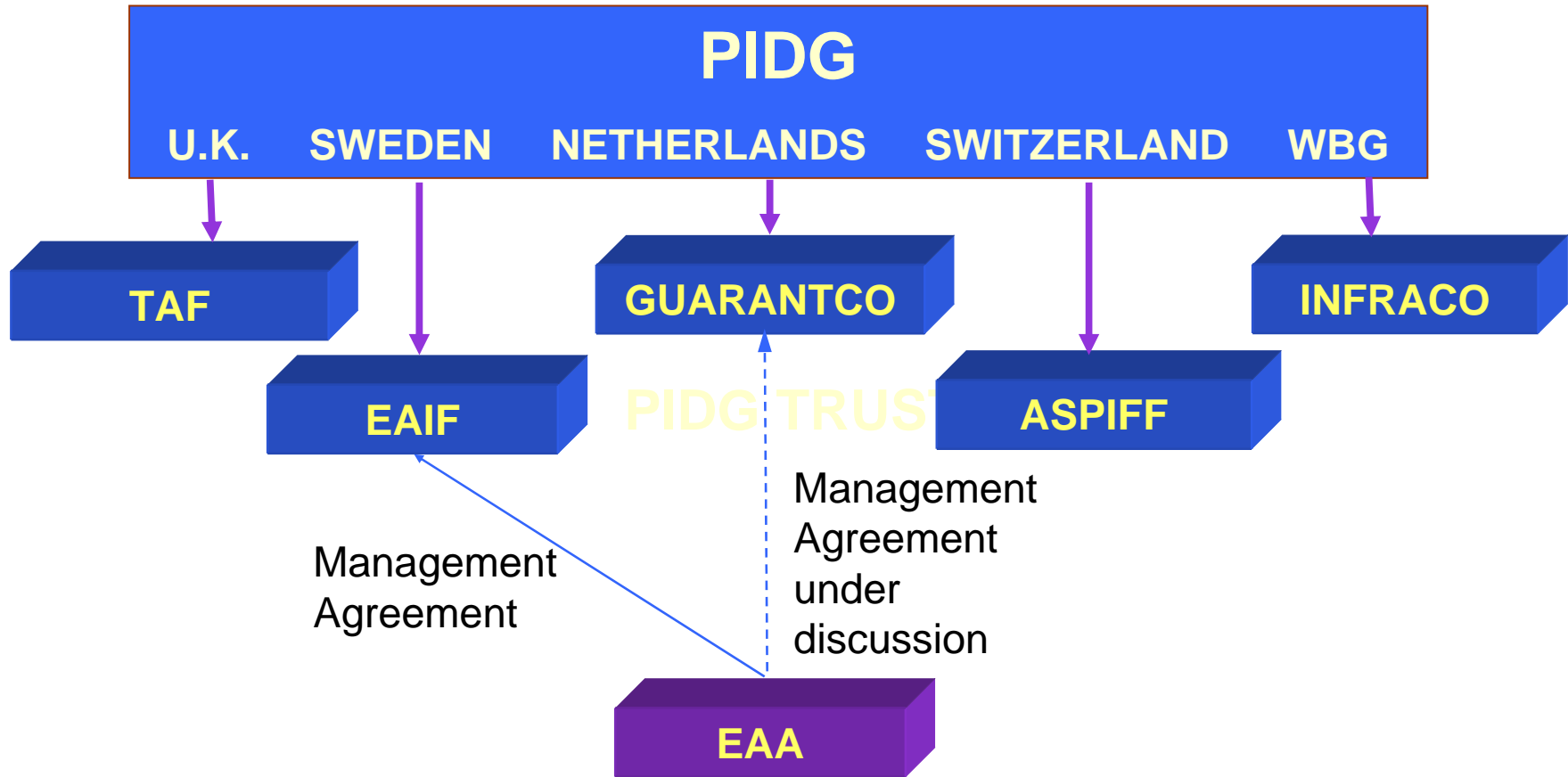




GuarantCo

Local Currency Guarantees

PIDG Structure



GuarantCo's task is to address failures in domestic markets to supply capital to infrastructure projects in lower income countries by:

- providing guarantees as credit enhancement of local currency debt
- supporting both:
 - private and municipal sectors to obtain such capital
 - domestic market to supply such capital

GuarantCo offers:

- Partial Credit Guarantee to cover default risk on under-lying debt service
- Principle of risk sharing with local debt providers
- Acceptance of certain local currency risks
- Technical assistance and funding to develop and structure transactions

Eligible Sectors include:

Energy generation, transmission and distribution

- includes natural gas (except extraction)
- as part of other infrastructure activities
- as part of other projects provided infrastructure component is sufficient to cover the guaranteed tranche of debt

- Private sector project companies undertaking greenfield or expansion projects
- Refinancing if cross-border financing is substituted for local currency debt
- Parastatals if privatisation is planned (exceptions possible if operations are along commercial lines)
- Municipal infrastructure if funded largely through user fees (or ring-fenced structure providing satisfactory security)

- Initial PIDG donor funding of US\$73m
- Average size risk participation in a single project US\$5m-US\$12m for the initial period
- Guarantee issuing capacity in the medium term targeted at US\$200m
- GuarantCo may leverage-in additional risk capacity from bilateral donors for projects with strong poverty focus but high risk, e.g. for 'first loss' support
- Technical Assistance Fund



EMERGING AFRICA INFRASTRUCTURE FUND



**Mobilising Investment for
Infrastructure Development**

Fund Objectives

- Facilitate economic development through infrastructure
- Address scarcity of long-term debt for green field/brown field projects and privatisations
- Leverage donor money with private sector capital
- Use private sector competence and efficiencies to facilitate attainment of objectives
- Take “hands on” commercial approach to promote results
- Demonstration effect: good quality long-term commercial lending which meets development objectives is possible in Africa



Investment Policy

- Lend to/provide guarantees for private sector owned, managed and controlled entities with infrastructure sector focus
 - Power
 - Transport
 - Telecoms
 - Water
 - Manufacturers of components of infrastructure e.g. cement
 - Infrastructure within mining projects
 - Infrastructure within agribusiness projects
- Sub-Saharan Africa focus excluding Mauritius
- Investment Size:US\$10 -30 million
- Tenor: up to 15 years
- Instruments: Senior and Mezzanine Debt (possibly with equity features)
- Environmental and social/ethical policy framework developed with and monitored by FMO



