

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP  
TECHNICAL ASSISTANCE FACILITY  
STATEMENT OF POLICIES AND PROCEDURES**

Amended July 2008

## 1. Introduction

- 1.1 By an exchange of letters dated December 2001 and January 2002 and a Memorandum of Understanding dated 14<sup>th</sup> March 2003, DFID, Sida, DGIS and SECO (jointly, the “**PIDG Donors**” and each a “**PIDG Donor**”) established the Private Infrastructure Development Group (“the **PIDG**”) to provide a strategic approach to developing financing for private infrastructure investment. Irish Aid, the World Bank and the Austrian Development Agency have subsequently joined the PIDG and are now also PIDG Donors.
- 1.2 On 1 December 2001 SG Hambros Trust Company Ltd, Multiconsult Trustees Ltd (formerly known as MC Trust Ltd) and Minimax Ltd (the “**Trustees**”) executed a Declaration of Trust for the establishment of the Private Infrastructure Development Group Trust (the “**PIDG Trust**”), a purpose trust under Mauritian law, as a vehicle for co-ordinating the application of the PIDG Donors’ funds. The Declaration of Trust dated 1 December 2001 has since been amended by an Amended and Restated Declaration of Trust dated 13<sup>th</sup> March 2003 (the “**Declaration of Trust**”).
- 1.3 The Constitution of the Private Infrastructure Development Group (the “**PIDG Constitution**”) sets out the terms upon which the PIDG Donors will manage the PIDG and monitor and manage the activities and investments of the PIDG Trust.
- 1.4 The PIDG Constitution provides for funding instruments to be entered between each PIDG Donor and the PIDG Trust in respect of each Investment (as defined in the Declaration of Trust) of the PIDG Trust (each, a “**Funding Instrument**”), setting out the terms upon which each Donor makes funds available to the PIDG Trust for a particular Investment.
- 1.5 The PIDG Constitution provides for the establishment of a governing council of PIDG (the “**Governing Council**”), with the powers and duties set out in the PIDG Constitution, and for appointment of a Chair of the Governing Council (the “**Chair**”). The PIDG Constitution also provides for the establishment of a secretariat (now known as the Programme management unit (the “**PMU**”)) with the powers and responsibilities set out in Clause 11.6 of the PIDG Constitution.
- 1.6 The PIDG Trust, using funding provided by some or all of the PIDG Donors, has established the following Investment Vehicles (as defined in the Declaration of Trust):
  - a) The US\$365 million Emerging Africa Infrastructure Fund Ltd - a long term debt finance facility designed to make a real and lasting impact on poverty alleviation and economic growth in sub-Saharan Africa;
  - b) A local currency guarantee facility – GuarantCo Ltd, which focuses on offering partial guarantees on issues of paper by private sector infrastructure companies in sub-Saharan

Africa, as well as some parts of Latin America and South and South East Asia;

- c) InfraCo Ltd, a donor-funded infrastructure development company. It seeks to create viable infrastructure investment opportunities that balance the interests of host governments, the national and international private sector and providers of finance. It shoulders much of the upfront costs and risks of early stage development thereby reducing the entry costs of private sector infrastructure developers.

1.7 The PIDG Donors also support two affiliated Programmes:

- a) DevCo, a trust fund housed within the IFC, which provides funding for technical assistance to governments that helps governments to involve the private sector in infrastructure development in reforming developing countries;
- b) GPOBA, the Global Partnership for Output Based Aid, a trust fund within the World Bank, which provides grant based subsidies to support the sustainable provision of infrastructure services to the poor.

1.8 The PIDG Donors agreed that there is a need to complement these various facilities and affiliated Programmes by providing:

- a) Window 1 – General Technical Assistance: In conjunction with projects being considered or developed by the Investment Facilities and/or Affiliates, grants will be available from Window 1 for studies intended to guide governments and public or private agencies on options for financing of infrastructure, advice and training on the designs and implementation of specific reforms, support to the design and implementation of pioneering transactions, as well as institutional strengthening, training and capacity building. Window 1 will also be the primary source of grants for post-transaction support and activities to enhance development effectiveness.
- b) Window 2 – Capital Market Development: to support capital market development in the countries in which GuarantCo is operating, only available to GuarantCo.
- c) Window 3 – Output-Based Aid (OBA): for the provision of grants to address the issues of balancing affordability by the poor with commercial viability by applying output-based aid principles<sup>1</sup> wherever feasible with the support of the Global Partnership on Output-Based Aid (GPOBA). In addition to studies, technical assistance, and training, Window 3 may exceptionally provide funds for targeted subsidy of initial fees and/or user charges, or one-off subsidies in order to extend delivery of key services to poor people who would

---

<sup>1</sup> Output-based aid principles as defined in the Global Partnership on Output-Based Aid (GPOBA) document “Operating Principles and Annexes October 20, 2004 (Revised November 3, 2006)”.

otherwise not be able to afford them. Window 3 will only be used if and when GPOBA funding is not available or if, under exceptional circumstances and in agreement with the GPOBA Programme Manager, the proposal is considered to be more appropriate for funding under TAF Window 3.

- 1.9 Accordingly, the PIDG has established the Technical Assistance Facility (the “TAF”) which is available to support any of the projects of the Investment Vehicles or affiliated Programmes that meet the agreed selection criteria.
- 1.10 Funds provided by the PIDG Donors for the TAF are held by the PIDG Trust, which will be responsible for the administration of the TAF under the direction of the PMU. The assessment and monitoring of applications for grants from the TAF will be the responsibility of a technical Adviser appointed by the PIDG Trust to undertake this task (the “**Technical Adviser**”). The Technical Adviser shall be part of the PMU.
- 1.11 The purpose of this Statement is to set out the specific objectives of the TAF and the terms upon which it operates, and the powers and duties of the PMU, the Technical Adviser, the PIDG Trust and the Governing Council with respect to the TAF.

## 2. Objectives

- 2.1 The overall purpose of the TAF is to support the objectives of the PIDG and its Investment Vehicles and Affiliated Programmes by enhancing the ability of public and private sector clients to attract private capital to the financing of infrastructure and related services, thus enabling developing countries to make a strong and positive contribution to growth and poverty reduction.
- 2.2 The TAF’s key specific objectives are to:
  - a) build capacity in both the public and private sector in order to facilitate the aims of the PIDG;
  - b) facilitate private investment and mobilise additional resources directed towards the implementation of initiatives sponsored by the PIDG Investment Vehicles and Affiliated Programmes;
  - c) promote better co-ordination in the delivery of technical assistance associated with projects and Programmes sponsored by the PIDG Investment Vehicles and Affiliated Programmes;
  - d) enhance inclusion and other social development opportunities of projects and Programmes supported by the PIDG Investment Vehicles and Affiliated Programmes;
  - e) provide post-transaction support for projects and Programmes supported by the PIDG Investment Vehicles and Affiliated Programmes; *Other avenues of obtaining and providing such support (e.g.PPIAF or bi-lateral aid) will be explored first*

*before considering TAF involvement. TAF involvement is anticipated only when a particular project involving a PIDG Facility, or gains achieved during the period of PIDG Facility involvement, may be jeopardized;*

- f) strengthen environmental sustainability;
- g) promote development or improvement of capital market systems in selected countries or regions; and
- h) facilitate affordability by the poor of infrastructure services provided on a commercially viable basis.

### **3. Strategy**

- 3.1 Through the provision of grants and/or advice to the Facilities and the Affiliated Programmes from Windows 1 and 2, the TAF will provide a mechanism for delivering short-term and medium-term activities, including studies and technical assistance, knowledge dissemination/awareness, and capacity building through the provision of consultants, Advisers, arrangement of training, secondments or workshops. Under Window 3, the TAF may also provide assistance and/or grants, where justified in accordance with Output-Based Aid principles, to enable transactions supported by the Investment Vehicles to extend the delivery of key services to poor people who would otherwise not be able to afford the full cost. The TAF will support activities and interventions mainly in the public, quasi/public sector, but will also be able to support private sector activities where inputs relate to achieving objectives of the TAF and the Investment Vehicles and affiliated Programmes.
- 3.2 The activities of the TAF will be implemented in close co-ordination with and in support of the Investment Vehicles and affiliated Programmes.

### **4. Funding**

- 4.1 Initially, the TAF was funded by contributions from the World Bank to the PIDG Trust. Since its inception, other PIDG Donors have also contributed to the TAF (jointly, the “**TAF Donors**” and each a “**TAF Donor**”) and other contributions are anticipated.
- 4.2 Any TAF Donor shall, if not already a PIDG Donor, first have to become a member of the PIDG in accordance with the provisions of the PIDG Constitution.
- 4.3 A TAF Donor shall enter into a Funding Instrument (as defined in the Declaration of Trust) with the PIDG Trust in a form acceptable to the existing TAF Donors and the PIDG Trust.

### **5. Governance**

- 5.1 The Governing Council will oversee and define and direct the strategy of the TAF in accordance with the terms of the PIDG Constitution and this Statement.

- 5.2 The PMU will be responsible for managing the day-to-day operations of the TAF, within the scope of its responsibilities as defined in this Statement and the PIDG Constitution. The PMU shall report on the activities of the TAF to the Governing Council.
- 5.3 Nothing in this Statement shall be deemed to limit or otherwise affect the obligations and powers of the PMU as set out in the PIDG Constitution.

#### **Powers and Duties of Governing Council in relation to the TAF**

- 5.4 The Governing Council may, at its discretion, appoint a Steering Group from among its members to oversee the TAF on its behalf. The duties of the Governing Council or the Steering Group (if so appointed), will be to:
- a) review and approve Recommendations (as defined in Clause [5.6(f)]) received from the Technical Adviser for grants to be made from the TAF subject to paragraph 6.6 below (approval thresholds) and in line with the guidelines for the approval of Project Proposals as set out in Annex 1 (“**Investment Criteria**”);
  - b) review and approve the selection and appointment of the Technical Adviser;
  - c) review and approve the annual work Programme and budget of the TAF;
  - d) provide general guidance to the PMU on the selection of projects for funding;
  - e) review the maximum grant amount which the Technical Adviser may approve without seeking prior approval of the Governing Council;
  - e) review and approve any amendments to this Statement, including any Annexes.
  - f) authorise and approve the scope of such independent evaluations of the TAF portfolio of projects and the operations of the Technical Adviser the Governing Council may request;
  - g) take any other action that may be deemed necessary by the Governing Council.

#### **Powers and Duties of the PMU and the Technical Adviser in relation to the TAF**

- 5.5 Reporting to the Programme Manager of the PIDG (the “**Programme Manager**”), the Technical Adviser will have principal responsibility for the day-to-day operations of the TAF. The Technical Adviser will serve on terms agreed with the PIDG

Trust, provided, however, that this Statement, as amended from time to time, shall be incorporated in and made a part of such terms.

5.6 The Technical Adviser will have the following powers and duties with respect to the TAF:

- a) Serve as designated point of contact for the TAF, to which all grant applications shall be directed.
- b) Work with the Investment Vehicle or Affiliated Programme submitting a grant application to obtain all information necessary for the Governing Council or Steering Group to evaluate such proposals.
- c) Examine submissions to ensure that they comply with the Project Investment Criteria set out in Annex 1.
- d) Produce a summary of each grant application (“**Project Proposal Summary**”), which summary shall include a brief analysis of each grant application commenting on its contribution to helping to meet the aims and objectives of the PIDG.
- e) Analyse each grant application against the Project Investment Criteria and with respect to its contribution to the aims and objectives of the PIDG.
- f) In the light of the above, and bearing in mind the funds available for use by the TAF, make recommendations as to funding allocations, highlighting any special conditions or requirements that should apply to a particular project (the “**Recommendations**”).
- g) On a timely basis, submit Project Proposals which meet the Investment Criteria, together with the Project Proposal Summaries and the Recommendations, through the Programme Manager to the Governing Council or Steering Group for review and approval in such form as required.
- h) Following approval of Project Proposals and the Recommendations by the Governing Council or Steering Group, negotiate and arrange for the PIDG Trust to enter into a funding agreement and such other arrangements as may be necessary with:
  - in the case where a PIDG Investment Vehicle or Affiliated Programme is the recipient of the grant, with the recipient,, or
  - in the case of a service provider selected to undertake post-transaction support, in direct payment of their invoices.
- i) Ensure that the PIDG Trust has adequate and timely commitments from the TAF Donors to meet all of its obligations under such funding agreements and to pay TAF costs as set out in paragraph 7.8 below. Furthermore to

ensure that the PIDG Trust will not be exposed to any financial risk in the event that a TAF Donor fails to meet any commitment to the PIDG Trust under such funding agreements

- j) Not less than once in each calendar year, make a monitoring visit to a minimum of two projects supported by TAF grants;
- k) Prepare an Annual Monitoring and Evaluation Report of the TAF, including results of project site visits, in a form to be agreed by the Governing Council or Steering Group.
- l) Report on the progress and completion of projects supported by a TAF grant for submission by the PIDG Trust to the PIDG.
- m) Attend the meetings of the PIDG and make a verbal presentation to the PIDG on the work and operations of the TAF.
- n) Provide secretarial and administrative support to the Steering Group and the Governing Council with respect to the TAF as needed.
- o) Provide support to the Governing Council or Steering Group on budget, procurement and financial management matters relating to the TAF.
- p) Receive reports from the PIDG Trust and advise the Governing Council or Steering Group on available resources and commitments.
- q) Monitor implementation of the TAF budget and assist in review of project budgets.

## **6. Operating Procedures**

- 6.1 Project Proposals may be submitted to the Technical Adviser by any Investment Vehicle or Affiliated Programme.
- 6.2 Upon receipt of a Project Proposal, the Technical Adviser will work with the Investment Vehicle or Affiliated Programme submitting the proposal and/or the proposed final recipient of the funds to develop the proposal and secure the information necessary for the Governing Council or Steering Group to review the Project Proposal. The Technical Adviser will determine whether the Project Proposal meets the Project Investment Criteria.
- 6.3 The Technical Adviser shall prepare a Project Proposal Summary which shall be submitted with each Project Proposal being submitted to the Governing Council or Steering Group.
- 6.4 The Technical Adviser shall also prepare a report setting out the Recommendations.
- 6.5 Upon completion of analysis and evaluation, Project Proposals, together with Project Summaries and the Recommendations, will be



submitted on a timely basis to the Governing Council or Steering Group through the Programme Manager.

- 6.6 Project Proposals with a value of less than USD75,000 may be approved by the Technical Adviser without the approval of the Governing Council or Steering Group, and such approved Projects shall be notified to the Governing Council or Steering Group through the Programme Manager.
- 6.7 Project Proposals with a value of, or in excess of USD75,000, or such other amount as the Governing Council may from time to time determine, shall be submitted for approval by the Governing Council or Steering Group on a no-objection basis. If no member of the Governing Council or Steering Group objects to a Project Proposal within ten (10) working days from the date on which the Project Proposal was submitted to the Governing Council or Steering Group, the Project Proposal will be deemed to have been approved by the Governing Council or Steering Group.
- 6.8 The Governing Council or Steering Group may require additional information from the Technical Adviser on any aspect of a Project Proposal, or require adjustments in the design or cost of a Project Proposal, or such other changes as its members may agree.
- 6.9 For grants from Window 3 the Technical Adviser will agree arrangements for implementing each Project with the Investment Vehicle/Affiliated Programme receiving the grant. The Investment Vehicle/Affiliated Programme will then be responsible for entering arrangements and disbursing funds with respect to the Project or Projects for which it has received the grant.
- 6.10 For funding for post transaction support from Window 1, the Technical Adviser will agree the arrangements for implementing the project with the recipient of the support.
- 6.11 Grant arrangements with the Investment Vehicle or Affiliated Programme receiving a TAF grant will be executed by the PIDG Trust. For post transaction support projects, where the recipient of the support is a government or a private investor, contracts with a service provider will be issued by the PIDG Trust. In both instances, the PMU will present the draft grant/contract to the PIDG Trust, together with (i) evidence that the Project or Projects to be funded have been approved by the Governing Council or Steering Group (or that express approval is not required, as applicable) and (ii) any other supporting documentation as agreed by the PIDG Trust in consultation with the Governing Council or Steering Group..

## **7. Payment Services and Administration**

- 7.1 Payment services and administration of the TAF shall be carried out by the PIDG Trust in accordance with the terms of the Declaration of Trust.
- 7.2 Contributions to the TAF are disbursed to a designated account at the PIDG Trust, which account is administered in accordance with

the Account Administration Provisions of the Declaration of Trust (the “**TAF Account**”). Contributions may then be put in an escrow account linked to a specific project or recipient in accordance with the provisions of an escrow agreement to be entered into between the PIDG Trust and the relevant Investment Vehicle, Affiliated Programme or other recipient.

- 7.3 Grants from Window 1 (for all support except post-transaction support) will be made directly by the PIDG Trust to the Investment Vehicle or Affiliated Programme receiving the grant in amounts stated in the grant letter prepared by the PMU and signed on behalf of the Investment Vehicle or Affiliated Programme and the PIDG Trust, upon presentation of such supporting documentation as the PIDG Trust, in consultation with the Technical Adviser, the PMU and the Governing Council, may require from time to time.
- 7.4 Grants from Window 1 for post-transaction support may be provided as follows:
- a) As a grant directly from the PIDG Trust to the Investment Vehicle or Affiliated Programme that applied for the grant;
  - b) To directly pay invoices received from a service provider providing the post-transaction support.
- 7.5 Grants from Window 2 to GuarantCo will be made directly by the PIDG Trust to GuarantCo in amounts stated in the grant letter prepared by the PMU and signed on behalf of GuarantCo and the PIDG Trust, upon presentation of such supporting documentation as the PIDG Trust, in consultation with the Technical Adviser, the PMU and the Governing Council may require from time to time.
- 7.6 Payments from Window 3 will be made either to the Investment Vehicle/Affiliated Programme receiving the grant or to such escrow account as the Technical Adviser, the PIDG Trust and the Investment Vehicle/Affiliated Programme may agree.
- 7.7 Upon the winding up of the PIDG Trust, any balance in the TAF Account not held in an escrow account shall be applied in accordance with the provisions of the Declaration of Trust. Any amounts retained in an escrow account shall be applied according to the terms of the relevant Escrow Account
- 7.8 The costs of the Technical Adviser, as well as any other costs associated with operation of the TAF, will be paid for out of the TAF Account.

## **8. Evaluation, Reporting and Auditing**

- 8.1 The Governing Council will review the portfolio of Projects on the basis of reports to be prepared by the Technical Adviser pursuant to paragraph 5.6 (k), (l), and (m) above.

- 8.2 The PIDG Trust will provide to the PIDG annual audited financial statements of the PIDG Trust and such other reports with respect to the TAF as are required under and in accordance with Part 4 of the Declaration of Trust.
- 8.3 The Governing Council may at any time request a review of (i) the operations and the cost structure of the working of the TAF and (ii) of the impact and effectiveness of the TAF's Programme and strategy.

## **9. Amendment Procedures**

- 9.1 This Statement may only be amended by the Governing Council with the prior unanimous consent of all members of the Governing Council.

## Annex 1 to TAF SOPP:

### **PROJECT INVESTMENT CRITERIA**

TAF grants are to be made for (i) General Technical Assistance - studies, technical assistance, consultancy services, and training to facilitate in country development and/or implementation of projects to be financed or guaranteed by one or more of the PIDG Investment Vehicles<sup>2</sup>; (ii) Capital Markets Development for GuarantCo; and (iii) Output Based Aid.

#### **Window 1 - General Technical Assistance**

Activities for which TAF General Technical Assistance funding is eligible will generally be included in one or more of the following categories:

- a. Infrastructure Development Strategies. Studies intended to guide governments on options for financing of infrastructure including mechanisms to promote private sector involvement and local currency financing.
- b. Policy, Regulatory and Institutional Reforms. Advice and training on the design and implementation of specific reforms aimed at facilitating financing of infrastructure by the private sector.
- c. Pioneering or Pilot Transactions. Support to the design and implementation of particular projects or transactions that will be financed and/or guaranteed by a PIDG facility (that are pioneering in some important respect, reflect some measure of innovation, and/or offer potential demonstration effects.)
- d. Capacity Building. Activities aimed at building government capacity and/or the capacity of local capital markets, financial institutions, and/or quasi-public enterprises, or in the design of arrangements for mitigating risk and/or raising funds for private sector investment in infrastructure.
- e. Specific Developmental Activities. Feasibility studies and or design of pro-poor, developmental activities considered as additional to the original project being supported by a PIDG facility.
- f. Post Transaction Support. Financial support to PIDG facilities and/or directly to governments and/or private investors post-financial close; where, in the process of project implementation, it becomes evident that further assistance is needed and desired by all parties. Care will be taken to minimise any potential conflicts that may arise where the provision of assistance via a PIDG facility could give rise to perceptions of conflicts of interest.

Proposals for General Technical Assistance will be assessed against the following Investment Criteria:

---

<sup>2</sup> A list of the Investment Vehicles deemed eligible for funding under the TAF can be obtained from the PMU.

- a. Consistency with the objectives of TAF as set forth in Section 2 of the Statement of Policies and Procedures, as well as its overall mission to eliminate poverty and achieve sustainable growth and development.
- b. Consistency with and support of the operating policies and procedures / investment policies of the specific facility applying for TAF funding.
- c. (c) TAF funded activities will be undertaken in a way that promotes effective coordination with the activities of official donors. In particular, activities may be undertaken only if there is no substantive conflict with Programmes or activities being undertaken by PIDG members or, to the extent this is easily verifiable, by other donors.
- d. Co-Financing with the end recipient of the TAF grant is to be encouraged and will be taken into account in setting priorities for funding. Co-financing of 25% from private sector entities and 10% from public sector (or quasi-public sector) entities will be the norm, but can be waived with the approval of the Governing Council if deemed appropriate.
- e. TAF funding used by a PIDG facility should result in a net additional flow of resources to and not substitute for alternative funding. Funding for the proposed activity should not be more conveniently available from other sources, including loans from international financial institutions, grants from other Programmes, or a government's or institution's own resources.
- f. Procurement of consultants and other technical assistance using TAF funding should be carried out by the PIDG facilities in an open and transparent manner consistent with achieving cost effectiveness and efficiency. Applications for funding will be evaluated from the standpoint of clarity and completeness of the proposal submitted, realistic goals and objectives, clearly stated and measurable deliverables and other outputs (including development impact), realism of schedule and budget, and impact on the successful implementation of the proposed investment.

## **Window 2 - Capital Markets Development**

Funding from this window is only available to GuarantCo.

Unlike Window 1, where TAF funding is linked to specific projects supported by a PIDG facility, there is no requirement for a direct link to a concrete guarantee transaction undertaken, or to be undertaken, by GuarantCo for a potential activity to be eligible for TAF funding through Window 2. Eligible projects aimed at improving the enabling securities market environment could include:

- diagnostics and advice on local capital market strategies;
- systemic or institutional reforms capacity building;
- development of market infrastructure and market participants;
- design and implementation of pioneering securities models and transactions;
- seminars and workshops, disseminating experiences from transactions in other countries etc.;
- dissemination of experiences from previous transactions and advice to actors on how to further develop their skills.

Proposals for funding from window 2 will be assessed against the following Investment Criteria:

- Consistency with the Mission and Role of GuarantCo in developing and building capacity in local capital markets.
- Consistency with the objectives of the TAF as set out in Section 2 of the Statement of Policies and Procedures.
- Clarity and completeness, realistic goals and objectives, possible impact on local capital market development, clearly stated and measurable deliverables and other outputs and realism of schedule and budget.

The Technical Adviser will, as much as possible, coordinate with the Efficient Securities Markets Institutional Development (ESMID). Funding will not be provided from Window 2 if there is a risk of conflict between ESMID's activities and those proposed by GuarantCo, ESMID, PIDG Donors or, to the extent this is easily verifiable, by other donors.

Co-financing with recipient parties will be encouraged.

Applications for funding from the CMD Window of the TAF by GuarantCo will be accompanied by detailed Terms of Reference.

Procurement of consultants and other technical assistance by GuarantCo using funding from the CMD Window of the TAF will be carried out by GuarantCo in accordance with its procurement policies.

### **Window 3 - Output Based Aid Window**

Funding from window 3 of the TAF may be used for the provision of grants to address the issues of balancing affordability by the poor with commercial viability by applying output-based aid principles<sup>3</sup>, where feasible with the support of the Global Partnership on Output-Based Aid (GPOBA). In addition to studies, technical assistance, and training, Window 3 may exceptionally provide funds for targeted subsidy of initial fees and/or user charges, or one-off subsidies in order to extend delivery of key services to poor people who would otherwise not be able to afford them. Window 3 will only be used if and when GPOBA funding is not available or if, under exceptional circumstances and in agreement with the GPOBA Programme Manager, the proposal is considered to be more appropriate for funding under TAF Window 3. .

The application process for OBA funding with the support of the TAF is as follows:

- i) All projects which a manager of one of the PIDG facilities wishes to have considered for OBA support will be submitted to the TAF Technical Adviser in concept at the earliest possible stage,
- ii) The TAF Technical Adviser will advise on the suitability or otherwise of the proposal for OBA funding and on approaches that will be required in order to improve such suitability, consulting with the GPOBA Programme Manager for advice as necessary (such advice being given on an informal basis).
- iii) If, following consultation with the GPOBA Programme Manager, the proposal is felt to be appropriate for consideration for funding under the GPOBA Window 3 (and this should always be the preferred route, assuming GPOBA has untied funding available), the TAF Technical Adviser will assist with the submission of an application to GPOBA.
- iv) If GPOBA funding is not available or if, under exceptional circumstances and in agreement with the GPOBA Programme Manager, the proposal is considered to be more appropriate for funding under TAF Window 3, the TAF Technical Adviser will arrange for this to be submitted to a TAF Expert Panel<sup>4</sup> for consideration and to make recommendations as to its suitability for support under TAF Window 3.
- v) If the project is deemed suitable for funding under TAF Window 3, the TAF Technical Adviser will seek approval in principle from the PIDG and, if this approval is forthcoming, the TAF Technical Adviser may approach GPOBA for the financing of consultancy support out of GPOBA's Window 1 to assist with the design the OBA scheme (again assuming that GPOBA has uncommitted Window 1 funds available).

---

<sup>3</sup> Output-based aid principles as defined in the Global Partnership on Output-Based Aid (GPOBA) document "Operating Principles and Annexes October 20, 2004 (Revised November 3, 2006)".

<sup>4</sup> It is proposed to employ the same individuals for the TAF Expert Panel as constitute the GPOBA Expert Panel, but with separate contracts negotiated for advice to the TAF

vi) The proposal, as subsequently structured, will then be submitted to the PIDG for formal funding approval from TAF Window 3.



## **ANNEX 2 TO TAF SOPP:**

### **1. Terms of Reference for Technical Adviser Background**

A number of like-minded donors (currently Austria, the Netherlands, Sweden, Switzerland, the United Kingdom and the World Bank Group) have come together to form the Private Infrastructure Development Group (PIDG). The PIDG aims to facilitate the provision of the infrastructure needed for poverty elimination in developing countries by bringing in private sector investment. Particular emphasis is attached to the provision of adequate and affordable services to the poorer sectors of society.

The PIDG has established a Long-term Debt Facility for Africa (EAIF), a Project Preparation Facility (InfraCo), and a Local Currency Guarantee Facility (GuarantCo). In addition, the PIDG have entered into agreement with others to bring the Project Development facility (DevCo) – managed by the IFC – and the Output Based Aid facility (GPOBA) – managed by the World Bank – under the PIDG umbrella as Affiliated Programmes. Other facilities are currently under consideration.

PIDG complement these various facilities by providing support for capacity building and technical assistance in the recipient countries for both central and local government, and for the private sector, in the departments and organisations with responsibility for managing and operating public/private partnerships for the provision of infrastructure services. Accordingly, the PIDG have established a Technical Assistance Facility (TAF) which is available, on a competitive basis, for support to any of the project development or financing facilities operating under the PIDG umbrella.

The administration of the TAF is the responsibility of the PIDG Trust. The management of the assessment and monitoring of the grants made under the TAF is the responsibility of the PIDG Programme Management Unit (PMU). In order to undertake this role, the PMU is seeking part-time support of up to 90 days per year from an appropriately qualified and experienced Technical Adviser to both help select projects and Programmes to be funded under the TAF and to monitor the on-going progress of these.

### **2. Assignment**

Applications for funding support under the TAF are open to Programme Managers of all facilities operating under the umbrella of PIDG. The Technical Adviser will be required to undertake the duties set out below, reporting to the PIDG Governing Council through the PIDG Programme Manager, who heads the PMU

1. Serve as designated point of contact for the TAF, to which all Project Proposals shall be directed;
2. Work with PIDG Investment Vehicles submitting Project Proposals to obtain all information necessary for the Governing Council to evaluate such proposals.

3. Examine submissions to ensure that they comply with the Investment Criteria of the TAF.
4. Produce a summary of each Project Proposal ('Project Proposal Summary'), which summary shall include a brief analysis of each Project Proposal commenting on its contribution to helping to meet the aims and objectives of PIDG.
5. Prioritise Project Proposals that comply with the Investment Criteria in order of ranking as to their contribution to the aims and objectives of the PIDG.
6. In the light of the above, and bearing in mind the funds available, make recommendations as to funding allocations, highlighting any special conditions/requirements that should apply (the 'Recommendations').
7. Submit Project Proposals for all those projects costing more than \$75,000 which meet the Investment Criteria, together with the Project Proposal Summaries and the Recommendations, to the Steering Committee of the Governing Council for review and approval. [Projects which cost less than \$75,000 may be approved by the Technical Adviser under delegated authority with an Advisory note only being submitted to the PIDG Programme Manager.]
8. Following approval of Project Proposals and the Recommendations by the Steering Committee, negotiate and arrange, through the PMU, for the necessary grant agreement to be put in place with the PIDG Trust.
9. Not less than once in each calendar year, make a monitoring visit to a minimum of two of the projects/Programmes being supported under the TAF and prepare an annual monitoring and evaluation report on progress.
10. Attend the biannual meeting of PIDG donors and make a verbal presentation on the work and operations of the TAF.
11. Provide support, with the PMU, to the Steering Committee on budget, procurement and financial management matters relating to the TAF.
12. Receive reports from the PIDG Trust and advise the Steering Committee on available resources and commitments.
13. Monitor implementation of the TAF budget and assist in review of project budgets.

### **3. Reporting**

The Technical Adviser will be required to furnish the following reports:

1. A quarterly summary report setting out the Project Proposals Summaries, Recommendations and Approvals.
2. A written report of the work of the TAF over the previous six months to accompany the verbal report to be delivered to the biannual meetings of PIDG donors.
3. Monthly consolidated invoice with respect to services of technical assistance providers and summaries of individual invoices.
4. An annual monitoring and evaluation report.
5. Such other reports as may be requested by the Steering Committee from time to time.

#### **4. Qualifications**

The Technical Adviser must have a background of working, at a senior level, with a major donor on the encouragement of private sector investment to the provision of infrastructure services in order to support poverty elimination in developing countries. He/she will also be required to have a good understanding of both the technical issues involved with PSI in infrastructure and of the options and approaches appropriate for the delivery of private sector funding to the provision of infrastructure services in the poorer developing countries.

**January, 2007**