



Private Infrastructure Development Group



ANNUAL REPORT 2008

PIED

'The Private Infrastructure Development Group is a coalition of donors mobilising private sector investment to assist developing countries provide infrastructure vital to boost their economic development and combat poverty.'

PIDG ANNUAL REPORT 2008



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Foreword

Currently in its eighth year of operations, the PIDG has grown from one facility in 2002, to a family of five facilities, plus two affiliated programmes at the end of 2008. You will see in this Annual Report that PIDG activities to the end of 2008 have helped finance 26 infrastructure projects and provided project development support for 70 projects at various stages of development in some of the poorest countries in the world. The projects supported to date have in turn generated investment commitments from the private sector totalling US\$9bn. The PIDG donors themselves have so far contributed US\$296.4m to the PIDG and its facilities – each US\$1 of donor funding has therefore helped mobilise US\$30 of financing commitments from the private sector. This is a significant achievement, demonstrating the important role of the PIDG in helping to alleviate market constraints to private sector participation in infrastructure in developing countries.

The PIDG portfolio has to date focused predominantly on Sub Saharan Africa, with 90% of the total committed funds going to this region. Going forward, following the establishment of InfraCo Asia (which will come into operation in 2009), it can be expected that South Asia will receive an increased share of support from the PIDG, without leading to a reduction of inputs in Africa. In terms of sector focus, the ‘traditional’ infrastructure sectors of energy, telecoms, transport and water and sanitation have all received support from the PIDG facilities; with telecoms being the main sector receiving funding from the PIDG financing facilities and energy being the key sector of focus by the PIDG project development facilities. In addition, the PIDG facilities have supported some ‘non-traditional’ infrastructure sectors, such as agribusiness, industrial and

housing infrastructure, which have had important growth and income enhancing impacts on the ground.

In the wake of the current financial crisis, the PIDG facilities will have an increased importance in the infrastructure market of the poorer developing countries. EAIF, having already played the role of the ‘lender of the last resort’ for a number of projects, now has an even more important ‘crowding-in’ role to play in the infrastructure market. The demand for guarantees from GuarantCo has also increased with the reduction in the availability of hard currency debt and the consequent re-focusing on the need to credit enhance local currency financing. In the face of a reduced interest in project development by equity investors, the role of InfraCo Africa, InfraCo Asia, DevCo and the TAF is important to continue the pace of infrastructure project development and local capacity building. It is a mark of the quality of the management of the PIDG facilities that, as of the end of 2008, there have been no bad debts associated with PIDG projects.

Overall, the global financial crisis has serious implications for infrastructure development in low-income developing countries, with the PIDG facilities having an increasingly significant role to play. I would therefore encourage like-minded donors to pledge their support to the PIDG and its initiatives, recognising their progress and achievements as set out in this Annual Report and the important role that they will need to play in the future if the aspirations of the poorer developing countries are to be met.



John Hodges, PIDG Programme Manager



THE PRIVATE INFRASTRUCTURE
DEVELOPMENT GROUP

The PIDG is a multi-donor organisation constituted to encourage private sector participation in infrastructure in developing countries to contribute to economic growth and poverty reduction. The PIDG is an umbrella organisation, comprising a number of project financing and development facilities that provide a range of financial, strategic and practical assistance to help maximise private sector efficiencies and the wider availability of private capital. The PIDG aims to play an additional, sustainable and value-for-money role in facilitating private participation in infrastructure.

Established in 2002, the PIDG is now in its eighth year of operations. To date, the PIDG facilities have helped finance 26 ongoing and completed projects for a total commitment (mainly in the form of loans and/or guarantees) of US\$493.7m, as well as provided project development support for 70 ongoing and completed projects at various stages of development at a total funding cost of US\$61.7m. In 2008 alone, the PIDG facilities committed US\$161m for the financing of 7 new projects, and US\$9.7m for project development support for 17 new projects. These commitments by the PIDG facilities have helped catalyse commitments of US\$9bn from private investors at the project level. In order to facilitate these investments, PIDG donors have to date paid in US\$296.4m, to give a ratio of donor investments to PSI commitments generated of 1:30.

2.1 PIDG MISSION AND OBJECTIVES

The PIDG mission statement has evolved over time to reflect its commitment to pro-poor economic growth through increased private sector participation in infrastructure. The PIDG aims:¹

“To mobilise private sector investment to assist developing countries to provide infrastructure vital to boost their economic growth and combat poverty.”

Guided by its mission, the PIDG seeks to achieve the following objectives:

- Enhanced provision of sustainable infrastructure services (quality and quantity).
- Increased numbers of poor people able to access and use infrastructure services.
- Increased flows of local, regional and international investor capital and expertise to infrastructure.
- Transfer of skills at a local level and building of domestic capacity to harness private participation in infrastructure for the benefit of the country and especially the poor.
- Pro-poor economic growth.

CHARACTERISTICS OF THE PIDG APPROACH

The PIDG has employed a number of innovative (and in many respects unique) features that have contributed to its achievements.

- **Creating innovative initiatives.** The PIDG facilities have developed in response to market needs, following considerable dialogue with private sector partners, in order to establish a facility that will truly meet the requirements of the market. This has resulted in the creation of a number of market relevant and innovative facilities such as EAIF (which provides long-term debt funding for infrastructure projects), InfraCo Africa and InfraCo Asia (which recognise the private sector's role as a principal as against providing advisory services) and GuarantCo (which provides guarantee support to enhance local currency financing of infrastructure projects), together with more conventional grant facilities which focus on the provision of consultancy support and local capacity building. Innovative approaches have also been used in the design of facilities such as EAIF, where subordinated donor equity has helped leverage Development Finance Institution (DFI) subordinated debt and commercial senior debt at the facility level, to be further leveraged at the project level. The PIDG facilities also serve to meet the donors' aid effectiveness priorities as the facilities are able to re-use/ recycle their funds to support increasing numbers of projects over time.
- **Management of facilities by expert professional private sector teams.** To varying degrees, all of the PIDG facilities, with the exception of the affiliated programmes (i.e. DevCo and GPOBA), are managed by the private sector. This is a unique PPP model where public funds from the PIDG members are managed and administered by the private sector in a commercial manner. EAIF, GuarantCo and InfraCo Africa (and as will be InfraCo Asia) are all private companies that have outsourced their management to specialist private sector management companies; as private companies, they have Boards of non-executive Directors with a responsibility for ensuring that the management companies operate in the interests of their PIDG sponsors.² This approach has the benefit of allocating roles to those best placed to deliver results. The PIDG donors, as interested stakeholders, have assumed the role of providing high-level strategic guidance for the initiatives as a whole, leaving the detailed financing and development risk-taking decisions involved in projects to the management teams and Boards.
- **Flexible trust structure.** The PIDG is not a legal entity in its own right, and therefore performs many of its functions through the PIDG trust. The trust structure that has been adopted by the PIDG offers a number of benefits, including providing a mechanism for donors to invest in private companies without directly holding the equity themselves, as well as being able to fund different PIDG initiatives at different points in time. The trust structure has been found to be both cost effective and sufficiently flexible to meet changing needs.



PALINDIA
COMPUTER EDUCATION
BASIC + TALLY
D.T.H. - WEB DESIGN
AUTOCAD + JDS - MAX
MS WORD & E + NETWORKING
JAVA + NET
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10 Feet Road, M.S. Camp
Mumbai Station, Stop No. 8, Malad

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GOODS CARRIER

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2.2 THE PIDG FACILITIES

The PIDG comprises a number of project development and financing facilities that seek to encourage private sector participation in infrastructure in low-income developing countries. The various PIDG facilities aim to address specific failures in the infrastructure market through the provision of support along the different stages of the project cycle. Figure 2.1 provides details on the PIDG's response to particular infrastructure development constraints through the products offered by its different facilities.

Figure 2.1: PIDG facilities and affiliated programmes²

Project Financing Facility (PFF)/Project Development Facility (PDF)	PIDG facility/affiliated programme	Constraint to private sector participation (PSP) in Infrastructure	Product offered by the facility/affiliated programme
PFF	Emerging Africa Infrastructure Fund (EAIF)	Limited availability of foreign currency denominated debt finance in Sub Saharan Africa for infrastructure	Long-term foreign currency denominated loans
PFF	GuarantCo	High credit risk for local currency financing of infrastructure	Partial guarantees for private and public sector infrastructure entities
PDF	InfraCo Africa	Lack of development of infrastructure projects suitable for private sector investment, given high early stage risks and associated costs	Project development, with a focus on early stages of the project cycle
PDF and PFF	InfraCo Asia	Lack of project development and access to equity for greenfield infrastructure projects in more challenging sectors in poorer South and South East Asian countries	Early stage project development and equity/quasi-equity financing
PDF	DevCo	Lack of governmental expertise in project development and attracting private sector participation into infrastructure	Transactions advisory services to the public sector
PDF and PFF	Technical Assistance Facility (TAF)	Lack of local capacity to interact effectively with PIDG facilities Issue with affordability of user tariffs for low-income households in private infrastructure projects	Capacity building and technical assistance grants Advisory and funding support for output-based aid subsidies
PDF and PFF	Global Partnership for Output Based Aid (GPOBA)	Lack of affordability of user tariffs for low-income households in private infrastructure projects	Advisory and funding support for output-based aid subsidies

2.3 PIDG MEMBERS AND FUNDING

The founding members of the PIDG include the UK Department for International Development (DFID), the Swiss State Secretariat for Economic Affairs (SECO), the Netherlands Ministry of Foreign Affairs (DGIS), the Swedish International Development Cooperation Agency (Sida) and the World Bank Group. The Austrian Development Agency (ADA) and Irish Aid joined the PIDG in 2007 and 2008 respectively.

Table 2.1 provides the contributions made by the PIDG members to the various PIDG facilities, for project development and the general administration costs of the PIDG from January 2002 to the end of 2008.

Table 2.1: Contributions of PIDG members to the facilities, affiliated programmes and for project development and administration (US\$ million)³

	EAIF	GuarantCo	InfraCo Africa	InfraCo Asia	TAF	DevCo	Administration	Project Development	Totals
DFID ⁴	60.00	25.00	12.50	8.86	5.53	34.76	0.93	1.78	149.36
DGIS	10.00	25.00 ⁵	10.00	-	-	4.15	0.79	0.12	50.06
Sida	20.00	15.00	-	-	1.00	3.23	0.79	0.12	40.14
IFC/ World Bank	-	-	-	-	7.90	11.75	0.78	0.12	20.55
SECO	10.00	8.00	2.50	-	1.00	-	0.79	0.12	22.41
ADA ⁶	-	-	4.08	-	2.95	2.11	0.43	-	9.57
Irish Aid	-	-	-	-	4.11	-	0.18	-	4.29
Total	100.00	73.00	29.08	8.86	22.49	56.00	4.69	2.26	296.38



TO LET
Offices From 500 sq. Ft.
Landmark & Well-lit & Etc.
L. ... & ... Ltd.
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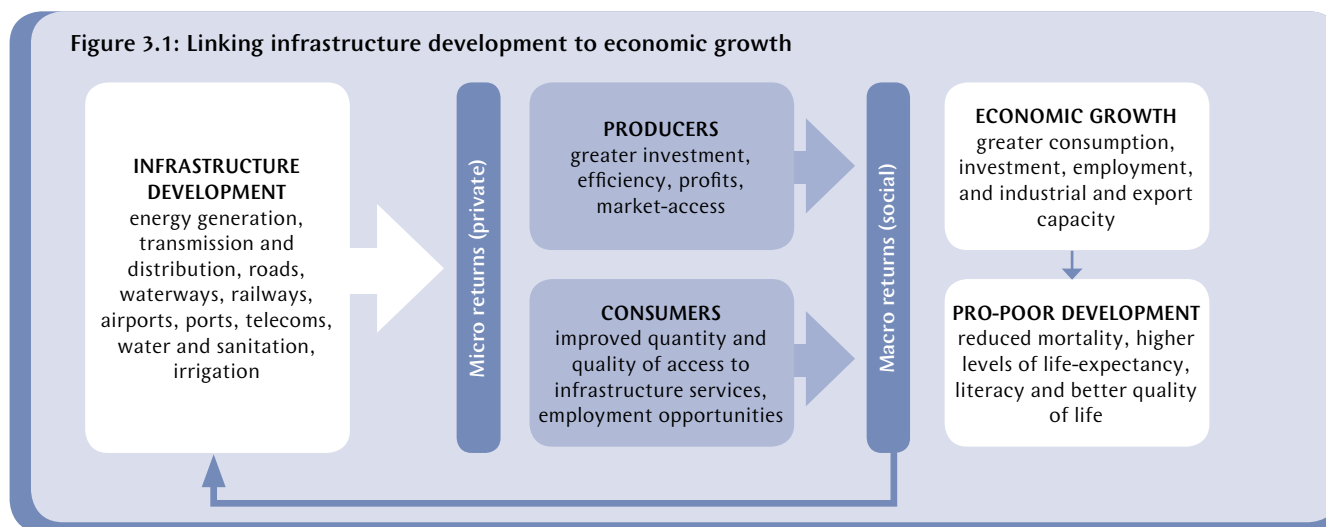
**PRIVATE SECTOR INVESTMENT, INFRASTRUCTURE
DEVELOPMENT AND ECONOMIC GROWTH**

3.1 LINKING INFRASTRUCTURE DEVELOPMENT AND ECONOMIC GROWTH

The development and maintenance of efficient and high quality infrastructure is an essential ingredient for balanced and sustained economic growth. A new infrastructure project, such as a road, railway line or electricity service, reduces the cost of intermediate goods and services (through direct and / or market mediated effects), while it also reduces the need to invest in inefficient activities that substitute for lack of infrastructure, such as individual electricity generators. This boosts investment in productive capital and enhances productivity.⁷

Figure 3.1 illustrates the links between infrastructure development and economic growth, demonstrating how the micro returns to producers and consumers translate to macro returns for the economy as a whole.

Infrastructure acts as ‘public’ capital complementing ‘private’ capital (such as an individual firm’s machinery and equipment) to reduce the tendency for diminishing returns in the latter.⁸ For example, additional machinery will add less and less to a firm’s output if there are no roads to get goods to market. A reliable transport network will allow a firm to confidently plan investments and improve efficiency. Infrastructure links producers



to regional, national and international markets, where the gains from trade are greatest.

Improved quantity and quality of infrastructure services for consumers enhances development and leads to a better quality of life, which in turn facilitates economic growth. For example, improved water and sanitation reduces the transmission of disease and improves hygiene levels, particularly for women and children. Improved transport facilities increase access to vital health and education services, as well as have the beneficial impact of reducing the cost and time of journeys to work. Affordable electricity supports better hospital and

education services, and displaces traditional methods of cooking and lighting which are not only inefficient, but also polluting to the environment. Access to communications systems improves access to market and product information, as well as extends the opportunity to participate in civil society.

A study of the network effects of infrastructure in developing countries finds that, once a minimum threshold is met, the impact of further infrastructure investments on economic productivity is enhanced.⁹ This virtuous circle reinforces the gains for producers and consumers.

RESULTS FROM EMPIRICAL RESEARCH ON THE IMPACT OF INFRASTRUCTURE ON ECONOMIC GROWTH

Across Africa, infrastructure contributed 99 basis points to per capita economic growth over the period 1990 to 2005, compared with only 68 basis points for other structural policies.

- Calderon, C. (2008): "Infrastructure and Growth in Africa", AICD, Working Paper, World Bank.

An extra ten mobile phones per 100 people in developing countries increases growth by 0.6 percentage points.

- Waverman, L., Meschi, M. and Fuss, M. (2005): "The Impact of Telecoms on Economic Growth in Developing Countries", London Business School.

In most African countries, particularly the lower-income countries, infrastructure emerges as a major constraint on doing business and is found to depress firm productivity by around 40%.

- Escribano, A., Guasch, J. L. and Pena, J. (2008): "Impact of Infrastructure Constraints on Firm Productivity in Africa", AICD, Working Paper, World Bank.

Research of registered manufacturing firms in India has shown that the growth of road networks and electricity generating capacity in India between 1979 and 1992 accounted for almost half of their productivity increase.

- Hulten, C., Bennathan, E. and Srinivasan, S. (2006): "Infrastructure, externalities and economic development: a study of the Indian manufacturing industry", The World Bank Economic Review, 2006, Vol.20, No.2.

3.2 THE IMPORTANCE OF LEVERAGING PRIVATE SECTOR INVESTMENT

In low income countries, public resources, including government and donor funds for grants and concessional finance, are insufficient to meet the demand for infrastructure on a project and economy-wide level. If public funds are only part of the solution, then private financing must also have an important role in developing and financing sustainable infrastructure projects. At present, the cost of meeting Africa's infrastructure deficit is estimated at US\$38bn of investment per year, and a further US\$37bn per year in operations and maintenance, thereby implying a total cost of US\$75bn p.a. With contributions from the public sector and Official Development Assistance (ODA) amounting to US\$39bn (US\$35bn being from the former), there is much need for the expansion of private participation in infrastructure.¹⁰

In some cases, particularly where there is a clear potential off-taker for a project, such as a mining plant close to an Independent Power Producer (IPP), private financing can be relatively easy to arrange. However, market failures (such as the insufficient availability of long-term foreign exchange denominated debt, both due to the perceived riskiness of projects and a lack of macroeconomic stability, or the high front-end cost and uncertainty attached to project development, amongst others) often create barriers to private financing in low-income countries, while uncertain and insufficient revenues will adversely affect project economics. In this sense, there is an opportunity to leverage the potential of private finance through well-targeted interventions that enhance the bankability of projects through the

provision of long-term senior debt and/ or guarantees, increase the supply of well-prepared projects, and enhance the sustainability of infrastructure services through commercial incentives.

LEVERAGING OF PRIVATE INVESTMENT THROUGH THE PIDG INITIATIVES

The PIDG facilities aim to tackle a number of constraints to private participation in infrastructure. Through their additional and market creating role, the PIDG facilities have managed to help facilitate increasing amounts of investment commitments from the private sector into infrastructure.

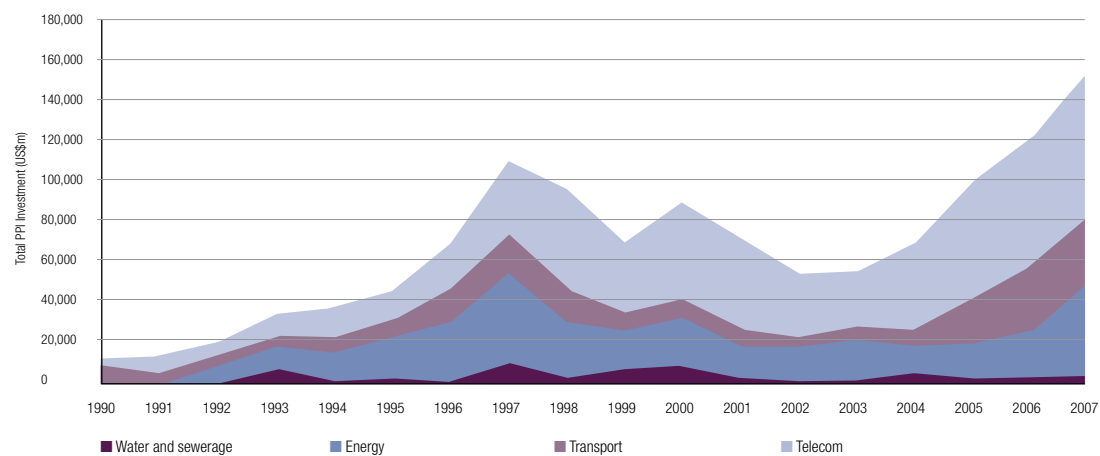
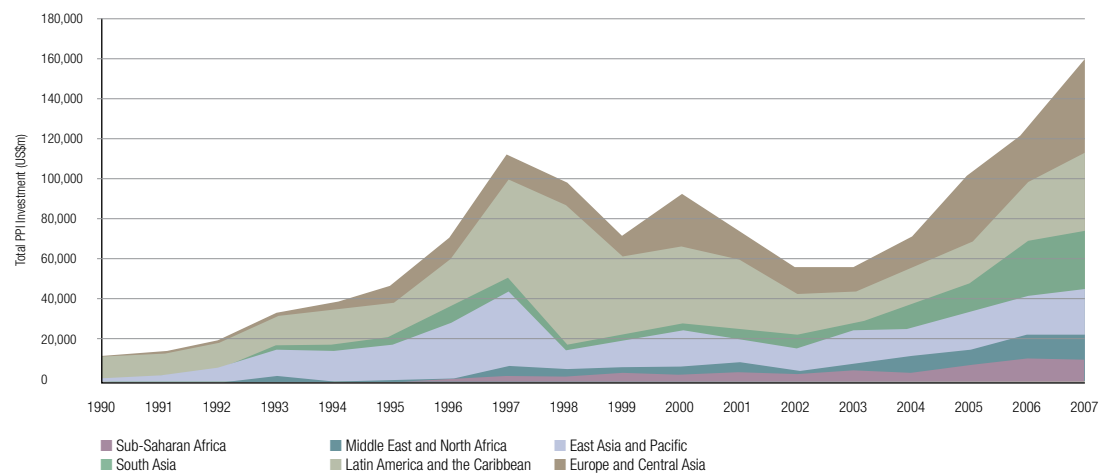
As of end 2008, investment by the PIDG facilities (which includes private sector investment at the facility level) of US\$555.4m has led to total PSI commitments of US\$9bn. With total donor funding of US\$296.4m for PIDG to date, every dollar of donor funding has helped leverage private investment commitments of US\$30.

3.3 RECENT TRENDS IN PRIVATE PARTICIPATION IN INFRASTRUCTURE

Figure 3.2 presents the trends in private participation in infrastructure (PPI) in developing countries from 1990 to 2007 by region and infrastructure sector.

Investments in infrastructure projects in developing countries involving private sector participation have been on the rise since 1990, but with some volatility in the overall trend, particularly in the aftermath of the Asian Financial Crisis of 1997. It is too soon to tell whether the subsequent recovery from 2002 will be affected by the current international financial and debt market conditions (indeed, in 2007, PPI investment reached a record US\$158bn¹¹). However, analysis of preliminary data has shown strong evidence of lower rates of financial closure with projects being cancelled and postponed.¹² The recent crisis in international debt markets has made potential lenders averse to risks and desperate for liquid cash-flows. Since project finance (particularly in the infrastructure sector) involves relatively long lag periods between capital spent and returns realised, private infrastructure will find it increasingly difficult to raise funds as investors strive to maintain liquidity levels. Private risk capital for project development has also declined for infrastructure projects in developing country markets, adding to the problems for those potential investors that do still remain. In this context, the PIDG facilities can play an even more important role in encouraging market activity, by both developing and packaging projects for private investment and helping to mitigate risks for those investors who do remain active in the sector.

Figure 3.2: Trends in PPI by sector and region: investments in projects, current US\$ million.¹³





PIDG OPERATIONS IN 2008

4.1 PORTFOLIO BY FACILITY

Table 4.1: Commitments and number of projects undertaken by facility as at end 2008

	Facility	Committed funds (US\$m)	No. of projects
Project Financing Facility (PFF)	EAIF	414.40	19
	GuarantCo	79.30	7
Project Development Facility (PDF)	InfraCo Africa ¹⁴	22.08	7
	DevCo ¹⁵	25.45	28
PFF and PDF	TAF	14.16	35
	Total for all facilities	555.39	96

Figure 4.1: Share of total funds committed by the PIDG facilities as at end 2008

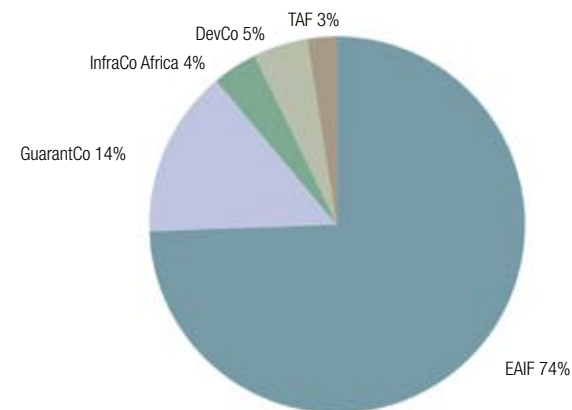
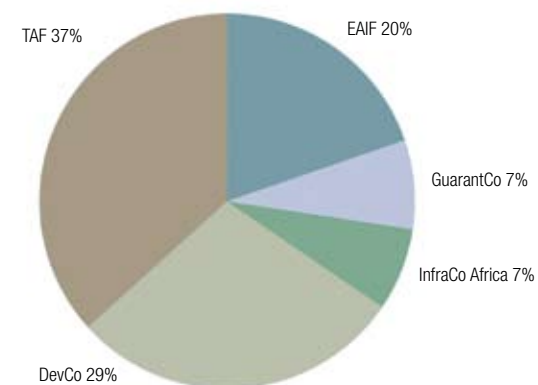


Figure 4.2: Share of total number of projects by PIDG facility as at end 2008



4.2 PORTFOLIO BY REGION

Table 4.2: Commitments and projects undertaken by region as at end 2008

Region	Committed funds US\$m			Projects
	Project financing facilities	Project development facilities	All facilities	All facilities
Sub Saharan Africa (SSA)	450.40	47.48	497.88	71
South Asia (SAR)	33.30	2.48	35.78	8
East Asia & Pacific (EAP)	-	6.97	6.97	10
Europe & Central Asia (ECA)	-	1.00	1.00	2
Latin America & Caribbean (LAC)	-	2.66	2.66	3
Middle East & North Africa (MENA)	10.00	1.10	11.10	2
Total	493.70	61.69	555.39	96

Figure 4.3: Proportion of total funds committed by region

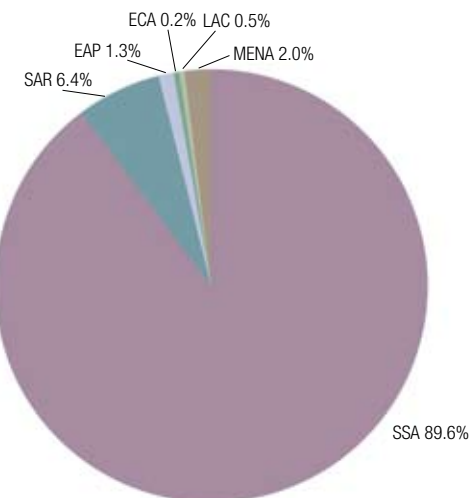
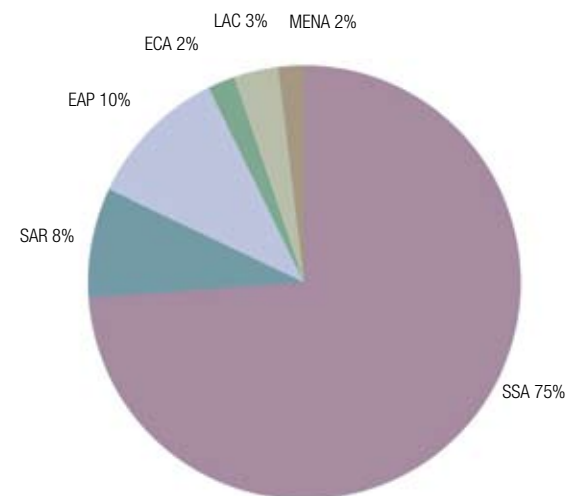


Figure 4.4: Proportion of total projects by region



4.3 PORTFOLIO BY SECTOR

Table 4.3 PIDG activities by sector as at end 2008

Sector	Committed funds US\$m			Projects
	Project financing facilities	Project development facilities	All facilities	All facilities
Agribusiness	-	0.78	0.78	7
Energy	116.50	26.79	143.29	31
Industrial Infrastructure	110.00	0.61	110.61	9
Other	36.50	11.22	47.72	7
Telecoms	164.40	8.71	173.11	23
Transport	66.30	4.04	70.34	9
Water and Sanitation	-	9.54	9.54	10
Total	493.70	61.69	555.39	96

Figure 4.5: Proportion of total funds committed by sector

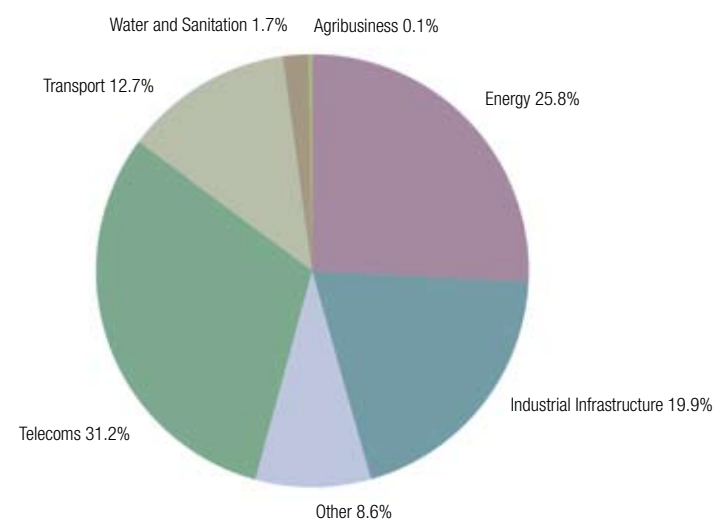
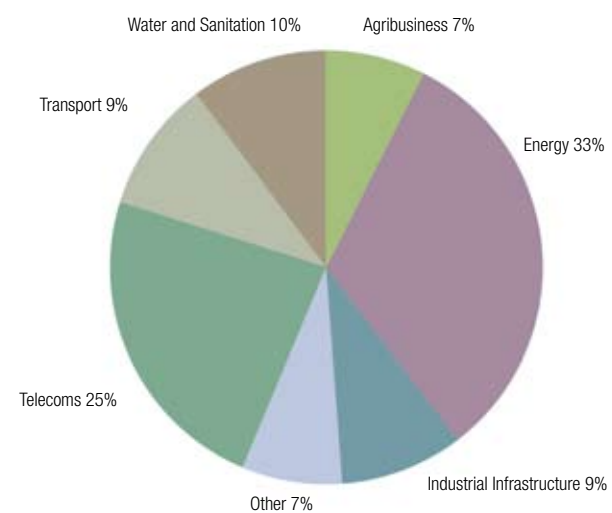


Figure 4.6: Proportion of total projects undertaken by sector





PIDG PROJECT FINANCING AND DEVELOPMENT FACILITIES

5.1 THE EMERGING AFRICA INFRASTRUCTURE FUND LTD. (EAIF)

EAIF is a debt fund that aims to increase the volume of private capital flows into private sector infrastructure projects in Sub Saharan Africa. The perceived high risk of long-term loans, required to fund infrastructure investments in SSA, deters commercial banks from lending to this sector. Commercial lending is therefore mainly restricted to high interest, short tenor loans, thus creating a significant gap in the market. EAIF provides long-term foreign currency denominated debt finance, thereby addressing this market gap. EAIF lends on commercial terms and hence does not have a crowding-out effect. In fact, EAIF has often played the role of the 'lender of the last resort' and is currently even involved in projects as the lead arranger of finance – reflecting its 'crowding-in' impact.

EAIF was set up in 2001, and is the longest running PIDG facility. It is managed by Standard Infrastructure Fund Managers (Africa) Ltd. (SIFMA), a fund management company owned by Standard Bank Group, FMO and Emerging Markets Partners. SIFMA is advised in respect of EAIF by Frontier Markets Fund Managers (FMFM, a division of Standard Bank Plc).

In view of its good performance and demand in the market, the PIDG donors and the EAIF Board have agreed to increase the size of the fund to US\$600m.¹⁶ Negotiations are now at an advanced stage to take this forward, both through increased equity from the donors and commercial debt from the private sector, and it is anticipated that the fund size will exceed US\$500m in early 2009

In 2007, EAIF set up its own project development facility as a source of grant money to provide technical assistance to projects in which EAIF had a potential interest. The grants are convertible to equity where the assistance provided produces a feasible project. To date, five projects have been approved for support, but none have yet reached the stage where the grant funding has been converted to an equity holding.

As of the end of 2008, EAIF had made loan commitments amounting to US\$414.4m in 19 projects. This has resulted in total PSI commitments of US\$5.7bn.

Figure 5.1 presents EAIF's portfolio and PSI commitments by sector and Figure 5.2 presents cumulative EAIF portfolio and PSI commitments by year (figures overpage).

EAIF AND THE FINANCIAL CRISIS

The growing financial crisis has implied a decreasing interest in infrastructure projects from potential lenders as they become more risk averse. Private sector lenders' own cost of funds has gone up and, given liquidity concerns, long-term tenors are increasingly becoming unattractive. In a recent article in the Economist magazine, it was suggested that there will be a 30% decline in net private capital flows in emerging markets in the next 12 months as a result of the crisis. Given this context, EAIF funds for infrastructure development are required more than ever before.

The Board of EAIF asked its management team to review EAIF's entire portfolio, who concluded that there are no direct intermediate impacts and that all existing projects remain robust. In addition, EAIF also has a strong pipeline of projects going forward. The first stage of EAIF's second refinancing was successfully completed in December 2008 and its lenders remain committed to the facility.

Nick Rouse, EAIF fund manager

Figure 5.1: EAIF investment and PSI commitment by sector, US\$m, 2003-08

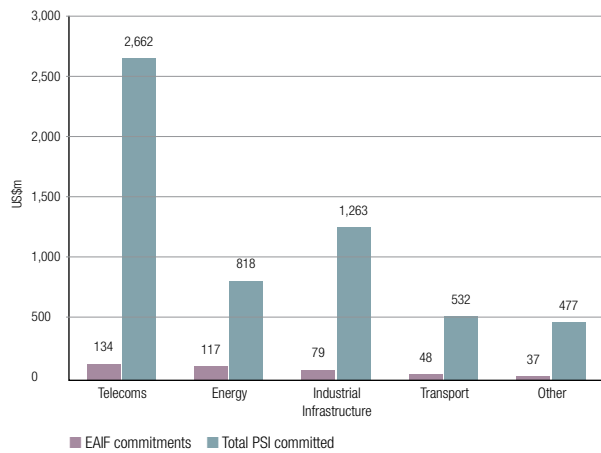
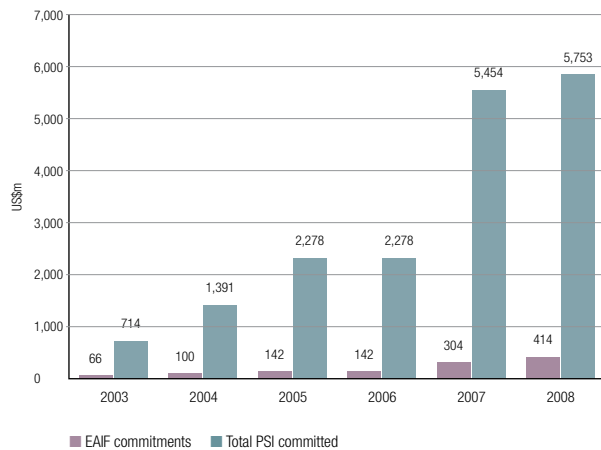


Figure 5.2: Cumulative EAIF investment and PSI commitment by year, US\$m, 2003-08



EAIF'S INVESTMENT IN THE UGANDAN POWER SECTOR

Unreliable and expensive electricity supply can be a heavy burden on private firms, raising costs and diverting investment from productive sources into expensive generators. In order to contribute to the electricity infrastructure in Uganda, EAIF is providing 15-year senior debt of US\$35m for the Bugoye Hydro Power Plant, a 13MW plant in Western Uganda which will have an annual mean generation of 82GWh. The total cost of the project is US\$56m, including grant and sponsor equity of US\$16m. The loan is being made to a special purpose vehicle, Tronder Power Limited, whose investors include a major Norwegian power utility with significant hydro power experience, and the Norwegian Government development fund, Norfund. The generation plant will feed energy into the main grid via a six kilometre long transmission line, financed by a grant from the Norwegian government.

The plant will increase the supply of electricity in the region – increasing access, improving grid reliability and reducing the need for load-shedding. As the plant is in one of the more remote regions of the country, the project will reduce system losses (by reducing the average distance transmitted) and help to link energy sources with existing grid facilities. In addition, some of the production of electricity will replace expensive and polluting diesel. There will also be a significant transfer of technical expertise from the operations

of the plant, boosting domestic skills capacity in the hydro generation sector.

Furthermore, the project will pay 1.5% of its revenues to the local authority as a concession fee over the first 10 years. Greater resources for local authorities will have knock-on beneficial effects to local businesses and communities. Current government subsidies for diesel-powered generation, as well as the unit cost of electricity, will also be reduced. The project will provide short-term employment for 500 people during the construction period, with potentially 10 additional jobs in the long run.

5.2 GUARANTCO LTD.

GuarantCo is a local currency guarantee vehicle that offers partial credit guarantees on loans and bonds for private and public sector infrastructure entities. The guarantees serve as credit enhancements, thereby facilitating local currency financing of infrastructure projects. GuarantCo also promotes sustainable local capital market development since the funds provided for investment are sourced from local banks and investors.

GuarantCo commenced full operations in December 2006 when, following a competitive process, a management contract was awarded to SIFMA (the same management company as EAIF).

At the end of 2008, GuarantCo negotiated an arrangement with Barclays Bank and KfW to increase its lending capacity from US\$73m to US\$292m through a leverage arrangement. This arrangement is scheduled to become operational in early 2009. Overall capacity is anticipated to rise even further to US\$400m in the near future, once GuarantCo's equity increases to US\$100m as proposed by its shareholders.

At present, GuarantCo has committed US\$79.3m in 7 projects, generating total PSI commitments of US\$1,089.3m.

Figure 5.3 overpage presents cumulative GuarantCo investment and PSI commitments raised by year.

GUARANTCO DEVELOPS ACCESS TO TRANSPORT INFRASTRUCTURE FINANCE IN INDIA

In December 2008, GuarantCo signed its first transaction outside Africa, a US\$18.3m equivalent guarantee in rupees for a capital markets securitisation of truck loan receivables in India (working with FMO who provided a similar amount). Notwithstanding a strong rail network, India relies on road transport for many requirements, such as moving food from farm to market and essential supplies to remote areas. Seventy-five percent of road freight is carried by small owner-operators who have great difficulty in accessing finance from the established banking sector due to their size, and who therefore face problems in competing with larger operators. The problems with access to finance by small operators has become more pronounced in recent years as various states have begun to impose stricter pollution laws requiring the replacement of older vehicles.

Small owner-operators have a limited choice of finance between specialist truck finance companies or unregulated money lenders. The latter may be easier to access, but often impose terms which expose owner-operators to excessive costs or risks. The former, due to their popularity, are constantly short of capacity and have difficulty serving demand.

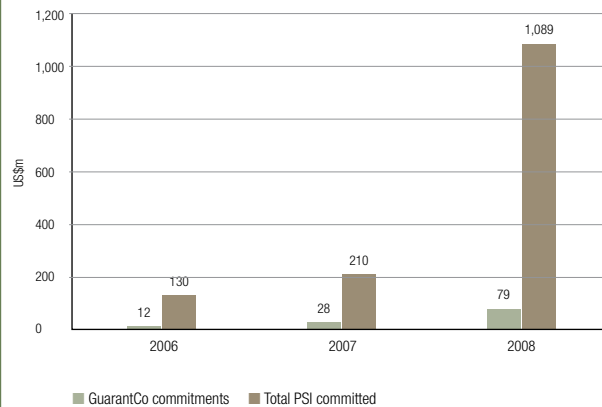
In the securitisation supported by GuarantCo and FMO, truck loans from a specialist lender are transferred into a special purpose company (SPC) and bonds raised from Indian investors to fund the SPC. The loans are carefully chosen to ensure a predictable level of credit worthiness and, importantly, the specialist lender retains a first loss risk of any defaults

on the truck loans (unlike many securitisations in developed markets where the originator retains no vested interest in the quality of the loans). GuarantCo and FMO provide a second loss guarantee which would normally also have to be provided by the specialist lender (backed by cash).

The securitisation structure lowers the cost of finance, and this reduction is ultimately passed on to the truck owners. Importantly, GuarantCo and FMO's role allows the specialist lender to recycle its capacity (estimated at an extra 64,000 trucks) so that it can meet demand for additional finance. Ultimately, this form of finance lowers the cost of transport infrastructure in the country and speeds the adoption of lower polluting vehicles, while also helping develop new techniques and capacity in the Indian capital markets which may be used to finance other infrastructure requirements.

In keeping with good corporate social responsibility, the company has also entered into a partnership with an Indian private sector bank, the Clinton Foundation, 2 state bodies and 12 local NGOs to provide a comprehensive programme of AIDS awareness, counselling and outreach for its 500,000 customers, their families and communities.

Figure 5.3: Cumulative GuarantCo investment and PSI commitment by year, US\$m, 2006-08



GUARANTCO AND THE FINANCIAL CRISIS

With the growing credit crisis, lenders are becoming increasingly risk averse, with the price of risk-taking increasing markedly. While in the year up to September 2008, 22 emerging markets were upgraded by rating agencies, 8 were subsequently downgraded and it is expected that downgrades will accelerate more sharply in the coming months. As a result, project finance banks are withdrawing from the more marginal countries.

Given this environment, there has been a surge of enquiries for GuarantCo's product. With the sudden rise in the value of the US dollar, there is a re-focusing on local currencies, and hence an increasing demand for credit guarantees in order to lower the overall cost of debt.

Chris Vermont, GuarantCo fund management team

5.3 INFRACO AFRICA LTD.

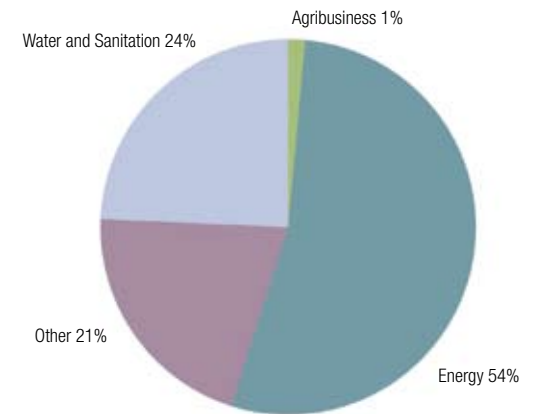
InfraCo Africa is an infrastructure project development company that develops projects suitable for private sector investment from an early stage. It aims to sell its equity stake to private investors once the development process has been sufficiently completed to attract equity and debt investors. InfraCo Africa plays the role of a principal, taking on much of the upfront costs and risks associated with early stage project development. In doing so, InfraCo Africa reduces the entry costs for private sector participation in infrastructure and adds value by crowding in additional new investment.

InfraCo Africa was launched in 2004 and is currently managed by InfraCo Management Services Ltd. (IMS) – with offices in both London and New York. While InfraCo Africa was initially set up to focus on African and Asian developing countries, it now focuses on Sub Saharan Africa, whilst its sister company, InfraCo Asia, will focus on Asia (see below).

As of 2008, InfraCo Africa has invested US\$22.08m in developing 7 projects, 2 of which have achieved financial close. For an investment of US\$0.76m in these 2 projects, total PSI commitments raised have been US\$147m.

InfraCo Africa's portfolio by sector is given in Figure 5.4.

Figure 5.4: InfraCo Africa investment by sector, US\$m, 2004-08



LARGE IPP IN GHANA BEING DEVELOPED BY INFRACO AFRICA

There is a current shortfall of energy supply in Ghana, with demand growing at 7% p.a. in order to meet the needs of the fast growing economy and the high population growth. Recognising this, InfraCo Africa is developing an independently owned 330-460MW gas fired combined-cycle thermal power generation plant near Tema, a city to the east of Accra and an important centre of heavy industry. High quality and competitively priced electricity will help attract manufacturing firms in the industrial area, as well as improve the efficiency of existing firms. This will in turn provide increasing employment opportunities.

Currently, unreliable power generation from the hydro-power plants on the Volta River are insufficient to meet the needs of the region. Water levels have dropped to critical levels, due to erratic rainfall, and power suppliers have had to import capacity from Cote d'Ivoire. Furthermore, in 2007 the average outage rate was 25% (there were rolling blackouts for 12 hour periods every two days). The new plant will contribute towards meeting the shortfall in the country and improve the reliability of electric power to firms and to households.

The plant will sell its power to the Electricity Company of Ghana and to as many as four mining companies.

This will enable export industries to lower energy costs and improve efficiencies. The private sector will be further boosted by competitive electricity generation from the combined cycle gas turbine to be installed under the project and will be 5.5 cents per kWh cheaper than the current distillate oil generated power. In addition to the PSI leveraged, workers and households will benefit as reliable electricity will be provided to 300,000 homes.

InfraCo Africa has budgeted US\$7.8m for equity in the project development process. In addition, TAF grants of US\$0.8m are being used for local capacity development as well as for related technical and environmental studies.

Operations for the project are set to commence in 2012.

INFRACO AFRICA AND THE FINANCIAL CRISIS

The financial crisis has prompted a severe contraction of debt availability in the infrastructure market, especially from traditional investors. The cost of debt is now higher and the terms stricter. There is also an equally strong contraction of equity funding – while some equity funds have liquidity at present, given the financial crisis, these funds are now seeking higher rates of return. Thus, project financing is going to be increasingly difficult to secure for infrastructure projects in developing countries.

The immediate impact on InfraCo Africa has been reduced profitability of some projects that are currently being developed. In the longer run, there will be an increased risk of financing delays and a decline in InfraCo Africa's relative bargaining position.

However, with the drying up of private risk capital for project development in developing country markets, InfraCo Africa has an important role to play by developing and packaging projects for private investment and helping mitigate risks for investors who still remain active in the sector.

Richard Parry, InfraCo Management Services

5.4 INFRACO ASIA LTD.

The PIDG is in the process of establishing InfraCo Asia (previously known as the Asia Private Infrastructure Financing Facility or AsPIFF), which will focus on project development in the Asian continent. InfraCo Asia will serve as a sister facility to InfraCo Africa, and will play the role of a principal, seeking to develop sustainable projects in Asia. However, in addition, it will also provide equity and quasi-equity investment products alongside public and private investors. Projects will tend to be relatively small as compared to those sponsored by the other PIDG facilities, with a total project size being US\$5m- US\$75m.

InfraCo Asia is now in its final stages of development. A non-executive board has been selected, including a non-executive director based full-time in Asia. A detailed project pipeline review exercise has been completed, involving teams of consultants reviewing opportunities in India, Bangladesh, Nepal, Vietnam, Laos, Cambodia, Philippines and Indonesia. An international procurement exercise is also underway to recruit a team/(s) of project developers under a management contract, expected to be in place by the end of the first quarter of 2009.

5.5 TECHNICAL ASSISTANCE FACILITY (TAF)

The TAF provides funds for technical assistance and capacity building to the PIDG facilities to support PIDG projects, helps to scope out potential investment opportunities to encourage and facilitate the use of the PIDG facilities, and can also provide Output Based Aid (OBA) support for projects supported by the PIDG facilities. TAF funding is used to fund advisors, training,

secondments, workshops, technical and regulatory reform studies, as well as technical assistance and funding of subsidy inputs under OBA approaches where appropriate.

At present the TAF has three funding windows:

- Window 1 – General Technical Assistance: for studies intended to guide governments and public or private



agencies on options for financing of infrastructure, advice and training on the design and implementation of specific reforms, support to the design and implementation of pioneering transactions, as well as institutional strengthening, training and capacity building. Moving forward, Window 1 will also be the primary source of grants for post-transaction support and other activities to enhance development effectiveness.

- Window 2 – Capital Market Development: to support capital market development and activities in the countries in which the PIDG is operating. This Window is restricted for use by GuarantCo only.
- Window 3 – 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, to the extent 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.

As of December 2008, TAF has supported 35 projects at a total cost of US\$14.2m.¹⁷ Figure 5.5 and 5.6 present the sectoral portfolio of TAF and the cumulative portfolio of TAF by year respectively.

Figure 5.5: TAF portfolio by sector, US\$m, 2003-08

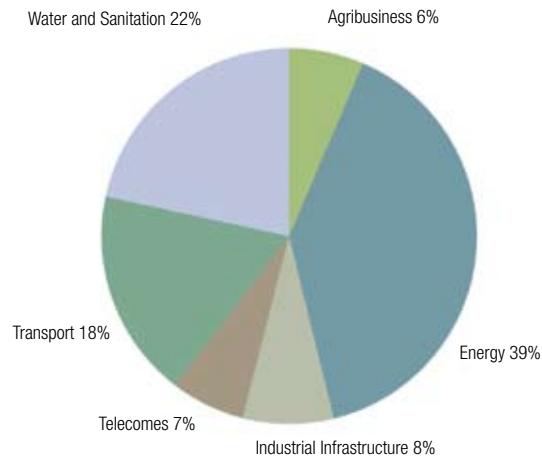
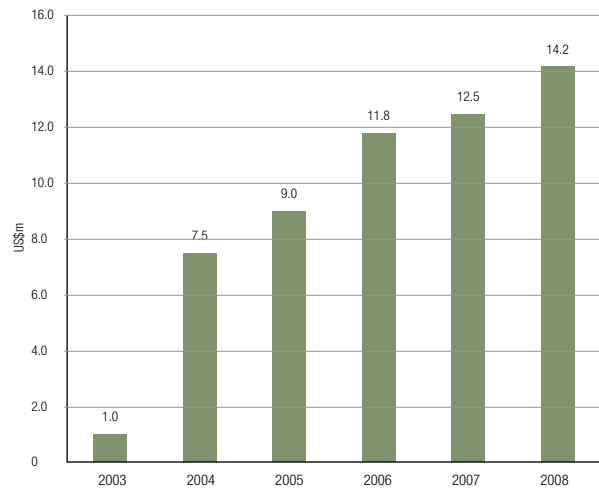


Figure 5.6: TAF portfolio by year, US\$m, 2003-08



TAF PROMOTES GREATER AFFORDABILITY THROUGH THE PROVISION OF AN OBA SUBSIDY FOR THE KALANGALA INFRASTRUCTURE PROJECT IN UGANDA

The Kalangala infrastructure project is a multi-sector project being developed by InfraCo Africa, comprising water, electricity and transport services for the island of Bugala in the Kalangala district of Uganda. Bugala is the largest of the Sesse islands (with a permanent population of 23,500 in 2008) in the Kalangala district, which comprises of 84 islands dispersed across the Lake Victoria. High population growth in the Kalangala district, coupled with increasing demand due to economic activities resulting from the development of an oil palm plantation and related mill facilities, has resulted in increasing pressure on the already dilapidated and practically non-existent infrastructure services on the island. InfraCo Africa is thus developing this project to cater to the emerging infrastructure needs of the people of Bugala.

The general population of Bugala Island is, however, simply too poor to pay the level of tariff needed to support commercial sustainability of the project. TAF is therefore providing a grant of US\$5m from Window 3 of the Facility as an OBA subsidy that would partially offset the costs of the infrastructure services, thus facilitating affordability of the tariffs charged to low-income users. The subsidy would be targeted, being available only to low-income residents, with commercial activities and better-off users of the services being required to pay tariffs at full cost recovery.

The water component of the project, comprising rehabilitation and expansion of the water supply

system, as well as the installation of a number of village level small scale water supply systems, would entail a tariff reduction of US\$2 per cubic meter with the OBA subsidy. The power supply component, which comprises an integrated electric power production, transmission and distribution system and 2,000 metered connections, will entail a tariff of US\$0.19/kwh with OBA as against a tariff of US\$0.33/kwh without the OBA subsidy. Finally, the ferry component of the project, which comprises the operation of private commercial ferry services will benefit from the OBA grant through a reduction in tariff per passenger of US\$0.20.

The project demonstrates the value and viability of private sector involvement in the provision of basic infrastructure services, while keeping services affordable to the poor. Lack of potable water, unreliable or no electricity, and unreliable and unsafe transportation contributes greatly to pervasive poverty in the Kalangala district. The project, coupled with TAF OBA assistance, will therefore help improve the lives of the people living in the island. In addition, the project will also spur investment in the fishing and tourism industries, among others, and therefore contribute to overall longer-term economic development.

5.6 DEVCO

DevCo is a transactions advisory facility, providing support to governments in the preparation of infrastructure projects for private sector investment. DevCo funding is used for the following:

- mobilisation of expert consultants working with IFC-led teams preparing projects for private investment.
- marketing, planning and development of transactions, as well as implementation support through specialised consultants.
- partial underwriting of IFC risks associated with advisory mandates.

DevCo is a PIDG affiliated programme – it is funded through a designated trust fund at the World Bank rather than through the PIDG trust. However, the PIDG donors are the only contributors to the DevCo trust and all DevCo projects are subject to the same approval process as that of other PIDG facilities.

DevCo also provides technical assistance and advisory services for small scale infrastructure projects through the Small Scale Infrastructure Programme (SSIP). This adapts the DevCo model to smaller scale transactions with a greater direct poverty alleviation focus.

As of December 2008, DevCo has supported 28 projects at a total cost of US\$25.45m, of which 11 projects have been closed. For a total spend of US\$6.2m on these 11 projects, US\$1,997m of PSI commitments have been raised.

Figure 5.7 and 5.8 present the sectoral portfolio of DevCo and the cumulative portfolio of DevCo by year respectively.

DEVCO ADVISES THE KENYAN GOVERNMENT ON THE CONCESSION OF TELKOM KENYA

Kenya liberalised its telecoms sector in 2000, but the first attempt to privatise troubled, state-run Telkom Kenya was unsuccessful. Initially, Telkom Kenya enjoyed a monopoly on landline operations in the country, however, its business suffered as Kenyans eagerly swapped fixed-line phones for mobiles. Inefficiency and mounting debt also plagued Telkom Kenya's operations. In 2006, the Kenyan government decided to concession Telkom Kenya and appointed IFC as the transaction adviser. Using funding support from DevCo, the IFC began the complicated and politically sensitive process of supporting Telkom Kenya's rebirth, by helping it secure US\$81m in financing to manage the cost associated with the transition for thousands of its employees. The financing was secured by pledging part of Telkom Kenya's 60% stake in Safaricom, a hugely successful mobile phone operator and one of Kenya's most profitable companies.

IFC, using DevCo funding, ran a bidding process for a 51% share of Telkom Kenya, which was won in late 2007 by a consortium led by France Telecom with a final bid that exceeded the Kenyan government's expectations. IFC, again using DevCo funding, also helped Telkom Kenya unbundle its stake in Safaricom, with ownership being transferred to the government, leading to the flotation of 25% of Safaricom in June 2008. The initial public offering – the largest ever in East Africa – was 5 times over subscribed, raising over 50bn Kenyan shillings for the government.

The successful restructuring and sale of Telkom Kenya, and subsequent listing of Safaricom on Nairobi's Stock

Exchange, both involved participation by foreign investors, injecting confidence in the country's economy at a difficult time when the economy was scarred by rioting that followed a disputed election. Budgets for roads, housing, and other infrastructure improvements are expected to benefit from the windfall. An invigorated Telkom Kenya will also bring increased competition to the sector and is expected to role out its own mobile telecommunication services and enhanced broadband services, directly benefiting consumers.

For its part, using DevCo funding, the IFC was able to offer the Kenyan government solutions to a complicated restructuring package that demanded transparency and the need to balance the interest of several players, both public and private.

Figure 5.7: DevCo portfolio by sector, US\$m, 2003-08

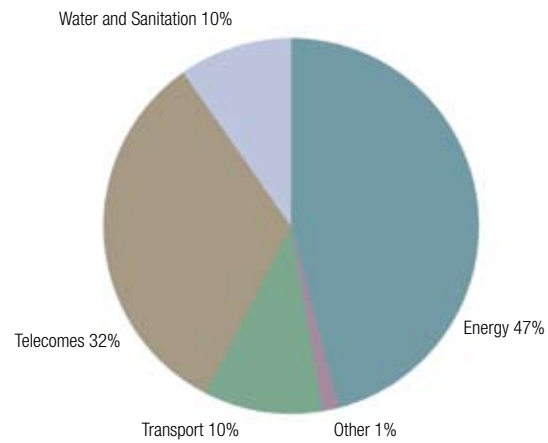
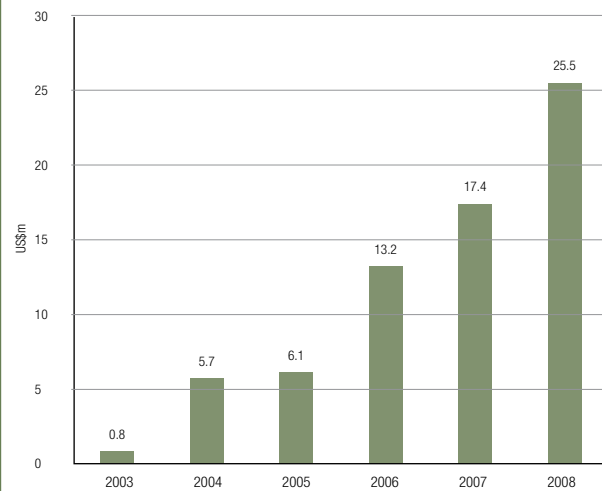


Figure 5.8: DevCo portfolio by year, US\$m, 2003-08





PIDG DEVELOPMENT IMPACT

The PIDG has developed a comprehensive monitoring and evaluation (M&E) framework to assess the development impact of its projects. At the start of every new project, the PIDG M&E system collects information on a number of indicators on the key areas of development impact that the PIDG is targeting. This information is updated periodically during the course of the project and subsequent to project completion as more information becomes available.

The key development impact indicators for which data is collected include the following:

- Private sector investment commitments to the project, including contribution from the domestic private sector and foreign investors/ FDI
- DFI equity commitments to the project.
- Number of additional people served by the infrastructure provided, as well as the number of people receiving improved services. (This information is collected at two levels: the total number of people served and the proportion of these that are below the poverty line).
- The fiscal impact of the PPI investment, including details of the upfront fees paid to the Government and any subsidy amounts avoided by the Government.
- Long-term (during operation) and short-term (during construction) employment effects.

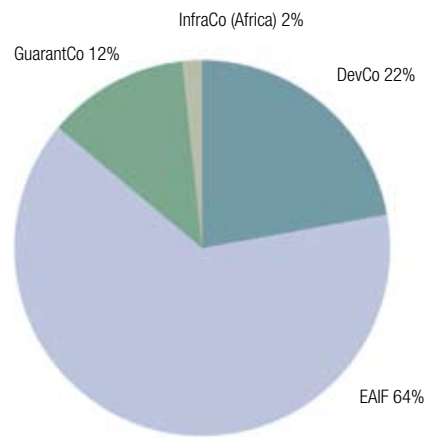
In addition, information is collected on how the project fits in with the national development plans as well as, where available, any further information on the development impact of the intervention.

6.1 PRIVATE SECTOR INVESTMENT IN INFRASTRUCTURE

Funding of infrastructure projects by the PIDG facilities has led to increasing amounts of investment commitments from the private sector. As of end 2008, PIDG investment in completed projects has led to total PSI commitments of US\$9bn. In order to help facilitate these investments, PIDG donors have to date paid in US\$296.4m, to give a ratio of donor investments to PSI commitments of 1:30.

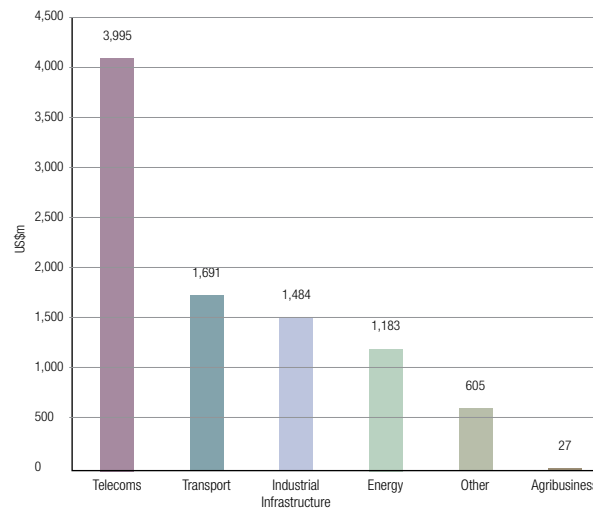
Figure 6.1 represents the percentage share of the total PSI commitments through PIDG projects by facility. As can be expected, EAIF, the longest and largest operational facility, has the largest share at 64% (US\$5.7bn of PSI committed for its 19 closed projects as of end 2008). EAIF has played an important role as a 'lender of last resort' for some projects, which would not have come to fruition without EAIF support. DevCo completed projects have led to US\$2bn of PSI commitments (representing the second largest share of the PIDG total at 22%). GuarantCo, a relatively newer facility, has committed US\$79.3m thus far, leading to about 13.7 times this amount in PSI commitments (US\$1.1bn or 12% of the total PIDG project PSI commitments). Finally, InfraCo Africa is in the process of closing some of its key projects and has thus far led to US\$147m of PSI commitments from the 2 projects that it has sold.

Figure 6.1: PSI commitments raised through PIDG projects, percentage share by facility



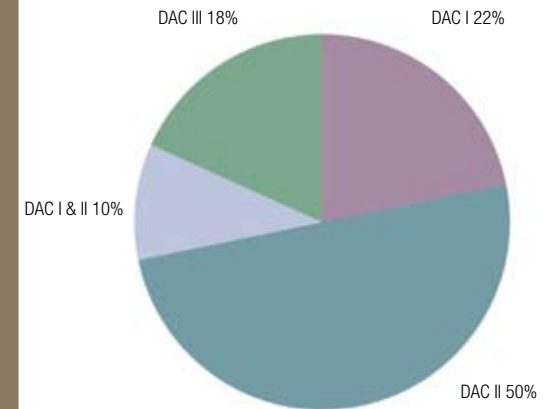
Looking at the private sector investment commitments by sector, Figure 6.2 shows that telecoms has been by far the largest sector. The transport sector follows next, with a total of US\$1.7bn of PSI commitments (representing 19% of the total PSI commitments across all sectors). PIDG investments have also led to private financing in some of the non-traditional sectors such as industrial infrastructure and agribusiness.

Figure 6.2: PSI commitments raised through PIDG projects, value by sector, US\$ million



Finally, Figure 6.3 presents total PSI raised by DAC country. As can be seen from the figure, 82% of the total PSI commitment have been raised from the countries listed under DAC I and II, the least developed countries globally.

Figure 6.3: PSI commitments raised through PIDG projects, value by DAC type, US\$ million



6.2 ACCESS TO INFRASTRUCTURE

As at end 2008, completed and ongoing projects supported by the PIDG facilities have been estimated to provide 29.7m additional people with access to infrastructure in developing countries, with an estimated 20% being below the poverty line. In addition, completed and ongoing projects supported by the PIDG facilities will lead to improved quality of infrastructure services for 46.8m people in developing countries, with an estimated 11% being below the poverty line.

Table 6.1 provides information on the number of people with new and improved access to infrastructure by facility.

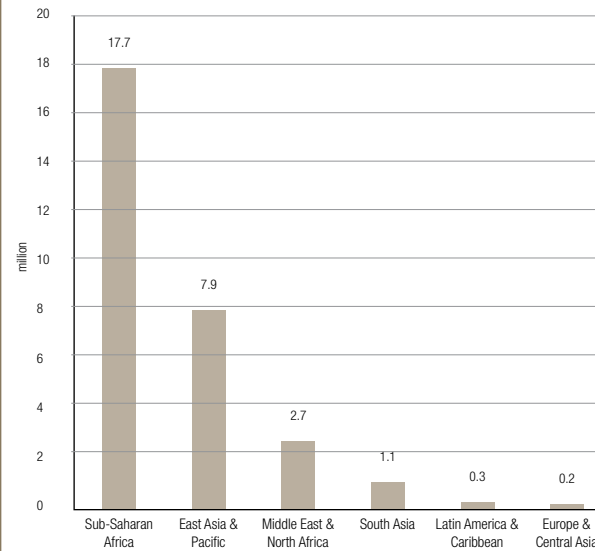
Table 6.1: Number of people with new and improved access to infrastructure by facility, as at end 2008

Facility	Number of additional people served (million)	Number of people with improved quality of service (million)
EaIF	5.4	0.8
GuarantCo	8.3	-
InfraCo Africa	3.8	8.2
DevCo	12.2	37.8

In interpreting these numbers, it is important to keep in mind the very different nature of activities of the PIDG facilities, their different sizes and their corresponding impact on the number of people with access to infrastructure. Thus, by virtue of the upstream PPI support provided by DevCo, the number of people impacted will be much larger (for example, entire populations can be impacted by privatisations of utilities) as compared to EAIF projects for example, which are downstream in nature and where the specific infrastructure project will have a more targeted population impacted by the new/improved infrastructure created.

Figure 6.4 presents the increased access to infrastructure by region. As can be seen from the figure, PIDG-supported projects will have a considerable development impact in terms of infrastructure access across a broad spectrum of the developing world. Again, please note that the proportionately large number of impacted people in the East Asia and Pacific (EAP) region is due to the upstream support provided by DevCo for projects in this region.

Figure 6.4: Access to infrastructure, by region, million



6.3 FISCAL IMPACT

As at end 2008, completed and ongoing projects supported by the PIDG facilities have resulted in US\$1.2bn of upfront fees to government and US\$1.5bn of subsidies avoided by the government, with some of this fiscal impact being realised to date. The majority of the fiscal impact is focused on SSA, where PIDG supported projects have resulted in US\$998m of upfront fees to government and US\$674m of subsidies avoided by the government.

This is a key objective for DevCo, which has led to US\$0.6bn of upfront fees to Government and US\$0.9bn of subsidies avoided by the Government as at end 2008.

6.4 EMPLOYMENT EFFECTS

As at end 2008, completed and ongoing projects supported by the PIDG facilities will lead to an estimated 13,086 jobs in the short-term from construction of infrastructure projects and 0.2m jobs from operations in the long term. In SSA alone, 90,245 additional jobs have been created in the long-term.

6.5 OTHER DEVELOPMENT IMPACTS OF PIDG PROJECTS

While the above sections presented the results of the development impact targeted by the PIDG facilities, given the focus on pro-poor economic growth, a number of PIDG projects have additional development benefits brought about through ‘development add-ons’ to the project, based on corporate social responsibility of the private sector. The two boxes on the following pages present case study examples of two PIDG supported projects, highlighting their broader development impact.

SOCIAL ASPECTS OF THE MOMA TITANIUM MINERAL PROJECT FINANCED BY EAIF

EAIF has committed US\$36.5m of funding for the Moma Titanium Mineral project in Mozambique, involving the development and exploitation of a greenfield titanium-dioxide mine and its associated infrastructure. Upon full production (expected by 2009), Moma will account for 7% of global titanium-dioxide production and be the world's absolute lowest cost producer of the same.

EAIF's loan has invested in new infrastructure development including electricity transmission lines, grid stabilisation equipment, a new village for relocated/new worker families, water works, roads, a jetty and an airstrip. Along with the significant economic benefits from these investments, an active community development association – the Kenmare Moma Development Association (KMDA) – has been established, with three main social objectives: (i) to maximise the benefits of the Moma Titanium Minerals Mine to create secondary economic opportunities within the local communities; (ii) to generate long-term sustainable economic opportunities and facilitate socio-cultural activities within local communities that are independent of the mine; and (iii) to mitigate any negative impacts of the mine e.g. spread of HIV/AIDS.

KMDA has supported a number of projects in the area, supporting capacity building, economic development, social-cultural development, and the development of infrastructure. These have included the setting up and support of:

- 44 savings and credit groups, involving 841 individual members in the Tupuito area.
- Construction of 3 additional classrooms in the primary school, which currently provides up to 5th level education. The school will be able to provide up to 7th level education with KMDA support, which will greatly reduce the travel time for young students who currently have to walk up to 12 kms. and cross a river to attend classes.
- 2 local market gardening association in Nataka and Natuko to support the sale of produce to the mine catering contractor at the market price. In addition, the association has also helped establish an egg production project in Mtitikoma.
- A new community sewing project producing sample bags for Kenmare's Geology Department, which previously had to be sourced from Nampula.
- An information and education campaign on HIV/AIDS, which has provided information to over 57,000 people in the area.
- KMDA has also developed recreation activities for the community by providing soccer kits and initiating a soccer league for the villages within the area and the Kenmare company team.

CAPACITY BUILDING UNDER THE CHIANSI IRRIGATION PROJECT BEING DEVELOPED BY INFRACO AFRICA

InfraCo Africa is developing a partly privately funded water and irrigation system in the Chiansi district of Zambia, which will help boost agricultural production of sugar, soy and wheat in the region. InfraCo Africa is contributing US\$0.3m towards this participatory project that will enable farmers to move away from subsistence agriculture towards more commercial farming. With the removal of European import quotas and farm supports for European beet sugar, rising domestic demand through regional economic growth as well as rising demand for ethanol, the market demand for Zambian sugar producers will increase – and with the improved irrigation system the farmers will be able to make larger incomes.

TAF provided a grant of US\$0.4m to finance technical, financial and other studies and is now providing a further grant of US\$0.2m for training and capacity building of local farmers in the development and operation of a cooperative designed to provide water and irrigation services to the farmers in the region. This will include provision of practical and hands-on training for cooperative farm members with the following objectives:

- Provide subsistence farmers with training to use and obtain maximum benefit from irrigated land that has been made available as part of the first phase of the InfraCo Africa Chiansi project (60 ha);
- Enable members of the cooperative to become competent commercial farmers operating in a market environment; and
- Develop the competence of the members of the cooperative so that the initial demonstration project may be replicated in neighbouring communities and on a wider scale within the country.

TAF is also providing a further grant of US\$0.3m to fund irrigation equipment, seeds and other inputs for the sole use of the subsistence farmers and US\$0.03m for training for marketing of crops to be grown.

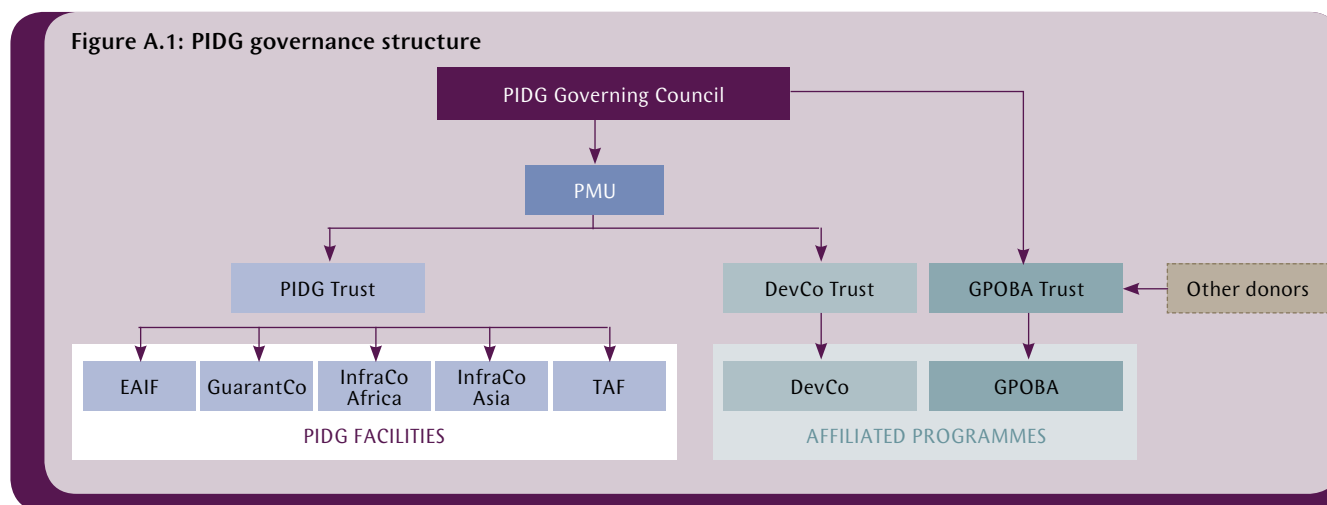
The project is also expected to install improved road/ transport and health infrastructure.



ANNEXES

ANNEX 1: PIDG STRUCTURE AND GOVERNANCE

Figure A.1 below presents the governance structure of the PIDG.



The **Governing Council** is the decision making body of the PIDG and provides overall strategic direction to the initiative. It comprises representatives of the PIDG members who provide grant and loan funding through the PIDG trust. The **PIDG trust** invests in, owns and manages the PIDG facilities (alongside FMO for GuarantCo). The trust is established under Mauritian law and is currently

administered by a principal trustee, SG Hambros Trust Company Ltd, based in London. Funding of the PIDG affiliated programmes is through the individual trust funds managed by the World Bank. The **PIDG Programme Management Unit (PMU)** is the central contact point for the PIDG and coordinates activities between the Governing Council and the individual facilities.

Management of the PIDG facilities is highly corporate in nature, allowing a market-driven approach to investment and project development. EAIF, GuarantCo and InfraCo Africa are private companies (as will be InfraCo Asia) and operate on commercial principles. Each is governed by a Board, comprising eminent experts in their fields. TAF is a fund within the PIDG trust managed by a technical adviser, working as part of the PMU. DevCo is managed by IFC's Advisory Services Department and is subject to the same governance and project approval guidelines as the other PIDG facilities. GPOBA, also an affiliated programme of the PIDG, is outside the direct governance structure of the PIDG since other donors, in addition to the PIDG donors, fund the facility.

The PIDG trust and the PMU operate in accordance with EU Public Procurement Directives, where applicable, and the PIDG's procurement policy, and therefore adhere to a transparent and value-for-money procurement policy. PIDG requires all its facilities to do the same, where appropriate.

ANNEX 2: PIDG PROJECT PORTFOLIO

EAIF

Table A.1: EAIF transactions which have achieved financial close

Year	Country	Sector	Project	EAIF financing	Key development impact
2008	Kenya	Energy	Rabai Power: 90MW heavy fuel oil fired power plant	US\$32m	Electricity generated through the project will enable new connections for an additional 400,000 customers at lower prices, with spin-off effects on the local economy and export sector.
2008	Uganda	Energy	Bugoye: 13MW hydro power plant	US\$35m	Electricity generated through the project will reduce load-shedding and improve the general reliability of the grid.
2008	Uganda	Energy	South Asia Energy Management Systems (SAEMS): 18MW hydro power plant	US\$14m	Electricity generated through the project will improve access, employment, community development and technology transfer, as well as reduce Uganda's dependence on fossil fuels.
2008	Regional	Industrial infrastructure	Safal Investments: increase in coated steel production capacity	US\$29m	Production from the new and improved plants will benefit households and industries with better quality and cheaper roofing materials.
2007	Regional	Telecoms	Seacom undersea fibre optic cable	US\$35.4m	The cable will bring about improved telecommunications at a lower cost, fostering greater global connectivity.
2007	Regional	Telecoms	Celtel Africa: expanding and upgrading mobile networks	US\$24m	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment.
2007	Ethiopia	Transport	Ethiopian Airlines (EA): fleet renewal financing	US\$36m	The project is expected to boost the tourism sector, bringing in benefits such as increased revenues and employment.
2007	Nigeria	Industrial infrastructure	Eleme Petrochemicals Ltd: financing of a turnaround capital expenditure plan	US\$20m TAF grant of US\$0.07m was used to support an associated Community Development Plan.	The project will contribute significantly to the rehabilitation of Nigeria's industrial infrastructure through import substitution, and privatisation demonstration effects.
2007	Nigeria	Telecoms	Celtel Nigeria: finance of capital expenditure for network rollout and refinancing	US\$35m	The project will significantly improve access to mobile telephone services throughout the country, as well as increase competition in the telecoms sector across the continent.
2007	Mozambique	Mining	Moma Titanium Mineral Sands: development of a Greenfield titanium dioxide mine and associated infrastructure	US\$36.5m	The project is expected to be the lowest cost producer of titanium in the world. Located in one of the most under-developed regions of Mozambique, the new and improved infrastructure associated with the project will bring important social benefits to the region and positively impact employment.
2005	Nigeria	Industrial infrastructure	Obajana cement: construction of a Greenfield cement production plant and associated infrastructure	US\$30m	The project will reduce dependence on imports and thus save forex, increase direct and indirect employment as well as provide tax revenues for the Govt.
2005	Ghana	Transport	Tema Port Offshore Mooring Buoy	US\$12m	The investments have improved Ghana's transport infrastructure, facilitating the import of petroleum products, saving Tema Oil Refinery and the Government considerable amounts of forex.
2004	Nigeria	Telecoms	MTN Nigeria Communications Ltd: expansion of cellular strategy	US\$10m	The expansion plan is aimed at reaching an additional 1.4m subscribers in 2 years, in areas previously under/unserved. There is a strong focus on increasing local procurement through dealerships and suppliers.
2003	Cameroon	Energy	AES Sonel: 85MW heavy fuel oil fired generation plant	US\$35.5m.	The new plant will allow AES Sonel to reduce load shedding during the dry season, when its hydroelectric capacity is considerably reduced.
2003	Regional	Telecoms	Mobile Systems International (MSI) Cellular Expansion	US\$30m	The project facilitated provision of mobile connections to over 1.1 million people in 12 countries, representing an increase of 70% from previous levels.

GUARANTCO

Table A.2: Completed transactions by GuarantCo

Year	Country	Sector	Project	GuarantCo guarantees	Key development impact
2008	India	Industrial infrastructure	Calcom Cement: increase in production capacity	US\$15m <i>TAF grant of US\$0.07m was used for a feasibility study for the manufacture and sale of low-cost pre-cast housing materials involving women construction workers, and sale of finished products to the poor.</i>	The project has raised a total of US\$141.5m in PSI commitments. It will be the largest cement plant in the region and will bring about lower prices. Employment effects are also substantial.
2008	India	Transport	Specialist lender: support a securitisation of truck loan receivables	US\$18.3m	The project will help Shriram provide affordable loans to individual operators, that would otherwise have to rely on unlicensed money lenders.
2008	Palestinian Territories	Telecoms	Wataniya Palestine: Financing of new mobile operator for the West Bank	US\$10m	The project has raised a total PSI of US\$285m and is the largest ever private sector investment in the Palestinian Territories. GuarantCo's support enabled loans from local banks totaling US\$25m. Wataniya will significantly improve voice and data coverage in the West Bank for a population which currently has to rely largely on unauthorized Israeli operators.
2008	Chad	Telecoms	Celtel Chad financing	US\$8m <i>TAF grant of US\$0.05m was used for part of the legal costs of structuring the transaction, setting a precedent for international guarantees in Chad.</i>	The guarantee enabled the company to access additional local currency financing from two regional commercial banks. In issuing local currency debt in one of Africa's poorest countries, Celtel is reducing foreign exchange risk and transferring expertise.
2007	Kenya and Tanzania	Industrial infrastructure	Safal Group: increase in coated steel production capacity	US\$16m	The two projects will increase the quality and life-span of steel roofing while making it more affordable, boosting small businesses and consumers. It will enable farmers to improve storage, while allowing manufacturers to expand and improve their buildings.
2006	Kenya	Telecoms	Celtel Kenya refinancing	US\$12m	This project enabled Celtel to expand its operations, especially in rural areas, improving telecoms infrastructure throughout the continent. Benefits include reduced tariffs plus improved quality and reliability of services. The transaction, as only the third private sector bond issue in Kenya, contributed to the deepening of the domestic capital market.

INFRACO AFRICA

Table A.3: Projects closed by InfraCo Africa

Year	Country	Sector	Project	InfraCo Africa development costs	Key development impact
2007	Vietnam	Agribusiness	Antara cold storage facility	US\$0.28m <i>TAF grants of US\$0.12m are being used in the preparation of an Investment Review as well as other studies.</i>	The project will enable seafood processors to expand their market and increase their value added as well as benefit fish farmers through increased demand and price stability.
2005	Nigeria	Energy	Geometrics Power Aba IPP (180MW natural-gas fired plant and associated transmission lines)	US\$0.48m. <i>TAF provided grants totalling US\$0.35m for pre-feasibility studies.</i>	The project would provide electric power to small industries and households in Aba at half the cost of existing generation and reduce dependence on inefficient and expensive private generators.

Table A.4: Projects under development by InfraCo Africa

Year	Country	Sector	Project	InfraCo Africa development costs	Key development impact
2007	Cape Verde	Energy	Cape Verde Wind Farm	US\$3.61m <i>TAF funding of US\$0.40m has been secured for technical engineering support.</i>	Increased power supply through wind will meet the rapidly rising demand in an environmentally friendly and cost efficient manner as well as help save forex.
2007	Madagascar	Water/ Sanitation	Sandandrano bulk and potable water	US\$4.8m <i>TAF grants of US\$0.07m are supporting the preparation of pre-feasibility studies.</i>	Substantial direct and indirect benefits through access to more affordable water as well as improved health benefits.
2006	Zambia	Agribusiness	Chiansi irrigation system:	US\$0.51m <i>TAF grants totalling US\$0.92m have been provided for studies, training and capacity building.</i>	This participatory project, involving 190 small scale farmers all of whom are below the poverty line, will enable them to move away from subsistence farming towards economically beneficial cash crops. Productivity is expected to rise as is the employment potential, contributing to tax revenue of around US\$0.43m p.a.
2005	Ghana	Energy	Kpone IPP	US\$7.8m <i>TAF assistance of US\$0.81m was secured for studies and project preparation activities.</i>	Electricity generated through the project will meet additional demand from 300,000 new and/or existing households, reduce the need for power imports and improve power reliability. It is expected that US\$500m will be saved on generation costs.
2004	Uganda	Multi-sector	Kalangala infrastructure services project	US\$4.6m <i>TAF provided grant assistance of US\$5.72m for related studies.</i>	The new and improved infrastructure will help meet the current demand for services for a poor and isolated community There are expected to be large falls in user-tariffs for electricity, water and ferry transport.

TAF

TAF provides grants to the other PIDG facilities and affiliated programmes. The table below lists the activities funded by TAF since inception.

Table A.5: Additional projects by TAF

Year	Country	Sector	PIDG facility	Project	Amount approved	Status
2008	Indonesia	Multisector	InfraCo Africa	Nias Island Integrated Infrastructure	US\$0.07	ongoing
2008	Gambia	Energy	EaIF	Gambia IPP	US\$0.53	ongoing
2008	Tanzania	Energy	InfraCo Africa	Tanzania Wind Power	US\$0.07	ongoing
2008	Niger	Telecom	GuarantCo	Seaquest Telecom	US\$0.47	Phase 1 complete; Phase 2 ongoing
2008	Tanzania	Energy	EaIF	Ruhudji Power	US\$0.28	ongoing
2008	India	Industrial Infrastructure	GuarantCo	Assam Low-Cost Bldg. Mat.	US\$0.12	ongoing
2007	Vietnam	Agribusiness	InfraCo Africa	Antara Cold Storage	US\$0.12	complete
2007	Chad	Telecom	EaIF	Celtel	US\$0.05	complete
2007	Kenya	Capital Market Development	GuarantCo	Regional Infrastructure Finance	US\$0.04	complete
2007	Madagascar	Water and sanitation	InfraCo Africa	Sandrandrano	US\$0.07	ongoing
2007	Tanzania	Water and sanitation	DevCo	Tabaro Water	US\$0.07	ongoing
2007	Dem. Rep. Congo	Energy	EaIF	MagEnergy	US\$0.02	ongoing
2007	Liberia	Energy	DevCo	Liberia Power Advisory	US\$0.04	ongoing
2007	Cape Verde	Energy	InfraCo Africa	Cape Verde Wind Power	US\$0.40	ongoing
2006	Ghana	Housing	InfraCo Africa	Sunyani Housing	US\$0.47	cancelled
2006	Uganda	Water and sanitation	InfraCo Africa	Kampala Sanitation	US\$0.62	ongoing
2006	Uganda	Multisector	InfraCo Africa	Kalangala Infrastructure Services	US\$5.72	ongoing
2006	Rwanda	Energy	EaIF	Kibuye Stage 1 Power (Lake Kivu)	US\$0.50	ongoing
2006	Uganda	Energy	EaIF	Uganda 50MW Biomass	US\$0.16	complete
2006	Mozambique	Industrial Infrastructure	InfraCo Africa	Beira Land Development	US\$0.42	ongoing
2006	Zambia	Agribusiness	InfraCo Africa	Chiansi(Chanyanya) Irrigation	US\$0.92	ongoing
2006	Nigeria	Energy	EaIF	Eleme PetroChemical	US\$0.07	complete
2005	India	Water and sanitation	DevCo	Bangalore Water Concession	US\$0.02	cancelled
2005	Uganda	Multisector	InfraCo Africa	Bidco Palm Oil	US\$0.07	complete
2005	Ghana	Energy	InfraCo Africa	Tema Power Plant	US\$0.81	Phase 1 complete; Phase 2 ongoing
2005	Kenya/Uganda	Transport	DevCo	Kenya Uganda Railways - SME Linkages	US\$1.00	ongoing
2005	Nigeria	Energy	InfraCo Africa	Geometric Power Aba	US\$0.25	complete
2004	Uganda	Multisector	EaIF	Kakira Rural Development I	US\$0.07	complete
2004	Madagascar	Transport	DevCo	Madagascar Privatization	US\$0.07	complete
2004	Madagascar	Transport	DevCo	Toamasina Port Mgmt	US\$0.32	complete
2004	Uganda	Multisector	EaIF	Kakira Rural Development II	US\$0.07	complete
2004	Tanzania	Energy	GuarantCo	Tanzania Power	US\$0.02	complete
2004	Mozambique	Multisector	InfraCo Africa	Beira Corridor	US\$0.12	complete
2004	Nigeria	Agribusiness	InfraCo Africa	Nigeria Fertilizer	US\$0.05	complete

DEVCO

Table A.6: Transactions successfully closed by DevCo

Year	Country	Sector	Project	PIDG financing/ support	Key development impact
2008	Albania	Energy	Ashta IPP	US\$0.50m	The hydropower project was closed successfully in September 2008. It mobilized investment of US\$249m, created US\$98m in fiscal benefit for the Albanian government, and will provide access to improved services for 170,000 people.
2007	Philippines	Energy	SPUG Basilan - PSP in power generation in non-grid areas	US\$0.04m	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner, with an expected 44% of the population of 145,000 benefitting from improved services.
2006	Kenya	Telecoms	Privatisation of Telkom Kenya Ltd (TKL)	US\$1m	The sale of 51% of TKL to France Telecom generated US\$390m in fiscal revenues for the Government including a reduction in overall fiscal burden (TKL's losses have averaged US\$27m annually in the past four years) and expansion of network for rural telephony for 672,000 people by 2010.
2006	Kenya	Telecoms	Divestment of Kenyan Govt share of SafariCom	US\$0.25m	Increased competition as a result of the transaction should lead to increased investment in expanding coverage. Improved telecom infrastructure will also be a driver of business development and growth. An IPO of 25% of Safaricom is planned for the near future, which is expected to generate fiscal revenues for Government of around US\$500m.
2005	Philippines	Energy	SPUG II Masbate - PSP in power generation in non-grid areas	US\$0.35m	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner. 60,000 additional people will be served, with 35,000 being below the poverty line.
2004	Mozambique	Mining	Development of the Moatize Coal Mine	US\$0.32m	The opening of the mine will have a large impact on the development of Zambezi Valley, one of the least developed regions in the country. This will directly benefit about 3.5-4.0m people living in Zambezi Valley at present, positively impacting employment.
2004	Madagascar	Transport	PPP for the Port of Tamatave	US\$0.8m <i>TAF assistance of US\$0.32m was provided for the implementation of an interim management assistance programme.</i>	During the life of the concession, it is estimated that over US\$122m will be mobilised from the concession fees. The new container terminal, along with internal transport investments, will increase the port's capacity to handle export and import goods, thereby enhancing international trade.
2004	Samoa	Transport	PSP transaction for Polynesian Airlines	US\$0.75m	Private sector investment of US\$5m was mobilised under the project. The Government is expected to have significant fiscal benefits estimated at US\$40m from this transaction, of which US\$8m has already been realized. Passenger traffic has already doubled, with extremely substantial (but as yet unqualified) effects on tourism and the larger economy.
2004	Nigeria	Transport	PSP in the Nigerian airport system	US\$1.2m	The project is expected to generate investment of approximately US\$371m. The Government treasury is expected to have fiscal impact of US\$91m in replaced subsidies and increased taxes from this transaction, out of which US\$10m has already been realized. In addition, 5.3m users of the airport will enjoy improved quality of service.
2004	Philippines	Energy	SPUG I - PSP in power generation in non-grid areas	US\$0.19m	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner. This project is estimated to reach 100,000 people and mobilize private sector investment of US\$28m. Fiscal benefits for the Government of Philippines has been estimated at US\$53m.
2003	Kenya and Uganda	Transport	Joint concession for railways	DevCo provided US\$0.79m in support for the project. TAF grant of US\$1m were provided to support SME components of the project.	The transaction is expected to increase operating efficiency and quality of service, allowing the railways to capture a greater share of freight transport and thus contributing to reduced transport costs, reduced congestion and pollution on roads, increase competitiveness of the economies and promote regional integration.

Table A.7: Summary of DevCo's ongoing advisory projects

Year	Country	Sector	Project	PIDG financing/ support	Key development impact
2008	Benin	Transport	Cotonou Port concession	US\$1.2m	The concession should increase port capacity and enable it to take on a 200% growth in traffic throughput – a key development given Benin's strategic geographic location. The concession will also imply upfront fees to the Government and will positively impact employment.
2008	India	Transport	PPP for Andhra Pradesh coastal roads	US\$0.2m	The road is critical for the development of the proposed 600 sq km Petroleum, Chemical and Petrochemical Region and the larger Coastal corridor. An additional 0.5m people will be served by the road corridor. Overall fiscal benefits equal US\$2m.
2008	India	Transport	PPP for Andhra Pradesh VK coast road II	US\$0.32m	Development of the road through a PPP will have both direct (employment and purchase of materials during construction) and indirect (stimulus to the economy, catalytic role for future PPP transactions) impacts. An additional 0.5m people will be served by the road corridor. Overall fiscal benefits equal US\$2m.
2008	Yemen	Energy	Gas fired Greenfield IPP	US\$0.1m	Through introduction of the country's first IPP, the project is expected to increase the private sector investment in the country's power sector, reduce burden on public budget, and increase supply of reliable and sustainable power. The government has requested IFC to proceed with a transaction for three IPPs in the Port Cities of Al Hodaidah (150 MW), Aden (150 MW) and Al Mukallah (75MW) fueled by HFO or coal.
2008	Zambia	Energy	Kafue Lower Gorge Hydropower IPP	US\$2.82m	The project will imply reduced risk shortages and brownouts, and therefore 0.5m additional people being served with the infrastructure, an estimated 30% being below the poverty line.
2008	Zambia	Energy	Zambia rural electrification (SSIP)	US\$0.9m	Approximately 1,600 utility customers, including commercial, residential and institutional users will benefit from improved quality of service and 12,000 additional people will also be provided with electricity. Estimated subsidies avoided by the government total US\$1.2m p.a.
2008	Indonesia	Energy	Central Java IPP	US\$1.75m	The 1,500MW power plant will be able to serve an additional 7.5m people and improved services for at least 11m people.
2008	India	Water and sanitation	Integrated Regional solid waste management PPP in Andhra Pradesh	US\$0.22m	The project will result in improved infrastructure delivery services for small and medium urban local bodies as well as help establish best practise in management and handling of solid waste. 0.6m people will benefit with improved quality of service.
2007	Haiti	Transport	PSP in airport sector	US\$1.26m	Private sector investment of US\$60m is expected to be mobilized under this transaction, with an estimated 2m people being provided with improved level of service. Development of the airport is important in the face of the poor state of the port and roads. It will also impact tourism.
2007	Haiti	Telecom	Privatisation of TELECO	US\$1.4m	The project is estimated to provide 0.3m additional people with access and 0.5m people with improved access. The project will mobilize private sector investment of US\$100m as well as provide the government with US\$100m of fiscal benefits in the form of taxes.
2007	Albania	Energy	Albania KESH privatisation	US\$1m	The privatisation of KESH is expected to bring an investment of US\$100m and improved services for 90% of total users. US\$50m increase in government revenue is expected as a result of this project.
2007	Egypt	Water and sanitation	Concession of the New Cairo wastewater project	US\$1m	At present, there is no existing water supply and limited sanitation services committed to New Cairo. It is expected that the project will facilitate improved access to sanitation services for the entire urban population of New Cairo - currently 350,000 people are served in New Cairo and this is expected to go up to 2m by 2010.
2006	Vietnam	Energy	PSP in electricity generation	US\$1.75m	The project will serve to bridge Vietnam's formidable energy demand-supply gap and cater for increasing demand for electricity over the next decade. 2.2m people will be provided with improved access to infrastructure.
2006	Bangladesh	Energy	Baseload gas-fired 450MW IPP project	US\$1.6m	The project will aim to address the erratic and poor quality electricity supply, which has been identified as the dominant constraints on business development and growth. Increased generation capacity will help meet the rising demand and reduce daily load shedding and power outages.
2006	Liberia	Energy	PSP in the power sector	US\$1.26m. <i>TAF grant of US\$0.36m will be used to support Govt. capacity building and institutional strengthening.</i>	The project will improve efficiency in the power sector, which is vital to enhancing private sector growth and poverty reduction in Liberia. In a situation where no grid exists at present and most electricity is through individual generators, service availability is expected to rise from 0 to 24 hours per day and capacity will increase from 2.3MW to 15-20MW.
2006	Uganda	Water and sanitation	Small towns water program	US\$1.31m	Expected investment from local private investors is US\$1m. The program will enhance the access and availability of water for 0.1m people.
2004	Philippines	Transport	Manila Light Rail Transit Extension PSP	US\$1.67m	The project will help meet the increasing demand for transport services from a rising population. It is expected to create positive fiscal impact of US\$18m in signing fees and to mobilize an estimated US\$1.2bn in private investment. It will also positively impact employment, help decongest Metro Manila and improve the existing transport network.

ANNEX 3: NEW DAC LIST OF ODA RECIPIENTS (EFFECTIVE FOR REPORTING ON 2008, 2009 AND 2010 FLOWS)

Countries eligible for PIDG support are those included in the first three columns of the Development Assistance Committee (DAC) List of ODA Recipients as provided below.

Least Developed Countries (per capita GNI < \$935 in 2007)		Other Low Income Countries (per capita GNI \$936-\$3,705 in 2007)	Lower Middle Income Countries (per capita GNI \$3,706-\$11,455 in 2007)		Upper Middle Income Countries	
Afghanistan	Niger	Côte d'Ivoire	Albania	Niue	*Anguilla	Seycheles
Angola	Rwanda	Ghana	Algeria	Palestinian Administered Areas	Antigua and Barbuda ⁱ	South Africa
Bangladesh	Samoa	Kenya	Armenia	Paraguay	Argentina	*St. Helena
Benin	São Tomé and Príncipe	Korea, Dem. Rep.	Azerbaijan	Peru	Barbados ⁱⁱ	St. Kitts-Nevis
Bhutan	Senegal	Kyrgyz Rep.	Bolivia	Philippines	Belarus	St. Lucia
Burkina Faso	Sierra Leone	Nigeria	Bosnia and Herzegovina	Sri Lanka	Belize	St. Vincent and Grenadines
Burundi	Solomon Islands	Pakistan	Cameroon	Swaziland	Botswana	Suriname
Cambodia	Somalia	Papua New Guinea	Cape Verde	Syria	Brazil	Trinidad and Tobago ⁱⁱ
Central African Rep.	Sudan	Tajikistan	China	Thailand	Chile	Turkey
Chad	Tanzania	Uzbekistan	Colombia	*Tokelau	Cook Islands	Uruguay
Comoros	Timor-Leste	Viet Nam	Congo, Rep.	Tonga	Costa Rica	Venezuela
Congo, Dem. Rep.	Togo	Zimbabwe	Dominican Republic	Tunisia	Croatia	
Djibouti	Tuvalu		Ecuador	Turkmenistan	Cuba	
Equatorial Guinea	Uganda		Egypt	Ukraine	Dominica	
Eritrea	Vanuatu		El Salvador	*Wallis and Futuna	Fiji	
Ethiopia	Yemen		Georgia		Gabon	
Gambia	Zambia		Guatemala		Grenada	
Guinea			Guyana		Jamaica	
Guinea-Bissau			Honduras		Kazakhstan	
Haiti			India		Lebanon	
Kiribati			Indonesia		Libya	
Laos			Iran		Malaysia	
Lesotho			Iraq		Mauritius	
Liberia			Jordan		*Mayotte	
Madagascar			Macedonia, Former Yugoslav Republic of		Mexico	
Malawi			Marshall Islands		Montenegro	
Maldives			Micronesia, Federated States		*Montserrat	
Mali			Moldova		Nauru	
Mauritania			Mongolia		Oman ⁱ	
Mozambique			Morocco		Palau	
Myanmar			Namibia		Panama	
Nepal			Nicaragua		Serbia ⁱⁱⁱ	

* Territory.

(i) Antigua & Barbuda and Oman exceeded the high income country threshold in 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(ii) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(iii) At present aid to Kosovo is recorded under aid to Serbia. Kosovo will be listed separately if and when it is recognised by the UN.

As of April 2008, the **Heavily Indebted Poor Countries (HIPCs)** are : Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia.

ANNEX 4: CONTACTS AND LINKS

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LINKS TO PIDG DONOR WEBSITES

The Austrian Development Agency

www.ada.gv.at

UK Department for International Development

www.dfid.gov.uk

The International Finance Corporation

www.ifc.org

Irish Aid

www.irishaid.gov.ie

Netherlands Ministry of Foreign Affairs

www.minbuza.nl

The Swedish International Development Cooperation Agency

www.sida.se

Swiss State Secretariat for Economic Affairs

www.seco-cooperation.ch

The World Bank

www.worldbank.org

ENDNOTES

- 1 The PIDG revised its mission statement and external communications, such as the PIDG website, in 2008 following a review of its communications strategy by an independent consultant.
- 2 The difference between a PIDG facility and an affiliated programme is in terms of its funding structure. PIDG facilities are funded through the PIDG Trust, while affiliated programmes are funded through other Trusts located at the World Bank. DevCo and GPOBA are PIDG affiliated programmes (refer Annex 1 for more details). Since GPOBA is not funded through the PIDG Trust or governed by the PIDG donors, details for the facility are not provided in this report. Please refer to GPOBA's website for further details: www.gpoba.org
- 3 The figures represent disbursed funds through the PIDG Trust and the DevCo Trust, but excludes GPOBA.
- 4 Some commitments from DFID have been in GBP and are presented here using the exchange rate of \$1=£1.61.
- 5 Payments made by FMO, which holds shares in GuarantCo directly.
- 6 Some commitments from ADA have been in Euros and are presented here using the exchange rate of \$1=€1.39.
- 7 Straub, S. (2008): "*Infrastructure and Growth in Developing Countries*", World Bank Policy Research Working Paper 4460.
- 8 This is the key message espoused in the 'Growth Theory' literature in economics.
- 9 Hurlin, C. (2006): "*Network Effects of the Productivity of Infrastructure in Developing Countries*", World Bank Policy Research Working Paper 3808.
- 10 Source: Foster, V. (2008): "*Overhauling the Engine of Growth: Infrastructure in Africa*", Africa Infrastructure Country Diagnostic, September.
- 11 The rise in PPI investment has been seen in most regions, although Sub-Saharan Africa still attracts much less than East and South Asia. Also, there has been some variation between infrastructure sectors with the water and sewerage sectors accounting for just 2% of investments in 2007, less than its average over the period of 4.5%.
- 12 Source: <http://www.ppiaf.org/content/view/506/462/>
- 13 Source: PPIAF and World Bank PPI database, 2008.
- 14 Includes closed projects and those with a Joint Development Agreement (JDA) in place.
- 15 Includes closed projects and ongoing advisory mandates.
- 16 Previously, EAIF was a US\$365m fund.
- 17 Note that this includes all projects which have received grant funding from TAF – whether alongside another PIDG facility or independently as well as projects that have been cancelled or are yet to be signed.

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