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SUPPORT TO ENHANCE PRIVATE INVESTMENT FOR INFRASTRUCTURE IN DEVELOPING COUNTRIES

Issues Paper

This paper gives a broad overview of issues around private investment and public-private partnerships for infrastructure in developing countries, the challenges, and how donors are addressing them. It builds on the previous document, Mapping Support for Africa's Infrastructure Investment [COM/DAF/INV/DCD/DAC(2011)4/REV1], which was a joint work with the Investment Committee.

This paper is for the DAC's information and comment. It will also be shared with the informal contact group on infrastructure to help set priorities for 5.1.4.3.2 (Aid for Investment) in the approved PWB 2013-14.

Please send your comments to Kaori Miyamoto by Thursday 16 January 2013.

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SUPPORT TO ENHANCE PRIVATE INVESTMENT FOR INFRASTRUCTURE IN DEVELOPING COUNTRIES

This paper provides an overview of private investments for infrastructure in developing countries, including public private partnerships, their challenges and discusses the role of donors in addressing them. The focus is on the four sectors of economic infrastructure generally viewed as public services: (i) water and sanitation (including solid waste management), (ii) transport (airports, railways, roads, ports), (iii) energy (power plants and transmission) and (iv) information and communication technology (ICT) (telecommunications). Public and private investment in infrastructure for the extractive industries is not included, as it does not generally deliver a public service.[1]

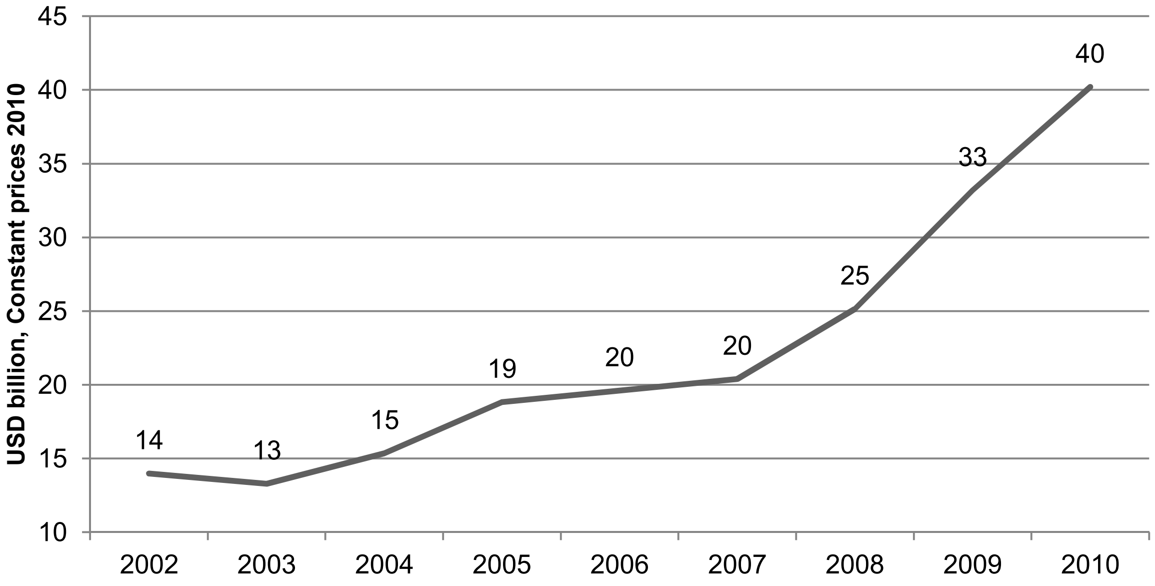
I. Developing Country Government and Donor Support to Infrastructure

1. Physical infrastructure is critical for the delivery of public services and economic development. Road networks and ICT ease constraints of doing business by reducing transport costs and linking local and global markets, particularly when they are combined with appropriate trade policies.[2] Infrastructure contributes to the development of the private sector, which provides the majority of jobs in developing countries.[3] Improving infrastructure is also key in addressing the needs of the poor by enabling better access to safe water, electricity[4] as well health and education services. The Millennium Development Goals (MDGs) include targets to improve water and sanitation infrastructures as well as ICT, recognising their importance for human development. Infrastructure is also being raised as an important issue in the post-MDG discussions.

2. As developing countries see infrastructure as key in achieving development, the governments have been allocating public funds to build, operate and maintain them. In sub-Saharan Africa for instance, between 2002 and 2006, more than half of the amount spent for infrastructure came from the developing countries' public sector.[5] At the same time, many developing countries, particularly low-income ones, also rely on aid for their infrastructure financing.[6] In this respect, bilateral and multilateral donors have been increasingly supporting infrastructure of developing countries. Official Development Finance (ODF) (which includes grants and concessional and non-concessional loans) tripled from USD 14 billion in 2002 to USD 40 billion in 2010 in real terms (See Figure 1). This increase surpassed the growth of total sector allocable ODF for the same period. As a proportion, in 2010, ODF for infrastructure represented 25% of total sector allocable ODF; for comparison, agriculture represented 6%, health 7% and education 9% (See Annex 1 for further information on bilateral and multilateral support to infrastructure).

Figure 1.

DAC Members and multilateral institutions' ODF for infrastructure (Annual Gross Disbursements between 2002 and 2010)



Source: CRS Database

3. Despite these efforts by governments and donors, developing countries still face a large financing gap for infrastructure. For instance, 1.3 billion people still lived without electricity in 2011.[7] In the year of the MDGs in 2015, 605 million and 2.4 billion people will still not have access to safe water and sanitation facilities, respectively.[8] Thus more funds are needed: in sub-Saharan Africa, an additional USD 50 billion a year is required to meet all the infrastructure needs.[9] In order to minimise environmental damage, build resilience and avoid costly renovation at a later date, massive investment is also required to realise low-carbon, climate-resilient development.[10] As developing country governments and donor countries are struggling to mobilise further public resources,[11] increased private sector participation and investment will be indispensible to meet the infrastructure financing gap. The use of public private partnerships will be one of the options to which governments might turn to as it has been the case in developed countries. This option, however, has its risks.

4. Aside from supporting conventional procurement of infrastructure, donors have been using aid to leverage private financing, including for public private partnerships, as well as to help strengthen the legislative and regulatory environment. This approach is in line with the Monterrey Consensus on Financing for Development, the G20 High Level Panel on Infrastructure[12] and the more recent agreements in Busan on the catalytic role of aid. At the same time, both developing country governments and donors need to ensure that the incentives driving the private sector, especially to maximise profits, do not undermine a government's pro-poor and other development objectives. As the ultimate objective is sustainable development, private investment for infrastructure should be pursued only when it is deemed to contribute to the former.

II. Overview of Private Investment in Infrastructure in Developing Countries

5. Private investors have been increasingly contributing to infrastructure in developing countries[13]. Private sector participation in infrastructure includes: management and lease contracts; concessions;

greenfield projects; and divestitures[14]. According to the Private Participation in Infrastructure (PPI) Database of the World Bank, investment in private infrastructure projects in developing countries increased from USD18 billion in 1990[15] to USD114 billion in 2006[16]. In terms of regional distribution, between 1990 and 2011, Latin America received almost 40% of private investment for infrastructure, followed by East/South Asia and Europe/Central Asia, which received between 15% and 20% respectively. The Middle East and North Africa (MENA) and sub-Saharan Africa accounted for a little more than 10% of total investment.[17] However, more recently, private investment in Latin America and East Asia is declining compared to other regions, particularly South Asia.[18] Regarding the private actors, large multinational investors from OECD countries used to be dominant, but now emerging market firms are increasingly becoming prominent.[19]

6. The sectoral distribution of private investment in developing country infrastructure is as follows.

- **ICT** has been the largest sector for private investment since the beginning of the 1990s, accounting for almost half the amount of private investment for infrastructure projects.[20] Most of this investment involved privatisation or divestitures of government assets. ICT projects are generally viewed as less risky than the other three areas as they require low capital with generally secured revenues by prepayment systems.[21]

- The **energy** sector has seen the second highest amount of private investment (a third of total for infrastructure[22]). Latin American countries have tended to privatise their assets whereas Asian countries co-operated with the private sector through greenfield ventures (*i.e.* that builds and operates a new facility for a specific period) in the form of independent power producers.[23]

- The **transport** sector represented less than one fifth of total private investment in infrastructure[24], mostly in the form of concessions. Three quarters of transport investment went into roads.[25] Significant investment barriers still limit the scale and pace of private investment in railways and urban transit systems, such as subways, due in part to their relatively higher risk and lower return compared to roads.[26]

- The **water and sanitation** sector accounts for a small proportion of private investment; but accounted for a third of the amount of investments that were cancelled or distressed. This is because concessional agreements used during the 1990s, especially in Latin America, proved to be unsuitable in several cases, the more famous cases being in Argentina and Bolivia.[27] In the 2000s, private participation in water infrastructure mostly took the form of greenfield projects.[28] Management and lease contracts are also used to a smaller extent: several sub-Saharan African countries such as Senegal, Niger, Cameroon and Côte d'Ivoire use this type of arrangement to deliver water services.[29]

III. Challenges in Mobilising Private Investment in Developing Countries

7. Emerging economies such as Brazil and India have attracted considerable amounts of private investment in infrastructure. However, many developing countries are still facing challenges regarding access to finance and public governance (*i.e.*, creation and maintenance of a supportive regulatory environment and balanced government-private sector roles in management of infrastructure), which are key to enhancing private participation. Access to international and local finance generally depends on a sound financial sector which provides adequate banking services, mobilises savings, and allocates financing to firms wanting to invest.[30] While these issues are less of a concern in OECD countries and some emerging economies, they appear to be challenges in many low-income countries.[31] Local commercial banks are often too small to provide funding for large infrastructure projects. They are also often risk-adverse with excessive collateral requirements, making loan tenures too short for long-term

projects. In turn, this limits them in building relevant experience and skills to undertake project financing or to participate in project identification, design, negotiation with capabilities equal to the investors.

8. In addition, non-bank financial services (such as government and corporate bonds or equity) and guarantees are also limited in low-income countries. As financial market reforms gather momentum, there is growing interest in tapping into local and regional sources to overcome the dearth of financing with maturity terms that are commensurate with long term horizons of infrastructure projects.[32] While it might not be suitable for all developing countries, substantial sums could be available for investment if successful reforms of pensions were undertaken, as they could spur the development of capital markets. Furthermore, foreign institutional investment in infrastructure, although still very limited, is rapidly growing in some developing countries.[33]

9. In order to have a modern financial sector, it is essential to have a sound enabling environment that ensures fair competition, information transparency, and security for the rights of borrowers, creditors, and shareholders. Furthermore, access to the domestic financial market for foreign investors is also necessary.[34] This enabling environment for infrastructure investment implies high standards of public and corporate governance and the rule of law. As underlined in the *OECD Principles for Private Sector Participation in Infrastructure*, fiscal discipline and transparency must always be safeguarded when engaging with private partners.[35]

10. These elements are still challenges in some developing countries, especially low-income countries. For example, fiscal and budgetary transparencies as well as sound institutional frameworks are concerns in sub-Saharan Africa.[36] Many African countries have limited resources for public audits, deficiencies in oversight functions by parliament and lack of co-operation by the executive branch which together compromise budgetary and fiscal monitoring. More generally, civil servants in many developing countries lack administrative capacities to deal with project identification, project preparation and the awarding process when engaging with the private sector.[37] Furthermore, policies, regulatory bodies and laws to prevent anti-competition and anti-corruption practices are often in their preliminary stages.[38]

11. These governance issues are also important in dealing with a type of private participation that is increasingly receiving attention in developing countries: public-private partnerships (PPPs). Numerous developing countries have now set up PPP Units.[39] Conferences and workshops on PPPs are continuously being organised for individual countries, regions, or globally. Their objective is to connect PPP practitioners, investors, experts and officials, to present regional or local investment opportunities or case studies and to discuss the role of the legal and regulatory framework for PPPs. Examples include the annual Africa PPP Conference, supported by the African Development Bank (AfDB) since 2009, the Asia PPP Practitioners Network Training, organised jointly by the Asian Development Bank and the World Bank since 2011, and the PPP Americas conference, organised by the Inter-American Development Bank (IDB) since 2010.

12. PPPs are long term contractual arrangements between a public authority and a private partner whereby the private partner finances and delivers public services using capital assets and sharing the associated risks.[40] The stream of payments from the public authority usually depends on the private partner’s delivery of service. A wide range of PPP arrangements exists depending on the project, ranging from design, construction, operation, and maintenance of the asset.[41]

13. Compared with other forms of private participation, PPP contracts are expected to provide a better value for money as they create an incentive for the private partner to consider the long term performance of the infrastructure.[42] PPPs are also expected to improve efficiency and quality of services thanks to the private partners’ greater expertise.[43] PPPs may be seen as way of making critical investments

in infrastructure to address economic development and climate change objectives when public finance is constrained.[44]

14. However, PPPs tend to be more complex than other types of private investment, which might make it difficult for public officials to negotiate, handle and eventually renegotiate a contract in the long run. They are also long duration contracts that might be unsuitable for projects including unproven technologies, especially regarding ICTs and Low-Carbon, Climate-Resilient infrastructure.[45] Governments and private partners might also be over-optimistic regarding PPP outcomes: a detailed IMF study on Portugal's largest PPP contracts revealed that fiscal risks of these contracts were higher than previously assumed.[46] As a consequence, the country is currently renegotiating PPP contracts in some toll roads. More generally, in the transport sector, while some projects resulted in major cost savings, many more entailed renegotiation at the expense of taxpayers.[47] PPPs have also raised concerns in other European countries regarding budgetary and fiscal issues as the liabilities were not adequately recorded.[48]

15. The evidence on the success and failure of PPP arrangements in developing countries is hard to assess, as it may be too early to obtain comprehensive data on the actual success or failure of PPP contracts in the long run. However, some lessons-learned and principles to improve them are now emerging for developing countries[49] and for OECD countries. The OECD insights and experience also could prove to be useful for non-Members as well[50]. This includes the *OECD Recommendation of the Council on Principles for Public Governance of PPPs* adopted in May 2012[51] which provide guidance on using PPPs without jeopardising fiscal sustainability, affordability and value for money. It highlights how governments can: (i) establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities, (ii) ground the selection of PPPs in value for money, and (iii) use the budgetary process to minimise fiscal risks and ensure the integrity of the procurement process.

IV. Financial Instruments and Support to the Enabling Environment

16. As many developing countries face challenges in mobilising private investment to finance their infrastructure needs, bilateral and multilateral institutions can help provide financing instruments to attract private investment as well as help them improve the enabling environment, especially for PPPs, understanding that this approach might not be suitable for some least developed countries and fragile states. On leveraging, a range of instruments listed below are used with the objective of attracting private investors who might otherwise be deterred from entering risky or non-lucrative markets.[52] At the same time, aggregate amounts of these instruments are currently unavailable. Discussions are ongoing in the DAC Working Party on Development Finance Statistics (WP-STAT) on how to better capture these financial instruments in the context of improving the data on resource flows to developing countries beyond aid.[53]

- **Investment funds** are usually set up by Development Finance Institutions (DFIs), which differ from aid agencies through their focus on profitable investment and operations according to market rules. Their objective is to service the investment shortfalls of developing countries and to bridge the gap between commercial investment and Official Development Assistance (ODA). DFIs provide capital either directly to private investors or indirectly (through equity or loans) to intermediary financial institutions. For example, the Infrastructure Development Fund of the Dutch FMO provides long-term financing for private sector infrastructure projects in developing countries by catalysing investment from other institutions. The Dutch government provides the capital base of the Fund and sets its lending and investment policies, such as identifying the developing countries in which the funds can invest. Investment funds can also be funded by multiple donors, such as the Emerging Africa Infrastructure Fund, which uses equity provided by the Private Infrastructure Development Group donors. This equity is leveraged with loans borrowed from DFIs and commercial lenders. While Investment Funds can be useful instruments, they can also present some challenges: co-financiers might not engage until the project is bankable; DFIs might not provide enough capital for large projects; and it may be difficult to ensure that activities have an impact on poverty reduction.

- **Blending** is a financial instrument that combines grants or concessional loans with debt finance from multilateral and bilateral institutions or market finance with the objective of attracting further debt finance. A number of DFIs use blended grants, which can be used for technical assistance, feasibility studies, seed financing and interest rate subsidies. The EU-Africa Infrastructure Trust Fund (ITF) and the Neighbourhood Investment Facility (NIF) combines grants from the European Commission and EU member states with loans from DFIs, the beneficiary's own resources or investment from private financiers. Preliminary studies on blending seem to indicate a positive leverage effect on other funding resources, although it is too early to assess the development impact of such mechanisms.

- **Risk mitigation instruments.** Multilateral and bilateral institutions have developed risk mitigation instruments which include: credit guarantees that cover losses in cases of debt default, due to political or commercial reasons; export credits, which cover exports and services provided by private companies; and currency risk coverage, which has been limited so far, even if this risk matters for most infrastructure projects. The World Bank's Multilateral Investment Guarantee Agency (MIGA) offers coverage for five non-commercial risks: currency inconvertibility and transfer restriction; expropriation; war, terrorism and civil disturbance; breach of contract; and non-honouring of sovereign financial obligations.

- **Output-Based Aid (OBA)** is also a technique in which aid is used to enhance private sector investment.[54] Under an OBA scheme, the aid is paid out for a specific delivery of services or "outputs." In other words, service delivery is contracted out to a third party, usually a private firm, which receives a subsidy to complement or replace user fees. The service provider is responsible for "pre-financing" the project until output delivery. As the subsidy is performance-based, most of it is paid only after the services or outputs have been delivered and verified, usually to poor households. The Global Partnership on Output Based Aid (GPOBA), supported by the World Bank and several bilateral agencies, finances OBA projects, such as for the connection of poor households to electricity grids or water and sanitation systems.

17. Bilateral and multilateral institutions' support to infrastructure is not limited to financing instruments. In addition to the hard physical aspects of infrastructure, they also support the "softer" aspects of infrastructure, although not necessarily with the intention of leveraging private investment. This "kind of support can be divided in two types: upstream support and downstream support (See Annex II for more details on multilateral institutions' support to the "hard" and "soft" aspects of infrastructure). The following describe the two types:

- **"Upstream" support** strengthens institutional and legal frameworks as well as the skills of civil servants necessary for dealing with private investment, including PPPs. It includes: capacity building in defining and implementing infrastructure policies, legislation and regulation; and support for privatisation, liberalisation[55], setting up PPP units, and public-private dialogue. The World Bank's Public-Private Infrastructure Advisory Facility (PPIAF) is a facility that funds these activities.[56] The United Nations Economic Commission for Europe (UNECE) has a PPP Readiness Assessment Tool[57] and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) organises workshops and online courses on PPPs for policy-makers[58]. Some facilities provide technical assistance in a particular sector, such as the World Bank's Energy Sector Management Assistance Program (ESMAP), and the AfDB's Water Partnership and the

African Water Facility. Beyond the infrastructure sectors, some donors also support the enabling environment for private investment more widely, such as Japan's Triangle of Hope project.[59]

- **"Downstream" support** is for specific PPP projects or feasibility studies. The NEPAD Infrastructure Project Preparation Facility, funded mainly by DAC Members, provides grants to African countries, Regional Economic Communities, and related institutions to prepare high quality and viable continental infrastructure projects, with a view to request project financing from public and private sources[60]. Germany has supported specific PPPs in hybrid systems for rural electrification in several sub-Saharan African countries. According to the Multilateral Development Banks (MDBs) Working Group on Infrastructure that issued recommendations to the G20 on aid for infrastructure, support for adequate feasibility studies—which could be costly for PPPs in infrastructure—needs to be significantly enhanced.[61]

18. Many multilateral and bilateral institutions provide both "upstream" and "downstream" support for PPPs in infrastructure. In Africa, donors disbursed roughly 22% of ODF for infrastructure to support these "soft" aspects in 2008-10[62]. To assess their support to these soft aspects on PPPs, multilateral institutions such as the Asian Development Bank (ADB), have also carried out an evaluation (see Box 2).

Box 1.
Evaluating ADB's Support to PPPs in Infrastructure[63]

In 2009, AsDB carried out an internal evaluation of its assistance to PPPs over two decades (1988-2008) in power, transport and water, by assessing its strategic approach, development impact and performance. The evaluation rated AsDB's support to PPPs as relevant and satisfactory in terms of project performance.

At the same time, the study shows that AsDB assistance did not increase actual PPP transactions in Asia due to a number of factors, including the lack of clear strategic framework and limited support to sectoral reforms, except in the power sector. Furthermore, there was insufficient attention to the general enabling environment that affects private investment, such as public sector management, capital market development, procurement systems, and contract enforcement mechanisms. In addition, the assistance for preparing and implementing specific PPP transactions was only partly effective, due to the shortage of PPP expertise, thereby relying on external consultants for policy analysis and transaction-related advice.

In order to improve impact by enhancing strategic focus and performance, the report recommends AsDB to elaborate a PPP corporate strategy to implement at the country level. It also recommends enhancing assistance for PPP project development, promoting wider ranges of PPP modalities and to further support the water and transport sector.

19. Emerging economies also contribute to infrastructure development in developing countries. China is now sub-Saharan Africa's biggest partner for infrastructure by outpacing the World Bank: between 2003 and 2007, it allocated a total of USD16 billion[64] compared to the USD 8 billion by the World Bank[65], although 70% of its activities were concentrated in Nigeria, Angola, Sudan, and Ethiopia[66]. China provides many types of financial instruments going beyond aid to enhance Chinese private investment in the continent. Its Development Bank provides non-concessional loans to partner governments who are then bound to contract Chinese companies to build infrastructure and to extend rights to extract natural resources. The Chinese Eximbank[67] provides export credits and concessional loans to developing country governments or Chinese firms for their investments as well as export guarantees to sellers and buyers.

20. Other emerging economies also contributed to a large share of infrastructure financing in Africa. Seven Arab Funds that are part of the Arab Fund Co-ordination Group, committed a total amount of USD 3.3 billion to Africa's infrastructure in 2010.[68] Other actors included India, which has been active in power projects and telecoms, and Brazil, who has been engaged in different infrastructure projects in Lusophone countries. In Africa, stakeholders perceive emerging donors as more effective than traditional donors[69], for example, by being less bureaucratic and more reluctant to set policy conditions.[70] On the other hand, traditional donors are seen as having a comparative advantage in helping improve governance and human capital, thereby being potentially complementary with emerging partners that provide more support towards hard aspects of infrastructure.

IV. The Role of OECD and the DAC

21. In a rapidly changing global landscape, OECD as a whole is trying to adjust its role in the world, particularly in its relation with developing countries. There is now an effort to mainstream development throughout the Organisation based on the OECD Development Strategy[71] which was endorsed at the Ministerial Council Meeting of May 2012. Specifically in the area of private investment and PPPs for infrastructure in developing countries, several OECD committees are engaged in the topic besides the DAC. The Environment Policy Committee (EPOC) is working jointly with the Investment Committee on mobilising private investment in low-carbon, climate-resilient infrastructure in developing countries. This workstream outlines a "green investment policy framework"[72] which aims to help governments improve the enabling conditions to scale-up private investments for green infrastructure and to make the transition towards a greener economy.

22. The Investment Committee is, in collaboration with the DAC, responsible for updating the Policy Framework for Investment (PFI), which has been used to help developing country governments create an attractive environment for domestic and foreign investment. There is a specific chapter on infrastructure which will also need to be reviewed. Furthermore, the Public Governance Committee (PGC)'s guidance on public governance of PPPs was used for assessments in developing countries such as Indonesia. Finally, the Development Centre has focused on analysing bottlenecks to infrastructure development in developing countries.

23. DAC work on leveraging private investment for infrastructure builds upon a set of DAC guidance designed to improve donor support to partner countries, such as *Promoting Pro-poor Growth: Infrastructure*[73] and *Promoting Pro-Poor Growth: Private Sector Development*[74]. There are other relevant OECD guidance, such as the *OECD Principles for Private Sector Participation in Infrastructure*[75], and *Private Sector Participation in Water Infrastructure: OECD Checklist for Public Action*[76]. In pursing new DAC activities in this area, it would build on past work of the DAC and on-going work of other policy communities, thus reduce duplication and enhance complementarities in supporting infrastructure development of developing countries.

24. The above provided an overview of private investment and PPPs in infrastructure in developing countries, highlighting challenges as well as support by donors in addressing them. Aid to support conventional procurement for infrastructure will continue to play an important role in fragile states or some least developed countries where conditions for private investment may still remain unfavourable in the medium term. However, for other countries, the DAC might consider ways to use aid more effectively in leveraging private investment, help partner governments create the appropriate enabling environment, as well as engage with the emerging economies that provide significant infrastructure financing in developing countries. Based on the above findings, the following questions could be addressed.

- In order to better assist developing countries and help them bridge the infrastructure financing gap, which aspects of lessons-learned on private investment in infrastructure should be the focus (para 5-13)? Should a particular sector, region or topic such as low-carbon/climate-resilient infrastructure, be prioritised? Should the DAC develop guidelines for aid agencies to better assist developing countries in adapting the *OECD Recommendation of the Council on Principles for Public Governance of PPPs* (para 14)*?*

- In further analysing the DAC's role in supporting infrastructure, should the relative focus be on financial instruments to leverage private financing (para 15) or support to the "soft" capacity building aspects (para 16)?

- Are there overlaps, fragmentation, or gaps in the aid architecture for infrastructure? If so, should the DAC rationalise its assistance to the multitude of international bodies providing assistance in this area (Annex II)?

25. To answer the above questions, the workstream could focus on:

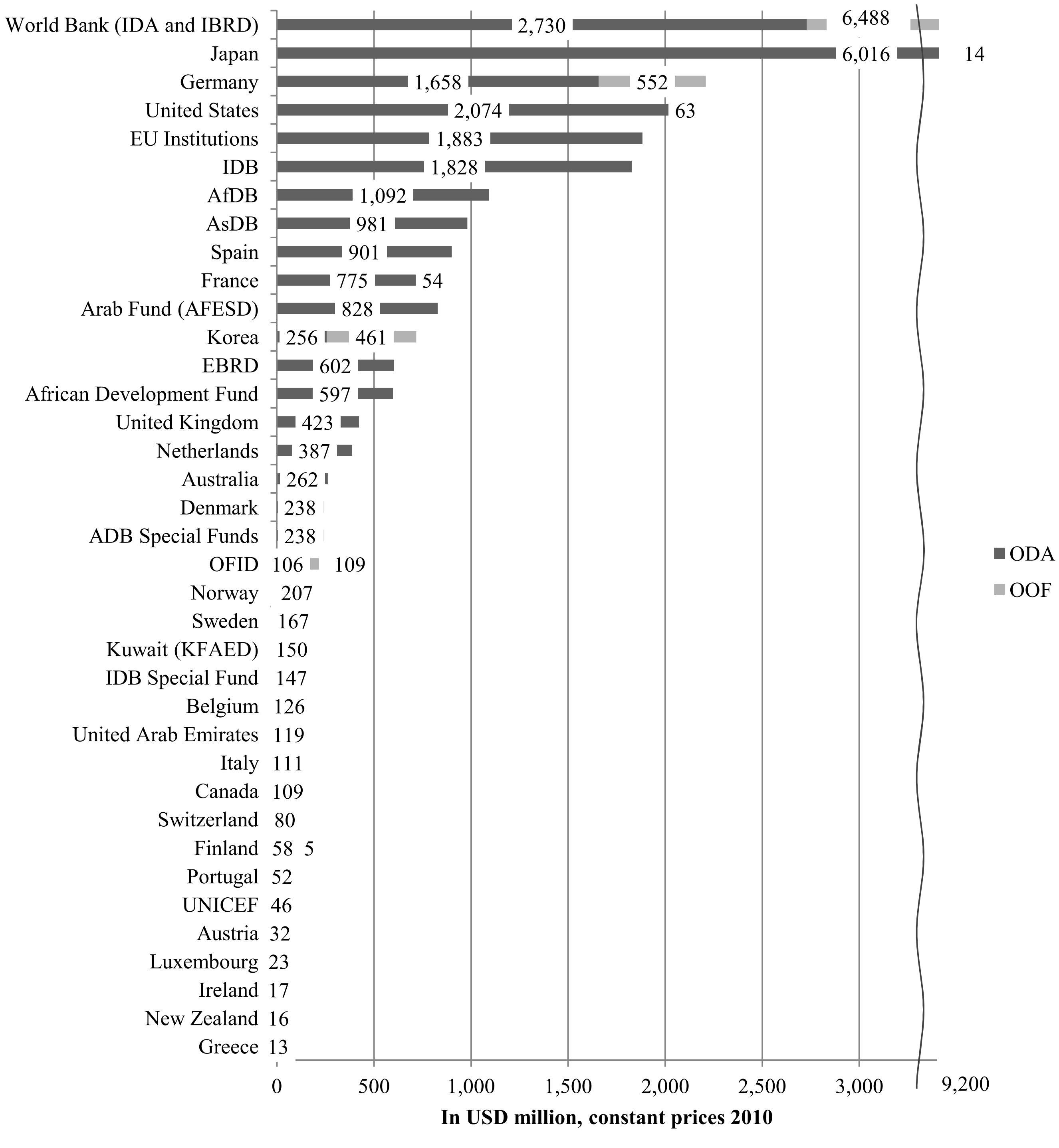
- Case studies to draw lessons-learned from PPPs (specific frameworks, units, flagship projects, etc.) in developing countries. Options could include: examining the successes and challenges of specific PPP projects; examining the institutional, legislative, and fiscal frameworks for PPPs in specific countries in collaboration with the Public Governance Committee (para 21); or others.
- Analysis and guidance highlighting the useful roles bilateral and multilateral donors can play in helping improve the investment climate for infrastructure in the revision the Policy Framework for Investment (para 21).
- An analysis of DAC Members, multilateral organisations, and emerging economies' support to infrastructure in developing countries, particularly in improving the regulatory environment and leveraging private financing or supporting public-private partnerships.
- Recommendations and guidance based on the above work that could further Member understandings of their respective programmes, improve the impact of their future support to PPPs, minimise overlaps with other donors, and identify new opportunities of collaboration.

ANNEX 1. Bilateral and Multilateral Support to Infrastructure in Developing Countries

Graph 1.

Amounts of ODF for infrastructure disbursed by DAC members and multilateral institutions

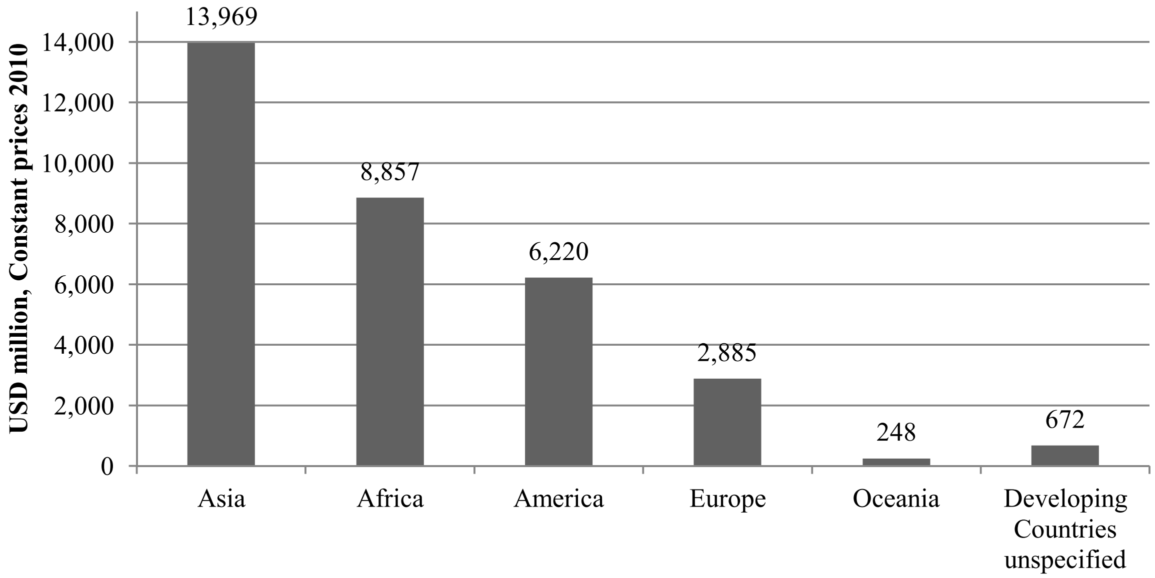
(Average Annual ODA and OOF Gross Disbursement between 2008 and 2010)



Source: CRS Database

Graph 2.

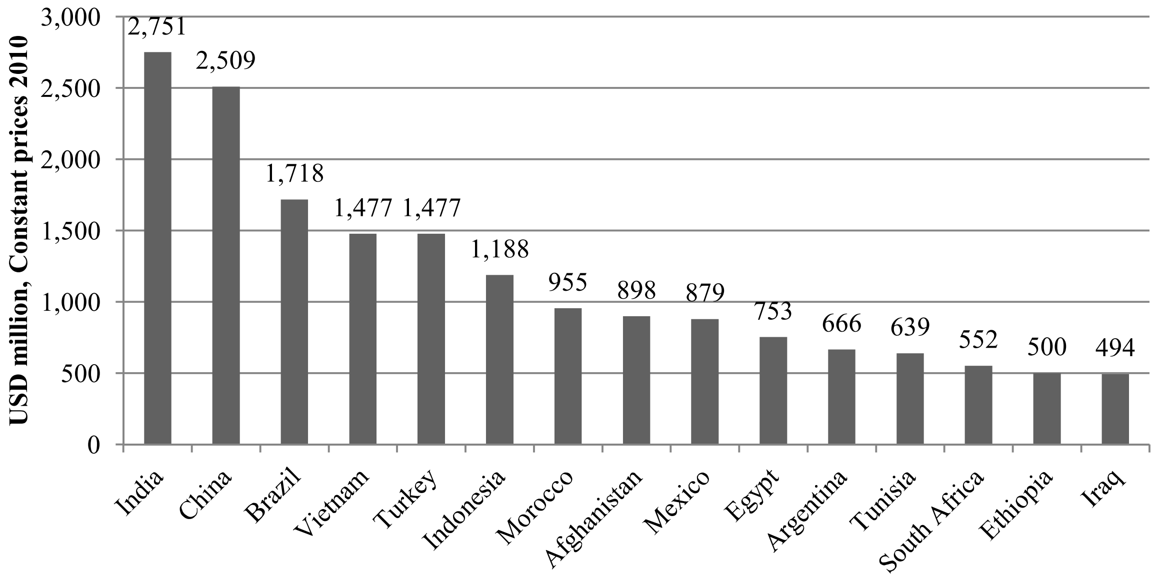
DAC Members and Multileral institutions ODF for infrastructure by region
(Average Annual Gross Disbursements between 2008 and 2010)



Source: CRS Database

Graph 3.

Top 15 recipient countries of DAC and Multilateral ODF for infrastructure
(Average Annual Gross Disbursements between 2008 and 2010)

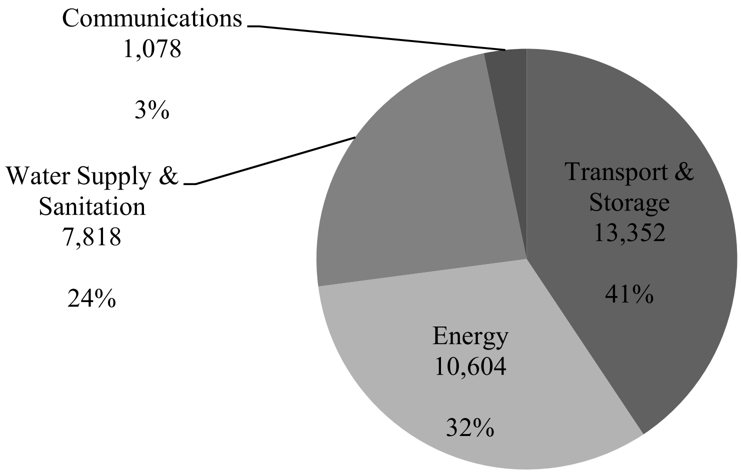


Source: CRS Database

Graph 4.

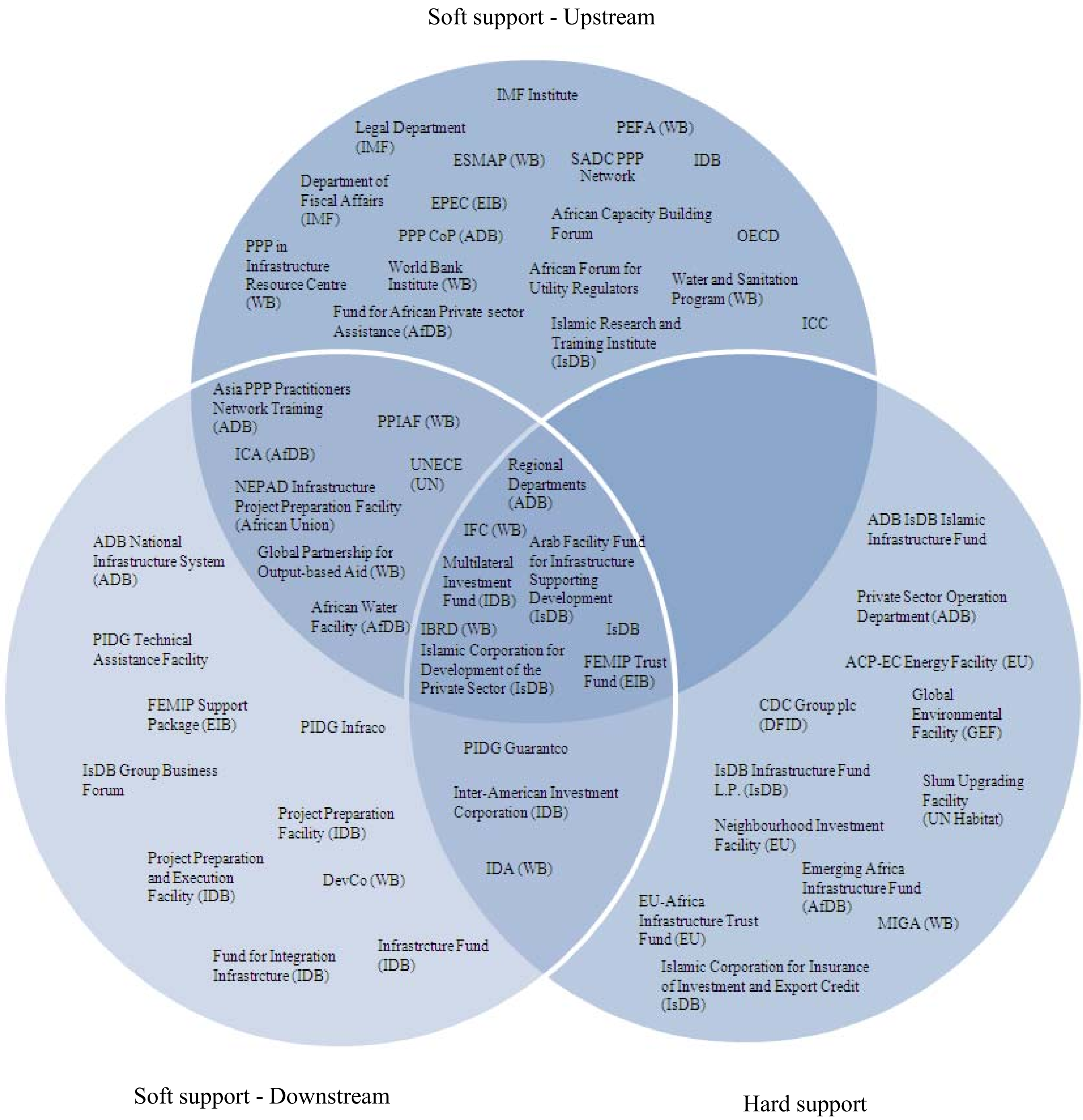
Sectoral distribution of DAC Members and Multilateral insitutions ODF for infrastructure

(Average Annual ODF Gross Disbursement, 2008-2010
in USD million, Constant prices 2010)



Source: CRS Database

Annex II.
Multilateral Institutions' support to private investment in infrastructure, including for public-private partnerships



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[53] These discussions have highlighted the need to update statistical categories and methods to capture the full spectrum of financial instruments and facilitate the analysis of funding from all sources, including the private sector and resources provided by new and traditional non-DAC development partners. Moreover, there is strong appetite in the development community to develop a methodology that would make possible the estimation of private investment mobilised thanks to public interventions e.g. risk mitigation instruments. Proposals for revised classifications and possibly new data sets will be elaborated for consideration by the WP-STAT in 2013. These will feed into broader work on measurement and monitoring external development finance post 2015 mandated by the December 2012 DAC high-level meeting.

[54] See Global Partnership on Output Based Aid website: http://www.gpoba.org/

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[56] PPIAF is a multi-donor trust fund that provides technical assistance for establishing policies, laws, regulations, institutions, and government capacity conducive to private investment for infrastructure. It also provides "downstream" support through grants for the design and implementation of a limited number of pioneering projects and transactions.

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