

Public-Private Infrastructure Advisory Facility – PPIAF

The Public-Private Infrastructure Advisory Facility (PPIAF) was created in 1999. It is housed within the World Bank and it aims to fund “technical assistance on strategies and measures [governments] can use to tap the full potential of public-private partnerships in infrastructure”. It also disseminates information about “best practice” in public-private partnerships or PPPs. PPIAF works in a range of sectors including transport, telecommunications and water. Water makes up approximately 20 per cent of PPIAF’s work.

Each of these donors has contributed some funding to PPIAF since its creation and is a member of PPIAF’s Program Council, which will meet in The Hague, 23-24 May:

| Donor | Donations to PPIAF (US\$ millions) | |
|-------------------------------|---------------------------------------|-------------|
| United Kingdom | 63.0* | (1999-2006) |
| World Bank | 16.3 | (1999-2006) |
| Japan | 16.0 | (1999-2006) |
| Sweden | 6.4 | (2000-2006) |
| Switzerland | 6.3 | (1999-2006) |
| Netherlands | 2.5 | (2001-2006) |
| Norway | 2.5 | (1999-2006) |
| Canada | 1.6 | (1999-2005) |
| Germany | 1.4 | (2001-2005) |
| France | 1.3 | (2000-2006) |
| Asian Development Bank | 1.3 | (2001-2005) |
| United States | 0.8 | (2003-2005) |
| European Commission | 0.6 | (2005-2006) |
| Italy | 0.3 | (2003-2004) |
| TOTAL | 120.0 | (1999-2006) |

* Overall, the UK’s total commitment to PPIAF is £53 million between 1999 and 2008.

Privatisation advice

The core focus of PPIAF is consultancy work to recommend options on how best to introduce the private sector in low income countries. PPIAF will also advise on the regulatory and legal changes required for privatisation reforms. Funding is not provided for designing plans for the best way to provide water to the poor, but for the best way to introduce the private sector.

In Mumbai, India, PPIAF is funding international consultancy Castalia to design and develop a pilot model for water supply in Mumbai. In February, PPIAF helped fund a major conference ‘Meeting India’s infrastructure needs with PPPs’.

Countries in which PPIAF has funded water privatisation advice:

Afghanistan, Azerbaijan, Botswana, Cambodia, China, Democratic Republic of Congo, Egypt, Georgia, Honduras, India, Jordan, Kenya, Malawi, Mauritius, Mozambique, Nepal, Nigeria, Pakistan, Paraguay, Tajikistan, Thailand, Uzbekistan, Vietnam, Zambia (24 countries)

Consensus building

A second prominent aspect of PPIAF's work is to fund 'consensus building' projects in poor countries, again carried out by consultants. Workshops and conferences will be held to 'build consensus' on the need for particular reforms - PPP options. Indeed as civil society resistance to privatisation around the world – especially in the area of water - has grown, PPIAF's capacity building and consensus building work has increased overall.

In 2000, in Zambia, PPIAF funded workshops for 32 African journalists. Themes included, "understanding the roles of the state, the private sector and civil society, paying for water; changing institutions and involving the private sector; and providing services to the poor".

Countries in which PPIAF has funded consensus-building for water privatisation:

Argentina, Azerbaijan, Cambodia, Colombia, Democratic Republic of Congo, Ethiopia, India, Jordan, Kazakhstan, Kenya, Malawi, Mexico, Nepal, Pakistan, Paraguay, Zambia (16 countries).

Conditions and funding

Conditionality is the imposition of policies on a recipient country by a donor. PPIAF's aid can either reinforce existing conditions or help pave the way for subsequent conditions. In some countries where PPIAF has funded water privatisation work, international financial institutions have followed up with funding for water supply projects which contain water privatisation as a key element.

In Paraguay, despite public protest, popular elections, and a parliament vote against water privatisation, the IMF is still pushing for a management contract for the main water utility. Water privatisation has been facilitated by PPIAF projects in 2000 and 2005.

Countries with water privatisation conditions in addition to work by PPIAF:

Afghanistan, Albania, Azerbaijan, Cambodia, Democratic Republic of Congo, Ethiopia, Georgia, Honduras, Kenya, Malawi, Nepal, Nigeria, Pakistan, Paraguay, Tajikistan, Uzbekistan, Vietnam, Zambia (18 countries).

Other criticisms of PPIAF

- PPIAF is interested in ways to develop 'public-private partnerships'; there are no equivalent donor-funded institutions to advise on public-led water sector reform.
- PPIAF's interest in PPPs means that it ignores existing in-country good practice in public water provision.
- PPIAF's website (www.ppiaf.org) contains limited information on specific projects.
- Donors own and direct PPIAF; developing countries are not represented on the Program Council.
- An independent evaluation of PPIAF said, "*Our study suggests that PPIAF's Poverty Reduction focus has not been effectively translated into operational terms*".

Stop press!

- **November 2006** – *Down the Drain* report launched by WDM and FIVAS.
- **December 2006** – 30+ organisations criticise EU support for PPIAF and ask for this support to instead be channelled towards public-public partnerships.
- **February 2007** – Norway announces it will not fund PPIAF in the future.
- **March/ April 2007** – UK and Dutch Parliamentarians quiz ministers on PPIAF.
- **May 2007** – Activists are refused permission to observe PPIAF's Program Council.

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