



# Public-Private Infrastructure Advisory Facility

Helping eliminate poverty and achieve sustainable development by facilitating private investment in infrastructure

Despite progress achieved in expanding infrastructure services in developing countries, millions of people still lack access to water, sanitation, and electricity. Governments face major challenges in ensuring efficient service provision, especially for the poorest segments of the population. To reach the targets set out in the Millennium Development Goals, investment must increase dramatically. But the public sector, which currently provides about 70% of infrastructure investment, cannot do it alone.

Private companies can play a key role in providing new and improved services. Developing efficient public-private partnerships that take advantage of the strengths of both the private and public sectors is an important part of the solution.

A key constraint for improved service provision in many developing countries is the lack of an enabling environment conducive to private investment, including the necessary policies, laws, regulations, institutions, and government capacity. Consequently, the Public-Private Infrastructure Advisory Facility (PPIAF) was created to address this issue.

## PPIAF's role and relevance

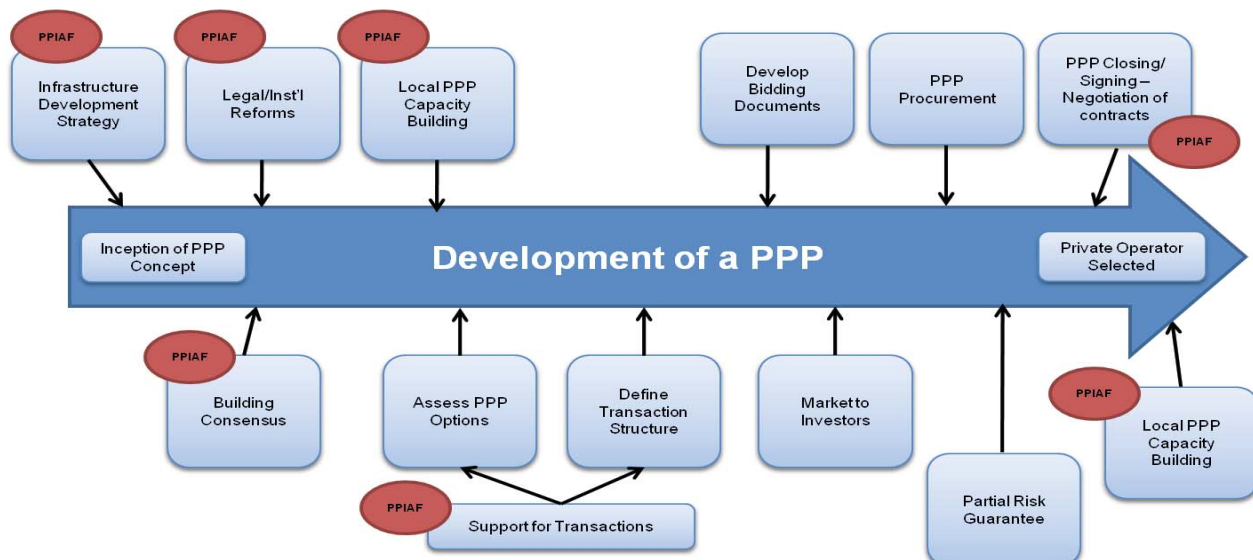
Housed at the World Bank, PPIAF is a multi-donor trust

fund that provides technical assistance to governments in developing countries to **develop enabling environments** to facilitate private investment in infrastructure. In particular, it can help governments: 1) prepare and review policy frameworks, 2) develop and implement legal and regulatory frameworks, 3) design and develop new institutions to support private participation and financing in infrastructure, and 4) translate the enabling laws/regulations/policies into specific transactions on the ground.

PPIAF also supports governments by providing technical assistance to **develop, prepare, and transact specific infrastructure projects**.

Another key area of PPIAF's work is **capacity and awareness** building to enhance governments' technical capacity or build consensus regarding strategies to involve the private sector in infrastructure development.

PPIAF also manages the **Sub-National Technical Assistance (SNTA)** program, which helps sub-national entities (e.g., states, provinces, municipalities) and utilities access market-based financing without sovereign guarantees.





## What are PPIAF's areas of focus?

To better target its technical assistance, PPIAF developed a work program structured around three strategic pillars (**universal access, climate change, and urbanization**) and four cross-cutting themes (**sub-national technical assistance, fragile states, regional integration, and capacity building**).

These strategic pillars logically group several key development priorities identified by PPIAF's donors and reflect the "special themes" identified for IDA 16.

## Which countries and sectors are eligible?

Eligible countries include recipients of official development assistance as defined by the Development Assistance Committee of the OECD. Two-thirds of PPIAF's support goes to low-income countries and half of PPIAF support goes to Africa.

Eligible sectors include water and sanitation, solid waste management, telecommunications, transport, energy, and irrigation. Priority is given to activities that support strategies designed to expand access to infrastructure for poor people at affordable prices.

## How to apply for PPIAF support

Please contact one of PPIAF's Regional Coordinators with a brief activity concept. More information on how to apply for funds and contact the PPIAF team can be found at [www.ppiaf.org](http://www.ppiaf.org).

### Support to Lao PDR's Nam Theun 2 Hydropower Project

In 2004 the government of Lao PDR requested PPIAF support to retain legal counsel to negotiate and finalize the financing agreements for Nam Theun 2, the largest hydropower project in the country.

PPIAF's support helped Nam Theun 2 reach a timely financial closure and prevented substantial and costly delays to the project. Nam Theun 2 began commercial operations in March 2010. Electricity sales for the previous year amounted to \$5.6 million as of May 2011, and are projected to reach \$10 million in the next year. The government is expected to earn around \$2 billion over the 25-year concession period. Revenues from the project have been invested in education, rural infrastructure, public health projects, and environmental protection programs, contributing to poverty reduction in the country.

### PPIAF Facilitates Micro-Financing for Peri-Urban Water Providers in Kenya

In 2005 PPIAF financed a study to help community-based operators (CBOs) expand and improve their water delivery operations. In collaboration with the Water and Sanitation Program and the Global Partnership on Output-Based Aid, the study helped facilitate market-based infrastructure finance for 21 water providers in rural and peri-urban areas of Kenya. PPIAF approved a second activity in 2008 to help a much larger group of CBOs prepare capital development plans and apply for investment loans from local micro-finance institutions led by K-Rep Bank.

To date, K-Rep Bank has approved 18 sub-projects for financing with a total value of \$1.5 million. These projects are benefitting nearly 40,000 people. The pilot project has also demonstrated benefits for water-related income-generating activities such as dairy cattle farming, poultry keeping, and horticulture. New household or yard connections have benefited women residents who otherwise would be spending time and energy fetching water.