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N.	Activity	Action	Implemented by		Timing	Comments
			Lead/Involved actors			
RELEVANCE						
7.1.1	**Review intervention logic and objectives of ITF** In light of contextual changes, including African continental initiatives, the global financial crisis and the scale of infrastructure investment, the ITF will need to develop a more detailed and clear intervention logic. The initial logic contained in the Logical Framework within Financing Agreements between EC and ACP States and presented here is a solid basis, but further work is required to update and provide more detail. This further analysis needs to link to the approach for monitoring and also draw on the elements that have been recommended for the final evaluation and are discussed below. The evaluation team proposes that the ExCom review, modify and adopt the intervention logic. This should also be considered in the context of the work of pan-African bodies and initiatives such as PIDA and the G2O High Level Panel on Infrastructure. The intervention logic should be reviewed on an annual basis to ensure on-going relevance.	***Partial Agreement*** *Agreement* to review and revise the intervention logic proposal, based on the initial Financing Agreements between EC and ACP States, and taking account of modifications made in the light of MTE and other changes in context (such as PIDA and Sustainable Energy for All). to detail it and link the revised intervention logic to the monitoring and reporting frameworks to be developed. *Partial agreement:* The SC should sanction the revised intervention logic. AUC has to be consulted. See also rec. 7.2.10 Ex Com needs to screen and verify the revised set of objectives *Partial Agreement* for timing of eventual review (every 3-5 years rather than yearly)	COM	PFG, Ex Com, AUC	COM draft: Nov-Dec 2012 PFG discussions: Jan-Feb 2013 Ex Com verification: Feb-Mar 2013 AUC discussions: Mar-May 2013 SC adoption: mid-2013	
7.1.2	**Maintain the Regional Connectivity criterion** The ITF should continue to pursue its overall objective of regional interconnectivity, engage closely with continental programmes such as those of ICA and PIDA, as well as encourage and participate in initiatives (such as the Thematic sector groups) that encourage focus on wider sectoral issues, regional priorities and sequencing, master planning, and knowledge sharing. The regional eligibility criteria should remain broad in its definition, covering both regional projects that cross two or more eligible countries, as well as national projects that have demonstrable regional impacts.	***Partial Agreement*** Amendment to be included in the modified Implementing Rules of the AITF, stipulating: *Agreement* to maintain regional connectivity objectives, engage closely with continental programmes (such as PIDA), participate in initiatives (such as the SE4All) and define the criteria for regional projects broadly including national projects with demonstrable regional impact *Not agreed* to exclude that the ITF Ex Com could eventually approve national projects within the scope of international initiatives, that were appropriately agreed by the Partnership Steering Committee and naming ICA as a "continental programme", should the relevant modification of the ITF Rules will be approved by the Ex Com.	COM	Ex Com EU-MS	*1st round ("SE4All")* 1. WG draft: Oct 2012 2. Ex Com decision: Nov – Dec 2012 2nd round: 1. WG draft: Mar 2013 2. Ex Com decision: Mid-2013 3. Translations: autumn 2013 4. MS-COM-EIB signing: end-2013	

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7.1.3	**Investigate measures to encourage private sector participation** The ExCom should further investigate measures to encourage private sector participation in terms of existing instruments (TA to PPPs, guarantee mechanisms with IP, direct grants, etc). The ITF can assist through actions that seek to improve the capacity and performance of national public sectors, encourage autonomy of regulatory institutions through building their institutional capacity with a view to changing the cost-benefit rationale of actors in the target country and setting incentives for reform. The EU can support good governance by targeting either the government or channelling funds through non-state actors.	***Partial Agreement*** Agreement to the fact that encouragement of private sector participation is a wider challenge going beyond the ITF. Importance reflected in the composition of the PFG including public and private sector financiers (such as PIDG, Finnfund, Simest) and for PFG to further intensify cross learning through a PFG thematic discussion on ITF internal improvements increasing cooperation potential with the private sector and make recommendations to the Ex Com. Specific actions already geared towards the formulation of specific proposals/tools. for PFG to investigate issues associated with mobilising more private sector finance and submit recommendations to the ExCom, based on PFG members' experience with existing instruments and their assessment of the pros and cons of potential new instruments. for PFG to consider the discussion and conclusions on relevant issues at the "EU platform" *Partial Agreement* on the indicated possible measures, as a) absorption of part of private risk by ITF (to tackle with "risk averseness") should be evaluated on case by case basis b) grants to the private sector, should comply to the transparent and competitive processes of the internationally accepted standards applied by the relevant Lead or Project Financier	PFG PFG PFG	Ex Com COM	PFG reports and possible recommendations to: Ex Com by mid-2013 "EU Platform" discussions: 2013	also see rec. 7.5.2 Subject to setting up of the "EU platform"

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EFFECTIVENESS						
7.2.1	**Revisit and broaden leverage effect calculation** Incorporate a dedicated private sector leverage calculation and monitor this at a portfolio level to be able to measure progress in this area. We propose the following calculation methods: • PFG loan leverage: number of € of PFG funding generated by one € of ITF grant funding. • Non-PFG loan leverage: number of € of non-PFG loan funding pledged subsequent to approval of each € of ITF grant funding. • Grant leverage: number of € of additional grant funding pledged subsequent to approval of each € of ITF grant funding. • Private sector leverage: private sector funds generated as a result of each € of ITF grant funding. These should be considered and developed separately for investment phase and non-investment phase projects and developed for each of the instruments as well as across the portfolio	***Agreement*** ExCom to ascertain monitoring and reporting of leverage, including private sector funding, taking into consideration guidance that may be provided by the EU Platform and responding to the intervention logic. *Partial agreement* on proposed indicators a) PFG leverage: agreed, already in place b) non-PFG leverage: agreed, already in place c) on grant leverage: timing, qualification ("subsequent") *not agreed* as impractical and potentially misguiding; instead individual assessment to be made in each submission. d) on private sector, as per "grant leverage" response.	PFG	COM ExCom		Subject to possible EU platform guidance.
7.2.2	**Increase the focus on value-add of ITF grant operations** The ITF can deliver greater value-add through focusing on its differentiating features: • Its regional interconnectivity focus – identifying bankable projects that have the greatest potential to improve development outcomes for the maximum population across several countries • Its internal coordination mechanisms – the use of the Lead Financier role assists in streamlining the way in which project promoters and the ITF Secretariat deals with the PFG financiers. The ITF needs to build on examples of good coordination experienced to date, and better formalize how coordination takes place, so that benefits can be shared across grant operations. The ITF has the potential to deliver greater value by better measuring the current value it provides ie by understanding which grant operations and contextual characteristics provide greater value. Propositions for alternative methods to calculate the leverage effect are presented in this report.	***Partial agreement:*** Recommendation appears being more of a "process" one. It is *agreed* that the Ex Com verifies, on the advice of the PFG, that the documentation supporting the Grant Operation request adequately covers the: a) Additionality of the ITF both in terms of financial and non-financial leverage, considering the relevant practice in other EU Facilities and the international experience on the matter. b) Assuring local coordination with the EU Delegations, was conducted It is *further agreed* that information in the project submission, should describe the relevant policy and other issues discussed between the Project Financier and the EU Delegations and the action proposed as a result.	PFG	ExCom, COM	PFG discussions: Nov 2012 - Feb 2013 Ex Com adoption: Mar-June 2013	Issue potentially to be discussed at the EU platform. Subject to possible EU platform guidance.
7.2.3	**Address the potential risk of over-subsidy, particularly relating to the Interest Rate Subsidy (IRS)** There should be greater formalisation of the coordination arrangements between financiers in the context of grant operations, and this should address a minimum level of	***Partial agreement:*** The potential risk is noted, however the consultant's report does not identify any case where this risk actually materialised and had	PFG	Ex Com COM		See rec. 7.2.8 & 7.2.2.

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	transparency. This is all the more important considering there are strong expectations from Donors that the potential for double subsidy should be actively addressed by financiers. In order to improve the accountability of the use of public funds within the ITF there should be some transparency on the respective margins and a discussion on the minimum level of effort of the different donors. It is likely that the same is true of the Direct Grants, although based on current activity and evidence it is difficult to confirm this. Further there needs to be very careful consideration given to the use of IRS when funding private enterprise and when providing subsidy to private finance. If the IRS where to be used to "subsidise" commercial debt a clear and effective policy will need to be set out relating to the pricing of interest to minimise the scope for commercial lenders to earn rent from the IRS through their pricing. These guidelines need to include information requirements (e.g. pricing sources), benchmark levels which are to be utilised (e.g. pricing from major inter-bank lending indexes) and wider transparency arrangements.	any detrimental impact to ITF operations. Issues related to complementary funding by ITF Donors by supporting or financing in PFG members need to be addressed in the specific project proposals, should the case arises. The Ex Com will agree on guidelines specifying what additional information a grant operation request needs to provide when a Project Financier requesting ITF grant is receiving, or expects to receive, other complementary funding from one or more ITF Donors for the same project. The ExCom does not consider that assessment of individual margins is neither possible nor practical. However, the ExCom confirms its previous guidance for "co-ordinated submissions" and will apply - as per rec. 7.2.8 "non-fragmentation clause" - as per rec. 7.2.2 provision for reinforcing "additionality" of the ITF support, in parallel ensuring that private investors are not unnecessarily subsidised.				
7.2.4	**Encourage use of upfront IRS** Encourage sensible use of upfront IRS to enable quicker disbursement of the funds and in turn allow faster deployment of donor's funds. This will provide a greater subsidy, by increasing the Net Present Value and the Internal Rate of Return on a project, adding significantly to the financial and economic case while not impacting on the actual amount of funds disbursed. The potential for excess profit could be limited through the creation of development funds into which (through a set formula) additional profit would be paid, and recycled, in favour of "pro-poor" projects.	***Partial agreement:*** While the MTE highlights the positive aspects of the "upfront IRS", the ExCom nevertheless notes that certain risk elements remain and need to be addressed on a case by case basis. Hence the current guidance to the PFG ("allowed, not as the rule") remains. It is nevertheless *agreed* to update the PFG paper on "upfront IRS", to benefit from the MTE analysis and to compare it with the "direct grants", should they be allowed for capital operations, while ensuring this process does not in effect represent an extra subsidy to the lender.	PFG	Ex Com	PFG paper update Mar 2013 Ex Com: Jun 2013	Subject to possible EU platform guidance
7.2.5	**Set a clear strategy for TA funds in the context of ITF** The ExCom should consider setting a strategy and specific objectives for use of TA funds in the context of the ITF. They need to set the scope as to which activities will be financed, across the project preparation lifecycle. Further recommendations on the role of TA are set out in Section 7.5.1 and 7.5.2.	***Partial agreement:*** Need for overall strategic overview is recognised and agreed, but TA should primarily be linked to an investment project. However the use of the TA should be flexible as each project has its own specific needs (feasibility studies, capacity building, etc.). The ITF Sec. to provide an analysis of the already approved operations. Update of this analysis shall be part of the semi-annual reporting of the ITF.	COM	Ex Com PFG ITF Sec	ITF Sec. analysis: Nov 2012 PFG discussion: Nov 2012-Feb 2013 COM analysis of prospects: May 2013	

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		Subsequently COM to provide an analysis of the prospects and the strategic overview to the Ex Com based on similar pertinent reviews presently on-going (e.g. ICA; IPPF) and possible orientations by the 5th PSC. Based on the above, ExCom to define its position on the matter.			PFG discussion: May-June 2013 Ex Com: July- Oct. 2013	
7.2.6	**Improve attractiveness and relevance of Direct Grants** The use of investment grants for specific social or environmental aspects of projects that are often critical for the success of a project, should be developed. In this regard, the social conditionality of direct grants is supposed to contribute to good practices of governance. There would be merits however to improving monitoring of projects in order to ensure that this criterion is actually met. In this respect, the ITF could work or liaise with NGOs in order to maximise the 'pro-poor' benefits of projects in which it is involved, so as to ensure that its projects incorporate the voices of beneficiary populations. More generally these direct grants could also be structured so as to take the form of equity financing.	***Partial agreement:*** Recommendation is considered in the context of the ITF Rules modificqtions, article 1.2.3 However, delineating the use of direct grants to social & environmental aspects contradicts the recommendation 7.2.3 ("risk of IRS over-subsidy") and 7.2.4 ("encourages upfront IRS"), hence limiting the scope of rec. 7.2.6 . Clarifying and improving related monitoring is agreed. However, the solution proposed ("liaise with NGOs") is understood as an example. Project financiers maintain full responsibility to identify the appropriate project structure, while ExCom has to satisfy itself that project proposals are adequately responding to the ITF objectives and requirements.	WG on TFA modifica tions	Ex Com		See also rec. 7.1.3
7.2.7	**Formalise better coordination mechanisms between regional and national infrastructure** The PFG should formalise coordination mechanisms with the RIP/NIP programmes and facilities, to ensure that the important national infrastructure projects are being addressed and not adversely impacting the bankability and feasibility of regional projects. ITF bodies (PFG in terms of projects, and PSC in terms of coordination and strategy) should consider more regular and formalised interaction with EU Delegations in African countries to ensure coordination with national boundaries. Interactions should further be formalised with other regional institutions such as Regional Power Pools and Water management bodies and Transport corridor committees.	***Partial agreement:*** "Local coordination" provision to be included in template of Grant Operation request, see rec. 7.2.2. Formalising a "coordination-mechanism" for the ITF specifically appears inappropriate and potentially cumbersome, while modalities for upstream programmatic cooperation with EFIs could benefit from EU platform guidance; in the meantime ad-hoc solutions (COM/EFIs) are applied, such as regional and sectoral reviews between COM and EFIs.	PFG COM EFIs	COM, Ex Com	Dec 2012 On-going	

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7.2.8	**Formalise better coordination mechanisms between financiers** The ITF should include coordination mechanisms as an "implementation criterion" in the CAPGO document. This should include coordination with non-PFG financiers. In the context of grant operations, this should cover the sharing of data and organisation of combined site visits and planning days to take stock of project progress.	***Partial agreement:*** Obligation of co-operation, including non-PFG financiers, would burden the whole process without necessarily adding real value to the project on the ground, as EFIs at the investment stage tend to share the investment risk and costs. However, in order to promote comprehensive presentation and assessment of projects, Ex Com will apply the rule of refusing "fragmented" submissions, unless previous proper notice was given, at least at the time of the "first" project discussion. .	ExCom	PFG	Sep. 2012	
7.2.9	**Encourage smaller PFG financiers and engage with financial intermediaries** Smaller financiers should be encouraged to take on the lead financier role, to assist in a more equal distribution of workload and cover the broader interests of the ITF Donors. Engaging regional and national financial intermediaries would allow the ITF to better appreciate local risks. In particular, TA could support the enhancement of skills and processes of relevant local commercial and development banks, so that these could become effective gateways for national and international capital to be deployed in Sub-Saharan Africa infrastructure projects. In this respect, capacity building of local financial intermediaries would assist in reducing the gap between perceived and actual risks for infrastructure investments. Regional development banks, such as the Development Bank of Southern Africa, the West African Development Bank or the East African Development Bank, could be integrated more at the operational level, potentially through an annual invitation to an ExCom meeting.	***Partial agreement:*** Ex Com decided on the applicable modalities for working with intermediaries in the Sept 2012 meeting. The PFG members will subsequently be in position to present suitable projects. Integrating regional development banks can only be marginally influenced by annual meetings. Effective cooperation requires definition by PFG members of appropriate opportunities and projects. Elevating and further formalising such cooperation could be considered later, once wider experience would have been accumulated. Ex Com regularly encourages the more active EFIs to associate and involve all other PFG Members in project formulation and eventual participation in financing.	ExCom	COM	19 Sep. 2012 Oct. 2012 onwards	
7.2.10	**Refine the role of the Steering Committee** There is a need to revisit the role of the Steering Committee, for the provision of a clear strategic guidance to the ITF, in order to direct funding to projects that are relevant to reach its objectives, and for the Steering Committee to encourage the creation of a clear results framework. The adoption of the PIDA by the African Heads of State in February 2012 provides an opportunity to build upon.	***Agreement:*** Structuring the presently agreed by the Partnership Steering Committee (PSC) "Joint Declaration" and the "Road Map" as a coherent "Strategic Orientations" document, regularly updated will facilitate the project development, reporting and accountability. COM will propose with the African Union Commission (AUC) in the Joint EU-Africa Strategy (JAES) Reference Group (RG) the process for consulting the different stakeholders, including the RECs and the Ex Com, for discussing and eventually agreeing such "Strategic Orientations" at the next PSC.	COM	AUC	RG discussion: Nov 2012-Feb 2013 PSC discussion: Mar-Jun 2013	See also rec. 7.1.1

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7.2.11	**Introduce an independent review mechanism for grant applications** An independent review of grant documentation would: • Guarantee the independence of the governance bodies; • Enable a stronger and more reliable check of compliance of grant operations with criteria; • Ensure the global coherence of the portfolio of projects.	***Not agreed:*** Adding another "independent experts review" is very doubtful that will add to the quality of ITF supported projects, the latter having already benefitted from external technical feasibility and EIA studies. It could potentially have negative collateral effects by diluting responsibilities of mandated bodies (Ex Com or EFIs Boards). Issues concerning ascertaining the independence and consistency over time of advice are noted. ExCom regularly reviews and revises, as and when required, the CAPGO documents and cover sheet and ensures that project applications comply with the so revised CAPGO requirements.	ExCom	PFG	Mid-2013	Subject to possible EU platform guidance and potential scope and needs for applying the SE4All initiative
7.2.12	**Clarify the role of the RECs** The Executive Committee should clarify the role of the Regional Economic Communities (RECs) in the ITF as well as the opportunities for coordination and interaction. It should equally formalise opportunities for interaction with sectoral regional institutions beyond the RECs	***Partial agreement:*** RECs are already part of the SC as core members of the African participants. RECs have actively participated in past SC meetings by presenting the regional priorities and informing the ensuing dialogue. Awareness actions were carried out in the past by the ITF Sec presentations of to the various RECs.	COM	AUC	RG meeting: Nov-Dec 2012	
		It is nevertheless agreed that additional communication effort shall be made. Action to be taken in the context of the JAES Reference Group (RG) by proposing same information to be shared by COM with EU delegations and by AUC with RECs.	COM ITF Secr		Mid-2013	
EFFICIENCY						
7.3.1	**Improve the quality of grant request submissions** There is a need to improve the consistency and quality of documentation supporting grant requests. A format that closely follows the CAPGO document should address potential concerns of the ExCom when approving requests. Additionally, there is a need to incorporate new "implementation criteria" into the CAPGO document, corresponding to the expected outputs of the ITF, covering: • Measures taken to encourage private sector involvement; • Coordination mechanisms in place (PFG and non- PFG); • Risk management considerations; • Governance and sustainability;	***Partial agreement:*** • Agreement provided that the recommendation relates to "quality control" over the grant request (and no double appraisal of the underlying project) • Proposal by some that the ITF Sec be given a role in the implementation of this recommendation 1. COM proposes update of standard grant request template and the CAPGO document, as per rec. 7.2.11 2. Subsequent PFG discussions and submission to Ex Com	COM	ITF Secr.	Mid-2013	Subject to possible EU platform guidance and rec. 7.2.11.

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	• Measures taken to reduce the risk of double or over-subsidy; and • Arrangements for sustainable service delivery (including provisions for maintenance of infrastructure).		COM	PFG		
7.3.2	**Investigate options for better managing donor disbursements to the ITF** When compared with to Trust Funds operated by other organisations (such as the World Bank) there may be some need to change the Trust Fund Agreement. Other organisations allow for the contractual commitment to provide funds, but then allow for the transfer of funds (to the fund manager) to follow once a project (or group of projects) have been approved (in this case by ExCom). Such arrangements provide Trust Fund managers with the certainty that they have funds to commit while giving Donors the option to provide funds when they are required by the ITF nearer to the point of disbursement. While this would have no impact on the rate of disbursement, it is successfully used in other programmes to more clearly show when further funds are required from Donor's.	***Agreement:*** Respective amendment shall be included, in case of agreement, in the modified Implementing Rules of the AITF Article 2.3, In addition, the European finance Institutions (EFIs) will exchange information in the PFG on their internal approval processes for exploring potential for synergies and calendar co-ordination;	WG PFG	Ex Com COM	ExCom decision: Nov-Dec 2012	
7.3.3	**Better address good governance, maintenance and sustainability in projects** The ITF should consider incorporating "good governance arrangements" as a specific "implementation criterion" in the CAPGO document, so that when grant operations undergo approval, they must demonstrate at a project level what initiatives are taken to reduce governance risk. This should include some assessment of the level of governance risk and a clear mitigation plan. Furthermore, there needs to be a reinforcement of the "provisions for project maintenance" clause, so that this topic is not overlooked during the grant approval process.	***Agreement:*** <u>Need to differentiate between </u>"governance" and "maintenance". 1. Governance: participation in national/regional sector policy dialogue to be ensured so that the contribution the EU in general, including EFIs, will be properly considered and inform the conclusion, results and also the updates of action plans. 2. Maintenance: COM proposes update of standard grant request template	COM COM	PFG Ex Com		See also rec. 7.3.1, 7.3.4
7.3.4	**Improve the consideration of risk management** There should be a more systematic assessment of risks in the project approval stage and clearer presentation to ExCom. These risks should follow standard risk management approaches and may best be considered against Political, Economic, Social, Technical, Legal and Environmental (PESTLE) elements. In this case project risks would be outlined and detailed and a probability and impact of occurrence indicated – those with high probabilities and high / medium impact could then be required to outline mitigating measures as part of the application process. Therefore these considerations need to be integrated as an	***Partial agreement:*** Agreement, on the importance of risk management. European Finance Institutions make reference to their standard risk management appraisal procedures and refuse duplication of work. Ex Com applies "non-fragmentation" clause to ensure comparability between risk assessments by different EFIs Ex Com requires from EFIs to include in their "monitoring reports" updates of the development of the risk assessment, and their eventual risk mitigation measures, if any.	PFG ExCom PFG	COM	On-going On-going	

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	"implementation criterion" in the CAPGO document and accordingly addressed in the grant operation request cover sheets, and presented as part of the case for funding.					
IMPACT AND SUSTAINABILITY						
7.4.1	**Improve monitoring, evaluation and the results framework** The ITF needs to establish a minimum common set of indicators at project level that could be aggregated at portfolio level, taking into account the different stages of projects and sectors, so that the Secretariat can better manage on a day-to-day basis as well as prepare for the final evaluation in 2015. These indicators should be proposed and adopted by the PFG members in consultation with ExCom. A proposal of mandatory core indicators could focus on the following areas: • Increase in number of people with access to improved service; • Cost reductions for consumer; and • Employment (sectoral) generated during construction and during operation. The ITF Secretariat should reinforce its monitoring at portfolio level, and develop (with the assistance of the PFG financiers) appropriate monitoring and reporting tools. On the basis that the functioning of the ITF will not change however, there is only limited need to increase the size of the ITF secretariat to allow for improved monitoring which could be (and should be) limited to one full time equivalent. Decisions regarding timing of the final evaluation will be made depending on the decision as to whether or not the ITF is terminated in 2015. Should it be terminated, the evaluation team would recommend that the final evaluation go ahead as planned in 2015, regardless of the extent of physical completion of the infrastructure projects. Should the ITF however be extended beyond 2015 it is up to the ExCom to decide an appropriate date, given that potentially few ITF supported projects will be physically completed.	***Partial agreement:*** There is broad agreement on a set of minimum common indicators. However, • Need to differentiate between indicators at project and instrument/ITF portfolio levels • Indicators should not be set as objectives. At the project level, PFG shares its experience and is developing project indicators to be generally applied. In doing so, the PFG will examine the scope of using indicators listed by the MTE (Table 19). Proposal to be confirmed by the Ex Com. As per above action to rec. 7.3.4, Ex Com requires from EFIs to include in their "monitoring reports" updates of the development of the risk assessment, and their eventual risk mitigation measures, if any.	ITF Secr. ExCom EFIs	PFG, COM	PFG discussion started in Sep 2012 Mid 2013 End-2013 On-going	See also rec. 7.1.1
CURRENT AND FUTURE CHALLENGES						
7.5.1	**Use TA to improve credit worthiness** The ITF could contribute to supporting the creditworthiness of infrastructure customers (e.g. utilities buyers of power) through: • TA to support assessments and work towards achieving a credit rating or an improvement in credit ratings. This support is offered through other facilities as well, however, directly working with	***Partial agreement:*** Interesting proposition that could be linked to the TA strategy, although some of the recommended activities go beyond TA (e.g. setting up partial risk guarantee)				

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	beneficiaries through a specific element of the ITF could be beneficial and is essential in achieving greater private sector participation. • TA however needs to be seen as complementary to other forms of direct support to credit worthiness. While TA to support achieving a rating or improving a rating is important, these changes will take time to impact a specific investment. As such, further financial support is required through: • Direct credit support or financial structuring; and • Setting up partial risk guarantees on the pattern of those created by the World Bank and providing a backstop to borrowers in case of default (customers' rating being boosted by the Donors rating. This TA however should only be related to a wider ITF investment.	PFG prepares a paper on the issues associated with such potential new support from the ITF	PFG	COM	End-2013	
7.5.2	**Use TA to build capacity for PPPs** Technical assistance provided by the ITF could be beneficial to addressing African government's capacity challenges. However, in the context of the ITF, this should be linked to a transaction and or loan and undertaken to support a smooth functioning project. Specifically, TA could help by: • Setting up of local PPP units to concentrate expertise, supplementing government capacity with external specialists to structure and manage PPPs, • Working towards standardised procedures and documentation for PPPs, based on proven experience for use in African countries, in order to achieve efficiency gains (e.g. template for financing documents contracts and operations, and maintenance agreements along with concession agreements, etc.). This TA however should only be related to a wider ITF investment.	***Partial agreement:*** • This is broadly supported, provided complementarity and additionality to other instruments is ensured. • It should be recognized that TA for PPP support is not always related to a specific investment. For PFG to investigate issues and analyse the advantages and disadvantages of TA support for PPPs, whether through PIDG or through other PFG members, such as AFD, EIB, KfW, SIMEST..	PFG	COM	End-2013	See also rec. 7.1.3
7.5.3	**Expand the use of risk mitigation instruments** Obstacles to private sector participation could be overcome by risk mitigation and credit support instruments, in order to make funding available to infrastructure projects under suitable terms. These would however require a redefinition of the trust fund agreement • Encourage the implementation of pilot projects to test new funding approaches aimed at mobilising third-party equity capital from private sources for investment in infrastructure.• Provide capital grants to mitigate the risks linked to business costs, by developing specific instruments to address the following risks: • increased capital equipment costs, •operational expenses and maintenance costs. Some other tools to overcome risk include: •Foreign exchange liquidity facility - A foreign exchange liquidity facility can help reduce the risks associated with borrowing money	***Agreement:*** General Agreement that more risk mitigation instruments are needed in Sub Sahara Africa. In this regard the PFG will review the opportunity of updating the paper on risk mitigation instruments accordingly inform the Ex Com.	PFG	Ex Com COM	End-2013	

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	in a different currency by creating a line of credit that can be drawn on when the project needs money and repaid when the project has a financial surplus. The cost of such a foreign exchange liquidity facility is expected to be cheaper than either a loan guarantee or policy insurance.• Pledge fund - an equity capital 'pledge' fund may be appropriate for projects that are too small for equity investors to consider, despite having a strong internal rate of return (IRR). In this model, public finance sponsors (which could be developed country governments or international financial institutions) provide a small amount of equity to anchor and encourage much larger pledges from private investors, such as sovereign wealth funds, large private equity firms and pension funds •Subordinated equity fund – this means that the repayment on the equity is of lower priority than the repayment of other equity investors. Subordinated equity would aim to leverage other equity investors by ensuring that the latter have first claim on the distribution of profit, thereby increasing their risk adjusted returns.					