Multinational Operations
Proposed Framework

Discussion Paper

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AFRICAN DEVELOPMENT FUND

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MULTINATIONAL OPERATIONS PROPOSED FRAMEWORK

PURPOSE & SUMMARY

The Bank Group is seeking to provide greater support to regional integration across the continent. This paper presents specific proposals to improve the Bank's current MNO operational framework and is presented to Deputies for their consideration and guidance.

The dedicated financing and additional flexibility provided since ADF-8 has enabled the Bank Group to increase its multinational operations. However, the context has evolved significantly: surging demand on the Bank and ADF to support regional projects, their growing complexity, and the growing number of potential partners in these operations. This, coupled with the need to increase the effectiveness of multinational operations, requires new approaches to evaluate, prioritize and finance specific proposals.

MULTINATIONAL OPERATIONS PROPOSED FRAMEWORK

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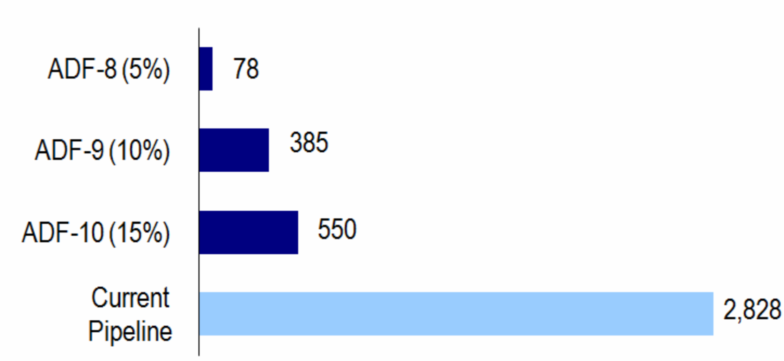
1. Context and Strategic Focus

1.1 Most of the Bank Group's Regional Member Countries' (RMC) economies are small, undiversified, and face physical barriers[1] to deeper economic integration with neighbors and the global economy. The limited size of national markets, limited economies of scale, under-developed regional transport infrastructure, fragmented energy markets, and unreliable communications all discourage investment.

1.2 As Regional Integration and trade facilitation have become higher priorities for Africa within the poverty reduction framework, ADF replenishments have responded by setting aside an increasing share of resources for multinational operations. Beginning with the ADF-8 replenishment, specific Fund resources have been earmarked to finance greater Bank Group operational focus on MNO and to provide greater flexibility in responding to clients' needs. Under ADF-10, the Deputies decided to increase the share of resources for regional or multinational operations to 15% of the total replenishment. In addition to ADF-derived resources, the Bank Group has supported regional integration through a combination of sector work produced under the Bank's NEPAD mandate and policy dialogue at country and Regional Economic Communities (RECs) level.

1.3 Between January 1996 and July 2006, the Bank financed 118 multinational operations (MNOs) from all windows of the ADB Group amounting to UA 859 million. The Bank Group has implemented key regional projects (*see* Annex I) intended to create, upgrade and/or modernize regional infrastructure assets. However, demand for multinational operations both from RMCs and the donor community[2] has been growing, and the estimated backlog of unfinanced requests at the close of ADF-10 period will be UA 1,135 million. RMCs increasingly recognize the value of regional solutions to national development challenges and of projects to promote regional integration. The current pipeline of multinational projects amounts to UA 2.8 billion (see Annex II for further details). Figure I illustrates historical and prospective MNOs supported by the Fund.

Figure I: ADF resources allocated to MNO (UA millions)



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[1] More than 20% of African countries are landlocked, the highest percentage of any continent.

[2] "*…we joined together in emphasizing that regional economic cooperation can be a key to development: where purchasing power is low and markets are fragmented, cross-border economic activities can open up new markets and thus increase the reach of African economies. That is why we have agreed to further promote the development of cross-border infrastructure and to give extra support to the African organizations responsible for regional economic cooperation…*" in chair's summary of the last G8 Summit, Berlin, March 2007.

1.4 The Bank Group sees promotion of deeper regional integration as a key area of its mandate and has therefore been actively engaged in regional initiatives like the New Partnership for Africa's Development (NEPAD), Infrastructure Consortium for Africa (ICA), Rural Water Supply and Sanitation Initiative (RWSSI) and African Water Facility (AWF). The Bank must now translate these mandates and accumulated experience into improved pipelines and project design, stronger and wider partnerships and higher financial leverage from private and public sources.

Box 1 - ADB's Regional Infrastructure Special Initiatives

New Partnership for Africa's Development (NEPAD) *www.nepad.org* Heads of State and Government Implementing Committee (HSGIC) has assigned to the Bank lead responsibilities in the areas of infrastructure, regional standards for banking and financial services as well as a supporting role in the African Peer Review Mechanism, environment, agriculture and food security, and resource mobilization. The Bank has coordinated the preparation and implementation of the NEPAD Regional Infrastructure Short-Term Action Plan (STAP) and is executing the preparation of the Medium and Long-Term Strategic Framework (MLTSF) for the development of regional infrastructure.

Infrastructure Consortium for Africa (ICA) *www.icafrica.org*, a Gleneagles G8 commitment, is a major effort to accelerate progress to meet the urgent infrastructure needs of Africa. It will address both national and regional constraints to infrastructure development, with an emphasis on regional infrastructure. The Consortium is a tripartite relationship between bilateral donors, multilateral agencies and African institutions, intended to make its members more effective at supporting infrastructure in Africa by pooling efforts in selected areas (such as information sharing, project development, and good practice). The Consortium would act as a platform to broker more donor financing of infrastructure projects and programs in Africa. To underpin the work of the ICA a Secretariat located in the African Development Bank has been established.

The Rural Water Supply and Sanitation Initiative (RWSSI) was conceived to address the problem of low access to water supply in rural Africa and it was one of the Bank's responses to the challenges of the African Water vision and the MDGs. The overall of RWSSI is to accelerate access to water supply and sanitation services in Rural Africa with a view to attaining 80% by 2015. The total resource requirements for achieving this goal are estimated to be USD 14.2 billion. Since the Bank started implementing RWSSI in 2003, it has approved 13 RWSSI programs and projects for a total financing of USD 536 million. In order to help donors contribute to RWSSI, the ADB established a multi-donor trust fund in 2006. The donors have channeled a total amount equivalent to € 90 million grant trough this trust fund.

The African Water Facility (AWF) *www.africanwaterfacility.org* is an instrument of the African Ministers' Council on Water (AMCOW) for achieving both the African Water Vision and the MDGs hosted by the Bank Group. The AWF mission is to improve the enabling environment and to strengthen water resource management in Africa in order to attract appropriate investments necessary for achieving national and regional water objectives. The AWF plans to mobilize € 500 million from Donors and African Governments to finance its 2005-2009 operational program.

1.5 The case for deeper Bank engagement in multinational operations is additionally reinforced by ADF's positioning within the current aid architecture. Most ODA (71%) is channeled through bilateral sources that have not to date given priority to multinational projects. The ADF can and should be a stronger platform to aggregate donor community efforts in regional integration partnerships given its: (i) legitimacy in Africa as the partner of choice for regional/country dialogue by African Union and G8 mandates, (ii) 40 years of engagement in Africa covering all countries, and (iii) capacity to leverage sub-regional entities and other African institutions given, in some cases, long term lending/equity relationships.

1.6 While regional integration is a multidisciplinary issue and covers a wide range of sectors, the ADF will be appropriately selective in its operations, focusing on areas where it can fulfill its mandate more effectively and deliver demonstrable superior results. Inadequate infrastructure significantly increases the costs of doing business to firms in Africa and makes potential investments unattractive; it can constitute a major obstacle to effective provision of essential social services; and, it impedes the development of domestic competitiveness both at home and abroad. Greater market integration facilitated by better infrastructure will help Africa sustain the higher and more widely shared growth needed for greater impact on poverty. Furthermore, this strategic focus is reinforced by the Bank's long experience in infrastructure strengthened by current high profile initiatives (NEPAD, ICA, RWSSI and AWF), which is already a differentiator asset. In addition, infrastructure projects are more likely to attract additional public or private sector resources than any other sector. They often require co-financing that could be mobilized by ADB's reinvigorated private sector window, thus leveraging linkages between ADB's public and private sector operations[3] and its important catalytic role. Finally, Africa's major missing infrastructure links in transport, energy, ICT and water are already identified and documented by the Bank.[4]

1.7 ADF-financed MNOs would therefore focus primarily on infrastructure[5] projects that promote regional integration. However, it is important that infrastructure investments also be considered in a broader sense. They can be powerful tools to promote social and economic development and, when properly designed, can have strong linkages into the agriculture and human development sectors. The Bank must be positioned to better promote regional public goods (RPG) touching on such areas as water resources management, environment and climate change, food security and cross-border transmission of human and animal diseases. Regional public goods address key challenges for regional integration and, by definition, bring positive externalities. The MNO implementation framework (below) is also designed to accommodate the specificities of regional public goods projects.

1.8 ADF funding to multinational projects will also include studies necessary to support regional infrastructure integration, and capacity building activities for the executing agencies in charge of implementing projects. This will include the RECs and other regional institutions and selected policy-related programs that promote regional integration.

2. MNO Implementation Framework

2.1 Key lessons learned both from the Bank Group's operations and other multilateral institutions suggest that MNO implementation raises additional challenges compared to single country projects: (i) need for much greater and more effective collective "ownership" by beneficiary countries; (ii) poor capacity of project promoters; (iii) differences in legal, procurement and financial management frameworks across countries, which render project implementation more cumbersome; (iv) preparation and supervision of regional projects on average 1.5 times more costly than national projects, (v) absence of analytical / Economic and Sector Work preceding multinational operations; and (vi) absence of policy dialogue with the concerned countries / Regional Economic Communities in order to ensure commitment and sustain ownership for the multinational operations.

2.2 Lessons learned also reinforce that the new MNO framework needs to be selective to ensure higher quality at entry, foster co-financing given growing demand and strengthen eligibility to ensure alignment with regional and country strategies. It also needs to strengthen prioritization based on a formal analytical process that replaces the current MNO allocation mechanism based on the first come-first served principle. Finally, the MNO framework should be flexible to accommodate diverse types of MNOs, including investments in regional public goods.

2.3 The proposed revised MNO implementation framework is designed to address these factors. It comprises a two-step process based on clear eligibility and prioritization criteria guiding the selection of regional operations. Proposed financing guidelines are anchored in the Bank's current legal framework and seek to promote enhanced country ownership and financing leveraging.

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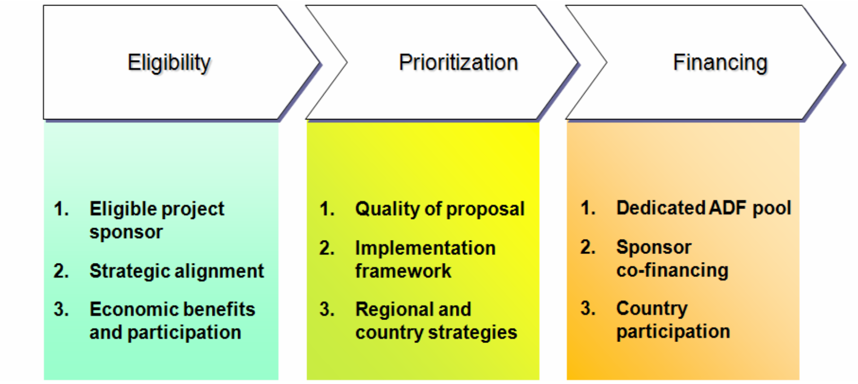
[3] The Bank group already developed several public-private operations like the Bujagali, PAIDF, and Markala projects.
[4] Identified projects are estimated to cost approximately USD 24 billion.
[5] Particularly water, transport, power and ICT projects.



Eligibility Criteria

2.4 Proposed MNO eligibility criteria constitute a checklist of characteristics that a project must fulfill to be eligible for financing.

Eligibility Criteria		
1	Project Sponsor	The following entities would be eligible for financing through the MNO envelope: ▪ Governments and government entities of ADF eligible countries (categories A/B); ▪ Regional or sub regional inter-governmental bodies and other inter-governmental vehicles; ▪ Special purpose vehicles used to channel public and private stakeholder participation in non sovereign organizations[6]; Projects sponsored by other multilateral or bilateral agencies would be eligible on a case by case basis[7].
2	Strategic Alignment	Strong ownership by RMCs is essential for aid effectiveness. In the case of MNOs, ownership evidenced by alignment to relevant Bank Group Regional Assistance Strategies (RAS) and/or Country Strategy Papers (CSPs). Eligible operations are expected to clearly promote regional integration and RPG by: ▪ Providing a platform for inter-country policy harmonization; ▪ Promoting cross-border investment; ▪ Deepening economic integration among African countries by helping to eliminate physical, tariff and non-tariff barriers to cross-border trade and production factor flows and mitigate human capital development challenges; ▪ Supporting joint development of shared natural resources.
3	Economic Benefits and Participation	An eligible MNO must be expected to generate economic benefits accruing to at least two RMCs, and requires the participation of at least two RMCs to achieve project objectives.

[6] Bank staff will review proposed SPVs to assess their suitability and conformity with Bank Group norms and regulations.
[7] With a view to leveraging the Fund's limited resources, multinational projects and programs sponsored by multilateral or bilateral agencies, including specialized agencies of the United Nations Organization, the World Bank Group, and other institutions, will be considered, on a case by case basis, in the context of collaboration between the Bank Group and its development partners. This, however, will be possible only when the beneficiary RMCs or inter-governmental bodies are actively associated as principals in the development, implementation and management of proposed operations.

Project Selection and Prioritization

2.5 A set of objective, measurable criteria will guide project selection and prioritization to ensure that resources yield maximum development impact. Prioritization indicators are based on project quality and ability to deliver expected outputs/outcomes. The following tables provide a list of indicators as well as indications on proposed rating. Indicators would be rated on a scale of 1 to 3 in an increasing order.

Quality of Proposal		
Economic Impact	**Regional Integration Impact**	**Development Impact**
3: High expected economic impact; ENPV[8]≥ [USD x m] 2: Medium expected economic impact; ENPV≥ [USD y m] 1: Low expected economic impact; ENPV< [USD y m]	3: Inclusion of clear and measurable regional integration impact indicators[9] 2: Above criteria partially addressed 1: Above criteria not addressed	3: High impact on human capital, governance and environment indicators and promotion of institutional capacity[10] 2: Medium impact on human capital, governance and environment indicators and institutional capacity 1: Low impact on human capital, governance and environment indicators and institutional capacity

Implementation Framework			
Gov. Commitment	**Institutional Capacity**	**Size**	**Catalytic Capacity**
3: Formal inter-governmental agreement signed; clear mandate and support given to executing agency 2: Inter-governmental MoU signed or formal agreement with identified risks around mandate given to executing agency 1: No such agreement or MoU	3: Level of experience, capacity and autonomy[11] of promoters 2: Above criteria partially addressed 1: Above criteria not addressed	3: Amount requested for ADF's financing > UA 30m 2: Amount > UA 10m 1: Amount < UA 10m	3: Co-financing ≥50%, and private sector involvement 2: Co-financing ≥50%, or private sector involvement 1: Co-financing <50%

2.6 The prioritization process would incorporate a pipeline of bankable projects already identified by NEPAD and its programs[12].

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8 Proposals should include an economic net present value (ENPV) indicator similar to the one used by the Bank for appraisal purposes or another relevant indicator. The calculation formula should take into account the potential for direct and indirect job creation and the project's positive spillovers in terms of enhancing SME creation, fiscal revenues and trade.

9 Indicators to measure regional integration impact should include at least: (i) ADB's CPIA Indicator 4 – Policies and Institutions for Economic Cooperation, Regional Integration & Trade, and (ii) IFC's Ease of Doing Business Indicator - Across Borders Trade and ideally other indicators to assess level of regional regulatory environment and cross border movement of people.

10 Projects with capacity building components with strong linkages with project's institutional framework would be preferable. E.g. an infrastructure project that integrates cross border policy reforms to underpin project deliverables.

11 Including (i) share of budget covered by contributions from member countries/shareholders, (ii) existence of mechanism to generate direct revenue for the organization, through the collection of duties, levies, etc. (iii) capacity to mobilize and leverage long-term financial resources from other sources, such as financial institutions or other development partners; (iv) whether the organization has any credit rating with financial institutions.

12 For instance, the Short Term Action Plan (STAP)

2.7 For higher effectiveness in the use of its resources, the Bank Group is targeting an increase in average project size. Reduction of the number of projects will also offset the expected increase in operational costs related to MNO preparation and monitoring. Regional operations considered for financing would ideally be of a minimum size of UA15 million.

2.8 Furthermore, Bank support for Regional Operations should increasingly leverage other sources of financing. The Bank Group is targeting a significant increase in the number of co-financed projects in order to: (i) move towards greater harmonization of donors' interventions, and reduced transaction costs for its clients, and (ii) mobilize additional sources of financing to the continent. There is abundant evidence that such co-financing is more widely available today, and from a wider range of sources, than ever before.

Financing Guidelines

2.9 The financing of MNOs is governed by the relevant policies and guidelines of ADB and ADF windows. Operations financed from ADF resources are governed by the general regulations and conditions for ADF operations and, in particular, the Financing Policy Guidelines of the prevailing ADF cycle. Under the ADF-10 financing guidelines, for example the loan-grant composition of a regional or multinational operation's financing was determined by the outcome of the Debt Sustainability Analysis (DSA) of the participating RMCs.

2.10 Under the terms of the ADF Charter,[13] the resources available for multinational operations from the ADF window will be provided for the benefit of ADF-eligible countries (i.e., Categories A and B). Some MNOs aimed at promoting regional cooperation and economic integration may involve ADB-only countries (Category C) that are not eligible for ADF resources. These countries are eligible to borrow from the ADB window to finance their participation in MNOs[14] and this will be actively encouraged by the Bank whenever appropriate.

2.11 Costs of an MNO would be apportioned according to the costs incurred and benefits expected in each country. When project costs are difficult to allocate to specific countries, a mutually agreed cost-sharing formula may provide a viable way forward. In any formula, all MNO participants would be expected to make a contribution.

2.12 The Bank's approach ideally should: (i) encourage support for priority projects, (ii) increase financial leverage, (ii) promote country ownership of MNO projects, (iii) ensure selectivity and higher MNO implementation prospects, and (iv) accommodate MNO specificities.

2.13 A partial linkage to ADF's performance-based allocations would provide some support for selectivity, prioritization and the stronger country ownership that leads to better project implementation. Greater country commitment and participation would enhance project credibility and therefore the likelihood of leveraging additional public or private resources. According to this proposal, the MNO cost attributable to a country could be financed by a: (i) 1/3 from the PBA determined country allocation (CA); and (ii) 2/3 from the MNO envelope.

2.14 Senior management could decide on a case-by-case basis if a project promotes regional public goods. Such projects would be financed 100% from the MNO envelope.

2.15 Small countries (even if good performers) can receive ADF allocations that are small relative to the imputed domestic costs and benefits of a specific MNO. We therefore propose that for countries with allocations under UA 30 million, the imparted MNO cost be capped at no more than 15% of its allocation. Amounts above this cap would be fully financed by the MNO envelope.

[13] Agreement Establishing the African Development Fund, 2nd Edition, July 2003; Chapter V, and Article 14, and 15.2(b).

[14] "Revised Financial Guidelines for Sovereign Guaranteed Loans"; Board document code ADB/BD/IF/2006/54; circulated to the Board on March 6, 2006.

2.16 Finally, new guidelines might also provide an incentive for countries actively contributing to improved regional integration policies. A possibility in these cases might be reduction of the country-specific contribution for MNO. Progress could be indicated by, for example, an improvement of the country's ranking on the Ease of Doing Business – Across Borders Trade indicator.

2.17 The proposed financing mechanism is designed to accommodate small countries and regional public goods specificities and provide incentives for countries to engage more actively into regional integration activities. Figure 2 illustrates the financing modalities for a project co-financed by three countries.

Figure 2 – Example of MNO Financing Mechanism

Financing Mechanism	Project Cost	% Attribut. to the Countries	Country Allocation (CA)	Resources provided from…	
				CA	MNO Envel.
Country A (Medium Size)		30% = 15 m	150	5.0 = 1/3	10.0 = 2/3
Country B (Small Size)	**50**	40% = 20 m	10	1.5 = 15% CA	18.5 = Rest
Country C (Medium Size + RI Promoter)		30% = 15 m	120	3.8 = 1/4	11.3 = 3/4

2.18 This financing framework also creates some incentives for countries to increase the value they place on multinational projects relative to national projects since they enjoy higher financial leveraging and benefit from positive externalities. This is illustrated in Figure 3.

Figure 3 – Example of MNO Leveraging Potential (50 m project cost)

MNO vs National Project		Country Allocation (CA)	Resources provided from…		Incentives	
			CA	MNO Envel.	Leverage Factor on MNO Amount	Regional Externalities and Positive Spillover Effects
Multinational Project	Country A	150	5.0	10.0	2 X	
	Country B	10	1.5	18.5	12 X	✓✓
	Country C	120	3.8	11.3	3 X	
National Project generating the same level of output/goods	Country A	150	15.0	0.0	0 X	
	Country B	10	**Not possible**	0.0	0 X	✓
	Country C	120	15.0	0.0	0 X	

2.19 Loans for MNOs drawn from the ADF window will be on terms and servicing obligations applicable to ADF loans. Loans provided as part of any MNO will be signed with participating RMCs on the basis of an allocation of the project costs agreed upon during project's preparation. Depending on the nature of the MNO, the Fund may require a joint and several guarantee from participating RMCs.

2.20 While regional organizations may be eligible to draw on ADF loan resources to finance multinational operations, all such loans will necessarily be guaranteed by their ADF-eligible member states.

2.21 The Bank Group's Policy on Loan Arrears Recovery will apply in all cases of MNOs.

Implementation

2.22 The Bank must increasingly encourage countries to think region-wide in developing their poverty reduction agendas for shared benefits and costs. Ensuring ownership among regional and national stakeholders is essential for successful implementation. Regional integration and multinational projects will be an increasing element of country dialogue and CSPs.

2.23 CSP and/or RASs backed by relevant analytical work would be the first step to identifying suitable MNOs. Country teams (comprising both regional and sector department staff) and the NEPAD unit in the Bank would identify eligible projects and prepare the lending program in close consultation with the relevant RMCs. Projects would be subject to the (revised) internal review and quality assurance process[15].

2.24 Although the prioritization framework and financing guidelines already assure a certain degree of regional equilibrium between development needs and MNO resources, the Operations Committee would monitor the regional dimensions of the pipeline. Annex I and II compare MNO historic and current pipeline breakdown per regions[16].

3. Conclusions and Recommendations

3.1 The increased demand for ADB financing for regional projects, coupled with the need to increase effectiveness of ADB's MNOs, requires improved selection criteria and indicators. The flexibility provided by earmarked resources since ADF 8 has enabled the Bank Group to increase its activities, but more can be done to better prioritize and mainstream MNO operations within country programs. The proposed strategic focus and allocation framework provides a set of concrete and pragmatic proposals to achieve this.

[15] Refer to Institutional Reform Paper that provides description of new business processes that are currently being implemented.

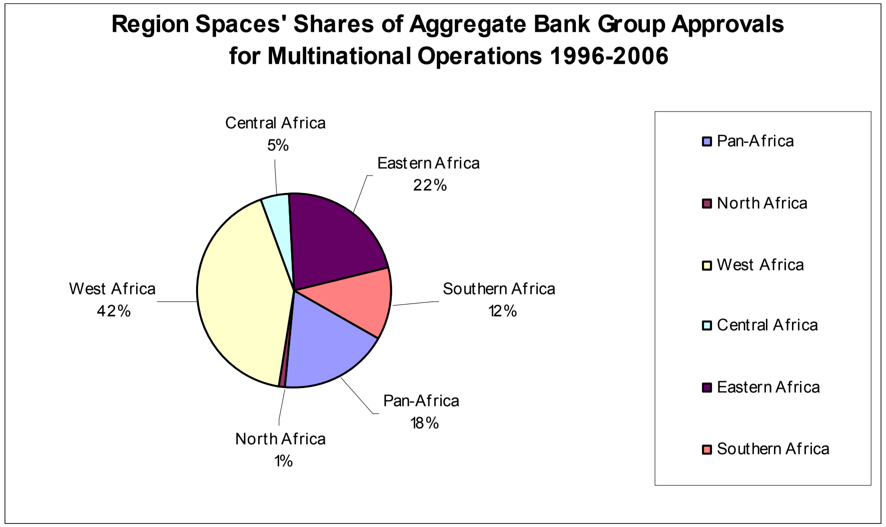
[16] Based on the 5 regions (MULPOCS) identified by the OAU under the Lagos Plan of Action since the AU recognized 8 RECs demonstrate significant overlaps that distort regional analysis.

Annex I: Multinational Operations Portfolio Analysis

Region Spaces' Share of ADB Group's Financing of Multinational Operations, 1996-2006.

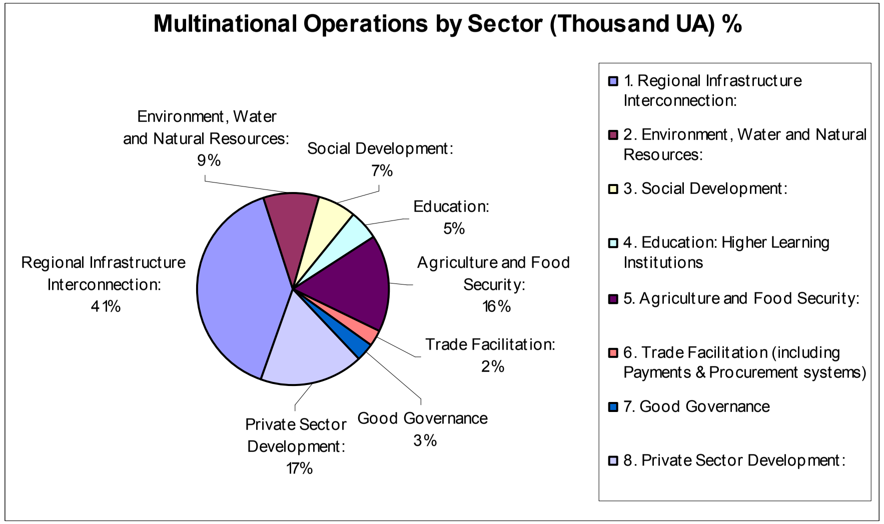
Region Space	ADB Window	ADF Window	Bank Group Aggregate
	Thousand UA		
1. Pan-Africa [1]	83,920	82,498	157,352
2. North Africa	915	9,843	10,758
3. West Africa	15,017	344,761	359,778
4. Central Africa	2,689	41,363	44,052
5. Eastern Africa	59,964	127,492	187,456
6. Southern Africa	30,246	69,636	99,882
All Regional Spaces [1]	182,751	675,593	859,278

To the resources from the ADB and ADF windows should be added UA 934,000 from the Nigeria Technical Cooperation Fund, as co-financing for a NEPAD study.



Shares of Financing Instruments for Multinational Operations by Region Spaces, 1996-2006 (in terms of Units of Account).

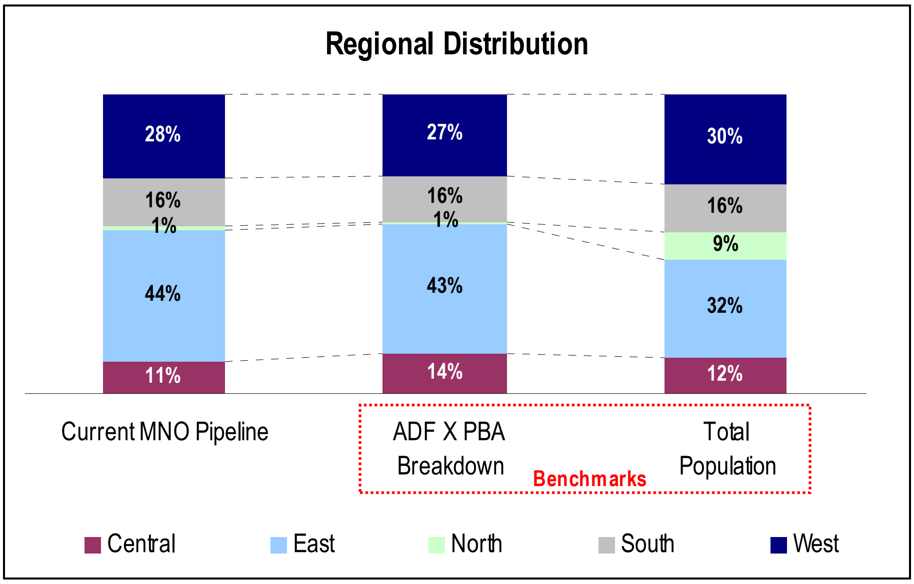
Region Space	Grants	Loans	Other Financing	Bank Group Aggregate
	Thousand UA			
1. Pan-Africa	83,532	0	73,820	157,352
2. North Africa	1,615	9,143	0	10,758
3. West Africa	90,591	269,187	0	359,778
4. Central Africa	29,656	14,396	0	44,052
5. Eastern Africa	27,942	154,864	4,650	187,456
6. Southern Africa	69,493	13,237	17,152	99,882
All Regional Spaces	302,829	460,827	95,622	859,278

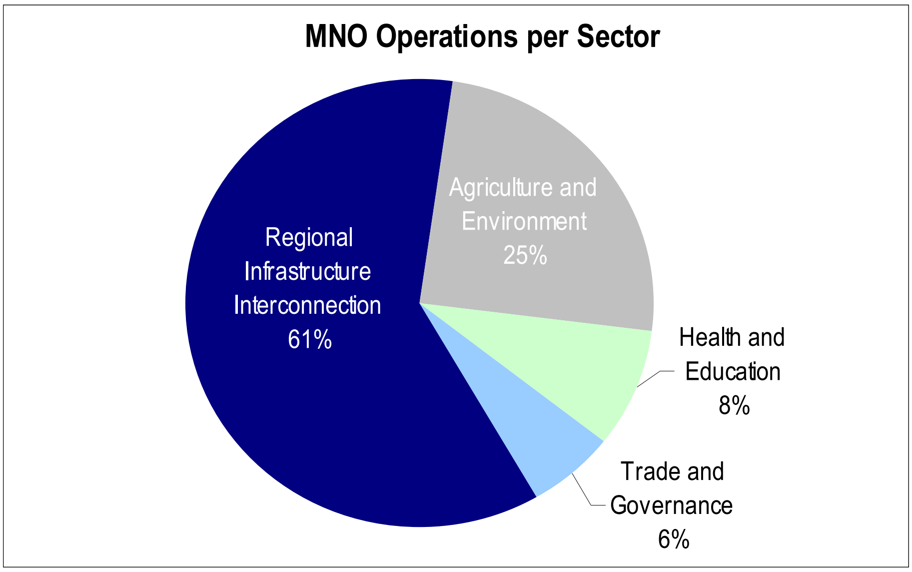


MULTINATIONAL OPERATIONS BY SECTOR / OBJECTIVE	NUMBER of OPERATIONS	GRANTS	EQUITY	LOANS	TOTAL
		(Thousand UA)			
1. Regional Infrastructure Interconnection:	**29**	**43,053**	**52,655**	**244,290**	**339,998**
1.1 Infrastructure Capital Finance	2	0	52,655	0	52,655
1.2 Transport	15	26,920	0	168,940	195,860
1.3 Energy and Power	10	13,529	0	75,350	88,879
1.4 Support to NEPAD Infrastructure Program	2	2,604	0	0	2,604
2. Environment, Water and Natural Resources:	**12**	**25,770**	**0**	**53,210**	**78,980**
2.1 Water Resources	9	23,770	0	32,000	55,770
2.2 Natural Resources	1	0	0	11,010	11,010
2.3 Environment	2	2,000	0	10,200	12,200
3. Social Development:	**12**	**56,928**	**0**	**0**	**56,928**
3.1 Health and Prevention of Communicable Diseases	9	55,228	0	0	55,228
3.2 Gender Empowerment	2	300	0	0	300
3.3 Social Infrastructure	1	1,400	0	0	1,400
4. Education: Higher Learning Institutions	**5**	**42,700**	**0**	0	**42,700**
5. Agriculture and Food Security:	**34**	**65,832**	**0**	**74,800**	**140,632**
5.1 Agricultural Research Institutions	23	24,850	0	0	24,850
5.2 Production Systems	11	40,982	0	74,800	115,782
6. Trade Facilitation (including Payments & Procurement systems)	**7**	**15,216**	**0**	**6,200**	**21,416**
7. Good Governance	**6**	**28,320**	**0**	**0**	**28,320**
7.1 Peace, Security and Development	1	10,000	0	0	10,000
7.2 Economic Management & Capacity Building	5	18,320	0	0	18,320
8. Private Sector Development:	**13**	**24,650**	**42,967**	**82,587**	**150,304**
8.1 Financial Intermediation	10	16,650	42,967	82,587	142,204
8.2 Private Sector Development	3	8,100	0	0	8,100
AGGREGATE MULTINATIONAL OPERATIONS, 1996-2006	**118**	**302,569**	**95,622**	**461,087**	**859,278**

Annex II – MNO Pipeline Analysis

The MNO prospective pipeline is more regionally balanced than the current MNO portfolio (refer to Annex I). In terms of sector distribution, the prospective pipeline reinforces the focus in infrastructure (66% vs. 41% of the current MNO portfolio).





The project average size of the prospective pipeline (UA 38 million) is significantly higher than the current MNO portfolio (UA 8 million).

Additionally, only 11% of MNO projects approved from 1996-2006 involved the private sector while 71% of prospective pipeline is co-financed.