturity of the country market, and the knowledge value to be generated by the selection—for example, informing future engagement in the country. The assessments examine the relevance, execution, and effectiveness of individual PPIAF-supported activities as well as the

overall impact of PPIAF support on the government's private sector participation (PSP) initiative to deliver new or rehabilitated infrastructure. Assessments are based on document review and interviews with a wide range of representatives of the World Bank, IFC, other multilaterals, government officials, NGOs, and the private sector.

Country impact assessments are conducted by PPIAF's Technical Advisory Panel (TAP) based on indicators that measure the current state of private sector participation in a given market. These indica-



tors draw from best-practice benchmarks in other countries. The assessments aim to:

- Assess how the upstream support provided by PPIAF helped countries attract private participation in infrastructure
- Review the country's ongoing engagement in a PPP, for example, by establishing the quality of service delivery, determining the potential extent of the service, and reviewing PPP management
- Provide strategic recommendations to the country on the institutional and sectoral policy, PPP contract management, and the sustainability of the country's PPP program

Based on these criteria, PPIAF carried out long-term impact assessments of completed technical assistance activities for two countries in FY19: Laos and Colombia.

COUNTRY IMPACT ASSESSMENT

LAOS

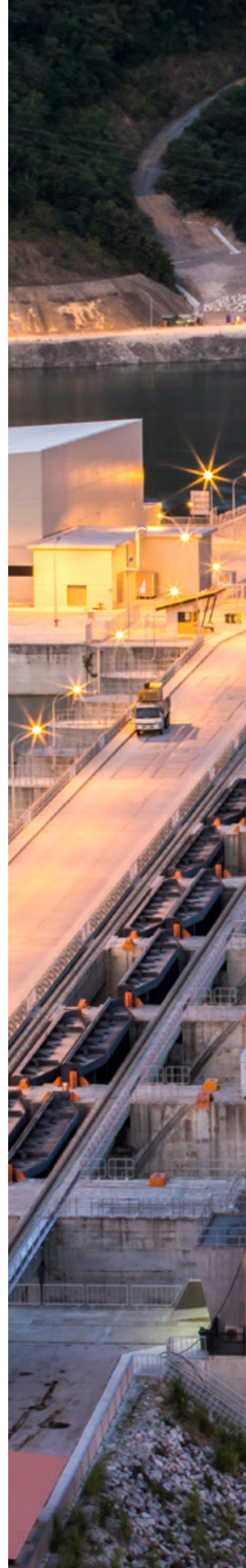
Since 2002, PPIAF has supported 14 activities in Laos with total expenditures of nearly \$5 million. Most investments were in energy (\$2.7 million), with the remainder being in the transport, telecommunications, and water sectors. The assessment found that PPIAF support in Laos has been aligned with government priorities in energy, water, and transportation and aligned with the World Bank and other development bank initiatives.

Over the past 15 years, private sector participation in Laos has mostly focused on hydro generation independent power projects (IPP) that are essentially structured as PPPs. While the government has shown interest in PSP over the past 10 years, it lacks an effective enabling framework. Best practices are not being applied to the creation of a PPP pipeline or for selecting and prioritizing potential projects.

The government, however, is developing a PPP decree with advice provided by the Asian Development Bank (ADB). It defines a PPP framework that follows internationally accepted good practice, including the creation of a PPP unit and a project facilitation facility; legal requirements to develop a project pipeline based on a value-for-money assessment of the best procurement option; guidelines for PPP design; and legal requirements for transparent, competitive procurement processes. However, there is limited government capacity to implement the provisions of the decree.

The government has requested support from the World Bank. The assessment recommended that PPIAF:

- Encourages robust government planning that better articulates how future activities support official plans.
- Supports activities focused on institutional and policy changes that enable the transfer of expertise and experience across sectors and applies lessons learned from PPPs in the energy sector to other infrastructure initiatives.
- Allows the government to gain experience and confidence through straightforward private sector participation options, as opposed to complex transactions.
- Supports activities that enable the government to work with stakeholders within the local banking sector to build their understanding of PPPs and increase their appetite to participate.







TRANSITO

GRAN VIALE

E069

Gmóvil S.A.S.

TransMilenio

TransMilenio

TUN-380



COUNTRY IMPACT ASSESSMENT


COLOMBIA

PPIAF has supported 15 activities in Colombia, with total expenditures of \$3.35 million since 2000. Most projects are in the transportation sector, with several in energy, water, and urban development. PPIAF's Subnational Technical Assistance (SNTA) program is also active in Colombia. Since 2000, it has supported seven activities with total expenditures of \$1.81 million, including three in urban development.

In general, the assessment found that PPIAF support in Colombia is in line with the government's priorities in infrastructure and complements other World Bank initiatives. PPIAF's work has led to positive results in the transportation sector, for example, in regulatory reform for rapid bus systems. The 4G roads program was successful in redeveloping the highway system. New concessions in ports and airports followed PPIAF support in 2004–06, and the expansion of port facilities on the Pacific coast after 2010 was consistent with PPIAF-supported recommendations. Also, PPIAF and World Bank support in designing and implementing Colombia's National Development Bank (FDN) as a development bank specializing in infrastructure finance has had a positive impact on the growth of private sector participation in the transport sector.

The assessment recommends that PPIAF:

- Explore activities that widen institutional capacity so that expertise, experience, and methodologies employed by the National Infrastructure Agency (ANI) can be applied more broadly across sectors and subnational governments.
- Consider interventions that enable the government to assess the feasibility of relaxing fiscal constraints on PPPs, such as discounts of future availability payments.
- Help the government examine options for structuring regional utilities to attract private operators and facilitate private investment, particularly to expand coverage in under served areas.



PPIAF KNOWLEDGE IS HELPING SOLVE FUTURE INFRASTRUCTURE CHALLENGES

Urgent action is needed to mobilize, redirect, and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives. Goal 17 on partnerships calls for multi-stakeholder engagements that mobilize and share knowledge and expertise to support the achievement of SDGs. PPIAF consistently dedicates a significant portion of its resources to supporting global public goods, such as knowledge and data, that can help countries and practitioners learn from effective practices elsewhere and provide evidence that informs policymaking.

The infrastructure sector is experiencing a paradigm shift driven by innovative technologies and unprecedented data availability at a pace that can be difficult for our client countries to follow.

New technologies now being adopted in the energy, transport, and water sectors can increase the upside of infrastructure to societies by improving the reliability and quality of service delivery at a lower cost, reducing red tape, and increasing connectivity—leading to more productivity, efficiency gains, and increased private investment. Goal 9 on Industries, Innovation, and Infrastructure pays special attention to the role of technology in achieving other objectives—precisely in the shift to increased resource and energy efficiency.

For our client countries to benefit from this technological revolution, practitioners and government advisors need to understand these changes. Furthermore, overall enabling frameworks must encourage innovation while managing the risk of untested



technologies appropriately. This approach allows public investments to be directed towards sustainable innovations rather than on infrastructure that could become outdated prematurely.

PPIAF has a crucial role to play: the era of disruptive technology will require drastic changes in regulations, and importantly, that they adapt quickly to changing environments. Countries will need legal and regulatory frameworks capable of keeping pace with change, and that channel investments toward innovation to provide better infrastructure services for all.

PPIAF therefore focused the FY19 Call for Global Knowledge Proposals to answer the following question: How does technological and digital innovation influence infrastructure delivery, and what is the role

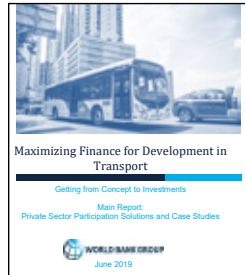
of private financing and regulation in realizing positive dividends from such innovation?

The importance and timeliness of this topic and the quality of proposals received resulted in the first-ever Call for Proposal to be co-financed by the World Bank's Transport & Digital Development Global Practice, which matched PPIAF funding (\$1 million). This allowed us to fund eight cutting-edge proposals that will be implemented during FY 2020.

Examples include an analysis of digital solutions that enable access to clean, sustainable energy (Goals 7 and 13), including specific recommendations, and a report that shows how digitalization can transform transportation systems in a sustainable way (Goals 9 and 13).

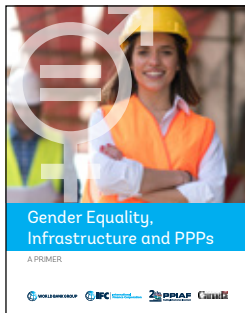
KEY PUBLICATIONS

The following are highlights of FY19 publications produced by PPIAF:



MAXIMIZING FINANCE FOR DEVELOPMENT IN TRANSPORT: GETTING FROM CONCEPT TO INVESTMENT

Public transportation and national highway networks face some of the biggest financing gaps in infrastructure development, despite their significant economic benefits. These subsectors have had limited success with PPPs compared to projects that can fully cover their cost from user charges and generate revenues in foreign currency, such as airports, ports, and toll roads. The PPIAF-funded, *Maximizing Finance for Development in Transport: Getting from Concept to Investments*, presents a range of PPP financial structures and case studies spanning a comprehensive set of topics: urban rail, bus rapid transit, and road asset management—as well as the ideal enabling environment necessary for these sub-sectors to attract private investment. This publication serves as a playbook to help government officials and global practitioners understand and identify the most appropriate sources of finance for different transport projects. In this sense, *Getting from Concept to Investment* squarely supports Goal 17 by encouraging mobilizing additional resources for developing countries from multiple sources, as well as Goal 9 (Industry, Innovation, and Infrastructure) and Goal 11 (Sustainable Cities and Communities).



GENDER EQUALITY, INFRASTRUCTURE AND PPPs—A PRIMER

Investing in sustainable infrastructure (Goal 9) and promoting gender equality (Goal 5) have emerged as two key global development priorities. Best practices at the intersection of gender equality and infrastructure PPPs, however, are still evolving. There is increasing recognition by private sector infrastructure operators to cater more to women as users, improve the gender balance of their boards, source materials, and services from more women-owned companies, and increase the number of women in the workforce. This primer distills high-level advice to help practitioners plan and develop infrastructure PPPs that incorporate actions, design features, and strategies that will close the opportunity gaps between women and men. Ensuring the equitable presence of both male and female voices when deciding which infrastructure to build helps ensure better results for end users.



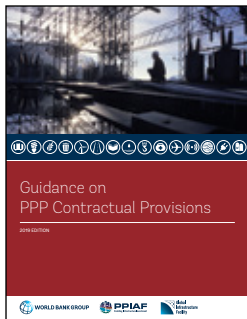
GOVERNING INFRASTRUCTURE REGULATORS IN FRAGILE ENVIRONMENTS: PRINCIPLES AND IMPLEMENTATION MANUAL

Countries exiting conflict and fragility face exceptional challenges and invariably suffer from substantial infrastructure deficits. Goal 16 on promoting peace is premised on developing transparent and strong institutions to combat fragility. This manual contributes to improvements in the quality of infrastructure regulation by identifying key principles for the governance of infrastructure regulators and suggesting they can be successfully introduced and maintained over time. This approach assumes that a uniform set of governance principles is less complex and costly to implement and enforce and provides a more consistent and predictable regulatory environment for potential investors to navigate. The manual also describes the process of implementing regulatory governance reforms in fragile contexts, which in turn supports better regulatory decision making, increased investment, and overall economic development.



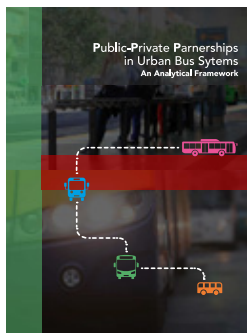
THE ROLE OF THE PUBLIC SECTOR IN MOBILIZING COMMERCIAL FINANCE FOR GRID-CONNECTED SOLAR PROJECTS: LESSONS FROM SEVEN DEVELOPING COUNTRIES

This report assesses the role of public interventions in mobilizing commercial financing for grid-connected solar projects in seven developing countries—Chile, India, Maldives, Morocco, the Philippines, Senegal, and South Africa. Desktop research is complemented by interviews with development professionals, academics, and public officials, and the results of an online survey developed to gain insights and perspective from private developers and other commercial capital providers. The scope is limited to utility-scale, grid-connected projects because of the risk concentration inherent to large projects and the importance of large-scale investments in clean energy for the transition toward low carbon development pathways. The analysis also outlines public interventions that have been successful and the context in which they were deployed. The report supports Goal 13: Climate Action and Goal 7: Affordable and Clean Energy.



2019 EDITION OF THE GUIDANCE ON PPP CONTRACTUAL PROVISIONS

This edition of the Guidance builds upon its first edition (2015), also funded by PPIAF, which presented the first attempt by a multilateral development bank to compile recommended wording of common provisions of PPPs. The 2019 edition incorporates stakeholder feedback and includes themes such as climate change and environmental/social issues. The 2019 Guidance adds three new chapters on contracting authority step-in rights, termination events, and the handover of assets at the end of a PPP contract. The Guidance helps its target audience—namely contracting authorities in emerging markets—gain a comprehensive understanding of the essential clauses in PPP contracts and enables them to carefully assess the issues specific to their own PPP projects and jurisdictions when developing contractual provisions.



INTEGRATED ANALYTIC FRAMEWORK FOR BUS TRANSIT INITIATIVES

This report describes challenges, proposes a methodology, and provides an analytical framework in the planning and preparation stages of bus rapid transport (BRT), which support Goal 11 (Sustainable Cities and Communities). The document addresses specific issues that can impact risk assessment and management strategies, for example, in modeling project demand, setting objectives, and developing approaches for dealing with incumbent operators. The analytical framework builds upon global experience, mostly from BRT projects in Latin America dealing with fleet provision and operations.

GLOBAL REVIEW—PUBLIC INFRASTRUCTURE FUNDS FACILITATING PPPs IN A FISCALLY PRUDENT MANNER

This review serves as a resource for public sector staff considering Public Infrastructure Fund (PIF) initiatives in their respective countries. It provides a review of ongoing funds as a policy instrument in promoting infrastructure development (Goal 9) in various geographic regions. The research is centered around eight case studies that encompass distinct functions and localities to ensure a holistic understanding of the differences between funds in terms of their structures, institutional capacities, availability, types of financing, and purposes. Seven of these case studies are in countries with distinct infrastructure development needs (India, Bangladesh, Indonesia, Ghana, Colombia, Argentina, and South Africa); one covers a PIF in Canada, a developed country.

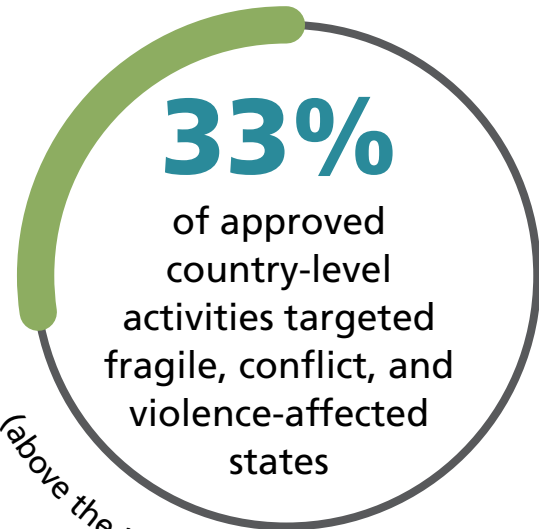


REVIEW OF 2019

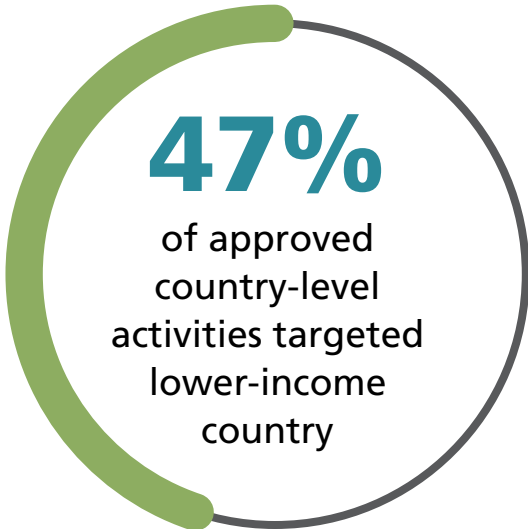
HIGHLIGHTS OF FY19

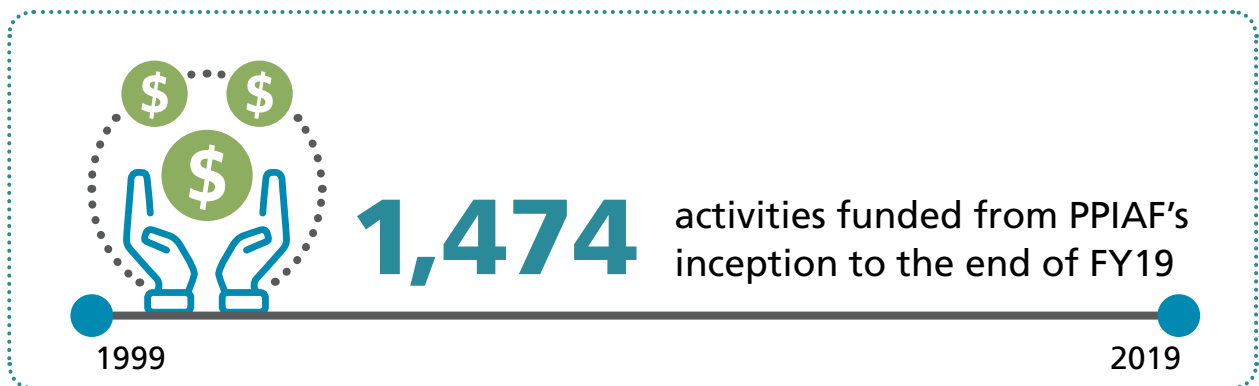
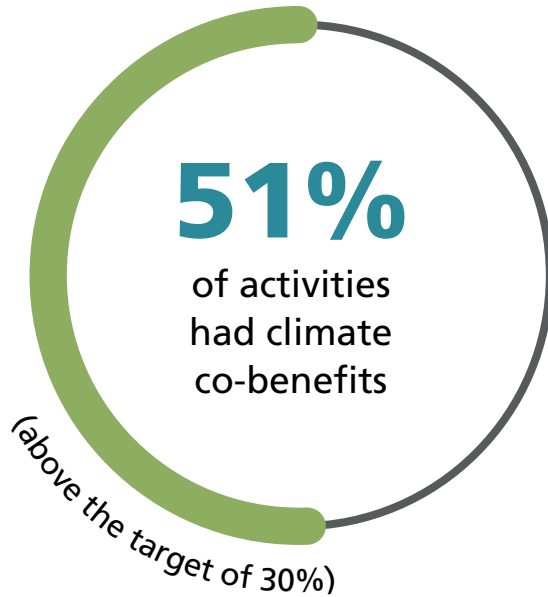
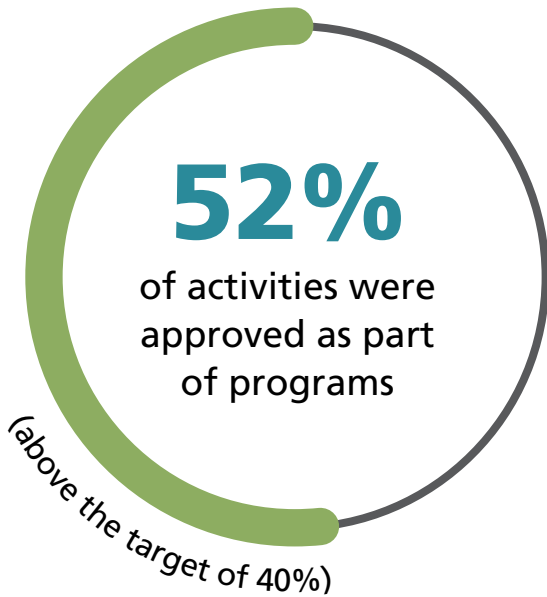
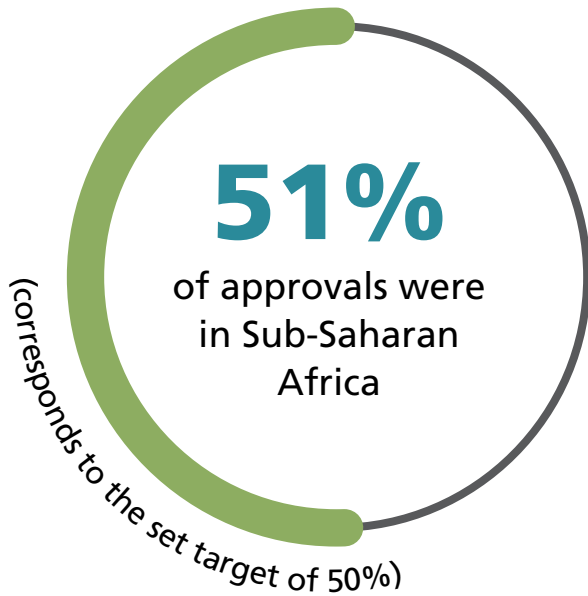


53 activities approved by PPIAF with a total value of **\$10.6 million**



(above the target of 20%)







PPIAF DELIVERED \$10.6 MILLION IN GRANT APPROVALS FOR FY19 AND **HIT ALL** **PROGRAMMING TARGETS**

PPIAF uses funds under its management to provide high quality technical assistance and global knowledge activities to client governments to build capacity, strengthen institutions, and implement programs that facilitate private investment in infrastructure. Achieving these objectives requires disciplined efforts to shepherd limited grant financing to those countries most willing to receive support and effect change in partnership with other donors and private partners. To maximize the effectiveness of available funds, PPIAF and its donors have defined a set of funding allocation targets to increase the chances of successful outcomes.

Approved funding in FY19 totaled \$10.6 million, which was allocated to 53 new technical assistance (\$9.2 million) and knowledge activities (\$1.4 million). This programming level deviates from the approved work plan of \$12 million. This reduction results from decisions taken by the PPIAF Council to match the then-projected levels of PPIAF funding for the Strategy period. PPIAF nevertheless ensured that every dollar provided “crowded in” 79 cents in partner resources, in addition to their technical support

and other capacities. Disbursements, which as a proportion of approvals, stood at 152 percent, signifying that client institutions received prompt capacity building and technical assistance support.

Despite a reduced level of programming, PPIAF instead focused on achieving its programming targets. These included directing at least 50 percent of technical assistance toward designated “impact” countries. Here, PPIAF surpassed its goals—impact countries received 57 percent of country-specific technical assistance (see table on opposite page). PPIAF also aims to deliver at least 40 percent of technical assistance funds through its global programs, which enable PPIAF to scale its impact more efficiently in client countries. Global programs are typically delivered in partnership (technical and funding) and offer standardized scopes of work that can easily be adapted and replicated to new contexts. Here again, PPIAF achieved its target—52 percent of new funding was channeled through one of these programs.



APPROVALS TO IMPACT COUNTRIES, FY 2019

IMPACT COUNTRY	TOTAL AMOUNT APPROVED	NUMBER OF ACTIVITIES
Burkina Faso	400,000	2
Cameroon	273,500	1
Colombia	365,000	3
Côte d'Ivoire	100,000	1
Djibouti	200,000	1
Egypt	100,000	1
India	550,000	2
Kenya	300,000	1
Nepal	275,000	1
Peru	330,000	2
Rwanda	276,270	1
Senegal	150,000	1
South Africa	195,000	1
Uganda	340,000	1
Vietnam	760,000	4
Total Impact Country TA	4,614,770	23
Total Country-Tagged TA	8,166,370	40

Note: Impact countries that did not receive support in FY19 included: Afghanistan, Guinea, Haiti, Indonesia, Lao PDR, Madagascar, Malawi, Morocco, Myanmar, Nigeria, Papua New Guinea, Philippines, Somalia, Tunisia, West Bank and Gaza.

PPIAF has also maintained its long-term strategic objective of building capacity in the most vulnerable places—based on the World Bank’s *Harmonized List of Fragile Situations*¹—by directing a minimum of 20 percent of our new funding to them. In FY19, PPIAF surpassed this goal, allocating 33 percent to

such countries. Notably, we allocated support to develop approaches to leveraging private sector resources to increase electrification in Liberia and the Democratic Republic of Congo, and to examine better urban transport options in Mozambique and Côte d'Ivoire.

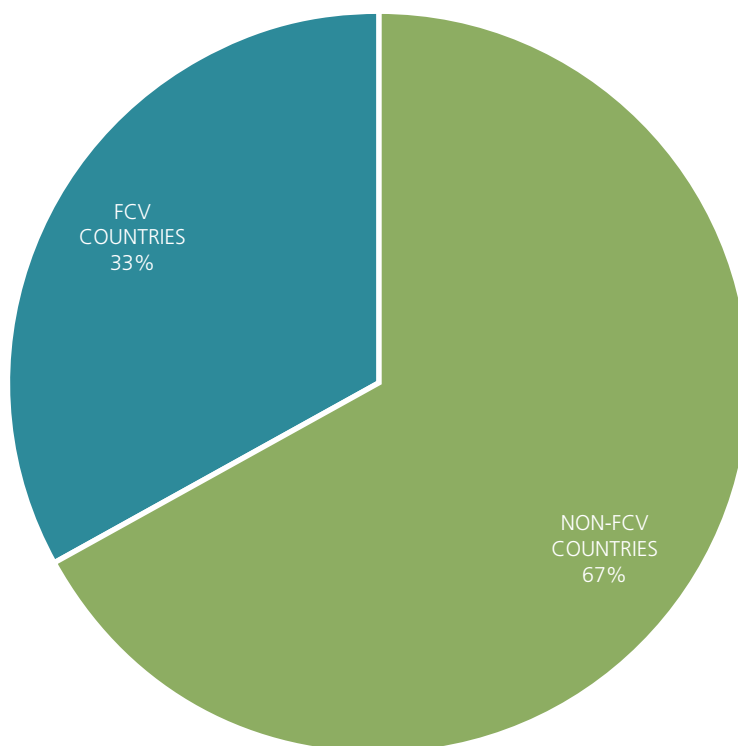
¹ PPIAF also considers those countries that have been on the Harmonized list in the past five years as fragile for the purposes of allocating funds. This decision was agreed with the PPIAF Program Council and recognizes that many countries are still fragile, or on the cusp of fragility, even if they have exited the Harmonized list.

PPIAF TECHNICAL ASSISTANCE SUPPORT CHanneled THROUGH GLOBAL PROGRAMS, FY19

THEME	PROGRAM NAME	PRORAM DESCRIPTION	KEY PARTNERS (TRUST FUND)	FUNDING	CO-FUNDING
Fragility and low-capacity countries	PPP Institutions in Low Income and Fragile Countries	Guided by an overarching framework that designates five milestones or key “markers of progress.” Activities supported under this program are tailored to a country’s specific PPP needs and are designed to help the country work towards progressing on its path towards a successful PPP program.	World Bank’s IPG Group (MDTFII*)	\$1,060,650	\$322,000
Subnational	City Credit-worthiness	Helps subnational entities structure viable investments that will deliver low-carbon and resilient infrastructure services. It works with local authorities, including utilities, providing comprehensive, hands-on, and long-term support.	World Bank’s Social, Urban, Rural & Resilience Global Practice, Rockefeller Foundation, KGGTF*, C40 Network (SNTA)	\$450,000	\$447,000
Subnational	Financing Universal Access to Water	Aims to scale up private sector investment in Water Supply and Sanitation (WSS) through support at the project level by examining projects from an economic and financial point of view. It also targets the broader investment climate surrounding the sector, assessing capital market and regulatory requirements as well as the investment appetite of potential private investors and their considerations.	World Bank’s Water Global Practice (SNTA)	\$340,000	\$90,000
Sustainable infrastructure	ESMAP Partnership	Aims to address and alleviate upstream regulatory, policy, and institutional barriers to the deployment of renewable energy and energy efficiency solutions with private sector participation.	ESMAP (CCTF)*	\$1,665,220	\$2,145,650
Sustainable infrastructure	Good Performance-Based Contract Practices for Non-Revenue Water Program	Catalyze better practices in the market of performance-based contracts for non-revenue water.	World Bank’s Water Global Practice, International Water Association, IDB (SNTA)	\$675,000	\$423,429
Sustainable infrastructure	Urban Mobility Program	Aims to channel support complementary to that provided by the World Bank’s transport department to help cities improve their institutional, financial and regulatory frameworks to create conditions more favorable to PPPs in urban mobility—such as bus rapid transit projects or metro projects.	World Bank’s Transport and Digital Development Global Practice (MDTFII*)	\$1,303,800	\$1,445,000
TOTAL				\$5,494,670	\$4,873,079

* See list of abbreviations on p. 77 for full names of trust funds.

PERCENT OF TRUST FUNDS APPROVED IN FCV COUNTRIES, FY19



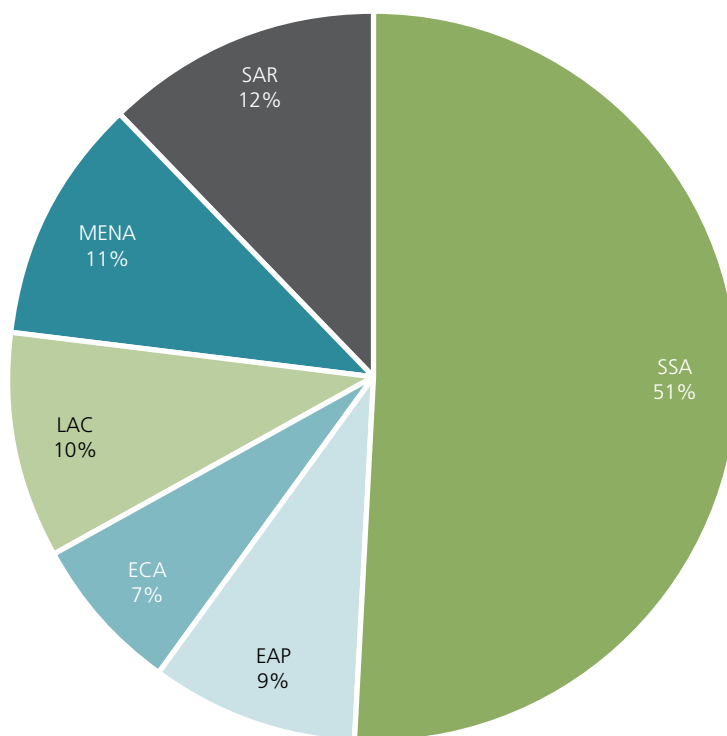
From a regional standpoint, PPIAF continued to direct at least half of all technical assistance funds to Sub-Saharan Africa (SSA), its priority region.

PPIAF met this target, allocating \$4.7 million (51 percent) of total technical assistance approved to SSA.

APPROVALS BY REGION AS A PROPORTION OF TOTAL APPROVALS, FY18 VS FY19

REGION	FY18	FY19	DIFFERENCE
Sub-Saharan Africa (SSA)	54%	51%	-3%
East Asia & Pacific (ECA)	12%	9%	-3%
Eastern Europe & Central Asia (EAP)	3%	7%	+4%
Latin America & the Caribbean (LAC)	6%	10%	+4%
Middle East & North Africa (MENA)	18%	11%	-7%
South Asia (SAR)	7%	12%	+5%

TECHNICAL ASSISTANCE BY REGION, FY19



More broadly, FY19 saw a rebalancing of technical assistance approvals across the non-SSA regions (see figure above and table on following page). This was aided by the return of PPIAF's Swiss State Secretariat for Economic Affairs (SECO) Middle Income Trust Fund, focusing on support to middle-income countries in regions like EAP, ECA, and LAC, as well as further development of the climate change and subnational programs. PPIAF also continued to direct funds from its non-core United States Agency for International Development (USAID) Water Trust Fund. In FY19, this fund supported an activity in Kenya as part of PPIAF's global Performance-Based Contracts for Non-Revenue Water program.

Another critical target area of PPIAF is helping countries build well-designed, low-carbon, sustainable infrastructure. Each new high-impact extreme weather event demonstrates that today's infrastructure development standards must be improved to withstand the climate environment of tomorrow.

In the last two fiscal years, PPIAF ramped up its efforts to ensure that its technical assistance and

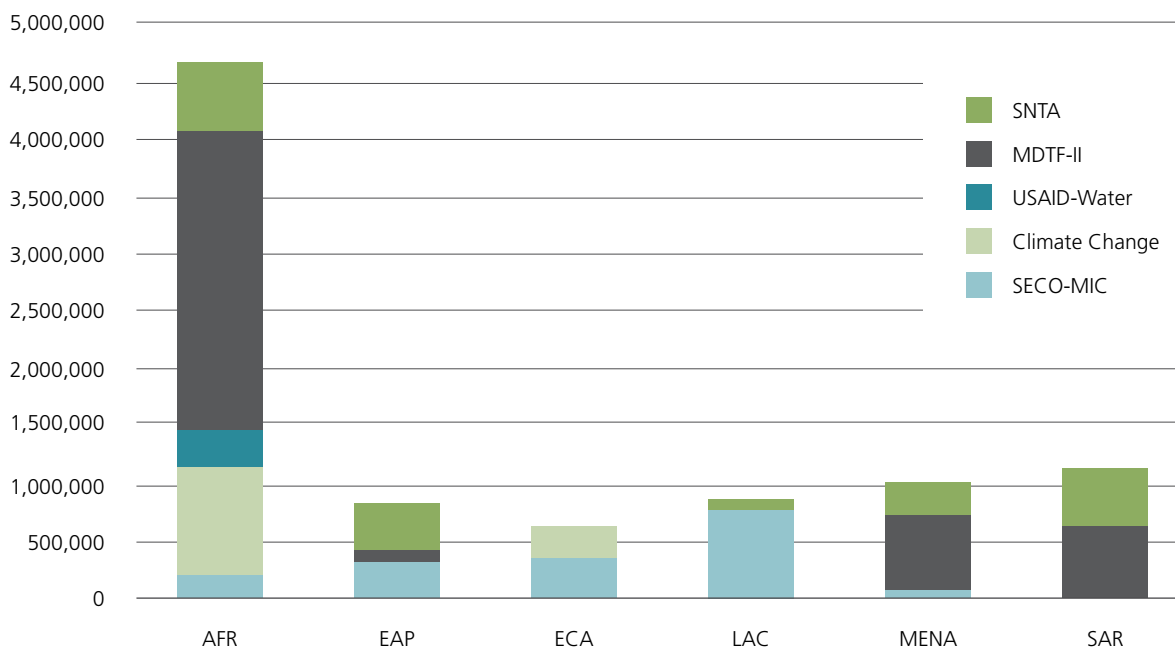
knowledge activities support the goals of low carbon growth and resilience. PPIAF achieved this through two avenues. First, PPIAF ensures that at least 28 percent of activities supported achieve climate co-benefits, meaning a given activity's design identifies and articulates climate adaptation or mitigation actions. Last fiscal year, 27 of all activities, just over half, achieved this. Secondly, PPIAF channels support through its Climate Change Trust Fund (CCTF), which focuses on helping client countries build their infrastructure systems—particularly energy and transport—in a low-carbon way, and through fostering energy efficiency practices. In FY19, through CCTF, PPIAF funded five activities aimed at spurring investment in renewable energy solutions, totaling \$1.2 million, with \$2.1 million in co-funding and co-expertise provided by its partner, the Energy Sector Management Assistance Program (ESMAP), a partnership between the World Bank Group and other partners to support development in low- and middle-income countries through environmentally sustainable energy solutions.

For example, in East Africa, PPIAF provided follow-on support related to the innovative “Pay-as-you-Go” (PAYG) off-grid solar agenda. PPIAF backed the development of a toolkit that will pull together existing best practices and case studies, giving governments the tools needed to manage this nascent sector, which will help bring clean energy solutions to many who currently lack access to electricity. In the Western Balkans, PPIAF support targeted a different angle of the clean energy challenge—shifting existing systems away from fossil fuel generation sources towards cleaner ones. PPIAF-funded work will help the six southeastern European countries examine how to redesign their current renewable energy incentive systems (such as “Feed-in-Tariff”) in favor of market-based mechanisms, which place less fiscal strain on limited government balance sheets while encouraging private investment in renewable energy.

Finally, PPIAF ensured that its work supports the advancement of gender equality goals. In FY19, PPIAF finalized the primer on **Gender Equality, Infrastructure and PPPs** and began requiring that all country technical assistance activities examine how, or whether, to pursue gender-equality aims. Going forward, PPIAF will explore emerging best practices that could be replicated in the following fiscal years once activities approved this year are implemented.

With global urbanization on the rise, the majority of the infrastructure of the future will be required at the city or subnational level. Goal 11 on Sustainable Cities and Communities calls for a future in which cities provide opportunities for all, with access to basic services, energy, housing, and transport.

TECHNICAL ASSISTANCE BY REGION AND TRUST FUND, FY19



A close-up photograph of a dark, weathered metal pipe with water gushing out of its end. The water is clear and creates a dynamic, splashing effect as it flows. The background is blurred, showing more of the pipe and some indistinct structures.

SNTA BUILDS ON EXISTING PROGRAMS, LEVERAGING EQUAL AMOUNTS OF CO-FUNDING

Subnational entities do not typically have the experience or the credit capacity to access the quantum of financing for developing and building this infrastructure. PPIAF's SNTA program provides technical assistance funding to address this gap. It helps municipalities or utilities build bankable project pipelines, financial systems, and creditworthiness to attract finance for sustainable infrastructure solutions.

Since its establishment 12 years ago, PPIAF's SNTA program—which this year approved a total of eight activities for \$1.9 million and \$950,000 in co-funding—has continued to play a vital role as part of PPIAF's programming. Most approved activities helped subnational entities assess their creditworthiness. These included ongoing support to the municipality of Tegucigalpa, Honduras, for a creditworthiness assessment that followed from previous programs in fiscal years 2017 and 2018, which focused on developing Tegucigalpa's water utility's

financial management systems. SNTA also supported three activities targeting energy sector utilities in Vietnam. Vietnam's National Power Transmission (NPT), a wholly-owned subsidiary of EVN, obtained a positive credit rating (see the East Asia Pacific regional section for more detail) through PPIAF support in partnership with the Global Infrastructure Facility (GIF)—a partnership of governments, multilateral development banks, private investors, and financiers that helps governments in emerging markets prepare bankable infrastructure projects.

Other activities funded under the program included support to help the government of Lebanon assess the need and viability for a credit enhancement facility, which could help facilitate further flows of financing to support the growing demand for urban infrastructure.

SNTA also serves as the anchor point for two of PPIAF's ongoing global programs—City Creditwor-



thiness and Financing Universal Access to Water. The former, which has run for almost five years, was conceived as a joint effort between the World Bank's Social, Urban, Rural & Resilience Global Practice and PPIAF. Beginning with a series of training sessions that taught municipal financial managers how their municipalities can achieve creditworthiness and access private financing, the program expanded to help municipalities borrow on commercial terms for sustainable urban infrastructure by building the capacity of municipal administrations.

In FY19, under this program, SNTA approved an activity in India's Punjab state to improve its source revenue collection, strengthen its capital investment planning skills for climate resilience, and build its legal and regulatory capacity to attract private financing for water supply investments. It also continued activities in Turkey, Uganda, Ethiopia, and Morocco. As part of the Financing Universal Access to Water

global program, SNTA has assisted Uganda's National Water and Sewerage Corporation in its efforts to attract market-based finance. Under this program, SNTA also supported the Hargeisa Water Agency (HWA) in Somalia, which faces funding gaps that create bottlenecks and limit the quantity of water available.

HWA also battles soaring operational expenditures resulting from a reliance on diesel fuel for pumping. Assistance centered on helping the agency shape its business and finance strategy by identifying commercial financing options, including supplier credits for solar pumps and to support operations linked to non-revenue water reduction to improve energy efficiency. HWA is already in talks with solar vendors to shift its pumping from diesel to solar.

SUPPORTING EFFECTIVE DECENTRALIZATION IN SENEGAL

Since independence in 1960, Senegal has pursued a progressive decentralization policy. Its approach included the application of a framework to help local governments improve municipal planning and management, including revenue monitoring and service delivery. Decentralization took place in phases. In 1972, rural communities were legally established and local authorities became involved in the administration and management of communities. Further powers were transferred to regions, communes, and rural communities in 1996. In 2013, local governments became responsible for designing, programming, and implementing actions for the community development encompassing economic, social, and environmental interests. Local governments also enjoy constitutional support for self governance.

In practice, however, local governments were not fully equipped to handle their new management responsibilities, forcing them to rely on the national government for support. To improve the effectiveness of the government's decentralization policy, PPIAF's SNTA has been providing expertise and support to help municipalities and regions improve their fiscal management capacity. Specifically, SNTA is developing decision-making tools to better guide the Ministry of Local Governance and Territorial Development.

Important changes have already been implemented. In July 2018, the government passed one of its most ambitious reforms, transforming its local investment fund, FECL, into a modern, performance-based capital investment fund. This reform was strongly supported by civil society, the Mayors' Association, and bipartisan politicians. In the medium term, SNTA support will help improve planning and financial audit systems, reforms of the Decentralization Fund (FDD), and local value-added tax-transfer systems. The program, now in the early stages of preparation, will focus on improving intercommunal services and regional infrastructure, building local capacity, and strengthening regional creditworthiness.

SNTA's advice directly supports a strategic reform dialogue between the World Bank and the Senegalese government and the Municipal and Agglomerations Support Program, which is introducing a pay-for-results policy instrument. This will enable the government to provide results-based incentives to support and capitalize the decentralization reform process in the country.







HIGHLIGHTS

OF SUPPORT TO THE REGIONS

HIGHLIGHTS OF SUPPORT TO THE REGIONS

SUB-SAHARAN AFRICA

FY18

FY19

FUNDS DEPLOYED

\$5.2 million

\$4.7 million

CO-FUNDING LEVERAGED

\$2.5 million
(48%)

\$3.96 million
(84%)

ACTIVITIES APPROVED

21

21

ACTIVITIES CLOSED

19

21

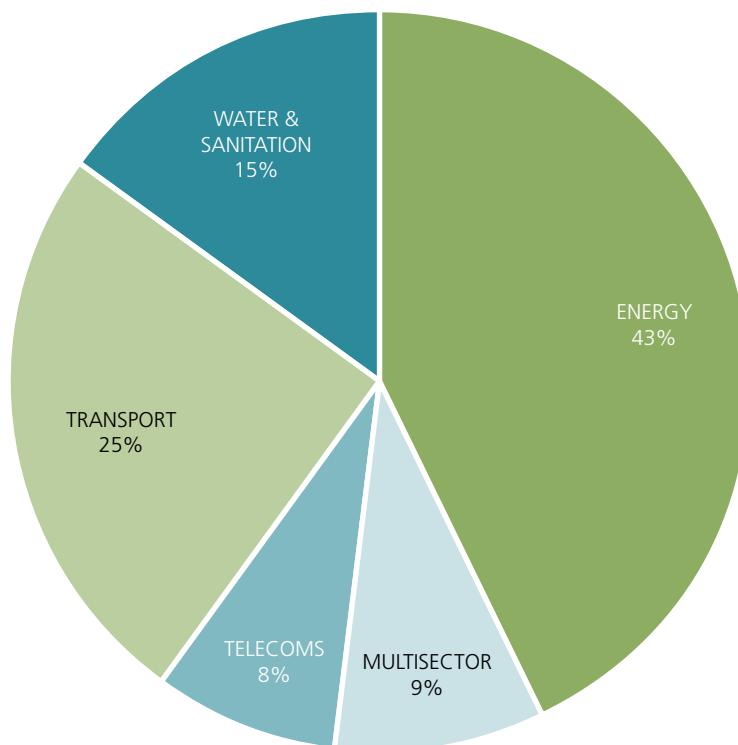
Newly approved PPIAF support in Sub-Saharan Africa was rooted in specific infrastructure sectors—mainly energy and transport—and tied to one of PPIAF’s global programs. PPIAF’s FY19 Africa portfolio squarely addresses poverty reduction (Goal 1) by focusing on access to basic services through clean energy and urban public transport (Goals 13 and 11, respectively).

Most support targeted the energy sector. For example, PPIAF funded four activities developed under the ESMAP-PPIAF global program, which seeks to help countries expand access to electricity through renewable sources. Given that SSA has one of the lowest electricity access rates in the world, support offered under this program is key to achieving Goal 7 of ensuring access to affordable, reliable, sustainable, and modern energy for all. For example, one activity helped Zanzibar diversify its energy sources and understand the technical, commercial, and regulatory issues necessary for integrating more renewables into the energy mix. PPIAF also directed a significant portion of funds to the region’s transport sector—

predominantly to support urban transport in support of Goal 11. With expected growth of 450 million people in the region’s cities in the next 25 years, this is unsurprising. The framework of PPIAF’s Urban Mobility Program (see table on p. 22) guided most of these funds. Activities funded under this program included support to Maputo and Abidjan to help them encourage private investment into their urban transport; as well as analysis—applicable to the entire region—to understand the building blocks needed for improving the success and viability of bus rapid transit projects through private investment.

This past fiscal year, counterparts in the region also began to see the fruits of PPIAF-supported work from fiscal years past, including in the sanitation sector in Niamey, Niger, where around 500,000 households will benefit from improved sanitation as well as in Uganda’s municipal sector in Uganda, where better revenue collection systems are helping cities improve their fiscal positions. More details can be found in the cases below. See Annex I for a listing of all PPIAF activities supported in the region in FY19.

APPROVALS BY SECTOR IN SUB-SAHARAN AFRICA | FY19





6 CLEAN WATER AND SANITATION



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



15 LIFE ON LAND



SUB-SAHARAN AFRICA FEATURE STORY



MANAGING URBAN SLUDGE IN NIGER

Niger has been working with the World Bank to address a significant sanitation problem. According to National Institute of Statistics data from 2016, more than three-quarters of the population lack access to even minimal sanitation services. In the capital, Niamey, the situation is acute. With a population of 1 million, it lacks basic sanitation management. No system was in place for the treatment of fecal matter.

As a first step in addressing this challenge, the World Bank and government of Niger are implementing the Urban Water Project, which includes the improvement of sanitation services through new fecal sludge treatment facilities. The first was built in 2017 with a second planned for 2020. The Water Global Practice is providing support to help the city gain the knowledge and experience necessary to manage them once they are handed over to the city.

A World Bank-funded study recommended a private sector solution to this problem through a lease affermage. However, the study revealed that the city of Niamey would have to provide subsidies for at least three years to make the transaction attractive to the private sector. PPIAF contributed by conducting due diligence to provide fecal sludge management solutions to the city, developing a PPP framework for managing the sludge treatment plant, reviewing PPP options, and training to build the city's capacity to act as a granting authority. It also updated the business model to explore the feasibility of bundling collection and treatment services and examine ways to minimize subsidy requirements. PPIAF also supported communications and consensus building for the project and worked with local private sector operators to enable them to participate in the process.

PPIAF support facilitated the first PPP contract between the municipality of Niamey and the private sector for managing the fecal sludge treatment plant. This five-year contract will benefit around 500,000 households. The city will provide continuous technical support in the first year by bringing external expertise. Also, the legal process for transferring water supply assets from rural towns to private institutions was clarified, setting the stage for better service delivery.

This activity supports four Sustainable Development Goals. It also has excellent potential for replication in other cities in Niger and other municipalities in the region. Demand for improving sanitary conditions in urban centers is growing throughout the region, making the lessons learned in Niger both timely and relevant.

BUILDING CREDITWORTHINESS OF MUNICIPAL AUTHORITIES IN UGANDA

The Ugandan government recognized that local authorities would need better skills and tools to improve financial performance, plan capital investments, and implement projects. Nowhere was the need for stronger municipal capacity greater than in Kampala, the nation's capital. The city was preparing Uganda's first bond issuance at the subnational level, a move that would allow Kampala to tap domestic capital markets based on the strengths of its revenues and creditworthiness. But without prior experience, Kampala and other Ugandan cities would need support in building solid financial management practices for long-term fiscal sustainability.

PPIAF's SNTA program provided training and support to officials in participating cities to help them strengthen revenue collection and management, develop sound capital investment plans (including climate-smart initiatives), and reach financial performance targets that would unlock grants under the World Bank's Uganda Support Municipal Infrastructure Development Program (USMID). Critically, PPIAF provided transaction support to the Kampala Capital City Authority for accessing the domestic capital market. USAID, the UN Capital Development Fund (UNCDF), and Cities Alliance, a global partnership that supports the sustainable development of cities, provided valuable early-stage inputs to the program.

These efforts focused on developing the country's pilot revenue collection system, IRAS. SNTA support enabled the review and streamlining of revenue collection processes in pilot cities, developing the system and linking it with commercial banks, tele-

coms, and point-of-sale systems, and deploying it. PPIAF also played a vital coordination role between subnational governments, municipal development authorities, and other stakeholders.

The results to date have already shown that improved revenue collection is within reach. In the two pilot cities, Fort and Nansana, the IRAS portal increased revenues from zero to 32 and 36 percent respectively. Local city governments and taxpayers alike proved supportive of the system, which shows strong potential for adoption by local governments throughout the country. The program was extended until December 2019 to allow for the rollout of the IRAS system to another 40 municipalities under USMID. Coupled with ongoing support to improve the legal, regulatory, institutional, and policy frameworks, the initiative is expected to lead to sound infrastructure and climate-smart projects at the local government level that can attract private financing and foster green growth.

PPIAF's work with local Ugandan city governments supports the World Bank Group's Maximizing Finance for Development (MFD) approach, which seeks private sector solutions to development challenges, for financing municipal infrastructure in Uganda. PPIAF's technical assistance is increasingly helping local and municipal governments increase their source revenue, a critical step towards attaining creditworthiness and attracting private finance.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The icon for SDG 9 consists of three white cubes stacked in a 2x2 grid, with the bottom-right cube missing.

11 SUSTAINABLE CITIES AND COMMUNITIES

The icon for SDG 11 shows a white silhouette of a city skyline with several buildings of varying heights.

13 CLIMATE ACTION

The icon for SDG 13 features a white silhouette of a globe with a leaf, set within a white eye shape.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The icon for SDG 16 depicts a white dove with an olive branch in its beak, perched on a white scale of justice.

17 PARTNERSHIPS FOR THE GOALS

The icon for SDG 17 is a white graphic of three interlocking circles.

SUB-SAHARAN AFRICA FEATURE STORY

HIGHLIGHTS OF SUPPORT TO THE REGIONS

EAST ASIA & THE PACIFIC

FY18

FY19

FUNDS DEPLOYED

\$1.16 million

\$0.86 million

CO-FUNDING LEVERAGED

\$1.18 million
(102%)

\$0.31 million
(37%)

ACTIVITIES APPROVED

6

5

ACTIVITIES CLOSED

7

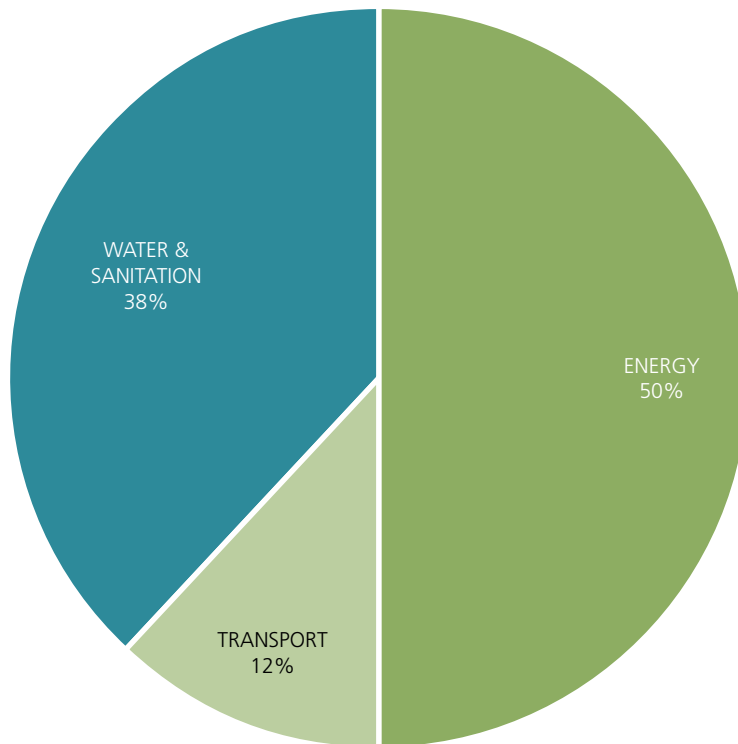
10

FY19 support to the East Asia and Pacific region was directed primarily to the energy and water and sanitation sectors, and to priority country, Vietnam. All energy sector support flowed to Vietnam, a country experiencing rapidly growing energy demands while facing limited fiscal space to respond. In recent years, support mechanisms such as sovereign guarantees, often crucial to backstop large infrastructure investments, were eliminated. As a result, energy sector utilities have been left to attract funding for capital investments on the strength of their own balance sheets. Achieving a positive credit rating is a way for these utilities to do this, and PPIAF's work—channeled through our SNTA program—focused on helping energy sector companies prepare. One such example of SNTA support to Vietnam's National Power Transmission Corporation is profiled on the following page.

Additionally, Vietnamese water utilities received support, under PPIAF's global program, entitled Good Performance-Based Contract Practices for Non-Revenue Water. The country's 68 urban water companies, in aggregate, operate below capacity due to water losses, whether physical or commercial. Losses reduce sector efficiency, which is increasingly unsustainable given climate change threats to the country's water resources. The capital, Ho Chi Minh City, is a bright spot in this regard. It has been the market leader for setting new standards for performance contracts. This newly approved activity will help the rest of the country's utilities replicate this success. Water security, along with access to improved services is an important SDG objective under Goal 6.

See Annex I for a listing of all PPIAF activities supported in the region.

APPROVALS BY SECTOR IN EAST ASIA & THE PACIFIC | FY19





7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



EAST ASIA & PACIFIC FEATURE STORY

ACHIEVING A POSITIVE CREDIT RATING IN VIETNAM

Since 2012, the World Bank, with the support of PPIAF, has been helping Vietnam's Electricity Company (EVN) develop and implement a financial recovery plan aimed at achieving and sustaining its long-term financial sustainability. Early work supported by PPIAF led to a series of significant outcomes, including the development of an equitization and divestiture strategy of EVN's generation companies. More recently, PPIAF helped the National Power Transmission (NPT), a wholly owned subsidiary of EVN, obtain a positive credit rating.

In 2017, Vietnam was unwilling to provide further sovereign guarantees for EVN and its transmission and distribution subsidiaries because of budgetary constraints, making it challenging to secure financing by donors and commercial banks. This put EVN and its subsidiaries in a precarious situation—it needed investments of about \$2 billion annually to meet rapidly growing energy demand.

However, EVN and its subsidiaries needed a positive credit rating from an official credit rating agency to tap into the international capital market without government support. The World Bank was positioned to offer support within the broader context of its MFD engagement in Vietnam. With the financial and technical support of the GIF, the Bank's energy team provided technical assistance to help EVN prepare for an official credit rating.

In April 2018, EVN became the first non-banking sector state-owned enterprise (SOE) in Vietnam to obtain a positive credit rating from Fitch Rating Agency that matched Vietnam's sovereign credit rat-

ing of BB. This positive rating opened new avenues of commercial financing for EVN, which was then able to access international syndicated loans—without government guarantees—and tap into global bond markets. The rating further reduced the risk perceptions of private investors, who were then willing to enter into long-term power purchase agreements (PPAs) with EVN, the sole buyer of all electricity in Vietnam.

Following this success, EVN requested further World Bank support to prepare NPT for a credit rating. PPIAF's SNTA program provided financial support to the Bank team and EVN for technical assistance. These efforts paid off. In March 2019, Fitch assigned NPT a standalone credit rating of BB+ (higher than sovereign rating) and a final rating of BB. This credit rating will enable NPT, for the first time in its history, to tap into the international capital market without government support. The rating could also allow NPT to raise commercial funding by issuing bonds.

PPIAF has now extended its support working to prepare for credit ratings for EVN's remaining five power distribution subsidiaries. This successful model of providing credit rating support to SOEs to get access to commercial finance without government support in Vietnam will serve as a model for other developing countries with limited public fiscal space, enabling utilities to tap into international capital markets. This work also opens a new area of engagement for the World Bank to improve the financial viability of utilities, for example, through bond issuance advisory and credit enhancement.

HIGHLIGHTS OF SUPPORT TO THE REGIONS

SOUTH ASIA

FY18

FY19

FUNDS DEPLOYED

\$0.67 million

\$1.13 million

CO-FUNDING LEVERAGED

\$0.67 million
(100%)

\$0.98 million
(87%)

ACTIVITIES APPROVED

3

5

ACTIVITIES CLOSED

4

1

Goal 11 on Sustainable Cities and Communities is front and center of PPIAF's support to South Asia. In FY19 support to the region flowed primarily through one of our global programs, namely Creditworthiness, PPP Institutions, and Urban Mobility (see table on p. 22). Furthermore, many of the activities had a subnational angle and are designed to help foster delivery of urban infrastructure solutions, essential for a region with high levels of urbanization.

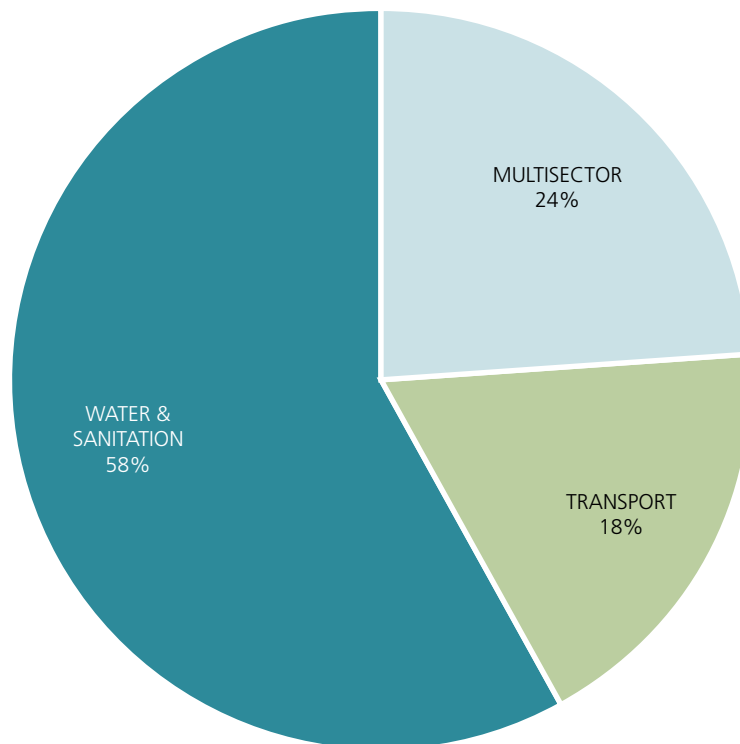
India, an impact country, received the largest share, including a large SNTA activity in Punjab state that will help the cities of Amritsar and Ludhiana provide sustainable 24/7 water supply services to residents. Achieving this requires tackling several issues in water service delivery, including addressing fundamental ones related to urban governance and finance (at both state and city levels). Assistance

will help the state address inadequacies in the inter-governmental fiscal transfer system, improve the cities' creditworthiness so they can issue bonds to finance water and other urban infrastructure, bring water tariffs to cost recovery, enhance public financial transparency and oversight, and develop capital investment plans for the water sector. Other countries to receive support included Bangladesh for public transport in Dhaka, Pakistan to help the city of Karachi explore water resource options, and Nepal for general PPP capacity building.

This past fiscal year also yielded positive results from previously funded PPIAF activities, including the development of PPP institutional capacity in Sri Lanka, as profiled on the next page.

See Annex 1 for a full list of all activities supported.

APPROVALS BY SECTOR IN SOUTH ASIA | FY19



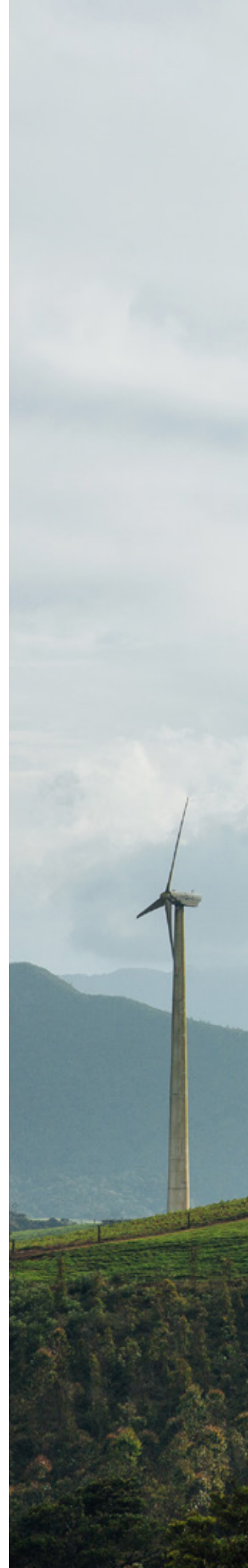
BUILDING PPP CAPACITY IN SRI LANKA

Recognizing the value of private sector participation in infrastructure development, Sri Lanka sought to deepen its ability to manage the PPP process while also putting in place sound policies and a robust institutional framework. The need extended beyond the National Agency for Public-Private Partnerships (NAPPP)—the government’s PPP unit—to include line ministries. To ensure the availability of long-term local financing at a reasonable cost, it also sought to establish a transparent policy that protected the rights of investors. Finally, the government wanted to develop a pipeline of bankable PPP projects that would attract investments.

PPIAF support put these goals within reach. Its advisory services contributed to the establishment of NAPPP, including its organizational structure and position within the government. PPIAF support fed into the preparation of a PPP policy, PPP guidelines, and a screening tool to select and prioritize projects in line with global best practices. It also supported NAPPP and public servants from other line ministries in completing the foundation level of a PPP certification course. Ten outlined business cases helped build the capacity of officials who would be responsible for managing the PPP process from concept to implementation.

Targeted capacity building sessions, supported by on-the-job training, enabled NAPPP to get hands-on experience in identifying and developing a potential PPP pipeline. These skills proved useful for preparing PPPs for infrastructure and social services projects under a World Bank-assisted loan. These included a 300-megawatt power plant, an elevated expressway, an integrated fare collection system, and social housing. NAPPP also provided advice to the government on streamlining several unsolicited proposals and projects carrying a sizeable fiscal burden.

Today NAPPP actively contributes to PPP development in Sri Lanka. These activities led to the approval of a \$25 million loan led by World Bank Group teams to further develop the PPP framework, for example, by strengthening the institutional framework and building capacity. It also provides support, including feasibility studies and transaction advice, to move selected PPPs towards commercial closure.





7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



SOUTH ASIA FEATURE STORY

HIGHLIGHTS OF SUPPORT TO THE REGIONS

LATIN AMERICA & THE CARIBBEAN

FY18

FY19

FUNDS DEPLOYED

\$0.59 million

\$0.89 million

CO-FUNDING LEVERAGED

\$0.57 million
(97%)

\$0.50 million
(56%)

ACTIVITIES APPROVED

3

7

ACTIVITIES CLOSED

6

6

Latin America and the Caribbean, a predominantly middle-income region, received the most support from PPIAF's SECO MIC Trust Fund, as well as support from SNTA for one creditworthiness activity in FY19. Most of PPIAF's work in the region focused on supporting sustainable infrastructure development (Goal 9) as it relates to sector specific development such as water services and energy.

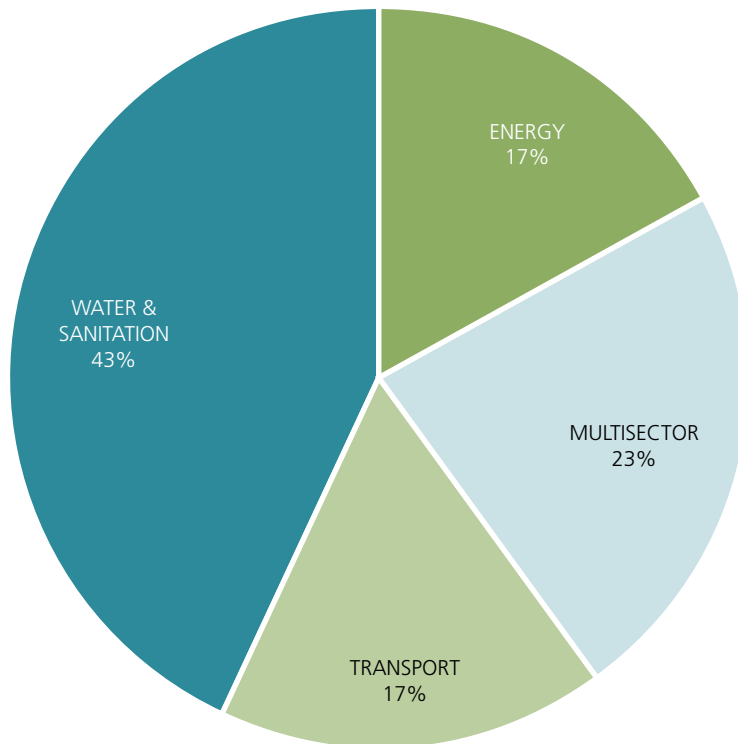
Support included assistance to help structure regional water markets in Colombia, where municipal-level governments provide water and sanitation services. Aggregating neighboring municipalities' operations could enhance scale economies, resulting in lower costs and better governance. To obtain a more effective structure for the management of services, the North La Guajira cluster of municipalities is examining an optimal contract structure for the single operator. PPIAF will support baseline analytical assessments to understand how such an approach would affect municipal water operations and performance as well as financing needs. The broader government will also

receive capacity-building support to help expand the regionalization model.

Lima, Peru, with its rapidly growing population and increasing water scarcity, likewise received water sector support. Sedapal, the water utility, has begun several projects to expand supply and coverage, including a PPP project aimed at increasing water supply to 1.8 million unserved residents. While Sedapal is receiving transaction advisory support from IFC's PPP advisory team and Proinversion, Peru's Private Promotion Agency, it needed investment planning support. PPIAF funds will help the utility ensure that its balance sheet can bear the required concession payments and that tariffs are socially acceptable.

See Annex 1 for a full list of projects supported. An example of the type of results the region is achieving through PPIAF support includes improved governance in Colombia's power and gas sector, profiled on the following page.

APPROVALS BY SECTOR IN LATIN AMERICA & THE CARIBBEAN | FY19





7 AFFORDABLE AND
CLEAN ENERGY

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS

LATIN AMERICA & CARIBBEAN FEATURE STORY



STRENGTHENING POWER AND GAS IN COLOMBIA

Colombia has a regulated, well-functioning, liberalized power sector based on a climate-friendly resource—hydropower. However, by 2030, the demand for electricity is expected to grow by as much as 50 percent. At the same time, the government is committed to reducing its greenhouse gas emissions by 20 percent. To achieve these goals, the government plans to create a more dynamic, innovative, and competitive power sector with support from the private sector. These objectives are aligned with Colombia's Nationally Determined Contributions (NDC) objectives and its National Development Plan for 2018–2022.

PPIAF is supporting this ambitious agenda through a detailed analysis to help increase the competitiveness in the electricity sector, close the access gap, and evaluate power and gas sector governance under stress conditions. The latter aims to provide a thorough understanding of the sector's strengths and weaknesses to help make future governance systems and institutions more resilient. In addition, a comparative analysis of the governance strategies implemented by Brazil and Colombia is expected to contribute valuable lessons to both countries.

The study's recommendations provided valuable input to an important government initiative, Mission for the Transformation of the Energy Matrix and Modernization of the Electric Power Sector in Colombia. The Mission lays out a roadmap for modernizing the sector and overcoming energy challenges with private sector participation. In addition to tackling institutional and regulatory issues, the government's approach calls for new technologies and market mechanisms while improving competitiveness, reliability, and socio-environmental responsibility. The analysis also contributed to the preparation of a new World Bank lending operation in Brazil, META 2, which aims to increase the capacity of the country's energy organizations and inform their power and gas strategies.

Downstream of PPIAF, support is being coordinated from other sources to pursue this agenda, for example through ESMAP, a partnership that provides environmentally sustainable energy solutions to low- and middle-income countries. Another is the UNDP's NDC Facility, which helps developing countries implement the Paris Agreement on climate change.

HIGHLIGHTS OF SUPPORT TO THE REGIONS

MIDDLE EAST & NORTH AFRICA

FY18

FY19

FUNDS DEPLOYED

\$1.76 million

\$1.02 million

CO-FUNDING LEVERAGED

\$1.49 million
(85%)

\$1.10 million
(108%)

ACTIVITIES APPROVED

6

5

ACTIVITIES CLOSED

4

4

In FY19, PPIAF support to the Middle East and North Africa region focused on fragile and key impact countries. Goal 16 on peace, justice, and strong institutions is a core theme in our work in MENA.

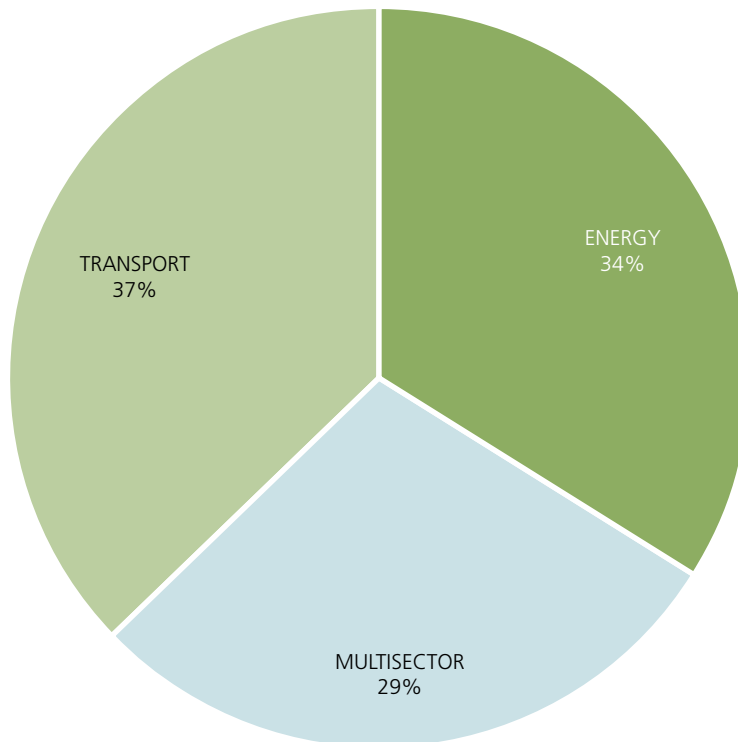
A fragile country, Djibouti, where many face extreme poverty and chronic food shortages, received transport sector support. Strategically located at the Red Sea's southern entrance, Djibouti links the Middle East to Africa and boasts the world's second-busiest sea lane and a state-of-the-art port complex. These links have benefited the country's economy, which has expanded around transport and logistics services. Sustained, broad-based growth, however, requires further developed inland transport solutions to enable Djibouti to serve as a trade corridor. PPIAF alongside the World Bank-housed State and Peacebuilding Trust Fund, will work with the government of Djibouti to examine the country's PPP framework, assess market appetite for private investment PPPs, and perform traffic analysis and costing for specific road corridors.

Lebanon, another fragile country, also benefitted from PPIAF support. Lebanon faces a crisis in its energy sector. Électricité du Liban (EdL) must resort to rolling blackouts for up to 13 hours per day to manage an electricity load far exceeding supply provided by an aging generation fleet. Committed to sector reform, and helped by a World Bank loan, Lebanon will develop a framework for energy generation PPPs as well as provide a review of EdL's budget and capital investment plan, with complementary support from PPIAF.

PPIAF also continued its engagement with the government of Jordan on its PPP agenda by supporting the Amman Development Corridor Phase II. See the profile below for more information.

Annex I provides a listing of all approved activities in MENA.

APPROVALS BY SECTOR IN MIDDLE EAST & NORTH AFRICA | FY19



SUPPORTING THE ROAD SECTOR PPP PROGRAM IN JORDAN

In the last decade, Jordan has seen rapid population growth resulting from regional conflict and an influx of millions of refugees. At the same time, the government has been facing fiscal constraints that have hampered efforts to maintain or expand existing infrastructure. This problem has been exacerbated by limited institutional capacity to develop infrastructure or effectively engage with the private sector, which has shied away from investing because of conflict in the region.

As a result, Jordan's road infrastructure network has deteriorated markedly since 2009. Although it has a large pipeline of potential infrastructure projects, it has been losing ground in the World Economic Forum's Global Competitiveness Index (GCI) rankings of overall infrastructure quality. In the 2017–18 GCI, Jordan ranked 63 out of 137 countries, compared to 48 out of 144 countries in the 2014–15 GCI and 35 out of 139 countries in 2010–11.


PPPs in the road sector, however, provide a potential tool that could allow the government to maintain existing infrastructure and attract investments in new infrastructure within the context of a fiscally sustainable investment program. The government has demonstrated significant commitment to the PPP program, with support from PPIAF, through the enactment of the PPP Law, PPP Regulation, and establishment of the PPP Unit, and has incorporated infrastructure development and PPPs into its National Vision 2025. The PPP Law is currently being amended to make institutional arrangements for PPPs even stronger.

The World Bank Group has provided support to the government of Jordan. PPIAF support, for example, is helping expand private investment in Jordan's roads sector. The objective of the study was to understand the sector's revenue generation potential and explore structuring and financing options for a roads PPP program that can attract affordably priced private finance.

The Ministry of Public Works and Housing has now requested continued support from the World Bank Group for roads sector PPPs in updating the technical studies and assessments for Phase 2 of the Amman Development Corridor. Better known as the Amman Ring Road, the Amman Development Corridor Phase II is a critical project for the economic and social development of the Amman region. It will improve connections between northern and southeastern areas of the city, provide alternative routes for through-traffic (avoiding inner Amman roads), enhance mobility and accessibility to employment, contribute to the relief of traffic congestion in the main traffic arteries of the city, unlock land, and create jobs around the corridor. PPIAF is also supporting this project through a grant to update the traffic counts, traffic forecasts, land requirements, and land acquisition costs.



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



MIDDLE EAST & NORTH AFRICA FEATURE STORY

HIGHLIGHTS OF SUPPORT TO THE REGIONS

EUROPE & CENTRAL ASIA

FY18

FY19

FUNDS DEPLOYED

\$0.27 million

\$0.62 million

CO-FUNDING LEVERAGED

\$0.25 million
(93%)

\$0.42 million
(68%)

ACTIVITIES APPROVED

2

2

ACTIVITIES CLOSED

3

-

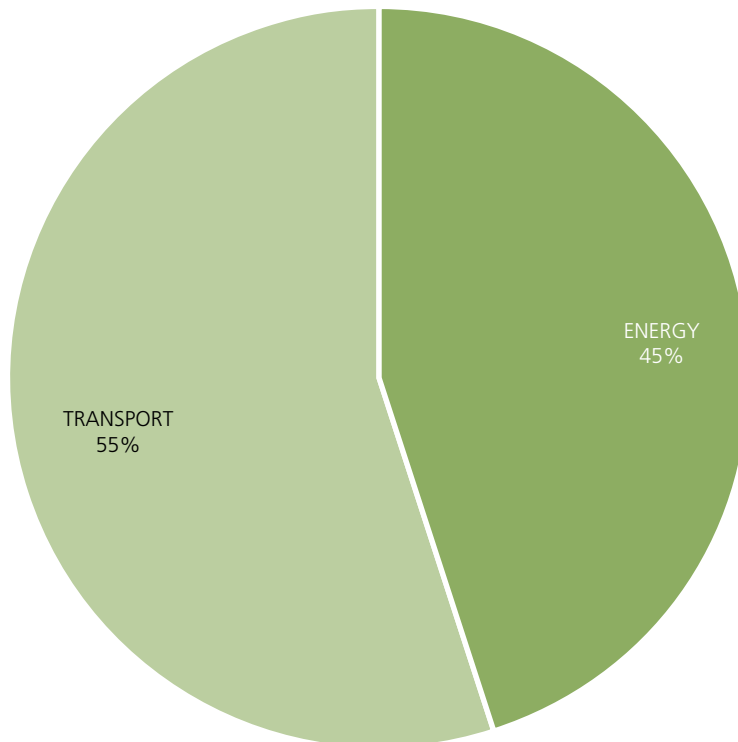
PPIAF funded two activities in the Eastern Europe and Central Asia region in FY19 that support Goal 7 on clean energy and Goal 8 on economic development and job creation.

In the Western Balkans, where many countries rely heavily on coal-fired power plants to meet their electricity needs, the shift towards energy generation from more renewable sources is slow going. Furthermore, for many of these countries, current renewable investment incentive mechanisms such as feed-in tariffs are fixed and do not decrease as the cost of renewable energy technologies falls. This means governments get stuck paying more than necessary.

Under the PPIAF-ESMAP program, PPIAF provided support to help these countries review their renew-


able energy investment policies and evaluate whether they could switch to market-based incentive mechanisms, which can adjust in response to market dynamics. PPIAF also continued support to Ukraine to help the country build capacity in its nascent PPP Implementing Agency. This follow-on support focused on building the country's institutional framework for PPPs and will reinforce previous PPIAF assistance in the country's transport sector. This is specifically salient for the country's ports sector, where some of the country's first PPPs are being developed with help from IFC's PPP Transaction Advisory Services, the European Bank for Reconstruction and Development (EBRD), and the GIF.

APPROVALS BY SECTOR IN EUROPE & CENTRAL ASIA | FY19





8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



EUROPE & CENTRAL ASIA FEATURE STORY



FOSTERING INFRASTRUCTURE SHARING IN THE WESTERN BALKANS

Broadband infrastructure is an essential asset for a country's socioeconomic development. However, it is costly to provide, especially in rural areas, which often must settle for low-quality service. However, energy companies use fiber-optic infrastructure for their networks and typically have considerable capacity to spare. Sharing this fiber-optic infrastructure with telecom companies can provide a cost-effective solution that is attractive to countries in the Western Balkans—Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

Some countries in the region, notably Montenegro and Kosovo, have already started infrastructure-sharing initiatives that benefit the private sector. However, potential cost savings and efficiency gains could be greater through a regional infrastructure-sharing market. Accomplishing this requires a shared vision that addresses legal and regulatory barriers to regional collaboration.

This is where PPIAF stepped in. PPIAF funding supported a series of studies, consulting, and informational workshops in countries throughout the region to scope out demand for using excess capacity on existing fiber optic ground wire (OPGW) networks installed alongside power grids operated by transmission system operators (TSOs) in the six Western Balkans countries. The studies detailed existing capacity (including cross-border networks), and determined changes that would be necessary for national telecommunications and energy regulations to enable infrastructure sharing and laid out a plan for establishing a regional infrastructure sharing initiative.

All six countries in the Western Balkans have committed to an infrastructure-sharing initiative as part of the Multi-annual Action Plan for a Regional Economic Area in the Western Balkans. The Western Balkan TSOs formed a working group to discuss regional infrastructure sharing, while individual countries are taking concrete steps to move the idea forward. North Macedonia, for example, amended its Law on Energy, enabling the national TSO to launch infrastructure sharing. Kosovo's TSO has shared around 36 percent of its fiber-optic network with telecom operators, and Albania's TSO outlined a plan to operationalize infrastructure sharing.

These developments build on PPIAF's earlier infrastructure-sharing initiatives. They are expected to lead to the optimal use of infrastructure assets, promote the expansion of high-speed broadband access, and improve broadband service quality at a fraction of the cost—especially in rural areas.



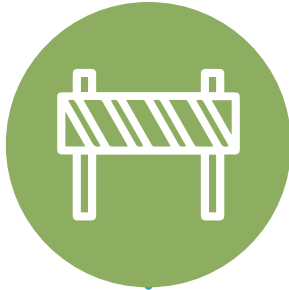
PPIAF'S RESULTS FRAMEWORK

Monitoring and evaluating results is an important element of PPIAF's work—it ensures that projects are effective, efficient, relevant, and timely. PPIAF pursues the assessment of results and the monitoring of progress with great seriousness because we expect that the activities we fund enhance developing countries' capacity to increase the availability of, and access to, higher quality infrastructure services for their citizens, especially the poor. PPIAF has set in place a monitoring, evaluation, and learning system focused on each phase of the project life cycle—from design to completion and post-completion phases.

PPIAF's Results Framework focuses on developing client countries' capacity to identify, assess, and enable private sector participation opportunities, adopt appropriate policies and regulations, and put institutions in place that catalyze private sector participa-

tion infrastructure delivery. At the subnational level, we focus on supporting subnational entities' capacity to access market-based financing without sovereign guarantees and improving their administrative, technical, and fiscal capacity to raise finance.

The most direct changes in client governments resulting from PPIAF grants are seen in intermediate outcomes, which bridge regulatory, institutional, and technical gaps so that private sector investment in infrastructure can be unlocked. Once activities have closed, we conduct outcome realization assessments—three years after their closing date—to measure progress towards the anticipated intermediate outcomes, learn from experiences positive and subpar, and close the feedback loop with evidence-based design of our new grants.



EXAMPLES OF ACTIVITIES

Exploring how low-income country governments can increase private sector participation and optimize scarce public resources in road asset management by further leveraging road funds and improving PPP capacity

Preparing a complete, functioning regulatory framework for renewable energy auctions to enable private sector investment in generation infrastructure

Facilitating transactions, including establishing risk sharing agreements with other financial institutions and private sector investors

Investment planning and prioritization, revenue and expenditure management, financial management and disclosure, operational systems, and credit ratings

INTERMEDIATE OUTCOME

Public institutions have strong technical capacity to identify and prepare PPPs

Countries have policies, regulations and institutions that catalyze PPPs

Subnational entities access financing without sovereign guarantees

Specific performance and creditworthiness improvement of subnational entities and their investment projects

OUTCOME

Governments in PPIAF impact countries are able to systematically adopt policies, regulations, and programs that improve the investment climate for private participation PPPs and subnational financing

IMPACT

Available infrastructure with private sector participation in PPIAF impact countries increases



OUTCOME REALIZATION

HIGHLIGHTS

OF FY19 RESULTS

INTERMEDIATE OUTCOME 1
Public institutions have strong technical capacity to identify and prepare PPPs

Where achieved	Mauritania
PPIAF/SNTA Support	Pre-PPIAF support, Mauritania had no cross-sector framework to govern PPPs (only a framework for the mining sector). Further, as a complicating factor, the province of Nouakchott gained free-trade status, meaning any new framework had to consider this special status. In this context, PPIAF provided multi-phase support to Mauritania to develop institutional and regulatory framework for PPPs.
Key Results	<p>Development of a PPP framework that grants Nouakchott autonomy in screening projects</p> <p>Establishment of a PPP unit, by legal decree</p> <p>Establishment of a PPP technical committee, by legal decree</p> <p>Increased capacity and interest among relevant stakeholders—financial sector players created a “PPP Club” and convene networking meetings between public and private sectors on the topic.</p>

INTERMEDIATE OUTCOME 2
Countries have policies, regulations and institutions that catalyze PPPs

Where achieved	Uganda
PPIAF/SNTA Support	PPIAF has a history of support to Uganda’s PPP agenda—contributing to development of a PPP framework, unit and pipeline. However, the country still needed secondary regulations to support the implementation of its PPP Bill and Policy. With the help of PPIAF assistance, Uganda’s PPP unit developed a series of regulations.
Key Results	<p>The drafted regulations made their way through a series of government approvals and were signed into law by the President.</p> <p>The law and the regulations are fully operational and contribute to the Institutional Readiness Program for Ugandan Road Authority.</p>

PPIAF conducts post-completion reviews of its activities after three years to measure progress towards anticipated outcomes. In FY19, PPIAF reviewed 32 projects that closed in FY16

representing nearly \$2.6 million in grant funding. Of these, 69 percent were rated “satisfactory” or better. Some highlights are illustrated in the table below.

INTERMEDIATE OUTCOME 3	
Subnational entities access financing without sovereign guarantees	
Where achieved	Mozambique, Morocco and Madagascar
PPIAF/SNTA Support	Through a regional SNTA grant, in partnership with Agence Française de Développement (AFD), selected municipalities in Mozambique, Morocco and Madagascar were guided through an assessment of their procurement, and public expenditure and financial accountability (PEFA) systems and developed an action plan of a practical sequence of reform and capacity-building activities to position them to borrow without sovereign guarantees.
Key Results	<p>Beira, Mozambique: AFD is moving forward in appraising the possibility of a direct non-sovereign loan to the municipality of Beira.</p> <p>Agadir, Morocco: Received support from AFD to be eligible for a new urban transport lending operation, currently under preparation.</p> <p>Casablanca, Morocco: The World Bank team is preparing a municipal support program (PforR) for Casablanca, using this PEFA assessment as input.</p>

INTERMEDIATE OUTCOME 4	
Specific performance improvement/improved creditworthiness of subnational entities and their investment projects	
Where achieved	Indonesia
PPIAF/SNTA Support	An SNTA grant assisted 14 subnational governments to improve their creditworthiness and assist the central government in increasing their capacity for subnational bond monitoring and surveillance.
Key Results	<p>Jakarta, Central Java, and West Java, are working towards bond issuance.</p> <p>The city of Surabaya is considering using a PPP model for its tram project. Both the city government and the Ministry of Transportation are currently revisiting the tram design and assessing several financing modalities. The project aims to raise up to \$315 million in private financing.</p> <p>The provincial government of Central Java is on track for the first regional bond issuance in Indonesia in the beginning of 2021. West Java may issue bonds during the same period.</p> <p>Six of the 14 local governments currently access financing from the Regional Infrastructure Development Fund (created by the government of Indonesia with a credit line from the World Bank).</p>

OUTCOME REALIZATION ACHIEVEMENTS FY19

The outcome realization process looks at whether changes in institutions and policies materialized based on the outputs of PPIAF activities. These changes depend on (and can be frustrated by) many external factors, such as a political crisis. In FY19, **69 percent** of activities evaluated three years after completion achieved their expected outcomes and

were rated as satisfactory or above. This compares favorably to industry benchmarks. In this year's sample, the most common reason for failure to achieve outcomes after completion is a change in the interest of stakeholders either due to an increase in commodity prices or changes in government priorities.

32 activities (50% of total closed in FY16) with a total value of \$8.56 million

INTERMEDIATE OUTCOME 1: PPP capacity and reform consensus—Public institutions in PPIAF client countries better identify, assess, and enable private sector participation opportunities.

Number of participants/government officials whose capacity is enhanced	1,311*
Number of times consensus built on PPP	5
Number of PPP pipelines developed	2
Number of PPP knowledge/information developed (for global type of products that are knowledge)	9

INTERMEDIATE OUTCOME 2: PPP Institutions strengthened

Number of institutions whose capacity is strengthened	20
Number of policies, laws, and regulations adopted	8
Number of plans/strategies developed	1
Number of project (transaction) developed/materialized	17
Size of project (transaction) developed/materialized (US\$, billions)	7.8

INTERMEDIATE OUTCOME 3: Subnational entities able to access finance

Number of projects (transactions) developed	11
Amount (US\$, millions) of financing leveraged*	349.6**

INTERMEDIATE OUTCOME 4: Subnational entities capacity enhanced

Number of subnational entities whose capacity was strengthened	24
Number of plans/strategies adopted towards enhancing access to finance	10
Number of credit ratings produced (shadow and public)	4

* Based on the review of all activities closed in FY16

** \$315.3 million expected; \$34.3 million realized at the time of the publication of this report.

PORTFOLIO PERFORMANCE

PPIAF's portfolio consisted of 53 ongoing activities at the end of FY19. In addition, 46 PPIAF activities completed in FY19 were reviewed to assess the quality of work and lessons learned. Approvals in fragile economies (28 percent) and activities with climate co-benefits (51 percent) exceeded targets of 20 and 30 percent, respectively. Portfolio health also met

targets, with 97 percent of activities rated satisfactory and above, and 87 percent of activities on track. Only 12 percent had slow fund utilization. Of the 46 completed activities, 98 percent were rated satisfactory or better, and 92 percent were on track at completion.

DESIGN

Indicator	Baseline FY17	Performance FY18	Performance FY19	Target FY19
Approvals in low-income countries	41%	55%	47%	NA
Approvals in fragile, conflict, and violence-affected states	NA	33%	33%	20%
Approvals in Sub-Saharan Africa	42%	54%	51%	50%
Activities with strategic fitness score rated standard or outstanding fit	99%	100%	94%	98%
Programmatic Activities	NA	NA	52%	40%
Activities with climate co-benefits	NA	42%	51%	30%

IMPLEMENTATION

Indicator	Baseline FY17	Performance FY18	Actual	Target
% of portfolio with slow utilization	NA	NA	12%	20%
Activities with quality of deliverables rated "satisfactory" or above	95%	94%	97%	95%
Activities "on track"	41%	54%	87%	75%

COMPLETION

Indicator	Baseline FY17	Performance FY18	Actual	Target
Activities with quality of deliverables rated as "satisfactory" or above	64%	40%	98%	95%
Activities "on track" at closing	31%	37%	92%	40%

POST-COMPLETION*

Indicator	Baseline FY17	Performance FY18	Performance FY19	Target FY19
Outcome realization evaluations reporting outcome satisfactorily achieved	75%	62%	68%	80%

* Based on Outcome Realizations



PROGRAM FINANCES



PPIAF FUNDS SOURCES & USES

The table on the next page presents the outgoing year's financial flows. Inflows during the year included a beginning cash balance of \$11.39 million, an upward adjustment from that reported at the end of last year (\$9.1 million). PPIAF received new contributions from donors of \$13.5 million and transfers from the reconstituted SECO-MIC fund² of \$5.1 million, making total receipts from donors in FY19, \$18.6 million. With these receipts, as well as funds previously transferred to completed activities (here represented as "Balances Brought Forward") PPIAF was able to support a level of outflow for this year of \$30.3 million. Half of this outflow (\$15.81 million) is disbursements by projects supported by PPIAF. A significant part of outflow also includes transfers to projects, which are either committed in contracts or remaining in funds available to be deployed by those projects (\$13.79 million). Disbursements by activities funded by PPIAF (\$13.32 million) are en par with last year, even though there are 10 percent fewer ongoing activities in the portfolio. Presently, there are 123 ongoing activities compared to 134 last year.

Project Management Unit (PMU) expenses comprise only 8 percent of outflow—\$2.49 million, compared to \$3.1 million last year. PMU costs in FY19 is 17 percent lower than budget. However, this level of PMU expenditure represents drastic cuts in PMU staff, selling of time by key PPIAF staff, juniorizing of positions and merging of functions—cost-cutting measures taken to adjust to an unexpected drop in funding levels. With the cost-cutting measures, however, PMU was able to take the opportunity to streamline and bring in full-time consultants, relying less heavily on short-term consultants. While a step in the right direction, the current composition of PMU is not sustainable in the medium-term and PPIAF will need to build back its staffing complement for stability. Based on agreements with donors and confirmed in this year's Council Meeting, PPIAF is expected to have a stable outlook for the remainder of the strategy period.

2 The SECO Middle Income Fund was reconstituted from a multi-donor into a single-donor trust fund.

BALANCE POSITION IN FY19 (US\$ MILLIONS)

INFLOWS	
Beginning Cash Balance FY19	11.39
Donor Receipts in FY19*	18.63
Investment Income	0.91
Reflows	2.49
Balances Brought Forward (Past Transfers)	12.75
Total Sources	46.18
Available Cash	15.87
Cash Balance at End of FY19	15.87
OUTFLOWS	
Activity Disbursements	13.32
PMU Expenses, including indirects	2.49
Total Disbursements	15.81
Activity Commitments	5.21
Activity Available Balance	8.58
PMU Commitments	0.28
PMU Available Balance	0.43
Total Remaining Transfers Out	14.50
Total Outflows	30.31
CALLS ON BALANCE	
Grants Approved—Not Yet Transferred	0.99
Activities Pending GFR	3.91
Total Calls on Balance	4.90

* New donor contributions in FY19 were just \$13.50 million. \$5.13 million are funds from the SECO-MIC TF that was transferred from an old multi-donor TF and reconstituted into a single-donor trust fund.

PROJECTIONS FOR REMAINDER OF STRATEGY PERIOD

DESCRIPTION	FY 2020	FY 2021	FY 2022
Opening Balance	15.87	14.52	7.67
Reflow and Investment Income	1.20	1.20	1.20
Expected Contributions Donors	12.65	7.15	7.45
Total Resources	29.72	22.87	16.32
Programming Costs	12.00	12.00	12.00
PMU Costs	2.70	2.70	2.70
Indirect Cost Recovery	0.50	0.50	0.50
Total Uses	15.20	15.20	15.20
CLOSING FUND BALANCE	14.52	7.67	1.12
Share of PMu Costs/Total Funding	21%	21%	21%

MEMBER CONTRIBUTION RECEIPTS

● Active ● Inactive (most recent three years) ● Exited

CORE MDTF II/PARALLEL ACCOUNT	FY18	FY19	TOTAL (US\$ THOUSAND) SINCE FY00
● Australia (DFAT)	1,501	1,999	26,604
● Austria	–	–	2,740
● Canada	–	–	2,130
● European Commission	–	–	1,255
● France (AFD)	–	–	4,188
● Germany	301	738	6,865
● IFC	100	100	4,200
● Italy	–	–	1,179
● MCC	500	500	3,250
● Netherlands	–	3,200	8,451
● Norway (NORAD)	–	–	4,241
● Sweden (SIDA)	–	–	13,991
● Switzerland (SECO)	–	2,000	16,579
● United Kingdom (DFID)	–	–	91,043
● United States (USAID)	–	–	1,000
Grand Total	2,402	8,537	187,717

SNTA DONOR CONTRIBUTIONS	FY18	FY19	TOTAL (US\$ THOUSAND) SINCE FY07
● Australia (DFAT)	–	–	2,032
● France (AFD)	–	–	1,864
● IFC	–	–	4,100
● Italy	–	–	647
● Switzerland (SECO)	–	2,000	12,544
● United Kingdom (DFID)	–	–	16,751
Grand Total	–	2,000	37,938

NON-CORE TFs	FY18	FY19	TOTAL (US\$ THOUSAND) SINCE FY99
● Netherlands	–	–	4,286
● Norway Climate Change	984	1,959	4,971
● Switzerland (SECO MIC)*	–	5,138	26,179
● United States (USAID) Water	1,000	1,000	6,001
● United Kingdom (DFID)	–	–	4,698
● Japan	–	–	17,756
● ADB	–	–	1,438
Grand Total	1,984	8,097	65,329

* This amount is not a new contribution but is a transfer of funds from the reconstitution of the SECO MIC fund from a multi-donor fund into a single-donor fund.



ANNEX I
ACTIVITIES
APPROVED
IN FY19

AFRICA, SUB-SAHARAN

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Burkina Faso	Support the Power Mining Integration to Extend Access to Electricity Phase II Innovative RE IPP Procurement Project	\$150,000	CCTF
Burkina Faso	Phase 2: Improving the Capacity of the Government's Institutions to Implement Infrastructure PPPs	\$250,000	MDTFII
Burundi	Strengthening the Regulatory Framework for Competitive Procurement of Renewable Energy Generation Capacity	\$310,000	MDTFII
Cameroon	Strengthening Financial and Operational Performance of the Port of Douala	\$273,500	SNTA
Côte d'Ivoire	Abidjan Rapid Mass Transit (BRT) Project	\$100,000	MDTFII
Democratic Republic of Congo	Mobilizing Private Sector for Electrification of DRC's Unserved Provincial Capital Cities	\$350,000	CCTF
Ethiopia	ICT Support for Ethiopia	\$99,500	MDTFII
Kenya	Support to WASREB in Promoting PBCs for NRW Reduction	\$300,000	USAID Water
Liberia	National Electrification Strategy with Geospatial Planning for Liberia	\$320,000	MDTFII
Mozambique	Private Sector Participation in Urban Transport in Greater Maputo	#310,000	MDTFII
Regional	Leaders in Urban Transport Planning—Cities Needs Analysis Workshop	\$99,000	MDTFII
Regional	Technical Assistance of Model PPAs and TSAs for Use by Participants in CLSG and the North Core Regional Transmission Lines in West Africa	\$340,000	MDTFII
Regional	Developing a Regulatory Framework for Pay-as-you-Go Off-Grid Solar	\$95,000	CCTF
Regional	Enhancing Viability of BRT Projects in Sub-Saharan Africa	\$244,800	MDTFII
Rwanda	Options Study for Optimization of the National Fiber Backbone and 4G Network	\$276,270	MDTFII
Senegal	PPP options study for the Dakar Bamako Railway Project	\$150,000	MDTFII
South Africa	South Africa PPP Framework Review	\$195,000	SECO MIC
Tanzania	Developing Framework for Reducing Non-Revenue Water through Performance Based Contract in Dar es Salaam Water and Sewerage Corporation (DAWASCO), Dar es Salaam, Tanzania	\$45,000	USAID Water
Tanzania	Zanzibar: Readiness for Renewable Energy and Storage Development	\$350,900	CCTF
Togo	Power Supply Diversification through RE IPPs and Financial Impact to the Utility in Togo	\$113,750	MDTFII
Uganda	National Water and Sewerage Corporation—Support in Preparing for Market Finance	\$340,000	SNTA
REGIONAL SUB-TOTAL		\$4,687,720	

EAST ASIA & PACIFIC

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Timor Leste	Dili Airport PPP Options	\$100,000	MDTFII
Vietnam	Reducing NRW in Vietnamese Water Utilities to Improve Energy Efficiency in the Sector	\$330,000	SECO MIC
Vietnam	EVN National Power Transmission Corporation (NPT) Credit Rating	\$70,000	SNTA
Vietnam	Credit Rating Preparation for Hanoi Power Corporation	\$100,000	SNTA
Vietnam	Credit Rating of four EVN Power Corporation	\$260,000	SNTA
REGIONAL SUB-TOTAL		\$860,000	

EASTERN EUROPE & CENTRAL ASIA

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Regional	Western Balkans—Market-Based Mechanisms for the Promotion of Renewables, Phases 1&2	\$274,520	CCTF
Ukraine	Support to Ukraine's PPP Implementation Capacity	\$340,650	SECO MIC
REGIONAL SUB-TOTAL		\$615,170	

GLOBAL

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Global	Guidance on PPP Contractual Provisions, 2019 edition	\$125,000	MDTFII
Global	Assessing the Welfare and Distributional Impacts of the MFD Approach	\$70,000	MDTFII
Global	PPP Screening Tool Online Learning	\$50,000	MDTFII
Global	PPP Disclosure E-learning Module; Assessing PPP Disclosure Pilot Countries	\$90,000	MDTFII
Global	PPP Contract Renegotiation	\$30,000	MDTFII
Global	Sustainable Infrastructure—Aligned Set of Indicators	\$498,000	MDTFII
Global	Augmenting Multiple Facets of Data on Private Participation in Infrastructure in EMDEs	\$250,000	MDTFII
Global	Global Knowledge: Too Big to Ignore: Fiscal Implications of Public and Private Infrastructure in an Era of Debt Distress	\$300,000	MDTFII
REGIONAL SUB-TOTAL		\$860,000	

LATIN AMERICA & THE CARIBBEAN

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Bolivia	Bolivia MFD Development	\$100,000	SECO MIC
Colombia	PPIAF—IFC Cities Partnership for Bogota City	\$15,000	SECO MIC
Colombia	Support for the Regional Water Market Structuring in Municipality Clusters in Colombia	\$200,000	SECO MIC
Colombia	Support Technical Assistance for Energy Matrix White Papers to Spur Competition and Private Sector Participation	\$150,000	SECO MIC
Honduras	Tegucigalpa Municipal Financial Management and Creditworthiness Assessment	\$90,000	SNTA
Peru	Technical Assistance to SEDAPAL: Investment Planning & Tariff Study	\$180,000	SECO MIC
Peru	Lima PPP Metro Network and Institutional Arrangements	\$150,000	SECO MIC
REGIONAL SUB-TOTAL		\$885,000	

MIDDLE EAST & NORTH AFRICA

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Djibouti	Djibouti Road Corridor PSP	\$200,000	MDFII
Egypt	Developing a Business Model for Freight Rail PPPs in Egypt	\$100,000	SECO MIC
Jordan	Private Participation in Jordan's Road Sector: Support for Amman Ring Road in Jordan	\$77,000	MDFII
Lebanon	Technical Assistance for the Assessment for the Need and Viability of a Credit Enhancement Facility in Lebanon	\$294,800	SNTA
Lebanon	Reforming the Energy Sector and Supporting Private Sector Participation: The Case of Lebanon Phase 1.	\$350,000	MDFII
REGIONAL SUB-TOTAL		\$1,021,800	

SOUTH ASIA

COUNTRY	ACTIVITY	AMOUNT APPROVED	TRUST FUND
Bangladesh	Assessing and Improving PSP in Dhaka Public Transport Project	\$200,000	MDFII
India	Integrated Approach to Universal Urban Sanitation	\$100,000	MDFII
India	Enhancing Punjab Cities' Access to Private Financing for Water Supply	\$450,000	SNTA
Nepal	Support to PPP Program	\$275,000	MDFII
Pakistan	Water Resources Options Study for Karachi	\$100,000	MDFII
REGIONAL SUB-TOTAL		\$1,125,000	

TOTAL GRANTS APPROVED		\$10,607,690	
------------------------------	--	---------------------	--

ABBREVIATIONS

ADB	Asian Development Bank	MFD	Maximizing Finance for Development
AFD	Agence française de développement (French Development Agency)	MIC	Middle-Income Country
BRT	Bus Rapid Transit	NAPPP	National Agency for Public-Private Partnerships (Sri Lanka)
CCTF	Climate Change Trust Fund	NDC	Nationally Determined Contributions
DFAT	Department of Foreign Affairs and Trade	NORAD	North American Aerospace Defense Command
DFID	Department for International Development (United Kingdom)	NPT	National Power Transmission (Vietnam)
EAP	East Asia and Pacific	NRW	Non-Revenue Water
EBRD	European Bank for Reconstruction and Development	PEFA	Public Expenditure and Financial Accountability
ECA	Europe and Central Asia	PforR	Program for Results
EMDE	Emerging Markets and Developing Economies	PMU	Program Management Unit
ESMAP	Energy Sector Management Assistance	PPA	Power Purchase Agreement
EVN	Vietnam's Electricity Company	PPIAF	Public-Private Infrastructure Advisory Facility
FCV	Fragility, Conflict, and Violence	PPP	Public-Private Partnership
GCI	Global Competitiveness Index	PSP	Private Sector Participation
GDP	Gross Domestic Product	SDG	Sustainable Development Goal
GFR	Grant Funding Request	SECO	State Secretariat for Economic Affairs (Switzerland)
GIF	Global Infrastructure Facility	SIDA	Swedish International Development Cooperation Agency
HWA	Hargeisa Water Agency	SNTA	Subnational Technical Assistance
ICT	Information Communication Technologies	SSA	Sub-Saharan Africa
IDB	Inter-American Development Bank	TAP	Technical Advisory Panel
IFC	International Finance Corporation	TSO	Transmission System Operator
IPP	Independent Power Project	UNCDF	United Nations Capital Development Fund
KGGTF	Korean Green Growth Trust Fund	USAID	United States Agency for International Development
LAC	Latin America and the Caribbean	USMID	Uganda Support Municipal Infrastructure Development Program
MCC	Millennium Challenge Corporation	WSS	Water Supply and Sanitation
MDTFII	Multi-Donor Trust Fund II		
MENA	Middle East & North Africa		

PHOTO CREDITS

Cover by Putu Artana/shutterstock.com

Pages 2–3 by Oleksii Sidorov/shutterstock.com

Pages 6–7 by Sorn340 Images/shutterstock.com

Pages 8–9 by By Duangdaw/shutterstock.com

Pages 10–11 by By Jess Kraft/shutterstock.com

Pages 12–13 by cofotoisme/istock.com

Page 18 by RoseRodionova/shutterstock.com

Pages 20–21 by Thongsuk Atiwannakul/shutterstock.com

Pages 26–27 by emerald_media/shutterstock.com

Pages 28–29 by Nowaczyk/shutterstock.com

Pages 34–35 by W.Tab/shutterstock.com

Page 37 by Arnold Mugasha/shutterstock.com

Page 40 by Vietnam Stock Images/shutterstock.com

Pages 44–45 by Denis Filatov/shutterstock.com

Pages 48–49 by Andres Navia Paz/shutterstock.com

Page 53 by travelwild/shutterstock.com

Pages 56–57 by ThomBal/shutterstock.com

Page 58 by PI/shutterstock.com

Page 68 by fotohunter/shutterstock.com

Graphic design by Victoria Adams-Kotsch

While PPIAF operates by giving grants, our value-added extends far beyond the funds provided.

SETTING THE FOUNDATION. By building institutions, strengthening the capacity of counterparties, and reducing policy, regulatory, and institutional risks, PPIAF enables governments to generate a pipeline of bankable projects.

BUILDING PARTNERSHIPS. PPIAF is a neutral and trusted partner. This helps bring various stakeholders, such as governments and private investors, to the same page when addressing complex issues related to infrastructure development.

FOCUSING ON IMPACT. PPIAF's strong development impact assessment capacity ensures that projects with PPIAF involvement are sound and have been thoroughly vetted.

CAPTURING AND SHARING KNOWLEDGE. PPIAF's knowledge system ensures lessons learned from one project are collected and applied to future ones as well as shared through a multitude of global platforms.

CONVENING POWER. As part of the World Bank Group, PPIAF is integrated into the expertise, experience, and convening power of the organization.

CELEBRATING 20 YEARS

When the Public-Private Infrastructure Advisory Facility (PPIAF) was established in 1999, developing countries were only starting to bring in private investments in infrastructure (PPI) and only in a handful of countries. In recent years, finance for projects with private participation has totaled around \$100 billion each year, nearly three times as much as in the past. PPI projects have also successfully closed in nearly 120 World Bank borrower countries to date.

PPIAF's recipe for enabling private finance is simple. While many initiatives focus on structuring and financing infrastructure projects with private participation, PPIAF sets the stage to make this possible. For 20 years, PPIAF has supported a better investment climate by advising governments on how to establish the rules of the game and the system of governance for PPPs and other forms of private financing; and, by funding capacity building, knowledge, and data platforms on this topic.