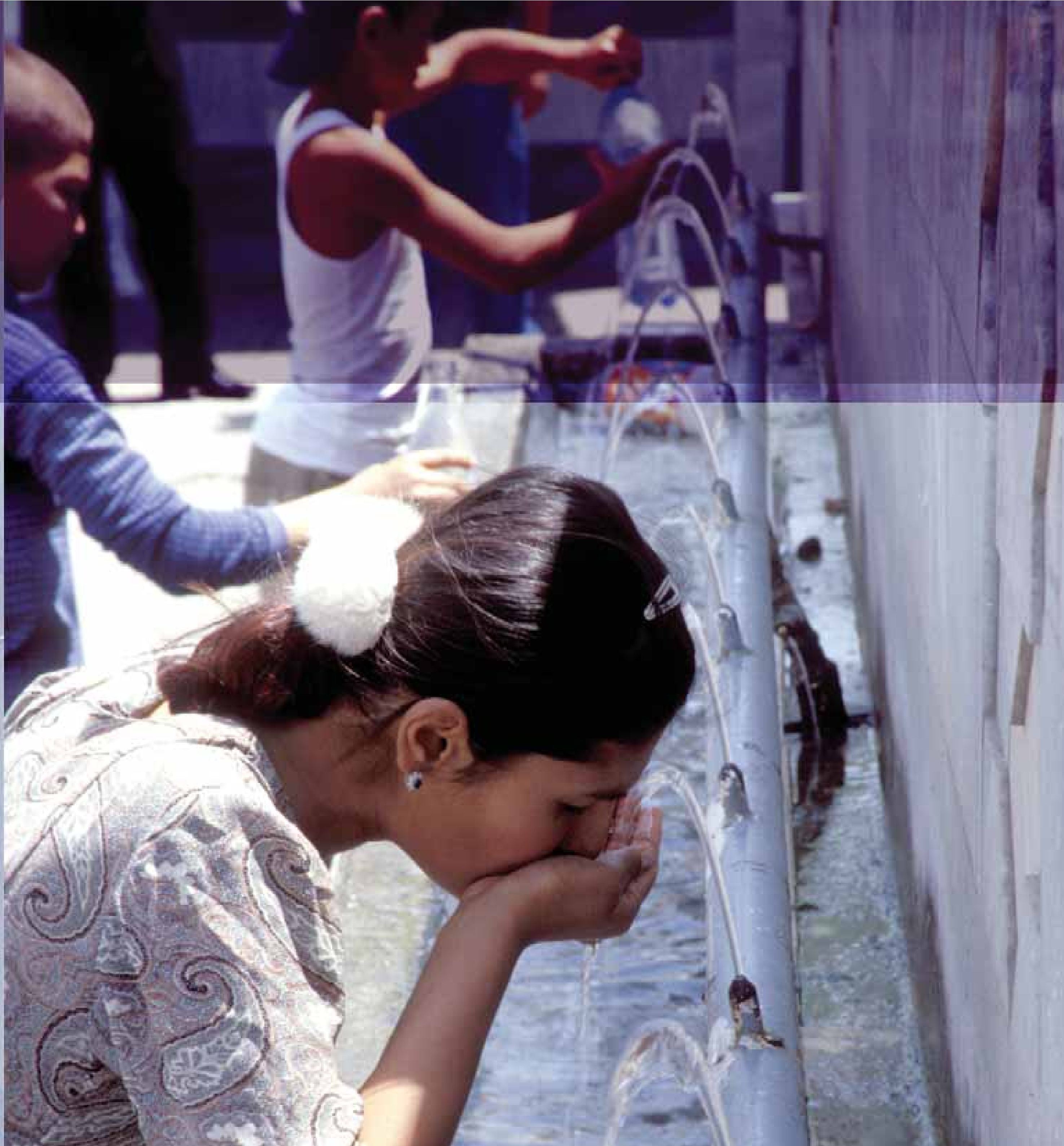
Annual Report
2004-2005

Private Infrastructure Development Group



PIDG Annual Report 2004-5

CONTENTS

Foreword

Adequate and accessible infrastructure services are essential for economic growth and poverty reduction in developing countries. The availability of roads, water, energy, sanitation and telecommunications have significant impacts on health, access to education and economic opportunities – all of which are important to achieving the Millennium Development Goals. Increasingly, private sector players are being recognised as valuable and critical partners in the provision of these services, and efforts are being made to harness their participation.

The Private Infrastructure Development Group (PIDG) is a multi-donor organisation conceived to help facilitate the involvement of the private sector in infrastructure service provision in developing countries, with an overall focus on poverty reduction. PIDG establishes initiatives to encourage and support private sector involvement in innovative ways, taking into consideration the local, regional and international market for infrastructure services.

As this is the first annual report of the PIDG, we have taken the opportunity to provide some background to private sector involvement in infrastructure provision in developing countries in order to highlight the rationale behind PIDG's establishment. We have provided details on the activities of all the PIDG facilities since their inception, with particular attention to achievements in the past year.

Since its establishment in 2002, PIDG has experienced a number of successes. By November 2005, PIDG had been instrumental in the funding of 23 projects, with a total PIDG investment of US$136m. These projects have mobilized in excess of US$1.5 billion from the private sector and Development Finance Institutions to infrastructure projects in the poorer developing countries.

As PIDG continues to grow and develop new approaches to address the challenges of private participation within the infrastructure market, we welcome dialogue with all of our partners and interested stakeholders. We hope you find this report informative and look forward to further collaboration as we move forward with this exciting initiative.

John Hodges, PIDG Programme Manager

Introduction

Aims and objectives

The Private Infrastructure Development Group (PIDG) is a multi-donor organisation which facilitates private investment in the infrastructure sector in developing countries, with the objectives of promoting economic growth and reducing poverty. PIDG seeks to achieve these objectives by establishing projects and investment vehicles which encourage such investment, maximising private sector efficiencies and the wider availability of private capital. Other key aims include additionality of the PIDG initiatives in the infrastructure market, capacity building, sustainability and value-for-money. At the core of PIDG initiatives is a knowledge that infrastructure is important to sustainable development and the reduction of poverty and that private sector investment is an essential element to increasing the provision of infrastructure services.

Structure

PIDG was established in 2002 by a group of donors to overcome the obstacles to private sector investment in infrastructure in developing countries, with an emphasis on increasing service provision for the poor. Current PIDG members are the Netherlands Ministry of Foreign Affairs (DGIS), the Swiss State Secretariat for Economic Affairs (SECO), the Swedish International Development Cooperation Agency (Sida), the UK Department for International Development (DFID) and the World Bank. The Public Private Infrastructure Advisory Facility (PPIAF) is an honorary member.

The obstacles to private sector investment in infrastructure include the high up-front costs of project development; a shortage of long-term debt required for infrastructure projects; a lack of local currency investment; and inadequate capacity in both the public and private sectors to initiate, implement and regulate projects in the infrastructure sector. PIDG has put in place a number of initiatives which have been specifically designed to help overcome these obstacles.

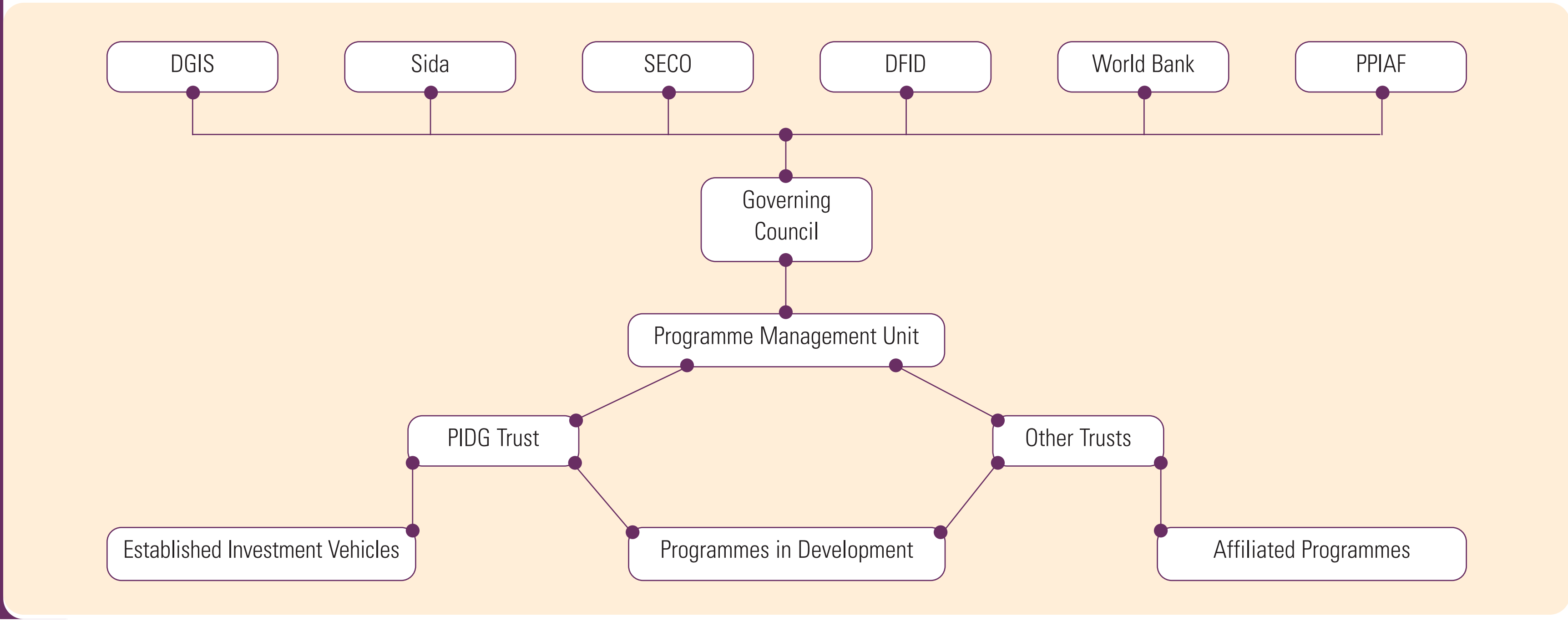
PIDG attaches particular importance to the provision of adequate and affordable services to the poorer sections of society and only permits investment in eligible infrastructure services and countries. Countries eligible for PIDG support are all those in Part 1 of the Development Assistance Committee (DAC) List, although there is a focus on countries in columns 1 and 2 of this list (i.e. the Least Developed Countries and Low Income Countries). This list can be found in the Annex of this report.[1]

Governance

PIDG operates through a Governing Council, the PIDG Trust and a Programme Management Unit (PMU). The Governing Council is the decision-making body of PIDG and consists of representatives of all the PIDG members. PIDG members provide grant and loan funding to the PIDG Trust, which invests in the programmes and investment vehicles that it creates. The Governing Council appoints the PMU to manage its activities and to be the central contact point for all PIDG matters, managing relationships with the facilities and day-to-day administration of the organisation. The PMU is currently based in London. As PIDG is not a legal entity in its own right, it has established the PIDG Trust to own the programmes and perform many of its functions. Figure 1 sets out the PIDG Organisational Structure.

1. The DAC List of Aid Recipients has since been updated and renamed. The new list will be used by PIDG in 2006.

Figure 1: PIDG Organisational Structure



Current Infrastructure Market

Provision of infrastructure services in any environment is a complex undertaking, with governments facing the challenge of providing modern, efficient and affordable infrastructure services for their people. In developing countries, these challenges are even more stark, and inadequate provision and maintenance of infrastructure continues to severely impact the ability of many countries to progress, both economically and in other areas.

Importance of infrastructure to poverty reduction

The availability of roads, water, energy, sanitation and telecommunications have a direct major impact on health, access to education and economic opportunities, particularly for the poor. In addition, the quality and breadth of a country's infrastructure play a vital role in economic growth with significant indirect effects on poverty reduction.

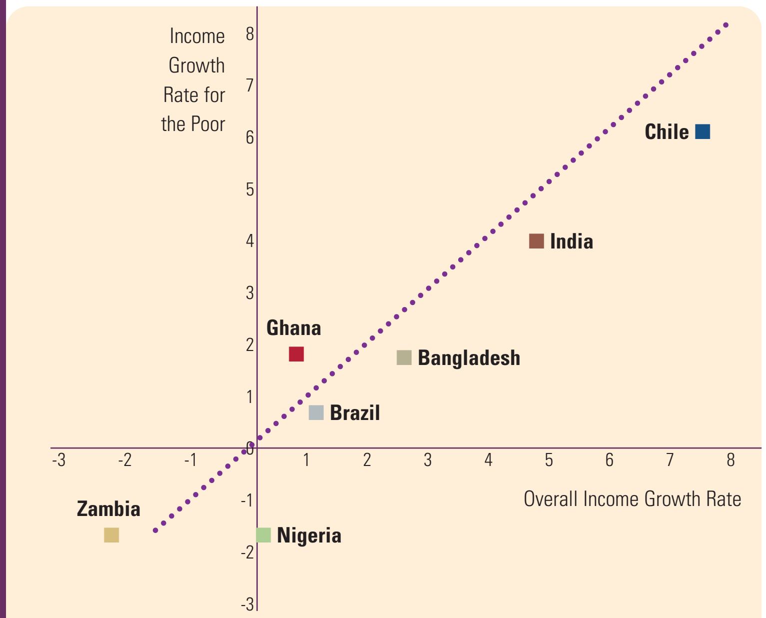
In developing countries, basic infrastructure services are out of the reach of millions of poor people. In excess of one billion people lack access to clean water and more than two billion live without adequate sanitation and access to modern energy. The stock of infrastructure services in developing countries falls far short of the service provision in developed countries. Forty percent of the world's population is found in low-income countries, but only 15% of the value of the world's infrastructure is found there. In contrast, 60% of the value of the world's infrastructure is found in high-income countries who make up only thirteen percent of the world's population[2]. Large investments in infrastructure will be required in the coming decades to address this gap and foster the economic growth and poverty reduction required to meet the Millennium Development Goals (see Box 1).

2. Global Monitoring Report 2004, Chapter 6 'Strengthening Infrastructure'. The World Bank.

Box 1 : Millennium Development Goals

The Millennium Development Goals are a set of eight high-level developmental objectives which 147 heads of State and Government committed to working towards in September 2000, through the United Nations Millennium Declaration. The eight goals set out to: 1) Eradicate extreme poverty and hunger, 2) Achieve universal primary education 3) Promote gender equality and empower women, 4) Reduce child mortality, 5) Improve maternal health, 6) Combat HIV/AIDS, malaria and other diseases, 7) Ensure environmental sustainability and 8) Develop a global partnership for development. Direct support from wealthier countries, in the form of aid, trade, debt relief and investment is to be provided to help developing countries achieve these goals. www.un.org/millenniumgoals

Figure 2: The relationship between overall income growth and income growth for the poor



Source: DFID PD Pro-poor growth team; Data from World Bank, Global Poverty Monitoring Database (2003).

Trends in infrastructure provision

For much of the 20th century most developing countries relied on the public sector to finance and deliver electricity, telecommunications, transport infrastructure and water and sewerage services. Financing for infrastructure reflected stability of both the public ownership model and a reliance on regulated utilities. Over the past two decades, however, the global infrastructure markets have undergone rapid change and institutional reorganisation. In addition to tightening budget constraints disenchantment with past approaches to providing infrastructure services, has led governments to explore new approaches to infrastructure provision, including greater involvement of the private sector.

Optimism in the 1990s...

The significant shift in attitudes regarding infrastructure provision as an entirely public sector responsibility began in the 1990s. Technological advances and conscious changes in public policy brought deregulation, privatisation and competition in mature markets and liberalisation in the developing world. Government decentralisation also led to lower fiscal transfers to the local/municipal level, leaving a gap in local infrastructure investment.

Table 1 : Infrastructure stock by region

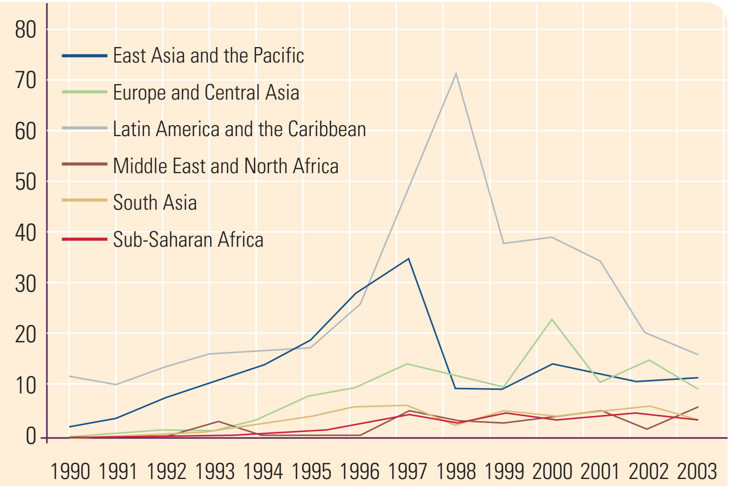
	Installed capacity per 1,000 persons (kW)	Electricity consumption per capita (kWh)	Average telephone mainlines per 1,000 persons	Road density (km/km2 of land)*	Access to improved water source (% of population)
Developing countries	272	1,054	95	0.15	78
East Asia	223	921	59	0.15	71
Europe and Central Asia	992	3,425	217	0.11	88
Latin America and the Caribbean	431	1,709	150	0.15	88
Middle East and North Africa	338	1,411	86	0.08	84
South Asia	99	426	31	0.94	76
Sub-Saharan Africa	105	394	29	0.08	62
Developed Countries	2,044	8,876	501	0.58	99

Source: Global Development Finance 2004, World Bank (Box 6.1). Data from 2001;
* Data for the latest year available during the period 1996-2000.

International private sector project operators and contractors were encouraged to invest in infrastructure in the developing world and were fuelled by optimism about demand, the commitment of governments to contractual terms, the credit quality of project off-takers and the stability of macroeconomic conditions. Investment in infrastructure projects with private participation in developing countries rose steadily through most of the 1990s, from US$18 billion in 1990 to a peak of US$130 billion in 1997. The bulk of this increase was concentrated in Latin America and East Asia, with 10 countries in these regions accounting for 68% of cumulative private investment between 1991 and 2001[3]. Africa lagged behind in this trend.

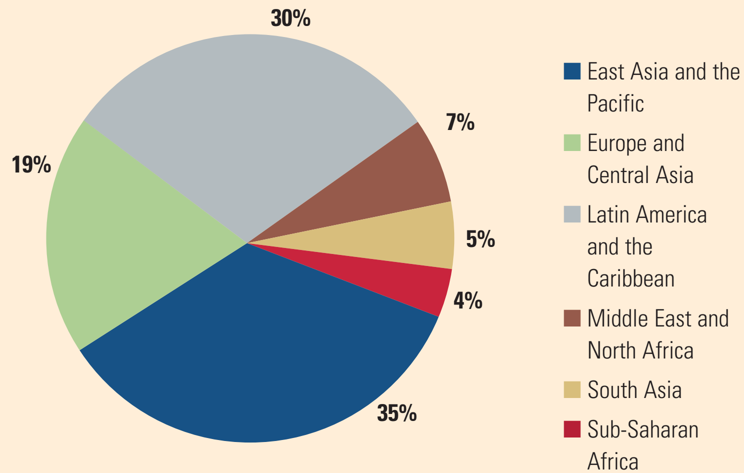
3. Harris, Clive. Private Participation in Infrastructure in Developing Countries: Trends, Impacts and Policy Lessons'. World Bank Working Paper No.5, 2003.

Figure 3: New investment in private infrastructure Projects in Developing Countries by Region, 1990-2003 (US$bn)



Source: World Bank PPI database

Figure 4: Regional composition of international investment in infrastructure, 1992-2003



Source: Global Development Finance 2004, Chapter 6

...followed by pessimism

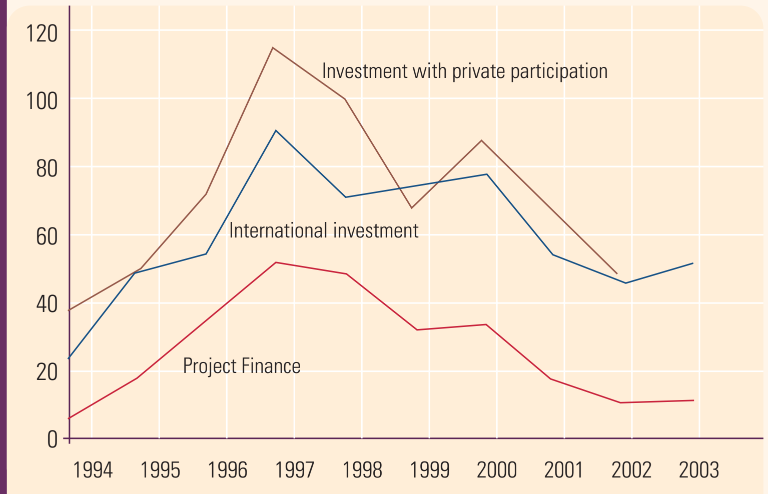
After peaking in the late 1990s, investment in private infrastructure projects declined sharply. Since 1997, every important measure of infrastructure finance to developing countries – external finance, project finance and investments with private participation – has declined by at least 50 percent (see figure 5). By 2003, investment flows had fallen to 1994 levels.

The downturn was led by a series of crises affecting emerging-market economies (most notably the East Asian countries, the Russian Federation and Brazil) and accentuated by a retrenchment of major commercial banks. The optimism of private investors was further impacted by their negative experience of the high political-economic risks inherent in doing business in the infrastructure sector, and in developing countries in particular.

Risks and challenges of investment in infrastructure markets

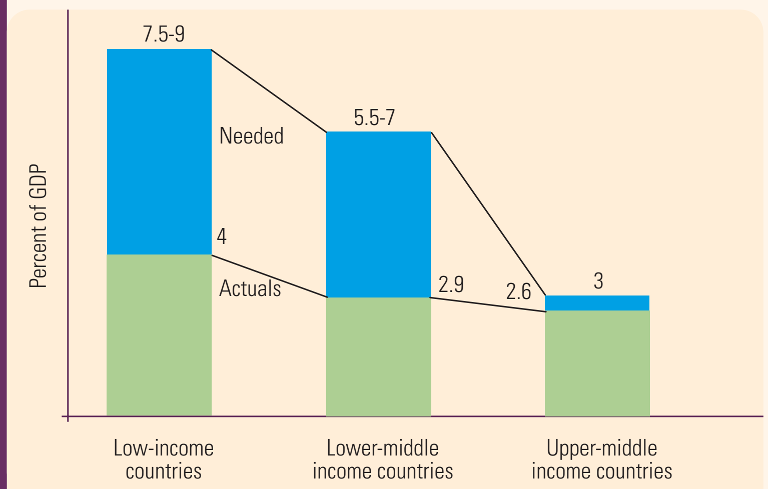
Although private sector involvement in the provision of infrastructure services is on the rise again, a number of key obstacles remain which need to be addressed if the environment for private investment is to improve. The risks inherent in the sector in low-income countries require special attention by governments, the local and international private sector, and donor organisations worldwide. Among the most prominent concerns are user payment issues, financial and commercial risks, and an appropriate regulatory and contractual environment.

Figure 5: Private financial flows to developing countries' infrastructure, 1994-2003 (US$bn)



Source: Global Development Fund 2004 report, Chapter 6.

Figure 6: Annual infrastructure spending: actual vs. needed



Source: Global Monitoring Report 2004, Chapter 6.

The Role of PIDG in the Infrastucture Market

Access to infrastructure services is insufficient in most developing countries, and meeting the challenges of increasing this access will require sizeable investments. PIDG was created to design innovative ways to overcome these challenges, encouraging the involvement of the local and international private sector in the provision of improved infrastructure services. The various initiatives already underway and in development by PIDG focus on the provision of support and encouragement to private sector infrastructure investment, while promoting the objectives of growth and poverty reduction. From its inception in 2002 up to November 2005, the PIDG has disbursed over US$136m to 23 projects through its facilities and initiatives.

Facilities funded through the PIDG Trust

4.1 Emerging Africa Infrastructure Fund (EAIF)

EAIF is a debt fund which makes long-term loans to private sector infrastructure developments in Sub-Saharan Africa.

Infrastructure service provision in Sub-Saharan Africa is exceptionally low, even in comparison with other developing regions, and finance for the provision of infrastructure projects has been extremely difficult to obtain. Local and international commercial banks are highly reluctant to lend in the sector and when they do, debt often carries very high interest rates and a short tenor. Long-term finance has simply not been available and infrastructure projects have had to rely on the financing from international donors and Development Finance Institutions to meet their requirements. EAIF has been conceived to fill this gap. It provides additionality through the provision of long-term debt for infrastructure projects, coupled with access to private sector know-how, and is the only fund of its kind to focus solely on Sub-Saharan Africa.

How it works

EAIF is a US$305 million debt fund which makes long-term, US dollar denominated, loans to private sector infrastructure developments in Sub-Saharan Africa. Established in 2002, its aim is to increase the volume of offshore private capital flows into private sector participation infrastructure projects in the region. EAIF is able to lend to greenfield ventures, privatised infrastructure companies, and for refurbishment, upgrades and expansion of capacity. It lends to the full range of infrastructure sectors including power, telecoms, transportation, water and any other activities which impact positively on the development of a country's basic infrastructure. Typical EAIF investments fall in the range of US$15 - $US30 million per investment.

Emerging Africa Infrastructure Fund: activities to November 2005

Sector	Sponsor	Location	Description	Finance
Mobile telephony	Celtel International BV	15 countries in Sub-Saharan Africa	Financing from EAIF provided an umbrella facility for the development of Celtel's African operations.	US$22m senior debt and US$8m subordinated debt as part of a US$190m syndicated loan facility.
Electricity generation	AES Sonel S.A.	Cameroon	Construction of a heavy fuel oil power plant with 80MW of generating capacity.	US$30m term loan as part of US$66m syndicated facility.
Mobile telephony	MTN Nigeria	Nigeria	Facility for the development of MTN's Nigeria business.	US$10m as part of a US$49m investment
Mining	Kenmare Resources Plc	Mozambique	Infrastructure element of a titanium minerals sand project with strong benefits to local communities.	US$24.5m as part of US$277.5m syndicated facility.
Port facility	Tema Offshore Mooring Company Limited	Ghana	Finance for a single point mooring buoy to facilitate the import of crude oil and other petroleum products to the Tema Oil Refinery. The facility enables larger vessels to use the port and doubles the speed of vessel discharge.	US$12m term loan as part of US$36m facility.
Cement manufacture	Dangote Industries Limited	Nigeria	Construction of new cement plant to supply central Nigeria with the purpose of reducing external imports.	US$30m term loan as part of US$500m syndicated facility.

Emerging Africa Infrastructure Fund: case studies

Single Point Mooring Buoy – Ghana

EAIF has provided a US$12m loan over a 7-year term to enable the construction of a mooring buoy off the port of Tema in Ghana together with an associated pipeline system to the shore.

The project enhances the capacity of the port to handle oil and petroleum products by allowing larger vessels to discharge their cargos and frees up other port facilities for different uses. The process allows for cheaper and more efficient discharge and has environmental benefits through reduced risk of oil spills as a result of using the latest technology.

The project was a landmark for Ghana being the first Build, Operate and Transfer project to be negotiated in the country. The private sector operating company has been granted a 10-year concession from the Government.

In addition to generating considerable tax revenue and economic activity from increased throughput, the project will also provide increased employment and improve local access for traders and fishermen.

Moma Titanium Sands Project - Mozambique

This is a longstanding mineral sands project in a remote area of northern Mozambique. Attempts to get the project off the ground began in 1987 and EAIF has provided the final piece of the funding jigsaw in the form of US$24.5m of senior and subordinated debt repayable over a 14-year term.

EAIF is financing the construction of a new power line, housing and health facilities, an airstrip, a jetty, 40 km of new tarmac roads and the upgrading of existing infrastructure at a total cost of US$35m.

The project will employ 400 people long-term and generate US$2.1bn of foreign currency earnings for Mozambique together with substantial tax and royalty revenue for the Government. The project will also facilitate the provision of electric power to local villages which currently have no supply.

4.2 GuarantCo

GuarantCo is a facility designed to mitigate credit risks for local lenders and investors.

Most infrastructure projects would benefit from local currency financing of sufficiently long tenor that matches the currency of their revenues, thereby improving viability and avoiding exchange rate risks. However, there is a significant gap in the market in developing countries for provision of local currency financing. GuarantCo aims to help fill this gap and work with partner institutions to promote local currency financing in lower income countries. GuarantCo is the only entity of its kind to focus entirely on encouraging the use and development of local currency financing for infrastructure projects.

How it works

With a current budget of US$25 million, and a target budget of US$100 million, GuarantCo supports the development of local currency infrastructure financing principally through the provision of guarantees that are offered as credit enhancements to facilitate the issuance of local debt instruments. The primary objective is to remove bottlenecks in domestic financing of infrastructure, with a secondary objective of promoting the development of capital markets. The initial geographical focus is Sub-Saharan Africa, plus the poorer counties of Latin America and South and South-East Asia. GuarantCo is also channelling technical assistance to local institutions, e.g. in transaction structuring and risk evaluation.

Approved GuarantCo activities

Activity	Location	Description	Finance
Refinancing & expansion financing of Celtel Kenya	Kenya	Celtel Kenya is one of two cellular phone operators in Kenya. The company is raising up to 4.5bn Kenyan Shillings through a note issue to be placed on the local capital market. Proceeds will be used to improve the structure of Celtel-Kenya's balance sheet (repayment of expensive foreign currency debt) and to partly finance capital expenditures for expanding the GSM network.	The FMO (Netherlands) is to front the guarantee covering 75% of debt service for the benefit of local institutional investors in a US$59m project. GuarantCo and Germany's DEG will provide counter guarantees to the FMO.
Addition of two gas turbines at Ubungo power plant (owned by Songas Ltd).	Tanzania	Barclays has been selected to advise on and arrange re-financing for the power plant (replacement of preference shares with external debt). Local currency financing is likely to be the preferred option.	The investment, with a total value of US$45m, will initially be financed through preference shares. Local currency debt issue could be credit enhanced by GuarantCo, working with a local bank

GuarantCo: case studies

Celtel Kenya – refinancing and expansion

Poor physical and telecommunications infrastructure is listed in Kenya's current Poverty Reduction Strategy Paper as one of the main factors underlying the weak economic performance and high incidence of poverty in the country. Upgrading of infrastructure, including the telecommunications network, is thus an essential element of the country's economic recovery programme. It is well documented that improved telecom services stimulate economic activity and lead to productivity gains, with the attendant economic growth a necessary condition for poverty reduction (albeit not sufficient in itself).

Competition between the two existing mobile phone operators (Safaricom and Celtel Kenya) has significantly expanded access to telecommunications services in Kenya, so that today close to four million subscribers are served. The positive spin-off effects of a cellular network expansion on the local economy include indirect job creation with suppliers, distributors and dealers of mobile products and services (both formal and informal sector), as well as the transfer of know-how to local engineers.

The GuarantCo refinancing and expansion transaction will help Celtel Kenya become more competitive and hence is likely to yield consumer benefits in the form of reduced tariffs, wider access – both in terms of geographical coverage and subscriber income groups – and improved quality and reliability of services. At the fiscal level, the project will enable Celtel Kenya to grow and thereby generate more revenues for the Government through license and annual operating fees, corporate taxes, VAT receipts, import and stamp duties. The substitution of foreign currency loans with local currency debt will also generate foreign exchange savings for Kenya, as debt service payments will stay in-country. Moreover, Kenya will levy withholding tax on the guarantee fee. The transaction, as only the third private sector bond issue in Kenya, will entail mobilisation of domestic resources and thereby contribute to the deepening of the capital market, giving local institutional investors the opportunity to diversify their portfolios at reduced risk.

4.3 InfraCo

InfraCo is an infrastructure development company.

In recent years, many traditional private sector project developers have pulled out of the market for provision of infrastructure in lower-income countries. The high upfront costs and risks involved in early stage business development have deterred them. These risks include regulatory risk, demand risk and exchange rate risk. The reluctance of private sector developers to become involved has transferred the early stage development back to governments. Governments, however, are not necessarily best placed to perform this entrepreneurial role. InfraCo has been created to address this shortfall, acting as an 'honest broker' between the public and private sector in the development of infrastructure projects with private participation. InfraCo provides additionality by filling the gap in the market for project development services, while also providing neutral advice and support to align the objectives of public and private parties involved in project development.

How it works

The management of InfraCo was appointed in May 2005. InfraCo is designed to assume the risks and responsibilities of early stage development of infrastructure projects. InfraCo's objective is to create viable infrastructure investments which balance the interests of host governments, the national and international private sector and providers of finance. It acts as a principal, shouldering much of the upfront costs and risks of early stage development, securing in-principle commitments from providers of finance and offering structured investment opportunities to private sector investors through a tender process. A key priority is to create the conditions in which providers of finance for infrastructure in developing countries can increase their commitments. To this end, InfraCo liaises continuously with private sector investors, financial institutions and Development Finance Institutions.

Infraco projects under due diligence

Activity	Location	Description	Finance
Power Project Development	Ghana	Demand from the industrial and mining sector has grown considerably in recent years and has outstripped the capacity of the available power supply base provided by the Volta River Authority. This project will provide new capacity of approximately 300MW to the Ghana electricity grid. The availability of attractively priced power is an important objective of the government and this project. The project will use gas from the West Africa Gas Pipeline as its feedstock.	Development of a project for US$350 million of equity and debt financing.
Housing Project Development	Ghana	The project will develop low cost housing that will be initially focused around a mine complex, but will develop as a community in a new area of the country. Initially a set of 150 houses will be developed, and InfraCo will help with project conception and design and the development of an eventual financial structuring.	Development of a project for US$10 million of debt and equity financing.
Infrastructure development for agriculture	Uganda	The proposed infrastructure will allow the inhabitants of the island in Lake Victoria to have access to affordable and reliable electricity, adequate roads and enhanced ferry service to the mainland. This infrastructure will be necessary if the local farmers are to fully benefit from a palm oil outgrower scheme currently being developed.	Development of a project for US$25 million.
Power Project Development	Vietnam	The development of additional hydro power will increase the baseload of electricity to help meet demand at peak times. Development will be conducted through a recently privatized Electricity of Vietnam (EVN) entity. By helping the Company finance new development and providing expertise, InfraCo is helping to establish a successful record for the first private power company in Vietnam.	Development of a US$120 million project.
Wastewater Infrastructure Development	Uganda	Construction of wastewater treatment plant and upgrade and expansion of the existing sewage collection system in Kampala through development of a PPP contractual structure. The project will include strong environmental benefits in support of progressive water and wastewater service provision.	Development of a US$30 million project.

Ghana Tema Power Project

The advent of natural gas to Ghana will give the country an unrivalled opportunity to develop electrical energy using the latest technology. Ghana has exhausted its potential for hydro electric generation and recent capacity has been built using heavy fuel oil. This project therefore will deliver substantial environmental benefits given its use of clean-burning methane fuel provided through the West Africa Gas Pipeline. The project will take some time to develop, but InfraCo has received strong levels of support and encouragement from the Government. For a potential investment of approximately US$2million by InfraCo, it is expected that additional investment of some US$350 million will be raised, giving a high leverage effect to the resources deployed by InfraCo.

The project will have substantial direct and indirect benefits to the Ghanaian economy and to the poor. The availability of attractively priced energy is expected to catalyze growth in a broad array of industrial and commercial activities. The mining industry in Ghana has grown considerably in recent years and two new mines are expected to come on stream in the next twelve months with a requirement of up to 100MW. The availability of reasonably priced energy will ensure that the mining sector will be able to provide an increasing source of employment for Ghanaians over the long term.

Uganda Agriculture Infrastructure Project

This project is designed to provide infrastructure to support the development of a domestic palm oil industry in Uganda. The project is expected to have substantial beneficial effects in the region through the introduction of electricity, improved roads and an upgraded ferry service. The investors have already launched Phase I of the project consisting of the development of 10,000 hectares (6,500 hectares nucleus estate with the balance of 3,500 hectares being in partnership with smallholder farmers in Kalangala District) on Bugala Island in Lake Victoria for which over 450,000 oil palm seeds have already been planted. An edible oil refinery and soap plant has already been set up in Jinja on the mainland to process the raw materials from the plantation. Infrastructure to be provided will include:

- Electricity to Bugala Island. There will be a processing plant for the 10,000 hectare plantation, and electricity is needed during the construction period as the island is not connected to the grid. Thereafter, the processing plant will self-generate steam and electricity through cogeneration by burning waste from the palm oil extraction process.
- Upgrade of 130 km of roads on the island. Although the roads exist, they are poorly maintained and inadequate for the increased traffic that will result when the plantation is fully operational.
- Ferry service upgrade. There already exists a ferry between the island and the mainland, but again, once the Bugala Island plantation is fully operational it will not be adequate. A new ferry or an upgrade to the existing ferry may be required.

This project will have a direct and substantially beneficial impact on the lives of poor farmers in a relatively underdeveloped region of Uganda. The proposed infrastructure will allow the inhabitants of the island to have access to affordable and reliable electricity, adequate roads and enhanced ferry service to the mainland. This infrastructure will be necessary if the local farmers are to fully benefit from the outgrower scheme being developed.

The palm oil project itself is expected to create over 6,000 direct jobs and 15,000 indirect jobs, with 3,000 farmers benefiting directly as outgrowers. At peak production it is expected that incomes will be US$1,450 per hectare per year. Unused land will also be brought into economic activity. At full scale operation the plantation will produce 140,000 metric tones of palm kernel oil annually. For an expenditure of approximately US$800,000 InfraCo expects to secure investments of approximately US$25 million in much needed infrastructure services in one of the poorest parts of the country.

4.4 Technical Assistance Fund (TAF)

The TAF provides grants to encourage and facilitate the use of PIDG facilities.

In 2003, PIDG established the Technical Assistance Fund (TAF) to provide grants to government, quasi-government and private sector entities to facilitate access to and use of the PIDG investment vehicles. The overall objective of TAF is to enhance the ability of public and private sector clients to attract private capital to the financing of infrastructure through assisting PIDG clients to evaluate, develop and/or implement risk mitigation, financial and regulatory mechanisms, standards, systems and procedures essential to raising funds in the capital markets. TAF provides additionality by being purely dedicated to the provision of technical assistance for infrastructure development and through the flexibility with which the funds can be used to facilitate advice across sectors, institutions and private companies.

How it works

Through the issuance of grants to the PIDG financing facilities, the TAF provides a mechanism for delivering short and medium term projects of technical assistance and capacity building through the provision of advisers, arrangements of training and secondments, or workshops. Activities eligible for TAF funding include: infrastructure development strategies; policy, regulatory or institutional reforms; pioneering or pilot transactions; and capacity building. Equipment and other capital expenditures will not normally be eligible for support.

Activities to date

Up to November 2005, TAF has provided almost US$4m in technical assistance grants to PIDG facilities for 13 projects to date. These activities are identified in the table opposite. Fifteen more projects are currently in various stages of discussion/processing between TAF and PIDG Facilities for an additional US$3.5m.

In conjunction with GuarantCo, the TAF has recently agreed to collaborate closely with the International Finance Corporation's (IFC) Municipal Fund and the World Bank's Infrastructure Economics and Finance Department in providing technical assistance grants to facilitate sub-sovereign credit enhancement and private sector provision of infrastructure to those projects meeting the objectives and priorities of the PIDG programme. Through this cooperative agreement, TAF will support GuarantCo in its partnership with these agencies. TAF is also supporting other PIDG facilities in their efforts to collaborate with bi-lateral and multi-lateral programmes such as the World Bank's transportation and energy programmes in Ghana, housing programmes in South Africa, and telecommunications among several countries in central and eastern Africa. TAF also consults regularly with PPIAF and the Cities Alliance to assist with coordination of PIDG activities with programmes being considered and/or implemented by these agencies.

TAF: All activities to date

Activity	Description	Finance
Kakira Rural Development Phase I, Uganda	A potential EAIF loan may be extended to a private sector entity to fund infrastructure (electricity, water, transport, education, health) to support farmers (outgrowers) who provide raw materials to Kakira Sugarworks Ltd. TAF funding was used for feasibility studies involving local government officials and stakeholders in defining the constraints and needs of the outgrowers, and developing an outline business plan.	EAIF US$74,350
Kakira Rural Development Project Phase II, Uganda	Building on Phase I, TAF funds were used to develop a communication outreach programme for the broader outgrower community, develop workplans for initial projects, begin the development of KORD (the infrastructure fund), and begin discussion with potential funding sources (donors, banks, etc.).	EAIF US$73,950
Madagascar Ports Privatization	TAF is funding consultants to train and support government personnel in their efforts to structure transactions bringing the private sector into the operations of the sea and air ports.	DevCo US$74,500
Toamasina Port; Interim Management Assistance, Madagascar	TAF Funding is being used to help support implementation of an interim management assistance programme for the Port of Toamasina to strengthen government and port management during privatization of port activities.	DevCo US$315,790
Beira Corridor, Mozambique	Funding for study to identify priority horticultural investments in the Beira Corridor and the infrastructure investments needed to support them. This includes prioritizing several combinations of options and identifying the role of the Government in achieving this programme and general capacity strengthening needs.	InfraCo US$117,395
Tanzania Power Sector, Tanzania	Assistance to the Government to evaluate the potential market and need for gas vs. existing hydro power.	GuarantCo US$15,000
Bangalore Water Concession, India	TAF grant to support the development of civil society activities, managed by a local NGO, to involve local communities in the concession of water distribution services. The work involves organisation of community groups, information and promotional activities, facilitating subscriptions, and evaluating and monitoring private sector delivery and government monitoring.	DevCo US$300,000
Bidco Palm Oil, Uganda	Provide assistance to the Government to review the commercial feasibility of private sector proposals to create a palm oil industry, as well as the impact of proposed government obligations and ways to meet these obligations.	InfraCo US$375,000
Nigeria Fertilizer I, Nigeria	Identification of infrastructure needed to support private sector development of the fertilizer industry. Review of roles of public and private sector, and funding mechanisms.	InfraCo US$48,175
Ghana Power Generation, Ghana	TAF funding used for a market study of power supply and consumption in Ghana to assess the potential need for additional capacity, as well as a technical study to evaluate all major technical factors surrounding the project. A clear strategy and business plan, including off-take arrangements will also be set out.	InfraCo US$345,000
Moatize Capacity Building Programme, Mozambique	In conjunction with the concession to the private sector of development rights for the Moatize Coal Deposit in Tete Province, a TAF grant is funding technical assistance and capacity building over the next two years to support the activities of the Government of Mozambique to engage responsibly with the new concessionaire in negotiations and finalization of this complex transaction, implementation of the various aspects of the concession, and developing capacity to carry out monitoring and regulatory duties in conjunction with this concession as well as anticipated future projects.	DevCo US$1,025,000
KRC/URC SME Linkages Programme, Kenya/Uganda	In conjunction with the concession to the private sector of the two State-owned railways in Kenya and Uganda, TAF funds are supporting the activities over the next two years of the Governments of Kenya and Uganda and the newly-concessioned private railway operator in their efforts to facilitate the creation and strengthening of privately operated small and medium enterprises (SMEs) which would provide services, parts and equipment to the newly privatized joint railway, as well as position them to market their goods and services outside the railway sector.	DevCo US$1,000,000
Ghana Technical Assistance, Ghana	Providing technical assistance to InfraCo, the Government of Ghana, and the private sector in the Government's current efforts to explore and concession activities in a number of sectors.	InfraCo US$45,000

PIDG Affiliated Programmes

4.5 DevCo

DevCo, the Infrastructure Development Collaboration Partnership, provides support for privatisation and Private Participation in Infrastructure (PPI) transactions in infrastructure sectors in poorer developing countries.

The process of transitioning from full public ownership to a public private partnership or privatisation is complex, time consuming and costly. Experienced professional support (legal, technical, social, etc.) is often essential to assist governments in structuring a transaction that meets its objectives and at the same time is attractive to the private sector. Without project preparation support many poorer governments are not able or willing to fund the necessary consultants to conclude a successful transaction involving private participation in infrastructure.

DevCo was conceptualised in response to the recognition that there appeared to be insufficient funds to obtain these required professional services.

How it works

DevCo provides funds that can be used to support the marketing, planning and development of transaction mandates or project concepts, as well as covering small market studies. Funds can also be used to cover consultants' costs during project preparation. The mandate extends to any size of infrastructure project and covers all types of infrastructure including water & sanitation, electricity, telecommunications, transportation, housing and solid waste. Although developed under the PIDG umbrella, DevCo is based in the International Finance Corporation (IFC) Advisory Service Department (CAS) in Washington and is funded through a designated Trust Fund at the World Bank, rather than through the PIDG Trust, for reasons of cost effectiveness.

DevCo projects completed to date

Activity	Location	Description	Finance
Completed projects			
Moatize Coal Mine	Mozambique	Advisory project to assist the Ministry of Mining in the awarding of exploration rights for the Moatize Coal Mine.	**US$1.3 million** *Inputs* **DevCo:** US$0.5 million
Madagascar Port	Madagascar	Advisory project to advise the Government of Madagascar on the implementation of a PPP for the Port of Toamasina, the principal deep-water port. During the life of the concession, it is estimated that over US$300 million will be mobilized from the operations of the container terminal in the form of concession fees, royalties, and investments.	**US$2.2 million** *Inputs* **DevCo:** US$0.6 million **PIDG TAF:** US$0.35 million
Small Power Utility Group (SPUG)	Philippines	Advisory project with the Government of Philippines to introduce private sector participation in power generation in non-grid areas, such as remote islands, by way of divestitures of certain power supply agreements (PSAs) between the National Power Corporation's Small Power Utilities Group (SPUG) and rural electricity cooperatives.	**US$1.5 million** *Inputs* **DevCo:** US$0.2 million **PPIAF:** US$0.15 million **GPOBA:** US$0.35 million **Bilateral Donors:** US$0.43 million
Kenya-Uganda Railways Joint Concession	Kenya, Uganda	Advisory project with the governments of Kenya and Uganda to design and implement a joint 25 year concession for Kenyan and Ugandan railways. The is the first cross-border transport concession in Sub-Saharan Africa. In addition, DevCo and the PIDG TAF have agreed to support a SME linkages programme with the concessionaire to explore ways in which it could develop linkages with local suppliers for some of the inputs required to operate the railway.	**US$4.8 million** *Inputs* **DevCo:** US$0.9 million **PIDG TAF:** US$1.0 million **PPIAF:** US$0.4 million **Bilateral Donors:** US$0.95 million
Polynesian Airlines	Samoa	Advice to the Government of Samoa on the implementation of a private sector participation transaction for Polynesian Airlines, the primary air carrier for the island of Samoa.	**US$1 million** *Inputs* **DevCo:** US$0.75 million

DevCo projects under implementation

Activity	Location	Description	Finance
Ongoing projects			
Madagascar Airport	Madagascar	Advisory project to implement Public-Private Partnerships (PPPs) for up to 12 airports, including the international hub at Antananarivo (Ivato), which is the only "national" transport network.	**US$2.4 million (budgeted)** *Inputs* **DevCo:** US$0.88 million **PIDG TAF:** US$0.04 million
Cebu Water	Philippines	Advisory project with the Government of Philippines to advise on the preparation, design and implementation of a programme to attract private sector interest in the nation's water sector. The objective of the project is to broaden and improve the provision of water services through the introduction of private sector involvement in the country and consequently the transactions would be focused on water districts outside of Metro Manila.	**US$1.3 million (budgeted)** *Inputs* **DevCo:** US$0.5 million **Bilateral Donors:** US$0.55 million
Nigeria Airports	Nigeria	The mandate of the project is to advise the Federal Government of Nigeria in the implementation of private sector participation in the Nigerian airport system, with two main objectives: i) the implementation of a PSP transaction into Nnamdi Azikiwe Airport, Abuja in a combined package of the domestic and international terminal operations; and ii) a strategic review of the Nigerian airport sector and developing strategic and transaction options for possible PSP transactions in the other airports.	**US$3 million (budgeted)** *Inputs* **DevCo:** US$1.5 million
Lahore Water	Pakistan	Advisory project with the Government of the Punjab (GoP) and the District of Lahore for introducing the private sector in the provision of water and sanitation services (WSS) in the district of Lahore through a possible long-term concession. The GoP would like to use Lahore as a model transaction(s) before rolling out the PSP programme for the other water and sanitation systems in the Punjab province.	**US$1 million (budgeted)** *Inputs* **DevCo:** US$0.8 million
Manila Light Rail Transport (LRT)	Philippines	Advisory project to mobilize private sector participation to build, maintain and manage the extension of the existing Light Rail Transit Line 1 system in Manila. IFC and DevCo will assist in organising an open, transparent and competitive bidding process for the Project.	**US$1.8 million (budgeted)** *Inputs* **DevCo:** US$1.015 million
Bangalore Water	India	Advisory project with the Bangalore Water Supply and Sewerage Board (BWSSB) to introduce private participation in the City of Bangalore's water sector.	**US$1.2 million (budgeted)** *Inputs* **DevCo:** US$0.5 million **PIDG TAF:** US$0.3 million
Madagascar IPPs	Madagascar	Advisory project to structure and implement a series of small independent power producer projects (IPPs), including refurbishment, expansion, and greenfield transactions, for a total of up to 100 MW of additional capacity.	**US$3.4 million (budgeted)** *Inputs* **DevCo:** US$1.4 million

Moatize Coal Mine – Mozambique

On November 26, 2004, the government of Mozambique signed a US$122.8 million agreement with the ITACO consortium, headed by Companhia Vale dor Rio Doce (CVRD) of Brazil to develop the Moatize coal deposit in Tete province. This was the result of a competitive bidding process in which the Government was supported by an IFC led team of experts funded by DevCo. The agreement that IFC and DevCo helped structure includes a robust exploration programme for the development of a coal mine, and also includes feasibility studies for the development of a mine-mouth coal-fired power plant with capacity of up to 1,500 MW, the development of adequate port facilities, and a rail link to the intended port. The bidding out of exploration rights for major mineral resources in such a transparent, competitive fashion is unprecedented in Sub-Saharan Africa. The project is expected to generate US$1 billion in foreign direct investment and make a substantial contribution towards the sustainable development of the Zambezi Valley, while strengthening and diversifying the country's productive base. It is estimated that employment during the construction phase of the mine-port-power-railway may reach 16,000 people and, once operational, these facilities will require about 6,000 employees. Ultimately, if the Project is developed in its entirety, the total amount of people benefiting may be 3 to 4 million. This level of impact is expected to result from improvements in the sustainability of the communications sector, the transport sector (in particular the railway and upgrade of roads) and the power infrastructure sector. It is also anticipated that over US$50 million would be spent on projects to benefit the local community, including US$6.5 million in the exploration phase earmarked for the development of projects including hospitals, orphanages, electricity supply and rural development.

Small Power Utility Group (SPUG) – Philippines

In September 2005, the IFC concluded an advisory transaction that provides a unique PPP solution for meeting the power supply needs in off-grid and remote areas in the Philippines. The objective of the project was to promote economic development in rural Philippines by substantially improving reliability of supply and reducing the cost of power supply in the three remote islands of Marinduque, Tablas and Romblon. The unique feature of this PPP is the provision of a defined, transparent subsidy (sourced as a tax on users nationwide) to bridge the gap between affordable rates and the higher costs of providing service in remote areas. A competitive selection process designed and implemented by the IFC and supported by DevCo attracted 26 investors in the first bidding round with 3 submitting second round offers. The winning bidder, Coastal Consortium (a group comprising 3 local sponsors) was selected on the basis of the lowest generation price. Coastal will replace NPC, the state owned generator, and supply the entire capacity needs of the islands' requirements of 21 MWs. Total investment is expected to be US$28 million, of which about 35% is foreign direct investment, and it is anticipated that government budget savings will be around US$6 million per annum. The project is expected to provide an expansion of electricity services to 100,000 people over a 5 to 10 year period. In addition, 150 new jobs are expected to be created during the construction of this new capacity, and 60 new jobs are expected to be created to accommodate normal operations of the new power producer. Furthermore, the winning bidder has proposed a hybrid energy solution of wind-diesel that is consistent with the Philippines Department of Energy policy encouraging market-based renewable energy solutions.

4.6 Global Partnership for Output Based Aid (GPOBA)

The GPOBA is a multi-donor trust fund established in January 2003 by DFID and the World Bank, which aims to fund, demonstrate and document output-based aid (OBA) approaches to sustainable delivery of basic infrastructure services – water, sanitation, electricity, transportation, telecommunications – to those least able to afford them. At the core of the OBA approach is the contracting out of infrastructure service delivery to a third party where payment of public funds is tied to the actual delivery of these services, or 'outputs'. The third party is usually a private firm, but can also include NGOs, community-based organisations, and in some cases even public utilities.

GBOPA resources can pay for:

- the funding of output-based payments (i.e. subsidies) to facilitate the piloting of innovative, small-scale projects;
- studies and other inputs to assist in the design, implementation and evaluation of particular schemes intended to pilot the application of OBA approaches;
- publications, workshops, and conferences to help identify, disseminate and document emerging knowledge on OBA and related topics.

The GPOBA operates through a Trust Fund at the World Bank and its relationship as an Affiliated Programme of the PIDG is still developing. The following table summarises the types of activities GPOBA has carried out to date. Some of these projects have involved other PIDG members and affiliates. For example, an energy project involving the private sector in three remote islands of the Philippines has utilised PPIAF, Devco and GPOBA funds.

GPOBA: total projects since inception

2003 – 2005	Technical Assistance	Dissemination	Earmarked Subsidies
Number of projects	30	4	11
US$ value approved/earmarked	$7.5m	$0.5m	$38m

* Note that some projects include both subsidies and TA. Thirty-four (34) projects have been approved to date.

GPOBA: Activities that were approved during 2005

Location	Sector	Description
Kenya	Water and Sanitation	Project design: Piloting output-based aid approaches in combination with microfinance lending for small water projects in Kenya.
Senegal	Sanitation	Project design: Piloting OBA approaches in sanitation in Senegal, using the existing provider, Agetip Senegal. Design of OBA structure, including payments, targeting and monitoring.
Tanzania	Water and Sanitation	Project design: Drawing on lessons learnt with OBA in Paraguay, Cambodia & the Philippines, the government has asked for assistance to explore the applicability of the OBA concept to Tanzania.
Egypt	Sanitation	Project design: OBA programme will support the expansion of sewerage services in the Governorate of Gharbeya.
Morocco	Water and Sanitation	Project design: OBA programme will support establishing connection to sanitation services at standard technical specifications to those without access in urban areas.
Pakistan	Water and Sanitation	Project design: Improve water and sanitation service in the largest cities of the country to enhance quality of life and sanitary conditions.
Cambodia	ICT	Project design: Provide technical assistance and investment support to design and finance a Pilot project to implement OBA based subsidy tender to provide cellular coverage in five north eastern provinces in Cambodia.
Mongolia	ICT	Project design: Pilot projects which will constitute a first step towards implementation of a pilot universal access strategy.
Vietnam	Water and Sanitation	Project design: Extension of water and sanitation services in Ho Chi Minh city through a private sector provider based on a performance-based contract.
Brazil	Water and Sanitation	Project design: Objective of the project is to expand water connections in the slums in the city of Manaus.
Haiti	Water and Sanitation	OBA dissemination: Dissemination activity comprised of three components: a) prepare background papers, b) study trip to Paraguay to observe example of OBA experience, and c) two workshops held in Haiti.
Armenia	Water and Sanitation	Project design: GPOBA funding would help ensure water and sanitation services are affordable for Yerevan's poorest citizens, after introduction of O&M cost recovery tariffs when a new operator takes responsibility for the city's water and wastewater services.
Armenia	Energy	Project design: GPOBA to finance connections of the poorest urban households in Armenia to the gas network. The gas in Armenia is used for heating and cooking purposes.
Indonesia	Water and Sanitation	Project design: Objective of the project is the expansion of water services in Jakarta using OBA approaches.
Asia Pacific	ICT	OBA dissemination: Dissemination of lessons learnt and experiences in the use of OBA in the telecommunications sector.

GPOBA: case studies

OBA in Cambodia's water sector

After decades of war and social disruption in Cambodia, publicly run water and sanitation services are scarce and limited mainly to urban areas. Most communities have had to rely on self-provisioning, and this has increasingly meant turning to unlicensed and unregulated private providers. But while private providers offer relatively good service, their high one-time connection charges put that service out of reach for all but the more affluent. Exploring how best to reach unserved areas and poor people, the government of Cambodia is piloting an output-based approach in four towns. In these pilot schemes the private operator will be paid on the basis of performance—in large part only after it has made a connection to a customer. Where the connection is made to a poor household deemed unable to pay, the operator will receive an International Development Assistance (IDA) funded subsidy. The communities themselves decided which households would be eligible for the connection subsidy – 3,000 household of 13,000 households were designated poor and are to receive the subsidy. The contracts for the pilot schemes were won by a joint venture between a Cambodian and a Singaporean company, which bid a connection charge 22–28 percent lower than the cost under public provision. A second batch of four towns is being developed for bidding.

OBA in Mozambique's energy sector

In Mozambique a grid-based solution was designed for its first privately operated concession to generate, distribute, and sell electricity, located in a rural area of Inhambane Province isolated from the country's main transmission grid. The contract was won through competitive bidding (based on a fixed connection subsidy and the lowest tariff bid) by a Mozambican and South African consortium. Designed to tackle the extremely low levels of connectivity, the concession uses OBA subsidies to close the gap between the cost of new infrastructure and what households are willing and able to contribute. Payment of the subsidies through an IDA credit, at US$400 per connection, is contingent on physical verification of households being connected. This first pilot scheme is expected to provide around 3,000 new connections. There is demand for the new connections, and most consumers seem willing to pay the competitively bid tariff (US$0.18 per kilowatt-hour) for the improved service.

OBA in Chad Roads

Despite Chad's recent debut as an oil exporter, its people rank among the world's poorest. Large parts of the country are left in extreme isolation by the lack of a backbone road network that is passable year-round. To address the need for sustainable road maintenance, the government started a pilot project that moves from traditional input-based planning and contracting of maintenance to a more output-based approach, through Output and Performance-based Road Contracts (earlier known as Performance-based Maintenance and Management of Roads contracts). IDA has provided more than US$11 million in funding for the project as part of its efforts to support an efficient and sustainable transport infrastructure. A private operator was contracted through an international competitive tender based on quality specifications and lowest required subsidies. Local and regional firms have played an integral part in service provision and monitoring. Results of the first four-year contract, for 441 kilometers of unpaved main roads, were very encouraging, and the government is now expanding the share of the road network covered by these new contracts.

PIDG Activities under development

In addition to the established initiatives described above, PIDG has spearheaded a number of studies to assess the need for new initiatives to help increase the level of private investment in infrastructure and has formed partnerships with key like-minded programmes internationally in order to take this work forward. Studies underway during 2005 are detailed below.

4.7 Asian Private Infrastructure Financing Facility (AsPIFF)

Although many of the middle-income countries in Asia have had significant successes in attracting private investment in infrastructure, the poorer countries have been much less successful. In 2004, the PIDG, in partnership with the Asian Development Bank, embarked on a detailed examination of how it might help alleviate constraints to private sector development in these poorer Asian countries by establishing a facility which both brings together other existing PIDG facilities under an Asian focus and builds upon these as necessary to meet other identified constraints. The feasibility study on the need and possible structure of an Asian Private Infrastructure Financing Facility (AsPIFF) was completed in late 2005 and recommended that PIDG take forward the proposed facility to the detailed design stage. This is now underway.

4.8 Currency hedging facility

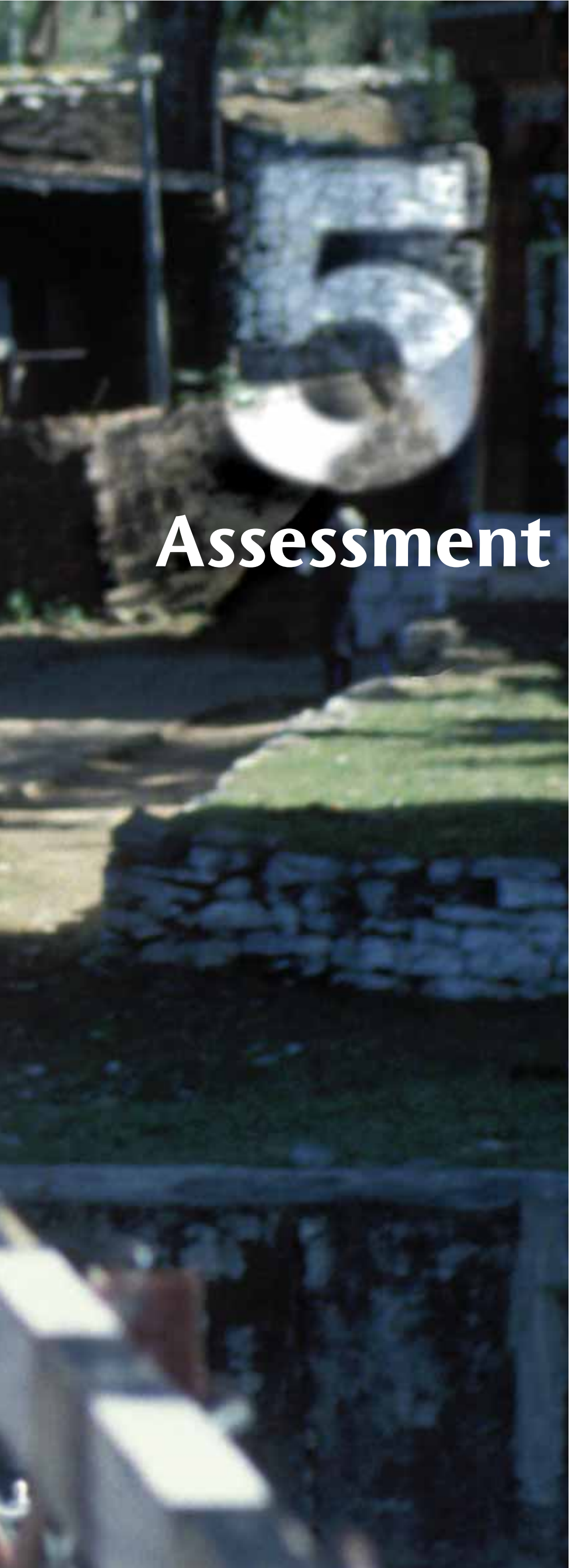
Infrastructure projects are subject to a range of risks which impact on their attractiveness to private operators and financiers. These include a number of generally uninsurable country risks such as currency devaluation and the risk that governments will change the regulatory framework. The PIDG is currently undertaking an initial study into the need and scope for donor support to help mitigate currently uninsurable currency devaluation risks in developing countries.

4.9 Mini-Infrastructure Apex Programme (MIAP)

Infrastructure services for the poorer sectors of the community are frequently provided by small-scale operators such as water vendors, community level electricity providers, etc. These small-scale providers often experience problems in accessing financial services to enable them to launch and/or expand their activities. In order to examine whether there is a role for the PIDG in helping to address the problem, the Public-Private Infrastructure Advisory Facility (PPIAF), one of the PIDG members, funded a pre-feasibility study to look in more detail at the financing needs of small-scale providers and the current gaps in meeting these. The MIAP study was completed and presented to PIDG donors in November 2005. As a result, the PIDG has created a separate Small-Scale Infrastructure Providers (SSIP) window within DevCo.

4.10 Regulatory Risk study

At PIDG's request, the PPIAF is supporting a study examining 'Mechanisms to Mitigate Regulatory Risk in Infrastructure Investment'. Regulatory risk is a primary concern for private infrastructure investors, particularly in light of disputes that have arisen over the past 10 years in many developing and transition economies. Recent experience in this area illustrates the importance of establishing a commitment to a fair and stable set of rules governing the relationship between the government and private infrastructure providers. Against this background, the study will consider regulatory risk mitigation mechanisms including strengthening the institutional design and capacity of regulators, more clearly defining and constraining discretion available to regulators, designing a practical benchmark performance mechanism for utility regulators and developing further credit enhancement products. At the time of writing, this study is still ongoing.



Assessment of activities to date

Since its launch in 2002, PIDG has established four facilities through the PIDG Trust (EAIF, GuarantCo, InfraCo and the TAF). In addition it has partnered with the IFC to establish DevCo. More recently, the PIDG has signed an agreement to bring the World Bank GPOBA facility into the PIDG family as an Affiliated Programme and is now actively building on this new relationship. PIDG has approved disbursement of over US$136m to these facilities, supporting over 23 projects to date, with significant participation from the private sector. PIDG has also succeeded in forging strong relationships with a number of like-minded programmes and continues to assess whether there is a market need for the development of further initiatives which may meet PIDG's dual objectives of economic growth and poverty reduction.

The activities of the PIDG facilities have succeeded in leveraging in over thirty times their own investment from the private sector. The breadth of impact from these projects spans over twenty countries in Sub-Saharan Africa, as well as a number across South and South East Asia. All infrastructure sectors have been targeted, with activities in water and sanitation, transport, telecommunications, ports, mining and agricultural infrastructure.

Distribution of PIDG portfolio 2002 – 2005

PIDG Activities by Region

Region	Number of projects	Funding (US$m)	Share of activities (%)
Sub-Saharan African	18.0	132.0	97.0
South East Asia and Pacific	3.0	1.5	2.0
South Asia	2.0	2.5	1.0
Total	**23.0**	**136.0**	**100.0**

PIDG activities by facility

Region	Number of projects	Project spending (US$m)	Share of total project spending (%)
Emerging Africa Infrastructure Fund	5	124.5	90.0
GuarantCo*	2 *	-	-
InfraCo*	5 *	-	-
Technical Assistance Fund	13	4.1	3.0
DevCo**	11	9.0	7.0
GPOBA**	1	0.4	0.3
Total	**37 *****	**136.0**	**100.0**

* By November seven projects are in the pipeline for InfraCo and GuarantCo, with first disbursements expected in late 2005 – early 2006.

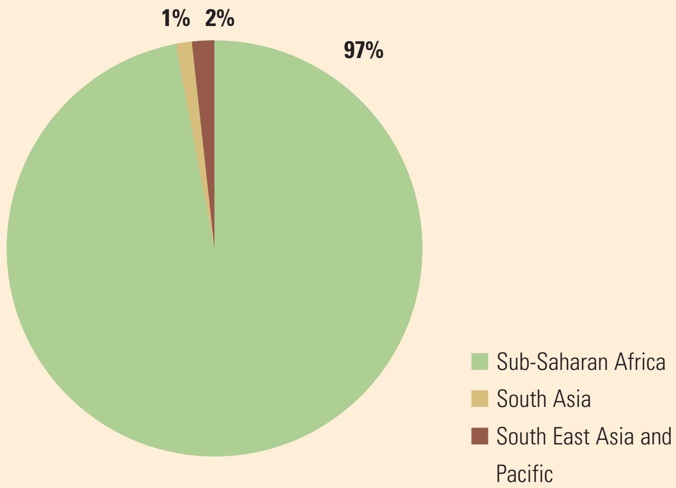
** PIDG-affiliated programme.

*** Although by November 2005 the total number of projects to date is 23, a number of projects involve participation from more than one facility.

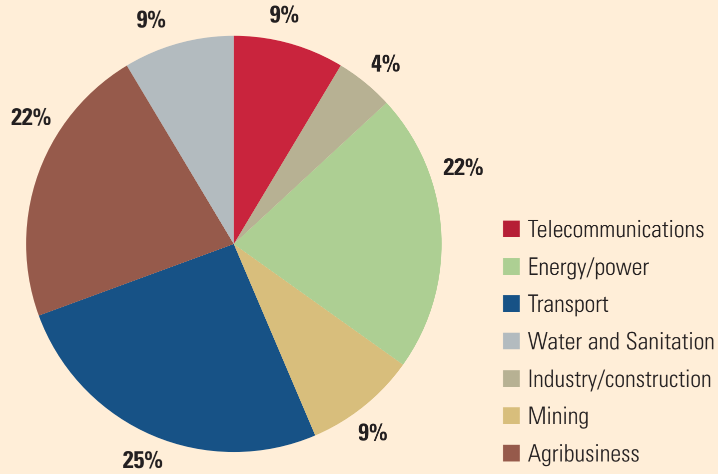
PIDG Activities by Sector

Region	Number of projects	Funding (US$m)	Share of funding (%)
Water & Sanitation	2	1.6	1
Agribusiness	5	0.7	1
Transport	6	7.4	5
Mining	2	26.0	19
Energy/power	5	32.3	24
Industry/construction	1	28.0	21
Telecommunications	2	40.0	29
Total	**2**	**136.0**	**100**

Total funds allocated per region



% of projects per sector (by number)

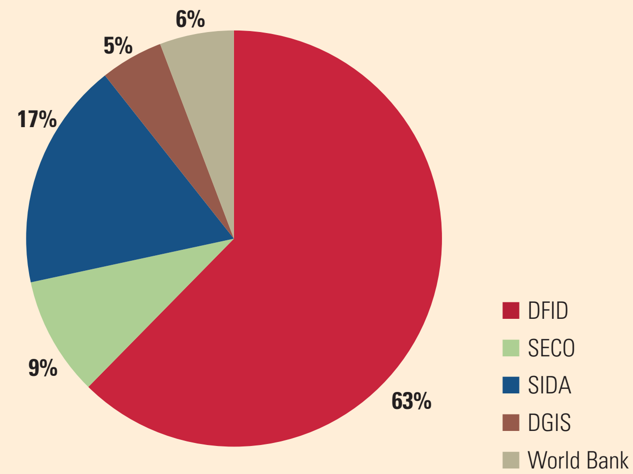


Contributions to PIDG by members

PIDG Contributions from members (US$m)

	EAIF	GuarantCo	InfraCo	DevCo	TAF	Project development costs	Administration
DFID	60.00	9.98	5.90	0.26	0.00	0.12	0.89
SECO	10.00	0.00	0.00	0.00	0.00	0.12	0.77
SIDA	20.00	0.35	0.00	0.00	0.00	0.12	0.77
DGIS	5.00	0.00	0.00	0.00	0.00	0.12	0.77
World Bank	0.00	0.00	0.00	0.00	6.70	0.12	0.77
Total per facility	**95.00**	**10.33**	**5.90**	**0.26**	**6.70**	**0.60**	**3.97**

Percentage of funding per member



Annexes


celtel
Making life better
75/- 150/- Top Up. Chap. Chap.
For Any Amount
Top
SAFARICOM CARDS/LINES SOLD HERE

List of DAC countries

Countries eligible for PIDG support are those included in all five columns of Part I of the Developing Countries and Territories DAC List* of Aid Recipients. In general, PIDG facilities try to focus their activities on the poorer countries in the first two columns of the table.

Part I: Developing Countries and Territories (Official Development Assistance)

Least Developed Countries (LDCs)		Other Low-Income Countries (per capita GNI<US$745 in 2001)	Lower Middle-Income Countries (GNI US$746 – US$2975 in 2001)		Upper Middle-Income Countries (GNI US$2976 – US$9205 in 2001)		High Income Countries (per capita GNI>US$9206 in 2001)
Afghanistan	Madagascar	Armenia	Albania	Micronesia (federated	Botswana	Palau Islands	Bahrain
Angola	Malawi	Azerbaijan	Algeria	states)	Brazil	Saudi Arabia	
Bangladesh	Maldives	Cameroon	Belize	Morocco	Chile	Seychelles	
Benin	Mali	Congo, Rep.	Bolivia	Namibia	Cook Islands	St Kitts and Nevis	
Bhutan	Mauritania	Côte d'Ivoire	Bosnia and	Niue	Costa Rica	Trinidad and Tobago	
Burkina Faso	Mozambique	Georgia	Herzegovina	Palestinian	Croatia	Turks and Caicos	
Burundi	Myanmar	Ghana	China	Administered Areas	Dominica	Islands	
Cambodia	Nepal	India	Colombia	Paraguay	Gabon	Uruguay	
Cape Verde	Niger	Indonesia	Cuba	Peru	Grenada		
Central African	Rwanda	Kenya	Dominican Republic	Philippines	Lebanon		
Republic	Samoa	Korea, Democratic Republic	Ecuador	Serbia & Montenegro	Malaysia		
Chad	Sao Tome and Principe	Kyrgyz Republic	Egypt	South Africa	Mauritius		
Comoros	Senegal	Moldova	El Salvador	Sri Lanka	Mayotte		
Congo, Dem.Rep.	Sierra Leone	Mongolia	Fiji	St Vincent &	Nauru		
Djibouti	Solomon Islands	Nicaragua	Guatemala	Grenadines	Panama		
Equatorial Guinea	Somalia	Nigeria	Guyana	Suriname	St Helena		
Eritrea	Sudan	Pakistan	Honduras	Swaziland	St Lucia		
Ethiopia	Tanzania	Papua New Guinea	Iran	Syria	Venezuela		
Gambia	Timor-Leste	Tajikistan	Iraq	Thailand	Anguilla		
Guinea	Togo	Uzbekistan	Jamaica	Tokelau	Antigua and Barbuda		
Guinea-Bissau	Tuvalu	Viet Nam	Jordan	Tonga	Argentina		
Haiti	Uganda	Zimbabwe	Kazakhstan	Tunisia	Barbados		
Kiribati	Vanuatu		Macedonia (former	Turkey	Mexico		
Laos	Yemen		Yugoslav Republic)	Turkmenistan	Montserrat		
Lesotho	Zambia		Marshall Islands	Wallis and Futuna	Oman		
Liberia							

*. The DAC List of Aid Recipients has since been updated and renamed. The new list will be used by PIDG in 2006.

PIDG Contact Information

Private Infrastructure Development Group (PIDG)
John Hodges
+ 44 (0) 20 8710 6736
info@pidg.org
www.pidg.org

Infrastructure Development Company (InfraCo)
Richard Parry
+ 44 (0) 777 559 2800
info@infracolimited.com
www.infracolimited.com

Local Currency Guarantee Company (GuarantCo)
Stefan Jansson
+ 46 8 506 362 05
sjansson@guarantco.com
www.guarantco.com

Technical Assistance Fund (TAF)
John Flora
taf@pidg.org

Emerging Africa Infrastructure Fund (EAIF)
Nick Rouse
+ 44 (0) 20 7815 2780
emergingafrica@standardbank.com
www.emergingafricafund.com

Infrastructure Development Collaboration Partnership (DevCo)
John Leber
+ 1 202 473 4437
jleber@ifc.org
www.ifc.org/ifcext/psa.nsf/content/Devco

Global Partnership for Output Based Aid (GPOBA)
Patricia Veevers-Carter
+ 1 202 473 2163
gpoba@worldbank.org
www.gpoba.org

Links to relevant websites

UK Department for International Development **www.dfid.gov.uk**
The Swedish International Development Cooperation Agency **www.sida.se**
The World Bank **www.worldbank.org**
Swiss State Secretariat for Economic Affairs **www.seco-cooperation.ch**
Netherlands Ministry of Foreign Affairs **www.minbuza.nl**
Public Private Infrastructure Advisory Facility **www.ppiaf.org**

Private Infrastructure Development Group