

# Mobilizing private and public investment in infrastructure for sustainable development





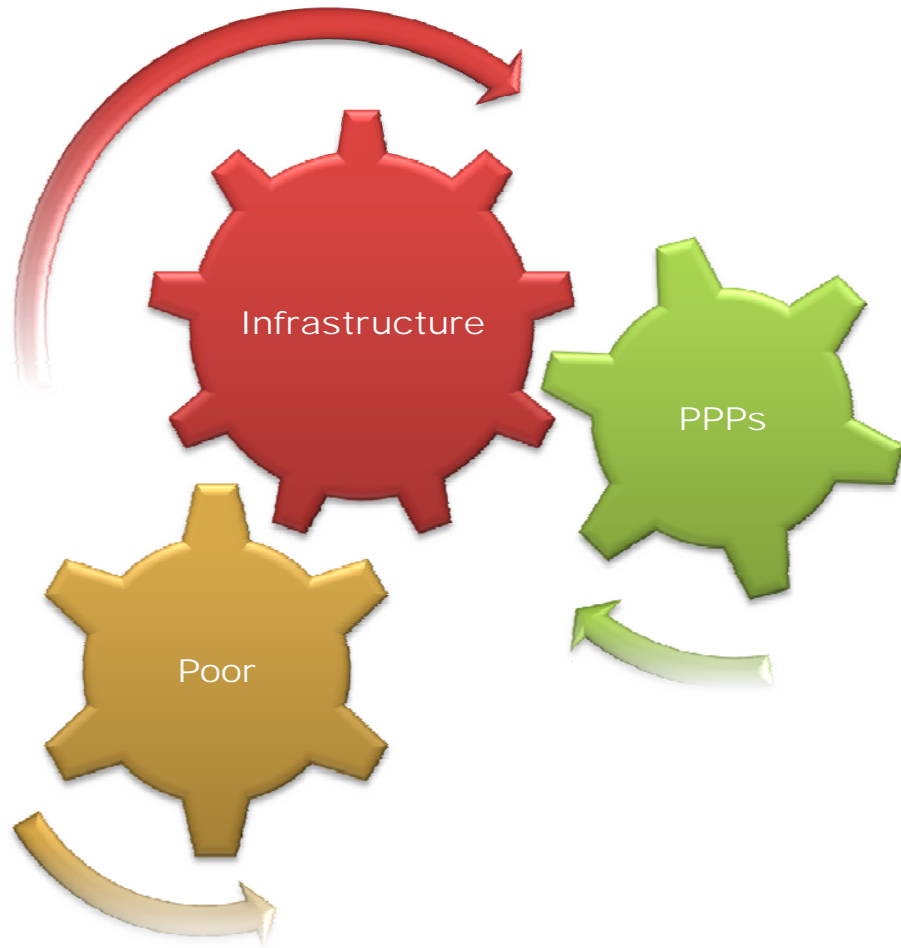
**What is required to generate a  
pipeline of infrastructure  
projects?**

# PPPs Require:

- **Political will sustained over time**
- Ongoing **political stability**
- Clear **enabling environment – PPIAF!**
- **Technical capacity** to develop and deliver projects
- **Transparent procurement** processes
- **Bankable project** structures
- Investor interest
- **Availability of financing**



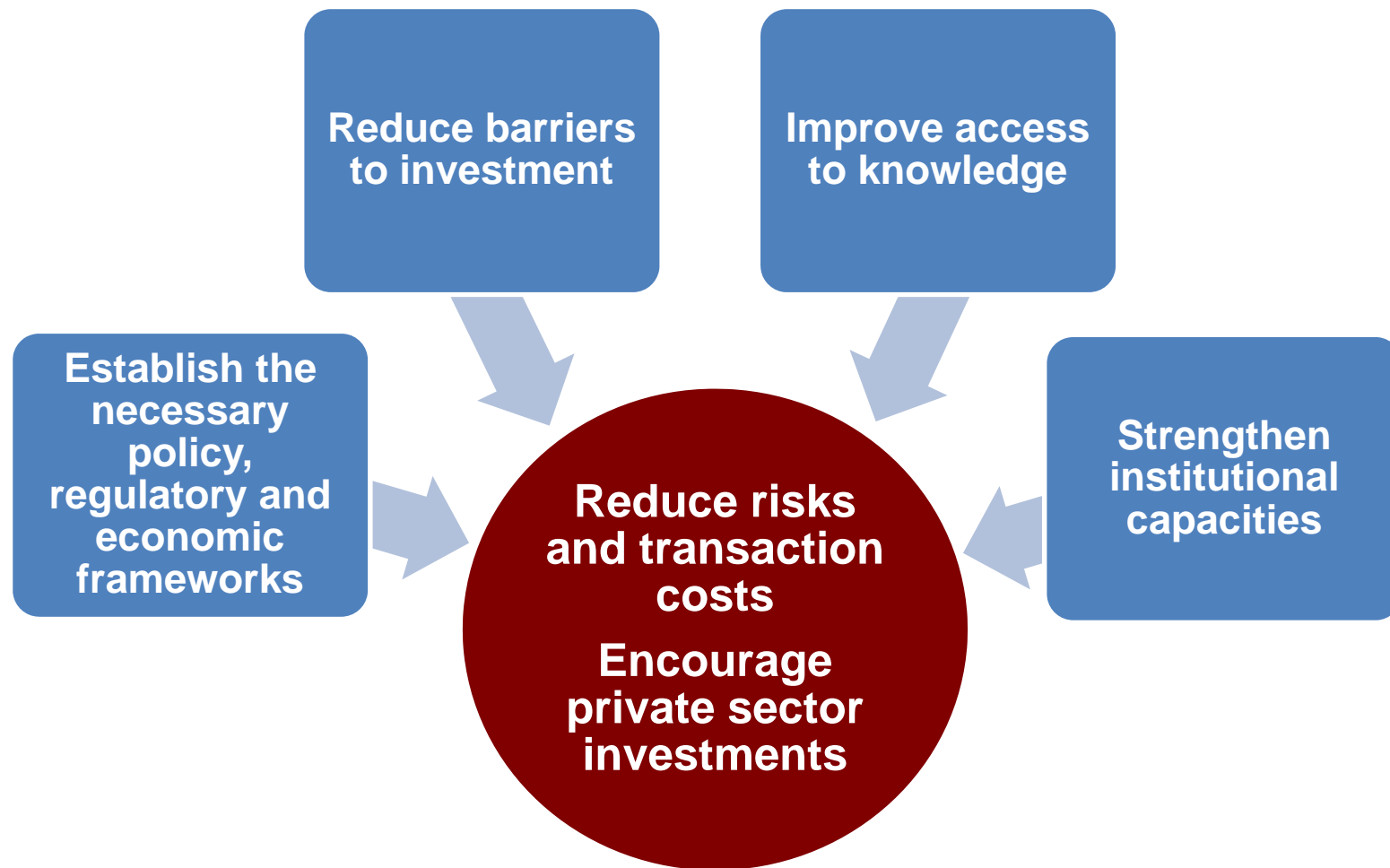
# PPPs and Poverty



**PPPs** are an important part in providing infrastructure

- **Leverage private funds** and pool them with public resources
- Better **value for money** → efficiency and innovation
- **Spread financing** over the lifetime of the asset → relieving public budgets
- Improve **risk sharing** between public and private parties
- Boost sustainability and **innovation**
- PPPs force governments to look at **life-cycle costs** for services, and ensure long term sustainability and maintenance of assets

# What needs to be done: Creating an enabling environment



# PPIAF supports private sector investment in developing countries

## Technical Assistance to Governments to Structure PPPs

### Enabling Environment Reform

- Policy development
- Legal and regulatory reforms
- PPP options
- Tariff regimes

### Project Preparation

- Business plan development
- Pre-feasibility studies
- Preparation of concessions and PPAs
- Negotiations of contracts

### Capacity and Awareness Building

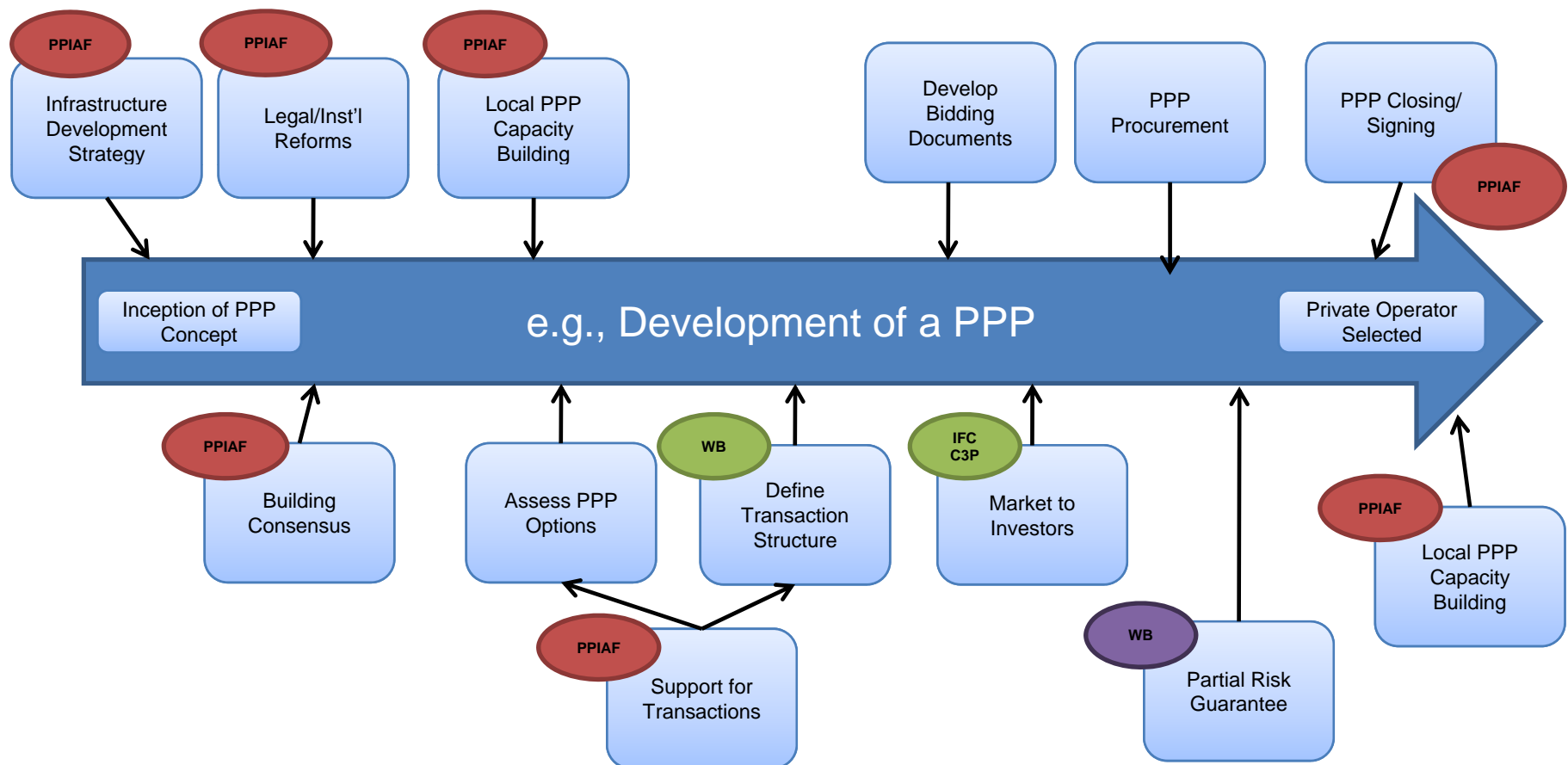
- Knowledge products
- Training
- Rapid diagnosis for PPPs

## Sub-National Technical Assistance

Capacity creation in local utilities and municipalities to help them access financing on commercial terms

# PPIAF works upstream in support of the business enabling environment

- Regulatory reforms in support of PPPs
- Transactions not possible without regulatory reforms



# How does PPIAF help?

- Provides technical assistance **grants**
- **Experienced team** participates in project design and **dialogue** with governments to assess their needs
- **Capacity building** support
- Wide **network** of WB/IFC/AFD to find opportunities for support
- **Help Desk**
- **Rapid needs** assessment

# Results of PPIAF work

## Angola

- Assessed existing regulatory framework for the main infrastructure sectors, proposed amendments to the regulatory regime, and funded investors conference
- **2003:** Country Framework Report (CFR) for Angola

## Outcomes

- **2008:** **Basic Telecommunication Law 8/ 2001** was amended
- **2008:** **Decree 188** was enacted, containing the Internal Regulations (*Estatuto Orgânico*) of Instituto Angolano de Comunicações (INACOM), regulator of telecommunication services



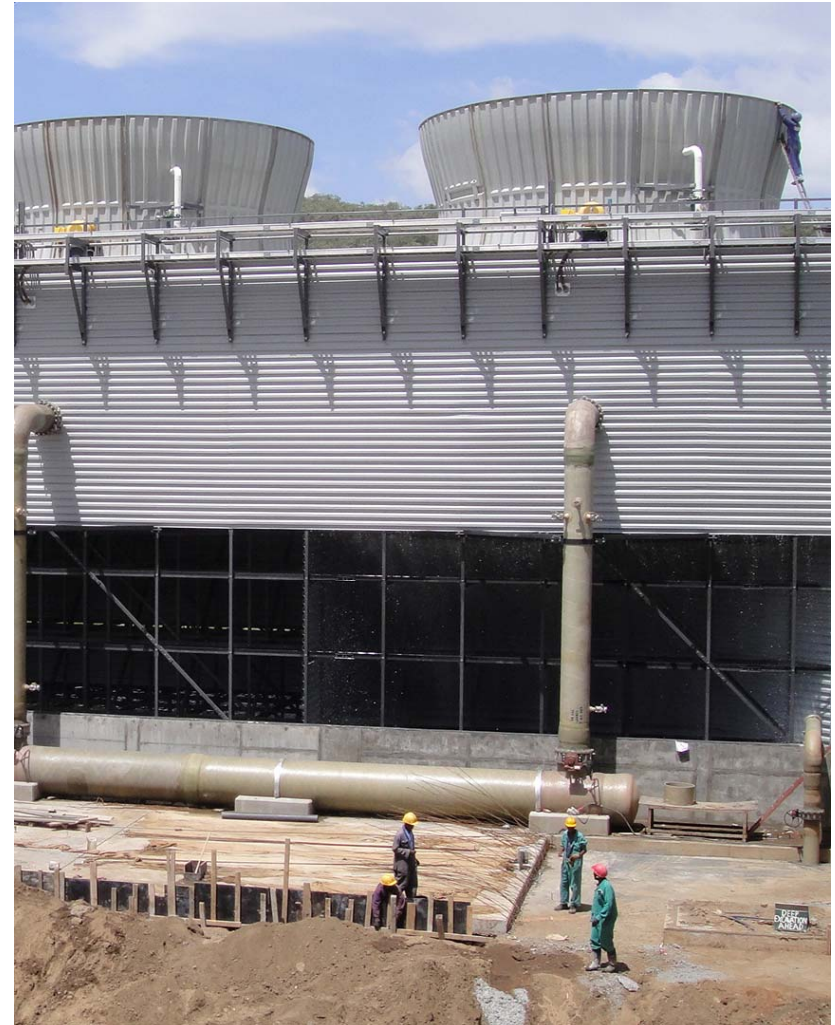
# Results of PPIAF's work

## Kenya

- Analysis of optimal market structure to support the preparation of a performance management contract for Kenya Power and Lighting Company
- **Policy paper on sector reforms approved**, strategy for restructuring and privatizing the power generation and distribution completed
- **2006: Performance management contract for Kenya Power and Lighting Company awarded to Manitoba Hydro**

## Impacts

- **New customer connections increased 124% in 2 years and system losses were significantly reduced**



# Results of PPIAF's work

## Liberia

- **IFC**: structuring management contract for LEC with Manitoba Hydro – signed April 2010
- **Norway**, USAID and World Bank support of US\$53.3 million over 5 years to expand and improve the network
- **GPOBA** grant of **US\$10 million** to increase access to electricity for poor households (partial subsidy of the capital investment required for **16,806** new connections)
- **PPIAF**: technical assistance to Liberia to design a feasible development strategy for the electricity sector, including identifying areas for potential PPPs and private sector investment



# Results of PPIAF's work

## Mozambique

- Analysis of strategic options for FIPAG, the holding company for water assets, to implement a delegated management contract
- Documentation of lessons learned and implementation of a delegated management contract in Maputo and FIPAG's regional operations

## Outcomes

- Increased awareness of delegated management model and regulatory framework for the urban water sector
- IFC provided transaction advisory services to renew and expand existing management contract for water services



# Results of PPIAF's work

## Senegal

- Support to reform of PPP enabling environment to incorporate private sector financing to expand access to electricity
- Reforms necessary to structure **private** rural electrification concessions



# Results of PPIAF's work

## Comasel project

- First concession to build and operate a distribution network in rural areas (St Louis-Dagana-Podor)
- Awarded to ONE (Morocco)
- **OBA Subsidies:** US\$7 Million (30% of TPC)
  - US\$5.5 million to reduce costs of building the distribution network and installation costs
  - GEF subsidy: US\$1.1 million for use of renewable energy
- Connection target: **19,574** households spread over 298 villages in first three years of concession (95% households, balance: schools, health centers)
- Technology: 71% grid-connected and **29% solar PV**
- **IFC equity investment:** 20% of TPC



# PPP Infrastructure Resource Center

Web-based tools for PPPs:

- PPPIRC
- [www.ppiaf.org](http://www.ppiaf.org)

**PPIAF**  
PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY FACILITY

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**In Ethiopia, PPIAF support has helped increase garbage collection by an additional 600,000 residents in Addis Ababa.**

**What is PPIAF?**

The Public-Private Infrastructure Advisory Facility (PPIAF) is a multi-donor trust fund that provides technical assistance to governments in developing countries in support of the enabling environment conducive to private investment, including the necessary policies, laws, regulations, institutions, and government capacity. It also supports governments to develop specific infrastructure projects with private sector participation.

Strategic Themes in Infrastructure		
Universal Access	Climate Change	Urbanization
		

**Updates**

- 2011 Annual Report
- Non Revenue Water
- Gender
- Feature Stories:**
  - [The Qanats and Water Reservoirs in Iran: Traditional Water Supply and Storage Systems in the Desert](#)
  - [Morocco: Residents of Informal Settlements Access Water and Sanitation Services](#)

**Types of Technical Assistance Provided by PPIAF**

- **Enabling environment reform** to facilitate private investment in infrastructure
- **Project cycle-related assistance** to assist developing countries to develop and transact projects that are "bankable" and capable of attracting private sector participation
- **Capacity and awareness building** to assist developing countries by sharing knowledge of key issues related to private infrastructure development