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Business News

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IFC to Invest in Infrastructure Fund in Africa

The International Finance Corporation (IFC) and the American International Group (AIG), a US-based international insurance and investment group, are leading co-investors in a recently established $500 million **Africa Infrastructure Fund (AIF)**–an equity fund for investments in largely infrastructure and supporting sectors. The Fund, which is the largest single pool of equity ever targeted at Africa, is intended to respond to increasing opportunities for private investment in infrastructure that are emerging in many African countries. It sends a powerful message of confidence about investment opportunities available in Africa and the potential for successful public-private partnerships.

The Fund will have a 10-year life and will initially focus its efforts on 10-15 countries, which offer particularly good prospects for private provision of infrastructure. These include Morocco, Tunisia, Egypt, Cote d'Ivoire, Ghana, Kenya, Tanzania, Uganda, the Republic of South Africa, Botswana, Mozambique, Namibia and Zimbabwe. AIF is expected to invest in roughly 20 projects ranging between $10 and $50 million on an individual basis.

The projects are expected to have a significant development impact by directly leveraging up to $2.5 billion of investment in infrastructure or nearly 15 percent of the average annual foreign direct investment received by the region. In addition, the Fund is expected to promote institutional development in infrastructure and capital markets development.

IFC's investment in the Fund will consist of up to $75 million in equity or 15 percent of the targeted funding, and a $200,000 investment in the Fund's management company. In addition, the IFC can invest a further $25 million in qualifying projects alongside AIF by exercising co-investment rights. AIG, the project sponsor, has also committed $75 million to the Fund. Other leading shareholders include the African Development Bank ($50 million), a South African consortium led by a local bank, Nedcor ($50 million), the Development Bank of South Africa, and a consortium of European public and private sector institutions led by Proparco, a French development agency. The Fund will be managed by Emerging Markets Partnership (EMP), a Washington-based fund management company, which is managing three other AIG emerging market infrastructure funds.

For more information, please contact Papa Ndiaye at tel: (202) 458 1128; email: pndiaye@ifc.org.

World Bank Lending Up in Fiscal 1999

New lending commitments from the World Bank to client countries were up in fiscal year 1999 (which ended on June 30), reaching a record $29 billion, with disbursements at $24 billion. This represents a substantial increase from the $19.1 billion commitments in fiscal year 1997. The 1999 figures include both the market-rate loans of $22.2 billion made by the International Bank for Reconstruction and Development (IBRD) and the concessional $6.8 billion loans made to the world's poorest countries through the International Development Association (IDA).

The high level of lending commitments was due in large part to the Bank's continued support to East Asia. Lending to the Latin America and Caribbean region also increased, in response to ripple effects from the East Asian crisis and Hurricane Mitch. Lending for social sectors–education, health, nutrition, and social protection–accounted for 25 percent of lending in fiscal 1999. In addition to lending operations, the Bank also approved one partial credit guarantee for Thailand ($300 million) and one IDA partial risk guarantee for Cote d'Ivoire ($30 million).

Lending By Region (in $billion)

	Fiscal 1999	Fiscal 1998
Africa	2.07	2.87
East Asia and Pacific	9.76	9.62
South Asia	2.56	3.86
Europe and Central Asia	5.29	5.22
Latin America and the Caribbean	7.74	6.04
Middle East and North Africa	1.58	0.97
TOTAL	**29.00**	**28.58**

Road Accidents: A Global Problem Requiring a Global Response

Seventy major organizations including international agencies such as the World Bank, World Health Organization, United Nations, Asian Development Bank, Inter-American Development Bank, and private sector corporations (such as DaimlerChrysler, Volvo, Shell, Mobil, Ford, 3M, Heineken, Diageo) have established a global coalition called the Global Road Safety Partnership (GRSP) to address the problem of road safety. The coalition is the result of a growing recognition that the private sector, governments, and local communities need to work together to address this issue.

It is estimated that 1.17 million people die and another 10 million are injured in road accidents around the world every year. These accidents result in losses valued at US$ 500 billion per year worldwide of which around US$ 100 billion is lost in the developing world (equivalent to more than the total annual development aid of US$60 billion received from OECD countries).

A 10-year strategy and action plan has been developed with the specific aim of strengthening local capacity to tackle road safety problems and to bring about significant improvements for the most vulnerable groups (such as pedestrians, cyclists and motor cyclists), who currently constitute around 70 percent of the victims involved in road accidents in developing countries. Examples of projects that are being developed include a project in Bangladesh to create safer communities, a national safety program in Argentina, a traffic education project in Vietnam which will introduce safety education into schools, videos to encourage safer road user behavior in Malaysia, Indonesia and Vietnam, and a global campaign to raise international awareness of the scale and urgency of the problem.

GRSP recognizes that long-term sustainability can only occur if the private sector sees downstream business benefits in becoming involved. Consequently, GRSP works with its partners to ensure that legitimate business needs are recognized and incorporated while the humanitarian work of reducing the horrific global toll of road accident deaths and disabilities is undertaken.

The GRSP continues to seek more partners from the private sector. Particular opportunities exist for media organizations, road transport operators, computer systems/internet providers, and corporations engaged in the manufacture of alcohol, vehicles, inspection equipment, police traffic enforcement equipment, communications systems, and road construction and marking/signing equipment.

Interested organizations can contact either Brett Bivans, GRSP Coordinator, GRSP Secretariat, c/o International Federation of Red Cross and Red Cross Societies, Geneva, Switzerland at tel: 41 22 730 4249; fax: 41 22 733 0395; email: GRSP@ifrc.org or Alan Ross, GRSP Technical Director, Transport Division, World Bank at tel: (202) 473 3943; fax: (202) 522 3223; email: aross@worldbank.org.

Facilitating Investment in the Global Education Market

The World Bank Group is increasingly focusing on promoting private investment in the education sector. The International Finance Corporation (IFC) hosted its first global education industry conference on "Investment Opportunities in Private Education in Developing Countries" in Washington, in June. The conference brought together education investors and providers from around the world to explore the potential for private education investment and IFC's role in providing capital for new ventures. IFC finances private sector projects in developing countries in partnership with private investors, by means of long-term loans at commercial rates and equity investments. To date, IFC has approved investments in 11 education projects, of which seven are in Sub-Saharan Africa.

The World Bank Group plans to organize several regional conferences on private participation in education. Potential sponsors are being sought for the first such conference, which will be held in Abidjan, Cote d'Ivoire, on November 30-December 1. For further information, please contact Harry Patrinos at tel: (202) 473 5510; email: hpatrinos@worldbank.org or Jack van Lutsenburg Maas at tel: (202) 473 4170; email: jmaas@ifc.org.

The Bank Group is also launching an education investment information facility—**EdInvest**—to promote private investment in schools around the world. **EdInvest** will provide the information necessary for making private investment possible in the $2 trillion global education market. Many developing countries now welcome foreign investment in education, especially when it brings innovative technologies and educational approaches to their schools. So far, more than 266 institutions have registered with EdInvest (http://www.worldbank.org.edinvest).