DONOR PROFILES ON SUPPORT TO PRIVATE INVESTMENT FOR INFRASTRUCTURE:
INTERIM REPORT

Advisory Group on Investment and Development

18 October 2013

This document is submitted for DISCUSSION under Item 7 of the Draft Annotated Agenda for AGID [COM/DAF/INV/DCD/DAC/A(2013)3].

The paper is one of the outputs of the Development Assistance Committee's Programme of Work and Budget 5.1.3.3.2 on Aid for Infrastructure Investment.

It is a draft Interim Report on the profiles of donors' support to private investment for developing country infrastructure. The donors included are: Belgium, Canada, Germany, Korea, New Zealand, Norway, Portugal, Spain, African Development Bank, and Asian Development Bank. The full narrative of the donor profiles are included in the Addendum [DCD/WKP(2013)2/ADD].

The report will be updated with about ten more profiles. A draft of the full report will be issued in early 2014.

Please send comments and factual corrections to this Interim Report to the Secretariat by 4 November 2013.

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ABBREVIATIONS

AfDB    African Development Bank
AsDB    Asian Development Bank
BIO     Belgian Investment Company for Developing Countries
BOO     Build-own-operate
BOT     Build-own-transfer
BTO     Build-transfer-operate
COFIDES Spanish Development Finance Company
DAC     Development Assistance Committee
DEG     German Investment Corporation
DFI     Development Finance Institution
ECA     Export Credit Agency
EDFI    European Development Finance Institutions
G-20    Group of Twenty
GHG     Greenhouse gases
GIZ     Deutsche Gesellschaft für Internationale Zusammenarbeit
HLP     G-20 High Level Panel on Infrastructure
ICT     Information and communications technology
IFC     International Finance Corporation
KEXIM   Export-Import Bank of Korea
LDC     Least Developed Country
LIC     Low Income Country
LMIC    Lower Middle Income Country
ODA     Official Development Assistance
ODF     Official Development Finance
OOF     Other Official Flows
MDB     Multilateral Development Bank
PIDG    Private Infrastructure Development Group
PPP     Public Private Partnership
PSD     Private Sector Development
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>SADC</td>
<td>South African Development Community</td>
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<tr>
<td>SOFID</td>
<td>Sociedade para o Financiamento do Desenvolvimento</td>
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<tr>
<td>UMIC</td>
<td>Upper Middle Income Country</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<td>WP-STAT</td>
<td>Working Party on Development Finance Statistics</td>
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EXECUTIVE SUMMARY

1. Official Development Finance (ODF) to economic infrastructure by bilateral and multilateral donors has tripled in real terms during the last decade, in recognition of its importance to economic growth and poverty reduction. However, ODF funds only a small fraction of total costs for infrastructure which faces a significant financing gap. Greater private investment in developing country infrastructure will therefore be indispensable to bridge this gap, particularly in a Post-Millennium Development Goal (MDG) context. This need has in turn spurred a growing trend among bilateral donors and Multilateral Development Banks (MDBs) to use official resources to catalyse private investment.

2. Support to infrastructure is a stated priority among several bilateral donors and MDBs, with some articulating an explicit policy to leverage private investment for its financing, while recognising that private sector engagement is not necessarily appropriate in all situations. Bilateral donors generally use development finance institutions (DFI), some of which focus only on promoting private investment in developing countries while others have an additional objective of promoting their countries’ domestic companies. Very few DFIs explicitly emphasise support to small infrastructure and local enterprises. Most countries also have Export Credit Agencies (ECAs) that officially support exports for developing country infrastructure, but without a development objective. Only a few countries have mechanisms to co-ordinate DFI and ECA activities, let alone a whole-of-government approach to ensure synergies and development effectiveness.

3. Energy and transport are by far the largest sectors in DFI support to private investment for infrastructure. Here, while most DFIs state the importance of green infrastructure, they generally imply renewable energy, with minimal reference to greening the transport sector. MDBs are more cautious towards green infrastructure as it may not always be the most cost-efficient solution. While some DFIs have an explicit objective to focus on low income countries, most actual disbursements are still directed towards Middle Income Countries.

4. Overall, there are two types of support for private investment in infrastructure: private infrastructure with minimal public sector component; and private investment in public infrastructure through arrangements such as Public Private Partnerships. It appears that most DFIs support the former, particularly since the latter is significantly more complex and time consuming. Financial instruments used to promote private investments include loans and equity, in addition to guarantees which have been gaining traction among donors and the private sector. But aid agencies are also supporting public-sector led infrastructure investment with measures to promote private sector participation through loans and grants.

5. Most agencies support the improvement of the enabling environment for private investments for infrastructure, mainly through technical co-operation. They also fund various Project Preparation Facilities (PPFs) to help develop bankable projects. At the same time, the G-20 has pointed to the proliferation of PPFs, urging donors to rationalise them, as well as convert them into more sustainable revolving funds.

6. Accountability and transparency are crucial in maintaining support to private investment for infrastructure, particularly given the need to keep a focus on developmental objectives. While DFIs and MDBs have begun to co-operate and share evaluation methodologies, public access to evaluations of private investment programmes is limited by commercial confidentiality. In addition, the results chain of projects with private sector involvement complicates evaluations. Furthermore, a focus on actual flows means that there is limited statistical information in DAC systems on the full range of donor activities in support of private investment and its leveraging effects, as well as a lack of harmonisation of methodologies in measuring leverage across DFIs.

7. Given the increasing role of support to private investment for developing country infrastructure, the DAC should continue to promote a whole-of-government approach, refine data reporting, improve evaluations, and develop guidance to better support the enabling environment and project preparation.
BACKGROUND AND INTRODUCTION

8. The Monterrey Consensus in 2002 and the follow-up Doha Declaration in 2008 ascertained the need to mobilise development resources, such as foreign direct investment and other private flows to contribute to the achievement of the Millennium Development Goals (MDGs). They also emphasised the role of Official Development Assistance (ODA) as a complement and catalyst for other sources of financing for development, both public and private. In 2009, by recognising the rapidly changing development landscape of more actors and increasing amount and variety of development finance beyond traditional ODA, the Development Assistance Committee (DAC) carried out a Strategic Reflection Exercise to address how the Committee can sustain and increase its relevance in the global development co-operation architecture. As a result, it concluded that, *inter alia*, the DAC would need to increase efforts to ensure that ODA leverages non-aid sources of development finance, such as domestic resources and private flows, including foreign direct investment (FDI) and remittances.

9. More recently in 2012, the DAC High Level Meeting agreed on the need to understand the wider development financing landscape, particularly the relationship of the different flows and types of finance, including the conditions, context and sequence that will maximise development impact of these flows. It reiterated the need to focus the role of ODA to strategically combine with and leverage other development related flows. It therefore gave a mandate to the Committee to measure and monitor development finance including all instruments and actors to reflect the changing nature of development co-operation. In fulfilling this mandate, the DAC Working Party on Development Finance Statistics is currently developing the statistical categories and methods to better capture non-ODA flows which include private grants, export credits, FDI, remittances, guarantees, as well as flows related to bilateral and multilateral development finance institutions (DFI). There is also an on-going effort to establish a clear, quantitative definition of concessional loans, to possibly contribute to the post 2015 MDG development framework led by the United Nations.

10. Notwithstanding the on-going efforts to capture and harmonise basic statistical aspects related to development finance, it is also important to analyse in tandem policy dimensions on sectoral activities, particularly on how development co-operation is currently used to leverage other sources of financing. Here, activities include those by traditional aid agencies but also DFIs that provide direct funding or subsidies to private sector entities with the objective of assisting the economic development of developing countries. Recently, the role and official funding for and by DFIs have been increasing, in recognition of their contribution to economic development and poverty reduction through private sector-led growth. It is also expected that their role will further expand in the post-2015 MDG development architecture.

11. In this respect, economic infrastructure is a topic that could be examined closely. The reason is that, first, its contribution to economic growth and human development is well established; second, it is an area that requires major funding; third, there is significant potential for more private investment, bearing in mind that it is not necessarily appropriate in all situations; and lastly, development co-operation has a key role to play in supporting and leveraging private investment, including through DFIs. Due to these reasons, infrastructure financing for developing countries has become a major issue for the G20 and G8, to which

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4. Here, infrastructure includes water & sanitation, transport & storage, energy, and information, communication & technology.
the OECD has been contributing its knowledge from various policy angles, such as the role of long-term investors and financing low-carbon infrastructure.

12. The DAC already has a body of work in the area of supporting private investment for infrastructure. Jointly with the Investment Committee’s NEPAD-OECD Africa Investment Initiative, it has examined the role of development co-operation to support private investment for Africa’s infrastructure. This work had a particular focus on official development finance (ODF) by donors to help improve the enabling environment as well as their financial instruments to leverage private investment. There has also been an exercise that broadly mapped out more globally the challenges and opportunities of private investment for developing country infrastructure, as well as the role of donors in addressing them. In terms of committee discussion, the joint DAC-Investment Committee Advisory Group on Investment and Development (AGID) has conducted a series of sessions around how to enhance private investment for developing country infrastructure.

13. The objective of the current work stream is to determine what donors could collectively do more and better to support private investment for infrastructure. In order to do so, it would be useful to examine precisely what each donor—which includes DAC Member countries and multilateral development banks (MDBs)—is specifically doing, to draw out common challenges, opportunities, and lessons-learned in supporting private investment for infrastructure. To this end, the DAC Secretariat carried out initial research on eight DAC Members and two Multilateral Development Banks (MDBs) that are active in supporting developing country infrastructure, i.e. Belgium, Canada, Germany, Korea, New Zealand, Norway, Portugal, Spain, Asian Development Bank (AsDB), and African Development Bank (AfDB). The format of the research generally followed a template that was discussed at the AGID and commented by the DAC’s informal infrastructure group. This was followed by factual checking and comments on the research findings by the relevant donor country or MDB.

14. This Interim Report thus provides the profile of these 10 donors as well as a summary of the findings. While the overall plan is to cover about 10 more donors, a stocktaking at this stage could generate a discussion that might elicit certain aspects meriting further investigation. Furthermore, the findings to date are already contributing to the DAC’s on-going efforts to better measure and monitor development finance by identifying: gaps in data reporting, statistical categories that need to be refined, diverging definitions, and so on.

15. In addition, the discoveries are already drawing out political dilemmas that could be addressed, such as respecting commercial confidentiality versus accountability to the public for officially supported private sector activities, as well as trade-offs between increased short-term development finance versus long-term sustainable development. While this paper does not directly discuss these dilemmas nor other important issues—such as the country conditions for donors to leverage private investment or the types of private sector participation—the aim is to provide some fodder for these types of debates in AGID and other forums.

16. From earlier work, as well as studies and discussions held elsewhere, it is generally agreed that developing countries need the following from donors to enhance private investment for infrastructure: help

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*See, for example, AGID Summary Record [COM/DAF/INV/DCD/M(2013)2/ADD]*

*Output 5.1.4.3.2 of the DAC Programme of Work and Budget 2013-14 on Aid for Infrastructure Investment.*

*Template for Donor Profiles: Development Co-operation for Private Investment in Infrastructure [DCD/WKP(2013)1/REV1].*

*European Union, European Bank for Reconstruction and Development, France, Japan, Inter-American Development Bank, Islamic Development Bank, Netherlands, United Kingdom, United States, World Bank Group, an emerging economy if possible, plus a brief description of the Private Infrastructure Development Group.*
to improve the enabling environment for investment; financial instruments to leverage private investment; and Project Preparation Facilities (PPFs). Donor activities in these aspects have therefore been closely examined in this study. In addition, more general principles, such as whole-of-government/institution approach; division of labour and working on comparative advantage among donors; focus on poverty reduction; as well as transparency and accountability, have been examined in this exercise.

17. Furthermore, in order to be comprehensive in capturing country or institutional efforts to support private investment for developing country infrastructure, this study covers not only Official Development Assistance (ODA) but also Other Official Flows (OOF): otherwise, the significant non-concessional financing by multilateral development banks towards infrastructure will be excluded. In addition, while official support by Export Credit Agencies to domestic companies to export goods for commercial purposes are not captured in the DAC statistics, they are nevertheless covered in the study from an institutional standpoint, as their official financing affects developing country infrastructure.

18. The document contains a summary of findings from the profiles of 10 donors in support of private investment for infrastructure, followed by profiles At a Glance for each donor. On-going or future DAC activities that could address some of the challenges identified are listed at the end. The full narrative of the profiles of each donor is issued as an Addendum to this document. Once the research on 10 or so additional donors is completed, a consolidated report on all 20 donors is expected to be produced by early 2014.
INTERIM SUMMARY OF DONOR PROFILES ON
SUPPORT TO PRIVATE INVESTMENT FOR INFRASTRUCTURE

I. General trends

There is a growing interest among donors to use official development finance to address the financing gap of developing country infrastructure, including through catalysing private investment. While it is unclear as to how the domestic experiences of private sector participation in infrastructure have influenced policies, donors tend to focus on their comparative advantage.

19. **Support for infrastructure has been growing.** Promotion of economic infrastructure in developing countries has been continuously growing during the last decade, driven by the increasing recognition of its crucial role in contributing to economic growth and poverty reduction, as evidenced particularly in Asia. Economic infrastructure here includes water & sanitation, transport & storage, communications, and energy generation & supply\(^{11}\). At the same time, with continuing demographic growth and urbanisation, the significant financing gap for infrastructure is becoming a challenge\(^{12}\). In light of this situation, ODF\(^{13}\) to economic infrastructure by bilateral and multilateral donors reported to the DAC has tripled in real terms from USD 15 billion in 2002 to USD 45 billion in 2011. Particularly in the last five years since 2007, infrastructure disbursements\(^{14}\) doubled, compared to the overall growth in ODF of roughly 40% (Figure 1) and 30% for health and 19% education.

![Figure 1: Share of infrastructure in gross ODF disbursements](image)

**Figure 1: Share of infrastructure in gross ODF disbursements**

CRS 2002-2011, in 2011 USD billion.

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\(^{11}\) In the Creditor Reporting System, they correspond to the DAC 5 sector codes 140, 210, 220, and 230.


\(^{13}\) Official Development Finance consists of the sum of bilateral Official Development Assistance (ODA) and Other Official Flows (OOF), concessional and non-concessional resources from multilateral sources. OOF does not include officially supported direct export credits. Since a large share of lending operations by Multilateral Development Banks is non-concessional (hence not ODA), ODF better represents the reality of support to infrastructure.

\(^{14}\) Disbursements figures are used instead of commitment figures in order to capture actual flows.
Non-concessional financing for infrastructure by MDBs is significant. In 2011, out of the USD 45 million ODF disbursements to infrastructure, roughly 60% or USD 27 billion was ODA (concessional) and 40% or USD 18 billion was OOF which consisted mostly of non-concessional loans disbursed by bilateral and multilateral donors. Amongst the donors, the World Bank Group (WBG) was the largest, with disbursements amounting to USD 10.8 billion, or about a quarter of the total ODF for infrastructure by all donors. This was followed by Japan, the European Union Institutions, AsDB and the Inter-American Development Bank (IDB). Other large bilateral donors were Germany, United States, Korea and France (Figure 2).15

![Figure 2: Support to Infrastructure in 2011](image)


16 Data for IFC comes from aggregate DAC statistics as it does not report to the Creditor Reporting System.

17 Data on AsDB disbursements are calculated from information provided by the AsDB.
21. **Infrastructure is a priority sector across donors.** Infrastructure constitutes a high priority activity for several of the 10 donors under consideration, such as the AsDB and the AfDB – accounting for about half of their respective disbursements—as well as Germany, Korea and Portugal, where it accounts for approximately 30% of all disbursements. Infrastructure features as an important area of activity for the remaining donors as well, such as Belgium, Canada, New Zealand, Norway and Spain, amounting to 13%-17% of their respective ODF disbursements (Figure 3).

![Figure 3: Share of infrastructure in total allocable ODF](image)

22. **Private investment will be needed to fill the financing gap.** At the same time, despite the growth in donor support for infrastructure, ODF still accounts for only 3-5% of all infrastructure financing in developing countries: the majority (70-78%) is paid by the public sector and citizens of developing countries themselves, with 19-25% financed by the private sector. The financing gap for infrastructure requires further mobilisation of resources, which are unlikely to be provided either by the donor community—given the reality of tightening budgets—or by domestic governments, due to their limited ability to scale up revenue to meet competing priorities. In this context, private investment emerges as an important potential contributor to infrastructure financing, particularly given the private sector’s ability to innovate and use resources efficiently.

23. **Donors are increasingly supporting private investment infrastructure.** A number of donors, for example Norway and Germany, have integrated their support to private investment into their respective strategies to assist infrastructure development overall and have continuously increased financing for this purpose. The attention towards supporting private investment for infrastructure is even more pronounced in the case of MDBs. Both AsDB and AfDB emphasise the need to shift from providing project financing to becoming a catalyst for private investment. This is consistent with the recommendations of the G-20 High Level Panel on Infrastructure (HLP) which called for more focus by the MDBs on activities that can crowd in private capital, such as financing for risk mitigation and supporting the enabling environment.

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18 AsDB data includes only public lending since direct support to private actors is not reported to CRS. AsDB has started to report non-sovereign lending in 2012.

19 For further details refer to individual country profiles.


21 High-Level Panel on Infrastructure; recommendations to G20 – Final Report; 26 October 2011; Available at: http://www.g20-g8.com/g8-g20/root/bank_objects/HLP_-_Final_Report.pdf, p. iii.
24. **Some donors do not directly support private investment for infrastructure.** For some donors, having infrastructure as one of their priority activities, does not necessarily imply the promotion of private investment to finance infrastructure. Neither do donors that underline the importance of private sector development (PSD) in developing countries always provide financial support to leverage private investment for infrastructure. This is because of wide-spread recognition that private sector engagement and investment are neither necessarily appropriate nor the best solution in all situations. New Zealand, for instance, while prioritising support to small infrastructure in the Pacific Island Countries (PICs), does not directly support private investment in infrastructure. It, however, tries to facilitate private sector participation in operation and maintenance of public infrastructure projects. The reason for this is that local companies in PICs rarely have sufficient resources that would allow them to share the construction costs of infrastructure investments. Other donors believe that private investment cannot fully substitute for the public sector, based both on the significant role of the public sector mentioned above and on the donor countries’ mixed domestic experience or views in private investment for infrastructure, notably in Public-Private Partnerships (PPPs).

24. **How lessons from domestic experience in infrastructure are reflected in the support is unclear.** Domestic PPP experiences in donor countries are diverse, with some having rarely used them, such as Belgium and Norway, whereas others were actively engaged in PPPs throughout the last decade, such as Portugal and Spain. Although it may be early to adequately analyse the financial, economic, environmental and social consequences of infrastructure PPPs in developed and developing countries, several lessons have been drawn by donors. For example, Germany and Korea emphasise the need to assess the most suitable investment model for each infrastructure project (e.g. public procurement, PPP, non-PPP private investment) based on potential benefits—such as efficiency gains, mobilisation of additional capital, and risk sharing—and long term costs.

25. This is consistent with the OECD Principles for Public Governance of PPPs, which underline the importance of issues such as institutional capacity, as well as value for money and budgetary transparency. An evaluation conducted by the Netherlands also highlighted the importance of trust, partner selection, negotiated and clear interests and objectives, as well as an exhaustive contract basis. Several donors, however, do not link their domestic PPP experience with their views and approaches towards PPP in developing countries, stating the differences in socio-economic contexts between donor and partner countries. Moreover, there is a disconnect between the branches of government dealing with development assistance and the institutions in charge of implementing PPPs for domestic infrastructure investment.

26. **Comparative advantages generally influence approaches.** In general, donors are providing support to the private sector in infrastructure sectors where they have a comparative advantage. An example is Norway, which is almost exclusively targeting hydropower projects as hydropower accounts for almost all the electricity supply within Norway. Moreover, Belgium supports small infrastructures since it sees itself as a small donor that is best suited to focus on small-scale projects in its bilateral aid activities. In the case of MDBs, the perceived comparative advantage is not in any particular sector or subsector, but rather in their capacity to mobilise private capital—owing to their high credibility and regional expertise—as well as to integrate their sovereign and non-sovereign operations under one roof.

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II. Institutional set-up

Some donors articulate an explicit policy to leverage private investment for infrastructure. While DFIs generally carry out this task, some have a single mandate to support private investment in developing countries and others with an additional objective of promoting their countries’ domestic companies, in addition to the efforts of the donor’s Export Credit Agencies. Most donors lack a mechanism to co-ordinate the relevant official support for infrastructure through a whole-of-government approach to ensure synergies and effective development.

27. **DFIs are the main agencies supporting private investment.** Most bilateral donor countries have established a DFI with a developmental mandate, i.e. its main objective is to support and catalyse private investment in developing countries where access to capital markets is limited. Official support is provided mostly in the form of higher risk loans, equity, guarantees, and other risk mitigation instruments. Their role is to bridge the gap between commercial investment and government aid, while avoiding market distortions. MDBs also have structures that carry out this function. In terms of ownership, some DFIs are owned by the state, such as the German Investment and Development Corporation (DEG) which is an arm of the Kreditanstalt für Wiederaufbau (KfW) or Norfund of Norway. Others are shared between the state and private banks, such as Belgian Investment Company for Developing Countries (BIO), Portuguese Society for Development Financing (SOFID) and Spanish Company for Development Financing (COFIDES).

28. The stated objectives of bilateral DFIs also differ depending on the country. The first group consists of those with a single mandate to support private investment in developing countries, as in the case of BIO, DEG, and Norfund. The private sector operation departments of MDBs such as AfDB and AsDB which provide non-sovereign loans with the sole objective of promoting private investments, including in infrastructure, also belong to this group. The second group has an objective of promoting their countries’ domestic companies in addition to supporting economic development in their partner countries, such as the SOFID and COFIDES.

29. **ECAs also support private investment in developing country infrastructure.** Countries such as Canada and New Zealand that do not have DFIs sometimes support private investment for developing country infrastructure by providing funding to multilateral bodies such as the International Finance Corporation (IFC) of the World Bank Group. At the same time, many countries have Export Credit Agencies (ECAs) that support their domestic companies to do business overseas, including for developing country infrastructure. As ECAs’ primary objective is to support domestic companies in their export to and investment activities in both developed and developing countries, they usually do not have development-related objectives and are supervised by the Ministry of Trade.

30. Nonetheless, there are guidelines to promote sustainable lending practices in the provision of official export credits to low-income countries (LICs) by the OECD Trade Committee Working Party on Export Credits and Credit Guarantees. These guidelines seek to ensure that export credits for public buyers and publicly guaranteed buyers in LICs should generate net positive economic returns, foster sustainable development by avoiding unproductive expenditures, preserve debt sustainability and support good governance and transparency. However, as ECA activities are currently reported only to the Trade Committee Working Party on Export Credits and Credit Guarantees on a confidential basis and are not

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23 In this paper, DFIs include: Belgian Investment Company for Developing Countries (BIO), Deutsche Investitions- und Entwicklungsgesellschaft (DEG) part of KfW, Norfund, Sociedade para o Financiamento do Desenvolvimento (SOFID), Compañía Española de Financiación del Desarrollo (COFIDES), the Private Sector Department of the African Development Bank, the Private Sector Operations Department of the Asian Development Bank, and the International Finance Corporation of the World Bank Group.

24 Although in 2011, provides the entirety of its support for private investment in infrastructure through its Corporate Internationalisation Fund (FIEM), aimed at promoting Spanish businesses abroad, including in the infrastructure sector of developing countries.
included in the DAC's OOF or ODF statistics, it is currently difficult to gauge where exactly the support to infrastructure is provided, for what types of exports, and how these guidelines are enforced.

31. It appears that the boundaries between DFIs and ECAs in contributing to private sector participation in developing country infrastructure is becoming somewhat unclear. In particular, in countries where DFIs have an additional mandate to promote export of domestic businesses, on top of their main development objective, it is sometimes hard to differentiate their activities from those of ECAs. The distinction between the two types of institutions are also blurred by the growing overlap in their respective sets of financial instruments, explained further below.

32. **Institutional structure and co-ordination differ.** The institutional structure of DFIs varies depending on the country: some DFIs are supervised by the Ministry of Foreign Affairs or the Ministry of Development (BIO, Norfund, KfW), while others are supervised by a ministry unrelated to development cooperation, usually in charge of trade or finance (COFIDES and SOFID). In most cases, DFIs are independent from aid agencies, which are responsible for mainstream development co-operation. In order to strengthen co-ordination among the different institutions, however, some donors, such as Norway, ensure frequent meetings where aid agencies and DFIs seek opportunities for joint infrastructure projects with private sector participation.

33. **Weak co-ordination, particularly at the country level.** On the other hand, in countries where DFIs have double mandates and are often focused more on promoting exports of their domestic companies, co-ordination and collaboration between DFIs and aid agencies tends to be weak or non-existent. In particular, co-ordination at the country and regional level seems to be absent, with field offices or embassies often having limited knowledge of DFI operations in their partner countries. This also applies to ECA operations that may not have explicit developmental objectives but would nevertheless affect infrastructure development in partner countries. Conversely, AfDB and AsDB appear to be implementing a whole-of-institution approach towards supporting private investment in infrastructure as their private sector operations are incorporated well into country strategies, ensuring synergies with sovereign lending operations. A whole-of-government approach to private investment support for infrastructure is crucial in order to ensure synergies and effective development in partner countries.

34. **No clear relationship between institutional set up and amounts to support private investment.** There is no obvious relationship between institutional set up and the share of ODF directed to the private sector for infrastructure development within all disbursements for infrastructure. As shown in Figure 4, in 2011, Canada devoted the largest share of its infrastructure disbursements to support private investment, despite not having a DFI, by channeling nearly 80% through IFC to promote private investment in renewable energy. Canada is followed by Spain, with more than 60% of Spanish disbursements to infrastructure being channeled through FIEM (Corporate Internationalisation Fund)—as opposed to its DFI, COFIDES—which supports infrastructure projects in developing countries without a clear development mandate. Furthermore Portugal’s SOFID did not provide any direct support to the private sector for infrastructure in 2011. The graph also shows that while support by Canada, Spain, Norway, and Belgium to the private sector for infrastructure was reported as ODA, AfDB, AsDB and most of Germany was reported as OOF.

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25 Spain also has a separate Spanish Export Credit Agency (CESCE)
DFIs co-operate with each other. Many bilateral DFIs collaborate with each other in supporting private investment for infrastructure. This often results in co-financing a number of large infrastructure projects, sometimes together with MDBs. To further improve co-operation, some DFIs establish programmes to jointly identify and finance bankable projects, including for infrastructure, such as the Risk Sharing Agreement between BIO and the Dutch Entrepreneurial Development Bank (FMO). Other examples include the establishment of a joint regional office in Johannesburg by DEG and FMO. Furthermore, some donors (Germany and Norway) contribute to the Private Infrastructure Development Group (PIDG), a multilateral DFI, which has several financial facilities to reduce bottlenecks to private investment in developing country infrastructure by financing the different stages of project cycles. Furthermore, fifteen European DFIs are members of the association of European Development Finance Institutions (EDFI) which facilitates sharing of information and finding potential joint projects among its members.

III. Objectives and focus

Energy and transport are by far the largest sectors in DFI support, with emphasis on renewable energy. While DFIs generally aim to increase investments in LICs, most support has gone toward projects in MICs.

Despite mandates, the majority of financing is directed toward MICs. Some DFIs have explicit objectives to support specific sectors, regions, countries or income groups. An example is BIO, which is required to support private investments in fragile states, LICs and Lower Middle Income Countries (LMICs), with particular emphasis on Africa and the local private sector. In addition, Norfund is mandated to focus on Southern and East Africa, Southeast Asia and Central America, while SOFID focusses on lusophone countries as well as specifically Northern Africa, China, India, South Africa and Venezuela. In terms of regional distribution of actual disbursements, bilateral support in total is generally distributed evenly among Africa, Latin America and Asia. At the same time, concerning the income level distribution of actual disbursements, a relatively low share of private investment support goes to LICs, with a majority directed towards UMICs and LMICs. Even DFIs with specific mandate to target LICs such as BIO still disburse more than half of their support to private investment for infrastructure to Upper Middle Income

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26 As AsDB did not report its private lending data to the OECD in 2011, its share is based on their figures. AsDB’s private sector support in 2011 is counted as OOF, as they reported their non-sovereign loans as OOF to CRS in 2012.

27 For further details, refer to individual country profiles.
Countries (UMICs). This may reflect the difficulties in financing projects in LDCs with a weak enabling environment when DFIs need to be financially self-sufficient.

37. **Transport and energy are priorities.** As for sectoral priorities, most bilateral DFIs do not have explicit objectives to focus on a single infrastructure sector among the four, i.e. water & sanitation, transport, ICTs, and energy. One exception is Norfund, which places strong emphasis on the energy sector, consistent with the overall priorities of Norwegian development assistance. AfDB and AsDB do not have specific sectoral priorities due to the more encompassing nature of their operational mandates. In terms of actual disbursements, however, energy and transport are by far the largest sectors in donor support to private investment—ICT and water together generally amount to less than 10%. Furthermore, within the energy sector, many institutions (most notably Norfund, BIO and FIEM) focus predominantly on renewable energy—by mainly financing hydropower projects, as well as wind and solar farms—which is consistent with their emphasis on climate friendly infrastructure. In addition to the focus on renewable energy, other sub-sectors with notable support for private investment are coal-fuelled energy plants, electrical transmission lines and road transport.

38. **Green infrastructure implies renewable energy.** The OECD and G-20 countries are increasingly recognising the importance of green growth, which involves green infrastructure development as well as private sector participation. While most DFIs are mandated to support green infrastructure projects, it appears that bilateral DFIs are more explicit than the MDBs in their intentions. This may be because bilateral donors have the flexibility to specialise in certain sectors, such as renewable energy, whereas MDBs are generally multi-sectoral. Furthermore, concerning MDB lending to large infrastructure projects, their member-client countries may express their preferences in terms of different types of infrastructure. As a result, MDBs are more cautious in financing green infrastructure as it may not always be the most cost-efficient solution depending on the country and conditions.

39. Aside from intentions, the actual extent of support by DFIs on green infrastructure is difficult to analyse since—of those reviewed in this study—only BIO and Norfund indicate the Rio markers in their CRS reporting. Nevertheless, beyond renewable energy, reference to green infrastructure in the transport sector is absent in the bilateral DFI strategies. According to the CRS even BIO and Norfund do not have any transport projects with a primary or significant objective in climate mitigation or adaptation. This is despite estimates indicating that transport-related global CO2 emissions are expected to double between 2010 and 2050, largely driven by urbanisation processes in emerging and developing countries. As currently a separate exercise is being conducted in the DAC on improving the Rio Markers and examining overall aid to green infrastructure, the more general issue of how to enhance green investment including for the transport sector could be addressed there.

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28 Since 1998 the DAC has been monitoring aid targeting the objectives of the 1992 Rio Climate Conventions through the CRS using the so called "Rio markers": Biodiversity; Climate Mitigation; Climate Adaptation and Desertification. Every aid activity reported to the CRS should be screened and marked as either (i) targeting the Conventions as a 'principal objective' or a 'significant objective', or (ii) not targeting the objective. MDBs do often not use Rio markers in their CRS reporting due to methodological issues.

IV. Types of support and instruments

Most DFI support goes to private infrastructure with a minimal public sector component, as opposed to private investment in public infrastructure in arrangements such as Public Private Partnerships as these are more complex and time consuming. The financial instruments used include loans, equity, as well as guarantees which are increasingly gaining traction.

41. **DFIs mostly support private infrastructure.** Overall, there appear to be two broad types of support for private investment in infrastructure: private infrastructure with a minimal public sector component and private investment in public infrastructure in arrangements such as Public Private Partnerships (PPPs). It appears that most DFI operations are supporting the former, i.e. infrastructure with private investments that do not partner with the host government. Significant support seems to be directed in particular towards companies that invest in renewable energy projects that can be privately run, including wind and solar farms.

40. Concerning the latter type, there are many different arrangements, which differ in their risk distribution between the public and private sectors. These include, for example, performance-based service contracts where the totality of construction risks are met by the public sector. Then there are build-operate-transfer (BOT), build-transfer-operate (BTO), and build-own-operate (BOO) models and so on, where the private sector takes on the majority of construction and operation risks. Given the complexity of PPPs, which require years of development and negotiations with various parties, most DFIs seem reluctant to support these arrangements. On the other hand, aid agencies sometimes indirectly support the private sector by providing financing to the partner government side of PPP projects.

41. **Three main financial instruments for private sector support.** DFIs generally use three main financial instruments to support private sector investments: loans, equity and guarantees. Loans are used extensively by institutions such as AfDB, AsDB and DEG, and to a lesser extent by BIO and Norfund. They are usually valued below market rates, but do not meet the ODA concessionality criteria as defined by the DAC. Nevertheless, in addition to offering a lower premium than commercial lenders, DFIs assume greater lending risks by offering long-term and junior loans that are less likely to be repaid if the project fails compared to senior loans.

42. **Several donors favour equity investments.** Among financial instruments, equity investment appears to be the preferred choice in supporting private investment for infrastructure by several DFIs, including DEG, BIO and Norfund. It can consist either of direct equity investment in an infrastructure-related company or indirect investment in equity funds, which raise additional finance from other DFIs and commercial investors to invest in enterprises operating in developing countries, including in infrastructure. Due to the lack of clear conditions for distinguishing between concessional and non-concessional equity for DAC statistics, DFIs have a particular incentive to classify their equity as ODA with no specific conditions apart from their development objectives.

43. **Guarantees are increasingly being used.** In addition to loans and equity, donors are increasingly recognising the need to further exploit the potential to catalyse private finance through mechanisms such as guarantees. International fora such as the G-20 have also stressed the importance of these mechanisms.

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31 BIO reports its loan operations to the CRS as ODA grants and Norfund as equity.

32 High-Level Panel on Infrastructure; recommendations to G20 – Final Report; 26 October 2011; Available at: [http://www.g20-g8.com/g8/g20/root/bank_objects/HLP_-_Full_report.pdf](http://www.g20-g8.com/g8/g20/root/bank_objects/HLP_-_Full_report.pdf), p. iii.
According to a recent DAC survey, between 2009 and 2011, guarantees for development mobilised an average of USD 1 billion per year for infrastructure projects\textsuperscript{33}. Even if guarantee schemes remain small in the overall picture of development finance, several DFIs are establishing guarantee programmes or expanding their use. Development finance in the form of guarantees is not captured in the DAC statistical framework or in international financial statistics more generally. In 2013, the DAC Working Party on Statistics on Development Finance (WP-STAT) carried out a survey on guarantees for development aiming to fill this information gap. A proposal for collecting data on guarantees for development on a regular basis is currently being drafted\textsuperscript{34}.

V. Enabling environment and project preparation

The majority of donors support the improvement of the enabling environment for private investments, as well as financing various Project Preparation Facilities (PPFs). The G-20 has drawn attention to the proliferation of PPFs, urging donors to rationalise them and make them more sustainable.

44. **Improving the enabling environment is essential.** In addition to directly providing financial support to the private sector, many donors emphasise the importance of assisting the improvement of the enabling environment to enhance private investment for developing country infrastructure. This entails support to reforms in the regulatory, legal and institutional frameworks of the host countries—particularly by building the capacity of the public sector—usually by the aid agencies instead of the DFIs\textsuperscript{35}. These activities can take different forms: for example, Korea's International Co-operation Agency (KOICA) supports enhancing transparency and efficiency in specific government functions through ICT technology and supports capacity building of partner countries through technical assistance and training programs in priority infrastructure sectors. Other donors, in recognising the crucial role of regional infrastructure, promote regional integration, as in the case of Norway, which supports capacity building of the South African Development Community (SADC) secretariat to develop competitive electricity markets and harmonise transmission pricing through the Southern Africa Power Pool. Another example is Germany's support to transnational water management by the Interstate Commission for Water Co-ordination and the International Fund for Saving the Aral Sea in Central Asia. Donors allocate roughly 4%-13% of their infrastructure support to the enabling environment.

45. **MDBs are particularly appropriate to support the enabling environment.** Some countries, such as Norway and Germany, consider MDBs most effective in helping partner countries improve the enabling environment. Presumably as a result, many contributions by bilateral aid agencies aimed at policy reforms are channelled through multilateral organisations and funds, such as the Public-Private Infrastructure Advisory Facility (PPIAF) and the Energy Sector Management Assistance Programme hosted by the World Bank or the African Water Facility hosted by the AfDB. This coincides with the recommendations of the G-20 HLP on Infrastructure regarding the need for MDBs to devote sufficient resources to support the enabling environment for PPP in infrastructure.

\textsuperscript{33} Mirabile, M., J. Benn and C. Sangaré (2013), “Guarantees for Development”, OECD Development Co-operation Working Papers, No. 11, OECD Publishing. \url{http://www.oecd.org/dac/stats/guaranteesfordevelopment.htm}; Figure 6, p.7; USD 3 billion from 2009-2011 is an aggregate of the categories “Infrastructure” and “Energy Generation and Supply”\textsuperscript{34} Mirabile, M., J. Benn and C. Sangaré (2013), “Guarantees for Development”, OECD Development Co-operation Working Papers, No. 11, OECD Publishing. \url{http://www.oecd.org/dac/stats/guaranteesfordevelopment.htm}\textsuperscript{35} Support to the enabling environment is derived from the following in the CRS: Water resources policy and administrative management (14010), Education and training in water supply and sanitation (14081), Transport policy and administrative management (21010), Education and training in transport and storage (21081), Communications policy and administrative management (22010), Energy policy and administrative management (23010), Energy education/training (23081), and Energy research (23082)
46. **Support to enabling environment does not follow patterns of support to private investment.** In terms of geographic and sectoral distributions, support to the enabling environment for infrastructure by aid agencies does not necessarily follow the pattern of support towards private investment for infrastructure by DFIs. For example, in addition to energy and transport, a substantial share of support to the enabling environment by many aid agencies is directed towards water and sanitation, which is a sector only minimally supported by DFIs. One example of such project is Germany's Gesellschaft für Internationale Zusammenarbeit (GIZ)'s support to Burundi’s government to create an integrated water resource management framework. Furthermore, LICs account for a much larger share of support to the enabling environment compared to support towards private investment. This is presumably because LICs require substantial improvements in their legal, institutional and regulatory frameworks to enable more investments in infrastructure, both public and private. Conversely, the weak business environment in LICs makes it particularly difficult for DFIs to directly support private investment.

**Donors’ support to Project Preparation Facilities**

47. **Many donors actively support Project Preparation Facilities.** In addition to the enabling environment, many donors underline the importance of the project preparation stage, stressing in particular the role of Project Preparation Facilities (PPFs) in increasing the stock and the quality of bankable infrastructure projects. The G-20 HLP also emphasised this point. Bilateral donors thus provide financing to numerous PPFs, in most cases hosted by MDBs or other multilateral institutions (Annex 1). In addition, some donors create their own project preparation funds, which usually support their domestic companies. Most multilateral PPFs provide financing and technical co-operation to all sectors of economic infrastructure, particularly to projects in Africa; but there are some PPFs that are only active in one sector, such as the South Asia Water Facility hosted by the World Bank and the Norwegian Project Development Facility, which supports the preparation of renewable energy projects.

48. **PPFs need to be rationalised and become revolving funds.** Despite the importance of PPFs, the G20 HLP has cautioned donors against the proliferation of PPFs, recommending instead to reduce their number and consolidate funding and expertise. In response, the Infrastructure Consortium for Africa housed in the AfDB is in the process of creating a PPF Network. Furthermore, the AsDB supports creating national capacity to manage a centralised country-specific PPF. This approach, which was used by China to boost investment for its own domestic economic infrastructure, promotes a co-ordinated, government-wide approach to project preparation instead of taking a project by project approach. Another issue regarding PPFs concerns underfunding and lack of sustainability as they are dependent on grants from donors. A solution is to structure PPFs as “revolving” funds that provide support to project preparation that would be repaid once the project reaches closure or becomes successful. A notable example of such an approach is India's own Infrastructure Project Development Fund which supported project preparation through interest-free loans covering up to 75% of all project preparation costs. A similar financing model is used by the Project Development Fund, co-managed by Norfund and Norad that offers project preparation funding in the form of equity and convertible loans, which is self-financed out of Norfund's primary capital.

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VI. Accountability and transparency

While DFIs and MDBs have begun to share evaluation methodologies, public access to evaluations of official support to private investment is limited due to commercial confidentiality. Analysis of donor support for private investment faces issues in CRS reporting as well as a lack of harmonisation of methodologies in measuring leverage across DFIs.

49. **Evaluations to ensure developmental objectives are key.** By definition, the main objective of DFI’s support to private investment is to contribute to the development of developing countries. Therefore, while a sub-objective is to crowd-in profit-seeking commercial investors, the activities require a clear evaluation framework to assess whether they meet the objective of delivering positive development outcomes. In particular, because of the private sector focus on financial returns, it is crucial to ensure that the development impact is adequately ensured. Moreover, as the goal of support to private actors is to help realise viable investments which would not be made otherwise due to inability to access financing, the evaluations are also critical in assessing the additionality of official flows.

50. **There is increasing information sharing on evaluation methodologies.** At the same time, the length and complexity of the results chain and related attribution issues due to private sector involvement complicate the collection of good quality data for evaluations. Nevertheless, DFIs are increasingly sharing information and harmonising the evaluation criteria of private sector operations. In particular, many DFIs are using the evaluation criteria developed by DEG, which includes four major elements: financial sustainability; return on equity; additionality; and developmental effects. Furthermore, all MDBs are part of the Evaluation Co-operation Group (ECG), which collaborates regularly to harmonise the evaluation criteria, including for private sector operations. The DAC Network on Development Evaluation also recently co-organised a workshop with the World Bank's Independent Evaluation Group on Evaluating Support to Private Sector Development, which, *inter alia*, discussed lessons from evaluations of infrastructure PPPs by the Netherlands and AsDB.

51. **Commercial confidentiality limits access to evaluations.** Furthermore, some DFIs publish annual or multiannual reports by summarising the overall development impact of their projects (BIO, Norfund), which are sometimes accompanied by aggregate statistics on individual evaluations (DEG). At the same time, despite efforts to share evaluation methodology and publish summaries, public access to evaluations of individual DFI projects remains limited due to commercial confidentiality. This is in contrast with project evaluations of support to the public sector by aid agencies. The lack of transparency of private sector support poses challenges in adequately assessing the extent to which it is contributing to the overarching goal of sustainable development and poverty reduction. This issue was recently addressed by the G-8 in Lough Erne, which called for more transparency with respect to DFI activities 38.

52. **CSO assessments of private investment support.** In this respect, activities by DFIs to support private investment in general are subject to close scrutiny by civil society organisations (CSOs) 39. In addition to criticising the lack of transparency, the CSOs have also raised doubt regarding the additionality and development impact of some DFI activities. They claim that, for example, excessive focus on commercial gains results in overemphasis on investments in the UMICs—where official support may be

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crowding out commercial funding—at the expense of LICs. These issues were at least partly confirmed by the official evaluations of DFIs such as BIO and Norfund. In addition, CSOs argue that, in cases where investments are made in LICs, financial flows are often channelled through tax havens, which further aggravates the erosion of the tax base41.

53. **Challenges in data collection need to be addressed.** There are also several challenges concerning data collection of DFI financial flows. The DAC Secretariat is currently reviewing DFI reporting in the context of the non-ODA work stream. The review highlights a low coverage of DFI operations in DAC statistics—generally lacking important details such as recipient country or project description—as well as some classification inconsistencies. A bottleneck to reporting is the fact that the recent diversification of DFIs’ portfolios in developing countries is not properly valorised through the current DAC classification by type of financial instrument. Furthermore, DAC statistics mainly focus on net flows, which tends to “penalise” successful investments by showing them as negative amounts. Finally, the aforementioned difficulties in capturing guarantees—in terms of leveraging and in terms of not being actual flows—need to be addressed in order to give more credit to this important financial instrument. The WP-STAT is currently working on these issues in order to better capture the different financial instruments for development finance.

54. **To capture leveraging needs a harmonised methodology.** Most DFIs try to capture the leveraging effect of their financial instruments, i.e. amounts of additional commercial capital mobilised by their support. At the same time, since a harmonised approach to measure leveraging is yet to be established, comparisons among DFIs and financial instruments is difficult. This is further aggravated by the reticence of some DFIs to make publicly available estimates of their leveraging effect of projects. Furthermore, where there is information on leveraging effects, there seems to be double counting at the aggregate level, with several DFIs attributing leveraging to the same investments in co-financed projects. Moreover, amounts leveraged by DFIs consists mostly of funds by other DFIs or other official flows from MDBs and bilateral aid agencies, with commercial financiers contributing less. This poses questions regarding the effective additionality of official development finance. WP-STAT is currently working on establishing a methodological framework to better capture the measurements.

55. **In some instances, CRS reporting practice hinders appropriate analysis.** There are several other broader issues concerning development finance statistics and reporting related to infrastructure. Most notably, donor reporting to differentiate between disbursements to the private and public sector is not optimal, as the current “channel of delivery” code in the CRS does not specify a separate entry for private sector actors. This means that there is no distinction between sovereign and non-sovereign loans in the CRS and who is supposed to repay them to the donor. In addition, the private actors that are being supported are not usually identified with respect to their country of origin, which poses difficulties in analysing whether the support is directed towards domestic businesses or companies of the partner country or elsewhere. Collecting this information appears particularly pertinent to improve the understanding of support to private investment given CSOs’ claims that it goes disproportionally to domestic businesses and large multinationals.

56. Furthermore, the analysis of flows to support the enabling environment is sometimes difficult due to the high level of project level aggregation by some donors, such as the AsDB. This type of reporting results in undercounting the support to the enabling environment, as the capacity building component may be buried in the entire project which could be financing predominantly the hardware of infrastructure development. Finally, given ECAs’ support to private investments in developing countries, including for infrastructure, it is important to capture their developing country-related activities within the framework of

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41 Ibid.
development finance, whole-of-government approach, and effective development. Currently, ECAs report their operational data to the OECD Trade Committee Working Party on Export Credits and Credit Guarantees on a confidential basis. However, as recent data on their financing are expected to be made available to the public at the end of 2013, this should help in obtaining a clearer picture of their contribution and role in developing country infrastructure.

VII. Action by the DAC to better support private investment in infrastructure

The DAC should continue to encourage: a whole-of-government approach to support private investment for infrastructure, refine data reporting, share lessons from evaluations, and develop guidance in supporting the enabling environment and project preparation.

57. The above provided a summary of donor activities to support private investment for infrastructure in developing countries, highlighting trends as well as emerging issues. Given the increasing number of institutions and financial instruments aiming to leverage private investment for developing countries, including for infrastructure, the following activities by the DAC could address some of the challenges:

- Aid agencies and/or MFAs could ensure a whole-of-government approach in the country’s official support towards developing country infrastructure by including DFIs in the development of country and sectoral assistance strategies and having regular meetings on specific projects. In particular, better collaboration among aid agencies, DFIs and, where appropriate, ECAs on partner country issues could be pursued. DAC Peer Reviews, which have started to cover development finance more systematically, could follow-up on efforts of DFIs prominently in the reviews to reflect their growing role within the broader development co-operation landscape.

- WP STAT should continue to refine and standardise reporting of official loans, equity, and guarantees provided to the private sector for development as well as the measurement on leveraging. This includes adjusting categories in the CRS to identify the private sector as the channel of delivery, including details of whether the private sector entity is of the donor country, recipient country, other developing country, and so on. Furthermore, DFIs could consider extending the coverage and level of detail of their CRS reporting.

- The DAC Network on Development Evaluation should continue to exchange lessons of experience from evaluations and in the use of various evaluation methods and approaches. The discussion could include the need for greater transparency and access to results of DFI evaluations, which is necessary for better assessment of development impact of their private sector support.

- Following the G-20 recommendations with respect to Project Preparation Facilities, donors could collectively consider ways to optimise support to improve the enabling environment and to contribute to ongoing discussions on rationalising and enhancing effective PPFs.

58. Once the review is completed with 10 additional donors, further challenges in leveraging private investment for infrastructure may be identified and measures to address them proposed.
TECHNICAL NOTE

The following describes how the data, tables, and graphs in the donor profiles were derived. Data for 2011 were used since reporting on earlier years and 2012 by some donors was incomplete.

Figure 1: (bar chart) on allocable disbursements by sector
- This shows the share of Official Development Finance (ODF) disbursed towards infrastructure and other major areas in allocable ODF in the CRS. The aim is to show the degree of relative importance a donor places on infrastructure. See below for more details of components

Infrastructure ODF Disbursement in 2011
- Infrastructure is used as a short hand for economic infrastructure, which includes Water and Sanitation (Code 140), Transport & Storage (210), Communications (220), and Energy Generation and Supply (230). From the CRS data, the disbursements in 2011 USD were totalled.
- Data is ODF, which combines both Official Development Assistance (ODA) and Other Official Flows (OOF), although the two types of flows are broken down in the bracket.
- The main reason for examining the totality of ODF instead of only ODA is that, otherwise large amounts of non-concessional lending (i.e., OOF) by the MDBs will be excluded. Some DAC members also disburse significant amounts of OOFs for infrastructure as well.

Share of infrastructure in total allocable ODF
- From the CRS, the proportion of ODF disbursement for infrastructure as defined above in total allocable ODF in 2011. The amount should be the same as in Figure 1 for infrastructure.

Share of private sector support
- Generally from the CRS, the approximate share of ODF disbursed by the donor to support a private sector entity for infrastructure within total ODF for infrastructure in 2011. The amounts are estimated from disbursements by Development Finance Institutions (DFIs) or programmes to support the private sector for infrastructure, identified generally by the agency name in the CRS or project description. Other methods are footnoted in individual profiles.

Share of support to the enabling environment
- From the CRS, the following ODF disbursements in 2011 was totalled. These activities are generally considered as supporting the enabling environment of infrastructure. They are usually the “soft” support, consisting of technical co-operation, training, capacity building, and so on. The sum of the following compared to the total disbursement to infrastructure in 2011 is given as the share of support to the enabling environment.
  - Water resources policy and administrative management (14010)
  - Education and training in water supply and sanitation (14081)
  - Transport policy and administrative management (21010)
Education and training in transport and storage (21081)
Communications policy and administrative management (22010)
Energy policy and administrative management (23010)
Energy education/training (23081)
Energy research (23082)

Figure 2 (bar chart) on Disbursement by type of support
- The graph combines the Share of Private Sector Support described above, the Share of Support to the Enabling Environment described above, and the share of the rest of ODF disbursements to infrastructure in 2011, which is referred to as “Hard Infrastructure”.
- “Hard Infrastructure” generally implies donor support to procure goods (materials) for the construction of infrastructure, such as concrete, pipes, wind turbines, transmission lines, and so on. It is derived from disbursements to the infrastructure sectors that are not for private sector support nor for the enabling environment (i.e., the rest). While this amount is presumably not all used to procure hard infrastructure materials (due to aggregated reporting), the assumption is that a large part is used for this purpose.

Figures (Pie Charts) 4, 5, and 6 on Sectoral, Income Level, and Regional Distribution of Private Sector Support (or Enabling Environment for Korea) for Infrastructure
- The share of 2011 ODF disbursements to the private sector support in infrastructure, described above, is disaggregated according to:
  o The four sectors of Water and Sanitation (140), Transport & Storage (210), Communications (220), and Energy Generation and Supply (230).
  o Regional distribution of, generally: Africa, Asia, Americas, and Europe. Disbursements to Unallocated Area are excluded from the data.
  o Income level distribution of: Low Income Countries (LICs), Lower Middle Income Countries (LMICs), and Upper Middle Income Countries (UMICs). LICs combine the Least Developed Countries (LDCs) and Other LICs because there as only a few of the latter countries in the DAC list. Disbursements to Unallocated income level are excluded from the data.

Figure 7: Tables on Top 5 recipient countries of private sector support for infrastructure
- The 2011 total ODF disbursements for private sector support for infrastructure is disaggregated according to recipient countries. The top 5 recipients, their income level, disbursed amounts in 2011 USD million, and percentage in total support for the private sector in infrastructure are shown.
DONOR PROFILES AT A GLANCE
Belgium

1. Data

- Infrastructure ODF disbursement in 2011: USD 157 million (USD 157 million ODA and USD 0 OOF).
- Share of infrastructure in total allocable disbursements: 13%.
- Share of private sector support: 32% (Finexpo and BIO) (all ODA).
- Share of support to the enabling environment: 7%.

2. Institutions, Policies and Approaches

The Directorate General for Development (DGD) states that basic infrastructure and private sector development are among the priorities of Belgian development co-operation.

The main agency responsible for promoting private sector development in partner countries is the Belgian Investment Company for Developing Countries (BIO), the Belgian DFI, funded mostly by DGD. It provides financing (directly or through intermediation of microfinance institutions) to SMEs, for example by investing in developing country-oriented equity funds which finance projects that would otherwise be ignored by commercial stakeholders. BIO’s mandate was enlarged in 2010 to include the financing of private infrastructure projects.

Finexpo is an inter-ministerial advisory committee of representatives from the Ministries of Foreign Affairs, Foreign Trade, Development Cooperation, Finance, Economy and the Budget, managed by the Ministry of Foreign Affairs. It provides financial assistance to Belgian companies exporting capital goods and services.

The Belgian Development Agency (BTC) provides technical assistance to support the enabling environment, in particular in water and sanitation.

The Belgian Export Credit Agency (ONDD) offers insurance against political and commercial risks to Belgian private enterprises for their investment activities in developing countries, including in infrastructure.

43 Source: BIO, 2013. BIO financing was reported to the CRS as aid grants, but are equity investments according to BIO. This is due to BIO funds being reported under DGD, which funds BIO through grants.

44 Finexpo financing was reported to CRS as interest subsidy grants.
DGD is currently revising its co-ordination mechanisms, including its relationship with BIO, to assure stronger coherence of development policies. Distinguish this from the list above.

3. Comparative Advantage and Co-ordination with Other Donors

Belgium identifies its comparative advantage in supporting private investment in infrastructure as its expertise in small-scale projects with strong local dimensions (roads to rural areas, local energy supplies, etc.). Because of this focus on small infrastructure, it is not yet directly involved in PPPs which tends to be large scale. BIO has an agreement with the Dutch Development Bank (FMO) to co-operate and jointly finance infrastructure investments.

4. Geographic and sectoral distribution of private sector support

When combining both BIO and Finexpo support, USD 157 million, transport account for almost half of Belgian support to the private sector for infrastructure in 2011, followed closely by energy. In terms of geographical distribution, more than half of disbursements went to Africa and LMICs, with the largest recipient being Ghana.

At the same time, there are significant differences between Finexpo and BIO, in particular with respect to sectoral distribution – 80% of BIO’s support was in the energy sector, while two thirds of Finexpo disbursements went to transport. In addition, BIO has an objective of targeting LICs, which accounted for one fifth of all its infrastructure-related disbursements in 2011, compared to just 1% of Finexpo support.

5. Enabling environment

DGD is actively supporting the enabling environment, most notably in water and sanitation and energy sectors. More than half of their disbursements go to Sub-Saharan African countries and LMICs. In Tanzania, for instance, DGD finances a research project carried out by the Flemish University Council on the quality of subterranean water basins around Dar-es-Salaam and their management.

6. Project Preparation Facilities

Belgium does not have an explicit objective of supporting PPFs but contributes to the EU-Africa Infrastructure Trust Fund (EU-AITF). In addition, BIO has a Capacity Building Fund that helps SMEs prepare feasibility studies for investment projects, although not specifically for infrastructure.

7. Small infrastructure and local investors

BIO explicitly states its support focuses on local investors, including in infrastructure investments.
8. Green infrastructure

Virtually all of BIO’s energy sector-related disbursements in 2011 went to renewable energy projects. At the same time, most private projects supported by Finexpo do not target climate change mitigation, according to OECD-DAC Rio markers in the CRS.

9. Evaluation

An internal evaluation in 2009 showed that BIO’s infrastructure investments in Africa had shown some development impact: i.e., an increase in net government revenues in host countries; improved infrastructure supply due to network expansion and serving new areas; and improved performance in infrastructure provision due to private operators implementing cost-oriented tariffs, lower usage charges, improved operation and maintenance and more reliable supply.

An independent evaluation of BIO activities in 2012 concluded that BIO’s financial instruments were filling a niche that would otherwise be ignored by commercial stakeholders. However, it also indicated that the catalytic role of BIO investments was uneven and that projects needed to address development objectives more clearly.

10. Example of private support project

BIO is co-financing the KivuWatt renewable energy investment made by Contour Global, a private energy sector company in Rwanda. It offers a loan together with the Emerging Africa Infrastructure Fund, FMO, and the African Development Bank to complement Contour Global’s equity investment. The project, one of the largest private investments in the country, aims to double Rwanda’s electrification rate.
Canada

1. Data

![Figure 1: Canada's allocable disbursements by sector](image)

- Infrastructure ODF disbursements in 2011: USD 379 million (USD 379 million ODA and USD 0 OOF)
- Share of infrastructure in total allocable ODF disbursements: 13%
- Share of private sector support: 76% (all ODA)
- Share of support to the enabling environment: 5%

![Figure 2: Disbursements by type of support](image)

Given the extensive expertise and financial instruments at their disposal, DFATD concentrates its own private investment promotion efforts on supporting the enabling environment for infrastructure investments.

For example, DFATD and the World Bank Group’s International Finance Corporation (IFC) established the IFC-Canada Climate Change Program in 2011. Canada funds the program with a grant of USD 270 million. These funds are blended with IFC funds to provide loans at concessional terms, to enable climate change investments, including in e.g. green infrastructure, which would not have been made otherwise. Another part of the fund is used to finance advisory services. The IFC-Canada Climate change Program made up the entirety of Canada’s support to private investment in developing country infrastructure in 2011. DFATD also supports the Conflict-Affected and Fragile Economies Facility, administered by the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, which provides political risk insurance to support investments in infrastructure and other sectors for development objectives. DFATD includes the former Canadian International Development Agency (CIDA) since July 2013.

Canada’s Department of Finance oversees Canada’s contribution to the IFC through the Executive Board of the World Bank.

Export Development Canada (EDC), Canada’s export credit agency, is a central institution in the promotion of infrastructure investments by Canadian companies in developing countries. For example, with India’s need for USD 1 trillion in infrastructure development, EDC is undertaking a multi-year effort to increase Canadian involvement in India’s infrastructure sector through matchmaking, engagement with key Indian infrastructure developers and raising awareness of opportunities in India among Canadian enterprises. In keeping with this focus on India, EDC, furthermore, invests in the Infrastructure Development Finance Company (IDFC) India Infrastructure

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45 Support to Private sector refers to Canada’s Climate Change contribution to the International Finance Corporation (IFC)
Fund through an equity investments programme. This programme has also financed investments in Africa and South America. EDC reports to the Canadian parliament through DFATD.

3. Comparative advantage and co-ordination with other donors

Canada actively uses public private partnerships (PPPs) in its domestic economic and social infrastructure. Between 2009 and 2011, 39 PPP projects worth USD 22 billion were initiated, 14 out of which in economic infrastructure. Projects include, for example, local roads and wastewater infrastructure projects.

Despite Canada’s positive domestic experience with PPPs, DFATD considers MDBs as the most appropriate institutions to promote private investment for developing country infrastructure, given the extensive expertise and financial instruments at their disposal. In the case of the IFC-Canada Climate Change Program, for example, financial instruments include grants and concessional financing.

4. Geographic and sectoral distribution of private sector support (IFC-Canada Climate Change Program)

According to the IFC, to date, 14 projects have been granted IFC-Canada Climate Change Support Programme financing. 7 are investment projects, worth USD 676 million, and 7 advisory projects, worth USD 9 million. The vast majority of IFC-Canada funds goes to projects in Africa, while over half of total financing is invested in projects in LMICs. This focus is also reflected in the list of top recipients of IFC-Canada funds, with Ghana receiving more than half of total funds between 2011 and 2013. All IFC-Canada Climate Change Programme projects are in the energy sector.

5. Enabling environment

DFATD considers support to the enabling environment as the best way to foster private investment in developing country infrastructure. It does this through financing multi-donor facilities such as the PPIAF; the IDB’s Regional Infrastructure Integration Fund—to which it is the largest donor—and the Partnership for Caribbean Community Private Sector Development.

In its bilateral programme, DFATD supports the enabling environment mainly through capacity building programmes for regulatory and institutional reform. An example is a project for the public management and regulation of Bolivia’s oil and gas sector, in view of the country’s newly discovered natural gas reserves. In addition, DFATD supports capacity building of private companies and state-owned enterprises active in the utility sectors.

In 2011, the majority of Canada’s support to the enabling environment went to the water and sanitation sector, followed by energy. Africa was the largest region of support, receiving over half of total disbursements. Overall, LICs are the clear focus of Canada’s support to private infrastructure investment.

6. Project preparation facilities

Canada funds the following project preparation facilities:

- NEPAD-Infrastructure Project Preparation Facility hosted by AfDB
- African Water Facility (AWF) hosted by AfDB
7. Small infrastructure and local investors

Canada does not have an explicit policy on supporting small infrastructure or local investors in developing countries.

8. Green infrastructure

Green infrastructure and climate change adaptation are clear priorities in Canada’s support to private sector investment. Canada believes that the scale of the long-term climate-change finance commitment made under the Copenhagen Accord will require the mobilization of private financing and investment, with donors playing a key role to play in providing the leverage and building the policy support.

As mentioned above, the largest support to private investment for infrastructure reported to the CRS, for instance, is to the IFC-Canada Climate Change Program. In addition, Canada committed USD 250 million in 2012 to co-finance the Canadian Climate Fund for the Private Sector in the Americas, together with the IDB. The fund was created to support private sector investment in climate mitigation and adaptation technology, particularly renewable energy projects. DFATD estimates that the Canadian Climate Fund for the Private Sector will leverage up to USD 5 billion in private sector investments by 2025.

9. Evaluation of support to the private sector

Assessments of Canada’s support through MDBs are not yet available.

10. Example of support to the private sector

The IFC-Canada Climate Change Program finances two types of projects: investment projects and advisory projects. The programme, for instance, extended a USD 80 million concessional loan to the Takoradi International Company, a joint venture between Abu Dhabi National Energy Company and Volta River Authority in Ghana. The project aims to expand the electricity production of gas-fired power plant by 50% through waste heat recovery technology without additional fuel consumption. The Program also provided advisory services to support the Ministry of Energy of Thailand to review the country’s legal and regulatory framework, particularly to design business models that will reduce market barriers and support the development of clean energy, with a focus on wind and solar power.
Germany

1. Data

- Infrastructure ODF disbursement in 2011: USD 2.6 billion (USD 2.2 billion ODA and USD 400 million OOF).
- Share of infrastructure in total allocable ODF disbursements: 26%.
- Share of private sector support: 13% (DEG) (24% ODA and 76% OOF).
- Share of support to the enabling environment in ODF: 12%.

2. Institutions, Policies and Approaches

The Federal Ministry of Economic Cooperation and Development (BMZ) promotes German, foreign and local private investment in developing countries, including for infrastructure.

KfW Development Bank funds infrastructure investments, including PPPs, through direct financing to governments as well as through financial intermediaries like the Private Infrastructure Development Group (PIDG). Deutsche Investitions- und Entwicklungsgesellschaft (DEG), a DFI and subsidiary of KfW provides long-term funding (non-concessional loans, equity and guarantees) to businesses in developing countries. According to the CRS, DEG’s support to economic infrastructure projects constituted 28% of commitments in 2011.

German Society for International Cooperation (GIZ), Germany’s development co-operation agency, provides infrastructure PPP-related advice to governments.

The Hermes Cover is Germany’s official export credit instrument, managed by Euler Hermes with PwC (former Price Waterhouse and Cooper). It consists of political risk guarantees to German companies investing in developing countries, including in infrastructure sectors.

The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) funds the “Climate Partnerships with the Private Sector” program operated by DEG, which invests in climate friendly technologies, including in renewable and efficient energy for developing countries.

BMZ co-ordinates all infrastructure projects, including with other ministries on specific sectors, such as energy projects with BMU.
3. Comparative advantage and co-ordination with other donors

From the mid-2000s, Germany has been promoting domestic PPPs, aiming to increase their share in all public investments to 15%. At the same time, most PPPs in Germany have been in the non-economic infrastructure (schools, training centres, sports/cultural facilities). So what does this have to do with development? If there’s no link, we need to state so.

Germany co-operates with the World Bank, the IFC, and the Regional Development Banks in their efforts to promote private investment. It sees a particular strength of these multilateral institutions in enhancing the enabling environment, diversifying investment risks, and promoting South-South co-operation, particularly in the field of infrastructure investments.

KfW regularly comments on IFC’s strategic documents on infrastructure. BMZ reviews PPIAF (Public Private Infrastructure Advisory Facility) projects, which may also be commented by KfW and GIZ.

DEG is co-operating with Dutch and French DFIs (FMO and Proparco), including by establishing a joint office with FMO in Johannesburg.

5. Enabling environment

GIZ supports reforms of the political, regulatory and institutional frameworks, as well as vocational training and access to finance for the private sector. BMZ co-funds multi donor facilities which support the enabling environment for infrastructure investments, such as PPIAF. As in the case of private sector support, Asia was the largest recipient of Germany’s support to enabling environment at 42% followed by Africa and America, both at 26%. With respect to income level groups, UMICs accounted for 60%.

6. Project Preparation Facilities

Germany is strongly committed to following the G-20 High Level Panel recommendations to support Project Preparation Facilities (PPFs) and it finances the following PPFs:

- Global project development fund (SBF), hosted by KfW Development Bank
- New Partnership for Africa’s Development Infrastructure Project Preparation Facility (NEPAD IPPF), hosted by the AfDB
- South African Development Community Project Preparation & Development Facility (SADC PPDF), hosted by the Development Bank of South Africa
- Energy Sector Management Assistance Program (ESMAP), hosted by the World Bank
- EU-Africa Infrastructure Trust Fund (EU-AITF), hosted by the EIB
- EU Neighbourhood Investment Facility (NIF), hosted by the EIB
- EU Western Balkan Investment Framework (WBIF), hosted by the EIB
- EU Latin American Investment Facility (LAIF), hosted by the EIB
- Geothermal Risk Mitigation Facility for Eastern Africa, hosted by the African Union
- Infrastructure Crisis Facility-Debt Pool (ICF-DP) hosted by the Private Infrastructure Development Group (PIDG)

4. Geographic and sectoral distribution of private sector support

Almost half of DEG’s disbursements for infrastructure went to the energy sector, followed by transport. Water sector, despite accounting for almost a third of Germany’s overall infrastructure disbursements, amounted to less than 5% of its support to the private sector. As for the regional distribution, Asia was the largest recipient, followed closely by America. Germany does not report DEG’s country or income level breakdown to the CRS.

7. Small infrastructure and local investors

BMZ states support to local investors as a clear priority. Only 8% of DEG’s approvals in 2011 were destined for German companies, with the remaining activities oriented towards international and local businesses. The proportion of funds going to local investors is, however, not clear.
8. Green infrastructure

DEG considers climate friendly investments as a priority, with strong emphasis on renewable or efficient energy projects. At the same time, it does not report on the Rio Markers in the CRS, so?

All disbursements in 2011 for DEG recorded in the CRS went to electrical transmission and distribution projects. At the same time, DEG states that, in 2012 it committed to 11 renewable energy and 3 energy efficiency projects.

9. Evaluation of support to private sector

DEG has developed its own monitoring instrument which looks at financial sustainability of a project, DEG’s return on equity, the additionality of support and developmental effects. In 2012, 74% of DEG’s portfolio projects were self-evaluated as either “very good”, “good” or “fully satisfactory”.

10. Example of support to private sector

DEG has recently provided a USD 9 million quasi-equity loan to a private consortium consisting of German SoWiTec group and Spanish Banco Santander for four wind parks in Mexico which aim to significantly increase energy supply and reduce CO2 emissions.
1. Data

- Infrastructure ODF disbursement in 2011: USD 1.7 billion (USD 400 million ODA and USD 1.3 billion OOF).
- Share of infrastructure in total allocable ODF disbursements: 30%.
- Share of private sector support: 0%.
- Share of support to the enabling environment: 21%.

KOICA finances technical co-operation projects named Development Experience Exchange Partnership (DEEP) for policy planning, feasibility studies, small-scale pilot projects and optimal financing schemes in various infrastructure sectors in developing countries. It also provides capacity building programs for government officials. KOICA emphasizes transparency and efficiency in specific government functions through ICT technology to promote enabling environment for investment in infrastructure.

KEXIM and K-Sure respectively offer trade related finance, including insurance to cover trade investment related risks of Korean companies. The Ministry of Strategy and Finance (MOSF) and Public & Private Infrastructure Investment Management Centre (PIMAC) of the Korea Development Institute (KDI) are active in Knowledge Sharing Programmes on infrastructure investment and PPPs.

KOICA and EDCF meet regularly to strengthen linkages between Korean development grants and loans. In addition, K-Sure and KEXIM look for co-financing opportunities for Korean private investment infrastructure projects on a regular basis.

2. Institutions, Policies and Approaches

Korea facilitates investment in infrastructure in developing countries through technical assistance provided by the Korea International Cooperation Agency (KOICA) to partner governments and supports large-scale infrastructure projects mostly through concessional and non-concessional loans to partner governments through the Economic Development Cooperation Fund (EDCF) of Korea Export Import Bank (KEXIM). Since 2010, EDCF has been offering guarantees for Korean companies to invest in developing country infrastructure. EDCF is also beginning to engage in PPP infrastructure projects in developing countries.

The Investment Business Office, which is also part of KEXIM, provides advice and financing for Korean businesses competing for infrastructure contracts in both developed and developing countries.
3. Comparative advantage and co-ordination with other donors

Korea believes that its recent development experience as an aid-recipient country which has transformed into a DAC member makes it particularly well suited for knowledge sharing with developing countries. In addition, Korea is particularly focused on the ICT sector due to its high-tech sector-related expertise.

Korea has been an active user of PPPs for its domestic infrastructure investment, with almost 600 operating partnerships. This experience with domestic PPPs results in emphasis on the importance of strong public sector capacity and engagement in PPP projects, as well as on the need for patient capital and long term investors. At the same time, as a relatively new donor, Korea has only recently begun to promote them in developing countries.

Korea has engaged in joint consulting programmes with MDBs to support capacity building projects related to infrastructure PPPs. An example is an assessment of infrastructure development in Thailand, undertaken with AsDB.

EDCF organises a Global Infrastructure Development Forum annually with MDBs to help the Korean private sector expand into the overseas market.

Through bilateral and multilateral consultative meetings with other donors in headquarter and country level, KOICA finances basket fund programs with other donors for large scale projects.

4. Geographic and sectoral distribution of private sector support

Not applicable, as Korea has not been giving direct support extensively to private sector investors for infrastructure.

5. Enabling environment

Korea tries to share the infrastructure-related lessons learned from the development experience of its own country. MOSF’s Knowledge Sharing Programme supports capacity building through policy consultations, policy recommendations and training. KOICA is also actively involved in capacity building in partner countries with Development Experience Exchange Partnership (DEEP) programs and training programs in infrastructure sectors. PIMAC of KDI shares Korea’s policies and experience in PPPs with partner countries through seminars and research. As for the geographic and sectoral distribution of Korea’s support to enabling environment, a large majority of its projects is in the ICT sector and in Upper Middle Income Countries, most notably China.

Income level group/ USD millions/share in allocable infrastructure disbursements;
CRS, disbursements 2011, in 2011 USD

6. Project Preparation Facilities

Korea believes that there is a substantial financing gap for project preparation and sees mobilising resources from donors for PPFs as a key challenge. Therefore, EDCF has a Project Preparation Facility for infrastructure. On the other hand, Korea does not generally contribute to multilateral PPFs.
7. Small infrastructure and local investors

Korea recognises the importance of private investors in developing countries for small infrastructure projects, but is not currently supporting them directly due to its lack of appropriate instruments.

8. Green infrastructure

KOICA established a “Green ODA Strategy” in 2006 which mainstreams environment and climate change components into all infrastructure projects. Furthermore, KOICA scaled up the volume for green infrastructure projects in developing countries with the East Asia Climate Partnership Fund (EACP) worth USD 200 million. Renewable energy is one of the fund’s main areas of focus with 23.7% in 2010, followed by water and agriculture. Projects include the establishment of a fuel cell power plant for supplying drinking water to Jakarta’s Ancol district in Indonesia utilizing low carbon energy.

According to the CRS, a majority of EDCF disbursements to the energy sector in 2011 went to coal-fired plants projects. At the same time, EDCF tries to integrate a green growth approach in its economic infrastructure activities, particularly by using their expertise to promote the use of renewable energy. According to EDCF almost one third of its new commitments are for green projects. To facilitate this, EDCF provides various incentives such as lower interest rates partner governments and increased support for feasibility studies.

9. Evaluation

KOICA has evaluation criteria both in general and sector specific projects but not specific to private investment. There are no evaluations of EDCF’s private sector support, as it has only recently started to give direct support to the private sector, which are therefore all in very early stages.

10. Example of private sector support

EDCF is financing 80% of the Stage II of the Jalaur River Multi-purpose Project in the Philippines, which involves construction of three dams. While the construction phase of the project, which is co-financed by the government of Philippines, consists of traditional procurement, it will include power generation and water supply components that will be operated under a PPP scheme, once the investment is completed.
New Zealand

1. Data

- Infrastructure ODF disbursements in 2011: USD 37.6 million (USD 37.6 million ODA and USD 0 OOF).
- Share of infrastructure in total allocable ODF disbursements: 17%.
- Share of private sector support: 0%.
- Share of support to the enabling environment: 0.2%.

New Zealand’s Export Credit Office (NZECO) supports equity investment in viable infrastructure projects, including in developing countries, by offering to underwrite large portion of the debt. Furthermore, NZECO underwrites New Zealand exporters’ risk of non-payment by developing country government buyers, as well as risk of non-performance of a project in developing countries, where the funder/buyer requires performance bonds. If New Zealand companies request political risk insurance, NZECO refers to them to MIGA of the World Bank. The New Zealand Treasury oversees the NZECO.

The New Zealand Trade and Enterprise (NZTE) supports the involvement of New Zealand’s business abroad by providing knowledge on investment. It works with PIC governments around project scope, private sector partnerships from both countries and potential providers of capital (banks, IFC, donors, etc.) While it is not NZTE’s explicit goal to provide support to private investment in developing countries, it is currently working with a New Zealand company to secure funding for a project to connect several PICs to a submarine fibre optic cable connecting the USA and Australasia. NZAID is aware of this activity, although it is not directly involved in it.
3. Comparative advantage and co-ordination with other donors

New Zealand concentrates its efforts in infrastructure on PICs, with which it has long-standing relations. Based on its own experience, New Zealand sees its comparative advantage in providing economic infrastructure to small and distant communities and in boosting the role of green/climate resilient infrastructure (e.g. renewable energy and waste management). In its promotion of private investment in PICs, however, New Zealand states that their priority lies on first developing these states’ still weak private sectors, before private investment can be promoted effectively.

New Zealand cooperates actively with other donors and MDBs on private investment promotion, particularly in the Pacific region. NZMFAT is a partner of the Pacific Region Infrastructure Facility (PRIF), a multi-partner investment coordination and technical facility, which review infrastructure project proposals from donors and MDBs in order to harmonise support and improve project prioritisation. The PRIF partners are: Asian Development Bank, Australian Agency for International Development, European Commission, European Investment Bank, the World Bank Group (including the IFC), and NZMFAT.

4. Geographic and sectoral distribution of private sector support

Not available.

5. Enabling environment

New Zealand supports the enabling environment for private investment, primarily by helping to strengthen state institutions in the design of policies and regulation. In the energy sector, for instance, New Zealand provided a grant financing a project aimed at designing a renewable energy policy in Samoa. In the Solomon Islands, New Zealand supports improving the administration of airport operations and revenue management in order to create greater opportunities for economic growth. Finally, New Zealand is assisting the Vanuatu Government’s Department of Geology, Mines and Water Resources in establishing a rural water sector strategy.

6. Project Preparation Facilities

New Zealand presently does not contribute to PPFs.

7. Small infrastructure and local investors

NZMFAT states that in order to further private sector investment in infrastructure, first the development of the local private sector in the PICs must be supported. It thus aims to strengthen small and medium-sized enterprises in developing countries which will create the conditions needed to attract private infrastructure investment.

8. Green infrastructure

New Zealand sees considerable opportunity for local private sector growth based on clean and renewable electricity generation. In this context, New Zealand, together with the European Union, hosted the Pacific Energy Summit in March 2013, which focussed on how to encourage foreign direct investment in the clean and renewable electricity sector of PICs.

9. Evaluation

Not applicable.

10. Example of private support project

Not applicable.
Norway

1. Data

- Infrastructure ODF disbursement in 2011: USD 303 million (USD 303 million ODA and USD 0 OOF)
- Share of infrastructure in total allocable ODF disbursements: 13%.
- Share of private sector support: 40% (Norfund) (all ODA).
- Share of support to the enabling environment: 17%.

2. Institutions, Policies and Approaches

The policy of Norway’s Ministry of Foreign Affairs (MFA) is to support private investment in developing country energy, particularly through hydropower projects.

Norfund, which is Norway’s DFI fully owned by the state, tries to increase Norwegian and foreign private investment in developing countries. It provides equity, which is particularly scarce for renewable energy projects in developing countries due to higher initial risks. It invests in nascent companies and sells its investment shares on the market within four to ten years. A large share of Norfund’s investments in hydropower projects are made through SN Power, a joint venture between Norfund and Statskraft, a Norwegian state owned enterprise. Norfund’s renewable energy investments raise commercial financing with an average leveraging ratio of 10:1.

Norad finances feasibility studies and supports training for Norwegian companies wishing to invest in developing countries.

The Information Office for Private Sector Development in Developing Countries, jointly owned by Norad and Norfund, provides specialist advice on financing opportunities to Norwegian companies seeking to invest in developing countries.

GIEK (Norwegian Export Credit Agency) offers political risk guarantees to Norwegian companies for developing countries including for infrastructure.

The Ministry of Environment collaborates with Norad and the MFA on the International Energy and Climate Initiative - Energy+, which aims to scale up commercial investments in developing country renewable energy.

On an individual project basis, there is collaboration among the MFA’s clean energy department, its country coordinators, Norad, and the relevant embassies in developing...
countries. At the same time, an evaluation points to weak co-operation among the different actors (see Evaluation).

3. Comparative advantage and co-ordination with other donors

Norway sees its comparative advantage in supporting hydropower energy in developing countries, as virtually all of its domestic electricity production comes from hydropower plants. In this context, it has supported an international coalition to promote private investment in renewable energy by hosting the Energy for All conference in 2011, which established the Energy and Climate Partnership—Energy+.

At a more general level, the Norwegian government believes that MDBs should prioritise support for smaller businesses improving the business environment in LICs.

4. Geographic and sectoral distribution of private sector support

In 2011, all Norfund investments in the private sector reported to the CRS went to the energy sector. While Norfund states that it prioritises Sub-Saharan Africa and Least Developed Countries, Brazil was the largest recipient in 2011. This was due to a large investment by SN Power in Brazil that year. SN Power invests in different geographical areas from Norfund, and single investments by SN Power can have a large effect on the geographical distribution in one year (SN Power accounts for slightly less than half of Norfund’s total investments). Norfund’s target is to invest at least 50 percent of the portfolio in Sub-Saharan Africa and 33 percent in LDCs, excluding SN Power’s investments. Support by Norad and MFA for the public sector in infrastructure sectors was targeted mostly to Least Developed Countries and Sub-Saharan Africa.

5. Enabling environment

MFA and Norad support the improvement of the enabling environment, particularly with respect to the predictability of the business environment in energy and water & sanitation. They do this mainly through financing multilateral facilities such as: the Private Infrastructure Development Group; the Clean Energy Financing Partnership at the AsDB; and the Eastern Europe Energy Efficiency and Environment Partnership Fund at the European Bank for Reconstruction and Development. More than half of MFA and Norad support to the enabling environment goes to LICs, particularly to Sub Saharan Africa and South & Central Asia.

6. Project Preparation Facilities

Norway finances the following PPFs:

- African Water Facility, hosted by the AfDB
- South Asia Water Initiative, hosted by the World Bank.
- Energy Sector Management Assistance Program, hosted by the World Bank
- Green Africa Power, hosted by the PIDG

Project Development Facility, managed by Norad and Norfund, which supports private investment in energy projects through grants and convertible loans for early project stage financing.

7. Small infrastructure and local investors

While Norfund does not have an explicit policy for targeting local enterprises for infrastructure, invests in SMEs in infrastructure, particularly in the energy sector, through private equity funds. At the same time, in Norway’s view, MDBs are best suited to promote local businesses.
8. Green infrastructure
Norfund prioritises renewable energy projects, in particular hydropower investments. Norway is also actively promoting renewable energy investment through the aforementioned Energy+, whose aim is to improve access to energy and promote energy efficiency, reduce emissions and stimulate private sector investments in the renewable energy sector in developing countries.

9. Evaluation
According to Norad’s evaluation, Norfund’s investments have had high leveraging effect. At the same time, not all Norfund investments met the additionality criteria. Furthermore, the evaluation states that some private equity funds which received Norfund contributions were too risk averse in their investment decisions. In 2012 Norfund adopted a new fund strategy that will concentrate the investments in private equity funds to projects where Norfund’s participation will have a significant additional effect by filling gaps in the market. Norad’s evaluation also pointed to weak co-operation among different actors involved in promoting private investment, recommending the MFA to enhance its co-ordinating capacity.

10. Example of private sector support
Agua Imara, a subsidiary of SN Power where Norfund is a co-investor, is currently developing the Bajo Frio project which consists of a 58 MW run-of-river hydropower plant. Completion of construction is scheduled for 2014. Agua Imara has a 50.1% stake in the project, while the Panama based private bank, Credicorp, owns the remaining 49.9%. The project is worth USD 225 million, of which USD 75 million is in equity financing by Agua Imara and Credicorp and USD 150 million comes from debt financing by FMO (USD 48 million), Proparco (USD 35 million), DEG (USD 25 million) and the Norwegian bank, DNB ASA (USD 48 million). In addition, Norfund provided USD 7 million in guarantees to lenders to underpin the financing of the project.
Portugal

1. Data

- Infrastructure ODF disbursements in 2011: USD 53.9 million (USD 53.0 million ODA and USD 0 OOF)
- Share of infrastructure in total allocable ODF disbursements: 28%
- Share of private sector support: Not identifiable.
- Share of support to enabling environment: 0.4%

2. Institutions, Policies and Approaches

Infrastructure is one of the top priorities of Portugal’s development co-operation. In 2011, it allocated the second highest proportion of ODA to infrastructure after education. Portugal focuses all its co-operation to six Portuguese-speaking countries: Angola, Cape Verde, Guinea-Bissau, Mozambique, Sao Tome and Principe, and Timor Leste. However, it does not yet have an explicit policy on promoting private investment in development co-operation for these countries, including in infrastructure.

The main agency responsible for promoting private sector development in partner countries is SOFID (Sociedade para o Financamento do Desenvolvimento) (Portugal’s DFI), co-owned by the Portuguese state (60%) and four major Portuguese banks (10% each). Its goals are to support Portuguese companies investing in developing countries and emerging markets as well as to promote private sector development in these countries, including in infrastructure.

SOFID offers long-term loans, guarantees and mezzanine finance to fund projects investing in the productive sectors, including infrastructure (particularly renewable energy). These projects need a stake from a Portuguese company of a minimum 20% and pursue social and environmental goals. Since 2010, SOFID has been managing InvestimoZ, a fund created to support private investment in Mozambique, with infrastructure as one of its core priorities. However, there was no reporting to the CRS of SOFID activities in infrastructure in 2011. Both MFA and the Ministry of Finance (MEF) supervise SOFID.

The Portuguese Trade & Investment Agency (AICEP) promotes and disseminates information on Portuguese companies in developing countries, including on active in the infrastructure sector. It provides financial incentives for investment projects for Portuguese companies, such as risk capital and equity investments to Portuguese companies. The Portuguese Export Credit Agency (COSEC) provides state-guaranteed risk insurance for Portuguese companies.
companies investing in and exporting abroad, including in infrastructure in developing countries.

3. Comparative Advantage and Co-ordination with Other Donors

Portugal views its in-depth knowledge of the political, economic and social conditions prevailing in Portuguese-speaking countries as its comparative advantage in development co-operation and other economic relations. Specifically on infrastructure, Portugal has used PPPs extensively for its domestic infrastructure. However, the experience to date is mixed, as the reliance on PPPs had contributed to overinvestment prior to the 2008 financial crisis. Furthermore, many contracts had to be renegotiated several times, often at the expense of the public budget. At the same time, it is unclear how this domestic experience has shaped Portugal’s approach to private sector investments in developing country infrastructure.

SOFID is member of the association of European Development Finance Institutions (EDFI) and co-operates with other DFIs.

4. Geographic and sectoral distribution of private sector support

Overall, Portugal’s ODA support to developing country infrastructure is concentrated in the Lusophone countries. However, there is no CRS data on SOFID’s activities supporting the private sector for infrastructure in 2011.

5. Enabling environment

Camoses identifies the following factors as main obstacles to private investment: lack of political and military stability; difficulties in raising capital on the part of public entities; and an underdeveloped local financial sector. Overall, Camoes believes that a more competitive environment is needed to foster private investment.

Camoses actively supports the improvement in the enabling environment to promote private investment. It does this by providing technical co-operation and grants aimed at capacity building, particularly in regulatory and institutional reform.

6. Project Preparation Facilities

Portugal funds the following Project Preparation Facilities:
- EU-Africa Infrastructure Trust Fund, hosted by the EC
- EU-Neighbourhood Investment Facility, hosted by the EC

7. Small infrastructure and local investors

Portugal does not have an explicit policy on supporting small infrastructure or local investors.

8. Green infrastructure

As renewable energy is one of SOFID’s priorities, it provides financing for the involvement of Portuguese companies in renewable energy of developing countries. Furthermore, Portugal has pledged Euro 36 million for the Fast-Start Financing for Climate Change, following the Copenhagen Summit on Climate Change, to which EUR 12 million has already been committed.

9. Evaluation of support to private sector

SOFID states that it assesses its projects not only on the basis of financial performance, but on their developmental impact, e.g. environmental aspects, job creation, and so on. At the same time, as with most other DFIs, project evaluations are not publicly available.

10. Example of support to private sector

Not available.
Spain

1. Data

- Infrastructure ODF disbursement in 2011: USD 304.5 million (USD 304.1 million ODA and USD 0.4 million OOF)
- Share of infrastructure in total allocable ODF disbursements: 16%
- Share of private sector support: 62% (FIEM) (all ODA).
- Share of support to enabling environment: 13%

2. Institutions, Policies and Approaches

Infrastructure is one of the main priorities of Spain’s development co-operation. At the same time, it does not have an explicit policy on promoting private investment for infrastructure.

The Ministry of Foreign Affairs and Cooperation (MAEC) is the body responsible for designing and co-ordinating Spanish development co-operation. It supervises the Spanish Agency for International Development Co-operation (AECID), the main implementing agency. AECID is responsible for the implementation of the Spanish Development Multiyear Master Plans.

AECID manages the Spanish Development Promotion Fund FONPRODE\(^6\), which provides financing for private sector-oriented programmes in developing countries, with a particular focus on infrastructure projects. FONPRODE’s instruments include non-tied loans on concessional terms, as well as equity investments. FONPRODE’s financing, aimed at both public and private entities is provided either directly or through local financial institutions.

The Ministry of Economy and Competitiveness (MINECO) engages in promoting private investment for infrastructure through its Corporate Internationalisation Fund (FIEM). While FIEM does not have development objectives, it co-finances a significant part of Spanish companies’ infrastructure exports and investments in developing country infrastructure. Its main instruments include concessional and non-concessional loans to foreign private clients of Spanish companies, as well as grants for feasibility studies and advisory services. FIEM-supported projects make up the entirety of private sector support reported to the CRS for 2011.

MINECO also supervises the Official Credit Institute (ICO), a state-owned bank which acts as financial administrator of FONPRODE and FIEM.

COFIDES, the Spanish Development Finance Institution, actively promotes private investment by Spanish companies in developing country infrastructure, through instruments such as subordinated/mezzanine loans, long-term loans and equity investments. According to COFIDES, the transport sector accounted for 22% of all new commitments in 2011, with energy accounting for an additional 12%. However, COFIDES data is not reported to the CRS.

The Spanish Export Credit Agency (CESCE) provides political risk insurance coverage to Spanish companies investing in infrastructure projects abroad, including in developing countries.

\(^6\) FONPRODE disbursements are reported under MAEC disbursements; no FONPRODE disbursements for infrastructure were reported in 2011.
3. Comparative advantage and co-ordination with other donors

PPPs have gained in popularity in Spain itself since the mid-2000s, particularly in the area of renewable energy and transport. In 2005, the government planned to increase private investment for infrastructure projects to 40% by 2020. Spain’s domestic experience with PPPs, however, has been mixed. A reliance on these partnerships led to overinvestment, particularly in infrastructure projects, preceding the 2008 financial and economic crisis in the country. This experience is reflected in Spain’s stated conviction, that the promotion of PPPs, as well as private investment in infrastructure, in developing countries, necessitates thorough pre-assessment and sound planning beforehand.

Spain co-operates with both bilateral and multilateral actors in the field of private participation in infrastructure as appropriate. COFIDES, for instance, is member of the EDFI, co-operating on a European-wide level on development financing issues, including for infrastructure.

4. Geographic and sectoral distribution of private sector support (FIEM)

Over half of FIEM’s support to private infrastructure investment in developing countries in 2011 went to the energy sector, followed by transport and water. In geographic terms, half of Spain’s support to private investment in 2011 went to North African countries, with only 5% of total funds going to Sub-Saharan countries. The clear majority of FIEM’s disbursements go to UMICs, with only 2% going to LICs.

5. Enabling environment

Spain considers strengthening the enabling environment as one of the most effective ways to promote private investment in developing country infrastructure. AECID, MFA and other ministries’, such as the Spanish Ministry for Industry, disbursements to this end in 2011 went almost entirely to the water and sanitation sector through capacity building and adaptation of relevant policies and regulations. In Tanzania, for instance, Spain supported a project aimed at securing universal access to water through strengthening the management of water supply services at the local and district levels.
6. Project Preparation Facilities

Spain funds the following Project Preparation facilities:

- New Partnership for Africa’s Development Infrastructure Project Preparation Facility (NEPAD IPPF) hosted by African Development Bank (AfDB)
- African Water Facility (AWF) hosted by African Development Bank (AfDB)

7. Small infrastructure and local investors

Spain’s support to private investment is oriented primarily towards Spanish companies.

8. Green infrastructure

In 2011, approximately half of Spain’s support to private sector investment in developing countries went to renewable energy projects. Out of these disbursements, nearly all (96%) aimed to foster investments in wind power projects, with the rest going to solar energy projects.

9. Evaluation of support to private sector

COFIDES states that it evaluates its projects regularly using its Operation Impact Rating (RIO) system, however there were no evaluations for infrastructure projects with private involvement available. It is not clear whether projects by FIEM are evaluated according to development objectives.

10. Example for support for private sector

Examples of support by FIEM are not available.
African Development Bank

1. Data

- Infrastructure ODF disbursement in 2011: USD 1.9 billion (USD 1 billion ODA and USD 900 million OOF).
- Share of infrastructure in total allocable ODF disbursements: 47%.
- Share of private sector support: 8% (all OOF).
- Share of support to enabling environment: 8%.

2. Institutions, Policies and Approaches

AfDB emphasises the need to mobilize private investment for infrastructure, which is important for economic growth and poverty reduction in Africa.

The Private Sector Department supports private investment through credit, equity, guarantees and technical assistance. It is changing its role from being an investor in private sector operations to acting as a catalyst for private investment through more enhanced use of risk mitigation instruments.

The African Development Institute carries out capacity building in PPPs such as management of large infrastructure projects. It organises an annual PPP conference reuniting Africa PPP experts.

AfDB emphasises co-ordination among its different departments through joint dialogue missions and abroad.

3. Comparative advantage and co-ordination with other donors

AfDB has in-depth knowledge of the African continent, as well as close relationship with African countries and multilateral bodies such as the African Union and Regional Economic Communities. To better integrate its private sector support, the Bank has a holistic approach to combine public and private lending.

In collaboration with the African Union and NEPAD, AfDB is the executing agency of the Programme for Infrastructure Development in Africa (PIDA), the strategic framework for the continent’s infrastructure development, which includes efforts to mobilise private investment. It also hosts the Infrastructure Consortium for Africa (ICA), which tries to scale up both public and private investments in African infrastructure.
4. Geographic and sectoral distribution of private sector support

More than half of AfDB’s support to the private sector for infrastructure goes to transport, followed closely by energy. In terms of income distribution, 60% of disbursements went to LICs. The single largest recipient was Ethiopia, followed by Cameroon and Cape Verde.

![Figure 5: Support focusses on transport and energy](image)

![Figure 6: AfDB Distribution by income](image)

Figures 4-5: CRS, ODF disbursements 2011

| Top 5 recipient countries of AfDB private sector support for infrastructure in 2011 |
|---------------------------------|----------|------|
| 1 Ethiopia LIC                  | 52       | 35%  |
| 2 Cameroon LMIC                 | 31       | 21%  |
| 3 Cape Verde LMIC               | 27       | 19%  |
| 4 Senegal LIC                   | 20       | 13%  |
| 5 Rwanda LIC                    | 12       | 8%   |
| 6 Uganda LIC                    | 6        | 4%   |
| Total                           | 149      | 100% |

Income level/USD millions/share in all infrastructure commitments; CRS, ODF disbursements 2011, in 2011 USD.

5. Enabling environment

Support to the enabling environment is considered important in the private investment strategy for infrastructure. AfDB hosts the Investment Climate Facility for Africa, which seeks to mobilise resources to improve Africa’s business environment by supporting reforms in legal, regulatory and administrative frameworks, including for infrastructure. AfDB’s support to the enabling environment strong focus on transport in LICs, such as Uganda and Ethiopia, which receives over a third of total AfDB private investment support.

6. Project Preparation Facilities

AfDB sees PPFs as very important in supporting the bankability of projects. It hosts the following PPFs:

- NEPAD Infrastructure Project Preparation Facility (NEPAD IPPF)
- African Water Facility (AWF)
- Sustainable Energy Fund for Africa (SEFA)
- Green Climate Fund (GCF)
- Africa 50 Fund
- Fund for African Private Sector Assistance (FAPA)
- African Development Fund Project Preparation Facility (ADF-PPF)

The Bank is also developing the Sokoni platform, the first online marketplace for infrastructure projects in Africa, which was endorsed by the G-20 as a solution to scale up financing for Africa’s infrastructure.

7. Small infrastructure and local investors

AfDB has no explicit policy of promoting local investors as it aims to support all types of private investments in African infrastructure.

8. Green infrastructure

As AfDB believes there is a challenge for African infrastructure in balancing between more capital- and knowledge-intensive green infrastructure and conventional solutions, it advises a case-by-case approach to renewable energy projects.

9. Evaluation

AfDB does not give access to evaluations of its private sector operations.

10. Example of private sector support

AfDB provided a USD 75 million loan to Henry Konan Bedie Toll Bridge Project in Abidjan. The investment, which has a total cost of USD 350 million, consists of construction, operation and maintenance of the 1.9 km-long toll bridge under a 30-year concession agreement between the Bouygues Group, a private French conglomerate and the project sponsor, and the Ivorian government. The equity is provided by Bouygues, with additional debt financing given by Pan African Infrastructure Development Fund (subordinated loans), Africa Finance Corporation (subordinated and senior loans), FMO and BMCE Bank International (senior loans) is co-financed by Africa Finance Corporation. In addition, MIGA provides guarantee coverage up to USD 150 million.
Asian Development Bank

1. Data

- Infrastructure ODF disbursements in 2011: USD 4 billion (USD 716 million ODA and USD 3.3 billion OOF)
- Share of infrastructure in total allocable ODF disbursements: 54%
- Share of private sector support: 10% (according to ADB data) (all OOF)
- Share of support to enabling environment: 4%

2. Institutions, Policies and Approaches

Infrastructure is one of AsDB’s core operations, to which private investment is considered as an important contributor. AsDB’s strategy stipulates that by 2020, half of its activities should promote private sector development and private investment.

The Private Sector Operations Department (PSOD) uses instruments such as non-sovereign loans, equity, credit enhancements, political and commercial risk guarantees and technical assistance to promote private investment. According to PSOD, 61% of its commitments in 2011 were in infrastructure. In its operations, it does not generally acquire more than 25% of equity stake in any investment or assume managing responsibilities. PSOD co-operates closely with AsDB’s Regional Departments on PPP projects.

3. Comparative advantage and co-ordination with other donors

AsDB’s comparative advantage promoting private infrastructure investment include: its high credit rating; holistic approach to public and private sector operations; strong regional expertise; and existing partnerships with public and private sector stakeholders and other development-finance partners.

PSOD partners with other MDBs, bilateral aid agencies and DFIs in financing to leverage private sector investment in infrastructure.
4. Geographic and sectoral distribution of private sector support

According to PSOD, Energy accounts for a large majority of its infrastructure-related operations. While there is strong focus on LMICs, with India, China and Pakistan accounting for more than half of its portfolio, PSOD states that it will also focus on underserved markets such as Afghanistan, Papua New Guinea and Laos.

5. Enabling environment

While the private sector support by PSOD is concentrated in MICs, more than half of the support towards the enabling environment by the Regional Departments through sovereign lending was directed towards LICs. In particular, the Regional Departments support the enabling environment for PPPs by establishing or strengthening:

1) Centralised, cross-sectoral PPP framework;
2) PPP fiscal risk management mechanisms;
3) PPPs procurement systems;
4) Mechanisms to assess when to use PPPs
5) Land acquisition laws with environmental and social safeguards.

6. Project Preparation Facilities

Instead of hosting many PPFs, AsDB supports project development funds established within its client countries to facilitate PPP projects. Furthermore, it has created the National Infrastructure Information Systems (NIIS) platform which facilitates infrastructure project preparation and financing by providing project templates, covering technical data, environmental and social impact assessments, risk assessments, and financial information.

7. Small infrastructure and local investors

AsDB does not have a specific policy to support small infrastructure and local investors. At the same time, it provides capital to companies that acquire, upgrade, expand or operate rural infrastructure facilities.

8. Green infrastructure

PSOD states that one third of its new projects are in renewable and clean energy, including in Azerbaijan and Bangladesh.

AsDB manages the Climate Public Private Partnership Fund (CP3), which mobilises public and private sector resources for climate change adaptation, including green infrastructure in a USD 1 billion investment vehicle. In addition, AsDB provides risk mitigation for specific PPP projects in green infrastructure financed by the CP3 equity fund.

9. Evaluation

AsDB’s has carried out an internal evaluation, which rated its assistance to PPPs over two decades in power, transport and water as generally successful. However, it also pointed to low levels of PPP expertise in the Regional Departments’ public sector assistance, as well as to the excessive focus on large countries (China, India) on the PSOD side.

PSOD projects are evaluated with respect to their development impact, investment profitability, work quality and additonality.

10. Example of private sector support project

AsDB approved a USD 97 million loan to Star Hydro Power Ltd, an Independent Power Producer, for a 150MW Patrind hydropower project in Pakistan. The hydropower plant will be operated by Star Hydro Power Ltd under BOOT (Build-Own-Operate-Transfer) contract for a period of 30 years with a total cost of USD 330 million. The equity investment for the project is provided by owners of Star Hydro Power—K-Water and Daewoo Engineering & Construction Company of Korea—while other lenders consist of KEXIM, IFC and the Islamic Development Bank, with guarantee coverage provided by MIGA.
ANNEX 1:

TABLE OF PROJECT PREPARATION FACILITIES

<table>
<thead>
<tr>
<th>Project Preparation Facility</th>
<th>Sectors</th>
<th>Regions</th>
<th>Contributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa 50 Fund</td>
<td>All</td>
<td>Africa</td>
<td>Hosted by AfDB.</td>
</tr>
<tr>
<td>African Development Fund</td>
<td>All</td>
<td>Africa</td>
<td>Hosted by AfDB.</td>
</tr>
<tr>
<td>Project Preparation Facility (ADF-PPF)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Sector Management Assistance Program (ESMAP)</td>
<td>Energy</td>
<td>All</td>
<td>Germany, Norway.</td>
</tr>
<tr>
<td>EU-Africa Infrastructure Trust Fund (EU-AITF)</td>
<td>All</td>
<td>Africa</td>
<td>Belgium, Germany, Portugal, Spain.</td>
</tr>
<tr>
<td>EU Latin American Investment Facility (LAIF)</td>
<td>All</td>
<td>Latin America</td>
<td>Germany.</td>
</tr>
<tr>
<td>EU Neighbourhood Investment Facility (NIF)</td>
<td>All</td>
<td>Europe, North Africa, Middle East, Central Asia</td>
<td>Germany, Portugal, Spain.</td>
</tr>
<tr>
<td>EU Western Balkan Investment Framework</td>
<td>All</td>
<td>Europe</td>
<td>Germany.</td>
</tr>
<tr>
<td>Fund for African Private Sector Assistance</td>
<td>All</td>
<td>Africa</td>
<td>Hosted by AfDB.</td>
</tr>
<tr>
<td>Geothermal Risk Mitigation Facility for Eastern Africa</td>
<td>Energy</td>
<td>Africa</td>
<td>Germany.</td>
</tr>
<tr>
<td>Green Africa Power</td>
<td>Energy</td>
<td>Africa</td>
<td>Norway.</td>
</tr>
<tr>
<td>Infrastructure Crisis Facility-Debt Pool (ICF-DP).</td>
<td>All</td>
<td>All</td>
<td>Germany.</td>
</tr>
<tr>
<td>New Partnership for Africa’s Development Infrastructure Project Preparation Facility (NEPAD IPPF)</td>
<td>All</td>
<td>Africa</td>
<td>Hosted by AfDB, Contributions from Canada, Germany and Spain.</td>
</tr>
<tr>
<td>South African Development Community Project Preparation &amp; Development Facility (SADC PPDF)</td>
<td>All</td>
<td>Africa</td>
<td>Germany.</td>
</tr>
<tr>
<td>South Asia Water Initiative (SAWI)</td>
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<td>Asia</td>
<td>Norway.</td>
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<tr>
<td>Sustainable Energy Fund for Africa</td>
<td>Energy</td>
<td>Africa</td>
<td>Hosted by AfDB.</td>
</tr>
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</table>
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