



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

2007 Annual Report

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PPIAF at a glance

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

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

How PPIAF pursues its mission

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

- It offers governments technical assistance on strategies and measures they can use to tap the full potential of public-private partnerships in infrastructure.
- It identifies, disseminates, and promotes best practices on matters relating to public-private partnerships in infrastructure.

What support is available

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

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

PPIAF support can facilitate public-private partnerships for financing, owning, operating, rehabilitating, maintaining, or managing eligible infrastructure services in a variety of sectors: roads, ports, airports, railways, electricity, telecommunications, solid waste, water and sewerage, and gas transmission and distribution.

Countries eligible for PPIAF-financed assistance are developing and transition economies as classified by the Development Assistance Committee of the Organisation for Economic Co-operation and Development.



How to apply for PPIAF support

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

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

How PPIAF delivers services

PPIAF-financed activities make extensive use of consultants, with procurement governed by World Bank guidelines. More information about procurement arrangements and consultancy opportunities is available on the PPIAF Web site.

How PPIAF ensures consistency with its mission

PPIAF requires that all activities it finances be consistent with its overarching objective of helping to eliminate poverty and achieve sustainable development through private participation in infrastructure.

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Message from the program manager

PPIAF continues to see strong demand for its technical assistance grants as governments and the private sector reevaluate the risks and rewards of public-private partnerships. In fiscal 2007 we approved 87 new activities in 36 countries as well as our regional and global portfolios. Africa remains a priority, with almost half our new commitments, though we continue to be actively engaged across the developing world.

As our portfolio matures, earlier technical assistance activities continue to produce positive outcomes. From inception in 1999 to July 2007 PPIAF supported the development of more than 100 sector laws and reform strategies, assisted in nearly 100 transactions, and strengthened more than 50 institutions (see table 1, page 14).¹ PPIAF has also funded 269 training workshops for government, the private sector, and civil society. And in accordance with guidance from the Program Council, we continue to strengthen the monitoring of our portfolio of ongoing and closed activities.

PPIAF is also supporting the development of a range of global knowledge products to share experiences across regions as governments explore new types of arrangements that suit their needs and are attractive to private operators. Global activities completed this past year include a Web portal on utility regulation, a toolkit on urban bus transport, and user's guides to risk mitigation instruments and project preparation facilities in Africa.

In addition, we have substantially increased our outreach efforts at both global and local levels, holding consultations with private companies and civil society groups and awarding grants to support such activities as stakeholder consultations and outreach and communication programs.

Of particular note was the recent launch of the new Sub-National Technical Assistance Program, created to help subnational entities and publicly owned utilities build their creditworthiness so they can access market-based financing for infrastructure services. The program marks an important extension of PPIAF's services, allowing us to assist well-performing public utilities in accessing additional private financing. New and existing donors will help finance this three-year pilot program.

A changing landscape

Private participation in infrastructure projects in developing countries continued its resurgence in 2006 (box 1).² But the landscape is changing. New private operators are engaging with governments in more flexible, tailored contracts. And private activity is becoming more evenly distributed across regions and country income groups. PPIAF continues to support governments as they explore innovative ways to improve and extend services with private partners.

Box 1 Continued resurgence in private participation in infrastructure

In 2006 developing countries saw new investment commitments to infrastructure projects with private participation rise to nearly \$114 billion (see figure). This development marked the third consecutive year of growth in new commitments.

Telecommunications again attracted the largest share, with \$63 billion in new commitments. Cost recovery in this sector is relatively common, competition easy to introduce, and broad benefits demonstrable to consumers within a short time.

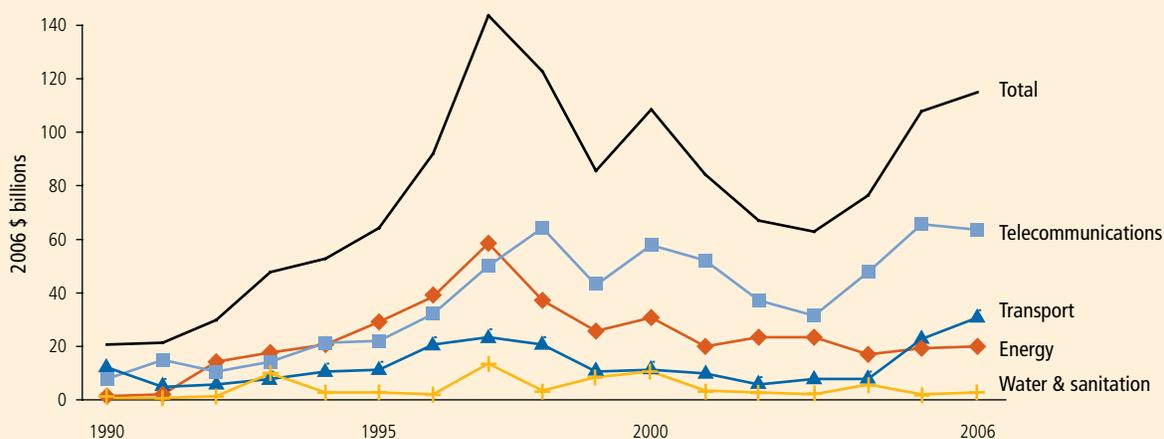
Transport captured the second largest share, \$30 billion for 111 projects in 30 countries. Investment was up by almost 20 percent from the previous year. Roads accounted for most of the activity, followed by airports and seaports. India, China, and South Africa accounted for about half the investments and half the projects.

Investment in power has stabilized at modest levels, with 2006 commitments up slightly from the previous year's \$16 billion. Greenfield power plant projects—or, as they are so often called, independent power producer (IPP) projects—continue to dominate the sector, accounting for 77 percent of investment.

Water and sanitation attracted \$2 billion in new commitments in 2006. The number of new water projects, though 20 percent lower than in 2005, was still among the highest since 1995. Treatment plants accounted for 33 of the 48 new contracts. Management and lease contracts accounted for 27 percent, a reflection of private operators' cautiousness about investing in the sector.

More data are available on the PPIAF Web site (<http://www.ppiaf.org>), under the Private Participation in Infrastructure (PPI) Project Database.

Investment commitments to infrastructure projects with private participation in developing countries by sector, 1990–2006



Source: World Bank and PPIAF, PPI Project Database.

Note: Adjusted by the 2006 U.S. consumer price index.

Risks redefined and reevaluated

Private companies are increasingly selective in their choice of sectors and countries, and new contractual arrangements show more risk-averse behavior by both the private sector and governments. Hybrid models of public-private partnership (PPP) are emerging, often involving smaller and simpler contractual arrangements and blending public and private money to diversify risks. Some limit the private partner's risks significantly by restricting its responsibilities to management.

The private companies on the top 10 list of project sponsors are changing as well. Only 2 of the top 10 sponsors in the 1990s also appear among the top 10 for 2001–05. And emerging market companies appear to be playing a larger role, claiming 6 spots on the top 10 list for 2001–05, up from only 2 in the 1990s. China, India, and the Russian Federation are powerful new sources of investment, especially in Africa but also in many parts of East Asia and Central Asia.

PPIAF-supported research suggests that such emerging market companies may be filling a gap left by the retreat of traditional international investors. They may also be taking advantage of new project arrangements that require smaller investment contributions from the private partner.

A balancing out of investment

Data for 2006 on infrastructure projects with private participation show a more even distribution of investment across the developing world. The share in upper-middle-income countries has remained about the same since 2001, and the share in lower-middle-income countries has declined somewhat. But the share in low-income countries has more than doubled, signaling growing interest in private participation among the poorest countries.

The distribution of investment across regions is also becoming more balanced. In 1990–2000 Latin America dominated, with nearly 50 percent of the total. East Asia followed, with 27 percent. But beginning in 2001 the other regions began to catch up. By 2006 Central Asia and Europe had seen its share almost double, to 25 percent, surpassing East Asia. Meanwhile, the shares for South Asia and the Middle East and North Africa both more than doubled, and Sub-Saharan Africa's quadrupled.

Implications for PPIAF

Demand for PPIAF's technical assistance remains high: in fiscal 2007 PPIAF approved 87 new activities with a total commitment of \$17.4 million. The average size of the grants was \$200,000, and almost half were less than \$75,000. Small grants remain popular with PPIAF clients because they can be approved and implemented quickly.

Support to Africa continues to be a priority. Nearly half of PPIAF's funding was awarded to the region, with new activities being funded in postconflict areas of West and Central Africa as well as in northern and southern Sudan.

As developing countries redefine the risks and rewards of public-private partnerships, PPIAF continues to be responsive to their needs.

Renewed importance of sector reforms

Evidence of the private sector's growing discrimination in taking on country and political risk underscores the continuing importance of PPIAF's traditional "upstream" focus on sector reforms and legal, regulatory, and institutional strengthening.

The value of upstream work is clear. Take the example of private investments in greenfield projects involving bulk power supply and guaranteed government off-take agreements. Such investments can help ease fiscal constraints, but they will bring better services to consumers only if the government has reformed sector policies and institutions to ensure efficient operation and serve the public interest.

Establishing credible and competent regulatory agencies is often difficult in developing countries. But regulation that is at least reasonably predictable and nonpolitical can give private operators and financiers the comfort they need to make long-term investment commitments while at the same time protecting final consumers in non-competitive markets.

A need for flexibility

As the emerging hybrid project models increasingly blur the traditional distinctions between public and private, PPIAF continues to be flexible and responsive to the changing landscape. PPIAF has supported innovative partnership models, including a public-public management contract in Kenya, subdelegated management and

service contracts within a public utility model (Vietnam), and community-based projects involving local water providers (Kenya, Vietnam).

Other innovations center on the informal private sector. The high priority placed on achieving the Millennium Development Goals is focusing new attention on small-scale providers, which remain an important source of service for the poorest groups in many low-income countries.

PPIAF views all these arrangements as meriting support as long as they provide cost-effective and sustainable solutions for improving service delivery.

A push for sustainability

As governments, particularly those in low-income countries, gain a greater appreciation of both the benefits and the challenges of private participation, PPIAF is seeing increased interest in institutional solutions to ensure its sustainability—such as PPP units, project preparation facilities, and more varied models of regulation.

In response, PPIAF is funding work to support and strengthen PPP units in Kenya, Malawi, Nigeria, South Africa, Uganda, and Zambia. In addition, it is sponsoring a methodological study focusing on mechanisms for managing financial risk in infrastructure projects in Indonesia. PPIAF has also recently published discussion papers on the critical success factors for PPP units and on ways to manage unsolicited proposals. (See annex 3 for a list of PPIAF's publications.)

Upstream project development offers another area of work as governments increasingly recognize that projects that are well developed and prepared are likely to result in strong competitive responses from bidders and sustainable implementation. PPIAF is responding selectively to requests from governments to assist with early-stage conceptualization of projects with a high development impact and close links to sector and institutional reform issues.

A strong poverty focus

Governments and private operators increasingly recognize that public-private partnerships, even in the poorest countries, are often developed without enough focus on poverty reduction.

A common assumption has been that a project to improve infrastructure services in a poor country will automatically help reduce poverty. But reviews of public-

private partnerships concluded in the 1990s in Latin America and other regions have shown that pro-poor approaches need to be proactively built into sector policies and regulations as well as the design of projects. Otherwise the benefits may not reach the poor.

To ensure that they do, potential low-income beneficiaries must be identified during the design of a project, and the benefits explicitly estimated, discussed with key stakeholders, and then protected or facilitated during implementation. Ensuring a strong poverty focus in work with government clients, consultants, and colleagues at partner institutions remains an important priority for PPIAF.

Key priorities in program management

This past year PPIAF continued to focus its efforts on monitoring the impact of its activities and sharing knowledge across regions. PPIAF also made big strides in improving outreach and dissemination around its global and regional knowledge.

Proactive monitoring of the portfolio

Through semiannual portfolio reviews PPIAF continues to track the implementation and outcomes of its activities to determine whether they are on target to achieve their objectives. And the Program Management Unit continues to monitor completed activities to track emerging outcomes. Locating a majority of PPIAF's staff in developing countries has played an important part in the sustained monitoring of our growing portfolio.

Global research on lessons of experience

To build knowledge around public-private partnerships, PPIAF continues to emphasize global research on lessons learned as well as disseminating research results and communicating with all stakeholders. Several activities funded by PPIAF are evaluating the efficiency and poverty impacts of private infrastructure arrangements with a view to collating good practices and drawing lessons for the next generation of projects. Other activities are tracking trends and developing best practices in regulation. In addition, new reports explore the use of low-discretion rules, hybrid models, and expert panels in regulatory systems.

Broad outreach and dissemination

To help broaden our reach and make information more accessible, PPIAF launched a new quarterly newsletter in the fall of 2006 and is developing a new and improved Web site to be launched in 2008. In addition, in fiscal 2007 we published 14 new Gridlines—short, user-friendly notes summarizing the results of new research. And road shows with key partners have helped us reach out to new clients, increasing awareness of PPIAF and its technical assistance grants.

New developments at PPIAF

During this past year we were pleased to welcome two new donors to PPIAF's Program Council, the government of Australia (AusAID) and the International Finance Corporation.

We also welcomed several new members to the Technical Advisory Panel—Anton Eberhard, Eduardo Engel, and Robin Simpson. Meg Osius retired from the panel after seven active years. Rosalind Thomas had to leave the panel to attend to her new responsibilities at the African Development Bank as the director of the African Development Fund. Eduardo Engel will become the new chair, and Dianne Rudo is joining as a new member. Another new member, Valentine Chitalu, was appointed in late 2007. A special thanks to outgoing chair Meg Osius for her long service as a panel member and to Rosalind Thomas for her support.

At the Program Management Unit we welcomed Clemencia Torres de Mästle as the program leader for global knowledge for PPIAF. Clemencia will also oversee PPIAF's Latin America and the Caribbean portfolio. James Leigland joined us from our Nairobi office to head up the Sub-National Technical Assistance Program in Washington, D.C. He is being replaced in Nairobi by Joel Kolker as PPIAF's regional program leader for East and southern Africa. Another important new addition is Tracey Miller, who has taken over PPIAF's growing portfolio of outreach and dissemination activities.

Looking ahead

In the coming year we look forward to moving ahead with the new Sub-National Technical Assistance Program, which extends our services to publicly owned enterprises and subnational governments with significant responsibility for the delivery of infrastructure services. This exciting new initiative enables us to respond to an even wider range of institutional arrangements in infrastructure.

Donor contributions continue to be strong, and we thank our donors for their support. We also look forward to continued outreach with all stakeholders—including governments, the private sector, and civil society organizations—on the role the private sector can play in helping to meet the infrastructure needs in developing countries.

Jyoti Shukla



PPIAF Program Manager Jyoti Shukla

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

Overview of operations in 2007

For the public and private sector alike, a key constraint in solving infrastructure problems is the lack of an appropriate enabling environment—policies, laws, regulations, and institutions—and the weak capacity of governments to ensure that the solutions reach the poor. PPIAF was created to address such constraints. It helps developing countries expand and improve their infrastructure services through public-private partnerships (PPPs), funding activities across a range of eligible sectors:

- Water and sanitation—water, sewerage, and solid waste
- Energy—electricity generation, transmission, and distribution and natural gas transmission and distribution
- Transport—roads, ports, airports, railways, and urban transport
- Telecommunications.

Distribution of PPIAF-funded activities

PPIAF funding for projects in fiscal 2007 totaled \$17.4 million and went to 36 countries as well as to regional and global activities. Those considered for PPIAF assistance are developing and transition economies as classified by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD).

By country group

Sub-Saharan Africa received nearly half of all new commitments in fiscal 2007. Interest was also strong in Central Asia and Europe (which received 13 percent), though PPIAF remains selective in its choice of projects in this region to maintain a strategic focus on priority regions. Demand from East and South Asia remained strong, with East Asia accounting for about 14 percent of new commitments and South Asia for 11 percent. Funding shares for both Latin America and the Caribbean (6 percent) and the Middle East and North Africa (5 percent) were smaller in fiscal 2007 than in the previous year to accommodate the increased commitments in Africa (figure 1).

The allocation of funding to the poorest countries increased substantially. PPIAF awarded \$9.6 million in new commitments (78 percent of the total for country-specific activities) to countries eligible to borrow from the International Development Association—or IDA countries.³ Funding for countries that borrow on nonconcessional terms from the International Bank for Reconstruction and Development (IBRD) amounted to \$2.9 million, down 17 percent from the previous fiscal year. The remaining funds (\$4.9 million) went to non-country-specific (regional and global) activities.

By sector

The largest share of PPIAF funding for new projects went to multisector activities, at 34



percent (\$5.8 million; figure 2). These activities included support for developing PPP units and infrastructure development funds and for building regulatory capacity in individual countries or through cross-border initiatives.

The energy sector received the next largest share of funding, at 23 percent (\$4.2 million). New initiatives were driven mainly by electricity projects in Africa and East Asia.

Telecommunications accounted for 14 percent of funding for new activities. PPIAF work in this sector remains focused on postconflict countries and universal access schemes. Innovative and timely projects in Haiti, Liberia, Sierra Leone, and Sudan are supporting regulatory and infrastructure development. Two projects in Indonesia and Sri Lanka are helping the governments look at options for public-private partnerships to develop backbone infrastructure. And PPIAF support in Pakistan is helping the government develop and design a universal access scheme to expand services to poor areas.

Transport activities, focused largely on highway and rural road management, accounted for 17 percent of new funding commitments. Water and sanitation projects received the smallest share of funding at 12 percent. This share is significantly smaller than in earlier years, reflecting global trends in the sector.

By type of activity

In fiscal 2007 PPIAF again directed the largest share of its funding (50 percent) to support infrastructure development strategies (figure 3). The next largest shares went to support

Figure 1 Distribution of PPIAF portfolio by region, fiscal 2006 and 2007

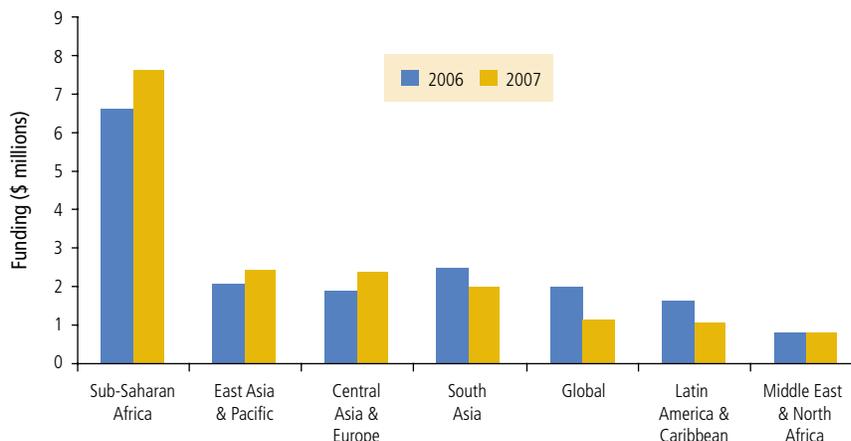


Figure 2 Distribution of PPIAF portfolio by sector, fiscal 2006 and 2007

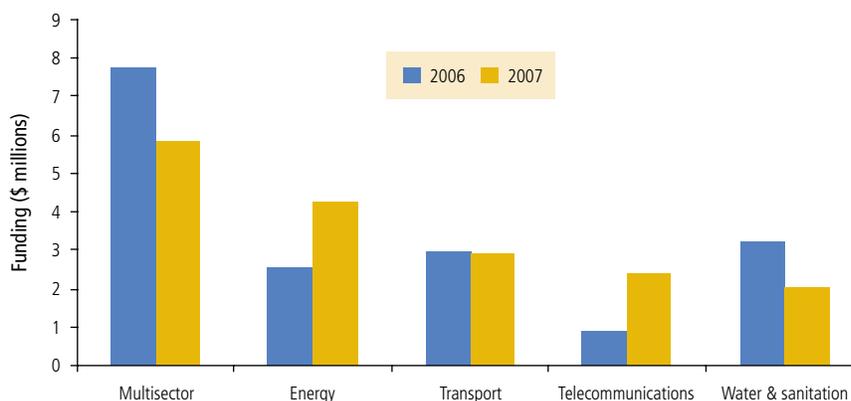
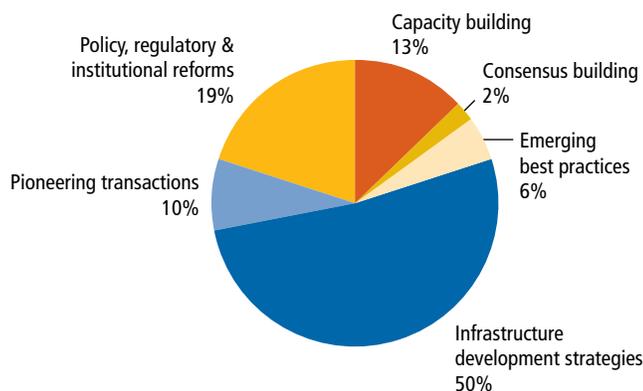


Figure 3 Distribution of PPIAF portfolio by type of activity, fiscal 2007



policy, regulatory, and institutional reforms (19 percent) and capacity building (13 percent). The share for pioneering transactions increased in fiscal 2007 (to 10 percent), mostly as a result of a single large activity in Rwanda involving legal advisory work for the Lake Kivu Power Project.

New in fiscal 2008

In addition, a new pilot program, the Sub-National Technical Assistance Program, extends the range of PPIAF's services to include technical assistance to help subnational entities access financing for improving infrastructure services (box 2).

Outcomes of PPIAF-funded activities

With guidance from the Program Council, PPIAF uses outcome indicators—such as transactions facilitated, laws passed, institutions established or strengthened, and sector strategies supported—for assessing the performance of the program (table 1).

By the end of fiscal 2007 PPIAF had supported the development of more than 100 sector laws and reform strategies, assisted in nearly 100 transactions, and strengthened more than 50 institutions.⁴ Much support has gone to capacity building and training, also a priority. PPIAF has funded 269 training workshops for

Box 2 Extending technical assistance to subnational entities

At the start of fiscal 2008 PPIAF launched a three-year pilot, the Sub-National Technical Assistance Program, to help subnational entities improve their creditworthiness so that they can access market-based financing. The aim is to help mobilize local capital for improvements in infrastructure services and promote the development of local financial markets.

The new program works with subnational governments—municipal, state, provincial, and other local and regional authorities—as well as publicly owned utilities and boards, funds, agencies, and authorities responsible for providing infrastructure services. Thus the program marks an important step forward for PPIAF, extending its assistance to local authorities and public utilities with good operational and governance performance, enabling them to access additional financing to further improve their services.

Technical assistance grants are provided on the same demand-driven basis as traditional PPIAF grants. The grants help recipients:

- Access financing for infrastructure improvements from banks or bond markets without relying on sovereign guarantees

- Obtain a credit rating or improve their rating from a recognized credit rating agency
- Take interim measures to enhance their creditworthiness to potential lenders with a view to achieving one of the above.

The program will initially be financed by the U.K. Department for International Development, the International Finance Corporation (through its Funding Mechanism for Technical Assistance and Advisory Services), and the World Bank (through its Development Grant Facility). Funding for the first year is \$7 million.



James Leigland
*Team Leader for the new
Sub-National Technical
Assistance Program*

government, the private sector, and civil society. In addition, support to six regional regulatory forums provides on-the-job training and peer learning for infrastructure regulators.

All PPIAF activities are reviewed and rated every six months through a comprehensive portfolio review. Activities rated at risk or unsatisfactory are monitored more proactively. Upon conclusion, all activities are rated on implementation and achievement of development objectives through sign-off sheets. In addition, the Program Management Unit continues to track the outcomes of completed activities every year.

Table 1 Outcomes of PPIAF activities from inception through fiscal 2007

Outcome	Completed	Pending	Total
Transactions facilitated	92	26	118
Regulatory institutions established or strengthened	43	13	56
PPI laws and regulations developed	32	15	47
PPI sector reform strategies supported	47	23	70
Workshops			269
Workshop attendees			20,168



The PPIAF team at a training session in 2007

From upper left: Joel Kolker, James Leigland, Paul Reddel, Herb Ladley, Njeri Gicheru, Lorenzo Bertolini, Bhavna Bhatia, Tracey Miller, Amit Burman, Emma Sorensson, Amsale Bumbaugh, Anupam Sharma, Jyoti Shukla, Patricia Roldan, Serah Njoroge, Bernadette Nogueiro, Maria Anton Butler, Hope Gerochi, Katia Nemes, and Clemencia Torres de Mästle

Regional and global activities in 2007

As public-private partnerships evolve, PPIAF helps governments prepare the legal, regulatory, and institutional framework to help them deliver more and better services. From upstream preparation to time-sensitive problem solving, PPIAF aims to be responsive to each country's needs. The following sections provide an overview of PPIAF's activities by region and its global knowledge portfolio, along with case studies highlighting some new projects and project outcomes.

Sub-Saharan Africa

PPIAF continued its focus on Sub-Saharan Africa in fiscal 2007, directing nearly half of new funding commitments to the region. The 32 activities awarded totaled \$7.6 million, up from \$6.6 million in 2006 and \$4.4 million in 2005 (table 2). The largest share of funding for the region went to multisector activities, followed by energy activities (figure 4).

The continuing growth in PPIAF's Africa portfolio can be attributed in part to more active outreach and dissemination of information from the two regional offices, in Nairobi, Kenya, and in Dakar, Senegal. Active partnerships—with the Infrastructure Consortium for Africa, the African Development Bank, the New Partnership for Africa's Development (NEPAD), regional economic communities, regional power pools, and the African Business Roundtable—leverage existing efforts to improve and expand infrastructure services.

Regional overview

Sub-Saharan Africa has seen substantial growth in private activity in infrastructure: average annual investment in projects with private participation in 2001–06 was more than twice the average of the 1990s. Still, investment levels remain low and concentrated in telecommunications and in a few countries (such as Nigeria and South Africa). Private investment continues to represent only a small part of the estimated \$15 billion needed annually, over and above current investment levels, to achieve the Millennium Development Goals by 2015. As a result, national governments and regional entities—such as NEPAD, the African Development Bank, and the regional economic communities—are redoubling their efforts to promote investment in infrastructure through innovative partnerships between the public and private sectors.

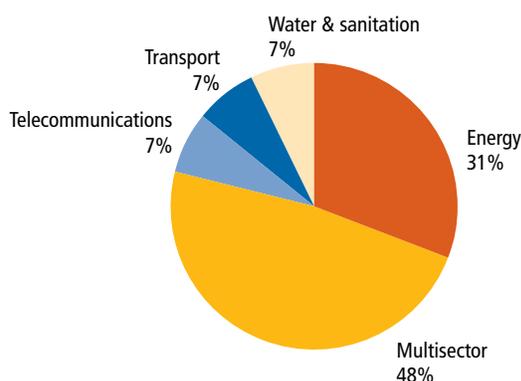
The growing interest in private participation in infrastructure (PPI) extends to West and Central Africa, where some PPI initiatives are now advancing. This comes thanks to major regional investment programs such as the West African Power Pool (WAPP), coordination by the Economic Community of West African States (ECOWAS), and the efforts by such reformers as Senegal. Progress also is being made in restoring good governance and creating the conditions for private infrastructure investment in postconflict countries such as Liberia and Sierra Leone.



Table 2 PPIAF activities in Sub-Saharan Africa, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	15	3.54
2001	21	6.62
2002	22	5.21
2003	19	4.33
2004	15	3.15
2005	23	4.40
2006	28	6.60
2007	32	7.62
Total	175	41.47

Figure 4 PPIAF funding for Sub-Saharan Africa by sector, fiscal 2007



The new African initiatives in public-private partnerships are more varied than in the recent past. In East and southern Africa officials increasingly are opting for hybrid contracting models. These include management contracts for electricity distribution in Kenya, the commercialization or corporatization of water supply and sanitation utilities in Kenya and Uganda, and projects that mix public and private financing, such as the Ghana management contract for water supply and sanitation services (where the contractor advises on the use of an investment fund capitalized by donors).

In West and Central Africa governments continue to use French-style affermage contracts, which limit the investment-related risks for private partners. New contracts are in place or under development for water in Cameroon and electricity in Burkina Faso, and a contract for water was recently renewed in Senegal.

Acutely aware of the mixed success of some types of PPP projects, in Africa and elsewhere, African govern-

ments have taken measures to ensure greater quality control in project development, such as creating PPP units and developing or strengthening legal and regulatory frameworks. These reforms require state-of-the-art advice as well as funding. Malawi, Nigeria, Uganda, and Zambia are among the countries that have most recently begun to address this issue with PPIAF assistance.

As African initiatives advance, the costs and complexities of project preparation have become increasingly apparent. The challenge for governments is to prepare projects to the point where private companies will begin investing their own money. The importance of upstream preparation has been underscored by the experience of donor-supported preparation funds as well as facilities established by regional development banks such as the African Development Bank and the Development Bank of Southern Africa. Originally set up to focus on downstream transactions, these facilities have recently seen their mandates expanded so that they can address upstream legal and regulatory obstacles as well. PPIAF is working in close collaboration with them.

Key areas of PPIAF funding

The growing interest in PPP projects in Africa has contributed strongly to the continuing growth in PPIAF's Africa portfolio. Perhaps the most dramatic recent growth in PPIAF's technical assistance has been in West and Central Africa, where new support has gone to some post-conflict countries.

Extending support to postconflict countries

In fiscal 2007 PPIAF approved funding for its first activities in Liberia, Sierra Leone, and Guinea-Bissau—three countries emerging from protracted internal conflict. In Liberia and Sierra Leone PPIAF is providing support on regulatory and licensing issues in telecommunications with the aim of enhancing the sustainability and poverty focus of sector reforms that paved the way for private sector involvement. Follow-up assistance is expected to consolidate these efforts in fiscal 2008.

In Guinea-Bissau PPIAF is helping the government develop framework legislation on public-private partnerships so as to increase transparency in the development of infrastructure reforms involving the private sector. The government is expected to request additional

support for downstream activities related to engaging private operators in ports and telecommunications.

In Sudan simultaneous activities in the north and south are the first large PPIAF projects in that country. The assistance will help develop and harmonize the two regions' telecommunications regulatory frameworks, something that is urgently needed as aggressive private operators attempt to tie up lucrative contracts in the country.

Strengthening regional coordination

PPIAF is also supporting regional organizations in West and Central Africa that are involved in coordinating and planning major infrastructure programs. With support from PPIAF, the WAPP Organization of public and private electric utilities was officially launched in July 2006, and its business plan endorsed by its members (box 3). Together with such partners as the African Development Bank, the World Bank, and Agence Française de Développement, PPIAF is also preparing assistance to support

the power system investment program of the Gambia River Basin Organization and to strengthen regional regulation of the electricity market.

Supporting innovative public-private partnerships

In Kenya PPIAF supported a study to assess the financial feasibility of extending microcredit to small-scale local providers as a way of bringing water supply to rural and periurban areas. The study paved the way for water supply projects in 21 communities, supported by the Water and Sanitation Program and the Global Partnership on Output-Based Aid (box 4).

Other PPIAF outcomes

A series of innovative activities round out the list of projects active in fiscal 2007:

- For the proposed Inga III power project in the Democratic Republic of Congo—potentially among the

Box 3 Pooling energy sources in West Africa

Faced with severe power shortages, member countries of the Economic Community of West African States (ECOWAS) came together to form the West African Power Pool (WAPP). This cooperative pooling mechanism integrates national power system operations into a unified regional electricity market.

By harnessing untapped hydro and gas-fired power generation, developing power system interconnection, and facilitating cross-border trading, West African countries expect to ensure reliable and affordable electricity supply in the region. To accelerate priority cross-border transmission projects and help mobilize resources from private and institutional investors, PPIAF is supporting the development of a blueprint for PPP transactions.

Earlier PPIAF grants supported the institutional development of the WAPP Organization and the design of a

transparent, harmonized policy and regulatory framework for the electricity sector in ECOWAS countries.

To support implementation of the WAPP program, the World Bank approved a \$350 million adaptable program lending (APL) facility in 2007. Efforts are under way to mobilize additional public and private resources.



Box 4 Helping small water providers in Kenya access microfinance

In Kenya many community-owned piped water systems are run on a commercial basis, with little support from the government. To help pave the way for market-based lending to small water providers, PPIAF and partners launched a pilot project to build up business development services to support them—such as business planning, construction management, access to markets, and audit features.

Now under way in 21 communities, the pilot will identify innovative instruments to make loans more accessible to small, community-owned piped water systems. Each community-based organization will also receive support from a business advisor whose services best fit its needs. Initial pilots have been approved by the participating microfinance institution, Kenya's K-Rep Bank, and construction was due to begin by the end of 2007.

Citizens gather for a meeting on a community-managed water pilot project in Kabuku, outside Nairobi, Kenya.

PPIAF, along with the Water and Sanitation Program, supported the design of the financing scheme. The Global Partnership on Output-Based Aid is providing financial support, allowing subsidies to cover 40 percent of the project cost. The 21 subsidized systems will serve 60,000 people.



biggest energy projects in Africa—PPIAF funded independent advice to help the government assess possible funding opportunities.

- The PPIAF-funded Africa Infrastructure Country Diagnostic Study continues to make progress in closing the gap in knowledge of infrastructure financing needs in Africa. The study will result in a series of thematic databases for at least 24 focus countries with data on fiscal costs, investment needs, and sector performance as well as georeferenced data on infrastructure networks and demographic, economic, and environmental indicators. (All outputs will be available on the Web at <http://www.infrastructureafrica.org>.)
- Financial closure was achieved on the Kenya-Uganda Rail Concession—one of the most ambitious rail concessions in African history—in part as a result of PPIAF-supported upstream work on policy and regulatory reforms in both countries. Credit enhancements are still being negotiated for this project.



Africa team, Dakar and Nairobi

Clockwise from bottom left: Emma Sorensson, Junior Professional Officer (Nairobi); Serah Njoroge, Program Officer and Deputy Team Leader (Nairobi); Lorenzo Bertolini, Regional Program Leader for West and Central Africa (Dakar); Joel Kolker, Regional Program Leader for East and Southern Africa (Nairobi); and Njeri Gicheru, Program Assistant (Nairobi)

Middle East and North Africa

PPIAF approved five activities in the Middle East and North Africa in fiscal 2007, for total funding of \$822,528—up from \$797,700 in fiscal 2006 and \$440,000 in fiscal 2005 (table 3). The largest shares of funding went to activities in the transport (54 percent) and water (37 percent) sectors, while the share for energy-related activities dropped sharply, from 56 percent in fiscal 2006 to 9 percent in fiscal 2007 (figure 5).

The new activities are concentrated in a few countries. Funding was directed mainly to the preparation of upstream infrastructure development strategies (46 percent) and capacity building (45 percent), with a small share for the preparation of policy, regulatory, and institutional reforms (9 percent).

Regional overview

In 2006 investment in private infrastructure projects in the Middle East and North Africa amounted to \$11 billion, the highest level in 1990–2006 and up 50 percent from 2004 and 2005. But the private activity remained concentrated by sector and country. Most of the investment went to telecommunications projects (\$8.1 billion), with the Arab Republic of Egypt awarding a new mobile license and Tunisia privatizing the incumbent operator. Much of the rest went to the energy sector (\$2.3 billion), largely to two transactions in Algeria, the Medgaz gas pipeline and the Shariket Kharaba gas-fired power plant.

Key areas of PPIAF funding

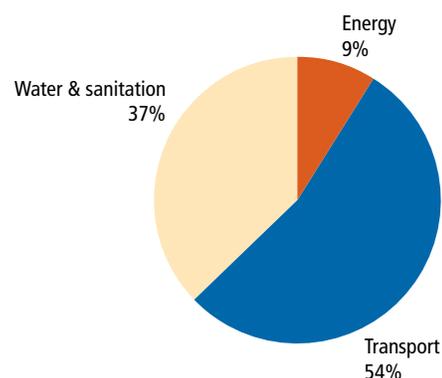
Demand for PPIAF technical assistance is likely to remain limited and concentrated in a few countries. Even so, PPIAF continues to serve as a valuable resource for governments considering infrastructure reforms, and it will strengthen its efforts in disseminating emerging lessons and international best practices in the region.

In fiscal 2007 the Republic of Yemen received support from PPIAF for the first time. The support went to three activities. In the road sector, in response to a request from the Ministry of Public Works and Highways, PPIAF is supporting a diagnostic study toward establishing public-private partnerships for the management or implementation of major projects. The study will also identify financial, legal, and institutional arrangements for achieving sustainable public-private partnerships.

Table 3 PPIAF activities in the Middle East and North Africa, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	3	0.20
2001	3	0.70
2002	0	0
2003	3	0.27
2004	6	0.81
2005	1	0.44
2006	6	0.80
2007	5	0.82
Total	27	4.05

Figure 5 PPIAF funding for the Middle East and North Africa by sector, fiscal 2007



PPIAF funding also helped organize a workshop on building institutional and technical capacity for gas development in the Republic of Yemen. Held in November 2006 and jointly organized by the Ministry of Oil and Minerals and the World Bank, the workshop drew more than 60 participants from the government and leading private investors. The event was followed by finalization of terms of reference for developing the structure of the gas market and identifying ways to finance the required gas transport infrastructure.

In addition, PPIAF is funding an activity to identify suitable contractual arrangements for the delivery of water and sanitation services in major cities. Funding will support consultations with stakeholders and the development of a communication program, help build the capacity of government authorities to manage stakeholder communications, and support advisors to help pilot the approach chosen.

Box 5 Overcoming water shortages in Egypt

Egyptian farmers in the West Delta Region of the lower Nile Basin face water shortages that threaten their productivity. To overcome these shortages, the government of Egypt requested PPIAF funding to help identify practical ways to partner with the private sector in the design, operation, and even financing of a new surface water irrigation system. A second aim was to develop a regulatory framework for a design-build-lease transaction for the system.

The results: a pioneering hybrid scheme that is introducing important reforms in the sector, and new approaches in project development, transaction design, and public-private partnership.

Once completed, the system will provide access to surface water irrigation over an area of about 75,000 hectares in a region threatened by groundwater depletion. The 30-year design-build-operate concession will rely fully on cost recovery, with no budgetary subsidies from the government.

The government secured funding of \$175 million from donors (\$150 million from the World Bank and \$25 million from Agence Française de Développement) to cover about 85 percent of the cost of constructing the initial phase of the system, which will serve about 38,000 hectares. The private operator will be responsible for mobilizing the other 15 percent of the funding as well as any financing required for expanding the system throughout the concession area.



In Morocco, in coordination with the World Bank, PPIAF supported the organization of a seminar on contractual relations between operators in the electricity sector. The seminar, which drew on international experience, was held in Casablanca in February 2007 under the aegis of the prime minister. The seminar gave sector stakeholders (government authorities, producers, consumers) an opportunity to discuss the transition to the liberalized electricity market envisaged in a draft electricity law prepared by the government in the fall of 2006.

In Egypt upstream work completed in 2005–06 with PPIAF support is now leading to the development of an innovative project that will involve the private sector in designing, operating, and financing an irrigation system in

the West Delta Region (box 5). The aim is to develop a surface water irrigation system for highly productive commercial and small farms in an area threatened by water shortages.

PPIAF support is also assisting the government of Egypt in implementing its PPP program. In fiscal 2007 PPIAF assistance focused on developing a transaction approach for public-private partnerships in the water sector in New Cairo and implementing pilot performance-based contracts for road maintenance. Additional assistance has been requested to support the development of Egypt's central PPP unit and help build the capacity needed to design, implement, and monitor PPP projects within a sound and transparent institutional framework.

South Asia

South Asia showed continued demand for PPIAF's technical assistance grants in fiscal 2007. Thirteen new activities were awarded, with funding commitments of \$1.97 million (table 4). Much of the support went to India and Pakistan to assist government initiatives to increase private involvement in infrastructure provision. Nearly half the funding went to multisector activities to help strengthen policy, legal, and regulatory frameworks (figure 6). Energy and telecommunications each captured 25 percent of funding for activities, while transport and water and sanitation received small shares.

Regional overview

The strong interest in PPIAF funding in South Asia reflects the growth in private participation in infrastructure since 2000. In 2001–06 the region attracted 13 percent of the total investment in private infrastructure projects in developing countries, more than twice its 5 percent share in 1990–2000.

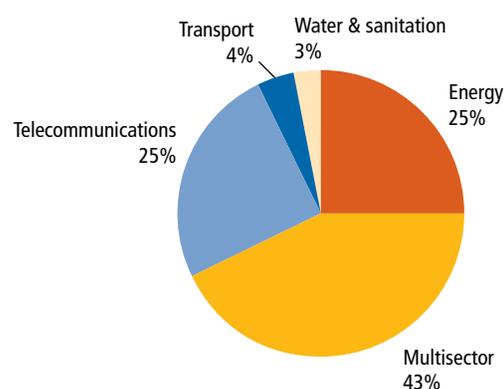
Much of the growth in investment has been driven by projects in India. In that country more than 117 PPP projects achieved financial closure in the three years from 2004 to 2006, compared with 104 projects in the previous eight years. Many were in transport. India's growing PPP program for highways accounted for 80 percent of the investment in public-private partnerships in the country. Having successfully concessioned the Delhi and Mumbai airports in 2006, the government is now developing an ambitious PPP program for airports, and another for ports. And some large cities in India are planning PPP projects in urban transport (bus and rail). The power sector has also seen recent activity: in 2007 India successfully awarded two "ultra mega" (8,000-megawatt) power projects through international competitive bidding.

Beyond India, most South Asian countries, including postconflict Afghanistan, have successfully liberalized and introduced competition in telecommunications, attracting significant investment. Yet despite stated policies aimed at bringing in private investment, progress outside telecommunications and power generation has been slow. To help promote investment, in 2006 Pakistan established a project development fund and a financing facility for developing a pipeline of bankable public-private projects.

Table 4 PPIAF activities in South Asia, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	13	2.65
2001	7	1.54
2002	8	1.24
2003	8	2.40
2004	3	1.15
2005	7	1.10
2006	13	2.48
2007	13	1.97
Total	72	14.53

Figure 6 PPIAF funding for South Asia by sector, fiscal 2007



A clear trend in the region is the growing role of local players: domestic infrastructure developers have won most of the recent large PPP projects, including the ultra-mega power plants in India. This is a welcome trend, as it reflects the growing capacity and appetite of local players and is well suited to the region's political environment.

But much remains to be done to meet the large infrastructure needs in this region. Concerted action is needed to improve policy and regulatory frameworks; develop public sector capacities to identify, procure, and oversee public-private partnerships; and develop financial markets capable of providing long-term local currency resources for infrastructure projects.

Key areas of PPIAF funding

PPIAF support to governments in South Asia has been aimed largely at addressing upstream policy and regulatory issues. Another focus of support has been assessing,

in consultation with stakeholders, alternative models for public-private partnership that might be feasible in the prevailing institutional and political environment (box 6).

Supporting implementation of India's PPP program

India continues to face tremendous investment needs in infrastructure: recent estimates suggest requirements of \$492 billion over the five-year period ending 2012. Hoping to mobilize about a third of this from the private sector, the government is intensifying efforts to facilitate public-private partnerships. PPIAF is supporting these efforts by:

- Assisting initiatives to engage stakeholders in designing sector reforms and sharing experience (box 7).
- Helping the government undertake a comprehensive review of financing mechanisms for existing PPP projects, identify constraints to expanding the range of potential investors, and design policy interventions to address financial constraints.

- Supporting the Department of Economic Affairs in developing a panel of transaction advisors and guidelines for consultants to ensure that government officials receive good-quality advice on preparing and implementing PPP transactions.
- Helping the Planning Commission incorporate international best practices in designing guidelines for the appraisal and evaluation of PPP projects; in developing concession agreements for private participation in roads, ports, and airports; and in addressing regulatory and institutional issues to support successful implementation of PPP projects.
- Recommending policy, regulatory, and institutional reforms to the Ministry of Shipping, Road Transport, and Highways with the aim of scaling up private participation in port development and supporting implementation of the National Maritime Development Program launched by the Indian government.

Box 6 **Engaging stakeholders in water and sanitation reform in Pakistan**

Improving water supply and sanitation services is a priority for the provincial government of Punjab, in Pakistan. Recognizing the need for policy, regulatory, and institutional reforms in the sector, the government asked for PPIAF's support to help craft key elements of the reform, to be targeted to eight cities. PPIAF funding also helped the government build an outreach program to engage stakeholders in extensive consultation on options for reform, including potentially a public-private partnership.

Feedback from all stakeholders helped the government decide to increase efforts to corporatize water and sanitation authorities in large cities. The government's aim is to strengthen accountability and sector governance and im-

prove management information systems as it continues to assess PPP options that will help enhance and expand services. Using a competitive process, the government has appointed chief executive officers for four water and sanitation authorities.



Box 7 Bringing stakeholders together in India

PPIAF has supported several initiatives in India aimed at bringing stakeholders together to explore opportunities for public-private partnerships, share international experience, and learn from one another:

- A PPIAF grant is helping the Institute for Regulation and Competition, set up by the grassroots consumer protection organization Consumer Unity & Trust Society (CUTS), create a comprehensive capacity-building plan for engaging stakeholders in an infrastructure reform program. The institute will hold workshops to educate different groups of stakeholders about regulation and competition and to help incorporate their inputs and concerns into the reform process.
- PPIAF support to the Ministry of Finance aided a high-level conference to share international experience with public-private partnerships and showcase PPP opportunities in India. The February 2007 conference—

organized by the ministry together with the World Bank, the International Finance Corporation, and the Infrastructure Development Finance Corporation (an Indian financial institution supporting infrastructure development)—brought together more than 200 stakeholders, including financiers, private investors, senior government officials, and experts on public-private partnerships.



Supporting state-level activities in India

Beyond these initiatives at the national level in India, PPIAF has also supported activities at the state level to facilitate public-private partnerships. This support includes:

- Awarding a grant to the government of Maharashtra to support efforts by the power transmission utility to improve its capital investment program and evaluate PPP options.
- Assisting the governments of Himachal Pradesh and Uttarakhand in developing frameworks for integrated, river-basin-wide planning of hydropower projects to ensure that risks and benefits are appropriately allocated.
- Supporting efforts by the government of Gujarat to explore ways to improve water supply and sanitation services in Gandhinagar and the urban agglomerations of Western AUDA that have since been merged with the

municipality of Ahmedabad. Funding also supported consumer surveys and stakeholder consultations.

Helping to map access to infrastructure

In the Indian state of West Bengal PPIAF funding for a pilot is helping to create a geographic information system (GIS) database with maps showing access to infrastructure by income level as well as agricultural and environmental conditions. This tool will help the government and other stakeholders develop evidence-based policy and design development programs to address the needs of local areas and excluded groups. It will also aid in monitoring the local impact of policies and programs.

Facilitating financing in Pakistan

In Pakistan PPIAF approved technical assistance for the Infrastructure Project Financing Facility (IPFF), a new

nonbank financial institution set up by the government to help catalyze finance for PPP infrastructure projects. The activity supports IPFF in developing its strategy and business plan by assessing the main gaps in the financial market, financial products that IPFF could offer to fill these gaps, and the demand for these products.

Aiding Kabul in managing solid waste

PPIAF is assisting the municipality of Kabul in developing a strategy for using public-private partnerships to manage solid waste collection and disposal. The activity involves reviewing the legal and regulatory framework for operations in urban sanitation and assessing the responsiveness of national, regional, and international investors to potential opportunities in PPP projects. The

activity will also provide guidance to the municipality in structuring and implementing two pilot projects, one for primary collection and the other for landfill development and management.

Expanding rural access to telecommunications

In fiscal 2007 PPIAF approved funding for two activities in the telecommunications sector in South Asia. In Pakistan PPIAF is helping to design and implement a universal service scheme. The first pilot is under way. And in Sri Lanka it is providing support to evaluate PPP options for developing a national backbone network. The aim is to allow all operators efficient open access to the network, to help increase the affordability of telecommunications services.

Central Asia and Europe

In fiscal 2007 PPIAF funded 11 new activities in Central Asia and Europe (table 5). The funding amounted to \$2.35 million, up from \$1.86 million in fiscal 2006. The largest share, slightly more than half, went to the transport sector, to help governments develop highways and railways through public-private partnerships (figure 7). The next largest shares went to multisector activities aimed at strengthening institutions and regulatory frameworks for public-private partnerships and to telecommunications activities to improve rural access to services.

Regional overview

In 2006, for the second year running, Central Asia and Europe attracted more investment in infrastructure projects with private participation than any other developing region except Latin America. Investment commitments for the year, at \$23 billion, were lower than in 2005 but still at a high level for the region. Most went to countries that have joined or are seeking to join the European Union (EU), where regulatory and market structure reforms undertaken as part of the accession process have helped paved the way for investment. Yet other low- and middle-income countries in the region also are striving to improve infrastructure services through public-private partnerships.

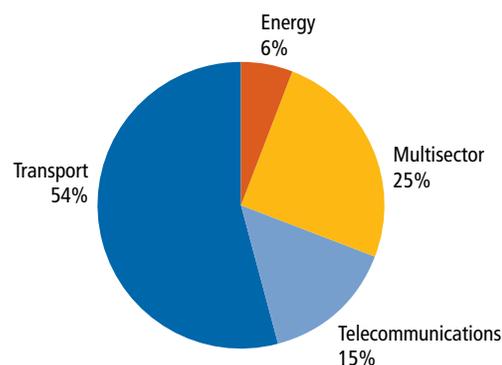
As in most of the developing world, the telecommunications sector has accounted for much of the activity in recent years, attracting around 70 percent of regional investment in 1990–2006. Private participation was extensive in mobile telephony but limited in fixed line services, especially in the low-income countries of Central Asia. A major emerging issue is the lack of competitive markets; many countries granted exclusivity periods to private operators to increase the attractiveness of investments.

Private participation is seen throughout the energy sector—in power generation and distribution and in gas transmission and distribution. Among developing regions Central Asia and Europe has been the most active in privatizing electricity distribution. Encouragingly, private participation has improved performance, including reducing losses. But new regulatory challenges are emerg-

Table 5 PPIAF activities in Central Asia and Europe, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	7	1.21
2001	11	3.01
2002	6	2.21
2003	8	2.76
2004	8	1.61
2005	14	3.10
2006	10	1.86
2007	11	2.35
Total	75	18.11

Figure 7 PPIAF funding for Central Asia and Europe by sector, fiscal 2007



ing as the power sector moves toward greater market concentration and vertical reintegration.

Private activity in water and transport has been relatively limited. In the water sector private participation increasingly occurs through management and lease contracts that rely on public investment. In the transport sector it is concentrated in seaports and airports. Encouraged by growing private activity in roads in other regions, however, countries in Central Asia and Europe are now seeking to develop highways and railways through public-private partnerships.

The profile of private participants has changed over time. Western European companies have continued to maintain a strong presence among new EU members. But utilities from other transition economies, particularly the Russian Federation, have started acquiring assets and winning concessions in the region.

Key areas of PPIAF funding

In fiscal 2007 PPIAF awarded funding to five countries in Central Asia and Europe—Armenia, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, the Republic of Serbia, and Turkey—as well as to regional activities.

Improving transport services

In the transport sector PPIAF directed much of its support in fiscal 2007 to activities relating to highways and railways, where private participation is particularly low. A regional study launched in 2007 aims to provide guidance to decision makers in preparing and implementing PPP projects in transport, drawing on lessons from recent experiences both in the region and elsewhere. The emphasis is on Southeast Europe, where a surge of interest in transport projects has led to a rash of unsolicited proposals, and on Central and Eastern Europe. Before inviting in the private sector, countries in these regions need to create appropriate regulatory regimes, develop capabilities in assessing fiscal risks, and establish competitive tendering processes.

PPIAF also provided support to country activities. In Bosnia and Herzegovina PPIAF is funding a review aimed at strengthening the institutional framework for PPP projects in the highway sector and building public sector capacity for designing and implementing such projects. PPIAF is also supporting preparation of an initial PPP pilot for Corridor Vc, part of the Trans-European Network in Southeast Europe (box 8).

In Armenia PPIAF responded to the government's request for help in preparing a concession for Armenian Railways, along with follow-up support to hire transaction advisors to assist in managing the bid process. And in the Republic of Serbia technical assistance is helping to define a framework for access to rail infrastructure that is consistent with EU directives and structured to encourage competition and private investment in international freight and passenger service.

Supporting regional cooperation in Central Asia

PPIAF continues to support the strengthening of regional cooperation forums such as the Central Asia Regional Economic Cooperation (CAREC) Program and the

CAREC Members Electricity Regulators Forum. In response to a request from a ministerial-level meeting of CAREC, PPIAF supported the formulation of a comprehensive strategic framework for regional cooperation in the energy sector. The framework, which will guide key investments as well as policy and regulatory initiatives, has since been endorsed by a ministerial-level working group of CAREC.

PPIAF also provided support to a multicountry working group to aid in assessing the commercial viability of a proposed electricity transmission project linking Central and South Asia to facilitate cross-regional electricity trade (box 9).

Reforming municipal services in FYR Macedonia

In FYR Macedonia most municipal services have suffered for the past decade and a half from neglected maintenance, rigid price controls, and poor financial management. PPIAF is funding a study to help the Ministry of Finance and municipal governments, in consultation with stakeholders, design a coherent program of reform to address the problems. The aim is to develop reform options, evaluate institutional options (including public-private partnerships) for improving services, enhance the business climate, and meet the standards for service provision required for EU accession. The study complements ongoing work supported by other bilateral donors to establish baseline data on the provision of municipal services.

Scaling up the PPP program in Turkey

Turkey's PPP program dates back to 1984, when the legislature passed a PPP law for power generation projects. Another law, on build-operate-transfer (BOT) projects, was enacted in 1994. These laws led to the use of several PPP models in power generation and airport development. Not all these projects have been trouble free. The power generation projects were negotiated transactions, and tariffs were high. And some legal issues have complicated BOT projects.

As Turkey prepares for its next phase of economic development and accession to the European Union, the government is committed to developing a second generation of PPP projects—this time using a more efficient and fiscally sustainable model under a new PPP law that is

Box 8 Developing a highway network in Bosnia and Herzegovina

Bosnia and Herzegovina considers the development of a highway network—specifically, the construction of 290 kilometers of the highway known as Corridor Vc—to be a priority for its economic development. Part of the Trans-European Network in Southeast Europe, Corridor Vc would link to Croatia’s Port of Ploce, helping to boost trade.

To ensure that the financial and technical planning reflects global best practices in highway development, particularly lessons from other countries of Central and Eastern Europe, the government requested assistance from PPIAF. The PPIAF support will help the government in drafting legislation to facilitate private participation, identifying ways to strengthen institutions, and ensuring that the plans are economically and financially viable and suitable for a concession. The PPIAF-funded activity will also

help identify other potential sources of financing to complement private investment (such as EU grants and bilateral and multilateral loans) and recommend model concession documents and procurement procedures.



being prepared. The government has requested PPIAF support to consolidate, strengthen, and harmonize the policy, legal, and regulatory framework and establish a central PPP unit to help implement projects with private operators.

Supporting small-scale hydropower in FYR Macedonia

Developing indigenous energy resources is a priority for the government of FYR Macedonia, and it sees small-scale hydropower development as playing a vital part in this. The country has about 100 sites considered economically feasible for hydropower generation of up to 5 megawatts—sites that together could generate more than 10 percent of the country’s electricity requirement. PPIAF helped the government develop a legal, regulatory, and institutional framework for small hydropower projects as well as prepare a bid package for selecting private developers through a competitive bidding process. The first package of 60 sites attracted more than

70 applications. The selection and award process is under way.

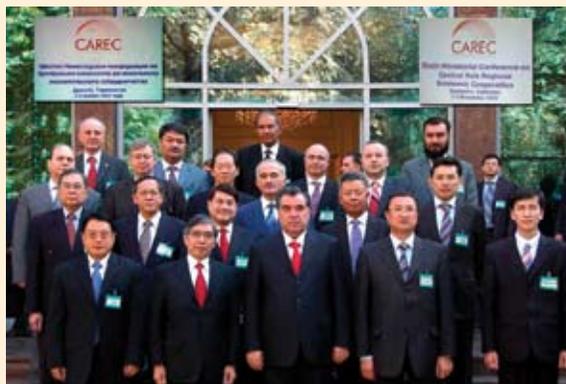
Facilitating private participation in a regional gas market

The nine countries of Southeast Europe, along with Greece and Turkey, signed a memorandum of understanding in Athens in 2003 setting out their intention to develop a regional gas market and gas competition. To support the effort, PPIAF and the Energy Sector Management Assistance Program (ESMAP) are cofinancing a study to identify regional, cross-border, and country-specific infrastructure projects—for gas transmission, distribution, and storage—that are economically, financially, and technically sound. The work includes assessing the economics of greater gasification based on Russian gas, pipelines linking Turkey with Western Europe, and increased imports of liquefied natural gas (LNG). The study also will recommend reforms that would support greater gasification in countries of Southeast Europe.

Box 9 Facilitating electricity trade between Central and South Asia

Afghanistan and Pakistan are struggling to meet growing demand for electricity. Meanwhile, the Kyrgyz Republic and Tajikistan have surplus electricity and are looking for export markets. The governments are meeting halfway: as the first phase of a project to develop electricity trade between Central and South Asia, a high-voltage transmission line is to be built through Afghanistan. The project will entail developing the transmission infrastructure to export at least 1,000 megawatts of electricity from Tajikistan to Pakistan through Afghanistan—as well as harnessing surplus power for export from the Kyrgyz Republic.

Getting the project structure right is critical: it will involve four governments, potential private investors, and international financial institutions. To help, PPIAF is funding a study to assess risk, review financial feasibility, evaluate alternative PPP options, identify private investors, and develop the institutional framework and legal structure for the project.



Participants in the 6th Ministerial Conference of the Central Asia Regional Economic Cooperation (CAREC) Program, held in Dushanbe, Tajikistan, November 2–3, 2007.



South Asia and Central Asia and Europe team, New Delhi

Bernadette Nogueiro, Program Assistant; Bhavna Bhatia, Regional Program Leader for South Asia and Central Asia and Europe; and Anupam Sharma, Infrastructure Specialist

East Asia and Pacific

PPIAF granted funding to 17 new activities, totaling \$2.43 million, in East Asia and Pacific in fiscal 2007 (table 6). This support represents a substantial increase in the number of projects and a slight increase in funding from fiscal 2006. The energy sector and the water and sanitation sector both accounted for around a third of the funding (figure 8). Most of the funding went to support infrastructure development strategies (54 percent) and policy, regulatory, and institutional reforms (38 percent).

Regional overview

It is now 10 years since the Asian crisis rolled through the region, and strong growth has returned. China has seen the fastest growth, but other low-income economies—such as Cambodia, the Lao People’s Democratic Republic, Mongolia, and Vietnam—are now expanding by 8–10 percent a year. Indonesia and the Philippines are also showing good performance, with growth of around 5–6 percent a year.

The substantial economic and sector reforms initiated by many East Asian governments have helped drive this broad regional growth. Yet investment in infrastructure, particularly private investment, has yet to regain its pre-crisis levels. Investment in infrastructure projects with private participation has leveled off in the past three years, and in 2006 it amounted to about \$18 billion, only 37 percent of its 1997 peak.

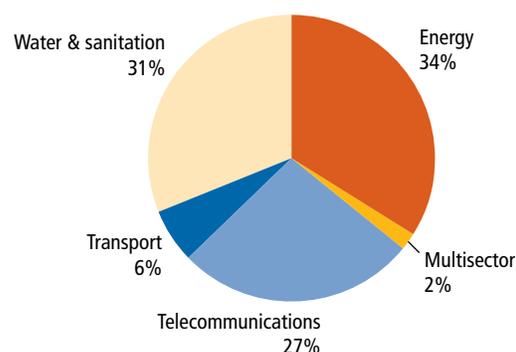
Investment needs for expanding and improving services remain huge: an estimated \$200 billion annually over the next five years. The public sector alone cannot meet these requirements.

Many countries in the region have shown a commitment to developing an enabling environment that would encourage private investment, and many have undertaken major macroeconomic reforms that have delivered a more stable and diversified economy. Yet private investors remain focused on the need for fair and consistent legal frameworks—a cornerstone of public-private contractual arrangements. Allied with this is the continuing need to develop and strengthen regulatory frameworks for effective infrastructure provision by both the public and the private sector.

Table 6 PPIAF activities in East Asia and Pacific, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	11	2.64
2001	11	3.26
2002	17	3.58
2003	8	1.59
2004	16	3.80
2005	15	3.09
2006	11	2.07
2007	17	2.43
Total	106	22.46

Figure 8 PPIAF funding for East Asia and Pacific by sector, fiscal 2007



Increasingly the focus is also falling on the need for governments to put into place processes to deliver truly bankable projects for private investment. Governments have often identified and promoted projects without being able to provide the analysis, prioritization, and preparation needed to successfully take them forward. As a result, PPIAF faces continuing demand for assistance in reducing the scope for uncertainty about laws and policies and improving other aspects of the environment for infrastructure investments.

Key areas of PPIAF funding

PPIAF’s East Asia portfolio has been selective, focusing on countries that have made more progress while also reflecting its demand-responsive approach. PPIAF activities have been closely supporting the upstream policy work by governments across the region as they address aspects of the environment for public-private partner-

ships. Even as the upstream work continues, however, efforts will also be needed to strengthen processes for developing and assessing projects—enabling governments to deliver better, more bankable projects.

Investing in power and water in Vietnam

In Vietnam PPIAF has been supporting several activities in the energy sector. The support is aimed at helping to attract new investment in power generation—critical to meet the rapid growth in electricity demand, averaging 15 percent or more a year. One activity is supporting the development of a framework for tendering new thermal generation projects. Another is supporting the government’s electricity reform agenda, aimed at moving toward a market-oriented power sector. This activity is aiding the Electricity Regulatory Authority of Vietnam in developing the transmission and bulk supply licenses needed to initiate a competitive generation market.

PPIAF is also supporting activities in the water sector. One activity is helping the Hanoi Water Business Company better understand the options for improving management of its network and reducing nonrevenue water

(box 10). The work will include identifying possible ways to mobilize the private sector to help out in these efforts.

Away from large urban centers in Vietnam, only around 200 district towns have piped water supply—and even these often have limited coverage. To expand services in district towns, the government has launched an ambitious program using innovative methods. A PPIAF-funded activity is helping to pilot an approach in one province that involves awarding contracts to design and build water systems, then contracting out the operations to domestic private operators for 5–10 years.

Supporting power reform in Timor-Leste

Timor-Leste has experienced much turbulence since its independence in 1999, and big shortfalls in infrastructure persist. An earlier PPIAF activity supported reforms in the power sector centered on structural and regulatory arrangements for the state-owned utility, Electricidade de Timor-Leste. A second PPIAF activity is helping the government commercialize the utility and improve its governance with the aim of strengthening its performance and paving the way for private involvement. These efforts are

Box 10 **Minimizing water losses in Hanoi**



Among the most critical infrastructure issues facing the city of Hanoi is the loss of water through its piped network. The substantial leakage undermines service quality and limits the ability to expand services to unserved communities, often the poorest groups. In the long term it will affect utilities’ financial sustainability.

The Hanoi Water Business Company, determined to improve network management and reduce nonrevenue water, asked for PPIAF support to help in better understanding its options. The support will help the company assess the physical losses as well as estimate the savings that could be achieved in selected supply zones. Once work to detect leaks has been completed, the company will develop a program to fund repairs.

expected to lead to a long-term concession or perhaps divestiture.

Improving water services in Mongolia

In the Mongolian capital, Ulaanbaatar, about half the population lives in informal settlements, or *ger* areas. Three-quarters of those living in ger areas subsist on less than \$1 a day—and all must contend with inadequate housing and poor-quality services. Many depend for water service on kiosks and tanker trucks, both of which are difficult to operate and maintain. The need to provide water and sanitation services to ger areas—especially as they continue to grow with ongoing migration—is putting enormous pressure on the municipal water utility. A PPIAF activity is helping the utility assess options for expanding access to water and sanitation services in ger areas and improving the operations of water kiosks, tankers, and bathhouses.

Supporting reform and poverty reduction

In the Philippines PPIAF is beginning to support activities across the energy and water and sanitation sectors. One activity involved working with the Electricity Regulatory Commission on pricing issues associated with the emerging wholesale electricity supply market.

Another supported the development of a subsidy framework for solid waste management services, which is expected to provide opportunities for private participation. A third is aimed at supporting policy reforms in the water sector by reviewing experience and lessons learned in private participation in water services outside Metro Manila. These small but strategic activities are in response to the government's developing agenda of economic reform and its growing recognition of the part private investment can play in infrastructure provision.

In China and Thailand PPIAF is funding a few well-targeted activities with a strong focus on rural poverty. These are aimed at supporting the provision of much-needed infrastructure, such as rural roads, rural piped water supply, and telecommunications for remote rural areas. In northern Thailand, for example, PPIAF is supporting an NGO that was selected to implement pilot piped water supply projects in rural villages.

Other PPIAF outcomes

PPIAF-supported activities in East Asia delivered a range of results in fiscal 2007:

- In Vietnam the municipal government of Ho Chi Minh City adopted an implementation strategy and regulatory framework developed for a bus rapid transit system. Competitive bidding has been launched for two routes, and bidding for two more routes is planned.
- In Mongolia an infrastructure study was completed, and initial dissemination undertaken (box 11). The report, *Rethinking the Delivery of Infrastructure Services in Mongolia*, sets out infrastructure development strategies for key sectors, including approaches to using the private sector. The report was printed in English and Mongolian and is already available on the Web (<http://www.worldbank.org.mn>).
- In Indonesia support to the Ministry of Finance's new Risk Management Unit helped assess public support for potential PPP projects. Key staff received training on managing contingent liabilities in such projects, including aspects of a proposed guarantee fund.
- Also in Indonesia a study identified key constraints to private participation in the geothermal sector, which has a small but important part to play in the development of the country's generation capacity. A presidential and ministerial working group has since been established to move the geothermal agenda forward and help implement the study's recommendations.
- In Cambodia a seven-day training program on regulatory fundamentals and global trends in electricity sector reform was delivered in Phnom Penh in March 2007. The training was aimed at strengthening the technical capacity of the country's independent regulator, the Electricity Authority of Cambodia.
- An interactive electronic toolkit on cross-border infrastructure was launched at the 14th Greater Mekong Subregion ministerial meeting, held at the Manila headquarters of the Asian Development Bank in June 2007. Developed from a cross-border training program delivered in Cambodia in 2006, the toolkit provides regional infrastructure planners with a range of up-to-date materials. It is also available on the PPIAF Web site.

Box 11 Building for Mongolia's future

Over the past 10 years Mongolia has shifted from a plan-based state economy to one in which private sector competition drives significant growth. Further growth is expected,



driven by trade, mining, and continued urbanization. But these growth prospects will depend on developing critical infrastructure.

To support efforts toward that outcome, PPIAF funded a study aimed at devising a comprehensive infrastructure development strategy. Completed in 2006, the study assisted the government in designing reforms to deliver further improvements in the planning, quality, and coverage of infrastructure services vital to growth. In the short term private provision of infrastructure is being considered to meet the needs arising from mining development in the country's South Gobi region.

PPIAF also provided funding for broad dissemination of the study, *Rethinking the Delivery of Infrastructure Services in Mongolia*, including its publication in Mongolian.

- A study and training module was developed on international experience in designing performance-based contracts to reduce nonrevenue water. Key lessons and findings informed the preparation of bid documents for a contract to help address the nonrevenue water problem in Ho Chi Minh City.



East Asia team, Manila

*Hope Gerochi, Program Analyst;
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and Pacific*

Latin America and the Caribbean

PPIAF funding for Latin America and the Caribbean again fell in fiscal 2007, with \$1.06 million approved for 4 activities (table 7). The decrease in the number of activities from the 13 in fiscal 2006 reflects guidance by the PPIAF Program Council to direct more of PPIAF's funding to Africa and to low-income countries in general.

The new funding commitments in Latin America were spread fairly evenly across three sectors, with multisector projects receiving the largest share (figure 9).

Regional overview

Despite a prevalence of middle-income countries, Latin America and the Caribbean continues to face widespread gaps in infrastructure. A recent report supported in part by PPIAF found that while infrastructure services have improved in much of the region over the past decade, the region is presently spending less than 2 percent of GDP on infrastructure, down from 3.7 percent in 1980–85.⁵ The report notes that yearly investment of about 3–6 percent of GDP is needed to achieve or maintain competitiveness with such countries as China and the Republic of Korea.

In recent years there has been some resurgence in private participation in infrastructure in the region. Investment commitments amounted to \$28 billion in 2006, marking the third consecutive year of growth. Telecommunications projects received the largest share, just over \$10 billion. But this level represented a 20 percent decline from 2005, and the number of projects remained small. The transport and energy sectors had a far larger share of the projects (85 percent), mostly in countries with a well-established tradition of private participation in infrastructure—including Brazil, Colombia, Ecuador, Mexico, and Peru.

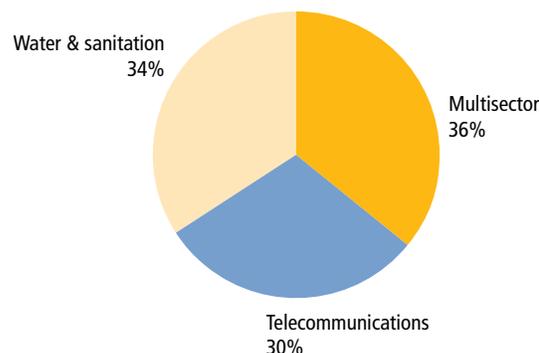
The resurgence in private investment in transport was driven by large highway transactions in Argentina, Mexico, and Peru along with significant airport investments in Colombia and Mexico. The growth in energy investments came from a large number of transmission deals in Argentina and Brazil.

Private investment in Latin American infrastructure in 2000–2006 was concentrated in six countries: Argentina, Brazil, Chile, Colombia, Mexico, and Peru. Broadening

Table 7 PPIAF activities in Latin America and the Caribbean, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	14	3.20
2001	12	1.67
2002	3	0.86
2003	7	1.60
2004	9	2.14
2005	10	2.58
2006	13	1.65
2007	4	1.06
Total	72	14.76

Figure 9 PPIAF funding for Latin America and the Caribbean by sector, fiscal 2007



private participation will require stronger legal, regulatory, and institutional frameworks; more transparent contracting; and innovative financing structures that make projects less risky and improve returns for investors.

Key areas of PPIAF funding

PPIAF's portfolio for the region continues to yield productive work on second-generation issues with wide applicability for its global portfolio.

Expanding telecom services to the poor

In Haiti, the poorest country in the region, PPIAF is assisting the government in its aim to promote a fair competitive environment for the telecommunications sector and to provide a universal access mechanism for expanding services to the poorest. The country has just 150,000 fixed telephone lines for more than 8 million people, representing teledensity of 1.8 percent. Recent dramatic growth in

Box 12 Targeting universal access across Latin America

Established in 1988, Regulatel serves as a clearinghouse for telecommunications regulators in Latin America, helping to exchange information and experiences and coordinate regional integration. A recent emphasis has been on



achieving universal access to information and communication technology services. The members of Regulatel asked PPIAF to fund an evaluation of universal access programs in 19 countries of Latin America. The aim was to assess the impact of these programs on communities and to develop recommendations for new models.

The final report outlines the challenges in achieving universal access. It also makes recommendations on what national regulators need to do in their own countries, and many are already looking at revisions to their universal access programs. The report's cutting-edge research and recommendations have also generated much interest outside the region.

The report, *New Models for Universal Access to Telecommunications Services in Latin America*, is available on the PPIAF Web site (<http://www.ppiaf.org>).

mobile subscribers has brought total teledensity closer to 10 percent. But most mobile subscribers are in Port-au-Prince and a couple of other urban areas, and private operators show little interest in serving rural areas.

Private investment has also been deterred by the outdated legal and regulatory framework, which lacks elements needed to develop a free and transparent competitive environment—such as rules for interconnection, licensing, spectrum management, and competitive safeguards. To help address these issues, PPIAF is supporting the drafting and adoption of a modern telecommunications law and defining the structures and procedures required for a stronger regulatory authority. The PPIAF support is also funding workshops and seminars aimed at improving outreach to all major stakeholders.

Strengthening policies and regulations

PPIAF provides support to two regional associations of regulators in Latin America. Assistance to Regulatel, the association of telecommunications regulators, is supporting programs for achieving universal access to information and communication technology services (box 12).

PPIAF support to ADERASA, the regional association of water regulators that PPIAF helped launch in 2003, went to three initiatives. These are designed to help regulators track tariffs, increase transparency around regulation, and build capacity. ADERASA has now developed four e-learning courses, each with 90 hours of instruction. More than 122 people from 14 countries in Latin America have completed one of the courses.

A new grant from PPIAF in fiscal 2007 will help ADERASA professionalize its organization by establishing a small secretariat, part of its effort to work toward a goal of becoming largely self-financed in the next four years.

Improving financing for infrastructure

In Guatemala PPIAF is helping to establish a credit facility designed to counter key financing constraints to private investment in basic community infrastructure projects in marginal areas and neighborhoods. The support includes pilot design of a credit enhancement mechanism to help mobilize private financing from commercial banks. The aim is to develop an approach that could be replicated in other countries facing similar financing constraints.

In Mexico PPIAF support is helping Banobras, the state-owned development bank, review its organizational structure and operational capabilities with a view to enhancing its role as a facilitator for private participation in infrastructure projects. The activity is aimed particularly at allowing Banobras to promote the development of more sophisticated loan and credit enhancement prod-

ucts to “crowd in” private providers of finance. By leveraging its capital base and AAA local credit rating, Banobras would develop guarantee products to raise infrastructure projects to investment grade, making them eligible for financing by Mexican institutional investors.



Latin America and the Caribbean, Global Knowledge Management team, Washington, D.C.

Amit Burman, Portfolio Analyst; and Clemencia Torres de Mästle, Deputy Manager and Regional Program Leader

Global knowledge management

As governments explore options for PPPs, they rely on global knowledge and proven practices to make sound choices. PPIAF funding for global knowledge management activities helps identify, develop, and disseminate global best practices and supports research relating to emerging themes in today's environment for PPPs.

In fiscal 2007 PPIAF allocated \$1.15 million (7 percent of its total funding) to five new activities in the global knowledge management portfolio (table 8). The funding was divided fairly evenly among transport, energy, and multisector activities (figure 10). The level of funding was down from fiscal 2006 as the Program Management Unit focused its efforts on completing several major global knowledge pieces already under way.

Knowledge management products

PPIAF-funded activities in fiscal 2007 included work on a range of knowledge management products.

Providing lessons and guidance through global toolkits

PPIAF has produced several toolkits providing lessons and guidance for governments. In fiscal 2007 it published the *Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services*. This resource looks at ways to improve urban bus transport, often the main mode of transport for the urban poor in developing countries. Dissemination activities are planned for later in 2007 and 2008 in Africa, Latin America, and East and South Asia.

PPIAF also approved a new activity to update a second toolkit, *Public-Private Options for Developing, Operating, and Maintaining Highways: A Toolkit for Policymakers*. The new edition will incorporate lessons from public-private projects in the highway sector over the past decade and a more detailed module on private participation in operations and maintenance. Another, the *Port Reform Toolkit*, previously financed by PPIAF, was updated by the World Bank.

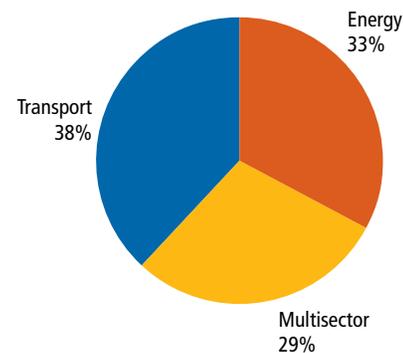
Tracking trends and best practices in regulation

PPIAF continued its leadership role in developing knowledge on infrastructure regulation. Work in partnership with the Public Utility Research Center (PURC), at the University of Florida, culminated in the launch of a new

Table 8 PPIAF global activities, fiscal 2000–07

Fiscal year	Number of activities	Funding (\$ millions)
2000	11	2.16
2001	9	1.89
2002	3	0.14
2003	7	1.37
2004	6	1.57
2005	12	2.69
2006	12	1.97
2007	5	1.15
Total	65	12.94

Figure 10 PPIAF funding for global activities by sector, fiscal 2007



Web site, *Body of Knowledge on Utility Regulation*. The site brings together in one portal some of the most important work in this area, providing links to more than 300 references and case studies. PPIAF is forming a longer-term partnership with PURC to continue updating the site and to promote its use through the regulators' training programs run through PURC and other institutes.

PPIAF also published several reports responding to the limited regulatory capacity in many developing countries. These reports explore the use of low-discretion rules, hybrid models, and expert panels in regulatory systems.

Providing demand-responsive user's guides

Another set of demand-responsive products consists of three simple user's guides. The first, *Infrastructure Project Preparation Facilities: Africa User's Guide*, was prepared in collaboration with the Secretariat of the Infrastructure Consortium for Africa (ICA). The guide is available in hard copy and on both the PPIAF and ICA Web sites. The second, *Review of Risk Mitigation Instru-*

ments for Infrastructure Financing and Recent Trends and Developments, has also been published, along with a summary as a Gridline.

The third user's guide, on donor financing instruments for infrastructure projects, is under preparation, again in collaboration with the ICA Secretariat. This guide is due to come out in 2008.

Exploring emerging lessons on public-private partnerships

Several PPIAF-funded knowledge products explore emerging lessons on public-private partnerships in infrastructure. One publication, *Public-Private Partnership Units: Lessons for Their Design and Use*, was launched in the fall of 2007. Also published was a study that looks at frameworks and approaches for managing unsolicited proposals. And work on small-scale service providers is reaching conclusion.

Also reaching completion is an empirical analysis that looks at the impacts and lessons of private participation in electricity distribution and in the water and sanitation sector. The data cover 297 utilities and 928 state-owned enterprises. A parallel study of the impact of private participation in the water sector is documenting seven case studies.

PPI Project Database

Another PPIAF initiative has focused on improving the quality of data in the World Bank–PPIAF Private Participation in Infrastructure (PPI) Project Database and adjusting its methodology to better reflect the changing landscape of private participation. Quality control systems are being improved to ensure the most complete coverage possible given the existing method of data collection.

In addition, coverage is being broadened to better capture projects that involve private participation in their management but not their financing—as well as small projects, particularly those involving small local private operators. The initiative is also exploring ways to include private activity in solid waste management, a sector that is attracting growing private participation in developing countries and is also part of PPIAF's mandate. PPIAF's work to improve and adjust the database will continue into fiscal 2008.

Outreach and dissemination

Much progress was made in improving outreach and dissemination, which remained a priority for PPIAF in fiscal 2007. The budget was doubled, and efforts to build partnerships and improve dissemination were strengthened.

Stronger outreach

PPIAF continues to work with partners to extend and enhance its outreach. Following a successful road show in East Africa in the spring of 2007, PPIAF participated in a West African one with the Water and Sanitation Program and Global Partnership on Output-Based Aid. The goal was to promote opportunities for PPIAF grants and technical assistance as well as areas for collaboration among the three programs. PPIAF continues to work with the ICA Secretariat in conceptualizing and delivering knowledge management products for an African audience.

PPIAF also continues its dialogue with civil society and the private sector as stakeholders in the public-private arrangements it supports. PPIAF's field offices play a key part in this by reaching out to stakeholders in developing countries to consult on ongoing PPIAF activities.

Broader dissemination

Efforts to broaden dissemination harness both electronic and print formats. In fiscal 2007 PPIAF launched a Web-based quarterly newsletter to disseminate information to donors, government officials, NGOs, and private sector organizations on its activities, products, and upcoming events. The newsletter is part of PPIAF's continuing efforts to expand its outreach and include a broad range of participants in all its events.

Thanks to the newsletter and a Google advertising campaign, PPIAF has maintained a strong presence on the Internet. Visitors to its Web site averaged about 13,400 a month in fiscal 2007, up by about 30 percent from fiscal 2006. To maximize outreach, PPIAF also funded Google advertising campaigns for the launch of the PPIAF-supported *Body of Knowledge on Utility Regulation* site and the PPI Project Database site.

A key tool in further expanding Internet-based outreach will be a new PPIAF Web site, to be launched in 2008. The site has been designed to greatly improve accessibility and searchability, with more knowledge resources

Box 13 PPIAF publications launched in fiscal 2007

PPIAF features three publications series that draw on local, regional, and global partners. *Gridlines* are four-page notes that focus on emerging trends in PPPs to give an overview of projects all over the world. *Trends and Policy Options* publications are derived from broad research underlying both PPIAF and non-PPIAF activities. *Working Papers* include case studies, conference papers, and other products of informal research.

Gridlines

- The African Project Preparation Gap: Africans Address a Critical Limiting Factor in Infrastructure Investment
- Big Challenges, Small States: Regulatory Options to Overcome Infrastructure Constraints
- Financing Infrastructure in Africa: How the Region Can Attract More Project Finance
- The Growing and Evolving Business of Private Participation in Airports: New Trends, New Actors Emerging
- Helping a New Breed of Private Water Operators Access Infrastructure Finance: Microfinance for Community Water Schemes in Kenya
- Matching Regulatory Design to Country Circumstances: The Potential of Hybrid and Transitional Models
- Port Reform in Nigeria: Upstream Policy Reforms Kick-Start One of the World's Largest Concession Programs
- Private Participation in Electricity: The Challenge of Achieving Commercial Viability and Improving Services
- Private Participation in Water: Toward a New Generation of Projects?

- Recent Trends in Risk Mitigation Instruments for Infrastructure Finance: Innovations by Providers Opening New Possibilities
- Relying on Expert Panels to Help Settle Regulatory Disputes: Lessons from Chilean Experience
- Revival of Private Participation in Developing Country Infrastructure: A Look at Recent Trends and Their Policy Implications
- Unsolicited Infrastructure Proposals: How Some Countries Introduce Competition and Transparency
- Using Management and Lease Affermage Contracts for Water Supply: How Effective Are They in Improving Service Delivery?

Trends and Policy Options series

- Regulatory Governance in Infrastructure Industries: Assessment and Measurement of Brazilian Regulators
- Review of Risk Mitigation Instruments for Infrastructure Financing and Recent Trends and Developments

Working Papers

- Evaluating Regulatory Decisions and Sector Outcomes in Infrastructure Industries: Results from Africa and Other Developing Countries
- Expert Panels in Regulation of Infrastructure in Chile
- Infrastructure Regulation in Developing Countries: An Exploration of Hybrid and Transitional Models
- Outsourcing Regulation: When Does It Make Sense and How Do We Best Manage It?
- Unsolicited Infrastructure Proposals: How Some Countries Introduce Competition and Transparency

Cosponsored publications

- The Challenge of Reducing Non-Revenue Water (NRW) in Developing Countries: How the Private Sector Can Help—A Look at Performance-Based Service Contracting
- Explanatory Notes on Key Topics in the Regulation of Water and Sanitation Services
- Infrastructure in Latin America and the Caribbean: Recent Developments and Key Challenges
- Infrastructure Project Preparation Facilities: Africa User's Guide
- Infrastructure Service Provision in El Salvador: Fighting Poverty, Resuming Growth—Strategy Report (English and Spanish)

Toolkits

- Port Reform Toolkit: Effective Support for Policymakers and Practitioners (2nd ed.)
- Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services

For a list of all PPIAF publications, see annex 3.

organized by theme and more stories on PPIAF activities. With the new site, PPIAF will reinvigorate the Google advertising campaign and further expand distribution lists.

Beyond these efforts, PPIAF has continued to add to its series of accessible, four-page briefs summarizing key messages from innovative projects and knowledge management work. In fiscal 2007 it produced 14 new Gridlines (box 13). PPIAF also launched its new Working Papers series, aimed at publishing quickly and inexpensively—and in some cases only on the Web—a large number of products, such as reports, case studies, and background papers.



Global Communication team

Amsale Bumbaugh, Information Specialist; and Tracey Miller, Communication Specialist



Finances and resource mobilization

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

Funding and expenditure structure

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

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

Core Fund contributions by eligible organizations start at \$250,000 a year. All contributions are in cash, though PPIAF may consider accepting contributions in kind in limited cases.

Non-Core Funds are subject to donor restrictions relating to themes, regions, or activities. A donor may set up a Non-Core Fund after mak-

ing the minimum Core Fund contribution and with the consent of the Program Management Unit and the Program Council.

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

Contributions received

PPIAF received a total of \$25.8 million in cash from its donors in fiscal 2007, including \$1.5 million in net investment income (table 9). That marks a 100 percent increase over the total contributions of \$12.8 million received in fiscal 2006. The increase is due largely to the bunching of cash contributions from some major donors during PPIAF's fiscal year, which differs from the fiscal years of many of its donors. Two additional donors, the Australian Agency for International Development (AusAID) and the International Finance Corporation, joined PPIAF.

Contributions in fiscal 2007 brought the total since PPIAF's inception to \$148 million (table 10).

Expenditures

PPIAF's expenditures fall into two main categories: program activities and program administration. In fiscal 2007 (July 1, 2006–June 30, 2007) total expenditures amounted to \$19.5 million (table 11).

Table 9 Member contributions to PPIAF, fiscal 2006 and 2007 (\$ thousands)

Type of funding	Receipts in fiscal 2006	Receipts in fiscal 2007
Core	10,054	21,512
Non-Core	2,000	2,789
Net investment income	714	1,533
Total funding	12,768	25,834

Table 10 Member contributions to PPIAF: confirmed receipts as of July 1, 2007 (\$ thousands)

Summary		
Type of funding		Receipts
Core		108,425
Non-Core		35,905
Net investment income ^a		3,676
Total funding		148,006
Core funding		
Member	Duration ^b	Receipts
Asian Development Bank	January 2001–December 2006	1,250
Canada	July 1999–June 2007	1,568
European Commission	July 2005–June 2007	1,118
France	July 2000–June 2006	1,310
Germany	January 2001–June 2007	1,699
International Finance Corporation	July 2006–June 2007	250
Italy	July 2003–June 2004	250
Japan	July 1999–June 2006	10,435 ^c
Netherlands	July 2001–June 2007	3,000
Norway	July 1999–June 2007	2,850
Sweden	July 2000–June 2007	2,220
Switzerland	July 1999–June 2007	6,435
United Kingdom	July 1999–June 2007	57,755
United States	July 2003–June 2005	750
World Bank	July 1999–June 2007	17,535
Total Core funding		108,425
Non-Core funding		
Member	Duration ^b	Receipts
Japan	March 2001–June 2006	5,608 ^d
Sweden	July 2002–June 2007	7,539 ^e
Switzerland	July 1999–June 2005	3,082 ^f
United Kingdom	July 1999–June 2005	19,676 ^g
Total Non-Core funding		35,905

Note: The figures in the table may vary slightly from those reported in previous annual reports because amounts are pledged in own currency and then converted to U.S. dollars at the time of transfer.

a. Pursuant to annex 1, paragraph 4, of the trust fund agreements. This amount supersedes earlier references to net investment income in other reports.

b. Refers to the period for which the received amount is allocated.

c. Includes \$1.4 million in unallocated cash from the Infrastructure Action Program.

d. Targeted to countries in East Asia.

e. Targeted to countries in Sub-Saharan Africa. The Swedish Non-Core Trust Fund under Multi-Donor Trust Fund I was fully disbursed on June 30, 2007. A new Swedish Non-Core Trust Fund exists under Multi-Donor Trust Fund II.

f. Targeted to countries in Eastern Europe and Central Asia. The Swiss Non-Core Trust Fund was fully disbursed on June 30, 2007.

g. Targeted to selected low-income countries in Asia and Sub-Saharan Africa. The U.K. Non-Core Trust Fund was fully disbursed on June 30, 2005.

Of this amount, \$16.7 million went to program activities, up from the \$15.6 million in fiscal 2006 (table 12). Meanwhile, Program Management Unit staff costs declined by 15 percent as a result of the departure of two regional program leaders, whose portfolios (Central Asia and Europe, Middle East and North Africa, and Latin America and the Caribbean) were absorbed by the remaining regional program leaders (see table 11). Regional coordination office expenditures remained the same.

Sources and uses of funds

Of the \$148 million PPIAF has received since inception, \$128 million has been allocated to activities and slightly more than \$19 million to Program Management Unit and regional coordination office funds (table 13).

In fiscal 2007 PPIAF's Multi-Donor Trust Fund I was closed, with \$49 million in disbursements. As a result of travel rebates and investment income earned by the end of the fiscal year, the trust fund had approximately \$25,000 in undisbursed funds. These remaining funds were either returned to the donor's balance account maintained with the World Bank or rolled over to Multi-Donor Trust Fund II on a pro rata basis. Multi-Donor Trust Fund II remains the main trust fund in which donor contributions are received.⁶ Residuals from closed and canceled activities during the fiscal year were rechanneled to finance additional requests for technical assistance.

With the launch of the Sub-National Technical Assistance Program, PPIAF received \$2 million for fiscal 2008 from the World Bank's Development Grant Facility and \$3 million from the International Finance Corporation. These funds will be used beginning in fiscal 2008. The U.K. Department for International Development has confirmed that it will contribute £5 million to the Sub-National Technical Assistance Program for fiscal 2008–10.

Table 11 PPIAF expenditures for program activities and administration, fiscal 2006 and 2007 (\$ thousands)

Expense category	2006	2007
Program activities	15,594	16,748
Program administration		
Program Management Unit ^a	2,780	2,429
Regional coordination offices	1,425	1,450
Technical assessments of activities ^b	0	15
Dissemination and outreach ^c	94	194
Other program administration expenditures	111	175
Technical Advisory Panel ^d	77	149
Annual meeting costs ^e	34	26
Total	18,579	19,546

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

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

c. Includes activities related to the marketing and branding of PPIAF and its products (such as annual reports, brochures, Gridlines, the newsletter, and the Web site).

d. Includes fees paid to Technical Advisory Panel members for their time in reviewing PPIAF activities, their travel to Washington, and their participation in the annual meeting of donors.

e. Includes travel and per diem expenses of speakers and invited participants and beneficiaries and other costs related to the annual meeting (food and conference services).

Table 12 PPIAF program activity expenditures, fiscal 2006 and 2007 (\$ thousands)

Expense category	2006	2007
Consultant fees and contractual services	13,562	14,808
Travel	1,115	1,190
Staff costs	916	750
Total program activity expenditures	15,594	16,748

Table 13 PPIAF sources and uses of funds as of June 30, 2007 (\$ thousands)

Receipts	148,006
Less approved activities	128,287
Less Program Management Unit and regional coordination office funds	19,014
Plus confirmed fiscal 2008 pledges	17,640
PPIAF	9,340
Sub-National Technical Assistance Program	8,300
Plus residuals from closed and canceled activities	8,264
Total expected funds	26,609

Single audit process

The World Bank Group has instituted an annual “single audit” exercise for all trust funds. As part of this exercise the PPIAF program manager signs a trust fund representation letter attesting to the correctness and completeness of the financial process for all PPIAF trust funds.

The task manager for each approved activity is required to confirm to the program manager that he or she has complied with all the terms set forth in the PPIAF award letter; has exercised due diligence with respect to the administration, management, and monitoring of the funds awarded for the activity; and has ensured that all expenses and disbursements accord with World Bank procurement and administrative guidelines.



Katia Nemes, Senior Program Assistant; and Maria Anton Butler, Program Assistant

Annex I

Governance structure

PPIAF has a governance structure designed to ensure the quality of its activities and its accountability to participating donors. At the top of this structure is the Program Council, made up of representatives of contributing donors (figure A1.1). The Program Council is supported by the independent Technical Advisory Panel, whose members are leading international experts in different aspects of public-private partnerships in infrastructure. PPIAF is managed by the Program Management Unit in accordance with a general strategy laid out in PPIAF's charter and in the annual work programs approved by the Program Council.

The Program Council

As provided in PPIAF's charter of July 1999, amended in July 2000 and May 2001, membership in the Program Council remains open to eligible organizations contributing a minimum of \$250,000 a year to PPIAF's Core Fund (table A1.1). Members may also contribute to Non-Core Funds, whose use is restricted to particular themes, regions, or activities.

The Program Council meets once a year to review the strategic direction of the PPIAF program, its achievements, and its financing requirements. Chaired by a designated representative of the World Bank, the Program Council is responsible for:

- Considering and defining PPIAF policies and strategies

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

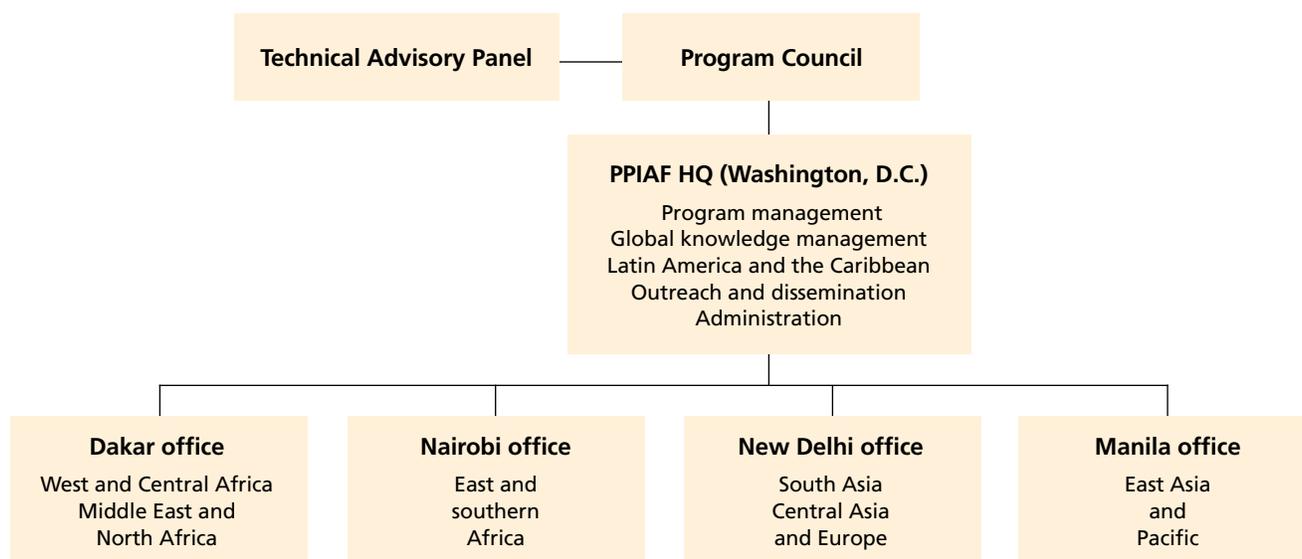
In fiscal 2007 the Program Council conducted its eighth annual meeting since PPIAF's launch in July 1999. Held on May 23–24, 2007, the meeting was hosted by the government of the Netherlands in The Hague. The meeting featured presentations by the Program Management Unit, along with other specialists, on emerging themes related to public-private partnerships in infrastructure. Topics included trends in investment and types of players and new and emerging forms of public-private partnerships, with a focus on Africa.

Donors endorsed the Program Management Unit's proposal for the Sub-National Technical Assistance Program and agreed to a launch date of July 1, 2007. Donors also agreed to move forward with the planning for the next evaluation of PPIAF, which will be completed in time for the 10th annual meeting, in 2009.

The Technical Advisory Panel

Members of the Technical Advisory Panel are selected on the basis of their expertise in matters

Figure A1.1 Organizational structure of PPIAF



relating to public-private partnerships in infrastructure in developing countries. They are appointed by the chair of the Program Council after consultation with its members. The Technical Advisory Panel is responsible for:

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

The panel met twice in fiscal 2007. It held its 12th meeting in Washington, D.C., in January 2007. Panel members also participated in the Program Council’s annual meeting in The Hague on May 23–24, 2007.

In fiscal 2007 the panel conducted an ex post review of selected activities as part of its regular responsibility for independent evaluation of the impact of PPIAF’s program. It also reviewed the business plan for the Sub-National Technical Assistance Program.

The ex post review included feedback on assistance to project preparation units, toll road schemes for public-private partnerships, support and capacity building for

regulatory agencies, activities supporting services for the poor (including universal service funds and services by small-scale providers), and pioneering transactions whose financial closure PPIAF facilitated.

The panel concluded that PPIAF’s activities to explore emerging issues relating to public-private partnerships are worthy of continued support. It commended PPIAF-funded knowledge products as providing critical support for creating an enabling environment for accelerated investments. The panel noted that the Program Management Unit has visibly strengthened its internal systems for measuring and monitoring the impact of activities at all stages—and has also improved reporting of events and follow-up with beneficiaries. The panel also found much evidence of a broadening consultative approach. Finally, it concluded that PPIAF has been effective in producing and disseminating knowledge products such as toolkits and publications.

The membership of the Technical Advisory Panel underwent several changes in fiscal 2007. Meg Osius, who had served as a member for seven years, retired from the panel. The Program Council voted in Eduardo Engel as the new chair for the next year. And Rosalind Thomas had to leave the panel to attend to her new responsibilities at the African Development Bank. The panel members are as follows:

Table A1.1 Members of the PPIAF Program Council as of July 1, 2007

Bilateral
Australia (Australian Agency for International Development, or AusAID)
Canada (Canadian International Development Agency)
France (Ministry of Foreign Affairs)
Germany (Federal Ministry for Economic Cooperation and Development, or BMZ)
Japan (Ministry of Finance)
Netherlands (Ministry of Foreign Affairs)
Norway (Norwegian Agency for Development Cooperation) (last contribution fiscal 2007)
Sweden (Swedish International Development Cooperation Agency)
Switzerland (State Secretariat for Economic Affairs)
United Kingdom (Department for International Development)
United States (U.S. Agency for International Development) (last contribution fiscal 2005)
Multilateral
Asian Development Bank
European Commission
International Finance Corporation of the World Bank Group
United Nations Development Programme (observer status)
World Bank

Meg Osius, President, MEO, Inc.

Meg Osius is an advisor to a variety of private investors, banks, public entities, and development banks on structuring and accessing suitable funding for greenfield projects and facility upgrades in the oil and gas, power, transport, and telecommunications sectors. She designs and delivers executive-level training sessions worldwide. Meg retired from the Technical Advisory Panel at the end of fiscal 2007.

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

Anton Eberhard is a professor at the University of Cape Town, where he directs the Management Program in Infrastructure Reform and Regulation at the Graduate School of Business. His research and teaching focus on the restructuring and regulation of the electricity and water sectors,

investment challenges, and links to sustainable development, including widened access to affordable services and programs in renewable energy and energy efficiency. He has worked in the energy sector for more than 25 years and was the founding director of the Energy and Development Research Centre in South Africa.

Eduardo M. Engel, Professor of Economics, Yale University

Eduardo Engel came to Yale in 2001 after a decade on the faculty at the University of Chile. He has published widely in the areas of macroeconomics, public finance, and regulation. He was awarded the Econometric Society’s 2002 Frisch Medal for the best applied article (empirical or theoretical) published in *Econometrica* in the previous five years. His current research interests include dynamic macroeconomic models and private participation in infrastructure.

Nasser Munjee, Chairman, Development Credit Bank, India

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

Dianne Rudo, President, Rudo International Advisors

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

Robin Simpson, Independent Consultant

With global expertise in policy development for infrastructure provision, Robin Simpson is a consultant and

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

**Rosalind Thomas, Chief Executive Officer,
SADC Development Finance Resource Centre**

Rosalind Thomas has years of demonstrated leadership in African development finance. She is founding chief executive officer of the Development Finance Resource Centre of the Southern African Development Community (SADC), established by the SADC ministers of finance to build the capacity of the regional Development Finance Institutions Network to engage in cross-border project lending, infrastructure development, public-private partnerships, and support to small and medium-size enterprises. Rosalind retired from the Technical Advisory Panel at the end of fiscal 2007.

The Program Management Unit

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

The unit remains small, focusing on administering the PPIAF program rather than delivering activities. PPIAF relies extensively on external consultants to deliver activities, following World Bank guidelines on procurement.

The Program Management Unit’s key responsibilities include:

- Reviewing proposals for PPIAF assistance in accordance with the criteria and process approved by the Program Council (for activities funded from the Core Fund) or by relevant contributors (for activities funded from Non-Core Funds)

- Arranging for delivery of PPIAF programs and activities
- Providing secretariat services to the Program Council and Technical Advisory Panel
- Maintaining effective relationships with contributors, recipient governments, the private sector, and other stakeholders
- Proposing and administering the PPIAF work plan and budget and managing the disbursement of funds
- Overseeing the operations of the field-based regional coordination offices.

The Regional Coordination Offices

PPIAF has four regional offices:

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

Oversight of PPIAF activities in Latin America and the Caribbean is managed out of PPIAF’s headquarters in Washington, D.C.

The regional coordination offices have the following key responsibilities:

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

Annex 2

Activities funded by PPIAF in fiscal 2007

Table A2.1 PPIAF activities and funding by region, sector, and type of activity, fiscal 2007

Region	Number of activities	Funding (\$ thousands)	Share of activities (%)	Share of funding (%)
Sub-Saharan Africa	32	7,620,266	36	44
East Asia and Pacific	17	2,426,172	20	14
Central Asia and Europe	11	2,354,402	12	13
South Asia	13	1,969,534	15	11
Global	5	1,147,160	6	7
Latin America and the Caribbean	4	1,057,000	5	6
Middle East and North Africa	5	822,528	6	5
Sector				
Multisector	31	5,837,641	36	34
Energy	18	4,244,900	21	23
Transport	13	2,929,850	15	17
Telecommunications	10	2,370,032	11	14
Water and sanitation	15	2,014,639	17	12
Type of activity				
Infrastructure development strategies	39	8,648,425	44	50
Policy, regulatory, and institutional reforms	19	3,356,468	22	19
Capacity building	13	2,272,900	15	13
Pioneering transactions	4	1,734,200	5	10
Emerging best practices	8	1,089,160	9	6
Consensus building	4	295,909	5	2

Table A2.2 PPIAF activities by region, fiscal 2007**Sub-Saharan Africa**

Country	Activity	Description	Funding (\$)	Type of activity
Cameroon	Electricity Regulation Capacity Building and Financial Economic Model	Developing a dedicated financial economic model to strengthen the capacity of the electricity sector regulatory agency (ARSEL).	283,510	Capacity building
Guinea-Bissau	Development of Legal and Institutional Framework for Infrastructure PPPs	Supporting the creation of a regulatory, procedural, and institutional framework to improve governance around PPP transactions.	75,000	Policy, regulatory, and institutional reforms
Kenya	Public-Private Partnerships Forum	Supporting stakeholder workshops for the Nairobi Central Business District Association to explore how PPPs could contribute to Kenya's economic growth and help reach the country's goals and vision for 2030.	11,067	Consensus building
Liberia	Telecom Sector Licensing Study and Industry Consultation	Supporting implementation of a comprehensive fee and tax policy for the telecommunications sector to foster competition and improved access to information technology.	75,000	Policy, regulatory, and institutional reforms
Madagascar	Transport PPP Feasibility Study for Multimodal Logistics Platform in Antananarivo	Conducting a feasibility study for a proposed multimodal logistics platform at Antananarivo to support the government's efforts to improve the corridor's efficiency, develop exports, and generate employment while helping to lower prices for imported commodities.	316,000	Infrastructure development strategies
Malawi	Mtwara Corridor PPP Projects	Supporting preparation of the Mtwara Corridor PPI projects in Malawi, including designing legal and regulatory frameworks and building local skills to develop and manage projects.	293,500	Infrastructure development strategies
Malawi	Public Outreach and Communication Strategy for Urban Water Sector Reform	Planning opinion research and communication to help the government strengthen its outreach and stakeholder consultations around reform in the urban water sector.	149,500	Consensus building
Mozambique	Case Study: Management Model in Urban Water Sector	Developing a case study of the Second National Water Development Project's successful experience in implementing a delegated management model with private participation, including the role of the water regulatory agency.	75,000	Emerging best practices
Mozambique	Mtwara Corridor PPI Project Development	Assessing potential PPPs in the Mtwara Development Corridor Program, a regional development initiative involving Malawi, Mozambique, Tanzania, and Zambia, and building skills to develop and manage the projects.	310,000	Infrastructure development strategies
Mozambique	Public-Private Partnership Capacity Building	Building the capacity of the staff of Electricidade de Moçambique, the national power company, in carrying out negotiations and drafting legal documents, such as contracts, guarantees, shareholder agreements, operating agreements, and project finance loan agreements.	69,050	Capacity building

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**Sub-Saharan Africa, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Nigeria	Assessment of Private Sector Participation in Urban and Small Town Water Supply	Creating strategies for introducing competition and increasing efficiencies as part of the government's water sector reform program.	245,800	Infrastructure development strategies
Nigeria	Feasibility Study for Establishing a PPP Resource Center	Performing a feasibility study and developing an action plan to help establish a PPP resource center, including recommendations for necessary policy changes, laws, and regulations.	390,000	Infrastructure development strategies
Rwanda	Legal and Financial Advice for the Kivu Methane Project	Providing legal and financial advice to help the government finalize key project documentation for the first stage of the Kibuye Power Gas Development and Power Generation Project, on Lake Kivu.	843,000	Pioneering transactions
Senegal	Institutional and Regulatory Arrangements for the Dakar-Diamniadio Toll Road	Designing an institutional and regulatory framework for oversight of the Dakar-Diamniadio toll road project, which will be implemented as a public-private partnership.	250,200	Policy, regulatory, and institutional reforms
Senegal	Pilot for Small-Scale Service Providers in the Maintenance of Rural Water Infrastructure	Facilitating the involvement of small-scale providers in the maintenance of rural water infrastructure.	73,639	Infrastructure development strategies
Sierra Leone	Guidance for the Telecommunications Sector Policy and Regulatory Reform	Supporting implementation of the reform program laid out in the newly adopted Telecommunications Act, including stakeholder workshops.	75,000	Policy, regulatory, and institutional reforms
South Africa	Assessment of Competition and Regulation in Network Utilities	Examining the structure of supply in the transport, electricity, and telecommunications sectors to assess regulatory issues in network utilities, proposing strategies for addressing these issues, and holding a series of workshops.	350,000	Infrastructure development strategies
Sudan	Support to Telecom Regulatory Institutions in Sudan (North)	Providing capacity building (strategic planning and classroom and on-the-job training) to strengthen the telecommunications regulatory authority in northern Sudan.	195,260	Capacity building
Sudan	Support to Telecom Regulatory Institutions in Sudan (South)	Providing capacity building (strategic planning and classroom and on-the-job training) to strengthen the telecommunications regulatory authority in southern Sudan.	195,520	Capacity building
Uganda	Public-Private Partnership Unit Feasibility Study	Developing a comprehensive policy, legal, and institutional framework for the development and implementation of public-private partnerships as a mechanism for procuring and financing infrastructure projects and services.	325,000	Policy, regulatory, and institutional reforms
Regional	Africa Development Market Competition	Sponsoring a competition to bring new lighting products to market to expand lighting to the poor.	1,000,000	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**Sub-Saharan Africa, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Regional	African Forum for Utility Regulators (AFUR) Workshop on Strengthening Regulatory Governance	Sponsoring the participation of international experts in AFUR's 4th Annual Conference, held in Livingstone, Zambia, in April 2007, to help governments examine issues around regulatory independence and accountability.	55,400	Capacity building
Regional	Development Bank of Southern Africa: Advanced Training in PPI Project Appraisal	Developing an advanced, professional training program covering the quantitative aspects of project appraisal and cost-benefit analysis for public-private partnerships and PPIAF-supported research on methodologies for PPP project development.	320,000	Capacity building
Regional	Financial Feasibility Study for Inga III Hydroelectricity Facility and Related Transmission Corridor	Providing independent advice on prefinancial feasibility for a hydropower project, including a business strategy to help raise the \$5 billion needed to finance it.	750,000	Infrastructure development strategies
Regional	Infrastructure Consortium for Africa Secretariat: Review of Donor Financing Instruments for Infrastructure	Developing a user-friendly guide to donor-supported facilities that help with infrastructure project preparation, including a detailed survey of donor financial products, lending terms and conditions, and restrictions on use.	73,720	Infrastructure development strategies
Regional	Infrastructure Funds for Africa	Conducting a global review of financing solutions for infrastructure, including lessons learned, infrastructure funds and facilities around the world, and key issues to be addressed in Africa.	256,140	Infrastructure development strategies
Regional	Mtwara Corridor Supplemental Funding for Transportation	Analyzing potential infrastructure projects that could benefit from public-private partnerships in the Mtwara Corridor (Malawi and Mozambique).	75,000	Infrastructure development strategies
Regional	PPP Blueprint for the Implementation of Priority West African Power Pool (WAPP) Projects	Supporting the development of blueprints for PPP structures to accelerate priority WAPP cross-border transmission projects.	72,500	Infrastructure development strategies
Regional	PPP Workshop for Southern Africa	Organizing a workshop in the Southern African Development Community (SADC) region to assess constraints to the flow of funds and projects, especially in postconflict countries.	49,260	Capacity building
Regional	Role of China in Sub-Saharan Africa's Infrastructure Development	Studying the nature of China's involvement in Sub-Saharan Africa's infrastructure sectors.	74,200	Infrastructure development strategies
Regional	Survey of Private Sector Financing Requirements	Assessing what private companies need to invest in project development in Africa.	130,000	Emerging best practices
Regional	Unlocking the Constraints to a Sustainable Eastern African Energy Market	Reviewing policies to help governments in East Africa find answers to the recurring energy crisis in the region and supporting stakeholder workshops.	163,000	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**South Asia**

Country	Activity	Description	Funding (\$)	Type of activity
Afghanistan	Design and Implementation of PPPs for Urban Sanitation Services in Kabul City	Helping the Kabul municipal government assess options for public-private partnerships to outsource urban sanitation services, including landfill and selected primary collection.	64,500	Policy, regulatory, and institutional reforms
India	Assessment of Alternative Models for Capturing Land Value Appreciation from Transport Infrastructure Projects	Helping the government explore PPP models through a review of alternative models for capturing land value appreciation, using the Mumbai Transharbor Link and affiliated infrastructure projects as a case study.	75,000	Infrastructure development strategies
India	Business Plan and PPP Strategy for Maharashtra State Electricity Transmission Company	Developing a business plan and PPP strategy for the power transmission business in Maharashtra, including a strategic analysis, a resource review, a prioritized investment plan, and funding options for projects.	172,500	Infrastructure development strategies
India	Developing an Institution to Promote Regulatory Capacity Building (CUTS)	Providing support to the Institute for Regulation and Competition (set up by a grassroots NGO, the Consumer Unity & Trust Society, or CUTS) for developing a business plan to deliver capacity-building solutions for a wide range of stakeholders in the area of regulation and competition.	60,000	Capacity building
India	Guidance for Empanelment of Advisors for Developing and Implementing a PPP Program	Streamlining the process for the selection of consultants by state governments and project authorities to increase its transparency and ensure that the best advice is available for the development of PPP projects.	40,000	Capacity building
India	India River Basin Hydropower Development Optimization Study	Developing a river basin framework for efficient hydropower development that facilitates coordinated and sustainable development by private and public sector developers.	324,900	Policy, regulatory, and institutional reforms
India	International Conference on Meeting India's Infrastructure Needs with Public-Private Partnerships: International Experience and Perspective	Supporting a two-day conference in February 2007 on how to scale up infrastructure services in India, featuring a review of international best practices on public-private partnerships to provide guidance to the government.	67,000	Emerging best practices
India	Poverty and Infrastructure Mapping	Supporting a pilot in the state of West Bengal to create a geographic information system (GIS) database with maps showing access to infrastructure, agricultural and environmental conditions, and income levels, with the aim of helping the government and other stakeholders design evidence-based policies and local development programs for all.	52,134	Infrastructure development strategies
Pakistan	Business Plan and Strategy for Infrastructure Project Financing Facility	Developing a business plan for the Infrastructure Project Financing Facility (IPFF) to help address constraints on long-term financing for infrastructure.	360,000	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**South Asia, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Pakistan	Design and Implementation of a PPP Project for Rural Telecommunications Services	Designing and implementing a least-cost subsidy scheme to facilitate effective use of a universal service fund for expansion of rural telecommunications services by the private sector.	350,000	Pioneering transactions
Sri Lanka	Development of Nationwide Communications Backbone Network through PPPs	Conducting a feasibility study aimed at facilitating public-private partnerships to develop a nationwide fiber-optic communications backbone network.	147,500	Infrastructure development strategies
Regional	Capacity-Building Support to the South Asia Forum for Infrastructure Regulation (SAFIR)	Providing continued support to SAFIR to help implement its program for fiscal 2007–08 and develop a medium-term sustainable business plan based on an assessment of its potential role in supporting regulatory capacity building in South Asia.	200,000	Capacity building
Regional	Public Opinion Research to Better Understand Private Sector Interests and Perceptions Related to Investing in Infrastructure	Conducting opinion research with private investors, financiers, and operators from within and outside South Asia to help the region's governments better understand the private sector's interest, attitudes, and perceptions with respect to investing in infrastructure in South Asian countries.	56,000	Policy, regulatory, and institutional reforms

East Asia and Pacific

Country	Activity	Description	Funding (\$)	Type of activity
Cambodia	Provision of Two On-Site Power Regulation Training Courses for the Electricity Authority of Cambodia	Providing two training courses on electricity regulation to help enhance the technical capacity of staff at the Electricity Authority of Cambodia.	74,900	Capacity building
China	Maintenance of Rural Roads under the Mechanism of Community-Based Microenterprises	Supporting the piloting of rural road maintenance by community-based microenterprises to improve efficiency and results in two pilot provinces, Jiangxi and Shaanxi.	156,450	Infrastructure development strategies
China	Rural Telecommunications Infrastructure Development: International Best Practices	Preparing reports and a stakeholder workshop on international practices as well as a strategy for developing and implementing rural telecommunications infrastructure.	290,000	Infrastructure development strategies
Indonesia	Feasibility Study for a Nationwide Telecommunications Backbone Network	Conducting a feasibility study to present a business case and potential business models for a nationwide, high-speed telecommunications backbone network.	371,352	Infrastructure development strategies
Indonesia	Geothermal Power Development	Providing the government with strategic advice on how it can address the pricing and incentive issue, and conduct successful transactions, to develop geothermal energy.	75,000	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**East Asia and Pacific, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Mongolia	Options Study for Contracting Out Management in Water Supply and Sanitation Services for Ger Areas in Ulaanbaatar	Studying options for improving access to water and sanitation services in <i>ger</i> areas (informal settlements) and for enhancing the operational efficiency and effectiveness of water kiosks, tankers, and bathhouses.	257,200	Policy, regulatory, and institutional reforms
Mongolia	Outreach and Communication for the Mongolia Infrastructure Study	Supporting the communication and consultation process around a newly released comprehensive infrastructure strategy.	60,350	Consensus building
Philippines	Assistance to the Energy Regulatory Commission on Market Abuse in the Wholesale Electricity Spot Market	Building the capacity of the Energy Regulatory Commission to review the allegations of abuse in the wholesale electricity spot market.	74,600	Policy, regulatory, and institutional reforms
Philippines	Development of a Solid Waste Services Subsidy Framework	Developing a subsidy framework to increase the incentives of local government units to undertake solid waste management projects and investments to meet the requirements of the ecological Solid Waste Management Act.	72,820	Policy, regulatory, and institutional reforms
Philippines	Review of Private Sector Participation Experience in Urban Water Supply	Reviewing the private sector's experience as developer and operator of urban water supply utilities in the Philippines, identifying the main factors that have limited its involvement in urban areas outside Metro Manila, and recommending measures to provide an enabling environment for private participation.	47,500	Infrastructure development strategies
Thailand	Rural Water Supply Pilot Demonstration Project, Stage 1	Supporting a pilot project to help improve the involvement of communities in the management, operation, and maintenance of their water supply system.	163,400	Infrastructure development strategies
Timor-Leste	Study on the Commercialization of Electricidade de Timor-Leste	Helping the government commercialize the state-owned utility and improve its governance with the aim of strengthening its performance and facilitating private involvement.	40,000	Policy, regulatory, and institutional reforms
Vietnam	Development of Power Market and Competitive Tender Framework for Thermal Independent Power Producers	Developing a standard tender framework for thermal independent power producers to help attract private investment in power generation to respond to Vietnam's rapidly growing demand for electricity.	493,520	Policy, regulatory, and institutional reforms
Vietnam	Development of Transmission and Single-Buyer Licenses for a Competitive Generation Market	Assisting the Electricity Regulatory Authority of Vietnam in developing the transmission and bulk supply licenses needed to establish a competitive generation market.	46,500	Policy, regulatory, and institutional reforms
Vietnam	Hanoi Water Business Company Nonrevenue Water Reduction Study	Assisting the Hanoi Water Business Company in assessing water losses in low-pressure areas and defining possible options for reducing nonrevenue water.	74,160	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**East Asia and Pacific, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Vietnam	Hanoi Water Leakage Reduction Study	Helping the Hanoi Water Business Company assess physical leaks from water supply networks and estimate savings that could be achieved in selected supply zones, to complement and feed into the ongoing work to identify options for reducing nonrevenue water in Hanoi.	54,420	Infrastructure development strategies
Vietnam	Private Sector Participation in District Town Water Supplies in Binh Dinh Province	Helping to pilot an approach to developing water supply in district towns that involves awarding contracts to design and build water systems, then contracting out the operations to domestic private operators.	74,000	Infrastructure development strategies

Central Asia and Europe

Country	Activity	Description	Funding (\$)	Type of activity
Armenia	Concessions of Armenian Railways	Preparing recommendations for restructuring the rail sector to increase its efficiency and market-responsiveness, with a focus on amendments to the draft railway law prepared by the government to facilitate a concession and on principles of safety, tariffs, access, service oversight, and concession terms.	75,000	Policy, regulatory, and institutional reforms
Armenia	Design of Universal Service Fund for the Telecom Sector	Designing a universal service fund to help increase access to basic telecommunications services through private participation.	354,800	Infrastructure development strategies
Armenia	Road Show for Concessions of the Railway	Supporting the government's efforts to plan and carry out the road show for concessions Armenian Railways.	71,200	Pioneering transactions
Armenia	Transaction Advisory Services for a Railway Concession	Assisting in preparing and implementing the entire process for concessions Armenian Railways—from refining the strategy to preparing a draft concession agreement, prequalifying potential investors, awarding the concession, and transferring operations to the concessionaire.	470,000	Pioneering transactions
Bosnia and Herzegovina	Energy Sector Study Stakeholder Consultation and Review	Assisting the government in planning, organizing, and facilitating consultation with stakeholder groups as part of an effort to finalize the national energy strategy.	75,000	Infrastructure development strategies
Bosnia and Herzegovina	Framework and Capacity to Manage Private Participation in Corridor Vc	Helping the Ministry of Communications and Transport strengthen the institutional framework for, and the capacity to facilitate, private participation in the road sector; and assisting in an economic and financial viability review of motorways in Corridor Vc to identify segments suitable for private participation.	255,400	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**Central Asia and Europe, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Macedonia, FYR	Strategy and Action Plan for Reforms in Communal Services	Developing a strategy and action plan to accelerate structural and policy reform in municipal services with the aim of improving the performance of the municipal service enterprises, and providing guidance on opportunities for private participation.	267,310	Infrastructure development strategies
Serbia, Republic of	Designing Infrastructure Access Regime, Tariff Framework, and Network Statement for the Rail Sector	Assisting in reforming the rail sector and improving the competitiveness of Zeleznice Srbije, the state-owned railway, while enhancing the prospects for private investments in rolling stocks and rail operations by providing an access regime that is transparent and stable.	330,700	Policy, regulatory, and institutional reforms
Turkey	Strengthening and Harmonization of the Legal, Policy, and Institutional Framework for Second-Generation PPP Projects	Supporting a study and stakeholder workshops to assist the government in consolidating, strengthening, and harmonizing the legal, policy, and regulatory framework for public-private partnerships and in setting up a PPP unit for all infrastructure sectors.	330,000	Policy, regulatory, and institutional reforms
Regional	Comprehensive Energy Action Plan for Central Asia Regional Economic Cooperation Program	Formulating a comprehensive strategic framework for regional cooperation in the energy sector, including policy and regulatory initiatives as well as key investments needed to achieve the governments' goals for regional cooperation.	74,992	Consensus building
Regional	Review and Good Practice Guidance for Transport PPP Projects	Reviewing key lessons from recent PPP projects in the transport sector in and outside the region, with a primary emphasis on countries of Southeast Europe and Central and Eastern Europe; and providing guidance to decision makers on improving the preparation and implementation of similar PPP activities in the future.	50,000	Emerging best practices

Latin America and the Caribbean

Country	Activity	Description	Funding (\$)	Type of activity
Guatemala	Guatemala Credit Enhancement Facility	Designing and piloting a credit enhancement mechanism that can leverage private financing of basic infrastructure services for informal and low-income communities.	75,000	Infrastructure development strategies
Haiti	Modernization of the Legal and Regulatory Framework for Telecommunications	Supporting a series of reports, draft legislation, and stakeholder workshops to provide guidance to the government in the drafting and early implementation of a modern legal and regulatory framework for the telecommunications sector, with the aim of helping to increase private participation.	315,600	Policy, regulatory, and institutional reforms

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**Latin America and the Caribbean, continued**

Country	Activity	Description	Funding (\$)	Type of activity
Mexico	Banobras Realignment Strategy	Reviewing the organizational structure and operational capabilities of Banobras, the state-owned development bank, with a view to recommending improvements that could help catalyze infrastructure financing with private participation.	306,400	Infrastructure development strategies
Regional	Support to the Association of Water and Sanitation Regulatory Entities of the Americas (ADERASA), Phase 2	Helping to increase the sustainability of ADERASA through the creation of a secretariat and continued training, benchmarking, and good practices around stakeholder consultation.	360,000	Capacity building

Middle East and North Africa

Country	Activity	Description	Funding (\$)	Type of activity
Egypt, Arab Rep. of	Capacity Building and Implementation Support for Performance-Based Road Maintenance Contracts	Supporting training and implementation for a government-financed performance-based contract for regular maintenance of about 100 kilometers of highway as a pilot operation.	370,000	Capacity building
Egypt, Arab Rep. of	PPP Conceptual Framework for a Water Treatment Plant in the New Cairo Area	Preparing a conceptual framework and transaction model for a public-private partnership in the water supply and wastewater sector in New Cairo.	75,000	Infrastructure development strategies
Yemen, Republic of	Diagnostic Study for the Establishment of Public-Private Partnerships in the Road Sector	Preparing a diagnostic study to lay the groundwork for establishing public-private partnerships in the road sector, including charting a strategy and plan of action for getting PPP projects under way.	74,900	Infrastructure development strategies
Yemen, Republic of	Domestic Gas Market Development Workshop	Supporting a workshop to build the capacity of the government to develop an institutional framework for the gas sector.	74,928	Policy, regulatory, and institutional reforms
Yemen, Republic of	Identification of Suitable Contractual Arrangements for Water and Sanitation	Supporting stakeholder consultations on options for improving the delivery of water and sanitation services in major cities.	227,700	Infrastructure development strategies

Table A2.2 PPIAF activities by region, fiscal 2007 (continued)**Global**

Country	Activity	Description	Funding (\$)	Type of activity
Global	Central Asia–South Asia Regional Electricity Trade (CASA-1000): Design of Institutional, Financial, Risk Mitigation, and Legal Framework	Assisting the multicountry working group in exploring the potential for electricity trade between Central and South Asia and in identifying private investors and forms of private participation; creating the necessary institutional and financial framework; and analyzing risks and a mitigation strategy for the electricity trade.	380,000	Infrastructure development strategies
Global	Infrastructure and Law Web Site, Phase 2: Rollout	Rolling out the Infrastructure and Law Web site both internally and externally and providing related training sessions and seminars.	196,960	Emerging best practices
Global	Land-Related Private Finance in Urban Infrastructure	Reviewing opportunities for mobilizing private finance for urban infrastructure services using such tools as land leasing and sales and developer payments.	75,000	Emerging best practices
Global	Study on Contingent Liability Management	Documenting and analyzing international good practice in managing contingent liabilities associated with private participation in infrastructure projects.	60,200	Emerging best practices
Global	Update of the Toolkit for PPPs in Highways	Updating the toolkit for public-private partnerships in highways to include new case studies, new developments, and other materials.	435,000	Emerging best practices

Annex 3

Publications and resources

Trends and Policy Options series

- Review of Risk Mitigation Instruments for Infrastructure Financing and Recent Trends and Developments
- Regulatory Governance in Infrastructure Industries: Assessment and Measurement of Brazilian Regulators
- Developing Country Investors and Operators in Infrastructure
- How Profitable Are Infrastructure Concessions in Latin America? Empirical Evidence and Regulatory Implications
- The Private Sector's Role in the Provision of Infrastructure in Post-Conflict Countries

Working Papers

- Expert Panels in Regulation of Infrastructure in Chile
- Evaluating Regulatory Decisions and Sector Outcomes in Infrastructure Industries: Results from Africa and Other Developing Countries
- Infrastructure Regulation in Developing Countries: An Exploration of Hybrid and Transitional Models

Publications in each section are listed in order of publication, starting with the most recent. All PPIAF publications are available online at <http://www.ppiaf.org>.

- Outsourcing Regulation: When Does It Make Sense and How Do We Best Manage It?
- Unsolicited Infrastructure Proposals: How Some Countries Introduce Competition and Transparency

Cosponsored publications

- New Models for Universal Access to Telecommunications in Latin America (English and Spanish)
- Infrastructure in Latin America and the Caribbean: Recent Developments and Key Challenges (English and Spanish)
- Cross-Border Infrastructure Toolkit
- The Challenge of Reducing Non-Revenue Water (NRW) in Developing Countries: How the Private Sector Can Help—A Look at Performance-Based Service Contracting
- Infrastructure Project Preparation Facilities: Africa User's Guide (French and English)
- Explanatory Notes on Key Topics in the Regulation of Water and Sanitation Services
- Philippines: Meeting Infrastructure Challenges

- A Strategic Framework for Implementation of Energy Efficiency Projects for Indian Water Utilities
- Connecting East Asia: A New Framework for Infrastructure
- A Model for Calculating Interconnection Costs in Telecommunications (English and French)
- Analysis of Power Projects with Private Participation under Stress
- Establishing a Legal and Regulatory Framework for the Downstream Gas Sector in Vietnam
- Electricity Sectors in CAREC Member Countries: A Diagnostic Review of Regulatory Approaches and Challenges
- Infrastructure for Poor People: Public Policy for Private Provision
- New Designs for Water and Sanitation Transactions
- Contracting for Public Services: Output-Based Aid and Its Applications (English and Spanish)
- Infrastructure Service Provision in El Salvador: Fighting Poverty, Resuming Growth—Strategy Report (English and Spanish)
- Providing and Expanding Water Provision and Solid Waste Collection Services in Peri-Urban and Rural Areas: The Role of Small-Scale Providers—The Case of El Salvador

Toolkits

- Toolkit on Market-Based Approaches in Private Sector Provision of Bus Services
- Port Reform Toolkit: Effective Support for Policymakers and Practitioners (2nd ed.)
- Approaches to Private Participation in Water Services: A Toolkit
- Labor Issues in Infrastructure Reform
- A Guide for Hiring and Managing Advisors for Private Participation in Infrastructure

Gridlines

Multisector

- Relying on Expert Panels to Help Settle Regulatory Disputes: Lessons from Chilean Experience
- The African Project Preparation Gap: Africans Address a Critical Limiting Factor in Infrastructure Investment
- Revival of Private Participation in Developing Country Infrastructure: A Look at Recent Trends and Their Policy Implications
- How to Improve Regulatory Transparency: Emerging Lessons from an International Assessment
- Financing Infrastructure in Africa: How the Region Can Attract More Project Finance
- Reform, Private Capital Needed to Develop Infrastructure in Africa: Problems and Prospects for Private Participation
- Lifting Constraints to Public-Private Partnerships: The Way toward Better Infrastructure Services in South Asia
- Responding to Surging Demand for PPIAF Assistance in Africa: A Response Combining Traditional and New Approaches
- Private Participation in Infrastructure in Europe and Central Asia: A Look at Recent Trends
- What It Takes to Lower Regulatory Risk in Infrastructure Industries: An Assessment and Benchmarking of Brazilian Regulators
- Designing and Using Public-Private Partnership Units in Infrastructure: Lessons from Case Studies around the World
- Unsolicited Infrastructure Proposals: How Some Countries Introduce Competition and Transparency
- Recent Trends in Risk Mitigation Instruments for Infrastructure Finance: Innovations by Providers Opening New Possibilities

- Matching Regulatory Design to Country Circumstances: The Potential of Hybrid and Transitional Models
- Big Challenges, Small States: Regulatory Options to Overcome Infrastructure Constraints
- The Role of Developing Country Firms in Infrastructure: A New Class of Investors Emerges
- Is the Public Sector Comparator Right for Developing Countries? Appraising Public-Private Projects in Infrastructure

Energy

- Armenia Travels the Bumpy Road to All-Day Electricity Supply: How Perseverance Pays Off in Power Sector Reform
- Private Participation in Electricity: The Challenge of Achieving Commercial Viability and Improving Services
- Reaching Unserved Communities in Africa: Can Small-Scale Private Service Providers Save the Day?

Water

- Private Participation in Water: Toward a New Generation of Projects?
- Using Management and Lease-Affermage Contracts for Water Supply: How Effective Are They in Improving Service Delivery?
- Meeting Water Needs in Vietnam: How Engaging Communities Can Help Lead to Viable Projects

Telecommunications

- Expanding the Frontiers of Telecom Markets through PPPs in Peru: Lessons for Pro-Poor Initiatives from Peru
- Transforming Telecoms in Afghanistan: Expanding Affordable Access by Introducing Competition

Transport

- Port Reform in Nigeria: Upstream Policy Reforms Kick-Start One of the World's Largest Concession Programs
- The Growing and Evolving Business of Private Participation in Airports: New Trends, New Actors Emerging

Solid waste

- Managing Municipal Solid Waste in Latin America and the Caribbean: Integrating the Private Sector, Harnessing Incentives

Learning tools

- Body of Knowledge on Utility Regulation (Available on CD-ROM or online; provides key concepts, case studies, and links to more than 300 resources.)
- Introduction to Infrastructure Reform (Includes video documentary, interactive training modules, graphical summaries, and knowledge tests.)
- Financial Modeling of Regulatory Policy: Transport Infrastructure (CD-ROM)
- Financial Modeling of Regulatory Policy: Water and Electricity Distribution Services (CD-ROM)

CD-ROMs

- PPIAF-Supported Assistance for the National Telecommunications Commission in Thailand
- Private Infrastructure for Poor People: A Working Resource Guide

PPIAF Country Framework Reports

PPIAF Country Framework Reports provide a comprehensive overview of issues around infrastructure reform. Reports are available for Angola, Bangladesh, Cambodia, Honduras, India, Lesotho, Mexico, the Philippines, Rwanda, Uganda, and Vietnam.

Videos

- Afghanistan: Ringing in the Future (A story of the transformation of the telecommunications sector.)
- Switch: The Story of Energy Reforms in Armenia

PPI Database

The Private Participation in Infrastructure (PPI) Project Database has data on more than 3,800 projects in 150 low- and middle-income countries. It is the leading source of PPI trends in the developing world, covering projects

in the energy, telecommunications, transport, and water and sewerage sectors. It is a joint product of the World Bank's Infrastructure Economics and Finance Department and PPIAF.

Publications available in Spanish only

- Honduras: Plan Estrategico de Modernizacion del Sector Agua Potable y Saneamiento
- Esquemas de Financiamiento del Sector Agua en México: Lecciones de la Experiencia Nacional e Internacional

Acronyms and abbreviations

BOT	Build-operate-transfer
CAREC	Central Asia Regional Economic Cooperation Program
CUTS	Consumer Unity & Trust Society
ECOWAS	Economic Community of West African States
GDP	Gross domestic product
ICA	Infrastructure Consortium for Africa
IPFF	Infrastructure Project Financing Facility (Pakistan)
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental organization
PPI	Private participation in infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-private partnership
PURC	Public Utility Research Center
SADC	Southern African Development Community
WAPP	West African Power Pool

Notes

1. Includes private participation in infrastructure (PPI) laws and regulations developed and PPI sector reform strategies supported as well as pending activities.
2. Unless otherwise specified, data on trends in private participation in infrastructure are from the World Bank–PPIAF Private Participation in Infrastructure (PPI) Project Database. For details on the database, including what the data cover, see the PPIAF Web site (<http://www.ppiaf.org>).
3. IDA countries are those that had a per capita income in 2006 of less than \$1,065 and lack the financial ability to borrow from IBRD. IDA loans are deeply concessional—interest-free loans and grants for programs aimed at boosting economic growth and improving living conditions. IBRD loans are non-concessional.
4. Includes PPI laws and regulations developed and PPI sector reform strategies supported as well as pending activities.
5. Marianne Fay and Mary Morrison, *Infrastructure in Latin America and the Caribbean: Recent Developments and Key Challenges* (Washington, DC: World Bank, 2006).
6. Funds from the Asian Development Bank, Japan, and the World Bank are kept in separate trust funds because of variations in the terms of their contributions.

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