

PPIAF Work Program 2011–2013

Overarching Goal: Eliminate Poverty and Achieve Sustainable Development

PPIAF’s ultimate objective is to support poverty reduction by facilitating private ownership and management and/or financing of infrastructure service delivery, which plays a critical role in economic growth. However, effective private sector participation in infrastructure poses considerable challenges for governments in developing countries, which usually face limits on their administrative capacity and other resources, and often face greater hurdles in addressing investor perceptions regarding the credibility of their transaction processes and regulatory frameworks. PPIAF was created to assist governments in removing these hurdles to private investment.

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To better target its technical assistance, PPIAF has developed a work program to be implemented over the 2011–2013 period, structured around three strategic pillars and cross-cutting themes. These strategic pillars logically group several key development priorities identified by PPIAF’s donors, reflect the “special themes” identified for IDA 16, and organize by themes the technical assistance that has been provided by PPIAF to date and its priorities for future work.

	Pillar #1	Pillar #2	Pillar #3
Sectors	Universal Access	Climate Change	Urbanization
Power	Meeting the rural electrification challenge with PPPs	Using PPPs to promote energy efficiency and renewable energy	Helping power utilities access finance and expertise to improve urban services
Water	Helping public and private operators improve access to water in peri-urban and rural areas	Structuring dedicated adaptation and mitigation PPPs in water and wastewater	Helping water utilities access finance and expertise for service expansion and rehabilitation
Transport	Using performance-based PPP contracts to design, build, and maintain highways and roads, particularly rural and peri-urban roads	Reducing, controlling, or recovering costs from vehicle use via toll roads, light rail, and bus systems	Facilitating PPPs and access to financing by municipal transport agencies and authorities
Telecom	Supporting regulators in promoting telecom service extensions in rural areas	Ensuring that private provision of telecom services is fully prepared for harsh weather problems	Working with regulators to promote broadband services in urban areas
Irrigation	Facilitating irrigation PPPs in areas with high potential for agricultural output improvement	Using PPPs to “climate-proof” irrigation facilities to guard against harsh weather availability	Exploring the role of SMEs in management of small-scale peri-urban irrigation
Cross-cutting Themes	Sub-National Technical Assistance		
	Fragile States		
	Regional Integration		
	Capacity Building		

Strategic Pillars:

Universal Access. To assist governments expand access to basic infrastructure services. Technical assistance will use innovative approaches to scale up access to services to underserved populations.

Climate Change. To facilitate private financing and PPP arrangements that contribute to infrastructure-related climate change mitigation and adaptation efforts. That the private sector must play a role in these efforts is widely acknowledged, but the actual modalities and mechanisms have rarely been discussed in detail. PPIAF's expertise can help structure arrangements for private support in the basic infrastructure sectors.

Facilitating Urbanization. To help governments cope with the infrastructure needs associated with rapid urbanization. The work will focus on helping municipal governments and utilities develop their capacity to access private expertise and financing in order to extend and improve urban services. Financing might be accessed directly via banks or bond markets, or indirectly via PPP arrangements along with private sector expertise.

Cross-cutting Themes:

Sub-National Finance: PPIAF's Sub-National Technical Assistance (SNTA) program now has three years of successful experience in helping sub-national entities improve their creditworthiness to access market-based financing without sovereign guarantees. The value of the program is as a means to increase the funds available for improved and increased infrastructure services in all sectors and across all three of PPIAF's strategic pillars.

Fragile States: Weak institutions and high risks of conflict constrain national poverty reduction and service delivery in many fragile states. Strengthening assistance to these kinds of countries is emerging as a new PPIAF priority. While all fragile states are characterized by weak policies and institutions, country context varies considerably and efforts to attract the private sector to such countries must be carefully designed to take this into account. PPPs may not be easily feasible in many fragile states, but legal/regulatory/policy reforms are often possible and can represent first steps on the road to improved infrastructure service provision through private participation.

Regional Integration: Many of the poorest developing countries, particularly those in Africa, are too small to attract private investors or operators. For example, the 40 IPP projects in Sub-Saharan Africa average just over 90 MW in size, far below the 200 MW threshold commonly considered to be the minimum size for cost-effective PPPs of this kind. Regional integration enables smaller countries to join forces to develop projects of sufficient scale to attract private sector interest, as well as to have strong positive regional impacts in terms of trade facilitation and economic development.

Capacity Building: The provision of capacity building for decision makers and technical staff in developing countries is critical to help them understand the benefits of increased private sector participation for improved service provision, to develop specific infrastructure projects with appropriate types and degrees of risk allocation, and to negotiate directly with the private sector the terms of the PPP agreements.