Private Infrastructure Development Group

2012
ANNUAL REPORT

PIDG MEMBERS

Australian Government
AusAID

Austrian Development Agency

UKaid
from the British people

Ministry of Foreign Affairs of the Netherlands

FMO
Finance for Development

Irish Aid
Government of Ireland
Rialtas na hÉireann

kfw
ENTWICKLUNGSBANK

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Departement of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Sida

IFC International Finance Corporation
World Bank Group

Cover image: Delivery of the wind turbine blades for the award-winning Cabeólica wind farm project, Cape Verde. (InfraCo Africa)

PIDG ANNUAL REPORT 2012

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ACRONYMS AND ABBREVIATIONS

ADA	Austrian Development Agency
ADB	Asian Development Bank
AECID	Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for International Development Cooperation)
AusAID	Australian Agency for International Development
BMF	Bundesministerium für Finanzen (Austrian Federal Ministry of Finance)
DAC	Development Assistance Committee of the OECD
DAC I	Least Developed Countries, as listed in Column I of the DAC List of ODA Recipients
DAC II	Other Low Income Countries, as listed in Column II of the DAC List of ODA Recipients
DAC III	Lower Middle Income Countries and Territories, as listed in Column III of the DAC List of ODA Recipients
DAC IV	Upper Middle Income Countries and Territories, as listed in Column IV of the DAC List of ODA Recipients
DevCo	Infrastructure Development Collaboration Partnership Fund
DFI	development finance institution
DFID	UK Department for International Development
DGIS	Directorate-General for International Cooperation, Netherlands Ministry of Foreign Affairs
EAIF	The Emerging Africa Infrastructure Fund Ltd
EAP	East Asia and Pacific
FDI	foreign direct investment
FMFML	Frontier Markets Fund Managers Ltd
FMO	Financierings-Maatschappij voor Ontwikkelingslanden N.V. (Netherlands Development Finance Company)
GAP	Green Africa Power
GDP	gross domestic product
GPOBA	Global Partnership on Output-Based Aid
GuarantCo	GuarantCo Ltd
ICF-DP	Infrastructure Crisis Facility - Debt Pool LLP
IFC	International Finance Corporation
IFI	international financial institution
InfraCo Africa	InfraCo Africa Ltd
InfraCo Asia	InfraCo Asia Development Pte Ltd
IPP	independent power producer
Irish Aid	Irish Government's programme for overseas development
JDA	joint development agreement
KfW	KfW Entwicklungsbank (German government-owned development bank)
MDG	Millennium Development Goals
MENA	Middle East and North Africa
Norad	Norwegian Agency for Development Cooperation
OBA	output-based aid
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PIDG	Private Infrastructure Development Group
PMU	Programme Management Unit (of PIDG)
PPI	private participation in infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	public private partnership
PSI	private sector investment
SA	South Asia
SECO	Swiss State Secretariat for Economic Affairs SECO
Sida	Swedish International Development Cooperation Agency
SSA	sub-Saharan Africa
T&D	transmission and distribution
TAF	Technical Assistance Facility
VGF	viability gap funding
WB	World Bank
WSS	Water, sewerage and sanitation

FOREWORD

A 30MW run-of-river hydropower plant is being developed in the remote Nyadi Valley, Nepal (InfraCo Asia)

“We want the project to be here and operational within 24 hours!” demands Kul Bahadur Gale.

“We are very impatient as we have been waiting for too many years”.

High up in the mountain valleys of central Nepal, the Chairman of the Lamjhum District Development Committee summed up PIDG’s mission: to bring infrastructure investment to where it is most needed but difficult to mobilise, and so transform the lives of people living in poverty. In response to this, InfraCo Asia, one of PIDG’s rapidly expanding project development Facilities, teamed up in 2012 with local partners BPC, and together they are developing a 30MW run-of-river hydropower plant in the remote Nyadi valley to bring this long-overdue project to reality and electric power to those living nearby. To do this in a commercially sustainable way requires the ability, patience and risk appetite to bring together the multiplicity of stakeholders – government, contractors, investors, lenders and the local community. It requires managing the necessary environmental, social, technical and legal studies and long-term contractual arrangements. This is representative of what PIDG makes happen.

In 2012 we looked hard at where PIDG must go over the next four years to continue to deliver much-needed investment in infrastructure, concluding that one of the main constraints to mobilising investment is the lack of bankable infrastructure projects. Much more support is still needed for projects in the early stages of their lifecycles, where the risks and uncertainties are often perceived as too high for the private sector to shoulder alone. The Nyadi project is an example of this challenge and how PIDG can meet it. It also highlights the other priorities that we identified for PIDG – to continue to focus on the poorer and more fragile states such as Nepal, and on key sectors such as power that have a significant impact on economic growth and the reduction of poverty. The need for infrastructure in these countries is huge and cannot be met by one organisation alone. Therefore, our focus will remain on demonstrating to others the commercial viability of our projects. Through this, we hope to attract much wider sources of private sector finance and expertise, and in so doing deliver a far greater impact. Above all, the strategy reaffirmed the need for PIDG to continue to operate at the ‘frontier’ of markets – working in the most challenging sectors, countries and stages of the project development cycle – in places exactly like Nyadi.

Kul Bahadur Gale (centre) with village community.

MORE ACTIVE THAN EVER

PIDG grew significantly in 2012. It was PIDG’s busiest year ever in terms of the number of projects supported – PIDG Facilities committed US$300m to 29 new infrastructure projects and 13 technical assistance grants. This includes projects in 10 countries where PIDG has not operated previously, expanding our total geographic coverage to 55 countries. Notably, in line with our strategy, around two thirds of new projects were located in the world's poorest countries[1] and a similar proportion in fragile and post-conflict states[2]. PIDG Members responded with increased funding of over 30% in the year: US$683m of our Members' money has been deployed across the PIDG Facilities since PIDG was established. Eleven projects successfully reached financial close in 2012 bringing the total to 87 projects. These projects are expected to mobilise over US$26bn of finance from other sources, provide infrastructure services to over 170 million people and directly employ over 270,000 men and women in their construction and operation. Some 39 PIDG-supported projects are now fully built and are today providing infrastructure services to over 97.6 million people in the world's poorest countries.

PIDG aims to use international best practice in its approach to development, governance and commercial sustainability. Thus, alongside the growth in activities, 2012 also saw significant steps in refining the governance structure of PIDG, with a strengthening of the strategic and oversight capabilities of the PIDG Governing Council. We also widened the measurement of our impact so we can now determine the development benefits for women and girls and the climate change focus of our projects, alongside our existing metrics. This was accompanied by a commitment to publish under the International Aid Transparency Initiative (IATI), reflecting our belief in the importance of openness and accountability. It was equally pleasing to see PIDG projects receive no less than five out of the 12 top awards for PPP projects in the IFC/PPIAF/Infrastructure Journal's recent survey of best practice PPPs in emerging markets, with four of our projects ranked as the very best in Asia and Africa, our core markets. These awards recognise both best practice and innovation in PPPs in emerging markets, precisely what we strive for in PIDG.

RESPONDING TO NEED

The environment in which PIDG operates is changing rapidly – many of PIDG's markets are now some of the highest growth economies in the world. While this is good news in many respects, it places enormous strain on the already inadequate supply of infrastructure services, which in turn acts as an obstacle to further growth. Infrastructure needs are also changing due to pressures such as urbanisation. Africa and Asia are home to some of the fastest growing cities in the world – as a result, water, sanitation, solid waste treatment, housing and urban transport, as well as food production, are all seeing significant increases in the need for investment. Such needs far outstrip the availability of public sector investment resources, hence the importance of mobilising other sources of funding if these needs are to be met. A good example of PIDG's response to such demands is InfraCo Africa's partnership with the government to rehabilitate and develop Nairobi's commuter rail network. This project made substantive progress in 2012 and will help to solve the chronic transport issues faced in this rapidly growing city. There is also an increasing focus by policy makers on linking infrastructure to trade, and the benefits that this can bring to both emerging and developed markets. Nevertheless, many of these projects – especially those that cross borders – are frequently the most difficult to turn into bankable prospects, as they are hampered by regulatory or political issues.

There is a growing need for different forms and wider sources of long term, often more

1 DAC I and II classified countries in accordance with the OECD list of Official Development Assistance recipients – see Annex I.
2 Based on the OECD INCAF methodology – see Annex 2.

patient, capital to support infrastructure projects. Public sector funding is limited, and long-term project finance from international banks is much reduced and likely to remain so for some time. It is also apparent that private equity seeking a high return and a quick exit will be less relevant and workable for the long-term financing needs of infrastructure, especially when compared with the perceived shorter term investment opportunities in consumer goods, retail or financial services. Consequently, the public and private sectors will need to work imaginatively to find new sources of long-term capital for infrastructure. This is why PIDG Facilities such as GuarantCo are so exciting, as they seek to stimulate long-term domestic capital for projects – in 2012 we further expanded this Facility's capacity, in both capital and staff.

At the same time, there is a continued need to support scarce government capacity to evaluate and prepare infrastructure projects in many countries. We saw a significant increase in the activities of our technical assistance Facilities such as TAF and DevCo, often working closely and powerfully in conjunction with the PIDG finance Facilities, such as EAIF, to tackle the challenge to governments of preparing projects well and mobilising long-term capital.

One of PIDG's key strengths is its ability to respond rapidly to market needs and pioneer new forms of support. In line with this, 2012 saw the birth of two new initiatives. We launched a 'viability gap funding' programme within TAF, a form of capital subsidy which helps make vital infrastructure services affordable for the very poorest people while maximising the leveraging in of private capital and expertise. And in order to support more renewable power projects in Africa, which often do not materialise because of high up-front capital costs, we also secured a commitment of £98m from the UK government to fund Green Africa Power (GAP) as a new PIDG Facility. GAP is designed to provide mezzanine capital that is prepared to wait longer for its return than commercial sources. This will help to unlock a significant number of renewable power projects that might otherwise struggle to get to financial close.

2013 promises to be no less busy. In addition to seeing these new initiatives become operational, we are developing new ways to support investment in the water and agri-infrastructure sectors and looking at how we can further support the early stages of project development. At the same time, our existing Facilities all have strong, forward-looking project pipelines, reaffirming the relevance of our mission.

PIDG's successful combination of the best of the public and private sectors comes down to the dedication and breadth of the skills of individuals within PIDG. These include the Facility managers, the chairs and directors of the Facility Boards, the programme management team, those in the office of the Chair of the PIDG Governing Council, the specialist advisors to PIDG and indeed the PIDG donor representatives who played a very active role, especially in the strategic discussions that took place over the year. It is a privilege to be part of this family of dedicated pioneers finding new ways to do more in those parts of the world with the greatest need.

Ed Farquharson, Executive Director, PIDG Programme Management Unit

2012 IN NUMBERS

2012

US$300m committed to **29** new projects and **13** TAF grants

11 projects closed, **6** in fragile states

9 projects became fully or partly operational in the year

29m people expected to access new or improved infrastructure

Expanded electricity supplies expected to reach over **24m** people

Cumulative

130 projects

69 TAF grants

55 countries

87 projects have reached financial close, mobilising:

US$1.42bn PIDG investments

US$26.7bn total PSI commitments

US$18.4bn commercial PSI

US$8.3bn DFI investment

A total of **39** projects now operational, employing around **200,000** men and women in their construction and operation, providing services to over **97,600,000** people

Every **US$1** contributed by Members through PIDG Facilities mobilises **US$39** of finance for projects from other sources


ROYALS BOUTIQUE
SHIVA GEMS
Raghu Arts & Crafts
PRIMO GEMS
TRADITION JEWELS
JEWELS GALLERY
Su Priya Textile

1

INTRODUCTION TO PIDG

"Our mission is to mobilise private sector investment to assist developing countries in providing infrastructure vital to boost their economic growth and combat poverty"

The Private Infrastructure Development Group (PIDG) is a multi-donor organisation set up and governed by development agencies. It is committed to tackling the major institutional market obstacles hindering private sector participation in developing countries in order to stimulate economic growth and combat poverty. With limited public funding available, attracting private sector investment to the infrastructure sectors of PIDG target countries is essential if access to services is to be extended for those living in some of the poorest countries in the world.

Together, the PIDG Members commit funds which are invested through a portfolio of Facilities to mobilise and increase flows of local, regional and international investor capital, lending and expertise for infrastructure investment.

In doing so, PIDG Facilities seek to address the lack of capacity from the public sector and to demonstrate that private sector investment in low- and lower middle-income countries is both commercially viable and also delivers real benefits to those living without access to the most basic infrastructure services – power, transport, water, sanitation and communications.

Activities of the PIDG Facilities fall into three broad categories:

- Facilities that provide **technical assistance, affordability and capacity-building support** to PIDG projects (TAF) and to public authorities seeking to deliver projects with private sector involvement (DevCo).
- Facilities that provide early-stage **project development capital and expertise** in Africa and Asia (InfraCo Africa and InfraCo Asia).
- Facilities that directly provide **long-term debt finance** both in foreign currency (EAIF, ICF-DP) and local currency through guarantees (GuarantCo).

PIDG-supported projects are designed to deliver transformational developmental, social and environmental benefits in poorer, developing countries.

PIDG MEMBERS

AusAID – Australia (joined 2012)

Austrian Development Agency – Austria (joined 2007)

KfW – Germany (joined 2009)

Irish Aid – Ireland (joined 2008)

DFID – United Kingdom (joined 2002)

DGIS / FMO[1] – The Netherlands (joined 2002)

SECO – Switzerland (joined 2002)

Sida – Sweden (joined 2002)

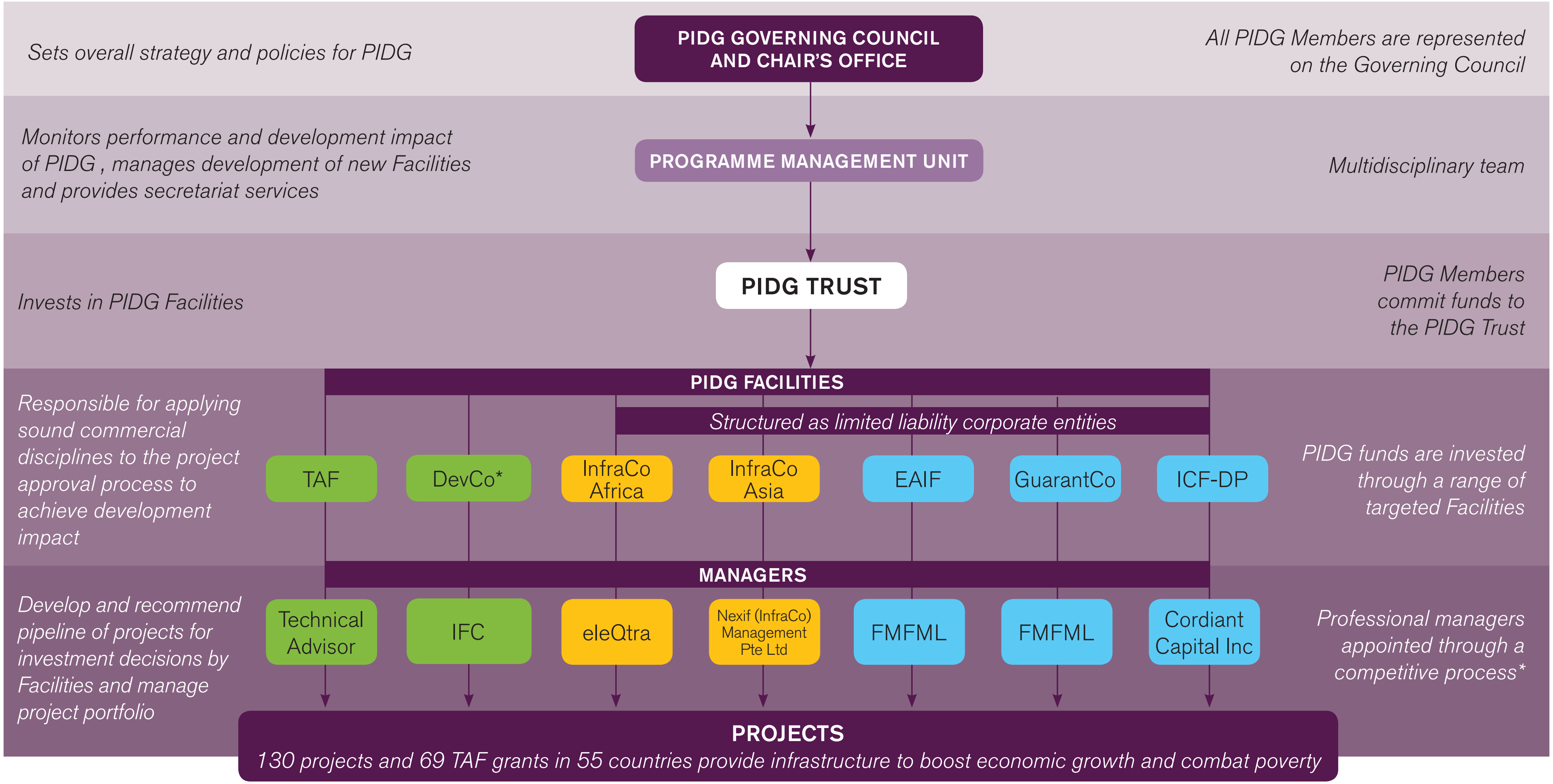
The World Bank – currently represented by the International Finance Corporation (IFC) (joined 2004)

1 As FMO provides funding to GuarantCo on behalf of DGIS, the PIDG Members have agreed that FMO shall have the right to participate in meetings of the Governing Council of PIDG concerning GuarantCo. DGIS and FMO have the right to exercise one vote on their joint behalf.

PIDG STRUCTURE AND MANAGEMENT

The PIDG structure is designed to ensure its activities are organised, managed and monitored as effectively and efficiently as possible.

FIGURE 1.1: OVERVIEW OF PIDG STRUCTURE AND MANAGEMENT



* DevCo is funded directly by PIDG members rather than through the PIDG Trust, and is managed by IFC.

● Technical assistance and capacity-building support ● Early-stage project development capital and expertise ● Long-term debt finance/guarantees

FIGURE 1.2: PIDG FACILITIES

Each PIDG Facility has a distinct remit to develop infrastructure projects with private sector participation, but shares a common goal of boosting economic growth and combating poverty in developing countries.

Technical Assistance Facility p58	DevCo p66	InfraCo Africa Ltd p74	InfraCo Asia Development Pte Ltd p82	The Emerging Africa Infrastructure Fund Ltd p88	GuarantCo Ltd p96	Infrastructure Crisis Facility - Debt Pool LLP p104
MARKET/POLICY CHALLENGE						
Shortage of public and private sector resources for project preparation, evaluation and affordability	Insufficiently well prepared projects for private sector involvement due to lack of public authority resources/capacity	Bankable projects not being developed in sub-Saharan Africa due to high risk of early stage project development	Bankable projects not being developed in Asia due to high risk of early stage project development	Shortage of long-term loans at sufficiently low interest rates due to perceived risks in developing countries in Africa	Shortage of long-term, local currency-denominated funding to reduce exchange rate risk for projects	Reduced appetite of commercial banks to lend to infrastructure projects in developing countries due to the financial crisis
PIDG FACILITY RESPONSE						
Technical assistance and capacity-building support		**Early-stage project development capital and expertise**		**Long-term debt finance/guarantees**		
Provides grants to PIDG Facilities to build capacity, and support project preparation and delivery	Provides advisory services to governments to help them deliver infrastructure projects	Develops commercially viable infrastructure projects in Africa	Develops commercially viable infrastructure projects in Asia	Provides long-term loans to private sector infrastructure projects in sub-Saharan Africa	Provides local currency guarantees to avoid exchange rate risks and stimulate local capital sources	Provides long-term loans to projects to address financing gaps as a consequence of the financial crisis
2004	2003	2005	2010	2002	2006	2009

PIDG Facilities are required to operate within principles and rules that define financial and ethical conduct, procurement, transparency and performance standards in relation to environmental and social protection. These are set out in the PIDG Code of Conduct and Operating Policies and Procedures.

The PIDG Trust annual audited financial statements are made available on the PIDG website.

2

OVERVIEW OF PIDG OPERATIONS IN 2012

Grain silos built and operated by the private sector for the government of Punjab in Amritsar, India (DevCo)

Now in its 11th year of operations, PIDG continues to expand its global presence, developing and providing access to infrastructure to millions of people. In doing so it seeks to develop new ways to support the infrastructure project development cycle, pushing at the frontiers of the forms of intervention needed, and of the sectors and countries where it operates. This allows PIDG to catalyse infrastructure development and bring much larger sums of private sector capital and management to join with it in its mission to promote economic growth and reduce poverty.

PIDG has doubled in size over the past three years and added new Facilities. This reflects the effectiveness of the PIDG structure in leveraging its multilateral donor resources with significant private funding and delivery mechanisms to achieve strong development impact in many of the world's poorest countries. PIDG also continually seeks to ensure that its internal operating architecture, governance and reporting systems respond to these changes, while ensuring it maintains its distinctive nature as a lean, flexible and responsive organisation.

This section gives an overview of the scale and scope of PIDG operations in 2012, focusing on major achievements and challenges in mobilising and allocating resources for infrastructure development, and in realising their development impact.

EMERGING PARTNERSHIPS AWARDS

IFC and Infrastructure Journal, in partnership with PPIAF, sponsored a global competition to identify PPPs with the greatest impact. Drawing from projects nominated by governments, industry, NGOs, academia and other organisations, independent judging panels selected the top 10 PPP projects from four different regions around the world.

Judging panels looked at a broad range of features, including financial and technological innovation, developmental vision and impact, and replicability.

PIDG-supported projects dominated in the sub-Saharan Africa category, winning Gold, Silver and Bronze awards. In total, eight PIDG projects were recognised, including a further Gold in India and a Bronze in Egypt.

SUB-SAHARAN AFRICA

- **KivuWatt, Rwanda, EAIF (Gold)**
- **Chiansi Irrigation project, Zambia, InfraCo Africa (Silver)**
- **Port of Cotonou, Benin, DevCo (Bronze)**

Addax Makeni Bioenergy, Sierra Leone, EAIF
Cape Verde Wind Power PPP, Cape Verde InfraCo Africa

EAST ASIA, PACIFIC AND SOUTH ASIA

- **Punjab Grain Silos, India, DevCo (Gold)**

Central Java IPP, Indonesia, DevCo

EUROPE, CENTRAL ASIA, MIDDLE EAST AND NORTH AFRICA

- **New Cairo Wastewater, Egypt, DevCo (Bronze)**

The full report is available from **www.emerging-partnerships.com**

RESOURCE MOBILISATION

FUNDING

During 2012, PIDG Members more than doubled their 2011 annual contributions to fund Facilities' equity and project development costs, continuing their strong support for PIDG and providing the resources for a sustained expansion of its operations and potential impact. As a result, cumulative total funding to the PIDG Trust reached US$683.3m, a 36% increase on 2011[1].

PIDG Members' support remains as strong as ever with a record US$182.3m of additional support in 2012.

- **PIDG's distinctive multi-donor character as a development institution is illustrated in Figure 2.1 (right).**
- **DFID's contribution of US$172.4m in 2012, providing support across a wide range of PIDG Facilities, is part of a current four-year programme of performance-based support to PIDG.**
- **SECO agreed an additional US$62m five-year funding programme to support five Facilities – EAIF, GuarantCo, InfraCo Africa, InfraCo Asia and TAF. This is expected to start disbursing in 2013 and is the largest bilateral grant ever made by SECO.**
- **AusAID – PIDG's most recent Member – agreed to support InfraCo Asia and is expected to start disbursing in 2013.**
- **ADA, DFID, DGIS, IFC, Irish Aid, KfW, SECO and Sida provided total funding of US$182.3m to PIDG during the course of 2012.**
- **These contributions underscore the PIDG Members' support for PIDG's commitment to reduce poverty in poorer countries through improved infrastructure and economic activity by leveraging in private sector resources to maximise the impact of their funding.**

1 Non PIDG members – ADB, AECID and Norad – have also provided funding for certain activities of the PIDG Trust totalling US$1.85m at the end of 2012.

FIGURE 2.1: CONTRIBUTIONS DISBURSED TO THE PIDG TRUST

***Cumulative** US$m, as at 31 December 2012*

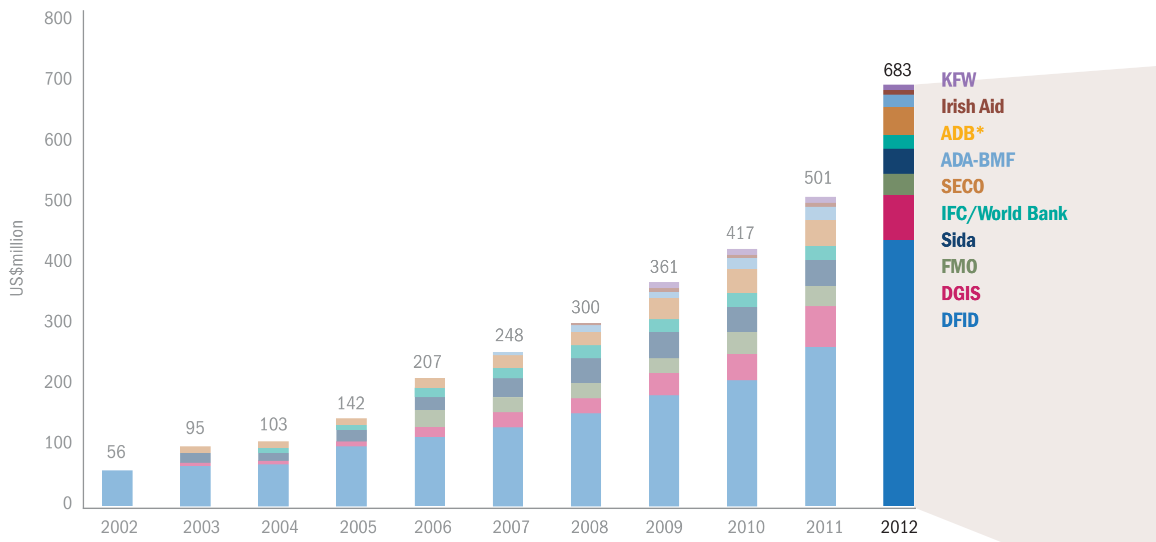
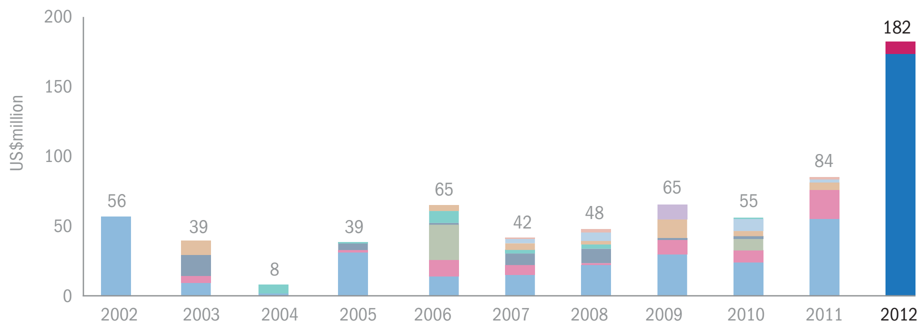


FIGURE 2.2: (ANNUAL) CONTRIBUTIONS DISBURSED TO THE PIDG TRUST

***Annual** US$ m*

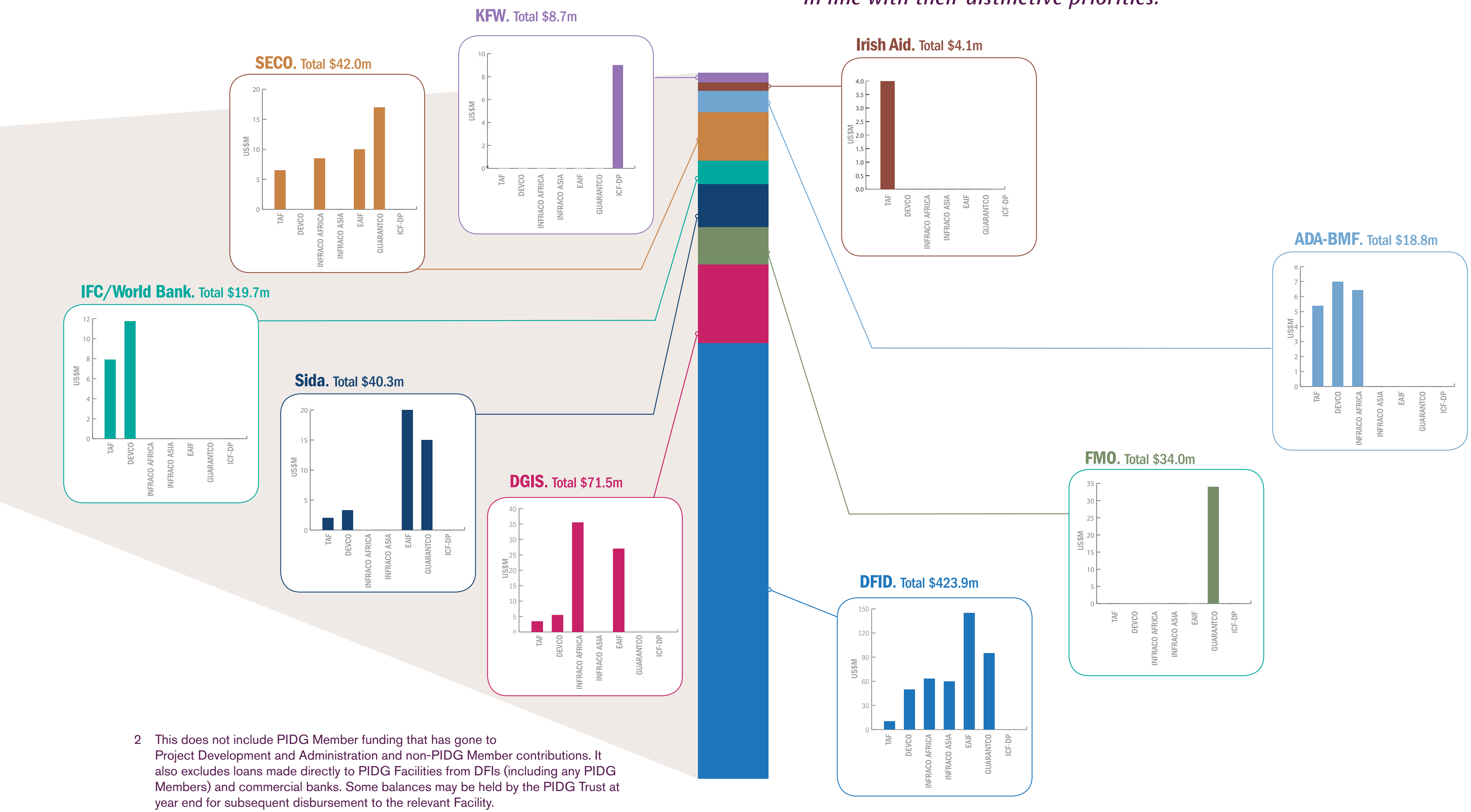


* ADB is not a PIDG Member but has provided funding to the PIDG Trust to support TAF

FIGURE 2.3: FUNDING CONTRIBUTIONS BY PIDG MEMBERS BY FACILITY

Cumulative disbursements in US$m, as at 31 December 2012[2]

The diversity of the PIDG portfolio of Facilities allows the coalition of Members to combine their funding to support those activities that are in line with their distinctive priorities.

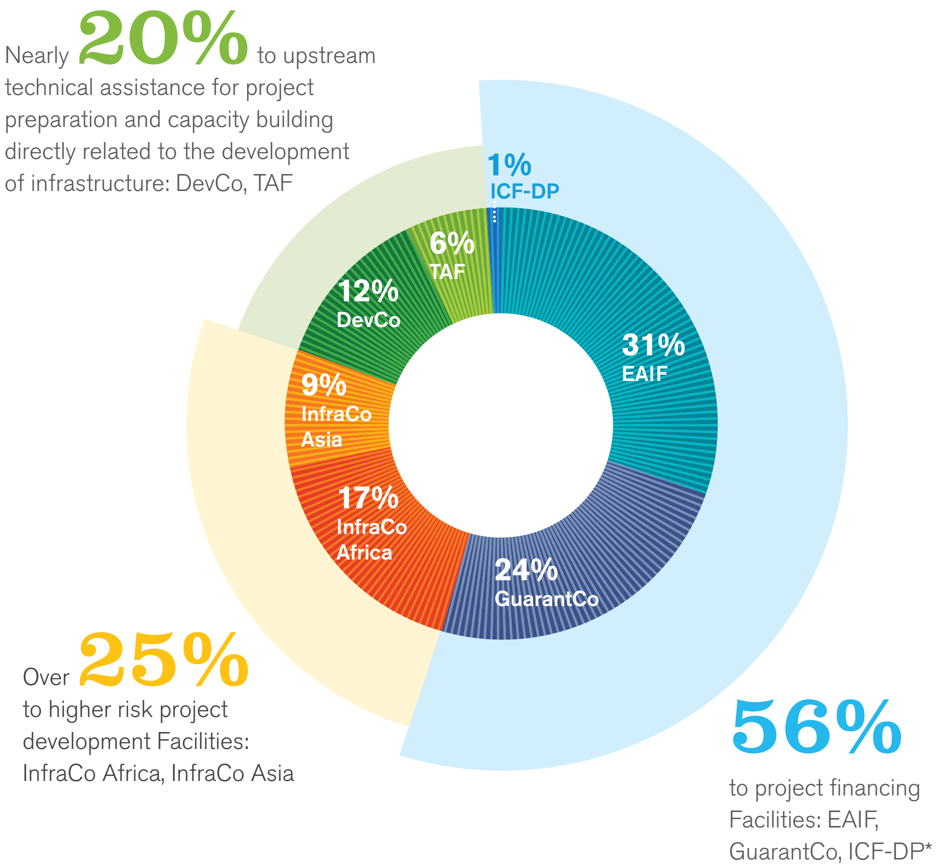


2 This does not include PIDG Member funding that has gone to Project Development and Administration and non-PIDG Member contributions. It also excludes loans made directly to PIDG Facilities from DFIs (including any PIDG Members) and commercial banks. Some balances may be held by the PIDG Trust at year end for subsequent disbursement to the relevant Facility.

FIGURE 2.4: PIDG FUNDING ALLOCATION BY FACILITY

% of cumulative US$m, as at 31 December 2012

Through the Facilities, PIDG Members' funding supports infrastructure activities throughout the investment life cycle from inception through to operations.



* Excludes loans made directly to Facilities by PIDG Members.

The higher proportion of funding for the finance Facilities shown in Figure 2.4 reflects their role in the financing of the capital costs of construction of infrastructure. The average size of financing transactions for these Facilities was US$24m in 2012. The lower proportion of funding for InfraCo Africa and InfraCo Asia reflects the comparatively lower costs involved in funding project development. These would typically be prior to construction and cover activities such as preparatory technical, legal, financial, social and environmental studies and the negotiation and procurement of financing and contractor inputs.

LEVERAGING PIDG MEMBERS' FUNDING TO GO FURTHER

PIDG Members' funding is leveraged at two levels:

1. At the **Facility level**, the equity funds provided by PIDG Members enable a number of the Facilities themselves to raise additional private sector and other DFI funding resources. The equity funding of the Facility by PIDG Members cushions the perceived high risk of investment in the Facility itself by commercial and other sources. With this increased funding available, the Facilities are able to support a larger number of projects than through PIDG Member funding alone.

   - The additional equity invested into **EAIF** in 2012 will allow it to raise further debt from private sector commercial and DFI lenders to fund the growth of its investment portfolio, forming an important part of the Fund's ambition to grow to US$1bn by 2016.

   - In December 2012, **GuarantCo** signed further counter-guarantee agreements to increase its authorised guarantee capacity by US$100m to US$300m, in line with its plan to scale up its operations to US$1bn by the end of 2016.

2. At the **project level**, PIDG support to a project enables either co-financing of the project from other sources, alongside the PIDG Facility, or follow-on financing from other sources by taking upfront risks to develop a project that the private sector is typically willing to invest in at financial close or shortly afterwards.

DRAWING ON AND EXPANDING PIDG MANAGEMENT EXPERTISE

During 2012, InfraCo Africa developed its structure to enable it to draw on multiple sources of project development expertise in addition to eleQtra, InfraCo Africa's original project developer team. Broadening the pool of developer teams it works with will allow InfraCo Africa to scale up its total development impact by increasing the scope of projects it develops to financial close. At the same time, recognising eleQtra's success to date and potential for further growth in activity, InfraCo Africa is also committing further resources for the eleQtra team's activities.

In order to expand capacity and strengthen its transaction origination capability, the GuarantCo Board agreed to increase the size of the management team, including the establishment of a presence on the ground in Nairobi. This reflects the significant opportunities to support the further development of domestic capital markets and the potential for project pipeline growth in the East and Southern Africa region.

A review of the PIDG Programme Management Unit and the structure of the Governing Council was carried out in 2012. Reflecting the continuing growth of PIDG, Members took the decision to strengthen further the strategic and oversight functions of the Governing Council while retaining the light and flexible structure that is characteristic of PIDG. This review took place concurrently with the Strategic Review of PIDG.

RESOURCE ALLOCATION

PIDG performance is judged by Members against its mandate to support activities and operate in countries where private sector investors are reluctant to engage, and where the level of private sector financing available for long-term infrastructure projects is constrained.

Demand for the PIDG Facilities' financing and technical services remains as strong as ever, reflecting both the continued risk aversion in capital markets and the shortfall in the current stock of infrastructure assets in low-income countries. This is driven by the pressures of continued population and economic growth, rapidly increasing urbanisation and the limited capacity of host countries to identify, structure and finance viable investment projects.

In sub-Saharan Africa, there is currently a need for at least US$60bn of investment in core infrastructure each year. With current expenditure levels around US$25bn, there is an estimated unmet need of around US$35bn per annum. Of this, our strategic review identified that US$13bn would need to be met by private sector sources. Even this conservative estimate puts a ceiling on private sector need that is orders of magnitude greater than PIDG's annual disbursement, implying that there is no practical external restriction to PIDG's growth – provided suitable projects can be identified for investment.

This underscores PIDG's strategy to focus on maximising the demonstration effect of its activities, in order to crowd in the large scale private sector finance needed to meet this substantial, unmet need. PIDG seeks to ensure that its role is always additional through the commercial approach taken by its Facility boards and managers to push the frontiers of sectors and markets. This enables PIDG to demonstrate and sustain its comparative advantage in a market bounded by the competing interests and capabilities of commercial project developers, traditional DFIs and newly emerging countries, such as China, prepared to offer turn-key infrastructure.

RAPID GROWTH OF OPERATIONS

In 2012, PIDG Facilities committed US$300m to 29 infrastructure projects and 13 TAF grants[3] in its countries of operation. This is substantially the highest number of projects in any year to date, and second only in value to 2010 when ICF-DP began operations as a rapid response to the financial crisis. Not only does this robust level of activity demonstrate the continuing relevance of PIDG in addressing the challenges to infrastructure development in emerging markets, but also its strong capacity, track record and reach into these markets.

The development and financing of infrastructure projects is a long and uneven process, which is reflected in the varied growth of the project portfolios of the individual Facilities in any given year, with EAIF, InfraCo Asia and TAF being particularly active in 2012. The levels of activity are due to differences between their individual mandates and their varying dependence on external factors such as government approvals or the timely availability of co-financing for their activities.

3 This excludes one project for support for capital market development in the Palestinian Territories which is currently on hold.

TABLE 2.1: DEFINING 'FINANCIAL COMMITMENTS' AND 'FINANCIAL CLOSE'

PIDG Facilities provide different types of funding support to projects: a 'financial commitment' refers to a formal commitment by a PIDG Facility to support the funding of a project. The nature of the commitment will reflect the activity of the PIDG Facility. The definition of 'financial close' also depends on the type of PIDG Facility.

<table>
<tr><th>Facility</th><th>Financial commitment</th><th>Financial close</th></tr>
<tr><td>EAIF and ICF-DP</td><td>Value of EAIF's or ICF-DP's loan agreement signed with borrower as at financial close</td><td rowspan="2">Signature of agreements by all investors and lenders to meet total funding needs for completion of a project</td></tr>
<tr><td>GuarantCo</td><td>Value of GuarantCo's guarantee agreement with borrower, committed when a guarantee agreement is signed</td></tr>
<tr><td rowspan="2">InfraCo Africa and InfraCo Asia</td><td rowspan="2">Total project development costs committed by the Facility when a joint development agreement with a development partner is signed</td><td>Signature of agreements by all investors and lenders to meet total funding needs for completion of a project</td></tr>
<tr><td>Equity sale: Signature of equity sale agreements for some or all of InfraCo's equity rights in a project to an investor</td></tr>
<tr><td>DevCo</td><td>DevCo funds to support project preparation and transactional advisory costs, committed when DevCo signs a financial advisory mandate agreement</td><td>Contract awarded to private sector investors</td></tr>
<tr><td>TAF</td><td>Grant funding approved to support a PIDG Facility project at the point that such a grant is approved</td><td>N/A</td></tr>
</table>

EAIF, the longest established Facility, has a strong reputation as a reliable provider of long-term debt and mezzanine financing in challenging markets in Africa, which attracts project sponsors to seek its support and gives it access to sound market intelligence to assess them.

GuarantCo, which works to expand the volume of local currency financing for infrastructure by mitigating the risks for domestic financial institutions, has found that high local interest rates relative to international rates in some emerging capital markets have discouraged project promoters from tapping local currency funding. Nevertheless, in 2012 its support enabled smaller businesses to access local capital markets, hitherto restricted to larger borrowers.

InfraCo Africa's results reflect its focus of placing its initial pipeline of projects with investors and the effects of a slowdown in developing its new project pipeline in previous years because of funding constraints, which were resolved in the course of the year.

InfraCo Asia, a more recently established Facility, rapidly expanded its project portfolio in 2012, building on earlier promotional work and its growing network of field offices across Asia.

While **DevCo** further expanded the number of projects it engaged with in 2012, it has proved challenging to bring its projects to financial close as rapidly as expected. An unusually high frequency of political changes in many countries made it difficult to complete the often complex web of public sector processes and approvals needed to launch or finalise PPP projects, and has in some cases resulted in reversals of previous approvals (see page 67).

The expansion of **TAF** assistance reflects the increasing demand for technical support to help improve the enabling environment for private participation in infrastructure, to bring projects to financial close, and to build capacity in government ministries and regulatory agencies. This often reflects the continuing challenging nature of the post-2008 markets for raising long-term investment for infrastructure projects.

The impressive growth of overall PIDG operations illustrates the advantage of its diversified portfolio of activities which address needs through the investment lifecycle, spanning upstream advisory support, transaction development and project financing.

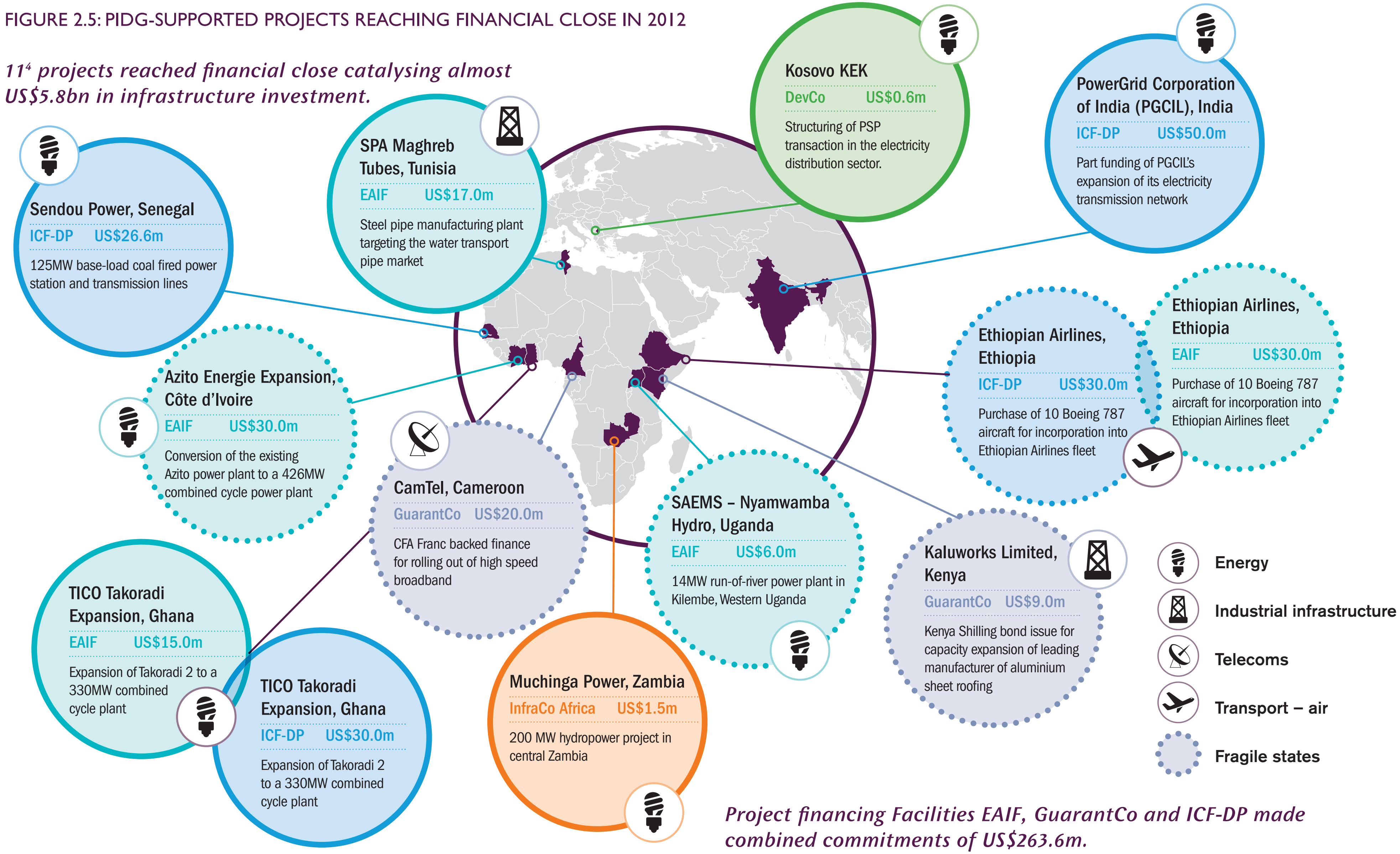
TABLE 2.2: FINANCIAL COMMITMENTS BY PIDG FACILITIES

PIDG made a record number of financial commitments across 27 countries in 2012.

	Cumulative at end 2012		2012		2011	
Facility	Value (US$m)	Number of projects	Value (US$m)	Number of projects	Value (US$m)	Number of projects
PROJECT FINANCING FACILITIES						
EAIF	667.2	36	98.0	5	90.3	6
GuarantCo	230.3	18	29.0	2	32.0	4
ICF-DP	473.9	14	136.7	4	137.3	4
PROJECT DEVELOPMENT FACILITIES						
InfraCo Africa	34.2	11	0.0	0	0.0	0
InfraCo Asia	28.9	12	26.6	11	2.4	1
PROJECT PREPARATION FACILITY						
DevCo	33.4	48	6.9	9	3.7	8
PIDG SUB TOTAL (EX TAF) GROSS	1,467.9	139	297.2	31	265.7	23
PIDG SUB TOTAL (EX TAF) NET	**1,467.9**	**130**	**297.2**	**29**	**265.7**	**18**
TECHNICAL ASSISTANCE FACILITY						
TAF grants	19.5	69	2.3	13*	1.9	6
TOTAL PIDG (GROSS)	1,487.4	208	299.7	44	267.6	29
TOTAL PIDG (NET)	**1,487.4**	**199**	**299.7**	**42**	**267.6**	**24**

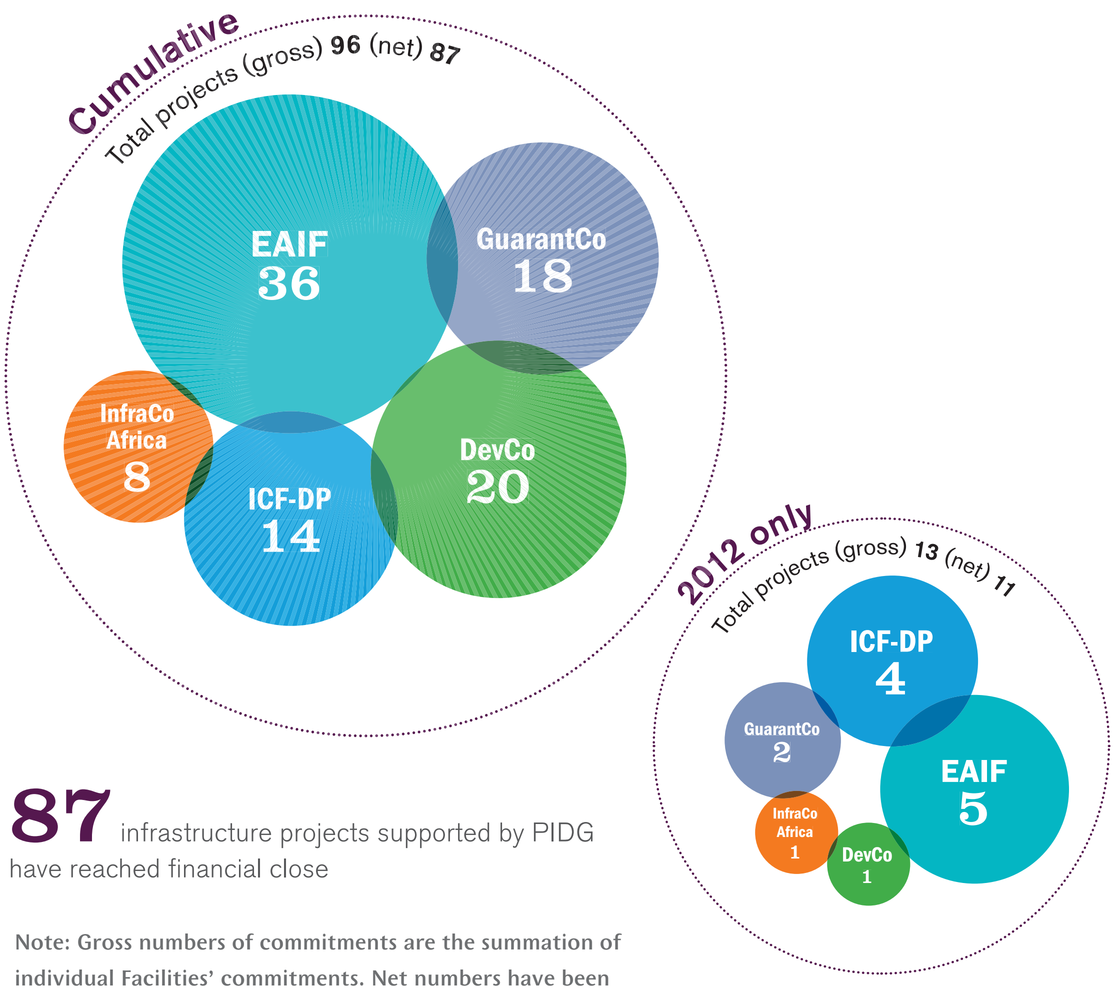
Note: Gross numbers of commitments are the summation of individual Facilities' commitments.
Net numbers have been adjusted to eliminate double counting of projects co-financed by more than one PIDG Facility.
* Excludes one grant which is currently on hold.

FIGURE 2.5: PIDG-SUPPORTED PROJECTS REACHING FINANCIAL CLOSE IN 2012



4 13 projects if each PIDG Facility commitment to co-financed projects is counted individually.

FIGURE 2.6: PROJECTS THAT HAVE REACHED FINANCIAL CLOSE (BY FACILITY)



87 infrastructure projects supported by PIDG have reached financial close

Note: Gross numbers of commitments are the summation of individual Facilities' commitments. Net numbers have been adjusted to eliminate double counting of projects co-financed by more than one PIDG Facility.

Reaching financial close is a key milestone in the realisation of an operating project and achieving tangible benefits. Not only does it mean that all the necessary financial and other contractual commitments are in place to start the construction of the project, but it also demonstrates that a project is commercially viable and "bankable".

- **EAIF, the first Facility established by PIDG, has logically closed the highest number of projects with 36 (or 41% of the total). On the other hand, InfraCo Asia, PIDG's newest Facility, is still in the process of developing its first wave of projects, but a number of these are already making good progress to financial close.**

- **PIDG Facilities at times combine their efforts to support a particular project if in so doing they can strengthen PIDG's overall impact, but this is determined on a project by project basis.**

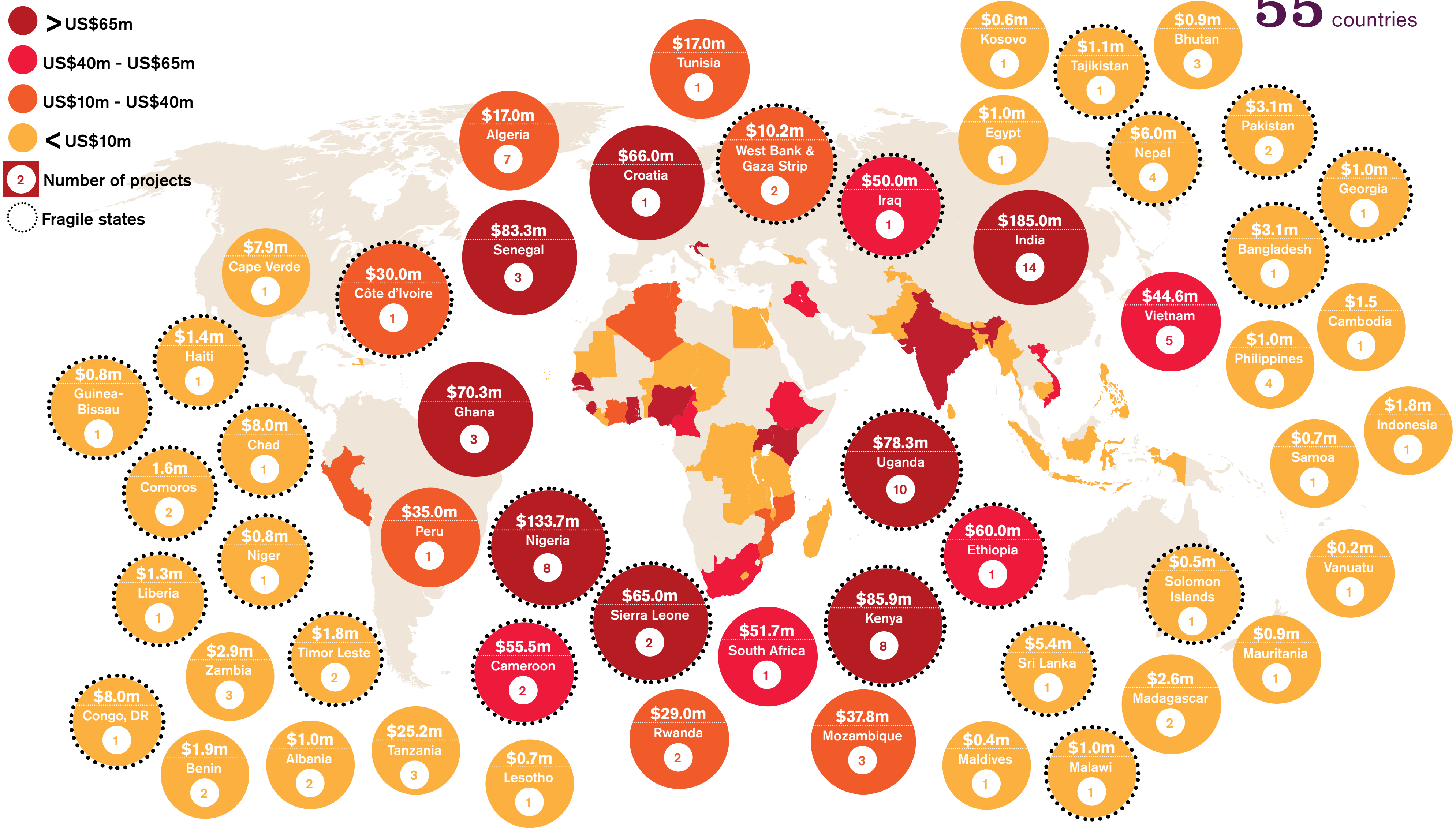
- **At the end of 2012, five projects have been co-financed by two PIDG Facilities[5]: Addax Bioenergy (Sierra Leone), Ackruti City Slum Redevelopment (India), South Africa Development Finance Company (South Africa), Ethiopian Airlines (Ethiopia) and Takoradi (Ghana). Two projects were co-financed by three PIDG Facilities: Kalangala Infrastructure Services and Kalangala Renewables (Uganda).**

- **Of the above, two PIDG projects – Ethiopian Airlines (Ethiopia) and Takoradi (Ghana) – were co-financed by two PIDG Facilities during 2012.**

5 This excludes TAF which by definition supports other PIDG Facility projects.

Over **US$1.4bn** committed to **130** PIDG-supported projects in **55** countries

FIGURE 2.7: PIDG FACILITY CUMULATIVE FINANCING COMMITMENTS (EXCLUDING TAF)



The ultimate objective – and most tangible evidence – of PIDG activities are infrastructure assets and enterprises delivering services to businesses and consumers.

TABLE 2.3: PIDG-SUPPORTED PROJECTS THAT COMMENCED FULL OR PARTIAL OPERATIONS IN 2012

Nine more PIDG-supported projects began full or partial commercial operations in 2012.

Project	Progress in 2012	Sector	Facility
Punjab Grain Silos, India	**Fully operational**: Silos now fully constructed	Agri-infrastructure	**DevCo**
Zain mobile telecoms, Iraq	**Fully operational**: Expansion of mobile phone network completed	Telecoms	**ICF-DP**
Tower Power Abeokuta Ltd, Nigeria	Partial operations commenced of planned 12MW combined heat and power station	Energy	**EAIF**
Calidda Gas Distribution, Peru	Partial expansion of the gas distribution network completed	Energy	**ICF-DP**
African Foundries Ltd, Nigeria	Partial operation of steel reinforcing bars production	Industrial infrastructure	**EAIF**
SPA Maghreb Tubes, Algeria	Factory built, awaiting full connection to the electricity grid and certain local licenses	Industrial infrastructure	**EAIF**
Kalangala Infrastructure Services, Uganda	First of two ferry services connecting Bugala Island to the mainland now operational	Multi-sector	**InfraCo Africa, EAIF, GuarantCo**
Helios Tower Telecom, Tanzania	1,197 of a total of 1,428 planned telecom tower sites constructed	Telecoms	**EAIF**
Dakar Container Terminal, Senegal	90% operational. Container terminal fully upgraded and capacity expanded. Expected to be fully operational in 2013	Transport - ports	**EAIF**

In total 39 PIDG-supported projects are now fully constructed and operational. Infrastructure development is a long-term process, where the totality of the development and construction periods can be measured in years. This is especially true for first time transactions in challenging markets, where there are limited in-country models to follow. Consequently, as the PIDG portfolio matures, a steady number of projects that received financial commitments several years ago are starting to commence their operations.

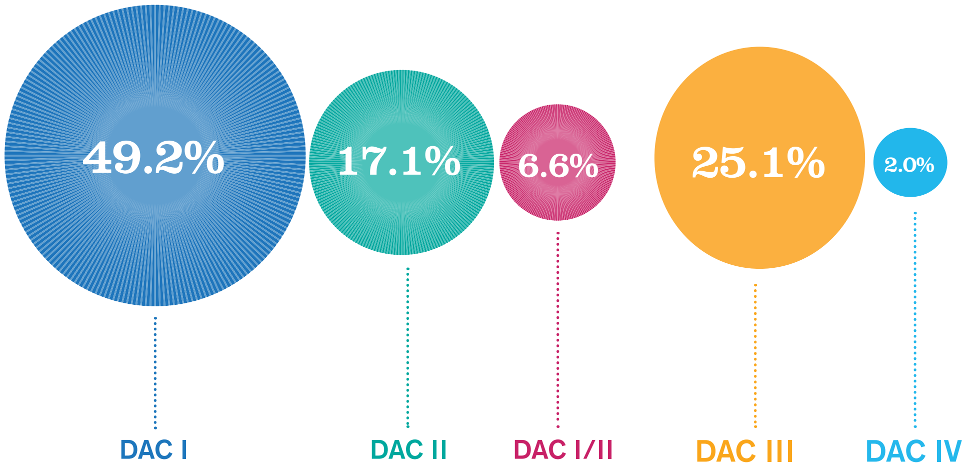
EXPANDED GEOGRAPHIC COVERAGE

During 2012, PIDG substantially expanded the geographic coverage and global relevance of its operations, making commitments in 27 countries – expanding PIDG's support, development impact and potential demonstration effects. This expanded coverage reflects not only the substantial growth of the InfraCo Asia portfolio of projects under development, but also commitments by DevCo, EAIF and TAF in new countries. The ten countries to receive first time commitments were Bangladesh, Cambodia, Côte d'Ivoire, Ethiopia, Lesotho, Myanmar, Pakistan, Sri Lanka, Timor-Leste and Tunisia. Cumulatively, PIDG has supported infrastructure development in 55 countries since its inception.

FOCUS ON POORER COUNTRIES

Overall, PIDG support is predominantly focused on the poorest countries in the world, particularly in sub-Saharan Africa. In 2012, 65%, or 26, PIDG-supported projects with total financial commitments of US$121m (40% of total value) were located in the lowest income countries, as defined in columns I and II of the OECD DAC list of ODA recipients (see Annex 1 for current classification of countries).

FIGURE 2.8: PIDG-SUPPORTED PROJECTS BY DAC CATEGORY (CUMULATIVE)



Strong focus on poorest countries with **73%** of PIDG-supported projects in **DAC I** and **II** countries

FRAGILE STATES

A number of PIDG Facilities have set targets for the level of private sector investment they plan to mobilise in fragile and conflict-affected states[6], which face the most daunting infrastructure challenges. Recent conflicts affecting these countries have often resulted in the destruction or dilapidation of their already modest national infrastructure platforms. For example, in the Democratic Republic of Congo, around 50% of existing infrastructure assets alone need rehabilitation. In these countries PIDG can provide particular value added by bringing private sector participation to contribute to reconstructing or developing infrastructure.

In 2012, 25 projects (60% of the total) representing commitments of US$149m (50% of the total), were located in fragile states. These include investments by the project financing and development Facilities (EAIF, GuarantCo, ICF-DP and InfraCo Asia) in the energy, transport, industrial infrastructure, telecoms, transport and water and sanitation sectors – which are expected to make a near-term contribution to improving the infrastructure of these countries – as well as grants for advisory work from DevCo and TAF. A good example of achieving steady improvement in services is in Liberia, where DevCo has continued to support the government to rebuild the electricity system of Monrovia (see page 29).

The Facilities section (page 57 onwards) highlights examples of the contribution that PIDG Facilities are making in these difficult business environments.

45% of PIDG-supported projects are in **fragile states**

6 In the absence of a widely accepted list, PIDG has adopted the methodology used by OECD INCAF to compile a List of Fragile and Conflict-Affected States (see Annex 2). This methodology draws upon the Fragile States Index, prepared annually by The Fund for Peace, as well as the World Bank Country Policy and Institutional Assessment.

REBUILDING THE ELECTRICITY SYSTEM IN MONROVIA, LIBERIA

BACKGROUND

A management contract (MC) for the Liberia Electricity Corporation (LEC) is supporting the rebuilding of the electricity system in Liberia's capital city of Monrovia. The civil war led to LEC ceasing operations as all assets, including about 160MW of generation, both thermal and hydro (Mount Coffee Plant), all the transmission lines and the distribution networks, were completely destroyed during the war ending in 2003, or afterwards by looting (2003-05).

Manitoba Hydro International of Canada (MHI) was awarded the MC through competitive international bidding in April 2010 and, after a mobilisation period, took over LEC operations in 2010.
It successfully began rebuilding the electrical distribution system in the capital city of Monrovia, increasing connections from 2,000 to more than 14,000 today (many in the slums due to an OBA grant of US$10m). Donors contributed additional generation and current installed capacity is 20MW of diesel (compared to just 5MW in 2009). Other achievements of the MC between 2010 and 2012 include: (i) increased revenue by 160%; (ii) decreased losses by 21%; (iii) improved fuel efficiency by 33 %; (iv) more than doubled peak load (the slow growth of load compared with the number of connections is due to the introduction of pre-metering, aggressive combatting of fraud and increases in tariffs due to increased oil prices). The donors for the MC are the government of Norway (GoN) (the largest), USAID and WB, with funds originally committed for investment in the order of US$50m for five years (excluding management fees).

The rebuilding of the system and the establishment of a functioning and sustainable utility requires, however, that two main existing constraints are addressed – availability and cost of generation. Current LEC tariffs are 53cts/kWh and this inhibits consumption and prevents economic development. It is in this context that the government of Liberia and its donor partners agreed on a further step during 2012 – to finance the reconstruction of the Mount Coffee hydro plant, a project able to address both constraints mentioned above.
The Mount Coffee Hydro Plant is a US$250m project financed by GoN (grant), KFW (grant), EIB (concessional loan) and government of Liberia (GoL), designed for 80MW capacities in the wet season and 20MW in the dry season. It is scheduled to start production in December 2015, with full commissioning in December 2016. The challenges arising from the execution of this large investment in a weak environment and the complexities linked to the fact that the project is supported by three different donors, led the parties to envisage the use of MHI services to implement the project and DevCo to help broker amendments to the management contract to make this possible.

DEVCO'S ROLE

DevCo was invited to advise on the amendment of the MC to include additional services from MHI, namely the management of the construction of the Mount Coffee Hydro Plant through a semi-autonomous Project Implementation Unit (PIU) within LEC, with direct report to LEC CEO. Having served as transaction advisor to the management contract, DevCo was best placed to coordinate the

key stakeholders, assist with negotiations between the operator (MHI), LEC, GoL and Mount Coffee donors led by the GoN and propose amendments/requirements to the management contract.

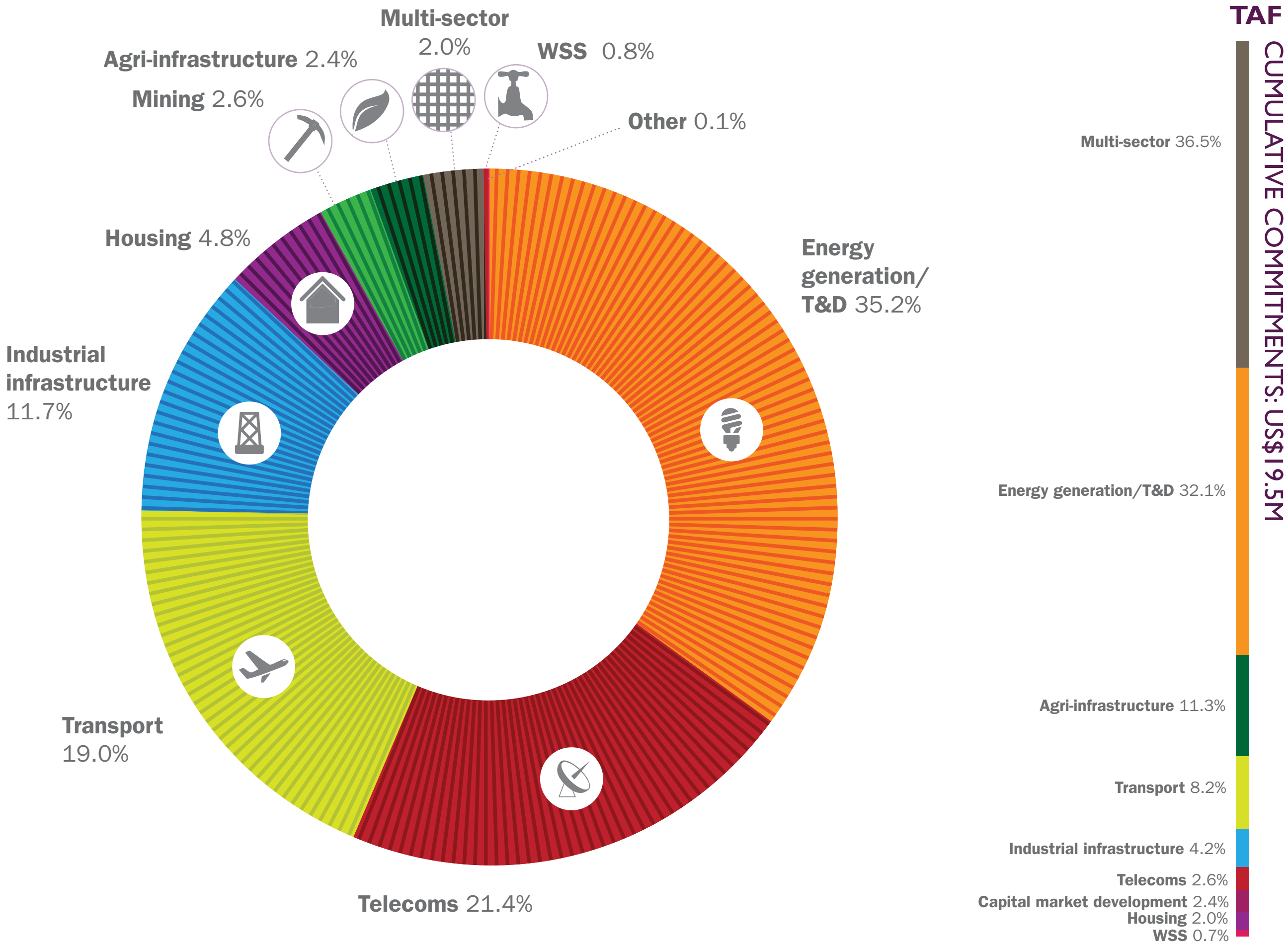
DevCo's knowledge of the initial MC agreement, local environment and the power sector in Liberia allowed it to make workable recommendations on the obligations of the PIU, on the tariff framework/economic governance for the Mount Coffee plant, O&M requirement for Mount Coffee, revised service targets for the MC through the extension of the MC by 18 months, and strengthening of provisions for expansion of service areas.

DIVERSIFIED SECTORAL DISTRIBUTION

PIDG activities cover a broad range of sectors related to infrastructure. While some Facilities have sectoral exposure limits in line with sound asset diversification policies, they do not set specific sector priorities. Thus, they are able to respond flexibly to the diversified market demand for support in their mandated countries of operation. Energy, transport and telecommunications have historically accounted for over 75% of funds committed, but PIDG also supports housing, agricultural infrastructure, and water and sanitation, all of which were highlighted as priorities in the Strategic Review (page 49). In addition, one third of TAF commitments have involved general technical assistance for activities such as the evaluation of financing schemes or institution building for regulatory agencies, which are multi-sector in scope.

FIGURE 2.9: SECTORAL DISTRIBUTION OF PIDG-SUPPORTED PROJECTS 2003-2012, AS %, IN VALUE TERMS

PIDG Facilities cover the full range of infrastructure.



TELECOMS

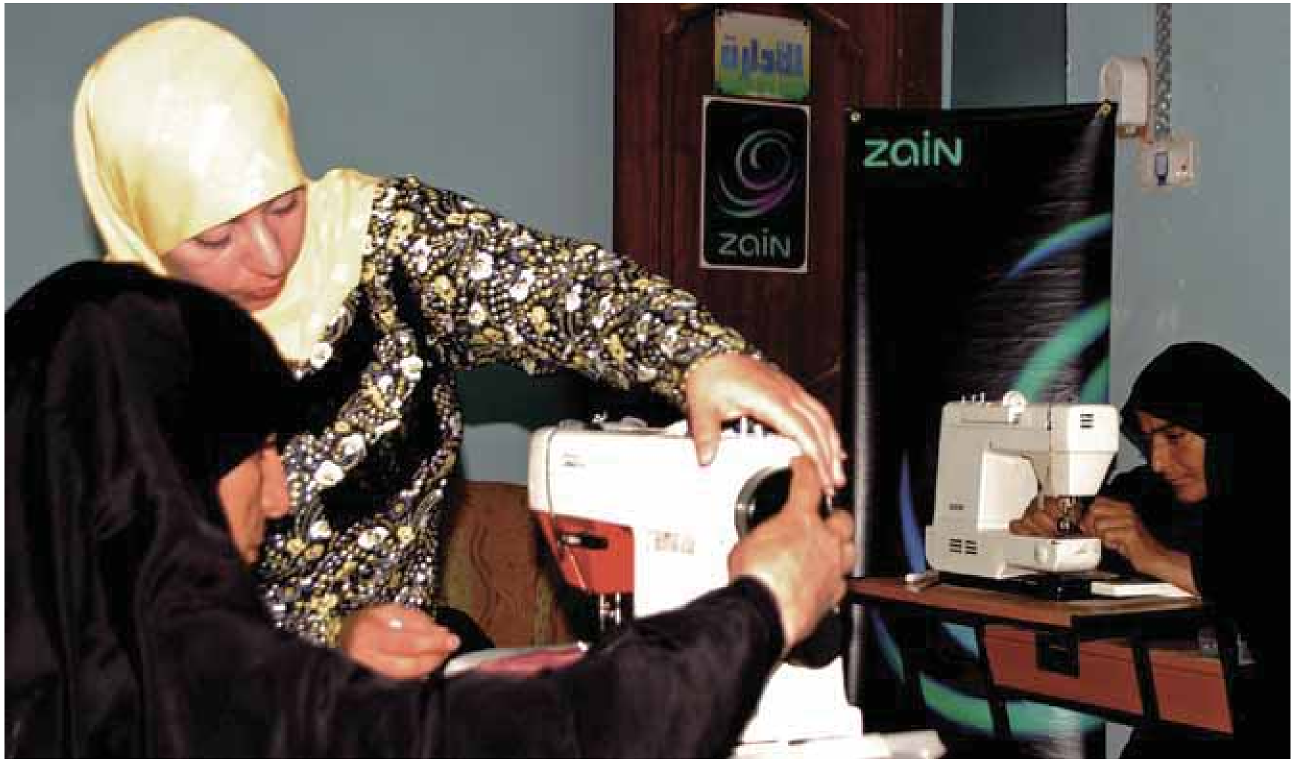
Starting in 2003, EAIF played a major role in financing the expansion of mobile telecommunications networks in 16[7] sub-Saharan Africa countries when other financial institutions were not prepared to invest at that time.

Private investment in mobile telecommunications has taken off in recent years in Africa and the need for PIDG support has declined. As a result, the share of telecoms in the overall PIDG portfolio has fallen from a high of 50% at the end of 2007 to 21% (or US$315m) at the end of 2012. However, PIDG support for telecoms, data transmission and IT related hardware continues for projects where financing is not easily available from market sources, but which have an important development impact.

During 2012, PIDG engaged in several innovative transactions, including the expansion of the broadband network in Cameroon (GuarantCo) with significant regional benefits, and support for the privatisation process for Comoros Telecoms (DevCo).

The history of telecoms development in Africa is a powerful example of where technology has enabled developing countries to leap ahead of existing ways in which infrastructure services are delivered. Part of PIDG's mission is to support risk sharing with private capital to encourage such developments in other areas.

7 Including three regional projects covering several African countries



Zain Iraq, supported by ICF-DP, has an active corporate responsibility programme working with government and NGOs to combat unemployment, illiteracy and raise hygiene levels. It works with more than 8,000 widows on a range of initiatives including provision of sewing machines and training in computer skills.

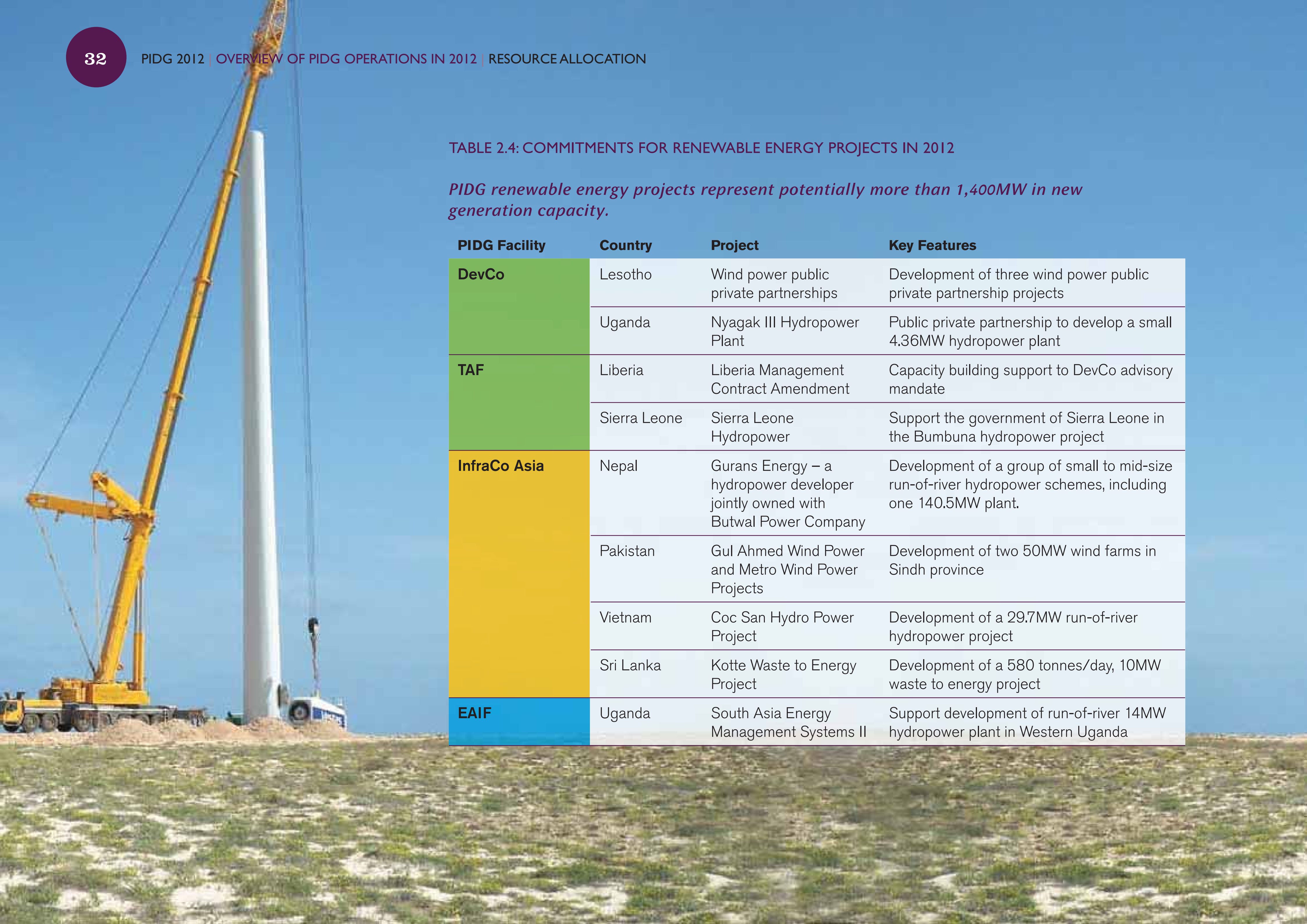


TABLE 2.4: COMMITMENTS FOR RENEWABLE ENERGY PROJECTS IN 2012

PIDG renewable energy projects represent potentially more than 1,400MW in new generation capacity.

PIDG Facility	Country	Project	Key Features
DevCo	Lesotho	Wind power public private partnerships	Development of three wind power public private partnership projects
	Uganda	Nyagak III Hydropower Plant	Public private partnership to develop a small 4.36MW hydropower plant
TAF	Liberia	Liberia Management Contract Amendment	Capacity building support to DevCo advisory mandate
	Sierra Leone	Sierra Leone Hydropower	Support the government of Sierra Leone in the Bumbuna hydropower project
InfraCo Asia	Nepal	Gurans Energy – a hydropower developer jointly owned with Butwal Power Company	Development of a group of small to mid-size run-of-river hydropower schemes, including one 140.5MW plant.
	Pakistan	Gul Ahmed Wind Power and Metro Wind Power Projects	Development of two 50MW wind farms in Sindh province
	Vietnam	Coc San Hydro Power Project	Development of a 29.7MW run-of-river hydropower project
	Sri Lanka	Kotte Waste to Energy Project	Development of a 580 tonnes/day, 10MW waste to energy project
EAIF	Uganda	South Asia Energy Management Systems II	Support development of run-of-river 14MW hydropower plant in Western Uganda

ENERGY GENERATION AND DISTRIBUTION

Across the infrastructure sectors, energy faces the largest shortage of capacity and most urgent need for investment. This has been a major area of concern for PIDG since its inception. The World Bank argues that the lack of reliable and affordable energy is the biggest constraint on Africa's economic development[8]. During 2012, 59% or US$177.6m of PIDG funding was committed to 18[9] projects for energy generation and distribution. Cumulative (new and existing) PIDG funding commitments to this sector at end 2012 were US$516.6m (35.2% of total).

Given the constraints of their funding capacity relative to the massive scale of the energy deficit, many of the PIDG Facilities focus a significant proportion of their resources on renewable energy projects. While these projects are often more difficult to finance, they can have the highest value added by offering the potential to leapfrog traditional carbon-intensive energy sources.

However, a large number of renewable energy projects struggle to get to financial close, especially in sub-Saharan Africa. In response to this, during the course of the year, PIDG continued to develop its Green Africa Power (GAP) initiative. A highlight in 2012 was the agreement, after an extensive business case and market assessment, by DFID and the UK's Department for Energy and Climate Change to commit £98m of funding, including £40m via the International Climate Fund.

8 See Eberhard et al. *Africa's Power Infrastructure*, 2011, World Bank.
9 When each Facility's financing to these co-financed projects is counted individually, the total number of projects is 20.

GREEN AFRICA POWER

More than 700 million inhabitants of sub-Saharan Africa lack access to electricity. There is a shortage of power generation, yet there also exist sizeable and largely untapped potential renewable energy resources across the region. The growth of renewables in SSA is inhibited by pronounced market failures, including: the lack of cost reflective tariffs; high upfront capital costs that make financing projects more challenging, particularly when local banks are unwilling or unable to lend for the longer tenors required; and specific risks common in the region, such as construction delays and financial weaknesses of off-taker utilities.

GAP is a PIDG response to these market conditions and is intended to address these constraints to private investment in new renewable power projects by providing:

- Quasi-equity patient capital to reduce the upfront cost of finance, while generating returns for GAP over the life of the project;
- Contingent lines of credit to cover specific construction phase risks;
- Policy dialogue to move towards cost reflective tariffs.

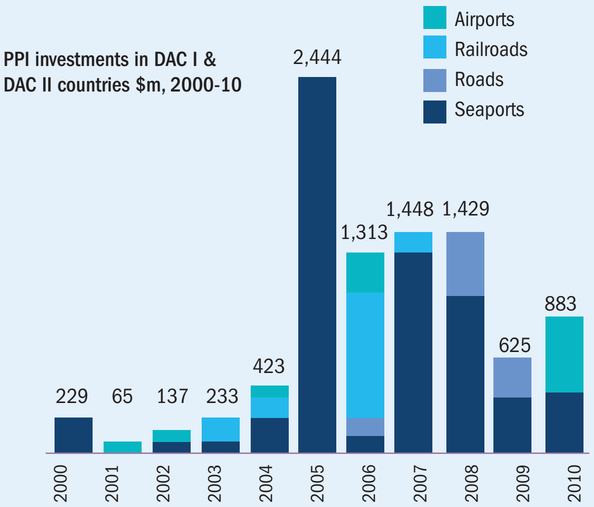
GAP has been designed to complement but not crowd out private investment, and will be explicitly restricted to projects that would be highly unlikely to proceed without its support because of market failures.

The UK government has approved funding of up to £95m to capitalise GAP as a PIDG Facility and £3m for monitoring and evaluation and knowledge management. Other Members are considering possible co-financing.

GAP will be structured, like other PIDG project-financing Facilities, as an autonomous legal entity and managed through a contract with a private management company. This will have an incentive structure designed to encourage achieving results that are consistent with the PIDG Members' priorities.

ANALYSIS BASED ON WORLD BANK PPI DATABASE SHOWING PRIVATE PARTICIPATION IN TRANSPORT INFRASTRUCTURE IN DAC I & DAC II COUNTRIES

PPI has been concentrated in seaports



Projects	Average size of project $m	Projects involving multilaterals %
Airports	109	40%
Railroads	126	40%
Roads	132	33%
Seaports	112	15%

DAC I & II countries as per the 2009-11 listing

TRANSPORT

Transport infrastructure, including road, rail, waterways, seaports and airports, is a fundamental driver of a country's ability to produce and trade domestically and internationally. PIDG has been active in the transport sector. However, the reluctance of some governments and state-owned companies, which often own and operate transport infrastructure assets, to relinquish control is a major constraint on PIDG playing a more important role in the sector. Further, experience with PPPs in the transport sector has been mixed. This is reflected in the wide variation in the levels of private investment in the different sub-sectors as shown in the chart on the left. For example, while railway concessions have typically resulted in increased labour and asset productivity, they have failed to deliver the level of private investment originally envisioned, or to achieve long-term financial sustainability without the financial support of governments. In most cases, traffic gains have been much lower than expected because road competition has been fiercer than anticipated, highlighting demand risk as a major factor for private investors. The original concession contract for the Kenya Uganda Railway project, for example, targeted 4 million tons of traffic between Mombasa and Nairobi. In reality, traffic increased from 2.2 million tons to only 2.5 million tons until it became clear that the original concession contract needed to be revised. In the revised arrangements, subsequent support from ICF-DP, which came with a strong sponsor, has been much more satisfactory.

Another characteristic of the transport sector is the ability of some sub-sectors to generate hard currency revenue more easily than others and show more stable sources of revenue. These sectors are more easily able to access wider sources of international capital, while still having a significant impact on economic growth – port and, increasingly, aviation projects have witnessed more private sector investment interest than, for example, road projects in PIDG markets.

In 2012, PIDG financing Facilities committed funds to only one transport sector project (Ethiopian Airlines), but InfraCo Africa is actively working with the government of Kenya to develop a PPP for a commuter rail project in Nairobi (see box opposite). This project has now reached the stage where the competitive procurement process for the contractor and operator for the project has commenced and the response from the market has been encouraging. In addition, DevCo and TAF are exploring the potential for greater private participation in port and airport projects with the governments in Benin, India and Timor-Leste which may lead on to future investment projects. Cumulative PIDG funding commitments to this sector at end 2012 were US$278.5m (19.0% of total).

NAIROBI COMMUTER RAIL – A PPP APPROACH TO AN ECONOMIC, SOCIAL AND ENVIRONMENTAL CHALLENGE

BACKGROUND

InfraCo Africa is working with Kenya Railways to develop the Nairobi Commuter Rail Project. The proposed project will upgrade and expand commuter rail transport services in the capital Nairobi and its environs, in an effort to boost passenger volumes. The total project implementation cost is expected to be US$325m, comprising US$180m for capital infrastructure and US$145m for operating assets. It will use the existing rail rights-of-way, land and stations within Nairobi and introduce new purpose-built rolling stock (coaches). It will also involve a new signalling system, rehabilitation of stations and approximately 160km of the existing rail system within Nairobi and construction of around 5km of new rail tracks to the Jomo Kenyatta International Airport (JKIA). The project will expand social and economic opportunities for all residents, introducing modern, efficient equipment and reducing congestion in and around Nairobi.

Currently, commuters who take the train to work are jammed inside old and run-down carriages, while others hang precariously from car doors. Most Kenyans living in the capital city use minibuses, which are often badly driven and poorly maintained. A dedicated rail line for passenger trains between Nairobi and JKIA will come as a relief to travellers and relieve pressure on the road to the airport, itself an important part of the regional road network.

The current rail system serves 19,000 passengers per day, and is estimated to serve around 10% of the total population of Nairobi. Once the commuter rail project is completed it is expected to carry up to 100,000 passengers per day – travelling between JKIA and Nairobi's central business district could take as little as 17 minutes at frequencies as high as every 30 minutes. Also set to ease is travelling between Nairobi and Thika, Nakuru, Athi River and towns in between that are currently served by the railway line.

EXPECTED DEVELOPMENT IMPACT

- Over 3.1 million additional people will be served by the project.
- 310,000 will have an improved quality of service.
- 1,500 direct short-term jobs and 500 direct long-term jobs will be created.

DEVELOPMENT IMPACT OF OPERATIONS

PIDG Members measure individual project success and the overall PIDG portfolio through the development impact and results monitoring system (RMS). Given that infrastructure projects usually take several years to develop, finance and then construct, the RMS tracks the development impact projected at the time a Facility signs a commitment, as well as the actual impact achieved once projects are constructed and operational. The ongoing refinement of the PIDG Results Monitoring System during the year has enhanced PIDG's capacity to track and report on the progress of all projects through the investment lifecycle: upstream advisory support, transaction development and project financing.

In 2012, the expected development benefits continued to increase, with 29 new funding commitments. In addition with more projects, 39 in total, now complete and operational, the actual benefits realised through operational projects also increased.

PIDG measures the projects' contribution to development through seven main indicators, of which four are quantitative:

- Mobilising additional private capital in promoting the development of infrastructure.
- Increasing the number of people connected to new or improved infrastructure services.
- Generating fiscal benefits to host country governments.
- Creating additional employment from the construction and operation of new infrastructure assets.
- Alignment with national development plans.
- Demonstrating the viability and benefits of private infrastructure projects to host governments, potential investors and users.
- Additionality.

During 2012, PIDG designed and introduced ways to disaggregate its impact indicators by gender (page 38), and to capture the climate change focus (page 39) of its portfolio.

KEY DEVELOPMENT IMPACT INDICATORS

Development impact indicator	Main features
Total private sector investment (PSI) commitments	Investments from commercial entities: ▪ Domestic commercial finance (equity and/or debt) ▪ Foreign commercial finance (equity and/or debt) Investment from DFIs: ▪ DFI finance (equity and/or debt)
Access to infrastructure service	Number of additional people expected to have access to new infrastructure Number of additional people expected to have access to improved services
Fiscal benefits to host governments	Fees and taxes paid to the government Any subsidies avoided by the government
Employment effects	Direct short-term jobs created (during construction) Direct long-term jobs created (during operations)
Alignment with national development plans	National/sector development plans with which the project conforms
Demonstrating the viability and benefits of private infrastructure projects to host governments, potential investors and users	Capital mobilisation through greater private participation in infrastructure (PPI) either in a country, sector or region Improved attitudes and greater willingness to invest of the private sector in emerging markets
Additionality	Increased investment Better design and efficiency Improving the regulatory or policy environment

Looking across the portfolio to date, the expected development impact of the 87 PIDG-supported projects[10] that have reached financial close is summarised in Table 2.5[11], using the key development indicators in the PIDG Results Monitoring System.

TABLE 2.5: ESTIMATED DEVELOPMENTAL IMPACT OF 87[12] PIDG PROJECTS THAT HAVE REACHED FINANCIAL CLOSE AS AT 31 DECEMBER 2012

Success of the PIDG portfolio is measured against indicators which demonstrate economic growth and poverty reduction.

Private sector investment	**US$26.7bn**
Commercial investment (FDI and domestic)	US$18.4bn
DFI investment	US$8.3bn
Access to infrastructure	**176.2m**
People expected to benefit from new infrastructure	103.7m
People expected to benefit from improved infrastructure	72.5m
Fiscal benefits	**US$5.3bn**
Income from fees	US$3.6bn
Subsidies saved	US$1.7bn
Job creation	**270,419**
Temporary new jobs (construction)	93,170
Permanent new jobs (operations)	177,249

10 When each Facility's financing to these co-financed projects is counted individually, the total number of projects is 96.
11 As TAF projects are linked to PIDG Facility projects, the development impact is recorded under the relevant Facility itself. Where projects are supported by more than one PIDG Facility, the development impact is recorded in the Facility that first initiated the project.
12 When each Facility's financing to these co-financed projects is counted individually, the total number of projects is 96.

IMPROVED GENDER REPORTING OF PIDG-SUPPORTED PROJECTS

Most PIDG-supported infrastructure projects are large scale and are involved in the generation, as opposed to distribution, of infrastructure services – for example, power generation projects which sell power to a national grid, or projects providing fibre optic backbone. In such cases, it is difficult to identify and report on the project's gender impact, although the academic literature and/or detailed gender analysis confirms a variety of benefits to women from improved infrastructure.

For example, although difficult to quantify, the water component of InfraCo Africa's Kalangala Infrastructure Services project in Uganda directly benefits women and girls by providing easier access to water and better quality water. This reduces the time spent on water collection and on care as a result of cleaner water availability. It has therefore freed women to engage in social, economic and community related activities, thus tackling their 'time poverty' – where the women's time was previously inflexible, consumed by routine and non-productive tasks. Similarly hard to quantify, the Chanyanya Pilot Irrigation Project in Zambia provides an example of the empowerment of women. In a traditionally male-dominated environment, women comprise 15% of the board of the local farmer's co-operative, which was formed to implement the project.

In order to improve its gender reporting, in 2012 the PIDG PMU (jointly with IFC) pioneered a user friendly MS Excel based tool that allows IFC and PIDG to estimate female beneficiaries when accurate, project-specific gender disaggregated access figures are difficult or costly to collect. The estimate is made based on four factors:

- The total number of people expected to access new/improved infrastructure as a result of the project.
- Percentage of female population in the country.
- The UN Gender Inequality index.
- Any gender mainstreaming activities implemented as part of the project's design and/or implementation stages.

The PIDG is now applying this tool and it will be maintained and updated annually by the PMU's Development Impact Team.

During 2012, the PMU's Development Impact Team has completed applying the tool retrospectively to the entire PIDG portfolio of projects that have reached financial close. The results suggest a 60:40 bias in favour of men having access to PIDG-supported infrastructure services.

Going forward, every PIDG-supported project will report gender disaggregated results with regard to 'numbers of people with access to new/improved infrastructure' and 'direct jobs created' (short-term during construction and long-term during operations). This information is already being published on the PIDG website as part of the summary project chart and will be updated on a quarterly basis.

Shop owner in Ibanda trading centre, Uganda, who received electricity for the first time as a result of the Bugoye hydropower plant becoming operational. This allowed her to switch away from kerosene, extended her business hours, reduced her lighting costs and increased her business revenues (EAIF)

IMPROVED CLIMATE CHANGE REPORTING OF PIDG-SUPPORTED PROJECTS

During the past two years PIDG has developed and implemented a climate change classification methodology. This is designed to capture the impact of PIDG's "green" portfolio. When applied to the PIDG portfolio of projects that have reached financial close the key findings are as follows:

- 15% of PIDG projects have been classified as having a significant climate change mitigation benefit and/or including mitigation as the principle objective of the project. These largely relate to renewable energy projects but also include projects in the agriculture, waste and industry sectors.

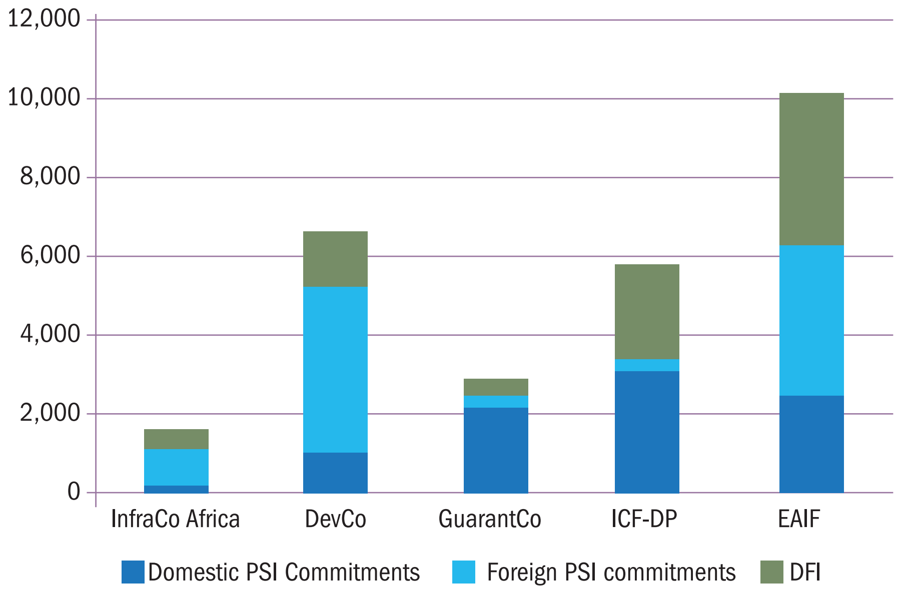
- 11% of PIDG-supported projects have been classified as having an incremental climate change mitigation benefit or including the aim of climate change mitigation as part of the project scope. These include a project to replace the old taxi fleet in South Africa with newer vehicles to improve safety and regulation in the sector as well as improving vehicle emissions, and a project in Albania to improve the efficiency of transmitting and distributing energy.

Going forward, the PMU will assess the climate change related co-benefits of every PIDG-supported project, applying the climate change classification methodology at the time of completion of the other results monitoring indicators. The overall climate change results are reported together with the PIDG's other development impact results on a quarterly basis through the PIDG project chart on our website.

Construction of the wind turbines on the InfraCo Africa-supported Cabeólica Wind Power project, Cape Verde

FIGURE 2.10: EXPECTED CO-FINANCING COMMITMENTS IN FINANCIALLY CLOSED PROJECTS

(Total for 87 projects closed as at December 2012)



PIDG commitments of US$1.42bn in 87 financially closed projects are associated with co-financing commitments of US$26.7bn – US$18.4bn from domestic and foreign private lenders and investors and US$8.3bn from DFIs.

MOBILISING ADDITIONAL CAPITAL

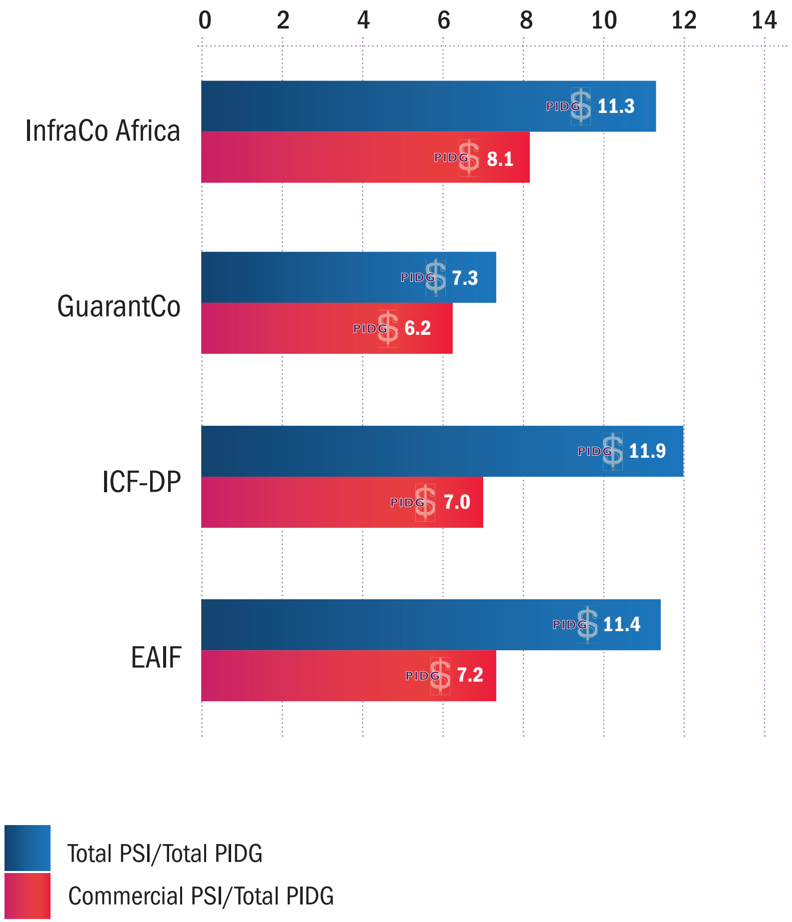
The massive capital requirements needed for infrastructure development require resource mobilisation from all possible sources. With PIDG's commercial approach to its financing, it is able to mobilise additional private sector capital to complete the projects it supports. The 11[13] PIDG projects that reached financial close in 2012 are expected to mobilise an additional US$3.9bn investment from domestic and international private sources, and US$1.47bn from DFIs[14]. The commitment from the PIDG Facilities was US$265.7m. The higher level of commercial, particularly domestic, as opposed to DFI sourced finance demonstrates that PIDG is delivering on its mission to catalyse new long-term sources of private finance. PIDG has also continued to work with DFIs, especially in the more challenging markets, where such institutions can play a critical role.

- Members' equity in the Facilities helps to mobilise additional funding from private investors as well as from DFIs, both in the capital structure of the Facilities, and in co-financing at the project level. The scale and sources of co-financing varies between the Facilities reflecting their specific roles and capital structures.
- **EAIF**-supported projects have attracted over US$10bn of co-financing, the bulk of which has come from foreign commercial investors (36%) and DFIs (31%), reflecting EAIF's focus on capital intensive projects in challenging frontier markets.
- **DevCo**-supported projects often involve the expansion of large scale existing infrastructure assets, some of which also generate foreign exchange, and are therefore relatively more attractive to private financiers. As a result, foreign private financing accounts for 65% of aggregate co-financing.
- **ICF-DP**, which was set up expressly to offset the reduced availability of private financing for specific projects as a result of the financial crisis, is mainly associated with DFI and local private investors in the host countries where it operates.
- Projects that are supported by **GuarantCo's** local currency guarantees are predominantly (75%) funded by domestic investors, due to its focus on building local capital markets.
- By contrast, **InfraCo Africa** has succeeded in attracting foreign equity investors and lenders, who are committed to providing 63% of total financing to its closed projects.

13 13 projects if each of the PIDG Facility commitments to co-financed projects is counted individually.
14 DFI funding excludes PIDG funding in the PIDG project financing Facilities.

FIGURE 2.11: CO-FINANCING LEVERAGE RATIOS OF PROJECT FINANCING AND DEVELOPMENT FACILITIES[15]

(Based on financing commitments for financially closed projects at end 2012)



These figures suggest that PIDG-supported projects will mobilise co-financing equivalent to 13.5 times the PIDG Facility funding and financing committed to them, at the project level. If DevCo – which provides early stage advisory rather than financing support to projects – is excluded, the overall leverage ratio of the four remaining Facilities is 10.7 times. PIDG support is helping generate a multiple of 9.3 times financing from private commercial, as opposed to DFI, sources (seven times, excluding DevCo). The leverage ratios for the project financing and development Facilities are broadly similar and show they are all making important contributions to leveraging their funding from PIDG Members to attract private capital for infrastructure development.

If one considers that two of the PIDG Facilities, EAIF and GuarantCo, themselves also mobilise private sector resources at the Facility level, then the ratio of total financing mobilised for projects supported by PIDG Facilities of US$26.7bn to the total PIDG Member's support of US$683m, is 39.1 times. This demonstrates the power of PIDG to maximise the investment impact of its public funding sources.

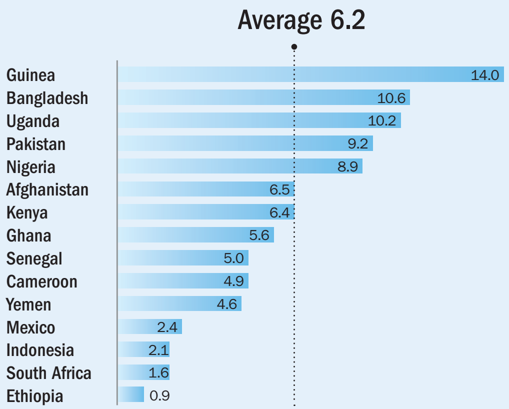
Every **US$1** contributed by PIDG Members through PIDG Facilities has helped to mobilise **US$39** of finance for projects from other sources

Looking ahead, the capacity and appetite of the commercial banking sector to invest in long-term assets is likely to continue to be constrained, and PIDG will face the challenge of diversifying its sources of co-financing. The experience of Mexico and Chile suggests that institutional investors, and in particular pension fund assets, have been instrumental to the growth of the corporate bond market, and in turn to the provision of development finance. Similarly, sovereign wealth funds are also considering investments in infrastructure, though typically at the post-commissioning stage. Thus, PIDG could have an important role in mobilising finance for infrastructure from non-traditional sources.

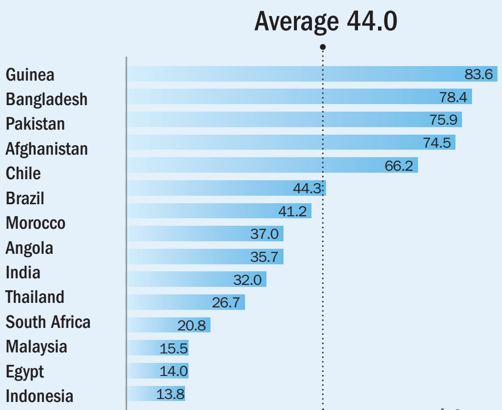
15 DFI equity is excluded for the purposes of calculating PIDG leverage ratios.

Energy supply and economic development in PIDG's target countries

ANNUAL PERCENTAGE OF SALES LOST DUE TO OUTAGES*



PERCENTAGE OF BUSINESSES WHO SEE ELECTRICITY SUPPLY AS A MAJOR CONSTRAINT IN DOING BUSINESS



* Latest year of available data ranges from 06-10
Source: World Bank Enterprise data

INFRASTRUCTURE DEVELOPMENT, ECONOMIC GROWTH AND POVERTY REDUCTION

Access to even basic infrastructure services is severely lacking across the developing world. In low-income countries there are an estimated 884 million people without access to safe water, 1.6 billion without electricity, 2.5 billion without sanitation, and more than 1 billion without access to telephone services[16]. Attainment of the 2015 Millennium Development Goals depends in significant part, and in some cases critically, on improvements in infrastructure services.

Improved water and sanitation reduces the transmission of disease and improves hygiene levels, particularly for women and children. Improved transport facilities increase access to vital health and education services, and reduce the cost and time of journeys to work. Affordable electricity supports better hospital and education services, and displaces traditional methods of cooking and lighting, which are not only inefficient, but also polluting to the environment. Access to communications systems improves access to market and product information, as well as extending the opportunity for citizens to participate in civil society.

CONNECTING PEOPLE TO INFRASTRUCTURE SERVICES

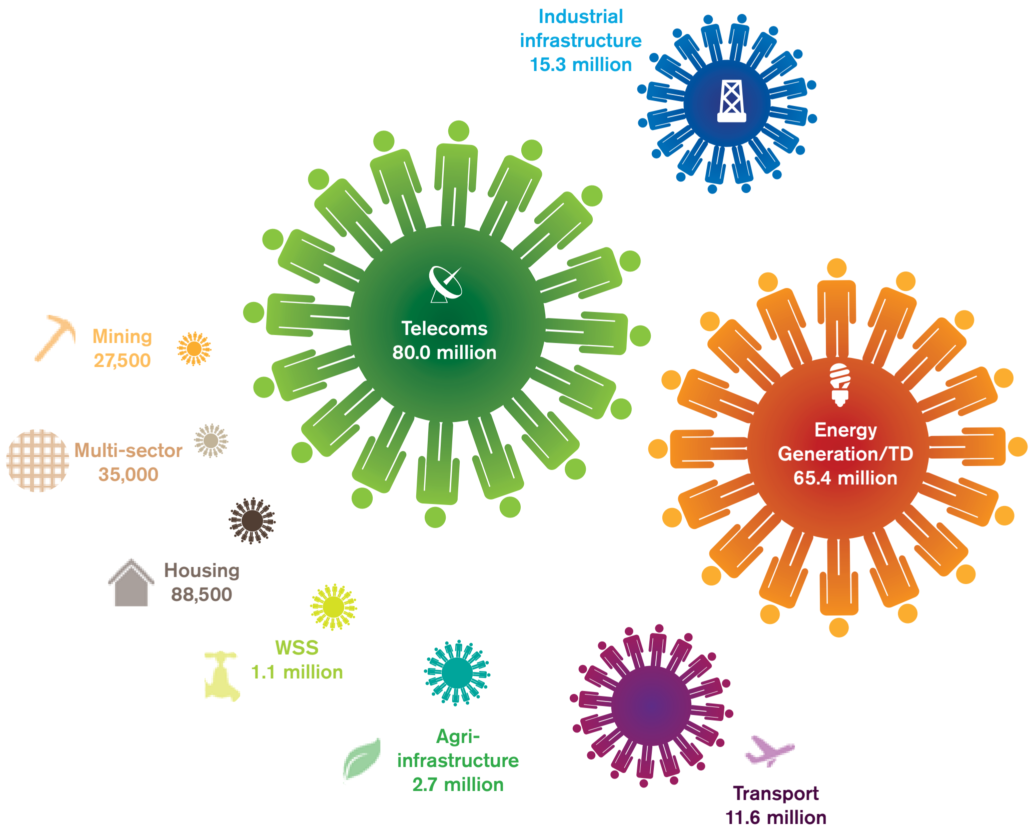
Projects that reached financial close in 2012 are expected to benefit around 28 million people, by connecting 10.3 million people to new infrastructure services and improving the quality of service to 18 million others. Over 14 million of these people will benefit from the expansion of electricity supplies in Côte d'Ivoire and Ghana from projects financed by EAIF and ICF-DP. This represents a substantial increase of PIDG's contribution to providing access to electricity for people in Africa.

More broadly, as a result of all the 87 PIDG-supported projects that had reached financial close by the end of 2012, around 104 million people are expected to gain access to new infrastructure services and a further 72 million to benefit from improved services. Around 40% of the people who will benefit from new or improved access are female.

16 World Bank Group: Sustainable Infrastructure Action Plan 2009-11.

FIGURE 2.12: ADDITIONAL PEOPLE EXPECTED TO BENEFIT FROM ACCESS TO SERVICES BY SECTOR

(Projects that had reached financial close at end 2012)



176 million people are expected to gain access to new or improved infrastructure services

GENERATING FISCAL BENEFITS

Projects closed during 2012 are expected to contribute around US$63.2m to host governments in upfront fees and US$135.6m in total taxes paid (including corporate tax and VAT) during the first five years of operation. By the end of 2012, the aggregate fiscal benefits from all closed projects are expected to reach up to US$5.3bn. The Facilities also estimate that governments will save approximately US$1.7bn[17] from reduced subsidies over the project life cycle. Tax revenues arising from improvements in the efficiency of utility companies when under private management are likely to be considerable. However, quantifying the additional revenue is challenging because there are many factors that affect changes in tax rates.

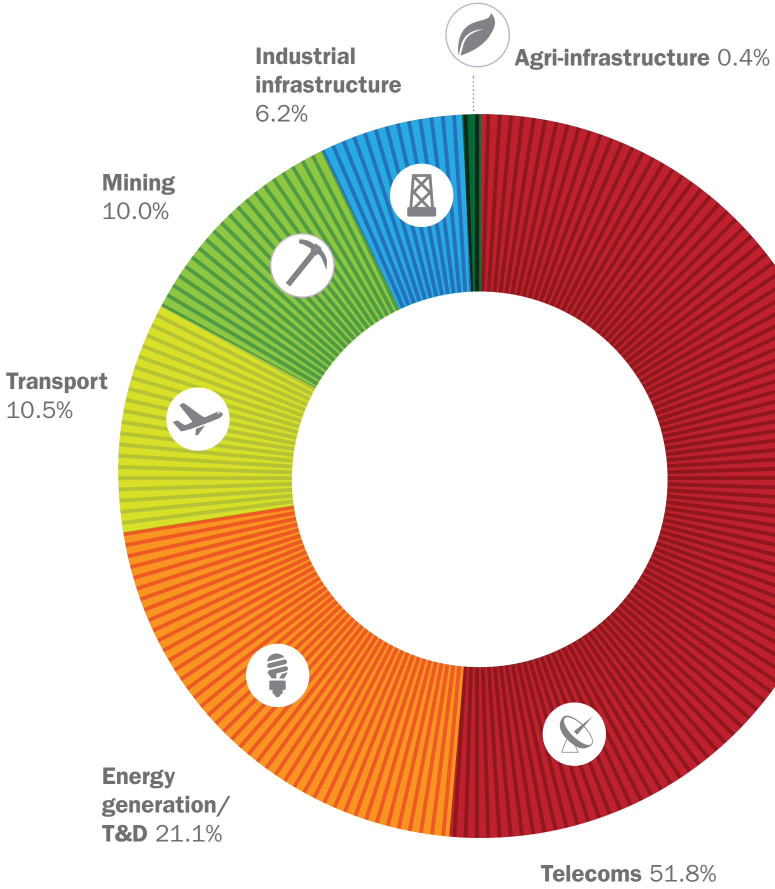
CREATING EMPLOYMENT

Infrastructure projects create additional temporary jobs during construction and permanent jobs when they become operational. PIDG-supported projects closed by the end of 2012 are expected to create 177,000 long-term jobs and 93,000 short-term jobs. In addition to this direct job creation, many additional jobs are created as a result of the improved infrastructure and increased economic opportunities.

To understand better PIDG's impact on economic growth through wider job creation, and to increase the limited body of literature in this area, in late 2012 PIDG commissioned a job creation impact study. This involves primary research focused on a PIDG-supported hydropower plant in Uganda that EAIF is financing, among others. The focus of the study is on formulating a schematic causal-chain that describes the main routes through which the project has the potential to affect employment. This will distinguish between jobs created during construction – both on site and indirectly, through the use of local raw materials – and jobs created as the result of normal operation and increased supply of power. The study results are expected by mid-2013. These will form the basis for developing, refining and applying good practice methodologies for estimating indirect, induced and secondary employment effects of the projects supported by the Facilities.

17 Best estimate on an undiscounted basis.

FIGURE 2.13: ACTUAL PSI BY SECTOR AT 31 DECEMBER 2012 FOR 39 OPERATING PIDG PROJECTS



TRACKING IMPACT OF OPERATIONAL PROJECTS

From 2009, when a critical mass of PIDG-supported projects started delivering services on the ground, PIDG's Development Impact Team began compiling post-completion monitoring assessments[18], to verify the *actual* (versus *projected*) impact of these projects.

Table 2.6 right confirms that the estimated volume of private sector investment mobilised by projects has been achieved. In fact the number of people benefitting from operating projects so far is considerably higher than that originally estimated at the time of financial close. The impact on creating permanent jobs was also higher than anticipated.

A significant driver for the considerably larger number of people with access to new infrastructure was one of PIDG's earlier investments – EAIF's US$10m loan to MTN Nigeria. Over 27 million people are currently estimated to be benefitting from new services provided by this project. It also illustrates how, particularly in the mobile telecommunications sector, the initial levels of expected demand (1.4 million) did not anticipate such growth.

DEMONSTRATING VIABILITY IN CHALLENGING MARKETS

The 39 operational PIDG projects are located in 23 countries. Around 69% of actual investment has been concentrated in the sub-Saharan region, largely as a result of support from EAIF. Reflecting PIDG's focus on operating at the frontiers, the majority of PSI mobilised has been for projects in low income and fragile countries, most notably in Iraq, where the ICF-DP-supported Zain mobile phone expansion project became operational in 2012. Furthermore, US$7.2bn (69%) of actual PSI commitments for operational PIDG-supported projects have been in the poorest, least developed, and other low-income countries. This provides a solid case for demonstrating the viability of long-term private sector investment, even in the most challenging markets.

18 In order to contain costs, actual impact data is collected from a variety of secondary sources including project websites, client annual reports and the financial press. This data is then verified with the project sponsor.

TABLE 2.6: COMPARISON OF ESTIMATED AND ACTUAL IMPACT FOR 39 OPERATIONAL PIDG PROJECTS

	Expected	Actual
Private sector investment	US$9.9bn	US$10.4bn
People served with new/improved infrastructure	47.9m	97.6m
Effect on government budgets		
Income from fees	US$2.3bn	US$3.1bn
Effect on jobs		
Temporary	9,055	9,109
Permanent	167,308	185,479

70,000 street lights will be upgraded – saving money, reducing CO2 emissions and improving street safety in Jaipur, India (DevCo)

MAKING THE CASE FOR PRIVATE PARTICIPATION IN INFRASTRUCTURE

Successful PIDG activities also encourage both the level and impact of private investment through improving the perception of private sector participation among government officials, and the capacity of those officials to assess and implement future projects. The PIDG advisory Facilities can help develop sectoral legal and regulatory frameworks required to expand infrastructure provision with private participation, and the project development and finance Facilities build confidence and interest among investors in future infrastructure projects. Although it is difficult to quantify demonstration impact and attribute it to specific influences, there are concrete examples across PIDG where the Facilities are helping to indicate the viability of new models to mobilise private sector resources to deliver much needed infrastructure in regions and sectors.

DevCo has been working with the Rajasthan state government in India, one of India's poorer states, to adopt a PPP model for the upgrading and maintenance of urban street lighting in Jaipur. It is expected that, if successful, this will serve as a model for similar projects in India's poorer urban areas.

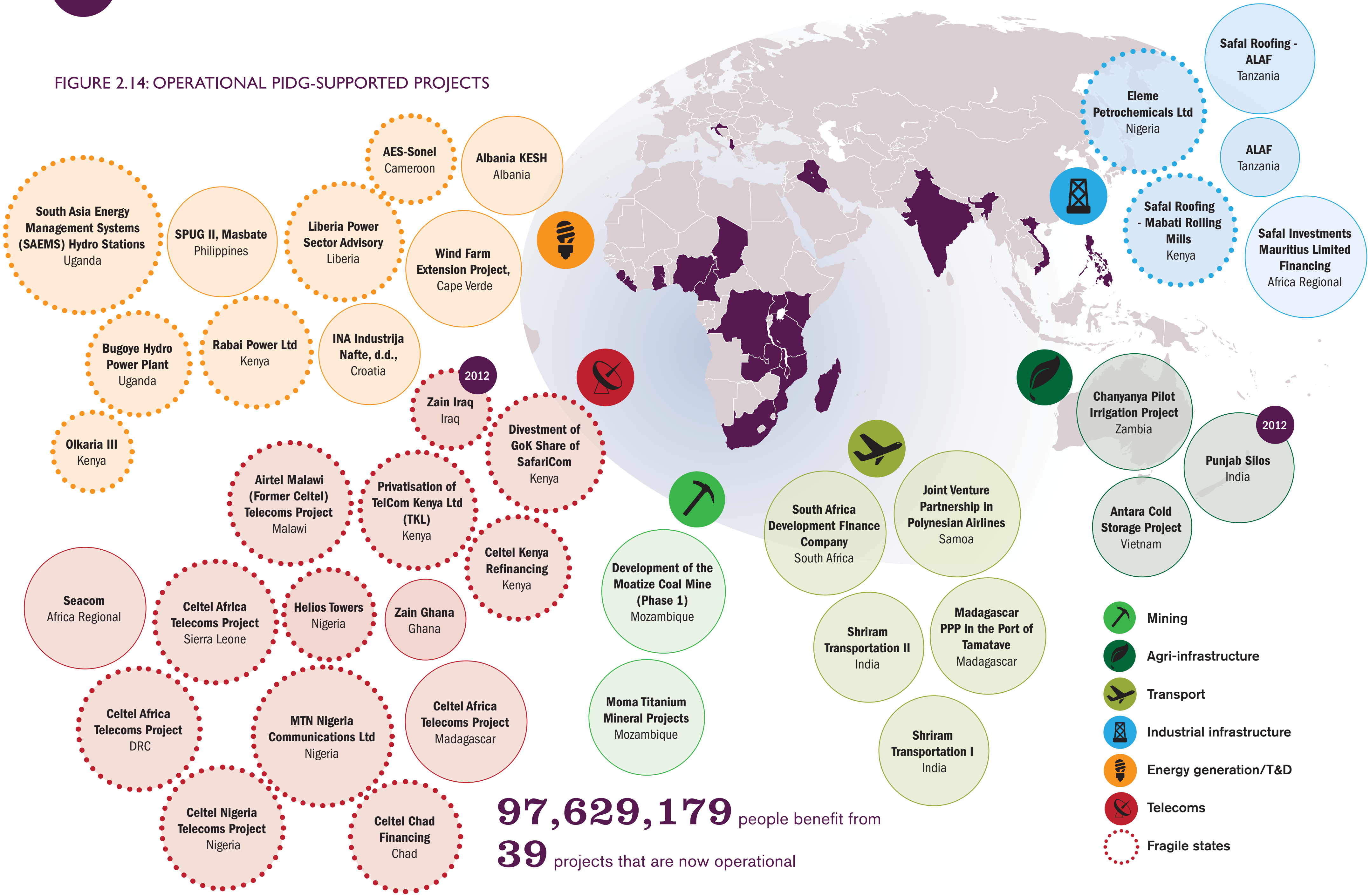
TAF is funding capacity building for the government of Bangladesh to develop and regulate gas-powered independent power production plants.

InfraCo Africa is successfully promoting the replication of the Cape Verde wind power project in other countries in the region.

GuarantCo is encouraging the development of markets for domestic long-term investment. For example, the provision of a guarantee will allow Kaluworks, east Africa's largest manufacturer of aluminium roofing, to issue a local currency corporate bond that is attractive to local pension funds and diversify its sources of finance. Equally, in 2012, GuarantCo's Wataniya Telecom project in Palestine was fully refinanced by local commercial banks without the need any longer for a GuarantCo guarantee.

Perhaps, most impressively, the performance of **EAIF** – which has been operating for over ten years and whose portfolio is concentrated in poor and fragile countries of sub-Saharan Africa – has experienced levels of asset impairment well below the implied credit rating of these assets. This demonstrates that the risks of investment in these frontier markets can be managed effectively.

FIGURE 2.14: OPERATIONAL PIDG-SUPPORTED PROJECTS



Mining 27,500

Agri-infrastructure 51,134

Transport – roads 2,112,700

Industrial infrastructure 7,218,000

Energy generation/T&D 13,149,644

Telecoms 75,070,201

TOTAL

97,629,179

people benefitting from new and improved infrastructure from operational PIDG-supported projects

3

LOOKING AHEAD

REVIEWING AND REFINING PIDG STRATEGY

During 2012, PIDG was active in preparing to meet evolving challenges and to ensure that it remains effective and relevant in a changing environment.

Most significantly, based on a thorough strategic review of its activities, during the year the PIDG Members agreed a comprehensive strategy for the four year period 2013-2016.

In summary, PIDG Members reaffirmed and articulated the fundamental principle that the PIDG Facilities should remain focused on the frontiers of development where private sector investors and operators are not ready or able to commit resources alone. They further agreed on a distinctive three-pronged approach to infrastructure development, which is already being implemented, to concentrate on:

- Building a strong comparative advantage in early-stage interventions;
- More challenging sectors for private participation;
- Supporting poor and fragile states.

FINDINGS AND RECOMMENDATIONS OF THE PIDG STRATEGIC REVIEW

PIDG has a number of distinct comparative advantages when compared to development finance institutions that support infrastructure development – specifically, its flexible capital structure and positive risk appetite, supported by its specialised focus on infrastructure and its use of the private sector to deliver its activities. Its Facilities perform a valuable role in enabling private participation in infrastructure in developing countries. It is proposed that to become more proactive in deploying donor capital and responsive to the objectives of its Members, PIDG should:

Remain focused on the 'frontier' of private sector participation in infrastructure, prioritising demonstration effects over scale, and ensuring that PIDG activities are additional and not crowding out private sector investors.

Increase investment in the early stages of the infrastructure value chain – such as early stage equity and patient equity either through existing Facilities or the creation of a new, standalone Facility, while continuing to provide long-term debt products in risky markets not adequately served by commercial lenders.

Continue to expand support for local currency guarantees.

Expand its sector focus beyond core infrastructure to tackle areas of high development potential where new models of private sector support are greatly needed, such as agriculture infrastructure (eg irrigation and storage), water and sanitation.

PIDG's organisation, which is based on a limited central 'corporate' structure and the autonomous nature of its Facilities, depends on strong alignment and consistent communication between Members, boards and managers to implement a coherent strategy. The Review recommended a set of 'soft' organisational measures to increase connectivity across the various parts of the organisation. These include holding regular facilitated strategy planning sessions, formalising responsibility for PIDG-wide strategic planning and strengthening performance management and oversight.

INCREASING EARLY STAGE INTERVENTIONS

PIDG plans to strengthen further the pioneering character of its activities by expanding its support in the earlier stages of the infrastructure project development cycle.

PIDG has substantially increased funding for its project development Facilities (InfraCo Africa, page 74, and InfraCo Asia, page 82) to expand their distinctive work in identifying and promoting new infrastructure projects. In particular, InfraCo Africa has expanded its business model in 2013 to allow it to contract with multiple project developer teams and to co-invest into existing developers' projects. This will increase the scope, investment rate and coverage of its activities and so enable greater project development activity in sub-Saharan Africa.

In addition, TAF has initiated a Viability Gap Funding (VGF) programme on a pilot basis to use up-front capital grants to attract private financiers to infrastructure projects with strong pro-poor benefits. It is anticipated that the current VGF budget will be mostly committed during 2013.

TACKLING CHALLENGING SECTORS

PIDG aims to increase its involvement in sectors with high potential development benefits but where it has proved difficult to create sustainable models to engage private sector investment. In particular, PIDG is expanding its role in renewable power, and looking closely at ways in which it could further expand its role in agri-infrastructure and water and sanitation.

Green Africa Power

A major activity in 2013 will be the establishment of Green Africa Power (page 33) following the funding approvals in late 2012. Significant progress has already been made in establishing the Facility. During the course of 2013 a fund management company will be procured through a competitive process with the expectation that GAP will become operational towards the end of the year.

MECHANISED GRAIN MARKETS OR 'MANDIS' IN RAJASTHAN, INDIA

This innovative project aims to improve the effectiveness of post-harvest agricultural marketing. The project involves the development of post-harvest mechanised grain handling, sorting and bagging facilities integrated with mechanised warehousing and an electronic trading platform ("Integrated Grain Market") in Rajasthan, India.

Two Integrated Grain Markets will be developed, initially as pilot projects located in Bikaner and Kota, Rajasthan, by InfraCo Asia in collaboration with a local sponsor – Rayfam Ltd – for an investment amount of US$14m.

70% of the population of Rajasthan state depends upon the agricultural sector. There are about 5.56 million farming households in the state, of which about 50% are estimated to live below the poverty line. These two pilot projects will help farmers in two districts of Rajasthan (Bikaner and Kota) in multiple ways: providing better prices for their product through greater price transparency, increasing market liquidity and greater trading efficiency through an electronic trading platform, as well as reducing overall grain wastage by about 7-10% of total production. Thus, the project will increase the grain storage space in Rajasthan by about 80,000MT (40,000MT at each site). The project will also create about 300 additional jobs at each site for the local community.

Agricultural infrastructure

Food security is a key international development goal. However, the sector faces market failures associated with low savings, low access to formal credit markets, poor links in the supply chain and access to markets which limits farmers' capacity and willingness to pay for infrastructure investments such as irrigation canals. With most of the world's poorest people earning their living from agriculture, expanding production and improving productivity is also a critical potential driver of poverty reduction.

PIDG Facilities have already been supporting this important sector. The Rajasthan Grain project under development by InfraCo Asia, for example, is being designed to apply innovative mechanisms to a traditional sector, thereby reducing wastage and increasing food security in India.

PIDG Members believe there is more that PIDG can do in this sector. In response to the Strategy Review, PIDG has commissioned an independent study to assess options for increasing its support for agri-infrastructure development and recommend the best way forward. The study will be completed in the first half of 2013.

Taking into account PIDG's mandate, structure and policies, the study will consider the case for:

- Expanding funding to existing PIDG Facilities for increased investment in agri-infrastructure.
- Setting up a new PIDG agri-infrastructure 'window' with a mandate to provide funding to PIDG and non-PIDG Facilities.
- Creating a new PIDG Facility to take on expanded investment in agri-infrastructure and related agriculture.

Water and sanitation

Despite concerted efforts by governments and the international community, over 880 million people still lack access to clean water and 2.5 billion lack access to sanitation facilities. In many low income countries, urban water and sanitation coverage is decreasing as traditional utilities fail to keep pace with rapid urbanisation. Private participation in water and sanitation infrastructure however has proven difficult to finance, often because of the political resistance to charging economic prices for these services and the risks that this presents to investors. Consequently, PIDG has had only limited involvement in the sector – less than 1% of cumulative commitments by value. But access to efficient and affordable water, sanitation and waste management services are important development objectives for PIDG Members and reflect MDG priorities. In response, DevCo and TAF are making renewed efforts to work with governments to design economically viable models for private participation in the sector in Benin (see box opposite), Sri Lanka, Uganda and West Bank and Gaza Strip (Palestinian Territories).

Looking forward, PIDG's overall support for the sector is being reviewed to determine how to approach this challenging sector more effectively and identify areas where PIDG support for successful private sector delivery of water services may be most effective. For example, local companies and entrepreneurs have developed and operate decentralised systems to meet the needs of customers not reached by traditional utilities. In Burkina Faso and Benin, 45% of small piped water schemes are now managed by local private companies. In this context, IFC is leading an initiative on behalf of PIDG to scope possible opportunities to augment its involvement in the water and sanitation sector and, if appropriate, to develop a targeted response to expand access to water and sanitation. Taking into account the PIDG mission and its existing Facilities and instruments, the objectives are to:

- Identify the underlying constraints to private sector investment in the water and sanitation sector and potential response to these constraints, taking into account the support already available from the development finance community.
- Review the existing PIDG Facilities and analyse whether, and if so how, PIDG could best increase its presence in the sector.
- If appropriate, define the institutional, operational and governance arrangements for the chosen approach.

PRIORITISING POOR AND FRAGILE STATES

PIDG Facilities already focus the predominant portion of their resources in low income countries and fragile states (page 28). PIDG is sharpening this established priority further.

In mid-2012, PIDG responded to the need to develop more formal policies for prioritising investments in fragile states by developing a standard system for reporting activities in fragile states across all PIDG Facilities. In the absence of a widely accepted list, PIDG adopted the methodology used by OECD INCAF to compile a List of Fragile and Conflict-Affected States.

In addition to monitoring and reporting activity in fragile states, five of the seven PIDG Facilities[1] have now set minimum facility level targets specifically aimed at investments in fragile and post-conflict states, to be measured as a "% of private sector investment arising in post-conflict and fragile states". These will take effect for 2013 reporting. The targets will vary between the Facilities and reflect their different objectives. For example, GuarantCo's target will be lower than some other Facilities as its ability to operate in fragile states is constrained. Local lenders in many of these countries – with whom GuarantCo works – are often unable to raise longer-term local currency deposits and central banks and regulators thus prevent them lending for the longer terms required for infrastructure projects, even with GuarantCo's mitigation of the credit risk.

1 ICF-DP and TAF are not included as they do not originate projects

INNOVATIVE APPROACHES TO ADDRESSING THE WATER SUPPLY NEEDS OF THE RURAL POOR IN BENIN

Background

In 2012, IFC PPP Transaction Advisory, with the support of DevCo, signed an advisory mandate with the Government of Benin to act as its lead transaction adviser to develop a number of pilot PPP transactions in the rural water sector. The aim is to improve and optimise the current delegation of the management of piped water supply in rural areas and small towns.

Public-private partnerships were first introduced into the rural water supply sector in Benin in 2006. As of 2012, over 1.6 million people in Benin (30% of the rural population) were served by small piped water systems, with 162 of these managed by a private operator under a lease, or management contract, with a municipal government. A 2010 report by the Water and Sanitation Program (WSP) identified that a large number of these PPPs were at risk of failure or were not delivering their full potential because of lack of: transparency in the tendering procedures; inadequate projections and business plans; insufficient access to finance; unclear distribution of rights and obligations; and lack of control over and monitoring of the private operators. In partnership with WSP and IFC Sustainable Business Advisory, this transaction advisory support aims to address these issues through the development of a series of pilot PPP transactions across Benin. These pilots will serve as models for the development of contracts and act as a demonstration for national replication by the government of Benin.

Ten small towns and villages across Benin have been identified for inclusion as pilots in these transactions. Improved PPP contracts in these ten sites, which it is proposed to cluster into a series of four PPP transactions, will deliver improved levels of water service and coverage. If the government chooses to implement the preferred option, that maximises coverage across the communities and promotes household connections as the preferred method of service delivery, 26,000 people, approximately 60% of the total population, will receive new access through household connections. The remaining population will receive more sustainable levels of service at rehabilitated communal stand-posts. These transactions will significantly impact the lives of the community and the sustainability of the water supply systems themselves.

Development impact

Firstly from a development perspective, household water supply has significant social and economic benefits to the consumer:

- Gain in productive time and reduced burden of water collection.
- Reduced risk of contamination of water. Hygiene and water storage practices in these communities are poor.
- Reduced risk of water-related diseases due to increased consumption of clean water.
- Promotion of gender equality, as these benefits disproportionally affect women and girls who are primarily responsible for the management of water in households.
- Provision of water supply through household connections rather than shared water points generally increases the consumption per capita. This will ultimately increase water sold, thus increasing revenues to the operator and strengthening the financial viability of the system.

Women and children will benefit from improved piped water supplies which will reduce time spent collecting water, Benin (DevCo)

ADAPTING THE GOVERNANCE STRUCTURE AND PRACTICES

PIDG has a distinctively light structure, designed to allow a group of like-minded donors to work together to support a wide range of infrastructure-related Facilities, which operate with a high degree of autonomy using private sector commercial practices.

This structure is regarded as working well, as noted in the PIDG Strategic Review and in DFID's and AusAID's recent assessments of multilateral organisations. However, the Members recognise that the rapid growth of the scale and diversity of PIDG operations, and the challenges PIDG faces in operating in a changing environment, call for continuous awareness and flexibility in adapting the organisation structure and practices.

ORGANISATIONAL REVIEW: FINDINGS AND RECOMMENDATIONS

A detailed review of the Programme Management Unit (PMU) and role of the Chair of the PIDG Governing Council was carried out in 2012. This was aimed at further strengthening their effectiveness in response to the growth in the scale and diversity of PIDG operations. These reviews were designed to work closely with the activities of the Strategy Review being carried out concurrently. The following recommendations of the reviews are now in the process of being implemented.

Strengthen the governance and oversight roles of the Chair of the Governing Council – this is being implemented through the creation of the Chair's Office, which will include the appointment of a Special Counsellor to provide a focal point for strategic management and an interface between the Programme Management Unit and the PIDG Members.

Improve financial reporting – to encourage further accountability and transparency, financial reporting across PIDG is being designed to make comparisons of performance across the Facilities easier and to relate these more closely to development outputs.

Development and implementation of a Code of Conduct and updating and consolidation of PIDG Operating Policies and Procedures – PIDG's Disclosure Policy and Procedures, for example, sets out the policy of PIDG regarding the scope of information that PIDG Participants[2] should make available to the public. The policy reaffirms and reflects PIDG's commitment to uphold and enhance transparency about its activities, improve development effectiveness, promote good governance and build public confidence, while taking into consideration appropriate treatment of any commercially sensitive information related to the operations of PIDG's partners.

2 All entities and individuals engaged in activities funded by Members of the PIDG including the PMU, the PIDG Trust, the PIDG companies and Facilities.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

Further improving transparency and accountability across the whole of PIDG has been a priority over the past two years, and a number of measures have been taken which will enhance the scope and quality of information that is collected and published. In 2013 PIDG will start to publish its reporting information in a format that is compliant with the International Aid Transparency Initiative (IATI).

PIDG also publishes online quarterly information relating to the overall development impact of PIDG and PIDG-supported projects. The project chart presents a snapshot of the entire portfolio of PIDG-supported projects, from those in active development to those that have reached financial close, including information on the funding received from the PIDG Members. The project chart also includes gender-disaggregated figures and the classification of projects in terms of their climate change benefits.

The Governing Council agreed on the importance of periodic independent evaluations of PIDG and that, where possible, different Members' evaluation organisations should coordinate their activities to maximise the effectiveness and efficiency of the evaluation process. In 2012, an independent quality assurance audit of PIDG's development impact results found that overall, results reported are a reasonable and fair representation of the expected or actual development impact and the methodologies applied are in line with best practice across DFIs. In some cases, results were conservatively reported, erring on the side of underestimating impact. A summary of the quality assurance report is available on the PIDG website.

Since 2011, PIDG has been a member of the DFI Indicator Harmonisation Working Group – a group of about 20 participating DFIs seeking to explore how they can harmonise a set of common core development output and outcome indicators used to track and report on private sector development results. Harmonising core indicators is expected to lower clients' reporting costs, facilitate the learning process and, eventually, tell a shared story of development results. Such harmonisation would also be consistent with the Paris Declaration on Aid Effectiveness. Taking this work forward will be another important activity in 2013.

Overseeing operations of the Azito Energie power plant, Côte d'Ivoire. A 288MW simple cycle plant is being converted to a 426MW combined cycle power plant, increasing capacity by 138MW (EAIF)

PIDG FACILITIES

The following section gives an overview of each of the Facilities and their key achievements in 2012

- Facilities that provide **technical assistance, affordability and capacity-building support** to PIDG projects (TAF) and to public authorities seeking to deliver projects with private sector involvement (DevCo)
- Facilities that provide early-stage **project development capital and expertise** in Africa and Asia (InfraCo Africa and InfraCo Asia)
- Facilities that provide **long-term debt finance** either through foreign currency loans (EAIF, ICF-DP) or local currency guarantees (GuarantCo)

TAF AT A GLANCE

Challenge	Shortage of public and private sector resources for infrastructure project preparation, evaluation and affordability
Response	The Technical Assistance Facility (TAF) is a pool of funding within the PIDG Trust to assist PIDG companies to support capacity building and help identify and assess potential investment opportunities
Established	2004
Funding PIDG Members	ADA, DFID, DGIS, World Bank / IFC, Irish Aid, SECO and Sida. ADB has also provided funding
Cumulative PIDG Member funding	US$40.65m
Managed by	TAF is a fund within the PIDG Trust that is managed by the TAF Technical Advisor
Website	www.pidg.org
Total commitments at 31 December 2012	US$4.49m total commitments to 23 completed grants US$13.28m total commitments to 31 grants under active development US$1.72m total commitments to 15 completed grants to projects which did not generate private sector investment
2012 commitments	US$2.5m to 13 grants
New grants in 2012	Power generation, Bangladesh Port concession support, Benin Salt farm development, Cambodia Development add-on, Cape Verde PPP training, Kenya-Rwanda Kerala Port ESIA, India Management contract amendment, Liberia Infrastructure strategy, Myanmar Hydropower, Nepal SEC capacity building, Nigeria PPP training, Philippines Hydropower, Sierra Leone Solid waste management, Palestinian Territories Capital markets development[1], Palestinian Territories

1 Grant currently on hold. Facility financial commitments and expected development impacts are not reported for projects under development that are currently dormant or on hold but have not been cancelled.

2012 OVERVIEW

In 2012, TAF arguably had its most active year since the Facility was established in 2004. The total number of technical assistance grants approved during the year – and the total funding approved – both matched or exceeded previous annual highs. In addition, TAF created and began managing a new US$10m project subsidy funding window for Viability Gap Funding (VGF), established a new system for reporting by PIDG Facilities on their use of TAF money, substantially revised the TAF Statement of Policies and Procedures, and underwent an independent performance review.

The sharp increase in demand for TAF funding in 2012 may signal a longer-term growth trend. Virtually all of the PIDG Facilities received funding increases from PIDG Members in 2012, and with more resources have come higher expectations regarding performance. Some of the Facilities are hiring more staff and most are working harder to identify potentially viable projects. Some of the Facilities are more willing to look at projects with longer development lead times and more needs for counterpart capacity building. But while expectations regarding performance have increased for most of the Facilities, affordable project finance has become less available in many low income countries. Projects must be strongly viable to compete for available financing in regions like sub-Saharan Africa. In many cases this means that more TAF support than usual is needed for capacity building and technical assistance in order to develop commercially viable projects.

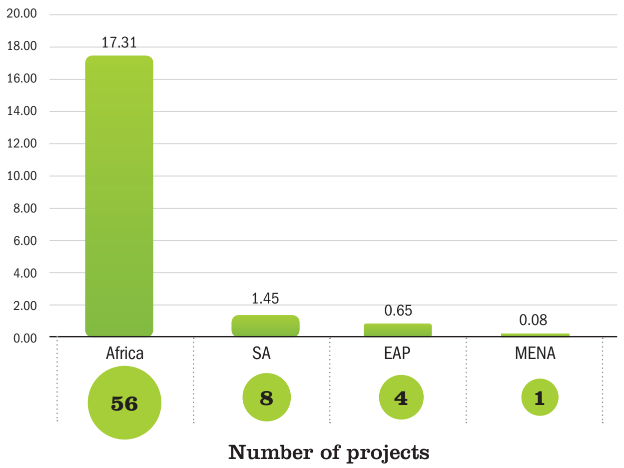
Viability Gap Funding represents both the most innovative step taken by TAF in 2012 and one of the biggest ongoing challenges facing the Facility. Although this new form of support was approved in May, no VGF grants had been awarded by the end of the year. The slow start to the program prompted more outreach to the Facilities by the TAF Technical Adviser, a simplification of VGF application and approval criteria, as well as a donor-approved offer by TAF of small grants to help with the design of VGF proposals. By year-end, the VGF pipeline of proposals appeared to be robust.

In terms of specific technical assistance projects, InfraCo Asia and DevCo combined account for three-quarters of total TAF funding for the year, replacing traditional leading TAF clients like InfraCo Africa and GuarantCo as the most active users of TAF money. But of all the projects approved during the year, the grant for EAIF's Sierra Leone hydropower project was probably the most innovative and powerful use of TAF money. The grant was used to to accelerate development of a highly beneficial, but extremely challenging, public private partnership in one of the world's poorest, least developed countries (see case study on page 62). InfraCo Africa also obtained funding for an innovative development add-on activity in Cape Verde. One grant, for Palestine SEC training, may eventually be cancelled because of an unexpected offer of funding by the World Bank to pay for the same activity.

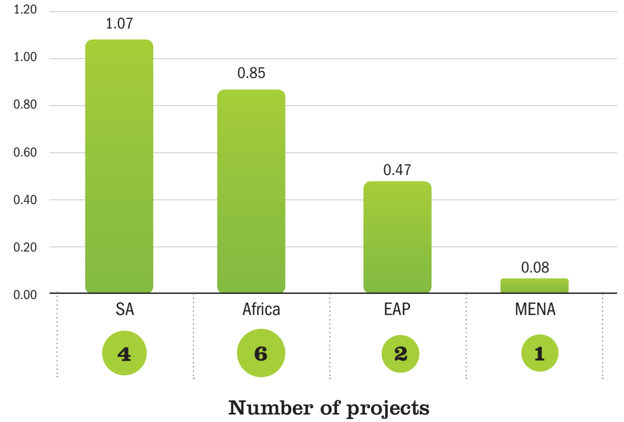
Key TAF activities for 2013 will include roll-out of the VGF program and implementation of a new system for Facility reporting on TAF-funded projects. The key strategic issue for TAF going forward is to find ways of accommodating the likely increases in demand for TAF technical assistance grants and subsidies with appropriate levels of staff resources.

PORTFOLIO REVIEW IN GRAPHICS

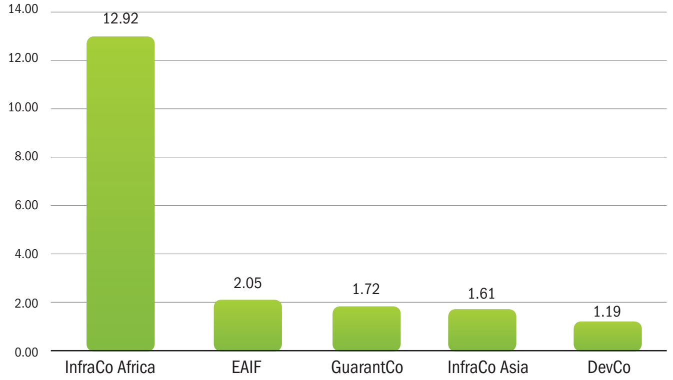
CUMULATIVE TAF FUNDING BY REGION (US$m)



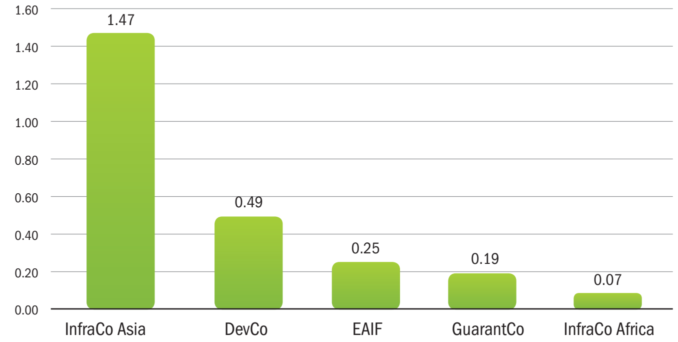
2012 ONLY: TAF FUNDING BY REGION (US$m)



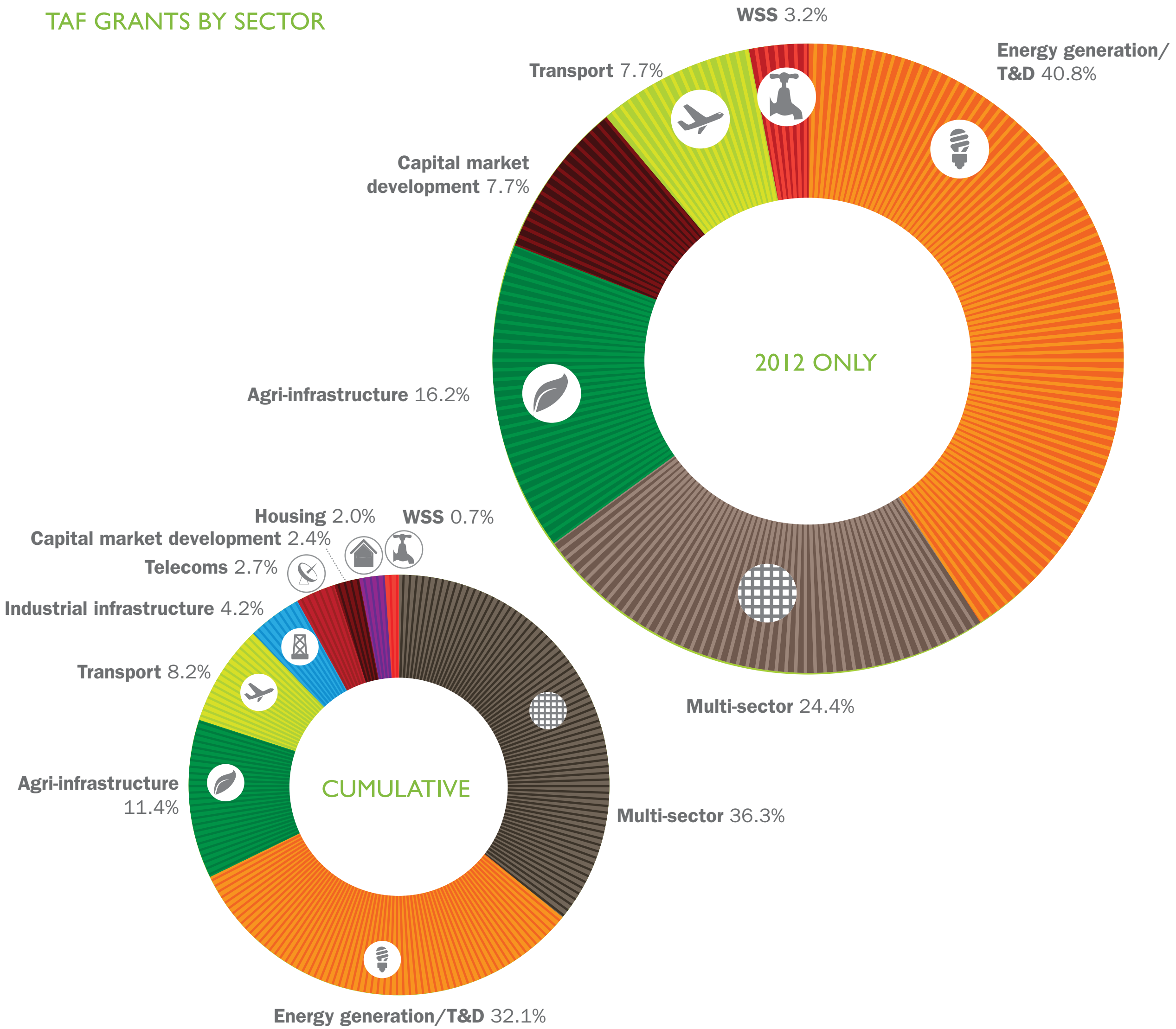
CUMULATIVE TAF FUNDING BY PIDG FACILITY (US$m)



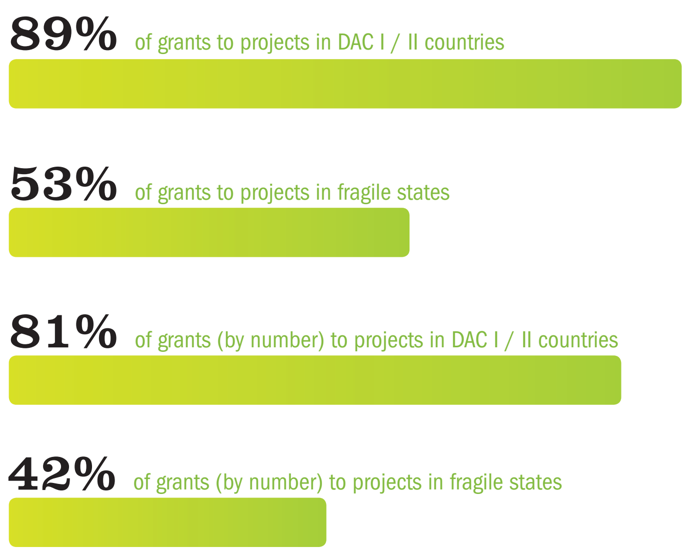
2012 ONLY: TAF FUNDING BY FACILITY (US$m)



TAF GRANTS BY SECTOR



FOCUS ON POOR AND FRAGILE COUNTRIES (CUMULATIVE)



CASE STUDY: DELIVERING MORE POWER IN SIERRA LEONE

Supporting the Ministry of Energy and Water Resources in Sierra Leone to expand the Bumbuna hydroelectric project.

BACKGROUND

According to the World Bank, the most daunting of Sierra Leone's infrastructure challenges is in the power sector – its poor capacity is holding back development in other sectors. Access to power is very low, at around 7% in urban areas, and is non-existent in many rural regions. The country's power generating capacity is lower than most other low-income and fragile states, and almost the entire existing power infrastructure is concentrated in the western part of the country.

In 1975, an 87m-high hydroelectric dam on the Seli (Rokel) River, near the Bumbuna Falls, was 85% complete when civil war brought progress to a standstill. With the return of peace, Sierra Leone took a major step in developing its own hydropower capacity when the 50MW Bumbuna I hydropower plant began supplying power to the capital city, Freetown, in 2010. The project had taken 35 years to complete.

Bumbuna I has significant potential for expansion, and planning is now underway. A private sector developer, Joule Africa, is developing Bumbuna II, which would increase the current generating capacity of Bumbuna I by 339MW to 389MW. Bumbuna II will be structured as a public private partnership and as such, the government will need to play a key role in designing the project, determining how the government's assets will be used in the PPP, setting up a legal and regulatory framework for the project, and negotiating a PPP contract that is both bankable and in the country's interests.

TECHNICAL ASSISTANCE SUPPORT THROUGH PIDG

To make sure that the project is prepared in a bankable way and on a timely basis, EAIF, as a potential lender to the project, mobilised Technical Assistance Facility (TAF) funding for the project. TAF will make a grant of £250,000, through EAIF, to support the technical assistance and capacity building that the government has requested.

Specifically, TAF funding will partially cover the costs associated with hiring an experienced project manager to assist the government. Located in the Ministry of Energy and Water Resources in Freetown, the project manager will provide the necessary practical and professional skills as well as ensuring the interests of the government are adequately protected. Good project management of the PPP process on the part of the public authority is one of the most important ingredients in ensuring the successful delivery of a PPP project.

Initially contracted for two years, the project manager will:

- Assist in negotiations of the joint government-developer project implementation group.
- Ensure project preparation is on time and on budget.
- Make sure that project costs and timings are reasonable.
- Ensure that engineering, social, environmental, financial, insurance and other project risks are properly handled.

EXPECTED DEVELOPMENT IMPACT

- Provide cheap, reliable power, improving the business environment, and supporting economic growth and poverty reduction in Sierra Leone.
- An increase of 600% in the power capacity of Bumbuna I – from 50MW to 389MW.
- Expected savings of over US$2m per month on diesel imports alone as businesses and residences switch over from diesel generators.
- Support of Sierra Leone's current Poverty Reduction Strategy Paper (PRSP), also known as Agenda for Change: 2008-12, which emphasises the need to develop the country's power generation capacity in order to stimulate economic growth.
- Build capacity in the development of public private partnerships, facilitate private investment, promote co-ordination in delivery of technical assistance and facilitate affordability of infrastructure services by the poor.

TAF support is assisting the government of Sierra Leone to manage the expansion of the Bumbuna Hydroelectric Plant. The current generating capacity will be increased by 339MW

NEW GRANTS IN 2012

Project	Country	Sector	Associated PIDG Facility	Funding commitment (US$m)	Description
Bangladesh power generation	Bangladesh	Energy generation/ T&D	InfraCo Asia	0.30	Analysis of key challenges to private investment in the power sector, an assessment of the availability and allocation of natural gas in the country, and an assessment of the feasibility of establishing a power professional training institute in Bangladesh.
Benin Port concession support	Benin	Transport - ports	DevCo	0.15	Post-transaction support grant to help the Benin government meet its obligations under a port concession agreement with a private investor/operator.
Cambodia solar salt farm development	Cambodia	Agri-infrastructure	InfraCo Asia	0.40	Preparation of an Environmental & Social Impact Due Diligence Review, an Environmental & Social Impact Assessment and the design and implementation of a sectoral capacity development strategy for government officials and industry associations.
Cape Verde development add-on	Cape Verde	Multi-sector	InfraCo Africa	0.07	Grant to support the management and improvement of roads, a new active landfill, and additional clean-up at the 'old' landfill in Cape Verde.
Kenya-Rwanda PPP training	Multiple countries (SSA)	Multi-sector	DevCo	0.12	Post-transaction support for three related intensive one-week PPP training modules.
Kerala Port ESIA, India	India	Transport - ports	DevCo	0.04	Grant for an ESIA for the Vizhinjam International Seaport (VIS) project.
Liberia management contract amendment	Liberia	Energy generation/ T&D	DevCo	0.07	Post-transaction support for legal services needed to amend a management contract entered into by the Liberia Electricity Corporation (LEC) with a private contractor.
Myanmar infrastructure strategy	Myanmar	Multi- sector	InfraCo Asia	0.34	Grant for a sector scoping study, a country PSP readiness evaluation, and a gap analysis to determine specific areas where InfraCo Asia can achieve investment project successes in the country.
Nepal hydropower	Nepal	Energy generation/ T&D	InfraCo Asia	0.39	Technical pre-feasibility assessments to identify a pioneering hydropower project and related capacity building for government officials and local private sector counterparts.

Nigeria SEC capacity building	Nigeria	Capital market development	GuarantCo	0.19	Post-transaction support towards the costs of a training programme for the Nigerian Securities and Exchange Commission designed to accelerate development of the debt capital market (DCM) in Nigeria.
Palestine capital markets development*	West Bank & Gaza Strip (Palestinian Territories)	Capital market development	GuarantCo	0.13	Post-transaction support grant associated with the development by the Palestinian Capital Markets Authority (PCMA) of capital market regulations for private pension funds.
Philippines PPP training	Philippines	Multi -sector	DevCo	0.07	Post-transaction support towards PPP training programme for 30 participants from the Philippines and 10 participants from other Asian countries.
Sierra Leone hydropower	Sierra Leone	Energy generation/ T&D	EAIF	0.25	First phase of hiring a project manager to assist the government of Sierra Leone on the Bumbuna II hydropower project.
West Bank solid waste management	West Bank & Gaza Strip (Palestinian Territories)	Water, sewerage and sanitation	DevCo	0.08	Design of an output-based aid (OBA) funding mechanism needed to make a solid waste PPP project in the West Bank commercially viable.

* As noted in the Overview, this grant is currently on hold.

TAF grants are supporting a solar salt farm project in Cambodia and hydropower projects in Nepal (InfraCo Asia)

DevCo AT A GLANCE

Challenge	Insufficiently well prepared projects for private sector involvement due to lack of public authority resources/capacity
Response	DevCo, managed by the World Bank Group's International Finance Corporation, advises poorer developing country governments on structuring transactions to facilitate sustainable private sector participation in infrastructure
Established	2003
Funding PIDG Members	ADA-BMF, DFID, DGIS, Sida, and IFC
Cumulative PIDG Member funding	US$77.29m
Managed by	IFC
Website	**www.ifc.org/ppp**
Total commitments at 31 December 2012	US$33.45m to 20 projects that have reached financial close, 25 projects that are under active development, and three projects which were closed after Phase I studies completed
2012 commitments	US$6.9m to nine projects
Projects that reached financial close in 2012	Kosovo Energy Corporation (KEK)

DEVELOPMENT IMPACT TABLE

Expected development impact of DevCo projects which have reached financial close (as at 31 December 2012)

		Cumulative	2012	2011
Private sector investment		US$6,523m	US$390m	US$3,568m
People expected to benefit from new/better infrastructure		21.62 m	1.70 m	7.63 m
Fiscal benefits		US$2,460.40m	US$34.00m	US$6.00m
Job creation	Temporary new jobs (construction)	1,885	0	1,200

5 DevCo

2012 OVERVIEW

DevCo continued actively to develop new business, and signed nine new advisory mandates, one more than the previous year, all of which are in DAC I and II countries and five of which are in fragile states. Several assignments are expanding the frontiers of PIDG activities, including a mandate to develop viable models for PPP transactions in the rural water sector in Benin which, if successful, has the potential for being replicable elsewhere and achieving major development benefits. This approach, of developing smaller but scalable projects, can also help to mitigate some of the market and other risks that can be faced with larger projects. DevCo also seeks to work closely with other PIDG Facilities and affiliated programmes – in Timor-Leste, for example, DevCo is working closely with PPIAF, which provides upstream regulatory and policy support which will underpin the transaction advice being provided by DevCo to the government.

In 2012 the Kosovo Energy Corporation (KEK) project reached commercial close, with a Turkish consortium as the winning bidder, committed to investing EUR300m to meet aggressive loss reduction targets in the electricity distribution system.

At the same time, DevCo faced several project-related challenges and difficulties during the course of the year. Several other mandates which had been on track to reach financial close in 2012 were delayed, and the Male Airport PPP was cancelled. While the reasons were project specific, the results broadly reflect the high risks of the political and market environment in which DevCo operates and its exposure to a wide range of factors, often external, any one of which can delay or close down a project.

Looking forward, DevCo has a solid pipeline of active mandates with good prospects, and expects that a number of transactions will close in 2013 as a result of positive progress with government decision making processes. Although cautiously optimistic, experience has shown that the successful closure of PPP transactions is highly susceptible to changes in host government attitudes.

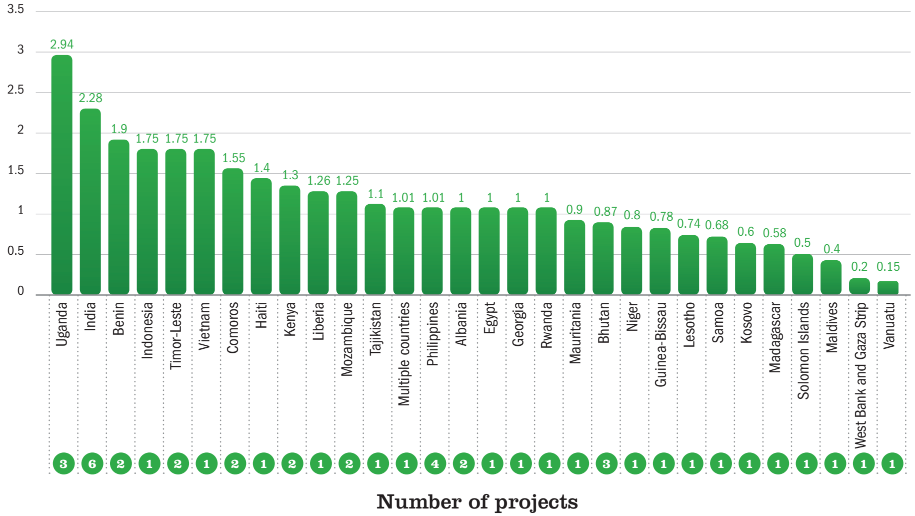
During the year, Punjab Grain Silos, a DevCo-supported project, was the regional winner in the joint IFC/PPIAF Infrastructure Journal's publication *Emerging Partnerships*, reflecting its importance in addressing potential regional food shortages, as well as the innovative nature of the performance-based PPP structure and its ability to be adapted elsewhere. Already the model is being taken to 10 other states in India and to neighbouring Pakistan as well as being reviewed for use in Zambia and Uganda.

A further four projects supported by DevCo were recognised in *Emerging Partnerships*, including Port of Cotonou which was awarded Bronze in the sub-Saharan Africa category.

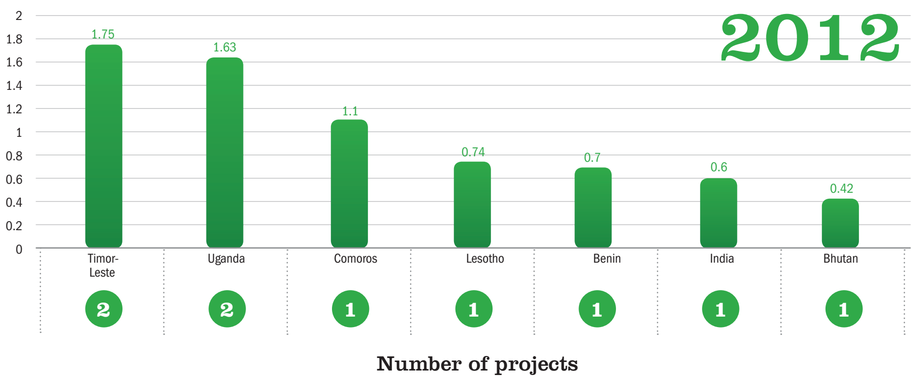
These new grain storage facilities will dramatically improve grain storage performance by reducing wastage and loss of nutritional value when compared with previous facilities (inset)

PORTFOLIO REVIEW IN GRAPHICS

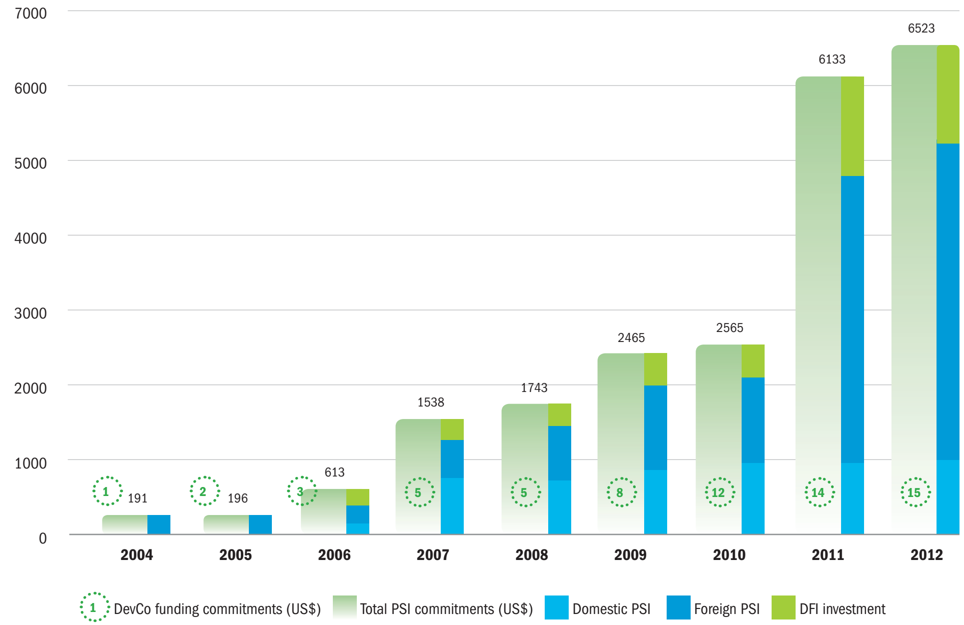
DEVCO CUMULATIVE COMMITMENTS BY COUNTRY (US$m)



2012 COMMITMENTS TO NEWLY SIGNED MANDATES ONLY (US$m)

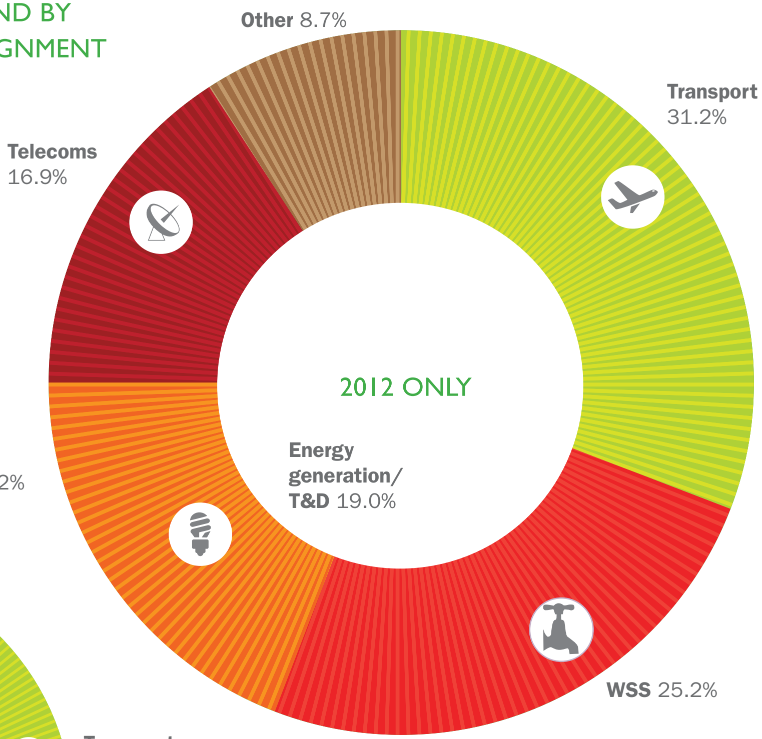


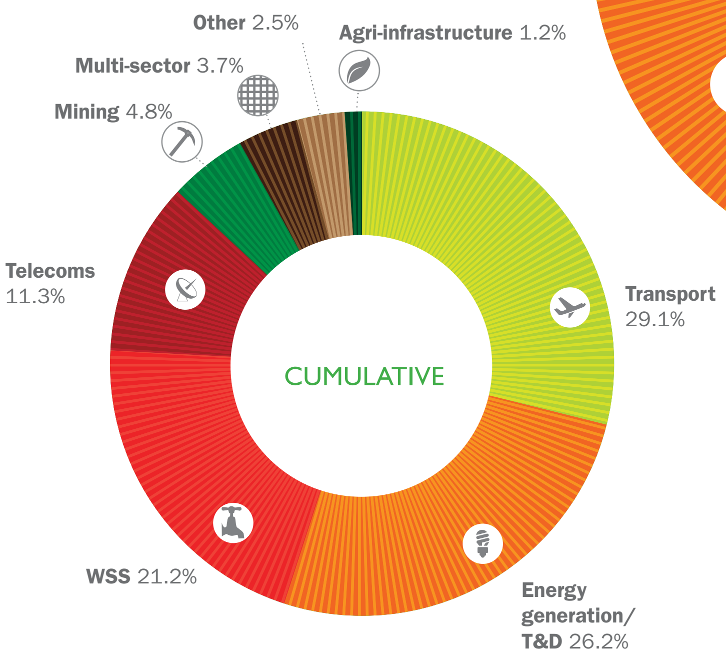
CUMULATIVE DEVCO COMMITMENTS AND EXPECTED PSI FROM DEVCO-SUPPORTED PROJECTS WHICH HAVE REACHED FINANCIAL CLOSE, BY YEAR



- Since its inception, DevCo has signed advisory projects in 29 countries across the globe. Around 35% of DevCo-signed assignments are located in the African region followed by East Asia Pacific and South Asia Regions, each accounting for around 25% of total DevCo-signed assignments.
- In 2012 DevCo began providing services for the first time to governments in Timor-Leste and Lesotho.

DEVCO COMMITMENTS BY SECTOR AND BY YEAR OF SIGNING THE ADVISORY ASSIGNMENT





FOCUS ON POOR AND FRAGILE COUNTRIES

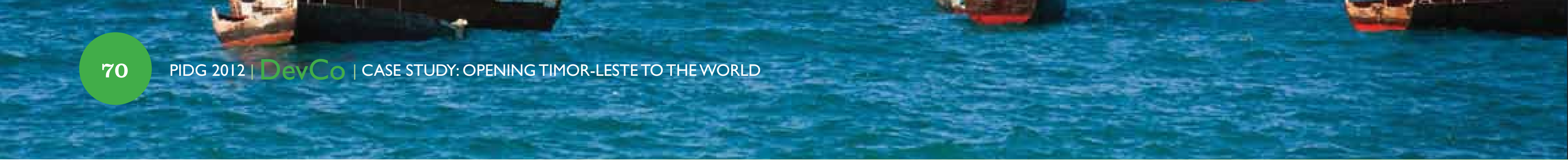
63% of PSI commitments in DAC I / II countries[1]

59% of PSI commitments in fragile states[2]

55% of projects (by number) in DAC I / II countries

35% of projects (by number) in fragile states

1 This excludes Central Java IPP, a large outlier project in a DAC III country. If this project is included, the % of PSI in DAC I / II countries would be 29%.
2 27% if Central Java IPP is included.



CASE STUDY: OPENING TIMOR-LESTE TO THE WORLD

Advising the Timor-Leste government on foreign investment for the development of a new container port at Tibar Bay and improving airport facilities in the capital city, Dili.

BACKGROUND

The Democratic Republic of Timor-Leste is the world's second youngest country, gaining independence in 2002. Following the Indonesian withdrawal, widespread civil upheaval and conflict led to the destruction of some 90% of the country's infrastructure. Since 2009, with the country stable, the government embarked on an ambitious programme to develop infrastructure. Timor-Leste is rich in offshore oil and gas, with excellent fisheries resources and tourism potential. In 2013 it is expected to deliver the sixth highest GDP growth in the world.

In 2011, DevCo was approached to help identify critical PPP projects that would provide the infrastructure necessary to boost the economy. Together with the Asian Development Bank, IFC worked with the government to screen its long-list of projects, identify those most suitable to deliver as PPPs and then develop preliminary business cases for the most viable of these. Based on this work, the government approved proposals to build a greenfield port at Tibar Bay, the country's main seaport outside Dili, and to upgrade the nearby international airport.

A new port will have a transformative economic effect, removing congestion and allowing more traffic and larger vessels. It will provide better access and lower costs for the import and export of goods, including trade with new markets. The port is also expected to become a destination point for cruise ships, in line with Timor-Leste's tourism ambitions.

The upgraded airport, matching international safety standards, will provide cost-effective airport services for the government and enable a gradual expansion of operations and facilities to match demand for this island economy.

THE DEAL

- A mandate for both port and airport schemes was signed by the government with DevCo in May 2012.
- The mandate includes a) initial due diligence, and b) development of a viable PPP transaction structure for private sector participation in the development of Tibar Bay Port and Dili Airport.
- If the government proceeds with the transactions, DevCo will implement a transparent, competitive tender to select private sector partners.
- The initial cost of the port is estimated to be about US$424m, of which the government would contribute US$346m and would seek private sector investment of US$79m
- The initial cost of the airport is expected to be around US$25m, of which US$10m is expected to be financed through private sector investment with the balance of funding provided by government. Additional capital expenditure of US$20-25m would be invested over the life of the concession contract (assuming the terminal expands to cater for forecast passenger growth).

DEVCO SUPPORT

This project involves strong co-operation between a number of institutions including the Public Private Infrastructure Advisory Facility (PPIAF) which will support the development of the necessary regulatory environment as well as the Australian Agency for International Development (AusAID). DevCo is currently undertaking the due diligence phase for both projects, expected to be completed in mid-2013.

As these projects will be the first of their kind in the country, DevCo's expertise is critical in providing the necessary expertise to support the government with the management of the PPP process and the development and execution of project preparation, marketing, documentation and procurement and subsequent negotiation with private sector investors. Once successfully implemented, the two projects will have a significant demonstration effect for follow-up transactions in areas with even broader development impact where private sector investment is required. This is in line with the government's declared objective of enabling an environment conducive to further private sector investment.

EXPECTED DEVELOPMENT IMPACT

Tibar Bay Port

- US$79m private sector investment.
- US$20.2m savings from lack of congestion.
- US$7.64m reduction in freight costs from increased competition.
- Lower import costs for the country, boosting economic growth.

Dili Airport

- US$20m initial private sector investment (recently revised upwards from US$10m).
- 250,000-500,000 additional passengers served per year
- International design and safety standards.
- Ability to match growing demand, while avoiding gateway bottlenecks.

The two combined port and airport initiatives are aligned with government objectives to:

- Improve economic infrastructure.
- Boost access by air and sea.
- Promote tourism.
- Enable broader-based economic growth.

PROJECTS REACHING FINANCIAL CLOSE IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2012	Kosovo KEK	Kosovo	Energy Generation/T&D	Structuring and implementation of Private Sector Participation (PSP) transaction in the distribution business of the national electricity utility, KEK	0.6	390		1,700,000		34					

PROJECTS BECOMING FULLY OPERATIONAL IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2011	Punjab Silos, India	India	Agri-infrastructure	Financing, construction and ongoing operations of a pilot 50,000 tons wheat storage and management facility in Punjab, India – one of the first of multiple potential projects with large potential demonstration effects	0.4	8	7.7	6,660	0	6	0.00	200	200	25	25

NEWLY SIGNED MANDATES IN 2012

Project	Country	Sector	Funding commitment (US$m)	Description
Dili Airport PPP	Timor-Leste (East Timor)	Transport - air	0.25	Structuring and implementing a viable transaction structure for private sector participation in Presidente Nicolau Lobato International Airport in the capital city Dili
Kampala waste management PPP	Uganda	Water, sewerage and sanitation	1.05	Implementing an integrated waste management system for Kampala city on a PPP basis, with an overall goal of enhancing efficiency and sustainability of waste management within the city
Lesotho wind power PPPs	Lesotho	Energy generation/T&D	0.74	Assessing the feasibility of three wind power PPP projects: (i) 600MW near the Katse Dam, (ii) 300MW near the Mohale Dam, and (iii) 200MW near Lebelonyane
Nyagak III	Uganda	Energy generation/T&D	0.58	Identifying a private sector sponsor to develop the 4.36MW Nyagak III hydro plant, in the West Nile area of Uganda
PPP for rural water supply	Benin	Water, sewerage and sanitation	0.70	Improving delegation of the management of piped water systems in rural and small towns to private sector operators through the competitive tender of a number of pilot sites in Benin. This would act as a model for countrywide replication
Privatisation of Comoros Telecoms	Comoros	Telecoms	1.10	Assisting the GoC in finding a suitable investor that will purchase the shares of Comoros Telecoms, and invest in and operate the company
Rajasthan public street lighting	India	Other	0.60	Improving the energy efficiency of the street lighting network in Jaipur
Thimphu parking PPP	Bhutan	Transport - urban	0.42	Investigating the viability of a parking structure in the city of Thimphu under a PPP scheme in order to help rationalise parking capacity in the downtown area with an eye on addressing traffic congestion due to on-street parking
TL Port PPP	Timor-Leste	Transport - ports	1.50	Providing transaction advice to the government of Timor-Leste in structuring and implementing a viable PPP transaction structure for private sector participation in a container terminal in Tibar Bay outside capital city Dili

InfraCo Africa at a glance

Challenge	Bankable private sector infrastructure projects not being developed in sub-Saharan Africa due to high risk of early stage project development
Response	InfraCo Africa is an infrastructure development facility, which has been designed to assume the risks and costs of early-stage project development in the lower income countries in Africa
Established	2004
Funding PIDG Members	ADA, DFID, DGIS and SECO
Cumulative PIDG Member funding	US$113.7m
Managed by	InfraCo Management Team
Principal developer	eleQtra (InfraCo) Ltd, appointed 2005 first as managers and now as principal developers. With offices in London, New York and a number of African countries
Website	**www.infracoafrica.com**
Total commitments at 31 December 2012	US$34.23m funding commitments to eight partial equity or financially closed projects and three projects under active development with signed JDAs
New projects in 2012	No new projects currently under active development based on signed Joint Development Agreements. This excludes new projects in pipeline pre-JDA
Projects that reached equity close or financial close in 2012	Muchinga Hydropower[1], Zambia (US$600m PSI commitments expected)

DEVELOPMENT IMPACT TABLE

Expected development impact of InfraCo Africa projects that have reached equity close or financial close (as at 31 December 2012)[2]

		Cumulative	2012	2011
Private sector investment		US$1,572.07m	US$600.00m	US$44.54m
People expected to benefit from new/better infrastructure		13.81m	2.21m	70,000
Fiscal benefits		US$595.37m	US$82.0m	US$5.37m
Job creation	Temporary new jobs (construction)	7,395	4,000	250
	Permanent new jobs (operations)	1,059	225	79

1 This project reached equity close in 2012, with full financial close and construction expected by 2015.
2 The PIDG results monitoring system only reports the expected development impact of those InfraCo Africa-supported projects that have achieved either equity close or full financial close.

2012 OVERVIEW

InfraCo Africa continued to develop its portfolio of three active projects, and reached its target of one project closing for the year. Muchinga Hydro, a 200MW power project in central Zambia with high PSI commitments and wide access impact, was developed and sold on satisfactory terms to a major strategic investor (page 78). In addition, important progress was made in developing a project to upgrade and expand commuter rail transport services in Nairobi in what could become one of the first rapid transit PPPs in sub-Saharan Africa.

The pace of project development and the realisation of project operations have been progressing steadily. Two other projects reached important operational milestones. Kalangala, the multi-sector infrastructure project on Bugala Island in Lake Victoria, Uganda, began running its ferry service, which significantly improves access for the islanders to the mainland. All four wind farms of the Cabeolica project in Cape Verde reached operation, supplying more reliable electricity from a renewable source and meeting 25% of the islands' electric power requirements.

The Chiansi Irrigation project in Zambia gained international recognition with a silver award for innovative public-private infrastructure partnership in sub-Saharan Africa in the joint IFC Infrastructure Journal's publication, *Emerging Partnerships*. It was cited as representing "a major innovation in the financing of irrigation infrastructure in Africa and demonstrating that public and private finance sources can be combined to make a unique agribusiness partnership". As well as providing irrigation infrastructure to service an initial 1,575 hectares of farmland, the Chiansi project is providing irrigated market garden plots to local small-scale farmers to produce staple foods. This will help to secure household food security as well as generate revenue from the sale of surplus production.

It is important to recognise the difficulties of developing greenfield infrastructure projects in Africa – this requires both the right blend of an enabling environment and the ability to pull commercial opportunities and work with them until they come to fruition. It is the riskiest end of the project cycle, with many projects having multiple lives before they finally reach financial close, if at all.

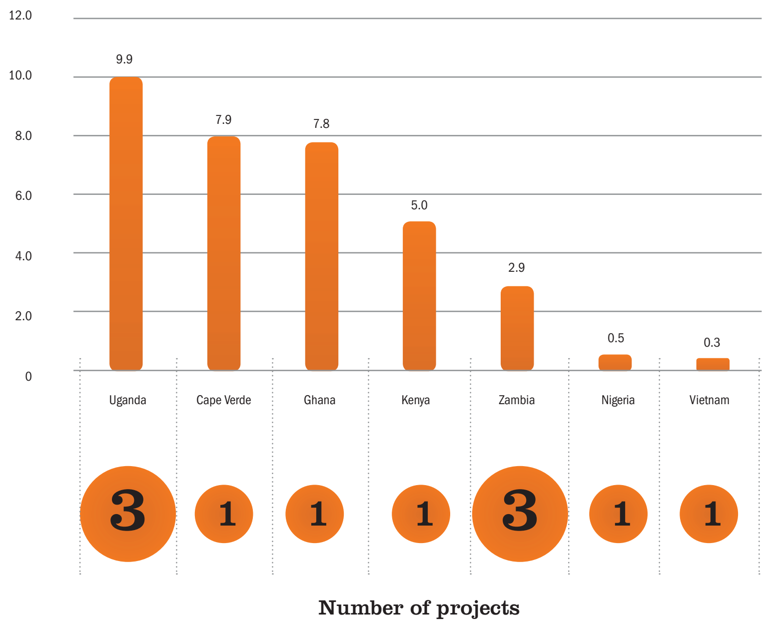
2012 was a year of transition for InfraCo Africa. Responding to PIDG's strategy to increase support for the development of bankable projects at the earlier stages of the project development cycle, the Board further developed the Facility's operating model. This will involve expanding support from using a sole project developer to the use of several project development managers overseen by an internal InfraCo Management Team. This will enable the Facility to increase the scale and scope of its activities as well as stimulate the supply of project development companies, so badly needed in the region. By the end of the year, significant progress had been made in reaching agreement on new working arrangements and 2013 will see these put into effect.

As part of the new strategy, the post of Executive Director was created to drive forward the new multi-developer structure within which eleQtra will continue to play a major role.

With substantial funding now available – during the year, Members' funding disbursed for the Facility was US$41.8m – and an expanded project delivery model, InfraCo Africa is well set to accelerate its project development activities in 2013. This may include the replication of the successful Cabeolica wind power project in other countries in the region.

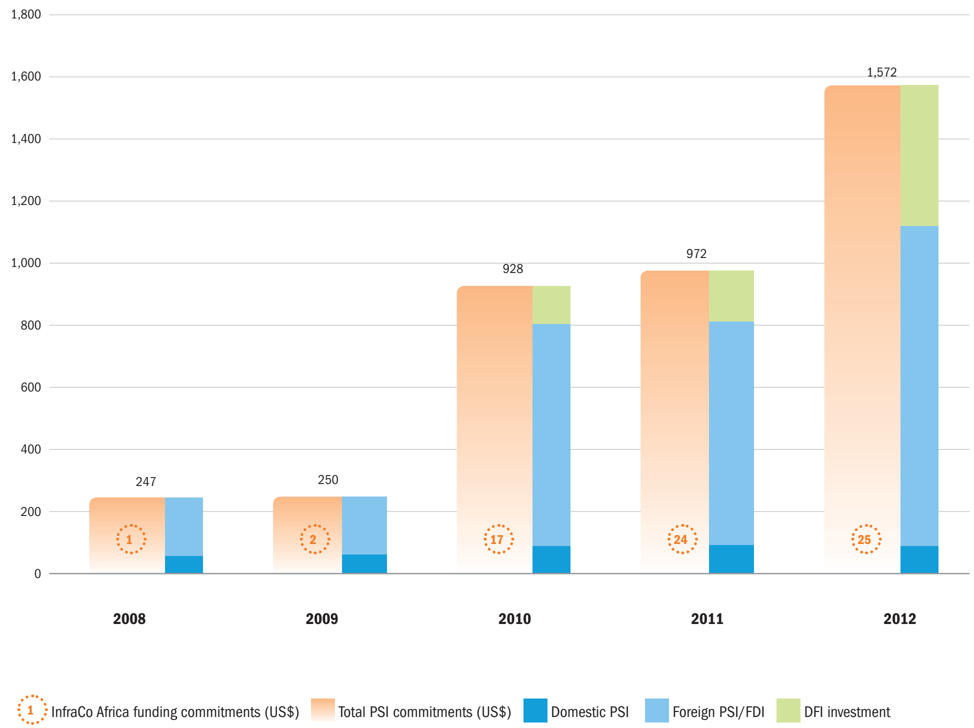
PORTFOLIO REVIEW IN GRAPHICS

CUMULATIVE INFRACO AFRICA COMMITMENTS TO PROJECTS UNDER ACTIVE DEVELOPMENT OR THAT HAVE REACHED EQUITY CLOSE OR FINANCIAL CLOSE, BY COUNTRY (US$m)

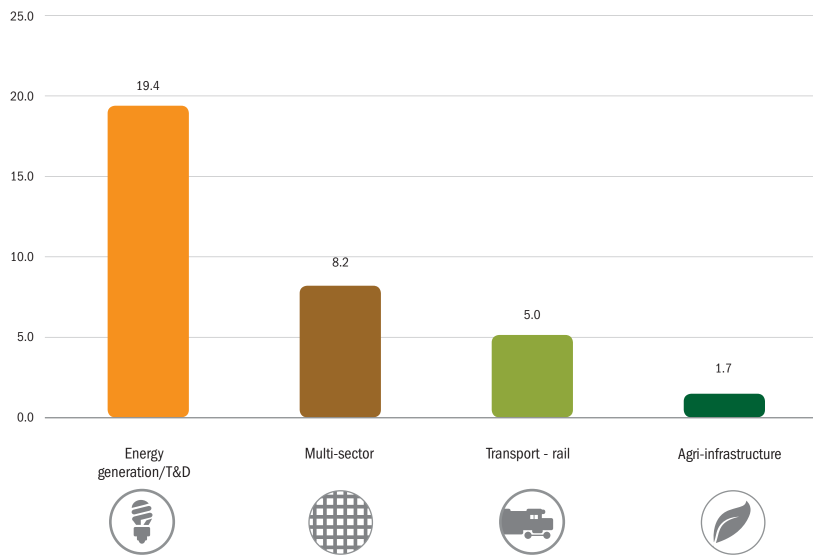


Note: At inception, InfraCo Africa had a mandate to operate globally in developing countries (when the project in Vietnam was developed). This was subsequently amended in 2009 to focus solely on sub-Saharan Africa, with InfraCo Asia established to operate in the poorer countries of Asia.

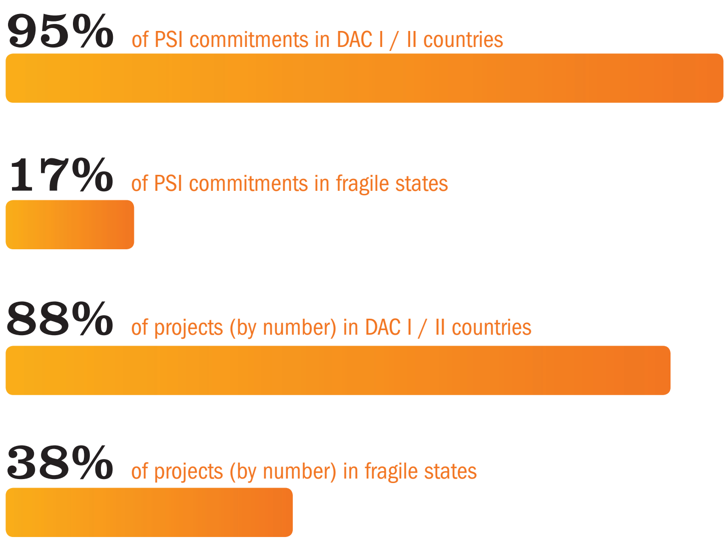
CUMULATIVE VALUE OF INFRACO AFRICA COMMITMENTS AND EXPECTED PSI FROM INFRACO AFRICA-SUPPORTED PROJECTS THAT HAVE REACHED EQUITY CLOSE OR FINANCIAL CLOSE, BY YEAR OF CLOSE (US$m)



CUMULATIVE INFRACO AFRICA COMMITMENTS TO PROJECTS UNDER ACTIVE DEVELOPMENT OR THAT HAVE REACHED EQUITY CLOSE OR FINANCIAL CLOSE, BY SECTOR (US$m)



FOCUS ON POOR AND FRAGILE COUNTRIES



CASE STUDY: BOOSTING RENEWABLE ENERGY SUPPLY IN ZAMBIA

Muchinga Power is a 200MW hydropower project designed to generate sustainable renewable electric power. It has been jointly developed by Lunsemfwa Hydro Power Company (LHPC), a Zambian power generation company, and InfraCo Africa Ltd. Muchinga will significantly improve electricity-generating capacity for the people of Zambia and neighbouring countries.

BACKGROUND

As the pace of development in its mining sectors and the overall increase in economic activity continue to accelerate, Zambia faces increasing power shortages. In addition, an estimated 80% of Zambia's population has no access to electricity. Hydroelectric power generation potential in the country has been estimated at 6,000MW, but only about 1,800MW has so far been developed.

The Muchinga project has been able to take advantage of an exceptional site in Central Province, Zambia, at the Lunsemfwa Gorge, some 70km east of Kabwe. The project will harness the combined flows of the Lunsemfwa and Mkushi rivers. It will include the use of an existing dam on the Lunsemfwa River at Mita Hills and involve the construction of a new narrow dam in the Mkushi Gorge, as well as a new power plant, some 25km downstream.

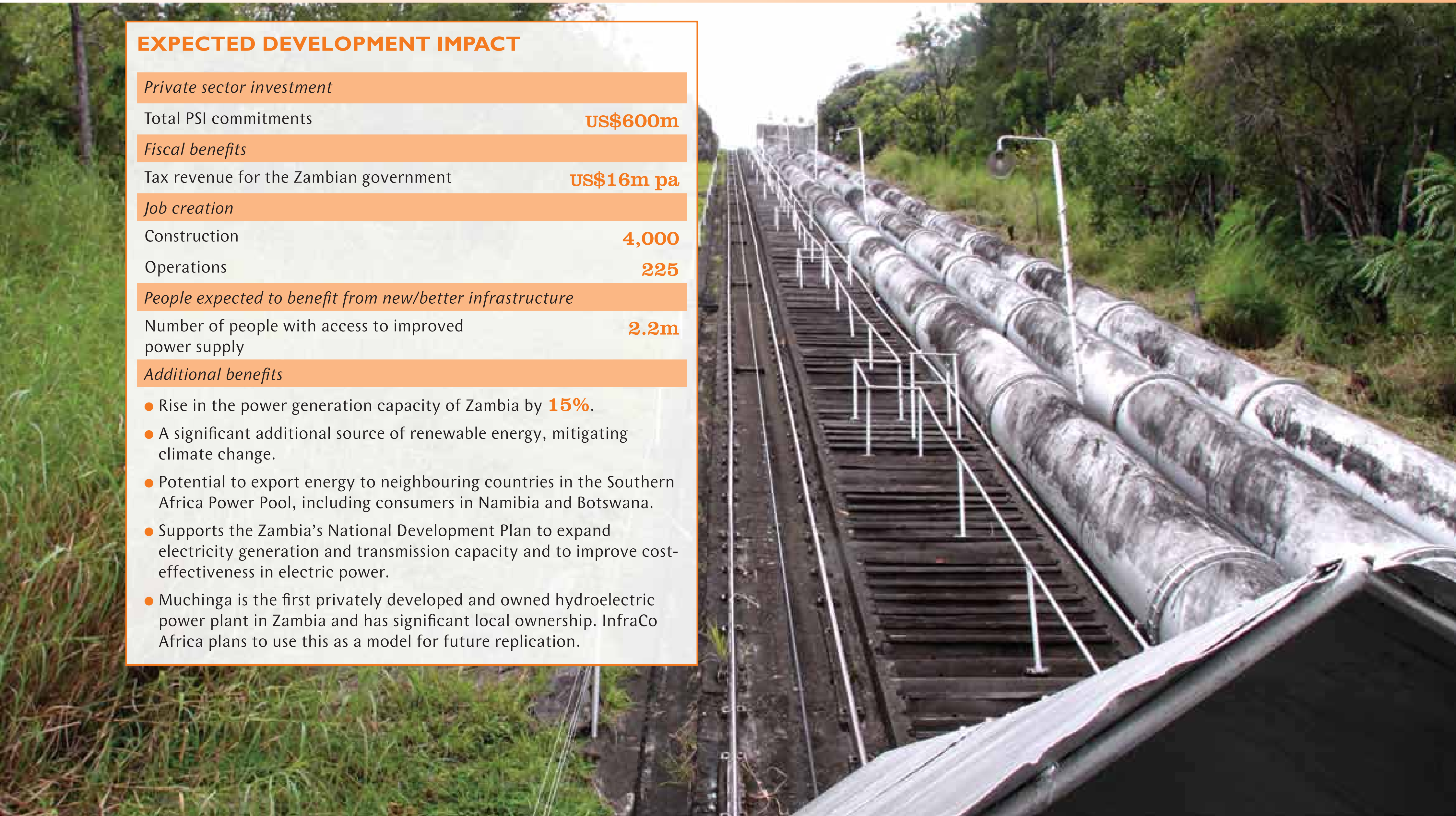
THE DEAL

LHPC had already acquired the existing site in the government privatisation programme, and approached InfraCo Africa in 2009 with a proposal to develop jointly the downstream expansion. InfraCo Africa assisted the local shareholders of LHPC (a small group of Zambian entrepreneurs) in developing a project that had been on the drawing board for a decade, by providing a vision and concept that had been missing within the project sponsor group.

- InfraCo Africa sold its interest in the project to LHPC in September 2012, which recently became a subsidiary of SN Power of Norway. Thus a substantial overseas equity investor was brought in to the project to support the next phase of project development.
- Project construction, expected to begin in 2015, requires a total investment of US$600m, including an equity investment of approximately US$200m from local and foreign commercial sources.
- The balance of the project financing is expected to be provided through loans from DFIs and international commercial banks.

INFRACO AFRICA SUPPORT

InfraCo Africa signed a Joint Development Agreement (JDA) with the original project sponsors, LHPC, in March 2010. Following this, LHPC and InfraCo Africa commissioned technical feasibility studies, selected the design concept for the plant, conducted environmental and social impact assessments, and entered discussions with off-takers. InfraCo Africa helped LHPC transform the project by developing a technical approach that effectively doubled electricity output using the same flows of water, significantly enhancing the commercial viability of the project. This transformation enabled local sponsors to attract international investors, and accelerated the project development.



EXPECTED DEVELOPMENT IMPACT

Private sector investment	
Total PSI commitments	**US$600m**
Fiscal benefits	
Tax revenue for the Zambian government	**US$16m pa**
Job creation	
Construction	**4,000**
Operations	**225**
People expected to benefit from new/better infrastructure	
Number of people with access to improved power supply	**2.2m**
Additional benefits	

- Rise in the power generation capacity of Zambia by **15%**.
- A significant additional source of renewable energy, mitigating climate change.
- Potential to export energy to neighbouring countries in the Southern Africa Power Pool, including consumers in Namibia and Botswana.
- Supports the Zambia's National Development Plan to expand electricity generation and transmission capacity and to improve cost-effectiveness in electric power.
- Muchinga is the first privately developed and owned hydroelectric power plant in Zambia and has significant local ownership. InfraCo Africa plans to use this as a model for future replication.

PROJECTS THAT REACHED EQUITY CLOSE IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2012	Muchinga Power Company, Zambia	Zambia	Energy generation/ T&D	Developing a series of run-of-river hydro projects to serve the growing domestic and industrial demand for power in Zambia. Designed to produce 200MW of sustainable hydropower using the existing Mita Hills reservoir in central Zambia	1.50	600.00		2,207,244		82.00		4,000		225	

PROJECTS THAT COMMENCED PARTIAL OPERATIONS IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2011	Kalangala Infrastructure Services Project, Uganda[3]	Uganda	Multi-sector	Developing and financing of two ferries, upgrading the island's 66km main road, and a series of solar-powered pump based water supply systems to serve Bugala Island	4.60	28.98		35,000		1.63		175		60	

Note: See Annex 3 for summary details of InfraCo Africa's portfolio including closed projects and those under active development.

3 The Kalangala Infrastructure Services project reached full financial close in December 2012. Full EPC construction on the island is expected to commence in 2013.

MAURICE HIKAPALWE'S STORY CHANYANYA SMALLHOLDER COOPERATIVE SOCIETY TREASURER

We are confident of our future… We have hope

Maurice grew up in rural Southern Province Zambia. His parents, poor smallholder farmers, saved money and managed to send him to school in the Copperbelt of Zambia. After completing his schooling and a course to train as an auto technician, Maurice moved back to Kafue District in Southern Province. There he was offered a job managing a social development project, giving out small loans to fishermen and farmers in Chanyanya.

When the project ran out of money all the staff including Maurice were laid off. Following in the footsteps of his parents he turned to the land. The Chanyanya area had constant issues with drought which affected the community and caused long periods of hunger and food insecurity. Motivated by a desire to help his local community Maurice got involved in politics and was elected a councillor for the local ward.

> "We realised we had good land and abundant water from the nearby Kafue river, what we needed was irrigation and that's when we started looking for help. We tried the government but they had no money and then we were introduced to InfraCo who offered to help bring irrigation to our community."

InfraCo Africa is supporting a project in Chiansi to bring wealth to the poorest of the poor in this farming community in Zambia. As part of a wider private investment, market garden plots have been developed to provide water and inputs to enable smallholder farmers to deliver fresh produce to the local markets.

"Since the project started several years ago, our lives have improved, we enjoy a better diet through growing of vegetables, and even the clinic has seen fewer cases of malnutrition and poor health because we can grow vegetables for the table. I grow potatoes, green beans and even strawberries; we had never seen strawberries before! We now have food security, employment and money coming in, we diversify what we grow, we can use the project tractor and equipment to plough our maize fields… We had none of these things before. Our neighbours do not have this project and they are unsure of their future. We are confident of our future… We have hope.

"My children will not need to be struggling farmers, I can send them to college, and this is because I do not have to worry about how I will feed them, constantly having to worry if I can grow enough food. The project has allowed me to concentrate on other things in life and help my children have a better future."

7 InfraCo Asia Development Pte Ltd (InfraCo Asia)

InfraCo Asia at a glance

Challenge	Bankable private sector infrastructure projects not being developed in Asia due to high risk of early stage project development
Response	InfraCo Asia is a project development facility which aims to stimulate greater private investment in Asian infrastructure development by acting as a principal project developer, focusing on lower income countries
Established	2010
Funding PIDG Members	DFID, SECO and AusAID have committed to future funding of InfraCo Asia
Cumulative PIDG Member funding	US$59.87m
Managed by	Nexif (InfraCo) Management Pte Ltd
Website	**www.infracoasia.com**
Total commitments at 31 December 2012	US$28.9m funding commitments to 12 projects under active development
2012 commitments	US$26.6m to 11 projects
New projects in 2012	Coc San hydropower project, Vietnam Solar salt farm, Cambodia Gul Ahmed wind power, Pakistan Kabeli A hydropower, Nepal Lower Manang Marsyangdi hydropower project, Nepal Marsyangdi III hydropower project, Nepal Nyadi hydropower project, Nepal[1] Kadda gas power, Bangladesh Kotte waste to energy project, Sri Lanka Mechanised grain market infrastructure development project, India Metro Power Wind, Pakistan
Projects that reached financial close in 2012	None

1 The four hydropower projects in Nepal together comprise the Gurans Energy Joint Venture. Since 2012, Marsyangdi III has been put on hold.

2012 OVERVIEW

2012 was a year of rapid growth for InfraCo Asia, screening 37 projects and putting in place development agreements for 11 new projects, bringing its total portfolio to 12 projects under active development. This builds on its earlier promotional work and its network of field offices in the Asian region, which was further expanded in the year with a presence now in Hanoi and Kathmandu.

InfraCo Asia's significant scale-up has been due to its ability to identify and partner with local developers who share similar values and end objectives. So, for example, in Nepal they have partnered with Butwal Power Company (BPC) to form a joint venture to develop a suite of four hydropower projects – the Gurans Energy Joint Venture. InfraCo Asia brings financial expertise and access to international finance while BPC brings extensive local and technical knowledge and presence to the partnership.

The new commitments were spread across seven countries in the region, including Bangladesh, Nepal, Pakistan and Sri Lanka, which are classified as fragile states. Overall, InfraCo Asia's commitments have been mostly focused in the renewable energy sector, with five hydropower projects, two wind power projects and a waste to energy project currently in development, representing over 385MW of potential additional power generation. Energy is a sector of immense need and government focus in the region. In countries such as Nepal, hydropower is a significant and largely untapped resource where applying good project development skills can make a significant impact. For InfraCo Asia power also presents an opportunity to develop specific expertise in one of a number of focus sectors.

Three of InfraCo Asia's projects are classified as High Development Value (HDV) projects – a commercial salt farm in Cambodia, an integrated grain market project in Rajasthan, India (see page 51), and a hydropower project in Nepal. All three are innovative projects in difficult countries and sectors, which will not only deliver important development impacts, but also have a significant potential for demonstration effect and, therefore, possibilities to encourage other private sector developers and investors into the country.

During 2012, DFID disbursed an additional US$27.4m. This will provide InfraCo Asia with a solid foundation to cover its work plan for the next two years as well as enabling it to make a substantial contribution to developing infrastructure in the frontier economies in the Asian region. AusAID also made further progress on agreeing their potential funding to InfraCo Asia to start in 2013 and at the end of 2012 SECO approved their package of funding.

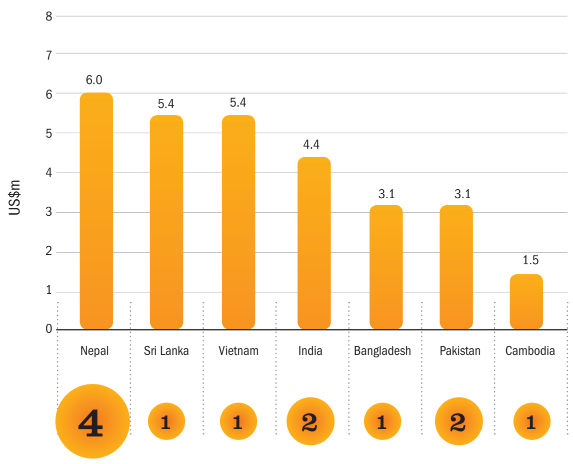
The major priority for InfraCo Asia is to start to convert their substantial portfolio of projects under development to financial close, sale and operational implementation, with a target to bring its first project to financial close in 2013.

While the power sector represents the largest area of focus, InfraCo Asia is also developing project streams in agri-infrastructure and waste management where both sectors have a high development impact. In addition, the Facility will continue to extend the scope of its operations in other priority countries. InfraCo Asia has appointed consultants to undertake a scoping and strategy study, funded by a TAF grant, for InfraCo Asia's potential activities in Myanmar.

Good progress was also made on setting up InfraCo Asia Investments, which will provide early follow-on equity to complement InfraCo Asia Developments' activities. The objective is to address market failures in the supply of capital to viable but early stage infrastructure projects, which can delay and sometimes prevent their reaching financial close. It will also facilitate the accelerated construction and completion of high developmental value projects.

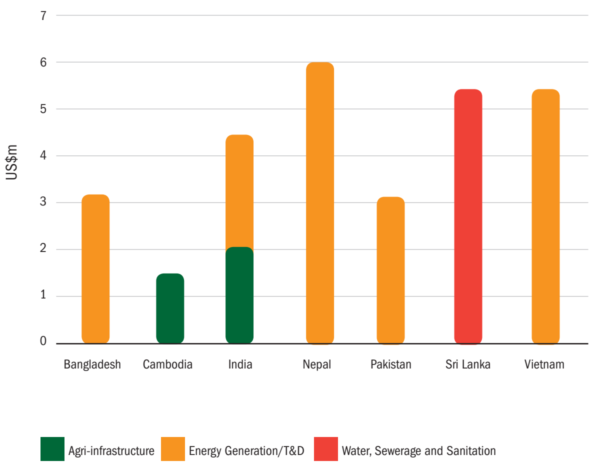
PORTFOLIO REVIEW IN GRAPHICS

INFRACO ASIA CUMULATIVE COMMITMENTS BY COUNTRY, BY VALUE AND NUMBER (US$m)



- In line with InfraCo Asia's priority states, 67% of projects (8/12) are located in lower-income and lower/middle-income countries and states.
- InfraCo Asia has been active across a wide geographic area, and now has active projects in seven of the 14 countries in which it is mandated to operate.

INFRACO ASIA CUMULATIVE COMMITMENTS BY SECTOR AND COUNTRY (US$m)



- 69% of the projects are in the energy generation/T&D sector, 12% in agri-infrastructure and 19% in the water, sewerage and sanitation sector.

FOCUS ON POOR AND FRAGILE COUNTRIES

67% of projects in priority countries (by number)[2]

67% of projects in fragile states (by number)

61% of InfraCo Asia funding commitments in fragile states

2 InfraCo Asia's priority countries include: Bangladesh, Cambodia, Laos, Nepal, Pakistan and poorer Indian states.

2012 NEW SIGNED JOINT SHAREHOLDERS AND DEVELOPMENT AGREEMENTS

Project	Country	Sector	Facility funding (US$m)	Description
Kadda gas power	Bangladesh	Energy generation/T&D	3.15	750MW gas or dual fuel fired power generation project to be located at Kadda, Gazipur, Bangladesh
Solar salt farm	Cambodia	Agri-infrastructure	1.45	Development of 120ha (first project) salt farm in Cambodia, to demonstrate modern best practices in salt farm design and methodology in order to improve yield and quality for export market
Coc San hydropower project	Vietnam	Energy generation/T&D	5.40	29.7MW Coc San hydropower project located in the Dum River Valley, about 22km from Lao Cai city in Lao Cai Province of Vietnam
Gul Ahmed wind power project	Pakistan	Energy generation/T&D	1.65	Development of a 50MW (in one or more phases) wind farm in the Sindh Province of Pakistan
Gurans Energy joint venture (Kabeli A; Lower Manang Marsyangdi; Marsyangdi III; and Nyadi)[3]	Nepal	Energy generation/T&D	6.00	Joint venture to develop four run-of-river hydropower projects with total capacity of 246MW 37.6MW peaking run-of-river hydropower plant
Mechanised grain market infrastructure development project	India	Agri-infrastructure	2.05	Development of post-harvest mechanised grain handling, sorting and bagging facilities integrated with mechanised warehousing and an electronic trading platform at eight locations in Rajasthan State, India, commencing with 2 locations initially.
Metro wind power project	Pakistan	Energy generation/T&D	1.45	50MW (in one or more phases) wind farm in the Sindh Province of Pakistan
Kotte waste to energy project	Sri Lanka	Water, sewerage and sanitation	5.40	580 metric ton per day Municipal Solid Waste (MSW) management project in Kaduwela near Colombo in Sri Lanka, which will use grate-based waste to energy technology to generate 10MW of electricity and reduce landfill waste

3 Since 2012, Marsyangdi III has been put on hold.

CASE STUDY: IMPROVING NATURAL SEA SALT FARMING IN CAMBODIA

The development of a 120 hectare salt farm in Cambodia, producing high yield, high quality salt for the export market.

BACKGROUND

For centuries, small-scale farmers in Cambodia have harnessed the tides of the ocean to harvest its salt. Water from the ocean is trapped in the fields which, once it evaporates, leaves salt crystals. But the country's solar sea salt industry, concentrated in the southern Kampot Province, has languished from poor access to modern techniques. It produces an average of 90,000 tons of salt per year (roughly equivalent to the total national food consumption of salt) from 4,500 hectares of naturally evaporated sea salt farmland under cultivation. The salt produced lacks quality and is used exclusively for domestic food consumption and not for export. More modern production techniques will significantly improve the quality of salt produced, boost levels of production and enable exports.

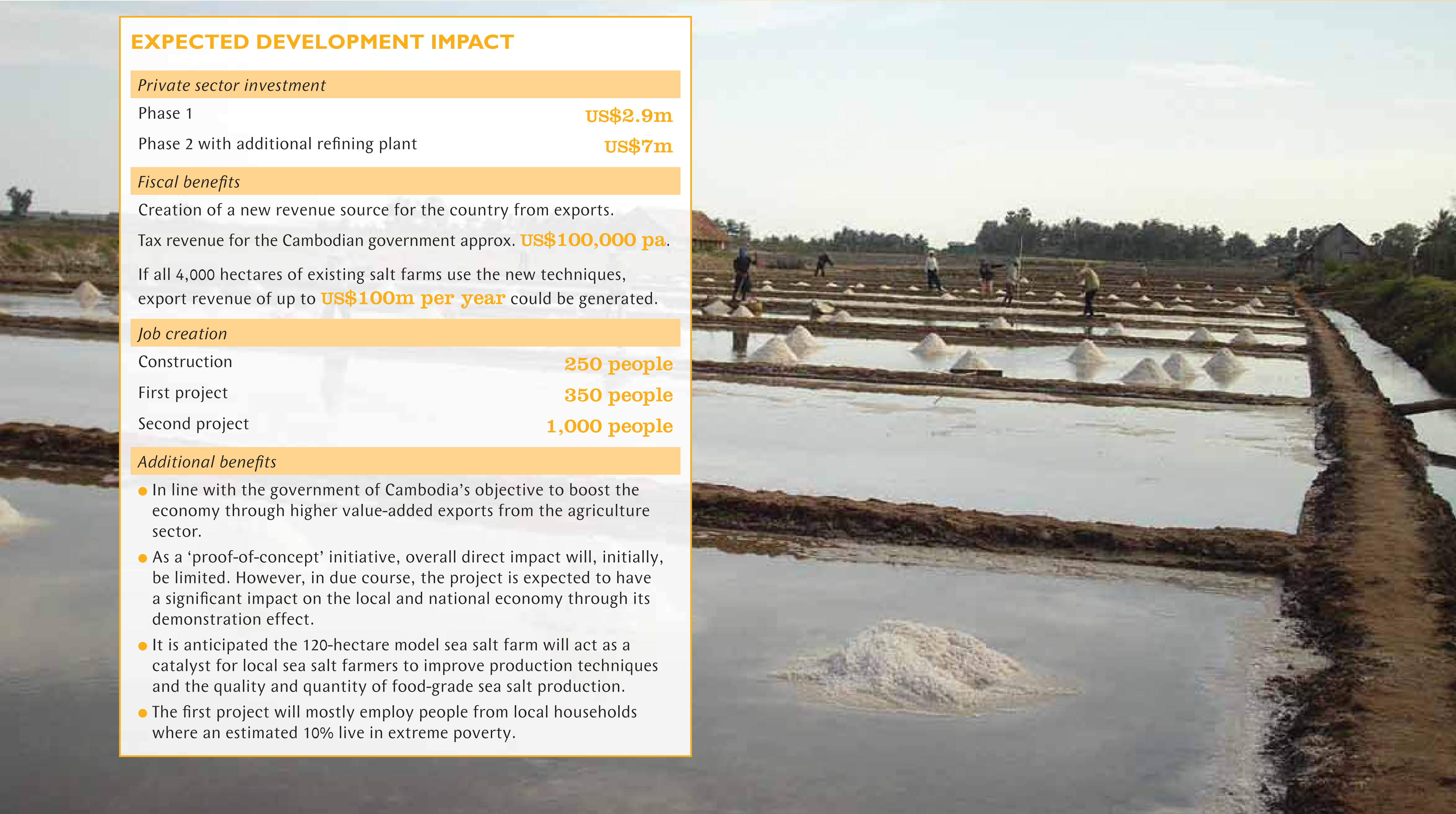
InfraCo Asia's 120 hectare model salt farm initiative (eventually expanding to 400 hectares) will apply modern best practices in naturally evaporated sea salt farm design to boost the yield, and to improve the quality of salt production. This will make salt suitable for export to initial markets in South Korea and, potentially, Japan. The project is designed to catalyse the entire sector, encouraging local salt farmers to adopt modern design and improved practices. If the model succeeds, it has the potential to create a US$100m per year export sector (based on the existing amount of land given to harvesting salt), retaining sufficient supply of salt for domestic consumption, and creating employment opportunities for up to 10,000 workers in this sector.

THE DEAL

- The capital cost of the first project is estimated at US$2.9m.
- A second project, estimated at US$7m, would not only increase production capacity, but, by adding a refining plant, could enable the export of refined food-grade, naturally evaporated sea salt to a broader international market.
- InfraCo Asia is working with a South Korea-based development partner to realise the project, through a 50/50 joint-venture company.

INFRACO ASIA SUPPORT

InfraCo Asia, PIDG's Asia-based project development Facility, has provided its project development expertise to the Cambodia salt farm development. As this is a 'demonstration/proof-of-concept' initiative with a small investment, bank financing is limited and the project will be funded entirely by equity. InfraCo Asia brings infrastructure project development know-how, while its partner brings expertise of modern salt production technologies, and access to the export market in South Korea.



EXPECTED DEVELOPMENT IMPACT

Private sector investment	
Phase 1	**US$2.9m**
Phase 2 with additional refining plant	**US$7m**

Fiscal benefits

Creation of a new revenue source for the country from exports.

Tax revenue for the Cambodian government approx. **US$100,000 pa**.

If all 4,000 hectares of existing salt farms use the new techniques, export revenue of up to **US$100m per year** could be generated.

Job creation	
Construction	**250 people**
First project	**350 people**
Second project	**1,000 people**

Additional benefits

- In line with the government of Cambodia's objective to boost the economy through higher value-added exports from the agriculture sector.
- As a 'proof-of-concept' initiative, overall direct impact will, initially, be limited. However, in due course, the project is expected to have a significant impact on the local and national economy through its demonstration effect.
- It is anticipated the 120-hectare model sea salt farm will act as a catalyst for local sea salt farmers to improve production techniques and the quality and quantity of food-grade sea salt production.
- The first project will mostly employ people from local households where an estimated 10% live in extreme poverty.

8

The Emerging Africa Infrastructure Fund Ltd (EAIF)

EAIF AT A GLANCE

Challenge	Shortage of long-term loans at sufficiently low interest rates for private sector infrastructure projects due to perceived risks in developing countries in Africa
Response	The Emerging Africa Infrastructure Fund Ltd (EAIF) is a public private partnership able to provide long-term debt or mezzanine finance on commercial terms to finance the construction and development of private sector infrastructure projects
Established	2001
Funding PIDG Members	DFID, DGIS, Sida, SECO
Cumulative PIDG Member funding	US$202.06m
Total Fund Size	US$746m
Managed by	Frontier Markets Fund Managers Ltd (FMFML)
Website	**www.emergingafricafund.com**
Total commitments at 31 December 2012	US$667m to 36 projects that have reached financial close
2012 commitments	US$98m to five projects
Projects that reached financial close in 2012	Azito Energie expansion, Côte d'Ivoire Ethiopian Airlines, Ethiopia South Asia Energy Management Systems II (SAEMS)-Nyamwamba Hydro Power Plant SPA Maghreb Tubes, Tunisia TICO Takoradi expansion project, Ghana

DEVELOPMENT IMPACT TABLE

Expected development impact of 36 EAIF projects that have reached financial close (as at 31 December 2012)

Cumulative			**2012**	**2011**
Private sector investment		US$10,020.92m	US$1,949.55m	US$692.95m
People expected to benefit from new/better infrastructure		111.45m	16.21m	9,57m
Fiscal benefits		US$786.59m	US$42.04m	US$100.30m
Job creation	Temporary new jobs (construction)	11,380	1,450	6,670
	Permanent new jobs (operations)	6,876	1,914	2,113

2012 OVERVIEW

2012 was another busy year for EAIF with further growth in its portfolio. EAIF signed an additional five loan agreements, totalling US$98m, to projects in the energy, transport and industrial infrastructure sectors. Energy was a dominant sector this year – reflecting the urgent need for additional electricity capacity across the continent in order to sustain and promote economic growth. Two projects of particular interest were in Ghana and Côte d'Ivoire, and involve improvements to existing power plants to increase their generating capacity and provide new or improved power supply to over 14 million people, without any increases in fuel required.

EAIF's cumulative commitments at December 2012 stood at US$667m. As well as increasing its commitments, EAIF has continued to expand its geographic scope with three of the new commitments in countries where EAIF has not previously lent: Côte d'Ivoire, Ethiopia and Ghana. EAIF has had a high level of activity in the poorest and fragile states – to date, EAIF has supported projects in 17 countries across Africa, including nine countries classified as fragile states, and over 90% of the expected PSI commitments arising from its projects are in DAC I and DAC II countries.

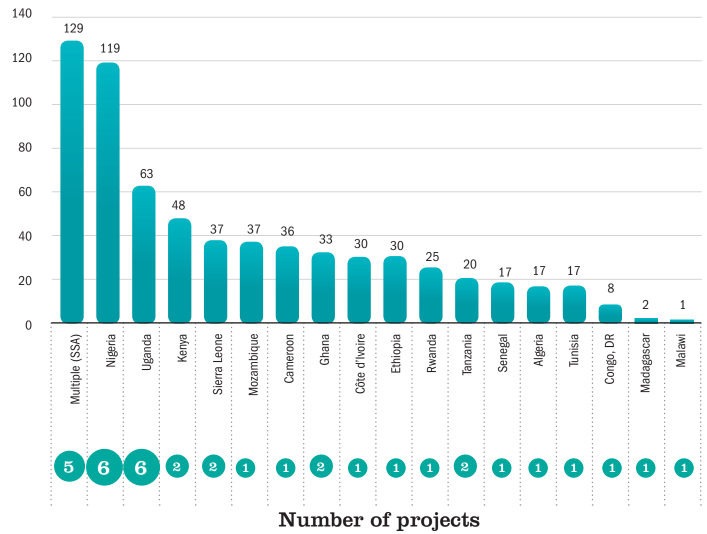
EAIF aims to demonstrate the viability of private sector investment in infrastructure in Africa. As at December 2012, EAIF's portfolio consists of 28 active projects, of which almost half (13) are operational and repaying their loans. While the portfolio is performing well overall, EAIF has made a provision for the potential impairment of two of its loans. EAIF's credit record demonstrates that the risks of lending for infrastructure in sub-Saharan Africa can be successfully managed. In July 2012, the US$8m loan to Zain (Celtel) Africa – Democratic Republic of Congo was fully repaid.

Recognising one of Africa's most innovative infrastructure projects to be signed recently, KivuWatt, the Lake Kivu methane power project signed in 2011, was awarded the top rating (gold) public private infrastructure partnership in the joint IFC-PPIAF Infrastructure journal's publication Emerging Partnerships. The Project is under construction and expected to commence operations in 2013.

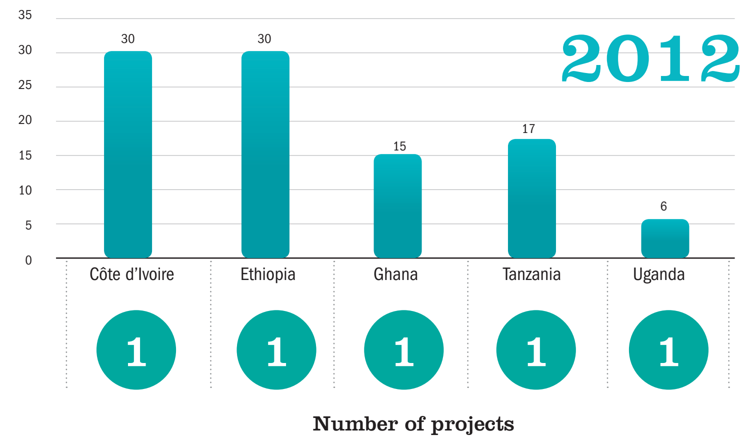
EAIF has now built a strong reputation in its markets as one of the principle sources of long-term infrastructure finance. Looking forward, EAIF has a healthy pipeline, with 20 projects in 13 countries and a number of pan African-projects currently under active consideration. This provides a solid basis for reaching future lending targets in support of infrastructure growth.

PORTFOLIO REVIEW IN GRAPHICS

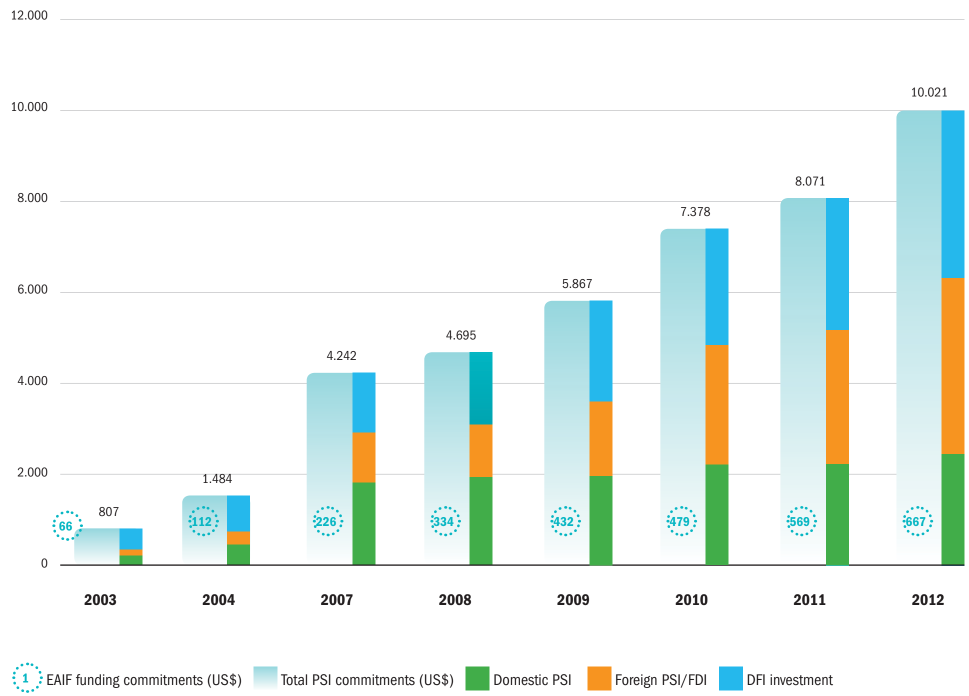
EAIF CUMULATIVE COMMITMENTS BY COUNTRY (US$m)



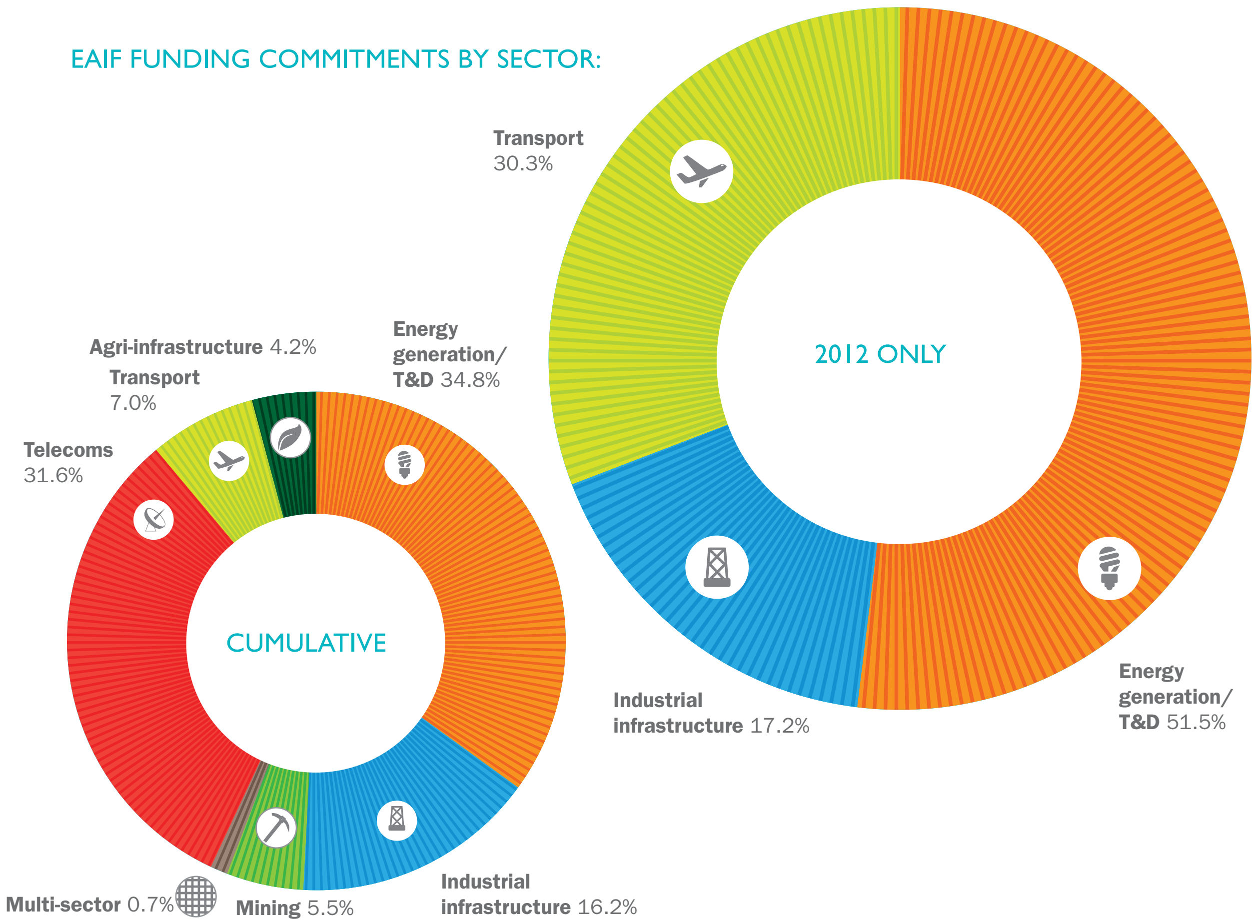
2012 COMMITMENTS ONLY (US$m)



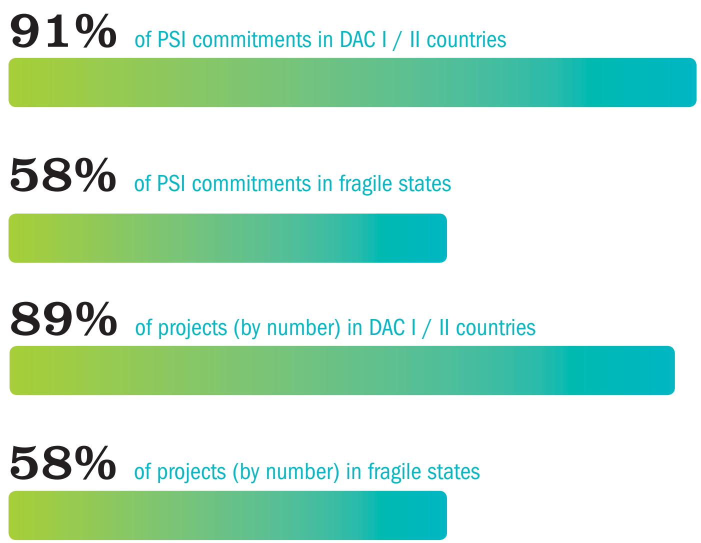
EAIF CUMULATIVE COMMITMENTS AND EXPECTED PSI FROM EAIF-SUPPORTED PROJECTS BY YEAR (US$m)



EAIF FUNDING COMMITMENTS BY SECTOR:



FOCUS ON POOR AND FRAGILE COUNTRIES



- Over 50% of EAIF projects signed in 2012 are in the Energy Sector. EAIF has now provided loans totalling US$232m to 12 projects in this sector, half of which are renewable energy projects.

CASE STUDY: CÔTE D'IVOIRE POWERS UP

Azito Energie: The conversion of a single cycle to a combined cycle gas-fired power plant, increasing its efficiency and capacity without increasing fuel usage.

BACKGROUND

The West African country of Côte d'Ivoire is emerging from a troubled recent history, including civil war. There is rising demand for electricity, but the country's struggling energy sector has been unable to keep pace. The discovery of natural gas reserves and the introduction of new technology promise the right solution at the right time.

The Azito power plant, located near the major port city of Abidjan, has been in operation since 1999. It is ideally sited close to both natural gas resources and a lagoon with the potential to supply cooling for the power plant. Converting the existing 288MW simple cycle plant to a 426MW combined cycle power plant will increase its capacity by 138MW. This is achieved by adding a condensing steam turbine, which is powered by the exhaust heat of the existing turbines. This increases power output by almost 50%, but uses no extra natural gas. More electricity is simply obtained from the same amount of gas. The conversion will be complete in 2015.

The conversion of Azito will boost electricity supply in the country by 15%. The expansion will create one of the most efficient power plants in West Africa, and provide a third of the electricity capacity in Côte d'Ivoire by 2015. This project received the 'Deal of the year - Power' award in the recent *Infrastructure Journal* awards.

THE DEAL

- Azito Energie Holding company, a Côte d'Ivoire concern, including interests of Industrial Promotion Services (West Africa) and the Aga Khan Fund for Economic Development, owns 23.1% of the Azito power plant.
- Globeleq controls the remaining 76.9%.
- The project will mobilise a total investment of US$430m. This will comprise:
  - US$344m of debt financed through a combination of US$295m from a consortium of DFIs and US$49m from Banque Ouest Africaine de Development.
  - US$86m in equity from Azito Energie Holding company and Globeleq.

EAIF SUPPORT

Most local and international commercial banks would not, or could not, participate in financing the expansion of Azito. The fragile, post-conflict economy of Côte d'Ivoire was a significant factor, as was the long tenor of 15 years for the loans required. Some commercial lenders that had initially indicated that they were prepared to finance the project were not able to do so due to a combination of the high country risk for Côte d'Ivoire and long loan tenors required, further reinforcing the challenge of raising long-term financing in the region. In response, EAIF agreed to increase their long-term loan to US$30m to help ensure that this important project was able to reach financial close.

EXPECTED DEVELOPMENT IMPACT

Private sector investment

Total PSI commitments **US$430m**

Fiscal benefits

Tax revenue for the Côte d'Ivoire government approx. **US$7.5m** over the first five years and significantly more over the long-term concession period for the plant.

Job creation

Construction **600 people**

Operations **14 people**

People expected to benefit from new/better infrastructure

Number of people with access to extended and improved electric power supply **5.26m people**

Additional benefits

- National power supply output increase of **15%**.
- Additional electricity generated using the same quantity of gas leading to significantly increased fuel efficiency and cost savings.
- **400,000** tonnes of CO^2 saved per year.
- By becoming autonomous in electricity generation, Côte d'Ivoire will also be able to supply power regionally where demand exceeds availability of supply.
- The development of a combined cycle power plant at Azito will serve as a model for the development and financing of similar power projects in Côte d'Ivoire, and developing countries elsewhere.

PROJECTS THAT REACHED FINANCIAL CLOSE IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2012	Azito Energie Expansion	Côte d'Ivoire	Energy generation/T&D	Conversion of the existing Azito gas fired tolling power plant to a 426MW combined cycle power plant, adding a further 138MW generation capacity without requiring any additional fuel	30.0	430.6		5,260,000		7.5		600		14	
2012	Ethiopian Airlines	Ethiopia	Transport – air	Purchase of 10 Boeing 787 aircraft for incorporation into the Ethiopian Airlines fleet, enabling a 20% fuel saving from similar aircraft and significantly reducing carbon footprint	30.0	1025.0		1,454,544		0.0		0		1,500	
2012	South Asia Energy Management Systems II (SAEMS) – Nyamwamba Hydro Station	Uganda	Energy generation/T&D	14MW run-of-river plant in Kilembe, Western Uganda	6.0	30.0		587,850		25.0		250		30	
2012	SPA Maghreb Tubes	Tunisia	Industrial infrastructure	Green field steel pipe manufacturing company targeting the water transport pipe market in Tunisia	17.0	24.0		0		7.3		100		250	
2012	TICO Takoradi expansion project	Ghana	Energy generation/T&D	Expansion of Takoradi 2 to a 330MW combined cycle thermal plant, adding 110MW additional generation capacity without needing any additional fuel	15.0	440.0		8,910,000		27.2		500		120	

PROJECTS THAT COMMENCED PARTIAL OPERATIONS IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2011	Helios Towers, Tanzania	Tanzania	Telecoms	Construction and operation of a portfolio of telecommunication towers in Tanzania	15.0	150.0		2,472,000		99.0		4,080		53	
2011	Tower Power Abeokuta Ltd, Nigeria	Nigeria	Energy generation/T&D	12MW combined heat and power station in Abeokuta, Nigeria	15.0	21.4		2,000,000		0.3		40		10	
2010	Dakar Container Terminal, Senegal	Senegal	Transport - ports	Expansion and modernisation of existing container terminals, and development of a new container terminal, in Dakar	17.0	294.0		0		61.6		250		18	
2009	African Foundries Ltd, Nigeria	Nigeria	Industrial infrastructure	New steel mill plant, with a capacity of 225,000 tonnes p/a, that would convert local scrap into steel reinforcing bars	20.0	124.3		7,500,000		0.0		500		515	
2009	SPA Maghreb Tubes, Algeria	Algeria	Industrial infrastructure	Green field steel pipe manufacturing company targeting the water transport pipe market in the Republic of Algeria	17.0	24.0		0		3.6		100		250	

GuarantCo AT A GLANCE

Challenge	Shortage of long-term, local currency-denominated funding for private sector infrastructure projects to reduce exchange rate risk for projects
Response	GuarantCo provides guarantees to lenders to support local currency finance for infrastructure projects in low income countries, promoting domestic infrastructure financing and capital market development
Established	2006
Funding PIDG Members	DFID, Sida, SECO through the PIDG Trust, and DGIS through FMO
Cumulative PIDG Member funding	US$161.61m Total guarantee capacity: US$450m
Managed by	Frontier Markets Fund Managers Ltd
Website	**www.guarantco.com**
Total commitments at 31 December 2012	US$230.3m to 18 projects that have reached financial close
2012 commitments	US$29m to two projects
Projects that reached financial close in 2012	Cameroon Telecommunication Ltd (CamTel) Kaluworks Ltd, Kenya

DEVELOPMENT IMPACT TABLE

Expected development impact of 18 GuarantCo projects which have reached financial close (as at 31 December 2012)

Cumulative			**2012**	**2011**
Private sector investment		US$2,850m	US$238m	US$375m
People expected to benefit from new/better infrastructure		14.00m	2.82m	0.71m
Fiscal benefits		US$713.80m	US$12.0m	US$165m
Job creation	Temporary new jobs (construction)	62,910	600	500
	Permanent new jobs (operations)	176,274	450	70

2012 OVERVIEW

In 2012, GuarantCo successfully issued new guarantees totalling US$29m on two projects, in Cameroon and Kenya, which are expected to generate US$238m additional PSI. The CamTel project in Cameroon alone is expected to provide access to high-speed broadband services to 2.6 million people – a vital requirement for business, trade and economic growth.

PIDG Member funding increased to US$161.61m with the receipt of additional equity from DFID in 2012. GuarantCo's leverage facility was also renewed and increased during 2012 providing authorised guarantee capacity of US$300m. FMO has joined Barclays and KfW, the original providers in the Facility, while USAID and Sida are in the process of considering an additional combined US$50m. The successful completion of these funding arrangements represents a demonstrable commitment by the donors and commercial lenders to the long-term growth of the Facility and a substantial enhancement of GuarantCo's financing capacity.

As with the other PIDG Facilities, GuarantCo faced a challenging market environment in 2012. In particular, the high level of domestic interest rates in a number of otherwise promising countries made local currency financing unattractive to prospective clients. At the same time, record low interest rates on its hard currency deposits depressed its important source of treasury income: this is being partly addressed through a revised treasury policy to help diversify and improve treasury income and through increased income from portfolio growth.

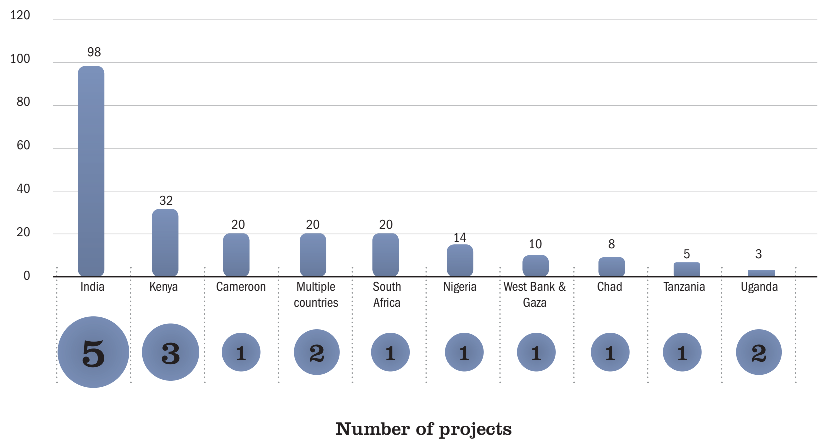
While its pipeline remained strong, the fall in overall commitments compared with the previous year reflected unexpected delays experienced in two transactions, which are now anticipated to close in 2013. This is symptomatic of the challenges and complexities in bringing together multiple stakeholders, often including first time local lenders to infrastructure projects through local currency guarantees – structuring and closing of innovative transactions often takes years. GuarantCo's unique role in stimulating new forms and sources of finance is even more relevant today as focus in infrastructure financing has turned to finding local and international institutional sources of long-term finance for infrastructure. As with any pioneering role, there are challenges to developing markets and evolving project structures: for example, project off take agreements are often predominantly foreign currency denominated in many of GuarantCo's markets reflecting the current scarcity of local currency finance and the availability of hard currency finance from DFIs and other sources at attractive rates. This can discourage the development of local currency financing opportunities. GuarantCo's medium-term strategy recognises that to play a larger role in supporting potential local currency financing, it must increase its capacity in order to be able to provide a local currency option that will encourage the development of local currency denominated contracts. This has the obvious benefits for governments in reducing their exposure to long-term foreign currency denominated obligations.

Looking ahead, the increase in GuarantCo's equity, its renewed leverage agreement, and the recruitment of additional staff and associated increase in marketing and deal origination will provide the basis to expand the scale of its operations and to make a more substantive contribution to developing the capacity of domestic capital markets to participate in supporting infrastructure investments. GuarantCo's substantial project pipeline reflects it unique role as a provider of additional finance as well as its ability to engage and build capacity in local markets.

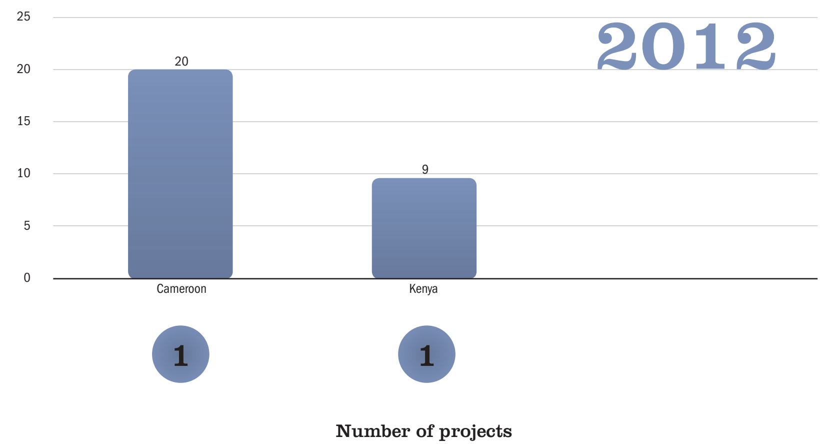
While the remit of GuarantCo, as envisaged by the GuarantCo donors, is global (limited by per capita income), the company is targeting at least half of its transaction activity in Africa and expects to support those sectors where the greatest market failures exist. At the same time the company recognises that a broader geographical focus helps to diversify risk in the portfolio, an important consideration for leverage providers, increases the number of potentially viable transactions and allows cross fertilisation of techniques and structures from more developed markets into Africa.

PORTFOLIO REVIEW IN GRAPHICS

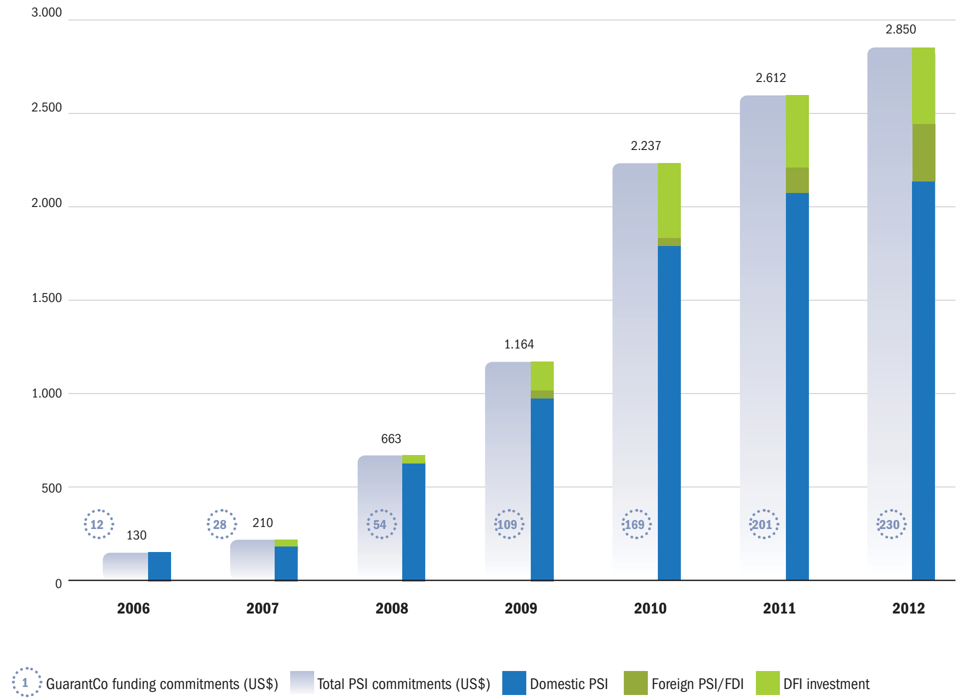
GUARANTCO CUMULATIVE COMMITTED GUARANTEES BY COUNTRY (US$m)



GUARANTCO 2012 COMMITTED GUARANTEES BY COUNTRY.

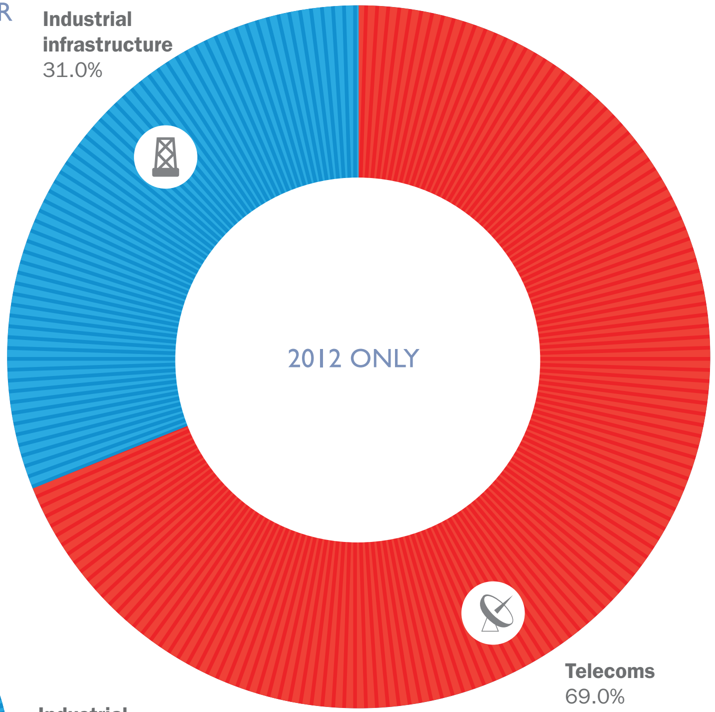


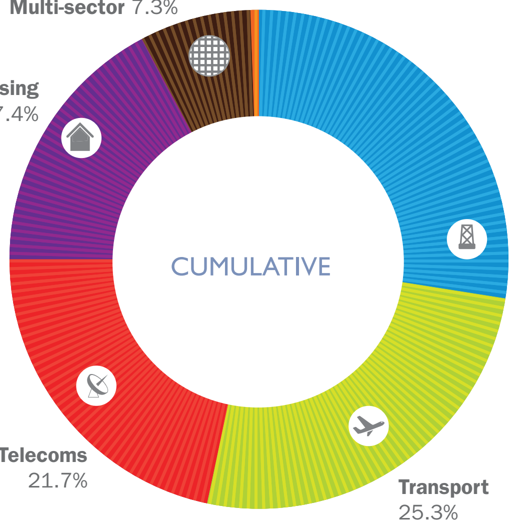
CUMULATIVE VALUE OF GUARANTCO GUARANTEES AND EXPECTED PSI FROM GUARANTCO-SUPPORTED PROJECTS BY YEAR (US$m)



GUARANTCO COMMITMENTS BY SECTOR

- GuarantCo has supported projects in the industrial infrastructure, telecoms and transport sectors, each accounting for around 25% of total GuarantCo commitments.
- Low income housing is another frontier sector supported by GuarantCo projects, comprising 17% of its portfolio.





FOCUS ON POOR AND FRAGILE COUNTRIES

25% of PSI commitments in DAC I / II countries

22% of PSI commitments in fragile states

50% of projects (by number) in DAC I / II countries

50% of projects (by number) in fragile states

CASE STUDY: RAISING THE ROOF IN KENYA

Expanding aluminium roofing production and making it more affordable as the market grows in Kenya.

BACKGROUND

The East African roofing market has historically been all about steel sheet roofing. For most people, aluminium has simply not been affordable. But this versatile material has many advantages – not least that it is lighter and more durable. It lasts up to 50 years, compared to 10 years for steel roofing, and it is recyclable – a house-owner can sell their old roof to help fund its replacement.

Kaluworks in Mombasa, Kenya, started out in 1929, manufacturing family cookware. Growing into a leading manufacturer and distributor of aluminium cookware across East Africa, the company diversified into aluminium sheet roofing, becoming the only manufacturer in the region.

With growth in the aluminium roofing market predicted at 30% between 2012 and 2015, as compared to 5.6% for the whole East African roofing market, the company has embarked on a step-change in production, to capture that market growth. Kaluworks is not only expanding production but producing the finished product at a much lower premium – typically just 10-20% more than steel. This will make aluminium a competitive roofing choice for a much wider market, including lower income families.

THE DEAL

- Total project investment is US$35.10m, with US$23.1m provided by domestic Kenyan banks.
- To finance the difference, Kaluworks issued a local currency bond on the Nairobi Stock Exchange, which successfully raised the remaining KSH1.0billion (US$12m).
- The company's expansion programme is purely debt financed.

GUARANTCO SUPPORT

The Kenyan bond market is well established and the Nairobi Stock Exchange has proved an attractive avenue to raise medium to long-term capital for many companies. However, access to this wider pool of capital is generally only accessible for larger, corporate borrowers such as Safaricom and KenGen. Medium-sized companies like Kaluworks are rarely able to take advantage of this source of finance.

Kaluworks' local advisers recommended that, in order to access this wider pool of long-term finance, the company would need to obtain credit enhancement via a third-party guarantor. GuarantCo was approached to use its AAA local rating to help Kaluworks to raise US$12m through a 75% partial credit guarantee on the bond issuance.

GuarantCo's support for Kaluworks provided a strong demonstration effect, helping a medium-sized company access capital markets which are typically only available to the largest corporates. The guarantee also made it possible to lengthen the tenor of financing to seven years from the typical five years. This will help the company to offer its product at more affordable rates to the consumer.

EXPECTED DEVELOPMENT IMPACT

Private sector investment	
Total PSI commitments	**US$35.1m**
Fiscal benefits	
Tax revenue for the Kenyan government from 2017 onwards	**US$6m pa**
Job creation	
Direct new jobs	**150 people**
Many more jobs will be created through the company's distribution networks	
People expected to benefit from new/better infrastructure	
Access to affordable roofing	**225,000 people**

20% of Kaluworks' production is sold to people living below the poverty line, so an estimated **45,000 people** poor people will benefit.

Additional benefits

- Expanded production capacity of aluminium sheeting once plant in operation – **15,000** tons.
- **60%** increase in production solely for domestic roofing.
- GuarantCo's guarantee support for this investment will assist in increasing production and improving availability and cost-effectiveness of aluminium roofing across East Africa.
- This was one of the first transactions where a third party guarantor was used to credit enhance a bond in Kenya – this precedent is expected to catalyse other such transactions.

PROJECTS REACHING FINANCIAL CLOSE IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2012	Cameroon Tele-communication Ltd (CamTel)	Cameroon	Telecoms	Rolling out of high speed broadband across Cameroon, which also forms a critical part of the Central African Backbone project. Linking Cameroon, Chad and the Central African Republic to each other, the rest of Africa and the world	20	203.00		2,600,000		0.00		500		300	
2012	Kaluworks Ltd	Kenya	Industrial infrastructure	Expanding production capacity of Kaluworks, a leading manufacturer and distributor of aluminium cookware and sheet roofing, through the issuance of a local currency corporate bond on the Nairobi Stock Exchange	9	35.10		225,000		12.00		0		150	



CASE STUDY: FINANCING THE AFFORDABLE PURCHASE OF TRUCKS IN INDIA

Financing the affordable purchase of trucks for poor truck drivers in India through Shriram Transport Finance Company.

BACKGROUND

Shriram Transportation – India's largest financier of commercial vehicles – provides affordable loans to individuals who cannot raise finance from commercial banks and would otherwise depend upon unregulated and high-cost money-lenders. Tens of thousands of low-income truck drivers have accessed finance to purchase their own vehicles, transitioning from employee to owner/employer. This not only benefits the drivers and their families, but increases the number of safer and more environmentally friendly trucks on the country's roads.

THE DEAL

In 2008 GuarantCo and FMO partially guaranteed Deutsche Bank to provide affordable mezzanine funding to Shriram. The guarantee was cancelled before maturity (in March 2012) as Shriram's excellent performance allowed the credit enhancement guarantees to be released early.

In 2010, GuarantCo, again jointly with FMO, provided support for Tier II Capital raising by Shriram Transport.

Harnek Singh, Client, Shriram Truck Finance Ltd – signing loan documents at the Vashi branch manager's office

CHANGING LIVES

Lakhbir Singh is a longstanding customer, he took his first loan from Shriram 12 years ago. He now owns one 16 ton and two 25 ton trucks. He has plans to purchase a larger 40 ton truck once repayments on his third loan are complete. Access to finance has changed his life. Today he has a bank account, he has been able to buy a house with his earnings, without the need for a housing loan, his children are studying at college and he is the proud owner of a 2-wheeler for getting around.

He is semi-retired and therefore employs three drivers from within his family. Two jobs are created per truck so he has created seven direct jobs through his small trucking business. Over the years Lakhbir has trained many drivers and acted as a guarantor for others to take loans from Shriram. Each guarantor can guarantee three people at any one time.

He personally maintains his vehicles, and periodic inspections are undertaken by Shriram. Trucks in the Shriram portfolio have an average age of 7.7 years, in contrast to India's average of 11 years. Emissions requirements in many cities combined with legislation to ban overloading and any trucks older than 15 years means that there is an increased and ongoing need to finance new trucks.

Younger people are benefiting from Shriram too. Harnek Singh, now 30 years old, has been a client for 10 years and owns two trucks. His story is similar. He too has been able to build a house, has two children in private education and employs four well paid drivers. He is encouraging them to save for a deposit for a truck and has promised to be their guarantor.

Lakhbir Singh, Client – Shriram Truck Finance Ltd, Vashi Branch

10 Infrastructure Crisis Facility – Debt Pool (ICF-DP)

ICF-DP AT A GLANCE

Challenge	Reduced appetite of commercial banks to lend to private sector infrastructure projects in developing countries due to the financial crisis
Response	Infrastructure Crisis Facility – Debt Pool was launched in response to the 2008 financial crisis. It provides direct finance to infrastructure projects in emerging economies. The Fund is available to any private infrastructure projects originated by International Financial Institutions
Established	2009
Funding PIDG Members	KfW
Cumulative PIDG Member funding	US$8.74m through the PIDG Trust. KfW also provides loan financing to ICF-DP of €500m
Total fund size	US$652m
Managed by	Cordiant Capital Inc.
Website	**www.cordiantcap.com/investment-program/icf-debt-pool**
Total commitments at 31 December 2012	US$473.9m to 14 projects that have reached financial close
2012 commitments	US$136.7m to four projects
Projects that reached financial close in 2012	Ethiopian Airlines PowerGrid Corporation of India (PGCIL) Sendou Power Plant, Senegal Takoradi International Company Ltd, Ghana

DEVELOPMENT IMPACT TABLE

Expected development impact of ICF-DP projects which have reached financial close (as at 31 December 2012)

Cumulative			**2012**	**2011**
Private sector investment		US$5,763.30m	US$2,615.00m	US$1,861.00m
People expected to benefit from new/better infrastructure		15.34m	5.70m	6.50m
Fiscal benefits		US$623.80m	US$28.80m	US$595.00m
Job creation	Temporary new jobs (construction)	9,600	600	2,200
	Permanent new jobs (operations)	3,215	85	300

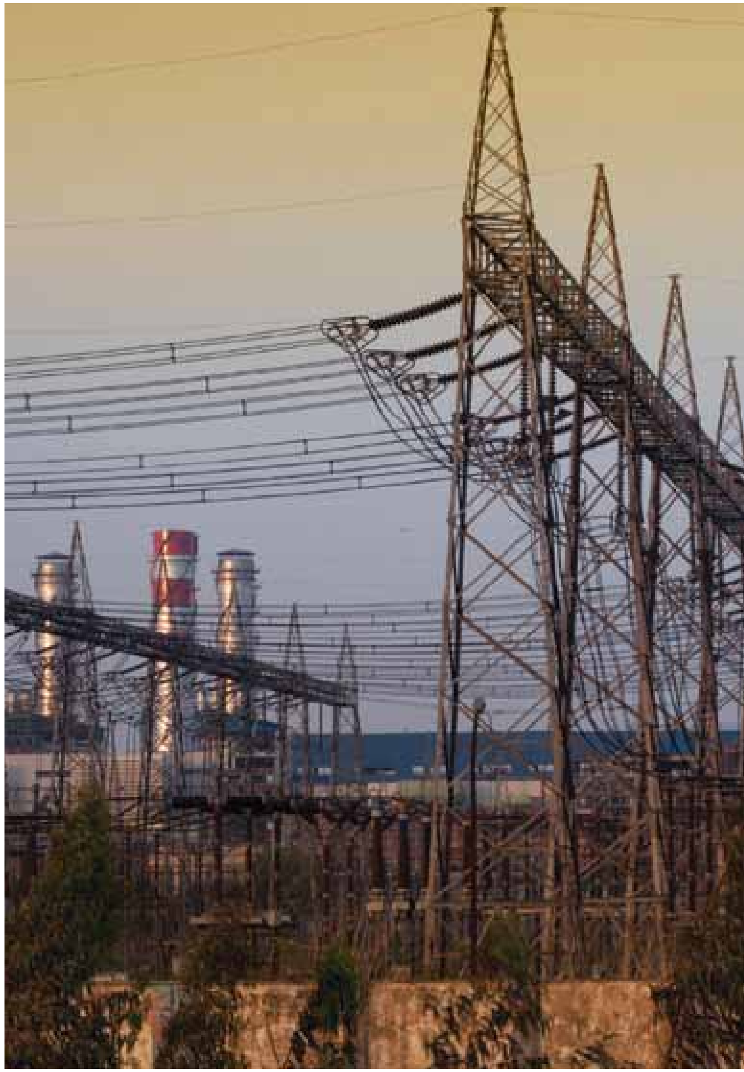
2012 OVERVIEW

The global financial crisis continues to constrain the availability of commercial financing for infrastructure projects, resulting in continued high demand for ICF-DP's product. In 2012, ICF-DP signed loan agreements with a total value of US$137m for four projects. Energy remains a dominant sector for ICF-DP, with three of the four new projects in this sector. This includes providing financing to the PowerGrid Corporation of India as part of a large capital investment programme to improve and expand its inter-state power distribution network. Given the demands of India's infrastructure investment requirements, there is significant pressure on the supply of long-term financing for large projects, which is where ICF-DP plays an important role in helping to mobilise further financing resource: this project is expected to attract over US$2.3bn in PSI commitments. As demonstrated by the wide-scale blackouts in July 2012, which affected over 620 million people across India, the electricity network is a vital yet vulnerable part of India's infrastructure network. By improving the reliability of the power supply network, this project will ensure that millions of consumers have better access to electricity.

Designed to fill the funding shortfalls for IFI-supported projects left by the withdrawal of commercial banks from project financing in its markets, ICF-DP co-finances rather than originates transactions, including working in partnership with the other PIDG Facilities. This year, for example, ICF-DP and EAIF jointly financed two projects – Ethiopian Airlines and Takoradi Power.

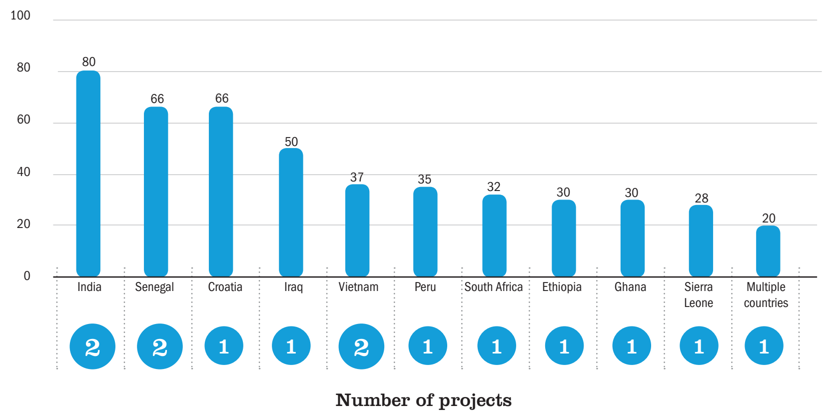
ICF-DP is exposed to the same challenges as the other PIDG Facilities in supporting large, complex infrastructure projects in difficult markets. Two of its investments, in Vietnam and India, are currently under stress due to market factors. The ICF-DP team continues to work to find solutions to these project-related issues with the aim of ensuring that the infrastructure, and the development impact arising from that infrastructure, is delivered.

ICF-DP was devised as a rapid, but time-limited, response to offsetting the withdrawal of long-term commercial banks from the market as a result of the 2008 financial crisis. Limited commercial bank financing remains an issue. At the end of 2012, the ICF-DP portfolio was 75% disbursed, and its mandate is due to expire at the end of 2013. ICF-DP has a substantial pipeline of potential projects and available funding resources to remain fully active during 2013, with the expectation of investing the remainder of its funding (US$182m) over the course of the year. The timing of transactions is dependent on requests by other international financial institutions for its co-financing support and the application of its strict criteria to ensure that ICF-DP's intervention is clearly additional.

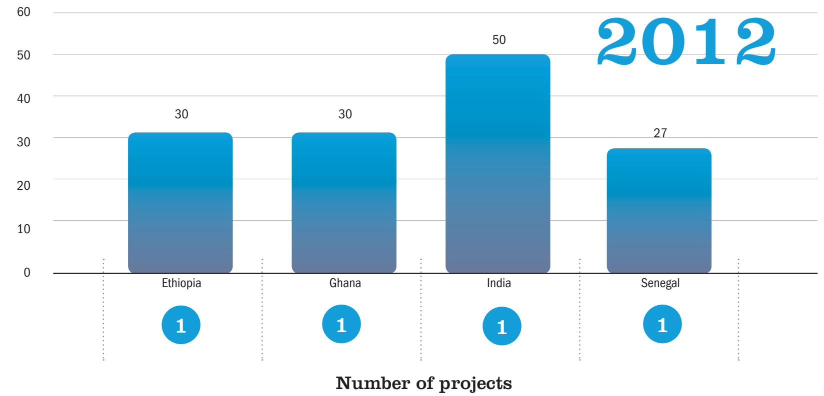


PORTFOLIO REVIEW IN GRAPHICS

CUMULATIVE ICF-DP COMMITMENTS BY COUNTRY (US$m)

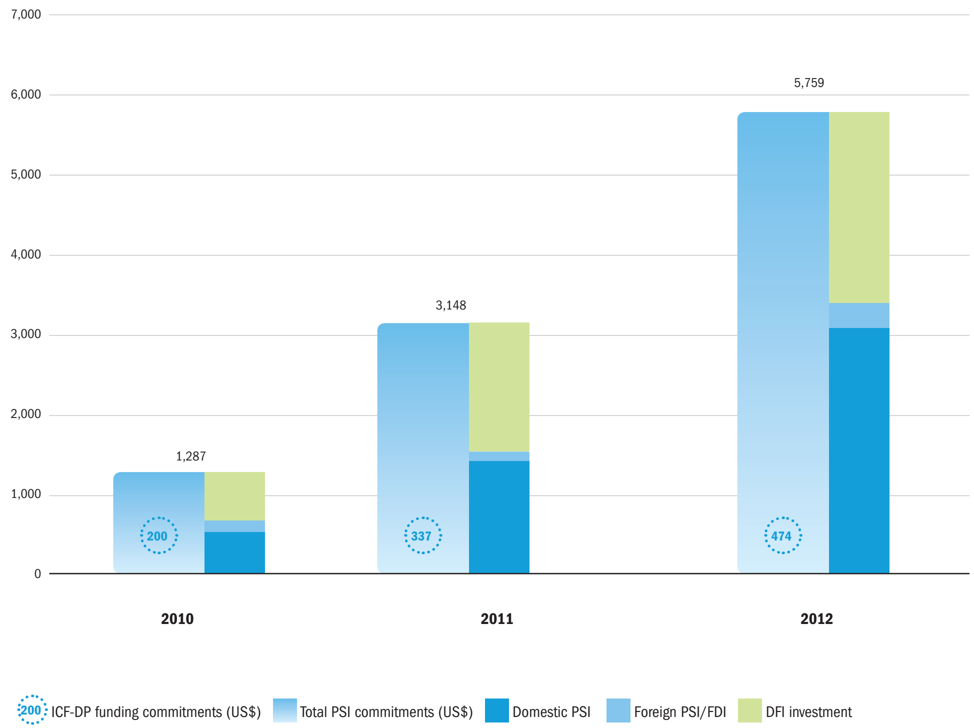


2012 ICF-DP COMMITMENTS (US$m)

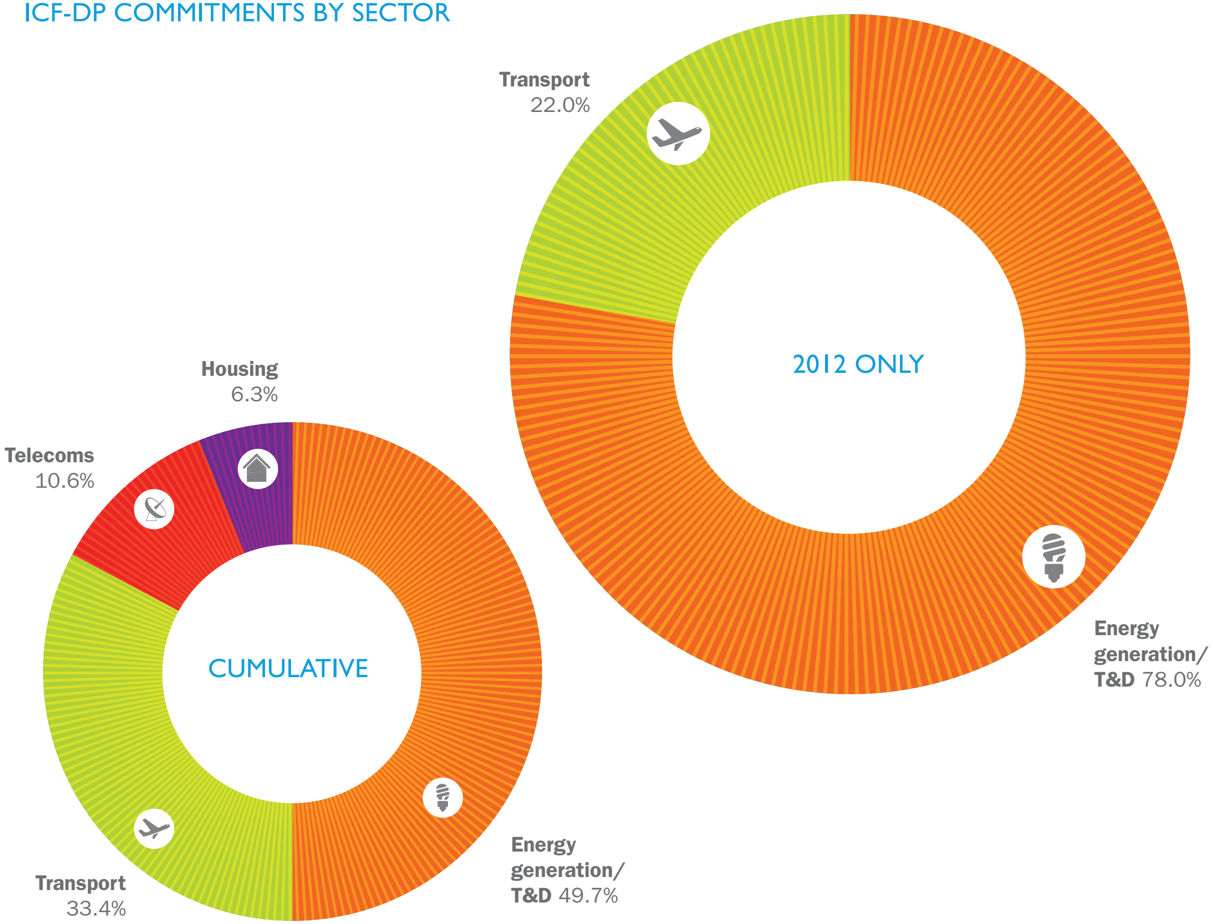


- In 2012, ICF-DP financially closed projects included two new countries: Ghana and Ethiopia. Overall, since inception, ICF-DP has committed funds in 10 countries (50% of these countries are in the sub-Saharan Africa region).

CUMULATIVE ICF-DP COMMITMENTS AND EXPECTED PSI FROM ICF-DP-SUPPORTED PROJECTS BY YEAR (US$m)

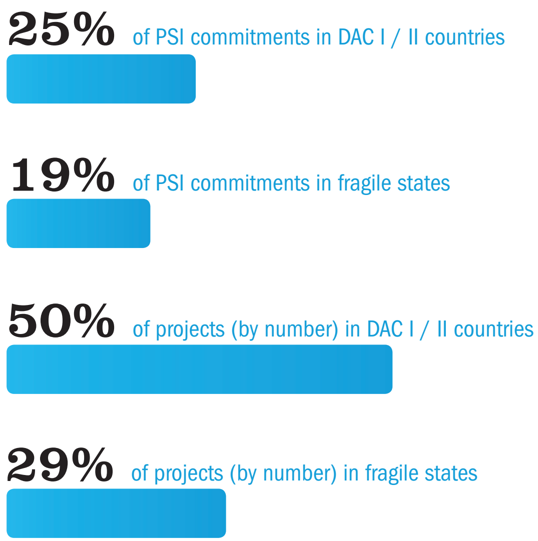


ICF-DP COMMITMENTS BY SECTOR



- ICF-DP has invested in four sub-sectors in the transport sector: air, rail, road and ports. In particular, ICF-DP has invested around US$60m (or 43% of total funds into the transport sector) in the air sector.

FOCUS ON POOR AND FRAGILE COUNTRIES



CASE STUDY: CLEANER FUEL FOR PERU

Expanding a natural gas distribution network in Lima and Callao, Peru. Providing affordable, low carbon fuel in poor communities.

BACKGROUND

Peru has considerable reserves of natural gas – one of the cleanest fossil fuels – and a growing urban population. But industry, business and households still rely too heavily on the use of highly polluting sources of energy, such as fuel oil, coal, diesel and gasoline. If consumers are to switch to natural gas, they need easy access and affordability.

The Calidda project, which operates in the coastal provinces of Lima and Callao, will mean six new residential districts can be added to its current gas supply network. This will benefit industry, natural gas vehicle (NGV) stations and residential households, representing a total population of 1.8 million people. Gas distribution networks are the safest way to deliver gas, and its widespread adoption is one of the most cost-effective ways of reducing harmful air pollution. The government of Peru envisions that in the long-term 33% of the country's primary energy consumption will be gas.

This initiative should allow an estimated 675,000 people to be connected to the grid, with low-income households, in particular, gaining the benefit of connection to the gas network. Most of the expansion project was completed by the end of 2012 with the flow of gas now beginning to reach new customers.

THE DEAL

Total private sector investment committed is US$235m, comprising:

- Domestic private sector finance, US$85m, of which
  - Domestic commercial equity, US$50m
  - Domestic commercial loan, US$35m
- Foreign commercial equity, US$50m
- Loans from DFI (including ICF-DP and IFC), US$100m

ICF-DP SUPPORT

Due to the large upfront capital investment required, Calidda needed to access significant long-term financing. This would be recovered over time by a stream of revenues generated through charging consumers a tariff for the reliable supply of gas. However, there was little appetite in the commercial bank market for the 10-year financing that was required to make tariffs affordable to consumers: local banks were unwilling to provide finance for longer than six years. Investors in the capital markets, such as pension funds, were also uncomfortable with assuming the risks associated with potential delays and cost over-runs of construction of the project. Financing from other International Financial Institutions may have been available but these lenders were not able to complete their due diligence in time to meet the scheduling requirements of the project.

ICF-DP was able to move swiftly due to its streamlined structure and help get the Calidda project up and running.

EXPECTED DEVELOPMENT IMPACT

Private sector investment	
Total PSI commitments	**US$235m**
Job creation	
Construction	**2,000 people**
Operations	**150 people**
People expected to benefit from new/better infrastructure	
People added to the network	**675,000 people**

342,000 poor people will benefit from a new gas connection reflecting Calidda's strategy to focus on connecting low income segments of the population to the gas network.

Additional benefits

- Supports a principal energy objective of the government of Peru to provide its rapidly growing urban population with a clean and cost-effective energy source.

PROJECTS THAT REACHED FINANCIAL CLOSE IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new/improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2012	Ethiopian Airlines	Ethiopia	Transport - air	Purchase of 10 Boeing 787 Aircraft for incorporation into the Ethiopian Airlines fleet, enabling a 20% fuel saving from similar aircraft and significantly reducing carbon footprint. Co-financed with EAIF – development impact information is recorded in the EAIF section	30										
2012	PowerGrid Corporation of India (PGCIL)	India	Energy generation/ T&D	Part funding of PGCIL's 2012-2014 capex program to expand the transmission network, extending existing services and providing new services to areas that do not currently receive electricity service	50	2,352.00	0.00	0	0	0.00	0.00	0	0	0	0
2012	Sendou Power Plant	Senegal	Energy generation/ T&D	Financing for the construction of a new 125MW base-load coal fired power plant and associated transmission lines, which will bring capacity and stability to Senegal's grid and lower the cost of generation thereby (i) improving the state's financial condition and (ii) facilitating more competitive tariffs	26.7	263.00	0.00	5,700,000	0	28.80	0.00	600	0	85	0
2012	Takoradi International Company Ltd	Ghana	Energy generation/ T&D	Expansion of Takoradi 2 to a 330MW combined cycle thermal plant, adding 110MW additional generation capacity without needing any additional fuel. Co-financed with EAIF – development impact information is recorded in the EAIF section	30	0	0	0	0	0	0.00	0	0	0	0

PROJECTS THAT BECAME FULLY OPERATIONAL IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new / improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2011	Zain Iraq	Iraq	Telecoms	Strengthening and expansion of Zain Iraq's cellular telephone network in Iraq. Fully operational in September 2012	50	1,069.00	1,069.00	3,500,000	3,500,000	0	0.00	200	200	50	2485

PROJECTS THAT COMMENCED PARTIAL OPERATIONS IN 2012

Year of close	Project	Country	Sector	Description	Facility funding (US$m)	PSI commitments (US$m)		People served with new / improved infrastructure		Fiscal benefits (US$m)		Short-term employment		Long-term employment	
						Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual	Predicted	Actual
2010	Calidda	Peru	Energy Generation/ T&D	Expansion of a natural gas distribution network in Lima and Callao, Peru	35.0	235.0		675,000		0.0		2,000		150	

ANNEXES

ANNEX 1. DAC LIST OF ODA RECIPIENTS

Effective for reporting on 2012 and 2013 flows

LEAST-DEVELOPED COUNTRIES

Afghanistan	Angola	Bangladesh	Benin
Bhutan	Burkina Faso	Burundi	Cambodia
Central African Republic	Chad	Comoros	Congo, Dem. Republic
Djibouti	Equatorial Guinea	Eritrea	Ethiopia
Gambia	Guinea	Guinea-Bissau	Haiti
Kiribati	Laos	Lesotho	Liberia
Madagascar	Malawi	Mali	Mauritania
Mozambique	Myanmar	Nepal	Niger
Rwanda	Samoa	São Tomé & Príncipe	Senegal
Sierra Leone	Solomon Islands	Somalia	South Sudan
Sudan	Tanzania	Timor-Leste	Togo
Tuvalu	Uganda	Vanuatu	Yemen
Zambia			

OTHER LOW-INCOME COUNTRIES

Kenya	Korea, Dem. Republic	Kyrgyz Republic	Tajikistan
Zimbabwe			

LOWER MIDDLE INCOME COUNTRIES AND TERRITORIES

Armenia	Belize	Bolivia	Cameroon
Cape Verde	Congo, Republic	Côte d'Ivoire	Egypt
El Salvador	Fiji	Georgia	Ghana
Guatemala	Guyana	Honduras	India
Indonesia	Iraq	Kosovo[1]	Marshall Islands
Micronesia, Federated States	Moldova	Mongolia	Morocco
Nicaragua	Nigeria	Pakistan	Papua New Guinea
Paraguay	Philippines	Sri Lanka	Swaziland
Syria	*Tokelau	Tonga	Turkmenistan
Ukraine	Uzbekistan	Vietnam	West Bank & Gaza Strip

1 "This is without prejudice to the status of Kosovo under international law".
* Territories ie Tokelau, Anguilla, Montserrat, St Helena and Wallis & Futuna.

UPPER MIDDLE INCOME COUNTRIES AND TERRITORIES

Albania	Algeria	*Anguilla	Antigua & Barbuda
Argentina	Azerbaijan	Belarus	Bosnia & Herzegovina
Botswana	Brazil	Chile	China
Colombia	Cook Islands	Costa Rica	Cuba
Dominica	Dominican Republic	Ecuador	Former Yugoslav Republic of Macedon
Gabon	Grenada	Iran	Jamaica
Jordan	Kazakhstan	Lebanon	Libya
Malaysia	Maldives	Mauritius	Mexico
Montenegro	*Montserrat	Namibia	Nauru
Niue	Palau	Panama	Peru
Serbia	Seychelles	South Africa	*St Helena
St Kitts-Nevis	St Lucia	St Vincent & Grenadines	Suriname
Thailand	Tunisia	Turkey	Uruguay
Venezuela	*Wallis & Futuna		

* Territories ie Tokelau, Anguilla, Montserrat, St Helena and Wallis & Futuna.

ANNEX 2. FRAGILE AND CONFLICT-AFFECTED STATES

Used for reporting on the PIDG project portfolio. Methodology used is taken from the OECD INCAF 2011 Report: *Resource Flows to Fragile States*[2]

AFRICA

Angola	Burkina Faso	Burundi	Cameroon
Central African Republic	Chad	Comoros	Congo, Dem. Republic of
Congo, Republic of	Côte d'Ivoire	Eritrea	Ethiopia
Guinea	Guinea-Bissau	Kenya	Liberia
Malawi	Niger	Nigeria	São Tomé & Principe
Sierra Leone	Somalia	South Sudan	Sudan
Togo	Uganda	Zimbabwe	

EUROPE, ASIA, MIDDLE EAST AND AUSTRALASIA

Afghanistan	Bangladesh	Georgia	Iraq
Kiribati	Lebanon	Myanmar	Nepal
North Korea	Pakistan	Papua New Guinea	Solomon Islands
Sri Lanka	Tajikistan	Timor-Leste	Uzbekistan
West Bank & Gaza Strip	Yemen, Republic of		

LATIN AMERICA AND THE CARIBBEAN

Haiti

2 www.oecd.org/dac/incaf/resourceflows2011.htm

ANNEX 3. PIDG PROJECTS

TAF GRANTS CONCLUDED

Year grant approved	Country	Sector	PIDG Facility recipient	Project	Grant (US$m)
2011	India	Industrial infrastructure	GuarantCo	Calcom Cement Capacity Building, Assam	0.18
2011	Rwanda	Water, sewerage and sanitation	DevCo	Kigali Bulk Water	0.05
2011	Multiple countries (SSA)	Housing	GuarantCo	Housing Finance Guarantors Africa (Reinsurance)	0.39
TOTAL 2011					**0.62**
2009	Cape Verde	Energy generation/T&D	InfraCo Africa	Cape Verde Wind Power - Cabeolica	0.07
2009	Gambia, The	Energy generation/T&D	EAIF	Gambia IPP - Transmission and Distribution	0.49
2009	Multiple countries (SSA)	Transport - rail	DevCo	Rift Valley Railway Strategic Business Plan	0.07
TOTAL 2009					**0.63**
2008	Gambia, The	Energy generation/T&D	EAIF	Gambia IPP - Affordability Study	0.07
2008	Ghana	Energy generation/T&D	TAF (post-transaction support)	Energy Sector Capacity Building	0.05
2008	India	Industrial infrastructure	GuarantCo	Calcom Cement - Legal Assistance	0.06
2008	India	Industrial infrastructure	GuarantCo	Low Cost Housing Project	0.07
2008	Nepal	Energy generation/T&D	InfraCo Asia	Nepal Hydroelectric Projects	0.07
2008	Niger	Telecoms	GuarantCo	Seaquest Infotel Niger ICT Preliminary Investigation Project Grant 1	0.07
TOTAL 2008					**0.39**
2007	Chad	Telecoms	GuarantCo	Celtel Chad Financing	0.05
2007	Ghana	Energy generation/T&D	InfraCo Africa	Kpone (Tema) Independent Power Project - Grant 2	0.46
2007	Liberia	Energy generation/T&D	DevCo	Liberia Power Sector Advisory	0.01
2007	Vietnam	Agri-infrastructure	InfraCo Africa	Antara Cold Storage Project	0.11
TOTAL 2007					**0.63**
2006	Nigeria	Industrial infrastructure	EAIF	Eleme Petrochemicals Ltd	0.07
2006	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services	0.35
2006	Zambia	Agri-infrastructure	InfraCo Africa	Chiansi Irrigation	0.40
TOTAL 2006					**0.82**
2005	Ghana	Energy generation/T&D	InfraCo Africa	Kpone (Tema) Independent Power Project - Grant 1	0.35
2005	Nigeria	Energy generation/T&D	InfraCo Africa	Geometrics Power Aba Ltd	0.35
2005	Uganda	Multi-sector	InfraCo Africa	BidCo Palm Oil - Kalangala Infrastructure Services	0.38
TOTAL 2005					**1.08**
2004	Madagascar	Transport - ports	DevCo	Toamasina Port - Interim Management Assistance	0.32
TOTAL 2004					**0.32**
GRAND TOTAL					**4.49**

CURRENT TAF GRANTS

Year grant approved	Country	Sector	PIDG Project recipient	Project	Grant (US$m)
2012	Bangladesh	Energy generation/T&D	InfraCo Asia	Bangladesh Power Generation	0.30
2012	Benin	Transport - ports	DevCo	Benin Port Concession Support	0.15
2012	Cambodia	Agri-infrastructure	InfraCo Asia	Cambodia Salt Farm Development	0.40
2012	Cape Verde	Multi-sector	InfraCo Africa	Cape Verde Development Add-on	0.07
2012	India	Transport - ports	DevCo	Kerala Port ESIA	0.04
2012	Liberia	Energy generation/T&D	DevCo	Liberia Management Contract Amendment	0.07
2012	Multiple countries (SSA)	Multi-sector	DevCo	Kenya-Rwanda PPP Training	0.12
2012	Myanmar	Multi-sector	InfraCo Asia	Myanmar Infrastructure Strategy	0.34
2012	Nepal	Energy generation/T&D	InfraCo Asia	Nepal Hydropower	0.39
2012	Nigeria	Capital market development	GuarantCo	Nigeria SEC Capacity Building	0.19
2012	Philippines	Multi-sector	DevCo	Philippines PPP Training	0.07
2012	Sierra Leone	Energy generation/T&D	EAIF	Sierra Leone Hydropower	0.25
2012	West Bank & Gaza Strip (Palestinian Territories)*	Capital market development	GuarantCo	Palestine Capital Markets Development	0.13
2012	West Bank & Gaza Strip (Palestinian Territories)	Water, sewerage and sanitation	DevCo	West Bank Solid Waste Management	0.08
TOTAL 2012					**2.60**
2011	Ghana	Energy generation/T&D	InfraCo Africa	Ghana Wind Power	0.50
2011	Ghana	Transport - general	InfraCo Africa	Lake Volta Transport Corridor PPP	0.39
2011	Kenya	Transport - rail	InfraCo Africa	Nairobi Commuter Rail - ESIA	0.35
TOTAL 2011					**1.24**
2010	Mozambique	Agri-infrastructure	InfraCo Africa	Envalor Ltda	0.43
2010	Niger	Capital market development	GuarantCo	Fonds de Solidarite Africain (FSA) - Capacity Building and Collaboration	0.24
2010	Senegal	Energy generation/T&D	InfraCo Africa	Senegal Wind Farm Development	0.26
2010	Zambia	Energy generation/T&D	InfraCo Africa	Muchinga Hydropower	0.45
TOTAL 2010					**1.38**
2009	Ghana	Energy generation/T&D	InfraCo Africa	Energy Sector Capacity Building Project (Ghana GridCo)	0.29
2009	Kenya	Transport - rail	InfraCo Africa	Nairobi Commuter Rail	0.20
2009	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Project Resettlement Action Plan	0.68
TOTAL 2009					**1.17**
2008	Multiple countries (SSA)	Energy generation/T&D	InfraCo Africa	Infrastructure for Renewable Energy Fuels, Mozambique & Togo	0.07
2008	Multiple countries (SSA)	Energy generation/T&D	InfraCo Africa	Tanzania-Uganda Transmission Interconnection	0.06
2008	Niger	Telecoms	GuarantCo	Seaquest Infotel Niger ICT Preliminary Investigation Project Grant 2	0.40
2008	Tanzania	Energy generation/T&D	InfraCo Africa	Tanzania Wind Power	0.07
2008	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services - OBA	5.00
2008	Zambia	Agri-infrastructure	InfraCo Africa	Chanyanya Infrastructure Company	0.52
TOTAL 2008					**6.12**
2007	Cape Verde	Energy generation/T&D	InfraCo Africa	Cape Verde Wind Power Development	0.40
TOTAL 2007					**0.40**
2006	Rwanda	Energy generation/T&D	EAIF	Lake Kivu	0.50
TOTAL 2006					**0.50**
GRAND TOTAL					**13.41**

* Currently on hold

TAF GRANTS TO PROJECTS THAT HAVE GENERATED NO PRIVATE SECTOR INVESTMENT

Year grant approved	Country	Sector	PIDG Project recipient	Project	Grant (US$m)
2009	Sierra Leone	Agri-infrastructure	EAIF	Goldtree Palm Oil Project	0.07
2009	Zambia	Energy generation/T&D	DevCo	Kafue Gorge Lower Hydropower IPP	0.25
TOTAL 2009					**0.32**
2008	Indonesia	Multi-sector	InfraCo Asia	Nias Island Integrated Infrastructure - Feasibility Study	0.07
2008	Tanzania	Energy generation/T&D	EAIF	Ruhudji Hydropower	0.28
TOTAL 2008					**0.35**
2007	Congo, DR	Energy generation/T&D	EAIF	MagEnergy Inc.	0.02
2007	Kenya	Capital market development	GuarantCo	Facilitating Capital Market Development	0.04
TOTAL 2007					**0.06**
2006	Mozambique	Industrial infrastructure	InfraCo Africa	Beira Land Development	0.43
2006	Uganda	Energy generation/T&D	EAIF	Uganda 50MW Biomass IPP	0.16
2006	Zambia	Housing	GuarantCo	Lilayi Housing	0.01
TOTAL 2006					**0.60**
2004	Madagascar	Transport - air	DevCo	Madagascar Seaport & Airport Privatisation	0.07
2004	Mozambique	Agri-infrastructure	InfraCo Africa	Beira Corridor	0.12
2004	Nigeria	Agri-infrastructure	InfraCo Africa	Nigeria Fertiliser I	0.04
2004	Tanzania	Energy generation/T&D	GuarantCo	Tanzania Power (IPTL)	0.02
2004	Uganda	Agri-infrastructure	EAIF	Kakira Rural Development (Phase I)	0.07
2004	Uganda	Agri-infrastructure	EAIF	Kakira Rural Development (Phase II)	0.07
TOTAL 2004					**0.39**
GRAND TOTAL					**1.72**

COMPLETED DEVCO TRANSACTIONS

Year of financial close	Country	Sector	Project	DevCo funding commitments (US$m)	DEVELOPMENT IMPACT Total PSI commitments (US$m)	People provided with new/improved infrastructure	Fiscal impact (US$m)*
2012	Kosovo	Energy generation/T&D	Kosovo KEK	0.6	390.0	1,700,000	34.0
TOTAL 2012				**0.6**	**390.0**	**1,700,000**	**34.0**
2011	India	Agri-infrastructure	Punjab Silos, India	0.4	8.0	6,660	6.0
2011	Indonesia	Energy generation/T&D	Central Java IPP, Indonesia	1.8	3,500.0	7,500,000	0.0
2011	Maldives	Water, sewerage and sanitation	Maldives PPP - Solid Waste Management	0.4	60.0	120,000	0.0
TOTAL 2011				**2.6**	**3,568.0**	**7,626,660**	**6.0**
2010	Haiti	Telecoms	Privatisation of TELECO, Haiti	1.4	100.0	1,500,000	200.0
2010	Liberia	Energy generation/T&D	Liberia Power Sector Advisory	1.3	0.0	150,000	0.0
2010	Uganda	Water, sewerage and sanitation	Small Towns Water Programme	1.3	0.4	15,195	0.0
TOTAL 2010				**4.0**	**100.4**	**1,665,195**	**200.0**
2009	Albania	Energy generation/T&D	Albania KESH	0.5	346.0	3,400,000	333.0
2009	Benin	Transport - ports	Cotonou Port, Benin	1.2	256.0	0	300.0
2009	Egypt	Water, sewerage and sanitation	New Cairo Wastewater Project	1.0	120.0	1,000,000	0.0
TOTAL 2009				**2.7**	**722.0**	**4,400,000**	**633.0**
2008	Albania	Energy generation/T&D	Ashta IPP, Albania	0.5	200.0	170,000	80.0
2008	Philippines	Energy generation/T&D	SPUG Basilan, Philippines	0.04	5.0	145,000	10.0
TOTAL 2008				**0.5**	**205.0**	**315,000**	**90.0**
2007	Kenya	Telecoms	Divestment of GoK Share of SafariCom	0.3	500.0	0	800.0
2007	Kenya	Telecoms	Privatisation of TelCom Kenya Ltd (TKL)	1.1	385.0	672,000	390.0
2007	Philippines	Energy generation/T&D	SPUG I	0.2	28.0	100,000	53.0
2007	Philippines	Energy generation/T&D	SPUG II, Masbate	0.4	12.0	60,000	38.0
TOTAL 2007				**1.8**	**925.0**	**832,000**	**1,281.0**
2006	Multiple countries (SSA)	Transport - rail	Joint Concession for Kenya Railways and Uganda Railways	1.0	417.0	5,000,000	110.3
TOTAL 2006				**1.0**	**417.0**	**5,000,000**	**110.3**
2005	Samoa	Transport - air	Joint Venture Partnership in Polynesian Airlines	0.7	5.0	80,000	40.0
TOTAL 2005				**0.7**	**5.0**	**80,000**	**40.0**
2004	Madagascar	Transport - ports	Madagascar PPP in the Port of Tamatave	0.6	63.0	0	6.3
2004	Mozambique	Mining	Development of the Moatize Coal Mine (Phase 1)	0.5	128.0	0	123.0
TOTAL 2004				**1.1**	**191.0**	**0**	**129.3**
GRAND TOTAL				**15.0**	**6,523.4**	**21,618,855**	**2,523.6**

* Includes the up-front fees due to a national government as a result of a privatisation, including concession fees and/or licence fees; total taxes paid over the first five years of the project; as well as the best (undiscounted) estimate of the subsidy savings for governments to be generated by the infrastructure project private sector investment (if applicable).

Note: one project was cancelled during 2012: Maldives PPP – Male Airport.

DEVCO PHASE I MANDATES CONCLUDED WITHOUT FOLLOW ON

Year signed	Country	Sector	Project	DevCo funding commitments (US$m)
2010	Mozambique	Water, sewerage and sanitation	Mozambique Water Supply Project	0.8
TOTAL 2010				**0.8**
2009	Bhutan	Transport - air	Drukair	0.3
2009	Comoros	Multi-sector	Comoros Telecoms & Hydrocarbons Privatization - Phase I	0.5
TOTAL 2009				**0.7**
GRAND TOTAL				**1.5**

DEVCO MANDATES UNDER ACTIVE DEVELOPMENT

Year signed	Country	Sector	Project	DevCo funding commitments (US$m)
2012	Benin	Water, sewerage and sanitation	PPP for Rural Water Supply	0.7
2012	Bhutan	Transport - urban	Thimphu Parking PPP	0.4
2012	Comoros	Telecoms	Privatisation of Comoros Telecoms	1.1
2012	India	Other	Rajasthan PSL	0.6
2012	Lesotho	Energy generation/T&D	Lesotho Wind Power PPPs	0.7
2012	Timor-Leste (East Timor)	Transport - air	Dili Airport PPP	0.3
2012	Timor-Leste (East Timor)	Transport - ports	TL Port PPP	1.5
2012	Uganda	Energy generation/T&D	Nyagak III	0.6
2012	Uganda	Water, sewerage and sanitation	Kampala Waste Management PPP	1.1
TOTAL 2012				**6.9**
2011	Bhutan	Transport - urban	Bhutan Urban Transport System	0.2
2011	Georgia	Transport - roads	Georgia EW Road	1.0
2011	Guinea-Bissau	Multi-sector	EAGB PPP	0.8
2011	India	Other	Bhubaneswar PSL	0.2
2011	India	Water, sewerage and sanitation	Orissa SWM	0.3
2011	Mauritania	Transport - ports	Nouakchott Port	0.9
2011	Vanuatu	Transport - air	Vanuatu Airports PPP	0.2
2011	West Bank & Gaza Strip (Palestinian Territories)	Water, sewerage and sanitation	West Bank Solid Waste	0.2
TOTAL 2011				**3.7**
2010	Philippines	Water, sewerage and sanitation	Metro Clark Bulk Water Project	0.4
2010	Rwanda	Water, sewerage and sanitation	Kigali Bulk Water Supply Project	1.0
TOTAL 2010				**1.4**
2009	India	Transport - ports	Kerala Port	0.5
2009	Niger	Transport - general	Niger Dry Port	0.8
2009	Solomon Islands	Energy generation/T&D	Tina River Hydro IPP	0.5
2009	Tajikistan	Mining	Konimansur Mine	1.1
TOTAL 2009				**2.9**
2008	India	Transport - roads	AP Coastal Roads - V-K Coast Road-II	0.3
TOTAL 2008				**0.3**
2006	Vietnam	Energy generation/T&D	Private Sector Participation in Electricity Generation	1.8
TOTAL 2006				**1.8**
GRAND TOTAL				**17.0**

INFRACO AFRICA PROJECTS THAT HAVE REACHED EQUITY CLOSE OR FINANCIAL CLOSE

Year of financial close	Country	Sector	Project	InfraCo Africa commitments funding (US$)	DEVELOPMENT IMPACT Total PSI commitments (US$m)	People provided with new/improved infrastructure	Fiscal impact (US$m)*
2012	Zambia	Energy generation/T&D	Muchinga Power Company	1.5	600.0	2,207,244	82.0
TOTAL 2012				**1.5**	**600.0**	**2,207,244**	**82.0**
2011	Uganda	Energy generation/T&D	Kalangala Renewables	1.7	15.6	35,000	3.7
2011	Uganda	Multi-sector	Kalangala Infrastructure Services Project	4.6	29.0	35,000	1.6
TOTAL 2011				**6.3**	**44.5**	**70,000**	**5.4**
2010	Cape Verde	Energy generation/T&D	Wind Farm Extension Project	7.9	78.0	477,000	0.0
2010	Ghana	Energy generation/T&D	Kpone Independent Power Project	7.8	600.0	9,000,000	500.0
TOTAL 2010				**15.7**	**678.0**	**9,477,000**	**500.0**
2009	Zambia	Agri-infrastructure	Chanyanya Pilot Irrigation Project	0.9	2.5	1,134	0.0
TOTAL 2009				**0.9**	**2.5**	**1,134**	**0.0**
2008	Nigeria	Energy generation/T&D	Geometrics Power Aba Ltd	0.5	220.0	2,000,000	8.0
2008	Vietnam	Agri-infrastructure	Antara Cold Storage Project	0.3	27.0	50,000	0.0
TOTAL 2008				**0.8**	**247.0**	**2,050,000**	**8.0**
GRAND TOTAL				**25.1**	**1,572.1**	**13,805,378**	**595.4**

INFRACO AFRICA PROJECTS THAT ARE UNDER ACTIVE DEVELOPMENT (WITH A SIGNED JDA IN PLACE)

Year Signed	Country	Sector	Project	InfraCo Africa commitments funding (US$m)
2010	Uganda	Multi-sector	Lake Albert Infrastructure Project	3.6
TOTAL 2010				**3.6**
2009	Kenya	Transport - rail	Nairobi Commuter Rail Project	5.0
TOTAL 2009				**5.0**
2006	Zambia	Agri-infrastructure	Chiansi Irrigation	0.5
TOTAL 2006				**0.5**
GRAND TOTAL				**9.1**

* Includes the up-front fees due to a national government as a result of a privatisation, including concession fees and/or licence fees; total taxes paid over the first five years of the project; as well as the best (undiscounted) estimate of the subsidy savings for governments to be generated by the infrastructure project private sector investment (if applicable).

INFRACO ASIA PROJECTS THAT ARE UNDER ACTIVE DEVELOPMENT (WITH SIGNED JDA)

Year signed	Country	Sector	Project	InfraCo Asia commitments funding (US$m)
2012	Bangladesh	Energy generation/T&D	Bangladesh Gas Fired Power Project	3.1
2012	Cambodia	Agri-infrastructure	Cambodia Salt Farm Development	1.5
2012	India	Agri-infrastructure	Mechanised Grain Market Infrastructure Development Project, Rajasthan	2.1
2012	Nepal	Energy Generation/T&D	Nyadi Hydropower Project	6.0
2012	Nepal	Energy Generation/T&D	Kabeli A Hydropower	
2012	Nepal	Energy Generation/T&D	Marsyangdi III Hydropower Project	
2012	Nepal	Energy Generation/T&D	Lower Manang Marsyangdi Hydropower Project	
2012	Pakistan	Energy Generation/T&D	Gul Ahmed Wind	1.7
2012	Pakistan	Energy Generation/T&D	Metro Power Wind	1.5
2012	Sri Lanka	Water, Sewerage and Sanitation	Sri Lanka Waste Management Project	5.4
2012	Vietnam	Energy Generation/T&D	Coc San Hydropower Project	5.4
TOTAL 2012				**26.5**
2011	India	Energy Generation/T&D	Rajasthan Power Project	2.4
TOTAL 2011				**2.4**
GRAND TOTAL				**28.9**

EAIF SUPPORTED PROJECTS THAT HAVE REACHED FINANCIAL CLOSE

					DEVELOPMENT IMPACT		
Year of financial close	Country	Sector	Project	EAIF financing (US$m)	Total PSI commitments (US$m)	People provided with new/improved infrastructure	Fiscal impact (US$m)*
2012	Côte D'Ivoire	Energy generation/T&D	Azito Energie Expansion	30.0	430.6	5,260,000	7.5
2012	Ethiopia	Transport - air	Ethiopian Airlines	30.0	1,025.0	1,454,544	0.0
2012	Ghana	Energy generation/T&D	TICO Takoradi Expansion Project	15.0	440.0	8,910,000	27.2
2012	Tunisia	Industrial infrastructure	SPA Maghreb Tubes, Tunisia	17.0	24.0	0	7.3
2012	Uganda	Energy generation/T&D	South Asia Energy Management Systems II (SAEMS) - Nyamwamba Hydro Station	6.0	30.0	587,850	25.0
TOTAL 2012				**98.0**	**1,949.6**	**16,212,394**	**67.0**
2011	Nigeria	Energy generation/T&D	Tower Power Abeokuta Limited	15.0	21.4	2,000,000	0.3
2011	Rwanda	Energy generation/T&D	KivuWatt Ltd, Lake Kivu	25.0	142.2	2,496,600	11.0
2011	Sierra Leone	Agri-infrastructure	Addax Bioenergy (SL) Ltd	28.3	379.3	2,603,000	0.0
2011	Tanzania	Telecoms	Helios Towers	15.0	150.0	2,472,000	99.0
2011	Uganda	Energy generation/T&D	Kalangala Renewables	2.6	0.0	0	0.0
2011	Uganda	Multi-sector	Kalangala Infrastructure Services Project	4.4	0.0	0	0.0
TOTAL 2011				**90.3**	**693.0**	**9,571,600**	**110.3**
2010	Multiple countries (SSA)	Telecoms	O3b	25.0	1,182.0	50,000,000	0.0
2010	Senegal	Transport - ports	Dakar Container Terminal	17.0	294.0	0	61.6
2010	Tanzania	Industrial infrastructure	ALAF	5.0	35.0	1,225,000	0.0
TOTAL 2010				**47.0**	**1,511.0**	**51,225,000**	**61.6**
2009	Algeria	Industrial infrastructure	SPA Maghreb Tubes	17.0	24.0	0	3.6
2009	Ghana	Telecoms	Zain Ghana	17.5	523.0	5,500,000	120.0
2009	Kenya	Energy generation/T&D	Olkaria III	15.0	179.4	2,270,592	3.0
2009	Multiple countries (SSA)	Energy generation/T&D	Aldwych Corporate - Project Development Loan	9.5	71.3	0	0.0
2009	Nigeria	Industrial infrastructure	African Foundries Limited	20.0	124.3	7,500,000	0.0
2009	Nigeria	Telecoms	Helios Towers	19.0	250.0	4,000,000	0.0
TOTAL 2009				**98.0**	**1,172.0**	**19,270,592**	**126.6**
2008	Kenya	Energy generation/T&D	Rabai Power Ltd	32.8	163.8	4,257,360	0.0
2008	Multiple countries (SSA)	Industrial infrastructure	Safal Investments Mauritius Limited Financing, Africa Regional	29.0	145.0	2,362,500	0.0
2008	Uganda	Energy generation/T&D	Bugoye Hydro Power Plant	31.7	56.8	983,923	23.2
2008	Uganda	Energy generation/T&D	South Asia Energy Management Systems (SAEMS) Hydro Stations	14.0	88.0	816,000	25.0
TOTAL 2008				**107.5**	**453.6**	**8,419,783**	**48.2**

2007	Congo, DR	Telecoms	Celtel Africa Telecoms Project	8.0	197.0	1,200,000	0.0
2007	Madagascar	Telecoms	Celtel Africa Telecoms Project	2.0	114.0	0	0.0
2007	Malawi	Telecoms	Airtel Malawi (Former Celtel) Telecoms Project	1.0	25.0	0	0.0
2007	Multiple countries (SSA)	Telecoms	Seacom, Africa Regional	35.4	375.0	1,500,000	0.0
2007	Nigeria	Industrial infrastructure	Eleme Petrochemicals Ltd	20.0	400.0	0	240.0
2007	Nigeria	Telecoms	Celtel Nigeria Telecoms Project	35.0	1,327.0	0	0.0
2007	Sierra Leone	Telecoms	Celtel Africa Telecoms Project - Sierra Leone	9.0	221.3	0	0.0
2007	Uganda	Telecoms	Celtel Africa Telecoms Project - Uganda	4.0	98.6	550,000	0.0
TOTAL 2007				**114.4**	**2,757.9**	**3,250,000**	**240.0**
2004	Mozambique	Mining	Moma Titanium Mineral Projects	36.5	477.0	27,500	0.0
2004	Nigeria	Telecoms	MTN Nigeria Communications Ltd	10.0	200.0	1,400,000	144.0
TOTAL 2004				**46.5**	**677.0**	**1,427,500**	**144.0**
2003	Cameroon	Energy generation/T&D	AES-Sonel	35.5	546.9	2,071,000	72.0
2003	Multiple countries (SSA)	Telecoms	Mobile Systems International Cellular Investments Holdings BV (MSI)	30.0	260.0	0	0.0
TOTAL 2003				**65.5**	**806.9**	**2,071,000**	**72.0**
GRAND TOTAL				**667.2**	**10,020.9**	**111,447,869**	**869.7**

* Includes the up-front fees due to a national government as a result of a privatisation, including concession fees and/or licence fees; total taxes paid over the first five years of the project; as well as the best (undiscounted) estimate of the subsidy savings for governments to be generated by the infrastructure project private sector investment (if applicable).

GUARANTCO PROJECTS THAT HAVE REACHED FINANCIAL CLOSE

					DEVELOPMENT IMPACT		
Year of financial close	Country	Sector	Project	GuarantCo guarantees (US$m)	Total PSI commitments (US$m)	People provided with new/improved infrastructure	Fiscal impact (US$m)*
2012	Cameroon	Telecoms	Cameroon Telecommunication Ltd (CamTel)	20.0	203.0	2,600,000	0.0
2012	Kenya	Industrial infrastructure	Kaluworks Ltd	9.0	35.1	225,000	12.0
TOTAL 2012				**29.0**	**238.1**	**2,825,000**	**12.0**
2011	India	Housing	Kumar Urban Development Ltd (KUDL) Slum Redevelopment	15.0	345.0	22,500	165.0
2011	Nigeria	Industrial infrastructure	Tower Aluminium Group Ltd	14.2	30.0	690,000	0.0
2011	Uganda	Energy generation/T&D	Kalangala Renewables	1.1	0.0	0	0.0
2011	Uganda	Multi-sector	Kalangala Infrastructure Services Project	1.7	0.0	0	0.0
TOTAL 2011				**32.0**	**375.0**	**712,500**	**165.0**
2010	India	Transport - roads	Shriram Transportation II	20.0	490.0	32,000	0.0
2010	Multiple countries (SSA)	Housing	Housing Finance Guarantee Africa (HFGA)	5.0	223.0	36,000	0.0
2010	Multiple countries (SSA)	Multi-sector	Spencon, Uganda, Kenya & Tanzania	15.0	225.0	0	0.0
2010	South Africa	Transport - Roads	South Africa Development Finance Company	20.0	135.0	2,016,700	0.0
TOTAL 2010				**60.0**	**1,073.0**	**2,084,700**	**0.0**
2009	India	Housing	Ackruti City Ltd Slum Redevelopment	20.0	240.0	30,000	146.0
2009	India	Industrial infrastructure	Calcom Cement	25.0	120.8	0	0.0
2009	West Bank & Gaza Strip (Palestinian Territories)	Telecoms	Wataniya Telecoms, West Bank	10.0	140.0	1,000,000	385.0
TOTAL 2009				**55.0**	**500.8**	**1,030,000**	**531.0**
2008	Chad	Telecoms	Celtel Chad Financing	8.0	33.0	0	5.8
2008	India	Transport - roads	Shriram Transportation I	18.3	420.0	64,000	0.0
TOTAL 2008				**26.3**	**453.0**	**64,000**	**5.8**
2007	Kenya	Industrial infrastructure	Safal Roofing - Mabati Rolling Mills,	10.8	51.0	2,300,000	0.0
2007	Tanzania	Industrial infrastructure	Safal Roofing - ALAF Tanzania	5.2	29.3	980,000	0.0
TOTAL 2007				**16.0**	**80.3**	**3,280,000**	**0.0**
2006	Kenya	Telecoms	Celtel Kenya Refinancing	12.0	130.0	4,000,000	0.0
TOTAL 2006				**12.0**	**130.0**	**4,000,000**	**0.0**
GRAND TOTAL				**230.3**	**2,850.2**	**13,996,200**	**713.8**

* Includes the up-front fees due to a national government as a result of a privatisation, including concession fees and/or licence fees; total taxes paid over the first five years of the project; as well as the best (undiscounted) estimate of the subsidy savings for governments to be generated by the infrastructure project private sector investment (if applicable).

ICF-DP PROJECTS THAT HAVE REACHED FINANCIAL CLOSE

					DEVELOPMENT IMPACT		
Year of financial close	Country	Sector	Project	ICF-DP financing (US$)	Total PSI commitments (US$m)	People provided with new/improved infrastructure	Fiscal impact (US$m)*
2012	Ethiopia	Transport - air	Ethiopian Airlines	30.0	0.0	0	0.0
2012	Ghana	Energy generation/T&D	Takoradi International Company Ltd	30.0	0.0	0	0.0
2012	India	Energy generation/T&D	PowerGrid Corporation of India (PGCIL)	50.0	2,352.0	0	0.0
2012	Senegal	Energy generation/T&D	Sendou Power Plant	26.7	263.0	5,700,000	28.8
TOTAL 2012				**136.7**	**2,615.0**	**5,700,000**	**28.8**
2011	Iraq	Telecoms	Zain Iraq	50.0	1,069.0	3,500,000	0.0
2011	Multiple countries (SSA)	Transport - rail	Rift Valley Railways (RVR)	20.0	0.0	0	0.0
2011	Senegal	Transport - air	Aeroport International Blaise Diagne	39.6	792.0	3,000,000	595.0
2011	Sierra Leone	Energy generation/T&D	Addax Bioenergy (SL) Limited (“Addax”)	27.7	0.0	0	0.0
TOTAL 2011				**137.3**	**1,861.0**	**6,500,000**	**595.0**
2010	Croatia (Hrvatska)	Energy generation/T&D	INA Industrija Nafte, d.d.	66.0	672.0	2,464,000	0.0
2010	India	Housing	Ackruti City Ltd Slum Redevelopment	30.0	0.0	0	0.0
2010	Peru	Energy generation/T&D	Calidda	35.0	235.0	675,000	0.0
2010	South Africa	Transport - roads	South Africa Development Finance Company	31.7	0.0	0	0.0
2010	Vietnam	Transport - ports	Cai Mep Port	10.0	225.0	0	0.0
2010	Vietnam	Transport - ports	Cai Lan Port	27.2	155.3	0	0.0
TOTAL 2010				**199.9**	**1,287.3**	**3,139,000**	**0.0**
GRAND TOTAL				**473.9**	**5,763.3**	**15,339,000**	**623.8**

* Includes the up-front fees due to a national government as a result of a privatisation, including concession fees and/or licence fees; total taxes paid over the first five years of the project; as well as the best (undiscounted) estimate of the subsidy savings for governments to be generated by the infrastructure project private sector investment (if applicable).

ANNEX 4. PIDG CONTACTS AND LINKS

Private Infrastructure Development Group
Edward Farquharson, Executive Director
info@pidg.org
www.pidg.org

The Emerging Africa Infrastructure Fund Limited
Nick Rouse, Managing Director, Frontier Markets Fund Managers Ltd
nick.rouse@frontiermarketsfm.com
www.emergingafricafund.com

GuarantCo Limited
Chris Vermont, Head of Debt Capital Markets, Frontier Markets Fund Managers Ltd
chris.vermont@frontiermarketsfm.com
www.guarantco.com

InfraCo Limited
Alex Katon, Executive Director, InfraCo Africa
akaton@infracoafrica.com
www.infracoafrica.com

InfraCo Asia Development Pte Ltd
Surender Singh, Managing Director, Nexif (InfraCo) Management Pte Ltd
surender.singh@infraco.asia
www.infracoasia.com

Technical Assistance Facility
James Leigland, Technical Advisor
taf@pidg.org

DevCo
Laurence Carter, Programme Manager
lcarter@ifc.org
www.ifc.org/ifcext/psa.nsf/content/DevCo

Infrastructure Crisis Facility Debt Pool
Bertrand Millot, Chief Investment Officer, Cordiant
BMillot@cordiantcap.com
www.cordiantcap.com/investment-program/icf-debt-pool/

Global Partnership on Output-Based Aid
Carmen Nonay, Programme Manager
gpoba@worldbank.org
www.gpoba.org

Public-Private Infrastructure Advisory Facility
Jordan Schwartz, Acting Programme Manager
ppiafmanager@ppiaf.org
www.ppiaf.org

Public Infrastructure Development Group Members[3]

Australian Agency for International Development **www.ausaid.gov.au**

Austrian Development Agency **www.ada.gv.at**

Financierings-Maatschappij voor Ontwikkelingslanden N.V. **www.fmo.nl**

International Finance Corporation **www.ifc.org**

Irish Aid **www.irishaid.gov.ie**

KfW, Germany **www.kfw.de**

Netherlands Ministry of Foreign Affairs **www.minbuza.nl**

Swedish International Development Cooperation Agency **www.sida.se**

State Secretariat for Economic Affairs SECO **www.seco-cooperation.ch**

The World Bank **www.worldbank.org**

UK Department for International Development **www.dfid.gov.uk**

3 The International Finance Corporation represents the World Bank Group (of which it is part) as a PIDG Member. We therefore show links for both organisations. As FMO provides funding to GuarantCo on behalf of DGIS, the PIDG Members have agreed that FMO shall have the right to participate in meetings of the Governing Council of PIDG concerning GuarantCo. DGIS and FMO have the right to exercise one vote on their joint behalf.

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