Private Infrastructure Development Group

Annual Report 2010

PIDG members

Austrian Development Agency

UKaid

Irish Aid
Government of Ireland
Rialtas na hÉireann

kfw
ENTWICKLUNGSBANK

Ministry of Foreign Affairs of the Netherlands

FMO
Finance for Development

Sida

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO

IFC International Finance Corporation
World Bank Group

PIDG Annual Report 2010

Contents

Acronyms and abbreviations

ACL	Ackruti City Ltd.
ADA	Austrian Development Agency
AECID	Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for international development cooperation)
AfDB	African Development Bank
AFL	Africa Foundries Limited
AICD	Africa Infrastructure Country Diagnostic
ALAF	Aluminium Africa
AsDB	Asian Development Bank
AusAID	Australian Agency for International Development
BMF	Bundesministerium für Finanzen (Austrian Ministry of Finance)
DAC	Development Assistance Committee
DBSA	Development Bank of Southern Africa
DEG	Deutsche Investitions-und Entwicklungsgesellschaft (the German investment and development company)
DFI	Development Finance Institution
DFID	UK Department for International Development
DGIS	Dutch Ministry of Foreign Affairs
DMT	Don Muang Tollway
DRC	Democratic Republic of Congo
EAIF	The Emerging Africa Infrastructure Fund Ltd.
EBRD	European Bank for Reconstruction and Development
FMFML	Frontier Markets Fund Managers Ltd.
FMO	Financierings-Maatschappij voor Ontwikkelingslanden N.V., (development bank of the Netherlands)
FSA	Fonds de Solidarite Africain
GAP	Green Africa Power
GDP	Gross Domestic Product
GNI	Gross National Income
GPOBA	Global Partnership on Output-Based Aid
HCMC	Ho Chi Minh City
HFGA	Home Finance Guarantors Africa
ICF-DP	Infrastructure Crisis Facility- Debt Pool
IDB	Inter-American Development Bank
IDC	Industrial Development Corporation
IFC	International Finance Corporation
INA	Industrija Nafte, d.d., Croatia
IPP	Independent Power Producer
ISSIF	InfraCo Sub-Saharan Infrastructure Fund
JDA	Joint Development Agreement
JICA	Japanese International Cooperation Agency
KEK	Korporata Energjetike e Kosovës (Energy Corporation of Kosovo)
KfW	KfW development bank (the German Development Bank)
KIS	Kalangala Infrastructure Services Ltd.
LDC	Least Developed Country
LEC	Liberia Electricity Company
MACL	Maldives Airport Company Limited
Norad	Norwegian Agency for Development Cooperation
OBA	Output-Based Aid
ODA	Official Development Assistance
ODA Korea	Overseas Development Assistance of the Republic of Korea
OECD	Organisation for Economic Co-operation and Development
OeEB	Die Oesterreichische Entwicklungsbank AG (the Austrian development bank)
OPIC	Overseas Private Investment Corporation
PAIDF	Pan-African Infrastructure Development Fund
PCM	Post-Completion Monitoring
PDF	Project Development Facility
PFF	Project Financing Facility
PIDG	Private Infrastructure Development Group
PMU	Programme Management Unit
PPI	Private Participation in Infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public Private Partnership
PSI	Private Sector Investment
SATDF	South Africa Taxi Development Finance
SBSA	Standard Bank South Africa
SECO	Swiss State Secretariat for Economic Affairs
Sida	Swedish International Development Cooperation Agency
SMME	Small, medium and micro enterprises
SPUG	Small Power Utilities Group
T&D	Transmission and Distribution
TAF	Technical Assistance Facility
TOPL	Tema Osonor Power Limited

Foreword

Transforming Ghana's power sector

Ghana's electricity system is in serious trouble. The World Bank reports that the operational inefficiencies of the country's state-owned utility cost over 2% of GDP every year. Private business has not been involved in the sector to any significant extent. Ghana's government was forced to turn to expensive emergency diesel-fuelled generators on short-term contracts, which were a major burden on the public finances of this low-income country. Outages are endemic. Half the population has no home power supply.

But there are better prospects ahead. In 2010, InfraCo Africa, a Private Infrastructure Development Group (PIDG) company, sold the majority of its interest in Kpone, a new gas-fired Independent Power Project (IPP) to private investors. Kpone, which will be an efficient modern plant running on gas from the West Africa Gas Pipeline, will operate profitably while charging far less for its electricity. Its development has involved not only the negotiation of a set of sustainable contracts – paving the way for this and future IPPs in the country – but also the provision of technical assistance to restructure the utility, and prepare it to deal with private sector power plants. As a result, development of several projects by other private sector developers in Ghana is already under way.

Kpone was a long time coming. InfraCo Africa became involved in 2005, at a point where their partners had already been working on it for several years. This project is a good snapshot of the work PIDG is doing, capturing both its challenges and difficulties, as well as the successful consequences. More detail is given in the section on InfraCo Africa.

PIDG and the infrastructure problem

The shortage of infrastructure in the world's poorest countries is a major and growing obstacle to economic growth, and the elimination of poverty. Barely half the investment needed to correct the deficiencies is being made. The public sectors of these countries lack the resources to meet their needs while the private sector is doing little to contribute, mainly because there are so many barriers to participation.

Finding ways for the private sector to help provide that missing infrastructure – power, transport, water, sanitation, communications – by correcting the conditions which give rise to these barriers, is what PIDG is about. Other efforts to increase private sector participation have had mixed success. Not only are few projects being undertaken by the private sector, but delivery times are frustratingly protracted. It takes longer and costs more to install new infrastructure than in other parts of the world. This is partly because of the imposition of models and methods used in advanced industrialised economies, which are often inappropriate to local conditions.

New methods and thinking are required. This is what the PIDG works to provide, through its portfolio of five operating businesses and two technical assistance units. Funded by over US$400m from seven countries' aid budgets (Austria, Germany, Ireland, the Netherlands, Sweden, Switzerland and the United Kingdom), together with the World Bank, this portfolio provides money, project development and technical advice to build and operate infrastructure with full or partial private sector participation.

This Annual Report presents PIDG's results for 2010, and describes our distinctive approach. We are focused on making projects happen – and happen faster – by mobilising private sector capital and expertise. Our project portfolio has doubled in size in just two years. Meeting the total need obviously requires an effort many times bigger than ours, so PIDG also aims to have a long-term, demonstration effect beyond its immediate impact. We show others the opportunities and encourage their participation, as shown by the way that other private initiatives have followed Kpone in Ghana.

Continuous improvement

The achievements reported in the following sections reflect the imagination and effort of everyone in the organisation, including PIDG members and the PMU team, together with the boards and management teams of our operating units. We are committed to continue improving performance, and to secure the resources to increase our rate of activity.

Independent progress reviews were completed for two of our businesses in the last two years. A risk and governance review of the PIDG was carried out, and individual PIDG members conducted their own inspections. We also began re-examining the overall PIDG strategy. This scrutiny found PIDG to be effective, good value and endorsed our approach but made recommendations, which we will implement: increasing transparency; developing our results reporting; measuring the additionality of every project; doing more in post-conflict states; and targeting projects which provide more benefit for women and girls.

PIDG – making a difference

There is great excitement in financial circles about 'impact investing', creating a positive impact beyond pure financial returns. In places like Ghana, through projects such as Kpone, we are seeing this for ourselves, firsthand. In the pages that follow we show – through the numbers and individual stories – how private delivery can be both good business, and play its part in delivering the services so desperately needed.

The PIDG, through its various facilities, is an impact investor. New and better infrastructure transforms the lives of poor people and allows countries to improve the competitiveness of their economies. The PIDG is taking its message to an audience beyond that of our current members. The more investors and developers we can encourage to participate in our work – and to take advantage of its positive side-effects for their own initiatives – the greater the number of poor people whose lives can be transformed.

This is my last Annual Report as Programme Manager. I thank my colleagues in the Programme Management Unit, PIDG members, and staff and Directors of the facilities, for their generous and constructive support and advice. It's been an exciting and enjoyable experience, and I'm delighted the organisation is well positioned to continue its growth and success.

Andrew Reicher, PIDG Programme Manager

‘The PIDG is an impact investor. Better infrastructure transforms the lives of poor people and allows countries to improve the competitiveness of their economies. The more investors and developers who participate in our work the greater the number of poor people whose lives can be transformed.’

2010 in review

EXPANDING THE PORTFOLIO

- In 2010, the PIDG facilities have provided support for **28 new infrastructure projects** for a **total commitment of US$353.7m**. Of these 28 projects, 15 have reached financial close, and have **attracted investment commitments from the private sector of US$4.1bn**.

    - The Emerging Africa Infrastructure Fund Ltd. (EAIF) and GuarantCo Ltd. (GuarantCo), two of the PIDG's longest-running infrastructure financing facilities, have supported eight new projects over the year, for a total funding commitment of US$121.8m. These have included debt finance from EAIF for the first modern container port in Senegal, as well as a large satellite telecommunications project that will provide internet, other data and voice bandwidth to Sub-Saharan Africa. GuarantCo has provided support to four new projects in 2010 across Africa and Asia.

    - InfraCo Ltd. (InfraCo Africa) closed two projects in the energy sector in Africa. This includes an Independent Power Project in Ghana, InfraCo Africa's largest project to date and a renewable energy project, and the first privately financed wind power project in Sub-Saharan Africa. DevCo has completed six projects in the year, including its first ever in the Caribbean – the privatisation of the state-owned telecom enterprise, TELCO, in Haiti. The PIDG Technical Assistance Facility (TAF) has commited funding to two projects – InfraCo's privately financed wind power project in Cape Verde and a rail project in Kenya and Uganda – and has also started funding six new projects, including first time support for a project in the roads sector.

    - The PIDG's newest facility, the Infrastructure Crisis Facility-Debt Pool (ICF-DP), launched in 2009, has concluded loan agreements for seven projects, exceeding its planned targets for the year. Three of these were introduced by other PIDG facilities – illustrating effective cooperation among the various PIDG facilities.

- The 15 projects that have reached financial close are expected to **provide new infrastructure services to an estimated 52.2 million people**, and **improve the quality of the infrastructure for an expected 4.3 million**. The benefits are spread across populations of all low-income regions, with a considerable focus on Sub-Saharan Africa as well as South Asia.

- The PIDG portfolio is steadily expanding to include many more 'green' projects, all of which comply with rigorous environmental criteria. InfraCo Africa and InfraCo Asia Development Pte. Ltd. (InfraCo Asia) are currently developing a number of renewable energy projects (a mix of hydro, solar and wind power projects), while DevCo is supporting three hydro power projects. In addition, EAIF has financed two hydro projects, and one geothermal power plant.

KEY DEVELOPMENTS

- **Emerging interest from new donors.** A number of new donors have expressed interest in joining the PIDG, including the Australian Agency for International Development (AusAID), the Spanish Agency for international development cooperation (AECID), and the Norwegian Agency for Development Cooperation (NORAD).

- **New facilities launched to support infrastructure development.** After a detailed design phase, and a competitive tender to appoint a management team, the implementation of InfraCo Asia has begun, with an official launch in October 2010, in Singapore. InfraCo Asia is developing its project pipeline, with a focus on renewable energy, environment and transport. The PIDG is also currently developing 'Green Africa Power' (GAP) – an initiative to overcome the market failures which obstruct private development of renewable IPPs in Africa.

- **Improvements in the results reporting process.** PIDG's approach to measuring its development impact has continued to evolve in 2010. Over the year, the results monitoring framework has been expanded to highlight two new aspects – 'additionality' and 'demonstration effect' of projects.

- **Participation in the EU-Africa Infrastructure Trust Fund.** The PIDG joined the EU-Africa Infrastructure Trust Fund's Project Financier's Group in 2010, giving PIDG facilities access to substantial grant funding for the costs of preparing their projects. Five InfraCo Africa projects are currently being considered by this Trust Fund.

- **Review of Development Finance Institution (DFI) support for Private Participation in Infrastructure (PPI).** In October 2010, the PIDG commissioned a systematic review to examine the evidence on the impact of DFI support for PPI on economic growth and poverty reduction. Carried out by the Institute of Development Studies, University of Sussex, the full report is expected in September 2011.

PERFORMANCE REVIEWS

Between 2009 and 2010, the PIDG commissioned three reviews. The first covered governance of the PIDG as a whole. The other two were progress reviews of two facilities – EAIF (started in 2009) and InfraCo Africa (started in 2010). These evidence-based reviews are independent evaluations of the relevance, efficiency, effectiveness, impact, and sustainability of the facilities, and are available on the PIDG website (www.pidg.org).

The PIDG governance review concluded that **stakeholders were broadly satisfied with the governance of the organisation.** However, a number of recommendations were made, which are being implemented. The principal improvements are a new code of conduct, and strengthened performance management.

The EAIF progress review was positive, especially about **EAIF's additionality and development impact**. It noted that EAIF has significant developmental impact and is also profitable. It was suggested that a strategic plan was needed to enable the organisation to grow further. The EAIF Board has been working with the donors to develop this plan.

The InfraCo Africa progress review concluded that it "offers a unique model for development, filling a gap in the infrastructure market in Africa, and offering significant development impact". However, concerns were raised about the financial performance of the existing InfraCo business model. These are being addressed in a new business plan.

The PIDG has also featured in external reviews conducted by its donors – including the recent UK Department for International Development (DFID) Multilateral Aid Review.[1] The results, published in early 2011, **rate the PIDG as providing "very good" value for money.** It was rated "strong" in five out of the nine relevant categories, and "satisfactory" in a further three. While the review pointed out that there are some areas where improvement is required, it also said that "positive change" within the organisation was "likely".

1 DFID, (2011) 'Multilateral Aid Review': http://www.dfid.gov.uk/About-DFID/Who-we-work-with/Multilateral-agencies/Multilateral-Aid-Review/

The Infrastructure Challenge

The PIDG is a multi-donor organisation. It is established to address the challenges which impede the private sector from contributing to infrastructure development in the poorest countries, and so increasing economic growth and poverty reduction.

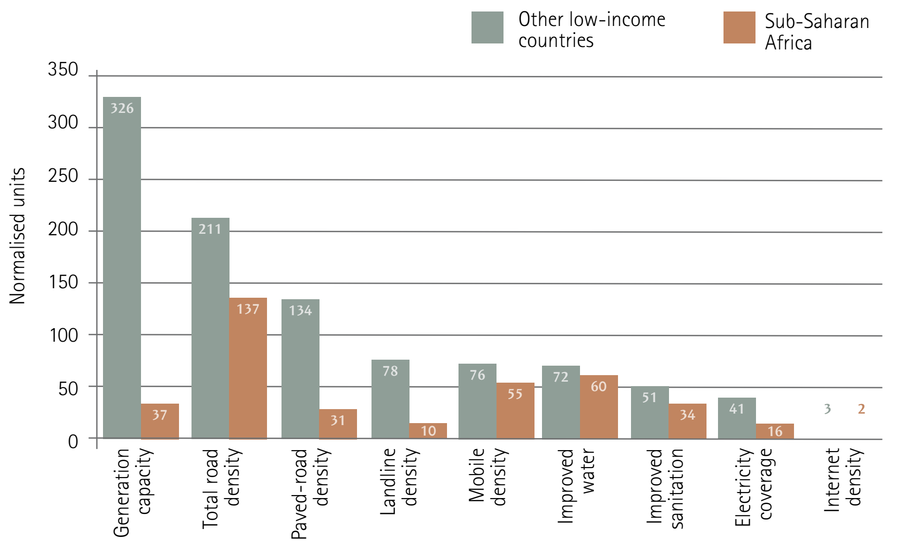
Vital services needed

The World Bank estimates that in developing countries, 1.5 billion people live without electricity, 1 billion have no access to all-weather roads, and 2.5 billion have no access to sanitation.[2] This low level of infrastructure provision is a major hindrance to growth and economic development in low income countries. The problem is especially significant in Africa, which is badly off, even relative to other developing countries (see Figure 1.1).

Investment overstretched

The World Bank Africa Infrastructure Country Diagnostic (AICD) report in 2010 estimates the need for US$93bn per year for improving African (public and private) infrastructure.[3] Current annual spending is thought to be just half of the required level, with the public sector and official development assistance (ODA) being the main source. However, in the face of competing development priorities for governments – not least for the health and education sectors –

Figure 1.1 Africa's Infrastructure deficit[4]



2 World Bank, (2010) 'The World Bank Annual Report 2010'
3 World Bank Africa Infrastructure Country Diagnostic, (2010) 'Africa's Infrastructure: A Time for Transformation'
4 World Bank Africa Infrastructure Country Diagnostic, (2010) 'Africa's Infrastructure: A Time for Transformation'

there is a limit to the extent of increase in resources that can be devoted to infrastructure development. ODA funding for infrastructure is estimated at roughly US$3.6bn per year (approximately 10% of the current total spend), but in the face of budget squeezes in developed economies, this level of investment cannot be increased dramatically to meet infrastructure needs. Even if major potential efficiency gains are made, Africa would still face an infrastructure funding gap of US$31bn a year for the next 10 years. And after the financial crisis, capital flows have still not returned to pre-crisis levels, especially for long-term infrastructure developments in developing countries, making the problem of underinvestment even worse.

The private sector plays a critical role. At present it provides approximately US$9.4bn of financing a year, but unless investment increases dramatically, the least developing countries will see falling levels of infrastructure provision, and find it increasingly difficult to catch up with developed countries.

Obstacles to private sector involvement

Pervasive market and institutional failures discourage private sector investment in developing and financing infrastructure projects in a variety of ways. The main challenges include:

- A difficult regulatory environment, in terms of laws, regulations and institutions.
- Problems obtaining foreign exchange denominated debt, with both the perceived riskiness of projects and a lack of macroeconomic stability.
- Limited availability of local currency finance, because of shallow local credit and capital markets.
- The high front-end cost and uncertainty attached to project development.
- A lack of locally available capacity (people with the right skills) in both the public and private sectors.
- The difficulty of setting a tariff that allows providers to recover their costs, and credit issues arising from customers' ability and willingness to pay.

These are the challenges to overcome if private sector resources are to be tapped to meet the infrastructure needs of the least developed countries.

What we do

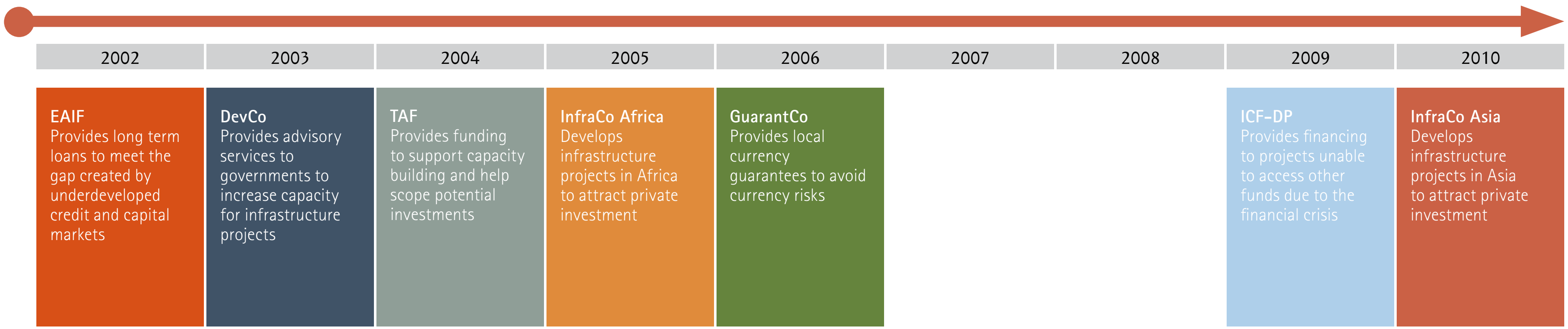
The PIDG aims to provide the poorest countries with efficient and modern infrastructure that will encourage economic development. Its mission is:

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

Guided by its mission, the objectives of the PIDG are :

- Enhanced provision of sustainable infrastructure services (quality and quantity).
- Increased numbers of poor people able to access infrastructure services.
- Increased flows of local, regional and international investor capital and expertise to infrastructure.

Figure 1.2 PIDG timeline and role of facilities



- Transfer of skills at a local level and building of domestic capacity to harness private participation in infrastructure for the benefit of the country and especially the poor.
- Pro-poor economic growth.

To do this the PIDG has established a number of facilities that work to tackle the key market and institutional failures, as described in Figure 1.2.

The PIDG facilities can be broadly classified into two main types :

- Project Financing Facilities (PFFs), including EAIF, GuarantCo and ICF-DP, which are aimed at addressing the financial market failures to private participation in infrastructure.
- Project Development Facilities (PDFs), including InfraCo Africa, InfraCo Asia, TAF, and DevCo, which aim to improve project development and execution.

The detail of how these facilities work is described in Chapter 5.

Since its inception in 2002, the PIDG has supported 133 projects, including 28 initiatives in 2010. Of this portfolio, 69 PIDG facility projects have reached financial close[5], and have attracted private sector commitments of US$14.5bn. These are projected to provide new or improved infrastructure for over 99 million people.

5 Financial close refers to a project development milestone achieved when all contracts and financing agreements have been signed and all conditions required before the initial drawing of debt have been fulfilled. (Source: Public-Private Partnerships Policy and Practice – A Reference Guide (Edited by Yong), Commonwealth Secretariat.)

OUR distinctive approach

Beyond 'business as usual'

The scale of the excess of demand over actual provision of infrastructure, drove a re-consideration of the 'business as usual' approach. It was from this that the PIDG approach emerged, developing a strategy distinct from traditional donor support for infrastructure development. The PIDG is a project-based business. Our facilities make deals to deliver infrastructure in the poorest countries with private sector participation. Beyond the deals themselves, they demonstrate the possibilities to others, and bring about conditions for their increased participation.

Thinking outside the box

From its launch in 2002, the PIDG has aimed to develop innovative interventions, supported by PPI, based on robust analysis and market testing. PIDG facilities such as EAIF and GuarantCo, have distinct funding arrangements, which leverage donor equity to attract private sector finance. In this model, public funds from donors, together with the private finance that has been mobilised, are managed by the private sector – following both commercial principles and strict investment guidelines, to safeguard the policy principles of donors.

This distinct feature of the PIDG approach is what makes it an 'impact investor'. It ensures the funding of projects that not only aim to make a financial return, but also provide developmental, social and environmental benefits.

As development agencies face growing demand to prove value for money and impact, the PIDG is well positioned, with its twin private sector ethos and desire for 'social profit'.

The focus of our activity has been PPP and private sector infrastructure projects, delivering support across the cycle of each project, covering activities such as project development, financing, funding and operation.

'Additionality' and demonstration effect

One of our central principles is that every PIDG-supported project has to show that it is 'additional', before it receives approval. In other words, every project we are engaged in must incorporate significant, 'additional' benefits that would not be there in the first place. This requires a decision that the private sector, left to itself, would probably not consider investing the project in question. As a result, it means infrastructure can be built, that would otherwise not be developed – or not developed as quickly or inclusively. PIDG supports projects that other developers or investors have shied away from, often in high-risk countries that fail to attract enough private investment.

While 'additionality' is a dry policy term, it is of critical importance. It means, for instance, that – by undertaking the first transaction of its type in a country, and working out how government rules and regulations need shaping to make it happen – other private sector infrastructure developers can then see how they can design projects which work. And governments can adopt policies which make it possible for others to follow. If a project is 'additional' in one of these ways, it is likely have a 'demonstration' effect, encouraging increased private participation.

In the following pages, we give examples of the transformative effects of individual PIDG projects on poor communities. We also describe how these PIDG-supported initiatives demonstrate that private delivery can be more efficient than public sector provision, and achieve results at lower cost.

This work involves profound challenges and difficulties, many months of work for each individual transaction, and millions of dollars. Unfortunately PIDG businesses do not always achieve their targets. Yet, despite these setbacks – as our results reporting shows – their achievement is considerable. It has also made a big difference to the amounts of investment and numbers of people served, compared to relying on public sector provision alone.

If a project is going to be truly additional, particular emphasis has to be placed on the facilities' investment policies, agreed with the donors, and applied through the skills and expertise of facility managers, and – critically – the judgment and dedication of the Boards. The experienced individuals who make up these bodies have the skills and the personal commitment to make informed judgements, and concentrate the Companies' efforts on projects that will have the most development impact.

Meeting the greatest need

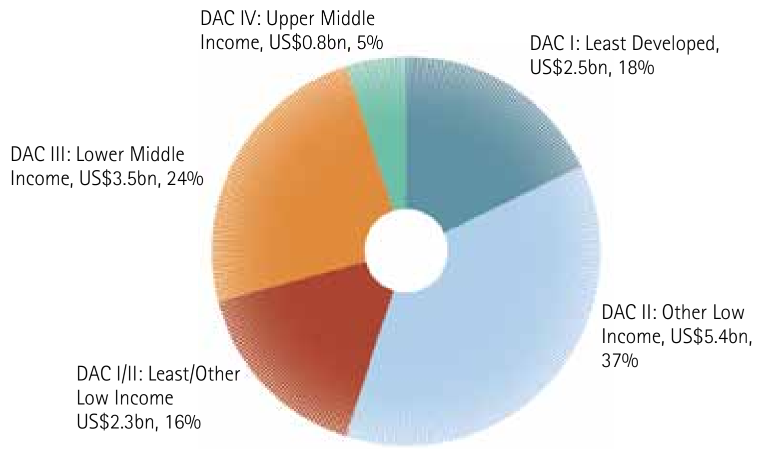
The PIDG focuses on the poorest countries – those included in the first three columns of the DAC List of ODA Recipients.[6] They have: the weakest environments for private participation in infrastructure; poor project development capacity and fewer opportunities; limited availability of finance for projects; and limited affordability among the population. A recent DFID review of its multilateral aid commends the PIDG's focus on the poorest countries.[7]

As can be seen from Figure 2.1 and Table 2.1, the PIDG has maintained a clear poverty focus by investing in the two poorest groups of countries. Of its closed projects, 63% of commitments have been made to countries in Least Developed Countries (DAC I) and Other Low Income Countries (DAC II). In addition, of the PSI commitments generated from PIDG supported projects, 70% has been for investments in the DAC I and II countries, where the infrastructure finance gap is most acute.

Light structure, limited bureaucracy

The PIDG has been established with a 'light' structure and minimal bureaucracy. While the PIDG donors decide overall strategy, daily management of the facilities is the responsibility of the managers, under the guidance of the directors of the PIDG facilities (except in the case of DevCo, which is managed by the IFC, and the Technical Assistence Facility, which is a fund housed within the PIDG Trust). Investment decisions are taken by the directors, who ensure both conformity with donor policies, as well as exercising judgment on commercial prospects. Central coordination, from an outsourced Programme Management Unit (PMU), guarantees high fiduciary standards, professional coordination, thorough results reporting, and strategic support to donors, with good value for money, as confirmed by DFID's Multilateral Aid Review.

Figure 2.1 PSI commitments for PIDG-supported projects that have reached financial close, by DAC list[8]



6 The DAC List of ODA Recipients (Effective for reporting on 2008, 2009 and 2010 flows) shows all countries and territories eligible to receive ODA. The List presents countries and territories in groups. The Least Developed Countries (LDCs) as defined by the United Nations are in the first column; the other columns show all other ODA recipients according to their Gross National Income (GNI) per capita as reported by the World Bank. Please see Annex 2.
7 DFID, (2011) 'Multilateral Aid Review'
8 DAC I/II projects includes projects which cover multiple countries across the two DAC types.

Table 2.1 Facility commitments and development impacts by DAC List

DAC Column	Facility commitments to closed projects (US$m)	Facility commitments to closed projects, %	PSI commitments (US$bn)	PSI commitments, %	Additional people served (in millions)	People with improved quality of service (in millions)
DAC I: Least Developed Countries	154.9	17.1%	2.5	17.6%	3.9	4.1
DAC II: Other Low Income Countries	269.3	29.8%	5.4	37.4%	19.0	5.5
DAC I/II: Joint Least Developed Countries and Other Low Income Countries	148.5	16.4%	2.3	15.6%	50.0	0.03
DAC III: Lower Middle Income Countries and Territories	211.3	23.4%	3.5	23.9%	3.9	8.6
DAC IV: Upper Middle Income Countries and Territories	120.4	13.3%	0.8	5.6%	0.006	4.3
Total	**904.4**		**14.5**		**76.8**	**22.5**

The creative tension

The PIDG is a relatively new organisation (especially in view of the long lead times required for infrastructure development and construction), and is learning as it grows. Taking this alternative approach to delivering results carries its own challenges.

The PIDG's biggest asset – the PPP approach, combining both private and public sector cultures – is also its biggest challenge. This means it constantly has to find ways to manage the inherent tension between donor priorities and private sector objectives. The role of the directors of the PIDG companies, supported by the PMU, is key to mediating this tension, and reconciling donor and private sector goals.

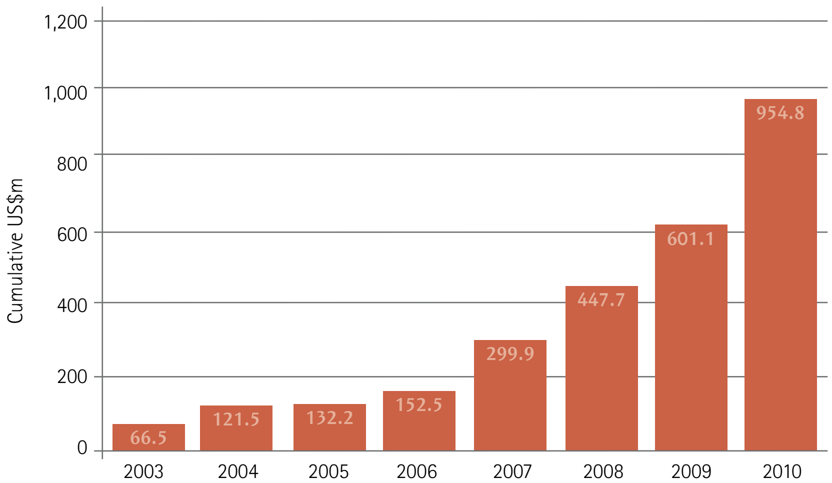
There are further challenges. We need to: increase transparency within the confines of commercial client confidentiality; rate systematically the additionality of every project; effectively target post-conflict and fragile states; and do more to benefit women and girls through PIDG-supported projects.

The project portfolio

Overall portfolio

The PIDG portfolio and annual commitments has more than doubled over the two-year period from 2008 to 2010, with cumulative commitments increasing from US$447.7m to US$954.8m.

Figure 3.1 Cumulative commitment by facilities by year



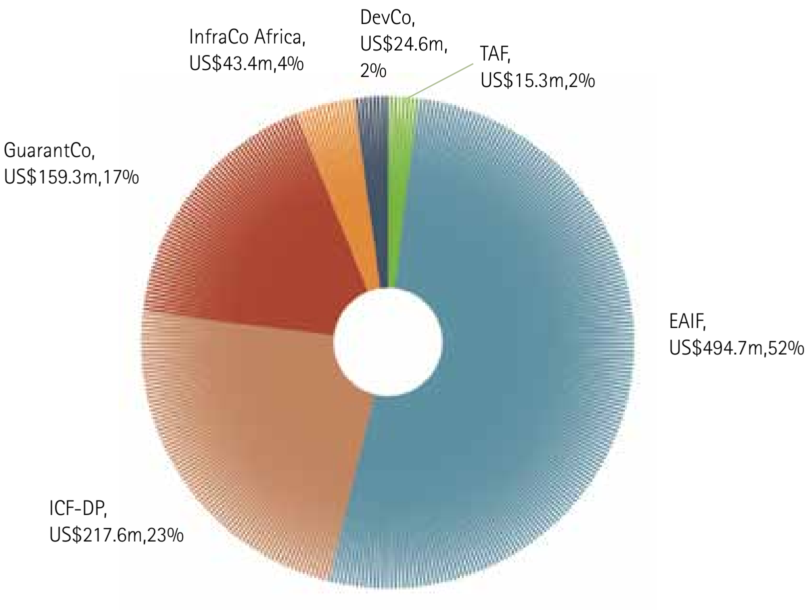
Portfolio by facility

Table 3.1 Total PIDG commitments by facility to end 2010[9]

Facility	Projects at end 2010		Projects in 2010 only	
	Funds committed by PIDG (US$m)	Number of projects	Funds committed by PIDG (US$m)	Number of projects
EAIF	494.7	26	61.8	4
ICF-DP	217.6	7	217.6	7[10]
GuarantCo	159.3[11]	12	60.0	4
InfraCo Africa	43.4	12	9.6	2
DevCo	24.6	35	3.0	5
TAF	15.3	41	1.8	6
Total	954.8	133	353.7	28

9 InfraCo Asia has not been included as it is too early to report on the status of its projects.
10 Please note that the ICF-DP investment of US$10m in the Cai Mep Port project in Vietnam was closed in late 2009 but the paperwork was completed in early 2010, hence it is treated as a 2010 project.
11 Please note that GuarantCo's total exposure to one of the projects included here, Calcom Cement, is US$25m, of which GuarantCo has retained US$15m of exposure on its own books, and US$10m has been syndicated to a private, emerging market focused fund.

Figure 3.2 Total commitments by facility to end 2010



Portfolio by sector

Table 3.2, details the PIDG portfolio by sector.

- While, historically, telecoms was the largest sector within the PIDG portfolio, the energy sector has now overtaken it – in both the number of projects and the value of commitments. This reflects efforts by the PIDG to continue to be additional. In the early 2000s, mobile telephony operators found attracting private funding difficult, and so received support from the PIDG. However, since then, this industry has become established, and the PIDG has shifted emphasis to areas where its investments can be catalytic and additional. This includes the energy sector, which represents a particular infrastructure challenge for Africa, where power consumption is only 10% of that found elsewhere in the developing world. The current level of energy provision in the continent is barely enough to power one lightbulb per person for three hours a day.[12 13]

- Within the energy field, increasing the provision of low-carbon energy in the developing world is an important part of PIDG's work, with approximately US$81m committed to date in 11 'green' projects (See Box 3.1).

12 World Bank Africa Infrastructure Country Diagnostic, (2010) 'Africa's Infrastructure: A Time for Transformation'

13 The PIDG continues to work in the telecoms sector, but it has moved away entirely from the expansion of mobile phone services to the provision of hardware or support ground infrastructure aimed at expanding broadband internet bandwidth and other telecom services to (mostly) un-served regions of Sub-Saharan Africa.

- Transport was also significant in 2010. US$126.8m was committed in the year, compared to US$31.07m in all previous years. This was due to three large projects in the ports sector, together with two transactions supporting small, medium and micro-enterprises (SMMEs) in transport.

- Support for projects in water and sanitation also increased in 2010, with four new projects, and a total commitment of US$2.4m. These are all DevCo advisory assignments, with two projects in the Philippines, one in Mozambique and one in Rwanda.

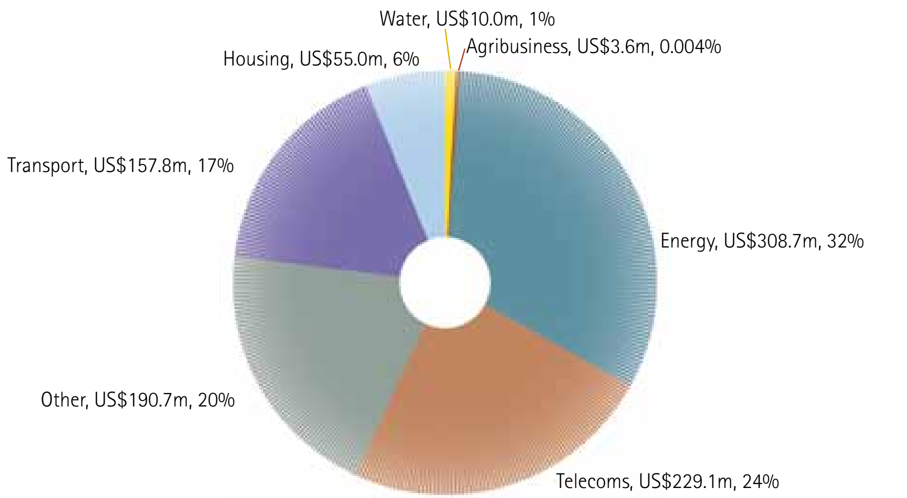
- The PIDG has also supported projects in agribusiness and housing. The Chanyanya and Chiansi irrigation projects in Zambia, by InfraCo Africa are prime examples. As are two housing projects: the Ackruti slum improvement project in India, backed by both GuarantCo and ICF-DP, and GuarantCo's Home Finance Guarantors Africa (HFGA) project covering Kenya, Rwanda, Ghana, Uganda and Malawi.

Figures 3.3 presents the cumulative portfolio by sector and Figure 3.4 shows the breakdown by sector of the commitments made in 2010.

Table 3.2 Total PIDG commitments by sector to end 2010

Sector	Projects at end 2010		Projects in 2010 only	
	PIDG Committed funds (US$m)	Number of projects	PIDG Committed funds (US$m)	Number of projects
Energy	308.7	44	140.3	8
Telecoms	229.1	21	25.0	1
Other	190.7	23	23.8	4
Transport	157.8	24	126.8	8
Housing	55.0	3	35.0	2
Water	10.0	9	2.4	4
Agribusiness	3.6	9	0.4	1
Total	954.8	133	353.7	28

Figure 3.3 PIDG portfolio of projects by sector to end 2010



Box 3.1: Green and environmentally sustainable projects in the PIDG portfolio

In line with growing environmental awareness, green and clean energy projects have become a key priority of the PIDG in recent years. Between 2008 and 2010, US$71m was committed to the sector, compared to US$10m between 2002 and 2007.

EAIF has provided loans to date for three power projects in East Africa worth US$64m: one geothermal power project in Kenya and two hydro-electric projects in Uganda. The former is the only privately owned Geothermal power plant in Africa. With regard to the latter, the Government of Uganda has set out a policy framework to involve the private sector in hydroprojects. In Uganda the development of the small scale hydro market is still in its early stages. There are currently 10 small hydro projects (80MW) being studied and/or implemented. Of those 10, the first two projects that came online have been funded by EAIF (Bugoye and Mpanga) and a third is being considered. The successful development and financing of the Ugandan projects will demonstrate the viability of small hydro projects, and so stimulate replication.

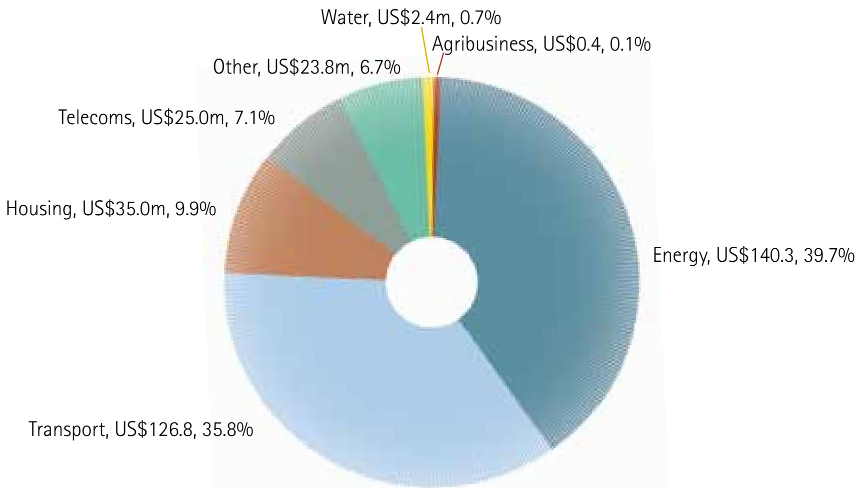
In 2010, InfraCo Africa successfully closed the Cabeolica Wind Farm Project in Cape Verde. This project involves the construction of 30-40 wind turbines, and is expected to raise the penetration of wind energy in the country's energy system from 2% in 2009 to 30% by 2012 substantially reducing the current dependence on imported fossil fuels. It is also currently developing the Kalangala renewables project in Uganda which involves the use of solar power, and the Muchinga Power Company, Zambia, which involves run-of-river hydro projects on the Lunsemfwa and Mkushi rivers in central Zambia.

DevCo has also completed two mandates for renewable energy projects, both for the Bushati hydro power plant in Albania. One renewables project is currently under development in the Solomon Islands, and this aims to be the first hydro IPP in the country.

Green projects, especially renewable energy, are a high priority for InfraCo Asia, with renewable energy currently accounting for some 40% of projects under active review or development.

Finally, the PIDG is currently developing a new pilot facility entitled "Green Africa Power" which will facilitate renewable IPPs in Sub-Saharan Africa. (For more information, please see '2010 in Review', p8 of this report).

Figure 3.4 PIDG commitments by sector in 2010



Portfolio by region

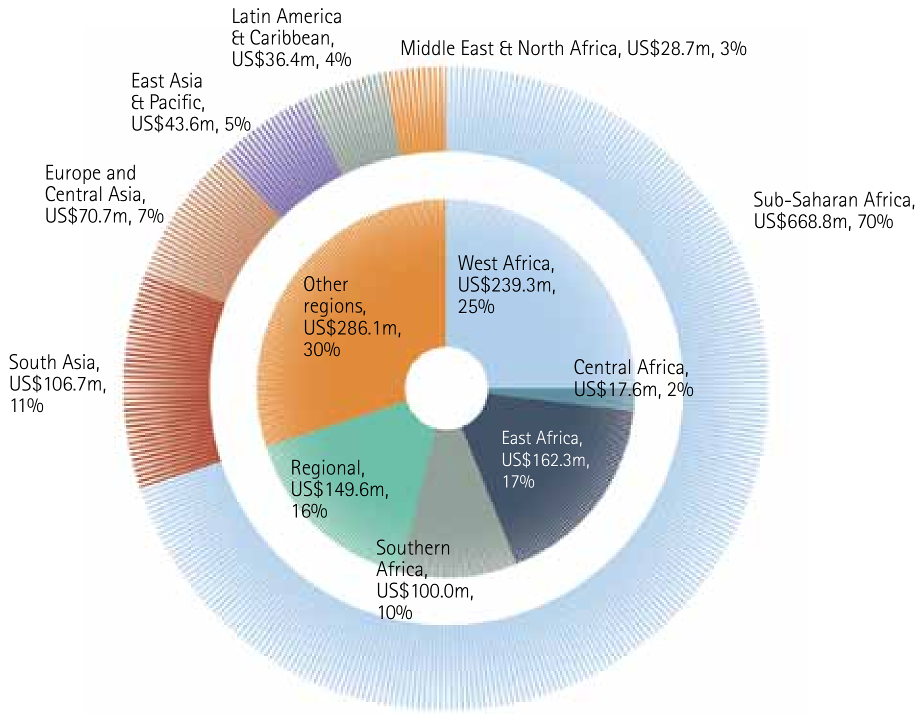
Table 3.3 presents the value of commitments and number of projects undertaken by the PIDG in different regions. Figure 3.5 also presents the value of commitments by PIDG in different regions, in terms of percentages.

- The PIDG has prioritised the poorest regions of the world, with 70% of its funding commitments being in Sub-Saharan Africa. South Asia has received 11%. Of the 133 PIDG projects to date, 101 have been in DAC I and II countries, receiving approximately US$618m of the total of US$954.8m commitments.
- While EAIF and InfraCo Africa focus on Africa, the remaining PIDG facilities of GuarantCo, TAF, DevCo and ICF-DP, cover the poorer developing countries both in Africa and elsewhere. DevCo is responsible for most of the projects outside of Sub-Saharan Africa (24 out of the 41 PIDG projects outside Sub-Saharan Africa).

Table 3.3 Total PIDG commitments by region end 2010

Region	Projects at end 2010		Projects in 2010 only	
	Committed funds (US$m)	Number of projects	Committed funds (US$m)	Number of projects
Sub-Saharan Africa	668.8	92	162.2	18
South Asia	106.7	16	50.0	2
Europe and Central Asia	70.7	5	68.6	2
East Asia and Pacific	43.6	14	37.9	5
Latin America and the Caribbean	36.4	2	35.0	1
Middle East and North Africa	28.7	4	-	-
TOTAL	954.8	133	353.7	28

Figure 3.5 Distribution of the PIDG portfolio by region and sub-region within Africa, 2003-10



Development impact

The results framework

Monitoring the development impact of the PIDG projects is vital. Critical indicators include:

- Private sector investment commitments to each project, distinguishing between those from the domestic private sector, foreign commercial sector and DFIs.
- The number of additional people expected to be served by the infrastructure, as well as the number of people expected to receive improved services.
- The fiscal impact of the PPI investment, including upfront fees paid to the Government and any subsidy amounts avoided by the Government.
- The direct long-term (during operations) and short-term (during construction) employment effects.
- The alignment with national development plans.

The PIDG results monitoring system was introduced in 2007, and has been periodically revised. In 2010, the PMU introduced two qualitative impact indicators:

- Demonstration effect – this measures capital mobilisation through greater PPI, either in the country, sector or region; and/or improved attitudes and greater willingness to invest of the private sector in emerging markets.

- Additionality impact – this aims to ensure that every PIDG-supported project is additional and not 'crowding out' the private sector. It assesses three aspects:
    - 'Money additionality' – does the PPP element make an investment happen that would otherwise not have been funded?
    - 'Design and efficiency additionality' – does the private sector involvement lead to changes to design and/or improvements in efficiency?
    - 'Policy additionality' – does PIDG participation contribute to improvements in the regulatory environment, both for specific investments and at the country level?

Managing expectations

Development impacts included here relate to PIDG projects that have achieved financial close, and do not include any that might come about from projects which are under development. The PIDG is often only one of several contributors to a project, we do not attribute the development impact to our efforts alone.

The various PIDG facilities support different stages of the project cycle and, accordingly, have differing degrees of development impact. For example, InfraCo Africa works on greenfield projects that provide new services to populations, whereas DevCo mostly advises on private sector participation to existing state infrastructure, and so aims to improve the provision of existing services.

The numbers presented below are ex-ante aggregate estimates of expected development impact, adding the figures for every individual project. These should be interpreted bearing in mind the differences of degree of impact from

one to another, mentioned above. The figures for each project are compiled at the time a loan or mandate is signed, or when a project is developed and sold. In addition, later in this section, 'actual' development impact figures (as opposed to 'expected' impacts), are given for PIDG-supported infrastructure projects that are in operation and delivering services on the ground.

PSI commitments

As of end 2010, PIDG-supported projects that have reached financial close have received **US$14.5bn** of financial commitments from the private sector. The year-on-year trend in PSI for PIDG-supported projects is shown in Figure 4.1. Last year saw an increase of over 40% of PSI commitments on 2009, which is attributable largely to O3b and the rapid scale-up of loans by the ICF-DP.

'PIDG delivers strong results and is aligned with UK development objectives. It has tight cost controls and is focused on the poorest countries.'

DFID MUTLILATERAL AID REVIEW

Figure 4.1 PSI commitments for PIDG supported projects that have reached financial close, as at end 2010

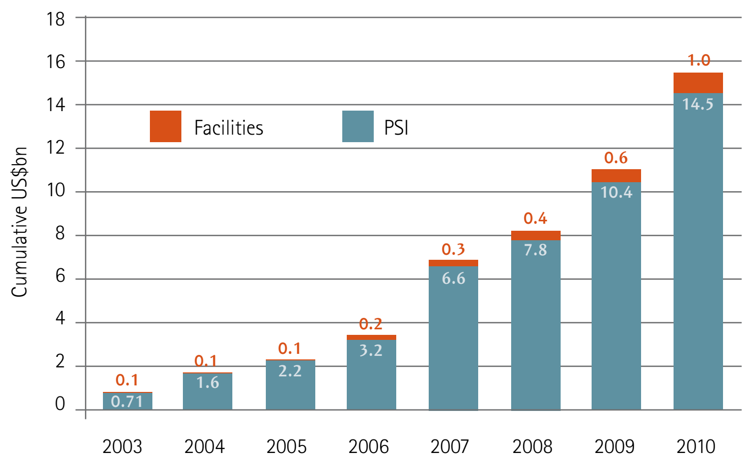


Figure 4.2 presents the sectoral composition of the expected PSI from PIDG-supported projects that have reached financial close.

Figure 4.2 PSI commitments by sector up to end 2010[14]

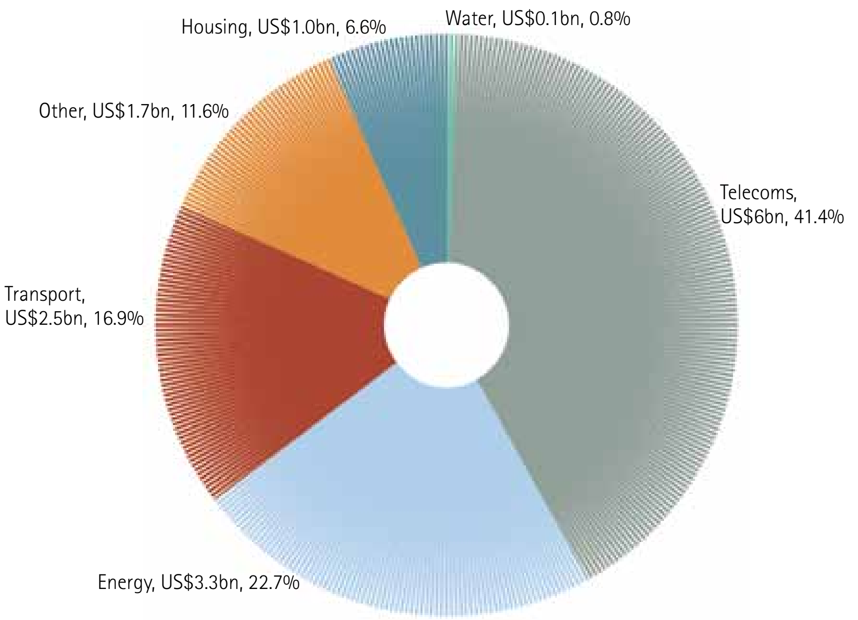
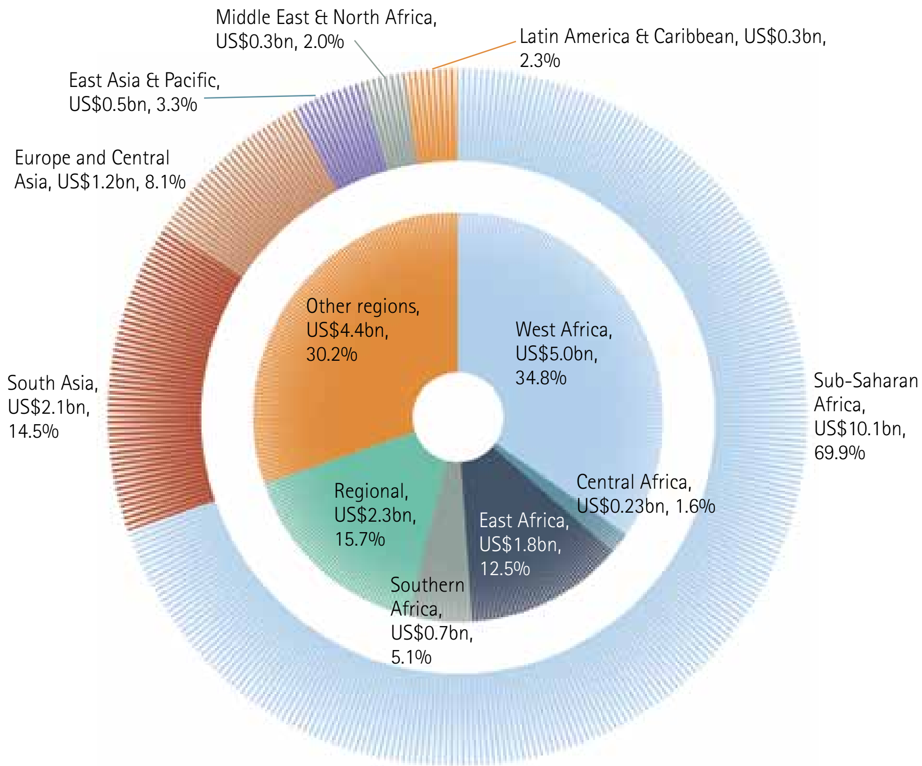


Figure 4.3 PSI commitments by region up to end 2010



Over 70% of the expected PSI associated with the PIDG is in Sub-Saharan Africa – see Figure 4.3.

14 Other includes: agribusiness, industrial infrastructure, multi-sector and mining.

Comparing the amount of PSI associated with PIDG-supported projects with the total level of PSI for developing countries as a whole, gives a sense of PIDG's 'market share'. The World Bank's PPI database estimates that **US$505.5bn** of investment commitments were made by the private sector for developing country infrastructure between 2003-09. The PIDG has supported projects which are expected to secure **US$10.4bn** of PSI commitments over the same period, or 2.1% of the total.[15] PIDG's market share is particularly significant in regions of its focus – for example, as Table 4.1 shows, the PSI expected to be associated with PIDG infrastructure projects in Sub-Saharan Africa accounts for almost 30% of the total in that region.

Table 4.1: Comparison of PSI raised through PIDG-supported projects and total PSI for developing country infrastructure projects (2003-09)

Indicator	Total PSI for infrastructure projects in developing countries (Source: World Bank PPI database)	PIDG reported PSI for its projects (Source: PIDG)	% share
PSI for infrastructure projects in Sub-Saharan Africa	US$27.8bn	US$7.9bn	28%
PSI for telecoms projects for all developing countries	US$45.1bn	US$4.8bn	11%
PSI for energy sector projects in Sub-Saharan Africa	US$6.8bn	US$1.7bn	25%

Providing access

One of our priorities is to increase the availability of infrastructure in poor, developing countries, to as many people as possible. It is estimated that, when fully constructed, PIDG-supported projects that reached financial close in 2010, will provide new infrastructure to **76.8 million** people, and improve the quality of infrastructure for a further **22.5 million**.

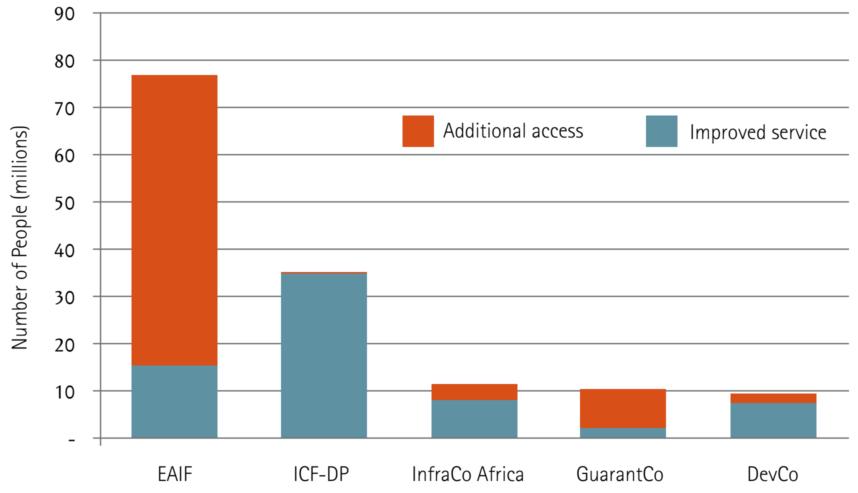
Figure 4.4 presents the expected expansion of (new and improved) infrastructure services for all PIDG facilities. As the oldest and largest facility, EAIF is expected to provide a new or improved service to more people than the other PIDG facilities. Of the EAIF-supported projects that achieved financial close by 2010, the O3b project in Sub-Saharan Africa – which is projected to provide telecommunications for 50 million people – accounts for the vast majority of the increase in number of people served.[16]

The newest PIDG facility, ICF-DP, is expected to have a material impact on access to infrastructure services in developing countries.

15 It is not clear if all PIDG projects have been reflected in the World Bank PPI database. Therefore a precise comparison cannot be made. Instead, these values should be used as a rough measure of the relative importance of the PIDG's work.

16 The project involves the development, procurement and operation of an equatorial constellation of (initially) 8 Middle Earth Orbit (MEO) satellites and associated ground infrastructure, focusing on un-served, emerging markets to provide long haul bandwidth, cellular backhaul and other telecom services. Please see http://www.o3bnetworks.com/

Figure 4.4 Expected numbers of people served by PIDG-supported infrastructure services, as at end 2010



Fiscal impact

As well as increasing private investment, and providing better services to populations, PIDG projects also contribute directly to the budgets of developing country governments. This works through two mechanisms:[17]

17 These numbers relate to PIDG-supported projects that have reached financial close as of end 2010 only.

- Approximately **US$3.6bn** in up-front fees are expected to be received by governments from PIDG-supported projects. This comes from a wide range of sectors, including telecoms, housing, transport and industrial infrastructure.

- PIDG also estimates that its work will result in almost **US$1.1bn** of 'avoided subsidies' (these are payments that would have had to be made by the public sector or government to deliver essential infrastructure by paying a subsidy, which are now being provided through a PIDG-supported project).

Employment effects

Infrastructure projects also provide employment opportunities covering a broad range of skills and qualifications. It is projected that up to **71,000** direct short-term jobs, and **171,000** direct long-term jobs will be created through PIDG projects. These projects also have indirect 'multiplier' effects on employment, which are not (yet) routinely measured.

Demonstration effects in practice

In 2010, the PIDG began recording 'demonstration effect', as an additional qualitative measure of development impact. This aims to examine whether the PIDG support for a project has also created more far-reaching changes in the sector – encouraging future activity by other private sector entities which are not related to the PIDG. It involves an element of subjective judgment.

Here are some early examples:

- Generally, EAIF's and GuarantCo's work in the mobile telephony sector since 2002, (which was at the time seen as additional, because the network operators were unable to obtain all the funding they needed from the private sector), demonstrated the viability of standalone finance for the industry. Today, partly because of the example shown by these PIDG transactions, a great deal more private finance is available. Therefore, the PIDG's work in the sector has moved on, for example to transactions such as Seacom and O3b, which are to bridge the 'digital divide' for the majority of Africa's population.

- GuarantCo, jointly with FMO, has partially guaranteed Deutsche Bank to provide support for the mezzanine tranche of a securitisation of asset backed notes issued by India's largest financier of commercial vehicles, Shriram Transportation. The pioneering transaction by GuarantCo and FMO helped demonstrate the commercial viability of mezzanine guarantees in the nascent Indian securitisation market. Shriram has stated that it is able to obtain such support from private sector banks only because of the demonstration effect. GuarantCo and FMO's intervention helped make this transition to more sophisticated financial products – building substantial additional capacity in the local capital markets for Shriram and others.

- ICF-DP made a loan to a greenfield development of a container terminal on the Cai Mep River in Vietnam to serve the Ho Chi Minh City area. The terminal will help reduce congestion at the region's ports, and provide much-needed container handling capacity – promoting trade and economic growth. The project served as a useful model for another similar ports project in the country – a greenfield development of a container terminal on the Cai Lan River. The first ports project showed that the model works, and can be replicated, through the financial closure of the Cai Lan project (the ICF-DP has also provided loan financing for this second project).

- InfraCo Africa has been involved in the development of an IPP project in Zambia, designed to produce 120MW of sustainable hydropower. It will connect to the national grid and, potentially, be able to export energy to neighbouring countries in the Southern Africa Power Pool. This is a pioneering initiative – the first privately owned hydro power project in the country – and also has significant local ownership (US$50m of local commercial private equity). While developing the project, InfraCo Africa has paid close attention to structuring a model IPP that can be replicated in future. InfraCo Africa has also been involved in the development of another IPP – the Kpone IPP in Ghana – also designed as a 'model IPP' for the region and highlighted in the Foreword.

At the same time, PIDG facilities are also applying lessons learned from wider, global experience. For example, EAIF provided loan financing for a hydropower project in Uganda (SAEMS) which is based on a similar and successful project in Sri Lanka.

Additionality

As described in Chapter 2, all PIDG projects are required to be additional. Additionality is therefore another qualitative development impact indicator which has been introduced in 2010. There are many examples; the following is a small selection:

- During the credit crisis in 2009, EAIF provided financing for the development, construction and operation of a steel mill plant in Ogun State, Nigeria (owned and operated by African Foundries Limited (AFL)). This took place when long-term loans were completely unavailable in the domestic market in Nigeria, and when there was a severe dollar liquidity shortage in the country.

- GuarantCo provided support to Spencon, a mid-sized civil works contractor in Nairobi, so that it could bid for and execute infrastructure construction projects in East Africa. On the basis of our support, Standard Chartered Bank offered its full performance bond issuing service to Spencon. Neither local nor international banks were willing to offer such bonds on the basis of the company's credit alone. Without them, Spencon would have been ineligible to bid for the contracts it can now seek to secure.

- InfraCo Africa was involved in developing the power element of an integrated infrastructure project in Kalangala, Uganda. These helped overcome a series of significant obstacles: insufficient local government resources ('money additionality'); limited local experience in developing solar photovoltaic systems; and limited public sector capacity to apply policy, legislative and regulatory frameworks to this project. InfraCo Africa's involvement brought in 'design', 'efficiency' and 'policy' additionality.

Further illustration of the additionality of PIDG projects is given in the case studies in individual Facility chapters, below.

Meeting the greatest need

As described in Chapter 2, the pursuit of difficult projects in the poorest countries, is one of the distinguishing characteristics of the PIDG. These specific projects exemplify this approach:

- The joint concession of the Kenyan and Ugandan Railways – providing Uganda with a direct route to a sea port.
- InfraCo Africa's renewable energy project in Cape Verde – reducing its dependency on expensive imported diesel fuel.
- In 2005, DevCo undertook a project in the Philippines – reducing the cost of power and improving the reliability of supply to three remote islands.
- The Calcom cement plant located in Assam and within the more remote North East region of India – providing both jobs and a service, locally produced cement, to this less developed region and to a rural, un-served and very poor population.

'Fragile states', which often emerge from conflict with heavy damage to their infrastructure systems, face particularly complex infrastructure challenges. For example, in the Democratic Republic of Congo (DRC), about 50% of its infrastructure assets require rehabilitation. These countries need to spend an estimated 37% of their GDP on infrastructure, to restore them to a serviceable condition.[18] And, at the same time, they have to deal with the economic and social aftermath of war, with some countries at high risk of slipping back into conflict.

18 World Bank Africa Infrastructure Country Diagnostic, (2010) 'Africa's Infrastructure: A Time for Transformation'

PIDG projects in post-conflict, fragile states include:

- A power utility concession project in Liberia, led by DevCo.
- An EAIF telecoms project in the DRC.
- A DevCo energy project in Kosovo.
- A GuarantCo guarantee to support local currency financing for the construction and operations of the second mobile operator in the Palestinian Territories – Wataniya telecoms. Wataniya has brought a reliable service for the first time to people whose physical movement is often restricted by security forces, allowing families and businesses to remain in contact.

The DFID multilateral aid review of February 2011 notes that "the PIDG has ambition to invest in fragile states and its facilities are willing to take the risks of working there but [there has been] so far limited involvement". The PIDG aims to increase its involvement in these countries, but points out that these states' particular circumstances make it challenging to support infrastructure projects with private participation.

What actually happened

As mentioned above, the development impacts of PIDG-supported projects are recorded, based on best estimates at the time of financial close. These projected development impacts are also revised from time to time, as more information becomes available. In addition, in order to verify the anticipated numbers, the PIDG has instituted a 'post-completion monitoring assessment'. In this case, the actual (as opposed to the projected) impacts of PIDG-supported projects are recorded, once the projects have been physically completed and are delivering services on the ground. The post-completion monitoring results record the actual development impact at a particular point in time. These can be expected to be revised, as the infrastructure continues to provide services to more people, and more investment is made into it over the project's life.

The post-completion monitoring assessment began in 2009 and gathered pace in 2010. The process entails collection of actual impact data by the PMU from a variety of secondary sources, which is then verified by the project sponsor. By the end of 2010, 23 PIDG projects were delivering services on the ground, and were therefore eligible for post-completion monitoring. Of these, the actual development impact figures for 11 of the completed projects have been verified by the relevant clients.

A comparison of the expected and actual impacts for these 11 projects is shown below (Table 4.2).

- By the end of 2010, the actual PSI invested in 11 completed PIDG-supported projects (along with commitments to make future investments in line with an agreed financing plan) was US$4.3bn; very close to the expected investment of US$4.5bn. When assessing actual private sector investment made, versus projected investment, it is important to consider the total investment commitment made over the entire life of a project, and whether this is still on track. For example, the Moatize Mine project in Mozambique developed by DevCo, has an expected life of 35 years, with a corresponding investment plan over the entire project life. Consequently, as is common practice with mining projects, a total PSI of US$2.4bn for this project is projected to be realised over the life of the project, with only US$231m being invested so far (to get the mine commissioned and working). The post-completion assessment commissioned by DevCo in mid-2009 (following the physical commissioning of the mine) indicates that actual investment is on track, compared to what was expected to date and in the future.

- The number of people who receive new or better quality service was 75% higher than the expected amount. This is mainly driven by the EAIF-financed telecoms projects in Congo (Celtel) and EAIF power project in Cameroon (AES Sonel).

- The projected upfront fees to the government were a very close estimate of the actual, realised fiscal benefit, although there are a number of project specific variations within this total.

Table 4.2 Summary of projected and actual impacts of 11 PIDG-supported projects

Indicator	Projected impact at time of financial close	Actual impact as of end 2010
Private sector investment ('projected' versus 'actual investment along with existing commitments, over the physical life of the project')	US$4.5bn	US$4.3bn
Number of people served with additional/ improved services	6.8m	11.9m
Upfront fees to government	US$1.1bn	US$0.9bn
Short-term employment effects during construction	2,700	2,800
Long-term employment effects during operations	1,000	2,500

The post-completion review is key to understanding the true value of the projects, and the PIDG is committed to developing this further and undertaking it on an ongoing basis.

Project financing and development facilities

The Emerging Africa Infrastructure Fund Ltd.

Challenge	In developing countries, because of perceived high risks, it is rare to find long-term loans, at sufficiently low interest rates, from commercial private sector lenders.
What EAIF does	EAIF provides long-term foreign currency (USD or EUR) denominated loans, on commercial terms, to finance infrastructure projects in the 47 countries of Sub-Saharan Africa. EAIF loans range from US$10m to US$30m (lesser amounts are considered for projects with high development returns). EAIF increasingly plays a role in arranging debt from other commercial banks. It funds projects that would otherwise not be financed, and helps 'crowd in' other private capital.
Structure of the facility	EAIF is designed with an innovative PPP structure, in which PIDG donors provide equity through the PIDG Trust, and commercial lenders and DFIs provide senior and subordinated loans. EAIF is managed by Frontier Markets Fund Managers Limited (FMFML) – a fund management company owned by the Standard Bank Group, FMO and Emerging Markets Partners, (selected by competitive tender).

EAIF Funding Structure	Members of PIDG funding EAIF include; UK Department for International Development (DFID), Dutch Ministry of Foreign Affairs (DGIS), Swedish International Development Cooperation Agency (Sida), Swiss State Secretariat for Economic Affairs (SECO) Subordinated Debt is provided by; Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), Development Bank of Southern Africa (DBSA), Deutsche Investitions-und Entwicklungsgesellschaft (DEG) Senior Debt is provided by the following; Barclays Bank Plc, KfW, The Standard Bank of South Africa Ltd. (SBSA), International Finance Corporation (IFC), African Development Bank (AfDB), Die Oesterreichische Entwicklungsbank AG (OeEB)

Key developments in 2010

In 2010 EAIF increased its size from US$500m (2009) to US$600m, through a combination of additional senior debt from the IFC, OeEB and AfDB of US$81m, and equity funding by the PIDG Trust of US$17m (using funds provided by DGIS). This is the third time EAIF has increased its capacity since being set up in 2002 (with an initial fund size of US$305m), demonstrating how its successful lending track record has underpinned growing confidence by funders in the facility.

In September 2010, the EAIF Board proposed to the PIDG donors an increase in fund size to US$1bn over the medium-term.

EAIF signed the following four loan agreements in 2010. (See below and Box 5.1)

- **O3b Networks:** EAIF provided US$25m of senior and mezzanine financing for the development, procurement and operation of an equatorial constellation of (initially) eight Middle Earth Orbit (MEO) satellites, and associated ground infrastructure, focused on serving emerging markets across Sub-Saharan Africa, increasing access for an estimated 50 million people. The project is worth US$1bn, and was supported by a wide range of companies, DFIs and commercial banks. It aims to significantly reduce the cost of satellite telecommunications in emerging markets, while also increasing the bandwidth and quality. O3b previously found it difficult to attract equity from new investors on reasonable terms, but the involvement of EAIF and other DFIs has allowed the project to go ahead.

- **Tema Osonor Power Ltd:** EAIF provided a US$15m senior secured debt facility for a new gas-fired power plant in Ghana to help meet the shortage of power in the country. The total transaction size is US$124m, and the project has been sponsored by Aldwych International, the Pan-African Infrastructure Development Fund (PAIDF), Gecad, Standard Bank, as well as EAIF, FMO, AfDB, and the ICF-DP. The project was intended to be one of the first IPPs in Ghana, and EAIF was able to commit a 15-year loan that was not otherwise available in the Ghanaian market. Since signing the loan, the transaction has encountered significant setbacks with government approvals and existing lenders to the project. This may result in the conditions precedent to the EAIF loan not being met, and the loan not being disbursed. The circumstances here illustrate the frequent difficulties and setbacks of PPP implementation in Sub-Saharan Africa.

- **Aluminium Africa (ALAF) Tanzania:** EAIF provided US$5m senior debt for the ALAF metal coating and roofing facility. The project consists of constructing and commissioning a hot dip metal coating line for the domestic and regional market. The total project is worth US$35m and was sponsored by Safal Investments (Mauritius) Ltd. Safal had exhausted its ability to raise financing in the local market as 'single customer limits' restricted its ability to borrow from local commercial banks. The involvement of EAIF, in partnership with the IFC, allowed the project to go ahead.

Box 5-1 EAIF funding for Dakar Port

The Dakar container terminal

Background

Senegal is one of the poorest countries in the world, with a per capita Gross National Income of US$1,030. However, it has a stable economy and government, and has considerable potential to grow in the next few years by improving its production and trade of key exports (cotton, peanuts and petroleum products). If this potential is to be fulfilled, it needs to develop its port services through a modern container terminal.

The project

This project aims to upgrade and extend the container terminal at the Port of Dakar. EAIF provided US$16.75m of senior debt to the project – the first port transaction financed by EAIF. The total transaction is worth US$298m, and has been sponsored by DP World, an international port company, and co-financed by Standard Chartered Bank, FMO, Proparco, IDC and AfDB.

Development impact

This is one of the first large PPP projects in Senegal. It aims to increase the capacity of the port from 335,000 to 550,000 20-foot equivalent units a year. It will improve the country's access to shipping services. The project is also expected to provide US$61.6m in upfront fees to the government. Overall, this should have a significant effect on trade and economic growth in Senegal. A second phase of the project is planned.

The additionality of the project is demonstrated by the fact that the PPP cooperation between the Government of Senegal and DP World has led to international financial markets showing interest in funding the transaction. Long-term commercial finance would otherwise not have been available.

There have been no similar port projects in Senegal so far, or in the region. Following a similar model, in 2010, the Government of Senegal has entered into a PPP to develop a toll road in Dakar.

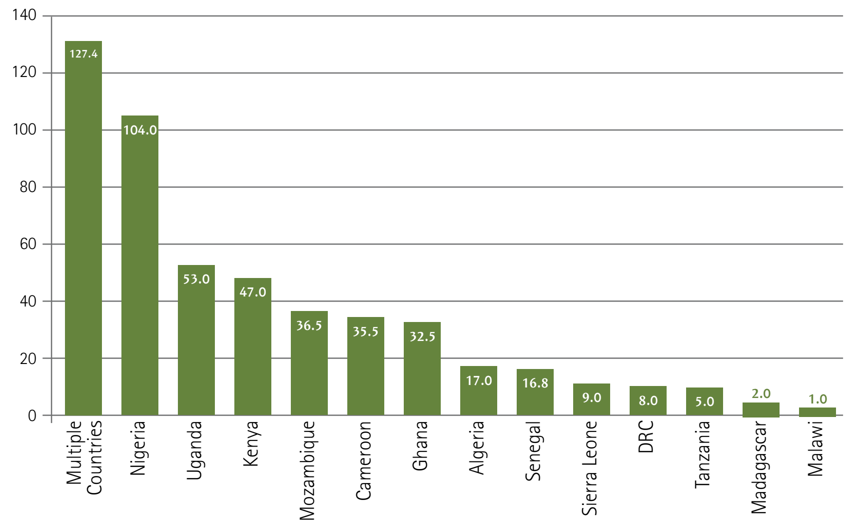
'For EAIF shareholders success is a good, performing portfolio at an acceptable level for a debt fund. We manage to do development projects and keep the commercial side.'

ORLI ARAV, FUND MANAGER EAIF, AFRICAN INVESTOR, MARCH-APRIL 2011

Project portfolio

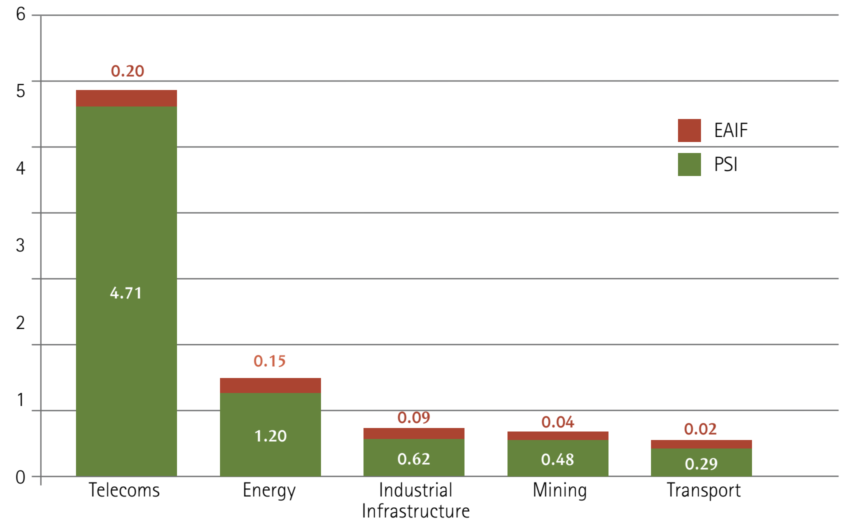
Since 2002, EAIF has made commitments to finance 26 projects for a total of US$495m. These projects have been across Sub-Saharan Africa, with Nigeria receiving the largest investment commitments to date. Figure 5.1 presents the EAIF portfolio by country.

Figure 5.1 EAIF spending by country



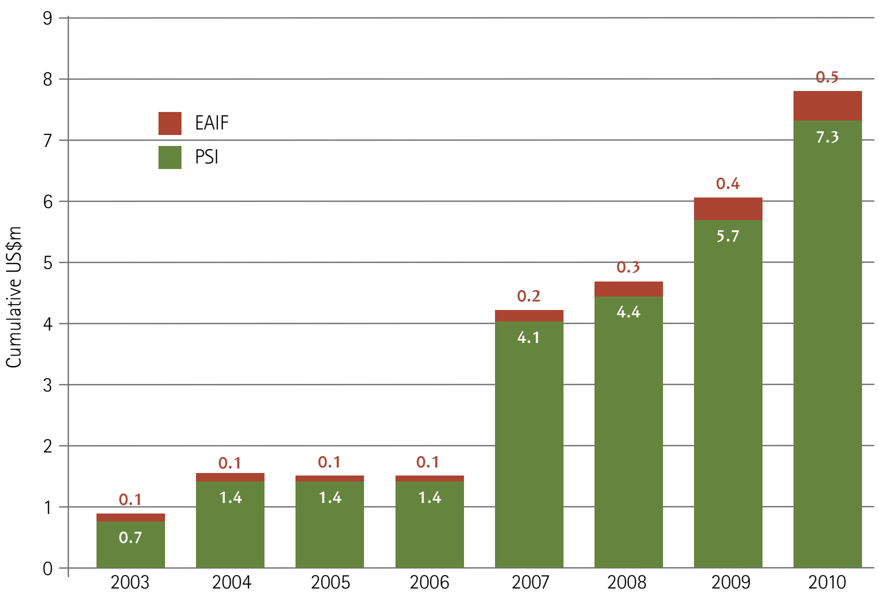
The total expected PSI associated with EAIF-financed projects is US$7.3bn, with 64% (US$4.7bn) in the telecoms sector, and 15% (US$1.2bn) in the energy sector. Figure 5.2 presents EAIF commitments to projects by sector and related expected PSI commitments.

Figure 5.2 EAIF lending and PSI by sector



The cumulative value of the annual EAIF portfolio and PSI commitments is shown in Figure 5.3. 2010 saw a 28% rise in total EAIF commitments, the third year in a row of double digit growth.

Figure 5.3 Cumulative lending and PSI to EAIF projects



EAIF-supported initiatives such as O3b and Seacom have demonstrated that large scale, high-tech projects in modern telecoms and internet are viable in Africa. EAIF has also proved its additionality in a number of cases, as a lender of last resort to companies which have later proved highly successful.

For example, in 2003 it supported the work of the telecommunications company Celtel (later Zain Africa) which, at the time, was investing heavily to expand its reach, and as a result was both cash-flow negative and seen as high-risk. It had no additional access to loan finance, especially for its operations in very poor and fragile countries such as Chad and the DRC. Following part-funding by EAIF, Celtel quickly achieved break-even, and then extraordinarily rapid growth in subscriber numbers, cash flows and profits. It established itself as one of Africa's leading mobile network operators. Acquired in 2006 by Zain, the company continued expanding its operations to cover 15 countries, with 42 million customers. In 2010, Zain sold its African networks to Bharti Airtel, the world's fifth largest telecoms company. It can be argued that none of this subsequent success could have been achieved without EAIF's support at an early, critical juncture.[19]

In the case of the Rabai Power Plant in Kenya, EAIF led arrangements for this transaction, structuring the debt and steering negotiations throughout the period of unrest after Kenya's 2008 election. Three further power projects in Kenya have been tendered in 2010, and are in the course of being financed – underlining the commercial success of Kenyan IPPs. EAIF is not actively involved in any of these, as the company is nearing its 'single customer limit' for Kenya Power & Lighting Company. Such limits in their investment policies ensure that PIDG facilities are constantly challenged to move into more difficult countries and sectors.

19 ' Bharti set to acquire Zain Africa BV', accessed at http://www.airtel.in/wps/wcm/connect/About%20Bharti%20Airtel/bharti+airtel/media+centre/bharti+airtel+news/corporate/pg-bharti-set-to-acquire-zain-africa-bv

The anticipated development impact of EAIF projects, captured under the PIDG results framework, is presented below. EAIF-financed projects are expected to:

- Mobilise US$7.3bn of PSI.
- Provide access to new infrastructure services for 62 million people. (The majority of this increased access will be through O3b telecoms sector project closed in 2010, which will work across a number of Sub-Saharan countries and provide telephone and internet provision for 50 million people).
- Improve existing infrastructure services for 3.2 million people.
- Generate fiscal impact of US$640.7m through upfront fees to governments.
- Create approximately 3,400 short term jobs. (EAIF projects have already increased long term employment by 13,400, which has been confirmed by the PIDG's post-completion reviews).

Above and beyond this, EAIF often provides supporting 'social investments' alongside its lending to infrastructure projects. For example, the ALAF project in Tanzania, financed in 2010, will include an HIV/AIDS awareness programme, and medical and education support for the community. Similarly, the Seacom project, financing the first undersea fibre optics cable along the east coast of Africa, will also provide reduced cost bandwidth to selected educational and research establishments in the countries where it operates.

GuarantCo Ltd.

Challenge	Underdeveloped credit and capital markets in developing countries have often made it difficult for infrastructure projects to obtain long-term, local currency-denominated funding. Local currency debt is important, since it is in the same currency as revenues, which reduces exchange rate risk.
What GuarantCo does	GuarantCo is a guarantee vehicle which offers partial credit guarantees on local currency loans and bonds for private and public sector infrastructure entities. At the same time, GuarantCo promotes sustainable local capital market development, since the funds provided for investment are sourced from local banks and investors.
Structure of the facility	Like EAIF, GuarantCo is also managed by FMFML, selected by competitive tender. GuarantCo has been managed by FMFML since 2006.
GuarantCo Funding Structure	*Members of PIDG funding GuarantCo include;* DFID, FMO (using funds provided by DGIS), Sida and SECO with a total investment of US$99.6m (as of end 2010). It also has commercial support from KfW and Barclays Bank Plc, who provide GuarantCo additional capacity through a counter-guarentee facility.

Key developments

In 2010, GuarantCo increased its equity by US$27m, with US$9m coming from each of SECO, DFID (through the PIDG Trust) and FMO. Four new projects were signed in 2010. (See below and Box 5.2)

- **Shriram II:** GuarantCo provided a US$20m partial credit guarantee to support additional capital raising by Shriram, a financier of trucks for self-employed drivers. The finance will enable truck drivers (who are often poor and would otherwise be forced to pay either high rents or exorbitant interest rates to informal lenders) to purchase their own vehicles at affordable rates. Raising finance, in particular tier I (equity) or tier II (sub-debt/ quasi equity) funds, at a reasonable price is a challenge for Shriram, given the high demand for such funds. GuarantCo participation enabled Shriram to raise Tier II capital at affordable rates, which can be used to leverage additional funds from commercial lenders.

- **SA Taxi Development Finance (SATDF):** GuarantCo provided a guarantee for US$20m to SATDF, which provides finance to minibus operators. This is an essential segment of the South African transport industry, currently under-served by formal credit providers. This is the first on-balance sheet financing for SATDF, which will allow it to build a corporate credit profile. By supporting SATDF, GuarantCo plays a developmental role by supporting SMME development, the provision of public transport for the majority of the population in South Africa –particularly the poor – and contributes to the South African government's policies on CO2 emissions, passenger safety standards, and its taxi recapitalisation programme. GuarantCo also introduced ICF-DP to this project, which has provided a further US$32.4m to SATDF.

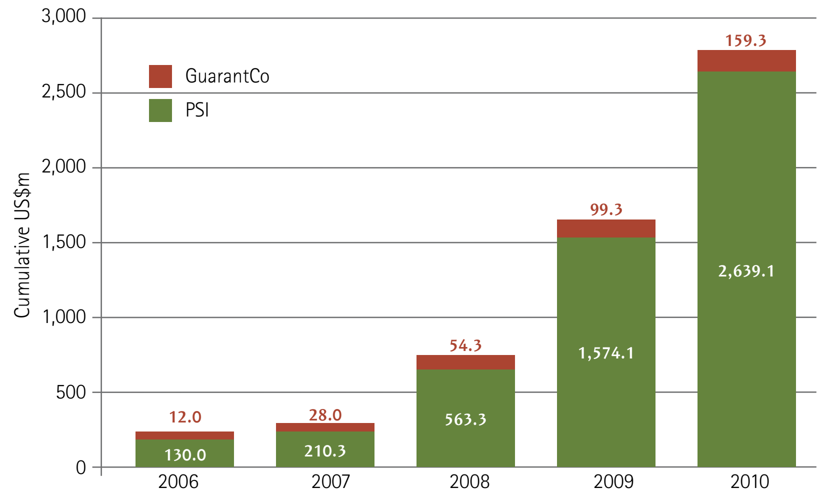
- **Spencon:** As described in the 'Development impact' section, GuarantCo has provided a US$15m guarantee to cover performance bonds issued on behalf of Spencon, a mainly East African construction company. Performance bonds are required by construction firms at various stages of a project, including as confirmation of their initial bid as well as the performance and completion of a project. Local banks are less used to providing bonding lines and therefore the cost to a company such as Spencon can be far higher than that faced by large international construction firms for the same product. This can often prevent local firms from being able to compete for the same contract with larger international firms (whose prices can be 15-25% higher). GuarantCo's support allowed Standard Chartered to double the size of its performance bond facility and allow Spencon to compete for more projects. This will help lower the cost of infrastructure in the region, and encourage greater competition and local private sector participation.

Project portfolio

Since the start of its operations in 2006, GuarantCo has provided guarantees for 12 projects, for a total of US$159.3m,[20] The guarantees for four of these have been already been cancelled early. These cancellations illustrate the demonstration effect of GuarantCo, when lenders are willing to continue their finance without its guarantee support. Unlike many guarantee providers GuarantCo encourages this transition by not imposing financial penalties for early cancellation of guarantees, placing sustainable development above profit.

20 Note that this total includes US$15m of GuarantCo's total exposure to Calcom Cement of $25m. Please refer to footnote 11 for further details

Figure 5.4 Cumulative value of guarantees and expected PSI from GuarantCo-supported projects



'The key priority for our clients is to access local currency financing options in the countries where we do business. Within regulatory constraints support is necessary to meet our client's requirements for infrastructure projects in emerging markets and GuarantCo has been an invaluable partner.'

A D GANESH, REGIONAL HEAD, STRUCTURED TRADE FINANCE & FINANCING SOLUTIONS, AFRICA, STANDARD CHARTERED BANK

Box 5-2 GuarantCo funding for HFGA

LENDING LIFELINE

GuarantCo backing for Home Finance Guarantors Africa (HFGA)

Background

Poor people in developing countries find it very difficult to borrow long-term from banks to buy or build homes, as they cannot provide enough collateral or insurance against default. This often excludes them from the market, forcing them into rented, lower quality housing with no security of tenure.

The project

GuarantCo has provided a US$5m guarantee to HFGA, which provides access to home loans to low-middle income households. It does this through its 'Collateral Replacement Indemnity Scheme', which insures banks when lending to low-income individuals (it tops up the mortgage deposit poor people are able to put up, so the lenders can keep their loan-to-value ratio manageable). HFGA aims to operate in Ghana, Kenya, Rwanda, Uganda and Malawi.

Additionality and impact

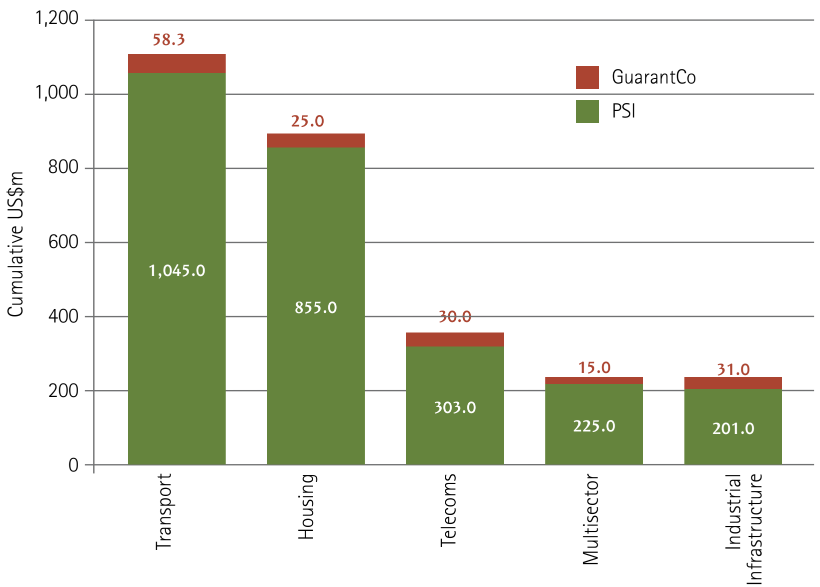
HFGA is sponsored by the Housing Loan Guarantee Company (HLGC) of South Africa. HLGC has demonstrated over the last 20 years that low income families can be responsible borrowers if they are supported in appropriate ways. However, because HLGC is a not-for-profit organisation, it proved difficult to raise enough capital from commercial banks, or even other DFIs, to fund HFGA's expansion. GuarantCo's support made the expansion possible, and is projected to generate a PSI of US$215m.

HFGA is introducing innovative home loan protection products to new markets, in conjunction with local insurance companies, in order to stimulate local banks to widen access to finance. The intention of the collateral replacement indemnity is to help facilitate finance for home loans for an under-served sector. The project should serve an additional 6,000 people, and improve the quality of service to a further 30,000. It is also expected to create 60,000 short-term jobs.

Also, technical assistance funds are being provided for a capacity building programme on financial training to borrowers. An output-based aid programme is being considered to make collateral replacement indemnities affordable to poor households.

GuarantCo plays a key role in 'bridging gaps', and facilitating financing where commercial banks and other DFIs are unwilling to do so. Its support has often been for companies with a proven track record and innovative ideas for providing infrastructure services, but which require further support to expand their plans.

Figure 5.5 Cumulative value of guarantees and expected PSI from GuarantCo- supported projects by sector



Its support also helps facilitate local financial market development. For example, an average of 82.4% of the investments in GuarantCo projects were raised in local markets, of which 98% has been raised in local currency. Once constructed, GuarantCo's portfolio of projects is projected to:

- Generate US$2.6bn of PSI.
- Provide infrastructure to 8.5 million people, and increase the quality of provision to another 1.8m.
- Create 63,000 short-term jobs and 174,600 long-term jobs.
- Generate fiscal impact of US$900m through fees to governments.

'GuarantCo offers partial credit guarantees on local currency loans and bonds for private and public sector infrastructure entities while promoting sustainable local capital market development, since funds for investment are sourced from local banks and investors.'

Infrastructure Crisis Facility – Debt Pool LLP

Challenge	The worldwide financial crisis which began in 2007, reduced the appetite of commercial banks to lend for infrastructure development in developing countries. Experience from previous financial and economic crises (all less intense), suggested lender confidence in these countries, would be slow to return.
What ICF-DP does	The ICF-DP was set up to fill the gaps left by the decline in private credit for infrastructure in developing countries. It aims to enable viable projects that are paralysed by funding problems to move ahead, and to support the re-financing of existing infrastructure. It does so by providing senior long-term loans and mezzanine financing.
Structure of the facility	ICF-DP is managed by Cordiant, a Canadian emerging market fund manager, selected by competitive tender. ICF-DP does not develop transactions itself. Instead, multilateral development banks and DFIs submit to ICF-DP approved transactions, which cannot attract the necessary commercial debt. ICF-DP processes loan applications on the basis of the originator's proposals and due diligence documentation. This facility aims to turn around applications from projects within a month. The intention is to send a clear signal to commercial debt markets, that these projects and similar initiatives remain profitable and sound lending propositions.

ICF-DP Funding Structure	The member of the PIDG funding ICF-DP is the Federal Republic of Germany, through KfW, with US$1m in equity (direct to ICF-DP), and US$10m through the PIDG Trust, combined with €500m of lending commitments.

'Development of the Calidda natural gas project by ICF-DP in Peru will connect around 675,000 people to the gas grid, reduce air pollution and produce lower greenhouse gas emissions.'

Key developments

In 2010, its first full year of operations, ICF-DP financed seven infrastructure projects for a total value of commitments of US$217.6m as follows. (See below and Box 5.3)

- **Cai Mep Port:** ICF-DP invested US$10m for the development of a modern container terminal on the Cai Mep river, which will serve the Ho Chi Minh City (HCMC) region of Vietnam. This will facilitate the handling of the largest container ships, which currently cannot call at existing HCMC ports. The project is forecast to attract US$240m in PSI.[21]

- **Cai Lan Port:** Closely following the success of the Cai Mep port project, this was another similar ports initiative in the Cai Lan region of Vietnam. ICF-DP invested US$27.2m for the development of a greenfield container terminal, and the whole project is expected to generate US$155.3m in PSI commitments. It is a highly additional transaction because long-term commercial financing is not currently available for such projects in Vietnam and, without ICF-DP's commitment, the project would not have been able to proceed.

- **Ackruti City Ltd (ACL) Slum Redevelopment, India:** This is the first housing sector project financed by the ICF-DP. ACL was introduced to the facility by GuarantCo, and ICF-DP provided a loan of US$30m to support its work in slum redevelopment. The loan was provided in a situation where additional long term funds were difficult to find in the market.

- **South Africa Taxi Development Finance (SATDF):** This is another client introduced to ICF-DP by GuarantCo, and ICF-DP provided a further US$32.4m to the project (see 'GuarantCo Ltd' section for more details).

- **Industrija Nafte (INA), d.d., Croatia:** ICF-DP provided a senior loan of US$68m to INA, the national oil company of Croatia, which will be used to finance the modernisations of two refineries. This will enable INA to produce liquid fuels, in compliance with EU fuel specifications. It will also allow INA to meet EU environmental standards, improve energy efficiency and compete more efficiently in the international markets.

- **Tema Osonor Power Limited (TOPL):** ICF-DP became involved in this project following an introduction by EAIF, and committed a further US$15m to the project. As we described in the 'Emerging Africa Infrastructure Fund Ltd' section, the future of this project is uncertain.

21 Please see footnote 9 for further information on this project.

Box 5-3 Development of the Calidda natural gas project

Cleaning up in Peru

Development of the Calidda natural gas project by ICF-DP

Background

The fast growing cities of Lima and Callao in Peru have large shanty towns where infrastructure provision is very poor. Currently, homes and businesses use heavily polluting fuels such as oil, coal, diesel and gasoline.

The project

Gas Natural de Lima y Callao SA (Callida) is the holder of a concession to build and operate the gas distribution network in Lima and Callao. This project aims to expand Callida's natural gas distribution network in Lima and Callao to six new residential districts and industries. ICF-DP invested US$35m in the project, providing a 10-year loan, and ensuring the project reached financial close in April 2010.

Development impact

There was little appetite in the commercial bank market for the 10-year financing required by Calidda – in the current economic climate, banks in Peru are not prepared to provide loans for more than six years.[22] Other DFIs could not complete due diligence quickly enough to provide the funds to Calidda when required, but the streamlined structure of ICF-DP meant financial close was rapidly achieved. A further US$236m is also expected to be generated through PSI investments, of which US$211m will be FDI. The project demonstrates to local commercial banks that long-term financing (which is required by a regulated utility like Calidda) is viable.

This project is expected to allow an additional 135,000 households (around 675,000 people) to be connected to the gas grid by 2013. Of these, half are expected to be below the poverty line. Callida's strategy involves connecting low income segments of the population (as well as more affluent consumers) to the gas network.

Natural gas is one of the cleanest fossil fuels, and it will reduce air pollution and produce lower greenhouse gas emissions. The Government of Peru aims for 33% of primary energy consumption to come from natural gas in the long-term and reduce the national energy import bill.

This project is expected to employ 2,000 people in construction, and an additional 150 people in the long-term.

22 This information was sourced from discussions with local bankers in the development of the project.

The ICF-DP facility has built important partnerships, and been part of lending consortia involving the AfDB, European Bank for Reconstruction and Development (EBRD), FMO, Inter-American Development Bank (IDB), IFC and (as noted above) other PIDG facilities.

Discussions took place with Proparco in late 2010 about increasing ICF-DP's funding through a €100m loan. This is expected to be confirmed and put in place during 2011.

Project portfolio

The PIDG expects these seven ICF-DP financed projects to generate a total PSI of US$1.4bn. The Calidda project is projected, as shown above, to provide new access to infrastructure for 675,000 people while the others will improve the quality of service for nearly 2.5million people.

Another anticipated development impact of these projects is the creation of 7,600 jobs, 6,800 of them short-term, with a further 800 long-term.

DevCo

Challenge	In low income countries, government agencies involved in the preparation and financing of new infrastructure concessions, often lack the resources or capacity to structure and execute these transactions. They are also often unable, or unwilling, to spend precious resources for professional support, if a positive outcome cannot be guaranteed. However, the best way to increase the likelihood of success is to prepare thoroughly.
What DevCo does	DevCo was set up to provide support to governments for professional project preparation, and is often brought in when a poorly planned and under-resourced initiative has failed. DevCo provides expert advisers to shape and document proposed transactions, find investors and bring them to financial close.
Structure of the facility	DevCo projects are subject to PIDG approval, and is housed in and managed by the IFC's Infrastructure Advisory Services Department.

DevCo Funding Structure	DevCo is funded through a Trust Fund at the IFC, rather than the PIDG Trust, and its funding is entirely from PIDG members, including DFID, DGIS, Sida, IFC/World Bank and the Austrian Development Agency (ADA)/the Federal Ministry of Finance of Austria (BMF).

'The portfolio of 17 projects closed by DevCo is projected to mobilise US$2.5bn in private sector investment and provide new or improved infrastructure services for over 9 million people.'

Key developments

DevCo signed five new mandates in 2010, of which four are in the water and sanitation sector (see Annex 4 for more details). As well as this, DevCo closed the following four projects in 2010. (See below and Box 5.4):

- **Monrovia power management.** DevCo was the lead adviser to the Liberian government on selecting a company to operate the Liberian Electricity Corporation (LEC). The company selected, Manitoba Hydro International, which has committed to provide 33,000 new connections and improve the performance of the LEC and the network. A successful outcome to this contract would position the LEC and the sector for future concessioning, and further private sector participation.

- **Haiti TELCO.** DevCo committed US$1.4m towards supporting the government of Haiti in privatising the state owned fixed line telecoms provider, TELCO. Haiti has the lowest fixed line telephone penetration in Latin America and the Caribbean. A $US99m agreement has been reached between Banque de la République d'Haiti and Viettel, Vietnam's largest mobile operator. This project is expected to provide new telephone connections to over 300,000 people, and improve the quality of service to another 1.5 million. It is also projected to save the government US$200m in subsidies.

- **Male Airport.** DevCo provided US$0.67m to support the government of the Maldives in the sale of its stake in the Maldives Airport Company Limited (MACL). The government had already attempted a sale in 2009, which failed because the transaction was poorly structured. The privatisation of MACL is a flagship deal and the first step of the Government's privatisation agenda. It is expected to improve the quality of service to 1.8 million people, and provide upfront fees to the government of around US$1.1bn. Modernising the airport will also boost tourism in the country.

Box 5-4 DevCo's support to Busembatia Water

Turning on the tap

DevCo's support to Busembatia Water, Uganda

Background

Uganda's experience with local private sector participation in small town water supply is widely acknowledged as successful and even exemplary. In 2008, access to improved water sources was 91% in urban areas, and 67% in rural areas.[23] The challenge for the government of Uganda is to scale up this success in order to meet its Millennium Development Goal of 100% urban and 75% rural coverage by 2015. An estimated US$410m of investment is required to meet Uganda's MDGs and the public sector alone cannot bear this burden. The government is therefore aiming to decentralise rural water supply delivery, using PPPs.

The project

DevCo committed US$1.3m for 'hands-on' support to the Ugandan government's water sector reform strategy. IFC support had three components: providing transaction advice; increasing public sector capacity; and improving access to finance. As part of this, the facility trained local authority representatives to manage and administer contracts.

Following prequalification, three local companies were invited to submit a bid for a five-year management contract in Busembatia. The contract was awarded to Trandint Limited, which satisfied the technical requirement, secured a financing arrangement with lenders, and offered the lowest total bid price of US$270,000 to be funded by a subsidy from the Global Partnership on Output-Based Aid (GPOBA).

Development impact

Prior to IFC's involvement, private operators in Uganda raised financing by using overdraft facilities provided by the banks, or loans secured on other existing business. Improving access to financing was a priority. IFC identified alternative models with greater potential for success, including leveraging its relationship with local banks in Uganda. For the first time, this presented financial institutions with a viable business model for small town water operations. USAID is using IFC's relationship with local banks as a model for developing a risk sharing product for banks to lend to private operators.

The new operator agreed to install 400 new connections during the first two years, and avoid increasing tariffs for the duration of the five year management contract.

23 World Bank, World Development Indicators, 2009.

Project portfolio

As of end 2010, DevCo has provided support for 17 successfully closed mandates, as well as two additional mandates which were discontinued after completion of phase I feasibility studies. It currently has 15 ongoing mandates. Total funding commitments from DevCo for these projects has been US$24.6m, of which US$12.5m is for the 17 projects that have reached financial close.

Approximately one in three of DevCo's mandates results in failure. This is due to a variety of reasons – they include: a lack of political will; insufficient capacity of private sector operators; and fragile regulatory and political environments. The failure rate demonstrates yet again the difficulties of achieving PSI commitments in the poorest countries.

Figure 5.6 shows the cumulative spending on DevCo projects by year, while Figure 5.7 shows spending by sector. As illustrated, DevCo commitments increased by US$3m in 2010. Energy and telecoms sector projects dominate the DevCo portfolio, but it has also given substantial support to projects in water and sanitation.

The portfolio of 17 projects closed by DevCo is projected to:

- Mobilise US$2.5bn in private sector investment.
- Provide new or improved infrastructure services for over 9 million people.
- Generate US$2.1bn of fiscal impact to governments in upfront fees and avoided subsidies.

Figure 5.6: Cumulative DevCo spending commitments for DevCo projects

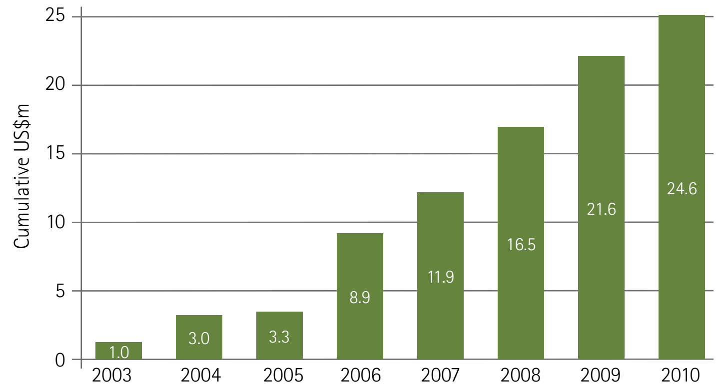
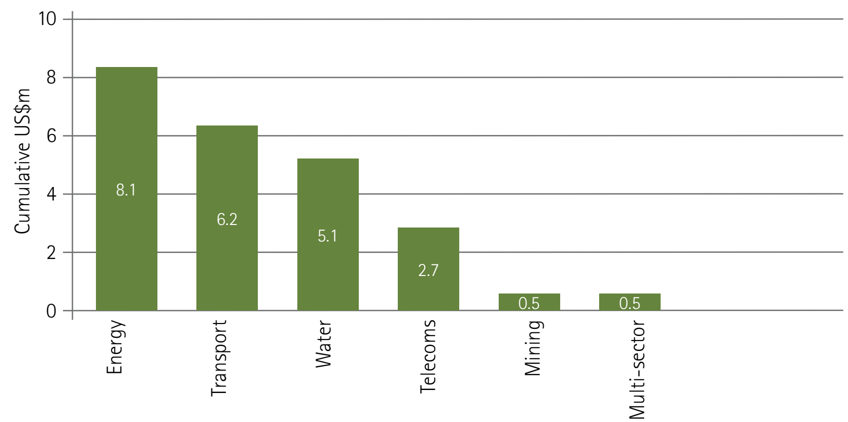


Figure 5.7: DevCo spending by sector



Technical Assistance Facility

Challenge	For infrastructure projects to be successful, a wide range of skills and expertise is required, in both the public and private sectors. However, it is often the case in the PIDG countries that government ministries and private companies lack the capacity to develop infrastructure. Consequently, projects are delayed or fail.
What TAF does	TAF supports the work of all other PIDG facilities by providing grants for technical assistance to help take projects forward. It does this by funding specialist advisers, training, secondments, workshops, technical and regulatory reform studies.
Structure of the facility	TAF operates through three funding windows: • General technical assistance. This provides grant funding to public or private agencies for evaluation of financing options, design and implementation of pioneering transactions, institutional strengthening, training, and capacity building. • Capital market development. This supports GuarantCo to develop local capital markets. • Output-based aid. This supports the provision of targeted output-based subsidies to allow the poorest access to the service.
TAF Funding Structure	TAF donors include DFID, DGIS, Sida, IFC, SECO, ADA, Irish Aid, and AsDB.

Key developments

In 2010, the TAF budget was increased by US$9.5m, through commitments from DFID (US$3.6m), ADA (US$2.5m), SECO (US$2m), AsDB (US$1m), and Sida (US$0.5m).

TAF approved six new grants in 2010:

- In accordance with its focus on climate change issues, TAF provided grant support to the Zambia Muchinga Hydro Power project and the Senegal wind farm development – both being developed by InfraCo Africa. TAF support involves environmental and social impact assessments, as well as capacity building.

- TAF has provided grant funding for InfraCo Africa's Envalor project, a bulk water irrigation system in Mozambique. The focus of TAF's support is capacity building for smallholder farmers, and support for an economic and social impact assessment.

- TAF is also supporting two transport projects in Ghana and Thailand (both GuarantCo projects). In Ghana, this involves the building of a new road linking Kumasi and Accra, for which TAF has supported an environmental and social assessment, as well as a road safety audit. In Thailand the project aims to expand the Bangkok Expressway – TAF support will be used to provide training to the local developers, and to engage credit rating agencies to provide a rating for a local currency bond issue.

- TAF continues to strengthen the development of capital markets through its support, in conjunction with GuarantCo and Fonds de Solidarite Africain (FSA) in Niger, which is seeking to restructure and extend its capital base. TAF's support for this project will fund a needs assessment, and provide training for FSA staff.

TAF also has a wide range of projects in the pipeline, across the PIDG facilities.

Project portfolio

By the end of 2010, 41 grants worth US$15.3m had been approved, 88% of which are in DAC I and II countries. Of these, 13 have been signed and completed, 27 are under active development and one is stalled.

TAF spending, by year and by sector, is shown in Figures 5.8 and 5.9 respectively.

Figure 5.8 Cumulative TAF grant commitments

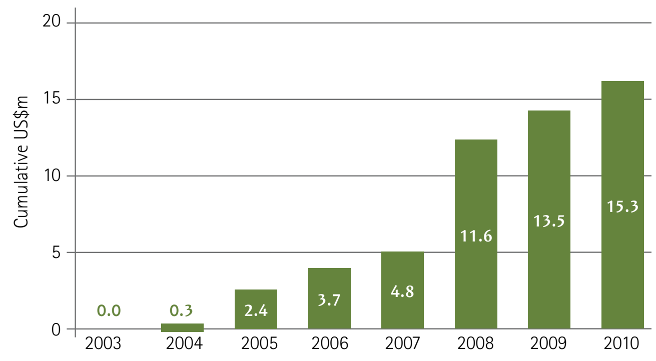
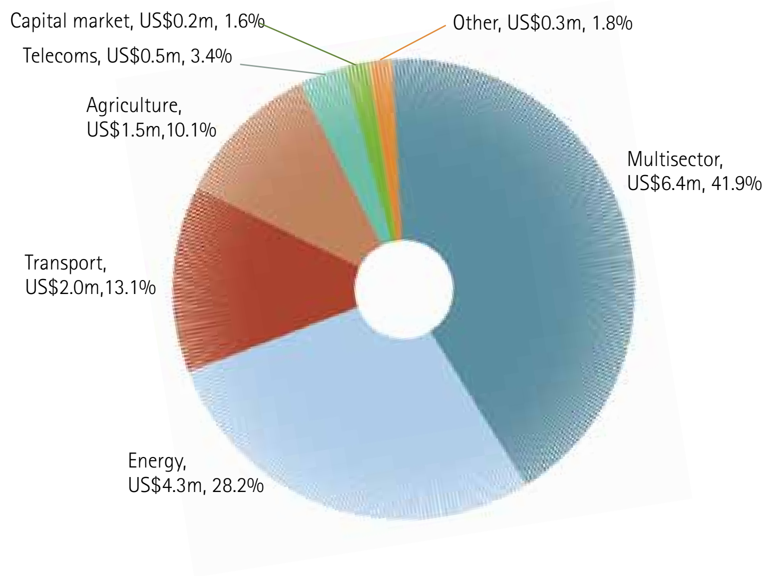


Figure 5.9 TAF spending by sector



InfraCo Ltd.

Challenge	One of the biggest obstacles to private sector infrastructure development in lower-income countries is the lack of resources and capacity. In the early stages of projects, the prospect of success is often seen as too low for investors and developers to risk the cost entailed in of the deployment of the skilled professional people required. As a result, worthwhile projects are not developed. This is compounded by the lack of public sector capacity to facilitate PSI.
What InfraCo Africa does	InfraCo Africa was created as a principal developer, taking on upfront costs and risks in the early stages of project development. This lowers the risks for subsequent investors, who can enter projects at a later stage. Once the development of the project is sufficiently advanced, InfraCo Africa aims to sell its stake in its projects – mobilising the full funding to implement these projects.
Structure of the facility	InfraCo Africa's manager, eleQtra (previously InfraCo Management Services Ltd), was appointed in May 2005 after a competitive tender. eleQtra has offices in London and New York and several African countries.
InfraCo Africa Funding Structure	*Members of PIDG funding InfaCo Africa include;* DFID, DGIS, SECO and ADA.

Key developments

In 2010, InfraCo Africa signed Joint Development Agreements (JDAs) to develop two new projects. The first of these is the Lake Albert Infrastructure Project in Uganda, which is modelled on the Kalangala Infrastructure Services multi-sector rural infrastructure development scheme (see details below). The Lake Albert project is designed to provide reliable electricity supply, clean water and safe lake transport to approximately 60,000 people in the area.

The second project is the development of a series of run-of-river hydro projects to serve the growing domestic and industrial demand for power in Zambia – 'the Muchinga Power Company project'. This pioneering initiative is the first privately owned hydro power project in the country, and InfraCo Africa plans to use this as a model for further future transactions. Muchinga will generate 'green power' in line with the PIDG's policy of increasing support for climate change initiatives.

In 2010, InfraCo Africa also sold two projects as follows:

- **Kalangala Infrastructure Services.** Already mentioned in the 'What actually happened' section, this is a pioneering multi-sector infrastructure development approach, in a remote location in Uganda, where provision of single services is unlikely because of the high costs relative to demand. The project, worth US$45m, will be implemented by an integrated utility company, Kalangala Infrastructure Services Limited (KIS). It will: construct and operate two new roll-on, roll-off ferries; reconstruct landing sites on the island and mainland; rehabilitate and maintain the island's principal road; generate and distribute electricity; and provide potable water through the construction and operation of a solar-powered pumped water supply. The new and improved infrastructure services will meet the needs of the residents of Bugala Island in Lake Victoria, who are currently experiencing increasing pressures on its infrastructure, because of high levels of immigration from growth in economic activity.

- **Cabéolica Wind, Cape Verde.** The project involves the commissioning and operation of four wind farms to improve energy generation and transmission in Cape Verde. The Cabeólica project has clear additionality, because InfraCo Africa was able to develop and sell the project after two previous attempts had failed. As the first large-scale grid-connected wind power project in Sub-Saharan Africa outside South Africa, it demonstrates the viability of such ventures.

'This project establishes wind energy as a competitive alternative to traditional diesel generation in Cape Verde. It enables small island states to use renewable energy contributes to the global fight against climate change.'

PLUTARCHOS SAKELLARIS, EUROPEAN INVESTMENT BANK VICE PRESIDENT RESPONSIBLE FOR AFRICA.

Box 5-5 Development of Kpone IPP by InfraCo Africa

Power struggle

Development of the Kpone Independent Power Project by InfraCo Africa

Background

Ghana has seen considerable economic growth over the past decade, with an associated increase in electricity demand. However, supply has not matched the pace of this growth, and in 2007 Ghana suffered a year-long electricity emergency, including substantial rolling blackouts.

The project

InfraCo Africa has spent US$7.8m in developing a 330MW gas-fired, combined cycle power plant in Tema, Ghana. The project has attracted US$450m of PSI commitments through its sale, and construction began in the last quarter of 2010, with the first power expected to be generated in 2013.

Development impact

This is an initiative by InfraCo Africa, which has developed this IPP (the first in the country structured with a power purchase agreement with the main utility, Electricity Company of Ghana - ECG), following a 'textbook approach', intended to serve as a model for future IPPs in the country and region.

Also, during the development process, InfraCo Africa has worked closely with the government of Ghana to increase its capacity to undertake IPPs. This included a 'post-transaction' grant from the TAF, to help separate the grid from ECG, train its staff to be the system operator, and set up a Ghana Electricity Regulatory Authority and accompanying capacity building support.

The additional power generated will supplement the rain-dependent generation from the hydropower plants on the Volta River. It will also reduce the need to supplement the supply with (erratic) power imports from Cote d'Ivoire and emergency diesel support.

Box 5-6 InfraCo Africa progress review

Progress review of InfraCo Africa

A progress review of InfraCo Africa was conducted in 2010. This concluded that the facility provides good value for money. It emphasised its additionality, noting that it works on projects – such as the Cabeólica Wind Project in Cape Verde and the Kalangala project in Uganda – that would be unlikely to be financed without its support.

The review also highlighted InfraCo Africa's development impact. It was estimated that 11 out of its 17 project that are either closed or in the pipeline are "high development value projects" and concluded that many of these could be replicated in other development settings.

The progress review highlighted some challenges as well. It was noted that, compared to the expectations set out in its 2007 -2010 business plan, the company has realised considerably less cash than projected from the sale of its projects. This is due to the difficult economic situation brought on by the financial crisis, and also the original business model which projected that InfraCo Africa would finance new project development out of cash sales of completed projects. However delays in closing projects and payment by incoming investors as deferred consideration meant that there was insufficient cash to fund ongoing development. The review noted that InfraCo Africa will need further support if it is to continue to develop projects at its current rate.

InfraCo Africa has also taken steps to address these financial challenges, through the planned InfraCo Sub-Saharan Infrastructure Fund (ISSIF) – a private equity fund to invest in its projects at the point of sale. ISSIF has already received a loan commitment from the Overseas Private Investment Corporation (OPIC), which is conditional upon raising equity from other sources. It has also secured in-principle commitments from interested equity investors which would, if confirmed, allow the fund to achieve a first close.

Project portfolio

To date, InfraCo Africa has committed US$43.4m to developing 12 projects, of which US$17.3m has been invested in the five projects which have reached financial close.

These five projects are expected to mobilise a total of US$678m of private investment commitments. Most of this is for the Kpone Independent Power Project in Ghana (see Box 5.5), which was sold in 2010, and will, when completed, involve a total private sector investment of US$450m.

InfraCo Africa's cumulative spending by project start year and sector are shown in Figures 5.10 and 5.11 below. The majority of these commitments have been in the energy sector, but the company has also done noteworthy work in agribusiness and urban transport. Of its commitments, 20% have supported multi-sector projects to provide services in innovative ways to customers in remote areas.

Figure 5.10 Cumulative InfraCo Africa spending to end 2010

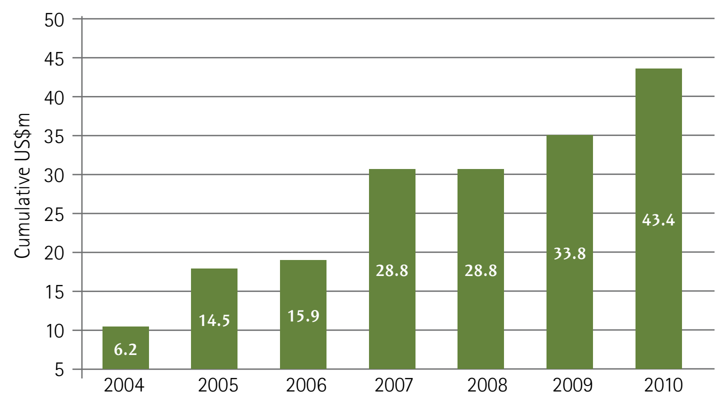
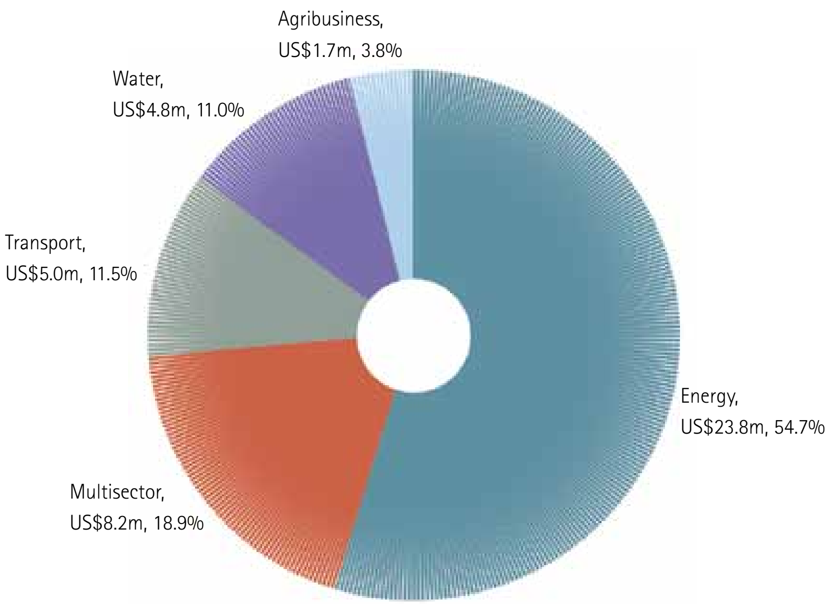


Figure 5.11: InfraCo Africa spending by sector



Over the seven years since its creation, the five projects sold by InfraCo Africa are projected to:

- Mobilise private sector funding of US$678m.
- Increase infrastructure provision to an expected 3.6 million people.
- Improve the quality of infrastructure for up to 7.9 million people.
- Create an estimated 3,100 short-term and 700 long-term jobs.

> *'InfraCo offers a unique model for development, filling a gap in the infrastructure market in Africa, and offering significant development impact. It creates models which may be replicated by others...'*
>
> 2010 PROGRESS REVIEW OF INFRACO

InfraCo Asia Development Pte. Ltd.

Challenge	The challenge for InfraCo Asia is the same as that as for InfraCo Africa; resources and capacity in the earlier stages of project development.
What InfraCo Asia does	InfraCo Asia is a project development company similar to InfraCo Africa - it acts as a principal developer, taking on the same upfront costs and risks in the early stages of project development, and, when its projects are ready, aiming to sell its stake. It focuses on the poorer countries of South and Southeast Asia. It slightly differs to InfraCo Africa in that, as well as providing development expertise, it has financing to contribute equity and quasi-equity investments for projects in their early stages.
Structure of the facility	InfraCo Asia's manager, InfraCo Asia Management Pte. Ltd. was appointed in March 2010 after a competitive tender. InfraCo Asia is headquartered in Singapore.
InfraCo Asia Funding Structure	The PIDG member funding InfaCo Asia through the PIDG Trust is DFID, and discussions are under way for the Australian Agency for International Development (AusAID) to provide additional funding.

Key developments

A non-executive Board and Corporate Executive were appointed in 2009. Following a competitive tender process, a management team was selected and a management services contract signed in early 2010. InfraCo Asia operations were officially launched in October 2010 in Singapore. The team is developing its project pipeline which currently includes renewable energy and water projects in the Philippines, dual fuel power project in Bangladesh, hydro power in Nepal,[24] an agribusiness project in Cambodia and a coal ash re-use project in India. InfraCo Asia has a strong focus on renewable energy which currently accounts for some 40% of projects under active review or development.

24 Please note that as of the first quarter of 2011, these projects are on hold.

In conclusion

PIDG's experience over the last nine years, provides rich evidence of the various ways in which the private sector can contribute effectively to infrastructure provision in developing countries. Besides contributing much needed finance, private sector projects can also offer design and operational efficiencies, and stimulus for positive changes to the regulatory environment. The examples earlier in this report and below, show that access to infrastructure brings transformational change, both to individual lives and to whole economies.

The 'What actually happened' section explains that, by the end of 2010, the development impact figures for 11 completed projects now delivering services on the ground, had been verified. The detail of confirmed impact these projects made, echoes the stories of current projects in development – described in previous sections of this report.

Take,for example, Olkaria III in Kenya – the only privately owned Geothermal power plant in Africa. EAIF has lent US$15m to this project, and played a prominent role in making the transaction possible. Olkaria III's 48MW of maximum capacity provides an increase of 3% in Kenya's national electricity generation, providing over a million people with improved service quality.

Another completed PIDG supported power project is AES SONEL, in Cameroon. Only 15% of the country's approximately 17 million people have access to power, and in rural areas the figure falls to 4%. In 2001, the Government sold 56% of the company, which operates a national integrated electricity utility, to AES of the US.

'Olkaria III is an outstanding project that will help reduce the cost of power to end users in the region and will be less than that generated from fuel oil or other alternative energy sources.'

NICK ROUSE, MANAGING DIRECTOR, FMFM, UPON RECEIVING THE AFRICA RENEWABLES DEAL OF THE YEAR AWARD ON BEHALF OF EAIF.

Since AES acquired this stake in 2001, it has steadily been improving and expanding the electricity generation, transmission and distribution system across Cameroon. In 2003, the company secured a US$348m financing package (including US$35.5m from EAIF) one of the largest ever provided to a privatised utility in Sub-Saharan Africa, to finance a majority of these system improvements. AES SONEL recently announced plans to expand its network further, more than doubling the number of people it serves over the next 15 years, and extending its network to previously unserved parts of the country. The company expects to add approximately 750,000 new electricity connections throughout the country by 2021, by adding approximately 50,000 new electricity connections each year over the next 15 years.

This shows not only the impact of the PIDG's work, but the difficulties and length of time involved in infrastructure development. It is only eight years after EAIF first made its commitment to AES SONEL that we are able to confirm the impact with certainty.

Away from the power sector, the various mobile phone operators supported by the PIDG over the years in Sub-Saharan Africa (when they were deemed high-risk investments) have gone on to demonstrate their commercial viability. But we should remember that this success was far from apparent when the PIDG commitments were made. The extraordinarily rapid spread of mobile telephony, by private sector operators in Africa has changed people's lives and livelihoods is now a much more familiar story.

There are two other generally accepted aspects of the infrastructure scene in the poorest countries, which hold private sector investors back from greater participation:

- Shortages of well-structured projects suitable for private sector investment, stemming from the limited availability of people (in both the public and private sectors) with the necessary skills, coupled with the reticence of investors to take early-stage risk.
- Problems with getting projects financed on suitable terms by private sector investors and lenders.

The PIDG addresses both these challenges through its range of financing, investment and project preparation facilities. The projects described above are only a selection of the 133 the PIDG has supported to date. The PIDG's success during its nine years of existence is evident in favourable independent reviews during 2010, and increasing interest from potential new PIDG members.

Nevertheless, the unmet demand for infrastructure in the poorest countries remains vast. So there is both a need and an opportunity to continue, expand and improve the work we do. In this way, as the Foreword says, the PIDG will encourage more private sector investors and developers to participate in its work – taking advantage of its positive side-effects for their own initiatives, while transforming ever greater numbers of poor peoples' lives.

PIDG Annual Report 2010 - Annexes

Annex 1: PIDG structure and governance

The PIDG structure is presented in Figure A1.1. It comprises:

The **PIDG Governing Council,** which is the decision making body that provides overall strategic direction. It is made up of representatives of the PIDG members, who provide grant and loan funding, usually through the PIDG Trust. The PIDG members exercise shareholder rights through the PIDG Trust and the PMU.

The **PIDG Trust,** which invests in, owns and manages the PIDG facilities (alongside FMO for GuarantCo). The exception is DevCo, which is housed within IFC and funded through an IFC trust fund. The PIDG Trust is established under Mauritian law and is currently administered by a principal trustee, SG Hambros Trust Company Ltd, based in London. It also has two Mauritian professional trustee service providers – Multiconsult Trustees Ltd and Minimax Ltd.

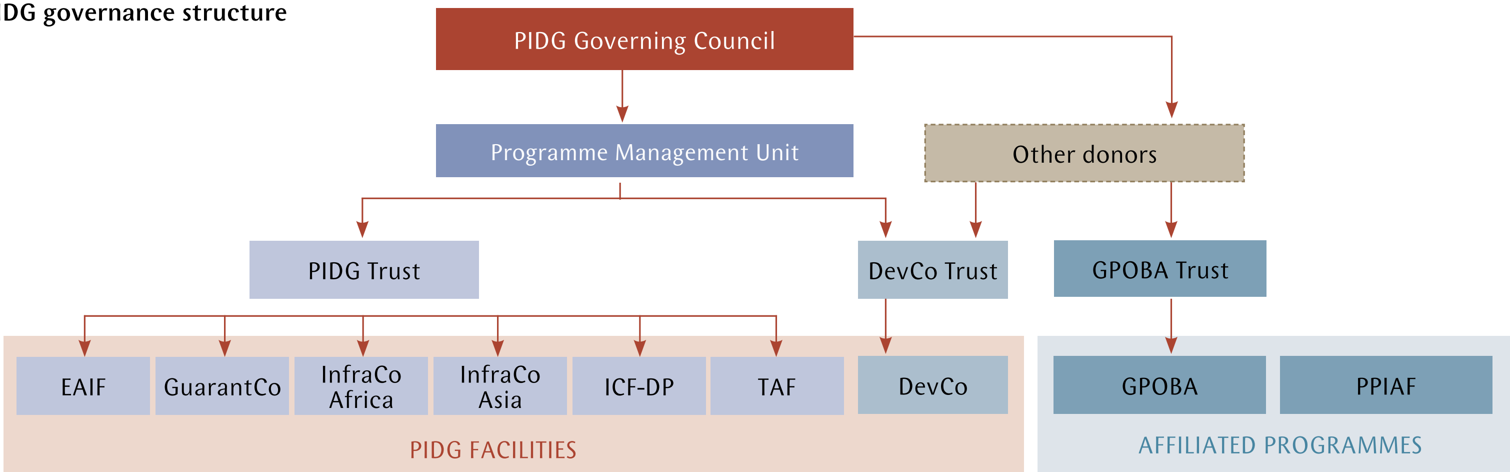
The **Programme Management Unit,** which acts as the secretariat and is the central contact point for the PIDG, coordinating activities between the Governing Council and individual facilities.

Other programmes (Global Partnership on Output-Based Aid (GPOBA) and the Public-Private Infrastructure Advisory Facility (PPIAF)), referred to as "affiliated programmes", are sister facilities of the PIDG in that they also support aspects of the private participation in infrastructure, but are not under the direct governance structure of the PIDG.[25] These are funded through individual trust funds managed by the World Bank.

The individual PIDG facilities also have their own internal governance arrangements.

- EAIF, GuarantCo, InfraCo Africa, InfraCo Asia and the ICF-DP are structured as private companies (or a limited liability partnership in the case of ICF-DP) that have shareholders and directors, and must follow corporate governance best practice, allowing a market-driven approach to investment and project development. The directors are eminent experts in their fields.
- DevCo is managed by IFC's Advisory Services Department and is subject to the same governance and project approval guidelines as the other PIDG facilities.
- TAF is a fund within the PIDG Trust that is managed by a technical adviser, who works as part of the PMU.

Figure A1.1: PIDG governance structure



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

Annex 2: DAC list of ODA recipients

Effective for reporting on 2008, 2009 and 2010 flows

Least developed countries	Other low-income countries (per capita gross national income < US$935 in 2007)	Lower middle-income countries and territories (per capita gross national income US$936-US$3,705 in 2007)	Lower middle-income countries and territories (per capita gross national income US$3,706-US$11,455 in 2007)
Afghanistan	Côte d'Ivoire	Albania	*Anguilla
Angola	Ghana	Algeria	Antigua and Barbuda[ii]
Bangladesh	Kenya	Armenia	Argentina
Benin	Korea, Dem. Republic	Azerbaijan	Barbados[iii]
Bhutan	Kyrgyz Republic	Bolivia	Belarus
Burkina Faso	Nigeria	Bosnia and Herzegovina	Belize
Burundi	Pakistan	Cameroon	Botswana
Cambodia	Papua New Guinea	Cape Verde	Brazil
Central African Republic	Tajikistan	China	Chile
Chad	Uzbekistan	Colombia	Cook Islands
Comoros	Vietnam	Congo, Republic	Costa Rica
Congo, Dem. Republic	Zimbabwe	Dominican Republic	Croatia
Djibouti		Ecuador	Cuba
Equatorial Guinea		Egypt	Dominica
Eritrea		El Salvador	Fiji
Ethiopia		Former Yugoslav Republic of Macedonia	Gabon
Gambia		Georgia	Grenada
Guinea		Guatemala	Jamaica
Guinea-Bissau		Guyana	Kazakhstan
Haiti		Honduras	Lebanon
Kiribati		India	Libya
Laos		Indonesia	Malaysia
Lesotho		Iran	Mauritius
Liberia		Iraq	*Mayotte
Madagascar		Jordan	Mexico
Malawi		Kosovo[i]	Montenegro
Maldives		Marshall Islands	*Montserrat

Least developed countries (continued)	Other low income countries (continued)	Lower middle-income countries and territories (continued)	Lower middle-income countries and territories (continued)
Mali		Micronesia, Federated States	Nauru
Mauritania		Moldova	Oman[ii]
Mozambique		Mongolia	Palau
Myanmar		Morocco	Panama
Nepal		Namibia	Serbia
Niger		Nicaragua	Seychelles
Rwanda		Niue	South Africa
Samoa		Palestinian Administered Areas	*St Helena
São Tomé and Príncipe		Paraguay	St Kitts-Nevis
Senegal		Peru	St Lucia
Sierra Leone		Philippines	St Vincent and Grenadines
Solomon Islands		Sri Lanka	Suriname
Somalia		Swaziland	Trinidad and Tobago[iii]
Sudan		Syria	Turkey
Tanzania		Thailand	Uruguay
Timor-Leste		*Tokelau	Venezuela
Togo		Tonga	
Tuvalu		Tunisia	
Uganda		Turkmenistan	
Vanuatu		Ukraine	
Yemen		*Wallis and Futuna	
Zambia			

*Territory.

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

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

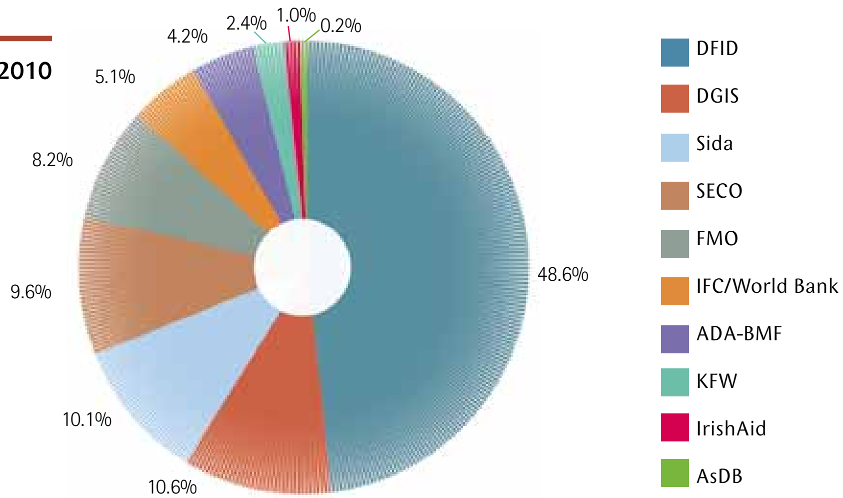
(iii) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

Annex 3: Contributions by the PIDG members

Table A3.1: Disbursements by PIDG members as of 31 December 2010 to the facilities and for project development and administration (US$ million)

	EAIF	GuarantCo	InfraCo Africa	InfraCo Asia	TAF	DevCo	ICF-DP	Administration	Project Development	Totals
DFID	93.5	33.6	20.3	7.1	9.1	35.5	-	1.5	1.8	202.4
DGIS	15.1	-	18.5	-	3.5	5.5	-	1.4	0.1	44.1
FMO[26]	-	34.0	-	-	-	-	-	-	-	34.0
Sida	20.0	15.0	-	-	2.0	3.4	-	1.4	0.1	41.9
IFC/World Bank	-	-	-	-	7.9	11.7	-	1.4	0.1	21.1
SECO	10.0	17.0	7.0	-	4.5	-	-	1.4	0.2	40.1
ADA-BMF	-	-	4.1	-	5.4	7.1	-	0.9	-	17.4
Irish Aid	-	-	-	-	4.1	-	-	0.2	-	4.3
AsDB[27]	-	-	-	-	1.0	-	-	-	-	1.0
KfW	-	-	-	-	-	-	9.4	0.6	-	10.0
Total	138.6	99.6	49.9	7.1	37.5	63.2	9.4	8.7	2.4	416.3

Figure A.3.1 Percentage contribution of PIDG members, 2002-2010

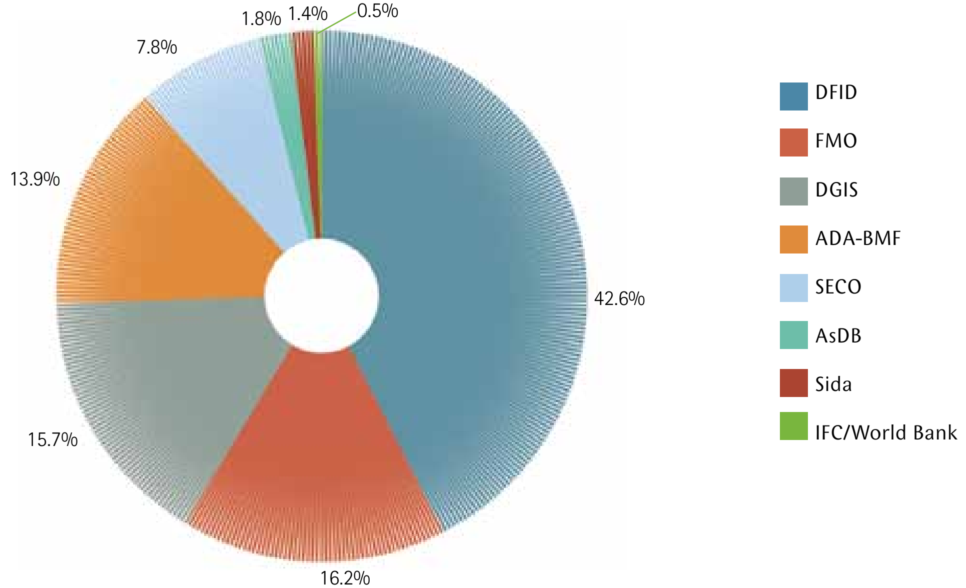


26 FMO is not a PIDG member except in relation to matters attaining to GuarantCo when it sits alongside DGIS.
27 AsDB is not a PIDG member, but has contributed US$1m to TAF.

Table A3.2: Annual disbursements by PIDG members as of 31 December 2010 to the facilities and for project development and administration (US$ million)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Totals
DFID	56.0	8.9	1.3	30.6	14.4	15.6	22.2	29.8	23.6	202.4
DGIS	-	5.1	0.1	1.5	11.2	6.1	1.2	10.3	8.7	44.1
FMO[28]	-	-	-	-	25.0	-	-	-	9.0	34.0
Sida	-	15.0	0.1	5.2	1.2	8.3	10.4	0.8	0.8	41.9
IFC/World Bank	-	-	6.5	0.7	8.0	2.2	3.2	0.3	0.3	21.1
SECO	-	10.0	0.1	0.2	5.0	5.9	1.2	13.4	4.3	40.1
ADA-BMF	-	-	-	-	0.1	2.3	7.2	0.2	7.7	17.4
Irish Aid	-	-	-	-	-	1.5	2.8	-	0.0	4.3
AsDB[29]	-	-	-	-	-	-	-	-	1.0	1.0
KfW	-	-	-	-	-	-	-	10.0	0.0	10.0
Total	56.0	39.0	8.1	38.3	64.8	41.7	48.2	64.8	55.4	416.3

Figure A.3.2 Donor disbursements in 2010 (%)



28 FMO is not a PIDG member except in relation to matters attaining to GuarantCo when it sits alongside DGIS.
29 AsDB is not a PIDG member, but has contributed US$1m to TAF.

Annex 4: PIDG project portfolio

EAIF

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

Year	Country	Sector	Project	EAIF financing (US$m)	Key development impact
2010	Tanzania	Industrial Infrastructure	Aluminium Africa (ALAF)	5.0	The project consists of constructing and commissioning a hot dip metal coating line for the domestic and regional market, and will help increase Tanzania's exports with regional trading partners. It is expected to employ 300 skilled personnel and provide training for the workers.
2010	Ghana	Energy	Tema Osonor Power Limited (TOPL)	15.0	TOPL will assist in meeting the increasing demand for energy in Ghana. It is expected to create 50 jobs, and pay on average US$5m per annum in taxes.
2010	Senegal	Transport	Dakar Container Terminal	16.8	It is the first modern container port in Senegal, and one of the country's first large PPP projects. It will improve the country's access to shipping services, and will increase the throughput capacity of the current container terminal from 335K to 550K Twenty-foot Equivalent Container Units (TEU) per annum.
2010	Multiple Countries (SSA)	Telecoms	O3b	25.0	The infrastructure project will provide improved access to broadband mobile services throughout the region, and will expand mobile services to a substantial number of towns and villages.
2009	Algeria	Industrial infrastructure	SPA Maghreb Tubes (part of an African group)	17.0	Water pipes produced by the local factory will meet under-served demand by the government for planned water projects in the medium/long term, and contribute to the broader goal of an improved water sanitation system.
2009	Ghana	Telecoms	Zain Ghana	17.5	The mobile network will improve availability and access to reliable and affordable communication services for consumers and businesses in Ghana, and develop human capital of the country by providing formal jobs and training.
2009	Kenya	Energy	Olkaria III	15.0	The PCM process can confirm that this project has been associated with US$179.4m PSI, and has improved the quality of service to 1.1 million people. As expected, this project has generated US$3m to the Kenyan government, and it has also created 56 new jobs.
2009	Multi-country	Energy	Aldwych Corporate – Project Development Loan	8.0	New power plants will be developed in Sub-Saharan Africa that will generate electricity for economic and financial centres in the region, and reduce dependence on imported diesel generated power.
2009	Nigeria	Telecom	Helios Towers	19.0	The nationwide expansion of the shared telecommunication infrastructure network will enable existing mobile operators to expand the reach of their services in terms of geography and capacity, and allow them to service remote and economically less developed areas. It would encourage entry by newer and smaller operators by providing access to leased tower facilities, and hence increase competition.

Year	Country	Sector	Project	EAIF financing (US$m)	Key development impact
2009	Nigeria	Industrial Infrastructure	African Foundries Limited (AFL)	20.0	The steel mill plant developed will convert local scrap to steel reinforcing bars, and assist in cleaning of the environment by reducing the possibility of pollution from the toxic nature of scrap. AFL products are import substitution products and will help conserve foreign exchange for Nigeria.
2008	Kenya	Energy	Rabai Power: 90MW Heavy Fuel Oil Fired Power Plant	32.0	Electricity generated through the project will enable new connections for an additional 1 million households at lower prices, with spin-off effects on the local economy and export sector.
2008	Uganda	Energy	Bugoye: 13MW Hydro Power Plant	35.0	Electricity generated through the project will reduce load-shedding and improve the general reliability of the grid.
2008	Uganda	Energy	South Asia Energy Management Systems (SAEMS): 18MW Hydro Power Plant	14.0	Electricity generated through the project will improve access, employment, community development and technology transfer, as well as reduce Uganda's dependence on fossil fuels.
2008	Regional	Industrial infrastructure	Safal Investments: Increase in Coated Steel Production Capacity	29.0	Production from the new and improved plants will benefit households and industries with better quality and cheaper roofing materials.
2007	Regional	Telecoms	Seacom Undersea Fibre Optic Cable	35.4	The cable will bring about improved broadband telecommunications with a huge capacity increase at a lower cost, fostering greater global connectivity.
2007	Democratic Republic of Congo (DRC)	Telecoms	Celtel Africa: Expanding and Upgrading Mobile Networks	8.0	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment. Through the Post-Completion Monitoring (PCM), PIDG can confirm that the project has been associated with US$266.3m PSI, which represents US$69m more than expected. It has served an additional 1 million people and improved the quality of service for 3.3 million, a positive impact that had not been predicted by PIDG ex-ante monitoring). It has generated US$17m in upfront fees for the DRC government, another benefit that also had not been predicted previously. The project also led directly to 687 jobs being created.
2007	Madagascar	Telecoms	Celtel Africa: Expanding and Upgrading Mobile Networks	2.0	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment.
2007	Sierra Leone	Telecoms	Celtel Africa: Expanding and Upgrading Mobile Networks	9.0	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment.

Year	Country	Sector	Project	EAIF financing (US$m)	Key development impact
2007	Uganda	Telecoms	Celtel Africa: Expanding and Upgrading Mobile Networks	4.0	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment. This is also expected to provide services to an additional 0.5 million people.
2007	Malawi	Telecoms	Celtel Africa: Expanding and Upgrading Mobile Networks	1.0	Support for Celtel's operations will bring about increased provision of quality communications as well as higher employment.
2007	Nigeria	Industrial infrastructure	Eleme Petrochemicals Ltd: Financing of a Turnaround Capital Expenditure Plan	20.0	Through the PCM process, PIDG can confirm that this project generated US$385m of PSI and has served an additional 500 people, an effect that had not been estimated in earlier analyses of the project. It has also generated US$35m in upfront fees for the government and has created 1,223 jobs (more than double what had previously been expected). The project will contribute significantly to the rehabilitation of Nigeria's industrial infrastructure through import substitution, and privatisation demonstration effects.
2007	Nigeria	Telecoms	Celtel Nigeria: Finance of Capital Expenditure for Network Rollout and Refinancing	35.0	The project will significantly improve access to mobile telephone services throughout the country, as well as increase competition in the telecoms sector across the continent.
2004	Mozambique	Mining	Moma Titanium Mineral Sands: Development of a Greenfield Titanium Dioxide Mine and Associated Infrastructure	36.5	The project is expected to be the lowest cost producer of titanium in the world. Located in one of the most under-developed regions of Mozambique, the new and improved infrastructure associated with the project will bring important social benefits to the region. Through the PCM process, the PIDG can confirm that this project has been associated with US$572.0m PSI, 20% more than had been expected; has improved the quality of service to 27,500 people; and created 1,000 short term jobs, as well as 467 long-term jobs.
2004	Nigeria	Telecoms	MTN Nigeria Communications Ltd: Expansion of Cellular Strategy	10.0	The expansion plan is aimed at reaching an additional 1.4 million subscribers in 2 years, in areas previously underserved/ un-served. There will be a strong focus on increasing local procurement through dealerships and suppliers.
2003	Cameroon	Energy	AES (Applied Energy Services) Sonel: 85MW Heavy Fuel Oil Fired Generation Plant	35.5	The new plant will allow AES Sonel to reduce load shedding during the dry season, when its hydroelectric capacity is considerably reduced. Through the PCM process, the PIDG can confirm that this project has been associated with US$421.3m PSI, served an additional 0.9 million people (nearly 200,000 people more than had previously been estimated) and improved the quality of service for 2.9 million people (1.5 million people more than previously had been predicted). In addition, it has generated US$711.7m in upfront fees to the government, US$640m more than had been estimated.
2003	Regional	Telecoms	Mobile Systems International (MSI) Cellular Expansion	30.0	The project facilitated provision of mobile connections to over 1.1 million people in 12 countries, representing an increase of 70% from previous levels.

GuarantCo

Table A4.2: Completed transactions by GuarantCo[30]

Year	Country	Sector	Project	GuarantCo guarantees (US$m)	Key development impact
2010	India	Transport	Shriram Transportation II	20.0	Shriram enables thousands of poor truck drivers to purchase their own vehicles at affordable interest rates. Shriram also expects to expand into other small infrastructure equipment.
2010	South Africa	Transport	South African Taxi Development Finance (SATDF)	20.0	The guarantee will help support SATDF's efforts in providing finance to minibus operators, which is underserved by traditional credit providers.
2010	Multiple Countries (SSA)	Multi-sector	Spencon	15.0	This project will help lower the cost of infrastructure in the target countries by enabling greater competition and local private sector participation. It will ensure the employment for over 800 permanent staff and over 3,700 semi skilled personnel across East Africa.
2010	Multiple Countries (SSA)	Housing	Housing Finance Guarantee Africa (HFGA)	5.0	HFGA supports the provision of affordable housing loans for low-income individuals by providing guarantees and insurance, and is expanding from South Africa to other SSA countries. The project is expected to generate PSI of US$215m; serve an additional 6,000 people; and improve the quality of service to a further 30,000. It is also expected to create 60,000 short-term jobs.
2009	India	Housing	Ackruti City Ltd Slum Redevelopment	20.0	The project will rehabilitate 20,000 to 30,000 families from slums into permanent, legal housing with facilities such as individual sanitation, sewage and running water. The land cleared of slum dwellings will be used for construction of public infrastructure.
2009	India	Industrial infrastructure	Calcom Cement: Increase in Production Capacity	15.0	The project is expected to raise a total of US$120.8m in PSI commitments. It will be the largest cement plant in the region and will bring about lower prices. Employment effects are also substantial.
2009	Palestinian Territories	Telecoms	Wataniya Palestine: Financing of New Mobile Operator for the West Bank	10.0	The project is expected to raise total PSI of US$140m, and is the largest ever private sector investment in the Palestinian Territories. GuarantCo's support enabled loans from local banks totaling US$25m. Wataniya will significantly improve voice and data coverage in the West Bank for a population which currently has to rely largely on unauthorized Israeli operators.
2008	India	Transport	Specialist Lender: Support a Securitisation of Truck Loan Receivables	18.3	The project will help Shriram provide affordable loans to individual operators, that would otherwise have to rely on unlicensed money lenders.
2008	Chad	Telecoms	Celtel Chad Financing	8.0	The guarantee enabled the company to access additional local currency financing from two regional commercial banks. In issuing local currency debt in one of Africa's poorest countries, Celtel is reducing foreign exchange risk and transferring expertise.

30 Projects which have been sold, or which have a signed loan, guarentee all mandate; or where loans have been repaid.

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

Year	Country	Sector	Project	GuarantCo guarantees	Key development impact
2007	Kenya	Industrial infrastructure	Safal Group – Mabati Rolling Mills	10.8	PCM allows PIDG to confirm that this project has been associated with US$36.0m PSI, US$30m of which was from local investors. This project has also lowered the price and increased the access to the product for a further 500,000 households, or 2.3 million people. It has generated US$3m in upfront fees to the Kenyan government, and has created 50 short-term and 50 long-term jobs.
2007	Tanzania	Industrial Infrastructure	Safal Roofing – ALAF	5.2	This project will increase the quality and life-span of steel roofing while making it more affordable, boosting small businesses and consumers. It will enable farmers to improve storage, while allowing manufacturers to expand and improve their buildings.
2006	Kenya	Telecoms	Celtel Kenya Refinancing	12.0	This project enabled Celtel to expand its operations, especially in rural areas, improving telecoms infrastructure throughout the continent. Benefits include reduced tariffs plus improved quality and reliability of services. The transaction, as only the third private sector bond issue in Kenya, contributed to the deepening of the domestic capital market.

ICF-DP

Table A.4.4: Completed transactions by ICF-DP[31]

Year	Country	Sector	Project	ICF-DP financing (US$m)	Key development impact
2010	Ghana	Energy	Tema Osonor Power Limited (TOPL), Ghana	15.0	TOPL will assist in solving the problems caused by recent growth in power demand. It is expected to create 50 jobs, and pay on average US$5m per annum in taxes.
2010	Croatia	Energy	INA Industrija Nafte, d.d.,	68.0	The project is expected to improve the quality of service for 2.5m people, whilst creating 3,800 short term jobs.
2010	India	Housing	Ackruti City Ltd Slum Redevelopment	30.0	The project will rehabilitate 20,000 to 30,000 families from slums into permanent, legal housing with facilities such as individual sanitation, sewage and running water. The land cleared of slum dwellings will be used for construction of public infrastructure.
2010	Peru	Energy	Calidda	35.0	The Calidda project is expected to provide energy services to 0.67m additional people. It is expected to increase short term employment for 2,000 people, and create 150 long-term jobs.
2010	South Africa	Transport	South African Taxi Development Finance (SATDF)	32.4	The support will help support SATDF's efforts in providing finance to minibus operators, which is underserved by traditional credit providers.
2010	Vietnam	Transport	Cai Mep Port	10.0	The Cai Mep Port will consist of three container terminals, each with 600m of quay and two berths. The project is expected to be associated with US$240.0m of PSI; and create 500 short term jobs and 340 long-term jobs. It is also expected to have a significant demonstration effect.
2010[32]	Vietnam	Transport	Cai Lan Port	27.2	The Cai Lan Port will consist of three container berths each with a total quay length of 594m, and a 25 hectare container yard. This project is expected to be associated with US$155.3m PSI. It is also expected to create 500 short-term and 340 long-term jobs.

31 Projects which have been sold, or which have a signed loan, guarentee all mandate; or where loans have been repaid.

32 Please note that the ICF-DP investment of US$10m in the Cai Mep Port project in Vietnam was closed in late 2009 but the paperwork was completed in early 2010, hence it is treated as a 2010 project.

InfraCo Africa

Table A4.5: InfraCo Africa projects which have achieved financial close[33]

Year Started	Country	Sector	Project	InfraCo Africa development costs (US$m)	Key development impact
2007	Cape Verde	Energy	Cape Verde Wind Farm	7.9	Increased power supply through wind will meet the rapidly rising demand in an environmentally friendly and cost efficient manner as well as help save forex.
2007	Vietnam	Agribusiness	Antara Cold Storage Facility	0.3	The project has enabled seafood processors to expand their market and increase their value added, as well as benefited fish farmers through increased demand and price stability. Through PCM, PIDG can confirm that this project has been associated with US$28.0m PSI. This has also increased access for infrastructure services to 50,000 people, and created 1,200 short term jobs and 200 long term jobs.
2006	Zambia	Agri-Business	Chanyanya Pilot Irrigation Project	0.9	The project will bring the benefits of large landholdings and commercial irrigation to small-scale farmers in Zambia, by organising their landholdings into an effective cooperative and providing capital intensive irrigation equipment. The PCM allows PIDG to confirm that this project has been associated with US$2.1m PSI. It has increased access for 1,134 people, 13% more than had been expected. The project has also created 95 short-term jobs and 55 long-term jobs.
2005	Ghana	Energy	Kpone Indpendent Power Producer (IPP)	7.8	Electricity generated through the project will meet additional demand from 300,000 new and/or existing households, reduce the need for power imports and improve power reliability. It is expected that US$500m will be saved on generation costs.
2005	Nigeria	Energy	Geometrics Power Aba IPP (180MW Natural-Gas Fired Plant And Associated Transmission Lines)	0.5	The project will provide electric power to small industries and households in Aba at half the cost of existing generation and reduce dependence on inefficient and expensive private generators.

33 Projects which have been sold, or which have a signed loan, guarentee all mandate; or where loans have been repaid.

Table A4.6: Projects under development by InfraCo Africa

Year	Country	Sector	Project	InfraCo Africa development costs (US$m)	Key development impact
2010	Uganda	Multi-sector	Lake Albert Infrastructure Project	3.6	The project will serve an additional 60,000 people, and will provide 378 long-term and 160 short-term jobs.
2010	Zambia	Energy	Muchinga Power Company	6	The project will improve the quality of service to approximately 1m people, creating 4,000 long term jobs and 225 short-term jobs.
2009	Kenya	Transport	Nairobi Commuter Rail Project	5	The project will upgrade and expand commuter rail transport services in Nairobi and its environs, in an effort to boost passenger volumes, increase mobility and reduce dangerous emissions.
2006	Zambia	Agribusiness	Chiansi Irrigation System	0.5	This participatory project, involving 190 small scale farmers all of whom are below the poverty line, will enable them to move away from subsistence farming towards economically beneficial cash crops. Productivity is expected to rise as is the employment potential, contributing to tax revenue of around US$0.43m p.a.
2004	Uganda	Multi-sector	Kalangala Infrastructure Services Project	4.6	The new and improved infrastructure will help meet the current demand for services for a poor and isolated community. There are expected to be large falls in user-tariffs for electricity, water and ferry transport.
2004	Uganda	Energy Generation/T&D	Kalangala Renewables, Uganda	1.6	This will increase service to 35,000 people, and is expected to provide short term employment to 75 people, and long term employment to a further 19.

DevCo

Table A4.7: Completed transactions by DevCo

Year Started	Country	Sector	Project	DevCo financing/ support (US$m)	Key development impact
2009	Maldives	Transport	Maldives PPP- Male Airport	0.7	The successful divesture of the government's stake in the Maldives Airport Company Ltd, the first of its privatisation agenda, will signify the government's commitment to privatisation and establish its role as an enabler and facilitator of economic development. A well developed airport will have multiplier effects on tourism and lead to enhanced GDP growth.
2008	Albania	Energy	Ashta IPP	0.5	The hydropower project was closed successfully in September 2008. It is expected to mobilise private investment of US$249m, create US$98m in fiscal benefit for the Albanian government, and will provide access to improved services for 170,000 people.
2008	Benin	Transport	Cotonou Port concession	1.2	The concession will increase port capacity and enable it to take on a 200% growth in traffic throughput – a key development given Benin's strategic geographic location. The concession will also provide upfront fees to the Government and will positively impact employment.
2007	Haiti	Telecom	Privatisation of Télécommunications d'Haiti (TELECO)	1.4	The project is estimated to improve service to 1.5 million people. The project will mobilize private sector investment of US$100m as well as provide the government with US$200m of fiscal benefits in the form of taxes.
2007	Albania	Energy	Albanian Power Corporation (KESH) Privatisation	0.5	The privatisation of KESH is expected to bring an investment of US$246m and improved services for 90% of total users. A total positive fiscal impact to the Government of US$333m is expected as a result of this project.
2007	Egypt	Water and sanitation	Concession of the New Cairo Wastewater Project	1.0	At present, there is no existing water supply and limited sanitation services committed to New Cairo. It is expected that the project will facilitate improved access to sanitation services to 1 million people in New Cairo.
2007	Philippines	Energy	Small Power Utilities Group (SPUG) Basilan - PSP in Power Generation in Non-Grid Areas	0.04	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner, with an expected 145,000 people benefitting from improved services.
2006	Liberia	Energy	PSP in the Power Sector	1.3	The project will improve efficiency in the power sector, which is vital to enhancing private sector growth and poverty reduction in Liberia. In a situation where no grid exists at present and most electricity is through individual generators, service availability is expected to rise from 0 to 24 hours per day and capacity will increase from 2.3MW to 15-20MW.
2006	Uganda	Water and sanitation	Busembatia Water	1.3	Expected investment from local private investors is US$0.4m. The program will improve the quality and availability of water for 15,000 people.

Year Started	Country	Sector	Project	DevCo financing/ support (US$m)	Key development impact
2006	Kenya	Telecoms	Privatisation of Telkom Kenya Ltd (TKL)	1.1	The sale of 51% of TKL to France Telecom generated US$390m in fiscal revenues for the Government including a reduction is overall fiscal burden (TKL's losses have averaged US$27m annually in the past four years) and expansion of network for rural telephony for 672,000 people.
2006	Kenya	Telecoms	Divestment of Kenyan Government Share of Safaricom	0.3	Increased competition as a result of the transaction will lead to increased investment in expanding coverage. Improved telecom infrastructure will also be a driver of business development and growth. An IPO of 25% of Safaricom is planned for the near future, which is expected to generate PSI commitments of around US$500m.
2005	Philippines	Energy	SPUG II Masbate - PSP in Power Generation in Non-Grid Areas	0.4	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner. 60,000 additional people will be served, with 35,000 being below the poverty line.
2004	Mozambique	Mining	Development of the Moatize Coal Mine	0.5	The opening of the mine will have a large impact on the development of Zambezi Valley, one of the least developed regions in the country. Through the PCM process, the PIDG can confirm that this project has been associated with US$231.0m PSI so far, and has improved the quality of service for 27,500 people. It has also generated US$122.0m in upfront fees to the government; and created short term employment for 1,000 and a further long-term employment for 487.
2004	Madagascar	Transport	PPP for the Port of Tamatave	0.6	The new container terminal, along with internal transport investments, will increase the port's capacity to handle export and import goods, thereby enhancing international trade. Though the PCM, PIDG can confirm that this project has been associated with US$31.0m PSI, and has generated upfront fees to the government of US$33.0m
2004	Samoa	Transport	PSP Transaction for Polynesian Airlines	0.7	The PCM confirms that this project was associated with US$11.0m PSI, more than double what had previously been expected. It has also improved the quality of service for 0.24 million people, being 0.16 million more than had been previously estimated. It has also provided US$7m in upfront fees to the government.
2004	Philippines	Energy	SPUG I - PSP in Power Generation in Non-Grid Areas	0.2	The project will provide electricity to remote areas not connected to the main grid, in a more affordable and sustainable manner. This project is estimated to reach 100,000 people and mobilize private sector investment of US$28m. Fiscal benefits for the Government of Philippines have been estimated at US$53m.
2003	Kenya and Uganda	Transport	Joint Concession for Railways	1.0	The transaction is expected to increase operating efficiency and quality of service, allowing the railways to capture a greater share of freight transport and thus contributing to reduced transport costs, reduced congestion and pollution on roads, increase competitiveness of the economies and promote regional integration.

Table A4.8: Summary of DevCo's completed mandates

Year	Country	Sector	Project	DevCo financing/ support (US$m)	Key development impact
2009	Bhutan	Transport - Airports	Drukair, Bhutan	0.25	In the recent years, Drukair, the only national airlines carrier of Bhutan, has been unable to meet the demand during peak tourist seasons of March to May and September to October. The Government of Bhutan is proceeding with some of DevCo's operational recommendations.
2009	Comoros	Multi-sector	Comoros Telecoms & Hydrocarbons Privatization	0.45	The Government of Comoros has indicated interest in pursuing private entry in the telecoms company. Mobile customers are currently less than 20,000 for a total population of 800,000.

Table A4.9: Summary of DevCo's ongoing advisory projects

Year	Country	Sector	Project	DevCo financing/ support (US$m)	Key development impact
2010	Kosovo	Energy	Korporata Energjetike e Kosovës (Energy Corporation of Kosovo) KEK	0.6	The project is expected to serve 1.9 million people; provide US$75m in upfront fees and save US$830m in the form of avoided subsidies.
2010	Mozambique	Water, Sewerage and Sanitation	Mozambique Water Supply Project	0.8	The Mozambique Water Supply project is expected to improve the quality of water supply for 0.5 million people.
2010	Philippines	Water, Sewerage and Sanitation	Metro Clark Bulk Water Project	0.4	The project is expected to provide additional services to 0.27 million people. It will also improve the quality of service to 0.36 million people, and is estimated to create 2,045 short term jobs and twenty long-term jobs.
2010	Philippines	Water, Sewerage and Sanitation	Metro Iloilo Water Concession Project	0.2	The project is expected to provide additional services to 0.28 million people. It will also improve the quality of service to 0.18 million people, and is estimated to create 1,023 short term jobs.
2010	Rwanda	Water, Sewerage and Sanitation	Kigali Bulk Water Supply Project	1.0	The Kigali Bulk Water project is expected to provide water and sanitation services to 0.24 million additional people, and improve the quality of service for 0.76 million people.
2009	India	Agribusiness	Punjab Silos	0.4	The pilot wheat storage facility with 50,000 tons capacity developed through PSP will address the issue of inadequate storage, reduce wheat losses and ease procurement bottlenecks.
2009	India	Transport	Kerala Port	0.5	The PPP port development scheme is expected to attract PSI to the tune of US$100m, and aims to improve infrastructure, boost the state's fiscal position, and augment trade and competitiveness.
2009	Maldives	Water and Sanitation	Maldives PPP - Solid Waste Management	0.4	The project will enable the government to develop a regional strategy for Solid Waste Management and attract PSP, to help improve quality of services for about 120,000 people and contribute towards making Maldives carbon neutral in the next decade.
2009	Niger	Transport	Niger dry port	0.8	Provision of advisory assistance for the structuring and implementation of a dry port project will facilitate international trade and allow Niger to be more competitive in transport of merchandise.
2009	Solomon Islands	Energy	Tina River	0.5	The hydro power generated will partially replace the diesel generated power currently serving Honiara, reducing exposure to fuel price volatility and carbon dioxide emissions.
2009	Tajikistan	Mining	Konimansur Mine	1.1	Development of the metals mine is expected to generate significant foreign direct investment, develop infrastructure and the real economy, and provide an impetus to the government to improve Tajikistan's legal framework with regard to mining.

Year	Country	Sector	Project	DevCo financing/ support (US$m)	Key development impact
2008	India	Transport	PPP for Andhra Pradesh Coastal Roads	0.2	The road is critical for the development of the proposed 600 sq km Petroleum, Chemical and Petrochemical Region and the larger Coastal corridor. An additional 1.5 million people will be served by the road corridor. Overall fiscal benefits equal US$2m.
2008	India	Transport	PPP for Andhra Pradesh Vishakhapatnam to Kakinada (VK) Coast Road II	0.3	Development of the road through a PPP will have both direct (employment and purchase of materials during construction) and indirect (stimulus to the economy, catalytic role for future PPP transactions) impacts. An additional 0.5 million people will be served by the road corridor. Overall fiscal benefits equal US$2m.
2008	Yemen	Energy	Gas fired Greenfield IPP	0.7	Through introduction of the country's first IPP, the project is expected to increase the private sector investement in the country's power sector, reduce burden on public budget, and increase supply of reliable and sustainable power. The government has requested IFC to proceed with a transaction for three IPPs in the Port Cities of Al Hodaidah (150 MW), Aden (150 MW) and Al Mukallah (75MW) fueled by HFO or coal.
2008	Indonesia	Energy	Central Java IPP	1.8	The 1,500MW power plant will be able to improve the quality of service for 7.5 million people.
2006	Vietnam	Energy	PSP in Electricity Generation	1.8	The project will serve to bridge Vietnam's formidable energy demand-supply gap and cater for increasing demand for electricity over the next decade. 2.2 million people will be provided with improved access to infrastructure.

TAF

TAF provides grants to the other PIDG facilities. The table below lists the PIDG supported projects funded by TAF since inception.

Table A4.10: TAF Grants to ongoing and completed PIDG facility projects

Year Started	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2010	Ghana	Transport	GuarantCo	Ghana Toll Road Project	0.31	Ongoing
2010	Mozambique	Agribusiness	InfraCo Africa	Envalor Ltd	0.43	Ongoing
2010	Niger	Capital market development	GuarantCo	Fonds de Solidarite Africain (FSA), Niger	0.24	Ongoing
2010	Senegal	Energy	InfraCo Africa	Senegal Wind Farm Development	0.26	Ongoing
2010	Thailand	Transport	GuarantCo	Don Muang Tollway (DMT), Thailand	0.10	Ongoing
2010	Zambia	Energy	InfraCo Africa	Muchinga Hydro Power, Zambia	0.45	Ongoing
2009	Gambia	Energy	EAIF	Gambia IPP - Transmission and Distribution	0.49	Ongoing
2009	Kenya and Uganda	Transport	DevCo	Rift Valley Railway Strategic Business Plan	0.07	Complete
2009	Sierra Leone	Agribusiness	EAIF	Goldtree Palm Oil Project	0.07	Ongoing
2009	Kenya	Transport - Rail	InfraCo Africa	Nairobi Commuter Rail	0.20	Ongoing
2009	Cape Verde	Energy	InfraCo Africa	Cape Verde Wind Power Development - Cabeolica	0.07	Complete
2009	Ghana	Energy	InfraCo Africa	Energy Sector Capacity Building Project (Ghana GridCo)	0.05	Ongoing
2009	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Project Resettlement Action Plan	0.68	Ongoing
2008	Gambia	Energy	EAIF	Gambia IPP – Affordability Study	0.07	Complete
2008	Nepal	Energy	InfraCo Asia	Super Madi & Middle Modi Hydropower Projects	0.07	Ongoing
2008	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – Output-Based Aid	5.00	Ongoing

Year Started	Country	Sector	PIDG facility	Project	Amount approved (US$m)	Status
2008	Mozambique & Togo	Energy	InfraCo Africa	Infrastructure for Renewable Energy	0.07	Ongoing
2008	Tanzania & Uganda	Energy	InfraCo Africa	Transmission Interconnection	0.06	Ongoing
2008	Ghana	Energy	TAF	Energy Sector Capacity Building	0.05	Completed
2008	Tanzania	Energy	InfraCo Africa	Tanzania Wind Power	0.07	Ongoing
2008	Niger	Telecom	GuarantCo	Seaquest Telecom – Grant 2	0.40	Phase 2 ongoing
2008	Niger	Telecom	GuarantCo	Seaquest Telecom – Grant 1	0.07	Phase 1 complete
2008	Tanzania	Energy	EAIF	Ruhudji Power	0.28	Ongoing
2008	India	Industrial Infrastructure	GuarantCo	Calcom Cement – Legal Assistance	0.06	Complete
2008	Zambia	Agribusiness	InfraCo Africa	Chanyanya Pilot Irrigation Project	0.52	Ongoing
2008	India	Industrial Infrastructure	GuarantCo	Calcom Cement - Assam Low-Cost Bldg. Mat.	0.07	Ongoing
2007	Chad	Telecom	EAIF	Celtel Chad Financing	0.05	Complete
2007	Vietnam	Agribusiness	InfraCo Africa	Antara Cold Storage	0.11	Complete
2007	Liberia	Energy	DevCo	Liberia Power Advisory	0.01	Complete
2007	Cape Verde	Energy	InfraCo Africa	Cape Verde Wind Power	0.40	Ongoing
2007	Ghana	Energy	InfraCo Africa	Kpone (Tema) Power Plant – Grant II	0.46	Ongoing
2006	Nigeria	Petrochemicals	EAIF	Eleme Petrochemicals Ltd, Nigeria	0.07	Complete
2006	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – Grant 2	0.35	Ongoing
2006	Rwanda	Energy	EAIF	Kibuye Stage 1 Power (Lake Kivu)	0.50	Ongoing
2006	Zambia	Agribusiness	InfraCo Africa	Chiansi Irrigation	0.40	Complete
2005	Uganda	Multi-sector	InfraCo Africa	Kalangala Infrastructure Services – Grant 1 (Bidco)	0.38	Complete
2005	Ghana	Energy	InfraCo Africa	Kpone (Tema) Power Plant – Grant I	0.35	Complete
2005	Kenya/Uganda	Transport	DevCo	Kenya Uganda Railways - SME Linkages	1.00	Ongoing
2005	Nigeria	Energy	InfraCo Africa	Geometric Power Aba	0.35	Complete
2004	Madagascar	Transport	DevCo	Toamasina Port Mgmt	0.32	Complete

Annex 5: Contacts and links

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

34 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. FMO, majority owned by the government of the Netherlands, is a PIDG member jointly with the Ministry of Foreign Affairs in relation to GuarantCo, and for that reason we also show links for both.

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