



*Joint ICAO/AFCAC Regional Symposium for African States on  
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# Policies Regarding Infrastructure Financing

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# Content of Presentation

- The World Bank Group
- The Project Cycle
- Investment Lending Instruments



# The World Bank Group (WBG)



1945



1956



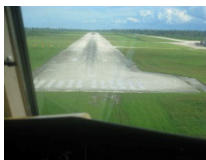
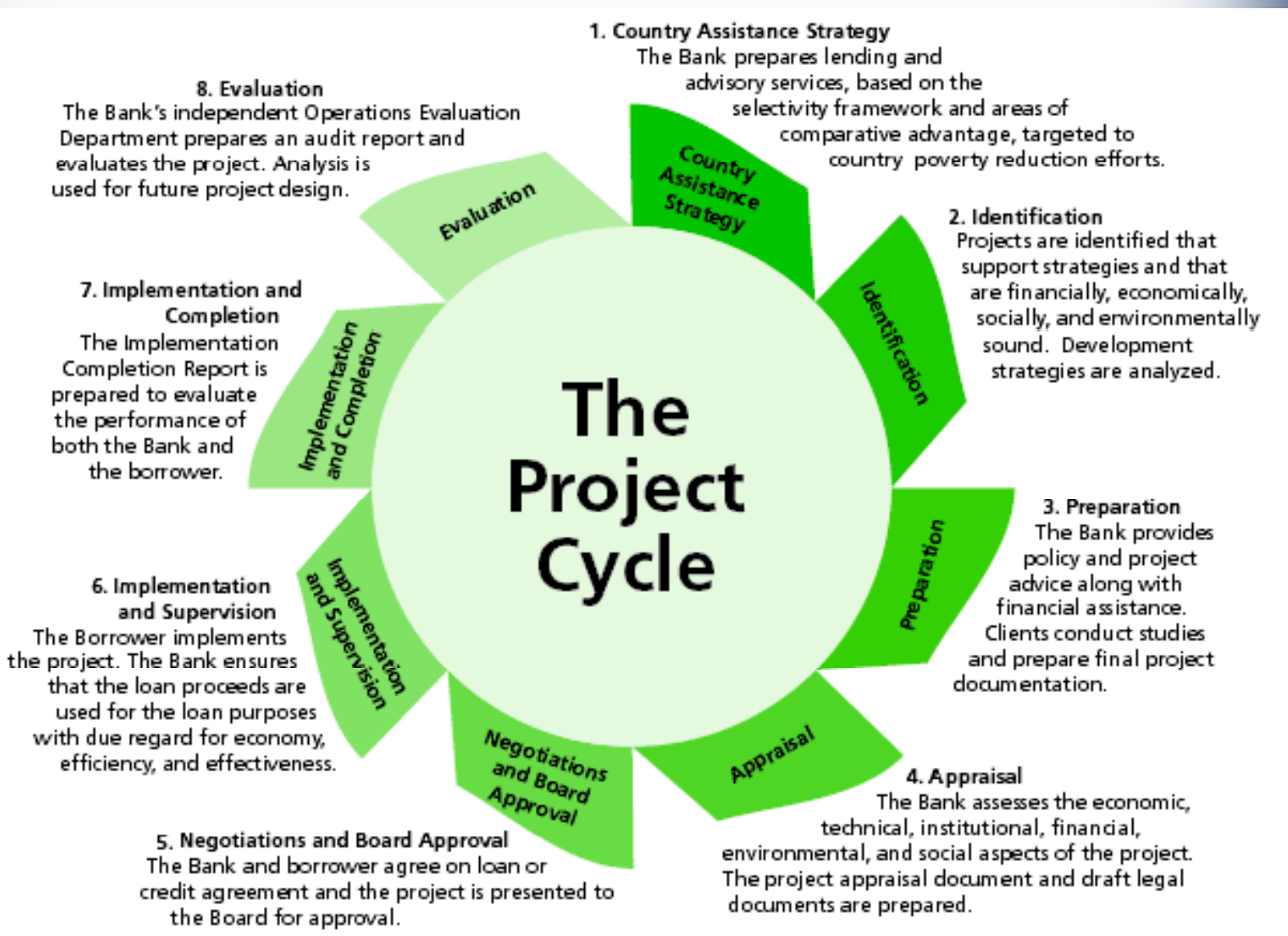
1988



1966



# The Project Cycle





# Project Cycle

## 1. IDENTIFICATION

Government and Bank agree on initial project concept and identify expected beneficiaries.

## 2. PREPARATION

Implementing agency prepares project with Bank advice and support.

## 3. APPRAISAL

Government and Bank review the adequacy of project preparation.

## 4. APPROVAL

Executive Directors decide on whether to approve Bank financing.

## 5. IMPLEMENTATION

Implementing agency implements project with support from Bank.

## 6. COMPLETION

Government and Bank assess project outcomes and lessons learned during implementation



# Operational Policies

## □ Fiduciary Policy

- Procurement
- Financial Management
- Disbursement

## □ Safeguard Policies

- Environmental and social impacts of Bank financed projects

## □ Disclosure Policies

- Disclosure of information on Bank operations.

# Investment Lending Instruments and Approaches

## Lending Instruments:

- Specific Investment Loan/Credit (SIL)
- Adaptable Program Loan/Credit (APL)
- Technical Assistance Loan/Credit (TAL)
- Others:
  - Learning and Innovation Loan (LIL)
  - Sector Investment and Maintenance Loan/Credit (SIM)
  - Financial Intermediary Loan/Credit (FIL)
  - Emergency Recovery Loan/Credit (ERL)

## Approaches:

- Sector-Wide Approach Loan/Credit (SWAp)
- Rapid Response to Crises and Emergencies





# Main Investment Lending Instruments

## ■ Specific Investment Loans/Credit (SILs):

- Most used investment lending instrument
- Support the creation, rehabilitation, and maintenance of economic, social, and institutional infrastructure
- May finance consultant services and management and training programs
- Are flexible lending instrument appropriated for a broad range of projects.
- Help to ensure the technical, financial, economic, environmental, and institutional viability of a specific investment
- Support the reform of policies that affect the productivity of the investment





# Main Investment Lending Instruments

## ■ Adaptable Program Loans/Credit (APLs):

- Provide phased support for long-term development programs
- Involve a series of loans that build on the lessons learned from the previous loan(s) in the series
- Involve agreement on (1) the phased long-term development program supported by the loan; (2) sector policies relevant to the phase being supported, and (3) priorities for the sector investment and recurrent expenditures. *Triggers define when to move to the next phase*
- Are used when sustained changes in institutions, organizations, or behavior are key to successfully implementing a program
- Key advantage for clients:
  - *Realism*: Less front-loading of policy conditionality. Realist phasing of reforms
  - *Continuity*: Encourages long-term planning and sustainable institution building; and bridge administration
  - *Financial charges*: low commitment fees.



# Main Investment Lending Instruments

## ■ Technical Assistance Loan/Credit (TALs):

- Used to build institutional capacity in the borrower country. May focus on organizational arrangements, staffing methods and technical, physical, or financial resources in key agencies
- Typically require agreement on specific action programs to strengthen organizations, and on terms of reference for the appointment of consultants and local counterparts
- Are used to build capacity in entities directly concerned with implementing policies, strategies, and reforms that promote economic and social development. They also build capacity related to public sector reform and the preparation implementation, and maintenance of investments.
- Support the reform of policies that affect the productivity of the investment



# Main Investment Lending Instruments

## ■ Sector-Wide Approach(SWAp) (or Program-Based Approach – PBA):

- Support locally owned programs for a sector in a comprehensive and coordinate manner
- Promote to increase reliance on country systems and procedures and to use a common framework for planning, implementation, expenditure, and monitoring and evaluation
- Represents a paradigm shift in the focus, relationship, and behavior of donors (development partners) and governments
- Is neither a lending instrument nor a particular financing modality. A SWAp may be supported by a variety of financing instruments – in the World Bank, the most common are Adptable Program Loans , Specific Investment Loans and Sector Investment and Maintenance Loans
- PBA is broader: applies to thematic, multisectoral, or multicounty programs, or to programs led by nongovernmental entities



# Main Investment Lending Instruments

## ■ Rapid Response to Crises and Emergency:

### Bank Board approved new policy which:

- Sets out a framework for a more rapid and effective response to crises and emergencies
- Emphasizes strategic approach to disaster risk reduction and crisis prevention in countries prone to recurrent natural disasters or facing an elevated conflict risk

### Policy rests on four guiding principles:

- Application of rapid response instrument to address major adverse economic and/or social impacts resulting from an actual or imminent natural or man-made crisis disaster
- Continued focus of the Bank's direct assistance
- Close coordination with other development partners, including the UN
- Appropriate oversight arrangements, including corporate governance and fiduciary oversight

# The Project Cycle

