Private Infrastructure Development Group

2009

ANNUAL REPORT

PIDG members

PIDG ANNUAL REPORT 2009

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Acronyms and abbreviations

ADA Austrian Development Agency
ADB Asian Development Bank
AfDB African Development Bank
BMZ Federal Ministry for Economic Cooperation and Development of Germany (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)
CEPA Cambridge Economic Policy Associates
CERs Certified Emission Reductions
DAC Development Assistance Committee (of the OECD)
DFI development finance institution
DFID UK Department for International Development
DGIS Netherlands Ministry of Foreign Affairs
EAIF Emerging Africa Infrastructure Fund Ltd
FDI foreign direct investment
FMFML Frontier Markets Fund Managers Ltd (formerly known as Standard Infrastructure Fund Managers (Africa) Ltd (SIFMA)
FMO Development Bank of the Netherlands
GPOBA Global Partnership for Output Based Aid
GuarantCo GuarantCo Ltd
ICF-DP Infrastructure Crisis Facility Debt Pool LLP
IFC International Finance Corporation
IFI international financing institution
InfraCo Africa InfraCo Ltd
InfraCo Asia InfraCo Asia Development Pte Ltd
IPS Industrial Promotion Services
KESH Albanian Power Corporation
KfW Kreditanstalt für Wiederaufbau of Germany
ODA official development assistance
OeDB Austrian Development Bank
OECD Organisation for Economic Cooperation and Development
PAIDF Pan-African Infrastructure Development Fund
PIDG Private Infrastructure Development Group
PPI private participation in infrastructure
PPIAF Public-Private Infrastructure Advisory Facility
PPP public-private partnership
PSI private-sector investment
SECO Swiss State Secretariat for Economic Affairs
Sida Swedish International Development Cooperation Agency
SPUG Small Power Utilities Group
SSIP Small Scale Infrastructure Programme
TAF Technical Assistance Facility

Foreword

The year 2009 saw significant growth and achievement for the Private Infrastructure Development Group (PIDG). Two new investment facilities were created – the Infrastructure Crisis Facility Debt Pool (ICF-DP) and InfraCo Asia Development Pte Ltd (InfraCo Asia) – and Germany joined as a new PIDG member through Kreditanstalt für Wiederaufbau (KfW). There were also significant increases in total funds committed and contributed by our donors and the organisation's facilities collectively undertook the largest number of projects in a single year in 2009. These achievements showed, more than ever before, the positive results that can be achieved by the PIDG's distinctive and original approach to infrastructure development in the poorest countries.

The international banking crisis, which began in 2007, and the widespread recession in rich countries in 2008 and 2009, caused international commercial banks to reduce sharply their lending for new infrastructure construction in developing countries. This and other aspects of the complex impact of the financial crisis on the PIDG target countries are reviewed in Section 2 of this annual report.

To address this specific market failure by replacing some of the missing funds, in 2009 the PIDG was a key part of the coalition of donors, multilateral development organisations and private-sector management that set up one of the new facilities mentioned above: the ICF-DP. The ICF-DP was organised as a PIDG facility because of the flexibility, speed, governance structure and low cost that our system offers. It was genuinely inspiring to work with the International Finance Corporation (IFC), which created the concept and managed the set-up process, the Federal Ministry for Economic Cooperation and Development of Germany (BMZ) together with KfW (the donor), and the ICF-DP's manager, Cordiant Capital, to make the concept an operational reality in under four months.

The issue of climate change was prominent in 2009, with worldwide focus on the Copenhagen Climate Summit. The Clean Development Mechanism of the Kyoto Protocol, which created Certified Emission Reductions (CERs) eligible for the EU's Emissions Trading Scheme, was supposed to promote the adoption of low-carbon technology in developing countries. The recession means emitters in the Emissions Trading Scheme have found it easy to stay within their allowances, so CER prices have fallen to levels at which their incentive effect is much less than was intended by policymakers when the Clean Development Mechanism was set up. The PIDG is now working on a new facility to tackle this market failure for renewable power generation plants in Africa as a potential new facility for 2010.

The inadequacy of infrastructure in the world's poorest countries remains a huge problem. The World Bank estimates that 884m people lack access to safe water, 2.5bn do not have basic sanitation, and 1.6bn do not receive electricity. Developing countries require US$900bn of investment annually to maintain and expand infrastructure services to meet pressing development needs.[1] If anything, the problem is worsening, holding back the economic growth of the PIDG target countries to an even greater extent than before. This in turn limits the ability of the population of these countries to fulfil their human potential and lead dignified lives free

1. World Bank Group (2008), *Sustainable Infrastructure Action Plan (2009-11).*

of poverty, disease and insecurity. The nature of the constraints preventing progress is continually evolving, requiring a vigorous, sustained and increased response from the international community, which is sufficiently flexible to adapt to the ever-changing nature of these challenges.

We believe that the work of the PIDG in endeavouring to mobilise the resources of the private sector to improve infrastructure provision in the poorest countries, alongside and in harmony with the public sector, is as relevant today as it has ever been. The PIDG companies and facilities have supported projects that have secured around US$9.4bn in private-sector investment (PSI) commitments. In 2010 we plan to drive forward our activities with existing facilities and donors, as well as adding appropriate new facilities and donors.

In this annual report we present the activities of each PIDG facility to show how our principles have been applied in each case: the market failure they aim to mitigate; their specific design to confront such constraints effectively; and their progress and success during 2009 in meeting these goals. We hope you will agree that the overall picture presented is very wide ranging, impressive and encouraging.

Before turning to the detail of the business of the PIDG facilities, we must record the dedication and hard work of the PIDG Programme Management Unit team and thank them for their efforts, without which none of last year's achievements would have been possible. We also owe sincere thanks to the management teams and boards of directors of our facilities, as well as our donor members. Last, but by no means least, I would like to pay tribute to John Hodges, my predecessor, who retired in June 2009 after having played an indispensable role in guiding the organisation from its inception to its position in 2009. We are delighted that his association with the PIDG continues through his consulting support for the Programme Management Unit and his appointment at the end of 2009 as a Non-Executive Director of GuarantCo Ltd (GuarantCo).

Andrew Reicher
PIDG Programme Manager

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Introduction

This is the fifth annual report of the Private Infrastructure Development Group (PIDG), following its establishment in early 2002. Over the eight years of its operation, the PIDG has grown from one facility to seven; from a single donor to eight (as well as including commercial debt from the private sector); and to a portfolio comprising 30 projects that have received financial support from the Emerging Africa Infrastructure Fund Ltd (EAIF) and GuarantCo Ltd (GuarantCo) and an additional 42 projects that have received project development support from InfraCo Ltd (InfaCo Africa) and DevCo. In addition, 36 grants have been made by our Technical Assistance Facility (TAF) to support technical assistance and capacity-building activities related to PIDG projects.

In particular, in the year 2009 alone:

- Two new private entities have been established under the PIDG umbrella – the Infrastructure Crisis Facility Debt Pool (ICF-DP) and InfraCo Asia Development Pte Ltd (InfraCo Asia).

- A new member – Germany, through Kreditanstalt für Wiederaufbau of Germany (KfW) – has joined the PIDG group of donors, supporting the ICF-DP.

- Twenty new projects have been undertaken collectively by the PIDG companies and facilities – representing the largest number of new projects in a single year to date – in addition to eight new grants committed by the TAF.

- These new projects are expected to help generate approximately US$2.2bn of private-sector investment (PSI), implying that up to the end of 2009[2] almost US$9.4bn of PSI is expected to have been raised through PIDG-supported projects.

2 PIDG reporting follows the calendar year (1 January to 31 December).

- Additional contributions from existing and new PIDG donors, totalling US$64.8m, have been provided for the companies and facilities, as well as for project development and administration.

- One of the existing PIDG companies – GuarantCo – has succeeded in signing the first two tranches (of four) of a leverage arrangement with Barclays Bank and KfW, which is expected to increase its lending capacity to US$292m.

The growth over the years, as well as the continued momentum in 2009, underscores the relevant and value-added role of the PIDG in supporting infrastructure development in some of the poorest economies of the world – a role that is further enhanced in the wake of the financial crisis. This annual report aims to highlight the achievements of the PIDG, emphasising its unique role as a distinctive approach to supporting private-sector participation in infrastructure.

1.1. Background to the PIDG

The PIDG is a multi-donor organisation, established to promote private participation in infrastructure (PPI) in developing countries. The driving forces behind the establishment of the PIDG were the recognition of certain market and institutional failures constraining the participation of the private sector in infrastructure development and a view that specific initiatives targeted against such failures would foster economic growth and reduce poverty.

Box 1.1 (page 8) presents the mission and objectives of the PIDG. The PIDG delivers its mission and objectives through the activities of a number of carefully designed private companies and facilities that target specific market and institutional failures which constrain the growth and development of PPI in developing economies.

Box 1.1: The PIDG mission and objectives

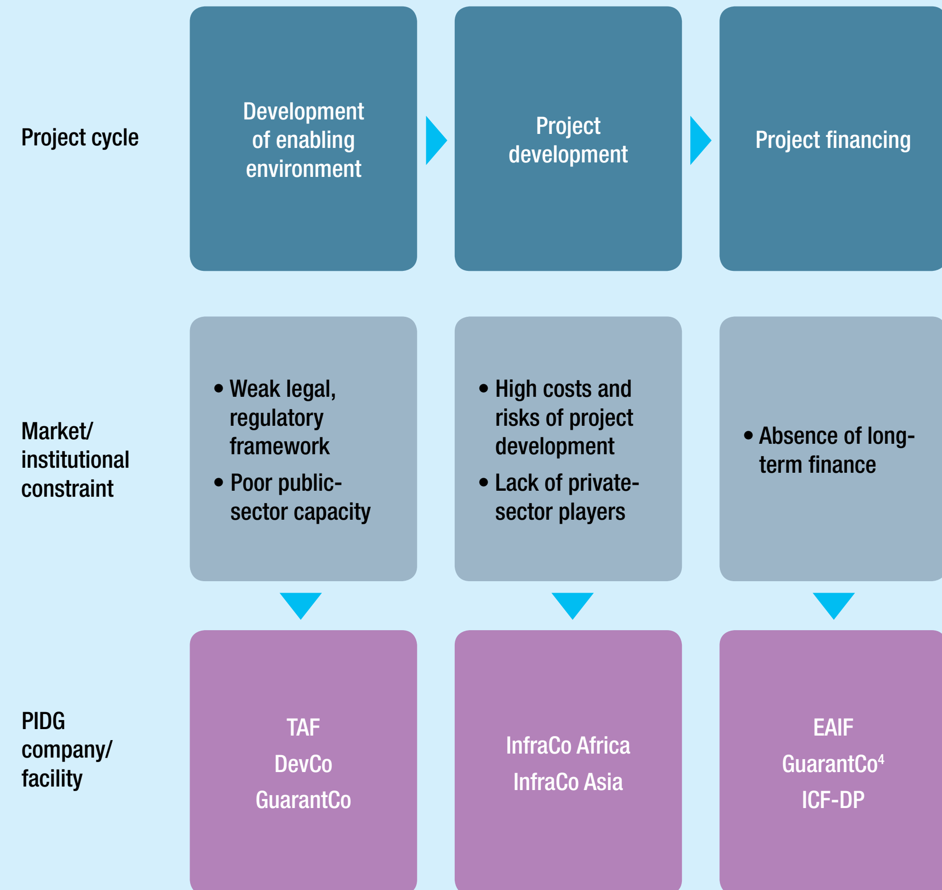
The PIDG mission statement is:

'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 **objectives** of the PIDG are as follows:

- 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 PPI for the benefit of the country and especially the poor
- *pro-poor* economic growth.

Figure 1.1: The role of PIDG facilities in the project cycle[3]



3 In addition to the companies and facilities represented in the figure above, the PIDG has affiliations with a number of facilities including the Global Partnership for Output Based Aid (GPOBA) and the Public-Private Infrastructure Advisory Facility (PPIAF). Annex 1 provides further details on the governance structure of the PIDG. This annual report only presents details on the PIDG companies and facilities. The affiliated programmes have their own annual reports, which are also publicly available.

4 One of the core objectives of GuarantCo is to promote local capital market development.

Figure 1.1 (opposite) describes the role of the PIDG along the project cycle and the type of constraints the different companies and facilities seek to address.

As presented in the figure, the PIDG operates in a number of key stages of the project cycle, aiming to address specific constraints to the participation of the private sector in infrastructure development. While each of the PIDG initiatives target specific constraints, at the highest level it is convenient to classify them as:

- **project financing initiatives** – including EAIF and GuarantCo, which provide long-term debt capital and local currency guarantees respectively, as well as the new lending facility, the ICF-DP

- **project development initiatives** – including InfraCo Africa and InfraCo Asia[5], as well as the technical assistance/ advisory facilities of DevCo and the TAF.

Throughout this report it is important to keep this classification of the PIDG initiatives in mind, especially while interpreting the activities of the companies and facilities, and their actual and expected development impact.

The PIDG continues to grow, developing new targeted initiatives in response to evolving market needs and remaining a leader in the area of donor-funded support to PSI. Where new interventions are needed, they shall be developed in harmony with existing initiatives to avoid duplication.

5 InfraCo Asia is a project development company similar to InfraCo Africa, but it also has a financing capacity so that, in addition to its developer role in Asia, it can also provide equity and quasi-equity investments alongside other public and private investors. Following a competitive tender process and the signing of a management services contract in early 2010, InfraCo Asia is due to be fully operational from the first half of the year. This follows the appointment of a non-executive board and corporate executive in 2008. Given its recent establishment, this annual report does not report on InfraCo Asia. More details about the progress of this PIDG company will be included in the PIDG Annual Report 2010.

1.2. The PIDG's unique approach

Compared to the traditional donor approach, the PIDG is distinctive as a development organisation in a number of key ways, outlined below.

Focus on infrastructure development in the poorest countries

The PIDG is solely focused on infrastructure development, which sets it apart from many other donor-funded initiatives. It attaches particular importance to the provision of adequate and affordable services in the poorest countries and only permits investment in eligible infrastructure sectors. Eligible countries for PIDG support include those in Columns I-IV of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) list of official development assistance (ODA) recipients, included in Annex 2 on page 64 of this report, although PIDG facilities are usually restricted to investing in Least Developed Countries and Other Low Income Countries.

Resolution of market failures through private-sector delivery

Another unique aspect of the PIDG is the use of the private sector, and thereby commercial innovation and discipline, to deliver public objectives. A number of the PIDG facilities are private limited companies (or in the ICF-DP's case, a limited liability partnership) with an independent board of non-executive directors who are predominately private-sector individuals. The day-to-day management of EAIF, GuarantCo, InfraCo Africa, InfraCo Asia, and the ICF-DP has been contracted to specialist management companies following competitive international tenders. The boards have a responsibility for ensuring that the management companies operate in the interests of their PIDG sponsors. The board members are not typically from donor organisations, but rather infrastructure and finance professionals with a detailed understanding and experience of the operations of the underlying vehicles.

Effective handling of public-private interface

The benefit of the PIDG approach is that it allocates roles to those best placed to deliver results. As funders and interested stakeholders,

the PIDG donors have set the PIDG mandate and assumed the role of providing high-level strategic guidance for the initiatives as a whole. This leaves the detailed, financing and development, risk-taking decisions that are involved in projects to the management teams and boards.

This public-private partnership (PPP) approach is, however, not without its challenges. The PIDG is working constantly towards balancing the different priorities and working styles of the public and private sectors.

Minimal bureaucracy, no permanent establishment

The PIDG has not been set up as a permanent establishment. Its current approach is 'light touch', ensuring sufficient flexibility amongst the facilities to manage their operations, but with critical donor oversight and strategic guidance. As a result, the overall PIDG culture has evolved as one with greater flexibility and speed compared to many other donor-supported initiatives, while at the same time ensuring that the highest ethical and efficiency standards are maintained.

The PIDG donors invest in the PIDG facilities through an independently managed trust fund[6], which brings about greater flexibility in operations. The trust fund structure has enabled the donors to fund any of the PIDG initiatives at different points in time (as a result PIDG donors can supply their funding in a flexible manner, supporting initiatives that closely meet their own individual objectives) and also allowed for the incorporation of additional members as the need arises. As a result, the PIDG donors have been able to react quickly and flexibly towards changing market needs – most recently through their support of the ICF-DP.

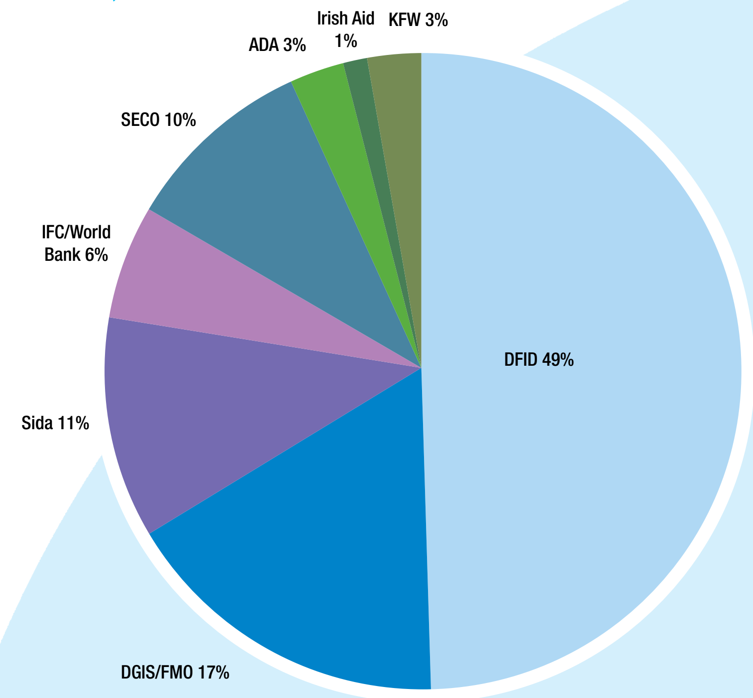
1.3. Contributing donors to the PIDG

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 (currently represented by the International Finance Corporation (IFC)). The Austrian Development Agency (ADA) and Irish Aid joined the PIDG in 2007 and 2008 respectively. KfW of Germany joined in 2009.

Subsets of the donors have contributed funding to the different PIDG companies and facilities, as well as to project development. All donors are required to fund the annual administration costs of the PIDG. Figure 1.2 presents the share of funds disbursed by each donor organisation to the PIDG up to the end of 2009. Annex 3 provides more details on the contributions made by the PIDG members to the various PIDG companies and facilities each year.

6 Except for DevCo, which is a trust fund housed in and managed by the International Finance Corporation (IFC).

Figure 1.2: Share of total PIDG funds disbursed by each donor organisation, 2002-09



two

Impact of the financial crisis in PIDG markets

The PIDG works to mitigate specific market and institutional failures that restrict PPI in the poorest countries. This section examines how these market failures have been affected, if at all.

The financial crisis has had obvious and dramatic negative consequences for the banking systems and economies of the rich countries of the world. It is much more difficult to describe what it has done to the financial and real sectors of the economies of the poorest countries. For a start, much of the data series are available only up to 2008, so any longer perspective including 2009 is not yet possible. Furthermore, as will be seen below, private investment in infrastructure in India and Sub-Saharan Africa actually continued growing in 2007 and 2008.

However, we believe that the crisis has had significant consequences in PIDG target countries. The financial systems of the poorest countries were beginning to integrate with those of the rest of the world before the crisis and, had the crisis not occurred, it is reasonable to argue that it is likely there would have been rapid and dramatic improvements in access to finance and knowledge, in addition to the indigenous resources that the countries were generating for the infrastructure sector. That process has halted and deferred the elimination of the targeted market and institutional failures, emphasising the continuing importance and relevance of our activities.

2.1. Background: before the crisis

It is often extremely difficult to develop and finance viable and sustainable infrastructure projects in developing countries, due to a number of well-known market and institutional failures. Firstly, the project development process in developing countries requires significant time, capacity and resources to design and structure a project and to negotiate a financing package successfully. This deters developers and investors looking for less risky returns. Banks are reluctant to provide long-term project debt and/ or with tenors suitable to support project bankability and the affordability of services. Foreign currency financing exposes project sponsors to significant foreign-exchange risk, while there is a shortage of local currency funds for infrastructure projects. In addition, local governments and public agencies lack the capacity and skills required to structure and negotiate infrastructure projects successfully, where there is a need for a regulator, customer or guarantor of licence.

Despite this, the period 2003-08 saw a considerable increase in the availability of project finance in developing countries, driven by strong liquidity in international financial markets. Most of this increase was focused on non-PIDG markets; however, this trend also made the international debt market more amenable to projects in the PIDG focus regions such as Sub-Saharan Africa and South Asia, traditionally perceived as more risky markets. The general effect of this trend was to bring these markets closer to international acceptability among commercial and other lenders. This was particularly true for more traditional bankable projects, for example those linked to industrial production or with foreign-exchange income, as well as in the mobile telephony sector.

2.2. Immediate trends following the crisis

The effect on PIDG countries of the onset of the financial crisis from 2007 is complex, with significant variation between regions.

While the most recent data for 2009 are still not available, some trends can be found in early data up to 2008. While middle-income countries in the East Asia and Pacific and Middle East and North Africa regions,

which are more integrated into the global financial system, experienced sharp falls in total commitments in 2007/08 (of 30 per cent and 47 per cent respectively), PPI investments in South Asia and Sub-Saharan Africa rose by around 15 per cent (see Figure 2.1 for the general regional trends). There was particularly strong investment performance in telecommunications and transport, but no new water and sanitation projects were financed and there was a sharp decline in energy-sector investment in Sub-Saharan Africa.

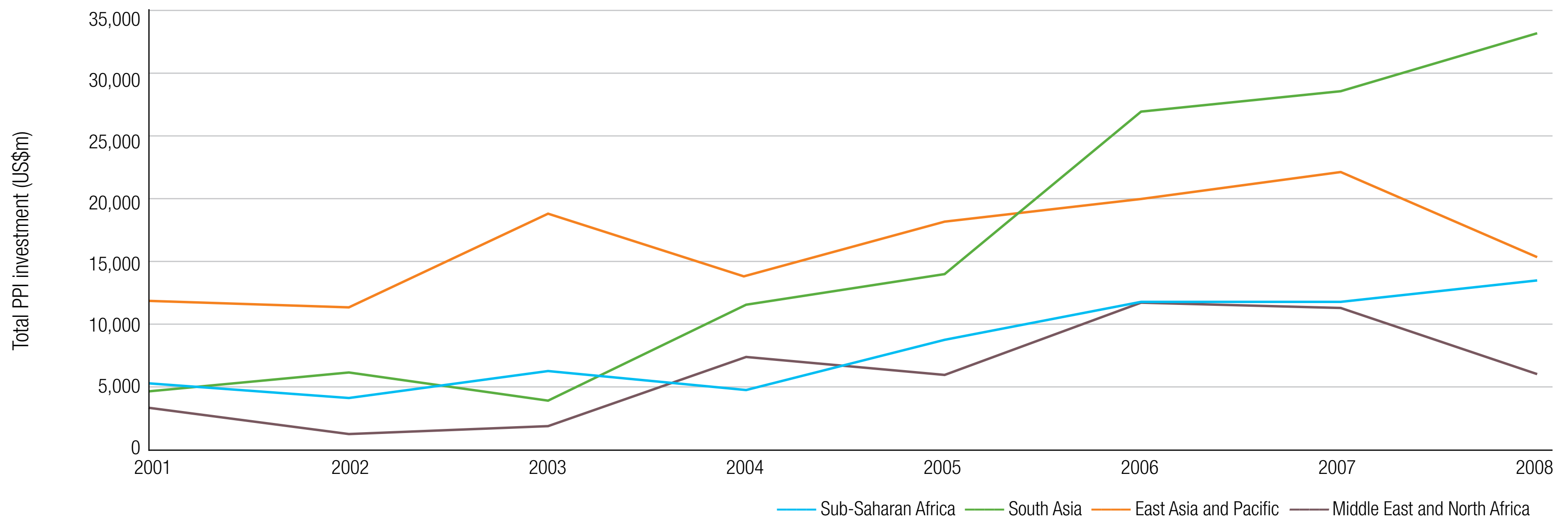
Since the Sub-Saharan Africa region is less integrated into the global financial system, it has remained relatively insulated from the crisis. In addition, markets such as India have proved resilient to the global financial crisis due to strong domestic liquidity/ capacity and political prioritisation on projects.

2.3. Impact of crisis on Sub-Saharan Africa

2.3.1 Direct impacts

Early indications are that markets in Sub-Saharan Africa have remained relatively insulated from the direct impact of the global financial crisis. However, in the face of contracting international liquidity, with international commercial lenders focusing more on home/ traditional markets and 'relationship' lending, the implication is that the region's integration within the global financial markets, which was arguably beginning to happen prior to the crisis, has been pushed back by a number of years. This has stunted any emergence of a project finance market in the region, starving projects of debt finance.

Figure 2.1: Regional trends in PPI, 1990-2008



The immediate impacts of the crisis on the Sub-Saharan Africa region are summarised below:[7]

- **Greater difficulty in financial structuring of projects**: The market is one of 'bespoke' project finance where borrowers negotiate with a set of potential lenders to put together a total financing package, thereby increasing both time commitments before financial close and financing costs. There remains an absence of a pre-packaged syndicated loan market, with deals instead still being structured as club transactions (i.e. small group deals), increasing the time before financial close.

- **Lower risk appetite impacting on financing structures**: Successfully financed projects are likely to require lower gearing (i.e. higher equity-debt requirements) to attract finance. Average gearing has moved down from 70:30 to 50:50, while available tenors have also fallen. Lenders have increasingly been requiring a degree of upside participation in projects and stronger commitments from sponsors to back up debt through instruments such as stand-by provisions and guarantees. There is an increasing intolerance to political risk in African countries and an increased premium on political stability.

- **Higher cost and terms of finance**: The pricing of debt and guarantee products (margins and fees) for African infrastructure projects has risen as a result of the crisis. Regional commercial banks outside South Africa have been increasingly unable to offer sufficient project tenors. Greater competition for financing – the result of a growing backlog of projects, as well as government deficit needs in developed economies – has reduced the bargaining power of borrowers (relative to lenders).

7 This draws heavily on the following source: Nick Rouse, MD of Frontier Markets Fund Managers (FMFM) (2009), 'The Future of Project Finance Globally', presentation to the Said Business School, University of Oxford. (FMFM are managers of EAIF and GuarantCo).

2.3.2. Indirect recessionary impacts

While the direct impact of the financial crisis on PPP infrastructure financing in Sub-Saharan Africa is diluted in comparison to that in other emerging market countries, indirect impacts (i.e. those arising through the global recession) are expected to be more significant.

There are several overlapping drivers of the global recession on infrastructure project bankability in developing economies, as summarised in Figure 2.2. overleaf.

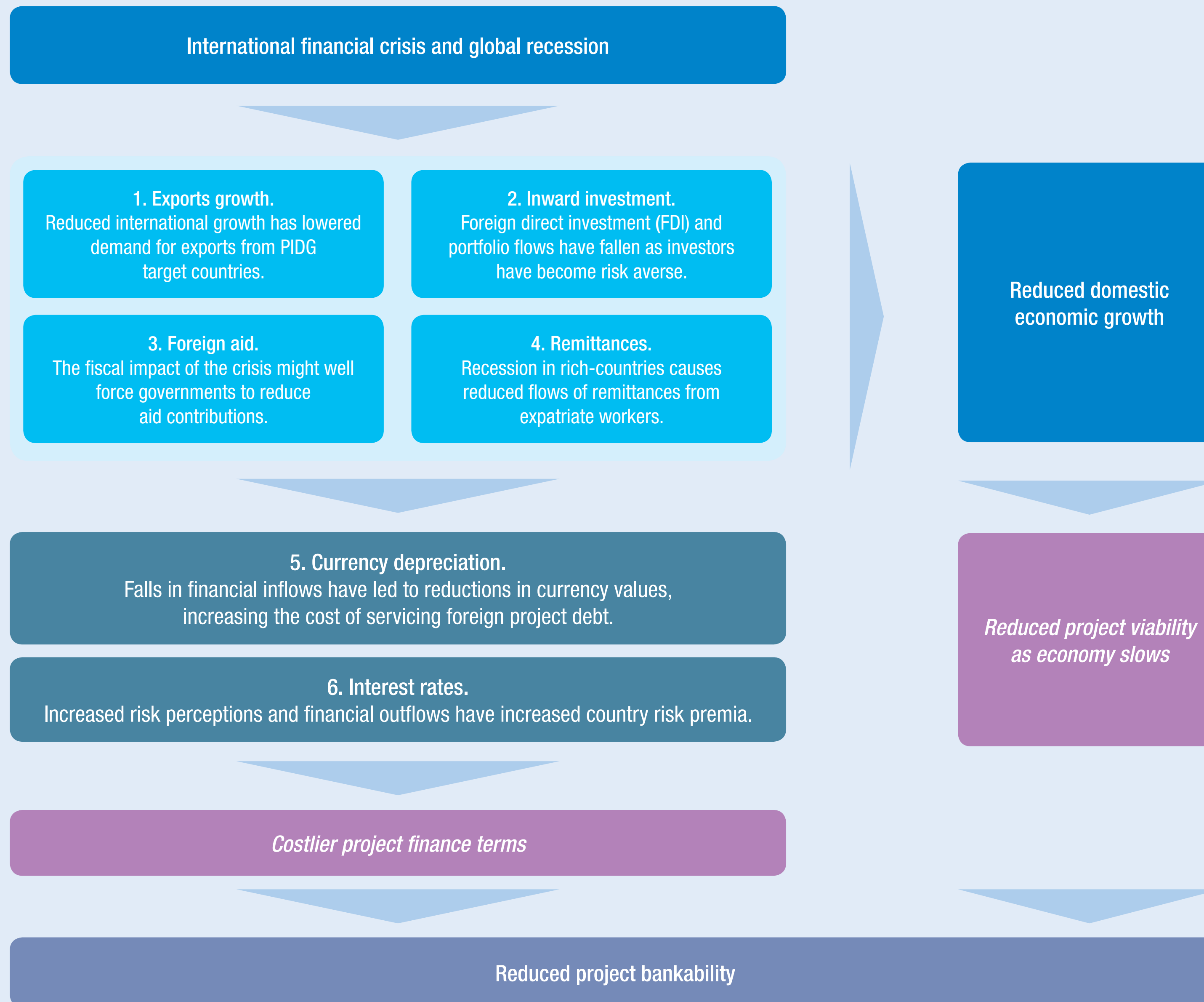
As represented in the figure, declining levels of inward investment to emerging economies and a slow-down in exports to rich economies, combined with the prospect of reduced remittances and foreign aid flows, are expected to have two effects on private infrastructure investment:

- First, reduced financial flows and increased risk aversion among investors are likely to increase margins on project loans and weaken domestic currencies (thus increasing the cost of foreign exchange finance).

- Second, lower financial flows are likely to impede economic growth in PIDG target countries and reduce the affordability of infrastructure services. Therefore, stricter project finance terms and reduced affordability will combine to reduce project bankability and the affordability of services.

Although it is too early to assess the magnitude of these effects on private infrastructure in PIDG markets, they still pose considerable risks to project bankability, even as global debt markets recover. This implies an even greater need than before for the services of the PIDG.

Figure 2.2: Secondary impacts of global recession on private infrastructure in developing economies[8]



8 Cambridge Economic Policy Associates (CEPA), 2010.

2.4. Enhanced role of the PIDG

The activities of the PIDG have accelerated, even in the current financial climate, as the services provided by the PIDG companies and facilities have become increasingly relevant. Our existing and new interventions are vital to ensure that projects remain on track, thereby limiting the scale and duration of set-backs experienced in infrastructure markets such as Sub-Saharan Africa.

As international commercial banks have pulled away from the perceived risk of long-term debt finance in the region, EAIF's importance as a lender to project sponsors is reaffirmed. In fact, as discussed in Section 4 (page 30), EAIF's track record and strong reputation, as well as overall confidence in its business model, had enabled it to raise an additional US$37.5m in senior debt from commercial banks by the end of 2009.[9]

Furthermore, GuarantCo's enhancement products for local currency transactions have also become increasingly important given the greater risk aversion of foreign investors and lack of liquidity among US Dollar investors. Since GuarantCo can only provide local currency guarantees, which other lending facilities tend to avoid due to their complexity, the company provides a unique service for infrastructure projects.

In addition, with reduced interest in project development by equity investors, the role of project development facilities such as InfraCo Africa, InfraCo Asia, DevCo and the TAF also assumes importance:

- InfraCo Africa had found it more difficult to raise the necessary financing at financial year close, but in response it has developed innovative financial structures to mitigate this impact. For example, the Kalangala project in Uganda has been structured to take into account the lack of available long-term US Dollar debt, with InfraCo currently pursuing a US$20m private placement with Kenyan institutional investors supported by an innovative credit support package from GuarantCo. This placement has received a credit rating of A+ (stable) from Global Credit Rating of Johannesburg, which is better than the sovereign credit rating.

- DevCo has also responded to the needs of the crisis by restructuring projects to make them more attractive to debt providers through reducing their size, tenors and gearing levels, and increasing the levels of government support.

In addition to the enhanced role of the PIDG companies and facilities described above, the PIDG has also supported the establishment of the ICF-DP, which is designed to support projects that face the prospect of delay or cancellation due to the financial crisis. As discussed in the next section, its direct impact will be its catalysing effect on investors and strong signalling effect to international and regional markets.

The repercussions of the financial crisis in terms of direct and indirect impacts are emerging as time goes on. The flexibility and innovative nature of the products and funding of the PIDG companies and facilities, as well as the experience of their dedicated management teams, will leave them well placed to meet these challenges in the most testing markets.

9 **As well as increased equity from the PIDG donors and commercially priced debt from development finance institutions (DFIs).**

three
Results for 2009

'In 2009, our two new facilities, our new donor member and our record level of activity showed how the PIDG delivers results quickly, effectively and at impressively low cost. We are busier than ever in 2010 and have never been more relevant as a channel for donors interested in alleviating scandalous under-provision of infrastructure in the poorest countries to achieve concrete and lasting results. We are also working to refine and improve our reporting of the results and impact of our activities. It is by being able to show these comprehensively and authoritatively that we will convince current and potential new donors to fund our exciting plans to grow our existing activities and add selectively targeted new ones.'

Andrew Reicher, Programme Manager, PIDG

This section presents an explanation of the PIDG approach to measuring and reporting the expected and actual impacts of the projects supported by its companies and facilities. It then summarises the results of the individual companies and facilities to present an aggregated picture for the PIDG as a whole.

3.1. Monitoring and evaluation framework

The PIDG has developed a comprehensive monitoring and evaluation framework to assess the development impact of projects supported by PIDG companies and facilities through a range of carefully chosen indicators. The key development impact indicators for which data are collected include the following:

- PSI committed to the project, including contribution from the domestic private sector, foreign investors/ foreign direct investment (FDI) and the equity commitments of any development finance institutions (DFIs)
- number of additional people expected to be served by the infrastructure provided, as well as the number of people expected to receive improved services as a result of the project
- the fiscal impact of the PPI investment, including details of upfront fees paid to the government and any subsidy amounts avoided by the government; and
- long-term (during operations) and short-term (during construction) employment effects.

In addition, qualitative information is recorded on how the project fits in with the national development plans, as well as, where relevant, information on the likely scale of the expected impact on the national or regional economy.

3.1.1. Changes to development impact reporting

New infrastructure, especially in the poorest countries, involves long development and construction periods. It is not unusual for this to be five years or more. Until 2008, because very few PIDG-supported projects had yet been completed and entered service, we reported expected impacts only. In 2009 increasing numbers of projects have begun operating. Therefore, as a major addition to our monitoring and evaluation work, we have begun a post-completion monitoring programme to compile and maintain information on actual impacts and, when we have verified figures, to report them. We now have such data for eight PIDG-supported projects. As described below, these initial results indicate that the expected figures reported to date have been conservative and exceeded by or in line with the confirmed totals. Next year we expect to be able to report confirmed results for substantially more projects.

A second significant change to our impact reporting in 2009, in light of the maturing portfolio and the experience we have accumulated in monitoring and evaluating impacts, is that we have made conservative revisions to the reported expected development impact of PIDG-supported projects not yet in operation. This is in order to ensure that we only report developmental impacts for projects that have reached financial close and are expected to have a material development impact. We intend to revisit our development impact assessments each year to ensure that they continue to reflect actual expectations. We believe this ongoing process of scrutiny makes the annually reported development impact figures more robust and convincing.

These two sets of changes make comparisons between this year's report and that for 2008 quite complicated; however, we believe this is more than compensated for by the increased rigour of the figures. In this section, we briefly outline the amendments and summarise in Table 3.1 the expected impacts using the new reporting framework. In the case of the estimated numbers of people to receive new or improved infrastructure services, we also show how the changes to reporting have affected these totals. Full details are set out in Annex 6 on page 78.

3.1.2. Capturing broader indirect development impacts

In addition to the measurable, direct results of our activities, an important benefit and added value of the PIDG has been 'crowding-in' other providers of finance for infrastructure projects, both from the private sector and from DFIs and international financing institutions (IFIs). This crowding-in impact is demonstrated through the case study projects described in the sections on individual facilities later in the report. By supporting innovative projects with private participation in markets where there has been no or limited PPP activity, the PIDG has an important role to play through its demonstration effect.

In addition to these case studies, with the maturing of the portfolio it will become possible to measure these broader indirect impacts more rigorously and systematically. The PIDG is therefore currently designing a Systematic Review expected to be commissioned in 2010. This will be a desk-based study drawing upon existing literature methodologically to map out, critically appraise and synthesise the available evidence on 'the impact of DFI support (including PIDG support) for PPI, on economic growth and poverty reduction'. If procurement goes ahead as planned, draft results are expected by the end of 2010 or early 2011.

One of the purposes of this exercise will be to inform a possible extension of our monitoring and evaluation system in future to measure the broader development impact of PIDG activities, such as our additionality to, and our demonstration effect on, all other current and would-be market participants. We expect to provide more information on this process in next year's annual report. It is part of our commitment to continuous improvement of the systems by which we evaluate and report our effectiveness to our stakeholders.

3.1.3. Updated classification of PIDG-supported projects

As described earlier, in line with our continuous effort to present robust development impact figures, we have conducted a full review of the classifications of all PIDG projects and reclassified a portion of

Table 3.1: Summary of PIDG expected development impact indicators, cumulative to end 2009

Indicator		Impact
Cumulative PSI commitments		US$9.4bn
Expected number of people with new/improved infrastructure from: i) all projects having reached financial close and under active development ii) only those projects which have reached financial close	 i) ii)	 62.3m 29.8m
Of the total of 29.8m people expected to have new/improved infrastructure as shown in (ii) above, those with: i) new access to infrastructure ii) improved quality of infrastructure	 i) ii)	 22.8m 7m
Fiscal impact (only from projects that have reached financial close): i) up-front fees to government ii) avoided government subsidies	 i) ii)	 US$2.4bn US$400m
Employment impacts (only from projects that have reached financial close): i) short-term jobs created (during construction) ii) long-term jobs created (during operation)	 i) ii)	 8,000 170,000

these projects. Our objective has been to divide projects into those for which we have a high degree of confidence they will be completed, enter operation and deliver benefits to people for which we will report expected impacts, and those about which we are less certain, which we will not report until they move into the first category. The details are described in Annex 5 on page 77.

The most significant change to previous years' practice is that the basis for reporting in future will only include projects that have reached financial close, thereby excluding the development impact of projects that are 'under active development' and yet to reach financial close. The rationale for this is to remove the significant annual variation resulting from pipeline projects coming into and dropping out of the 'under active development' category, and to make the reported figures more robust and verifiable.

This change in reporting has a very marked effect on the reported totals of people expected to receive new or improved infrastructure services. Table 3.1 therefore includes the access figures using both sets of criteria for project inclusion.

3.2. Expected development impact

The following sections provide a summary of the expected development impact of PIDG-supported projects to the end of 2009. To meet the impact reporting criteria outlined above, only EAIF, GuarantCo, InfraCo Africa and DevCo[10] currently have projects that qualify towards the expected development impact of the PIDG by virtue of their history and performance. Given that the PIDG company or facility involved in each project is often one of several parties supporting a project, the PIDG does not attribute the development impact to its efforts alone.

10 As TAF projects are linked to PIDG facility projects, the development impact is recorded under the relevant facility itself. InfraCo Asia and the ICF-DP are new facilities and had not closed or completed any projects at the end of 2009.

Figure 3.1: PSI commitments across all PIDG projects up to end 2009

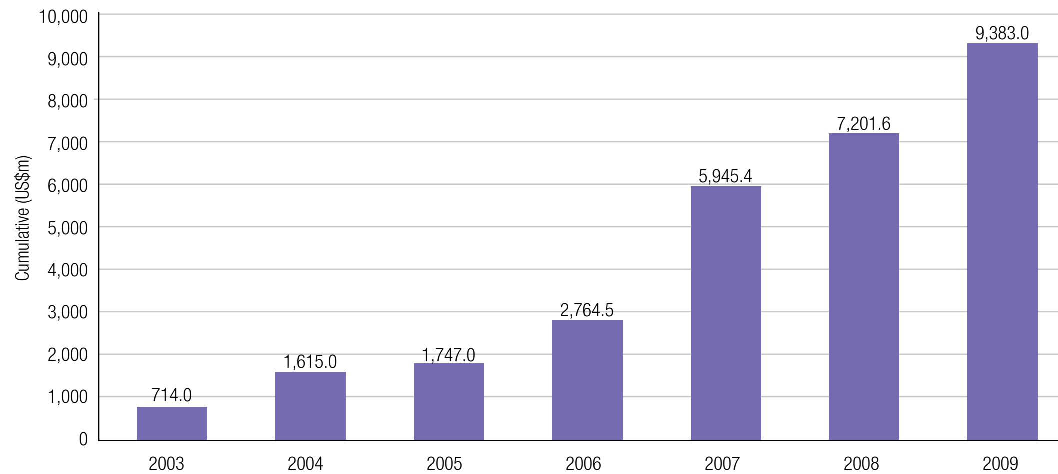


Figure 3.2: PSI commitments across all PIDG projects by sector up to end 2009

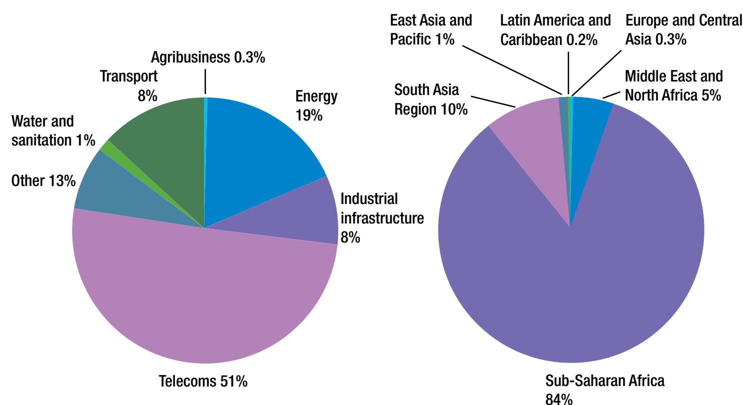


Figure 3.3: PSI commitments across all PIDG projects by region up to end 2009

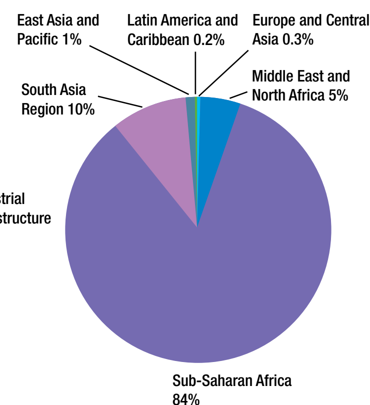
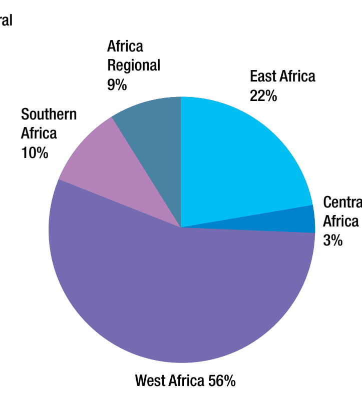


Figure 3.4: Distribution of PSI commitments by sub-region in Sub-Saharan Africa up to end 2009



In addition, the contribution of the different PIDG companies and facilities to the aggregated development impact varies considerably. This is due not only to the different ages of the facilities – and therefore the number of projects supported by each – but also to the nature of their product offering and the corresponding scale of development impact. For example, InfraCo Africa supports the development of greenfield projects and therefore its expected development impact includes providing infrastructure services to additional people. On the other hand, as a number of the projects supported by DevCo represent privatisation of existing infrastructure, its development impact includes providing existing clients of a region (sometimes even a nation) with an improved quality of service.

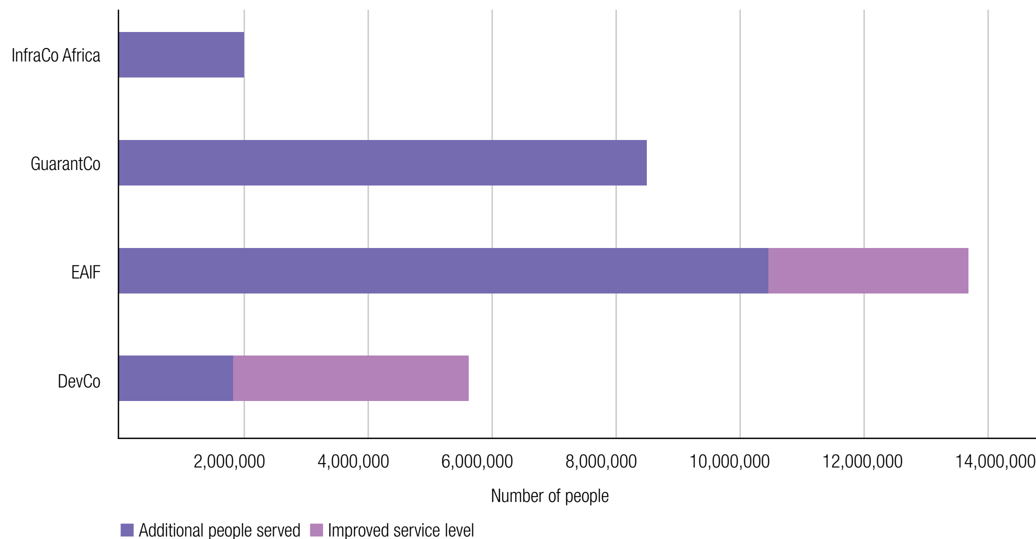
3.2.1. PSI in infrastructure

As at the end of 2009, approximately US$9.4bn of PSI is expected to have been raised through PIDG-supported projects. The annual growth is depicted in Figure 3.1, which shows the growth in the expected PSI every year as the PIDG portfolio expands. Almost US$2.2bn of this is expected from projects started in 2009.

Most of the expected PSI to be generated will be in the telecommunications sector, but some will also derive from energy, industrial infrastructure and transport projects (see Figure 3.2). It is important to note that the PIDG companies and facilities' support of telecommunications projects in Sub-Saharan Africa was groundbreaking at the time and represents a significant success. Such investments were originally considered high risk, but now that the market for mobile telephony is established even in very poor countries, the country risk has been separated from sector or market risk.

The PIDG has also played a role in generating PSI commitments in more difficult infrastructure sectors such as water and sanitation, as well as 'non-traditional' infrastructure sectors such as agribusiness.

Figure 3.5: Expected expansion of infrastructure services[11]



11 Increased or improved access to infrastructure through PIDG-supported projects may in fact be higher than depicted in this figure because complete data on all projects are not available at present. For example, EAIF has supported the Seacom undersea fibre-optic cable in East Africa, which has had an important impact on increasing and improving access to the infrastructure services, this is not included in the numbers represented in this graph.

The vast majority of the private investment is expected in Sub-Saharan Africa, particularly in East and West Africa (see Figures 3.3 and 3.4 (page 22)). This is mainly due to the focus of the PIDG's largest facility, EAIF, in the region.

3.2.2. Access to infrastructure

Aggregating estimates of improved access expected from all current projects in the PIDG portfolio, **including** those that are under active development and have not yet reached financial close (i.e. as we reported previously), PIDG-supported projects would provide 62m people with new or improved infrastructure (26m people with access to new infrastructure services and 36m people with an improved quality of service).

However, as discussed, in order to improve the quality of reporting, access to infrastructure impact will in future be reported only for those projects that have reached financial close (i.e. **excluding** those that are under active development and have not yet reached financial close). From this group of projects, 23m people will gain access to new infrastructure services, with an additional 7m people being provided with an improved quality of service.

Figure 3.5 shows this breakdown across the PIDG companies and DevCo on the new reporting basis.

Given the length of time that EAIF has been in operation, the size of available funding and the resulting higher number of projects that it has supported, its impact on the expected expansion of infrastructure services is the largest. Also, EAIF has supported a number of telecommunications projects with large access, compared to projects supported by other companies and facilities that may have a more localised impact (e.g. some of the projects supported by InfraCo Africa).

3.2.3. Fiscal impact

The PIDG projects are also expected to have a significant fiscal impact in terms of the following:

- Around US$2.4bn of up-front fees are expected to be received by governments as a result of PIDG-supported projects. Much of this is accounted for by activities in the telecommunications sector, for example through mobile phone licence fees.

- PIDG-supported projects are expected to result in almost US$400m of avoided government subsidies. Most of this impact is due to DevCo, given its support for privatisation transactions. It should be noted that estimating reductions in government subsidies is difficult, so these numbers should be interpreted with some caution.

3.2.4. Employment effects

Direct job creation is also expected to be a significant development impact of PIDG-supported projects.[12] Almost 8,000 short-term jobs, and more than 170,000 long-term jobs, are expected to have been created across closed and completed[13] EAIF, GuarantCo and InfraCo Africa projects since the PIDG was established. A further 2,600 long-term jobs are expected to be created through completed DevCo assignments to the end of 2009, although these are offset to some extent by job losses resulting from the privatisation of TelCom Kenya.

3.2.5. Post-completion impact assessment

As described earlier, the post-completion monitoring programme to record the actual (as opposed to expected) impact of PIDG-supported projects after their completion was initiated in mid-2009. In order to contain costs, actual impact data are collected by the Programme Management Unit from a variety of secondary sources including project websites, client annual reports, and the financial press. These data are then verified with the project operator. By the end of 2009, 18 PIDG-supported projects were delivering services on the ground and hence eligible for post-completion monitoring, the actual impact data for only eight projects (five for EAIF, one for GuarantCo and two for InfraCo Africa) have been verified by the relevant operator to date. Verified data are presented in Table 3.2 opposite.

As the table shows, the actual impacts at the time of financial closing are greater than those expected for all the key development indicators, except long-term employment effects. This over-estimation is because the expected long term employment figure for one of the eight verified projects incorrectly included jobs expected to be created indirectly.

Even more promising is the fact that the interim report that includes the unverified actual impact figures for all 18 completed projects indicates that actual impacts in terms of private investment mobilised, and in particular the increase in access to new and improved infrastructure, to be far greater than expected. This is largely because most of these unverified projects are in the telecommunications sector in Sub-Saharan Africa and therefore reflect the unprecedented increase in mobile telephony within the region in recent years.

3.3. PIDG portfolio in 2009

This section provides summary information on the PIDG portfolio, highlighting the developments in 2009.[14]

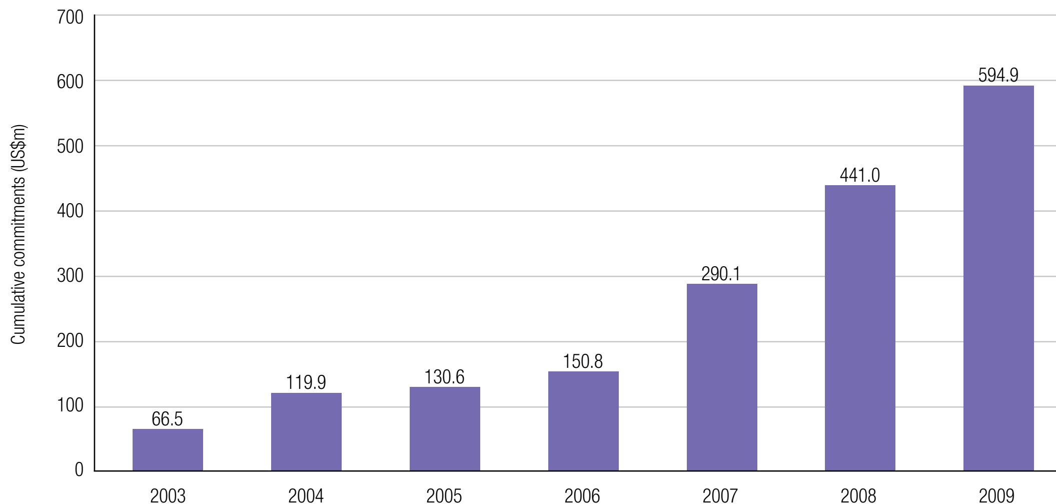
12 The PIDG policy is to include only jobs created directly.
13 A completed project is one that has been sold or the loan, guarantee or mandate has been signed.

14 This summary information only includes completed projects, ongoing projects, those under active development, and closed projects, those where the loan or guarantee has been repaid prematurely by the client. It does not include dormant/stalled projects, those where the loan or guarantee has been recalled by the relevant PIDG facility, or cancelled projects.

Table 3.2: Summary of expected and actual impacts of eight PIDG-supported projects

Indicator	Expected impact	Actual impact
Total PSI	US$1,877m	US$1,890m
Number of additional people served	4.26m	4.34m
Number of people with improved quality of service	2.46m	7.32m
Fees to government	US$315m	US$767m
Short-term employment effects – during construction	2,795	2,853
Long-term employment effects – during operations	41,249	2,516

Figure 3.6: Cumulative commitments by all PIDG companies and facilities by year



3.3.1. Total PIDG portfolio

Figure 3.6 presents the cumulative commitments by all PIDG companies and facilities since 2003. These have increased to US$595m by the end of 2009, from US$67m in 2003. This growth reflects the increasing portfolios of the PIDG companies and facilities, as well as the increase in the number of PIDG facilities. Thus, for example, the cumulative commitments for 2003 represent the work of EAIF and DevCo alone, while those for 2009 include commitments from five PIDG companies and facilities (excluding InfraCo Asia and the ICF-DP, both of which were still in start-up mode during 2009).

The figure above shows the growth in investments by the PIDG companies and facilities over the years, with a marked increase in commitments over the past three to four years as some of the relatively older companies and facilities have matured, gained market reputation and increased their available funding, and new companies and facilities have been introduced. The total commitments during 2009 represent an increase of 40 per cent on those in 2008.

In addition, the total number of investment projects supported by the PIDG companies and facilities since 2002 is now 72, with 20 new projects initiated in 2009. This represents the largest number of new projects in a single year to date. The total number of projects supported by the PIDG financing companies (i.e. EAIF and GuarantCo) is 30 to date, including nine in 2009, while those supported by PIDG project development companies and facilities is 42 to date, with 11 in 2009. In addition, 36 grants have been committed through the TAF, with eight grants awarded in 2009.

Table 3.3: Total commitments and number of projects by company or facility at end 2009[15]

Facility[16]	Total projects at end 2009[17]		Projects in 2009 only	
	Committed funds (US$m)	Number of projects	Committed funds (US$m)	Number of projects
EAIF	432.9	22	96.5	6
GuarantCo	99.3	8	45.0	3
InfraCo Africa	23.2	8	5.0	1
DevCo	25.9	34	5.34	10
TAF[18]	13.7	36	2.14	8

Table 3.4: Total commitments by sector at end 2009[19]

Sector	Projects at end 2009[20]		Projects in 2009 only	
	Committed funds (US$m)	Number of projects	Committed funds (US$m)	Number of projects
Agribusiness	3.2	8	0.47	2
Energy	165.6	37	24.6	7
Industrial infrastructure	117.1	9	52.0	3
Multi-sector	11.5	7	1.1	2
Telecoms	204.1	20	46.5	3
Transport	32.0	17	7.5	7
Water and sanitation	3.3	5	0.8	2
Other	58.0	5	21.0	2

15 The ICF-DP and InfraCo Asia commenced operations in 2010.
16 The committed amounts for EAIF and GuarantCo exceed their total fund values because some projects have been refinanced.
17 In line with the revised selection criteria, described in Subsection 3.1.1 on page 20 and in Annexes 5 and 6 (pages 77 and 78), expected development impact data are only reported for 46 of the total 111 projects in this report. The breakdown of these 46 projects by facility is as follows: 13 DevCo projects, 22 EAIF projects, eight GuarantCo projects, and three InfraCo Africa projects.
18 TAF numbers are for individual grants and therefore may exceed the amount of PIDG projects where more than one TAF grant is made to a single PIDG project.
19 The sectoral breakdown of the PIDG portfolio only includes TAF projects that have been carried out independently from other PIDG companies and facilities (i.e. two projects in 2009).
20 See footnote 18 on Table 3.3.

3.3.2. Portfolio by company or facility

Table 3.3 presents the PIDG portfolio as of 31 December 2009. The funding of EAIF represents almost 37 per cent of the PIDG's total funds disbursed to companies and facilities by the end of 2009. With more than US$500m of funds to invest, EAIF has the largest portfolio in terms of committed funds to projects, reflecting its role as a project lender. In addition, total funding available for GuarantCo is much higher compared to the companies and facilities involved in project development, reflecting its role as a provider of financing guarantees to projects. Hence Table 3.3 only aims to present a snapshot view of the activities of all PIDG companies and facilities; comparisons between companies and facilities should be avoided.

As can be seen from the table, the PIDG financing companies (i.e. EAIF and GuarantCo) committed the equivalent of more than US$141m to new projects in 2009 (compared to US$133m in 2008). Although several of these transactions were in the pipeline before the financial crisis hit, the ability of PIDG companies both to remain involved in transactions and to work with financing partners to ensure that the projects reached financial close in 2009 demonstrates that our investment companies have played an important role during the financial crisis period.

It should also be noted that while InfraCo Africa signed a development agreement for one new project in 2009, it continues to develop four projects initiated in previous years, as well as sourcing new opportunities (see Section 6 on page 42 for further details). The year 2009 has also been busy for DevCo and the TAF, which have committed funds to 10 and eight new projects or grants respectively.

Figure 3.7: PIDG commitments by sector: Chart 1 – 2003-09; Chart 2 – 2009

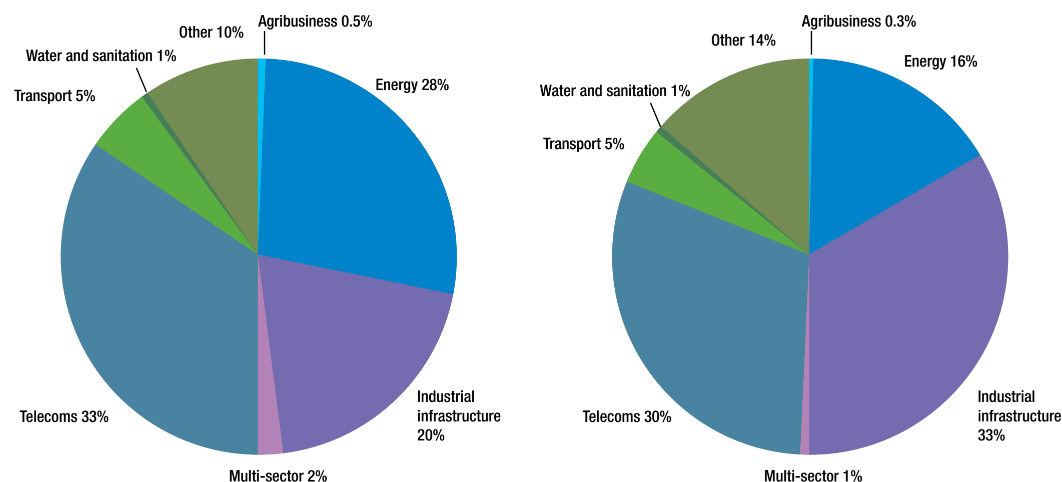


Table 3.5: Total commitments by region at end 2009[21]

Region	Projects at end 2009[22]		Projects in 2009 only	
	Committed funds (US$m)	Number of projects	Committed funds (US$m)	Number of projects
Europe and Central Asia	2.0	3	1.0	1
Middle East and North Africa	28.7	4	27.0	2
Sub-Saharan Africa	498.8	73	87.4	15
South Asia Region	57.3	16	38.0	9
East Asia and Pacific	6.7	11	0.5	1
Latin America and the Caribbean	1.4	1	-	-

21 See footnote 20.
22 See footnote 18.

3.3.3. Portfolio by sector

Table 3.4 provides details on the PIDG portfolio by sector. At the end of 2009, the telecommunications, energy and industrial infrastructure sectors had received the largest amount of support from PIDG companies and facilities. This is largely as a result of EAIF's and GuarantCo's activities in 2009, who also undertook multi-sector and housing projects respectively. In addition, DevCo, the TAF and InfraCo Africa have all been active in transport sectors in 2009, including rail, port and air projects.

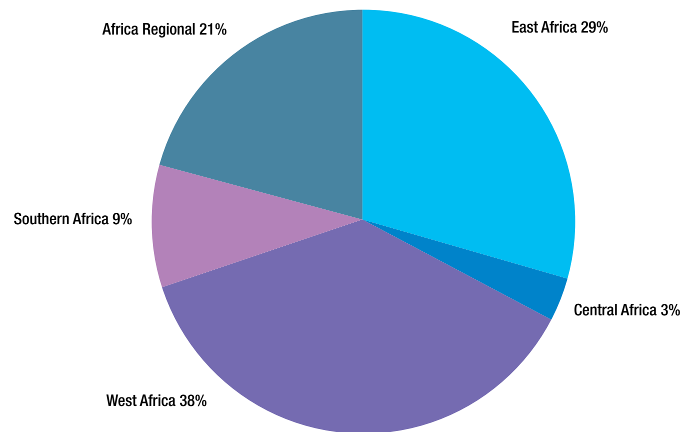
Figure 3.7 presents a breakdown of the PIDG's activities by sector for the entire period up to the end of 2009, as well as for the year 2009 only. Of the major focus sectors of the PIDG, it is interesting to note that in 2009 industrial infrastructure and multi-sector projects have received more commitments, while the share of commitments to telecommunications and energy has declined.

3.3.4. Portfolio by region

Table 3.5 provides details on the PIDG portfolio by region. The vast majority of commitments by the PIDG companies and facilities have been made in Sub-Saharan Africa, which is to be expected given that EAIF has by far the largest amount of funding available and can only operate in this region. However, US$63m of GuarantCo's commitments have been made outside the region, including three projects in 2009 (GuarantCo is responsible for almost 70 per cent of commitments outside the region in 2009).

Figure 3.8 presents the breakdown of Sub-Saharan African commitments by sub-region. The figure shows that the majority of the PIDG commitments have focused on East and West Africa (including cross-border (i.e. regional) projects).

Figure 3.8: PIDG commitments in Sub-Saharan Africa by sub-region



3.4. Financial reports

Each PIDG company (EAIF, GuarantCo, InfraCo Africa, InfraCo Asia, and the ICF-DP) produces audited financial statements. All these companies have a financial year ending 31 December, except for the ICF-DP, whose financial year ends on 30 September. The PIDG Trust's interests in the PIDG companies are shown in its annual audited financial statements, which are issued after publication of the annual report. The PIDG Trust's audited financial statements are made available immediately after their release on the website: www.pidg.org.

The following sections report on the results for the individual PIDG companies and facilities.

'Without a blueprint to follow, our work on developing a relevant yet pragmatic set of impact indicators for PIDG-supported projects has been an ongoing, iterative process. We aim to be objective in our reporting, to ensure that our figures are completely defensible. As a number of projects supported by PIDG facilities mature, we are continuing to invest in improving our reporting – this year by introducing systematic post-completion monitoring and we hope next year, with steps towards better overall impact assessment.'

Smita Biswas, PIDG Development Advisor

four

The Emerging Africa Infrastructure Fund Ltd (EAIF)

'By providing a US$35m debt facility to a hydropower project in Uganda in the midst of the finance crisis, EAIF clearly demonstrated their commitment to development in Africa. The project sponsors of the Bugoye hydropower project, TrønderEnergi and Norfund, appreciated EAIF's participation and recognise the value added by EAIF during the final stages of the project development stage.'

Mark Davis, Norfund

- EAIF continues to play an additional role by providing foreign currency debt at tenors not available elsewhere in the market.
- In 2009, EAIF has supported innovative deals such as the Olkaria III geothermal plant in Kenya that received the Euromoney African Renewables Deal of the Year award, as well as financing for one of the few power developers in Africa, Aldwych Capital Partners.

4.1. The role of EAIF

Long-term debt to match the cash-flow profile of an infrastructure project is vital for its bankability. However, given perceived high risk, commercial lenders to Sub-Saharan African infrastructure projects are generally reluctant to provide anything other than short-term, high-interest loans. In response to this market failure, EAIF was set up in 2001 to provide long-term debt finance for infrastructure projects in Sub-Saharan Africa – a role that has become even more important as international debt markets have receded with the financial crisis.

EAIF has supported projects that would not otherwise have been financed by providing long-term foreign currency denominated loans, operating on a fully commercial basis. It has often acted as the 'lender of last resort' and is increasingly acting as the lead arranger for other commercial banks. In providing syndicated roles in transactions and by lending on commercial terms, EAIF maximises the crowding-in of private capital to infrastructure projects. These critical features have enabled necessary capital to continue to flow to projects in Sub-Saharan Africa in the face of set-backs during the international financial crisis.

Box 4.1: EAIF financing for Aldwych Holdings Ltd

To address the infrastructure-financing gap in the African power sector and the perceived lack of developers of independent power plants, EAIF joined the Pan-African Infrastructure Development Fund (PAIDF), the Development Bank of the Netherlands (FMO) and Absa/Barclays in 2009 to participate in the second round of financing of Aldwych Holdings Ltd. Aldwych is a power company based in the UK and is one of the few power project developers that is focused on the development, construction and operation of projects in Sub-Saharan Africa.

Background

According to a recent survey[23], 30 countries in Africa face regular power shortages and pay high premiums for emergency power. Additionally, most African businesses run back-up generators to ensure uninterrupted power supply. There is an urgent need to increase investments in the power sector in Africa to support economic growth and social development. However, the onset of the global recession has reduced the availability of the financial means to the private sector to fund such projects.

Impact

Total new funding to Aldwych is US$71m, including US$54.5m debt and US$16.5m equity. EAIF provided loans of US$8m and a further US$1m in equity through its project development facility. These resources will help finance operating expenses and fund Aldwych's equity investments in greenfield independent power projects across Sub-Saharan Africa, thus increasing EAIF's scope to invest directly in such projects.

Aldwych is targeting potential independent power projects in the region, which have been indentified, studied and understood for many years, but which have not come to fruition for lack of a credible developer and/or financing. With the completion of the financing round including EAIF financing, Aldwych's strength and ability to undertake and finance its equity stake in power projects has greatly increased. It is expected that the projects would generate electricity for the economic and financial centres in the region, improving the quality of power supply and reducing the dependence on (imported) diesel-generated power.

23 Africa Infrastructure Country Diagnostic (2009), AICD Overview, http://www.infrastructureafrica.org

4.2. Highlights in 2009

In 2009, EAIF made a profit of US$2.8m (unaudited), with commitments reaching US$393m. Some of the new projects signed in 2009 include (refer Annex 4 on page 67 for more detail):

- EAIF provided a loan of US$15m to a geothermal plant in Kenya (Olkaria III), designed to produce clean and cheap energy. The deal won the accolade of Euromoney African Renewables Deal of the Year.
- EAIF supported the energy sector in Africa through a loan to power developer Aldwych Holdings Ltd (described in more detail in Box 4.1 opposite).
- Continuing its previous support of the telecommunications sector, EAIF provided a US$17.5m loan to Zain Ghana for the development of Ghana's mobile network, as well as a US$19m investment in a nationwide expansion of the Nigerian telecommunications infrastructure network (Helios Towers) to expand the reach and reduce the cost of telecommunications services.

In addition, the company's project pipeline remains strong, with several projects at the pre-approval stage.

4.3. Project portfolio

EAIF has extended more funds to infrastructure projects than any other PIDG company or facility. Since 2001, it has lent approximately US$433m to 22 projects, combining development objectives with commercial interests. Total private-sector commitments to these projects have been estimated at US$5.7bn. Several projects financed by EAIF, for example in electricity, telecommunications and other infrastructure sectors, are already operational.

'With a track record built over the last five years, EAIF has expanded its role as a project participant in loans to leading syndicates in structuring and arranging loans for projects that would not have occurred but for their involvement.'

EAIF Mid-term Review, 2009

4.4. Fund size and project development facility

4.4.1. Fund size

EAIF was initially set up in 2002 with a total fund size of US$305m, comprising donor equity of US$100m[24] and US$205m of debt from a consortium of commercial lenders.[25] In 2006, EAIF's total fund size increased to US$365m through a refinancing of its existing senior debt and the addition of KfW with senior debt of US$30m. Further, in 2008, EAIF successfully increased its capital to approximately US$500m, reflecting its strong performance to date as well as sustained demand from the market.

EAIF's Board, as well as its existing investors including the PIDG donors and its private lenders, have approved an increase in its capacity to US$600m and are in the process of approving further expansion in 2010. EAIF is in the process of securing further long-term senior debt on commercial terms from DFIs, the African Development Bank (AfDB) and the Austrian Development Bank (OeDB).

4.4.2. Project development facility

A project development facility was established in 2007 to invest a portion of EAIF's accrued reserves in the early stages of projects in which EAIF had a potential interest. This takes the form of a technical assistance grant, which is converted to an equity stake should the project prove successful. Several allocations have been made in the power, road and agriculture sectors. The most significant investment by the facility in 2009 was a US$1m investment in Aldwych (see Box 4.1).

24 Provided by DFID (US$60m), Sida (US$20m), DGIS (US$10m) and SECO (US$10m).
25 The consortium of lenders at that time included Standard Bank, Barclays Bank and several DFIs.

Rabai Power Plant

The local community has been promised an improved water source once the Rabai Power Plant is commissioned

Figures 4.1 and 4.2 (opposite) present EAIF's portfolio by year and sector, along with the expected PSI to be generated through these projects.

4.5. Development impact

EAIF aims to make significant sustainable impact on the availability of infrastructure services in Sub-Saharan Africa to promote economic growth and alleviate poverty. Its activities (as with the rest of the PIDG initiatives) conform to internationally accepted environmental and social impact standards, and often contribute directly to community and social investments in local areas surrounding a project. For example, EAIF's partner company for the Moma Titanium Minerals project, along with local and international partner institutions, has enabled new agribusiness, health and communications facilities, schools, financial services and water pumps.

The expected development impacts of EAIF-supported projects, as estimated by the PIDG monitoring and evaluation framework, are as follows:[26]

- improved access to infrastructure services for 10.5m people, mainly from six EAIF projects (Celtel in DRC and Uganda, Zain Ghana, Rabai Power in Kenya, AES Sonel in Cameroon and MTN Nigeria)
- a fiscal impact of US$579m expected to be generated in the form of upfront fees to governments (AES Sonel and MTN Nigeria have already yielded almost US$1bn, while four of the Celtel Africa projects have raised almost US$50m in different African countries)
- almost 43,000 long-term jobs to be created across completed projects.

26 The expected development impact of other key EAIF projects such as the Seacom undersea fibre-optic cable are not included here because complete information is not available.

Figure 4.1: Cumulative lending and PSI to EAIF projects

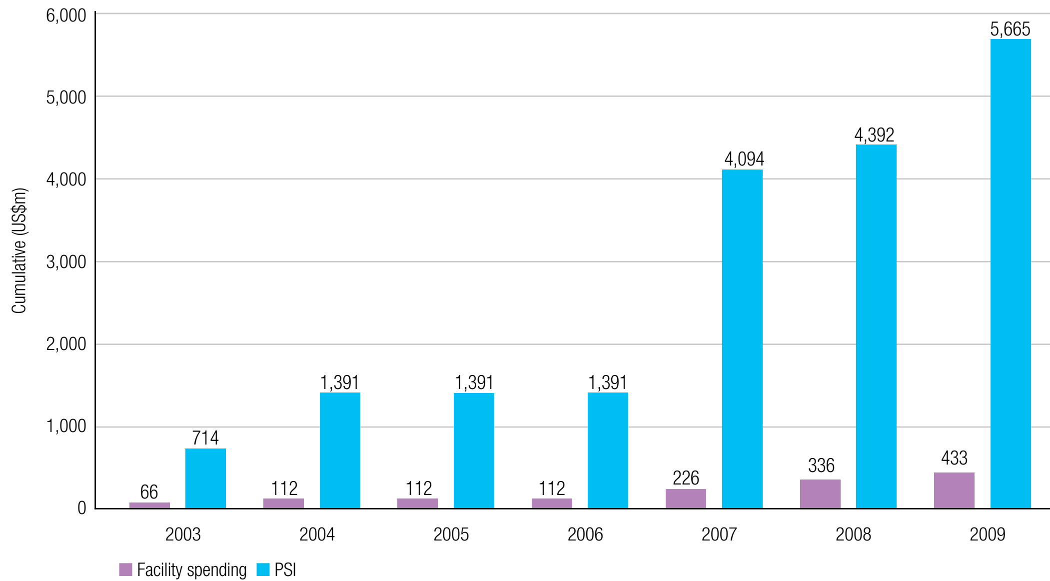
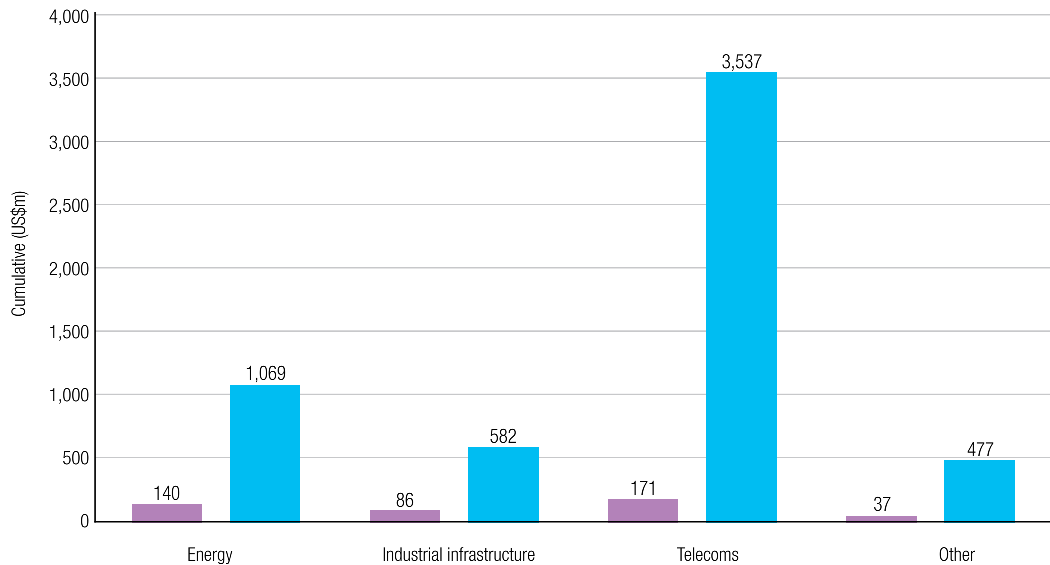


Figure 4.2: Facility lending and PSI by sector



'EAIF played a critical role in enabling IPS [Industrial Promotion Services] to participate in the construction of the SEACOM submarine cable which, by linking South and East African countries with other international broadband cables in South Africa, India and Europe (France), brought affordable and high-quality bandwidth to the respective economies for the first time.'

Dr Kariuki, Head of Infrastructure, IPS

five

GuarantCo Ltd (GuarantCo)

'Slum redevelopment schemes are hard to find funding for even in good times, and GuarantCo's involvement has been critical in ensuring we have adequate funding for our projects in these challenging times.'

Bharat Mody, Chief Financial Officer, Ackruti City Ltd

- GuarantCo has continued to lead the DFI market for the development of local currency financing options for infrastructure projects.
- An important landmark in the growth of GuarantCo was the signing of the leverage agreement with commercial lenders in 2009, highlighting the market's growing confidence in the company.
- GuarantCo supported three new projects in 2009 – Calcom Cement (which facilitated the largest private investment in north-east India, as well as the first project finance investment by Housing Development Finance Corporation Limited (HDFC) bank of India); Wataniya Telecoms (awarded the Middle East Telecom deal of 2009 due to successfully overcoming a challenging political and security environment); and Ackruti City Ltd (facilitated the financing of a slum redevelopment project).

5.1. The role of GuarantCo

A historical challenge for infrastructure projects in developing countries has been mobilising funds from local credit and capital markets. This challenge has become particularly urgent with the onset of the financial crisis, because investors have become more risk averse and liquidity among US Dollar investors has dried up faster than local currency funds.

In this context, GuarantCo, which provides credit enhancements through partial credit guarantees on loans and bonds, has become increasingly important in channelling local currency investment from domestic banks and investors, thereby assisting the sustainable development of capital markets in the region. By providing such financial support, GuarantCo enhances the viability of infrastructure projects by reducing currency risk. It also delivers on-the-ground additionality by helping to build the capacity and experience of local banks and other institutions, addressing the root cause of currency risk (i.e. by stimulating local finance for future projects). In essence local savings, which often lie dormant, can be recycled into productive infrastructure, reducing dependency on external lenders.

Box 5.1 presents a case study of a recently supported GuarantCo project, demonstrating its additionality.

Box 5.1: GuarantCo's financial support of Ackruti City Ltd

In late 2009, GuarantCo joined FMO, Deutsche Bank and Cordiant Capital in a US$65m equivalent facility in Indian Rupees for Ackruti City Ltd, to rehabilitate up to 30,000 homes currently in slums in Mumbai. GuarantCo's share was just over 30 per cent. GuarantCo's previous dialogue with Homeless International and a local NGO in India during 2007-08 to identify a suitable slum rehabilitation project in Mumbai proved to be useful preparation for this project, even though no project of appropriate scale was found at that time.

Background

Nearly half of Mumbai's 15m population lives in slums without security of tenure or basic amenities such as clean drinking water, safe electricity or sanitation. To tackle this, the regional government developed a community-led scheme where local housing associations of slum dwellers could partner with a private developer of their choice to resettle families into modern flats, where possible on the same site. The flats are on average 50 per cent larger than the slum dwellings they replace. The developer provides the flats free of charge (together with an endowment to maintain common facilities such as lifts), in return for the right to develop and sell an area equivalent to that of the new flats. The balance of the land freed up by the redevelopment (after the developer has taken his share) is returned to the municipal or state authorities and is used for building urban infrastructure such as roads, schools etc.

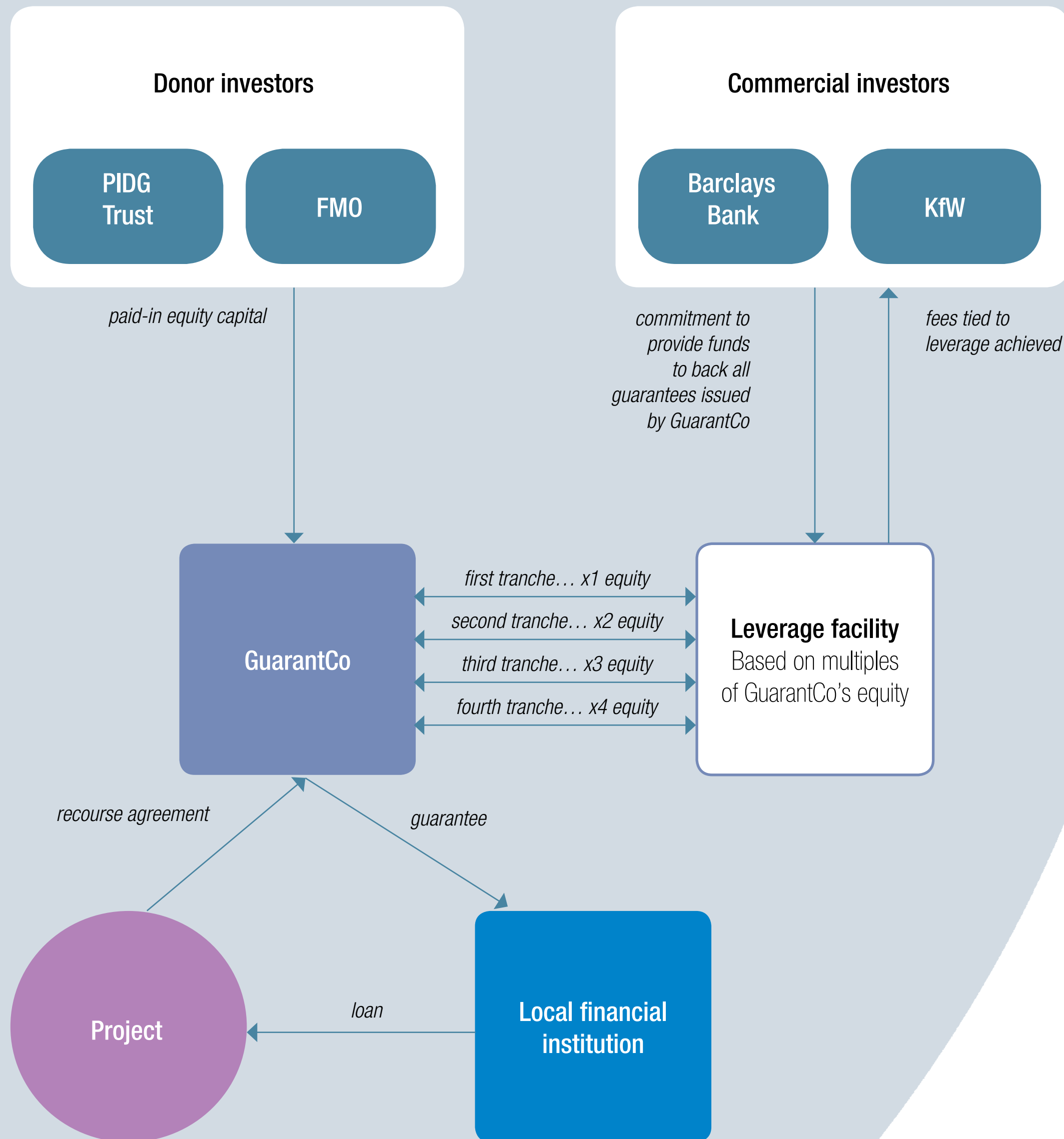
When the financial crisis hit, Ackruti City Ltd was in the process of partnering with a number of housing associations. However, restrictive regulations imposed by the Reserve Bank of India in the run up to the credit crunch, coupled with the absence of bank lending to the housing sector, constrained their access to finance. Other sources of finance, such as off-plan sales, also dried up as property prices dropped and buyers became more conservative. As a result, the company was in danger of having to abandon future slum redevelopment projects. GuarantCo enabled it to begin a new project in the Wadala district of Mumbai, and complete several existing smaller projects.

Impact

Slum redevelopment is a complex issue and it is essential not only that it is community led, but also that assistance is provided to help families successfully adapt to new ways of living. Extensive and detailed social due diligence was carried out by FMO to ensure best practice is followed and that the interests of slum dwellers are protected.

The project, which is one of the largest slum redevelopments undertaken in the public/ private sector, will result in approximately 150,000 individuals being rehabilitated from slums into permanent, legal housing. The rehabilitation will improve the slum dwellers' living conditions in terms of health, education and employment. The projects will also contribute to the economic redevelopment of the area with construction of commercial and residential properties for sale.

Figure 5.1: Funding structure for GuarantCo



5.2. Highlights in 2009

The growing reputation and confidence in GuarantCo has enabled it to sign the first two tranches of a leverage facility with Barclays Bank and KfW in 2009. This has increased GuarantCo's capacity to offer guarantees to US$146m or twice paid-in capital.

The cost of the facility increases as the leverage increases, in line with the risk-return profile for Barclays Bank and KfW (see Figure 5.1). The facility has been structured to allow for two further tranches, which, based on increased equity of US$100m, will increase total capacity to US$400m. GuarantCo's shareholders have agreed to further equity injections for this purpose and to maintain the affordability of its products.

Since the guarantee of local currency finance still has to gain acceptance in many markets, GuarantCo is working hard to promote its merits and principles among market participants. In addition to the Ackruti City Ltd slum redevelopment project described in Box 5.1, GuarantCo closed two other projects in 2009:

- A US$25m local currency guarantee (including US$10m fronted for Cordiant Capital) to the largest industrial cement plant in north-east India (Calcom Cement): HDFC bank in India was initially unable to complete syndication of the loan due to banks prioritising more advanced states. With the cover provided by GuarantCo, the syndication was closed and even included HDFC for its first project finance loan. In addition, extensive regulatory hurdles were overcome, leading to the implicit approval for an off-shore guarantee to a locally financed private infrastructure project in India. This was the first such approval for some time and may have played a part in the more recent regulatory changes by the Reserve Bank of India to open the market for further similar guarantees.

- A US$10m guarantee for Wataniya Telecoms that enabled loans from local Palestinian banks totalling US$25m: The guarantee would have been for a higher amount, except for a last-minute

Figure 5.2: Cumulative value of guarantees and expected PSI from GuarantCo-supported projects

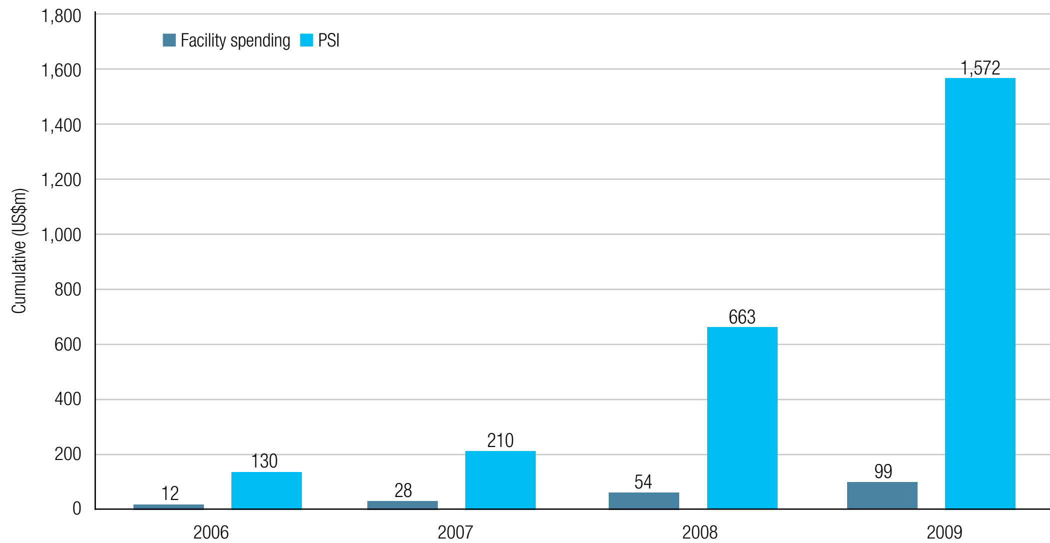
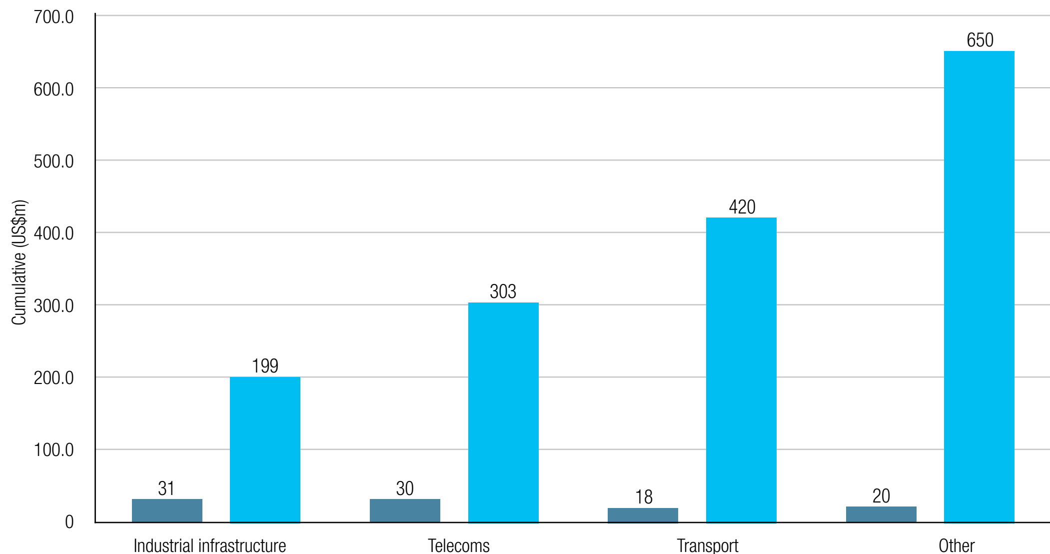


Figure 5.3: Cumulative value of guarantees and expected PSI from GuarantCo-supported projects by sector



intervention by another agency after GuarantCo had proved that the guarantee concept would work for the local banks and completed documentation. This type of intervention negatively impacts on the commercial return for GuarantCo, but from a developmental perspective is a clear example of how GuarantCo can pave the way for other institutions and provide for the crowding-in of other market participants.

5.3. Project portfolio

Since 2006, GuarantCo has provided guarantees cumulatively for eight projects, or the equivalent of nearly US$100m in local currency. This has attracted private commitments to projects of almost US$1.6bn. Figures 5.2 and 5.3 present cumulative GuarantCo investment and the expected PSI commitments raised, by year and sector respectively.

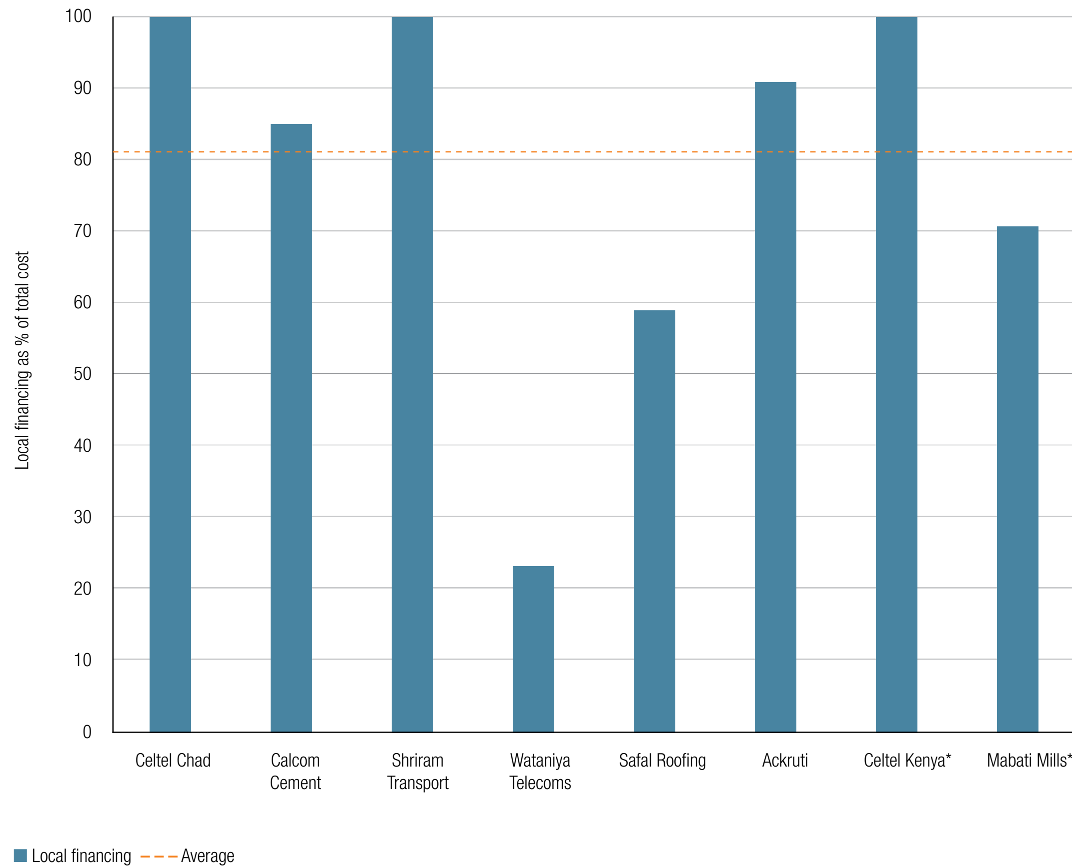
5.4. Development impact

As stated above, one of the key areas where GuarantCo adds value is in the facilitation of local financial market development. As shown in Figure 5.4, an average of 80 per cent of the investments in GuarantCo-supported projects were expected to be raised in local markets, with three projects being fully financed by local currency funds.

GuarantCo projects for which the guarantee has already been redeemed (i.e. that are closed and no longer part of GuarantCo's active portfolio) are expected to provide access to infrastructure services for 7.3m additional people.

In addition, ongoing projects in GuarantCo's portfolio are expected to yield a significant benefit for client governments, including more than US$900m in direct revenues through fees to the governments. These same projects are expected to create almost 130,000 long-term jobs and expand infrastructure services to almost 1.2m people.

Figure 5.4: Local currency financing for GuarantCo projects[27]



'The north-east region in India has improved tremendously in the recent past, but even good projects in the region still have trouble securing long-term bank finance. GuarantCo's involvement was a useful catalyst and enabled us to meet our INR 2.6bn (US$58m) project finance requirements.'

Ritesh Bawri, Managing Director, Calcom Cement

27 * denotes closed or redeemed projects. The Wataniya Telecoms project in the West Bank was financed by capital raised in local capital markets, although this was US Dollar-denominated since there is no official local currency in those territories.

Infraco Ltd
(Infraco Africa)

'Before this was a project which wasn't moving forward. A bid for equipment was made, but there weren't any offers – the project was stalled. When InfraCo got involved in the process, it made it a little dynamic – no, very dynamic.'

Dr Sandro Brito, Ministry of Finance, Cape Verde

- InfraCo Africa is addressing a significant market gap in Africa: the lack of expertise and skills to implement projects.
- Although InfraCo Africa has been more affected by the financial crisis than other PIDG initiatives, it has stayed on course throughout this period and has closed two deals in 2008 and one in 2009. It is well set to reap the benefits of its persistence during 2010. At the time of publication, InfraCo Africa is in exit negotiations for its three largest investments to date.

6.1. The role of InfraCo Africa

Preparing and structuring infrastructure projects for private participation from an early stage can involve considerable time, resources and uncertainty for investors. The risks of project development are considerable and have deterred many private investors from entering the market. In addition to the normal risks of project development that include commercial, technical and environmental hurdles, external barriers to project development can cause a project to stall or fail at any point before financial close. Host governments are frequently ill-equipped to deal with complex project development, and it is thus one of the most challenging aspects of PPI in developing markets in Sub-Saharan Africa and Asia.[28] Accordingly, there has historically been a lack of private developers for infrastructure projects in these regions.

In response to this challenge, the PIDG has created InfraCo Africa, as a principal developer, assuming the upfront costs and risks associated with early-stage project development and thereby reducing the entry costs for investors further along the project cycle. By selling-on its equity stake once the project is fully prepared and structured, InfraCo Africa crowds-in further equity and debt investment, having a major catalysing impact on PPI.

28 Section 1 (page 6) provides an update on the establishment of InfraCo Asia.

Box 6.1: InfraCo Africa renewable energy power project in Cape Verde

To exploit the abundant wind resources in Cape Verde, InfraCo Africa joined the Government of Cape Verde in August 2007 in a PPP for the development, financing, construction, ownership and operation of four wind farms in the country. The project would involve the construction of 30 to 40 wind turbines on the islands of Boa Vista, Sao Vicente, Sal and Santiago, with an overall generation capacity of approximately 30MW.

The total project cost is US$90m, of which 70 per cent is expected to be financed by debt and 30 per cent by equity. The project has also received a US$0.17m TAF grant for technical, environmental and capacity-building support.

Background

Cape Verde's geographical isolation and lack of natural fuel resources mean the country is currently dependent on expensive, imported diesel and fuel oil. The Government's Renewable Energy Plan aims to derive 25 per cent of the country's energy requirements from renewable resources by 2011 and 50 per cent by 2020. Government policy is focused on the promotion of the private sector and infrastructure development, particularly PPPs, as a vehicle for power generation through wind parks.

Impact

The project would drive a significant shift towards cleaner and cheaper energy for Cape Verde. It will make Cape Verde the country with the highest percentage of energy provided from renewable wind resources in Africa. The project will reduce greenhouse-gas emissions and will substitute expensive, imported fuel with available natural resources. It would enable the Government to meet the rapidly rising demand for power in Cape Verde, resulting from significant growth in FDI and tourism in an environmentally friendly and cost-efficient manner.

Economic growth is projected to continue to boost energy demand, which is expected to reach 450,000MWh by 2012, of which about 97,000MWh would be provided by the project. The level of wind-energy penetration in the national energy system would increase from the two per cent to 30 per cent by 2012, as a result of this project.

In its four years of operations, InfraCo Africa has confronted the extremely complex task of project development and financial structuring. The progress it is making, with the transactions already closed and those expected in 2010, is strengthening the arguments in favour of this business model. InfraCo has developed projects in non-traditional sectors such as agri-infrastructure and urban rail, demonstrating significant additionality in these activities. Box 6.1 provides an example of how InfraCo Africa has performed this role in a renewable energy sector project.

InfraCo Africa's role has meant that the financial crisis has affected it even more than other PIDG companies. Fundamentally, InfraCo Africa must find commercial investors for its projects and is in a stronger position to do this where financial markets are liquid and competitive. The crisis has increased the cost and tightened the terms of debt financing, and has also meant that equity investors are seeking higher rates of return. The resulting difficulties in securing project finance have increased the risk of financing delays. In particular, greenfield projects are having to compete for financing with established projects in all sectors seeking refinancing. However, the dedicated efforts of InfraCo Africa's well-qualified team have helped continued progress towards the task of developing viable projects in Sub-Saharan Africa.

In fact, in the current environment, the functions performed by InfraCo Africa, i.e. developing and packaging private projects and mitigating risks for investors, are more vital than ever to ensure that the pace of project development in Sub-Saharan Africa is maintained. The company has been able to adapt to the tougher market conditions by accessing new, and sometimes more complex, sources of finance. The company's innovative approach has, for example, led to negotiating local currency bond investments or increased DFI commitments at financial close.

Chanyana irrigation infrastructure project in Zambia. ABOVE: The board members

6.2. Highlights in 2009

The innovative Chanyana irrigation infrastructure project in Zambia was closed in 2009 and has become a model for the integration of commercial and smallholder farmers into a successful initiative that has now attracted attention in a number of other African markets. The Chiansi project in Zambia is also expected to deploy a similar approach as it reaches the final stages of development in the upcoming year.

In addition, projects in Tanzania, Guinea, Uganda, Senegal, Mozambique and Ethiopia are currently at an early stage of development. One notable project being developed by InfraCo Africa in 2009 is the Nairobi commuter-rail project in Kenya. The company is investing US$5m in progressing the project to upgrade and expand commuter-rail transport services in the city, relieving congestion and emission and improving the mobility of commuters and workers.

Following the success of the Cape Verde wind project, InfraCo Africa is actively emphasising opportunities to develop alternative energy projects in the region, with all of these early-stage projects involving some alternative energy component such as hydro-, ethanol and wind power.[29]

6.3. Project portfolio

InfraCo Africa has sold three projects to date, attracting almost US$150m of private investment to these projects. As mentioned above, the nature of its activities combined with the impact of the financial crisis has made selling projects and raising capital difficult. However, InfraCo Africa is approaching the final stages of development of the Cape Verde wind project and Kalangala Infrastructure Services projects in Uganda in 2010 and is likely to make successful exits from a number of projects in 2010.

29 InfraCo Africa's ongoing projects include all those for which a joint development agreement has been signed. A joint development agreement will not have been agreed for early-stage projects.

Figure 6.1: Cumulative facility spending for InfraCo Africa to end 2009

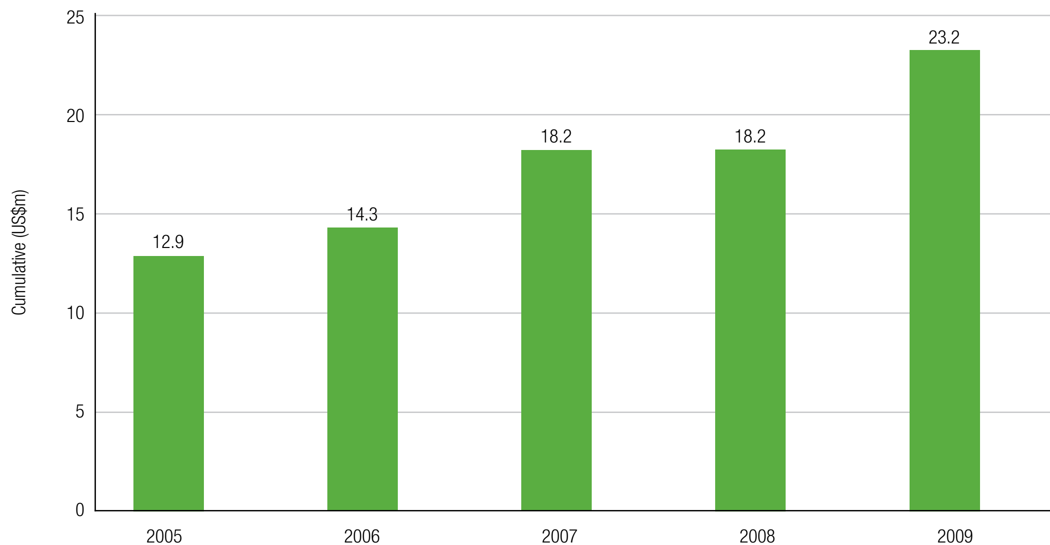
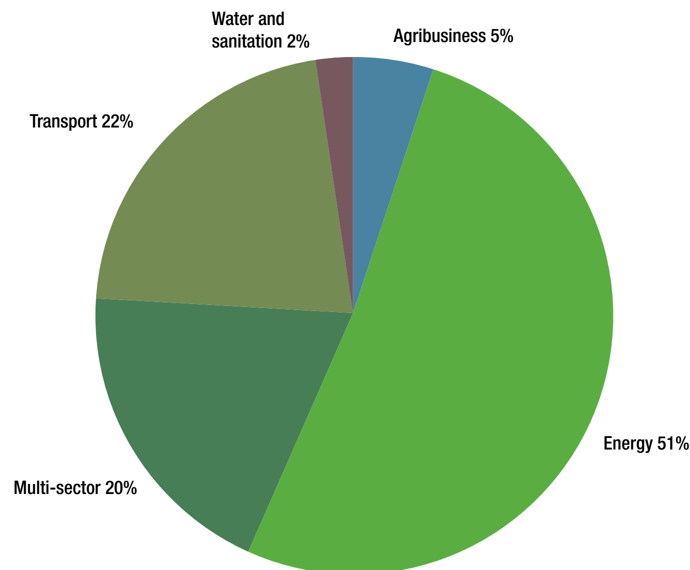


Figure 6.2: Facility spending by sector



As of 2009, InfraCo Africa is investing almost US$23m in eight projects currently under development and/or construction. Figures 6.1 and 6.2 present cumulative InfraCo investment and PSI commitments raised by year and by sector respectively.

6.4. Development impact

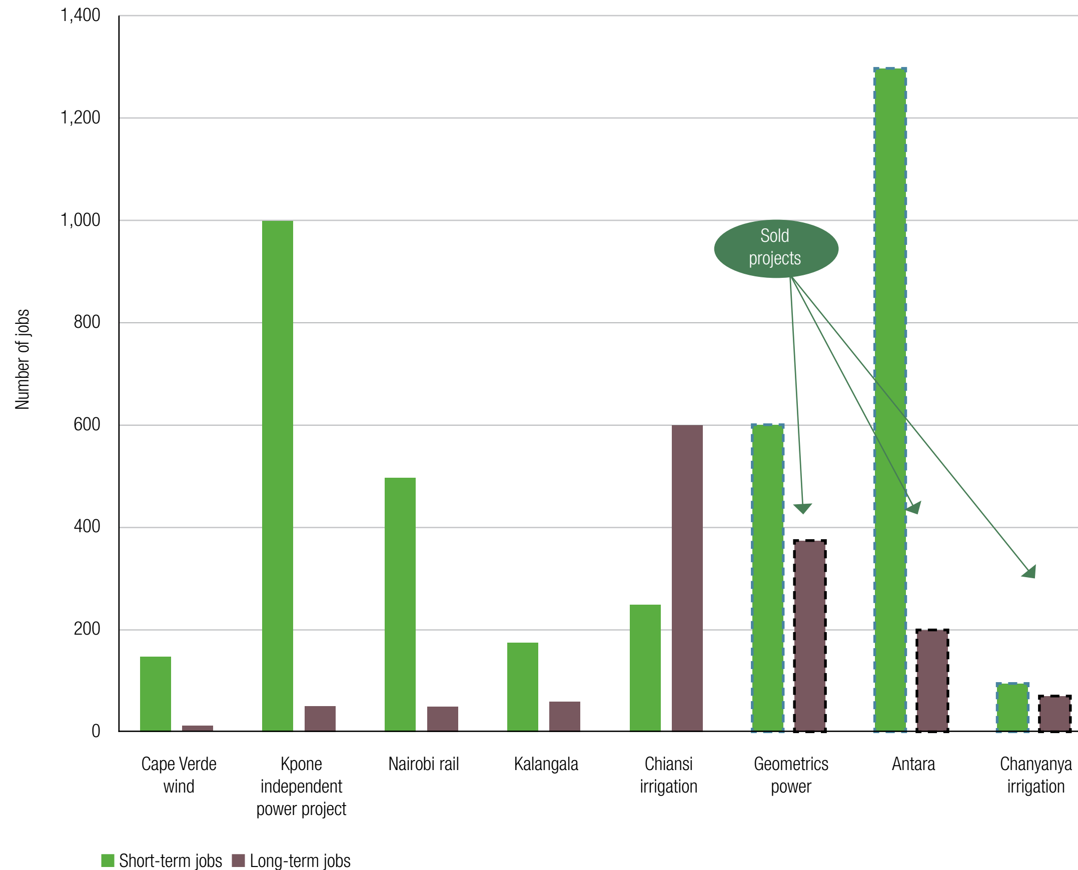
InfraCo Africa develops innovative and high-impact projects, such as the Chiansi irrigation project, requiring sustained and patient capital to offer commercial returns to incoming private investors. Their experienced and dedicated team have been able to design complex financial structures to mitigate the impact of the international financial crisis. For example, the Kalangala project in Uganda has been structured to take into account the lack of available long-term debt through institutional alternatives.

The total PSI raised from the sale of three InfraCo Africa projects has been US$148m, all through overseas FDI.[30] These projects are expected to provide access to infrastructure services for more than two million people, around half of whom live below the poverty line. They are expected to employ almost 2,000 people in the short term and 645 in the long term.

Of InfraCo Africa's five ongoing mandates, four projects alone are expected to expand access to infrastructure services for more than two million people. Nearly eight million people are expected to have received a higher quality of service. More than 2,000 short-term jobs are expected to be generated, with 770 jobs over the life of the projects (Figure 6.3).

30 InfraCo's activities are different to those of EAIF and GuarantCo, in that a proportion of ongoing projects being developed will not achieve financial close and so benefits will be unrealised.

Figure 6.3: Expected impact of InfraCo Africa projects on employment



'InfraCo Africa is critically important to the PIDG. It means we are involved in every phase of the project cycle, from the enabling environment, through project development, to finance, construction and operation.'

Andrew Reicher, Programme Manager, PIDG

seven

Technical Assistance Facility (TAF)

- The TAF continues to support the PIDG companies and facilities through grants for targeted activities and interventions. During 2009, the TAF reviewed requests for more than 30 grants and funded eight new projects for a total of US$2.1 million, bringing the TAF's current portfolio to US$13.7m across 36 grants.[31]
- Since its inception in 2004, the TAF has approved 56 grants totalling US$17.5 million. Of these, nine have been subsequently cancelled, one is currently stalled, and a further 10 have provided important feasibility-related information enabling a domestic private-sector player to take over and finance the proposed project, or a (potentially unfeasible) PIDG-supported intervention to be cancelled by the relevant facility at an early stage.

31 This excludes cancelled and stalled projects, and those which are not expected to result in additional PSI.

7.1. The role of the TAF

The TAF, a facility within the PIDG Trust managed by a technical adviser within the Programme Management Unit, supports the activities of the PIDG companies and facilities by funding technical assistance and other aspects of support to help to take projects forward. It funds advisors, training, secondments, workshops, and technical and regulatory reform studies, and can also provide output-based aid support for projects where appropriate.

These activities fall across three funding windows: (i) Window 1: general technical assistance, (ii) Window 2: capital market development, and (iii) Window 3: output-based aid. The general technical assistance window provides public or private agencies with technical assistance relating to PPI, including financing options, reforms, support to path-finding transactions, and capacity building. The second window is intended to support the development of capital markets for GuarantCo projects in particular. The third window supports the delivery of targeted, output-based subsidies (initial fees, user charges, one-off subsidies etc) to improve the affordability and viability of infrastructure services. More specifically, the TAF funds studies, technical assistance, and training where Global Partnership for Output Based Aid (GPOBA) funding is unavailable, and in some cases it directly funds the subsidies themselves.

Figure 7.1: Cumulative facility spending for TAF projects

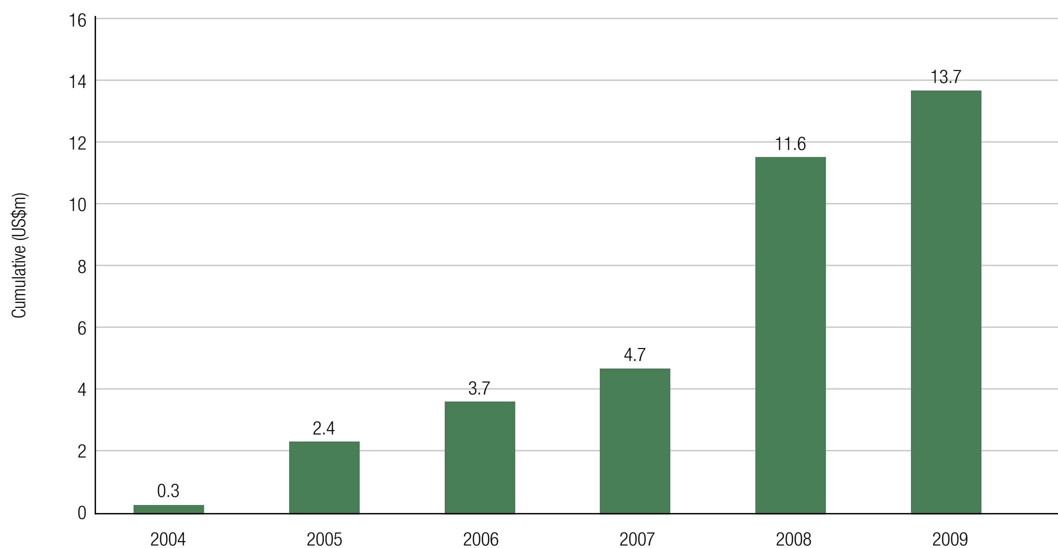
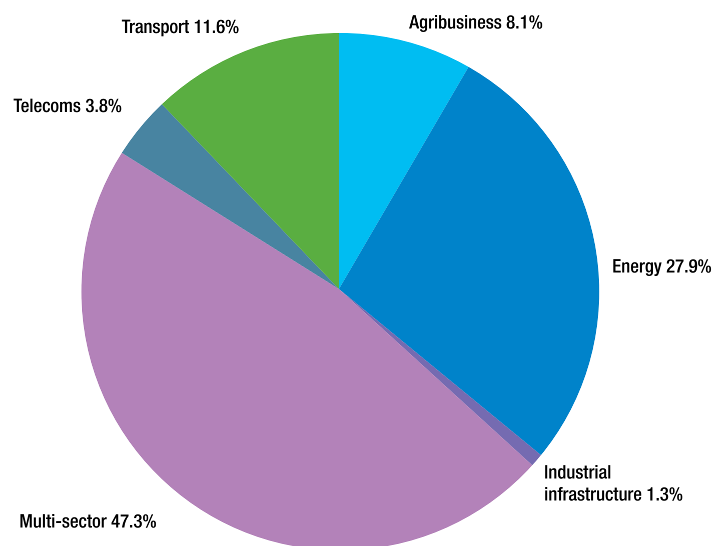


Figure 7.2: Facility spending for TAF projects by sector



7.2. Highlights in 2009

In 2009, DFID proposed and approved GBP3m of additional funding to the TAF, while final agreements are being considered for the Asian Development Bank (ADB) to contribute US$1m to the facility. The TAF has also been in discussion with USAID over collaboration with the PIDG, particularly in the energy and water sectors, and also with the IFC, World Bank and Public-Private Infrastructure Advisory Facility (PPIAF).

The TAF portfolio has continued to be strong in 2009. In addition to the Nairobi commuter-rail project with InfraCo Africa, as mentioned in Section 6, and the Calcom Cement project with GuarantCo, mentioned in Section 5, the TAF is supporting the Goldtree palm oil project in Sierra Leone. Also, through Window 1, as described above, the TAF is increasingly to provide post-transaction support and other activities to enhance development effectiveness, for example funding a strategic turn-around plan for the stalled Rift Valley Railway concession in Kenya and Uganda.

During 2009, several TAF projects have been identified as suitable for GPOBA involvement, and further documentation is currently being prepared for submission. In conjunction with GPOBA, the TAF sponsored a two-day output-based aid training programme on February 2010 for the PIDG and the staff of its companies and facilities.

The TAF's pipeline of future projects is strong, with an average of 15 projects being discussed and prepared with the PIDG companies and facilities at any one time.

7.3. Projects supported by the TAF

At the end of 2009, approximately US$13.7 million in TAF grants had been approved for 36 projects. Eight-five per cent of TAF grants have been utilised in countries in Columns I and II in the OECD DAC list and more than 97 per cent in Sub-Saharan Africa. Figures 7.1 and 7.2 present the TAF's annual cumulative and sectoral portfolios respectively.

eight
DevCo

- DevCo's project portfolio continues to grow, with 10 new advisory mandates signed in 2009.
- The 13 projects closed to date with DevCo support are expected to generate almost US$2bn in private investment, yield more than US$1.3bn in fiscal benefits for governments, and improve access to services for close to 1.8m people.

8.1. The role of DevCo

The efficient structuring and execution of an infrastructure transaction is a vital component of the project preparation and financing process. Where governments lack the necessary resources and capacities to undertake this, particularly with the added complexity that might be required to raise private financing in the wake of the financial crisis, competent and experienced advisers to governments can support projects to reach financial close and be successfully implemented.

DevCo is a transactions advisory facility, supporting governments in preparing and structuring infrastructure projects for private investment. More specifically, DevCo funding is used to:

- enable the use of expert consultants in IFC-led teams, and
- to allow direct marketing, planning and development of transactions.

Poor countries are often reluctant to use resources without the certainty of a positive outcome, so in many cases DevCo comes in when a poorly prepared and under-resourced initiative has failed (in some cases more than once).

Box 8.1 presents a case study of a recent DevCo-supported project.

Box 8.1: DevCo transactions advisory support for a concession of the new container terminal in Benin

In 2008, the Government of Benin hired IFC as the lead advisor to structure a PPP and select a private operator for the concession of this new container terminal. IFC's unique experience with port transactions was seen as a major advantage in implementing the tender action, developing an appropriate legal and regulatory framework, and balancing long-term social and economic goals. IFC's advisory work was supported by DevCo.

Background

Although Benin's Port of Cotonou is strategically located as a potential gateway to hinterland West African countries, the port's competitiveness has been hampered by high shipping costs, low efficiency, and poor logistical facilities. Despite the Government's major port-sector reform programme, aimed at the construction of a modern and efficient new container terminal developed and managed by a private operator, it has lacked sufficient resources to rehabilitate the port facilities. The Government's strategy is focused on engaging the private sector to increase port productivity, expand capacity, introduce modern technology and equipment, and provide access to global expertise such that the development of external markets for agriculture can be supported.

Impact

Less than a year after the mandate was signed, the Government awarded a 25-year concession for the new terminal to Group Bollore, a French port and logistics operator. The timeframe for the transaction was driven by the Government's desire to take advantage of a US$169m grant offered by the US Millennium Challenge Corporation to fund the base infrastructure of the terminal, the full disbursement of which was contingent upon concession to a private operator.

The winning proposal included direct payments to the Government of US$33m in entry fees and US$200m in concession fees during the first eight years of operation, as well as a commitment to invest US$256m in operating equipment and civil works over the life of the concession.

The Benin port project promises to have a profound impact on the economic growth of one of the world's poorest countries, as well as its landlocked neighbours such as Niger and Mali (which are even poorer). The project is expected to generate US$600m in terms of fiscal impact, create more than 450 jobs, and double container traffic in the first eight years of operation. The new terminal will contribute to the country's long-term sustainable development and demonstrate the value and viability of the private sector's involvement in providing base infrastructure facilities.

Although, the PIDG donors fully fund the activities of DevCo, the facility is located separately from the PIDG Trust as a World Bank trust fund. However, 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.

8.2. Highlights in 2009

A total of 10 new advisory mandates were signed in 2009 and there remains a significant flow of projects from IFC's infrastructure advisory department. Projects signed in 2009 include water and sanitation projects in the Maldives, a multi-sector privatisation in the Comoros, power infrastructure in the Solomon Islands, the Konimansur Mine in Tajikistan, an agricultural silo project in India, and transport projects in Niger (Dry Port), Bhutan (Drukair), the Maldives (Male Airport) and India (Kerala Port). More details on these projects are provided in Annex 4 on page 67.

Bidding processes reached an advanced stage towards the end of 2009 in several ongoing projects including the Liberia Power Sector management contract, the Small Towns Water Programme in Uganda, and Vietnam electricity independent power projects, in addition to the Niger Dry Port and Maldives Male Airport projects. Vietnam's leading mobile operator was announced as the winning bidder for Haiti Telecom, its first investment outside South-East Asia. The project will upgrade nationwide telephony and broadband services, despite being delayed somewhat by the earthquake affecting the country in early 2010.

The Maldives (Male Airport)

Figure 8.1: Cumulative facility spending for DevCo projects

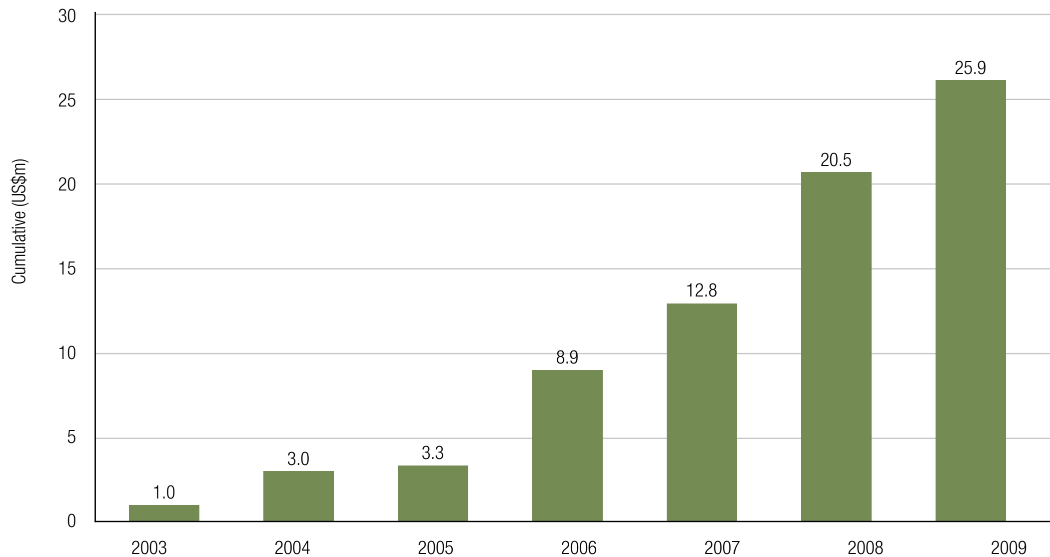
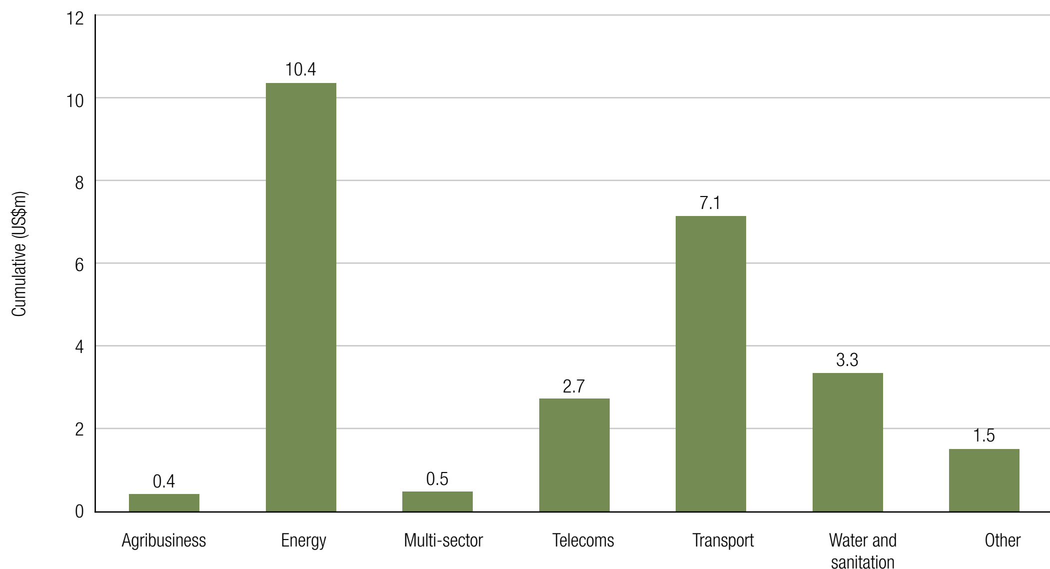


Figure 8.2: Facility spending by sector



8.3. Project portfolio

At the end of 2009, DevCo had signed advisory mandates with 34 projects, committing almost US$26m. Of these, 13 have reached financial close and 21 are currently ongoing.

Figure 8.1 presents DevCo's cumulative portfolio by year, reflecting its growth since 2004. Although no projects supported by DevCo have reached financial close in 2009, DevCo's pipeline of projects continues to be strong, with several mandates being at advanced stages in the bidding process (as described in more detail above in Section 8.2).

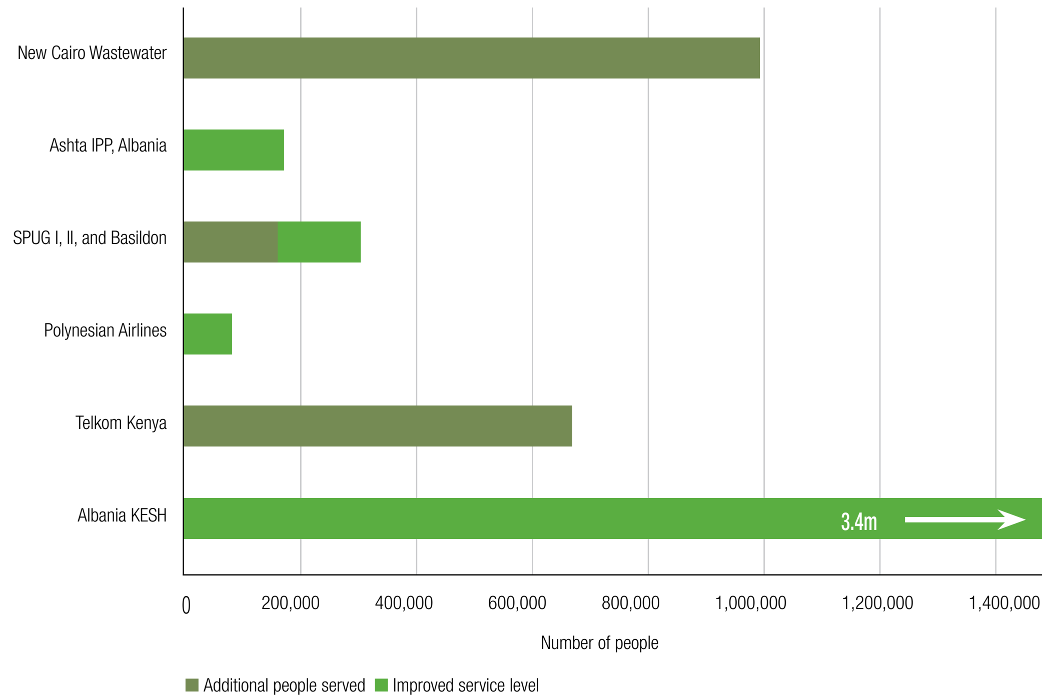
Figure 8.2 depicts DevCo's portfolio by sector. DevCo's biggest sectors of activity are energy and transport, accounting for more than US$17m, or almost 70 per cent of its commitments, and around two-thirds of advisory mandates.

8.4. Development impact

The 13 projects closed through DevCo support are expected to:

- generate almost US$2bn in private investment
- yield more than US$1.3bn in fiscal benefits for governments, both from upfront fees to government as well as avoided government subsides (this is a key objective of DevCo, although estimates on avoided subsidies need to be interpreted with caution given that these are only projected estimates)
- improve access to services for close to 1.8m people, with almost four million receiving improved quality of service (see Figure 8.3 for a selection of completed DevCo projects).

Figure 8.3: Improved access to services for selected successfully completed DevCo projects



Ongoing DevCo advisory mandates are expected to result in over US$6.5bn of PSI and provide approximately 2.1m additional people with access to infrastructure and a further 20.9m people with improved access to infrastructure.

Further, IFC is exploring ways to track actual impact on successfully closed mandates. Recent monitoring shows that under Small Power Utilities Group (SPUG) 1 and SPUG 2, the first projects to be monitored, the selected private operators have invested US$12m in the rural electrification project to date. Post-completion monitoring for Moatize in Mozambique, Madagascar Port, and Polyair in Samoa are currently under way.

Infrastructure Crisis Facility Debt Pool (ICF-DP)

- The ICF-DP is a new PIDG company established in 2009, providing senior long-term loans and mezzanine products to fill the gap left by private investors due to the financial crisis.
- The speed of the PIDG in establishing the ICF-DP has demonstrated its flexibility and innovation in supporting targeted initiatives. The entire process from conception to operation has taken around six months, including the determination of a legal structure and procurement of a private fund manager.

9.1. The role of the ICF-DP

The onset of the financial crisis, increased scarcity of equity funding, shortening of tenors on project loans, and higher interest rates have meant that previously viable projects under development are being delayed or cancelled, while fully structured projects are struggling to achieve refinancing. The ICF-DP, a new private company under the PIDG umbrella in 2009, aims to stabilise viable existing infrastructure projects that are facing temporary liquidity problems due to the crisis and to facilitate ongoing project development. It does so by providing senior long-term loans and mezzanine products to fill the gap left by private investors in the financing of previously viable projects.

The direct impact of the ICF will be its catalysing effect on infrastructure investment and mobilisation of resources. It will have a strong signalling effect to regional markets and significant players in infrastructure finance, as well as allowing close coordination and knowledge sharing between IFIs.

The case study in Box 9.1 on page 61 provides details on one of the early projects supported by the ICF-DP, where its timely support has helped sustain commitments from international investors.

9.2. Establishment of the ICF-DP

The impact of the global financial crisis and economic downturn on private infrastructure financing in developing countries has required a significant and speedy response. The commitment of the German Government and other donors to mitigate the impacts of the financial crisis on infrastructure projects in the poorest countries required an equal effort to find a viable structure and efficient mechanism for channelling financial commitments. Following negotiations over a six-month period, the ICF-DP was established under the PIDG Trust and a management company was procured.

The establishment of the ICF-DP has demonstrated how the PIDG, as a facilitating body for donors and private-infrastructure finance, adds value by providing the necessary mechanisms in both an efficient and flexible manner.

In the long run, the ICF-DP can serve as a model for future interventions through its innovative and replicable structure and through the comprehensiveness and timeliness of a global response.

9.2.1. Structure and management

Fund size

In addition to a US$1m direct equity contribution from KfW and a US$10m subordinated loan through the PIDG Trust, KfW have provided a €500m loan to the Debt Pool. An interest subsidy from the German Government on KfW's loan means that the ICF-DP benefits from very cheap funding and so has the flexibility to respond to scarce private finance. The total 'non-debt' KfW contribution, including equity and interest subsidy, equates to €70m.

Governance and management

The ICF-DP is a commercially structured limited liability partnership, governed by a professional credit committee acting as a Board of Directors. After a competitive tender process, Cordiant Capital was selected as fund manager in December 2009. Their role will be to appraise and present to the Board investment proposals and to manage administrative business.

9.3. Funding through the Debt Pool

The ICF-DP provides senior long-term loans and mezzanine products of up to US$100m to match the terms offered by the originating IFI (i.e. the IFI that brings the project forward to the ICF-DP for consideration) and fill the gap left by private investors in the financing of previously viable projects across all geographies. Proposals for projects requiring ICF loans are then assessed according to pre-agreed eligibility criteria for Debt Pool loans. By matching the terms of the originating IFI, the Debt Pool allows its partners to have greater reach than their collective balance sheets would directly allow.

The process for a project obtaining approval from the ICF-DP is just three to five weeks, since the originating IFIs will make their due diligence available to the fund manager as they would to a syndicated lender.

Since the ICF-DP is a 'limited-life' vehicle, there are several options for withdrawing from the market, including the refinancing projects by third-parties, the sale of projects to private investors and securitisation of its loan book. Such a process will allow it to scale-back activity and allow private investors to re-enter the market.

9.4 Project portfolio

While the geographical scope of the ICF-DP is broader than other PIDG initiatives, several of the projects it is currently looking at are in Sub-Saharan Africa. At present two projects have been approved, including the development of a greenfield container facility in Vietnam (see Box 9.1), and eight projects are under early review.

Box 9.1: ICF-DP support for a greenfield development of a container development in Vietnam

One of the ICF-DP's early projects has been the greenfield development of a container terminal to serve the Ho Chi Minh City region in Vietnam. The ICF-DP contributed US$10m towards the total project cost of around US$240m, with US$192m coming from international private-sector investors. SP-SSA International Container Services Joint Venture Company was established as an independent entity to execute the project.

Background

While 90 per cent of Vietnam's goods are transported by sea, the country lacks the size and depth of ports that it needs to maximise effectively the economic opportunities presented by its geopolitical location. Over the past five years, both industry and the Government have focused heavily on renovating Vietnam's major ports. It is estimated that it will take more than US$60bn to bring Vietnam's infrastructure up to an international operating standard, most of which will be spent on port renovation, access to ports, and port storage and handling facilities.

The Government's Port System Development Plan to 2010 aims to reduce road and terminal congestion in Ho Chi Minh City. The plan states that during the 2005-10 period a number of ports would be relocated to the outskirts of the city and to the Cai Mep-Thi Vai area of Ba Ria-Vung Tau province and that, by 2020, all the remaining ports in the area would be relocated to the Cai Mep-Thi Vai area.

Impact

The timely funding provided by the ICF-DP enabled the commitments of international commercial investors to be sustained while the financial crisis was undermining financial flows to developing countries. The project itself is expected to strengthen the Vietnamese port sector by helping develop a much-needed modern, efficient, deepwater container-handling facility to serve the area. This will address Vietnam's shortage of port capacity and increase trade by helping ensure the efficient and timely export of containerised cargo. In addition, the project will reduce the cost of transportation by easing the current supply constraints and thereby benefit shippers, shipping lines, and consumers alike.

Given the high growth-rate forecasts for Vietnam, and the expected increase in exports in the near future on completion of FDI projects committed earlier, the economic impact of port renovation is considered high.

annexes

Annex 1: PIDG governance

The PIDG governance structure comprises the following:

- A **Governing Council**, which is the decision-making body of the PIDG and provides overall strategic direction to the initiative, 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). An IFC trust fund has been set up to house DevCo. The PIDG 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 – GPOBA and PPIAF – is through individual trust funds managed by the World Bank.)

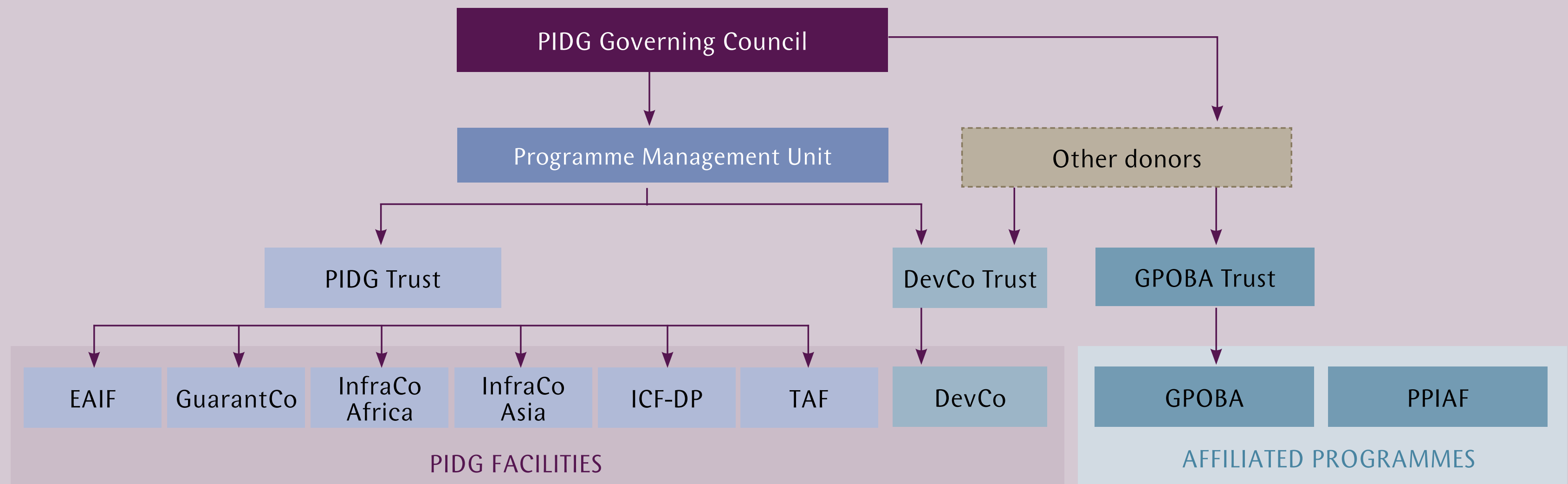
- The **PIDG Programme Management Unit**, which functions as the Secretariat for the PIDG and is the central point of contact for the PIDG, coordinates activities between the Governing Council and the individual facilities.

Figure A1.1 below illustrates the governance structure of the PIDG. The PIDG companies and facilities fall under the overall governance structure of the PIDG. Other programmes, referred to as 'affiliated programmes', are sister facilities of the PIDG in that they also support aspects of the PPI, but are not under the direct governance structure of the PIDG.[32]

The individual companies and facilities and affiliated programmes also have their own internal governance arrangements:

- EAIF[33], GuarantCo[34], InfraCo Africa[35], InfraCo Asia and the ICF-DP are structured as private companies, with shareholders and directors, and that must follow corporate governance best practice, allowing a market-driven approach to investment and project development. The directors are eminent experts in their fields.
- 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 and PPIAF are affiliated programmes, being outside the direct governance structure of the PIDG since other donors, in addition to the PIDG donors, fund the facility.

Figure A1.1: PIDG governance structure



32 This annual report presents details on the PIDG facilities alone. The affiliated programmes have their own annual reports, which are also publicly available.

33 Frontier Markets Fund Managers (a division of Standard Bank Plc) act as operational advisers to the fund manager, FMFML.

34 GuarantCo operates on a commercial basis and, like EAIF, is managed by Frontier Markets Fund Managers.

35 InfraCo Africa has been incorporated as a private company and is managed by eleQtra (formerly InfraCo Management Services Ltd) based in London and New York.

Annex 2: DAC list of ODA recipients

Effective for reporting on 2009 and 2010 flows

Least developed countries		Other low-income countries (per capita gross national income < US$935 in 2007)
Afghanistan	Mali	Côte d'Ivoire
Angola	Mauritania	Ghana
Bangladesh	Mozambique	Kenya
Benin	Myanmar	Korea, Dem. Republic
Bhutan	Nepal	Kyrgyz Republic
Burkina Faso	Niger	Nigeria
Burundi	Rwanda	Pakistan
Cambodia	Samoa	Papua New Guinea
Central African Republic	São Tomé and Príncipe	Tajikistan
Chad	Senegal	Uzbekistan
Comoros	Sierra Leone	Vietnam
Congo, Dem. Republic	Solomon Islands	Zimbabwe
Djibouti	Somalia	
Equatorial Guinea	Sudan	
Eritrea	Tanzania	
Ethiopia	Timor-Leste	
Gambia	Togo	
Guinea	Tuvalu	
Guinea-Bissau	Uganda	
Haiti	Vanuatu	
Kiribati	Yemen	
Laos	Zambia	
Lesotho		
Liberia		
Madagascar		
Malawi		
Maldives		

Lower middle-income countries and territories (per capita gross national income US$936-US$3,705 in 2007)		Upper middle-income countries and territories (per capita gross national income US$3,706-US$11,455 in 2007)	
Albania	Micronesia, Federated States	*Anguilla	Nauru
Algeria	Moldova	Antigua and Barbuda[ii]	Oman[i]
Armenia	Mongolia	Argentina	Palau
Azerbaijan	Morocco	Barbados[iii]	Panama
Bolivia	Namibia	Belarus	Serbia
Bosnia and Herzegovina	Nicaragua	Belize	Seychelles
Cameroon	Niue	Botswana	South Africa
Cape Verde	Palestinian Administered Areas	Brazil	*St Helena
China	Paraguay	Chile	St Kitts-Nevis
Colombia	Peru	Cook Islands	St Lucia
Congo, Republic	Philippines	Costa Rica	St Vincent and Grenadines
Dominican Republic	Sri Lanka	Croatia	Suriname
Ecuador	Swaziland	Cuba	Trinidad and Tobago[iii]
Egypt	Syria	Dominica	Turkey
El Salvador	Thailand	Fiji	Uruguay
Former Yugoslav Republic of Macedonia	*Tokelau	Gabon	Venezuela
Georgia	Tonga	Grenada	
Guatemala	Tunisia	Jamaica	
Guyana	Turkmenistan	Kazakhstan	
Honduras	Ukraine	Lebanon	
India	*Wallis and Futuna	Libya	
Indonesia		Malaysia	
Iran		Mauritius	
Iraq		*Mayotte	
Jordan		Mexico	
Kosovo[i]		Montenegro	
Marshall Islands		*Montserrat	

*Territory.

(i) This does not imply any legal position of the OECD regarding Kosovo's status.

(ii) Antigua and 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.

(iii) 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.

Annex 3: Contributions by the PIDG members

Table A3.1: Disbursements by PIDG members as of 31 December 2009 to the facilities and for project development and administration (US$m)

	EAIF	GuarantCo	InfraCo Africa	InfraCo Asia	TAF	DevCo	ICF-DP	Administration	Project development	Totals
DFID	93.48	24.55	15.11	2.39	5.53	34.76	-	1.25	1.79	178.86
DGIS	10.00	-	15.50	-	3.50	5.15	-	1.08	0.12	35.36
FMO	-	25.00	-	-	-	-	-	-	-	25.00
Sida	20.00	15.00	-	-	1.50	3.36	-	1.08	0.12	41.07
IFC/World Bank	-	-	-	-	7.91	11.75	-	1.08	0.12	20.86
SECO	10.00	17.00	5.00	-	2.50	-	-	1.08	0.22	35.81
ADA	-	-	4.08	-	2.89	2.11	-	0.64	-	9.72
Irish Aid	-	-	-	-	4.11	-	-	0.19	-	4.29
KfW	-	-	-	-	-	-	10.00	-	-	10.00
Total	133.48	81.55	39.69	2.39	27.93	57.13	10.00	6.41	2.37	360.96

Table A3.2: Annual disbursements by PIDG members as of 31 December 2009 to the facilities and for project development and administration (US$m)

	2002	2003	2004	2005	2006	2007	2008	2009	Totals
DFID	56.00	8.93	1.30	30.60	14.44	15.59	22.17	29.82	178.86
DGIS	-	5.08	0.05	1.50	11.16	6.07	1.21	10.30	35.36
FMO	-	-	-	-	25.00	-	-	-	25.00
Sida	-	15.01	0.12	5.23	1.18	8.29	10.43	0.80	41.07
IFC/World Bank	-	-	6.49	0.71	7.99	2.18	3.19	0.30	20.86
SECO	-	10.01	0.12	0.23	4.98	5.88	1.19	13.40	35.81
ADA	-	-	-	-	0.06	2.26	7.18	0.22	9.72
Irish Aid	-	-	-	-	-	1.47	2.83	-	4.29
KfW	-	-	-	-	-	-	-	10.00	10.00
Total	56.00	39.04	8.08	38.27	64.81	41.75	48.19	64.83	360.96

Annex 4: PIDG project portfolio

EAIF

Table A4.1: EAIF transactions that have achieved financial close

Year	Country	Sector	Project	EAIF financing (US$m)	Key development impact
2009	Algeria	Industrial infrastructure	SPA Maghreb Tubes (part of an African group)	17	Water pipes produced by the local factory will meet under-served demand by the Algerian Government for planned water projects in the medium/long term, and contribute to the broader goal of an improved water sanitation system.
2009	Ghana	Telecoms	Zain Ghana	17.5	The mobile network will improve availability and access to reliable and affordable communication services for consumers and businesses in Ghana, and develop human capital of the country by providing formal jobs and training.
2009	Kenya	Energy	Olkaria III	15	The geothermal plant will produce clean and cheap energy, and positively impact 1,110,000 people in terms of improved service quality.
2009	Multi-country	Energy	Aldwych Corporate – project development loan	8	New power plants will be developed in Sub-Saharan Africa that will generate electricity for economic and financial centres in the region and reduce dependence on imported diesel-generated power.
2009	Nigeria	Telecom	Helios Towers	19	The nationwide expansion of the shared telecommunication infrastructure network will enable existing mobile operators to expand the reach of their services in terms of geography and capacity and allow them to service remote and economically less-developed areas. It would encourage entry by newer and smaller operators by providing access to leased tower facilities, and hence increase competition.
2009	Nigeria	Industrial infrastructure	African Foundries Ltd	20	The steel-mill plant developed will convert local scrap to steel reinforcing bars and assist in the cleaning of the environment by reducing the possibility of pollution from toxic scrap. African Foundries products are import-substitution products and will help conserve foreign exchange for Nigeria.
2008	Kenya	Energy	Rabai Power: 90MW heavy fuel oil fired power plant	32	Electricity generated through the project will enable new connections for an additional one million households at lower prices, with spin-off effects on the local economy and export sector.
2008	Uganda	Energy	Bugoye: 13MW hydro power plant	35	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: 18MW hydro power plant	14	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	29	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	35.4	The cable will bring about improved broadband telecommunications with a huge capacity increase at a lower cost, fostering greater global connectivity.

Year	Country	Sector	Project	EAIF financing (US$m)	Key development impact
2007	Regional	Telecoms	Celtel Africa: expanding and upgrading mobile networks	24	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment.
2007	Nigeria	Industrial infrastructure	Eleme Petrochemicals Ltd: financing of a turnaround capital-expenditure plan	20	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	35	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	36.5	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 on employment.
2004	Nigeria	Telecoms	MTN Nigeria Communications Ltd: expansion of cellular strategy	10	The expansion plan is aimed at reaching an additional 1.4m subscribers in two years, in areas previously under- or un-served. There will be a strong focus on increasing local procurement through dealerships and suppliers.
2003	Cameroon	Energy	AES Sonel: 85MW heavy fuel oil-fired generation plant	35.5	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 Cellular Expansion	30	The project-facilitated provision of mobile connections to more than 1.1 million people in 12 countries, representing an increase of 70 per cent from previous levels.

GuarantCo

Table A4.2: Completed transactions by GuarantCo

Year	Country	Sector	Project	GuarantCo guarantees (US$m)	Key development impact
2009	India	Housing	Ackruti City Ltd slum redevelopment	20	The project will rehabilitate 20,000 to 30,000 families from slums into permanent, legal housing with facilities such as individual sanitation, sewage and running water. The land cleared of slum dwellings will be used for construction of public infrastructure.
2009	India	Industrial infrastructure	Calcom Cement: increase in production capacity	15	The project has raised a total of US$118m in PSI commitments. It will be the largest cement plant in the region and will bring about lower prices. Employment effects are also substantial.
2009	Palestinian Territories	Telecoms	Wataniya Palestine: financing of new mobile operator for the West Bank	10	The project has raised a total PSI of US$145m, plus an additional US$140m for the licence fee, and is the largest ever PSI in the Palestinian Territories. GuarantCo's support enabled loans from local banks totalling US$25m. Wataniya will significantly improve voice and data coverage in the West Bank for a population that currently has to rely largely on unauthorised Israeli operators.
2008	India	Transport	Specialist lender: support a securitisation of truck loan receivables	18.3	The project will help Shriram provide affordable loans to individual operators, which would otherwise have to rely on unlicensed money lenders.
2008	Chad	Telecoms	Celtel Chad financing	8	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.

Table A4.3: GuarantCo projects where guarantees have been redeemed

Year	Country	Sector	Project	GuarantCo guarantees	Key development impact
2007	Kenya	Industrial infrastructure	Safal Group – Mabati Rolling Mills	10.8	The project will increase the quality and life-span of steel roofing, extending affordable roofing to 900,000 poor customers.
2007	Tanzania	Industrial infrastructure	Safal Roofing – ALAF	5.2	This project 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	12	This project enabled Celtel to expand its operations, especially in rural areas, improving telecommunications 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 A4.3: Projects closed by InfraCo Africa

Year	Country	Sector	Project	InfraCo Africa development costs (US$m)	Key development impact
2007	Vietnam	Agribusiness	Antara cold-storage facility	0.28	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 independent power project (180MW natural-gas fired plant and associated transmission lines)	0.48	The project will 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.
2006	Zambia	Agribusiness	Chanyanya pilot irrigation project	0.88	The project will bring the benefits of large landholdings and commercial irrigation to 126 small-scale farmers in Zambia, by organising their landholdings into an effective cooperative and providing capital intensive irrigation equipment.

Table A4.4: Projects under development by InfraCo Africa

Year	Country	Sector	Project	InfraCo Africa development costs (US$m)	Key development impact
2009	Kenya	Transport	Nairobi commuter rail project	5	The project will upgrade and expand commuter-rail transport services in Nairobi and its environs, in an effort to boost passenger volumes, increase mobility and reduce dangerous emissions.
2007	Cape Verde	Energy	Cape Verde wind farm	3.61	Increased power supply through wind will meet the rapidly rising demand in an environmentally friendly and cost-efficient manner as well as help save foreign exchange.
2006	Zambia	Agribusiness	Chiansi irrigation system	0.51	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 per annum.
2005	Ghana	Energy	Kpone independent power project	7.80	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	4.60	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.

DevCo

Table A4.5: Transactions successfully closed by DevCo

Year	Country	Sector	Project	PIDG financing/ support (US$m)	Key development impact
2008	Albania	Energy	Ashta independent power project	0.50	The hydropower project was closed successfully in September 2008. It mobilised 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.
2008	Benin	Transport	Cotonou Port concession	1.20	The concession will increase port capacity and enable it to take on a 200 per cent 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.
2007	Albania	Energy	Albanian Power Corporation (KESH) privatisation	1.0	The privatisation of KESH is expected to bring an investment of US$100m and improved services for 90 per cent of total users. Government revenue is expected to increase by US$50m as a result of this project.
2007	Egypt	Water and sanitation	Concession of the New Cairo wastewater project	1.0	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 increase to two million by 2010.
2007	Philippines	Energy	SPUG Basilan – private-sector participation in power generation in non-grid areas	0.04	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 per cent of the 145,000 population benefitting from improved services.
2006	Kenya	Telecoms	Privatisation of Telkom Kenya Ltd	1.0	The sale of 51 per cent of the company to France Telecom generated US$390m in fiscal revenues for the Kenyan Government, including a reduction in overall fiscal burden (the company's losses have averaged US$27m annually in the past four years) and expansion of the network for rural telephony for 672,000 people by 2010.
2006	Kenya	Telecoms	Divestment of Kenyan Government's share of SafariCom	0.25	Increased competition as a result of the transaction will lead to increased investment in expanding coverage. Improved telecommunications infrastructure will also be a driver of business development and growth. An initial public offering of 25 per cent of Safaricom is planned for the near future, which is expected to generate fiscal revenues for the Kenyan Government of around US$500m.
2005	Philippines	Energy	SPUG II Masbate – private-sector participation in power generation in non-grid areas	0.35	The project will provide electricity to remote areas not connected to the main grid in a more affordable and sustainable manner. The project will result in 60,000 additional people being served, 35,000 of whom are below the poverty line.
2004	Mozambique	Mining	Development of the Moatize Coal Mine	0.32	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 to 4m people living in Zambezi Valley at present, positively impacting employment.
2004	Madagascar	Transport	PPP for the Port of Tamatave	0.80	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.

Year	Country	Sector	Project	PIDG financing/ support (US$m)	Key development impact
2004	Samoa	Transport	Private-sector participation in transaction for Polynesian Airlines	0.75	PSI of US$5m was mobilised under the project. The Samoan Government is expected to have significant fiscal benefits estimated at US$40m from this transaction, of which US$8m has already been realised. Passenger traffic has already doubled, with substantial (but as yet unqualified) effects on tourism and the larger economy.
2004	Philippines	Energy	SPUG I – Private-sector participation in power generation in non-grid areas	0.19	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 mobilise PSI of US$28m. Fiscal benefits for the Government of Philippines have been estimated at US$53m.
2003	Kenya and Uganda	Transport	Joint concession for railways	0.79	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, increasing competitiveness of the economies, and promoting regional integration.

Table A4.6: Summary of DevCo's ongoing advisory projects

Year	Country	Sector	Project	PIDG financing/ support (US$m)	Key development impact
2009	Bhutan	Tranport	Drukair	0.25	Restructuring Bhutan's only national airlines carrier through private-sector participation will demonstrate that Bhutan is open to foreign investment and encourage investments in other sectors.
2009	Comoros	Multisector	Comoros Telecoms and Hydrocarbons Privatisation – Phase I	0.45	The project will attract greater private-sector participation in telecommunications and hydrocarbons, and enable price reduction, greater access to telecommunication tools, more affordable and reliable fuel supply and better management.
2009	India	Agribusiness	Punjab Silos	0.4	The pilot wheat-storage facility with 50,000-tonnes capacity developed through private-sector participation will address the issue of inadequate storage, reduce wheat losses and ease procurement bottlenecks.
2009	India	Transport	Kerala Port	0.47	The PPP port development scheme that has attracted PSI of around US$120m aims to improve infrastructure, boost the state's fiscal position, and augment trade and competitiveness.
2009	Maldives	Water and sanitation	Maldives PPP – Male Water	0.4	Sale of the Government's stake in the Male Water and Sewerage Company is expected to lead to infusion of private capital and expertise for the expansion of water services to outer atoll islands, while having a positive demonstrative effect to attract private-sector participation in other sectors.
2009	Maldives	Water and sanitation	Maldives PPP – Solid waste management	0.4	The project will enable the Government to develop a regional strategy for solid waste management and attract private-sector participation to help improve quality of services for about 270,000 citizens and contribute towards making Maldives carbon neutral in the next decade.

Year	Country	Sector	Project	PIDG financing/ support (US$m)	Key development impact
2009	Maldives	Transport	Maldives PPP – Male Airport	0.67	The successful divesture of the Government's stake in the Maldives Airport Company Ltd, the first of its privatisation agenda, will signify the Government's commitment to privatisation and establish its role as an enabler and facilitator of economic development. A well-developed airport will have multiplier effects on tourism and lead to enhanced GDP growth.
2009	Niger	Transport	Niger Dry Port	0.8	Provision of advisory assistance for the structuring and implementation of a dry-port project will facilitate international trade and allow Niger to be more competitive in transport of merchandise.
2009	Solomon Islands	Energy	Tina River	0.5	The hydro power generated will partially replace the diesel-generated power currently serving Honiara, reducing exposure to fuel-price volatility and carbon dioxide emissions.
2009	Tajikistan	Mining	Konimansur Mine	1	Development of the metals mine is expected to generate significant FDI, develop infrastructure and the real economy, and provide an impetus to the Government to improve Tajikistan's legal framework with regard to mining.
2008	India	Transport	PPP for Andhra Pradesh coastal roads	0.2	The road is critical for the development of the proposed 600sq 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	0.32	Development of the road through a PPP will have both direct impacts (employment and purchase of materials during construction) and indirect impacts (stimulus to the economy, catalytic role for future PPP transactions). An additional 0.5m people will be served by the road corridor. Overall fiscal benefits equal US$2m.
2008	Yemen	Energy	Gas-fired greenfield independent power project	0.7	Through introduction of the country's first independent power project, the project is expected to increase the PSI 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 independent power projects in the port cities of Al Hodaidah (150 MW), Aden (150 MW) and Al Mukallah (75MW), fueled by heavy fuel oil or coal.
2008	Zambia	Energy	Kafue Lower Gorge Hydropower project	2.82	The project will imply reduced risk shortages and brownouts, and therefore 0.5m additional people being served with the infrastructure, an estimated 30 per cent being below the poverty line.
2008	Indonesia	Energy	Central Java independent power project	1.75	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	0.22	The project will result in improved infrastructure delivery services for small and medium urban local bodies, as well as help establish best practice in the management and handling of solid waste. The improved quality of the service will benefit 0.6m people.
2007	Haiti	Telecom	Privatisation of TELECO	1.4	The project is estimated to provide 0.3m additional people with access and 0.5m people with improved access. The project will mobilise PSI of US$100m, as well as provide the Government with US$100m of fiscal benefits in the form of taxes.
2007	Vanuatu	Transport	Privatisation of Air Vanuatu	0.95	The privatisation will increase competition and efficiency in the local airline sector, boosting the tourism and construction sectors. These sectors are both labour-intensive with high demand for skilled and semi-skilled workers.

Year	Country	Sector	Project	PIDG financing/ support (US$m)	Key development impact
2006	Vietnam	Energy	Private-sector participation in electricity generation	1.75	The project will serve to bridge Vietnam's formidable energy demand-supply gap and cater for increasing demand for electricity over the next decade. The project will result in 2.2m people being provided with improved access to infrastructure.
2006	Liberia	Energy	Private-sector participation in the power sector	1.26	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 programme	1.31	Expected investment from local private investors is US$2.5m. The programme will enhance the access and availability of water for 130,000 people.

TAF

Table A4.7: TAF grants to ongoing and completed PIDG facility projects

Year	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2009	Gambia	Energy	EAIF	Gambia independent power project – transmission and distribution	0.49	Ongoing
2009	Kenya and Uganda	Transport	DevCo	Rift Valley railway strategic business plan	0.07	Ongoing
2009	Sierra Leone	Agribusiness	EAIF	Goldtree palm oil project	0.07	Ongoing
2009	Kenya	Transport - Rail	InfraCo Africa	Nairobi commuter rail	0.2	Ongoing
2009	Cape Verde	Energy	InfraCo Africa	Cape Verde wind power development – Cabeolica	0.07	Ongoing
2009	Ghana	Energy	InfraCo Africa	Energy-sector capacity-building project (Ghana GridCo)	0.29	Ongoing
2009	Uganda	Multi-sector	InfraCo Africa	Kalangala infrastructure project resettlement action plan	0.68	Ongoing
2009	Zambia	Energy	DevCo	Kafue Lower Gorge independent power project	0.25	Ongoing
2008	Indonesia	Multisector	InfraCo Africa	Nias Island integrated infrastructure	0.07	Ongoing
2008	Gambia	Energy	EAIF	Gambia independent power project – affordability study	0.07	Complete
2008	Nepal	Energy	InfraCo Asia	Super Madi and Middle Modi hydropower projects	0.07	Ongoing
2008	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – output-based aid	5	Ongoing
2008	Mozambique & Togo	Energy	InfraCo Africa	Infrastructure for renewable energy	0.07	Ongoing
2008	Tanzania & Uganda	Energy	InfraCo Africa	Transmission interconnection	0.055	Ongoing
2008	Ghana	Energy	TAF	Energy-sector capacity building	0.055	Completed

Year	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2008	Tanzania	Energy	InfraCo Africa	Tanzania wind power	0.07	Ongoing
2008	Niger	Telecoms	GuarantCo	Seaquest Telecom	0.4	Phase 2 ongoing
2008	Niger	Telecoms	GuarantCo	Seaquest Telecom – Grant 1	0.07	Phase 1 complete
2008	Tanzania	Energy	EAIF	Ruhudji Power	0.28	Ongoing
2008	India	Industrial infrastructure	GuarantCo	Calcom Cement – legal assistance	0.06	Ongoing
2008	Zambia	Agribusiness	InfraCo Africa	Chanyanya pilot irrigation project	0.52	Ongoing
2008	India	Industrial infrastructure	GuarantCo	Calcom Cement - Assam low-cost building materials	0.0749	Ongoing
2007	Vietnam	Agribusiness	InfraCo Africa	Antara cold storage	0.11	Completed
2007	Chad	Telecoms	EAIF	Celtel Chad financing	0.05	Completed
2007	Liberia	Energy	DevCo	Liberia power advisory	0.01	Completed
2007	Cape Verde	Energy	InfraCo Africa	Cape Verde wind power	0.40	Ongoing
2007	Ghana	Energy	InfraCo Africa	Kpone (Tema) Power Plant – Grant II	0.46	Ongoing
2006	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – Grant 2	0.35	Ongoing
2006	Rwanda	Energy	EAIF	Kibuye Stage 1 Power (Lake Kivu)	0.50	Ongoing
2006	Zambia	Agribusiness	InfraCo Africa	Chiansi irrigation	0.4	Completed
2005	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – Grant 1 (Bidco)	0.38	Completed
2005	Ghana	Energy	InfraCo Africa	Kpone (Tema) Power Plant – Grant I	0.35	Phase 1 completed; Phase 2 ongoing
2005	Kenya/Uganda	Transport	DevCo	Kenya Uganda Railways – SME linkages	1.00	Ongoing
2005	Nigeria	Energy	InfraCo Africa	Geometric Power Aba	0.35	Completed
2004	Madagascar	Transport	DevCo	Toamasina port management	0.32	Completed
2007	Kenya	Finance	GuarantCo	Regional infrastructure finance initiative	0.04	Completed

Table A.8 – Successfully utilised TAF grants that did not lead to PSI being generated (project subsequently cancelled by relevant facility)

Year	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2006	Uganda	Power	EAIF	Uganda 50MW Biomass IPP	0.16	No PSI generated
2006	Zambia	Housing	InfraCo Africa	Lilayi housing	0.06	No PSI generated
2004	Mozambique	Agribusiness	InfraCo Africa	Beira Corridor	0.12	No PSI generated
2004	Nigeria	Agribusiness	InfraCo Africa	Nigeria fertiliser	0.05	No PSI generated
2004	Tanzania	Energy	GuarantCo	Tanzania power	0.02	No PSI generated
2004	Uganda	Agribusiness	EAIF	Kakira rural development (Phase I)	0.07	No PSI generated
2004	Uganda	Agribusiness	EAIF	Kakira rural development (Phase II)	0.07	No PSI generated
2004	Madagascar	Transport	DevCo	Madagascar airport privatisation	0.07	No PSI generated
2006	Mozambique	Industrial infrastructure	InfraCo Africa	Beira land development	0.43	No PSI generated
2007	Madagascar	Water and sanitation	InfraCo Africa	Sandandrano water	0.07	Project currently on hold/ dormant
2007	Dem. Rep. Congo	Energy	EAIF	MagEnergy	0.02	No PSI generated

Table A.9: Cancelled TAF Grants to PIDG facility projects

Year	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2006	Uganda	Water and sanitation	InfraCo Africa	Kampala sanitation	0.62	Cancelled
2006	Ghana	Housing	InfraCo Africa	Sunyani housing	0.47	Cancelled
2005	India	Water and sanitation	DevCo	Bangalore water concession	0.02	Cancelled
2005	Mozambique	Multi-sector	DevCo	Moatize capacity building	1.03	Cancelled
2005	Ghana	Multi-sector	InfraCo Africa	Technical assistance programme	0.045	Cancelled
2006	Sri Lanka	Sanitation	GPOBA	Colombo wastewater project	0.25	Cancelled
2007	Tanzania	Water	DevCo	Tabaro water	0.07	Cancelled
2008	Uganda	Agriculture	EAIF	BidCo environmental compliance	0.07	Cancelled
2008	India	Water and sanitation	DevCo	Integrated regional solid waste management – capacity building	0.07	Cancelled

Annex 5: Summary of PIDG project reporting categories

Table A5.1: Project reporting categories

Project status	Description
Ongoing (under active development)	Projects under active development that have not reached financial close (i.e are not yet signed); expected and actual development impact is not reported for these projects.
Completed (sold/ signed)	Projects that have been sold, or which have a signed loan, guarantee or mandate; expected development impact is recorded for these projects and updated to record actual development impact once the project is physically completed and delivering services on the ground.
Closed (redeemed/ recalled)	Projects where loans/ guarantees have either been repaid or redeemed, or which were recalled early. Of the seven projects in this category, the Programme Management Unit has made a judgement not to report development impact for two projects.
No PSI generated	Completed PIDG projects that did not result in additional PSI being generated (mostly TAF grants).
Dormant/ stalled	Projects under development that are currently dormant or on hold, but have not been cancelled; expected development impact is not reported for these projects.
Cancelled	Projects that did not reach financial close, or were cancelled during development phase; expected development impact is not reported for these projects.

Annex 6: Updates to the classification of PIDG-supported projects and reporting of expected development impacts

This Annex refers only to the methodology for reporting expected direct development impacts from pre-completion projects. The post-completion monitoring programme to compile and maintain information on actual impacts of PIDG-supported projects that are in operation and delivering services on the ground and, when we have verified figures, to report them, is described in Section 3 (page 18), and is separate from the matters covered in this Annex.

Changes to project classification

In previous years, the projects in the PIDG portfolio have been categorised as either completed, closed, ongoing, or cancelled.

To reflect better the different stages of projects in the development process, we have reviewed the PIDG portfolio and reclassified projects according to the following framework:

1. Completed projects are now classified as 'project sold/ loan, guarantee or mandate signed', which includes only those projects that are fully completed (i.e. financial close has been reached). At the end of 2009, this category included a cumulative total of 41 projects. The expected developmental impact (including private sector investment (PSI)) for each of these projects is included in the PSI total for the year (line 5 in Table A6.1 below). This does not necessarily mean that construction on the infrastructure services has started or been completed and we will monitor this on an annual basis to pick up any projects that stall post-financial close and those projects that achieve development impact results better or worse than those expected.

2. Ongoing projects (i.e. those that have not yet reached financial close) are now classified as 'under active development', which includes those projects that are under active development by the PIDG facilities, with some project development investments made during 2009. At the end of 2009, there were 26 projects under active development, and an additional 23 active TAF grants (which are not included in the development reporting because any impacts are recorded under the relevant facility project). No expected developmental impact (including PSI or numbers with increased/ improved access) is reported with respect to these projects at this stage. These projects will hopefully progress to the 'project sold/ loan, guarantee or mandate signed' category in the future.

3. Projects previously classified as 'closed' are now reported as 'loan or guarantee redeemed/ recalled' (line 4 in Table A6.1 below). The category includes those projects that were simply repaid or redeemed by the borrower early, therefore we still report the related expected PSI and we will monitor this to ensure that the infrastructure services were actually delivered on the ground and that projects do not stall. There were five such projects to the end of 2009. This category also includes two additional investments that were withdrawn recalled early by the PIDG investment facility. In these latter cases, although the projects reached financial close and the committed PSI may have been invested, the PIDG Programme Management Unit chose not to report any of the expected or actual developmental impact (including PSI).

In addition to these, two new categories have been created for which development impacts are not reported:

4. 'Dormant/ stalled projects' – those where investments have been either approved or even part disbursed, but where no progress has been made during 2009, or no progress is expected in the near future (mainly due to changes in external circumstances). However, it is possible that these projects will be resurrected and move into one of the reported categories. To the end of 2009, there were three such projects in the total PIDG portfolio, which, had this category not been introduced and the 2008 method still been in use, would have been included in the 2009 reported figures.

5. 'No PSI generated/ cancelled projects' – this includes a cumulative total of 31 cancelled projects, plus eight (mainly TAF) projects that have been completed, but for which no PSI/ other developmental impact is expected to be generated because the accompanying PIDG investment facility project has not been progressed. No PSI or other developmental impact are reported with respect to any projects in these two categories.

Changes to the reporting of expected development impact figures

In line with our continuous effort to present robust expected direct development impact figures, we have modified the basis for reporting on projects when presenting the summary development impact of the PIDG-supported portfolio, depending into which of the above classification categories they fall. Unlike previous years, the new basis for reporting excludes the development impact of projects that are under active development and yet to reach financial close. The rationale for this is to remove the significant annual variation resulting from the experience of projects coming into and dropping out of this category.

This is particularly so for DevCo, which provides advice to governments on privatisations. This activity is inherently more uncertain than development or financing activity. DevCo's experience is that approximately half of its mandates have concluded with consummated transactions. Predicting ex ante which projects will be successful is not possible.

In addition to this change, we have also removed from the summary development impact figures the two projects in the 'loan or guarantee redeemed / recalled' category, which were withdrawn/ recalled early by the PIDG investment facility and for which no PSI is reported.

Summary of the changes

In light of the above changes, Table A6.1 presents the summary development impact of PIDG-supported projects for 2009, applying the new basis for reporting, and the reported figures for 2008, applying the old basis for reporting, except that, in line 6, for numbers of people with access to service, we show:

- 2009 numbers using the new reporting basis, but also including projects in the 'under active development' category
- 2008 numbers as actually reported
- 2008 and 2009 numbers using the new reporting basis (excluding both projects in the 'under active development' category and also, in line 4, 'projects withdrawn/ recalled early by PIDG facility').

This is because the largest difference in the reported totals under the new basis, compared to the old, comes from the exclusion of projects under active development when reporting numbers of people expected to have new or improved access to infrastructure.

This explains most, but not all, of the changes in reported access numbers because the 2008 figures as reported included projects that have since been reclassified as 'dormant/ stalled', as well as those now in line 4.(b) of the table below.

Table A6.1: PIDG project progress status and expected development impact indicators, 2008 and 2009[36]

	Summary results	2008	2009	Basis for reporting
1.	Total number of PIDG-supported projects, (excl. TAF grants)	61	72	**2008**: Total number of projects included those in Row 4 (b) below that will 'not generate PSI' (because they have subsequently been cancelled by the main PIDG investment facility) **2009**: The above project category has now been taken out of the project portfolio total
2.	Completed projects (those sold or for which a loan, guarantee or mandate has been signed), excl. TAF projects	34	41	Projects sold or for which a loan, guarantee or mandate has been signed
3.	Ongoing projects (those under active development), excl. TAF projects	22	26	Projects that are under active development by the PIDG facilities (other than TAF) with some project development investment made during the reporting year
4.	Loan or guarantee redeemed/ recalled (previously referred to as 'closed')	(a) 5 (b) n/a because this is a new category introduced in 2009	(a) 5 (b) 2	(a) Projects repaid or redeemed early by borrower (b) Projects withdrawn or recalled early by PIDG facility
5.	Cumulative PSI commitments	US$9bn	US$9.4bn	**2008**: Included the PSI expected to be generated from all completed, closed and withdrawn projects in the portfolio (i.e. rows 2, 4a and 4b) **2009**: Includes the expected PSI to be generated by completed or closed projects only (i.e. rows 2 and 4.a only)
6.	Expected number of people with new/ improved infrastructure[37]	i) 76.5m ii) 28.0m	i) 62.3m ii) 29.8m	**2008:** Included all projects having reached financial close and under active development (i.e. rows 2, 3, 4.a and 4.b) **2009**: i) Includes all projects having reached financial close and under active development, excluding investments withdrawn/ recalled early by the PIDG investment facility (i.e. rows 2, 3 and 4.a) ii) Includes only those projects which have reached financial close, as well as those that have also been repaid or redeemed early by borrower (i.e. rows 2 and 4.a)

36 Table A6.1 compares summary impact indicators for 2008 and 2009, collected using two different criteria. It is not practical to restate 2008's results applying this year's exact criteria because that would require subjective re-evaluation of the knowledge available on 31 December 2008. For example, projects in the new 'dormant/ stalled' category are not included in the 2009 figures, but were included for 2008 when it may have been appropriate, under the circumstances then prevailing, to have classified them as completed. This table should therefore be read with these considerations in mind.

37 The numbers of people expected to receive new/ improved infrastructure is substantially lower in 2009 in comparison to 2008 largely because the projects cancelled during 2009 had been expected to serve more people than the new projects that came into the pipeline during the same period. Also, the new 'dormant/ stalled' category contains three projects for which, in 2008, the expected number of people with new/ improved service was reported. The same indicator reported for 2009 does not include these projects.

Annex 7: Contacts and links

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The Austrian Development Agency www.ada.gv.at
UK Department for International Development www.dfid.gov.uk
International Finance Corporation www.ifc.org
World Bank www.worldbank.org
Irish Aid www.irishaid.gov.ie
KfW, Germany www.kfw.de/EN_Home/index.jsp
Netherlands Ministry of Foreign Affairs www.minbuza.nl
FMO www.fmo.nl
Swedish International Development Cooperation Agency www.sida.se
Swiss State Secretariat for Economic Affairs www.seco-cooperation.ch

38 IFC represents the World Bank Group (of which it is part) as a PIDG member. We therefore show links for both organisations. FMO, majority-owned by the Government of the Netherlands, is a PIDG member jointly with the Ministry of Foreign Affairs, and for that reason we also show links for both.

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