PRIVATE INFRASTRUCTURE

Support from the Inter-American Development Bank Group

1990-2003

JANUARY 2004

INTER-AMERICAN DEVELOPMENT BANK

Sustainable Development Department

Infrastructure and Financial Markets Division

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Antonio Vives and Jorge Rivas (November 1997); Tracy Phillips (August 1999); María Antola, Paul Moreno, and Juan Benavides (March 2001); and Mónica Almonacid, Paulina Beato, Jaime Millán, and Diego Sourrouille (February 2003) prepared the earlier editions of this document. This publication is not an official Bank Group document, as its authorities have not approved it.

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Infrastructure and Financial Markets Division
Mail Stop W-0508
Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
E-mail: sds/ifm@iadb.org
Fax: 202-623-2157
Web Site: http:www.iadb.org/sds/ifm

FOREWORD

Infrastructure provides the backbone for economic activity. The quality, price and coverage of the networks of electricity, gas, water and sanitation, telecommunications and transportation determine whether or not a country will succeed at raising the well being of the population as a whole and the competitiveness needed to survive in an increasingly integrated world.

The infrastructure sector has been the recipient of a sustained lending effort by the IDB Group. Much of that lending is now increasingly being provided to the private sector. Since 1995, when the Private Sector Department (PRI) was created, the Bank has approved loans and guarantees to 64 private active projects in infrastructure, adding up to $3.1 billion. During 2003, six private infrastructure projects were approved for a total IDB contribution of $245 million (versus $379.7 million approved for the public sector).

The IDB Group's support for infrastructure relies on a policy that requires that the service be provided in the most efficient and effective way, on a sustainable basis, by those better qualified to do so. This normally means that the State will tend to focus on policy setting, oversight and regulation of services, shifting the financing, investing and managerial functions to private parties. As a lender of last resource, the approach of the Bank Group consists of facilitating the flow of financial resources for infrastructure while simultaneously strengthening local institutional skills, so as to attain sustainable reforms. Resources previously needed to build public infrastructure are released to cover other basic social needs. Well-designed, screened projects will increase the competitiveness and coverage of basic services in the countries, with the spillover effect of enhancing trade opportunities stemming from economic integration.

This publication provides an overview of the Bank's financial and nonfinancial activities in the sector. It describes the type of instruments developed so far, and contains an up-to-date list of funded projects since 1990. Emphasis is placed on providing brief and precise information on the project finance characteristics of individual loans, such as sponsors, borrowers, and debt structure. This report also includes a list of publications, as well as the Bank's operational policies and strategies in the specific sectors.

We hope that this publication will contribute to a better appreciation of the support that the Bank Group is giving to private infrastructure and to a deeper understanding of all the instruments available.

Antonio Vives
Deputy Manager
Private Enterprise and Financial Markets Subdepartment
Sustainable Development Department

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1. INTRODUCTION

Since the Inter-American Development Bank (IDB) was founded in 1961, support to infrastructure has been the largest component of its lending operations. Between 1971 and 1994, the IDB invested an average of $1.8 billion annually (1993 dollars) in infrastructure projects. This assistance has traditionally been provided through the public sector, in the form of project-specific loans as well as sector lending and technical cooperation operations, supporting the creation of appropriate regulatory frameworks. However, in the last few years, there has been a significant increase in the participation of the private sector, as both manager and owner of infrastructure services. With the Inter-American Investment Corporation (IIC), the Multilateral Investment Fund (MIF) and the Private Sector Department (PRI) of the Bank that started to operate in 1989, 1993 and in 1994, respectively, the Bank Group has responded with operations specifically designed to encourage private sector participation in infrastructure.

The Bank provides direct lending and guarantees for infrastructure projects with private participation through the Private Sector Department. It also supports the development of the proper environmental and regulatory frameworks through sector lending and technical cooperation operations provided by its public sector arm. In 1995-2003, average annual infrastructure financing provided by the Bank reached $1.3 billion. While private sector financing increased steadily from 1995 to 1999, reaching $642 million, it fell between 2000 and 2003, reaching $512 million, $279 million, $311 million and $245 million respectively. Public sector financing fell from $490 million in 2001, to $385 million in 2002, and $379 in 2003.

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. It is currently involved in 21 infrastructure projects, with a participation of $79.6 million in loans and $42.7 million in equity. 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 $80.0 million.

This report provides a review of IDB Group activities supporting private participation in infrastructure between 1990 and 2003. By compiling all these activities into a single document, 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 of this report reviews the financial needs and sources of financing for infrastructure in the Region, highlighting the increasing importance of private financing. Section III is the core of the report, describing IDB Group actions for private infrastructure since 1990 and discusses the IDB Group strategy, the lending program, the technical assistance program, and non-financial activities. Section IV presents some conclusions and highlights from the Bank's experience. Finally, the Annexes include tables, summarizing the activities, and a brief description of each project.

2. FINANCIAL NEEDS AND SOURCES

The comparative advantage of an economy is directly related to its infrastructure capacity; the ability to transport goods efficiently, exchange information, and access power determines the success of firms and their ability to generate growth. Economic growth is directly related to infrastructure investment. A 1994 World Bank study ("Valuing Infrastructure Stocks and Gains from Improved Performance") found a one-to-one relationship between per capita GDP growth and per capita growth in infrastructure stock. In other words, a one percent increase in GDP will require, on average, a net investment in infrastructure equivalent to one percent of the total infrastructure stock. Global competition has increased the need for a more diverse stock as well as the economic efficiency of new and existing infrastructure.

In spite of the reduction in new private financing of the last three years, the last decade has seen a significant increase in private participation 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, and some reasons carry different significance in the decision-making process of different countries. For instance, in the emerging economies of Asia, private participation was necessary due to the scarcity of government resources to finance the infrastructure needed to sustain the desired levels of growth and competitiveness. In Latin America the reasons for privatization included the need to reduce the impact of utility company deficits on public finances, political pressure due to poor coverage and low quality of services, and the need to generate funds to finance economic stabilization programs or meet social needs. In Latin America the assumption that the private sector can and will provide services more efficiently has been a driving force behind the process of incorporating the private sector in infrastructure provision and a key difference when compared with Asian experiences. In some countries in the region, especially those that have completed the first stage of privatization, additional reasons have included the creation of private investment opportunities, the inflow of capital and technologies, and the development of capital markets. In some sectors, technological innovations have enabled and encouraged private participation.

Infrastructure companies in Latin America are obtaining better financial conditions in capital markets. Maturities now average seven years, with some issues reaching 20 and 30 years. In the last two years, a large number of infrastructure projects were financed via the international capital markets. Nevertheless, 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. Given these circumstances, there is a clear need to promote local capital markets as sources of financing and increase the activity in smaller countries. The IDB Group recognizes these weaknesses and is undertaking several efforts to promote the access of private infrastructure companies to capital markets.

3. IDB GROUP SUPPORT FOR PRIVATE INFRASTRUCTURE SINCE 1990

The IDB Group Strategy and Policy

The Bank prepared a strategy entitled, *Fostering Infrastructure Development in Latin America and the Caribbean: A Strategy Proposal*, in order to guide the actions of the IDB Group in infrastructure. The IDB Board of Directors favorably considered the Strategy (GN-1884) on July 18, 1995. The strategy recommends that infrastructure continue to be one of the main components of the IDB's lending portfolio, and it highlights private sector financing and guarantees as central concerns requiring a new focus. Furthermore, the Strategy 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 types of funding available to infrastructure projects. Second, it recommends that the IDB Group consider support to alternative sources of financing, such as infrastructure funds, bond insurance, securitization and leasing. Finally, it proposes that the Group examine other financing options such as political risk reinsurance. To further guide actions in infrastructure, the Board of Directors issued the *Public Utilities Policy* (GN-1869-3) on August 16, 1996 (see Annex 3). This Policy establishes conditions for Bank operations and outlines various mandates, among which are ensuring long-term sustainability of infrastructure services; achieving economic efficiency in provision; safeguarding quality; promoting accessibility by all citizens; and meeting wider national objectives, in particular, 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 as a universal solution. It acknowledges that different countries and sectors may require different solutions at different points in time including the private sector, the public sector or, in some cases, a partnership of both.

In addition to providing guidance for direct lending for specific projects, the Policy's goal is to create or develop the proper regulatory framework and institutions. The Policy targets a balanced development for all sectors in each country. Although some sectors enjoy comparative advantages for private participation (such as telecommunications and energy) and the more developed countries tend to be more attractive than the lesser- developed ones, the IDB Group will continue to direct its efforts toward removing existing bottlenecks and securing a balanced approach. Table I shows the general objectives and conditions set forth by the Public Utilities Policy.

In late 1997, the Board approved the document *Operational Guidelines for Private Sector Infrastructure Lending without Government Guarantees*. The document details the objectives, instruments and guidelines for eligibility of countries and projects; establishes sector 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.

Table I: IDB Public Utilities Policy

Policy Objectives
- Ensure the long-term sustainability of services
- Achieve economic efficiency in the provision of services
- Safeguard service quality
- Promote the accessibility of the services to all citizens
- Meet wider national objectives, in particular environmental protection

Basic Conditions
- Separation of the roles of policy formulator, regulator, and entrepreneur
- Sector structure that favors efficiency and maximizes the scope of competition
- Adoption of a sound and adequate regulatory regime
- Appropriateness of institutional vehicles for regulation
- Adoption of governance modes that provide efficiency incentives for management
- Existence of a firm government commitment to the objectives of the policy

Definition of Sound Regulatory Framework
- Favorable investment and credit climate
- Promotes competition
- Prices of monopolies are regulated to ensure long-term sustainability and economic efficiency
- Subsidies, if present, should (a) justify a specific social objective; (b) contain a mechanism to collect funds; (c) be comprised of transparent transfer schemes; and (d) promote consumer interests

Bank Involvement and Compliance with Conditions
- Must take comprehensive and long-term view
- Use basic conditions to help define core programs/actions required for self-sustaining sector reform
- Should accompany progress in the implementation of the agreed upon reform program

The Bank's Strategy for project selection for private sector lending operations seeks to support creditworthy projects, which further the following objectives:

(i) provide a clearly positive developmental impact as measured by economic and environmental feasibility,

(ii) mobilize the participation of private debt and equity capital and private management and risk assumption to the greatest possible degree,

(iii) facilitate the development of private sector infrastructure and local capital markets,

(iv) support either a demonstration effect of the role of the private sector in infrastructure and/or lead to a further maturation of nascent regulatory environments for private infrastructure.

It is to be recognized that without the involvement of the IDB, the projects would not have been able to move forward within the foreseeable future in an equally sound manner.

In March 2000, the Board issued the Energy Strategy to guide the Bank's action in supporting countries to face the challenges of consolidation of energy reforms, making service available to all, developing environmentally sound supply and demand patterns, achieving integration of regional energy markets and mobilizing financial resources.

A draft of the operational guidelines for the application of the Public Utilities Policy to the water and sanitation sector was prepared during the last quarter of 2002. The guidelines address the issues of gradual reforms, the alternatives to conduct regulation and supervision, organization of supply, financial sustainability (including tariffs and subsidies) and multi-sector projects.

During 2003, the Bank reviewed and updated its Energy Policy, which sets out the basic conditions to be met by operations in the sector to qualify for Bank support, and how Bank involvement in the sector will be judged against these conditions. The Energy Policy is expected to be approved in early 2004.

Integration of physical infrastructure is one of the areas receiving special consideration by the Bank. The efforts in that regard are mostly channeled through two ongoing regional integration programs: Plan Puebla-Panama (PPP; the integration initiative for Meso-America) and *Iniciativa para la Integración de la Infraestructura Regional Suramericana* (IIRSA; an initiative fostered by the presidents of South America since 2000). A key IDB area of support of transnational infrastructure projects pertains to the facilitation of high-level agreements among participating countries, regulatory harmonization and identification of governance and financial structures to push the projects forward.

Lending Portfolio

Private Sector Department (PRI)

Under the Eighth General Capital Increase, which took place in 1984, 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. To facilitate such new lending operations, the Private Sector Department was established in September 1994. By April 1995, the first operation for a power diesel plant in Honduras was approved, financing 10 percent of the total project cost of $93.4 million with a direct loan (type "A"). The *Electricidad de Cortés* (ELCOSA) was the first private power plant connected to the national grid. The project involved the construction of an 80 MW diesel power plant in Puerto Cortés, on the Atlantic coast. An IDB loan facility of $10.5 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.

So far, the Bank has financed 64 private infrastructure projects[1], providing $3.1 billion in direct lending and guarantees and $4.0 billion in IDB "B" loans (syndicated loans) as part of projects with a total cost of $17.6 billion (see Table A-1). In April 1997, the Bank granted its first private sector guarantee without a government counter guarantee to the Bogotá River (Salitre) Water Treatment Plant project in Colombia. In absolute terms, annual net lending plus guarantees reached $128 million in 1995, $198 million in 1996, $270 million in 1997, $576 million in 1998, $642 million in 1999, $512 million in 2000, $279 million in 2001, $311 million in 2002 and $245 in 2003.[2]

Out of 64 active projects, 37 were in the energy sector, 15 in the transportation sector, 7 in water and sanitation, 3 in telecommunications, 1 in postal services and 1 a mezzanine finance fund. Although more than half of the projects were for the energy sector, it should be noted that this sector consists of a number of varied sub-sectors, including electricity generation, distribution, transmission and gas transportation. In addition, the generation projects also cover several fuel types (gas, coal and hydroelectric) and project off-take structures (merchant plants and power purchase agreements, or PPAs). The fifteen projects approved for the transportation sector were primarily devoted to the development of toll road concessions. However, in the last three years the Bank has financed one airport and two ports. The water and sanitation sector included three loans to Argentina, one each to Bolivia and Honduras and a guarantee for Colombia. When compared to other sectors, the water sector has proven to be the most difficult to finance due to the social and political reluctance to bring private sector companies into these services. In addition, perceived political and regulatory risks have contributed to the difficulties.

The Bank's active portfolio includes three regional projects and individual projects in fifteen countries: sixteen in Brazil, nine in Argentina, seven in Mexico, five in Peru, five in Chile, four in Colombia, three each in Bolivia and the Dominican Republic, two each in Honduras and Uruguay, and one each in Costa Rica, Guatemala, Nicaragua, Jamaica and Panama. 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[3] are expected to make a significant joint effort to support sectors and countries that may not be market favorites. Seeking to address this need in a coherent way in 2002 the Board of Directors approved an action plan for IDB Group activities related to private sector development in C&D Countries.

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[1]The Board of Directors has approved a total of 64 projects. Four 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 support without ultimately financing the project.

[2]The annual level of B Loan approvals increased from $44 million in 1995 to $838 million in 2000 but decreased to $70.5 million 2002 and to $109.9 million in 2003. Up to 1999 the Bank demonstrated its ability to facilitate the flow of private debt capital to developmental projects without itself having to commit a significant percentage of the total financing. The total amount of B Loans sharply reduced in 2002 and 2003, reflecting in part the economic crisis being experienced by the region.

[3]The Multilateral Investment Fund is a special fund of the Inter-American Development Bank. Its primary role is to promote private sector development and private investment in Latin America and the Caribbean.

It is also important to mention that the Bank has participated in projects rich in innovative features. Examples include: (1) the first non-recourse greenfield merchant power plant in Latin America (Peru); (2) the first Build-Own-Operate project in the Mexican gas transportation sector; (3) support of sub-sovereign water and sanitation projects in Argentina and Honduras; (4) the first transnational network for integrating energy markets finance though project finance structures; (5) the first use of the guarantee project to cover both principal and interests of a bond issue to finance a toll road project in Chile.

The Aguaytía Integrated Gas and Power Project (1996) is the first non-recourse 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 includes 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 with a 12-year tenor (including a two-year grace period) in a financial market in which tenors rarely exceed two years.

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 participated in financing at the provincial government level in a water and sanitation concession. The total cost of the project was $219 million, for which the sponsors received a $30 million type A loan and a B loan of $55 million. Sub-national 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 on facilitating access to international financial markets by other provinces and municipalities.

In 1997, the Bank approved a $68 million A loan, as well as a $140 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. 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 2001, the Bank approved an operation for financing the construction of a second 1000 MW 500 Kv electricity interconnection between Argentina and Brazil. It will consist of a 510 km transmission line, the upgrade of two substations and the construction of a conversion station from 50 Hz to 60 Hz in Garabi. The project also includes the installation of a fiber optic line along the route of the second interconnection. The project is a regional private sector integration initiative that advances the integration of the energy markets of the region. The project's total cost was $394.5 million to be finance by a $150.6 million export financing facility, a $74 million A loan and a $169.9 million B loan.

Table 2: IDB Net Approvals in Infrastructure: Public vs. Private Sector 1996-2003

Sector	1996 Projects	1996 US$ million	1997 Projects	1997 US$ million	1998 Projects	1998 US$ million	1999 Projects	1999 US$ million
Energy—Public	3	151	5	751	3	498	0	0
Energy—Private	4	154	3	208	5	252	4	374 (250)
Sanitation—Public	4	608	3	99	7	796	7	417
Sanitation—Private	1	30	1	31 (31)	2	24	1	75
Transportation—Public	5	641	8	889	5	568	6	495
Transportation—Private	1	14	2	30	2	150 (75)	4	168
Other—Private	0	0	0	0	2	150	1	25
Total Public	12	1,400	16	1,739	8	1,862	13	912
Total Private	6	198	6	270	6	576	10	642

Sector	2000 Projects	2000 US$ million	2001 Projects	2001 US$ million	2002 Projects	2002 US$ million	2003 Projects	2003 US$ million
Energy—Public	0	0	1	0	1	27	2	77
Energy—Private	10	437 (100)	4	254	2	100	2	105
Sanitation—Public	2	145	4	123	2	88	3	150
Sanitation—Private	0	0	0	0	1	14	1	7
Transportation—Public	7	359	7	367	5	270	3	112
Transportation—Private	1	75 (75)	1	25	2	160 (150)	2	93
Other—Private	0	0	0	0	1	37	2	100
Total Public	9	504	12	490	8	385	8	409
Total Private	11	512	5	279	6	311	6	245

Note: Number in brackets indicates the amount of the total that represents a guarantee.
Source: Own calculations based on the IDB Corporative Data Base.

In 2001, the IDB structured and closed a $75 million financial guarantee for a Chilean concession which issued a $306 million bond issue to finance the construction and rehabilitation of the Santiago-Valparaiso-Viña del Mar toll road. That transaction, which was the first bond guarantee issued by the Bank, was named "*LatAm Deal of the Year*" by Project Finance International and "*Latin American Transportation Deal of the Year*" by Euromoney Project Finance. The credit guarantee supports the upgrading of the 109.6-kilometer toll road linking Santiago and Valparaíso, the country's main port. The total project cost is approximately $416 million. Local currency bonds, with principal and interest payments covered by the IDB and co-insurers, tap from the well developed private pension fund system in Chile. This operation provides credit enhancements that enable domestic savings to be invested in infrastructure.

In 2002, the Bank approved a water and sanitation operation for Aguas de San Pedro Sula, Honduras. The project will help finance the first five-year investment program of Aguas de San Pedro, including: capital expenditures designed to meet the concession's requirements of water and sewerage coverage and quality of service, a portion of the working capital needs, development costs, debt service reserve account, and other related financing costs. The project will provide 100 percent coverage of water and sewerage services to the population of San Pedro Sula, Honduras, where most of the new hookups will be for low-income households. The total cost of the capital expenditure program is $43.3 million to be financed through $29.6 million of equity and internal cash flow and $13.7 million of an A loan.

Table II compares Bank approvals of public and private sector loans. As can be seen in 2003, private finance is concentrated in the energy sector, while transportation and water continue to be overwhelmingly concentrated in the public sector arm of the Bank.

Inter-American Investment Corporation (IIC)

The Inter-American Investment Corporation represents an increasingly important source of financing for small and medium scale private sector infrastructure projects. In addition to lending operations, the IIC undertakes direct equity participation in infrastructure projects and investment funds and provides financial advisory services for infrastructure investments. During its thirteen 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 21 operations[4] with a total commitment of $122 million in IIC funding plus $119 million in cofinancing, with a total IIC participation of $241 million (see Table A-3). Approved projects are in the general infrastructure, transportation, potable water, telecommunications and power generation sectors. In addition to direct participation in infrastructure projects, many of the other operations in its portfolio have a significant economic infrastructure component.

[4]A total of 25 infrastructure-related projects have been approved by the IIC. However, four projects have been dropped—three in the energy sector and one in transportation/ports.

At an average of $5.7 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. Total cofinancing for the infrastructure portfolio has reached $119.1 million—1.5 times the level of the IIC's direct lending participation of $79.6 million. Important examples of projects with cofinancing include an operation to finance the construction of a hydroelectric plant in Argentina (approved in 1997). The total cost of the project is $35.7 million, and will be financed by $10 million from an 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 innovative example of the importance of cofinancing includes the recently approved operations for Caribbean Basin Power Ltd. In addition to equity participation in the investment fund, the IIC will participate in a parallel debt facility, consisting of $20 million from an IIC type A loan. Another $80 million will be raised through cofinancing.

Yet another noteworthy example of IIC projects concerns its participation in funds dedicated to promote Latin American private infrastructure. In 1994, the IIC signed an agreement to make an equity investment of $5 million in FondElec. This $50 million fund is dedicated to making private investments in existing as well as new power generation and distribution facilities throughout Latin America. Because the initial investor group is comprised primarily of electric companies that are subject to regulations restricting expansion of their scope of activities, the managers created a second fund to include investors interested in broader sector diversification. The IIC took an equity participation of $5 million in this second fund in 1997, reaching a total equity participation of $10 million in the two infrastructure funds. Other infrastructure funds in which IIC participates are Scudder Latin Power, CEA and ICIF.

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 its success, IMPSAT developed similar projects in Colombia, Ecuador, Mexico, Peru and Venezuela. The IIC participated in the Colombia operation with a $6 million loan and $4 million in cofinancing.

Finally, as a natural outgrowth of its financial operations, the IIC has traditionally offered fee-based financial advisory services in many different areas. These have included counseling private companies on financial re-engineering and corporate reorganizations as well as providing access to external sources of financing, technology and know - how. An 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 provided EMP with fee-based advisory services in the identification, analysis, and structuring of large-scale infrastructure investments by the Latin American Infrastructure Fund.

Public Sector Arm of the Bank

The IDB has approved 46 operations for a total of $3.5 billion that have subprograms promoting private participation in infrastructure. The sectoral breakdown of these operations is as follows: transportation (thirteen operations for $1,837 million), energy (eight operations for $583.5 million), water and sanitation (eighteen operations for $1002.2 million), and general infrastructure support (seven operations for $498 million).

Most of these operations earmarked specific resources to subprograms or components promoting private participation. Some subprograms or components were committed entirely to regulatory reform, while others focused more on the privatization of public utility companies, and still other cases were devoted to resolving issues that hindered future concession agreements.

Consistent with the IDB's mission to preserve the environment, in August 1997, the Bank approved the first technical cooperation that dealt solely with energy conservation and rational energy consumption in Colombia. The program included as well a component introducing regulatory framework reforms, including broadening private participation in management activities in the electricity sector.

Multilateral Investment Fund (MIF)

The Multilateral Investment Fund has been a key instrument for the Bank Group to encourage private participation in infrastructure. Since its inception in 1994, the MIF has made 82 grants in 23 countries, in addition to three regional projects, for over $80.0 million (see Table A-4). The grants are intended to bolster the reform process, including operations to support the legal and regulatory environment, privatization of utilities, sector restructuring and institutional strengthening. Multilateral Investment Fund operations are primarily devoted to providing the missing links necessary to ensure private sector investment and the appropriate climate for sustainable, broad-based economic growth. The MIF channels all infrastructure projects through the so-called "Window I," placing special emphasis on supporting the legal, institutional and regulatory changes necessary to encourage sustainable private participation.

MIF financing for infrastructure is concentrated in the transportation, energy, and water sectors. The Fund has approved financing for 33 transportation projects totaling $25.0 million, 20 energy projects totaling $21.6 million, and 18 water projects totaling $17.9 million. Fourteen other projects provided $15.4 million in general infrastructure support.

While the majority of projects in the transportation sector supported road concessions, the MIF has backed projects in other areas. Examples include two projects to benefit the overall regulatory framework for private infrastructure participation in Guatemala (MIF/AT-130) and Panama (MIF/AT-91), a project for the privatization 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).

The MIF energy projects include regulatory issues while other cases include a wide range of activities for increasing private participation. 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) is an example of the joint effort. This project had a total cost of $1.1 million ($990,000 as 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 2002 for Uruguay (MIF/AT-477) helped consolidate the reform in the electric energy sector and generate service efficiency gains improving consumer welfare.

MIF water projects have mostly geared toward regulatory framework support. The Fund participated in ten 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 startup and strengthening for the regulatory agency.

MIF has established a Line of Activity for Concessions specifically earmarked to provide support for concessions. The line is designed to provide timely support to governments in their efforts to execute concessions in the infrastructure sector. Financing is available for the procurement of legal, financial, and technical experts to support governments in the preparation and review of bidding documents and concession contracts, as well as for negotiation, and where appropriate, renegotiation of concession contracts.

Finally, it is worth noting that MIF set up in November 2001 a Line of Activity for Airport Security intended to help LAC countries meet the new airport security standards established by the International Civil Aviation Organization (ICAO). The areas of support are regulatory reform, introduction of new administrative services, and training, and already eight member countries have applied to individual grants of about $500,000 each.

Technical Assistance

The Bank and the MIF provide technical assistance for infrastructure reforms that allows private sector participation. The Bank has granted 40 operations that directly or indirectly support private participation in infrastructure, for an approximate total of $3.6 billion (see Table A-2). Although these operations foster infrastructure reform, there is significant diversity in the types of support. In some cases, the operations have been part of emergency programs to resolve the short-term availability of utility services. In other cases, they were designed as a mechanism to facilitate the creation of the proper environment so that future infrastructure needs might be met. Similarly, some programs aided in the full privatization of infrastructure companies, whereas others only considered private participation in management arrangements. Other programs were intended as a means to create the proper environment to attract private participation in infrastructure provision. These programs involved changes in the infrastructure regulatory framework and institutional strengthening.

Non-financial Activities

In addition to financial operations, the IDB also supports 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 effective instruments in the promotion of good practices and the creation of the proper business and regulatory environment. The activities reported in Annex 4, date from 1995, when active involvement by the Bank started, to the present. They include the organization of conferences and publications (books, Bank Strategies papers, technical and working papers and two periodicals). Topics addressed pertain to reform sustainability, infrastructure policy and competition, contracting and financial arrangements and best practices.

Future Areas of Support

Over the last decade, the countries of Latin America and the Caribbean have accumulated significant experience in the institutional and regulatory reforms essential for increased private sector participation and investment in infrastructure. Because of the reforms, these countries have been able to attract private participation to sectors like telecommunications, transportation, energy, and potable water and sewerage, resulting, in most cases, in substantial efficiency improvements. With the support of the IDB Group, most of the countries in the region have addressed the institutional and regulatory reforms needed to allow private sector participation. Future IDB Group support will focus in three areas. The first area is how to approach new challenges and issues in order to ensure the consolidation and sustainability of these initial reforms in a competitive environment. A second area consists in providing support for the development of transnational projects to ensure regional integration of infrastructure markets. The third area consists in putting forward initiatives to increase private infrastructure in small countries, given the low level of activity experienced so far (C&D countries in the Bank's jargon). Table III, outlines these new issues.

4. CONCLUSION

During the last decade, the Inter-American Development Bank Group has provided strong support to private infrastructure. This was achieved in four primary ways: first, by creating a special window for direct lending and guarantees without government guarantees; second, by allocating a significant portion of the resources of the Multilateral Investment Fund to the development of the proper environment for private investment in infrastructure; third, by redirecting the resources of the Inter-American Investment Corporation toward smaller infrastructure investments; and fourth, by encouraging private sector involvement in the works, operations, and financing of the Bank's public sector projects. This trend should continue as additional IDB and IIC resources are devoted to this end.

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. Moreover, the Bank will continue the efforts undertaken in the last four years to promote the access of infrastructure companies to capital markets as a way to increase maturities and mobilized financial resources in local currencies

Special initiatives to strengthen the Bank's private lending to C&D countries, ensuring private infrastructure sustainability and promoting infrastructure integration in the region, present special challenges for the Bank Group's ability to work together during the coming years. They have been designed to effectively integrate all resources available in the group and offer a wide range of options for developing efficient infrastructure.

The major challenges facing the Bank Group are both how to optimize the use of available resources to satisfy the growing needs of infrastructure investment, and to reinvigorate the withering rate of investment in infrastructure. Lending to the sector during the past few years has been limited by weak institutions, lack and/or weak regulatory frameworks, lack of commitment on the part of relevant stakeholders, social and political resistance to reform; and fiscal constraints, limiting the ability of sub-sovereign and/or national governments to borrow necessary resources for improvement and/or expansion of capital investments.

These challenges require a coordinated strategy to determine the appropriate sequence of actions, the relative participation of the public and private sector in developing infrastructure, and the type of support required in each country and each sector. The Bank Group has made significant progress on this front and will continue to do so by strengthening the coordination between activities with the private and public sectors. A new regional agenda to improve the business climate and increase investment rates in the sector is being discussed during 2003 and 2004. The Bank Group is committed to providing an adequate framework for discussion with key stakeholders on mechanisms, options and factors that could increase investments in infrastructure.

ANNEX 1: TABLES

Table A-1: IDB Private Sector Department (IDB/PRI) Infrastructure Projects (December 2003) (US$ million)

	Country	Project Name	Sector	Approval Date	Total Project Cost	IDB Participation (Direct Lending)	IDB Participation (Syndicated Loan)	Document Number	Project Number
1	Honduras	Electricidad de Cortés (ELCOSA)	Energy/Diesel Plant	04/26/1995	93.4	10.5	0.0	PR-2032	HO-0125
2	Mexico	Samalayuca II Gas Fire Power Plant	Energy	10/18/1995	643.4	75.0	0.0	PR-2072	ME-0189
3	Argentina	Transmission Line LITSA	Energy/Transmission	10/25/1995	176.9	43.0	44.0	PR-2076	AR-0194
4	Brazil	Yellow Line Toll Road (Linha Amarela)	Transport/Highway	02/14/1996	110.4	14.0	11.0	PR-2107	BR-0235
5	Argentina	EDENOR	Energy/Distribution	10/02/1996	198.7	40.0	80.0	PR-2144	AR-0195
6	Colombia	Termovalle Thermal Plant	Energy	10/31/1996	147.2	35.0	60.4	PR-2149	CO-0185
7	Peru	Aguaytía Gas and Power Project	Energy	12/11/1996	252.8	60.0	0.0	PR-2172	PE-0094
8	Argentina	Aguas Provinciales de Santa Fe	Water/Sanitation	12/17/1996	219.0	30.0	55.0	PR-2174	AR-0211
9	Colombia	Transmetano Gas Pipeline	Energy	12/17/1996	78.5	19.0	32.0	PR-2175	C0-0177
10	Colombia	Rió Bogotá Waste Water Treatment	Water/Sanitation	04/09/1997	125.0	31.3	Guarantee	PR-2190	CO-0208
11	Uruguay	Montevideo-Punta del Este Toll Road	Transportation	09/17/1997	65.0	12.0	13.0	PR-2219	UR-0029
12	Mexico	Yucatán Gas Pipeline	Energy	09/24/1997	275.0	68.0	140.0	PR-2222	ME-0130
13	Argentina	AES Paraná Thermal Plant	Energy	09/24/1997	439.0	65.6	65.6	PR-2223	AR-0200
14	Brazil	Itá Hidroelectric Power Project	Energy	12/10/1007	1,070.0	75.0	300.0	PR-2261	BR-0271
15	Brazil	Dos Lagos Toll Road	Transportation	12/10/1997	80.0	18.0	19.0	PR-2253	BR-0272
16	Peru	Enersur Power Project	Energy	03/04/1998	440.0	75.0	255.0	PR-2265	PE-0102
17	Costa Rica	Miravalles III Geothermal Power Project	Energy	06/03/1998	65.8	16.5	32.9	PR-2288	CR-0115
18	Colombia	Tibitoc Water Treatment Facility	Water/Sanitation	08/12/1998	64.1	9.0	9.0	PR-2306	CO-0231
19	Brazil	Uruguaiana Gas Thermal Plant	Energy/Gas	08/12/1998	349.6	75.0	57.8	PR-2310	BR-0257
20	Nicaragua	Tipitapa Power Plant	Energy	09/23/1998	43.0	10.8	19.3	PR-2319	NI-0103
21	Argentina	Transportadora de Gas del Sur	Energy/Gas	10/14/1998	1,400.0	75.0	300.0	PR-2322	AR-0235
22	Argentina	Correo Argentino Postal System	Communications	11/11/1998	300.0	75.0	54.0	PR-2338	AR-0234
23	Argentina	Trenes de Buenos Aires	Transportation	11/18/1998	598.0	75.0	Guarantee	PR-2347	AR-0226
24	Bolivia	Aguas del Illimani Water and Sanitation	Water/Sanitation	12/02/1998	68.2	15.0	0.0	PR-2353	BO-0172
25	Brazil	Castello-Raposo Toll Road Project	Transportation	12/08/1998	478.0	75.0	55.0	PR-2363	BR-0296
26	Regional	Darby Latin American Mezzanine Fund	Debt Finance Fund	12/09/1998	500.0	75.0	0.0	PR-2364	RG-0050
27	Argentina	Aguas Argentinas Capital Investment	Water/Sanitation	06/23/1999	360.0	75.0	225.0	PR-2369	AR-0238
28	Mexico	Hermosillo Power Generation Plant	Energy	06/30/1999	195.1	48.8	86.8	PR-2401	ME-0220
29	Argentina	Rosario – Victoria Bridge	Transportation	07/14/1999	374.2	33.1	40.7	PR-2405	AR-0237
30	Brazil	Anhangüera-Bandeirantes Toll Road	Transportation	07/21/1999	514.3	50.0	45.9	PR-2408	BR-0306
31	Brazil	Linha Amarela Toll Road-Section IV	Transportation	10/06/1999	40.0	10.0	10.0	PR-2423	BR-0307
32	Mexico	Termoeléctrica del Golfo, SA de CV	Energy	11/17/1999	369.0	75.0	102.3	PR-2444	ME-0218
33	Chile	Rural Telecommunications Network	Communications	11/23/1999	111.4	25.0	0.0	PR-2452	CH-0156
34	Brazil	Guarantee Facility Proposal	Energy	11/23/1999	344.9	100.0	Guarantee	PR-2456	BR-0346
35	Brazil	Ecovias dos Imigrantes Toll Road	Transportation	12/15/1999	475.0	75.0	80.0	PR-2464	BR-0312
36	Dom. Rep.	San Pedro de Macoris Power Plant	Energy	12/15/1999	318.2	150.0	Guarantee	PR-2467	DR-0133

Table A-1 continued

	Country	Project Name	Sector	Approval Date	Total Project Cost	IDB Participation (Direct Lending)	IDB Participation (Syndicated Loan)	Document Number	Project Number
37	Regional	TGM Gas Pipeline	Energy	02/02/2000	160.0	40.0	30.0	PR-3457	RG-0053
38	Panama	La Chorrera Power Plant	Energy	05/03/2000	92.0	20.3	39.5	PR-2484	PN-0136
39	Mexico	Bajío Power Plant	Energy	05/10/2000	485.1	23.0	113.0	PR-2485	ME-0225
40	Brazil	Cana Brava Hydroelectric Power	Energy	08/09/2000	426.0	75.0	85.2	PR-2494	BR-0304
41	Mexico	Monterrey III Power Project	Energy	08/09/2000	609.9	75.0	382.4	PR-2503	ME-0229
42	Brazil	Light-Electricity Services	Energy	09/20/2000	200.0	100.0	Guarantee	PR-2507	BR-0350
43	Mexico	Vitro Cogeneration Project	Energy	09/27/2000	184.1	45.5	91.0	PR-2511	ME-0228
44	Brazil	North Energy	Energy	10/18/2000	94.7	23.7	37.2	PR-2513	BR-0316
45	Peru	Redesur Transmission Line Project	Energy	11/29/2000	73.1	18.3	48.0	PR-2531	PE-0210
46	Brazil	Power Plant Dona Francisca	Energy	12/13/2000	118.0	16.0	24.7	PR-2544	BR-0315
47	Chile	Santiago-Valparaiso-Viña Toll Road	Transportation	12/20/2000	427.0	75.0	Guarantee	PR-2551	CH-0167
48	Dom. Rep.	Ede Sur / Ede Norte Electricity Dist. Proj.	Energy	05/23/2001	188.0	75.0	113.0	PR-2568	DR-0137
49	Regional	Argentina-Brazil Elect. Interconnection	Energy	08/08/2001	394.5	74.0	169.9	PR-2595	RG-0054
50	Chile	Mejillones Terminal 1	Transportation	11/14/2001	101.0	25.0	34.0	PR-2628	CH-0162
51	Brazil	Termobahia Co-Generation Power	Energy	11/20/2001	248.3	62.1	124.2	PR-2631	BR-0354
52	Brazil	Termopernambuco Power Generation	Energy	12/12/2001	403.5	42.4	150.0	PR-2641	BR-0361
53	Dom. Rep.	Aerodom-Expansion of Six Airports	Transportation	08/07/2002	338.0	150.0	Guarantee	PR-2689	DR-0136
54	Bolivia	Telecommunication Network REDIBOL	Telecommunications	11/13/2002	98.1	37.0	3.0	PR-2707	BO-0192
55	Uruguay	The Port of M'Bopicuá	Transportation	11/13/2002	35.2	10.5	10.5	PR-2708	UR-0142
56	Honduras	Aguas de San Pedro Sula Water + Sewerage	Water/Sanitation	11/27/2002	43.3	13.7	0.0	PR-2719	HO-0211
57	Guatemala	Capital Expenditures for Electricity Distr.	Energy	12/04/2002	94.0	25.0	0.0	PR-2714	GU-0151
58	Bolivia	Transredes S.A.	Energy	12/11/2002	220.0	75.0	57.0	PR-2731	BO-0192
59	Chile	Costanera Norte Road System	Transport/Highway	08/06/2003	442.2	75.0	Guarantee	PR-2770	CH-0179
60	Peru	Camisea Project	Energy/Gas	09/10/2003	811.0	75.0	60.0	PR-2767	PE-0222
61	Peru	Red Vial 5 Toll Road	Transport/Highway	09/24/2003	73.0	18.0	0.0	PR-2773	PE-0235
62	Brazil	Novatrans Energia S.A. Transmission Project	Energy	10/29/2003	338.1	30.0	36.0	PR-2784	BR-0398
63	Jamaica	Oceanic Digial Jamaica	Telecommunications	12/10/2003	85.2	30.0	0.0	PR-2808	JA-0128
64	Chile	Antofagasta Desalination Plant	Water/Sanitation	12/10/2003	46.8	7.0	13.9	PR-2809	CH-0171
				TOTAL	**17,645.9**	**3,142.9**	**4,018.7**		

Note: The figures correspond with the data found in the project documents approved by the Bank's Board of Directors. Although, final figures may differ, the total amount of direct lending cannot surpass the figure shown.

Table A-2: IDB Public Sector Arm Programs Promoting Private Participation in Infrastructure (December 2003) (US$ million)

	Country	Description	Program Number	Document Number	Approved	Sector	Total Project Cost	IDB Participation
1	Honduras	Energy Sector Hybrid Program (additional) 1/	HO-0112	PR-2012	1994	Energy	77.8	36.8
2	Brazil	Improvement of the Sâo-Paulo-Curitiba-Florianopolis Highway	BR-0150	PR-2088	1995	Transportation	1,282.6	450.0
3	Panama	Basic Infrastructure Sector Reform Program 2/	PN-0097	PR-2158	1996	Energy & Water	6.7	3.3
4	Guyana	Electricity Sector Program 3/	GY-0048	PR-2163	1996	Energy	45.0	45.0
5	Bolivia	Urban Basic Sanitation Program 4/	BO-0125	PR-2165	1996	Water/Sanitation	88.8	70.0
6	Colombia	Privatization and Concessions in Infrastructure	CO-0179	PR-2121	1996	General Infrastructure	33.0	12.5
7	Brazil	Fernao Dias Highway Upgrade	BR-0216	PR-2164	1996	Transportation	550.0	275.0
8	Venezuela	Support for the Modernization and Rehabilitation of Water Supply and Sanitation	VE-0056	PR-2182	1997	Water/Sanitation	60.0	30.0
9	Central America	Central American Interconnection System	CA-0007& CA-0010	PR-2189	1997	Energy	329.7	170.6
10	Guatemala	Infrastructure and Investment Sector Reform Program	GU-0019	PR-2198	1997	General Infrastructure	110.0	107.7
11	Uruguay	Integration Corridors and Primary Road Improvement Program	UR-0113	PR-2204	1997	Transportation	176.0	123.0
12	Ecuador	Private Sector Concession for Water Supply and Sewerage Services in Guayaquil	EC-0002	PR-2207	1997	Water/Sanitation	50.0	40.0
13	Panama	Program of Support for Restructuring of the National Water and Sewer System	PN-0030	PR-2209	1997	Water/Sanitation	65.0	45.0
14	Honduras	Puerto Cortes Sewerage Program	HO-0128	PR-2233	1997	Water/Sanitation	16.2	18.3
15	Brazil	Loan for Federal Highway Rehabilitation and Decentralization Program (Phase I)	BR-0195	PR-2225	1997	Transportation	750.0	300.0
16	Colombia	TC Loan to Support Energy Efficiency Proram	CO-0163	PR-2216	1997	Energy	12.0	10.0
17	Regional	Bolivia-Brazil Gas Pipeline	RG-0028	PR-2262	1997	Energy	1,449.0	240.0
18	Argentina	Potable Water Sector Reform Program	AR-0175	PR-2334	1998	Water/Sanitation	500.0	250.0
19	Dominican Republic	Country Road Program	DR-0131	PR-2301	1998	Transportation	60.0	48.0
20	Ecuador	Loan to Support Private Investment in Infrastructure	EC-0180	PR-2336	1998	General Infrastructure	30.0	24.0
21	El Salvador	Water and Sewer Program	ES-0068	PR-2287	1998	Water/Sanitation	55.0	43.7
22	Venezuela	Support for Potable Water Decentralization	VE-0111	PR-2349	1998	Water/Sanitation	200.0	100.0

Table A-2 continued

Country	Description	Program Number	Document Number	Approved	Sector	Total Project Cost	IDB Participation
23 Colombia	Tibitó Potable Water Treatment	CO-0231	PR-2306	1998	Water/Sanitation	64.1	18.0
24 Colombia	Potable Water and Sanitation Program in Pereira	CO-0182	PR-2418	1999	Water/Sanitation	64.6	38.6
25 Dominican Republic	Potable Water and Sanitation Reform and Modernization 5/	DR-0123	PR-2417	1999	Water/Sanitation	89.0	71.0
26 Guatemala	Road Rehabilitation and Modernization Program	GU-0130	PR-2446	1999	Transportation	182.0	150.0
27 Guyana	Air Transportation Reform	GY-0050	PR-2434	1999	Transportation	31.5	30.0
28 Haiti	Potable Water and Sanitation Sector Improvements	HO-0072	PR-2418	1999	Water/Sanitation	62.7	26.0
29 Jamaica	Parish Infrastructure Development Program	JA-017	PR-2416	1999	General Infrastructure	50.0	35.0
30 Nicaragua	Modernization of the Management of Water and Sewerage Service	NI-0097	PR-2462	1999	Water/Sanitation	16.6	13.9
31 Argentina	Border Crossing and Integration Corridors	AR-0202	PR-2542	2000	Transportation	400.0	200.0
32 Brazil	Highway Rehabilitation Program in São Paulo	BR-0295	PR-2609	2001	Transportation	240.0	120.0
33 Jamaica	National Road Services Improvement Program	JA-0043	PR-2627	2001	Transportation	35.0	24.5
34 Nicaragua	Rehabilitation Road between San Lorenzo and Muhan	NI-0146	PR-2613	2001	Transportation	42.0	35.0
35 Brazil	Prodetur II Northeast	BR-0323	PR-2654	2002	General Infrastructure	400.0	240.0
36 Honduras	San Pedro Sula Municipal Development Phase 2	HO-0175	PR-2673	2002	General Infrastructure	11.3	9.0
37 Brazil	Goiania Water and Sanitation Program	BR-0351	PR-2686	2002	Water/Sanitation	95.2	47.6
38 Ecuador	Metropolitan Quito Environmental Sanitation Program	EC-0200	PR-2697	2002	Water/Sanitation	50.0	40.0
39. Guatemala	Rural Water Investment Program	GU-0150	PR-2768	2003	Water/Sanitation	55.6	50.0
40 Chile	Rural Electrification Program	CH-0174	PR-2771	2003	Energy	57.2	40.0
TOTAL						**7,893.6**	**3,631.5**

1/ Operation is linked to MIF/AT-80 in table A-4 **2**/ Operation is linked to MIF/AT-102 in table A-4 **3**/ Operation is linked to MIF/AT-104 in table A-4 **4**/ Operation is linked to MIF/AT-108 in table A-4
5/ Operation in linked to MIF/AT-279 in table A-4

Table A-3: IIC Infrastructure Projects Approved Portfolio (Net of Cancellations—December 2003) (US$ million)

Project Name	Approval Date	IIC Loan	IIC Equity	Sub-total IIC Participation	Cofinancing	Total	Total Project Cost	Sector
ARGENTINA								
1 Terminal 6	Dec-89	1.00	0.00	1.00	0.00	1.00	10.90	Transportation
2 Impsat	Nov-90	3.00	1.40	4.40	0.00	4.40	40.00	Telecommunication
3 Hidronihuil	Jun-97	10.00	0.00	10.00	10.00	20.00	35.70	Energy and Water
Total Argentina		**14.00**	**1.40**	**15.40**	**10.00**	**25.40**	**86.60**	
BAHAMAS								
4 Waterfields	Oct-96	1.50	0.00	1.50	0.00	1.50	11.60	Water/Sanitation
Total Bahamas		**1.50**	**0.00**	**1.50**	**0.00**	**1.50**	**11.60**	
COLOMBIA								
5 Impsat Colombia	Dec-92	6.00	0.00	6.00	4.00	10.00	51.00	Telecommunication
Total Colombia		**6.00**	**0.00**	**6.00**	**4.00**	**10.00**	**51.00**	
COSTA RICA								
6 Platanar	Dec-93	5.00	1.00	6.00	0.00	6.00	20.00	Energy
7 Conelectricas	Dec-94	1.00	0.00	1.00	3.00	4.00	22.50	Energy
8 Condicel	Jan-00	4.20	0.00	4.20	0.00	4.20	15.00	Telecommunication
Total Costa Rica		**10.20**	**1.00**	**11.20**	**3.00**	**14.20**	**57.50**	
GUATEMALA								
9 Hidroeléctrica Río Las Vacas	Nov-99	10.00	0.00	10.00	11.00	21.00	36.60	Energy
Total Guatemala		**10.00**	**0.00**	**10.00**	**11.00**	**21.00**	**36.60**	
PANAMA								
10 Térmica del Noreste	Aug-02	3.00	0.00	3.00	1.60	4.60	9.40	Energy
Total Panama		**3.00**	**0.00**	**3.00**	**1.60**	**4.60**	**9.40**	
PERU								
11 Serlipsa	Dec-91	1.40	0.50	1.90	0.00	1.90	6.20	Transportation
12 SINERSA	Jun-02	6.00	0.00	6.00	2.50	8.50	16.30	Energy
Total Peru		**7.40**	**0.50**	**7.90**	**2.50**	**10.40**	**22..50**	
REGIONAL								
13 Fondelec (Inv. Fund)	Sep-94	0.00	5.00	5.00	0.00	5.00	50.00	Energy
14 Fondelec II (Inv. fund)	Dec-97	0.00	5.00	5.00	0.00	5.00	100.00	Energy
15 Scudder Latin Power (Inv. Fund)	Mar-98	0.00	7.00	7.00	0.00	7.00	150.00	Energy
16 Caribbean Basin Power (Inv. Fund)	Oct-98	0.00	5.00	5.00	0.00	5.00	75.00	Energy
17 Caribbean Basin Power Fund Ltd (parallel debt facility)	Dec-98	20.00	0.00	20.00	80.00	100.00	100.00	Energy
18 CEA Latin American Communication Partners, L.P.	Aug-00	0.00	7.50	7.50	0.00	7.50	100.00	Telecommunication
19 Inter-American Corporation for Infrastructure Finance	Mar-01	0.00	10.00	10.00	0.00	0.00	50.00	Infrastructure
Total Regional		**20.00**	**39.50**	**59.50**	**80.00**	**129.50**	**625.00**	
URUGUAY								
20 Gralado	Dec-92	4.50	0.30	4.80	6.60	11.40	18.50	Transportation
21 Udeman	Jun-00	3.00	0.00	3.00	2.00	5.00	15.00	Transportation
Total Uruguay		**7.50**	**0.30**	**7.80**	**8.60**	**16.40**	**33.50**	
TOTAL		**79.60**	**42.70**	**122.30**	**120.70**	**233.00**	**933.70**	

Note: This table does not contain 4 projects that were approved but dropped.

Table A-4: MIF, Technical Cooperations in Infrastructure (December 2003)

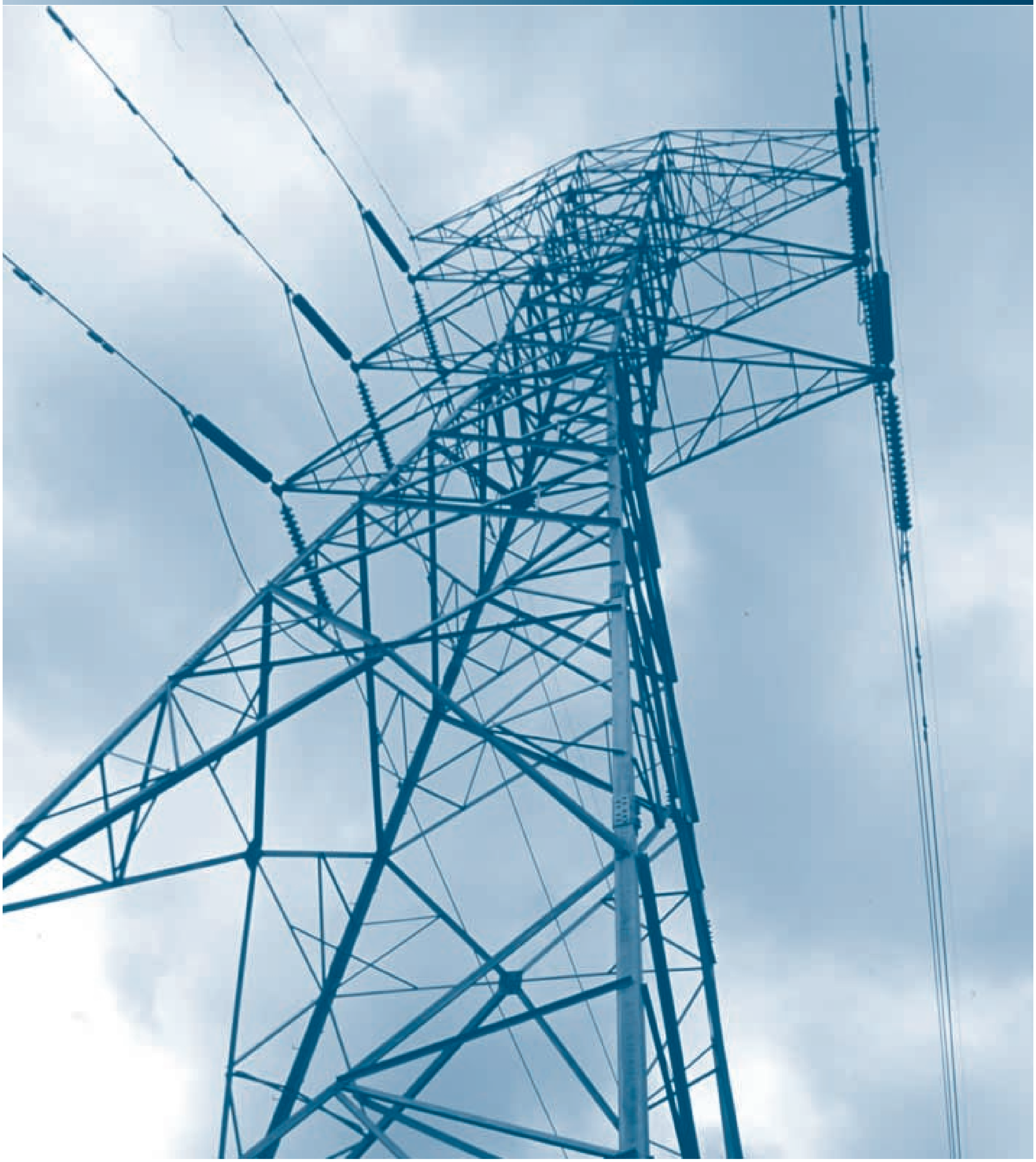
	Project Name	Country	Type of Support	Total Project Cost	MIF Grant	Approval Date	Doc. No.
	ENERGY						
1	Energy Regulatory Commission	Colombia	Regulation	1,777,000	1,627,000	30-May-94	MIF/AT-8
2	Restructuring and Privatization of Energy and Telecommunications Sectors	El Salvador	Reform	1,971,000	1,571,000	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 Framework - Gas & Energy Regulatory Commission	Mexico	Regulation	3,000,000	1,500,000	24-Apr-96	MIF/AT-78
5	Private Sector Participation in the Telecom and Electricity Sectors 1/	Honduras	Reform	1,380,000	1,130,000	29-May-96	MIF/AT-80
6	Buenos Aires-Montevideo Gas Pipeline	Uruguay	Concessions	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	Regulatory Framework - Electricity/Water & Sanitation 2/	Panama	Regulation	6,730,000	1,810,000	20-Nov-96	MIF/AT-102
10	Electricity Regulation 3/	Guyana	Regulation	1,100,000	990,000	20-Nov-96	MIF/AT-104
11	Energy Sector Reform	Dom. Rep.	Reform	1,700,000	1,220,000	9-Apr-97	MIF/AT-117
12	Harmonization and Integration of the Hydrocarbons Market in Central American Isthmus	Regional	Regulation	2,950,000	1,100,000	5-Aug-98	MIF/AT-189
13	Support for the Restructuring of ENEL and the Introduction of the Private Sector	Nicaragua	Reform & Privatization	3,476,000	2,606,000	5-Aug-98	MIF/AT-193
14	Promotion of the Private Sector in the Electricity Sector in Nicaragua	Nicaragua	Privatization	50,000	50,000	15-Jan-99	MIF/AT-229
15	Promotion of Private Participation in the Electricity Sector	Haiti	Privatization	300,000	300,000	29-Apr-99	MIF/AT-251
16	Renewable Energy Service Delivery	Brazil	Reform & Privatization	4,500,000	2,250,000	13-Oct-99	MIF/AT-293
17	Training Program for Energy Regulators in Mercosur	Regional	Regulatory	2,760,000	1,400,000	6-Jun-00	MIF/AT-335
18	The Latin American Energy Services Fund	Regional	Investment Fund	25,000,000	90,000	27-Jun-01	MIF/AT-404
19	Support for the Regulatory Framework for Electricity Services	Uruguay	Reform	530,000	371,000	13-Jun-02	MIF/AT-477
20	Strengthening Electricity Sector Regulation in Support of Private Investment	Guyana	Regulation	733,000	500,000	6-Jan-03	MIF/AT-521
				60,889,000	**21,084,500**		
	GENERAL INFRASTRUCTURE						
21	Establishment of the Office of Utilities Regulation	Jamaica	Regulation	1,452,000	1,452,000	18-May-94	MIF/AT-10
22	Private Investment in Infrastructure	Costa Rica	General PPI	1,550,000	1,550,000	26-Oct-94	MIF/AT-15
23	Legal and Regulatory Framework for Expansion of Private Participation in Infrastructure	Nicaragua	Regulation	2,190,220	1,991,220	19-Jul-95	MIF/AT-45
24	Strengthening of the Public Works Concessions System	Costa Rica	Concessions	1,160,000	800,000	30-Jul-97	MIF/AT-137
25	Strengthening of the Public Works and Servies Concessions System	Uruguay	Concessions	1,480,000	1,025,000	10-Aug-97	MIF/AT-123
26	Program to Reform Public Enterprises	Dom. Rep.	Reform	3,750,000	2,500,000	1-Apr-98	MIF/AT-162
27	Promoting Expanded Private Sector Development	Bahamas	Regulation	2,022,400	1,342,900	27-May-98	MIF/AT-177
28	Support for Final Closure of a Sanitary Landfill	El Salvador	General PPI	100,000	70,000	26-Feb-99	MIF/AT-241
29	Competition in Telecommunications	Trinidad and Tobago	Regulation	503,000	300,000	24-Jun-99	MIF/AT-267
30	Institutional Development of the Regulated Industries Commission	Trinidad and Tobago	Regulation	1,966,000	900,000	7-Jul-99	MIF/AT-261
31	Modernization of Telecommunications	Guyana	Regulation	1,600,000	1,100,000	6-Jun-00	MIF/AT-336
32	Modernization of Telecommunications	Trinidad and Tobago	Regulation	3,142,000	990,000	1-Aug-01	MIF/AT-428
33	Support for Business Performance Through the Use of Information and Communication Technologies	Colombia	General PPI	1,970,000	1.000,000	7-Aug-02	MIF/AT-491-1
34	Support for the Regulatory Framework for Telecommunications Services	Uruguay	Regulation	600,000	420,000	20-Sep-02	MIF/AT-493
				23,485,620	**15,441,120**		
	TRANSPORTATION						
35	Regulatory Framework and Private Participation in the Transportation Sector	Ecuador	Privatization	2,424,400	1,620,400	24-May-95	MIF/AT-41
36	Airport Privatization Program	Jamaica	Privatization	720,000	570,000	9-Aug-95	MIF/AT-49
37	Public Works Concession System	Chile	Concessions	2,800,000	1,468,000	1-Nov-95	MIF/AT-59
38	Panama Canal Zone	Panama	General PPI	700,000	600,000	25-Sep-96	MIF/AT-91
39	Concession Caracas-La Guaira Highway System	Venezuela	Concessions	366,000	193,000	17-Oct-96	MIF/AT-97
40	Port Concessions	Barbados	General PPI	400,000	300,000	28-Jan -97	MIF/AT-115
41	Transport Concessions Program of the State of São Paulo	Brazil	Concessions	2,280,000	1,140,000	24-Mar-97	MIF/AT-122
42	Transport Concessions	Peru	Concessions	2,000,000	1,300,000	23-Apr-97	MIF/AT-121
43	Transport Concessions	Bolivia	Concessions	600,000	480,000	3-May-97	MIF/AT-120
44	Private Sector Participation in the Aviation Sector	Guatemala	General PPI	3,650,000	1,150,000	4-Jun-97	MIF/AT-130
45	Expansion of the Grantley Adams Airport	Barbados	Concessions	42,300	42,300	22-Jan-98	MIF/AT-159
46	Transport Concessions	Ecuador	Concessions	1,920,000	1,150,000	25-Feb-98	MIF/AT-157
47	Road Concession - San Pedro Sula	Honduras	Concessions	300,000	300,000	1-Apr-98	MIF/AT-166

Table A-4 continued

Project Name	Country	Type of Support	Total Project Cost	MIF Grant	Approval Date	Doc. No.
TRANSPORTATION						
48 Transport Concessions	Venezuela	Concessions	3,000,000	1,500,000	8-Jul-98	MIF/AT-184
49 Promotion of Private Participation in Nicaragua's Ports	Nicaragua	Regulation	150,000	150,000	2-Feb-99	MIF/AT-234
50 Road Concession	Jamaica	Concessions	850,000	595,000	12-May-99	MIF/AT-248
51 Port Sector Modernization	Belize	Regulation	1,300,000	1,050,000	22-Sep-99	MIF/AT-288
52 Strengthening of the regulatory and institutional framework of air transport safety in Central America	Regional	Regulation	6,000,000	4,000,000	28-Nov-00	MIF/AT-387
53 Strengthening the Regulatory and Concession Framework for Small and Medium Enterprise Bus Operations in Panama	Panama	Concessions	1,167,000	700,000	14-Feb-01	MIF/AT-395
54 Modernization of Surface Transit in Santiago	Chile	Concessions	2,500,000	1,250,000	7-Mar-01	MIF/AT-400
55 Strengthening of Airport Security	Nicaragua	Regulation	711,050	497,939	17-Apr-02	MIF/AT-466
56 Strengthening of Airport Security	Guatemala	Regulation	452,890	316,990	15-May-02	MIF/AT-471
57 Strengthening of Airport Security	Jamaica	Regulation	625,500	405,500	10-Jun-02	MIF/AT-476
58 Regulation of a New Public Transportation System for Greater San Salvador	El Salvador	Regulation	715,000	500,000	1-Oct-02	MIF/AT-498
59 Strengthening of Airport Security	Suriname	Regulation	620,000	435,000	4-Oct-02	MIF/AT-502
60 Strengthening of Airport Security	Trinidad and Tobago	Regulation	715,000	500,000	4-Oct-02	MIF/AT-499
61 Strengthening of Airport Security	Uruguay	Regulation	714,000	500,000	10-Oct-02	MIF/AT-503
62 Strengthening of Airport Security	Honduras	Regulation	168,000	118,000	24-Oct-02	MIF/AT-504
63 Strengthening of Airport Security	El Salvador	Regulation	280,930	196,630	4-Nov-02	MIF/AT-510
64 Strengthening of Airport Security	Colombia	Regulation	835,000	500,000	24-Jan-03	MIF/AT-522
65 Institutional Strengthening of the National Concession Board	Costa Rica	Regulation	715,000	500,000	26-Jun-03	MIF/AT-532
66 Program to Strengthen Airport Security	Paraguay	Regulation	715,250	500,000	5-Sep-03	MIF/AT-540
67 Institutional Strengthening of the Concessions and Divestitures Unit of the Ministry of Communications, Infrastructure and Housing	Guatemala	Regulation	715,000	500,000	9-Sep-03	MIF/AT-544
			40,441,270	**25,028,759**		
WATER AND SANITATION						
68 Water Sector Reform for Mendoza Privatization	Argentina	Privatization	1,260,000	795,000	7-Dec-94	MIF/AT-25
69 Development of a Regulatory Framework for Water and Sanitation Sector	Paraguay	Regulation	1,200,000	980,000	22-Mar-95	MIF/AT-38
70 Modernization of the Water Supply and Sanitation Sector	Ecuador	Regulation	1,100,000	920,000	19-Jul-95	MIF/AT-44
71 Strengthening of the Water and Sanitation Service Regulation Commission	Colombia	Regulation	1,700,000	990,000	27-Sep-95	MIF/AT-53
72 Development of a Regulatory Framework for Water and Sanitation Sector 4/	Bolivia	Privatization	1,333,000	980,000	19-Dec-96	MIF/AT-108
73 Strengthening of the Sanitation Services Regulatory Agency in Santa Fe	Argentina	Regulation	1,200,000	600,000	25-Jun-97	MIF/AT-134
74 Water Regulatory Agency - Buenos Aires Province	Argentina	Regulation	2,000,000	1,000,000	27-May-98	MIF/AT-174
75 Water Sector Reform	El Salvador	Reform	3,300,000	2,400,000	27-May-98	MIF/AT-175
76 Potable Water and Sanitation Sector Reform and Establishment of Regulatory Agency	Haiti	Reform and Regulation	1,215,000	965,000	12-Aug-98	MIF/AT-192
77 Strengthening Provincial Water Agencies	Argentina	Regulation	4,000,000	1,900,000	24-Nov-98	MIF/AT-213
78 Private Sector Participation in the Water Sector	Jamaica	Privatization	600,000	422,000	24-Feb-99	MIF/AT-239
79 Private Sector Involvement in Potable Water and Sewerage in San Pedro Sula	Honduras	Regulation/Privatization	1,075,000	750,000	21-Apr-99	MIF/AT-243
80 New Institutional and Legal Framework for Water and Sanitation sector 5/	Dominican Republic	Regulation	1,800,000	1,080,000	24-Aug-99	MIF/AT-279
81 Strengthening Water Sector Regulatory Entity	Chile	Regulation	2,800,000	1,100,000	8-Dec-99	MIF/AT-308
82 Institutional Strengthening of the Regulator of Potable Water and Sanitation Services	Nicaragua	Regulation	1,000,000	700,000	25-Oct-00	MIF/AT-369
83 Bucaramanga Potable Water Project	Colombia	Privatization	1,500,000	900,000	29-Nov-00	MIF/AT-374
84 Modernization Solid Waste Management in Guatemala City	Guatemala	Privatization	600,000	420,000	17-Dec-01	MIF/AT-453
85 Reform of the Water Supply Sector and Establish of a Regulatory Agency in the State of Veracruz	Mexico	Privatization	2,000,000	1,000,000	26-Jun-02	MIF/AT-478
			29,683,000	**17,902,000**		
TOTAL			**155,231,890**	**79,956,379**		

1/ Linked to HO-0112 supporting the sector privatization program. A loan for US$ 20 million to support sector adjustment component, a non-reimbursable Technical Corporation for US$2 million to support the program and a US$14.82 million to support sector investment. **2**/ Linked to PN-0097 for a basic infrastructure sectors 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 also included the implementation of the specific public-private joint venture transaction and the implementation of policy, legal, and regulatory reforms. **4**/ Linked to an IDB loan also approved in 1996 (BO-0125) for US$70 million for an urban basic sanitation program. **5**/ Linked to DR-0123

ANNEX 2: PROJECT BRIEFS



Private Sector Department (PRI):

1

Project Title: ELCOSA
Country: Honduras
Project Cost: US$ 93.4 million
Loan Amount: US$ 10.5 million
Sector: Energy/Power
Date Approved: April 26, 1995

SPONSORS

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 United States 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.), International Finance Corporation, Illinois Power and Generation Company, and an independent investor from the United Kingdom with business interests in the Honduran free zones.

CUSTOMER:

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

FINANCING PACKAGE:

Equity	**US$ million**
Shareholder equity	26.9
Quasi-Equity	4.5
Debt	
IDB	10.5
Other	5.7
IFC A Loan	10.5
IFC B Loan	35.3
Total:	**93.4**

HIGHLIGHTS:

This project is the first privately owned power facility in Honduras to be connected to the national grid.

BRIEF:

Stork-Wartsila Diesel B.V., Netherlands under a fixed-price turnkey construction contract, built this 80-MW diesel power plant. Operation and maintenance of the plant will be provided by WDD.

2

Project Title: Samalayuca II
Country: Mexico
Project Cost: US$ 643.4 million
Loan Amount: US$ 75 million
Sector: Energy/Power
Date Approved: October 18, 1995

Sponsors:

Sponsors are General Electric Company, Bechtel Enterprises, Inc., El Paso Natural Gas, and ICA Flour Daniel S.A. de C.V. The borrower is the Banco Nacional de México as trustee. This trust was created for the sole purpose of constructing and leasing the plant to the Federal Electric Commission (CFE).

CUSTOMER:

Federal Electric Commission.

FINANCING PACKAGE:

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

(*) Commercial banks will provide construction financing with 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.

HIGHLIGHTS:

The execution of this project is under the form of a Build-Lease-Transfer. CFE will provide fuel and interconnection to the national grid.

BRIEF:

The project includes the design, construction, and testing of a 690-MW (ISO) combined cycle gas fired power plant.

3

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

SPONSORS:
The Consortium "Líneas de Transmisión del Litoral S.A." (LITSA) is a national stock corporation operating under Argentine laws. The main sponsors are José Cartellone Construcciones Civiles S.A. and Sideco Americana S.A.. Other sponsors are Pirelli Consultora, Conductores e Instalaciones S.A.; Construcción Obras de Ingeniería S.A., Electro ingeniería S.A. and Polledo S.A..

CUSTOMER:
CAM MESA, the dispatching authority, is responsible for the administration of the Wholesale Electricity Market and the clearinghouse for payments.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	46.2
Debt	
IDB A Loan	43.0
IDB B Loan	44.0
Other	43.7
Total:	**176.9**

HIGHLIGHTS:
The participation of the IDB in this project helped Argentina's efforts to partially fund the project in private markets and provided positive signals to the financial markets.

BRIEF:
The contract grants LITSA the right to operate the transmission line for 92 years as an independent transmitter. The project includes the construction, operation and maintenance of a 502-Km long 500-Kv transmission line; the expansion of the substations at Rincón Santa María and Salto Grande; and a new 85-Km long 500-Kv transmission line.

4

Project Title: Linha Amarela
Country: Brazil
Project Cost: US$ 110.4 million
Concession Cost: US$ 61.5 million
Loan Amount: US$ 14 million A loan
US$ 11 million B loan
Sector: Transportation
Date Approved: February 14, 1996

SPONSORS:
Linha Amarela S.A. (LAMSA), the borrower, is a Brazilian special purpose company incorporated by project sponsor, Constructora OAS. The IDB, Banco Nacional de Desenvolvimiento Economico e Social (BNDES) and an international commercial bank contributed with long-term financing.

CUSTOMER:
Public service. Traffic to and from the southwestern area of Rio de Janeiro.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	26.5
Debt	
IDB A Loan	14.0
IDB B Loan	11.0
BNDES	10.0
Total:	**61.5**

HIGHLIGHTS:
This project is the first greenfield private toll road in the country. IDB's participation contributes to support the Municipality of Rio de Janeiro (MRJ). Through this project, 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.

BRIEF:
The project consists of a 10-year concession for the operation and maintenance of a 15-Km six-lane urban toll road. The project includes the construction of two parallel tunnels of 2.2 Km, several smaller tunnels, viaducts and a toll plaza (19 toll booths).

5

Project Title: EDENOR
Country: Argentina
Project Cost: US$ 198.7 million
Loan Amount: US$ 40 million A loan
US$ 80 million B loan
Sector: Power / Distribution
Date Approved: October 2, 1996

SPONSORS:
The controlling interest in EDENOR is owned by Electricidad Argentina Sociedad Anónima (EASA)—a consortium consisting of Électricité de France, Empresa Nacional Hidroeléctrica del Ribargorzana of Spain, Astra of Argentina, Societé d'Amenagement Urbain et Rural of France, and J.P. Morgan International Capital Corp. of the United States—and will remain pledged to the Government of Argentina during the concession. EDENOR's employees own 10 percent of the company's shares. The IDB and several international commercial banks contributed with long-term financing. Additional financing was required.

CUSTOMER:
Customers (residential, commercial and industrial end users).

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors (from cash flows)	78.7
Debt	
IDB A Loan	40.0
IDB B Loan	80.0
Total:	**198.7**

HIGHLIGHTS:
IDB involvement allowed EDENOR to borrow on a true long-term basis, i.e., 7-8 years, without guarantees from its shareholders.

BRIEF:
Project objectives include improving the transmission and distribution grid; improving the quality of the service; satisfying the growing demand; and reducing energy losses.

6

Project Title: Termovalle
Country: Colombia
Project Cost: US$ 147.2 million
Loan Amount: US$ 35 million A loan
US$ 60.4 million B loan
Sector: Power / Generation
Date Approved: October 31, 1996

SPONSORS:
Termovalle S.C.A., E.S.P., a special purpose company, will build, own and operate a 200-MW combined cycle thermal generating facility. KMR Power Group and Marubeni Corporation are the sponsors. FPL International and Scudder Latin American Power Fund also have an interest in the project.

CUSTOMER:
Termovalle will sell 140 MW to Empresa de Energía del Pacífico, S.A. (EPSA) in accordance with its 21-year power purchase agreement. The company will sell the remaining capacity and associated energy in the open pool system or to EPSA.

FINANCING PACKAGE:

Equity	**US$ million**
Project Company	36.8
Debt	
IDB A Loan	35.0
IDB B Loan	60.4
Financiera Energética Nacional	15.0
Total	**147.2**

Termovalle was financed with 75 percent debt and 25 percent equity. Debt financing included a US$102.3 million syndicated loan from the IDB; a US$15 million from Financiera Energética Nacional; and a US$2 million working capital from The Chase Manhattan Bank.

HIGHLIGHTS:
IDB's participation provided long-term financing for the project and facilitated the participation of commercial banks in the transition.

BRIEF:
The project consists of the construction, ownership, operation and maintenance of a 200-MW thermal power plant.

7

Project Title: Aguaytía
Country: Peru
Project Cost: US$ 252.8 million
Loan Amount: US$ 60 million A loan
Sector: Energy / Gas
Date Approved: December 11, 1996

SPONSORS:
The Maple Gas Corporation, PanEnergy Corporation, El Paso Energy Development Corporation, Scudder Latin American Power Fund, Illinova Generating Company and Power Markets Development Company.

CUSTOMER:
Spot market in Peru.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	92.8
Debt	
IDB A Loan	60.0
TCW Loan	78.0
Wiese Bank Loan	22.0
Total:	**252.8**

HIGHLIGHTS:
Aguaytía is the first independent power project in Peru since the sector was opened to private 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 primary fuel in the country.

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

8

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 and Sanitation
Date Approved: December 17, 1996

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

CUSTOMER:
Residential population and industrial customers and municipalities with bulk services in Santa Fe Province.

FINANCING PACKAGE:

Equity	**US$ million**
Cash Flow	63.0
L.T. Debt	11.0
Sponsors	60.0
Debt	
IDB A Loan	30.0
IDB B Loan	55.0
Total:	**219.0**

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 volatile short-term loans. The Ida's participation will provide additional comfort to commercial banks and help mitigate the perception of political risk at the provincial level.

BRIEF:
The operation 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

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: December 17, 1996

SPONSORS:
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 Públicas Medellín, Promigas E.S.P. S.A., Compañía Sudamericana de Seguros, Compañía Nacional de Chocolates, Corporación Financiera Nacional y Sudamericana S.A., Colcorp S.A. and Compañía de Cementos Argos. These companies own 93.8 percent of the shares. Approximately 400 other minor shareholders own the remainder.

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

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	27.5
Debt	
IDB A Loan	19.0
IDB B Loan	32.0
Total:	**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. The Bank's assistance was important in developing 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 Medellín. The foundations for the regulatory framework of this project have already been consolidated and strengthened by a MIF technical cooperation.

10

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

SPONSORS:
The special purpose company called Bogotá Aguas de Saneamiento will develop the project. The shareholders of the company are Lyonnaise des Eaux with a 51 percent ownership interest and Degremont S.A. with a 49 percent.

CUSTOMER:

Public Service

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	30.0
Debt	
Series A notes	30.0*
Series B notes	65.0
Total	**125.0**

(*) The total 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 up to $31.25 million.

HIGHLIGHTS:
Río Bogotá represents the first operation utilizing the IDB guarantee program. A guarantee is well suited for projects in which the principal off-taker is a public sector entity.

BRIEF:
The project consists of the design, construction, ownership, operation and maintenance of a wastewater treatment plant at the juncture of the Salitre River and the Bogotá River.

11

Project Title: Montevideo-Punta del Este Toll Road
Country: Uruguay
Project Cost: US$ 65 million
Loan Amount: US$ 12 million A loan
US$ 13 million B loan
Sector: Transportation
Date Approved: September 17, 1997

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

CUSTOMER:
Public Service

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	40.0
Debt	
IDB A Loan	12.0
IDB B Loan	13.0
Total	**65.0**

HIGHLIGHTS:
This is the first limited recourse toll road project in Uruguay. The project is very sensitive to the terms and conditions of the loans, and the presence of the IDB provides the long-term maturities that are not offered by the local banking system.

BRIEF:
Encompassing six sections, the project consists of a coastal highway linking Montevideo to Punta del Este. 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 scheme with a 13-year life, after which the assets will be returned to the Ministerio de Transporte y Obras Públicas.

12

Project Title: Yucatán Gas Pipeline
Country: Mexico
Project Cost: US$ 275.0 million
Loan Amount: US$ 68 million A loan
US$ 140 million B loan
Sector: Energy/Gas Pipeline
Date Approved: September 24, 1997

SPONSORS:
The project sponsors are TransCanada Pipelines Limited, International Generating Ltd. and Gutsa Construcciones, S.A. de C.V.; Energía Mayakán, S.A. de R.L. de C.V., a special purpose company, will develop the project.

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

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	26.3
Subordinated Debt	29.2
Contingent Equity	11.5
Debt	
IDB A Loan	68.0
IDB B Loan	140.0
Total	**275.0**

HIGHLIGHTS:
The project will be funded by 24.4 percent equity participation from the sponsors and 75.6 percent debt to be arranged by IDB A and B-type loans.

BRIEF:
The project consists in the design, engineering, construction, operation and maintenance of a natural gas pipeline, 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 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.

13

Project Title: AES Paraná Thermal Plant
Country: Argentina
Project Cost: US$ 438.6 million
Loan Amount: US$ 65.6 million A loan
US$ 65.6 million B loan
Sector: Energy
Date Approved: September 24, 1997

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

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

CUSTOMERS:
Electricity will primarily be sold directly into the Argentine national grid, which is operated by Compañía Administradora del Mercado Mayorista de Electricidad S.A.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors Equity	109.7
Quasi Equity	35.1
Debt	
IDB A Loan	65.6
IDB B Loan	65.6
J-EXIM Direct Loan	81.3
J-EXIM Commercial Loan	81.3
Total:	**438.6**

HIGHLIGHTS:
No concession was required for this project. Most of the electricity generated from this project will be sold directly to the national grid.

BRIEF:
The project consists of the construction, ownership and operation of an 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.

14

Project Title: Itá Hydroelectric Power Project
Country: Brazil
Project Cost: US$ 1,070 million
Loan Amount: US$ 75 million A loan
US$ 300 million B loan
Sector: Energy
Date Approved: December 10, 1997

SPONSORS:
The sponsors of the project are Companhia Siderúrgica Nacional (CSN); OPP Petroquímica S.A.; OPP Polietilenos S.A.; and Companhia de Cimento Itambé. The ownership of the project is distributed as follows: CSN (48.75 percent), ODEQUI (48.75 percent) and Itambé (2.5 percent).

CUSTOMER:
The Sponsors.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	267.5
Debt	
IDB A Loan	75.0
B Loan	300.0
BNDES	427.5
Total:	**1,070.0**

HIGHLIGHTS:
Itá HPP is the largest hydroelectric power project envisaged by the ten-year expansion plan of ELECTROBRAS.

BRIEF:
The project includes the construction and operation of the Itá Hydroelectric Power Plant and ancillary facilities with total installed capacity of 1,450 MW.

15

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

SPONSORS:
The concession was warded to a special purpose company called Concessionária da Rodovia dos Lagos S.A., with equal participation from the sponsors of the project, Construtora Andrade Gutierrez S.A. and Construções e Comercio Camargo Correa S.A.

CUSTOMER:
Public Service.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	24.2
Internal Cash Generation	5.7
Debt	
IDB A Loan	18.0
IDB B Loan	19.0
BNDES	10.0
Supplier Credit	3.1
Total:	**80.0**

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 nature of the regulatory framework, long-term financing for this kind of project has been somewhat limited, thus it is expected that this project will provide reassurance to private investors not only in Rio de Janeiro but also in other states in the country/continent.

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-São Pedro da Aldeia in the Região Dos Lagos, State of Rio de Janeiro. This project is a priority within the Transportation Plan of Rio de Janeiro, since its construction will significantly ease the severe traffic problems of the existing road network.

16

Project Title: EnerSur Power Project
Country: Peru
Project Cost: US$ 440 million
Loan Amount: US$ 75 A loan
US$ 255 B loan
Sector: Energy/Power
Date Approved: March 4, 1998

SPONSORS:
The project was awarded to Energía del Sur (EnerSur), which was established as a special purpose company to develop this project. EnerSur is completely owned by Tractebel, and under the terms of the PPA, Tractebel (a Belgian-based industrial organization) is obligated to maintain a stake of at least 51 percent.

CUSTOMER:
Southern Peru Copper (SPC) (20-year PPA).

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	80.0
Sponsor subordinated debt	30.0
Debt	
IDB A Loan	75.0
IDB B Loan	255.0
Total	**440.0**

HIGHLIGHTS:
The proposed tenor of both the A and B loans is 17 years. The A loan will have a 36-month grace period, while the B loan will have a 60-month grace period. To mobilize the participation of institutional investors, the B loan will be marketed and sold through a private placement.

BRIEF:
The project consists of the modernization and rehabilitation of a generating plant with an existing capacity of 177 MW (which also includes a 37-MW gas turbine fired by diesel that is currently being installed) and the addition of 287 MW of new generation capacity, for a total installed capacity of 464 MW. EnerSur was awarded a PPA contract to supply electricity to SPC for a period of 20 years. Under the terms of the PPA, SPC has the option of requiring an expansion of another 125 MW of coal fired generating unit.

17

Project Title: Miravalles III Geothermal Power Project
Country: Costa Rica
Project Cost: US$ 65.8 million
Loan Amount: US$ 16.45 A loan
US$ 32.90 B loan
Sector: Energy
Date Approved: June 3, 1998

SPONSORS:
The consortium developing the project is a joint venture between Oxbow Power Corporation-Oxbow Power Services, Inc. (Oxbow) and Marubeni Corporation (Marubeni). Each holds 32.5 percent of the project equity interest. As required by Costa Rican law, the Special Purpose Company to be created will have a Costa Rican investor holding a minimum 35 percent equity interest. However, the Project Company will be structured so that all management decisions will require Oxbow and Marubeni approval while the Costa Rican investor will hold a passive role.

CUSTOMER:
Instituto Costarricense de Electricidad (ICE) (15-year PPA).

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	16.45
Debt	
IDB A Loan	16.45
IDB B Loan	32.90
Total	**65.80**

HIGHLIGHTS:
Tenors are 13 years for the A loan and 15 years for the B loan (approximately 15 and 17 years door-to-door respectively). The proposed financial structure also features mortgage-style repayments and a 27-month grace period.

BRIEF:
Miravalles III will be a base load geothermal power plant with a net capacity of 27 MW (gross capacity of 29.55 MW). Also included in the financing are the equipment and services to be provided to ICE pursuant to the PPA to enable ICE to construct the transmission and steam lines and develop the geothermal steam field. The power plant will sell its entire output to ICE through a 15-year PPA. Ownership of the project will be transferred to ICE upon termination of the PPA. The investment project consists of a power plant in which steam, delivered by ICE, at guaranteed levels of supply and quality, will be used to drive a turbine to produce electricity.

18

Project Title: Tibitoc Water Treatment Facility
Country: Colombia
Project Cost: US$ 64.4 million
Loan Amount: US$ 9 million A loan
US$ 9 million B loan
Sector: Water and Sanitation
Date Approved: August 12, 1998

SPONSORS:
The concession was awarded to Sociedad Concesionaria Tibitoc S.A. E.S.P. (SCT), a special purpose company formed to carry out the responsibilities of the project operator. SCT is owned by three investors: Compagnie Generale de Eaux, Corporación Financiera del Valle—one of Colombia's largest financial institutions— and Fábrica Nacional de Autopartes. The three have substantially equal shares.

CUSTOMER:
Public Service.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	13.5
Project Cash Flow	18.8
Debt	
IDB A Loan	9.0
IDB B Loan	9.0
Other Loans	15.1
Total	**64.4**

HIGHLIGHTS:
Tenors are 14 years for the A loan and 13 years for the B loan with a proposed 3-year grace period. The Bank's involvement is critical to providing long-term tenors that cannot be found in the local capital markets. Participation by the Bank will mobilize international participation in the project structure.

BRIEF:
The project consists of the rehabilitation of the Tibitoc water treatment plant and 31 Km of the Tibitoc-Casablanca water transmission in the city of Bogota. The Tibitoc plant is a conventional facility using a surface water treatment process consisting of pre-sedimentation, chemical addition and mixing, coagulation, flocculation, filtration, and disinfection. Rehabilitation of the Tibitoc plant and pipeline is a key part of a program to reduce vulnerability, ensuring the availability of resources needed to meet growing demand as well as reserves to avoid rationing in the event of an emergency elsewhere in the system.

19

Project Title: Uruguaiana Gas Thermal Plant
Country: Brazil
Project Cost: US$ 349.6 million
Loan Amount: US$ 75.0 million A loan
US$ 57.8 million B loan
Sector: Energy
Date Approved: August 12, 1998

SPONSORS:
AES Corporation (AES) was founded in 1981 as a U.S. independent power company. AES has established a special purpose company, AES Uruguaiana, to own and operate the project.

CUSTOMER:
Companhia Estadual de Energia Elétrica (CEEE) (20-year PPA).

FINANCING PACKAGE:

Equity	US$ million
Sponsors	150.3
Project Cash Flow	122.3
Subordinated Debt	28.0
Debt	
IDB A Loan	75.0
IDB B Loan	57.8
BNDES	66.4
Total	**349.6**

HIGHLIGHTS:
The project will be based on a 70/30 debt-equity structure. The tenor of the A loan will be 15 years, and tenor for the B loan will be up to 12 and a half years. Local currency debt financing will be arranged through the National Bank for Economic Development, presently the only local source of long-term financing. Security for the project will be shared between the senior lenders on a pro-rata basis.

BRIEF:
The project consists of the construction, ownership and operation of a 600-MW gas-fired greenfield combined cycle power plant in the municipality of Uruguaiana in the state of Rio Grande do Sul. The project will sell its output to the three public utilities in the state pursuant to long-term power purchase agreements. Fuel for the project will be natural gas from Argentina.

20

Project Title: Tipitapa Power Plant
Country: Nicaragua
Project Cost: US$ 43 million
Loan Amount: US$ 10.75 million A loan
US$ 19.25 million B loan
Sector: Energy
Date Approved: September 23, 1998

SPONSORS:
The project company, Tipitapa Power Company Ltd., a corporation organized under the laws of the Cayman Islands, was created by Coastal Power Corporation (CPC), a wholly-owned subsidiary of the Coastal Corporation (Coastal), a diversified energy company based in Houston, Texas.

CUSTOMER:
Empresa Nicaragüense de Electricidad (ENEL) (15-year PPA).

FINANCING PACKAGE:

Equity	US$ million
Sponsors	13.00
Debt	
IDB A Loan	10.75
IDB B Loan	19.25
Total	**43.00**

HIGHLIGHTS:
This project will be the first private undertaking under the new Ley de la Industria Eléctrica, approved in 1997. This is an important step in the Government of Nicaragua's efforts to involve private investors in the energy sector following the enactment of the new regulatory framework.

IDB is providing scarce long-term financing. IDB pricing is expected to provide a meaningful market reference for future international financing. The tenor of the A-loan is 13 years, while the tenor of the B loan is 10 years.

BRIEF:
The project consists of construction, ownership, and operation of a new generating plant (part of a 50.9 MW firm capacity expansion plan which will include five 10-MW Wartsila 18V38 diesel generator sets burning No. 6 fuel oil) and a 15-year PPA as the first incorporation of base capacity. ENEL will require the project to deliver energy to the Tipitapa substation, east of Managua. CPC has identified undeveloped land located next to the Tipitapa substation, minimizing investment needed for transmission line infrastructure. Construction of the Plant began in February 1998.

21

Project Title: Transportadora de Gas del Sur
Country: Argentina
Project Cost: US$ 1,400 million
Loan Amount: US$ 75 million A loan
US$ 300 million B loan
(sale of participations)
Sector: Energy/Gas
Date Approved: October 14, 1998

SPONSORS:
Transportadora de Gas del Sur, S.A. (TGS). The controlling shareholder of TGS is Compañía de Inversiones de Energía S.A. (CIESA), which owns 70 percent of TGS outstanding common stock. The remaining 30 percent ownership includes 27 percent held by local and foreign investors and 3 percent held by an employee stock purchase program. CIESA is owned by Perez Companc S.A. and a subsidiary (50 percent) and by Enron Cope and subsidiaries (50 percent).

CUSTOMER:
Public Service.

FINANCING PACKAGE:

Debt	US$ million
IDB A Loan	75.0
IDB B Loan	300.0
Total	**375.0**

HIGHLIGHTS:
The initial portion of TGS's investment plan will be financed with a US$ 75 million A loan to be provided by IDB. In addition, U.S. institutional investors will provide a US$ 300 million B loan. As such, this transaction will be the first opportunity for TGS to tap the institutional investor market for financing.

BRIEF:
On October 14, 1998, the IDB approved up to US$ 375 million in financing to support the five-year capital investment plan of Transportadora de Gas del Sur S.A., one of Argentina's two private sector natural gas transportation companies. The resources will contribute to the company's expansion, technological improvement, efficiency, safety and reliability. Among the activities to be financed are the expansion and enhancement of existing pipelines. The IDB's participation in the expansion program is intended to improve TGS' credit rating, helping to increase the company's financing opportunities. This demonstrates the Bank's continuing commitment to the expansion of infrastructure in the privatization and post-privatization process.

22

Project Title: Correo Argentino
Country: Argentina
Project Cost: US$ 300.0 million
Loan Amount: US$ 75 million A loan
US$ 54 million B loan
Sector: Communications
Date Approved: November 11, 1998

SPONSORS:
A consortium including Sideco Americana S.A. (73.5 percent) and Banco de Galicia y Buenos Aires (12.5 percent) was awarded a 30-year concession from the Government of Argentina to provide universal basic postal services and other non-regulated services throughout Argentina. Employees of Correo Argentino hold a 14 percent stake in the company.

CUSTOMER:
Public Service operating in deregulated environment.

FINANCING PACKAGE:

Debt	US$ million
IDB A Loan	75.0
IDB B Loan	54.0
IFC A Loan	75.0
IFC B Loan	54.0
Total Loan Amount	**258.0**

HIGHLIGHTS:
In 1993, the Argentine postal service was "corporatized" and the market was deregulated. The corporatization was followed in 1997 by a competitive bid for the postal service concession, which was awarded to Correo Argentino S.A. (CASA).

BRIEF:
The 30-year concession grants CASA a nonexclusive license with mandatory obligation to provide universal postal services for Argentina (ordinary mail and telegrams). The concession also authorizes the company to provide additional services at non-regulated prices in a competitive market environment.

23

Project Title: Trenes de Buenos Aires
Country: Argentina
Project Cost: US$ 598 million
Loan Amount: US$ 75 million (partial risk guarantee)
Sector: Transportation
Date Approved: November 18, 1998

SPONSORS:
Cometrans S.A., Motive Power Industries, Inc., and Burlington Northern Railroad Co. formed Trenes de Buenos Aires (TBA), the concessionaire. This project consists of 10-year concession. Equity is divided among the shareholders as follows: Cometrans S.A. (37.65 percent); Motive Power Industries (41.65 percent); Burlington Northern Railroad Co. (16.7 percent); and Persilin S.A. (4 percent).

CUSTOMER:
Commuters in the Greater Buenos Aires area.

FINANCING PACKAGE:

Equity	**US$ million**
Government subsidy	406.0
Sponsors (equity and internal cash generation)	192.0
Debt	
IDB partial risk guarantee	75.0
Total	**598.0**

HIGHLIGHTS:
The operation is intended to facilitate the mobilization of domestic and foreign resources that otherwise would not be available.

BRIEF:
The Project consists of a 10-year concession for the rehabilitation, improvement and operation of the Sarmiento and Mitre commuter lines.

During the first six years of the concession, the Government of Argentina (GOA) is obligated to pay TBA a subsidy for operations. From year seven on, however, TBA has to pay cannon to the GOA as scheduled in the concession (US$16 million in year 10).

24

Project Title: Aguas del Illimani Water and Sanitation Project
Country: Bolivia
Project Cost: US$ 68.2 million
Loan Amount: US$ 15 million A loan
Sector: Water and Sanitation
Date Approved: December 2, 1998

SPONSORS:
Aguas del Illimani S.A. (AGIL), a special purpose company, is owned by an international consortium led by Suez Lyonnaise des Eaux (SLE), which is also the operator of the concession. AGIL shareholders structure is divided among six participants as follows: SLE (45.1 percent); Bolivian Investment Corporation S.A. (24.4 percent), Meller S.A. (15.5 percent), Inversora en Servicios S.A. (10 percent) and Connal S.R.L. (5 percent). SLE must keep at least 26 percent of the shares of the Company during the first ten years of the concession.

CUSTOMER:
Public service in the La Paz and El Alto metropolitan areas.

FINANCING PACKAGE:

Debt	**US$ million**
IDB A Loan	15.0
IFC loan	15.0
CAF loan	10.0
Total	**40.0**

HIGHLIGHTS:
The tenor for the entire facility is up to fifteen years including a four-year grace period.

BRIEF:
The project consists of a 30-year concession for the operation, maintenance, and improvement of the potable water and sewerage systems in the cities of La Paz and El Alto. More specifically, the project will include: (1) the increase of water production capacity in La Paz and El Alto; (2) the supply of 100 percent of potable water coverage in La Paz; (3) the installation of at least 38,000 sewerage connections in the La Paz and El Alto areas; and (4) the construction of a wastewater treatment plant in El Alto.

25

Project Title: Castello-Raposo Toll Road Project
Country: Brazil
Project Cost: US$ 478 million
Loan Amount: US$ 75 million A loan
US$ 55 million B loan
Sector: Transportation
Date Approved: December 8, 1998

SPONSORS:
The sponsors of the project are Construtora Queiroz Galvão S.A., Construtora COWAN Ltda., Empresa Industrial Técnica, Carioca Christiani-Nielsen Engenharia S.A., and Camargo Campos S.A. Engenharia e Comércio. Each sponsor holds 23.75 percent of the share of the project company with the exception of Camargo Campos, which holds 5 percent. The sponsors formed a consortium, called Consorcio SAB, whose members established a special purpose company, Viaoeste, to act as the concessionaire.

CUSTOMER:
Public Service—transportation in the Greater São Paulo Metropolitan Area.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	80.0
Internal Cash Generation	195.0
Debt	
IDB A Loan	75.0
IDB B Loan	55.0
BNDES	72.0
Total	**478.0**

HIGHLIGHTS:
This is the first toll road project in the State to go to the international market and the first international financing for the project sponsors.

BRIEF:
The Castello-Raposo toll road project is part of the State of São Paulo's toll road concession program launched in 1996. The project consists of a 20-year BOT concession for the construction, rehabilitation, upgrade, operations and maintenance of the approximately 156-km highway system that links the city of São Paulo with Sorocaba and Ara Coiaba de Serra. After the concession period, the project will be transferred to the State Government under the BOT scheme.

26

Project Title: Darby Latin American Mezzanine Fund, L.P.
Country: Regional
Project Cost: US$ 500 million (size of Fund)
Loan Amount: US$ 75 million A loan
Sector: Infrastructure – Mezzanine fund
Date Approved: December 9, 1998

SPONSORS:
Fund management will be the responsibility of Darby Overseas Investments Ltd. Sponsors and it includes: Banco Bilbao Vizcaya, Dresdner Bank AG, and Corporación Andina de Fomento (CAF). The sponsor investors will provide equity contributions of more than US$25 million. In addition to sponsor investors, other investors include Beehdel Entreprises and Credit Agricol Indosuez.

CUSTOMER:
Regional infrastructure projects.

FINANCING PACKAGE:	**US$ million**
Equity	250.0
Debt	
IDB A Loan	75.0
KFW	50.0
Private Co-financiers (senior debt)	125.0
Total	**500.0**

HIGHLIGHTS:
The Bank is a direct lender to the Fund for an amount of up to US$75 million. The remaining balance of debt is expected to come from a group of private lenders. Traditional B-loan financing will not apply in this case. However, the Bank will work with the sponsors to help attract other senior lenders to serve as co-financiers.

BRIEF:
The Fund will provide corporate finance to ongoing concerns, as well as limited recourse project finance, primarily in infrastructure sectors such as power, transportation, water supply and telecommunications. The Fund will also have the capacity to make selective senior secured loans and direct equity investments. The Fund expects to be fully invested within a two to four-year period after launch.

27

Project Title: Aguas Argentinas Capital Investment Program
Country: Argentina
Project Cost: US$ 360.0 million
Loan Amount: US$ 75.0 million A Loan
US$ 225.0 million B Loan
Sector: Water and Sanitation
Date Approved: June 23, 1999

SPONSORS:
Eighty five percent of the shares of Aguas Argentinas are owned by a consortium formed by Suez Lyonnaise des Eaux (France) (26.85 percent); Sociedad Comercial del Plata S.A. de Argentina (21.62 percent); Sociedad General de Aguas de Barcelona S.A. of Spain (12.73 percent), indirectly owned by SLE; Meller S.A. (5.33 percent). Other sponsors include Banco de Galicia y Buenos Aires (8.46 percent); Compagnie Generale des Eaux, S.A. (7.74 percent); and Anglian Water Plc of England and Wales (4.35 percent). The remaining 15 percent of Aguas' equity is owned by its employees (7.8 percent) and the International Finance Corporation (5.12 percent).

CUSTOMER:
Residential population of Buenos Aires and its other districts.

FINANCING PACKAGE:

Debt	**US$ million**
IDB A Loan	75.0
IDB B Loan	225.0
Total:	**300.0**

HIGHLIGHTS:
Under the Bank's B loan, commercial banks or other financial institutions will provide up to US$225 million in investments.

BRIEF:
Aguas Argentinas S.A. was awarded a 30-year concession in 1993, with the contract based on the achievement of gradual performance targets. This operation will finance the company's second five-year investment program.

28

Project Title: Hermosillo Power Generation Plant
Country: Mexico
Project Cost: US$ 187.9 million
Loan Amount: US$ 48.8 million A Loan
US$ 86.8 million B Loan
Sector: Energy
Date Approved: June 30, 1999

SPONSORS:
Unión Fenosa Desarrollo y Acción Exterior, S.A. is a leading developer group and qualified operator of power generation, transmission and distribution systems.

CUSTOMER:
Fuerza y Energía de Hermosillo, S.A. de C.V.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	59.5
Debt	
IDB A Loan	48.8
IDB B Loan	86.8
Other	
Total:	**195.1**

HIGHLIGHTS:
The IDB financing consists of a loan from ordinary capital of about US$48.8 million and two syndicated loans for a combined total of approximately US$86.8 million, with funds provided by commercial banks under subscription of participation agreements with the IDB. The arrangers of the syndicated loans are Crédit Agricole Indosuez of France and Banco Santander Central Hispano of Spain.

BRIEF:
This financing to Fuerza y Energía de Hermosillo, S.A. de C.V. will support the development of a 250-MW combined cycle natural gas power plant in Mexico that will help meet the country's growing electricity demand. Electricity produced by the facility will be sold to the Comisión Federal de Electricidad, the state utility, under a 25-year PPA. The PPA allows the sale to third parties of any capacity in excess of the capacity contracted with CFE and provides an option to Fuerza y Energía de Hermosillo to terminate the PPA and sell on the spot market once such a market is developed under a national utility reform program.

29

Project Title: Rosario-Victoria Bridge
Country: Argentina
Project Cost: US$ 374.2 million
Loan Amount: US$ 33.1 million A loan
US$ 40.7 million B loan
Sector: Transportation
Date Approved: July 14, 1999

SPONSORS:

Impregilo S.P.A (22 percent), a subsidiary of the Italian carmaker FIAT and the largest construction company in Italy with total assets of US$3.6 billion dollars. Hocthtief A.G. (26 percent) is a leading German engineering and construction firm. Sideco Americana (19 percent) is a subsidiary of Socma Americana S.A., one of the largest business conglomerates in Argentina. Techint S.A.C.E.I. (8 percent) is a major Argentine builder with national and international experience in civil works, gas pipelines, urban services, mining and steel, hydraulic works, marine services and sanitation. Benito Roggio e Hijos S.A. (20 percent) one of Argentina's leading construction companies.

CUSTOMER:

People from this region of growing industrial and commercial importance.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	58.8
Debt	
IDB A Loan	33.1
IDB B Loan	40.7
Other	241.6
Total:	**374.2**

HIGHLIGHTS:

The IDB financing consists of a US$33.1 million loan from the Bank's ordinary capital and a US$40.7 million syndicated loan with funds provided by commercial banks. The terms for the debt financing resulted in 16 years for loan A, including four years of grace. Because this is a greenfield project requiring a total estimated investment of US$374 million, the Government of Argentina is providing a substantial portion of the capital cost.

BRIEF:

The project will finance the construction of a toll bridge and connecting highway over the Paraná River. The 59.3-Km federally owned structure will be built, maintained, and operated by Puentes del Litoral S.A. under a 25-year concession from the Ministry of Economy and Public Works.

30

Project name: Anhangüera-Bandeirantes Toll Road
Country: Brazil
Project Cost: US$ 514.3 million
Loan Amount: US$ 50.0 million A Loan
US$ 45.9 million B Loan
Sector: Transportation
Approval year: July 21 1999

SPONSORS:

Camargo Correa Transportes S.A. (23.2 percent); Constructora Andrade Gutiérrez S.A. (23.2); Odebrecht Serviços de Infraestructura S.A. (23.2 percent); SVE Participações S.A. (20.0 percent) and Serveng-Civilsan S.A. (10.4 percent).

CUSTOMER:

Public Service. Traffic to and from the cities of São Paulo, Jundiaí, Campinas, and Limeira.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	230.8
Debt	
IDB A Loan	50.0
IDB B Loan	45.9
Other	187.6
Total:	**514.3**

HIGHLIGHTS:

The Anhangüera-Bandeirantes Toll Road is financed with an A loan of US$50 million from ordinary capital and a US$45.9 million syndicated loan, with funds provided by commercial banks under subscription of participation agreements with the IDB. Project funding will be completed with additional debt financing from the International Finance Corporation and the Banco Nacional de Desenvolvimento Econômico e Social, in addition to equity contributions from private investors.

BRIEF:

This US$95.9 million in financing for a private sector concessionaire in Brazil for construction, rehabilitation, upgrading, operation and maintenance on a toll road. Concessionária do Sistema Anhangüera-Bandeirantes S.A., the project company, is to build five different lanes (76.7 Km). Other investments for the 20-year concession include building of three additional toll plazas and the modernization of the existing five toll plazas, establishment of an operational control center and modernization of traffic control, new intersections and road segments where needed, road rehabilitation, and construction of several weight stations.

31

Project Title: Linha Amarela Toll Road- Section IV
Country: Brazil
Project Cost: US$ 40.0 million
Loan Amount: US$ 10.0 million A Loan
US$ 10.0 million B Loan
Sector: Transportation
Date Approved: October 6, 1999

SPONSORS:
Construtora OAS Ltd OAS Participações Ltd.

CUSTOMER:
Public service. Traffic to and from the Southwestern area of Rio de Janeiro

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	13.0
Debt	
IDB A Loan	10.0
IDB B Loan	10.0
Other	7.0
Total:	**40.0**

HIGHLIGHTS:
The IDB provided a US$10 million loan from the Bank's ordinary capital and a US$10 million syndicated loan with funds provided by commercial banks. The proposed tenor for the A loan is 9 years with 1-year grace and 8 years with a 1-year grace period for the B loan. The Banco Nacional de Desenvolvimento Econômico e Social is providing a US$7 million loan for the project, and investors are expected to provide US$13 million in additional equity. The current IDB financing supplements the US$14 million Bank loan approved in 1996 for Linha Amarela (see 4. PRI).

BRIEF:
The loan will enable a private company to expand a toll road project in the city of Rio de Janeiro that eases traffic congestion in the urban area and provides motorists with faster, safer routes. Linha Amarela, S.A. operates the six-lane toll road, on a concession from the municipality. The financing will enable the firm to rehabilitate an additional 3.2 miles of road, building access facilities and other works, and integrate it into to the existing 10-mile system that links the southwestern area of the city with northwestern and northeastern areas as well as downtown.

32

Project Title: Termoeléctrica del Golfo, S.A. de C.V.
Country: Mexico
Project Cost: US$ 369.0 million
Loan Amount: US$ 75.0 million A Loan
US$ 102.3 million B Loan
Sector: Energy
Date Approved: November 17, 1999

SPONSORS:
The sponsors of the project are ALSTOM of France and the U.S.-based Sithe International, Inc., which teamed up to win an international tender called by Cemex. Through a Mexican Business Trust, the sponsors will build, finance and run Termoeléctrica del Golfo for 20 years, after which ownership of the power plant will be transferred to Cemex. ABB ALSTOM POWER will be the project's engineering, procurement and construction contractor. The operator will be Sithe, in which French utilities, construction and media group Vivendi and the Japanese trading company Marubeni Corporation holds major stakes.

CUSTOMER:
The financing will be granted to Banco Nacional de México, S.A., as trustee of a trust created to develop the project.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	92.4
Debt	
IDB A Loan	75.0
IDB B Loan	102.3
Other	100.0
Total:	**369.7**

HIGHLIGHTS:
Deutsche Bank AG of Germany and ABN AMRO Bank N.V. of the Netherlands are the arrangers of the syndicated loan. The sponsors expect to provide US$92.4 million in equity and equity support to the project, which will also have US$100 million in risk coverage provided by the French export credit agency COFACE.

BRIEF:
This 230-MW power plant in the Mexican state of San Luis de Potosí, will supply electricity to 13 cement plants owned by Cemex, S.A. de C.V., the largest Mexican cement producer and the world's third largest. Surplus power will be sold to state utility Comisión Federal de Electricidad.

33

Project Title: Rural Telecommunications Network
Country: Chile
Project Cost: US$ 111.4 million
Loan Amount: US$ 25.0 million A Loan
Sector: Communications
Dated Approved: November 23, 1999

SPONSORS:
SR Telecom, Inc.

CUSTOMER:
Public service. Population in the rural and remote areas of southern Chile.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	61.4
Debt	
IDB A Loan	25.0
Other	25.0
Total:	**111.4**

HIGHLIGHTS:
The Export Development Corp. of Canada is providing a US$25 million loan for the project, while investors are providing a minimum of US$52 million in equity and US$11.9 million in investments from the revenue stream.

The security package includes a buy down of the senior debt facilities with funds provided by the sponsor (capped to $12 million of the Senior Debt facilities in the case that financial completion does not occur by December 31, 2002).

BRIEF:
The project will provide fully functional telephone service in areas of southern Chile, where service is now minimal. The loan will enable Comunicación y Telefonía Rural – which is owned by SR Telecom, Inc., of Canada – to develop a rural telecommunications network in nine zones in southern Chile that will include 22,500 lines, of which approximately 1,650 will be public pay phones installed under the terms of Chile's special rural Telecommunications Development Program.

34

Project Title: Guarantee Facility Proposal
Country: Brazil
Project Cost: US$ 344.9 million
Loan Amount: Guarantee: US$ 100.0 million
Sector: Energy
Date Approved: November 23, 1999

SPONSORS:
VBC Energy, S.A.

CUSTOMER:
Companhia Paulista de Força e Luz (CPFL) and Río Grande Energia (RGE).

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	144.9
Debt	
IDB A Loan (Guarantee)	100.0
Others (OMGI)	100.0
Total:	**344.9**

HIGHLIGHTS:
A syndicate of foreign commercial banks through a loan will provide financing for the project of up to US$200 million to VBC Energia S.A., a Brazilian company of which CPFL and RGE are affiliates. The Bank will promote a guarantee to the bank syndicate for currency convertibility and transferability and funds expropriation risks in respect of the loan for US$100 million. A similar guarantee for another US$100 million will be provided by the Multilateral Investment Guarantee Agency.

BRIEF:
The project involves the expansion of the distribution networks of two electricity distribution companies located in the Brazilian states of São Paulo and Rio Grande do Sul. The network expansions of Companhia Paulista de Força e Luz (CPFL) and Rio Grande Energia (RGE) involve a three-year investment program requiring an estimated total of approximately US$345 million.

35

Project Title: Ecovias dos Imigrantes Toll Road
Country: Brazil
Project Cost: US$ 475.0 million
Loan Amount: US$ 75.0 million A Loan
US$ 80.0 million B Loan
Sector: Transportation
Date Approved: December 15, 1999

SPONSORS:
PRIMAV Construções e Comercio Ltda. is a Brazilian construction company controlled by C.R. Almeida S.A. (CRASA), owns 80 percent of the shares. Impregilo S.p.A., the largest construction company in Italy, owns 20 percent of the shares.

CUSTOMER:
Public Service. Traffic to and from the greater São Paulo metropolitan area, the port of Santos and adjacent coastal municipalities

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	235.8
Debt	
IDB A Loan	75.0
IDB B Loan	80.0
Other	84.2
Total:	**475.0**

HIGHLIGHTS:
The IDB financing consists of a US$75 million loan from ordinary capital and US$80 million syndicated loan from funds provided by commercial banks. The balance of the funding for the project is expected to come from a loan from Banco Nacional de Desenvolvimento Econômico Social and from shareholder equity.

BRIEF:
The project consists of a 20-year concession for the construction, rehabilitation, upgrade, and maintenance of the Anchieta-Imigrantes highway toll road system. Ecovias dos Imigrantes S.A., the borrower, is undertaking the project under a 20-year concession granted by the State of São Paulo through the State Highway Department. The project will finance duplication of 18 kilometers of one of the system's key highways, Rodovia dos Imigrantes, including construction of viaducts and tunnels. The project will also support general improvements on the existing roads that form the Anchieta-Imigrantes system.

36

Project Title: San Pedro de Macoris Power Plant
Country: Dominican Republic
Project Cost: US$ 318.2 million
Loan Amount: Guarantee: US$ 150.0 million
Sector: Energy
Date Approved: December 15, 1999

SPONSORS:
One sponsor is Cogentrix Energy, Inc., a privately held company regarded as one of the most experienced cogeneration project developers in the United States that is engaged in the business of owning, developing and operating independent power generating facilities, while the other is Commonwealth Development Corporation, a UK development finance institution, assisting the economic development of emerging market countries through private sector investment.

CUSTOMER:
The Guaranteed Lenders

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	79.5
Debt	
IDB Loan (Guarantee)	150.0
Other	88.7
Total:	**318.2**

HIGHLIGHTS:
Project sponsors are Cogentrix Energy, Inc. of the United States and Commonweath Development Corporation of Britain. The loans guaranteed by the IDB will be rated by an international rating agency and are expected to be marketed in two tranches to be placed among commercial banks and institutional investors, respectively.

BRIEF:
This is a loan guarantee for La Compañía de Electricidad de San Pedro Macoris, Ltda., a special purpose company that will build a 300-MW, combined-cycle thermal power plant and additional facilities in the Dominican Republic. The guarantee will protect lenders against risks associated with currency convertibility and transferability and against premature termination of a 20-year power purchase agreement between the special purpose company and Corporación Dominicana de Electricidad, the state utility.

37

Project Title: TGM Gas Pipeline (Uruguaiana)
Country: Regional
Project Cost: US$ 160.0 million
Loan Amount: US$ 40.0 million A Loan
US$ 30.0 million B Loan
Sector: Energy
Date Approved: February 2, 2000

SPONSORS:
Novagas Internacional S.A; Tecgas N.V; Compañía General de Combustibles, S.A.; CMS Gas Argentina Co. S.A.; Petronas Argentina S.A.

CUSTOMER:
Transportadora de Gas del Mercosur S.A. (TGM), a corporation established under the laws of the Republic of Argentina.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	62.9
Debt	
IDB A Loan	40.0
IDB B Loan	30.0
Other	27.1
Total:	**160.0**

HIGHLIGHTS:
Private sources are expected to provide approximately US$63 million in debt and equity financing, while the Overseas Private Investment Corporation, a U.S. government agency, is expected to provide about US$27 million in debt financing.

BRIEF:
Financing will support the development, construction, operation and maintenance of a 437-Km natural gas pipeline in northern Argentina that will supply fuel to a 600-MW thermoelectric power plant in Uruguaiana, Brazil.

38

Project Title: La Chorrera Power Plant
Country: Panama
Project Cost: US$ 92.0 million
Loan Amount: US$ 20.3 million A Loan
US$ 39.5 million B Loan
Sector: Energy
Dated Approved: May 3, 2000

SPONSORS:
1) Illinova Corporation, energy services holding company whose three principle subsidiaries are Illinois Power Company, Illinova Energy Partners and Illinova Generating Company (IGC). IGC is a leading player in the worldwide independent power producer market. 2) Equitable Resources and ERI Investments, a fully integrated diversified energy company which offers energy products and services to wholesale and retail customers through three primary businesses: Equitable Utilities, Equitable Production and Equitable Services.

CUSTOMER:
Pan Am Thermal Generating (PATG) is a special purpose project company sponsored by IGC and ERI Investments of the United States. PATG has a five-year power purchase agreement with Empresa de Distribución Eléctrica Metro Oeste, the country's largest privatized distribution company, controlled by Unión Fenosa of Spain.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	32.2
Debt	
IDB A Loan	20.3
IDB B Loan	39.5
Other	
Total:	**92.0**

HIGHLIGHTS:
The IDB financing consists of a US$20.3 million loan from the Bank's ordinary capital and a syndicated loan of US$39.5 million with funds provided by financial institutions under subscription of participation agreements with the IDB.

BRIEF:
The IDB is financing US$59.8 million to IGC/ERI Pan Am Thermal Generating Limited to support the development, ownership, and operation of a power project developed under Panama's new regulatory framework.

39

Project Title: Bajío Power Plant
Country: Mexico
Project Cost: US$ 485.1 million
Loan Amount: US$ 23.0 million A Loan
US$ 113.0 million B Loan
Sector: Energy
Date Approved: May 10, 2000

SPONSORS:
InterGen Energy, Inc.

CUSTOMER:
The plant will be owned and operated by Energía Azteca VIII S. de R.L. de C.V. (Aztec Energy), a special purpose company sponsored by InterGen and AEP Resources, Inc.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	135
Debt	
IDB A Loan	23
IDB B Loan	113
Other	215
Total:	**485**

HIGHLIGHTS:
The IDB financing consists of a US$23 million loan from ordinary capital and a syndicated loan of approximately US$113 million with funds from Paribas and Deutsche Bank (Co-lead Arrangers), and Citibank and Dresdner Bank (Co-Arrangers).

BRIEF:
This is a US$485 million project to support the development, construction, ownership, operation and maintenance of a 600-MW, natural gas-fueled, combined cycle power plant and related facilities in the municipality of San Luis de la Paz in the state of Guanajuato, Mexico. Aztec Energy will provide approximately 495 MW of power to Comisión Federal de Electricidad under a 25-year PPA.

40

Project Title: Cana Brava Hydroelectric Power Project
Country: Brazil
Project Cost: US$ 426.0 million
Loan Amount: US$ 75.0 million A Loan
US$ 85.2 million B Loan
Sector: Energy
Date Approved: August 9, 2000

SPONSORS:
Gerasul is a subsidiary of Tractebel of Belgium, a highly experienced developer of power projects worldwide. Gerasul's financial situation reflects a start-up company investing in several generation projects under construction.

CUSTOMER:
Companhia Energética Meridional

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	127.8
Debt	
IDB A Loan	75.0
IDB B Loan	85.2
Other	138.0
Total:	**426.0**

HIGHLIGHTS:
IDB financing consists of a US$75 million loan from the Bank's ordinary capital and a US$85.2 million syndicated loan in which funds will be provided by financial institutions through subscription of participation agreements with the Bank. Agreed tenor for loan A is up to 15 years from Financial Closing, including a 36-month grace period. Tenor for loan B is approximately 12 years from financial closing including 36 months of grace period. Thirty percent of the project will be financed with equity and 70 percent with debt from the IDB and the Banco Nacional de Desenvolvimento Econômico e Social.

BRIEF:
The Cana Brava project consists in the construction, development, and maintenance of a 450-MW, privately owned and operated hydroelectric project in the state of Goiás.

41

Project name: Monterrey III Power Project
Country: Mexico
Project Cost: US$ 609.9 million
Loan Amount: US$ 75.0 million A Loan
US$ 382.4 million B Loan
Sector: Energy
Date Approved: August 9, 2000

SPONSORS:
Iberdrola Energía, S.A.

CUSTOMER:
Iberdrola Energía Monterrey, S.A. de C.V.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	152.5
Debt	
IDB A Loan	75.0
IDB B Loan	382.4
Other	
Total:	**609.9**

HIGHLIGHTS:
The A Loan will have two tranches and the B Loan will have three. The proposed tenor for the A and B-I Loans (i.e., pre and post-conversion) is 16 years door-to-door (approximately 14 years after commercial operation), which under a mortgage-style repayment schedule implies an average life of 8.3 years. The B-II Loan will be a 7-year “bullet” loan (i.e., the entire loan is amortized at the end of year 7), with an average life of 6.3 years. The B-III loan will have an amortizing (“ tailor-made”) structure, with a tenor of 7 years and an expected average life of approximately 5.3 years.

BRIEF:
The project consists of the design, engineering, financing, construction, testing, commissioning, operation and maintenance of a 1,000-MW gas fired combined-cycle power plant, a 35 MW/110 tons/h of steam cogeneration facility, transmission lines/susbstations and ancillary facilities, in Monterrey, State of Nuevo León.

42

Project Title: Light-Electricity Services (Guarantee)
Country: Brazil
Project cost: US$ 200.0 million
Loan Amount: Guarantee: US$ 100.0 million
Sector: Energy
Dated Approved: September 20, 2000

SPONSORS:
Light - Serviços de Eletricidade S.A.

CUSTOMER:
Light - Serviços de Eletricidade S.A.

FINANCING PACKAGE:

Debt	
IDB A Loan (Guarantee)	100.0
Other	100.0
Total:	**200.0**

HIGHLIGHTS:
The guaranteed notes are expected to be purchased by commercial banks in the United States and other industrial countries. The Multilateral Investment Guarantee Agency and other insurers are expected to guarantee the remaining US$100 million of the notes. The IDB guarantee will cover risks associated with currency convertibility, transferability, and funds expropriation.

BRIEF:
This operation is a US$100 million guarantee of US$200 million senior, five-year, unsecured notes to be granted to Light-Serviços de Eletricidade S.A. to help finance its investment program to improve electric service and coverage in the state of Rio de Janeiro, Brazil. The Light investment program includes connections with approximately 130,000 new customers, modernization of equipment and facilities, and the raising of standards, including environmental protection and safety.

43

Project Title: Vitro Cogeneration Project
Country: Mexico
Project Cost: US$ 184.1 million
Loan Amount: US$ 45.5 million A Loan
US$ 91.0 million B Loan
Sector: Energy
Date Approved: September 27, 2000

SPONSORS:
Enron North America Corporation, a leading company in wholesale natural gas and in electricity marketing, retail energy marketing and, more recently, online energy marketing.

CUSTOMER:
Enron Energía Industrial de México S. de R.L. de C.V.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	47.6
Debt	
IDB A Loan	45.5
IDB B Loan	91.0
Other	
Total:	**181.1**

HIGHLIGHTS:
The IDB financing consists of a US$45.5 million loan from ordinary capital and a syndicated loan of US$91.0 million in which funds are provided by financial institutions under subscription of participation agreements with the IDB. Societe Generale is the Lead Arranger for Loan B. A quarter of financial requirements will be financed through equity.

BRIEF:
The Project entails the development, construction, operation and maintenance of a 245-MW natural gas cogeneration power plant near Monterrey. The Project will sell both electricity and steam through fifteen-year term contracts to three industrial groups in Mexico.

44

Project Title: North Energy
Country: Brazil
Project Cost: US$ 94.7 million
Loan Amount: US$ 23.7 million A Loan
US$ 37.2 million B Loan
Sector: Energy
Dated Approved: October 18, 2000

SPONSORS:
Guascor do Brazil Ltda. belongs to Guascor Group, a private Spanish industrial group; Inepar Energia S.A. one of Brazil's leading companies in the energy area, distribution, utilization and conservation of energy; and Centrais Elétricas Brasileiras S.A. (Eletrobrás), a creditworthy company with a significant level of assets, net revenues, operating cash flow and adequate liquidity and profitability ratios.

CUSTOMER:
Guascor do Brasil Ltda. will develop the project under power supply agreements with state-owned distribution companies in three states, CELPA (State of Pará), CERON (State of Rondonia) and ELECTROACRE (State of Acre).

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	33.8
Debt	
IDB A Loan	23.7
IDB B Loan	37.2
Other	
Total:	**94.7**

HIGHLIGHTS:
A loan A of US$23.7 million has a 9-year tenor including one year of grace, and two B-loans, one for US$14.5 million that will match the terms provided by the IDB and a second tranch for US$22.7 million have 8-year tenor including a 6-month grace period. Financial institutions under subscription of participation agreements with the IDB will provide funds. The project will be financed 35 percent with equity and 65 percent from debt.

BRIEF:
Electric power will be provided to 82 isolated Brazilian towns in three northern states with the support of this loan. The private sector project will finance the installation, operation, and maintenance of 267 diesel engines for power generation with a total capacity of 125 MW in the states of Pará, Rondônia and Acre.

45

Project Title: Redesur Transmission Line
Country: Peru
Project Cost: US$ 73.1 million
Loan Amount: US$ 18.3 million A Loan
US$ 34.7 million B Loan
Sector: Energy
Date Approved: November 29, 2000

SPONSORS:
Red Eléctrica de España, Abengoa-Perú S.A., Cobra Instalaciones y Servicios, S.A., and Banco Santander Central Hispano S.A.

CUSTOMER:
Red Eléctrica del Sur S.A., a corporation established under the laws of Peru.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	17.0
Debt	
IDB A Loan	18.3
IDB B Loan	34.7
Other	3.1
Total:	**69.9**

HIGHLIGHTS:
The IDB facility will include a total 15-year loan (A/B1) of about US$26.65 million to be divided between the Bank and Caja Madrid, and the 11-year B2 loan of about US$15.16 million.

BRIEF:
The resources will enable Redesur to build and operate the Expansion of the Socabaya-Moquegua transmission line from one to two circuits of 220 Kv and 150 MW capacity. It will also operate the construction of a new 193-Km transmission line between the Puno and Moquegua substations and of a new transmission line of 143 Km between the Moquegua and Tacna substations.

46

Project Title: Power Plant Dona Francisca
Country: Brazil
Project Cost: US$ 117.91 million
Loan Amount: US$ 16 million A Loan
US$ 24.7 million B Loan
Sector: Energy
Date Approved: December 13, 2000

SPONSORS:
Inepar Energia S.A.; Centrais Elétricas de Santa Catarina; Companhia Paranaense de Energia; Gerdau S.A.; Desenvix S.A.

CUSTOMER:
Dona Francisca Energética S.A.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	40.38
Debt	
IDB A Loan	15.50
IDB B Loan	24.74
Other	77.53
Total:	**117.91**

HIGHLIGHTS:
The amount of the Bank's A Loan (12 percent of total project costs) is well below the project limit of 25 percent and thus enhances the Bank's role as a conduit for mobilizing private funding.

BRIEF:
The resources will support the development and construction of the 125-MW Dona Francisca hydroelectric project on the Jacuí River in the state of Río Grande do Sul.

47

Project Title: Santiago-Valparaiso-Viña Toll Road
Country: Chile
Project Cost: US$ 427 million
Loan Amount: US$ 75 million Guarantee
Sector: Transportation
Date Approved: December 20, 2000

SPONSORS:
ACS Group is one of the leading conglomerates in Spain in the area of construction and industrial services. SACYR Group operates in five main business areas: construction, services, environment, energy and trading.

CUSTOMER:
The Concessionaire, Rutas del Pacífico S.A., is a single purpose company established in October 26, 1998, and owned 50 percent by ACS Chile S.A. and 50 percent by SACYR Chile S.A., formed for the sole purpose of developing the Project.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	103.3
Debt	
IDB A Loan (Guarantee)	75.0
Other	249.0
Total:	**427.3**

HIGHLIGHTS:
The IDB and the selected co-guarantor will provide an unconditional and irrevocable financial guarantee covering timely payment of principal and interest of the bonds according to the 23-year amortization schedule. The Bank's liability for the payment of claims under the guarantee shall not exceed the equivalent of US$ 75 million, with 10 percent of the guarantee to be provided by the Bank and the remaining 90 percent by the co-guarantor.

BRIEF:
The resources of this Credit Guarantee will finance the upgrading of the toll road connecting Santiago, Valparaiso and Viña del Mar.

48

Project Title: Ede Sur/Ede Norte
Country: Dominican Republic
Project Cost: US$ 188 million
Loan Amount: US$75 million A loan
US$113 million B loan
Sector: Energy
Date Approved: May 23, 2001

SPONSORS:
The sponsoring group consists of the international group Unión Eléctrica Fenosa, a leading developer and qualified operator of power generation, transmission and distribution; Unión Fenosa Desarrollo y Acción Exterior; and Unión Fenosa Inversiones.

CUSTOMERS:
Residential, commercial and industrial end users.

FINANCING PACKAGE:

Debt	**US$ million**
IDB A Loan	75.0
IDB B Loan	113.0
Total:	**188.0**

HIGHLIGHTS:
The project will support an ambitious investment program geared to improve efficiency, expand the service and meet the quality standards required by the regulation.

BRIEF:
The project includes investments to reduce nontechnical and technical losses, expand the system, improve quality of service and customer service and provide the companies with enough resources and facilities to implement the business plan.

49

Project Title: Argentina-Brazil Electricity Interconnection
Country: Regional
Project Cost: US$ 394.5 million
Loan Amount: US$ 74 million A loan
US$ 169.9 million B loan
Sector: Energy
Date Approved: August 8, 2001

SPONSORS:
The project is being developed, implemented and managed by Companhia de Interconexão Energética (CIEN), a Brazilian company. Transportadora de Electricidad SA, an Argentine subsidiary of CIEN, owns assets of the project in Argentina. The sponsors are CIEN shareholders and Endesa Internacional S.A., one of Europe's largest energy groups and a leading investor in Latin American energy assets.

CUSTOMER:
Electricity will be sold to Companhia Paranaense de Energia (COPEL) and to the Brazilian spot market, and eventually contracted with additional off takers.

FINANCING PACKAGE:

Equity	**US$ million**
EKN Facility	150.6
Debt	
IDB A Loan	74.0
IDB B Loan	169.9
Total:	**394.5**

HIGHLIGHTS:
The project is a regional initiative of the private sector that advances the integration of the energy markets of the region.

BRIEF:
This project finances the construction of a second 1000 MW 500Kv electricity interconnection between Argentina and Brazil. It will consist of a 510-Km transmission line, the upgrade of two substations and the construction of a conversion station from 50 Hz to 60 Hz in Garabi. Phase II of the project includes the installation of a fiber optic line along the route of the second interconnection.

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Project Title: Mejillones Terminal 1
Country: Chile
Project Cost: US$ 101.0 million
Loan Amount: US$ 25.0 million A loan
US$ 34.0 million B loan
Sector: Transportation/Port
Date Approved: November 14, 2001

SPONSORS:
The sponsors of the project are Inversiones Cosmos Ltda., an experienced port operator and Inversiones y Construcciones Belfi Ltda., a constructor with years of experience.

CUSTOMER:
CODELCO will be the principal off-taker through a Koper Throughput Agreement.

FINANCING PACKAGE:

Equity	**US$ million**
Capital Contribution	9.8
Subordinated Debt	32.2
Debt	
IDB A Loan	25.0
IDB Loan B	34.0
Total:	**101.0**

HIGHLIGHTS:
The construction of the port will result in less congestion at the outmoded Antofagasta port, which will reduce vessel-waiting time and result in savings in land transportation costs and less traffic congestion in downtown Antofagasta.

BRIEF:
The project consists in the construction and operation of a greenfield port facility located in the Bay of Mejillones. It also comprises the construction of a multi-purpose terminal including at least three berths capable of moving copper cathodes and handling a variety of related general and container cargo. The project is part of a master plan for a port complex in northern Chile.

51

Project Title: Termobahia Co-Generation Power
Country: Brazil
Project Cost: US$ 248.3 million
Loan Amount: US$ 57.8 million A loan
US$ 124.16 million B loan
Sector: Energy
Date Approved: November 20, 2001

SPONSORS:
The project will be developed by Termobahia Ltda, a Brazilian company owned by ABB Equity Ventures B.V., Petróleo Brasileiro S.A. (Petrobrás) and by A&A Electricity Investment Limited, a private investment fund. A portion of Petrobrás' interest in the project is to be transferred to Fundação Petrobrás de Seguridade Social-Petros, a private, nonprofit and independent pension fund.

CUSTOMER:
Petrobrás

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	62.1
Debt	
IDB Loan A	62.1
IDB Loan B	124.2
Total:	**248.3**

HIGHLIGHTS:
This project would finance one of the first private thermal power plants to de developed in Brazil in support of the government's emergency energy program. This is the first co-generation power plant to be funded under a project finance scheme in Brazil.

BRIEF:
This project includes the development, financing, construction, operation and maintenance of a natural gas-fired combined-cycle co-generation power plant producing approximately 190 MW of electricity and approximately 350 metric tons/h of steam, to be located in the District of Mataripe, State of Bahia.

52

Project Title: Termopernanbuco Power Generation
Country: Brazil
Project Cost: US$ 403.5 million
Loan Amount: US$ 42.4 million A loan
US$ 150 million B loan
Sector: Energy
Date Approved: December 12, 2001

SPONSORS:
The sponsor is Companhia Energética de Pernambuco (CELPE) up to commercial operation date and afterwards Guaraniana S.A., a consortium comprising Iberdrola Energía S.A (Spain), BB Banco de Investimento S.A. (Brazil), Previ (Brazil) and other Brazilian pension and investment funds.

CUSTOMER:
Termopernambuco entered into 20-year PPAs with CELPE and Companhia de Eletricidade do Estado da Bahia.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	121.0
Debt	
IDB Loan A	42.4
IDB Loan B	150.0
BNDES Loan	90.0
Total:	**403.5**

HIGHLIGHTS:
The project supports one of the first private thermal power plants to be developed in Brazil and will contribute to alleviating the existing energy deficit in the country.

BRIEF:
This project includes the development, financing, construction, operation and maintenance of a natural gas-fired, combined-cycle power generation facility with a total capacity of 520 MW, to be located at the Suape Port in Pernambuco.

53

Project Title: Aerodom - Expansion of Six Airports
Country: Dominican Republic
Project Cost: US$ 338 million
Loan Amount: US$ 150 million Guarantee
Sector: Transportation
Date Approved: August 7, 2002

SPONSORS:
The shareholders of Aeropuertos Dominicanos Siglo XXI S.A. (Aerodom) are three Dominican companies: Operadora de Aeropuertos del Caribe (OPASA, 50.5 percent); Corporación de Inversiones S.A. (CORPI, 17 percent); and Administradora de Aeropuertos del Norte S.A. (Aeronorte, 17 percent). The other two shareholders are Impregilo S.p.A. (Impregilo, 7.75 percent) of Italy and YVR Airport Services Ltd (Vancouver, 7.75 percent).

CUSTOMER:
National and international airlines.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	168.0
Debt	
Debt financing	170.0
IDB Guarantee	150.0
Total:	**338.0**

HIGHLIGHTS:
The partial risk guarantee will cover inconvertibility/non-transferability of currency and the risk of nonpayment by the grantor of a termination payment payable on an early termination of the concession.

BRIEF:
The project consists in the expansion and improvement of four existing airports (Las Américas, Gregorio Luperón, María Montez and Arroyo Barril) and the construction of two new airports. Aerodom is required to operate the airports through an operating agreement with Vancouver, a company with substantial experience and international reputation. Investment in airport infrastructure is essential for the generation of revenues from tourism, the second most important source of foreign currency earnings for the Dominican Republic.

54

Project Title: Telecommunication Network REDIBOL
Country: Bolivia
Project Cost: US$ 98.1 million
Loan Amount: US$ 37.0 million A loan
US$ 3.0 million B loan
Sector: Telecommunications
Date Approved: November 13, 2002

SPONSORS:
The sponsor of this project is the AES Corporation, a U.S. publicly traded corporation with senior unsecured debt ratings by Standard & Poor's and Moody's of B+ and B3.

CUSTOMER:
Public service

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	47.6
Mezzanine financing	58.1
Debt	
IDB A Loan	37.0
IDB B Loan	3.0
Total:	**98.1**

HIGHLIGHTS:
The project will take advantage of two emerging business opportunities: the depressed and unattended national market, and the service offering of a sub-regional high-speed data transport network to integrate communication infrastructure of neighboring countries.

BRIEF:
This project includes the installation, construction and operation of a state-of-the-art telecommunications network in Bolivia. This network would be capable of offering national and international long-distance, data transmission and services in the telecommunications market of the country as well as a wholesale transportation services to other carriers and call center services.

55

Project Title: The Port of M'Bopicuá
Country: Uruguay
Project Cost: US$ 35.2 million
Loan Amount: US$ 10.5 million A loan
US$ 10.5 million B loan
Sector: Transportation
Date Approved: November 13, 2002

SPONSORS:
The sponsor of this project is Grupo Empresarial ENCE S.A. (Spain), an integral wood-transforming forest company, the largest producer of eucalyptus in Spain. The shareholders are Eufores S.A. (Uruguay), with 99 percent, and Galigrain S.A. (Spain), with 1 percent.

CUSTOMER:
Sponsors and other wood log and chip exporters of Uruguay.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	14.2
Debt	
IDB A Loan	10.5
IDB B Loan	10.5
Total:	**35.2**

HIGHLIGHTS:
The Port of M'Bopicuá represents the first example of a fully private greenfield port envisioned to provide services to the public in Uruguay.

BRIEF:
The project consists of the construction and operation of a greenfield port located 12 kilometers east of Fray Bentos (Department of Río Negro). The port will provide safe, reliable and efficient port services for the wood and agriculture sectors while alleviating port congestion and deterioration at other neighboring facilities. In addition, the region surrounding M'Bopicuá and Fray Bentos will benefit from increased economic activity generated by the port and secondary activities.

56

Project Title: Aguas de San Pedro Sula Water and Sewerage Project
Country: Honduras
Project Cost: US$ 43.3 million
Loan Amount: US$ 13.7 million A loan
Sector: Water and Sanitation
Date Approved: November 27, 2002

SPONSORS:
The Borrower is Aguas de San Pedro S.A. de C.V.. The sponsors are Acea S.p.A. (31 percent), Agac S.p.A. (30 percent), Astaldi S.p.A. (15 percent), Ghella Sogene C.A. (15 percent), Terra Representaciones y Servicios S.A. de C.V. (5 percent) and Carlo Lotti & Associati Societa di Ingegneria S.p.A. (4 percent).

CUSTOMER:
Public service. Population of San Pedro Sula.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	29.6
Debt	
IDB A Loan	13.7
Total:	**43.3**

HIGHLIGHTS:
The Project will provide 100 percent coverage of water and sewerage services to the population of San Pedro Sula, where most of the new hookups will be for households in the lower socioeconomic level.

BRIEF:
The project will contribute with financing for the first five-year investment program of Aguas de San Pedro, including: capital expenditures designed to meet the Concession's requirements of water and sewerage coverage and quality of service, a portion of the working capital needs, development costs, debt service reserve account, and other related financing costs.

57

Project Title: Capital Expenditures for Electricity Distribution
Country: Guatemala
Project Cost: US$ 94 million
Loan Amount: US$ 25 million A loan
Sector: Energy
Date Approved: December 4, 2002

SPONSORS:
Distribuidora de Electricidad de Occidente, S.A. (DEOCSA) and Distribuidora de Electricidad de Oriente S.A. (DEORSA), which are the electricity distribution companies covering the Eastern and Western rural parts of Guatemala, will be co-borrowers of the Bank's loan on a corporate finance basis and will be jointly and severally liable for the repayment of the loan.

CUSTOMERS:
Consumers in rural parts of Guatemala

FINANCING PACKAGE:

Equity	US$ million
Operating Cash Flow	44.0
Debt	
IDB A Loan	25.0
Banco Industrial Loan	25.0
Total:	**94.0**

HIGHLIGHTS:
This is a public-private partnership that will service isolated and dispersed areas.

BRIEF:
The project consists in a capital expenditure program for electricity distribution in Guatemala, to be undertaken by DEORSA and DEOCSA pursuant to a Strategic Business Plan for 2001-2004, which comprises capital expenditures to improve the efficiency and reliability of the distribution network, reduce losses and offer better service to end consumers.

58

Project Title: Transredes S.A.
Country: Bolivia
Project Cost: US$ 220 million
Loan Amount: US$ 75 million IDB A loan
US$ 57 million IDB B loan
Sector: Energy
Date Approved: December 11, 2002

SPONSORS:
Shell Oil and Enron

CUSTOMER:
Bolivians natural gas consumers and exporters and Brazilian natural gas importers.

FINANCING PACKAGE:

Debt	US$ million
IDB & CAF A loans	125.0
IDB & CAF B loans	95.0
Total	**220.0**

HIGHLIGHTS:
By 2004, the expansion to be undertaken under the program would provide incremental volumes of potentially up to 1,060 million cubic feet a day to the Bolivia-Brazil pipeline within Bolivia. The expansion will take the system to approximately 71,000 barrels per day from the current 55,000.

BRIEF:
The project will finance the Transredes S.A. 2001-2005 improvement and expansion capital expenditure program to expand its gas delivery capacity for export to Brazil and to respond to the growing demand for the delivery of gas and liquids in the Bolivian market. The project will also improve the quality of services , security and safety, thus reducing potential environmental risks.

59

Project title: Costanera Norte Road System
Country: Chile
Project Cost: US$ 442.2 million
Loan Amount: US$ 75 million Guarantee
Sector: Road Programs
Date Approved: August 06, 2003

SPONSORS:
The sponsors for this project are Impregilo S. P. A., Empresa Constructora Tecsa S.A. and Empresa Constructora Fe Grande S.A.

CUSTOMER:
Santiago residents.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	202.0
Debt	
Bond Issue	240.1
IDB Guarantee	75.0
Co-guarantee	346.4
Total loan	**442.1**
Total guarantee	**421.4**

HIGHLIGHTS:
The IDB will give support in the form of credit guarantee for a Chilean Bond issue in the local market to fund the capital expenditures required for the expansion and upgrade of the Costanera Norte System.

BRIEF:
This project consists of the construction, rehabilitation and maintenance of a high-speed urban toll road network that crosses metropolitan Santiago from east to west, divided into three axes: i) the Oriente-Poniente (30.4 km); ii) Avenida Kennedy (7.4 km); and iii) the extension to Route 68 (4.3 km). The Costanera Norte System will be expanded and upgraded under the terms and conditions of a 30-year concession with the Government of Chile through the Public Works Ministry.

60

Project title: Camisea Project
Country: Peru
Project Cost: US$ 811 million
Loan Amount: US$ 75 million IDB A loan
US$ 60 million IDB B loan
Sector: Energy
Date Approved: September 09, 2003

SPONSORS:
Tecgas N.V., Pluspetrol, Hunt Oil, Sonatrach, Tractebel, SK Corporation and Graña y Montero.

CUSTOMER:
Consumers of natural gas (residential, industry, transportation sector, government)

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	555.0
Debt	
IDB & CAF A Loan	125.0
IDB & CAF B Loan	100.0
Local Market	50.0
Main Grid Guarantee	87.0
Total	**917.0**

HIGHLIGHTS:
The IDB participation provided long-term financing for the project, which is of national interest for the country and one of the most significant capital investment programs affecting the national economy in the country's history.

BRIEF:
This project consists of a natural gas field development, natural gas and liquids pipeline, and a natural gas distribution network in Lima and El Callao. Together with the Upstream and Downstream projects, they constitute the Camisea project. The Downstream project is a 33-year concession for the construction and operation of the two pipelines. It has an exclusivity arrangement with the Upstream project for the transportation of gas during an initial period of ten years.

61

Project title: Red Vial 5 Toll Road
Country: Peru
Project Cost: US$ 73 million
Loan Amount: US$ 18 million
Sector: Transport/highways
Date Approved: September 24, 2003

SPONSORS:
Graña y Montero S.A.A., Besalco S.A. and Besco S.A. and J.J.C. Contratistas Generales S.A.C.

CUSTOMER:
Peruvians residents of communities, trucking industry and passenger vehicle owners.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	15.3
Internal Generated Cash	18.7
Debt	
IDB A Loan	18.0
IFC A Loan	18.0
Local Bank Loan	3.0
Total	**73.0**

HIGHLIGHTS:
The IDB will finance the construction of two new two-lane paved roads totaling 37.8 km, which will run across residential and agricultural areas, and includes two new river-crosses bridges.

BRIEF:
Norvial S.A. will be in charged of the construction and expansion of highways, bypass roads, bridges, intersections, and additional local lanes in critical points and the addition of accesses and exit ramps, signaling and passenger/pedestrian security measures to improve traffic safety. This project proposes to redirect heavy-truck traffic away from urban areas where the safety concern and road maintenance are critical.

62

Project title: Novatrans Energia S.A. Transmission Project
Country: Brazil
Project Cost: US$ 338.1 million
Loan Amount: US$ 30 million
Sector: Energy
Date Approved: October 29, 2003

SPONSORS:
Terna S.P.A. is a wholly owned subsidiary of Enel S.P.A. It was founded on 1999 as a result of the Enel reorganization. Terna specializes in designing, constructing, operating and maintaining the transmission network of the Italian electricity transmission system.

CUSTOMER:
Residential, commercial and industrial-end users.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	107.0
Debt	
IDB A Loan	30.0
IFC A Loan	36.0
BNDES Loan	133.9
ABN Loan	32.9
Total	**338.1**

HIGHLIGHTS:
The IDB participation in the project provided long-term financing and facilitated the participation of commercial banks in the transition.

BRIEF:
The project comprises the development, construction, commissioning, operation and maintenance of a 1,200-Megawatt, 1,278-kilometer, 500-kilovolt energy transmission line from the Imperatriz substation to Samambaia substation, crossing Brazil's central area. This project also includes construction and electro-mechanical assembly for the expansion of six already existing substations.

63

Project title: Oceanic Digital Jamaica
Country: Jamaica
Project Cost: US$ 85.2 million
Loan Amount: US$ 30 million
Sector: Telecommunications
Date Approved: December 10, 2003

SPONSORS:
S.A.C. Capital Associates, LLC and Oceanic Digital Communications, Inc.

CUSTOMER:
Residential, commercial and industrial-end users.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	55.2
Debt	
IDB A Loan	30.0
Total	**85.2**

HIGHLIGHTS:
The IDB participation in the project provided long-term financing.

BRIEF:
The project consists in the design, development, deployment, construction, operation and maintenance of a digital mobile telecommunications network covering the country of Jamaica. The project will provide universal coverage utilizing a CDMA system, which has the capability of providing basic services as well as expanded services. The system will combine high quality voice signal with high-speed Internet access and will support advance voice, data, and Internet access, while providing quality of service comparable to telecommunications services in industrialized countries.

64

Project title: Antofagasta Desalination Plant
Country: Chile
Project Cost: US$ 46.8 million
Loan Amount: US$ 7 Million
Sector: Water/Sanitation
Date Approved: December 10, 2003

SPONSORS:
Obrascon Huarte Lain Group (OHL) is the sixth largest construction company in Spain. The company has contributed to 1/3 of the desalination installed capacity in Spain.

CUSTOMER:
Residential, commercial and industrial-end users.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsor Equity	26.1
Debt	
IDB A Loan	7.0
IDB B Loan	13.9
Total	**46.8**

HIGHLIGHTS:
The IDB participation in the project provided long-term financing.

BRIEF:
The project consists in the construction and operation of a seawater desalination plan in Antafagasta. The proposed loan will be used to finance the initial state of the project. Additional funding under IDB's B loan modality may be made available to finance the first expansion stage.

Inter-American Investment Corporation (IIC):

1

Project Title: Terminal 6
Country: Argentina
Project Cost: US$ 10.9 million
Loan Amount: US$ 1 million
Equity: No
Sector: Transportation / Port
Date Approved: December 13, 1989

SPONSORS:
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:

Equity	**US$ million**
Sponsors	6.9
Debt	
IIC	1.0
IFC	3.0
Total	**10.9**

HIGHLIGHTS:
IIC provided support in the form of long-term financing and technical assistance to the project.The project represents the first privately owned commercial port facility in Argentina.

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

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

The port TERMINAL 6, located on the Paraná River, was one of the first operations approved by the IIC Board of Directors. It was successfully completed and currently handles more than 3 million metric tons a year. The loan was fully repaid, becoming the first IIC project to complete the cycle.

2

Project Title: IMPSAT
Country: Argentina
Project Cost: US$ 40 million
Loan Amount: US$ 3 million
Equity: US$ 1.4 million
Sector: Telecommunications
Date Approved: November 28, 1990

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

CUSTOMER:
Telecommunication national grid, expandable to Latin America.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	24.1
IIC	1.4
Debt	
IIC	3.0
Suppliers Credits	1.0
Other	10.5
Total:	**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. The IIC was also able to arrange cofinancing from international banking institutions for US$ 8 million.

The IIC's support was vital in spurring the company's enormous growth. This success gave rise to a bi-national project in Colombia, also supported by the IIC (refer to 5. – IIC).

BRIEF:
Through this loan to IMPSAT S.A. Argentina in 1990, the IIC supported the creation of the first private, Latin American-owned, continental network to transmit data via satellite. The 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

Project Title: SERLIPSA
Country: Peru
Project Cost: US$ 6.2 million
Loan Amount: US$ 1.4 million
Equity: US$ 0.5 million
Sector: Transportation
Date Approved: December 10, 1991

SPONSORS:
Servicios Litoral Pacífico, S.A. (SERLIPSA) is sponsored by local people in the service business. The IIC contributed long-term debt and equity.

CUSTOMER:
SERLIPSA serves fifteen airlines, providing warehousing and handling services.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	1.3
IIC	0.5
Other	0.8
Debt	
IIC	1.4
Other	2.2
Total:	**6.2**

HIGHLIGHTS:
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:
The project consisted of building and operating a 338,171-cubic-foot air cargo warehouse terminal to provide customs-related storage and dispatching services.

4

Project Title: Gralado/Tres Cruces Terminal
Country: Uruguay
Project Cost: US$ 18.5 million
Loan Amount: US$ 4.5 million A loan
US$ 6.6 million B loan.
Equity: US$ 300,000
Sector: Transportation (bus terminal)
Date Approved: December 10, 1992

SPONSORS:
Nine Uruguayan bus companies, a construction firm, Chilean investors and the IIC back the project company, Gralado S.A.. In addition, the 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:

Equity	**US$ million**
Sponsors	3.7
IIC	0.3
Lease contributions	3.4
Debt	
IIC A Loan	4.5
IIC B Loan	6.6
Total:	**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 insttutions with loans totaling US$ 6.6 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.

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. The Tres Cruces bus terminal was intended to solve existing public transportation problems in Uruguay.

5

Project Title: IMPSAT II
Country: Colombia
Project Cost: US$ 51 million
Loan Amount: US$ 6 million
Equity: No
Sector: Telecommunications
Date Approved: December 18, 1992

SPONSORS:
Mainly independent investors grouped as a holding company, specifically created to invest in this project, sponsored IMPSAT S.A. Colombia. Other sponsors include the Argentine holding group that sponsored the IMPSAT project in Argentina (refer to 1. – IIC), and a local insurance company.

CUSTOMER:
Telecommunication national grid, expandable to Latin America.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	17.7
Cash Generation	14.3
Debt	
IIC	6.0
Others	13.0
Total:	**51.0**

The IIC provided a US$6 million loan and arranged US$4 million in cofinancing from two commercial banking institutions.

HIGHLIGHTS:
The IIC provided long-term financing, not otherwise available, and arranged substantial cofinancing with two commercial banking institutions.

BRIEF:
The project consists of a 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 operations, supermarket chain operations such as point-of-sale and on-line credit authorization, and hospital communications such as image transmission and access to databases.

6

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: December 7, 1993

SPONSORS:
Hidroeléctrica Platanar, S.A., a consortium led by Empresa Eléctrica Matamoros S.A., SARET of Costa Rica S.A. and S.T.E.E.L Technologies S.A.

CUSTOMER:
The Instituto Costarricense de Electricidad (ICE) under a long-term contract will purchase all energy generated by the plant.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	4.0
IIC (quasi-equity)	1.0
Other (quasi-equity)	1.0
Debt	
IIC	5.0
Others	9.0
Total:	**20.0**

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 of Law 7200.

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 the country's environmental protection standards, including a major reforestation program in the Platanar River area.

7

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: September 29, 1994

SPONSORS:
The 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:

Equity	**US$ million**
Chemical Venture Partners	10.0
Constellation Energy	10.0
CAF	
(Corporación Andina de Fomento)	9.5
IIC	5.0
Other	16.5
Total:	**50.0**

HIGHLIGHTS:
FondElec combines expertise and experience with its capital resources, capitalizing on the Latin American appetite for private equity in infrastructure.

BRIEF:
The Latin American Energy and Electricity Fund One 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 focuses on privatizing existing entities, building new power plants, and investing in power transmission and distribution in general. The Fund was launched in October 1994 and made two investments, one in Peru and another in Bolivia.

8

Project Title: CONELECTRICAS
Country: Costa Rica
Project Cost: US$ 22.5 million
Loan Amount: A Loan US$ 1 million
B Loan US$ 3 million.
Equity: No
Sector: Power
Date Approved: December 8, 1994

SPONSORS:
Hidroeléctrica San Lorenzo was to be built by a consortium of four rural cooperatives with more than 60,000 members. Bel Ingeniería (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, to the Instituto Costarricense de Electricidad.

FINANCING PACKAGE:

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

HIGHLIGHTS:
The IIC's involvement attracted Bel Ingeniería, and STEEL Technologies. In addition, the IIC was engaged to structure a funding package, making it possible to obtain financial support from the Central American Bank for Economic Integration; the German finance company for investing in developing countries, Deutsche Investitions-und Entwicklungsgesellschaft (DEG); Banco Nacional de Costa Rica; Banco Internacional de Costa Rica, S.A.; and Commonwealth Development Corporation.

BRIEF:
This is a 15-MW hydroelectric project in Costa Rica, managed by CONELECTRICAS, R.L.

9

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

SPONSORS:
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 percent Bahamian ownership, which consists primarily of Bacardi local employees plus Bahamian companies. BACO, DesalCo and other non-Bahamian Shareholders own the rest.

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

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	1.67
Bahamian equity	3.05
Non-Bahamian equity	2.92
Debt	
IIC A Loan	1.50
Commercial Bank	2.46
Total:	**11.60**

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

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

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

10

Project Title: Hidronihuil
Country: Argentina
Project Cost: US$ 35.7 million
Loan Amount: US$ 10 million
Equity: No
Sector: Energy
Date Approved: June 12, 1997

SPONSORS:
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 in 75 percent and 25 percent respectively.

CUSTOMER:
Energía Mendoza Sociedad del Estado (EMSE), the electricity utility company of the Mendoza Province.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	9.8
Debt	
IIC A Loan	10.0
B loan Participants	10.0
Suppliers Credits	3.9
Banco Reg., Cuyo	2.0
Total:	**35.7**

HIGHLIGHTS:
The concession is structured as a Build-Operate and Transfer. After the 16-year period, operation and maintenance will be turned over to the Province. As established in the power purchase agreement, 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 no electricity generation caused by unavailability of water, or 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 will use the irrigation flows coming from the Valle Grande dam.

11

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

SPONSORS:
The Sponsor of the project is the FondElec Group, a fund management company that 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:

Equity	**US$ million**
CMS	35.0
IIC	5.0
General Partner	3.0
Other	57.0
Total:	**100.0**

HIGHLIGHTS:
The 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). FondElec II will invest in private equity opportunities in the distribution of electricity, gas, water and wireless communications in emerging markets.

12

Project Title: Scudder Latin Power II
Country: Regional
Project Cost: US$ 150 million
Loan Amount: No
Equity: US$ 7 million
Sector: Energy/Power
Date Approved: March 23, 1998

SPONSORS:
The primary sponsor and investment manager of the project is Sudder, Stevens & Clark, one of the oldest international equity fund management companies in the United States.

CUSTOMER:
Private Latin American Power Sector (medium-sized companies)

FINANCING PACKAGE:

Equity	**US$ million**
Scudder, Stevens & Clark	7.0
NRG Energy Corp.	7.0
IIC	7.0
IFC	7.0
CAF	7.0
U.S. Pension Funds	45.0
International Investors	63.0
Total	**150.0**

HIGHLIGHTS:
The Fund will invest in projects developed and operated by qualified developers in the independent power industry and will normally seek the participation of local investors. The Fund expects that most of its projects will be structured so as to be insurable by the World Bank's Multilateral Investment Guarantee Agency, the U.S. Overseas Private Investment Corporation, or other reliable insurers.

BRIEF:
Scudder Latin Power II is an established regional closed-end investment fund, open to investment participation by international institutional investors. The Fund is a twelve-year regional private equity fund that will invest in equity and quasi-equity securities of medium-sized power companies and build-own-transfer or build-own-operate projects that require capital for growth. The fund will invest in approximately fifteen power projects with an average installed capacity of 100 MW.

13

Project Title: Caribbean Basin Power Fund Ltd.
Country: Regional
Project Cost: US$ 75 million
Loan Amount: No
Equity: US$ 5 million
Sector: Energy/Power
Date Approved: October 21, 1998

SPONSORS:
The sponsors are Energy Investors Funds Groups, Commonwealth Develop Corporation, and Dresdner Kleinwort Benson North America LLC.

CUSTOMER:
The transaction will help support smaller power projects in Central America and the Caribbean that cannot secure adequate equity capital from other sources

FINANCING PACKAGE:

Equity	US$ million
Sponsors	70.0
IIC	5.0
Total:	**75.0**

HIGHLIGHTS:
With the participation of the IIC, the Fund is expected to attract other investors, which should substantially increase the multiplier effect of the Fund in the region.

BRIEF:
By subscribing up to US$5 million of the US$100 million target capitalization of Caribbean Basin Power Fund, Ltd., the IIC will provide long-term capital support to an equity fund that will finance small power plants, mainly in Central America and the Caribbean. The average generating capacity of these plants will be 28 MW. The IIC's investment will help fund approximately twelve power generation projects —more than the IIC could finance directly.

The transaction will help support smaller power projects in Central America and the Caribbean that cannot secure adequate equity capital from other sources. It will also enable the IIC to pursue its strategy for the Caribbean by participating in multi-country and regional equity investment funds that specifically target its Caribbean member countries.

14

Project Title: Caribbean Basin Power Fund, Ltd. (parallel debt facility)
Country: Regional
Project Cost: US$ 100 million
Loan Amount: US$ 20 million A loan
US$ 80 million (cofinancing)
Equity: No
Sector: Energy/Power
Date Approved: December 10, 1998

SPONSORS:
Dresdner Bank AG, New York will be the principal participant bank and will serve as administrative agent.

CUSTOMER:
The transaction will help support smaller power projects in Central America and the Caribbean that cannot secure adequate equity capital from other sources.

FINANCING PACKAGE:

Debt	US$ million
IIC A Loan	20.0
Cofinancing	80.0
Total	**100.0**

HIGHLIGHTS:
The term for the A loan will not exceed 12 years with no grace period. The B loan will have a term of 10-12 years with no grace period. By structuring the facility as a co-financing operation, the IIC will be able to facilitate the entry for B loan participants to provide long-term financing in countries where they would not have done so otherwise.

BRIEF:
The IIC also approved the establishment of a $100 million parallel debt facility to provide term financing for projects in which the Caribbean Basin Power Fund, Ltd. makes an equity investment. This parallel debt facility will be structured by Dresdner Bank AG and the IIC, utilizing the Corporation's cofinancing program to enhance the effectiveness of the fund by allowing it to offer both equity and long-term debt to potential investee companies. This type of debt financing traditionally is not readily available to smaller power projects.

15

Project Title: Hidroeléctrica Río Las Vacas, S. A.
Country: Guatemala
Project Cost: US$ 36.6 million
Loan Amount: US$ 21.0 million
Equity: No
Sector: Energy
Date Approved: November 16, 1999

SPONSORS:
Fabrigas, S.A. and Cementos Progreso, S.A., Guatemalan companies wholly owned by citizens of Guatemala.

CUSTOMER:
Hidroeléctrica Río Las Vacas, S. A., a Guatemalan company.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	15.6
Debt	
IIC A Loan	10.0
IIC B Loan	11.0
Total	**36.6**

HIGHLIGHTS:
The term for the A Loan is up to 10 years including a grace period of not more than 2 years. The term for the B Loan is up to 10 years including a grace period of not more than two years.

BRIEF:
The project consists of the development, implementation and operation of a 20-MW hydroelectric plant. The design of the project is based on the "peaking plant" concept, which allows it to store sufficient water to produce 20 megawatts during peak periods (6:00 p.m.-10:00 p.m.). The project will benefit from the sponsors' experience in designing, building and operating hydroelectric power plants.

16

Project Title: CONDICEL, LTDA.
Country: Costa Rica
Project Cost: US$ 15.0 million
Loan Amount: US$ 4.2 million
Equity: No
Sector: Telecommunications
Date approved: January 25, 2000

SPONSORS/ LEAD MANAGER:
Colombiana de Luminarias y Comunicaciones Sociedad Anónima (Celsa), a Colombian lighting and telecom manufacturer; Diseños Metalmecánicos S.A. (Dimmsa), a Costa Rican telecom, and Geomatics Service Company.

CUSTOMER:
Consorcio Celsa-Dimmsa-Telepsa (CONDISEL) Limitada, a special purpose company formed by the Sponsors to undertake a contract to build, own and lease public telephones in Costa Rica.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	5.8
Debt	
IIC	4.2
BCIE	4.2
Other	0.8
Total:	**15.0**

HIGHLIGHTS:
The terms of financing are 5 years and six months, including a grace period of no more than 2 years.

BRIEF:
The Project consists of the installation and maintenance of 15,000 public telephone booths in Costa Rica, and their lease to the Instituto Costarricense de Electricidad, the national telephone and electricity company for 6 years. The Project will assist the growth of the local private sector in telecommunications; increase the telephone penetration in the country; and help in the decentralization of services.

17

Project Title: Udeman
Country: Uruguay
Project Cost: US$ 15.7 million
Loan Amount: US$ 5.0 million
Equity: No
Sector: Transportation
Approval Date: June 6, 2000

SPONSORS:

Levka Investments and Velox Real Estate Ltd. Levka Investments is a Panamanian offshore corporation created as an investment vehicle to invest in Udeman and, Velox Real State, Inc is the affiliate of Banco Velox created to hold real estate assets of the Velox Group.

CUSTOMER:

Udeman S.A., created in 1996 to bid for the construction and operation of the multipurpose bus terminal.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	9.0
Cash Generation	1.4
Debt	
IIC A Loan	3.0
IIC B Loan	2.0
Other	0.3
Total:	**15.7**

HIGHLIGHTS:

The Company will operate the bus terminal under a thirty-year concession awarded by the Salto Municipality (Intendencia Municipal de Salto) through a public bidding.

BRIEF:

The project consists of the construction and operation of a 20,787-m2 multipurpose bus terminal facility in the city of Salto, the second largest city in Uruguay, that will significantly improve domestic and international bus passengers and small cargo transportation services. The terminal will include amenities associated with modern transportation facilities, including commercial and retail outlets.

18

Project Title: The CEA Latin American Communications Partners, L.P.
Country: Regional
Target Capitalization: US$ 100.0 million
Equity: US$ 7.5 million
Sector: Telecommunications
Approval Date: August 1, 2000

SPONSORS:

The Fund is sponsored by Communications Equity Associates, a leading provider of investment and merchant banking services to the high growth sectors of media and communications industries.

CUSTOMER:

The CEA Latin American Communications Partners, L.P. is a $100 million fund that will invest mainly in securities issued by privately held small and middle-market media and telecommunications companies in Latin America and the Caribbean.

FINANCING PACKAGE:

Equity	**US$ million**
IIC	7.5
Target Capitalization	**100.0**

BRIEF:

The fund will invest in companies in early or expansion stage, with low technological risk. It will focus on fixed-line telephony, mobile telephony, cable and pay television, broadcasting, publishing, outdoor advertising, and Internet commerce and content sectors.

19

Project Title: Inter-American Corporation for Infrastructure Finance (ICIF)
Country: Regional
Target Capitalization: US$ 90 million by the second year of operation
Equity: US$ 46 million
Sector: General Infrastructure
Date approved: March 2001

SPONSORS:
The shareholders, Caja Madrid, the second largest savings bank in Spain in terms of assets (with 22 percent), Unibanco S.A., Primer Banco del Istmo, S.A.; Banco de Galicia y Buenos Aires, S.A., Caixa Banco de Investimento, S.A., Banco del Pichincha, Republic Bank and Merchant Bank LTD., Central American Bank for Economic Integration, Caribbean Development Bank.

CUSTOMER:
ICIF will support small and medium-size infrastructure projects throughout Latin American and the Caribbean.

FINANCING PACKAGE

Equity	**US$ million**
IIC	10.0
Private Shareholders	28.0
Other multilateral institutions	8.0
Total	**46.0**

HIGHLIGHTS:
The fund will provide much needed long-term debt financing for small and medium-size infrastructure projects.

BRIEF:
The project involves setting up an institution for funding small and medium-size infrastructure projects (up to US$ 50 million/US$60 million per project) as a way of furthering economic development in the region and enabling additional funding to be channeled from private sources outside the region. In addition to funding projects ICIF may provide financial consultancy services on subjects connected with the infrastructures in question.

20

Project Title: SINERSA
Country: Peru
Project Cost: US$ 16.3 million
Loan Amount: US$ 6.0 million A loan
US$ 2.5 million B loan
Equity: No
Sector: Energy Generation
Date approved: June 4, 2002

SPONSORS:
SINERSA's shareholders.

CUSTOMER:
Electronoroeste S.A. A power distribution company

FINANCING PACKAGE:	**US$ million**
Equity	
Sponsors	1.1
Debt	
IIC A loan	6.0
IIC B loan	2.5
DEG loan	6.0
Customs Credit	0.7
Total:	**16.3**

HIGHLIGHTS:
Small hydroelectric project providing clean electricity to northern Peru.

BRIEF:
The project consists of a 15,4 MW-hydroelectric plant, the Poechos Hydroelectric Project, to be constructed in northern Peru. The project will obtain 45m3/s of water from the 930,000 million-m3 Poechos dam. The project will rely on flows of water dictated by irrigation demands and, as such, is expected to generate about 70 GWh of electrical energy per year. The energy to be produced by the Poechos Hydroelectric Project will be sold to Electronoroeste, S.A., the concessionary for energy distribution in northwestern Peru, under a PPA.

21

Project Title: Térmica del Noreste
Country: Panama
Project Cost: US$ 9.4 million
Loan Amount: US$ 3 million
Equity: No
Sector: Electric Power
Date approved: August 6, 2002

SPONSORS:
The shareholders of Térmica del Oeste S.A. (Ternor) include Lebonadi, S.A. (41.25 percent); Gazin Investmens, S.A. (12.92 percent); R.G. de P. Corporation (12.92 percent) Inversiones Leganachi, S.A. (12.50 percent); Construcciones Civiles Generales S.A. (8.33 percent).

CUSTOMER:
Elektra signed a Power Supply Agreement agreeing to exclusively purchase from Ternor 2.4 MW of fixed capacity and the associated energy for a 10-year term.

FINANCING PACKAGE:

Equity	**US$ million**
Sponsors	3.0
Cash Flow Generated	1.8
Debt	
Sponsors' Debt	1.6
IIC Debt	3.0
Total:	**9.4**

HIGHLIGHTS:
Ternor is the smallest thermo-electrical power generating company in Panama, satisfying 0.7 percent of demand. The project will complement Panama's rural electrification program, which will connect small villages to the distribution grid.

BRIEF:
The project consists of the purchase and modernization by Ternor of 13 small power plants located in the northeastern region of Panama. The first phase involved the acquisition of the existing plants as well as their immediate improvement and renovation. This phase was completed in 2001. The second phase of the project involves the substitution of the existing diesel equipment for heavy fuel oil equipment in the largest plant (Santa Fe), which represents, three 800-Kw units, near 45 percent of the total generation of the Company. The project also involves the relocation of a power plant from an urban area into an industrial area.

Multilateral Investment Fund (MIF):

1

Project Title: Establishment of the Office of Utilities Regulation (OUR)
Country: Jamaica
Grant Amount: US$1,452,000
Sector: Public Utilities and Energy
Approval Date: May 18, 1994
Executing Agency: Ministry of Public Utilities, Mining and Energy
Program Financing: Total US$1,452,000; MIF Grant U$1,452,000

BRIEF:
The project supports an eighteen-month program aimed at: (1) developing the legislation and regulatory instruments to enable private sector participation in the energy sector and empowering the Office of Utilities Regulation (OUR); and, (2) creating the OUR energy unit as the first step to fully establish OUR as the main regulatory agency for energy, telecommunications, transport and water distribution.

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.

2

Project Title: Strengthening of the Energy Regulatory Commission (CRE)
Country: Colombia
Grant Amount: US$1,627,000
Sector: Energy
Approval Date: May 30, 1994
Executing Agency: The Ministry of Public Works, through the Concessions Coordination Office
Program Financing: Total US$1,777,000; MIF Grant US$1,627,000; CRE US$150,000

BRIEF:
The program's objective is to support the Government of Colombia in setting-up and undertaking the initial activities of the 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.

3

Project Title: Fostering Private Sector Participation in Infrastructure
Country: Costa Rica
Grant Amount: US$1,550,000
Sector: General Infrastructure
Approval Date: October 26, 1994
Executing Agency: Ministry of Natural Resources, Energy and Mines
Program Financing: Total US$1,550,000; MIF Grant US$1,550,000

BRIEF:
The program's 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 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.

4

Project Title: Water Reform for Mendoza / Privatization and Establishment of a Regulatory Authority
Country: Argentina
Grant Amount: US$1,260,000
Sector: Water and Sanitation
Approval Date: December 7, 1994
Executing Agency: Ministry of the Environment, Urban Development and Housing of the Province of Mendoza
Program Financing: Total US$1,260,000; MIF Grant US$795,000; MIF (contingent recovery basis) US$465,000

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 capacity of the public sector, while ensuring the expansion of the system and promoting adequate administration, conservation, and protection of water resources. 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; and (2) the conversion of Obras Sanitarias Mendoza into a corporation with private-sector participation.

5

Project Title: Restructuring and Privatization of the Energy and Telecommunication Sectors
Country: El Salvador
Grant Amount: US$1,571,000
Sector: Energy and Telecommunication
Approval Date: December 14, 1994
Executing Agency: Ministerio de Planificación
Program Financing: Total US$1,971,000; MIF grant US$1,571,000; MIF (contingent recovery basis) US$400,000

BRIEF:
The program's 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 in order to foster private sector investment; (2) the establishment of a regulatory commission for those sectors; and (3) the promotion of private sector investment.

6

Project Title: Development of a Regulatory Framework for the Water and Sanitation Sector
Country: Paraguay
Grant Amount: US$980,000
Sector: Water and Sanitation
Approval Date: March 22, 1995
Executing Agency: Ministry of Finance, through the Privatization Council
Program Financing: Total US$1,200,000; MIF Grant US$980,000; Local Counterpart US$220,000

BRIEF:
The general objective of the program 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 development.

7

Project Title: Legal and Institutional Framework to Promote Private Sector Participation in Transportation
Country: Ecuador
Grant Amount: US$1,620,400
Sector: Transportation
Approval Date: May 24, 1995
Executing Agency: Consejo Nacional de Modernización del Estado
Program Financing: Total US$2,424,400; MIF grant US$1,620,400; Government US$804,000

BRIEF:
This program supported the reform program 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 to strengthen regulatory functions and long-term planning.

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 for the creation of an action plan for the modernization and contract preparation of concession and privatization of the airport sector.

8

Project Title: Plan of Operations, Modernization of the Water Supply and Sanitation Sector
Country: Ecuador
Grant Amount: US$920,000
Sector: Water and Sanitation
Approval Date: July 19, 1995
Executing Agency: Consejo Nacional de Modernización del Estado
Program Financing: Total US$1,100,000; MIF grant US$920,000; Beneficiary US$180,000

BRIEF:
The general objective was to support the Ecuadorian government's plans to modernize the water supply and sanitation sector, and lay the necessary groundwork to promote private investment.

The specific objectives include: supporting the government in the design and implementation of a new legal, institutional and regulatory framework; establishing a new regulatory agency to make the sector more efficient and able to foster private sector participation; and finally, developing mechanisms to implement start-up of the sector regulatory agency. The beneficiaries of this project will be the agencies associated with the water supply and sanitation sector, the service users and the private sector.

9

Project Title: Legal and Regulatory Framework for the Expansion of Private Investment in Infrastructure
Country: Nicaragua
Grant Amount: US$1,991,220
Sector: General Infrastructure
Approval Date: July 19, 1995
Executing Agency: Comisión Sectorial de Reforma para las Empresas Públicas.
Program Financing: Total US$2,190,220; MIF grant US$1,991,220; Local Counterpart US$199,000

BRIEF:
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.

10

Project Title: Energy Sector Restructuring Program
Country: Paraguay
Grant Amount: US$1,085,000
Sector: Energy
Approval Date: August 9, 1995
Executing Agency: The Office of the Deputy Minister of Mines and Energy, under the Ministry of Public Works and Communications
Program Financing: Total US$1,200,000; MIF grant US$1,085,000; Beneficiary US$115,000

BRIEF:
The program's objective is to support the Paraguayan government in the implementation of reforms and new policies in the electric power, and oil and natural gas sectors, which are necessary to improve performance, attract private investors, and strengthen the capacity of government policymaking and regulatory agencies. The program is designed to make energy sector operations more transparent, and efficient.

The program involves restructuring the energy sector, primarily using consulting services to establish the legal, institutional and technical aspects for the implementation of structural reforms.

11

Project Title: Airport Sector Preparation for Privatization
Country: Jamaica
Grant Amount: US$570,000
Sector: Transportation/Airport
Approval Date: August 9, 1995
Executing Agency: Airports Authority of Jamaica (AAJ) is the executing agency and grant receptor
Program Financing: Total US$720,000; MIF Grant US$570,000; Receptor US$150,000

BRIEF:
This program includes two phases: the preparation of the Airport Sector for privatization, with the corresponding legal and regulatory framework preparation; and the actual privatization.

12

Project Title: Strengthening for the Water and Basic Sanitation Service Regulatory Commission (CRA)
Country: Colombia
Grant Amount: US$990,000
Sector: Water and Sanitation
Approval Date: September 27, 1995
Executing Agency: The Ministry of Economic Development through the CRA
Program Financing: Total US$1,700,000; MIF Grant US$990,000; Beneficiary US$710,000

BRIEF:
The program's general objective is to support the Colombian government in promoting efficient delivery of water and basic sanitation services by implementing a regulatory system that encourages competition and greater private-sector participation.

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.

13

Project Title: Strengthening of the Public Works Concession System
Country: Chile
Grant Amount: US$1,468,000
Sector: Transportation
Approval Date: November 1, 1995
Executing Agency: The Ministry of Public Works, through the Concessions Coordination Office
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 transportation infrastructure. This includes providing technical assistance to enhance the ability of the Concessions Coordination Office to perform its role at all stages of a transportation infrastructure concession program.

14

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: April 24, 1996
Executing Agency: Energy Regulatory Commission (CRE)
Program Financing: Total US$3,000,000; MIF grant US$1,500,000; Local Counterpart 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.

15

Project Title: Program to Restructure and Promote Private-Sector Participation in the Telecommunications and Electricity Sectors
Country: Honduras
Grant Amount: US$1,130,000
Sector: Telecommunications and Electricity
Approval date: May 29, 1996
Executing Agency: National Telecommunications Commission and National Electrical Energy Commission
Program Financing: Total US$1,380,000;MIF grant US$1,130,000; Local Counterpart US$250,000

BRIEF:
The program's general objective is to attract technical, operational capacity and venture capital from the 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.

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.

16

Project Title: Support Concession for the Buenos Aires-Montevideo Gas Pipeline
Country: Uruguay
Grant Amount: US$185,500
Sector: Energy
Approval date: May 29, 1996
Executing Agency: National Energy Department (DNE) - Ministry of Industry, Energy and Mines
Program Financing: Total US$265,000; MIF grant US$185,500; Local Counterpart US$78,500

BRIEF:
The program's general objective is to provide funding for technical assistance to help the 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.

17

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
Program Financing: Total US$940,000; MIF grant US$630,000; Local Counterpart 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.

18

Project Title: Electric Sector Reform
Country: Haiti
Grant Amount: US$1,169,000
Sector: Energy/Power
Approval date: September 11, 1996
Executing Agency: The Government of Haiti (GOH) will designate a technical group to be the project executing unit 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.
Program Financing: Total US$1,260,000; MIF grant US$1,169,000; Local Counterpart US$91,000

BRIEF:
The program's general objective is to assist the GOH in the reorganization of the electricity sector and in the establishment of a framework for the provision of electricity under 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.

19

Project Title: Development of Reverted Areas with Private-Sector Participation
Country: Panama
Grant Amount: US$600,000
Sector: Transportation/Port
Approval date: September 25, 1996
Executing Agency: Autoridad de la Región Interoceánica (ARI)
Program Financing: Total US$700,000; MIF Grant US$600,000; Local Counterpart US$100,000

BRIEF:
The program's general objective is to contribute to the development of the reverted areas of the Panama Canal Zone by supporting ARI 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 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 will be utilized to recruit short, medium and long-term consultants to support ARI.

20

Project Title: Development of a Model Agreement for the Concession of the Caracas-La Guaira Highway System to the Private Sector
Country: Venezuela
Grant Amount: US$193,000
Sector: Transportation
Approval date: October 17, 1996
Executing Agency: Ministry of Transport and Communication (MTC)
Program Financing: Total US$366,000; MIF grant US$173,000; MIF Post-evaluation US$20,000; Local Counterpart US$173,000

BRIEF:
The program's 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 international financial markets and to provide a guarantee to the government and safety of the roads in accordance with international highway standards.

21

Project Title: Regulatory Framework Electricity/Water and Sanitation
Country: Panama
Grant Amount: US$1,810,000
Sector: Energy and Water
Approval date: November 20, 1996
Executing Agency: Public Policy Unit of the Ministry of Economic Policy and Planning
Program Financing: Total US$6,730,000; MIF grant US$1,810,000; IDB Loan (TC) US$3,340,000; Local Counterpart US$1,580,000

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 technical cooperation for a basic infrastructure sector reform program (PN-0097) that also includes telecommunications.

22

Project Title: Electricity Sector Program/ Regulation
Country: Guyana
Grant Amount: US$990,000
Sector: Energy
Approval date: November 20, 1996
Executing Agency: Ministry of Finance
Program Financing: Total US$1,100,000; MIF grant US$990,000; Recipient US$ 110,000

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 complements an IDB sector loan (GY-0048). This technical cooperation will support the implementation of the specific transaction for the capitalization/joint venture for the Guyana Electricity Corporation and also the implementation of policy, legal and regulatory reforms and the introduction of an environmental regulatory framework for sector operations.

23

Project Title: Regulatory Framework for Water Supply and Sanitation Sector
Country: Bolivia
Grant Amount: US$980,000
Sector: Water and Sanitation
Approval date: December 19, 1996
Executing Agency: Ministry of Capitalization
Program Financing: Total US$1,333,000; MIF grant US$980,000; Local Counterpart 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 into 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 Superintendence of Water). This operation is linked to a US$70 million IDB loan for an 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

Project Title: Cruise Tourism Facilities in the Bridgetown Port
Country: Barbados
Grant Amount: US$300,000
Sector: Transportation
Approval Date: January 28, 1997
Executing Agency: Barbados Port Authority (BPA)
Program Financing: Total US$400,000; MIF grant US$300,000; Recipient US$100,000

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.

25

Project Title: Consolidation of the Transportation Concession Program of the State of São Paulo
Country: Brazil
Grant Amount: US$1,140,000
Sector: Transportation
Approval Date: March 24, 1997
Executing Agency: São Paulo State Transportation Business Department, through its Transportation Concession Commission
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 São Paulo. It is also hoped that the implementation of the project will spur the development of similar structures in other Brazilian states.

26

Project Title: Restructuring of the Energy Sector in the Context of the Public Enterprise Reform Program
Country: Dominican Republic
Grant Amount: US$1,220,000
Sector: Energy
Approval Date: April 9, 1997
Executing Agency: Secretariado Técnico de la Presidencia (Technical Secretariat, Office of the President)
Program Financing: Total US$1,700.000; MIF grant US$1,220,000; Local Counterpart US$480,000

BRIEF:
The program is devoted to the establishment of a new legal, institutional and regulatory framework for the electricity and oil and gas sub-sectors 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.

27

Project Title: Institutional Strengthening for a Highway Concession System
Country : Peru
Grant Amount: US$1,300,000
Sector: Transportation
Approval Date: April 23, 1997
Executing Agency: Commission for the Promotion of Private Concessions
Program Financing: Total US$2,000,000; MIF grant US$1,300,000; Recipient 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 to successfully implement the concession program currently being designed by the government. The implementation requires concluding 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.

28

Project Title: Strengthening of the Public Works and Services Concession System
Country: Uruguay
Grant Amount: US$1,025,000
Sector: General Infrastructure
Approval Date: April 23, 1997
Executing Agency: Office of Planning and Budget (OPP)
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 concession contracts.

29

Project Title: Concession System for the Transportation Sector.
Country: Bolivia
Grant Amount: US$480,000
Sector: Transportation
Approval Date: May 3, 1997
Executing Agency: Secretaría Nacional de Transporte, Comunicación y Aeronáutica Civil. (National Secretariat of Transportation, Communications and Aviation)
Program Financing: Total US$600,000; MIF grant US$480,000; Beneficiary US$120,000

BRIEF:
The general objective of this technical cooperation project is to identify new forms of financing that will make it 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.

30

Project Title: Civil Aviation Sector Reform and Private Sector Participation
Country: Guatemala
Grant Amount: US$ 1,150,000
Sector: Transportation
Approval Date: June 4,1997
Executing Agency: The Ministry of Economic Affairs, through the program coordination unit in coordination with the Civil Aeronautics Directorate and the Comisión de Desincorporación
Program Financing: Total US$3,650,000; MIF grant US$1,150,000; IDB loan (TC) US$1,600,000; Local Counterpart US$900,000

BRIEF:
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.

31

Project Title: Strengthening of the Sanitation Services Regulatory Agency in the Province of Santa Fe
Country: Argentina
Grant Amount: US$600,000
Sector: Water and Sanitation
Approval Date: June 25, 1997
Executing Agency: Sanitation Services Regulatory Agency
Program Financing: Total US$1,200,000; MIF grant US$600,000; Beneficiary US$600,000

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 a training plan; (3) adjustment of small providers to the regulatory framework; and (4) strategy for public relations and handling of complaints.

32

Project Title: Strengthening the Public Works Concession System
Country: Costa Rica
Grant Amount: US$800,000
Sector: Infrastructure
Approval Date: July 30, 1997
Program Financing: Total US$1,160,000; MIF grant US$800,000; Local Counterpart US$360,000

BRIEF:
The objective of the program is to lay the groundwork 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.

33

Project Title: Preparation of an Air Cargo Facility Concession
Country: Barbados
Grant Amount: US$42,300
Sector: Transportation
Approval Date: January 22, 1998
Executing Agency: Division of International Transport, Ministry of Foreign Affairs, Tourism and International Transport
Program Financing: Total US$42,300; MIF (contingent recovery basis) US$42,300

BRIEF:
The project's general objective is to assist the Division of International Transport in defining and developing the arrangements by which private investment will be made in air cargo facilities and which meet the government's strategic objectives. The project's specific objective is to finance specialized advisory services, which will cover some of the necessary steps for setting in place the arrangements with the winning bidder, including consultations during negotiations. This project is part of the line of activity for concessions.

34

Project Title: Institutional Strengthening for Highway Concessions
Country: Ecuador
Grant Amount: US$1,150,000
Sector: Transportation
Approval Date: February 25, 1998
Executing Agency: Ministry of Public Works (MOP)
Program Financing: Total US$1,920,000; MIF grant US$1,150,000; Local Counterpart US$770,000

BRIEF:
The program will promote the private sector's participation in the provision and operation of highway infrastructure by means of the concession system. To this end, it will (1) review the applicable legal, regulatory, and institutional framework; (2) prepare the pro forma bidding and concession documents; (3) develop the system regulatory agency from the legal, functional and operating standpoints; (4) prepare economic and financial evaluation models for concessions; (5) promote the concession program; and (6) assist in the training of the personnel who will implement the concession program. The operation is intended to support the government's policy of ensuring the expansion of needed infrastructure without any increase in public spending.

35

Project Title: Support for the Public Enterprise Reform Program
Country: Dominican Republic
Grant Amount: US$2,500,000
Sector: General Infrastructure
Approval Date: April 1, 1998
Executing Agency: Comisión para la Reforma de la Empresa Pública (CREP)
Program Financing: Total US$3,750,000; MIF grant US$2,500,000; Local Counterpart US$1,250,000

BRIEF:
The general objective of the project is to provide support to the public enterprise reform program, which is intended to achieve decisive private sector participation in pubic enterprises' management and equity structure. The specific objectives of the project are to strengthen the recently-created Comisión para la Reforma de la Empresa Pública [Public Enterprise Reform Commission] and to support measures to secure private sector participation in the Dominican Electricity Corporation, the State Sugar Board, the Dominican State Enterprises Corporation, and CORPHOTELS.

This technical cooperation represents an integral part of the Bank's support to the Public Enterprise Reform Program, which includes funding for the Dominican Electricity Corporation's restructuring and privatization program under loan 585/OC-DR and support for the establishment of a new legal, institutional and regulatory framework for the electricity and hydrocarbons sub-sectors with technical cooperation under ATN/MT-5522-DR, in the amount of US$1.5 million.

36

Project Title: Support for Concession Program for Urban Roadways in the Municipality of San Pedro Sula
Country: Honduras
Grant Amount: US$300,000
Sector: Transportation
Approval Date: April 1, 1998
Executing Agency: Municipal Road Authority (IMVIAL), Municipality of San Pedro Sula, Honduras
Program Financing: Total US$300,000; MIF grant US$ 265,000; MIF (contingent recovery basis) US$35,000

BRIEF:
The objective of the project is to finalize the definition of the physical and financial scope of the proposed concession, prepare the bidding documents, and assist the Municipality in the actual transaction. The project will have three phases: (1) in Phase I, the scope of the concession will be determined; (2) Phase II will involve the detailed design of the concession itself; and (3) the concession will be awarded in Phase III.

This project represents the first attempt at the establishment of a direct relationship between the Bank and lower levels of government within the transportation sector. This project is part of the line of activity for concessions.

37

Project Title: Water Regulatory Agency – Buenos Aires Province
Country: Argentina
Grant Amount: US$1,000,000
Sector: Water and Sanitation
Approval Date: May 27, 1998
Executing Agency: Obras Sanitarias
Program Financing: Total US$2,000,000; MIF grant US$1,000,000; Local Counterpart US$1,000,000

BRIEF:
The objective of this project is to support the establishment and start-up of the regulatory agency for the water and sanitation sector in the province of Buenos Aires and contribute to the transfer of regulatory know-how and experience in the sector in Argentina. The program provides for the use of MIF resources to carry out the following activities: (1) establishment and start-up of Obras, including the development of its organizational structure, staff training, and the design of information and customer participation systems; (2) strengthening of the regulatory framework, including the development of a rate system and service quality control procedures; and (3) workshop to share experiences in regulating the sanitation sector in Argentina.

38

Project Title: Enabling Expanded Private Investment
Country: Bahamas
Grant Amount: US$1,342,900
Sector: General Infrastructure
Approval Date: May 27, 1998
Executing Agency: The Public Utilities Commission (PUC) and the Bahamas Environment, Science and Technology (BEST) Commission; Office of the Prime Minister
Program Financing: Total US$2,022,400; MIF grant US$1,342,900; Local Counterpart US$679,500

BRIEF:
The general objective of the project is to assist the Government of The Bahamas in establishing a fully developed legal and regulatory framework for the energy, telecommunications, water and sewerage, and solid waste sectors, and help to strengthen the institutional capacity for managing and enforcing environmental protection policies and measures. Achievement of both objectives will foster a sustainable private sector-led development in The Bahamas. The specific objective is to render the PUC, and the BEST Commission, fully operational and effective. In so doing, the project will address the distribution of responsibilities for environmental regulation in order to clarify and/or rationalize them and avoid duplication of functions.

39

Project Title: Regulatory Framework and Commercial Restructuring Program for the Water and Sanitation Subsector
Country: El Salvador
Grant Amount: US$2,400,000
Sector: Water and Sanitation
Approval Date: May 27, 1998
Executing Agency: Comisión Coordinadora para la Reforma Sectoral de los Recursos Hídricos [Coordinating Commission for Reform of the Water Resources Sector]; Administración Nacional de Acueductos y Alcantarillado [National Water Supply and Sewerage Administration], acting through the Unidad de Reforma Empresarial [Commercial Reform Unit]; and Agencia de Regulación de los Servicios de Agua Potable y Alcantarillado, [Potable Water and Sewerage Service Regulatory Agency]
Program Financing: Total US$3,300,000; MIF grant US$2,400,000; Local Counterpart US$900,000

BRIEF:
The objective of the project is to support and enhance the program for restructuring the water and sanitation sub-sector under operation ES-0068, which seeks to promote comprehensive reform of the water sector and the water and sanitation sub-sector at the national level. Specifically, this technical cooperation will provide support for the establishment of the regulatory framework governing provision of water and sanitation services, and for the formulation of high priority activities to aid the restructuring process and promote private sector participation.

40

Project Title: Institutional Strengthening for the Concession of Public Works and Services
Country: Venezuela
Grant Amount: US$1,500,000
Sector: Transportation
Approval Date: July 8, 1998
Executing Agency: CORDIPLAN
Program Financing: Total US$3,000,000; MIF grant US$1,500,000; Local Counterpart US$1,500,000

BRIEF:
The objective of the program is to support the central and state governments of Venezuela in the development of a system for awarding public works concessions and in the promotion of private sector participation in transportation infrastructure. More specifically, the program seeks to improve the legal and regulatory framework applicable to private sector participation in providing, operating, and maintaining transportation infrastructure, giving national and state authorities the institutional and technical capacity to carry out this process, strengthening the system for regulating concessions, and promoting and taking part in specific projects.

41

Project Title: Support for the Restructuring of Empresa Nicaragüense de Electricidad (ENEL) and the Introduction of the Private Sector
Country: Nicaragua
Grant Amount: US$2,606,000
Sector: Energy/Power
Approval Date: August 5, 1998
Executing Agency: Unidad de Reestructuración de ENEL (URE) for the first and third components. Secretaría Ejecutiva de la Comisión Interministerial de Competitividad (SECIC) for the second component.
Program Financing: Total US$3,476,000; MIF grant US$1,306,000; MIF (contingent recovery basis) US$1,300,000; Local Counterpart US$870,000

BRIEF:
The objective of the program is to provide support for the restructuring of ENEL and for the privatization of the companies created in the restructuring. The first component of the project involves the restructuring and privatization of ENEL; the second component consists of technical assistance and training for SECIC; and the third component will focus on technical assistance and training for URE.

42

Project Title: Harmonization and Integration of the Hydrocarbon Market in the Central American Isthmus
Country: Regional
Grant Amount: US$1,100,000
Sector: Energy
Approval Date: August 5, 1998
Executing Agency: Economic Commission for Latin America and the Caribbean (ECLAC)
Program Financing: Total US$2,950,000; MIF grant US$1,100,000; GTZ US$600,000; ECLAC US$350,000; Local Counterpart US$900,000

BRIEF:
The overall objective of the program is to promote the sustainable development of the hydrocarbon sub-sector (oil and gas) in the Central American Isthmus. The specific objective of the first project, with MIF financing, is to promote conditions conducive to a more efficient and competitive regional hydrocarbons market. This is expected to attract new investments by established and new private sector enterprises, as well as promote public-private investments. The specific objective of the ECLAC- GTZ project will be to promote a more sustainable utilization of hydrocarbons in selected areas by increasing efficiency in their use and mitigating the environmental impact of their use and management.

43

Project Title: Program to Support the Potable Water and Sanitation Sector Reform and the Establishment of the Regulatory Agency
Country: Haiti
Grant Amount: US$965,000
Sector: Water and Sanitation
Approval Date: August 12, 1998
Executing Agency: Ministry of Public Works, Transport and Communications (MTPTC)/Potable Water and Sanitation Sector Reform Unit (SRU)
Program Financing: Total US$1,215,000; MIF grant US$965,000; Local Counterpart US$250,000

BRIEF:
The program will contribute to the implementation of the potable water and sanitation (PWS) sector reform, which will facilitate private sector participation in PWS services. Specifically, the technical cooperation aims at: (1) supporting the preparation of the new regulatory framework; (2) helping organize and train the sector's regulatory agency; and (3) strengthening the environment capacity of all actors involved in the sector.

44

Project Title: Strengthening Water and Sanitation Sector Privatization
Country: Argentina
Grant Amount: US$1,900,000
Sector: Water and Sanitation
Approval Date: November 24, 1998
Executing Agency: Ente Nacional de Obras Hídricas de Saneamiento (ENOSHA)
Program Financing: Total US$4,000,000; MIF grant US$1,900,000; Local Counterpart US$2,100,000

BRIEF:
The main objective of this project is to strengthen regulatory capacity in the water supply and sanitation sector at the provincial and local levels. The specific objectives are (1) to strengthen the agencies' capacity in terms of rate regulation; (2) to develop mechanisms for community and consumer participation; (3) to promote these mechanisms; and (4) to facilitate the participation of private capital in financing the required investments.

45

Project Title: Promotion of the Private Sector in the Electricity Sector in Nicaragua
Country: Nicaragua
Grant Amount: US$50,000
Sector: Energy
Date of Approval: January 15, 1999
Executing Agency: Unidad de Reestructuración de la Empresa Nicaragüense de Electricidad (ENEL)
Program Financing: Total US$50,000; MIF grant US$50,000

BRIEF:
The project's general objective is to develop and negotiate PPAs that are favorable to ENEL and attract private participation in the sector. This project is part of the line of activity for concessions.

46

Project Title: Promotion of Private Participation in Nicaragua's Ports
Country: Grant Amount: US$150,000 (Contingent recovery)
Sector: Transportation
Approval Date: February 2, 1999
Executing Agency: Empresa Nacional de Puertos
Program Financing: Total US$150,000; MIF grant US$150,000 (Contingent recovery)

BRIEF:
The project will finance technical and legal consulting services to assist the improvements of operations and infrastructure in Corinto and Monkey Point ports, and establish a more efficient internal transportation system in Nicaragua. This project is part of the line of activity for concessions.

47

Project Title: Private Sector Participation in the Water Sector
Country: Jamaica
Grant Amount: US$422,500
Sector: Water and Sanitation
Approval Date: February 24, 1999
Executing Agency: National Water Commission (NWC)
Program Financing: Total US$ 600,000; MIF grant US$422,000; Counterpart: US$177,500

BRIEF:
The objective of the project is to assist the NWC in the implementation of privatization schemes for the provision of potable water, sewage and wastewater treatment services in the locations of Negril, Ocho Rios and Montego Bay for the provision of potable water, sewage and wastewater treatment, so that the main implementation and regulatory issues can be identified through practical experience and to provide a basis for the future service delivery strategy. Due to delays in execution, the Government has asked the Bank to reformulate this project.

48

Project Title: Support for Final Closure of a Sanitary Landfill BOT Concession in the Municipality of San Salvador
Country: El Salvador
Grant Amount: US$70,000
Sector: General Infrastructure
Approval Date: February 26, 1999
Executing Agency: Municipality of San Salvador
Program Financing: Total:US$ 100,000; MIF grant US$70,000; Counterpart: US$30,000

BRIEF:
This project financed urgently needed assistance to the Municipality of San Salvador, as the lead community in the metropolitan area, to help finalize the BOT concession under the best possible terms for the country, by allowing it to hire the advisory services of recognized international experts in solid waste project finance. This project is part of the line of activity for concessions.

49

Project Title: Private Sector Involvement in Potable Water and Sewerage in San Pedro Sula
Country: Honduras
Grant Amount: US$750,000 (US$250,000 is contingent recovery)
Sector: Water and Sanitation
Approval Date: April 21, 1999
Executing Agency: Municipality of San Pedro Sula
Program Financing: Total US$ 1,075,000; MIF grant US$750,000; Counterpart US$325,000

BRIEF:
This technical cooperation supports the awarding of a concession for potable water and sewerage services to a private operator using an international tender. Three kind of activities will be funded: (1) project planning and control, as well as coordination of the different actors, to assist the municipality of San Pedro Sula with overall management of the transition; (2) drafting of legal and contractual documents required during and after de transition; and (3) preparation of information for bidders.

50

Project Title: Promotion of Private Participation in the Electricity Sector
Country: Haiti
Grant Amount: US$300,000
Sector: Energy
Approval Date: April 29, 1999
Executing Agency: Conseil de Modernisation des Entreprises Publiques (CMEP)
Program Financing: Total US$300,000; MIF grant US$300,000

BRIEF:
The project will finance technical, financial and legal consulting services to assist the CMEP in the process of modernization of the public electricity utility (EDH) under a concession contract. The concession contract will emphasize aspects such as: (1) the investments to be made by the concessionaire and the uses of such monies; (2) ensuring the transparency of the process with the purpose of obtaining the best economic results possible, by preparing final non-negotiable contracts. This project is part of the line of activity for concessions.

51

Project Title: Road Concession Program
Country: Jamaica
Executing Agency: Ministry of Transport and Works
Grant Amount: US$595,000
Sector: Transportation
Approval Date: May 12, 1999
Executing Agency: Ministry of Transport and Works
Program Financing: Total US$850,000; MIF grant US$595,000; Counterpart US$255,000

BRIEF:
The objective of the program is to support the Government of Jamaica in the development of a system to concede roads to the private sector. Funds are also requested to prepare documentation and procedures for a specific road concession as a pilot project to develop and test the system.

52

Project Title: Institutional Development of the Regulated Industries Commission
Country: Trinidad and Tobago
Grant Amount: US$900,000
Sector: General Infrastructure
Approval Date: July 7, 1999
Total Project Cost: US$1,966,000
Executing Agency: Ministry of Public Utilities; Regulated Industries Commission (RIC)
Program Financing: Total US$1,966,000; MIF grant US$900,000; Beneficiary US$1,966,000

BRIEF:
This technical cooperation aims to increase the efficiency and effectiveness of the utilities sector by helping the Government of the Republic of Trinidad and Tobago establish the appropriate legal, regulatory, and institutional framework to render the RIC a fully operational regulatory agency.

53

Project Title: Competition in Telecommunications
Country: Trinidad and Tobago
Grant Amount: US$300,000
Sector: Communications
Approval Date: July 9, 1999
Executing Agency: Ministry of Public Utilities
Program Financing: Total US$503,000; MIF grant US$300,000; Government of the Republic of Trinidad and Tobago (GORTT) US$203,000

BRIEF:
The goal of the project is to modernize the telecommunications sector of Trinidad and Tobago to allow the development of an information-based economy. The program consists of three basic activities: (1) providing resources for hiring a law firm to advice the GORTT on the renegotiation of the Shareholders Agreement (concession-like document) to encourage competition in all telecommunications markets; (2) providing resources for hiring a law firm to assist the GORTT in the drafting of amendments to legal/regulatory framework to promote competition; and (3) providing resources for hiring a law firm to assist the GORTT in drafting legislation to establish an independent regulator, capable of promoting competition. This project is part of the line of activity for concessions.

54

Project Title: Implementation of a New Institutional and Legal Framework for the Water Supply and Sanitation Sector
Country: Dominican Republic
Grant Amount: US$1,080,000
Sector: Water and Sanitation
Approval Date: August 24, 1999
Executing Agency: Technical Secretariat of the Office of the President
Program Financing: Total: US$1,800,000; MIF grant US$1,080,000; Counterpart: US$720,000

BRIEF:
The purpose of the operation is to implement a new institutional and legal framework for the nation's water supply and sanitation sector. Establishment of the oversight and regulatory authorities under this operation will complement the actions being taken under loan DR-0123, Consolidation of Water Supply and Sanitation Reform, to provide support for reform at the operator level.

55

Project Title: Port Sector Modernization
Country: Belize
Grant Amount: US$1,050,000
Sector: Transportation
Approval Date: September 22, 1999
Executing Agency: Ministry of Public Utilities, Transport and Communications
Program Financing: Total US$1,300,000; MIF grant US$1,050,000; Recipient US$250,000

BRIEF:
This project will help reform the port sector in Belize. It will structure the Belize Port Authority as a regulatory agency and will increase private-sector involvement in port operations and investment. The project will also liberalize access to the ports and the conditions under which the port sector operates, resulting in the removal of the existing monopoly rents and allowing the best use of the existing capacity.

56

Project Title: Renewable Energy Service Delivery
Country: Brazil
Grant Amount: US$ 2,250,000
Sector: Energy
Approval Date: October 13, 1999
Executing Agency: Programa de Desenvolvimento Energético de Estados e Municípios (PRODEEM): Ministério das Minas e Energia
Program Financing: Total US$4,500,000; MIF grant US$2,250,000; Local Counterpart US$2,250,000

BRIEF:
This project will help develop private sector-led renewable energy pilot projects that demonstrate three business models showing promise of delivering energy services to isolated rural communities. (1) The nongovernment organization (NGO) model relies on collaboration between private for-profit business ventures and social or environmental oriented NGOs. (2) the multicommodity model builds on existing service networks in local communities, such as providers of water, liquefied petroleum gas, diesel, television, telecommunications or beverages. (3) the electricity Concessionaire/ Permissionaire model works with selected electric distribution companies to examine the feasibility of providing renewable energy services in lieu of grid extension in the short to medium term.

57

Project Title: Strengthening Water Sector Regulatory Entity
Country: Chile
Grant Amount: US$2,800,000
Sector: Water and Sanitation
Approval Date: December 8, 1999
Executing Agency: Superintendencia de Servicios Sanitarios (SISS)
Program Financing: Total: US$2,800,000; MIF grant US$1,100,000; Counterpart SISS: US$1,700,000

BRIEF:
This Multilateral Investment Fund program strengthens the regulatory capacity of the National Sanitation Authority (SISS) in the water supply and sanitation sector, facilitating private-sector participation in service delivery and investment financing. The six main components are: (1) improvement and consolidation of SISS compliance monitoring policy; (2) improvement of the rate-setting process; (3) specific studies on service regulation; (4) staff training; (5) improving institutional organization of SISS; and (6) organization of a workshop for the transfer of experience.

58

Project Title: Training Program for Energy Regulators in Mercosur
Country: Regional
Grant Amount: US$1,400,000
Sector: Energy
Approval Date: June 6, 2000
Executing Agency: Universidad de Buenos Aires in Argentina, and an institution to be selected in Brazil
Program Financing: Total US$2,760,000; MIF grant US$1,400,000; Local Counterpart US$1,360,000

BRIEF:
The specific objective is to support the design and implementation of training programs for regulatory agents in the energy sector in Argentina and Brazil. This effort is expected to serve as a catalyst for a network of institutions providing training of this type and to develop effective cooperation among regulatory bodies and regional academic centers so as to ensure the long-term sustainability of training efforts.

59

Project Title: Modernization of Telecommunications
Country: Guyana
Grant Amount: US$1,100,000
Sector: Communications
Approval Date: June 6, 2000
Executing Agency: Office of the Prime Minister
Program Financing: Total US$1,600,000; MIF grant US$1,100,000; Beneficiary US$500,000

BRIEF:
The objective of this project is to modernize the telecommunications sector and increase competition in telecommunications in five components: (1) formulation of a modernization strategy; (2) reform of the legal/regulatory framework; (3) development of a network cost model and audit of Guyana Telephone and Telegraph Company (GT&T); (4) outreach/training activities; and (5) support to the regulatory agency. Component 1 supports the Subcommittee of the Cabinet and Working Group in the formulation of a vision and strategy for the telecommunications sector.

60

Project Title: Institutional Strengthening of the Regulator of Potable Water and Sanitation Services (INAA)

Country: Nicaragua

Grant Amount: US$700,000.

Sector: Water and Sanitation

Approval Date: October 25, 2000

Executing Agency: INAA

Program Financing: Total US$1,000,000; MIF grant US$700,000; Counterpart US$300,000

BRIEF:

The general aim of this operation is to strengthen the regulatory framework to ensure efficient and accountable potable water and sewerage services in Nicaragua. The objective is to convert INAA, during a two-year period of transition and consolidation, into an effective regulator, able to respond to the needs of the sector and the ongoing reform process. The authorities plan a step-by-step process to involve private operators, eventually leading to regional concessions for service provision. INAA should be prepared for this increase in the level of private sector activity.

61

Project Title: Strengthening of the Regulatory and Institutional Framework of Air Transport Safety in Central America, Belize, the Dominican Republic, Haiti and Panama

Country: Regional

Grant Amount: US$ 4 million

Sector: Transportation

Approval Date: November 28, 2000

Executing Agency: Central American Corporation for Air Navigation Services

Program Financing: Total US$6,000,000; MIF grant US$4,000,000; Local Counterpart US$2,000,000

BRIEF:

The general objective of this project is to strengthen the institutional and regulatory framework for air transport safety, as a means to improve the economic competitiveness of Central America, Panama, Haiti, Dominican Republic and Belize. As a result, the project will help improve the region's access to world markets and its attractiveness to private investment in aviation and other key economic sectors, such as tourism.

62

Project Title: Bucaramanga Potable Water Project

Country: Colombia

Grant Amount: US$900,000

Sector: Water and Sanitation

Approval Date: November 29, 2000

Executing Agency: National Planning Department

Program Financing: Total US$1,500,000; MIF grant US$900,000; Local US$600,000

BRIEF:

The objective of this project is to maintain the current coverage while providing improved potable water service in the Bucaramanga metropolitan area through active private sector participation that is comprehensive and sustainable in the long term. This experience is intended to be used for moving ahead with studies on private sector participation in other intermediate cities. The program is divided into two components: (1) Component A: to be carried out in two phases for structuring of the investor and/or operator selection process under a financial, technical, commercial, institutional and/or legal framework that will make it possible to develop a water and sanitation investment plan in Bucaramanga, proposing the most suitable arrangement for private sector participation in project implementation and subsequent service delivery; and (2) Component B: prefeasibility studies for private participation in a global water plan for intermediate cities, which will be accordingly prepared.

63

Project Title: Strengthening the Regulatory and Concession Framework for Small & Medium Enterprise Bus Operations in Panama
Country: Panama
Grant Amount: US$ 700,000
Sector: Transportation
Approval Date: February 14, 2001
Executing Agency: Autoridad de Tránsito y Transporte Terrestre (ATTT)
Program Financing: Total US$ 1,167,000; MIF grant US$700,000; Counterpart US$ 467,000

BRIEF:
The objective is assisting the Government of Panama in the improvement of the urban bus transport sector in the Panama City metropolitan area, by implementing a regulatory system that fosters better service delivery through the establishment of a coherent concession regime and increased private sector investment.

The project will finance activities to execute the following five components: (1) institutional strengthening of the ATTT; (2) formulation and implementation of a regulatory and legal framework, including the detailed design of a new concession process; (3) establishment of environmental norms for bus operations; (4) promotion of the participation of the private sector operators and investors; and (5) implementation of the awarding of a new set of urban bus concessions.

64

Project Title: Modernization of Surface Transit in Santiago
Country: Chile
Grant Amount: US$ 1,250,000
Sector: Transportation
Approval Date: March 7, 2001
Executing Agency: Ministry of Transportation and Telecommunications, through its Office of Transportation
Program Financing: Total US$ 2,500,000; MIF grant US$ 1,250,000; Local Counterpart US$ 1,250,000

BRIEF:
This project will help create a modern and efficient mass transit system in metropolitan Santiago by designing new private sector concessions for system operation. The operation will provide enhanced institutional and operational arrangements, and will encourage investments by the companies in vehicles, equipment, repair shops, and other permanent facilities, and in technologies necessary to implement the system.

The project includes the conceptual design of the mass transit system, the legal and regulatory framework for privatization of urban mass transit, economic and financial conditions, technical and operating conditions of the service, analysis of the tax structure, support for existing private operators, the system of supervision and control of concessions, relations with consumers and other stakeholders and support for the concessions bidding process.

65

Project Title: The Latin American Energy Services Fund
Country: Regional
Grant Amount: US$ 90,000
Sector: Energy
Approval Date: June 27, 2001
Executing Agency: Latin American Energy Services Fund
Program Financing: Total between US$ 25-50 million; Equity MIF US$10 million, Private Sector US$5-15 million; other donors US$10-25 million; MIF grant US$ 90,000

BRIEF:
The objective of the project is to make equity or quasi-equity investments in small, innovative companies that operate as energy services companies and subsequently provide access to financing and technical expertise to other companies in MIF-eligible countries in the Latin American region. The objective of the Energy Services Fund is to provide financing for innovative companies that employ energy efficiency measures or utilize renewable energy for generating power. The Fund is expected to have a capitalization of US$ 25 to 50 million for equity and equity related investments, primarily in SMEs meeting the MIF criteria in terms of size, total annual sales and the size of the investments. The lead investor for the equity facility is the MIF.

66

Project Title: Modernization of Telecommunications
Country: Trinidad and Tobago
Grant Amount: US$ 990,000
Sector: Telecommunications
Approval Date: August 1, 2001
Executing Agency: Telecommunications Policy Unit of the Office of the Prime Minister
Program Financing: Total US$ 3,142,000; MIF grant US$ 990,000; Beneficiary US$ 2,152,000

BRIEF:
The program's general objective is to modernize the telecommunications sector of Trinidad and Tobago and encourage the establishment of an independent regulatory agency (Telecommunications Authority of Trinidad and Tobago), strengthen the Telecommunications Policy Unit of the Prime Minister's Office, and provide training on telecommunications policy and regulation to public and private sector individuals.

67

Project Title: Modernization Solid Waste Management in Guatemala City
Country: Guatemala
Grant Amount: US$ 420,000
Sector: Water and Sanitation
Approval Date: December 17, 2001
Executing Agency: Guatemala City Government
Program Financing: Total US$ 600,000; MIF grant US$ 420,000; Local Counterpart US$ 180,000

BRIEF:
The main objective of the project is to support the municipality of Guatemala in the process of contracting a private operator to provide technologically efficient and environmentally sound services for solid waste disposal in the Guatemala City metropolitan area. The project supports the municipality strategy of involving the private sector in service delivery.

68

Project Title: Strengthening of Airport Security
Country: Nicaragua
Grant Amount: US$497,939
Sector: Transportation
Approval Date: April 17, 2002
Executing Agency: Empresa Administradora de Aeropuertos Internacionales with the participation of the Civil Aeronautics Authority
Program Financing: Total US$711,050; MIF Facility I US$497,939; Local Counterpart US$213,111

BRIEF:
The program's objective is to strengthen airport security through reform and adaptation of civil aviation policies and regulatory frameworks through personnel training. This project consists of three basic components: the regulatory reform, the implementation of new administrative services and the training of personnel. This project is part of the line of activity for strengthening airport security.

69

Project Title: Strengthening of Airport Security
Country: Guatemala
Grant Amount: US$316,990
Sector: Transportation
Approval Date: May 15, 2002
Executing Agency: Ministry of Communications, Infrastructure and Housing, through the Civil Aeronautics Authority
Program Financing: Total US$452,890; MIF Facility I US$316,990; Local Counterpart US$135,900

BRIEF:
The program's general objective is to strengthen airport security through the reform and adaptation of civil aviation policies and regulatory frameworks through personnel training. This project consists of three basic components: regulatory reform, implementation of new administrative services and personnel training. This project is part of the line of activity for strengthening airport security.

70

Project Title: Strengthening Airport Security
Country: Jamaica
Grant Amount: US$405,500
Sector: Transportation
Approval Date: June 10, 2002
Executing Agency: Airports Authority of Jamaica (AAJ)
Program Financing: Total US$625,500; MIF Facility I US$405,500; Local Counterpart US$220,000

BRIEF:
The project will contribute to strengthen airport security by updating and modifying the regulations and procedures of the civil aviation agency and training airport security personnel. The objectives are: (a) define the vulnerabilities of the international airports in the country, (b) facilitate the training of all airport protective services staff in the latest security procedures, (c) develop a comprehensive contingency plan for the AAJ to deal with any eventual aviation security breaches and emergencies, (d) strengthen the regulatory capabilities of the Jamaican Civil Aviation Authority (JCAA), and (e) create an effective an efficient security team within the AAJ, the JCAA and the related government agencies to meet new international security norms and standards. This project is part of the line of activity for strengthening airport security.

71

Project Title: Support for the Regulatory Framework for Electricity Services
Country: Uruguay
Grant Amount: US$ 371,000
Sector: Energy
Approval Date: June 13, 2002
Executing Agency: Electric Energy Regulatory Agency (UREE) and Department of Economic Policy and Regulation.
Program Financing: Total US$ 530,000; MIF Facility I US$ 371,000; Local Counterpart US$159,000

BRIEF:
The program's objective is to help consolidate the reform process in the electric energy sector and generate service efficiency gains, which will make the economy more competitive and improve consumer welfare. The specific objectives include: (1) strengthening the transparency, predictability and efficiency of regulatory activities by implementing a set of internal procedures within the UREE to systematize its work based on a quality management system; and (2) completing the implementation of the electricity regulatory framework by calculating the power supply interruption cost. This project is part of the line of activity for regulatory strengthening in C & D countries.

72

Project Title: Reform of the Water Supply Sector and Establishment of a Regulatory Agency in the State of Veracruz
Country: Mexico
Grant Amount: US$ 1,000,000
Sector: Water and Sanitation
Approval Date: June 26, 2002
Executing Agency: Veracruz State Department of Regional Development
Program Financing: Total US$2,000,000; MIF Facility I US$1,000,000; Local Counterpart US$1,000,000

BRIEF:
The program objective is to support the Government of the State of Veracruz in the modernization of its water supply and sanitation sector and the promotion of private-sector participation. The program includes the establishment of a sector modernization and reform strategy, the review and modification of the existing regulatory framework, the creation of an autonomous regulatory agency, measures necessary to incorporate private sector participation in service management and the organization of a seminar/workshop to disseminate results.

73

Project Title: Support for Business Performance Through the Use of Information and Communication Technologies
Country: Colombia
Grant Amount: US$1,000,000
Sector: Communications
Approval Date: August 7, 2002
Executing Agency: Confederación Colombiana de Cámaras de Comercio (Confederation of Colombian Chambers of Commerce)
Program Financing: Total US$1,970,000; MIF Grant US$1,000,000; Local Counterpart US$970,000

BRIEF:
The overall objective of the project is to help make Colombian SMEs more competitive through the use of information and communication technologies. The specific objective is to increase the performance of Colombian SMEs by encouraging the formation of business communities through the use of information technologies and electronic commerce, particularly business-to-business electronic commerce. The components of the project include the development of a methodology for action, raising awareness among businesses in priority sectors, conducting diagnostic assessments, the implementation of technological services in business communities and the dissemination of the results and lessons learned from the project.

74

Project Title: Support for the Regulatory Framework for Telecommunications Services
Country: Uruguay
Grant Amount: US$420,000
Sector: Communications
Approval Date: September 20, 2002
Executing Agency: The Telecommunications Services Regulatory Unit and the Department of Economic Policy and Regulation of the Budget and Planning Office
Program Financing: Total US$600,000; MIF Facility I US$420,000; Local Counterpart US$180,000

BRIEF:
The project's general objective is to help consolidate the reform of the telecommunications sector in Uruguay and increase efficiency in the provision of services so as to enhance economic competitiveness and consumer welfare. The specific objective includes the provision of pending elements of the legal and regulatory framework for the telecommunications sector and the contribution to institutional strengthening of the Telecommunications Services Regulatory Unit. This project is part of the line of activity for regulatory strengthening in C & D countries.

75

Project Title: Regulation of a New Public Transportation System for Greater San Salvador
Country: El Salvador
Grant Amount: US$500,000
Sector: Transportation
Approval Date: October 1, 2002
Executing Agency: Ministry of Public Works by means of the Vice Ministry of Transport (VMT)
Program Financing: Total US$715,000; MIF Grant US$500,000; Counterpart US$215,000

BRIEF:
The objective of this project is to provide a well-designed regulatory framework for the purpose of implementing an improved urban public transportation sector in metropolitan San Salvador. The specific objective is to strengthen the regulatory capacity of the new Division of Public Transportation (DPT) within the VMT, create the internal regulations and prepare the private sector for the implementation of an improved public transportation system. This project is part of the line of activity for regulatory strengthening in C & D countries.

76

Project Title: Strengthening Airport Security
Country: Suriname
Grant Amount: US$435,000
Sector: Transportation
Approval Date: October 4, 2002
Executing Agency: Civil Aviation Security Authority of Suriname (CASAS)
Program Financing: Total US$620,000; MIF Facility I US$435,000; Local Counterpart US$185,000

BRIEF:
The project aims to strengthen airport security by updating and modifying the regulations and procedures of the civil aviation agency and training their personnel. The basic components of the project are: (a) the definition of the vulnerabilities of the airport; (b) the training of all CASAS, Zanderij Limited Liability Company (ZLLC) and Department of Civil Aviation (DCA) staff in the latest security procedures, systems and equipment to meet international standards; (c) the development of a contingency plan for the ZLLC to deal with any aviation breaches and emergencies; and (d) the creation of an effective security team within the ZLLC, CASAS, and the related government agencies to meet new international security norms and standards. This project is part of the line of activity for strengthening airport security.

77

Project Title: Strengthening Airport Security
Country: Trinidad and Tobago
Grant Amount: US$500,000
Sector: Transportation
Approval Date: October 4, 2002
Executing Agency: Civil Aviation Authority (CAA)
Program Financing: Total US$715,000; MIF Facility I US$500,000; Local Counterpart US$215,000

BRIEF:
The general objective of the project is the strengthening and enhancement of airport security to the highest levels to meet new international standards and to capture the economic benefits flowing from access to world markets. Specifically, the objectives are to (a) strengthen and enhance the aviation regulatory powers of the CAA, (b) facilitate the training of an adequate number of staff at the Airport Authority (AATT) and CAA in the latest security procedures, systems and equipment to meet international standards, (c) develop a comprehensive aviation security program that will allow the CAA and the AAATT to maintain a high level aviation security environment for years to come, (d) provide CAA and AATT with adequate tools that will allow them to enhance public awareness and trust in the new security team within the CAA and the AATT and other related government agencies to meet new international security norms and standards. This project is part of the line of activity for strengthening airport security.

78

Project Title: Strengthening Airport Security
Country: Uruguay
Grant Amount: US$500,000
Sector: Transportation
Approval Date: October 10, 2002
Executing Agency: National Civil Aviation and Air Traffic Infrastructure Authority
Program Financing: Total US$714,000; MIF Facility I US$500,000; Local Counterpart US$214,000

BRIEF:
The main purpose of the project is to promote the safe and efficient development of air transportation. This includes strengthening airport security in Uruguay by modifying the airport security regulatory framework, implementing new security systems and training airport security staff. This project is part of the line of activity for strengthening airport security.

79

Project Title: Strengthening Airport Security
Country: Honduras
Grant Amount: US$118,000
Sector: Transportation
Approval Date: October 24, 2002
Executing Agency: Ministry of Public Works, Transportation and Housing, through the Directorate of Civil Aviation
Program Financing: Total US$168,000; MIF Facility I US$118,000; Local Counterpart US$50,000

BRIEF:
The project's general objective is to strengthen airport security through the review and upgrading of the regulatory framework governing civil aviation policy and staff training. This project consists of three basic components: regulatory reform, implementation of new administrative services and personnel training. This project is part of the line of activity for strengthening airport security.

80

Project Title: Strengthening of Airport Security
Country: El Salvador
Grant Amount: US$196,630
Sector: Transportation
Approval Date: November 4, 2002
Executing Agency: Autonomous Executive Commission on Ports (CEPA)
Program Financing: Total US$280,930; MIF Facility I US$196,630; Local Counterpart US$84,300

BRIEF:
The objective of the program is to strengthen airport security through the reform and adaptation of civil aviation policies and regulatory frameworks and personnel training. This project is part of the line of activity for strengthening airport security.

81

Project title: Strengthening Electricity Sector Regulation in Support of Private Investment
Country: Guyana
Grant Amount: US$500,000
Sector: Energy
Approval Date: January 06, 2003
Executing Agency: Public Utilities Commission
Program Financing: Total US$733,000; MIF grant US$500,000; Local counterpart US$233,000

BRIEF:

The basic objective is to contribute to the development of the electricity sector and of the overall economy, through enhancing private investor participation and establishing competition in the sector. Operational objectives are twofold: (i) to consolidate and further develop the legal/regulatory/institutional framework to facilitate private investment, through transparent and consistent rules and procedures for independent power producers (IPP) solicitations, power purchase agreements (PPA), and competition in generation; and (ii) to strengthen the Public Utilities Commission's (PUC) capacity to effectively apply this framework and evaluate private investors' proposals to pursue operations in the electricity sector.

The program comprises three components: (i) strengthening of the legal/regulatory/institutional framework for private investor participation, including (a) solicitation procedures for IPPs, based on recommendations to modify the existing regulatory framework and an assessment of investment requirements in generation, (b) preparation of a model PPA, and (c) a program to attract private investors to the sector; (ii) strengthening PUC's regulatory capacity, including (a) norms and procedures for monitoring and supervising sector operators, (b) evaluation of PPA proposals, and (c) improving PUC's management information system; and (iii) knowledge development and dissemination, including (a) professional training, (b) participation in regional events, and (c) national consultation with policy makers and stakeholders.

82

Project title: Strengthening of Airport Security
Country: Colombia
Grant Amount: US$500,000
Sector: Airports
Approval Date: January 24, 2003
Executing Agency: Special Civil Aeronautics Management Unit
Program Financing: Total US$ 835,000; MIF grant US$500,000; Local counterpart US$335,000

BRIEF:

The program's general objective is to strengthen security at Colombia's main airports; improve and upgrade current regulations; and implement a plan to train instructors and provide training to staff in aspects related to airport security.

The project consists of the following components: (i) adaptation of the airport security regulatory framework to comply with ICAO, (ii) implementation of new security systems; and (iii) training of airport security staff.

83

Project title: Institutional Strengthening of the National Concession Council
Country: Costa Rica
Grant Amount: US$500,000
Sector: Transportation
Approval Date: June 26, 2003
Executing Agency: National Concession Council
Program Financing: Total US$ 715,000; MIF grant US$500,000; Local counterpart US$ 215,000

BRIEF:

The general objective of this MIF project is to improve the legal, regulatory and institutional framework for granting infrastructure concessions in Costa Rica. The specific objectives are to strengthen the institutional capacity and human resources of the National Concessions Council (CNC), to consolidate the laws and regulations pertaining to concessions and the internal functions of the CNC, and to prepare a comprehensive infrastructure concessions program with an emphasis on roads.

84

Project title: Program to Strengthen Airport Security
Country: Paraguay
Grant Amount: US$500,000
Sector: Airports
Approval Date: September 05, 2003
Executing Agency: Dirección Nacional de Aeronáutica Civil
Program Financing: Total US$ 715,250; MIF grant US$500,000; Local counterpart US$ 215,250

BRIEF:

The general objective of the program is to promote safe, efficient development of air transportation. The program's specific objective is to provide DINAC with the technical capacity needed to strengthen airport security, thereby allowing Paraguay to comply with new airport security standards.

The program components include: (i) adjustment of standards to incorporate the new amendments to Annex 17 of the International Civil Aviation Organization (ICAO); (ii) implementation of new administrative services and improvement of existing security operations at the Silvio Pettirossi International Airport (AISP) and another three main airports in Paraguay; and (iii) training for airport security staff.

85

Project title: Institutional Strengthening of the Concessions and Divestitures Unit of the Ministry of Communications, Infrastructure and Housing
Country: Guatemala
Grant Amount: US$500,000
Sector: Transportation
Approval Date: September 09, 2003
Executing Agency: Ministry of Communications, Infrastructure and Housing
Program Financing: Total US$ 715,000; MIF grant US$500,000; Local counterpart US$ 215,000

BRIEF:

The general objective of the project is to promote private participation in the infrastructure and services sector. The specific objective is to strengthen the Unit's human resource base, organization, and capacity for execution, for the purpose of improving the regulatory, contractual, and institutional framework under which the processes of private participation unfold.

ANNEX 3: IDB OPERATIONAL POLICIES

OP-708 Public Utilities

NOTE:
The operational policies of the Inter-American Development Bank are intended to provide operational guidance to staff in assisting the Bank's borrowing member countries. Over the course of the Bank's 40 years of operations, the approach to developing operational policies has taken various forms, ranging from the preparation of detailed guidelines to broad statements of principle and intent. Many policies have not been updated since they were originally issued, and a few reflect emphases and approaches of earlier years which have been superseded by specific mandates of the Bank's Governors, the most recent being the Eighth Replenishment mandates of 1994.

In accordance with the Bank's information disclosure policy, the Bank is making all of its operational policies available to the public through the Public Information Center. Users please note that the Bank's operational policies are under a process of continuous review. This review process includes preparation of best practice papers summarizing experience at the Bank and other similar institutions, and sector strategy papers.

Objective

To promote the provision of *public utility services* that contribute to the long-term economic development of the region and to the well-being of its people by adopting a sector structure and regulatory policy seeking to:

- **To Ensure Long-term Sustainability of the Services**. Ensuring long-term sustainability of the services is contingent on the availability of resources to fund the operation, maintenance and investments that are required to improve and expand the services to existing and future consumers. Therefore, service suppliers must be assured a stream of financial flows that covers the operating, maintenance and capital expenditures associated with the services; macroeconomic and sector conditions must foster a favorable investment environment in the industry, facilitate access to financial resources and reduce the cost of capital; and consumers must be satisfied or the political sustainability of the services may be in jeopardy.

- **To Achieve Economic Efficiency**. When economic efficiency is achieved, prices can be kept at the minimum level compatible with the long-term sustainability of the service, and at the same time, they can provide consumers with incentives resulting in an optimal use of the services. If circumstances permit, competition will be the most effective means of promoting economic efficiency. However, when circumstances do not permit, efficiency incentives can still be enhanced through a variety of institutional and regulatory mechanisms.

- **To Safeguard Quality**. The adequacy of any public service will be contingent on safeguarding the quality provided to the consumer. It is therefore important to ensure that cost changes are properly balanced with any change in the quality of service. This balance can be obtained only with the development of a sound framework for quality of service regulation. This framework will encompass a set of procedures whereby feasible quality standards are clearly defined with reference to the balance of costs and benefits, and subsequently monitored and enforced via a system of penalties and incentives.

- **Promote Accessibility**. Promoting the accessibility of the service to all citizens occupies an important position in the political philosophy of public service provision, particularly for the water supply and waste water disposal sectors. However, there is evidence to suggest that social policies have not always been effective in reaching the most disadvantaged. There has been a traditional emphasis on improving the affordability of the service to existing users, while often overlooking the fact that those in greatest need lack any kind of access to the service at all. Consequently, social policies should reflect the importance of promoting access to all users.

- **To Meet Wider National Objectives**. The operation of public services may sometimes be in conflict with wider national objectives such as the protection of the environment. Sectors such as power, water supply, waste water disposal and waste disposal clearly have a substantial impact on environmental quality and/or other uses of water. As a consequence these sectors must be integrated within a framework of environmental regulation which is compatible with the economic circumstances of the country.

A number of important trade-offs exists among the objectives mentioned before. For example, long-term sustainability may come into direct conflict with promoting accessibility and attaining efficiency. Where such situations arise, difficult judgments will need to be made. While the appropriate balance will be highly context-dependent, the resolution of such trade-offs should be guided by the long-run achievement of the objectives; should be based on a thorough analysis of the problem; and should be resolved via the use of transparent policy mechanisms that minimize any economic distortion. Project documents should clearly state the extent to which the objectives are attained. However, there is one area in which no compromise should be made and that is, in meeting the objective of long-term service sustainability by ensuring that financial flows rise to a level compatible with full cost recovery, while guaranteeing economic efficiency as a general goal of service provision.

Basic Conditions

Basic conditions that must be met to assure the accomplishment of the objectives are:

- **Separation of Roles**. The single most important contribution to the joint achievement of the objectives is to separate the roles of *policy formulator*, *regulator* and *entrepreneur*. Under the traditional model, the State combined a variety of roles when providing public utility services. This combination of roles compromised the achievement of the policy's objectives, by creating an operating environment characterized by insufficient tariffs, soft budget constraints, weak efficiency incentives, and low accountability. This situation must be remedied by clearly defining each role and allocating it to a distinct and appropriate institution. Thus the authorities will retain responsibility for *policy formulation*, while a separate public sector body will implement the regulatory regime, leaving the service provider with a purely entrepreneurial role for either public or privately owned utilities.

- **Sector Structure**. The possibilities of achieving efficiency in a given sector and country are highly dependent on the existence of a sector structure that fosters economic efficiency and maximizes the scope for completion. Therefore, the adequacy of every sector structure should be judged by its overall impact on the efficiency of the sector, and in particular by the extent to which this structure can facilitate the development of competition. Facilitating the development of competition may be achieved by the separation of natural monopoly activities from potentially competitive activities via *vertical separation* and *horizontal break-up* of the sector. The extent to which these separations are feasible and desirable will depend both on the nature of the sector and on the size of the market. The nature of the sector determines the activities functioning as natural monopolies; the size of the market determines the feasibility of the creation of an adequate number of competitors operating at an efficient scale. In general, the creation of international networks enhances the prospects for competition in certain sectors. This will be particularly true in the case of small countries. In addition, improving efficiency may be achieved by the horizontal break-up of *naturally monopolistic* activities with a view to facilitating yardstick competition. For example, in the water supply sector, the creation of a number of distinct local service providers introduces the possibility of making efficiency comparisons among them and thereby inducing competitive behavior. Under somewhat different circumstances, an overly fragmented sector may benefit from the *horizontal integration* of a number of existing business units in order to reach a *minimum efficient scale*.

- **Adoption of a Sound and Adequate Regulatory Regime**. Adopting a sound regulatory regime appropriate to the particular conditions of each sector in each country is a key factor in the attainment of the objectives. This will imply that a model of regulation based on incentives will be most suitable to the attainment of efficiency as a general goal. A regulatory regime should therefore contribute to create a favorable climate for investments and to a lowering of the cost of capital; promote and oversee competition; regulate prices for natural monopolies assuring economic efficiency while keeping financial sustainability; assure an efficient fulfillment of social or national objectives, including a judicious use of subsidies when necessary; and maintain consumer satisfaction by being responsive to their interests. The following considerations are relevant:

    a) **A Favorable Investment and Credit Climate** contributes to the long-term sustainability of the services. This climate is obtained by adopting transparent procedures and appealing mechanisms, making clear decisions, and other elements that minimize the risk to investors and lenders without compromising the prospects for competition or the consumer interest.

b) **Competition Is Promoted** because, when feasible and desirable, it is the best tool to achieve efficiency. Direct competition in the market reduces the prices ultimately paid by the consumer and maximizes their satisfaction while keeping the regulatory burden at a minimum. When this is not possible or desirable because of sector or country conditions, competition for the market may be an alternative. Because the transition from an integrated monopoly to a competitive market cannot be expected to take place in a smooth and instantaneous manner, a considerable degree of regulatory oversight will be required. This will ensure that competition is preserved and developed, that markets function efficiently, economic efficiency is achieved and that equitable terms of access are provided to all competitors. When the market becomes competitive, it would be the role of the regulator to foster the conditions that lead to achieving the objectives of the policy, to supervise compliance and promote enforcement.

c) **Prices for Natural Monopolies** are regulated to assure long-term financial sustainability and to attain economic efficiency when competition is not possible. Long-term sustainability is achieved by adopting incentive regulation mechanisms to create a stream of cash flows that cover all costs, including a remuneration to capital commensurate with the risks and other local conditions. Where natural monopoly conditions prevail, adequate incentives for achieving economic efficiency in service provision may be provided through a variety of regulatory instruments while avoiding the temptation to intervene in the day to day affairs of the utilities. Success in the application of these instruments will inevitably depend on the flow of accurate and consistent information between the service provider and the regulator. Cost comparisons among utilities enhance the capacity of the regulator to regulate tariffs. Regulators should also work towards the creation of the conditions that lead to the adoption of tariffs that signal the marginal cost of the service to the end user. In the case of State Owned Enterprises (SOEs), adoption of tariffs signaling marginal costs while maintaining the long run financial viability of the utility with an adequate return must be a goal to be achieved. Nonetheless, the most elegant tariff structure will prove ineffectual in this regard unless it is underpinned by a well-functioning system for measuring and billing consumption whenever the benefits from measurement outweigh the costs.

d) **Subsidies and/or Other Forms of Intervention** as a mechanism to achieve wider national objectives relating to social equity and environmental preservation may be considered in some cases. However, such a broadening of the regulatory agenda carries certain pitfalls and requires careful thought. In situations where it is deemed desirable, it must always be accompanied by an adequate degree of coordination with other government entities, and must always be undertaken through the vehicle of transparent policy mechanisms. Well-designed social policies should be comprised of the following elements: (1) an explicit statement and clear justification of the chosen social objective; (2) a procedure ensuring a mechanism for collecting the necessary funds, whether from general taxation or tariff revenues; and (3) a transparent mechanism for allocating funds to the target group. This implies avoiding the use of cross-subsidies, unless it can be clearly demonstrated that they are the best available alternative to meet the objectives.

A common and effective way to avoid efficiency distortions is to concentrate the use of subsidies in facilitating access to services, and/or in reducing fixed charges to the poor, rather than modifying the variable part of the tariff.

e) **Promoting Consumers Interests** and ensuring that they reap the full benefits of efficiency gains in the sector is a necessary condition for the sustainability of the regulatory regime. This is achieved by avoiding potential abuses of market power on the part of the service provider, establishing and enforcing quality and customer service standards.

- **Appropriateness of Institutional Vehicles for Regulation**. The selection of an institutional vehicle appropriate to the specific conditions of the country and sector is of major importance to the effectiveness and sustainability of the regulatory process. This vehicle may take a variety of forms, ranging from regulation by contract to more sophisticated approaches requiring the creation of an explicit regulatory body; in the case of the public services covered by this policy, the presumption is that some form of regulation will generally be needed. The appropriateness of any specific vehicle should be determined by comparing the benefits of regulation with its cost, keeping in mind that the costs of regulation comprise the potential for regulatory failure and the financial expenditures associated with the regulatory process. The regulatory body should be autonomous in character, entailing an effective insulation from political interference on the one hand and regulatory capture on the other. In promoting autonomy measures, such as the financial self-sufficiency of the body, the existence of pre-specified conditions of appointment will be helpful, although they cannot of themselves guarantee it. Furthermore, the creation of a regulatory body raises a number of other more detailed design issues which will inevitably entail trade-offs, and which thus may only be resolved with reference to the particular political and economic context of any specific sector. The largest issue facing the regulatory body is its ability to make a credible commitment to the objectives of the policy. This is enhanced by assuring the transparency of the regulatory process and its ability to produce predictable and clear results. Other issues include: the appropriate degree of regulatory decentralization, a single national regulatory body or delegation of some functions to regional bodies; the desirability of multi-sectoral, including two or more utility sectors, and/or multi-functional, comprising regulation and its supervision, type of regulatory body; and leadership of the entity, a single regulator or a commission.

- **Adequacy of the Legal Framework**. The *legal framework* of the country must be adequate with respect to the chosen sector structure and regulatory framework. Because many regulatory options, the existence of *competition in the market*, and some kinds of private sector participation can only function effectively within a specific legal context, countries should carefully study the adequacy and compatibility of the proposed options with their legal systems. If necessary, the country should consider the viability for wider changes in the system encompassing, among others, the areas of public sector procurement procedures and contract law, in order to facilitate various modes of private sector participation; competition and anti-trust legislation, in order to provide the basis for developing a competitive market; and appealing bodies and/or arbitration procedures, in order to support the resolution of disputes between the regulator and the service provider. The ability to undertake these changes, which is closely related to the size and level of development of the country, human resource endowments and the particular political environment, may severely limit the range of options and the timing of private sector participation available to the country.

- **Adoption of Governance Modes**. The modes of governance adopted will determine to a significant degree the efficiency incentives faced by the management of the *service provider*. Efficiency at the enterprise level is enhanced when corporate decisions are taken on a purely commercial basis within the limits of an adequate regulatory framework. Generally speaking, the most effective means of achieving this goal is through private sector participation. Such participation need not entail outright *asset sales*, but may take a variety of lesser forms including, among others: *lease contracts* and *concessions*; and *Built Operate and Own (BOO)* or *Built Operate and Transfer (BOT)* type contracts. If private sector participation is not a viable option at the time, there are a number of modes of governance within the public sector which may be used to place the management of the enterprise within a more commercial operating environment such us *corporatization* and *service* and *management contracts*. Just as the regulatory entity must be insulated from direct political interference, a similar degree of autonomy should be introduced for the enterprise. An additional mode of governance which is worthy of consideration, particularly in rural settings, is that of the *cooperative*. Where different modes of ownership coexist within the same service sector, they all must beplaced on an equal footing vis a vis the implementation of the *regulatory regime*.

- **The Existence of Firm Government Commitment with the Objectives of this Policy**. The ultimate success of the whole process hinges on a sustained government commitment to enforce and develop the regulatory regime. In order to be successful a regulatory regime must not only be carefully designed but competently implemented. Even a minimum compliance with the basic conditions may require a number of radical and substantive measures, which can only be brought about and sustained in the presence of a profound long-term commitment on the part of their governments. In the absence of such a commitment, unilateral and/or piecemeal interventions on the part of the Bank are likely to prove ineffectual.

Compliance with the Basic Conditions and Bank Involvement in the Sector

The Bank must take both a long-term and a comprehensive view of its involvement in a particular public utility sector because of the depth and time-length of the reforms that many countries will require to comply with the basic conditions, the important interactions among these conditions, the variety and complementarity of the instruments available to the Bank to support the countries, and the continuous innovation in the field of regulation. The basic conditions help to define a core program of actions required for a self-sustaining sector reform process, in circumstances where such reforms are clearly required, and provide criteria on which to judge the adequacy of a given regulatory framework. Well-designed sector reforms are complex tasks that ordinarily take a long time to complete. Furthermore, the success of a reform process is not assured once all the constituent elements of the framework have been put in place. Success depends not only on an adequate design of a regulatory framework and regime, but also on the supervision, enforcement and on the continuous implementation and adaptations to changing circumstances. In particular, the process of regulation requires a sustained effort to ensure that the fruits of the reform are ultimately forthcoming. This will involve not only continued training and support, but also the strengthening of the institution as a whole by helping to create the appropriate "culture of regulation" in the countries concerned.

The order in which the various measures are carried out is also important because there are important interactions among the basic conditions. Although there is a considerable degree of simultaneity involved , there are at least some measures which should definitely precede others. For example, the form of the sector restructuring will affect the scope for competition and thus the design of the regulatory regime; therefore, restructuring of the sector and the creation of regulatory institutions and regimes should generally precede any major moves towards private sector participation, although it must be recognized that in some cases, where the legal framework is suitable, the public-private contract may cover the necessary regulation. Also, in most cases, it is desirable that such measures be implemented at a national level, thereby facilitating an integrated and cohesive treatment of the issues. With piecemeal reforms, there is always the danger of taking a narrow view of the problem resulting in the adoption of solutions which lack overall coherence, compromise the long term political viability of the effort, and which may constrain the options available elsewhere.

The Bank must consider how different policy, technical cooperation and lending instruments are likely to come into play at different stages in the process. Bank instruments are likely to be of greatest impact when employed in a coordinated fashion both within and across sectors. Therefore, any financial operation, public or private sector window of the Bank in the sector should be treated as part of a comprehensive and continuous process of support for the achievement of the objectives of the policy. When lending through the private sector window, the viability of the resulting private investments, present and future, will be highly dependent on the achievement of the basic conditions mentioned before. Thus, when considering private sector involvement in a specific sector, a determination should be made as to the adequacy of the existing sector structure and regulatory framework, including its supervision and enforcement, in achieving the objectives of the policy and its overall sustainability. Where deficiencies exist, these should be remedied by making use of the instruments available to the Bank. The Bank should take measures to promote the synergies which exist among its policy instruments, or at the very least, to avoid any inconsistencies in their application.

To assure a coherent and effective support to the countries, the nature of the Bank's involvement must reflect the degree of government commitment to the mutually agreed upon requirements in the country strategy; the pace of Bank's involvement should be set to accompany the progress obtained in the implementation of the agreed upon reform program; and significant action can only be taken when the government has already made credible and irreversible public commitment to the mutually agreed upon process, signaled by the adoption of some of the basic conditions, or at least by making satisfactory progress towards their implementation. Where this is not the case, Bank actions should be relatively modest in scope and should focus on the goal of strengthening government commitment up to a point where there is an adequate basis for further financial support. Once the major elements of the process have been completed, the Bank should continue its financial support to the sector as requested using the instruments that best suit the particular conditions. However, even in the absence of lending operations, and with the purpose of assisting the country in the necessary oversight and adjustments to the process, the Bank should maintain its involvement in the sector by means of the country dialogue and the judicious use of technical cooperation.

It is acknowledged that the present policy will be applied in a very wide range of circumstances, both as regards the conditions of the sector and the wider situation of the country. The policy cannot encompass all of these circumstances, and consequently, it is conceivable that a departure from one or more of the basic conditions could be countenanced in some cases. In such circumstances, those advocating any such departure must show compliance of the proposal with the objectives of this policy. Also, given the comparative newness of the field, it is likely that there are other possible methods for supporting the creation of a sound regulatory framework beyond those that are explicitly listed here. There is clearly much scope for innovation on the part of Bank personnel engaged in assisting governments in this area, and such innovation is to be encouraged. However, Management must perform periodic assessments of the adequacy of the policy. In particular, it will report to the Board of Executive Directors on the effectiveness of policy instruments in bringing about the desired changes, and on the contribution of the basic conditions themselves to the attainment of the overall objective of the policy.

Fields of Activity

This policy applies to all Bank operations, both public and private window, and is cross-sector in its scope. The policy is primarily targeted towards electricity, natural gas, water supply, waste water disposal, telecommunications and refuse collection, which jointly share many important economic characteristics.The present policy is complemented by a other current policies:

a) Sectoral: Telecommunications (OP-732); Energy (OP-733); Electric Power (OP-733-1); Sanitation (OP-745); Public Health (OP-742), and

b) Multisectoral: Environment (OP-703); Urban and Housing Development (OP-751); Rural Development (OP-752).

In recognition of the diversity of technological conditions facing the constituent sectors, Bank management will periodically issue sector-specific operational guidelines to facilitate the application of the policy in particular cases.

Prevailing Reference Document:
GN-1869-3, August 1996.

OP-731 Transportation

NOTE:
The operational policies of the Inter-American Development Bank are intended to provide operational guidance to staff in assisting the Bank's borrowing member countries. Over the course of the Bank's 40 years of operations, the approach to developing operational policies has taken various forms, ranging from the preparation of detailed guidelines to broad statements of principle and intent. Many policies have not been updated since they were originally issued, and a few reflect emphases and approaches of earlier years which have been superseded by specific mandates of the Bank's Governors, the most recent being the Eighth Replenishment mandates of 1994.

In accordance with the Bank's information disclosure policy, the Bank is making all of its operational policies available to the public through the Public Information Center. Users please note that the Bank's operational policies are under a process of continuous review. This review process includes preparation of best practice papers summarizing experience at the Bank and other similar institutions, and sector strategy papers.

Objective

To orient the financial assistance and technical cooperation the Bank extends to its member countries in the transportation sector for them efficiently to organize, construct, administer and operate their transportation systems.

This assistance should be consistent with the growth and development model of each country, its needs for physical integration and its transportation requirements, both in the national sphere and in the sphere of regional integration.

Emphasis will be placed on the institutional aspects, programming, planning and maintenance, as well as on rehabilitation and expansion of existing systems. Projects for new construction will also be considered.

Fields of Activity

1. **SCOPE.** The Bank may finance projects for transportation by land, river, air, sea or pipeline. However, due to the limited resources assigned by the Bank to the transportation sector, the Bank's participation in large transport projects primarily may be catalytic in nature so as to encourage more massive financial assistance from other sources and to provide financing in those areas where other resources are less likely to be available.

   The Bank's policy will cover financing of loans and technical cooperation for:

   a) collaboration in the institutional strengthening of the transportation sector in the member countries, including training and manpower development;

   b) the organization, rationalization and/or improvement of transportation services for the movement of passengers and freight to and from the various human settlements, production centers and consumption centers;

c) maintenance, rehabilitation and expansion of existing infrastructure with a view to the utilization, in the best possible way, of those modes of transport that will best support the economic development process of the Bank's member countries as well as new transportation projects necessary for the process of socioeconomic development; and

d) support for the transportation industry (this will be coordinated, whenever applicable with the Industrial Development Policy, OP-722).

For all modes of transportation the Bank may finance the purchase of materials, equipment and vehicle needs that enhance construction of transportation projects and the Bank may also finance other materials and equipment that clearly complement physical infrastructure such as: cranes and loaders for freight stations, ports and airports, navigation aids and other equipment for the operation of land, air and maritime terminals with greater security and efficiency for the movement of passengers and freight.

Purchase of rolling stock or traction vehicles, aircraft or watercraft may be financed by the Bank to meet particular developmental needs.

Developmental needs may be identified, for example, in the following areas: the overall rationalization of a public transportation system and regional integration projects.

Provision of Bank financing for these items would take into account the availability of private sources of financing, which, in the opinion of the Bank, are reasonable for the borrower.

In addition, when the acquisition of such items is programmed within the context of agricultural, industrial, mining, energy or other such projects, the Bank will consider financing within the framework of the corresponding sectoral policy.

2. **SUBSECTORS**. In view of the great complexity of the transportation sector and the different stages found in each of the developing member countries, this policy does not establish priorities, this policy does not establish priorities among the different subsectors (road, railway, water transportation, etc.). The priorities may differ in each country according to its particular conditions and special characteristics.

   However, in each of the subsectors indicated below the different activities are listed in general order of priority.

   a) **Road Transportation**. The Bank will support the financing of roads, terminals or stations for passengers and freight, and complementary equipment of the physical infrastructure, in any of the various road systems making up the national and international systems of Latin America.

The Bank will place emphasis on: i) institutional strengthening of the subsector; ii) projects to rehabilitate and widen existing highways and roads, as well as projects for the maintenance and protection of road systems; and iii) construction of new projects with special emphasis on rural roads and penetration roads.

b) **Railway Transportation**. Railway projects considered by the Bank should contemplate:

i. strengthening the institutional capacity of railway enterprises through improvements in their management, administrative and technical systems. In any case the evaluation of such capacity and improvements, if necessary, should precede any investment in construction of infrastructure, in accord with the general policies of the Bank;

ii. rationalization, maintenance, rehabilitation, remodeling and/or extension of systems currently in operation; and

iii. construction of new rail lines, terminals and intermediate stations, and the acquisition of equipment for passenger and cargo-handling service, as well as traffic safety installations, etc.

c) **Water Transportation**. The Bank may finance infrastructure projects for maritime, lake or river transportation, under the following headings:

i. institutional strengthening of the subsector;

ii. rationalization, maintenance, rehabilitation, reconstruction or expansion of port systems and existing maritime, river or lake infrastructure, including facilities for service and maintenance of ships; and

iii. construction of new ports and new sea, river and lake infrastructure.

d) **Air Transportation**. In this subsector the Bank may extend financing for:

i. institutional strengthening;

ii. rationalization, maintenance, rehabilitation, remodeling or expansion of existing airports and their aerial navigation and safety systems;

iii. construction and/or expansion of aerial navigation and safety systems; and

iv. construction of new airports and their aerial navigation and safety systems, with preference for local traffic.

e) **Transportation by Pipeline**. The Bank may finance the construction, rehabilitation, maintenance and extension of pipelines, including the purchase and installation of pipe and necessary equipment.

3. **URBAN TRANSPORTATION**. Because of the special characteristics of urban transportation, Bank assistance in this field will be considered within the context of the Urban Development Policy (OP-751) and with preference given to integrated urban projects.

   In general, the Bank will encourage mass transportation systems to provide better and more facilities to users, rationalize services, encourage the saving of fuel, and minimize pollution.

   Within the above considerations the Bank may finance: rationalization, construction, remodeling, rehabilitation, expansion and maintenance of streets and urban transport systems, including terminals or stations for passengers and freight and complementary equipment of the physical infrastructure.

4. **TECHNICAL ASSISTANCE**. The Bank may provide technical cooperation to its developing member countries for the transportation sector, either on a reimbursable or nonreimbursable basis, utilizing all of the Technical Cooperation measures normally employed by the Bank. In the case of this sector, special consideration will be given for Technical Cooperation in institution strengthening (including training of personnel at managerial, technical-operational, and technical-administrative levels), sectoral studies and plans, encouraging regional integration, project preparation and design, including final design, energy use rationalization, analysis of alternate and combined transportation modes, adaptation of intermediate and less capital intensive technologies.

5. **MAINTENANCE**. The Bank will place emphasis on technical and financial assistance for the improvement of such aspects as programming, planning, administration, operation and execution of the maintenance of the transportation infrastructure and of the transportation systems, in general.

   In this regard, the Bank will extend priority support to specific projects for the maintenance and rehabilitation of transportation systems for the purpose of prolonging the useful life and service efficiency of the infrastructure and related materials and equipment.

   In addition, all Bank loans for the transportation sector will include standard maintenance clauses to assure that the project will be adequately maintained, in accordance with generally accepted technical standards for a period of at least ten years from the date of completion of the works financed with loans from the Bank.

Basic Criteria

In addition to applying the general criteria set forth in the Operations Policies Manual, the Bank will take into account that the programs and projects submitted for its consideration will:

- Preferably be part of short, medium or long term investment plans for financing the transportation sector or its subsectors as well as being integrated with the socioeconomic planning at the national level.

- Have the capacity to provide a speedy and efficient transportation service that makes it possible to link up the different areas each member country and helps to facilitate foreign trade.

- Consider investments that make it possible to combine and complement the various modes of transport that can be efficiently exploited in each member country.

- Contribute to rationalization of the consumption of energy, promoting especially the saving of energy generated with nonrenewable resources.

- Offer possibilities to promote new socioeconomic benefits for the population.

- Ensure the utilization of appropriate technologies, with emphasis on intensive use of labor and local materials in the execution and maintenance of infrastructure projects.

- Protect the environment through the adoption of measures to eliminate or reduce the negative effects that the project might have and facilitate sustained utilization of the country's natural resources.

- Offer solutions to the problems of those displaced due to execution of transport programs and projects.

Prevailing Reference Document: GP-102-4, July 1981.

ANNEX 4: NON-FINANCIAL ACTIVITIES

Conferences

The following events were sponsored by and held at the IDB's Headquarters in Washington, D.C.:

Innovative Financing for Infrastructure (October 23 and 24, 1995). 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 proceedings were published in a special issue of The *Financier* (Vol. 3, No. 1, Feb. 1996, see publications listed below).

Alternatives to Traditional BOTs for Financing Infrastructure Projects (June 3, 1997). Topics covered included: the main features of unbundled schemes and their ability to deal with the difficulties of traditional concession schemes; exploring the viability of financing infrastructure projects in local currency; and the institutional barriers for developing infrastructure projects through unbundled schemes in Latin America (see publications 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 (September 15 and 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 movement toward competition and privatization, with the intent of identifying the conditions favorable to success and the obstacles that impair change (the papers presented have become part of the book *Can Privatization Deliver? Infrastructure for Latin America*, see publications listed below).

Private Sector Participation in the Water and Sanitation Sector (November 13 and 14, 1997). Options for private participation in the water sector were discussed, with particular emphasis given to the following cases: Buenos Aires, San Miguel de Tucumán (Argentina), Cartagena de Indias (Colombia) and Monagas (Venezuela). The conference also included a roundtable discussion, designed to share concerns and expectations with public authorities (mostly mayors) regarding involvement of the private sector.

Second Generation Issues in the Reform of Public Services (October 4 and 5, 1999). This conference focused on post-privatization disputes and renegotiations between governments and the private sector, and on the regulations implemented to promote competition in network industries. Based on a series of examples from Latin American and Caribbean countries, the workshop participants discussed and analyzed the problems encountered and the solutions chosen during the transition to competition and private participation in public service provision, including transportation (the papers presented are included in the book *Second-Generation Reforms in Infrastructure Services*, see publications listed below).

Ministerial Roundtable of the Western Hemisphere Transportation Initiative (October 2000). The issue of aviation safety received special attention from the Ministers and general public attending this roundtable.

Competition Policy in Infrastructure Services (April 23 and 24, 2001). The primary goal of this conference was to build a consensus in the understanding of some of the flaws that affect reforms when competition is introduced in infrastructure sectors, and how to approach the challenges ahead. Based on experiences of countries in Latin America and the European Union, participants discussed how the provisions of competition laws may be applied to infrastructure sectors. (The papers presented are included in the book *Competition Policy in Regulated Industries: Approaches for Emerging Economies*, see publications listed below.)

Competition in Small Electricity Markets (April 27, 2001). This workshop focused on the challenges small countries face when trying to create a competitive electricity market. Panelists addressed from different points of view the difficulties encountered in achieving a competitive environment and suggested structural and regulatory measures that may help reach a degree of workable competition without imposing unduly onerous regulatory burdens.

Regulation and Finance of Transnational Transport Projects (November 27, 2001). The objective was to identify new issues and/or additional efforts to be made during the process of structuring loans or guarantees for transnational transport projects in the region. These issues and efforts pertain to screening, governance and regulation, risk management and financial structure.

Sustainability of Power Sector Reform in Latin America and the Caribbean (May 20, 2002). The main objective was to present the results of the sustainability study of power sector reforms in the region, including case studies for Colombia, Honduras and Guatemala. The workshop allowed specialists from the Bank's field offices, staff from headquarters and Executive Directors to discuss the results and to suggest options for the Bank to continue its support for the power sector reforms.

Lessons in Water and Sanitation (November 18 and 19, 2002). The purpose of this workshop was to identify, examine and validate lessons learned from the Bank's portfolio, and to share experiences and good practices in project design and implementation as well as utility reform, with a view to defining issues and options for issuing operational guidelines to apply the public utility policy consistently and efficiently. Workshop participants with different experiences included experts from several country offices of the Bank. Two key lessons were highlighted. First, financial viability is a necessary condition for the long-term sustainability of water and sanitation services. Therefore, project design should include a rigorous assessment of financial risks, and continuous monitoring of financial solvency. Second, tariff reform should aim at achieving financial viability. When subsidies are required to help ensure that low-income groups have access to services, the project should identify explicit sources of subsidies and arrangements for their financing, as well as the target population.

Financing Water and Sanitation Services: Options and Constraints (November 10 and 11, 2003). The objective of the Conference was to provide an adequate framework for discussion with key stakeholders on mechanisms, options and factors that would increase investments and coverage (in accordance with the Millennium Development Goals - MDGs) in the water and sanitation sector in Latin America and the Caribbean. The Conference helped raise the awareness among central and local governmental authorities of the substantial investments required to reach the MDGs in potable water and sanitation as well as identify the major obstacles that have hindered investments in the sector and that could jeopardize the attainment of the MDGs in the coming years. There was also a discussion of solutions that would enable countries in the region to increase service coverage while maintaining adequate fiscal discipline.

Public/Private Summit On Investment Climate (December 4, 2003). The overall objective of the conference was to examine, at the highest possible level, the issues involved in creating and maintaining a favorable environment for private business. The specific objectives were: (a) discuss the lessons learned in the recent past; (b) discuss the needs of the private sector and the constraints faced by the public sector; (c) discuss the major aspects involved in the creation and maintenance of an adequate investment climate. The conference served as the opportunity to announce IDB Group's Initiative in the promotion and support of an adequate, sustainable and stable investment climate in the region.

Publications

The following is a partial list and description of the publications produced during the last few years by staff or consultants of the Bank in the field of infrastructure.

Books

Can Privatization Deliver? Infrastructure for Latin America. Edited by C. Federico Basañes, Evamaría Uribe, and Robert Willig (1999). The privatization of potable water, electricity, transportation and telecommunications services has increased during the 90's decade. In this book, private sector analysts, academics, and representatives of the financial community recommend a series of reforms to promote private participation in infrastructure and to bring national legislation up to international standards. Case studies examine the privatization of electricity services in Central America and public water systems in Trinidad and Tobago and Chile.

Competitiveness, The Business of Growth. Economic and Social Progress in Latin America, 2001 Report. The objective of this report is to identify deficiencies in the markets of the principal productive factors that limit the functioning and productivity of Latin America's private sector, and that can be corrected through public policies. Part IV, Infrastructure: The Platform for Efficiency, includes articles about infrastructure for ports and transport, electricity and telecommunications.

Second-Generation Reforms in Infrastructure Services. Edited by C. Federico Basañes and Robert Willig (2002). This book evaluates the current challenges, the "second-generation issues" leading to the consolidation of the initial reforms. Experts from academia, industry, regulatory agencies and international organizations deal with post-privatization dispute settlement mechanisms, access arrangements in network industries, and inroads to effective competition in the reformed industries. Several authors evaluate a set of contractual adjustments resulting from renegotiations and disputes that took place since the beginning of the reform process. In an effort to promote competition in the provision of public services, the authors suggest some practical rules for pricing access in network industries.

Competition Policy in Regulated Industries: Approaches for Emerging Economies. Edited by Paulina Beato and Jean-Jacques Laffont (2002). Infrastructure services have evolved from monopoly and public ownership settings lacking specific regulations, towards scenarios where private participation prevails, with competition and regulation playing complementary roles. However, even though competition is a pivotal feature to all public services reform processes, a high degree of vertical and horizontal concentration pervades within the industrial structure of many of the region's countries. Furthermore, mergers and acquisitions taking place in the context of an increasingly global economy, without the appropriate legislation geared at promoting competition and restraining market control, have often led to reduced levels of competition for the market or in the market. The book identifies competition problems in infrastructure sectors, discusses legal and structural mechanisms to overcome them and offers conceptual and practical approaches for dealing with competition problems in regulated industries in emerging economies.

Keeping the Lights On. Power Sector Reform in Latin America. Edited by Jaime Millán and Nils-Henrik M. von der Fehr (October 2003). In the 1990s, power sector reforms across Latin America were based on privatization, liberalization and market forces were largely unavoidable. This book argues that while there is no turning back from this process, many reforms may not prove sustainable without further efforts to build a stronger institutional platform to support them. The analytical framework presented in Keeping the Lights On: Power Sector Reform in Latin America establishes a baseline for the sustainability of reforms and identifies additional areas for exploration, analysis and inquiry. This baseline is critical to setting the stage for the next generation of reforms—or mid-course corrections—that will be necessary to enhance the sustainability of changes in progress. The book includes case studies of power sector reforms in Colombia, Honduras and Guatemala, as well as a timely section on the security of supply.

Bank Strategy Papers

Fostering Infrastructure Development in Latin America. (1995). The changing economic and political environment of the past years has raised new issues as governments allowed a larger role for the private sector in the provision of infrastructure services. Increasingly, market regulation, management of infrastructure services, and private sector financing are central concerns for policymakers and will require a new focus for Bank lending activities. This strategy proposal identifies several areas for action. First, the Bank should support the development of domestic financial markets in order to expand the availability of loanable funds of the type and term required for infrastructure projects. Second, the Bank should examine a variety of new financing techniques that include local infrastructure funds, bond insurance, securitization, leasing, among others. Third, the Bank should encourage market-based activities in infrastructure through hemispheric agreements such as a Multilateral Investment Treaty and/or Hemispheric Infrastructure Protocol.

Elementos estratégicos para el sector energía en América Latina y el Caribe, by Jaime Millán (October 1998). This paper complements the Energy Sector Strategy.

Energy Sector Strategy. (2000). This strategy, the result of careful technical work performed at the Bank over the last three years, highlights the nature of the main challenges facing the region's energy sector. These challenges are the consolidation of structural reforms, the extension of modern energy options to all citizens on affordable terms, the development of patterns of energy production and consumption that are environmentally friendly, the integration of regional energy markets, and the mobilization of capital. The strategy seeks four goals. The first one is to realign all sector activities around support for the consolidation of reforms through a program mutually agreed with the country. The second is to provide comprehensive support for the development of new energy markets emerging as a result of the reforms, meeting their credit needs through the instruments and units best suited to the characteristics of each market. The third is to provide an overall approach to energy problems that addresses supply and demand. Finally, this strategy suggests the use of new energy markets on an experimental basis.

The action plan highlights the need to draw up individual plans for each sub-region, to strengthen the Bank's technical capacity and establish strategic alliances, to establish monitoring activities based on performance benchmarks, and to update the document as needed to keep it in line with the constantly changing sector. This strategy paper is useful for guiding and enriching the Bank's programming and facilitating the dialogue with country authorities as well as other stakeholders and civil society in general.

Articles in Specialized Journals

Proceedings from the Innovative Financing for Infrastructure Roundtable (The Financier Vol. 3 No. 1, 1996). This volume includes papers presented by participants and suggestions made by discussants in a roundtable discussing first generation issues related to the financing of private infrastructure, such as trends in private financing, structuring equity and debt, risk management, securitization, and credit derivatives.

Roles for the Private Sector, Governments and Multilateral Creditors in Latin American Private Infrastructure, by Antonio Vives and Martin Chrisney (Project Finance International, Spring 1996). This article analyzes the major impediments to private financing of infrastructure projects as viewed from the perspective of the various actors involved: private and public sectors and multilateral lending agencies. The proposed solutions relate to improving deal structures, encouraging public-private partnerships, and promoting internationally accepted norms and regulations.

Private Sector Participation in Infrastructure: Risk, Fiscal, and Efficiency Issues in Public-Private Arrangements for the Provision of Services, by Paulina Beato and Antonio Vives (Infrastructure. Vol. 1, No. 3, Spring 1996). This article analyzes the different arrangements used in Latin American countries for private sector participation in infrastructure. Those arrangements are classified according to two criteria: the degree of private sector involvement in the provision of the services, and the origin of funds to cover the infrastructure services costs. Fiscal problems and the financial risk involved in each arrangement are identified and options for their mitigation are discussed.

Private Infrastructure: Ten Commandments for Sustainability, by Antonio Vives (Project Finance. Vol. 3, No.1, Spring 1997). Private sector participation in infrastructure development, particularly in developing countries, has increased markedly. How ever, the number of completed projects falls below expectations. The apparent gap between the amount of interest and the relatively few completed projects calls for an answer to a key question: Is this a passing fad or does it reflect a permanent change in the way infrastructure is provided? This essay answer that question on how the transition process is handled and how the new framework is managed. In order for private sector participation to become a lasting process, a number of conditions should be met.

New Trends for Lenders, by Victor Traverso, Private Sector Department, Inter-American Development Bank (Project Finance International, Spring 1997). This article analyzes new trends in the power sector that impose a different set of risks on financial institutions and capital markets. The author concludes that financiers that are able to recognize these trends early will be able to develop a larger market share, better serve their clients and improve their margins and returns.

Private Infrastructure Investment at the Sub-national Level: Challenges in Emerging Economies, by Paulina Beato and Antonio Vives (The Journal of Project Finance, June 2000). This article examines challenges pertaining to the private provision of infrastructure services that are under the jurisdiction of sub-national governments. It is demonstrated that increasing decentralization of services increases the scope of infrastructure under the control of sub-national governments. But decentralization also creates challenges that arise partly from social implications of the services and form the political, institutional, economic and financial characteristics of sub-national governments. Recommendations on strategies for dealing with these challenges are also presented.

Technical and Best Practice Studies

Policy Issues for the Water and Sanitation Sectors, by Vivien Foster (August 1996). The paper provides a generic overview of the institutional problems that state-owned providers of services face. It also provides a specific overview of the water and sanitation sector in the region, identifying the special characteristics that distinguish water and sanitation from other infrastructure services. The paper then goes on to discuss policy responses to optimal sector structure, the scope for privatization, and the social policy redesign. The author concludes that any country contemplating reform of the water and sanitation sector must settle structural issues in advance of ownership issues. Privatization measures should be considered as a continuum of options rather than an all-or-nothing choice.

Electric Power Sector Reform in Latin America and the Caribbean, by Manuel I. Dussan (June 1996). This paper analyzes the technical and economic characteristics of the electricity sector, the special issues prevailing in the region that determine its development, the main issues facing the sector before reform, the prospects for reform, main regulatory and institutional policy issues, and essential elements for sector reform. The main contribution of this paper is to focus on matters that are relevant to the region based on its specific situation and conditions. The appendix contains a breakdown by country of basic statistics on the electric power sector, the power sector structure, electric power generation plants, electricity consumption, and electricity rates.

Las reformas portuarias en América Latina: Estudio de tres puertos, by Paulina Beato (September 1996). This paper provides an analysis of reforms in the provision of services recently introduced in the ports of Buenos Aires, Montevideo and Valparaiso. It concludes that labor reform, private sector participation and market competition are the main requirements for the effective and efficient modernization of the region's ports.

Private Infrastructure: Ten Commandments for Sustainability, by Antonio Vives (February 1997). Private sector participation in infrastructure development, particularly in developing countries, has increased markedly. However, the number of completed projects falls below expectations. The apparent gap between the amount of interest and the relatively few completed projects calls for an answer to a key question: Is this a passing fad or does it reflect a permanent change in the way infrastructure is provided? This essay answers the questions on how the transition process is handled and how the new framework is managed. In order for private sector participation to become a lasting process, a number of conditions should be met.

Infrastructure Finance Directory 1997, 1998, and 1999 editions, edited by Antonio Vives. This directory is published annually and describes some of the most significant infrastructure finance transactions of the previous year. Included are private infrastructure projects financed by the IDB and the Inter-American Investment Corporation, as well as other trend-setting transactions. Projects descriptions emphasize those special aspects, in the hopes of stimulating the search for more creative and effective financing instruments, and a better understanding of the conditions that make a given financial instrument or structure possible.

Infrastructure Financing with Unbundled Mechanisms, by José A. Trujillo, Remy Cohen, Xavier Freixas and Robert Sheehy (December 1997). The paper argues that BOT schemes, defined by the concentration of all responsibilities (building, management and financing) in a unique private agent (or a joint venture of private agents), are inefficient in the case of projects with high relative investment and high uncertainty, and can be challenged on the grounds that the unbundling of these responsibilities is a more efficient alternative.

Revenue Based Auctions and Unbundling of Infrastructure Franchises, by Eduardo Engel, Ronald Fisher and Alexander Galetovic (December 1997). There are many advantages to be gained from franchising infrastructure projects, but also important pitfalls that need to be avoided to obtain these advantages. The authors argue that most pitfalls arise from the fixed duration of the normal franchise contract and propose a new auction mechanism in which the term of the franchise adjusts endogenously to demand. This mechanism, which they call Least Present Value of Revenue (LPVR) auction, solves many of the problems that have hindered the use of fixed lower term franchises when privatizing infrastructure projects. First, the franchise holder bears a demand risk and, as a result, users pay lower fees. Second, LPVR auctions reduce the scope for opportunistic behavior, both by the franchise holder and by the government Third, socially desirable changes to the original contract as user fees or capacity expansions can be implemented at low cost.

Road Concessions: Lessons Learned from the Experience of Four Countries, by Paulina Beato. (December 1997). This paper discusses the main issues surrounding road concessions, including: the legal framework for private sector involvement in road services; the features of concessionaires; the criteria for selecting proposals; main risks of toll roads; public guarantees and contributions in concessions contracts; and financial issues. Alternative mechanisms for private sector involvement in road construction and operations are also explored. This study illustrates various points by presenting the experience of Argentina, Chile, Colombia and Uruguay.

Participación del sector privado en los sistemas de agua potable y saneamiento: ventajas, riesgos y obstáculos, by Paulina Beato (April 1998). This paper analyzes main problems for private participation in potable water and sewerage services, also stressing those derived from the low level of tariffs in these services, the regulatory risks and the social reluctance to private participation in the sector. The paper also discusses the reasons and mechanisms through which private participation promotes efficiency and breaks away from the inefficiency trap that prevent that Latin American services increase quality and coverage.

Regulation and Contractual Adaptation in Public Utilities: the Case of Argentina, by Daniel Artana, Fernando Navajas and Santiago Urbiztondo (January 1999). This paper evaluates a set of contractual adjustments, renegotiations and disputes that took place in various public utilities in Argentina. In particular, it considers whether the decisions analyzed fall within the initial contract or represent a modification of the contract, and whether they were motivated by unexpected shocks, by “loopholes” in the initial contracts, or just responded to a contractual failure. The paper also discusses the parties involved in the disputes and the innovations that result from them, and how the disputes were resolved. This evaluation of the experience in Argentina distinguishes among three dimensions: the degree of respect for the letter and spirit of the existing contract; the effect on static and dynamic efficiency (in terms of welfare); and the transfers between users and regulated firms, and among different types of users.

Pension Funds in Infrastructure Project Finance: Regulations and Instrument Design, by Antonio Vives (May 1999). The timing for pension fund financing of infrastructure projects in the region could not be better. On one hand pension fund reform has led to the creation of a pool of financial resources in search of attractive investment opportunities that the local markets cannot supply. On the other hand, infrastructure projects are providing needed services that require long-term local financing. This paper suggests ways to structure projects to make them attractive investments for pension funds, and describes the regulatory changes that would be needed to allow pension funds to embark on these investments. Pension fund regulations must be restructured so that the goal of safeguarding the value of pensions does not hinder investments in viable and profitable projects. Similarly, infrastructure needs to tailor the instruments to satisfy the needs of pension funds.

Retail Competition in Electricity, by Paulina Beato and Carmen Fuente (March 1999). This paper analyzes the approach used by several countries to introduce retail competition in electricity. The challenge is to introduce retail competition without loosing the scale economies that are inherent to a sole distribution network. Most proposals usually give consumers and independent retailing companies, direct access to wholesale markets, but they usually maintain a legal or de facto distribution monopoly. Power retailers buy electricity in the wholesale market and package it to meet consumer demands. Their survival depends on the ability to satisfy consumer preferences through new products to increase efficiency and consumer welfare. By introducing choice through retailing companies or direct access by consumers to wholesale markets, competition would ensure quality and appropriate pricing at the same time that consumers profit from a single distribution network. Regulators only have to establish rules for the retail market and will not need to set quality standards and prices.

Post-Privatization Renegotiations and Disputes in Chile, by Federico Basañes, Eduardo Saavedra and Raimundo Soto (September 1999). This paper analyzes a series of post-privatization disputes and renegotiations that have taken place in Chile since the late 1980s in the electricity sector. This sector was chosen because the privatization process was, to a large extent, completed a decade ago, providing enough time to properly evaluate renegotiations and disputes. The paper also assesses how the lessons learned in the reform of electricity were internalized in the design of the regulatory framework for highway concessions.

Profiles of Power Sector Reform in Latin America and the Caribbean, by Jaime Millán, Suzanne Maia, Alexandra Planas and Patricia Mejía (October 1999). This document compiles the profiles of power sector reforms in fourteen countries prepared as background material for the Energy Sector Strategy. The profiles are organized into eight major sections. Section I contains a summary of the key points defining the status of sector reform. Section II presents the major pieces of legislation, the role of the state and the regulatory entities, to end with the scope and jurisdiction of sector planning activities. Section III discusses sector's structure, identifies the main participants and the degree of private sector participation. Section IV describes the various segments of the electricity market and discusses the degree and scope for competition. Section V describes Load Dispatching and Power Pool operation arrangements. Section VI is devoted to electricity pricing and subsidies. Section VII discusses sector problems and priorities, while Section VIII contains a selected list of sources and links to Internet pages.

*Cross Subsidies in Public Services: Some Issue*s, by Paulina Beato (January 2000). Multilateral lending institutions have issued recommendations for providing infrastructure services in systems with increasing private participation. One of these recommendations deals with pricing and advocates that prices should be set to cover the total cost of the service and cross-subsidy schemes avoided. Although straightforward, the application of these recommendations to real world infrastructure services may be complex. This technical paper explores the economic literature for rules on applying this principle to infrastructure services.

Liberalization of the Gas Sector in Latin America: The Experience of Three Countries, by Paulina Beato and Carmen Fuente (June 2000). Renewed economic growth, market liberalization and environmental concerns led to an increase in the demand for natural gas, which, in turn, caused an increase in the need for new investments. To meet this need, governments promoted regulatory reforms that paved the way for private participation in the sector. The reforms had to be structured to each segment of the energy sector; namely, production, transportation and distribution. This best practice study examines the scope, outcome and shortcomings of the reforms, using the experiences of Argentina, Colombia and Mexico as examples.

La industria del gas en Colombia: Estructura y competencia, by Alfredo García (March 2000). Although increasing competition was one of the objectives of the gas sector reform in Colombia, due to diverse factors such as confusing competitive laws and high property concentration, the effective competition in the sector is low. The article investigates and analyzes these issues identifying the mechanisms through which they may have limited the effectiveness of competition and restrained the development of the sector. The first section of this document "Industry's Regulatory Framework" describes the existing regulatory framework and provides a brief critique of some of its more controversial elements. The second section, "Industry's Ownership Structure," surveys the level of concentration and the regulatory barriers to vertical and horizontal integration. The last section analyzes the institutional legal framework of competition law in its relation with the gas industry in Colombia. The implications of a liberalization of wholesale gas prices (a pending legislative project) as well as some conclusions from the analysis are presented at the end of the document.

Competition Policy in Latin America: Implications for Infrastructure Services, by Carmen Fuente (April 2001). This article reviews competition policy in infrastructure services in six Latin American countries. One lesson from the analysis emphasizes that competition policy should apply to the competitive segments of the deregulated industry (generation in electricity, long-distance telephony, operating services in transportation). This is particularly important in developing countries where attracting capital requires giving sizeable market shares to investing firms. In particular, merger and acquisition rules in developing countries should emphasize simplicity, non-discretion, and adaptability to the rapidly changing market structures. The paper analyzes the option of explicit market share constraints giving up efficiency defenses, which are revised periodically and conclude that is option may be appropriate for emerging economies.

Competition and Networks in the Transport Sector, by David Wood (April 2001). The paper analyses competition regulations of the transportation sector in the European Union and how the Commission and the Court have interpreted them. A relevant conclusion is that both competition and liberalization policies in the Transport sector play a fundamental role in ensuring the creation of a single market, without discrimination on the grounds of nationality. The article discusses price practices at the Brussels National Airport and the position of European competition authorities regarding price discrimination. In particular, the Commission found that the discount system for landing fees had the effect of applying dissimilar conditions to airlines for equivalent transactions linked to landing and take-off services, thereby placing some of them at a competitive disadvantage.

The Structure of Natural Gas Markets in Argentina and Antitrust Issues in Regional Energy Integration, by Diego Bondorevsky and Diego Petrecolla (December 2001). This article discusses the extent to which the structure of the gas industry in Brazil and Argentina, controlled by a state-owned company and a private company, prevents an effective regional integration of gas markets. In order to move forward in developing these markets and speeding up investment in new transportation networks, the authors recommend three short-term measures. The first measure is to ensure that the divestment of assets that YPF pledged to carry out is indeed completed. The second measure is to guarantee that the natural gas production from Bolivia and Peru is not cornered or monopolized by large incumbent actors. The third step is for national and regional antitrust agencies to closely examine the impact of alliances between the dominant actors.

Can Reforms Be Made Sustainable? Analysis and Design Considerations for the Electricity Sector, by Juan Benavides (January 2003). This paper starts by presenting a collection of archetypical problems that became apparent during the initial period of electricity reforms, stressing the incompleteness of the default approach to reform (change in ownership and incentive regulation). The study presents a summary discussion of three new conceptual frameworks that are useful to analyze and design microeconomic reforms: the transaction-cost politics approach, the new institutional economics and the new political economy. Finally, the report concludes with a list of themes that should be considered when designing electricity reforms.

Transnational Projects And Public Goods: A Comparative Study by Jean-Jacques Laffont and David Martimort. (March 2003). This paper develops a theoretical framework for exploring the allocative and distributive consequences of transnational coordination between small developing countries. It discusses the special features that distinguish transnational projects from usual public goods. It also reviews the most important tenets of the modern theory of public goods and gives particular emphasis to the institutional environment for transnational projects and how that environment affects inefficiencies in the provision of public goods. In addition, the document addresses issues related to the political economy of transnational projects and briefly discusses property rights issues as they relate to transnational assets.

IFM Documents

Open-Access Issues in the Chilean Telecommunications and Electricity Sectors, by Carlos Diaz and Raimundo Soto (August 1999). This paper presents some analytical issues on network economics identifying a set of policy recommendations that governments should consider introducing to create effective competition and enhance welfare. The paper analyzes the structure and evolution of the regulation in the telecommunication sector. It also analyzes the case of the regulation of the electricity sector with emphasis on the adverse effects of vertical integration on open access and the efficiency of the energy generation market.

Access Arrangements in Argentina 's Public Utilities: Electricity, Natural Gas and Telecommunications, by Santiago Urbiztondo, Sebastián Auguste and Federico Basañes (September 1999). In this paper the authors describe and evaluate the access arrangements in Argentina's electric, gas and telecommunication utilities. The characteristics of each case allow the authors to identify common and individual issues of interest for international comparison and public policy making. Considering each case in turn, they describe the industries, summarize the initial legislation, describe the kinds and degree of competition in place, and interpret the conflicts of interest involved among the different participants and the effects of the rules and legislation that apply.

Private Participation in Infrastructure in Colombia: Renegotiations and Disputes, by Juan Benavides and Israel Fainboim (October 1999). This paper analyzes the renegotiations and disputes that occurred in specific infrastructure contracts and public utilities in Colombia between 1994 and 1999. The paper provides an overview of the institutional framework in which the disputes are conducted. It also presents a set of case studies in electricity, cellular telephony and road building, and a background presentation by sector gives the reader information about the specific context that is important to understand the rationale of the disputes. The terms of each dispute are then set forth. The efficiency and welfare features of each case are subsequently analyzed, and policy proposals outlined.

The Future of Large Dams in Latin America and the Caribbean: IDB's Energy Strategy for the Region, by Jaime Millán (December 1999). Latin America and the Caribbean (LAC) have been unique among regions because of its high reliance on hydropower in meeting electricity generation needs. Although this has resulted in cheap electricity and significant lower emissions of greenhouse gasses (GHG) it has also impacted the local environment, in ways not always for the good. This paper addresses the question of what the future role for hydro might be in meeting the electricity needs of LAC, what issues are involved and what actions the IDB could take to support these developments.

The Second Generation of Power Exchanges: Lessons for Latin America, by Jaime Millán (December 1999). This paper analyzes experiments in power sector reform and privatization following the approaches of Sioshansi and Morgan (1999) and Henney (1998), among others. These authors seek first to understand the reasons for adopting one model or the other (geography, history, the starting point and desired end point) and then go on to analyze a set of elements that are critical to the behavior of the system and its evaluation. The concluding section sets forth lessons that could be used to further modify first-generation markets and by countries that are just starting to introduce reforms. However, the lessons do not lead to a "correct" model, since there is no such thing. Instead, they lead to a judicious position, which consists of adopting a commitment to follow a process that is guided by certain principles, accompanied by a large dollop of patience and realism.

Sustainability of Power Sector Reform in Latin America. An Analytical Framework, by Nils-Henrik M. von der Fehr and Jaime Millán (January 2001). The paper presents the suggested framework for the case studies on the sustainability of power sector reform study. It outlines a three-part study to, first, identify and characterize the objectives and main constraints to the reform process; second, to analyze the governance and incentive structures employed to see how these conform with the constraints identified and to single out the main threats to reform sustainability; and, third, to analyze adjustments and developments and strategies to implement them that may better align incentives with reform objectives.

Regulation and Finance of Transnational Transport Projects. Collection of five papers by John Strong, Eric Bond, Roger Miller, Serghei Floricel and José Trujillo (January 2001). The authors present a variety of topics with the aim of providing insights about how to deal with some of the problems faced in the forthcoming initiatives for physical integration (IIRSA and PPP). The papers cover a summary of lessons learned in Latin American transport projects (Strong), screening of investments (Bond), governance of transnational projects (Miller and Floricel), risk management of transnational projects (Floricel and Miller), and unbundled financial schemes (Trujillo.)

Sustainability of Reform in Central America: Market Convergence and Regional Integration, by Richard Tomiak and Jaime Millán (January 2002). The objective of this paper is to assesses the Central American power sector reforms and suggest an integrated framework for promoting sustainability of electricity sector reform in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua y Panama. Whilst the paper draws on experiences gained in other parts of the world, it explicitly takes into account the particular characteristics of the region. It concurs with the view that competition in the six Central American states is limited by their technical and institutional constraints but suggests that these can be overcome over time by establishing appropriate regulatory regimes and pursuing a policy of regional market convergence that ultimately results in full regional integration.

Competition in Public Utilities in Developing Countries, by Paulina Beato and Jean-Jaques Laffont (February 2002). This paper summarizes the desirable departures from the practices of developed countries that are called for the specificities in less developed essentially on the basis of normative economic theory. The paper provides a useful framework for those who have the difficult task of advising these countries in the implementation of more efficient ways to provide public services. Nevertheless, as the paper points out that more empirical work is needed to characterize more precisely the specific features of less developed countries that are relevant for regulatory economics. Such a work should naturally lead to distinguish various stages of development and to obtain a classification of countries calling for differentiated policies.

Sustainability of Power Sector Reform in Latin America (May 2002). A series of studies that analyzes similar cases in diverse countries. They where presented at the Workshop Sustainability of Power Sector Reform in Latin America and the Caribbean" and include:
• The Reform in Colombia. By Ulpiano Ayala and Jaime Millán
• The Reform in Guatemala. By Fundación Solar
• The Reform in Honduras. By Ian Walker and Juan Benavides
• The Reform in Small Countries. By Carlos Ruffín
• Reflexiones en torno a las reformas del sector eléctrico en América Latina. By Juan Benavides

Supply Security, by Nils-Henrik M. von der Fehr (May 2002). In the electricity industry, providing an adequate level of supply security is among the most important, but also most difficult, problems. Recent events, have demonstrated that the introduction of market-based reforms does not necessarily solve the problem; indeed, deregulation may, at worst, exacerbate it. In this paper, the nature of the problem and its possible solutions are discussed. Particular stress is put on the need for the introduction of well-defined property rights and for the establishment of institutions to deal with transaction costs. To illustrate the diversity of solutions that have been developed around the world, the practical solutions chosen in three Latin American countries are discussed.

Natural Disaster Management and the Road Network in Ecuador, by Scott Solberg, David Hale and Juan Benavides (January 2003). This paper discusses the incentives and governance problems that affect the efficacy of disaster management in the road system of that country. A set of new organizations have superseded the role of the Ministry of Public Works (MOP) in the Coast region to reconstruct primary and secondary roads damaged by weather-related disasters related to the El Niño phenomenon. Disaster management has become a process with a small group of winners (some politicians and construction firms) who can manage and target relief and reconstruction funds. The net losers are dispersed and disorganized, bearing the socioeconomic costs of unreliable infrastructure. Recommendations are provided for restructuring the national system of disaster management and strengthening the capacities of MOP.

Incentive Contracts, Litigation and Weak Institutions, by Alfredo García, Juan Benavides and Jim Reitzel (January 2003). This paper derives analytical results for institutional settings where the concessionaires of a public work are not bound to incur losses if they are cost inefficient. However, if they have recourse to high quality legal services, they can increase the probability of winning a dispute against the public entity, regardless of its cost type. The paper explores the role of creating a legal fund for the state to face renegotiation. The fund has the effect of encouraging cost reduction measures for the firm whenever the cost overruns are low/middle sized, letting renegotiation emerge only in the cases of large shocks. The paper highlights the importance of using low power incentive contracts when contract enforcement is poor.

Screening of Transnational Infrastructure Projects, by John Strong and José Antonio Gómez-Ibáñez (January 2003). This paper proposes criteria to reduce the large number of projects that emerged during implementation of the IIRSA process to only the best projects that are affordable by the countries. These projects would be partially funded by the IDB and CAF. Special emphasis is using criteria that are intuitively clear, do not require detailed information, and respect the transnational spirit of IIRSA.

Financial Structure of Transnational Projects in the Context of IIRSA, by Analistas Financieros Internacionales (January 2003). This paper discusses how to implement unbundled structures to cope with the specific problems found in financing transnational infrastructure projects. These projects require an internal transfer system to accommodate the asymmetries in costs and benefits between countries that may impede their approval, in spite of being welfare enhancing when considered as a whole. Alternatives and recommendations for implementation are discussed, as well as the possibility of tapping the domestic capital markets and security arrangements.

La participación del sector privado en los servicios de agua y alcantarillado de San Pedro Sula, Honduras by Javier Díaz (April, 2003). This paper discusses the main issues surrounding the private sector participation in the water services, including: institutional background of the water services; the services before the concession; the process and contract of the concession; evolution of the services since February 2001; and finally, considerations and lessons learned from the process. This study illustrates various points by presenting the experience of San Pedro Sula, Honduras.

La participación del sector privado en los servicios de agua y alcantarillado de la Provincia de Salta en Argentina by Gustavo Saltiel (April, 2003). This paper discusses the main issues surrounding the private sector participation in the water services, including: legal framework of the concession; the regulation and the regulator; the consumption subsidies; the municipalities and the users; evolution of the services since the concession; and finally, the lessons learned from the process. The system for subsidizing low-income consumers in Salta is a special feature of this concession.

La participación del sector privado en los servicios de agua y alcantarillado de la Ciudad de Cartagena de Indias en Colombia by Paulina Beato and Javier Díaz (April, 2003). This paper discusses the main issues surrounding the private sector participation in the water services, including: legal framework of the sector; the crisis and the first measures of the reform; the private sector incorporation; public and private participation; evolution of the service between 1994-2002; and finally, considerations and lessons learned from the process. The study analyzes the features of the private-public arrangement to finance investment.

Regulation and Competition in Mobile Telephony in Latin America, by Carlos Lapuerta, Juan Benavides and Sonia Jorge (April 2003). The history of fixed-line telephony in Latin America is generally one of low penetration, long waiting lists for obtaining new lines, and poor service quality. On the contrary, the uptake of mobile telephony in the region is a success story that is still unfolding. Adopting appropriate regulatory policies can significantly enhance and extend the already observed benefits. This essay provides a regional business overview and addresses three important questions of regulatory policy: access policy, the participation of fixed-line local service operators in mobile telephone markets, and market entry.

Designing Decisions Rules For Transnational Infrastructure Projects by Salvador Barberà (May, 2003). This paper discusses the implications of decision rules in the governance structures of transnational infrastructure projects. The document stresses that decision rules strongly affect the performance of the partnership and that, consequently, attention should be given to their design at the initial stage. It also stresses the fact that partners must not only agree on how to make ordinary decisions, but also special ones.

Free And Nondiscriminatory Access To Airports: A Proposal For Latin America by Antonio Bosch and José García-Montalvo (May, 2003). The paper analyzes competition issues in the use of airports, and focuses on access policies and practices and nondiscriminatory treatment for users in Latin American airports. The paper proposes a set of regulations to increase competition and integrate air transportation services, taking into account the European experience.

La participación del sector privado en los servicios de Agua y alcantarillado de Guayaquil en Ecuador by Javier Díaz (June, 2003). This paper discusses the main issues surrounding the private sector participation in the water services, including: background of the water services in the 90's; the measures before the concession; the bidding process; main characteristics of the concession; costs and social acceptance; and finally, considerations and lessons learned from the process.

On The Design Of Transnational Mechanisms For Developing Countries, by Jean-Jacques Laffont and David Martimort. (August, 2003). This paper shows how asymmetric information may impede efficiency in transnational projects. The authors argue that the redistributive concerns of governments at the local levels are exacerbated by the external constrains imposed by the mechanism designed by the international agency to solve the public good issue between countries. Their approach is mostly normative.

Periodicals

Private Infrastructure and the Inter-American Development Bank 1990-2000 (March 2001, Infrastructure and Financial Markets Division). This publication provides an overview of the financial and non-financial activities of the Bank Group in the field. The document describes the type of instruments developed so far, and contains an up-to-date list of projects funded during the nineties. Emphasis is placed on giving brief and precise information on financing so that it is possible to identify the sponsors, the customers, and the debt structure of each individual loan. A list of publications is also included, along with the IDB's Operational Policies and Strategies in the specific sectors. The previous four editions were published in February 1997, August 1999, March 2001, and February 2003.

IFM Bulletin (Quarterly Newsletter). The Bulletin was published by the Infrastructure and Financial Markets Division and highlighted research activities and topics of current interest. It also provided information on resources on infrastructure and financial markets, such as reviews of recently released books and journals as well as interesting Internet sites. In addition, the bulletin listed upcoming seminars and the Division's working papers. The Infrastructure and Financial Markets Review replaced the IFM Bulletin as of June 2000, and all the issues are available at: http://www.iadb.org/sds/IFM/site_154_e.htm. Articles include:

- *Infrastructure in Latin America: Get Ready for the New Environment*. By Martin Chrisney (5/95)
- *Creating a Market for Energy Efficiency: The British Experience*. By Jaime Millán (7/95)
- *Foreign Currency Exposure and Project Finance*. By Paulina Beato (9/95)
- *How Much Equity Is Enough in Project Financing?* By Antonio Vives and Paulina Beato (2/96)
- *A Formula for Infrastructure Financing Success*. By Rita Rivas (2/96)
- *Bankable Concession Agreements: A Reality Check*. By Fred Aarons (5/96)
- *Who Should Take What Risk and When?* By Jean-Daniel Borgeaud (5/96)
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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 Ibero-American Infrastructure Ministers (Spain in 1995 and Cartagena in 1997). It 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 participated in meetings with legislators and members of the executive branch to comment on pending legislation issues (Guatemala and Peru in 1997).

The Bank has also maintained a constant dialogue with the energy sector stakeholders as part of its Energy Sector Strategy activities. In 1997 the Sustainable Development Department held a workshop, funded by the government of Norway, with consultants and key power sector professionals from Central and South America to discuss lessons from the Scandinavian electricity markets. During the last quarter of 2000, the Infrastructure and Financial Markets Division held a workshop with a selected group of power sector professionals to discuss competition in small markets as part of its Sustainability of Power Sector Reform Initiative.

The Bank is also acting as co-coordinator for the implementation of the Plan of Action on Infrastructure, as per mandates of the Miami Summit of the Americas and the Summit in Santiago, as well as part of the Western Hemisphere Transportation Initiative (WHTI) and particularly the Executive Committee. Under these activities, it provides its expertise in identifying the issues that governments should be addressing for infrastructure development.

Together with the Intelligent Transportation Society of America, in May 2002, the Bank organized a *Symposium on Intelligent Transportation Systems* to discuss innovative ways to introduce high-tech solutions for transportation projects in the context of increasing regional integration.

Inter-American Development Bank
1300 New York Ave., NW
Washington, DC 20577, USA