

Private Infrastructure

and the
Inter-American Development Bank Group

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Private Infrastructure: Inter-American Development Bank Group Support

I. Introduction

Since the Inter-American Development Bank (IDB) was founded in 1961, infrastructure support has been the largest component of its lending operations. For instance, between 1971 and 1994, the IDB invested an average of \$1.8 billion annually (1993 dollars) in infrastructure projects (i.e. transport, power, water and sanitation and telecommunications). This assistance has traditionally been provided through the public sector, extending loans for specific infrastructure projects and creating the appropriate regulatory framework through sector lending and technical cooperation operations. However, in the last few years there has been a significant increase in the participation of the private sector as manager and owner of infrastructure services. With the establishment of the Inter-American Investment Corporation (IIC) in 1989 and the Multilateral Investment Fund (MIF) in 1994, and the Private Sector Department of the Bank, also in 1994, the Bank Group has responded to this particular trend approving specific operations to encourage private sector participation in infrastructure. As a result, the beneficiaries of Bank financing have changed significantly.

The Bank is currently providing direct lending and guarantees for infrastructure projects with private sector participation through the Private Sector Department. It is also supporting the development of the proper

environment and regulatory framework through sector lending and technical cooperation operations provided by its public sector arm. For the years 1995-1997, average annual infrastructure financing was \$1.6 billion, with the private sector taking an increasing portion, (starting at \$128 million in 1995 and reaching over \$280 million in 1997¹), and the public sector staying relatively constant at between \$1.3 billion and \$1.6 billion in the last three years.

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Similarly, since 1989 the IIC has taken loan and equity participation in small and medium-sized infrastructure projects and has provided financial advice for infrastructure transactions on several occasions. It is currently participating in 13 infrastructure projects with a commitment of \$61.5 million out of a total project portfolio of \$570 million. Lastly, the MIF addresses regulatory reform and, in some cases, privatization issues to facilitate private sector participation by providing grants through its technical cooperation window (Window I). MIF support for infrastructure accounts for 36% (\$33.8 million) of its current total project portfolio.

This report provides a review of IDB Group activities supporting private participation in infrastructure between 1990 and 1997. It is intended to serve as a reference in the development of its infrastructure strat-

¹Only projects that have not been dropped after approval are included.

egies. By compiling in a single document all the actions that promote private participation in infrastructure, a better appreciation will be developed, inside and outside the IDB Group, for the contribution it has made and the degree to which more action is required. Section II comments on the financial needs and sources of financing for infrastructure in Latin America and the Caribbean, highlighting the increasing importance of private financing. Section III is the core of the report, describing IDB Group actions for private infrastructure since 1990. This section is divided in four subsections according to the different fronts of activity as follows: (1) the IDB Group strategy, (2) the lending program, (3) the technical assistance program, and (4) nonfinancial activities. Section IV presents some conclusions and highlights that derive directly from a global overview of the Bank's seven year experience. Finally, the Annexes provide summary tables and a brief description of each project.

Although the report does not attempt to evaluate the result of specific operations, it is hoped that by setting forth the record of Bank Group support, this effort will be a first step on which special evaluations will be carried out, particularly by the Evaluation Office.

II. Financial Needs and Sources

It seems unnecessary to emphasize the importance of infrastructure for economic development. The comparative advantages of nations is directly related to their infrastructure capacity. The ability to transport goods efficiently, exchange information, and have access to power determines the capability of firms to conduct business successfully and to generate economic development. Economic growth is directly related to infrastructure investment. Findings suggest that a 1% increase in GDP will require, on average, an investment in infrastructure (i.e. power, transportation, telecommunications and water) equivalent to 1% of GDP. Furthermore, global competition has increased the need for additional infrastructure and higher levels of economic efficiency, both for new develop-

ments as well as the operation and maintenance of existing assets.

In this context it is critical that multilateral and bilateral organizations promote the development and maintenance of infrastructure with financial and technical resources to support balanced economic growth during the coming years. Given the relationship between infrastructure investment and domestic economic growth, a 5% annual growth rate in GDP in the countries of Latin America and the Caribbean requires infrastructure investments equivalent to 5% of GDP. With average regional GDP reaching almost \$1.4 trillion in 1997, this implies that infrastructure investment needs will average \$70 billion a year. Considering that many countries of Latin America and the Caribbean need to grow at much higher rates, and the sorry state of most existing infrastructure in many countries, this estimate may even fall short. These needs cannot be satisfied by the public sector alone. Bilateral and multilateral sources are currently supplying 10% of the region's infrastructure needs, the private sector is supplying about 15% and the governments the remaining 75%. Recent changes in policies and regulations will foster an increase in private sector participation which is expected to reach 25% in five years. Since official sources are expected to stay at 10%, the public sector must supply the remaining 65%.

The last five years have seen a significant increase in the participation of the private sector in infrastructure development, particularly in Latin America and the Caribbean. The reasons for incorporating the private sector into infrastructure development are several and vary by country. Moreover, even common reasons carry different significance in the decision-making process of different countries. For instance, in the emerging economies of Asia, private sector participation was necessary because of the scarcity of government resources to finance infrastructure needs to sustain the desired growth and competitiveness. In Latin America the reasons for privatization also included the need to reduce the impact on public finances of the deficits of utility companies, political pressure from society due

to low quality and poor coverage of services, and the need to generate funds to finance economic stabilization programs or meet social needs. Looking at the Latin American case more closely, it becomes apparent that the assumption that the private sector will provide services more efficiently has been a driving force of the process and a key difference with Asian experiences. Furthermore, in some countries, especially those that have completed the first stage of privatization, other reasons include the creation of investment opportunities for the private sector, the inflow of capital and imported technologies and the development of capital markets. In sectors such as telecommunications and electric power, technological innovations have enabled and encouraged the participation of the private sector.

Encouraging trends have been apparent, particularly in the last few years. Investment flows to emerging markets have increased significantly, but have been concentrated in the most developed countries. During the last two years, foreign direct investment in the region's developing countries reached unprecedented levels, continuing the trend of this decade. However, it should be noted that current levels of direct investment can be attributed mostly to the existence of a proper regulatory framework for capital flows. This contrasts with the experience of past years when direct investment levels could be explained by debt re-conversion programs, privatization and the sale of government assets. Another favorable development is the composition of global financing and capital investments. The proportion of private investment continues to increase, at the expense of official financing. In addition, private direct investment has increased, while the proportion of portfolio investment has been relatively constant. These are indicators of renewed private investor interest in the region.

Additionally, it is worth noting that Latin American countries have issued debt in the international markets

with smaller spreads than in previous years and maturities averaging seven years, with issues reaching 20 and 30 years (including a private utility issuing 100 year bonds). In the last two years, a large number of

Current levels of direct investment can be attributed mostly to the existence of a proper regulatory framework for capital flows.

infrastructure projects went to the international capital markets, diversifying the traditional sources of commercial bank and bilateral and multilateral loans. More than in other emerging markets, the deals closed in Latin America were honored for their innovation and were named Deals of the Year by specialized publications. These included:

Samalayuca II in Mexico, Aguaytía in Peru, El Dorado Airport and Río Bogotá (Salitre) in Colombia, and Petropower in Chile.

Despite the encouraging picture, the primary source of private financing continues to be the banking system (with some form of cover by governments, multilateral or bilateral institutions), and the largest source of capital continues to be the public sector. Another important aspect is that most private infrastructure activity is occurring in a limited number of countries, particularly the larger ones. This signals the need to expand to smaller countries and promote local capital markets as sources of financing. The IDB Group sees these weaknesses as areas of opportunity to foster infrastructure development, and it has made several efforts to promote private infrastructure.

III. IDB Group Support for Private Infrastructure Since 1990

1. The IDB Group Strategy and Policy

In order to guide the actions of the Group in the sector, the Bank prepared a **strategy** entitled *Fostering Infrastructure Development in Latin America and the Caribbean: A Strategy Proposal*, that was favorably considered by the IDB Board of Directors on July 18, 1995 (GN-1884). The proposal recommends that infrastructure continue to be one of the main components of the IDB's lending portfolio, and it high-

lights private sector financing and guarantees as central concerns requiring a new focus. Furthermore, the proposal specifically identifies several areas closely related to private sector participation in infrastructure, that require attention. First, it recommends support for the development of domestic financial markets in order to expand the availability of the type of funds required by infrastructure projects. Second, it recommends that the IDB Group consider alternative sources of financing such as infrastructure funds, bond insurance, securitization and leasing. Additionally, the proposal recommends that the Group examine other financing options such as political risk reinsurance.

To further guide actions in the sector, the Board of Directors approved the **Public Utilities Policy** on August 16, 1996 (GN-1869-3). This new policy sets conditions for Bank operations, as well as various mandates. Among them are: ensuring the long-term sustainability of the services; achieving economic efficiency in their provision; safeguarding their quality; promoting the accessibility of the services to all citizens; and meeting wider national objectives, in particular the protection of the environment. While it recognizes that, in many cases, the private sector may be the most adequate provider, the policy does not offer this alternative as a universal solution. It does not include dogmatic provisions, recognizing that different countries and sectors, at different points in time, may

require different solutions, which may include the private sector, the public sector or, in most cases, a partnership of both.

In general, in addition to providing direct lending for specific projects, the goal of the strategy is to create or develop the proper regulatory framework and institutions. The strategy targets a balanced development for all sectors in each country. Although some sectors enjoy comparative advantages for private participation (such is the case of telecommunications and energy), and the more developed countries are more attractive than the lesser developed ones, the IDB Group will continue to direct its efforts to removing existing bottlenecks and securing a balanced approach. Also, in late 1997, the Board approved the document *Operational Guidelines for Private Sector Infrastructure Lending without Government Guarantees*, which details the objectives, instruments and guidelines for eligibility of countries and projects, establishes sectoral priorities and describes the processes to be followed in the structuring, design and pricing of the transactions. This document has been very effective in consolidating and streamlining the processing of private infrastructure operations.

Furthermore, the overall strategy is complemented by an unwritten cross-sectoral strategy. For example, the Bank considers that, compared to other infrastruc-

Table I: Sectoral Support Strategy

Sector/Countries	Telecommunications	Energy	Transportation	Water
Countries with advanced reforms	No support needed	Finance showcase operations of the private sector enabling environment	Finance private and public sectors and enabling environment	Finance private and public sectors and enabling environment
Countries with lesser developed reforms	Support enabling environment	Finance private/public sectors and enabling environment	Finance public sector and enabling environment	Finance public sector and enabling environment

So far, the Bank has financed 16 infrastructure projects totaling \$606 million in direct lending and guarantees, \$829 billion in IDB “B” loans (syndicated loan), and a total project cost of \$3.97 billion.

Support for telecommunications must be geared to improvements in the regulatory and institutional environment in order to facilitate private participation. Similarly, electricity and some forms of transportation (mostly airports) are also very attractive to the private sector. Nevertheless, the reform process is advanced only in a limited number of countries. The road and water transportation and the water and sanitation sectors have fallen behind as they are mostly in the hands of governments and require public investment as well as regulatory and institutional support. Table I summarizes the unwritten strategy for lending operations by level of development in sector reform.

2. Lending Portfolio

Private Sector Department (PRI)

Under the Eighth General Capital Increase, the Bank was allowed to provide long-term direct financing and guarantees for private sector participation in large infrastructure and public service projects without government guarantees. The Private Sector Department was established in September of 1994, and by April 1995 the first operation, for a power diesel plant in Honduras, was approved, financing 10% of the total project cost of \$93.4 million with a direct loan (type “A”).

ture sectors, telecommunications is already well-developed and attractive to private investors, and it therefore does not require the direct support of the IDB Group. Sup-

So far, the Bank has financed 16 infrastructure projects² totaling \$606 million in direct lending and guarantees, \$829 billion in IDB “B” loans (syndicated loans), and a total project cost of \$3.97 billion (see Table A-1). The Bank granted its first private sector guarantee without a government counterguarantee to the Bogota River (Salitre) Water Treatment Plant project in Colombia in April 1997. Annual direct lending activities have grown from 1.8% of total approvals in 1995 to 4.7% in 1997. In absolute terms, annual net lending plus guarantees reached \$128 million in 1995, \$198 million in 1996, and \$280.3 million in 1997.³

Out of 16 active projects, 63% (10 projects) were for the energy sector, 25% (four projects) for the transportation sector, and 13% (two projects) for the water and sanitation sector (one of them was the guarantee). Although more than half of the projects were in the energy sector, they include electricity generation, distribution, transmission and gas transportation. It is worth noting that the generation projects, also cover several fuel types (gas, coal and hydroelectric) and project off-take structures (merchant plants, PPAs). The four projects approved for the transportation sec-

²However, a total of 19 projects were approved by the Board of Directors for total direct financing of \$664.7 million (\$321 million in 1997 alone). Three projects were dropped before reaching financial closing. In all cases, the Bank provided significant assistance in structuring the transactions and negotiating prudent risk mitigation terms, therefore enabling the sponsors to obtain financing from the market. Thus, the Bank provided additionality without ultimately financing the project.

³The annual level of B-Loan approvals has increased from \$56 million in 1995 (\$44 million for active portfolio) to \$564 million (\$548 million for active portfolio) in 1997. The Bank has demonstrated its ability to increase the catalytic ratio in which it facilitates flows of private debt capital to developmental projects without itself having to commit a significant percentage of the total financing. The Bank was able to increase its B-loan catalytic ratio from 38% (34% for active portfolio) in 1995 to 194% (190% for active portfolio in 1997).

tor were entirely devoted to the development of toll road concessions. The water and sanitation sector includes a loan in Argentina and a guarantee in Colombia. The water sector has proven to be the most difficult to finance because of the status of the existing regulatory framework compared to the other sectors, and because of perceived political and social risks. No financing has been provided for telecommunications.

The Bank's active portfolio includes projects in seven countries: four in Argentina, four in Colombia, three in Brazil, two in Mexico, and one each in Peru, Uruguay and Honduras. The tendency is for the Bank to work on a country-by-country basis, as determined by the market. Nevertheless, the Bank and the MIF are expected to make a significant joint effort to support sectors and countries that may not be market favorites.

It is also important to mention that the Bank has participated in projects rich in innovative features. Examples are: (1) the first privately-owned power generation plant connected to the national grid in Honduras; (2) the first nonrecourse greenfield merchant power plant in Latin America (Peru); (3) the first Build-Own-Operate project in the Mexican gas transportation sector; (4) support of sub-sovereign water and sanitation projects in Argentina; and (5) the first use of the guarantee project to cover both breach of contract/termination risk as well as currency transferability and convertibility risk in Colombia.⁴

The *Electricidad de Cortés* (ELCOSA) project in Honduras is the first private power plant connected to

the national grid. The \$93.4 million project involved the construction of an 80 MW diesel power plant in Puerto Cortés, on the Atlantic coast. An IDB loan facility of \$9.66 million with an 11-year term (including a one-year grace period) provided long-term financing that otherwise would not have been available to the country at reasonable rates. The participation of the Bank supported the balanced distribution of terms between private short-term financing and longer term official financing. Private participation in this project is expected to introduce competition in the electricity sector and increase efficiency, thus helping Honduras to overcome the electricity crises. Additionally, the economic benefits extend to other sectors of the economy, since the project will provide a reliable source of electricity, improving international competitiveness.

The Aguaytía Integrated Gas and Power Project is the first nonrecourse greenfield merchant power plant in Latin America and the first independent power project in Peru since the sector was opened to private participation in 1992. The comprehensive nature of the project will allow it to serve as a model for future natural gas operations in Peru. The project entails the construction of a 155 MW gas-fired power plant, 400 Km of 220 KV electric transmission lines, gas processing facilities, gas and liquid natural gas pipelines, a liquid natural gas fractionation facility and the development of a gas field. The IDB is participating in this \$252.8 million project with a loan facility of \$60 million at 12 years (including a two-year grace period) in a financial market in which tenors rarely exceed two years.

In 1997, the Bank approved a \$68 million A-loan, as well as a \$142 million B-loan for the \$275 million Yucatan Gas Pipeline Project. Yucatan will be the first open-access private gas pipeline in Mexico and the first major project based on the new regulatory framework for the gas sector. Yucatan will transport natural gas to five existing and three future power plants accounting for a total installed capacity of 1,627 MW.

⁴Source: Enhancing the Bank's Private Sector Window: A Review of 1995-1997 Operations, Policy Constraints and Recommendations, February, 1998 (CS-3149). The figures in this document include three loans approved and later dropped. This document, under discussion in early 1998, proposes changes in the quantitative limits (exposure, project and operation size) currently governing private operations and changes in the scope of eligible sectors, including financial markets development and of guarantee coverage.

The project consists of approximately 700 kilometers of natural gas pipeline originating in Ciudad Pemex, in the state of Tabasco, running through the cities of Campeche (state of Campeche), Mérida and Valladolid (state of Yucatan).

In 1996, the Bank approved its first water and sanitation operation for *Aguas Provinciales de Santa Fe*, Argentina. This project also constitutes the first time that the private sector participates in financing at the provincial government level in a water and sanitation concession. It has a total cost of \$219 million and received a \$30 million type A loan and a B-loan of \$55 million. Subnational financing of projects is becoming a key area in the development of infrastructure and the demonstration effect of this project is expected to have a positive impact in facilitating the access of other provinces and municipalities to international financial markets.

As mentioned before, the Bank can also support private sector participation in infrastructure through guarantees. The Bank granted its first guarantee in April 1997 to *Bogotana Aguas de Saneamiento* for the Bogota River (Salitre) Wastewater Treatment Project in Colombia. The guarantee served to mitigate specific risks associated with the early termination of the concession that were limiting the participation of institutional investors. Additionally, the comparative ad-

vantages of the IDB in mitigating some aspects of the political risks, allowed for raising funds in international capital markets at very competitive rates. The IDB guarantee covers both breach of contract termination risk as well as transferability and convertibility risks.

Lastly, in order to appreciate the importance of private infrastructure finance and its participation in the different sectors, Table II compares Bank approvals of public and private sector loans. As can be seen, energy is the predominant sector for private finance, but transportation and water continue to be overwhelmingly in the public sector arm of the Bank.

Inter-American Investment Corporation (IIC)

An increasingly important source of financing for small and medium scale private sector infrastructure projects is the Inter-American Investment Corporation (IIC). The IIC takes direct participation in infrastructure projects and investment funds, and provides financial advisory services for infrastructure investments. During its seven years of operations, the IIC has played an active role in developing and financing infrastructure projects in Latin America and the Caribbean. Since 1989, it has participated in 13 operations with a total commitment of \$61.5 million in IIC funding plus \$43.6 million in cofinancing, for projects with a total cost of \$425.4 million (See Table A-3). Approved projects

Table II: IDB Net Approvals in Infrastructure: Public vs. Private Sector 1995-1997

Sector	1995 Number	1995 US\$million	1996 Number	1996 US\$million	1997 Number	1997 US\$million
Energy Public	1	\$54	3	\$151	3	\$718
Energy Private	3	\$128	4	\$154	3	\$209
Sanitation Public	2	\$280	3	\$588	3	\$99
Sanitation Private	0	\$0	1	\$30	1	\$31*
Transportation Public	7	\$956	4	\$559	5	\$779
Transportation Private	0	0	1	\$14	3	\$40
Total Public Infrastructure	10	\$1290	10	\$1298	11	\$1595
Total Private Infrastructure	3	\$128	6	\$198	7	\$280

*This amount represents a guarantee

are in the transportation, warehousing, potable water, telecommunications and power generation sector. In addition to direct participation in infrastructure projects, many of the other operations in its portfolio have a significant economic infrastructure component.

With a total of \$23.9 million in loan participations in four projects, and \$5 million in equity participation in an investment fund (FondElec), the power sector accounts for 47.1% of the IIC's infrastructure portfolio. Participation in other sectors is equally important, and includes three transportation projects, two telecommunication projects, one potable water project and a warehousing project.

At an average of \$4.7 million per project, IIC participation in infrastructure seems rather small in a sector in which investments of hundreds of millions of dollars are very common. However, the IIC has been able to mobilize substantial additional resources through cofinancing, reaching an average project total cost of \$32.8 million. An example is the recently approved operation to finance the construction of a hydroelectric plant in Argentina. The total cost of the project is \$35.7 million, and will be financed by \$10 million from the IIC type A loan, and another \$10 million from a type B loan from other participants. The sponsors will provide \$9.8 million in equity participation, and the rest will come from credits from local banks and suppliers.

Another noteworthy example is IIC's participation in the Latin American Energy and Electricity Fund (FondElec I,II). In 1994, the IIC signed an agreement to make an equity investment of \$5 million in FondElec. The \$50 million fund is dedicated to making private investments in existing and new power generation and distribution facilities throughout Latin America. Because

the current investor group is comprised primarily of electric companies with regulatory restrictions in expanding their scope of activities, the managers decided to create a second fund to include investors interested in a broader sectoral diversification. The new fund will invest in private equity opportunities in the distribution of electricity, gas, water and wireless communications in emerging markets. Its goal is to invest in the expansion of basic infrastructure, bringing increased service and enhanced quality of service to consumers. The IIC will take an equity participation of \$5 million for this second fund which was approved in 1997, reaching a total equity participation of \$10 million in the two infrastructure funds.

The IIC takes direct participation in infrastructure projects and investment funds, and provides financial advisory services for infrastructure investments.

In the telecommunications sector, the IIC financed IMPSAT Argentina, in 1992. The project consisted of the installation of a hub antenna in Buenos Aires and 900 site-specific terminals to provide data transmission services via satellite. The project, with a total cost of \$40 million,

received a \$3 million loan and \$1.4 million in equity from the IIC. Based on the success of the project, IMPSAT developed similar ones in Colombia, Ecuador, Mexico, Peru and Venezuela. The IIC participated in the Colombia operation with a \$6 million loan and \$4 million in cofinancing.

The most recently approved IIC operation in the transportation sector is the port privatization program in Colombia. The concession to operate the port of Cartagena was awarded to the company which is undertaking important investments to improve port facilities. The project entails the upgrade and modernization of the port to transform it from a general cargo port into a terminal for containers with facilities to handle general cargo as well. It will increase port capacity to handle over 200,000 containers annually. The IIC will participate in this project with a loan of \$8 million.

Lastly, as a natural outgrowth of its financial operations, the IIC has traditionally offered fee-based financial advisory services in many different areas. These

The Multilateral Investment Fund has been a key instrument of the Bank Group to encourage private participation in infrastructure.

have included counseling private companies on financial re-engineering and corporate reorganizations, and providing access to external sources of financing, technology and know-how. A recent experience in this area are the services provided to Emerging Market Partnership (EMP), the management company of a \$1 billion private investment

infrastructure fund sponsored by American International Group (AIG) and GE Capital Corporation. IIC is providing EMP with fee-based advisory services in the identification, analysis, and structuring of large-scale infrastructure investments by the Latin American Infrastructure Fund.

3. Technical Assistance

Technical assistance for infrastructure has been concentrated mostly in the reform process and is granted under both the public sector arm of the Bank and Window I of the MIF. The public sector arm has granted 17 operations for over \$1.97 billion, that include some form of support for private participation (see Table A-2); these have always been associated with investment or sector reform loans. However, these operations are not entirely devoted to private sector participation. Support for private infrastructure participation, amounting to over \$194 million, appears generally as a by-product of the operation. Although these are primarily aimed at fostering reform, there is significant diversity of support. Some cases have been part of emergency programs to resolve the short-term availability of utility services. Other cases have acted on a facilitating basis, trying to create the proper environment for future infrastructure needs. Similarly, some

programs aided in the privatization of service providers, whereas others only considered private participation in management concession arrangements. In addition to the programs involving direct transfer of ownership or management to private parties, many programs, especially sector lending operations, were intended to create the proper environment to attract private participation through changes in the regulatory framework or institutional strengthening.

The Multilateral Investment Fund has been a key instrument of the Bank Group to encourage private participation in infrastructure. Since its inception in 1994 it has made 32 grants in 22 countries for over \$33 million to bolster the reform process, including operations to support the legal and regulatory environment, privatization of utilities, sector restructuring and institutional strengthening.

Public Arm of the IDB

The IDB has approved 17 operations for a total of \$1.97 billion, of which \$194 million have been exclusively dedicated to further private participation in infrastructure. The first operation of this kind, which was approved in 1994, was for the energy sector in Honduras. This operation required several short-term actions to resolve the country's electricity crisis. The operation was structured into eight subprograms, one of which was entirely dedicated to regulatory framework reform, boosting private participation. The operation also included support for other areas of infrastructure that may promote private participation indirectly. These include an investment plan for the expansion of the power system, improvements in environmental regulation, liberalization of the petroleum market, a financial stabilization program for the electricity power subsector and several reforms to the legal and regulatory framework.

Since 1994, increasing attention has been given to technical cooperation financing for private sector participation. The first operation approved in that year

allocated \$2 million for private infrastructure participation. The IDB approved one operation in 1995 and five in 1996 backing private infrastructure participation for \$11 million and \$73 million, respectively. In 1997, the number of operations approved reached ten, with private sector participation subprograms totaling \$108 million.

The sectoral breakdown of these operations is as follows: transportation (four operations for \$45.9 million⁵), energy (six operations for \$75.2 million), water and sanitation (five operations for \$58.7 million), and general infrastructure support (two operations for \$14.1 million). Programs for assistance to the water sector focused primarily on the introduction of regulatory mechanisms necessary to support concession arrangements. Nevertheless, the regulatory framework reforms in all cases were a small part of the programs when compared to the priority that was given to direct investment for new assets, and the upgrade and maintenance of existing ones, or in other cases to institutional restructuring. Additionally, the regulatory framework requirements are not predefined in IDB loans that provide financing for hiring of external consultants to draft the new regulations.

Ten out of the fifteen programs earmarked specific resources to subprograms for private participation. Some of these were committed entirely to regulatory framework reform, while others focused more on the privatization of public utility companies, and still other cases were devoted to the resolution of issues to facilitate future concession agreements.

Consistent with the IDB's mission to preserve the environment, in August 1997, the Bank approved the first project (technical cooperation) that dealt solely with energy conservation and rational energy consumption in Colombia. The main objective of this program is to increase the efficiency of electricity use and gen-

eration through the management of the demand for and supply of energy, by selecting cleaner and more efficient technologies for electricity generation, and by promoting rational energy consumption. The program includes a component that introduces regulatory framework reforms, including broadening private participation in management activities in the electricity sector.

Multilateral Investment Fund

Multilateral Investment Fund operations are primarily devoted to providing the missing links necessary for private sector investment, and the appropriate climate for sustainable broad-based economic growth. Through its three windows of operations, the MIF provides grants to finance private sector investment in many different areas of the economy. These include micro, small- and medium-sized enterprises, labor, health, technology, infrastructure and others. As every window has its own scope of action, the MIF channels all infrastructure projects through Window I, placing special emphasis on supporting the legal, institutional and regulatory changes necessary to encourage sustainable private participation.

As of 1997, the MIF has participated in 32 infrastructure projects providing support to 22 of the 23 countries eligible for MIF financing. The total infrastructure project portfolio accounts for \$33.8 million from MIF resources, with a total assistance of \$53 million once local participation is included (see Table A-4). The MIF has concentrated these efforts mostly in three infrastructure sectors: energy, transportation and water. However, some of the projects have included backing for the telecommunications sector as well.

MIF financing for infrastructure is concentrated in the transportation and energy sectors. The Fund has ap-

As of 1997, the MIF has participated in 32 infrastructure projects providing support to 22 of the 23 countries eligible for MIF financing.

⁵Refers to the private infrastructure participation component only.

proved financing for 10 transportation projects totaling \$8.8 million (26% of its total infrastructure portfolio), 11 energy projects totaling \$12.9 million (38% of the infrastructure portfolio), and 6 water projects totaling \$5.3 million (15.7% of the total infrastructure portfolio). Five other projects provided \$6.8 million in general infrastructure support (20% of the total infrastructure portfolio).

Although every project has its own characteristics, there are some commonalities worth pointing out. For example, most MIF transportation projects sponsored concession schemes and were intended to create the legal and regulatory framework for the use of concessions. These projects were aimed at upgrading the regulatory and institutional framework to meet international practices, standardizing the contractual procedures involved in granting concession, and strengthening the institutional capacity of the concession system. To attract financing, both from local and foreign sources, the operations were generally structured into various subprograms including: assessing the current regulatory environment, drafting new regulations and implementing the proposed changes.

In addition to regulatory framework support, some of the projects had specific subprograms devoted to institutional strengthening. An operation recently approved for Peru is a good example of a specific institutional strengthening subprogram. It focuses on two aspects: first, the design of the legal and institutional structure of an independent regulatory agency for the concession system; and second, the training of officials of the institutions responsible for the concession system. The latter included the provision of aid for the exchange of experiences through field trips to countries with more developed systems, and local training through courses and seminars given by international consultants.

The IDB Group is also involved in many other activities that do not involve direct financing. Some of these include policy advice to governments, dissemination of information and intermediation between the public and private sectors.

Even though the majority of projects in the transportation sector supported concession systems, MIF has backed projects in other areas. Examples are two projects to benefit the overall regulatory framework for private infrastructure participation in Guatemala (MIF/AT-130) and Panama (MIF/AT-91, 1996), a project for the pri-ivatization of airports in Jamaica (MIF/AT-49), and a project to foster private participation in cruise tourism facilities in the port of Bridgetown, Barbados (MIF/AT-115).

Assistance to the energy and water sectors emphasized regulatory issues. For example, all of the MIF energy projects were devoted to establishing the regulatory mechanisms to encourage private participation (i.e. regulatory framework or reform). Although, some of the projects provided regulatory support, others included reform measures by extending the scope of action to institutional reform and privatization. The MIF energy portfolio includes four projects aimed at regulation and six structural and regulatory reform projects. Some of these energy projects were part of comprehensive Bank and MIF efforts to support private participation in infrastructure.

The Electricity Sector Program for Guyana (MIF/AT-104, 1996) is one of these. This project had a total cost of \$1.1 million, \$990,000 from a MIF grant to prepare the legislation and regulation consistent with the privatization of the state electric utility company, Guyana Electricity Company (GEC). This grant complemented an IDB operation of \$45 million to implement the privatization of GEC. Other cases, such as an operation approved in 1996 for Mexico (MIF-AT-78, 1996), complemented regulatory support with institutional strengthening components. This operation had a training subprogram to strengthen the regulatory body responsible for the energy sector.

As was the case of the energy sector, MIF water projects were largely geared to regulatory framework support. The Fund participated in seven water projects, most of which were intended to create a sound regulatory framework for private participation. As part of the establishment of improved regulations, some projects included the creation of new regulatory institutions or the strengthening of existing ones. An example is the project approved for Bolivia in 1996 (MIF/AT-108), which was structured into three different components: preparation of the regulatory framework for the water sector, development of quality standards for service, and start-up and strengthening for the regulatory agency.

Finally, the Fund provided general support for private participation in infrastructure in the case of four other projects. These included regulatory framework support, institutional strengthening, support for concession participation and general assistance across more than one sector.

4. Nonfinancial Activities

In addition to financial operations, the IDB is also involved in many other activities that do not involve direct financing. Some of these include policy advice to governments, dissemination of information and intermediation between the public and private sectors. These activities are less tangible and in many cases occur behind the scenes, but they are effective instruments in the promotion of good practices and the creation of the proper environment. Activities are only listed from 1995 on, when active involvement started.

Conferences

Innovative Financing for Infrastructure. The objective of this roundtable was to examine financing issues with interested parties (project sponsors and advisers, government agencies, commercial banks, law firms, rating agencies, multilateral institutions, and independent

analysts). The conference was held at IDB headquarters on October 23 and 24, 1995. The proceedings were published in a special issue of *The Financier* (Vol. 3, No. 1, Feb. 1996, see publications).

Alternative to Traditional BOTs for Financing Infrastructure Project. This conference took place at the IDB headquarters on June 3, 1997. Topics covered included: (1) the main features of unbundled schemes and their ability to deal with the difficulties of traditional concession schemes, (2) exploring the viability of financing infrastructure projects in local currency, and (3) the institutional barriers for developing infrastructure projects through unbundled schemes in Latin America (see working papers listed below).

Private Investment, Infrastructure Reform and Governance in Latin America and the Caribbean: Legal, Regulatory and Institutional Issues with Special Reference to Smaller Economies and Local Services. The conference took place at the IDB headquarters on September 15-16, 1997. The options that different countries have adopted in the transition to private participation in infrastructure provision were discussed and analyzed. The analysis focused on the legal, regulatory, economic and institutional issues that have been shaping this phase toward competition and privatization in order to identify the favorable conditions for success and the obstacles that impair change (the conference proceedings are being prepared).

Private Sector Participation in the Water and Sanitation Sector. The Conference took place at the IDB headquarters on November 13 and 14, 1997. The different private participation options in the water sector were discussed with particular reference to the following cases: Buenos Aires, San Miguel de Tucumán (Argentina), Cartagena de Indias (Colombia) and Monagas (Venezuela), among others. It also included a roundtable analysis session to share concerns and expectations with public authorities (mostly mayors) for incorporation into the private sector.

Training Programs

The Bank has sponsored three training programs attended by more than 100 Bank and public sector officers for the dissemination of the main issues and techniques in infrastructure finance and regulation. The programs were held in El Salvador, Paraguay and Venezuela.

Publications

Infrastructure Finance. *The Financier* Vol. 3 No. 1. This publication presents papers from the “Innovative Financing for Infrastructure” roundtable meeting. It also includes comments by discussants, and a summary of the proceedings.

Project Finance. Vol. 3, No. 1, Spring 1997. “Private Infrastructure: Ten Commandments for Sustainability” by Antonio Vives (Infrastructure and Financial Markets Division, IFM).

Project Finance International. Antonio Vives (IFM) wrote the Foreword for the Spring 1996 and 1997 issues. Antonio Vives and Martin Chrisney wrote “Roles for the Private Sector, Governments and Multilateral Creditors in Latin American Private Infrastructure” for the Spring 1996 issue, and Victor Traverso (Private Sector Department) wrote “New Trends for Lenders” for the Spring 1997 issue.

Infrastructure. Vol. 1, No. 3, Spring 1996. Paulina Beato and Antonio Vives (IFM) wrote “Private Sector Participation in Infrastructure: Risk, Fiscal, and Efficiency Issues in Public-Private Arrangements for the Provision of Services.”

Working Papers

- Infrastructure Finance Directory 1997 and 1998 editions. Antonio Vives, Editor.

- Infraestructura privada: Diez mandamientos para su sostenibilidad. Antonio Vives.

- Directory of Innovative Financing. Martin Chrisney, Editor.

- Electric Power Sector Reform in Latin America and the Caribbean. Manuel I. Dussan.

- Las reformas portuarias en América Latina: Estudio de tres puertos. (Port Reform in Latin America, a Three Port Study). Paulina Beato.

- Policy Issues for the Water and Sanitation Sectors. Vivien Foster.

- Infrastructure Financing with Unbundled Mechanisms. José A. Trujillo, Remy Cohen, Xavier Freixas and Robert Sheehy.

- Revenue Based Auctions and Unbundling of Infrastructure Franchises. Eduardo Engel, Ronald Fisher and Alexander Galetovic.

- Road Concessions: Lessons Learned from the Experience of Four Countries, Best Practice Study. Paulina Beato.

- IFM Bulletin. Quarterly Bulletin of the Infrastructure and Financial Markets Division. Since 1995, 10 issues of the bulletin have been published, including 11 articles related to private infrastructure.

Special Meetings

The Bank Group sponsors special meetings with high level policymakers which are devoted to discussing the most important issues in private sector participation. For instance, it sponsored two meetings of Iberoamerican Infrastructure Ministers (Spain in 1995 and Cartagena in 1997). It has also sponsored three

regional ministerial meetings to discuss issues specifically related to physical integration projects, all held at the Bank's headquarters (Southern Cone in 1996 and Andean Region and Central America and Mexico in 1997). These last three meetings included special sessions with private sector financiers and developers to identify critical issues for private participation in cross-border projects. In addition, the Bank has participated in meetings with legislators and member of the executive branch to offer honest broker opinions on pending legislation issues (Guatemala and Peru in 1997).

The Bank is also co-coordinator for the implementation of the Plan of Action on Infrastructure, mandated by the Miami Summit of the Americas and for the preparation of the next Summit in Santiago. In these activities, it provides its expertise in identifying the issues that governments should be addressing for infrastructure development.

IV. Concluding Remarks

During the past three years, the Inter-American Development Bank Group has provided strong support to private infrastructure. This was achieved in three main ways: first, by creating a special window for direct lending and guarantees without government counterguarantees; second, by allocating a significant portion of the resources of the Multilateral Investment Fund toward the development of the proper environment for private investment in infrastructure; and third, by redirecting the resources of the Inter-American Investment Corporation toward smaller infrastructure investments. This trend should continue as additional IDB and IIC resources are devoted to this end. Specifically, the Bank is expected to expand the scope of its operations, enhancing its guarantee program to cover most political risks. As the environment for infrastructure investment improves, MIF resources

should support more project-specific operations, particularly in less developed sectors such as water and transportation. Plans for the near future also include stepped up coordination between lending and technical assistance.

The regional and sectoral breakdown of these heightened efforts will tend to shift toward projects where IDB and MIF involvement will reinforce private participation and contribute to the mobilization of external resources; particularly in the transportation, and water and sanitation sectors in all countries, and the power sector in the lesser developed countries.

The emphasis that this document places on private infrastructure should not be construed to imply that the Bank Group is neglecting public infrastructure. The Group's overwhelming responsibility continues to be with the public sector, which remains the beneficiary of most of its infrastructure lending. As the recently approved Public Utilities Policy indicates, projects to be financed must achieve their development goals in the most effective and efficient manner, regardless of asset ownership. Nevertheless, it must also be recognized that private ownership and operation does contribute to these goals and frees public resources for activities where the public sector has a comparative advantage.

The major question facing the Bank Group is how to optimize the use of available resources (public and private) to satisfy the growing needs of infrastructure investment. This requires a coordinated strategy and actions in three directions: temporal (sequence of actions), sectoral (relative level of public vs. private participation), and geographical (where and when each type of support is needed). As this report shows, the Bank Group has made significant progress on this front during the last three years. It will continue to do so by strengthening the coordination between its public and private activities.

V. Annex Content

TABLE A-1:

IDB Private Sector Department (IDB/PRI) Active Infrastructure Projects.

TABLE A-2:

IDB Public Sector Arm Approved Programs Promoting Private Participation in Infrastructure.

TABLE A-3:

Inter-American Investment Corporation (IIC) Infrastructure Projects.

TABLE A-4:

Multilateral Investment Fund (MIF) Approved Programs Promoting Private Sector Participation in Infrastructure.

PROJECT BRIEFS:

- a) IDB Private Sector Department.
- b) Inter-American Investment Corporation.
- c) Multilateral Investment Fund.

**TABLE A-1:
IDB PRIVATE SECTOR DEPARTMENT (IDB/PRI)
ACTIVE INFRASTRUCTURE PROJECTS**

Country	Project name	Sector	Approval Date	Project Size US\$ mill.	Loan "A"		Loan "B"		Doc #	Proj#
					US\$ mill.	US\$ mill.	US\$ mill.	US\$ mill.		
1 Honduras	Electric Cortes (ELCOSA)	Energy / Diesel P. Plant	4/26/95	\$ 93.4	\$ 9.66	(None)	(None)	PR-2032	HO-0125	
2 Mexico	Samalayuca II	Energy / Gas Fire P.Plant	10/18/95	\$ 643.4	\$ 75.0	(None)	(None)	PR-2072	ME-0189	
3 Argentina	Yacyreta Transmission line LITSA	Energy / Transmission	10/25/95	\$ 176.9	\$ 43.0	\$	44.0	PR-2076	AR-0194	
4 Brazil	Yellow Line Toll Road Linha Amarela	Transport / Highway	2/14/96	\$ 61.5	\$ 14.0	\$	11.0	PR-2107	BR-0235	
5 Argentina	EDENOR	Energy / Distribution	10/2/96	\$ 198.7	\$ 40.0	\$	80.0	PR-2144	AR-0195	
6 Colombia	Termovalle	Energy / Gas	10/31/96	\$ 147.2	\$ 35.0	\$	67.3	PR-2149	CO-0185	
7 Peru	Aguytia Gas and Power Project	Energy / Gas	12/11/96	\$ 252.8	\$ 60.0	(None)	(None)	PR-2172	PE-0094	
8 Argentina	Aguas Provinciales de Santa Fe	Water & Sanitation	12/17/96	\$ 219.0	\$ 30.0	\$	55.0	PR-2174	AR-0211	
9 Colombia	Transmetano Gas Pipeline	Energy / Gas Pipeline	12/17/96	\$ 78.5	\$ 19.0	\$	32.0	PR-2175	CO-0177	
10 Colombia	Concesiones de Infraestructura (CISA)	Transport	3/10/97	\$ 48.0	\$ 10.0	(None)	(None)	PR-2188	CO-0200	
11 Colombia	Rio Bogota	Water & Sanitation	4/9/97	\$ 125.0	\$ 31.3	(Guarantee)	(Guarantee)	PR-2190	CO-0208	
12 Uruguay	Montevideo-Punta del Este Toll Road	Transport	9/17/97	\$ 61.0	\$ 12.0	\$	13.0	PR-2219	UR-0029	
13 Mexico	Yucatan Gas Pipeline	Energy	9/24/97	\$ 275.0	\$ 68.0	\$	142.0	PR-2222	ME-0130	
14 Argentina	AES Parana	Energy	9/24/97	\$ 439.0	\$ 66.0	\$	66.0	PR-2223	AR-0200	
15 Brazil	Reg. Dos Lagos Toll Road	Transport	12/10/97	\$ 80.0	\$ 18.0	\$	19.0	PR-2253	BR-0272	
16 Brazil	Itá Hidroelec Power	Energy	12/10/97	\$ 1,070.0	\$ 75.0	\$	300.0	PR-2261	BR-0271	
TOTAL:				\$ 3,969.4	\$ 605.9	\$	829.3			

**TABLE A-2:
IDB PUBLIC SECTOR ARM APPROVED PROGRAMS
PROMOTING PRIVATE PARTICIPATION IN INFRASTRUCTURE**

Country	Project Name	Program Number	Doc. Number	Approval Date	Sector	Program Size US\$(000)	BID total Loan or TC US\$(000)	BID only for P.P.I. 1/ US\$(000)
1 Honduras	Energy Sector Hybrid Program (additional) 2/	HO-0112	PR-2012	1994	Energy	\$ 77,800	\$ 36,800	\$ 2,000
2 Brazil	Improvement of the Sao Paulo-Curitiba-Florianopolis Highway	BR-0150	PR-2088	1995	Transport	\$1,282,560	\$ 450,000	\$ 10,860
3 Panama	Basic Infrastructure Sector Reform Program 3/	PN-0097	PR-2158	1996	Energy&Water	\$ 6,730	\$ 3,340	\$ 3,340
4 Guyana	Electricity Sector Program 4/	GY-0048	PR-2163	1996	Energy	\$ 45,000	\$ 45,000	\$ 45,000
5 Bolivia	Urban Basic Sanitation Program 5/	BO-0125	PR-2165	1996	Water	\$ 88,833	\$ 70,000	\$ 3,030
6 Colombia	Privatization and Concessions in Infrastructure	CO-0179	PR-2121	1996	Infrastructure	\$ 33,000	\$ 12,500	\$ 12,500
7 Brazil	Fernao Dias Highway Upgrade	BR-0216	PR-2164	1996	Transport	\$ 550,000	\$ 275,000	\$ 8,750
8 Venezuela	Support for the Moder. and Rehab. of the Water Supply and Sanitation	VE-0056	PR-2182	1997	Water	\$ 60,000	\$ 30,000	\$ 14,900
9 Central Am.	Central American Interconnection System	CA-0007& CA-0010	PR-2189	1997	Energy	\$ 329,710	\$ 170,610	\$ 14,900
10 Guatemala	Infrastructure and Investment Sector Reform Program	GU-0019	PR-2198	1997	Infrastructure	\$ 110,000	\$ 107,650	\$ 1,600
11 Uruguay	Integration Corridors and Primary Road Improvement Program	UR-0113	PR-2204	1997	Transport	\$ 176,000	\$ 123,000	\$ 13,240
12 Ecuador	Private-Sec. Concession for Water Supply and Sewerage Services in Guayaquil	EC-0002	PR-2207	1997	Water	\$ 50,000	\$ 40,000	\$ 17,900
13 Panama	Program of Support for Restructuring of the National Water and Sewer System	PN-0030	PR-2209	1997	Water	\$ 65,000	\$ 45,000	\$ 13,200
14 Honduras	Puerto Cortes Sewerage Program	HO-0128	PR-2233	1997	Water	\$ 16,200	\$ 13,800	\$ 9,670
15 Brazil	Loan for a Federal Highway Rehabilitation and Decentralization Program (Phase I)	BR-0195	PR-2225	1997	Transport	\$ 750,000	\$ 300,000	\$ 13,000
16 Colombia	TC Loan to Support an Energy Efficiency Program	CO-0163	PR-2216	1997	Energy	\$ 12,000	\$ 10,000	\$ 10,000
17 Regional	Bolivia Brazil Gas-Pipeline	RG-0028	PR-2262	1997	Energy	\$ 1,449,000	\$ 240,000	\$ -
	TOTAL:					\$ 5,101,833	\$ 1,972,700	\$ 193,890

1 / P.P.I.: PRIVATE PARTICIPATION IN INFRASTRUCTURE

2/ Operation is linked to MIF/AT-80 in table A-4

3/ Operation is linked to MIF/AT-102 in table A-4

4/ Operation is linked to MIF/AT-104 in table A-4

5/ Operation is linked to MIF/AT-108 in table A-4

TABLE A-3: IIC INFRASTRUCTURE PROJECTS
APPROVED PORTFOLIO
(NET of CANCELLATIONS—FEB. 1998)

PROJECT NAME	Approval Date	Net Approvals IIC-Loan	IIC-Equity	Cofinancing	Sub-Total IIC	Total	Proj. Cost	Total Sector
ARGENTINA								
1 HIDRONIHUIL	Jun-97	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ 20,000	\$ 35,700	Energy, Water
2 IMPSAT	Nov-90	\$ 3,000	\$ 1,400	\$ -	\$ 4,400	\$ 4,400	\$ 40,000	Telecomm.
3 TERMINAL 6	Dec-89	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 10,900	Transport
TOTAL ARGENTINA		\$ 14,000	\$ 1,400	\$ 10,000	\$ 15,400	\$ 25,400	\$ 86,600	
BAHAMAS								
4 WATERFIELDS	Oct-96	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ 11,600	Water
TOTAL BAHAMAS		\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ 11,600	
COLOMBIA								
5 IMPSAT/COLOMBIA	Dec-92	\$ 6,000	\$ -	\$ 4,000	\$ 6,000	\$ 10,000	\$ 51,000	Telecomm.
6 TERMODORADA	Sep-96	\$ 4,900	\$ -	\$ 20,000	\$ 4,900	\$ 24,900	\$ 28,500	Energy, Water
7 SOC. PORTUARIA	Nov-97	\$ 8,000	\$ -	\$ -	\$ 8,000	\$ 8,000	\$ 30,500	Transport
TOTAL COLOMBIA		\$ 18,900	\$ -	\$ 24,000	\$ 18,900	\$ 42,900	\$ 110,000	
COSTA RICA								
8 CONELECTRICAS	Dec-94	\$ 3,000	\$ -	\$ 3,000	\$ 3,000	\$ 6,000	\$ 22,500	Energy
9 PLATANAR	Dec-93	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 20,000	Energy
TOTAL COSTA RICA		\$ 9,000	\$ -	\$ 3,000	\$ 9,000	\$ 12,000	\$ 42,500	
PERU								
10 SERLIPSA	Dec-91	\$ 1,400	\$ 500	\$ -	\$ 1,900	\$ 1,900	\$ 6,200	Warehousing
TOTAL PERU		\$ 1,400	\$ 500	\$ -	\$ 1,900	\$ 1,900	\$ 6,200	
REGIONAL								
11 FONDELEC (INV. FUND)		\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000	Energy	
12 FONDELEC II (INV. FUND)	Dec-97	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ 100,000	Infrastructure
TOTAL REGIONAL		\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ 150,000	
URUGUAY								
13 GRALADO	Dec-92	\$ 4,500	\$ 300	\$ 6,600	\$ 4,800	\$ 11,400	\$ 18,500	Transport
TOTAL URUGUAY		\$ 4,500	\$ 300	\$ 6,600	\$ 4,800	\$ 11,400	\$ 18,500	
TOTALS		\$ 49,300	\$ 12,200	\$ 43,600	\$ 61,500	\$ 105,100	\$ 425,400	

**TABLE A-4:
MULTILATERAL INVESTMENT FUND (MIF) APPROVED PROGRAMS
PROMOTING PRIVATE SECTOR PARTICIPATION IN INFRASTRUCTURE**

Program name	Country	Type	Program Size US\$	MIF Grant US\$	Approval Date	Doc #
ENERGY						
1 Energy Regulatory Commission	Colombia	Regulation	\$ 1,777,000	\$ 1,627,000	30-May-94	MIF/AT-8
2 Restruc. & Privatiz. Energy & Telecom.	El Salvador	Reform	\$ 1,971,000	\$ 1,571,000	14-Dec-94	MIF/AT-29
3 Energy Sector Restructuring	Paraguay	Reform	\$ 1,200,000	\$ 1,085,000	9-Aug-95	MIF/AT-47
4 Regulatory Framew. Gas & Energy Regulatory Commission	Mexico	Regulation	\$ 3,000,000	\$ 1,500,000	24-Apr-96	MIF/AT-78
5 Private Sector Participation in The Telecomm. & Electricity Sectors 1/	Honduras	Reform	\$ 1,380,000	\$ 1,130,000	29-May-96	MIF/AT-80
6 Buenos Aires-Montevideo Gas Pipeline	Uruguay	Conces.	\$ 265,000	\$ 185,500	29-May-96	MIF/AT-81
7 Energy Sector Reform	Uruguay	Reform	\$ 940,000	\$ 630,000	10-Jul-96	MIF/AT-86
8 Electric Sector Reform	Haiti	Reform	\$ 1,260,000	\$ 1,169,000	11-Sep-96	MIF/AT-87
9 Energy Regulation 3/	Guyana	Regulation	\$ 1,100,000	\$ 990,000	20-Nov-96	MIF/AT-104
10 Regulatory framework Elect./Water&San 2/	Panama	Regulation	\$ 6,730,000	\$ 1,810,000	20-Nov-96	MIF/AT-102
11 Energy Sector Reform	Dominican Republic	Reform	\$ 1,700,000	\$ 1,220,000	9-Apr-97	MIF/AT-117
GENERAL INFRASTRUCTURE						
12 Establishment of the Office of Utilities Regulation	Jamaica	Regulation	\$ 1,452,000	\$ 1,452,000	18-May-94	MIF/AT-10
13 Strengthening of the Public Works and Services Concession System	Uruguay	Conces.	\$ 1,480,000	\$ 1,025,000	10-Aug-94	MIF/AT-123
14 Private Investment in Infrastructure	Costa Rica	General PPI	\$ 1,550,000	\$ 1,550,000	26-Oct-94	MIF/AT-15
15 Legal and Regulatory Framework for Expansion of Private Part. in Inf.	Nicaragua	Regulation	\$ 2,190,220	\$ 1,991,220	19-Jul-95	MIF/AT-45
16 Strengthening the Public Works Concessions System	Costa Rica	Conces.	\$ 1,160,000	\$ 800,000	30-Jul-97	MIF/AT-137
			\$ 7,832,220	\$ 6,818,220		

continues...

**TABLE A-4 (cont.):
MULTILATERAL INVESTMENT FUND (MIF) APPROVED PROGRAMS
PROMOTING PRIVATE SECTOR PARTICIPATION IN INFRASTRUCTURE (continued)**

Program name	Country	Type	Program	MIF	Approval	Doc #	MIF	
							Size US\$	Grant US\$
TRANSPORTATION								
17 Regulatory Framework and Private Participation in the Transp. Sector	Ecuador	Privat.	\$ 2,424,400	\$ 1,620,400	24-May-95	MIF/AT-44		
18 Airport Privatization Program	Jamaica	Privat.	\$ 720,000	\$ 570,000	9-Aug-95	MIF/AT-49		
19 Public Works Concession System	Chile	Conces.	\$ 2,800,000	\$ 1,468,000	1-Nov-95	MIF/AT-59		
20 Panama Canal Zone	Panama	General PPI	\$ 700,000	\$ 600,000	25-Sep-96	MIF/AT-91		
21 Concession Caracas-La Guaira Highway system	Venezuela	Conces.	\$ 366,000	\$ 193,000	17-Oct-96	MIF/AT-97		
22 Port Concessions	Barbados	General PPI	\$ 400,000	\$ 300,000	28-Jan-97	MIF/AT-115		
23 Transport Concessions	Brazil	Conces.	\$ 2,280,000	\$ 1,140,000	24-Mar-97	MIF/AT-122		
24 Transport Concessions	Peru	Conces.	\$ 2,000,000	\$ 1,300,000	23-Apr-97	MIF/AT-121		
25 Transport Concessions	Bolivia	Conces.	\$ 600,000	\$ 480,000	3-May-97	MIF/AT-120		
26 Private Sector Participation in the Aviation Sector	Guatemala	General PPI	\$ 3,650,000	\$ 1,150,000	4-Jun-97	MIF/AT-130		
			\$ 15,940,400	\$ 8,821,400				
WATER AND SANITATION								
27 Water Sector Reform for Mendoza Privatization and Est... (Mendoza)	Argentina	Privat.	\$ 1,260,000	\$ 795,000	7-Dec-94	MIF/AT-25		
28 Development of a Reg. Fram. for Water and San. Sector	Paraguay	Regulation	\$ 1,200,000	\$ 980,000	22-Mar-95	MIF/AT-38		
29 Modernization of the Water Supply and Sanitation Sector	Ecuador	Regulation	\$ 1,100,000	\$ 920,000	19-Jul-95	MIF/AT-41		
30 Strengthening for the Water and Sanitation Serv. Reg.Commission	Colombia	Regulation	\$ 1,700,000	\$ 990,000	27-Sep-95	MIF/AT-53		
31 Development of a Reg. Fram. for the Water and Sanitation ... 4/	Bolivia	Privat.	\$ 1,333,000	\$ 980,000	19-Dec-96	MIF/AT-108		
32 Strengthening of the Sanitation Services Reg. Agency in Santa Fe	Argentina	Regulation	\$ 1,200,000	\$ 600,000	25-Jun-97	MIF/AT-134		
			\$ 7,793,000	\$ 5,265,000				
TOTAL:			\$ 52,888,620	\$ 33,822,120				

1/ Linked to a previously approved IDB operation (HO-0112 in 1994) supporting the sector privatization program.

A loan for US\$20 million to support sector adjustment component, a non-reimbursable Technical Cooperation for US\$2 million to support the program and a US\$14.82 million to support sector investment.

2/ Linked to an IDB technical cooperation (PN-0097) for a basic infrastructure sector reform program for US\$3.34 million which also includes telecommunications.

3/ Linked to an IDB loan also approved in 1996 (GY-0048) for US\$45 million to support an electricity sector program, which included the implementation of the specific public-private joint venture transaction and the implementation of policy, legal regulatory reforms.

4/ Linked to an IDB loan also approved in 1996 (BO-0125) for US\$70 million for an urban basic sanitation program.

Private Sector Department:

1. - PRI:

Project Title:	ELCOSA	Other	5.7
Country:	Honduras	IFC A Loan	10.5
Project Cost:	US\$93.4 million	IFC B Loan	35.3
Loan Amount:	US\$9.66 million*	<u>Total:</u>	93.4
Sector:	Energy/Power		
Date Approved:	April 26, 1995		
Status:	Fully disbursed. Plant completed and fully operational.		

*Actual closed amount

Sponsors/Lead Manager:

The main sponsors of the project, executed under the society Electricidad de Cortes S.R.L. de C.V. (ELCOSA), are Wartsila Diesel Development Corporation (WDD) of the U.S. and Honduras Electric Company S.A. de C.V. (HECO), a private company formed by a group of Honduran businessmen.

Other shareholders include: Latin American Trust for Independent Power managed by Scudder, Stevens & Clark Inc. (Latin Power), International Finance Corporation (IFC), Illinois Power and Generation Company, and an independent U.K. investor with business interests in the Honduran free zones.

Customer:

The project will sell electricity to HECO (Honduran Electric Company), and to the ENEE (National Electrical Energy Company), public company, based on a 15-year power purchase agreement (PPA).

Financing Package:

<u>Equity</u>	US\$million
Shareholder equity	26.9
Quasi-Equity	4.5
<u>Debt</u>	
IDB (Final committed amount)	9.66

Highlights:

IDB contributed with long-term financing (12-year loan), which is unique for Honduras and particularly needed for infrastructure projects. This project represents the first privately-owned power facility in to be connected to the national grid. Its successful implementation could encourage other private investors to participate in the future development of the Honduran power sector.

An important characteristic of this project, is the exchange risk mitigation through a PPA, which is linked to the US dollar exchange rate. The transfer risk is mitigated with a Government of Honduras guarantee, which makes US dollars available for documented fuel purchases. This agreement is further backed by a guarantee of private investors, through an agreement by HECO to sell to ELCOSA the excess of foreign exchange generated by their businesses.

Brief:

This 80 MW diesel power plant located in Puerto Cortes was built by Stork-Wartsila Diesel B.V., Netherlands (SWD) under a fixed-price turnkey construction contract. Operation and maintenance of the plant will be provided by WDD through a wholly owned subsidiary, Cortes Operating S.A. de C.V. (Cortes). This project provides additional and diversified electrical power capacity in Honduras and will provide a consistent source of electricity to the export businesses of the HECO sponsors.

2. - PRI:

Project Title:	Samalayuca II
Country:	Mexico
Project Cost:	US\$643.4 million
Loan Amount:	US\$75 million
Sector:	Energy/Power
Date Approved:	Oct. 18, 1995
Status:	Under Construction

Highlights:

Samalayuca II represents the increasing role of the private sector in financing power projects in Mexico. This project has the form of a Build-Lease-Transfer (BLT) and represents the first project involving private sector financing of a greenfield power project selling electricity to the national grid. In addition, this project encompasses a special Private-Public partnership, where the ownership is private and the project is leased to a public entity, CFE. Then, CFE will have the responsibility of providing fuel and interconnection to the national grid for the project.

Sponsors/Lead Manager:

Sponsors are: General Electric Company; Bechtel Enterprises, Inc.; El Paso Natural Gas; ICA Flour Daniel S.A.de C.V.

Borrower is the Banco Nacional de Mexico as trustee. This trust was created under Mexican law (the "Trust") pursuant to the Trust Agreement for the purpose of constructing and leasing the plant to CFE (Federal Electric Commission).

Customer:

Federal electric Commission

Financing Package:

<u>Equity</u>	US\$million
Sponsors	128.7
CFE Operating Payment	12.1
<u>Debt</u>	
IDB	75.0
Commercial Banks/ U.S. Ex.-Im (*)	427.6
Total:	643.4

(*) Commercial banks will provide construction financing with an US Ex.-Im political risk only cover. Lease term financing will be provided through commercial banks under a comprehensive guarantee program from the Ex-Im or a direct loan from Ex-Im.

After the Mexican crises in December 1994, international and domestic sources of long-term financing diminished. Since financing access for these projects from the international capital markets at reasonable rates was closed, Samalayuca II's original structure contemplating a capital markets placement, became non-viable. IDB provided financial support to the project during this crucial period and sent a positive signal to private investors analyzing long term investments in Mexico.

Samalayuca II project ended mobilizing significant private sector resources, in particular in the form of equity funding which will be in place for up to 23 years during construction and leasing of the project. Equity was a joint venture of local and international investors.

Brief:

The project entails the design, construction, and testing of a 690 MW (ISO) combined cycle gas fired power plant in Samalayuca in the State of Chihuahua, and its twenty year firm lease to CFE which will operate and maintain the plant. After the completion of the lease term, the ownership of the plant reverts to CFE.

3. - PRI:

Project Title:	LITSA
Country:	Argentina
Project Cost:	US\$176.9 million
Loan Amount:	US\$43 million loan A US\$44 million loan B
Sector:	Energy/Power
Date Approved:	October 25, 1995
Status:	Construction completed. Fully disbursed.

Sponsors/Lead Manager:

The Consortium "Lineas de Transmision del Litoral S.A." (LITSA) is a national stock corporation under the laws of the Argentine Republic. The main sponsors are Jose Cartellone Construcciones Civiles S.A. (Cartellone) and Sideco Americana S.A. (Sideco). Other sponsors are Pirelli Consultora, Conductores e Instalaciones S.A. (Pirelli), Construction Obras de Ingenieria S.A (Codi), Electroingenieria S.A. (Electroingenieria) and Polledo S.A. (Polledo).

Customer:

National electricity transmission network. CAMMESA, dispatching authority, is responsible for the administration of the Wholesale Electricity Market (WEM) and acts as a clearinghouse in the collection of payments.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	46.2
<u>Debt</u>	
IDB A Loan	43.0
IDB B Loan	44.0
Other	43.7
<u>Total:</u>	176.9

Highlights:

The A/B loan is the first of its type arranged by IDB for a project under its private sector facility, with the objective to mobilize private funds. IDB's participation facilitated the financing of the project with private sources such as export credit agencies and commercial banks.

During 1995 it was difficult to mobilize private sources of funding for infrastructure projects in Latin America. The IDB's presence in this project helped Argentina's efforts to partially fund the project in private markets and provided positive signals to the financial markets regarding the IDB's confidence that the restructuring of the electricity sector was commercially viable.

In addition, strong IDB relations with the country provide additional comfort to the financial community for future investments.

Brief:

In October 1994, the Government of Argentina awarded Lineas de Transmision del Litoral S.A. (LITSA) a contract to construct, operate and maintain the Second Stage of the Yacyreta transmission system. The contract grants LITSA the right to operate the transmission line for 92 years as an Independent Transmitter. The transmission lines will be the second link of the Yacyreta Hydroelectric plant with the high voltage transmission network in Argentina. The project includes the construction, operation and maintenance of : a) a 502 Km long 500 KV transmission line from Rincon Santa Maria to Salto Grande (Provinces of Corrientes and Entre Rios); b) the expansion of the substations at Rincon Santa Maria and Salto Grande; and, c) a new 85 Km long 500 Kv transmission line from Rincon Santa Maria to Posadas (Province of Misiones).

4. - PRI:

Project Title:	Linha Amarela
Country:	Brazil
Project Cost:	US\$110.4 million
Concession Cost:	US\$61.5 million
Loan Amount:	US\$14 million loan A US\$11 million loan B
Sector:	Transport
Date Approved:	February 1996
Status:	Major construction works completed. Fully disbursed.

Sponsors/Lead Manager:

Linha Amarela S.A. (LAMSA), the borrower, will be a Brazilian special purpose company incorporated by project sponsor, Constructora OAS. LAMSA will engage in a contractual agreement with an experienced toll road operator, and with Constructora OAS in an arms length arrangement to provide maintenance services for the Yellow Line. IDB, BNDES (Banco Nacional de Desenvolvimento Economico e Social) and an international commercial bank will contribute with long-term financing.

Customer:

Public service. Traffic from and to the Southwestern area of R o de Janeiro.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	26.5
<u>Debt</u>	
IDB A Loan	14.0
IDB B Loan	11.0
BNDES	10.0
<u>Total:</u>	61.5

Highlights:

This project is one of the first private toll roads in the country. IDB's participation contributes to support

the Municipality of R o de Janeiro (MRJ) to give way to private capital participation in infrastructure and the development of future public-private partnerships. This project will provide an example to future private investors in infrastructure, particularly in the transportation sector.

Through this project, the MRJ finances the portion that cannot be recovered by user fees. MRJ's participation in the project cost was fixed by a competitive bid and set at the minimum level that will allow the recovery of private cost by user fees. This type of arrangement is very appropriate for infrastructure projects in which the presence of externalities do not allow a full cost recovery.

At present, BNDES, is the only available local source of long-term financing. IDB participation also encouraged the participation of an international commercial bank in the form of a "B" Loan.

In addition, the sponsor provided full Corporate Guarantee, making this project an interesting example of project finance and corporate finance. During the construction period, the IDB loan will be backed by a performance bond issued by an international insurance company acceptable to the Bank, covering IDB loan and risks related to the construction period with exception of the political risk events.

Brief:

The project entails a 10-year concession for the operation and maintenance of a 15 km six-lane urban toll road comprising three sections, which are presently under construction. The project includes a substantial share of the project costs of a section of 6.9 km encompassing the construction of two parallel tunnels of 2.2 km, several smaller tunnels, viaducts and a toll plaza (19 toll booths).

5. - PRI:

Project Title:	EDENOR
Country:	Argentina
Project Cost:	US\$198.7 million
Loan Amount:	US\$40 million A loan US\$80 mill. B loan
Sector:	Power / Distribution
Date Approved:	October 2, 1996
Status:	Fully disbursed. Project completion pending.

Sponsors/Lead Manager:

The Controlling Interest in EDENOR (class A shares representing 51% of total shares) is owned by Electricidad Argentina Sociedad Anonima (EASA)—a consortium consisting of Electricite de France, Empresa Nacional Hidroelectrica del Ribargorzana of Spain, Astra of Argentina, Societe d'Aménagement Urbain et Rural of France, and J.P. Morgan International Capital Corp of the U.S.— and will remain pledged to the Government of Argentina during the Concession. EDENOR's employees own 10% of the company's shares.

IDB and several international commercial Banks will contribute with long-term financing. Additional financing will be required.

Customer:

Customers are 86.4% residential representing 40% of electricity sold, 12.4% commercial and small industrial (10.4% of electricity sold), and 1.2% medium and large industrial (35% of electricity sold).

Financing Package:

<u>Equity</u>	US\$million
Sponsors (from cash flows)	78.7
<u>Debt</u>	
IDB A Loan	40.0
IDB B Loan	80.0
Total:	198.7

Highlights:

IDB involvement allows EDENOR to borrow on a true long-term basis, i.e. 7-8 years, without guarantees from its shareholders. Also favoring the company is its good performance in terms of: energy loss reduction, quality of service, return to profitability, and its eligibility for ISO/4000 environmental certification.

Brief:

The project consists of capital expenditures beyond routine investment needs to be incurred in 1996 and 1997 for an amount of US\$198.7 million, under a five-year investment program estimated at US\$507.5 million. Project objectives are: improving the transmission and distribution grid; improving the quality of the service; satisfying the growing demand; and, reducing energy losses.

Empresa Distribuidora Norte S.A. (EDENOR) is the private electricity distribution company serving the northern section of Greater Buenos Aires, with the exclusive right to distribute electricity in the concession area for 95 years. It was created in 1992 as a result of the privatization of Servicios Electricos del Gran Buenos Aires (SEGBA), when generation, transmission and distribution facilities were separated and sold.

6. - PRI:

Project Title:	Termovalle
Country:	Colombia
Project Cost:	US\$147.2 million
Loan Amount:	US\$35 million A loan US\$67.3 million B loan*
Sector:	Power / Generation
Date Approved:	October 31, 1996
Status:	Under construction.

*Actual closed amount

Sponsors/Lead Manager:

Termovalle S.C.A., E.S.P., a special purpose company, will build, own and operate the project. The company is owned by Termovalle Investment L.L.C., which is majority owned by KMR Power Group. This group has sound experience in engineering projects and financing structuring. The second owner is Marubeni, which is one of the most important Japanese trading companies with experience in project evaluation, engineering and equipment supply, and construction, installation and maintenance services.

Customer:

The company will sell capacity and energy to “Empresa de Energia del Pacifico, S.A.” (EPSA), in accordance with a power purchase agreement. The company will sell to third parties the capacity exceeding 160 MW, which is the amount contracted with EPSA.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	36.8
<u>Debt</u>	
IDB A Loan	35.0
IDB B Loan	67.3
Financiera Energetica Nacional	15.0
<u>Total:</u>	147.2

Highlights:

IDB provided long-term financing, which is scarce in the country, even though it already has investment grade. In addition, IDB involvement will allow project financing with commercial banks and other entities investing for the first time in infrastructure, and under adequate conditions.

IDB participation in this project is expected to provide confidence to private investors to bring financing for infrastructure projects in the country.

Termovalle is an innovative project in Colombia, since the primary customer will be a public service enterprise under a power purchase agreement without public guarantee.

This project will serve as an example for future projects with private sector participation in the region.

Brief:

The project involves the construction, ownership, operation and maintenance of an electric plant of combined gas cycle of 199 MW in Cali, Colombia.

Marubeni will build the plant under a turnkey contract covered by compliance and completion guarantees.

Ecopetrol, under a contract with EPSA, will supply and transport for 17 years, all the gas necessary to operate the plant at 100% capacity. The gas will be transported by a gas pipeline system recently built by the private sector.

7. - PRI:

Project Title:	Aguaytía
Country:	Peru
Project Cost:	US\$ 252.8 million
Loan Amount:	US\$ 60 million A loan
Sector:	Energy / Gas
Date Approved:	Dec. 11, 1996
Status:	Project nearing completion.

Sponsors/Lead Manager:

The Maple Gas Corporation, PanEnergy Corporation, El Paso Energy Development Corporation, Scudder Latin American Power Fund, Illinova Generating Company and Power Markets Development Company. The Project Company is comprised of shareholders that are leaders in the natural gas and power generation industries with extensive experience in similar projects worldwide. Their technical experience and investment evidences their strong commitment to the project.

Customer:

Spot market in Peru.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	92.8
<u>Debt</u>	
IDB A Loan	60.0
TCW Loan	78.0
Banco Wiese Loan	22.0
<u>Total:</u>	252.8

Highlights:

IDB provided long-term funds, not otherwise available, that also attracted other financiers into the project.

Aguaytía is the first independent power project (IPP) in Peru since the sector was opened to private sector

participation in 1992, and the first private plant to sell electricity solely into the spot market. The project is also the first power project to employ natural gas as a primary fuel in the country. The success of this project is of the utmost importance in demonstrating the commercial viability of private power plants and the spot market in Peru.

The IDB is participating in this \$252.8 million project with a loan facility of \$60 million at 12 years (including 2 year grace period) in a financial market in which tenors rarely exceed 2 years.

Brief:

Aguaytía Energy del Peru S.R. Ltda. (“Aguaytía” or the “Project Company”) was established as a special purpose company to develop the Project.

The project involves the construction and operation of: (a) a 155 MW simple cycle gas fired power plant; (b) 400 km of 220 kV electric transmission lines; (c) gas processing facilities, gas and natural gas pipelines, and natural gas liquid fractionation facility; and, (d) development of a gas field.

The financial package of the project consists of \$92.8 million of sponsor equity and \$160 million of loans as follows: (1) a \$78 million OPIC-insured 12-year senior loan from the 50 billion asset U.S. investment fund manager Trust Company of the West carrying two applicable interest rates—10.75% pre-completion and 8.75% plus a variable component (“equity kicker”) post completion based on a percentage of gross revenues and capped at 13%; (2) a \$60 million 12-year senior loan from IDB at an interest rate of LIBOR plus no less than 400 bp; and (3) a \$22 million subordinated loan from Banco Wiese of Peru with a minimum term of three years.

8. - PRI:

Project Title: Aguas Provinciales de Santa Fe.
Country: Argentina
Project Cost: US\$ 219 million
Loan Amount: US\$ 30 million A loan
 US\$ 55 million B loan
Sector: Water & Sanitation
Date Approved: Dec. 17, 1996
Status: Under execution.

Customer:

Residential population and industrial customers and municipalities with bulk services in the Province of Santa Fe in Argentina.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	134.0
<u>Debt</u>	
IDB A Loan	30.0
IDB B Loan	55.0
Total:	219.0

Sponsors/Lead Manager:

Aguas Provinciales de Santa Fe (APSF) is the sponsor and borrower. In January 1995, the Province launched an international public tender. Having proposed the lowest price per cubic meter of water, APSF was awarded the Concession the 90% of the voting stock is owned by the 5 members of the Consortium: Lyonnaise des Eaux-Dumez, Sociedad Comercial del Plata S.A., Sociedad General de Aguas de Barcelona, Banco de Galicia y Buenos Aires, Meller S.A. These companies are also shareholders of Aguas Argentinas S.A., replicating the successfully implemented concession in Buenos Aires. The other 10 % is owned by its employees through an employee stock ownership program.

Highlights:

IDB provided long-term funds, not otherwise available, that also attracted other international financial institutions into the project. Without the presence of the IDB, APSF is dependent on expensive and unreliable short-term loans. Bank's participation will provide additional comfort to commercial banks and help mitigate the perception of political risk in the provincial level.

Brief:

The program will finance the 1996-1998 capital expenditure program made under the APSF's investment program to: (a) rehabilitate and expand the water treatment and sewerage facilities; (b) increase efficiency and reduce water losses; (c) improve the quality of services; and, (d) improve the collection rate.

9. - PRI:

Project Title: Transmetano
Country: Colombia
Project Cost: US\$ 78.5 million
Loan Amount: US\$ 19 million A loan
 US\$ 32 million B loan
Sector: Energy/Gas Pipeline
Date Approved: Dec. 17, 1996
Status: Pending financial closing.

Sponsors/Lead Manager:

Transportadora de Metano E.S.P. S.A. (Transmetano) is a Colombian public/private corporation created basically to build, own, and operate gas pipelines in Colombia.

The sponsors of the borrower and executing company are: Empresas Publicas Medellin (EPM), Promigas E.S.P. S.A., Compañía Sudamericana de Seguros, Compañía Nacional de Chocolates, Corporación Financiera Nacional y Sudamericana S.A. (Corfinsura), Colcorp S.A. and Compañía de Cementos Argos. These companies own 93.8% of the shares. The rest is owned by approximately 400 other minor shareholders.

Customer:

Transmetano will provide natural gas to the Medellin area, which is the second largest city in the country.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	27.5
<u>Debt</u>	
IDB A Loan	19.0
IDB B Loan	32.0
<u>Total:</u>	78.5

Highlights:

IDB provided long-term funds, not otherwise available, that also attracted other international financial institutions into the project. The construction of gas pipelines requires adequate long term financing.

This project will serve to consolidate the country's regulatory framework, which is still immature. Bank's assistance was important to develop the fundamental project contracts required to obtain international financing.

Brief:

The program will finance the construction, operation and maintenance of a 149-kilometer gas pipeline from Sebastopol to Medellin. The regulatory framework foundations necessary for this project have already been consolidated and strengthened by a MIF technical cooperation.

10. - PRI:

Project Title: Cali-Candelaria Toll Road
Country: Colombia
Project Cost: US\$48 million
Loan Amount: US\$10 million
Sector: Transportation
Date Approved: March 10, 1997
Status: Pending financial closing.

Sponsors/Lead Manager:

The main sponsors of the project, executed under Concesiones de Infraestructura S.A. (CISA), are Grupo Ferroviario (Spain) and Cruz Blanca (Chile) through its local subsidiaries and Construcciones Civiles (Colombia).

Customer:

Public Service

Financing Package:

<u>Equity</u>	US\$million
Shareholder equity	14.5
<u>Debt</u>	
IDB A Loan	10.0
Local Banks Debt	15.0
Internal Cash Generation	8.5
<u>Total</u>	48.0

Highlights:

The contract is granted in the form of a Build-Operate and Transfer (BOT) to Concesiones de Infraestructura S.A. (C.I.S.A.).

The key element of this project is the long term financing facility provided by IDB and its ability to mobilize local long term financing at reasonable cost. Long term financing in Colombia is very limited and expensive and it is essential for this kind of projects. The presence of the IDB in this toll road project will provide comfort to local commercial lenders when providing the long-term funds at adequate terms and encouraging more privately funded toll road projects in Colombia.

Brief:

The project entails the rehabilitation and maintenance of the road with a length of 32 Km between the City of Cali and the Town of Florida through Candelaria. The road provides the most direct access between Cali and the towns of Candelaria and Florida benefiting the population of these three urban centers of 1.9 million, 60,000 and 50,000 inhabitants respectively.

The area embraces many export industries served by the existing roads which are seriously deficient. Hence, the project will give direct support to the continued implementation of the country's economic development strategy by providing efficient transportation in the area and by stimulating future similar projects.

11. - PRI:

Project Title:	Río Bogotá (Salitre) Waste Water Treatment.
Country:	Colombia
Project Cost:	US\$125 million
Loan Amount:	US\$31.25million (Guarantee)
Sector:	Sanitation
Date Approved:	Apr. 9, 1997
Status:	Under execution.

Sponsors/Lead Manager:

The project will be developed by the special purpose company called Bogotana Aguas de Saneamiento.

The shareholders of the company are Lyonnaise des Eaux with a 51% interest ownership and Degremont S.A. with a 49% ownership interest. The sponsors are recognized as world leaders in the provision of sanitation and water services.

Customer:

Public Service

Financing Package:

<u>Equity</u>	US\$million
Sponsors	30
<u>Debt</u>	
Series A notes	30.25*
Series B notes	65
<u>Total</u>	125.25

(*) All of the Debt has been issued as a private placement with the participation of institutional investors. The Series A notes are covered by the IDB guarantee for upto \$31.25 million.

Highlights:

This will be the first wastewater treatment project in the region to be financed through the capital markets.

Río Bogotá also represents the first operation utilizing the IDB guarantee program and it clearly demonstrates the potential of the program as a catalyst for attracting private investors towards the infrastructure sector. The guarantee instrument is particularly well suited for projects in which the principal off-taker is a public sector entity. The IDB guarantee covers both breach of contract-termination risk as well as transferability-con-vertibility risk.

The operation is also the first IDB project issuing debt through a private placement as the major source of debt financing. Five U.S. institutional investors bought the debt.

The private placement consisted of \$30 million of Series A notes rated single A and \$70 million of series B notes, rated BBB (Colombia's sovereign ceiling). The series A notes with a term of 13 years and 3 months are backed by the IDB guarantee, which covers the payment obligations of the Capital District of Santafé de Bogotá.

Brief:

The project entails the design, construction, ownership, operation and maintenance of a wastewater treatment plant at the juncture of the Salitre River and the Bogotá River. The developmental role of the project is significant in that it constitutes an integral component of the long-term strategy developed by the Municipality aimed at the recovery of the ecological and health characteristics of the Bogotá River.

12. - PRI:

Project Title: Montevideo-Punta del Este
Toll Road

Country: Uruguay

Project Cost: US\$ 61million

Loan Amount: US\$12 million loan A
US\$13 million loan B

Sector: Transportation

Date Approved: September 17, 1997

Status: Under negotioation.

Highlights:

This is the first toll road limited recourse project in Uruguay. The project is very sensitive to the terms and conditions of the loans and the presence of the IDB will provide the long term maturities which are not offered by the local banking system.

Brief:

The project consists of a coastal highway linking Montevideo to Punta del Este encompassing six sections. Some of the sections already exist as four-lane roads and the project will expand some of the existing infrastructure and will build a completely new section. The concession agreement constitutes a Build Operate and Transfer (BOT) scheme of 13 year life after which the assets will be returned to the Ministerio de Transporte y Obras Publicas (MTOP).

Sponsors/Lead Manager:

The Argentine Sponsors in Consorcio del Este are: (1) Construcciones Civiles J.M. Aragón S.A. (39%), (2) Burgwart y Cia S.A. (20.34%), (3) ESUCO S.A. (20.33%), and (4) Contreras Hermanos S.A. (20.33%). All the shareholders are experienced and well-known Argentinean civil construction companies.

Customer:

Public Service

Financing Package:

<u>Equity</u>	US\$million
Sponsors	40.0
<u>Debt</u>	
IDB A Loan	12.0
IDB B Loan	13.0
<u>Total</u>	65.0

13. - PRI:

Project Title: Yucatán Gas Pipeline
Country: Mexico
Project Cost: US\$275 million
Loan Amount: US\$ 68 mill. loan A*
 US\$142 mill. loan B*
Sector: Energy/Gas Pipeline
Date Approved: September 24, 1997
Status: Under execution.

*Actual closed amount

Sponsors/Lead Manager:

The project sponsors are TransCanada Pipelines Limited, International Generating Ltd. (InterGen) and Gutsa Construcciones, S.A. de C.V.; Energía Mayakán, S.A. de R.L. de C.V., a special purpose company, incorporated under the laws of Mexico, has been created to develop the project.

Customer:

Comisión Federal de Electricidad (CFE), (26 year transport agreement).

Financing Package:

<u>Equity</u>	US\$million
Sponsors	26.3
Subordinated Debt	29.2
Contingent Equity	11.5
<u>Debt</u>	
IDB A Loan	75.0
IDB B Loan	150.0
<u>Total</u>	275.0

Highlights:

The project will be funded by a 24.4 % equity participation from the sponsors and 75.6% debt to be arranged by the IDB A and B type loans. The proposed tenor for the type A loan is 15 years after construction (almost 17 years door-to-door) and the tenor for the B loan is 12 years after construction (almost 14 years door-to-door). The project enjoys aggressive financial terms, considering the type of project, due to several reasons such as: long term contract (26 years), low technology and construction risks, limited room for competition and upside potential from third party sales.

Brief:

The project consists of the design, engineering, construction, operation and maintenance of a natural gas pipeline of approximately 700 Km in length from Ciudad Pemex, Tabasco, to Valladolid, Yucatán.

The pipeline will deliver natural gas to a number of existing and future Comisión Federal de Electricidad (CFE) power plants as well as other industrial customers located in the states of Campeche and Yucatán. The main customer will be CFE based on a 26 year transport agreement.

14. - PRI:

Project Title: AES Paraná Thermal Plant
Country: Argentina
Project Cost: US\$439 million
Loan Amount: US\$66.0 mil. A loan
 US\$66.0 mill. B loan
Sector: Energy
Date Approved: September 24, 1997
Status: Under negotiation.

Highlights:

No concession was required for this project since the Argentine electricity market is deregulated. Most of the electricity generated from this project will be sold directly to the national grid, which is operated by the electric wholesale market company, Compañía Administradora del Mercado Mayorista de Electricidad S.A.

Sponsors/Lead Manager:

The sponsors of the project are AES Americas, a wholly owned subsidiary of AES Corporation (AES) with a majority stake (67%), and CEA, with a minority stake (33%).

Important to mention the fact that the Argentine electricity sector is one of the most open, transparent and competitive markets of the world as a result of the successful privatization process carried out since early 1990's.

The sponsors created a special purpose company (AES Paraná S.A.) for the development of this project under a build, operate and own (BOO) scheme.

Brief:

The project consists of the construction, ownership and operation of a 830 MW thermal gas fired generation plant. The project includes the power generation plant, an electric interconnection to the national grid, and a gas distribution pipeline from the trunk pipeline to the plant. The project will be located close to the city of Nicolás (130,000 inhabitants), about 240 Km northwest of Buenos Aires and about 60 Km southeast of the city of Rosario.

Customers:

Electricity will primarily be sold directly into the Argentine national grid operated by a company named CAMMESA.

Financing Package:

<u>Equity</u>	US\$million
Sponsors Equity	78.7
Quasi Equity	35.0
<u>Debt</u>	
IDB A Loan	66.0
IDB B Loan	66.0
J-EXIM Direct Loan	81.0
J-EXIM Commercial Loan	81.0
Total:	439.0

15. - PRI:

Project Title: Dos Lagos Toll Road
Country: Brazil
Project Cost: US\$ 80.0 million
Loan Amount: US\$ 18.0 mill. A loan
 US\$ 19.0 mill. B loan
Sector: Transportation
Date Approved: December 10, 1997
Status: Under negotiation.

Highlights:

The terms for the debt financing resulted in 12 years (including 2-year grace period) for the A type loan and 10 years for the B type loan (including also 2-year grace period). Due to the transitional state of the regulatory framework, long-term financing for this kind of projects has been somewhat limited thus it is expected that this project will provide comfort to private investors not only in Río de Janeiro but in other states in the country.

Sponsors/Lead Manager:

The concession was granted to the special purpose company named Concessionária da Rodovia dos Lagos S.A. with equal participation from the sponsors of the project Constructora Andrade Gutierrez S.A. and Construcoes e Comercio Camargo Correa S.A.

Customer:

Public Service

Brief:

The Region Dos Lagos Toll Road project entails a 25-year concession for the expansion, operation and maintenance of a 60 Km highway system connecting Río Bonito-Araruama-Sao Pedro da Aldeia in the Region Dos Lagos, State of Río de Janeiro. This project is a priority within the Transportation Plan of Río de Janeiro, since its construction will significantly ease the severe traffic problems of the existing road network.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	36.8
<u>Debt</u>	
IDB A Loan	35.0
IDB B Loan	60.4
Financiera Energetica Nacional	15.0
<u>Total:</u>	147.2

16. - PRI:

Project Title:	Itá Hydroelectric Power Project
Country:	Brazil
Project Cost:	US\$ 1,070 million
Loan Amount:	US\$ 75.0 mill. A loan US\$300.0 mill. B loan
Sector:	Energy
Date Approved:	Dec. 12, 1997
Status:	Under negotiation.

Sponsors/Lead Manager:

The sponsors of the project are: (1) Companhia Siderúrgica Nacional (CSN); (2) OPP Petroquímica S.A.; (3) OPP Polietilenos S.A.; and (4) Companhia de Cimento Itambé (Itambé); these companies are also the electric power off-takers of Itá Hydroelectric Power Plant (Itá HPP). OPP Petroquímica S.A. and OPP Polietilenos S.A. are subsidiaries of Odebrecht Química S.A. (ODEQUI). The ownership of the project is distributed as follows: CSN (48.75%), ODEQUI (48.75% and Itambé (2.5%).

Customer:

The Sponsors.

Financing Package:

<u>Equity</u>	US\$million
Sponsors	267.5
<u>Debt</u>	
IDB A Loan	75.0
B Loan	300.0
BNDES	427.5
<u>Total:</u>	1,070.0

Highlights:

Itá HPP is the largest hydroelectric power project envisaged by the ten-year expansion plan of ELECTROBRAS. The successful financing and structuring of this project could create the necessary conditions for the completion of existing projects and new privately sponsored ones.

IDB is providing scarce long-term funding, which is virtually non-existent in Brazil, to a project that requires large investments over a long construction period. Because of the developing stage of the regulatory framework for private infrastructure investments, the presence of bilateral or multilateral funding in the financing is necessary to bring comfort of the private lenders.

Brief:

The project is part of a 35-year self-generation concession for the construction and operation of the Itá Hydroelectric Power Plant (Itá HPP). Itá HPP is part of the ten year expansion plan (1997-2006) approved by Centrais Elétricas Brasileiras S.A. (ELETROBRÁS), the Brazilian Federal Electricity Utility Holding Company. The project entails the construction and operation of the Itá Hydroelectric Power Plant and ancillary facilities with total installed capacity of 1,450 MW. Based on the technical characteristics of the plant, extensive power and hydrology studies and the integrated operation of the plant in the South-Southeast-Centerwest interconnected system the plant will provide an estimated average energy equivalent to 668 MW or 5,851,680 MWh per year. The project is located on the Brazilian side of the Uruguay river, on the border between the states of Santa Catarina and Rio Grande do Sul, in the southern region of Brazil.

Inter-American Investment Corporation:

1. - IIC:

Project Title:	Terminal 6
Country:	Argentina
Project Cost:	US\$10.9 million
Loan Amount:	US\$1.0 million
Equity:	No
Sector:	Transport / Port
Date Approved:	Dec. 13, 1989
Status:	Loan fully repaid

Sponsors/Lead Manager:

Terminal 6, S.A. is a joint enterprise of six private oilseed-processing companies.

Customer:

The six private oilseed-processing companies will benefit from installations.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	6.9
<u>Loans</u>	
IIC	1.0
IFC	3.0
<u>Total:</u>	10.9

Highlights:

IIC gave support with long-term financing and advice to this first- privately owned commercial port facility in Argentina.

Brief:

The project is a port storage expansion sponsored by six private oilseed-processing companies to solve their shipping problems, reduce their commercial costs and bottlenecks, make them more competitive in international markets and free their mill storage. Additionally, with this project, the companies reduced the risks related to volatile exchange rate and frequent regulatory changes.

The project entailed the construction of two new silos with a total capacity of 125,000 tons to double the size of Terminal 6 oilseed and cereal processing port facility.

The port TERMINAL 6, on the Parana River, was one of the first operations approved by the IIC's Board of Directors. It was successfully completed and it is handling more than 3 million metric tons a year. The loan was fully repaid, becoming the first project to complete the cycle.

2. - IIC:

Project Title:	IMPSAT
Country:	Argentina
Project Cost:	US\$40 million
Loan Amount:	US\$3 million
Equity:	US\$1.4 million
Sector:	Telecommunications
Date Approved:	Nov. 28, 1990
Status:	Fully repaid

Sponsors/Lead Manager:

IMPSAT, S.A. Argentina, is an Argentine company, in which Italcable SPA of Italy is a minority shareholder. IIC provided a long-term loan and equity.

Customer:

Telecommunication national grid, expandable to Latin America.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	24.1
IIC	1.4
<u>Debt</u>	
IIC	3.0
Suppliers Credits	1.0
Other	10.5
<u>Total:</u>	40.0

Highlights:

The successful results of this project would not have been possible had the IIC not been heavily involved in structuring the long-term financing. IIC was also able to arrange cofinancing from international banking institutions for US\$8 million.

IIC's support was vital in spurring the company's enormous growth. This success gave rise to a binational project in Colombia, also supported by the IIC.

Brief:

The IIC is supporting the creation of the first private Latin American ownership for a continental network to transmit data via satellite, giving this first loan to IMPSAT, S.A. Argentina in 1990. This network operates under the name of "Vanguardia", and was originally set up in Argentina in 1990 to build, install, and operate the first privately-owned satellite communications system in Latin America, using state-of-the-art VSAT (very small aperture terminal) technology. The project included the installation of a hub antenna in Buenos Aires and 900 site-specific terminals to provide data transmission services via satellite.

3. - IIC:

Project Title:	SERLIPSA
Country:	Peru
Project Cost:	US\$6.2 million
Loan Amount:	US\$1.4 million
Equity:	US\$0.5 million
Sector:	Freight Warehouse
Date Approved:	Dec. 10, 1991
Status:	Fully disbursed

Sponsors/Lead Manager:

Servicios Litoral Pacifico, S.A. (SERLIPSA) is sponsored by local people in the service business (transport, custom services, merchandise delivery, etc.). IIC contributed long-term debt and equity.

Customer:

Serlipsa serves fifteen airlines providing warehousing and handling services.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	1.3
IIC	0.5
Other	0.8
<u>Debt</u>	
IIC	1.4
Other	2.2
<u>Total:</u>	6.2

Highlights:

IIC provided a constant stream of advice for relevant decision-making at Serlipsa, transferring expertise and image that added value to the firm. In addition, IIC played a key role as the long-term funding window for the Serlipsa project, providing venture capital by subscribing an 18 percent share in the company in addition to granting a loan.

Brief:

After thirty years of government monopoly, Peruvian air cargo services were privatized 1991. Serlipsa Cargo-Center was created that same year to take over warehousing and handling services previously provided by the Jorge Chavez International Airport in Lima/Callao.

The project entailed building and operating a 338,171-cubic-foot air cargo warehouse terminal to provide customs-related storage and dispatching services. In addition to handling containerized and palletized merchandise in general, the facilities include cold storage, a high-security vault, and special handling areas. The project is fully operating at a site adjacent to the Jorge Chavez International Airport in Lima/Callao.

After three years of operations, Serlipsa has a 50 percent share of the market, it serves fifteen airlines and employs 250 people. Yearly sales total US\$7.5 million-50 percent more than initially expected. Serlipsa saves its users US\$30 million per year compared to the cost of service provided by the previously state-run company.

4. - IIC:

Project Title:	Gralado/Tres Cruces Terminal
Country:	Uruguay
Project Cost:	US\$18.5 million
Loan Amount:	US\$4.5 million (“A”) and US\$6.6 million (“B”).
Equity:	US\$300,000
Sector:	Transport (bus terminal)
Date Approved:	Dec. 10, 1992
Status:	Fully disbursed

Sponsors/Lead Manager:

The project company, Gralado S.A., is backed by nine (9) Uruguayan bus companies, a construction firm, Chilean investors and the IIC. In addition, IIC, Banco de Montevideo (local bank), and Swiss Bank Corporation and “Galicia y Buenos Aires Casa Bancaria” (international financial institutions) provided loans.

Customer:

Domestic and international passengers, and small cargo transportation services.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	3.7
IIC	0.3
Lease contributions	3.4
<u>Debt</u>	
IIC “A” Loan	4.5
IIC “B” Loan	6.6
<u>Total:</u>	18.5

Gralado S. A. built the Tres Cruces terminal with help from the IIC in the form of a US\$4.5 million loan and US\$300,000 in equity. The IIC’s cofinancing program secured the participation of other financial institutions with loans totaling US\$11.1 million that completed the project’s financial plan.

Highlights:

IIC provided financial support and advice in structuring and executing the Tres Cruces bus terminal project in Montevideo. IIC’s participation attracted foreign investors and banks, ensuring the start-up of an innovative project.

Brief:

In 1990 Gralado S.A. won the public bidding for the twenty-year concession to build and operate the first bus terminal in downtown Montevideo called Tres Cruces. This bus terminal came to solve the existing public transportation problem in Uruguay, due to the lack of passenger rail service and an economically viable air transport system to connect towns that are small and close together. Tres Cruces terminal concentrated in one place all bus transportation services, lowering traffic problems and air and noise pollution.

The terminal opened in November 1994 and now handles 35,000 passengers per day (thirteen million per year), as well as 10,200 tons of cargo per year.

5. - IIC:

Project Title:	IMPSAT II
Country:	Colombia
Project Cost:	US\$51 million
Loan Amount:	US\$6 million
Equity:	No
Sector:	Telecommunications
Date Approved:	Dec. 18, 1992
Status:	Fully disbursed

IIC provided an US\$8 million loan and arranged US\$8 million in cofinancing from two commercial banking institutions.

Highlights:

IIC provided long-term financing, not otherwise available, and arranged substantial cofinancing with two commercial banking institutions. IIC expertise and success with IMPSAT Argentina, made possible this quick and effective aid.

Sponsors/Lead Manager:

IMPSAT S.A. Colombia was sponsored mainly by independent investors grouped in a holding company created to invest in this project. Other sponsors include the Argentine holding group that sponsored IMPSAT project in Argentina, also with IIC support, and a local insurance company.

The demand for IMPSAT Colombia's services is such that in 1995 the sponsors requested another contribution under the IIC cofinancing program to finance company's growth and establish a strategic venture with the Bogota phone company for providing digital services.

Customer:

Telecommunication national grid, expandable to Latin America.

Brief:

The project consists of satellite telecommunication network for public and private companies. It is intended to improve data transmission services such as the banking industry's checking and 24-hour automatic teller machine (ATM) operations, supermarket chain's operations such as point-of-sale and on-line credit authorization, and hospital communications such as image transmission and access to databases.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	17.7
Cash Generation	14.3
<u>Debt</u>	
IIC	6.0
Others	13.0
<u>Total:</u>	51.0

This project materialized as a result of IMPSAT success in Argentina.

6. - IIC:

Project Title:	Hidroeléctrica Platanar
Country:	Costa Rica
Project Cost:	US\$20 million
Loan Amount:	US\$6 million (US\$5 million senior loan and US\$1 million subordinated loan).
Equity:	No
Sector:	Energy
Date Approved:	Dec. 07, 1993
Status:	Fully disbursed and the plant is generating electricity since July 1995.

Highlights:

Given the small scope of the project and its location, the IIC played a vital role in helping the sponsors design a viable financial structure and identify complementary sources of financing for the first power plants authorized under Costa Rica's energy privatization plan after approval the Law 7200.

The credibility lent by the IIC's presence ensured the participation of SARET, a local construction firm, and STEEL Technologies, a French company specializing in manufacturing and installing electronic control equipment for small and medium-size hydroelectric plants.

Sponsors/Lead Manager:

"Hidroeléctrica Platanar, S.A.", a consortium led by Empresa Electrica Matamoros S.A. (EEM), SARET of Costa Rica S.A. and S.T.E.E.L Technologies S.A.

IIC was of crucial importance to assemble a group interested in supporting the project. IIC was the principal financier and financial advisor of this project.

Customer:

All energy generated by the plant will be purchased by the Instituto Costarricense de Electricidad (ICE) under a long-term contract. The national population will be the final consumer.

Brief:

The project design of this 15 MW hydroelectric plant -reviewed for negative impact on water, soil, people, and forests, as well as seismic risk- complies with country's environmental protection standards including a major reforestation program in the Platanar River area.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	4.0
IIC (quasi-equity)	1.0
Other (quasi-equity)	1.0
<u>Debt</u>	
IIC	5.0
Others	9.0
<u>Total:</u>	20.0

7. - IIC:

Project Title:	FondElec, Latin American Energy & Electricity Fund
Country:	Regional
Project Cost:	US\$50 million
Loan Amount:	no
Equity:	US\$5 million
Sector:	Energy
Date Approved:	Sept. 29, 1994
Status:	Partially Disbursed

Sponsors/Lead Manager:

IIC is a strategic investor with AYP Capital Inc and Chemical Latin American Associates, L.P of New York; Constellation Energy International of Baltimore, Maryland; PMDC Energy Limited of Fairfax, Virginia; and Williams International Investments Ltd of Tulsa, Oklahoma. FondElec Group, Inc., of Delaware, will manage the Fund.

Customer:

Private Latin American power sector

Financing Package:

	US\$ million
Chemical Venture Partners	10.0
Constellation Energy	10.0
CAF (Corporación Andina de Fomento)	9.5
IIC	5.0
Other	16.5
<u>Total:</u>	50.0

Highlights:

FondElec combines expertise and experience with its capital resources, capitalizing on Latin America appetite for private equity in infrastructure. FondElec's secret to success is that it enters the process early on. Several times, FondElec's managers have even originated some of their own transactions.

Brief:

The Latin American Energy and Electricity Fund One (LP) managed by the FondElec Group Inc., is an investment fund set up to originate and invest in private power projects throughout Latin America. The fund focus on privatizing existing entities, building new power plants, or investing in power transmission and distribution in general. The fund was launched in October 1994 and has already made two investments, one in Peru and another in Bolivia. Distributor Luz del Sur in Peru, which was created through the privatization of Eldesur, serves the southern part of Lima. Empresa Valle Hermoso in Bolivia, one of the three companies formed when producer Ende was privatized last July, will generate nearly one fourth of Bolivia's electricity.

The Fund has now two investments, a \$6 million share of Luz del Sur in Lima, Peru and about \$12 million in Edeer, the recently privatized distribution company for the province of Entre Rios, Argentina. The investment in Luz del Sur has already appreciated by 32% p.a., while the investment in Edeer was recently closed and no information is available. The Fund is also in the process of advanced due diligence on other 11 opportunities for investment.

IIC is also participating in a second phase of the Fund, (see 13 of this list).

8. - IIC:

Project Title:	CONELECTRICAS
Country:	Costa Rica
Project Cost:	US\$22.5 million
Loan Amount:	Loan US\$2 million, Subordinated Loan US\$1 million and "B" Loan US\$3 million.
Equity:	No
Sector:	Power
Date Approved:	Dec. 8, 1994
Status:	Fully Disbursed

Sponsors/Lead Manager:

Hidroeléctrica San Lorenzo was to be built by a consortium of four rural cooperatives with more than 60,000 members. Bel Ingenieria (leading Costa Rican engineering firm) and STEEL Technologies of France provided technology and advisory services

Customer:

The electricity generated is sold in its entirety, under a power purchase agreement (PPA), to the Instituto Costarricense de Electricidad (ICE).

Financing Package:

<u>Equity</u>	US\$ million
CONELECTRICAS	4.1
Other (quasi-equity)	2.2
IIC (subordinated loan)	2.0
<u>Debt</u>	
IIC ("A" Loan)	1.0
IIC ("B" Loan)	3.0
Others	10.2
<u>Total:</u>	22.5

Highlights:

IIC's involvement attracted Bel Ingenieria, and STEEL Technologies, which, as in the Hidroeléctrica Platanar project, provided state-of-the-art technology and specialized services. In addition, IIC was engaged to structure a funding package making it possible to obtain financial support from the Central American Bank for Economic Integration (CABEI), the German finance company for investing in developing countries Deutsche Investitions-und Entwicklungsgesellschaft (DEG), Banco Nacional de Costa Rica (BNCR), Banco Internacional de Costa Rica, S.A. (BICSA), and Commonwealth Development Corporation (CDC).

Brief:

IIC financed one of the first power plants authorized under Costa Rica's energy privatization plan, Hidroeléctrica Platanar, S.A., approved in December 1993. One year later, IIC approved a funding package for another 15-MW hydroelectric project in Costa Rica: CONELECTRICAS, located on the San Lorenzo River in Canton of San Ramon, Province of Alajuela.

The plant is managed and operated by CONELECTRICAS, R.L.

9.- IIC:

Project Title: TERMODORADA
Country: Colombia
Project Cost: US\$28.5 million
Loan Amount: Loan US\$4.9 million, and
 cofinancing arrangements for
 US\$20.0 million
Equity: No
Sector: Energy/Power
Date Approved: September 6, 1996
Status: Pending Commitment

Sponsors/Lead Manager:

Several companies in the Grupo Economico I.C.I. and CHEC, the local utility company and the exclusive power purchaser. The various companies of Grupo Economico I.C.I. will be the majority shareholders of Termodorada (70%) and CHEC will be the minority shareholder (30%).

Customer:

The electricity generated will be sold exclusively to the local state-owned utility company, Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC), as agreed upon a fifteen-year Power Purchase Agreement.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	3.6
<u>Debt</u>	
IIC ("A" Loan)	4.9
Cofinancing	20.0
<u>Total:</u>	28.5

IIC approved a US\$1.3 million loan to Termoeléctrica de la Dorada, S.A. E.S.P. (Termodorada), of Colombia, and a US\$3.6 million loan to International Power Leasing Company (IPLC). Under the cofinancing program the IIC will raise, another US\$20 million in type B loan facility.

Highlights:

IIC's investment in this project is assisting a sector that is key to the development and economic growth of the country and supports the Colombian Government in its effort to encourage private sector participation in the energy sector to reduce the financial burden that the expansion of the electric system entails. Moreover, this project will assist a sector in a region (Caldas) affected by power shortages.

The Government of Colombia is supporting the opening of energy production to the private sector. Law 143 was passed in 1994 to support the policy reform. Termodorada is one of the first private power generation projects in Colombia.

Brief:

The project consists of the design, construction, establishment, and operation of a 50MW simple gas-fired electric generation plant located within the boundaries of La Dorada. The reliable supply of electricity from Termodorada, along with the new aqueduct, improved roads, and rail service, will make La Dorada an important development center.

10.- IIC:

Project Title:	Waterfields
Country:	The Bahamas
Project Cost:	US\$11.6 million
Loan Amount:	Loan US\$1.5 million
Equity:	No
Sector:	Water / desalination plant
Date Approved:	October 7, 1996
Status:	Fully Disbursed

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	1.67
Bahamian equity	3.05
Non-Bahamian equity	2.92
<u>Debt</u>	
IIC (“A” Loan)	1.50
Commercial Bank	2.46
<u>Total:</u>	11.60

Sponsors/Lead Manager:

Waterfields Company Limited is a limited liability company sponsored by the joint venture of Bacardi & Company Ltd (BACO) and DesalCo Ltd. After a successful private placement offering, the company’s capital base is now comprised of 40% Bahamian ownership, which consists primarily of Bacardi local employees plus Bahamian companies. The rest is owned by BACO, DesalCo and other non-Bahamian Shareholders.

Customer:

The entire output will be sold to the Government-owned water distribution company, the Water & Sewerage Corporation, primarily for residential use.

Highlights:

The project was able to raise local and international financing, with the support of IIC in the structuring and financing.

The project will have an important economic impact on the island of New Providence because it is currently constrained in the development of constructions and tourism due to the lack of potable water.

Brief:

Waterfields Company Limited will build, own and operate under a 15 year concession a new water desalination plant on the island of New Providence. The purpose of the project is to satisfy the chronic need for potable water on the island of New Providence.

11. - IIC:

Project Title:	Hidronihuil
Country:	Argentina
Project Cost:	US\$35.7 million
Loan Amount:	US\$10 million
Equity:	No
Sector:	Energy
Date Approved:	June 1997
Status:	Recently Approved

Sponsors/Lead Manager:

The project will be built and managed by the company Hidronihuil S.A.. The sponsors, Cartellone and Federación Eléctrica de Nuevo Cuyo S.A., share the ownership 75% and 25% respectively.

Customer:

Energía Mendoza Sociedad del Estado (EMSE) the electricity utility company of the Mendoza province.

Financing Package:

<u>Equity</u>	US\$ million
Sponsors	9.8
<u>Loans</u>	
A loan IIC	10.0
B loan Participants	10.0
Suppliers Credits	3.9
Banco Reg., Cuyo	2.0
<u>Total:</u>	35.7

Highlights:

The concession is structured as a Build-Operate and transfer (BOT). After the 16-year period, operation and maintenance will be turned over to the Province. As established in the power purchase agreement (PPA), Hidronihuil will sell all of its electricity to EMSE. The payment will be based on the electricity generation. However, a minimum monthly payment is guaranteed in the case that energy is not delivered resulting from: 1) no electricity generation caused by unavailability of water, or 2) no electricity purchase by EMSE.

Brief:

The project consists of the design, construction and operation of a 30 MW hydroelectric power plant under a 16 year concession from EMSE. The project is located on the Río Atuel in the province of Mendoza, in the western part of Argentina, approximately 20 Km from the city of San Rafael. The project will use the irrigation flows coming from the Valle Grande dam, which was built in the 60's to regulate the power-irrigation system of the Atuel river. The Atuel river has three other hydroelectric power plants upstream: (1) Nihuil I, (74 MW), (2) Nihuil II (133 MW), and Nihuil III with a capacity of 52 MW.

12.- IIC:

Project Title: Puerto Cartagena (Soc. Portuaria)
Country: Colombia
Project Cost: US\$30.5 million
Loan Amount: US\$ 8.0 million
Equity: No
Sector: Transportation
Date Approved: November, 1997.
Status: Recently Approved

Financing Package:

<u>Equity</u>	US\$ million
Cash at Banks	2.0
Cash from operations	5.2
<u>Debt</u>	
IIC	8.0
Société Générale	2.1
Leasing	10.1
Local Banks	3.1
Total:	30.5

Sponsors/Lead Manager:

The concession was granted to the company that is undertaking the upgrading and modernization of the port of Cartagena Sociedad Portuaria Regional de Cartagena S.A. The ownership of the company is highly fragmented in forty three companies and several individuals. The shareholders can be classified into three groups: (1) shipping agencies such as Colmares, Aníbal, Ochoa & Cía; (2) shipping companies such as Flota Mercante Grancolombiana and Líneas Agromar; and (3) individual Colombian investors, representing the bulk of the shareholders. The main shareholders, who are also represented on the board of directors, control more than 40% of the company.

Customer:

Colombian ocean cargo market. The company is the leader in the market and will compete with other ports offering services in the Pacific Ocean (other three public services ports).

Highlights:

The project is based on a twenty-year concession to upgrade, administer and operate the Puerto de Cartagena that was awarded to Sociedad Portuaria Regional de Cartagena by the Colombian Government throughout public bidding process in 1993. The concession entails a build, operate, maintain and transfer (BOMT).

Brief:

The project entails the upgrading and modernization of the Cartagena port to transform it from a general cargo port into a terminal for containers. The project will increase the port's capacity to handle over 200,000 containers annually and will allow the docking of second and third generation vessels with a capacity ranging between 1,500 and 3,000 containers per vessel. The port has an area of approximately twenty-five hectares and is located in the southern part of Manga island in the city of Cartagena.

13. - IIC:

Project Title:	FondElec (II)
Country:	Regional
Project Cost:	US\$100 million
Equity (IIC):	US\$5.0
Sector:	Energy and Telecommunications
Date Approved:	December, 1997
Status:	Partially Disbursed

Sponsors/Lead Manager:

The Sponsor of the project is the FondElec Group, a fund management company which currently manages two other investment funds, the Pegasus Fund I, L.P. and the Latin America Energy and Electricity Fund I, L.P. (FondElec I).

Financing Package:

<u>Equity</u>	US\$ million
CMS	35.0
IIC	5.0
General Partner	3.0
Other	57.0
<u>Total:</u>	100.0

Highlights:

IIC's presence in FondElec will strengthen the project by providing the credibility of a multilateral institution. Although utility stocks in Latin America should be highly attractive investments, there continues to be uncer-

tainty on the part of private investors about the consistency of regulatory reform, the economic and political volatility that has characterized the region in the past, and the risk of devaluation. IIC's presence is viewed as a vote of confidence in the region's potential growth and the stability of the sector, thereby helping to attract private capital to the region.

Brief:

The IIC will take an equity participation of \$5 million for the second phase of the fund (FondElec II) which was approved in 1997. In 1994 the IIC signed an agreement to make an equity participation of \$5 million in FondElec I. The \$50 million fund (FondElec I) is dedicated to make private investments in existing and new power generation and distribution facilities throughout Latin America. Because the current investor group is comprised primarily of electric companies with regulatory restrictions in expanding their scope of activities, the managers decided to raise a second fund (FondElec II) made of investors interested in sectorial diversification. FondElec II will invest in private equity opportunities in the distribution of electricity, gas, water and wireless communications in emerging markets. Its goal is to invest in the expansion of basic infrastructure, bringing increased service and enhanced quality of service to consumers. Although the Fund will focus primarily in Latin America (at least 75%), it may choose to participate also outside the Region. However, IIC investments and returns will be strictly limited to the regional member countries.

Multilateral Investment Fund

1. - MIF:

Project Title:	Legal and Institutional framework to Promote Private Sector Participation in Transportation	Brief: This program supported the reform program already initiated by the Government for the restructuring of transportation services. The core objectives of the program are to: create, promote and support favorable conditions for private sector financing in transportation sector projects; and, strengthen regulatory functions and long term planning.
Country:	Ecuador	
Grant Amount:	US\$1,620,400	
Sector:	Transportation	
Approval Date:	24 May, 1995	
Executing Agency:	Consejo Nacional de Modernización del Estado (CONAM).	The program was organized in three sub-programs: Privatization and Modernization of Port Services, Execution of the Transport Concession Plan, and Airport System Modernization. The program included technical assistance for bidding in transportation and port services (also privatization in the latter), and in the creation of an action plan for the modernization and contract preparation of concession and privatization of the airport sector.
Status:	Disbursed 25%	
Program Financing:	Total US\$2,424,400 MIF Grant US\$1,620,400 Government US\$804,000	

2. - MIF:

Project Title:	Plan of Operations, Modernization of the Water Supply and Sanitation Sector.	Brief: The general objective was to support Ecuadorian government's plans to modernize the water supply and sanitation sector, and lay the necessary groundwork to promote private investment.
Country:	Ecuador	
Grant Amount:	US\$920,000	
Sector:	Water&Sanitation	
Approval Date:	19 July, 1995	
Executing Agency:	Consejo Nacional de Modernización del Estado (CONAM).	The specific objectives include: supporting government to design and implement a new legal, institutional and regulatory framework; furnishing the new regulatory agency to make the sector more efficient to foster private sector participation; and developing mechanisms to start up the sector regulatory agency. The beneficiaries for this project will be the agencies associated with the water supply and sanitation sector, service users and the private sector.
Status:	Disbursed 60%	
Program Financing:	Total US\$1,100,000 MIF Grant US\$920,000 Beneficiary US\$180,000	

3. - MIF:

Project Title:	Legal and Regulatory Framework for the Expansion of Private Investment in Infrastructure	Status:	Disbursed 6%
Country:	Nicaragua	Program Financing:	Total US\$2,190,220 MIF Grant US\$1,991,220 Local Cont. US\$199,000
Grant Amount:	US\$1,991,220	Brief:	
Sector:	Energy, Telecommunications, Water Supply & Sewerage.		This program supports the efforts of the Government of Nicaragua to modernize and expand the energy, telecommunications, and water and sewerage sectors through a new legal and regulatory framework that will foster the efficient development and participation of the private sector.
Approval Date:	19 July, 1995		
Executing Agency:	Comisión Sectorial de Reforma para las Empresas Públicas.		

4. - MIF:

Project Title:	Energy Sector Restructuring Program	Brief:	
Country:	Paraguay		The program's objective consists of supporting the Paraguayan government institute reforms and new policies in the electric power, and oil and natural gas sectors necessary to improve performance, attract private investors, and strengthen the capacity of government policy-making and regulatory agencies. The program is designed to make energy sector operations more transparent, and efficient.
Grant Amount:	US\$1,085,000		
Sector:	Energy		
Approval Date:	9 August, 1995		
Executing Agency:	The Office of the Deputy Minister of Mines and Energy, under the Ministry of Public Works and Communications.		
Status:	Disbursed 56%		The program entails restructuring the energy sector, primarily using consulting services to establish the legal, institutional and technical aspects for the implementation of structural reforms.
Program Financing:	Total US\$1,200,000 MIF Grant US\$1,085,000 Beneficiary US\$115,000		

5. - MIF:

Project Title:	Airport Sector Preparation for Privatization	Status:	Disbursed 22%
Country:	Jamaica	Program Financing:	Total US\$720,000 MIF Grant US\$570,000 Receptor US\$150,000
Grant Amount:	US\$570,000		
Sector:	Transport/Airport		
Approval Date:	9 August, 1995	Brief:	
Executing Agency:	Airports Authority of Jamaica (AAJ) is the executing agency and grant receptor		This program includes two phases: the preparation of the Airport Sector for its privatization, with the corresponding legal and regulatory framework preparation; and the actual privatization.

6. - MIF:

Project Title:	Strengthening for the Water and Basic Sanitation Service Regulatory Commission (CRA)	Brief:	The program's general objective is to support the Colombian government in promoting efficient delivery of water and basic sanitation service by implementing a regulatory system that encourages competition and greater private-sector participation.
Country:	Colombia		
Grant Amount:	US\$990,000		
Sector:	Water and Sanitation		
Approval Date:	27 Sept., 1995	The program has four components:	(1)The establishment of the criteria and methods for the sector's regulatory function; (2) the promotion of private-sector participation; (3) the training of the sector's human resources; and (4) the development of the CRA's computer system development plan.
Executing Agency:	The Ministry of Economic Development through the Water and Basic Sanitation Service Regulatory Commission (CRA).		
Status:	Disbursed 54%		
Program Financing:	Total US\$1,700,000 MIF Grant US\$990,000 Beneficiary US\$710,000		

7. - MIF:

Project Title: Strengthening of the Public Works Concession System

Country: Chile

Grant Amount: US\$1,468,000

Sector: Transport

Approval Date: 1 Nov., 1995

Executing Agency: The Ministry of Public Works, through the Concessions Coordination Office.

Status: Disbursed 10%

Program Financing: Total US\$2,800,000
MIF Grant US\$1,468,000
Government US\$1,332,000

Brief:

The program's general objective is to support the Government in its efforts to strengthen the institutional framework and administrative capacity of the Public Works Concessions System and bring the private sector into the provision of transport infrastructure. This includes providing technical assistance to enhance the ability of the Concessions Coordination Office to perform its role in all the stages of a transport infrastructure concessions program.

8. - MIF:

Project Title: Regulatory Framework for the Natural Gas Sub-Sector and Strengthening of the Energy Regulatory Commission.

Country: Mexico

Grant Amount: US\$1,500,000

Sector: Energy

Approval Date: 24 April, 1996

Executing Agency: Energy Regulatory Commission (CRE).

Status:

Disbursed 0%

Program Financing:

Total US\$3,000,000

MIF Grant US\$1,500,000

Local Cont. US\$1,500,000

Brief:

The program's general objective is to support the Mexican government in (1) the development of a regulatory framework to facilitate private sector investment in the natural gas sub-sector; and (2) the strengthening of CRE, the entity in charge of regulation development and implementation.

9. - MIF:

Project Title:	Strengthening of the Energy Regulatory Commission (CRE)	Brief: The program objective is to support the Government of Colombia in setting-up and undertaking the initial activities of the Electricity Regulatory Commission (CRE) under the electricity sector reform program, establishing conditions conducive to the CRE's implementation of the structural reforms contemplated in the proposed legislation on electric power and public utilities. CRE will be the primary regulatory agency for Colombia's energy sector and will play a key role in establishing the legal framework and a favorable atmosphere for increasing the participation of private investors in the energy sector.
Country:	Colombia	
Grant Amount:	US\$1,627,000	
Sector:	Energy	
Approval Date:	30 March, 1994	
Executing Agency:	The Ministry of Public Works, through the Concessions Coordination Office.	
Status:	Disbursed 83%	
Program Financing:	Total US\$1,777,000 MIF Grant US\$1,627,000 CRE US\$150,000	

10. - MIF:

Project Title:	Fostering Private Sector Participation in Infrastructure	Brief: Program general objective is to support the creation of a legal, institutional and regulatory framework, to foster private sector investment in infrastructure. The program is divided into two sub-programs as follows: (1) institutional strengthening of the Electric National Service - Regulation Authority for Public Services (SNE/ARESEP) to promote private sector investment, ease its regulatory role and protect consumers; and (2) identification of legal obstacles for private investment in different infrastructure sectors and supporting the government in its effort to eliminate these obstacles.
Country:	Costa Rica	
Grant Amount:	US\$1,550,000	
Sector:	Infrastructure	
Approval Date:	26 October, 1994	
Executing Agency:	Ministry of Natural Resources, Energy and Mines (MIRENEM).	
Status:	Disbursed 9%	
Program Financing:	Total US\$1,550,000 MIF Grant US\$1,550,000	

11. - MIF:

Project Title:	Water Reform for Mendoza / Privatization and Establishment of a Regulatory Authority	Brief: The program's general objective is to implement the institutional restructuring of the water and sanitation sector with special focus on the reorganization of the institutional framework for the sector in the Province of Mendoza. This includes transferring operations to the private sector and strengthening the regulatory capacities of the public sector, while ensuring the expansion of the system and promoting adequate administration, conservation, and protection of water resources.
Country:	Argentina	
Grant Amount:	US\$1,260,000	
Sector:	Water and Sanitation	
Approval Date:	7 Dec., 1994	
Executing Agency:	Ministry of the Environment, Urban Development and Housing of the Province of Mendoza (MMAUV).	
Status:	Disbursed 78%	The program includes two sub-programs as follows: (1) Establishment and institutional strengthening of the water and sanitation regulatory agency, Ente Provincial de Agua y Saneamiento (EPAS); and (2) the conversion of Obras Sanitarias Mendoza (OSM) into a corporation with private-sector participation.
Program Financing:	Total US\$1,260,000 MIF Grant US\$795,000 MIF (contingent recovery basis) US\$465,000	

12. - MIF:

Project Title:	Restructuring and privatization of the Energy and Telecommunication Sectors	Status: Disbursed 35%
Country:	El Salvador	Program Financing: Total US\$1,971,000 MIF Grant US\$1,571,000 MIF (contingent recovery basis) US\$400,000
Grant Amount:	US\$1,571,000	
Sector:	Energy and Telecommunication	
Approval Date:	14 Dec., 1994	Brief: The program objective is to support the Government in the following three activities: (1) implementation of the new legal, regulatory, and institutional framework for energy and telecommunications capable of fostering private sector investment; (2) the establishment of a regulatory commission for those sectors; and (3) the promotion of private sector investment.
Executing Agency:	Ministerio de Planificación (MIPLAN).	

13. - MIF:

Project Title:	Development of a Regulatory Framework for the Water and Sanitation Sector	Program Financing:	Total US\$1,200,000 MIF Grant US\$980,000 Local Cont. US\$220,000
Country:	Paraguay	Brief:	
Grant Amount:	US\$980,000		
Sector:	Water and Sanitation		Program general objective is to develop a new legal and institutional framework for the water and sanitation sector, including the establishment of a regulatory agency that is separate and independent from the system's present operators, and the creation of conditions conducive to private sector.
Approval Date:	22 March, 1995		
Executing Agency:	Ministry of Finance, through the Privatization Council.		
Status:	Disbursed 60%		

14. - MIF:

Project Title:	Establishment of the Office of Utilities Regulation (OUR)	Brief:	
Country:	Jamaica		The project supports an eighteen-month program aimed at: (1) developing the legislation and regulatory instruments enabling private sector participation in the energy sector and empowering the Office of Utilities Regulation (OUR); and, (2) establishing the energy unit of the OUR as the first step to fully establishing OUR as the main regulatory agency for energy, telecommunications, transport and water distribution.
Grant Amount:	US\$1,452,000		
Sector:	Public Utilities and Energy		
Approval Date:	8 May, 1994		
Executing Agency:	Ministry of Public Utilities, Mining and Energy.		
Status:	Disbursed 84%		
Program Financing:	Total US\$1,452,000 MIF Grant US\$1,452,000		The program is structured in two sub-programs: (1) recruitment of short term consultants to support the preparation of draft legislation and regulatory and commercial documentation for the power sector; and (2) establishment of OUR, including information systems, human resources development and acquisition of required software and hardware

15. - MIF:

Project Title:	Development of a model agreement for the concession of the Caracas-La Guaira highway system to the private sector.	Brief: The program general objective is to provide technical assistance funding to the MTC for the preparation and negotiation of a private-sector concession contract for the Caracas-La Guaira highway system that can also serve as a model for future concessions. The project will finance legal, financial, environmental and technical assistance for the preparation and negotiation of the concession contract, in order to ensure that the contract allows for the project to be financed in the international financial market and to provide a guarantee to the government and safety of the roads in accordance with international highway sector standards.
Country:	Venezuela	
Grant Amount:	US\$193,000	
Sector:	Transport	
Approval date:	Oct. 17, 1996	
Executing Agency:	Ministry of Transport and Communication (MTC).	
Status:	Disbursement has not started.	
Program Financing:	Total US\$366,000 MIF Grant US\$173,000 MIF post-evaluation US20,000 Local Cont.US\$173,000	

16. - MIF:

Project Title:	Development of reverted areas with private-sector participation.	Brief: The program general objective is to contribute to the development of the reverted areas of the Panama Canal Zone by supporting ARI's activities aimed at transferring the assets to private investors who, in turn, will secure the investments required for an efficient utilization of the assets and long-term job creation. A Technical Cooperation Fund (TCF) will be established and funded by the MIF and the Government of Panama, to support ARI's program and objectives for a period of twelve months. The resources of the Fund would be utilized to recruit short, medium and long-term consultants to support ARI in implementing the efficient transfer of the Panama Canal Area assets to private investors.
Country:	Panama	
Grant Amount:	US\$600,000	
Sector:	Transport/Port	
Approval date:	Sept. 25, 1996	
Executing Agency:	Autoridad de la Region Interoceanica (ARI)	
Status:	Disbursed 38%	
Program Financing:	Total US\$700,000 MIF Grant US\$600,000 Local Cont. US\$100,000 Other donors N/A	

17.- MIF:

Project Title:	Program to restructure and promote private-sector participation in the telecommunications and electricity sectors.	private sector for the delivery and expansion of coverage of services, in support of efforts by the Government of Honduras to improve quality and efficiency and promote sustainable development in the telecommunications and electricity sectors.
Country:	Honduras	
Grant Amount:	US\$1,130,000	
Sector:	Telecom. & Electricity	MIF funding will be used to develop and establish the regulatory framework, organize and set into operation the agencies responsible for regulating these sectors, train human resources, and provide computer hardware and software required.
Approval date:	May 29, 1996	
Executing Agency:	National Telecommunications Commission (CONATEL) and National Electrical Energy Commission (CNEE).	
Status:	Disbursed 10%	The reform of the institutional framework of the electricity sub-sector was initiated in 1991 with the support of energy sector loans from the IDB and World Bank. In late 1994, the IDB approved additional financing for the energy sector hybrid program including a US\$14.82 million loan for sector investment, and a US\$20 million loan with US\$2 million technical cooperation to support the reforms.
Program Financing:	Total US\$1,380,000 MIF Grant US\$1,130,000 Local Cont. US\$250,000	
Brief:	The program's general objective is to attract technical, operational capacity and venture capital from the	

18.- MIF:

Project Title:	Support concession for the Buenos Aires-Montevideo gas pipeline.	Brief: The program's general objective is to provide funding for technical assistance to help the National Energy Department (DNE) prepare the bidding documents and model contract for a concession for the Buenos Aires - Montevideo gas pipeline. The design will ensure that bidding and concession documents are consistent with the objectives of the Uruguayan authorities to the effect that the gas pipeline be constructed, operated and financed by the private sector, guaranteeing an appropriate level of service and conditions that will allow for expansion of the system.
Country:	Uruguay	
Grant Amount:	US\$185,500	
Sector:	Oil and gas	
Approval date:	May 29, 1996	
Executing Agency:	National Energy Department (DNE) - Ministry of Industry, Energy and Mines.	
Status:	Fully disbursed.	
Program Financing:	Total US\$265,000 MIF Grant US\$185,500 Local Cont. US\$78,500	

19.- MIF:

Project Title: Energy Sector Reform Program.
Country: Uruguay
Grant Amount: US\$630,000
Sector: Energy/Power
Approval date: July 10, 1996
Executing Agency: Ministry of Industry, Energy and Mining - Department of Energy.
Status: Disbursed 4%
Program Financing: Total US\$940,000
MIF Grant US\$630,000
Local Cont.US\$310,000

Brief:

The program's general objective is to help create conditions conducive to the participation of private investment in the energy sector. The specific objective is to develop the instruments needed to restructure the sector by establishing an appropriate regulatory and institutional framework and by strengthening the government agencies involved in sector regulation and oversight.

20.- MIF:

Project Title: Electric Sector Reform
Country: Haiti
Program Cost: US\$1,260,000
Grant Amount: US\$1,169,000
Sector: Energy/Power
Approval date: Sept. 11, 1996
Executing Agency: The Government of Haiti (GOH) will designate a technical group to be the project executing unit (PEU) for the Technical Assistance, which will become the Technical Secretariat's unit in charge of coordinating the electric sector reform when a special law is approved.

Status:

Disbursed 12%

Program Financing:

Total US\$1,260,000

MIF Grant US\$1,169,000

Local Cont. US\$91,000

Brief:

The program's general objective is to assist the GOH in the reorganization of the electricity sector and the establishment of a framework for the provision of electricity in conditions of economic (productive and accountable) efficiency. The program intends to increase private sector participation in order to raise the level of efficiency, and bring the needed financial resources for its growth and development of the electricity sector.

21.-MIF:

Project Title:	Regulatory Framework Electricity/Water and Sanitation	Brief:	The program's general objective is to attract technical and operational capacity and venture capital from the private sector for expanding coverage in the electricity and the water and sanitation sectors. The MIF funds will be used to develop and establish regulatory frameworks for these sectors. This financing is linked to an IDB's operation, a technical cooperation, for a basic infrastructure sector reform program (PN-0097) that also includes telecommunications.
Country:	Panama		
Grant Amount:	US\$1,810,000		
Sector:	Power and Water		
Approval date:	Nov. 20, 1996		
Executing Agency:	Public Policy Unit of the Ministry of Economic Policy and Planning.		
Status:	Disbursed 10%		
Program Financing:	Total US\$6,730,000 MIF Grant US\$1,810,000 IDB Loan (TC) US\$3,340,000 Local Cont. US\$1,580,000		

22.- MIF:

Project Title:	Electricity sector program/ regulation	Brief:	The main objective of the program is to support the Government of Guyana in the implementation of a comprehensive reform of the electricity sector. This technical cooperation is complementary to an IDB sector loan (GY-0048). The areas supported by this technical cooperation will be the implementation of the specific transaction for the capitalization / joint venture for the Guyana Electricity Corporation and also for the implementation of policy, legal and regulatory reforms and the introduction of an environmental regulatory framework for sector operations.
Country:	Guyana		
Grant Amount:	US\$990,000		
Sector:	Power		
Approval date:	Nov. 20, 1996		
Executing Agency:	Ministry of Finance (MOF)		
Status:	Disbursement has not started.		
Program Financing:	Total US\$1,100,000 MIF Grant US\$990,000 Recipient US\$110,000		

23.- MIF:

Project Title: Regulatory framework for water supply and sanitation sector.

Country: Bolivia

Grant Amount: US\$980,000

Sector: Water

Approval date: Dec. 19, 1996

Executing Agency: Ministry of Capitalization

Status: Disbursement has not started.

Program Financing: Total US\$1,333,000
MIF Grant US\$ 980,000
Local Cont.US\$353,000

Brief:

The program's general objective is to foster the efficient and self-sustainable delivery of water and sewer service in order to encourage private participation. The program is structured in three sub-programs: (1) preparation of the regulatory framework, (2) development of quality standards for water and sewer service, and (3) start-up and strengthening of the regulatory agency (Sectoral Superintendency of Water). This operation is linked to an IDB loan for US\$70 million for a urban basic sanitation program. The IDB program seeks to promote greater private-sector participation and support the process of developing and consolidating the sector's regulatory framework and organizing and strengthening its regulatory agency, (Water Board).

24.- MIF:

Project Title: Strengthening of the Public Works and Services Concession System.

Country: Uruguay

Grant Amount: US\$1,025,000

Sector: Infrastructure

Approval Date: 10 August, 1997

Executing Agency: Office of Planning and Budget (OPP)

Status: Disbursed 8%

Program Financing: Total US\$1,480,000
MIF Grant US\$1,025,000
Government US\$455,000

Brief:

The specific objective of the program is to improve and promote Uruguay's public works and services concession system by strengthening the laws and regulations, the institutional capacity, and by supporting various specific concession projects. The program activities are divided into five different sub-programs. The first four sub-programs cover the aspects concerning the institutional capacity, and address specific pre-identified issues. The fifth sub-program, by contrast, is intended to the implementation of specific concessions contracts.

25.- MIF:

Project Title:	Strengthening of the Sanitation Services Regulatory Agency in the Province of Santa Fe.	Brief: The project entails an 18-month program to strengthen the Regulatory Agency for Sanitation Services to improve its performance, particularly those set forth in the current regulatory framework. Upon completion of the project, the regulatory agency is expected to have greater capacity to execute its functions, relying on appropriately trained staff and policy instruments facilitating the performance of its regulatory functions with respect to all service providers, particularly Aguas Provinciales de Santa Fe (APSF). The project is divided in four sub-programs: (1) development of methodologies to regulate APSF; (2) design and execution of training plan; (3) adjustment of small providers to the regulatory framework (4) strategy for public relations and handling of complaints.
Country:	Argentina	
Grant Amount:	US\$600,000	
Sector:	Water	
Approval Date:	25 June, 1997	
Executing Agency:	Sanitation Services Regulatory Agency (Ente Regulador de Servicios Sanitarios-ENRESS).	
Status:	Disbursement has not started	
Program Financing:	Total US\$1,200,000 MIF Grant US\$600,000 Beneficiary US\$600,000	

26.- MIF:

Project Title:	Restructuring of the Energy Sector in the Context of the Public Enterprise Reform Program.	Brief: The program is devoted to the establishment of a new legal, institutional, and regulatory framework for the electricity and oil and gas subsectors in order to create an enabling climate for effective, competitive private sector participation. The program is divided into three sub-programs. The first sub-program supports the reconstruction of the electricity power sub-sector instituting a new regulatory framework and setting up the regulatory body. The second component will assist in the restructuring of the oil and gas industry, developing a new legal and regulatory framework and assisting with the creation of the regulatory agency. The third component will provide technical assistance to assess alternatives and devise a strategy to enable private sector participation in other production sectors served currently by State enterprises such as sugar mills, manufacturing complexes and industrial parks in duty-free zones. Implementation of this last sub-program will be complemented by another technical cooperation in the near future.
Country:	Dominican Republic	
Grant Amount:	US\$1,220,000	
Sector:	Energy	
Approval Date:	9 April, 1997	
Executing Agency:	Secretariado Técnico de la Presidencia (Technical Secretariat, Office of the President).	
Status:	Disbursement has not started.	
Program Financing:	Total US\$1,700,000 MIF Grant US\$1,220,000 Local Cont. US\$480,000	

27.- MIF:

Project Title: Consolidation of The Transportation Concession Program of the State of Sao Paulo.

Country: Brazil

Grant Amount: US\$1,140,000

Sector: Transportation

Approval Date: 24 March, 1997

Executing Agency: Sao Paulo State Transportation Business Department, Throughout its Transportation Concession Commission.

Status: Not signed

Program Financing: Total US\$2,280,000
MIF Grant US\$1,140,000
Beneficiary US\$1,140,000

Brief:

The objective of the program is to consolidate the institutional and regulatory framework for concessions in the transportation sector and strengthen the unit responsible for implementing and monitoring the concession program. The project is intended to encourage private sector participation in building and operating the transportation infrastructure in the state of Sao Paulo. It is also hoped that the implementation of the project will spur the development of similar structures in other Brazilian states.

28.- MIF:

Project Title: Institutional Strengthening for a Highway Concession System.

Country: Peru

Grant Amount: US\$1,300,000

Sector: Transportation

Approval Date: 23 April, 1997

Executing Agency: Comisión de Promoción de Concesiones (Commission for the Promotion of Private Concessions).

Status: Not signed.

Program Financing: Total US\$2,000,000
MIF Grant US\$ 1,300,000
Receptor US\$ 700,000

Brief:

The specific purpose of the program is to increase the technical and institutional capability of PROMCEPRI and the Ministry of Transportation, Communications, Housing and Construction (MTC) to successfully implement the concession program currently being designed by the government. The implementation requires culminating the take-over of sections of major highways by private enterprises under concession agreements. The program is structured in six sub-programs as follows: (1) review the existing legal and regulatory framework; (2) establish the legal structure, functional layout and operating procedures for the system's regulatory agency; (3) perform technical studies (engineering, environmental, economic and financial); (4) draw up bidding documents; (5) promote the concession program; and (6) award at least one highway concession.

29.- MIF:

Project Title:	Concession System for the Transportation Sector.	Brief: The general objective of this technical cooperation project is to identify new forms of financing that will make possible to speed up the pace of investment with private sector participation in order to expand and improve transportation services in Bolivia. The project will consist in the formulation and start-up of a system of road concessions that conforms to the parameters of the Bolivian economy. External consulting services will be hired in order to provide a diagnostic study for the preparation of the concession system, preparation of concession standards and enabling regulations, establishment of a management agency and preparation of model documents.
Country:	Bolivia	
Grant Amount:	US\$ 480,000	
Sector:	Transportation	
Approval Date:	3 May, 1997	
Executing Agency:	Secretaría Nacional de Transporte, Comunicación y Aeronáutica Civil. (National Secretariat of Transportation, Communications and Aviation).	
Status:	Disbursement has not started.	
Program Financing:	Total US\$600,000 MIF Grant US\$ 480,000 Beneficiary US\$ 120,000	

30.- MIF:

Project Title:	Cruise Tourism Facilities in the Bridgetown Port.	Brief: The basic objective of this project is to support the contracting of specialized advisory services to assist the BPA in defining the specific configuration of an arrangement involving the association of BPA with private investors/operators, for construction, management, operation, and financing of facilities for cruise ships and passengers in the port of Bridgetown and in preparing the documents required for international bidding on the project selected for tendering.
Country:	Barbados	
Grant Amount:	US\$ 300,000	
Sector:	Transportation	
Approval Date:	28 January, 1997	
Executing Agency:	Barbados Port Authority (BPA).	
Status:	Not signed.	
Program Financing:	Total US\$ 400,000 MIF Grant US\$ 300,000 Recipient US\$ 100,000	

31.- MIF:

Project Title:	Civil Aviation Sector Reform and Private Sector Participation.	Status:	Disbursement has not started.
Country:	Guatemala	Program Financing:	Total US\$ 3,650,000
Grant Amount:	US\$ 1,150,000		MIF Grant US\$ 1,150,000
Sector:	Transportation		IDB loan (TC)
Approval Date:	4 June, 1997		US\$ 1,600,000
Executing Agency:	The Ministry of Economic Affairs, through the program coordination unit in coordination with the Civil Aeronautics Directorate and the Comisión de Desincorporación	Brief:	Local Cont. US\$ 900,000
			The purpose of this MIF technical cooperation is to attract technical and operational capacity and to mobilize financing and private sector resources to provide and extend the coverage of services in the civil aviation sectors. The program is complementary to an IDB technical cooperation. The MIF resources will be used to produce (1) a master plan for the sector; (2) the investment plan (including the expansion needs); (3) economic and financial analysis of the concession; and (4) the design and negotiation of the concession contract.

32.- MIF:

Project Title:	Strengthening the Public Works Concession System.	Brief:	
Country:	Costa Rica		The objective of the program is to lay the ground work for private sector participation in the provision of infrastructure work and services, with particular emphasis on concession arrangements. The program includes components for institutional strengthening, legal and regulatory framework reform, training, and preparation of specific key pre-identified projects.
Grant Amount:	US\$ 800,000		
Sector:	Infrastructure		
Approval Date:	30 July, 1997		
Executing Agency:	Ministry of Finance.		
Status:	Disbursement has not started.		
Program Financing:	Total US\$ 1,160,000		
	MIF Grant US\$ 800,000		
	Local Cont. US\$ 360,000		