



INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU

**WORLD TELECOMMUNICATION DEVELOPMENT
CONFERENCE (WTDC-98)**

Valletta, Malta, 23 March - 1 April 1998

**Document 49-E
19 February 1998
Original: English**

For information

Agenda item: 4.1

PLENARY MEETING

Telecommunication Development Bureau

**FINANCIAL INSTITUTIONS OFFERING RESOURCES FOR TELECOMMUNICATIONS
PROJECTS AND TECHNICAL ASSISTANCE IN DEVELOPING COUNTRIES**



FINANCIAL INSTITUTIONS

OFFERING RESOURCES

FOR

TELECOMMUNICATION PROJECTS

AND

TECHNICAL ASSISTANCE

IN

DEVELOPING COUNTRIES

DRAFT

January 1998

THIRD EDITION

(as verified by the financial institutions)

INTRODUCTORY NOTE

The evolutionary telecommunication environment is driven by the growing interest of governments and the private sector in global markets and the growing awareness of the stakeholders in the socio-economic well-being of the world's countries. It is understood that the realization of these goals requires the active participation of all partners in the restructuring process. In particular, financing of investment is required and, for that to occur, the regulatory framework must abide by certain commitments to attract the necessary capital, according to commonly agreed principles (specifically as outlined in the WTO Reference Paper on regulatory principles, as well as relevant GATS obligations).

The importance of development financing institutions in mobilizing financial resources for investment in telecommunication projects is unquestionable, but the effectiveness of such institutions may have diminished due to a general lack of information about their objectives and their conditions for providing funds.

This document acts as a guide to the main sources of financing for development, for governments and public telecommunication entities as well as private institutions and enterprises.

The institutions covered in this document provide concessional financing for economic development projects, including telecommunication development. The entries it contains, which have been checked by all participating institutions, condense much useful information in a few paragraphs, revealing a sectoral emphasis that is not always apparent from the name of the organization.

Within the Telecommunication Development Bureau (BDT), the Resource Mobilization Unit, responsible for financing and partnership matters, is working on the promotion and establishment of various types of partnership agreements between different actors (parties) in the telecommunication sector such as administrations, regional and multinational companies, national and international private sector and non-governmental organizations (NGOs) to search for new solutions to the funding of investment projects in the telecommunication sector and to facilitate the transition and restructuring activities (including the implementation of the recent WTO agreements, etc.) of less-developed countries in the context of an evolving international telecommunication environment.

We are pleased to answer any inquiries you may have.

Ahmed LAOUYANE
Director
Telecommunication Development Bureau

EDITOR'S NOTE

The list of financial institutions given in this document may be incomplete. We apologize if this is so, and ask the financial institutions which have not been mentioned to send us all their particulars, which we shall be pleased to include in the next edition of this document.

Please send the information to Ms. Sandrine Cioni at the following address:

Sandrine CIONI	Direct tel: +41 22 730 51 00
Economist/Statistician	Direct fax: +41 22 730 62 10
Partnerships/Financing Unit	Email: sandrine.cioni@itu.int
Telecommunication Development Bureau (BDT)	
International Telecommunication Union	
Place des Nations	
CH-1211 Geneva 20	
Allyn ENDERLYN	
Head	
Partnership/Financing Unit	

<http://www.itu.int/ITU-D/Finance/Financial-Institutions>

EXPLANATORY NOTES

Percentage rates, commissions, fees, etc. are charged per annum, unless otherwise indicated.

ACP: African, Caribbean and Pacific signatories of the Lomé conventions
DAC: Development Assistance Committee
ECOWAS: Economic Community of West African States
ECU: European Currency Unit, a unit of account set by the European Union
EEC: European Economic Community
CFAF: African Community French Francs
FF: French Francs
GNP: Gross National Product
OAU: Organization of African Unity
ODA: Official Development Assistance
SDR: Special Drawing Right, a unit of account set by the International Monetary Fund
\$: US dollar, unless otherwise stated

TABLE OF CONTENTS

		Page
1	Explanatory notes.....	4
2	List of financial institutions by type.....	6
3	List of financial institutions by acronym.....	8
4	New entries in the third edition.....	10
5	Glossary.....	11
6	Multilateral agencies.....	13
7	Bilateral agencies.....	50
8	Funds.....	103

LIST OF FINANCIAL INSTITUTIONS BY TYPE

Multilateral agencies

African Development Bank (AfDB)
Asian Development Bank (ADB)
Banque Arabe pour le Développement Economique en Afrique (BADEA)
Banque Ouest Africaine de Développement (BOAD)
Caribbean Development Bank (CDB)
East African Development Bank (EADB)
European Bank for Reconstruction and Development (EBRD)
European Commission (EC)
European Investment Bank (EIB)
Inter-American Development Bank (IADB)
International Finance Corporation (IFC)
Islamic Development Bank (IsDB)
World Bank
WorldTel

Bilateral agencies

Australia: Australian Agency for International Development (AusAid)
Austria: Development Cooperation Department (DCD)
Belgium: Belgian Administration for Development Cooperation (BADC)
Canada: Canadian International Development Agency (CIDA)
International Development Research Centre (IDRC)
Denmark: Danish International Development Agency (DANIDA)
Finland: Department for International Development Cooperation (DIDC)
France: Caisse Française de Développement (CFD)
Natexis
Germany: Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
Kreditanstalt für Wiederaufbau (KfW)
Ireland: Agency for Personal Service Overseas (APSO)

Italy:	Direzione Generale per la Cooperazione allo Sviluppo (DGCS) Mediocredito Centrale (MCC)
Japan:	Ministry of Foreign Affairs (MOFA) Japan International Cooperation Agency (JICA) Overseas Economic Cooperation Fund (OECF)
Netherlands:	Ministry of Foreign Affairs
New Zealand:	Development Cooperation Division (DEV)
Norway:	Norwegian Post and Telecommunications Authority (NPT)
Sweden:	Swedish International Development Authority (Sida)
Switzerland:	Swiss Agency for Development and Cooperation (SDC)
United Kingdom:	Commonwealth Development Cooperation (CDC) Department for International Development (DFID)
United States:	U.S. Agency for International Development (USAID)

Funds

Abu Dhabi Fund for Development (ADFD)
Arab Fund for Economic and Social Development (AFESD)
Kuwait Fund for Arab Economic Development (KFAED)
Saudi Fund for Development (SFD)

LIST OF FINANCIAL INSTITUTIONS BY ACRONYM

ADB	Asian Development Bank
ADFD	Abu Dhabi Fund for Development
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
APSO - Ireland	Agency for Personal Service Overseas
AusAid - Australia	Australian Agency for International Development
BADC - Belgium	Belgian Administration for Development Cooperation
BADEA	Banque Arabe pour le Développement Economique en Afrique
BMZ - Germany	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
BOAD	Banque Ouest Africaine de Développement
CDB	Caribbean Development Bank
CDC - United Kingdom	Commonwealth Development Cooperation
CFD - France	Caisse Française de Développement
CIDA - Canada	Canadian International Development Agency
DANIDA - Denmark	Danish International Development Agency
DCD - Austria	Development Cooperation Department
DEV - New Zealand	Development Cooperation Division
DFID - United Kingdom	Department for International Development
DGCS - Italy	Direzione Generale per la Cooperazione allo Sviluppo
DIDC - Finland	Department for International Development Cooperation
EADB	East African Development Bank
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
IADB	Inter-American Development Bank
IDRC	International Development Research Centre
IFC	International Finance Corporation
IsDB	Islamic Development Bank
JICA - Japan	Japan International Cooperation Agency
KFAED	Kuwait Fund for Arab Economic Development
KfW - Germany	Kreditanstalt für Wiederaufbau
Ministry of Foreign Affairs - Netherlands	Ministry of Foreign Affairs

MCC - Italy	Mediocredito Centrale
MOFA - Japan	Ministry of Foreign Affairs
Natexis - France	Natexis
NPT - Norway	Norwegian Post and Telecommunications Authority
OECD - Japan.....	Overseas Economic Cooperation Fund
SDC - Switzerland.....	Swiss Agency for Development and Cooperation
SFD	The Saudi Fund for Development
Sida - Sweden	Swedish International Development Authority
USAID - United States	U.S. Agency for International Development
World Bank	World Bank
WorldTel	WorldTel

NEW ENTRIES IN THE THIRD EDITION

New entries

Austria:	Development Cooperation Department (DCD)
Canada:	International Development Research Centre (IDRC)
EC:	European Commission
Finland:	Department for International Development Cooperation (DIDC)
France:	Natexis
Germany:	Kreditanstalt für Wiederaufbau (KfW)
Italy:	Mediocredito Centrale (MCC)
Japan:	Ministry of Foreign Affairs (MOFA) Japan International Cooperation Agency (JICA) Overseas Economic Cooperation Fund (OECF)
Norway:	Norwegian Post and Telecommunications Authority (NPT)
Switzerland:	Swiss Agency for Development Cooperation (SDC)
United Kingdom:	Commonwealth Development Cooperation (CDC)

GLOSSARY OF SELECTED FINANCIAL AND TECHNICAL TERMS

Commitment fee	Fee payable as a percentage <i>pro rata temporis</i> on the undrawn portion of a loan.
Convertible currency	Currency that can be freely exchanged for another currency or for gold.
Convertible loan	Loan which the borrower agrees to convert into equity shares at the request of the lender after an agreed period through transfer of existing shares or issuance of new shares.
Debt/equity ratio	Proportion of loan capital to shareholders' funds.
Equity	Residual value of a company's assets after deduction of all liabilities except those to shareholders. Also known as shareholders' funds, i.e. paid-up share of capital plus reserves.
Fixed/floating rate	Lending rate which is determined at the time of negotiation of the loan and which can be "fixed", i.e. remain constant throughout the duration of the loan regardless of market fluctuations, or "floating", i.e. vary in time according to the fluctuation of a market reference such as LIBOR. A floating rate is usually expressed as the market rate plus a constant spread: e.g. LIBOR + 2%.
Foreign exchange retention	External account into which revenue earned in account foreign exchange may be paid and from which foreign exchange payments may be made directly without application to Central Bank for each transaction.
Forfeiting	Purchase, without recourse against the sellers, of commercial papers such as bills of exchange, promissory notes, etc., usually at a discount.
Franchising	Authorization granted by the owner of a brand name/manufacturing process to a separate entity to use the brand name/process under agreed conditions in a particular area/region in return for a fee.
Front-end fee or Flat	Fee payable to the leading bank or financial institution in a lenders' pool (generally upon signature of loan documentation or first drawdown) as a percentage of a total amount of finance raised or arranged.
Grace period	Initial period of a loan during which only interest is paid but no refund of principal takes place.
Joint venture	Enterprise in which local sponsors, technical partners and/or financial partners participate in the share capital.
Licensing	Authorization granted by an owner to a user of premises, patents, manufacturing processes, etc., subject to agreed conditions.
Maturity	Duration of a loan or due date by which loan is to be repaid.
Medium/long-term loan	Loan made for a period of over a year and up to 5 years (medium) or over 5 years (long).

Multilateral Agencies

MULTILATERAL AGENCIES

African Development Bank (AfDB)

Asian Development Bank (ADB)

Banque Arabe pour le Développement Economique en Afrique (BADEA)

Banque Ouest Africaine de Développement (BOAD)

Caribbean Development Bank (CDB)

East African Development Bank (EADB)

European Bank for Reconstruction and Development (EBRD)

European Commission (EC)

European Investment Bank (EIB)

Inter-American Development Bank (IADB)

International Finance Corporation (IFC)

Islamic Development Bank (IsDB)

World Bank

WorldTel

MULTILATERAL AGENCY

AFRICAN DEVELOPMENT BANK (AfDB)

01 B.P. 1387
Joseph Anoma Street
Abidjan 01
COTE D'IVOIRE

Tel.: + 225 20 40 00/20 44 44
Fax: + 225 21 77 53/20 49 09/20 49 27
Telex: 22202, 23263, 23498
Cable: AFDEV ABIDJAN

1 Background

The African Development Bank group comprises the African Development Bank, the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). The purpose of the African Development Bank, which was established in 1963, is to contribute to the economic development and social progress of its member countries, individually and jointly.

The Bank provides financing for specific projects, or groups of projects, particularly those forming part of a national or regional development programme urgently required for the economic or social development of its regional member countries.

2 Overall assistance

Total reserves: US\$ 1 183 million (1995)
Telecommunication lending: US\$ 811 million (1967-1996)

3 Finance available for telecommunications

To improve the economy and social welfare of African states, AfDB has provided extensive loans for telecommunication projects. From 1967 to 1996, the Bank Group loaned US\$ 811.413 million for telecommunication projects in 31 regional member countries. This amount includes two grants for multinational telecommunication studies.

4 Operational policies

Forms of aid: The Bank is authorized to make, participate in or guarantee loans to any member, any social and economic subdivision or agency thereof or any public or private enterprise operating within member countries, as well as to international or regional entities that wish to invest in telecommunications.

Amount of aid: There is no maximum or minimum ceiling on loans granted by AfDB for telecommunication projects.

5 Terms and conditions

Interest rates: Project loans: variable

Maturity: 5 to 25 years, including a grace period of 2 to 5 years.

6 Application process

Loans for telecommunications are extended to the governments of its developing member countries, to any of their agencies or social and economic subdivisions and to public and private entities and enterprises involved in economic development already operating in such countries.

7 Geographic coverage

Applications for AfDB loans for telecommunication projects are open to 53 African member developing countries.

8 Comments

Given the increasing importance of the private sector, the Bank will seek to play a significant role in the private financing of infrastructure, including BOT schemes, and will provide technical advice to governments on the development of the necessary legal and regulatory framework to attract private financiers for such projects.

ASIAN DEVELOPMENT BANK (ADB)

P.O. Box 789
Mandaluyong City
0401 Metro Manila
PHILIPPINES

Tel.: + 632 632 44 44
Fax: + 632 636 23 16
Internet: <http://www.asiandevbank.org>
Email: adbhq@mail.asiandevbank.org

CONTACT: Mr. Günter Hecker, Manager, Transport and Communications Division (West)

1 Background

The Asian Development Bank (ADB) was established in 1966 for the purpose of lending funds and providing technical assistance to developing member countries in the Asia and Pacific region and for promoting investment and generally fostering economic growth in the region.

2 Overall assistance (to the end of 1996)

Telecommunication lending: \$ 1 533 million
Total assistance: \$ 62.6 billion (loans and equity investments)
Authorized capital: \$ 50.1 billion

3 Finance available for telecommunications

The ADB provides loans to finance telecommunication infrastructure projects and technical assistance grants in its developing member countries. With the ADB's assistance, member countries are now actively integrating telecommunication development into their overall national development frameworks. Direct ADB support exceeded \$ 1 533 million for 23 telecommunication projects by the end of 1996. In addition, 27 technical assistance grants totalling \$ 13.7 million had been provided to the telecommunication sector.

4 Operational policies

In its telecommunication operations, ADB has focused on expanding telephone networks and improving institutional capabilities. Assistance has been provided for:

- i) expanding telecommunications to unserved rural areas and strengthening facilities in industrial and commercial centres;
- ii) relieving congestion on long-distance transmission lines;

- iii) expanding international links; and
- iv) achieving higher system efficiency.

The Bank offers impartial and credible policy and institutional advice backed by its catalytic role in attracting official and private sector resources to accelerate investment and performance improvements.

Loans can be provided from Ordinary Capital Resources (OCR) or highly concessional Asian Development Fund (ADF). Loans can be made to governments, government agencies or the private sector without government guarantee. Financing for private sector projects would normally not exceed 25% of total project costs. The ADB may also take an equity position to complement such loans. If required, ADB will also assist in mobilizing funds from co-financiers to complement its lending for telecommunication projects.

Technical assistance grants are provided to finance expert services and training necessary for project preparation, policy and regulatory reform and institutional development and privatization.

5 Terms and conditions

- OCR loans: A variable interest rate, currently 6.00% for pool-based multi-currency loans and 6.32% for US dollar loans, which is adjusted every six months; generally a 23- to 25-year repayment period including a 3- to 5-year grace period depending on the expected implementation schedule.
- ADF loans: A 1% service charge; a 40-year repayment period including a 10-year grace period.
- Private sector loans: Interest rates depend on the currency in which the loan is denominated; generally the repayment period does not exceed 12 years including a suitable grace period; loans are normally in the range of \$ 2 and \$ 30 million and the maximum will not exceed \$ 5 million; ADB equity position normally does not exceed \$ 5 million or 25% of the total shareholding.

6 Application process

Loans for telecommunications are extended to governments of developing member countries, to any of their agencies or political subdivisions and to public and private entities and enterprises operating within such countries concerned with economic development.

7 Geographic coverage

Countries eligible for loans:

Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, Fiji, Hong Kong (China), India, Indonesia, Kazakhstan, Kiribati, Republic of Korea, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Singapore, Solomon Islands, Sri Lanka, Taipei (China), Thailand, Tonga, Vanuatu, Viet Nam, Uzbekistan, Samoa.

**BANQUE ARABE POUR LE DEVELOPPEMENT ECONOMIQUE EN
AFRIQUE (BADEA)**

Abdel Rahman El-Mahdi Street
P.O. Box 2640
Khartoum
SUDAN

Tel.: + 249 11 77 3646/3709/0498
Fax: +249 11 77 0600
Telex: 22739/22248/23098 BADEA SD

1 Background

Since 1975, the Banque Arabe pour le Développement Economique en Afrique (BADEA) has been working to channel funds into the developing regions of Africa. Thus, BADEA works with member states of the Organization of African Unity which are not members of the League of Arab States.

2 Overall assistance (to the end of 1995)

Soft loans: US\$ 1 226 million
Technical assistance: US\$ 50 million
Total: US\$ 1 276 million

3 Finance available for telecommunications

BADEA's financing infrastructure as at end 1995 amounted to US\$ 619.572 million, of which about 5% was devoted to telecommunications.

4 Operational policies

Forms of aid: BADEA's terms of lending vary according to the nature of the projects and the economy of the recipient country.

Amount of aid: BADEA's contribution in any project should not exceed 50% of its total cost and the maximum amount of the loan should not exceed US\$ 15 million. BADEA's financing could however reach a maximum ceiling of 80% in projects where the total cost does not exceed US\$ 10 million.

5 Terms and conditions

Interest rates: A weighted average of its loans for 1975-1995 indicates an interest rate of 3.15%, corresponding to a grant element of 43.45%.

Maturity: 18.2 years, including 4.4 years of grace.

6 Application process

Formal contact by the recipient country to the Programme, Projects and Technical Assistance Department.

7 Geographic coverage

Non-Arab member countries of the Organization of African Unity (OAU).

8 Comments

Co-financing with other financing institutions.

BANQUE OUEST AFRICAINE DE DEVELOPPEMENT (BOAD)

68, avenue de la Libération
P.O. Box 1172
Lomé
TOGO

Tel.: + 228 21 0113
Fax: + 228 21 7269

CONTACT: Mr. Boni YAYI, President

1 Background

The Banque Ouest Africaine de Développement (BOAD) was established in 1973 to promote the balanced development of member states and to bring about the economic integration of West Africa.

2 Overall assistance

Paid-up capital: CFAF 20 900 million
Total reserves: CFAF 24 777 million
Telecommunication lending: CFAF 25 833 million (cumulative 1991-1997)

3 Finance available for telecommunications

Approximately 10% of the Bank's total lending is allocated to the communications sector. Funds disbursed for telecommunication projects averaged CFAF 3 690 million per annum from 1991 to 1996.

4 Operational policies

Forms of aid: Financing is available for pre-investment studies, project preparation, costs and technical assistance in cooperation with the International Telecommunication Union. Co-financing of a telecommunication project with other development institutions is also possible.

Amount of aid: In general, the Bank will not lend more than 10% of its own funds or between 40 and 50% of a telecommunication project's total cost. In addition, assistance is not tied to supply of equipment from a specific country.

5 Terms and conditions

Currency: FCFA

Interest rates*: 6% p.a. 12% (1995); Interest subsidy: 0%

Maturity*: 13 to 15 years; (3 to 5 year grace period).

6 Application process

A loan from BOAD is open to private and public entities in West Africa concerned with the development of the region. Co-financing with other institutions is also available.

7 Geographic coverage

African shareholding states.

8 Comments

Assistance is not tied to supply of equipment from a specific country.

* 1996: Interest rate: 11%; Interest subsidy: 0%
Maturity: 10 years; (2-year grace period).

CARIBBEAN DEVELOPMENT BANK (CDB)

P.O. Box 408
Willey
St. Michael
BARBADOS
West Indies

Tel.: + 1 246 431 1600
Fax: + 1 246 426 7269
Cable: CARIBANK

CONTACT: Sir Neville V. Nicholls, President
Marius A. St. Rose, Vice-President (Operations)
Miss Masie Plummer, Vice-President (Corporate Services) and Bank Secretary

1 Background

The Caribbean Development Bank (CDB) is committed to contributing to the harmonious economic growth and development of the member countries in the Commonwealth Caribbean and promoting economic cooperation and integration among them, having special and urgent regard to the needs of the less developed member countries of the region. CDB provides financial and technical assistance for development programmes and projects in the public sector and the private sector. CDB cooperates with various other regional and international donors which are involved in the efforts towards economic and social development in the Commonwealth Caribbean. CDB began operations in 1970.

2 Overall assistance (as at 31 December 1996)

CDB has provided nearly US\$ 1.4 billion (net) in loans, contingent loans, equity and grants across the sectors in its 17 borrowing member countries.

Authorized capital: 115 000 shares
Subscribed capital: \$ 648.4 million
Paid-in capital: \$ 143.4 million
Callable capital: \$ 505 million
Total assets: \$ 389.4 million

3 Finance available for telecommunications

The Bank is able to finance telecommunication projects in Commonwealth Caribbean nations. Because of the geographic nature of the Caribbean islands, telecommunication development has been an essential area of investment for CDB.

4 Operational policies

Forms of aid: CDB may provide or facilitate financing for governments or its borrowing member countries, or any of their agencies or political subdivisions and both public and private entities and enterprises operating within such countries, as well as for international or regional agencies or other entities concerned with the economic development of the region. Direct loans may be extended to a borrower other than a member (whether an individual, company, agency or other entity) without government guarantee, but CDB normally requires alternative security. However, CDB will not finance an undertaking in the territory of a member if that member (government) objects to such financing. The financial resources of CDB consist of 1) *Ordinary Capital Resources* comprising mainly subscribed capital and borrowings which are backed by the callable portion of the subscribed capital and 2) *Special Funds Resources* comprising mainly interest-free contributions and borrowings on very concessionary terms, including low interest rates and long repayment periods which are accepted by CDB and established as separate funds. The *Special Development Fund (SDF)*, established by the Agreement establishing CDB, is a part of the Special Funds Resources. Loans with rates of interest ranging between 2% and 5% per annum depending on the borrowing member country are available from the SDF for approved projects and programmes, mainly those of high development priority.

Amount of aid: The minimum direct loan from CDB to the public sector is US\$ 1 million and to the private sector is US\$ 750 000. Lines of credit are provided to national development banks and other suitable financial institutions for on-lending to private borrowers to finance development projects on terms approved by CDB where the individual financing requirements of such projects are not, in CDB's opinion, large enough to warrant CDB's direct supervision.

5 Terms and conditions

Ordinary operations:

Interest rates: 6.75% per annum for loans to the public sector and 8.75% per annum for direct loans to the private sector.

Maturity: 10 to 15 years (10 to 18 years for industry and tourism) after an appropriate grace period of up to 5 years.

Front-end fee: Applicable to private sector borrowers only - 1% of amount of loan approved, with one-half payable as a deposit prior to appraisal and the remainder if and when loan is approved.

Special operations:

Interest rates: 2% to 5% per annum depending on the borrowing country and the funding source.

Maturity: 25, 30 or 40 years maximum with grace period up to 5, 7 or 10 years respectively depending on the borrowing country and the funding source.

6 Application process

Loans are available to both private and public entities which are interested in investing in the Caribbean region.

7 Geographic coverage

Anguilla, Antigua & Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, Turks & Caicos Islands.

8 Comments

CDB provides technical assistance to governments and the private sector for purposes directly related to projects it is financing (or may finance) and for purposes of general development to enhance the economic performance of its borrowing member countries.

EAST AFRICAN DEVELOPMENT BANK (EADB)

4, Nile Avenue
P.O. Box 7128
Kampala
UGANDA

Tel.: + 256 41 230 021/5
Fax: + 256 41 259 763
Telex: 61074 EADEVBANK

CONTACT: Mr. F.R. Tibeita, Director General
Mr. J. G. Nduati, Director of Operations

1 Background

The major objective of the East African Development Bank (EADB) is to provide financial assistance, promote development and accelerate the economic growth of the East African subregion composed of Kenya, Uganda and Tanzania. The Bank was established under the Treaty for East African Cooperation in 1967. However, this Treaty was overtaken by events and a new Charter for the Bank, with the same signatories, came into force on 23 July 1980. The new Treaty and Charter broadened the Bank's objectives and areas of operation as well as opening the membership to other parties outside the three partner states. The scope of operations was broadened to include agriculture, forestry, tourism, transport and infrastructure including telecommunications. Whereas medium-term and long-term financing remains the core business, the Bank also provides working capital loans, venture capital and equity, leasing, technical assistance for specific projects as well as consulting agency and other services which contribute to economic growth in the member states.

2 Overall assistance

Paid-in capital: SDR 27 380 000

Total reserves: SDR 2 035 000

3 Finance available for telecommunications

Lending for telecommunications by the EADB is important for the East Africa region. Funding covers rehabilitation/modernization, expansion and acquisition of new equipment and services.

4 Operational policies

Forms of aid: The Bank offers medium-term and long-term loans and co-finances with other institutions. Other products include venture capital, equity, leasing and consultancy services. The Bank also participates in the privatization of public enterprises in member states. It is also mandated to offer fund agency services by collaborating with/managing external donors' funds channelled to projects in East Africa.

Amount of aid: The Bank has a maximum limit of up to SDR 4 million for telecommunication projects. EADB cannot finance more than 50% of the net assets of any single project and cannot commit more than 15% of its net worth to any single project.

Other limits are:	Venture capital/equity:	SDR 500 000 or 25% of shareholding in the company.
	Leasing:	SDR 375 000

5 Terms and conditions

Loans:	Foreign currency denominated.
Interest rate:	12% p.a. on reducing balance.
Maturity:	5 to 10 years including a grace period of up to 2 years.
Leasing:	Maximum period tied to economic life of assets.
Venture capital and equity:	- Exit between 7 to 10 years. - Return on equity 20% and above.

6 Application process

Loans from EADB are limited to private and public entities in the three member states.

Investors seeking finance from EADB are required to submit a detailed project feasibility report and a formal letter of application.

7 Geographic coverage

Kenya, Tanzania, Uganda.

8 Comments

Co-financing with other finance institutions. The Bank may extend a combination of the financial services to a single project.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

One Exchange Square
London EC2A 2EH
UNITED KINGDOM

Tel.: +44 171 338 6000
Fax: +44 171 338 6100
Telex: 8812161 EBRD L G
Internet: <http://www.ebrd.com>

1 Background

The European Bank for Reconstruction and Development (EBRD) was established in 1991 to foster the transition towards market-oriented economies and to promote private and entrepreneurial initiative in the central and eastern European countries committed to and applying the fundamental principles of multiparty democracy, pluralism and market economics.

The Bank aims to help its countries of operation to implement structural and sectoral economic reform, including de-monopolization, decentralization and privatization, taking into account the particular needs of countries at different stages of transition. Its activities include: the promotion of private sector activity, the strengthening of financial institutions and legal systems, and the development of the infrastructure needed to support the private sector.

The EBRD encourages co-financing and foreign direct investment from the private and public sectors, helps to mobilize domestic capital, and provides technical cooperation in relevant areas. It works in close cooperation with international financial institutions and other international organizations. The Bank promotes environmentally sound and sustainable development in all of its activities.

2 Overall assistance

By 31 July 1997, the Bank had approved 492 projects: these involved ECU 12.0 billion of the EBRD's own funds and were expected to mobilize an additional ECU 26.4 billion. Of the approved projects, 406 had been signed, committing ECU 9.3 billion of the EBRD's own funds. Seventy-two per cent of total approved funding was for private sector projects.

Project-related technical cooperation is a major feature of the EBRD's activities. By the end of 1996, 47 cooperation fund agreements with bilateral donors, totalling ECU 424 million, had been made with the Bank for this purpose; 1 471 projects, with a total estimated cost of ECU 398 million, had been committed.

3 Finance available for telecommunications

As of 31 December 1996, the EBRD had approved financing totalling ECU 854 million for 37 telecommunication projects, with total project costs in excess of ECU 4 billion. In addition, more than ECU 1.5 billion of projects are currently under active consideration.

The EBRD provides project-specific direct financing for private sector activities, restructuring and privatization, or financing of infrastructures that supports these activities. Joint ventures have been major beneficiaries of Bank lending, particularly those with foreign sponsors. The Bank offers a wide range of financial instruments and takes a flexible approach in the structuring of its financial products. Its requirements are outlined in "*Criteria: what makes an EBRD project?*". The standard minimum involvement for the Bank is usually ECU 5 million. In practice, the average amount of the Bank's involvement is around ECU 18 million. While the Bank does not primarily provide direct funding to small and medium-sized enterprises (SMEs), it does have a number of instruments to reach private SMEs.

Loans

The EBRD provides loans which are tailored to each particular project. The credit risk may be taken entirely by the Bank or partly syndicated to the market. A loan may be secured by a borrower's assets and/or it may be converted into shares or be equity-linked. The Bank lends (and therefore requires payment) in any hard currency, principally the US dollar, the Deutschmark and the ECU: it has started to fund or facilitate loans in certain local currencies.

When lending to private commercial enterprises the Bank does not normally require guarantees from the host government and loans are typically without recourse to foreign sponsors, once a project is up and running. The basis for providing a loan is the project's cash flows and its ability to repay that loan over the agreed period.

Loans by international institutions such as the EBRD have been traditionally excluded from sovereign debt reschedulings and have therefore enjoyed preferred creditor status. Banks that participate in loans to private sector borrowers made by the EBRD, where the EBRD remains the lender of record, may share in the benefit of this preferred creditor status.

Equity

An equity investment may be undertaken in a variety of forms including subscriptions to ordinary or preference shares. Quasi-equity investments ranging from subordinated loans, debentures and income notes to redeemable preference shares are also offered. When the EBRD takes an equity stake it expects an appropriate return on its investment. It will have a clear exit strategy and will only take a minority position.

The EBRD may also underwrite a share issue by a public or a private owned enterprise. The Bank will consider financing the transfer of shares in existing enterprises only in the case of privatization where such a transfer will definitely improve efficiency (for example through better management, rehabilitation or expansion under new ownership, or synergy with the acquirer's operations).

Guarantees

The EBRD may help borrowers gain access to financing through the provision of guarantees. Various types are available, ranging from all-risk guarantees to partial risk-specific contingent guarantees, but in all cases the maximum exposure must be known and measurable and the credit risk must be acceptable.

Instruments for financing SMEs: For a list of EBRD associated intermediaries, see the Bank's publication *Alternative sources of finance for small and medium-sized projects*, which also describes the focus of the facilities.

Credit lines: The EBRD provides direct medium- to long-term funding in the form of credit lines to selected financial intermediaries to finance the loan demand. In some cases, the EBRD will provide similar long-term funding to governments, which then channel these loans through commercial or investment banks for financing private sector SMEs.

Co-financing facilities: The EBRD co-finances projects with local and foreign banks. In these cases, project preparation and evaluation are delegated to the co-financing bank, but the EBRD's financing/lending policy is taken into consideration in each lending decision.

Equity participation in investment funds: The EBRD participates in investment funds, which in turn invest in medium-sized privately owned companies that need to expand their businesses. These funds are focused on a specific region, country or industry sector, have local presence and are run by professional venture capitalists. Their main investment criteria are consistent with the EBRD's overall investment policy.

Trade facilities: The EBRD includes local banks in its various Trade Facilitation Programmes in order to help them establish a reputation for reliability and increase their acceptance in the international trade finance market. In these programmes the EBRD generally issues partial payment guarantees to support letter-of-credit based transactions initiated by the participating local banks. Facilities to private sector clients of local banks range from working capital requirements, trade finance needs to medium-term and long-term investment needs. All facilities are tailored to the special needs of the clients.

Equity participation in banks: The support and development of a sound and competitive financial services sector is a key objective of the EBRD. In this regard the EBRD makes equity investments in the course of privatization and in private sector banks. Its main criteria are a focus on the private sector, corporate governance and management. Where the EBRD can, it will encourage other co-financiers in funding a project.

4 Lending policies

While the Bank seeks to provide the form of financing that best matches the project, certain guidelines apply:

- 1) the EBRD funds up to 35% of the total project cost for a greenfield project or 35% of the long-term capitalization of an established company;
- 2) significant equity contributions from other investors are required, in particular from industrial sponsors in the case of greenfield projects or new joint ventures, where special technical and management skills are needed. In such cases, industrial sponsors are expected to have a majority shareholding or adequate operational control;
- 3) typical private sector projects are based on no more than two-thirds debt financing and at least one-third equity;
- 4) additional funding by other co-financiers is typically required;
- 5) the Bank will not normally provide financing to an investor for the funding of the purchase of existing or new shares; and
- 6) equity from sponsors need not be exclusively in cash but can be in the form of equipment, plant machinery, etc.

Each project is assessed according to the appropriate country strategy. These are approved by the EBRD's shareholders and provide a framework for the banking operations as well as placing priority on certain areas.

5 Terms and conditions

Lending rates and terms

Pricing policies and project structures work together as they are market-linked. Care is taken to identify and limit the risks in EBRD loans. The Bank operates on a commercial basis, and it prices its loans at market rates reflecting the risks. The EBRD's standing as an international institution and, in particular, its preferred creditor status are taken into account in assessing the risks.

- Rates:** Rates of interest are set at a margin over a market benchmark (normally Libor London Interbank Offered Rate). Loans can be either variable-rate or fixed-rate, and may include a variety of hedging instruments depending on whether the derivatives markets are accessed.
- Terms:** The loan margin reflects both country and commercial risks and also conforms to conditions in the syndicated loan market. Grace periods for repayment are negotiable, while loan maturities will generally range from 5 to 10 years, depending on the individual operation requirements and repayment of principal will normally be in equal, semi-annual instalments. Longer maturities may be considered on an exceptional basis, for example up to 15 years for infrastructure operations.
- Fees:** A front-end fee will be charged at signing, in accordance with commercial practice, to cover administrative expenses incurred by the Bank when developing and structuring a project. Annual commitment fees on undisbursed loans are also charged.
- Expenses:** In line with commercial practice, sponsors will be obliged to reimburse the Bank for out-of-pocket expenses, such as fees for technical consultants and outside legal counsel and travel expenses.
- Recourse:** Recourse to a sponsor is not required although the EBRD may seek specific performance and completion guarantees plus other forms of support from sponsors of the kind that are normal practice in limited-recourse financings.
- Insurance:** In its financing operations, the EBRD requires the companies or entities it funds to obtain adequate insurance against normally insurable risks (for example, theft of assets, outbreak of fire, specific construction risks). It does not require insurance against political risk or non-convertibility of the local currency.
- Security:** The EBRD usually requires the companies or entities it finances to secure the loan with project assets, which can include the following: a mortgage on fixed assets (land, plant and other buildings), a mortgage on movable assets (equipment, other business assets), the assignment of the company's hard currency and domestic currency earnings, a pledge of the sponsor's shares in the company and the assignment of the company's insurance policy and other contractual benefits.
- Covenants:** Typical project finance covenants are required as part of the loan package. Such covenants, limiting indebtedness, specifying certain financial ratios and various other issues, will also be negotiated as appropriate to the loan.

Equity positions

The terms and conditions of the EBRD's investment in a particular project will depend on the risks and prospective returns of the project, as well as on the characteristics of the entity serving as a vehicle for the investment (for example the joint-venture company). As the Bank has limited capital resources, it does not seek long-term investments or take a controlling interest in or direct responsibility for managing enterprises.

6 Application process

The project sponsor should initially contact either a member of the Telecommunication Tam, the Project Enquiries Officer in London or the local resident office, providing the following information:

- 1) Details on shareholders, both local and foreign.
- 2) Business and project rationale: a clear explanation of the business proposal, its technical and economic/commercial aspects.
- 3) Initial proposal as to the type of EBRD involvement the client requires: e.g. as an equity partner, as a source of credit (debt financing) or as a combination of both.

7 Geographic coverage

The EBRD has 60 members (58 countries, the European Community and the European Investment Bank), including 26 countries of operation in Central and Eastern Europe and the Commonwealth of Independent States (CIS).

8 Overview of key EBRD objectives in telecommunications

There is a critical shortage of telecommunication services in the EBRD's countries of operation as evidenced by the low network densities and the long waiting times for lines. Demand for access and for improved service quality far outstrips current supply, and the magnitude of the investment necessary to satisfy this demand requires the effective mobilization of substantial amounts of private capital. Moreover, demand for value-added services, computer networks, and media and broadcasting services is growing rapidly. In keeping with this, the Bank's overall strategy is to promote modernization and expansion in all of these areas by:

- Mobilizing private sector financing. In 1996, the majority of the Bank's commitments were made in private enterprises or in connection with the privatization of state-owned companies.
- Assisting in the transformation of the incumbent national telecommunication operators into commercially oriented privatized companies.
- Maintaining a flexible and innovative approach. The Bank intends to continue to expand its repertoire of financial instruments and to supply innovative solutions to accommodate the increasingly sophisticated needs of both its private and public sector clients, including equity warehousing, hedging facilities, and local currency financing along with its traditional role as a provider of both hard currency debt and equity financing.
- Continuing to benefit from its relationships with commercial lenders, other multilateral and bilateral institutions, and telecommunication operators and service providers.

9 Comments

The EBRD's operations are carried out through its Banking Department, which is composed of teams combining the Bank's private sector and public sector specialists. Country teams ensure consistent implementation of the Bank's country strategies; these are backed up by the specialist expertise of sector teams and operations support units.

One of the EBRD's strengths is that it can operate in both the private and public sectors. It merges the principles and practices of merchant and development banking, providing funding for private or privatizable enterprises and for physical and financial infrastructure projects needed to support the private sector.

EUROPEAN COMMISSION

200, rue de la Loi
1049 Brussels, Belgium

Tel.: 32 2 291111

CONTACT: J.F. Soupizet - Head of Sector - Directorate General XII
Telecommunications, Information Market and Exploitation of Research

1 Background

The European Commission can support telecommunications through various lines of action consistent with the range of policies that lie within its competence under the terms of the treaties: external relations, development aid, regional development, telecommunications, technological research and development, small and medium-sized enterprises.

Its action may take the form of various types of subsidy or loan, with differing arrangements according to the specific agreements that exist between the European Union and its different partners.

2 Finance available for telecommunications

Table of contributions to telecommunication development outside the Union 1982-1997 (millions of ECU):

PROGRAMME*	PHARE	TACIS	MED	LA	ACP	ASIA	Total
DONATIONS**	8.2	42.9	15	40.9	176.6	27.4	365.9
EIB LOANS	1.2	-	178	75	342.5	-	1 865.5

3 Operational policies

In the field of telecommunications, the European Commission gives priority to encouraging the establishment of a regulatory framework that is favourable to private sector investment and of a framework of technical standards that is open and which facilitates use of the available technologies under optimum conditions.

Additionally, contributions in the form of donations are also granted for the rehabilitation of operators or the deployment of infrastructures in rural areas.

Loans from the European Bank are also available.

* See geographic coverage under 6.

** Including co-financing of research projects.

4 Terms and conditions

Cooperation is governed by the agreements concluded with the beneficiary countries; as a general rule, projects also include local inputs.

In the case of scientific research the financing is partial.

Interventions by the EIB take the form of loans on preferential terms and, in some cases, subsidized loans.

5 Application process

Support for telecommunications is not separate from economic cooperation or development aid. Countries wishing to benefit from such assistance should therefore submit their projects through the usual cooperation channels with an indication to the effect that they are of a sufficiently high priority to receive funding.

A qualified discussion partner can in practice always be found among the staff of the European Commission's delegations in third countries.

However, the formal application must be submitted by the Ministry responsible for coordinating all cooperation with the European Union and the decision is taken in bipartite bodies (joint committees).

In the case of regional projects, the initiative may be taken by a regional body or by countries of the region, the appropriate channel still being the delegation in the country in which the organization mainly concerned has its headquarters.

6 Geographic coverage

Cooperation agreements exist with the majority of non-member countries that make specific provision for activities relating to the information society and telecommunications.

Such activities are consolidated under programmes with common implementation procedures and which provide for regional cooperation activities:

PHARE: Poland, Hungary, Albania, Romania, Slovenia, Czech Republic, Slovakia, Bulgaria, Baltic Countries;

TACIS: Russian Federation, Azerbaijan, Georgia, Uzbekistan, Mongolia;

MEDA: Algeria, Morocco, Cyprus, Lebanon, Malta, Egypt, Jordan, PLO, Syria, Tunisia, Turkey;

LA: Developing countries of Latin America and Asia;

ACP: 70 countries of sub-Saharan Africa, the Caribbean and the Pacific.

EUROPEAN INVESTMENT BANK (EIB)

100, Boulevard Konrad Adenauer
2950 Luxembourg
LUXEMBOURG

Tel.: + 352 4379 1
Fax: + 352 4377 04
Telex: + 3530 bukeu lu
Cable: BNKEU
Offices: Athens, Brussels, Lisbon, London, Madrid, Rome.

CONTACT: Mr. F. Carpenter, Secretary-General

1 Background

The European Investment Bank (EIB) is the European Union's financing institution. It was established in 1958 to finance capital investment furthering the European Union's balanced development and integration. While most of its lending is for projects located within the European Union, it does finance investment in more than 130 countries outside the EU within the framework of the Union's external cooperation policy.

2 Overall assistance (to end 1995)

Subscribed capital:	ECU 62 013 million
Paid-up capital:	ECU 4 652 million
Lending (1996):	ECU 20.9 billion inside the Union ECU 2.3 billion outside the Union
Telecommunication lending (1992-1996):	ECU 8.8 billion inside the Union ECU 1.1 billion outside the Union

3 Finance available for telecommunications

Long-term loans (up to 20 or more years) in currency of choice.

4 Operational policies

The EIB finances large-scale projects (over ECU 25 million) through individual loans concluded with promoters.

Small or medium-scale ventures are supported indirectly by way of global loans advanced to some 130 banks operating at national or regional level.

EIB loans are a supplementary source of financing and do not, as a rule, exceed 50% of project cost. They can be used in combination with national or Community grant aid, particularly in assisted areas.

5 Terms and conditions

The EIB's first-class credit rating ("AAA") enables the Bank to raise funds on the finest terms available at any given time. As a financial intermediary operating on a non-profit-making basis, the EIB on-lends the funds borrowed at a rate reflecting its excellent position on the markets plus a small margin to cover its operating costs. Loans are disbursed at par.

The EIB provides long-term loans with maturities usually of between 4 and 12 years for industrial projects and up to 20 or more years for infrastructure and energy schemes.

Repayment is in six-monthly, or less usually annual, equal instalments of principal and interest. In some instances, repayment arrangements may be tailored to meet individual needs of a project.

6 Application process

Contacts regarding the financing of telecommunication projects can be made on informal basis directly with the EIB. The layout and contents of documents in the project file are the responsibility of the borrower. Documentation for telecommunication projects must normally cover: general information about the project, technical, economic and financial data.

7 Geographic coverage

The EIB finances projects in the 15 Member States of the European Union. Outside the European Union, the EIB participates in the implementation of the Union's development policy in countries in the Mediterranean region, in 70 African, Caribbean and Pacific countries which are signatories to the Lomé Convention, in South Africa, in 11 countries in Central and Eastern Europe and in 30 countries in Latin American and Asia.

8 Comments

Publications of EIB activities, including a "Guide to tendering for contracts", can be obtained on request. Contact: EIB's Information Desk, fax (00352) 4379 3122.

INTER-AMERICAN DEVELOPMENT BANK (IADB)

Office of External Relations
1300 New York Avenue N.W.
Washington, DC 20577
UNITED STATES OF AMERICA

Tel.: + 1 202 623 1397
Fax: + 1 202 623 1403
Email: pic@iadb.org

CONTACT: Mr. Daniel Martin, Chief, Public Information Section

1 Background

The Inter-American Development Bank (IADB) is an international financial institution established in 1959. The purpose of the Bank is to contribute to an accelerated pace of economic and social development in the developing member countries in Latin America and the Caribbean. The Bank's membership consists of 26 borrowing countries in the western hemisphere and 20 non-borrowing countries from outside the region.

2 Overall assistance (to the end of 1996)

Authorized capital: \$ 80.9 billion (Ordinary Capital funds)
\$ 9.7 billion (Fund for Special Operations)
Paid-in capital: \$ 3.8 billion
Total reserves: \$ 6.1 billion

3 Finance available for telecommunications

Telecommunication projects funded by the Bank have included improvement of existing networks, installation of rural service and emergency systems important for earthquake rehabilitation. Since its inception, in 1959, the Bank has approved a total of \$ 81.1 billion in loans out of which \$ 300 million worth of telecommunication projects located throughout Latin America.

4 Operational policies

Forms of aid: The Bank makes loans for high-priority projects in the infrastructure, productive and social sectors. Technical assistance is provided for pre-investment and institutional strengthening. The Bank also lends directly to the private sector.

Amount of aid: Concessional resources are available to the less developed countries in the region.

5 Terms and conditions

Ordinary loans:	Interest rates:	Market rates
	Maturity:	10 to 25 years with 4 to 5 years grace.
Special loans:	Interest rates:	1 to 4%
	Maturity:	25 to 40 years with 5 to 10 years grace.

6 Application process

Loans are available to both private and public entities which are interested in investment in the developing member countries of the Bank.

7 Geographic coverage

Latin America and the Caribbean.

8 Comments

Emphasis is laid on development of the private sector.

INTERNATIONAL FINANCE CORPORATION (IFC)

2121 Pennsylvania Avenue, NW
Washington, DC 20433
UNITED STATES OF AMERICA

Tel.: + 1 202 477 1234
Fax.: + 1 202 477 6391
Telex: MCI 248423 (WORLDBANK)
Email: Information@IFC.ORG

CONTACT: Mr. Declan Duff, Manager, Telecommunications, Transportation and Utilities
Department

1 Background

The International Finance Corporation (IFC) was established in 1956 as an affiliate of the World Bank to further economic growth in its developing member countries by promoting productive private investment. IFC is the world's largest source of direct project financing for private investment in developing countries.

2 Overall assistance (to the end of FY 1996)

Paid-in capital:	US\$ 2 200 million
Net investments:	US\$ 3 317 million
Total disbursed loan and equity portfolio:	US\$ 8 400 million
Telecommunication lending (FY 1997):	US\$ 607 million
Telecommunication lending (cumulative):	US\$ 2 472 million

3 Finance available for telecommunications

Until 1990, IFC did not focus on the telecommunication sector because the sector was essentially controlled by governments. Since 1990, the private sector has taken on a much greater role through privatizations and IFC has substantially increased its lending and equity investment in telecommunications. Lending to date (30 June 1997) has encompassed forty-seven projects, for a total of US\$ 988 million for IFC's own account (with total project cost of US\$ 9 730 million). Since FY 1990, IFC has also mobilized US\$ 1 484 million for telecommunication projects through co-financing loan syndications.

4 Operational policies

Forms of aid: IFC has the flexibility to deploy a full range of financial instruments, tailored to such projects. It can provide senior loans, subordinated and convertible loans, income notes, or equity - in whatever combination is necessary to ensure that a project is soundly funded from the outset. IFC provides long-term loans and risk

capital, without government guarantees, to private enterprises that have difficulties raising funds from other sources on reasonable terms. IFC mobilizes additional project finance from other investors and lenders.

Amount of aid: IFC tailors the nature and amount of its financing to a project's needs. IFC invests for its own account generally no more than 25% of the project cost. Normally, its investments are between US\$ 5 million and US\$ 100 million. For every dollar invested by IFC in a project, about six dollars are invested by others. IFC can invest up to 35% of the share capital for a venture, so long as it is not the largest shareholder.

5 Terms and conditions

Loans:	Interest rates:	Interest rates are set according to the type of loan, the currency of denomination, and the particular circumstances of the transaction. In all cases, they reflect prevailing commercial rates.
	Maturity:	Maturity on loans ranges from 3 to 10 years including a 1 to 4-year grace period. A front-end fee of 1% is generally charged on new IFC loan commitments.
Equity investments:		IFC will only invest in a venture when appropriate arrangements exist for the repatriation of its investment capital and related earnings. Once an investment has matured, IFC typically seeks to turn over its equity, often by sale to local investors. In some countries, IFC shareholdings are treated as domestic or neutral capital for nationality ownership purposes.

6 Application process

IFC operates in a pragmatic and businesslike manner. There is no standard form of application for IFC financing. A company or entrepreneur, foreign or domestic, seeking to establish a new venture or expand an existing enterprise can approach IFC by requesting a meeting or by submitting preliminary project or corporate information. After these initial contacts and a preliminary review, IFC will request a detailed feasibility study or business plan to determine whether or not to appraise the project.

7 Geographic coverage

All developing member countries.

8 Comments

IFC helps to structure financial packages appropriate to a venture and its risk profile. In addition to providing finance, IFC acts as a catalyst, bringing in other lenders and shareholders and coordinating financing from foreign and local banks, export credit agencies, and other institutions. IFC has been especially successful in mobilizing capital through financing loan syndications, in which IFC remains the lender of record but shares all commercial risks with partner financial institutions.

ISLAMIC DEVELOPMENT BANK (IsDB)

P.O. Box 5925
Jeddah 21432
SAUDI ARABIA

Tel.: + 966 2 636 1400
Fax: + 966 2 636 6871
Telex: 601137, 601407 ISDB SJ
Cable: BANKISLAMI JEDDAH
Internet: <http://www.isdb.org.sa>
Email: archives@isdb.org.sa

CONTACT: Dr. Ahmad Mohamed Ali, President

1 Background

The objective of the Islamic Development Bank (IsDB) is to foster economic development and social progress of its 52 member countries and Muslim communities in non-member countries. It has several different financing forms designed to help finance projects in member countries. The Bank formally opened on 20 October 1975.

2 Overall assistance (to the end of FY 1996)

Authorized capital: ID 6 000 million
Paid-up capital: ID 2 134.05 million
Reserves:
– Capital: ID 26 267 (in thousands)
– General: ID 727 193 (in thousands)
– Special: ID 623 672 (in thousands)

3 Finance available for telecommunications

The IsDB extends loans for development projects free of interest charges. Technical assistance for feasibility studies is also financed through grants and/or interest-free loans.

4 Operational policies

Forms of financing: The IsDB has several forms of financing. Loans, equity, leasing, instalment sale and technical assistance are part of its ordinary operations. Other forms include lines of equity/leasing/instalment sale and combined lines. Under these lines, funds are allocated through National Development Financing Institutions in member countries. These lines are meant for financing small/medium-sized

projects in the private sector. Special assistance operations are also provided and consist of grants for training and educational activities.

The Bank has a foreign trade financing form which provides funds on a short-term basis to finance import of development commodities by member countries for their economic development and social progress. The method involves the purchase of goods and their resale to recipient member countries against a reasonable mark-up with deferred payment arrangements.

It also has a longer-term trade financing scheme which aims at providing finance for exports of non-traditional commodities by participating member countries to other OIC member countries. Finally, the Bank manages the Islamic Banks' *Portfolio* which was launched in 1987 and subscribed by the IsDB and nineteen other Islamic banks and financial institutions. The aim of the portfolio is to raise funds from Islamic financial institutions for the purpose of financing trade and other related activities, mainly in the private sector of member countries.

The *Unit Investment Fund* was launched in January 1990 with a capital of US\$ 100 million. A second issue of US\$ 100 million was offered in January 1994. The Fund has launched an additional issue of US\$ 300 million to be offered in several tranches over a number of years beginning from the first quarter of the year 1995. Currently the paid-up capital of the Fund is US\$ 375 million. The Fund aims to achieve adequate returns to its Unit holders consistent with risk-reward parameters by making investments in viable assets in conformity with Shariah. In acquiring investments, the Fund selects companies with proven records of successful performance.

The *Islamic Corporation for the Insurance of Investment and Export Credit* (ICIEC) was established in August 1994 as a subsidiary corporation of the Bank to enlarge the scope of trade transactions and the flow of investments among member countries of the Organization of the Islamic Conference (OIC). The Corporation provides export credit insurance to cover the non-payment of export receivables resulting from commercial or non-commercial risks. It also provides insurance against country risks of exchange transfer restrictions, expropriation, war and civil disturbances and breach of contract by the host government.

Amount approved: Cumulative project financing up to May 1997 amounted to US\$ 4 270 million. US\$ 446 million was accorded in grants as special assistance to member countries and Muslim communities in non-member countries. The cumulative financing approved under the Bank's three trade financing schemes since their beginning amounts to US\$ 11 755 million.

5 Terms and conditions

Loans: Interest-free for development projects (subject to a fixed service charge paid in instalments).

6 Application process

All forms of financing mentioned above are available to all member countries of IsDB. In addition, Muslim communities from non-member countries may receive non-refundable grants in accordance with the principles of Islamic Shariah.

7 Geographic coverage

Member countries of the Islamic Development Bank and Muslim communities in non-member countries.

8 Comments

The Bank encourages all development projects.

NOTE - The Unit of Account adopted by the IsDB is the Islamic Dinar (ID) which is equivalent to one Special Drawing Right (SDR) of the IMF.

WORLD BANK

1818 "H" Street, N.W.
Washington, D.C. 20433
UNITED STATES OF AMERICA

Tel.: + 1 202 458 4765
Fax: + 1 202 522 3001
Email: eforestier@worldbank.org

CONTACT: Emmanuel Forestier, Manager, Telecommunications and Informatics Unit, Energy,
Mining and Telecommunications Department

1 Background

The World Bank Group comprises five agencies whose primary objective is to reduce poverty through sustainable economic development in developing countries. The Group has a wide range of instruments for economic and sector analysis, advisory services, technical assistance, and investment financing and guarantees. From the viewpoint of financing, the main distinction among these agencies is as follows:

The *International Bank for Reconstruction and Development (IBRD)* provides long-term loans at market interest rate to governments, state enterprises or private companies with government guarantee, in countries that cannot adequately finance their development requirements from other sources on reasonable terms. IBRD also offers partial risk and credit guarantees to other lenders.

The *International Development Association (IDA)* provides credits similar to IBRD loans but interest-free to countries that have a per capita income less than US\$ 905 (in 1995) and lack the financial ability to borrow from IBRD on market terms.

The *International Finance Corporation (IFC)* supports private enterprises without government guarantees through loans, loan syndications, equity investments, security underwritings and other financial instruments.

The *Multilateral Investment Guarantee Agency (MIGA)* provides insurance against certain types of non-commercial risk incurred by private equity investors and lenders.

The *International Centre for Settlement of Investment Disputes (ICSID)* assists in the mediation or conciliation of investment disputes between governments and private foreign investors.

2 Terms and conditions of bank lending

To be eligible for an IBRD loan or IDA credit, the borrower must be a developing member country of IBRD or IDA, respectively. To provide borrowers flexibility to select terms that are consistent with their debt management strategy and suited for their debt servicing capacity, three loan products are offered: currency pool loans, LIBOR-based single currency loans, and fixed-rate single currency loans. Borrowers may combine currency loan pool terms and/or single currency loan terms to finance parts of the same project or programme.

For more information on the major terms and conditions of Bank loans and IDA credits, see the World Bank's website: <http://www.worldbank.org>

The remainder of this note discusses the telecommunication activities of IBRD and IDA, together referred to as "the Bank".

3 Past bank operations in the telecommunication sector

Until the late 1980s, the Bank's telecommunication operations focused on lending for rehabilitating, modernizing or expanding telecommunication facilities, as well as improving the performance of the operating enterprises, mostly state-owned monopolies. In the early 1990s, emphasis shifted towards creating conditions conducive to private participation in increasingly competitive market structures.

As of 31 December 1997, the Bank had supported 136 stand-alone telecommunication projects costing in excess of US\$ 20 billion in 54 countries through 90 IBRD loans (US\$ 5.19 billion) and 46 IDA credits (US\$ 1.53 billion).

4 Current world bank telecommunication policies

The Bank's view is that telecommunication operating entities perform best when run as commercial profit-making businesses in a competitive environment. Large amounts of private investment are essential to accelerate and sustain telecommunication development.

The Bank advocates using scarce official funds (including its own) mainly to support sector reforms likely to mobilize private capital and management. The Bank recommends:

- largely private provision of telecommunication services;
- open entry and competition; and
- government responsibility for sector policy and regulation.

Governments are encouraged to develop strategies to extend telecommunication services to the population, including the least privileged groups. Services that are important for social or economic development but are unprofitable, even under liberal entry and pricing policies, can be commercially viable through limited, targeted government subsidies, for instance in rural and low-income urban areas.

5 How the bank can help

Drawing upon its extensive telecommunication experience in more than 60 developing countries, the Bank assists its clients to:

- identify needs and objectives and develop strategies to achieve sector goals;
- build consensus for change among a broad range of groups;
- establish the legal and regulatory framework, including tariff policy, interconnection regime and universal service obligations;
- create a regulatory authority and build its institutional capacity;
- create an open and competitive environment for telecommunications;

- restructure and privatize state-owned telecommunication entities; and
- undertake pilot projects to promote rural communications.

Tailored to individual country situations, the Bank provides financing for advisers and technical experts, training, equipment and other investment needs. Credit and risk guarantees are also available to facilitate private investment in existing or new telecommunication enterprises. In addition, the Bank can finance limited government investment subsidies to render rural services commercially viable and to facilitate private provision of these services. Adjustment loans are also available to governments to offset temporary loss of fiscal and foreign exchange revenues resulting from policy reforms, such as termination agreements or replacement of international settlements by cost-based interconnection agreements. The Bank can provide financial support to state enterprises when there is firm government commitment to sector reform. When public sector restructuring involves posts and telecommunication enterprises, the Bank can also support postal sector reforms. In addition to its lending and guarantee products, the Bank has access to trust funds established by developed countries to help finance technical assistance.

The Bank works closely with IFC and MIGA to ensure effective use of the broad range of financial and advisory instruments available from the World Bank Group to client countries. Likewise, the Bank coordinates its telecommunication assistance with other multilateral and bilateral development organizations.

6 New frontiers

To help its clients take advantage of the extraordinary opportunities being created by the emerging global information economy, the Bank is pursuing new frontiers. Innovative approaches are needed to help developing countries build information infrastructures well beyond the telecommunication sector. Economic modernization will increasingly require strategic information systems and information-friendly environments.

To meet these challenges, the Information for Development Programme (*infoDev*), a global programme managed by the World Bank was established in 1995. It provides expertise and grants financing to assist developing countries, improve and enhance their social and economic development through communications and information technologies. From its inception in September 1995 to the end of 1997, *infoDev* has mobilized some \$ 14 million from public and private donors including the World Bank and has funded 24 projects out of some 250 proposals received.

Other innovative Bank programmes include support to the governments of:

- the Philippines, to establish a world-class customs automation system;
- Jordan, to prepare and implement a National Information Policy Strategy to meet the needs of the public and private sector;
- West Bank and Gaza, to introduce modern banking technology through the creation of an innovative joint public/private banking services company; and
- Indonesia, to remove barriers to entry and enhance private sector participation in the provision of information technology services.

WorldTel

9-11 rue de Varembe
1211 Geneva 20
SWITZERLAND

Tel.: + 41 22 730 5401
Fax: + 41 22 910 0506

CONTACT: Mr. Terrefe Ras-Work, Director Business Development

1 Background

WorldTel Limited is a development company created on the initiative of ITU. It is both a funding and an operating entity that takes up partnership with selected host countries. WorldTel focuses its attention on the provision of basic service infrastructure in the lesser developed countries, including rural and remote areas.

2 Overall assistance

Total assistance: Joint venture partnership with state owned and/or privately owned telecom enterprises.

3 Finance available for telecommunication

Subject to commercial viability, WorldTel would provide substantial equity financing and could also arrange for complementary debt financing for projects.

4 Operational policies

WorldTel proposes to bring in the form of partnership technology, efficient management and large-scale finance on commercial basis. WorldTel associates ITU/BDT, strategic operating partners and consultants as appropriate. Equipment suppliers, generally selected on competitive international bidding, would be invited to offer turnkey installations.

5 Terms and conditions

Equity and debt financing are to be negotiated on a project by project basis. Generally, reimbursement of investment and benefits would be obtained on the principle of revenue sharing.

6 Application process

Contact Director Business Development.

7 Geographic distribution

Developing countries in Africa, Asia, the Americas and Eastern Europe.

8 Comments

The host country needs to become a member of the Assembly of Governors in order to have its projects considered. The Assembly provides policy advice to WorldTel. WorldTel is setting up the African Telecom Fund and the Telecom Fund for Islamic Countries, each of which is targeted at US\$ 500 million. Other funds will follow.

Bilateral Agencies

BILATERAL AGENCIES

Australia:

Australian Agency for International Development (AusAid)

Austria:

Development Cooperation Department (DCD)

Belgium:

Belgian Administration for Development Cooperation (BADC)

Canada:

Canadian International Development Agency (CIDA)

International Development Research Centre (IDRC)

Denmark:

Danish International Development Agency (DANIDA)

Finland:

Department for International Development Cooperation (DFID)

France:

Caisse Française de Développement (CFD)

Natexis (new name of Group Crédit National - BFCE)

Germany:

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)

Kreditanstalt für Wiederaufbau (KfW)

Ireland:

Agency for Personal Service Overseas (APSO)

Italy:

Direzione Generale per la Cooperazione allo Sviluppo (DGCS)

Mediocredito Centrale (MCC)

Japan:

Ministry of Foreign Affairs (MOFA)

Japan International Cooperation Agency (JICA)

Overseas Economic Cooperation Fund (OECF)

Netherlands:

Ministry of Foreign Affairs

New Zealand:

Development Cooperation Division (DEV)

Norway:

Norwegian Post and Telecommunications Authority (NPT)

Sweden:

Swedish International Development Authority (Sida)

Switzerland:

Swiss Agency for Development and Cooperation (SDC)

United Kingdom:

Commonwealth Development Cooperation (CDC)

Department for International Development (DFID)

United States:

U.S. Agency for International Development (USAID)

AUSTRALIA

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (AusAID)

G.P.O. Box 887
Canberra A.C.T. 2601
AUSTRALIA

Tel.: + 61 2 6206 4580
Fax: + 61 2 6206 4925

1 Background

The principal objective of the aid programme of the Australian Agency for International Development (AusAID) is to reduce poverty and build capacity in developing countries, with a special focus on the Asia/Pacific region. Slightly more than one-fifth of Australia's Official Development Assistance is provided to Papua New Guinea under special treaty arrangements. Aside from this, however, Australia also provides bilateral country programme assistance to over sixty countries, mainly in the Pacific, Asia and southern Africa.

2 Overall assistance

	<i>FY91/92</i>	<i>FY92/93</i>	<i>FR93/94</i>	<i>FY94/95</i>	<i>FY95/96</i>	<i>FY96/97</i>
Telecommunications (A\$m)	12.8	19.0	13.9	39.1	50.5	7.2
Total Aust govt aid (A\$m)	1 330.2	1 386.1	1 410.8	1 483.7	1 567.2	1 446.5
ODA/GNP ratio	0.36%	0.36%	0.34%	0.34%	0.31%	0.29%

Source: AusAID's Communications Sector Assistance, Report prepared by ENAP Section, November 1997

3 Finance available for telecommunications

Australia is particularly active in telecommunication development in the Asia/Pacific region, including funding an A\$ 14.5m project in southern India to improve the telecommunication network; an A\$ 2.8m project in Pakistan; a large regional project in ASEAN countries with total expenditure of A\$ 3.2m; and an outer islands project in Tuvalu with funding of A\$ 5.1m.

4 Operational policies

Forms of aid: The Australian Aid Programme is based on grants rather than loans. Some projects have been funded under associated financing arrangements (through the Development Import Finance Facility, which was terminated in 1995/1996, though there will be continuing and decreasing payments until the end of the 1997/98 financial year). The decline in telecommunication funding for FY1996/97 partly reflects this decline in large infrastructure funding as a result of the decision to terminate the DIFF programme.

5 Terms and conditions

Grants: Australian aid is provided on 100% grant terms. Approximately two-thirds of the aid programme is provided on a bilateral ODA basis, which is largely untied. In the South Pacific, Australia has agreed to finance local and recurrent costs in certain circumstances for a maximum of three years.

6 Application process

Regular discussions are held with recipient country government representatives to determine their priorities and needs and any specific requests for assistance. The remaining third of Australia's ODA is channelled through multilateral organizations, which involves a range of processes (from annual core contribution payments to specific requests for emergency or one-off assistance).

7 Geographic coverage

The main geographic focus of the Australian aid programme is south and east Asia, the South Pacific and southern Africa.

8 Comments

Australian aid projects are mainly delivered through contracting arrangements made with non-government and commercial organizations which have proven expertise in the various sectors covered by the aid programme.

AUSTRIA

DEVELOPMENT COOPERATION DEPARTMENT (DCD)

Federal Ministry for Foreign Affairs
Minoritenplatz 9
1014 Vienna
AUSTRIA

Tel.: + 43 1 531 15
Fax: + 43 1 531 85/270

1 Background

Austria's Official Development Assistance is channelled through the Development Cooperation Department of the Federal Ministry for Foreign Affairs. The Federal Ministry of Finance is responsible for Austria's cooperation with the multilateral financial institutions. The official funds of the Ministry for Foreign Affairs are concentrated on priority regions and countries, mainly on low-income countries in sub-Saharan Africa.

2 Overall assistance (1996)

Total assistance: US\$ 465 million
Telecommunications: US\$ 1.5 million
ODA/GNP ratio: 0.24%

3 Finance available for telecommunications

0.32% of Austria's Official Development Assistance was directed at communications development in 1996. This amounts to US\$ 1.5 million.

4 Operational policies

Austria has funds available to finance telecommunication projects in the form of grants.

5 Terms and conditions

Terms and conditions are conditional on the economic and social situation of the beneficiary country, the kind of the particular project and the Austrian priorities in the field of development assistance.

6 Application process

The Development Cooperation Department comprises six branches (Abteilung VII.1 - VII.VI): multilateral development cooperation, bilateral technical development cooperation, financial aspects of development cooperation, coordination and information, policy and planning, evaluation. In addition to the central office in Vienna, the DCD has regional coordinators in Managua (Nicaragua), Kampala (Uganda), Paraia (Cape Verde), Thimphu (Bhutan), Beira (Mozambique), Addis Abeba (Ethiopia), Ouagadougou (Burkina Faso).

7 Geographic coverage

Austria's bilateral development cooperation activities are geographically concentrated on **priority** and cooperation countries in five key regions:

NICARAGUA, Costa Rica, Guatemala, El Salvador

CAPE VERDE, BURKINA FASO, Senegal

UGANDA, RWANDA*, **ETHIOPIA**, Burundi, Tanzania, Kenya

MOZAMBIQUE, Namibia, Zimbabwe

BHUTAN, Pakistan, Nepal

8 Comments

In the context of Austria's development cooperation, increasing attention is being paid to issues of democracy, human rights and responsible government. Beside this one important concern of Austria's development cooperation is the furtherance of measures that help to involve women in all aspects of economic and social life. Other central topics are sustainable development and social justice.

* Rwanda continues to be regarded as a priority country for Austria's development cooperation activities. However, the programme, which was to run throughout 1993, was suspended as a consequence of the civil war.

BELGIUM

BELGIAN ADMINISTRATION FOR DEVELOPMENT COOPERATION (BADC)

6, rue Brederode
1000 Brussels
BELGIUM

Tel.: + 32 2 500 6211
Fax: + 32 2 500 6570

CONTACT: Mrs. Y. Cheyns, Direction of Multilateral Cooperation, UN and other Specialized Organizations

1 Background

The Belgian Administration for Development Cooperation (BADC) is a federal administration under the direct control of the Secretary of State for Development Cooperation. BADC is in charge of the preparation, implementation and evaluation of official Belgian development policy. BADC operates at two levels: bilaterally (development projects, technical experts, co-financing NGOs, humanitarian aid, financial contributions to Belgian universities, study and training, grants, financial assistance, etc.) and multilaterally (contributions to different UN organizations, to the European Development Fund, etc.). Since 1996 BADC has focused on five priority sectors, namely health care, education, agriculture and food security, basic infrastructures and civil society building. In the near future official Belgian cooperation will be concentrated on a limited number of countries (about 20). Another important target of BADC is to increase the Belgian public's awareness of major development problems.

2 Overall assistance (1996)

Total assistance: \$ 913.28 million
ODA/GNP ratio: 0.34%

3 Finance available for telecommunications

Average BADC disbursement in the telecommunication sector amounted to \$ 2.9 million (0.7 of total bilateral assistance handled by BADC) during the period 1992-1996.

4 Operational policies

Bilateral aid accounted in 1996 for nearly 60% of net Belgian ODA disbursement, of which half was technical assistance. BADC handles (in the form of grants) 60% of ODA - more than 80% of total bilateral aid. Two-thirds of bilateral ODA disbursed by BADC is channelled through NGOs, universities and multilateral organizations; one-third is directly administered by BADC.

5 Terms and conditions

Grants represented 93% of gross bilateral ODA disbursement in 1996. The fully tied State-to-State loans (7%) are handled by the Ministry of Finances. The average rate of concessionality of ODA loans is 81%. They have a maturity of 30 years, with a grace period of 10 years. They are extended interest-free to countries receiving loans from the International Development Association (IDA), and at a rate of 2 per cent to other countries.

6 Geographic distribution

Worldwide.

CANADA

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

200, promenade du Portage
Hull, Quebec, KIA OG4
CANADA

Tel.: + 1 819 997 1480
Fax: + 1 819 997 1491
Email: tony_zeitoun@acdi-cida.gc.ca

CONTACTS: Mr. T. Zeitoun, Director, Technology Development, Strategic Planning and Policy Division, Asia Branch
Mr. G. Kenney, Senior Adviser, Telecommunications and Information, Policy Branch

1 Background

Development cooperation is an integral element in Canada's foreign policy. Though responsible to the Department of Foreign Affairs, the Canadian International Development Agency (CIDA) operates with a large degree of autonomy to play a role in enhancing a partnership between Canadian institutions and those of the developing world.

2 Overall assistance (1996-1997)

Total assistance: C\$ 2 174 million
Telecommunications: C\$ 140 million (1992/93 to 1996/97)
ODA/GNP ratio: 0.3%

3 Finance available for telecommunications

In 1982, CIDA added the development communications sector. A fundamental objective of Canadian assistance in the sector has been to improve the capacity of developing countries to communicate with their peoples, among themselves, and with the North. CIDA financed projects in the telecommunication sector over a five-year period totalling approximately C\$ 140 million. Estimated disbursements for telecommunications in 1996/97 alone were: Africa C\$ 3.4 million, Asia C\$ 6.6 million and Americas C\$ 5.4 million.

4 Operational policies

Forms of aid: CIDA development assistance is usually disbursed through three major programmes:
1) The bilateral programme

- 2) The multilateral programme
- 3) The Canadian Partnership programme.

5 Terms and conditions

Essentially all of CIDA funding is via non-refundable grants.

6 Application process

Depends on the programme. For more information, contact closest Canadian mission/embassy or CIDA directly.

7 Geographic distribution

Asia, Africa and the Middle East, Latin America, Central and Eastern Europe.

8 Comments

The grant element of Canadian ODA is well above the OECD/DAC average.

CANADA

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC)

250, Albert St.
Ottawa, Ontario, K1G 3H9
CANADA

Tel.: + 1 613 236 6163
Fax: + 1 613 567 7749
Internet: <http://www.idrc.ca>
Email: info@idrc.ca

CONTACTS: Mr. Robert Valantin, Chief Scientist, Information and Communication Theme

1 Background

The International Development Research Centre (IDRC) is a public corporation created by the Parliament of Canada in 1970 to help researchers and communities in the developing world find solutions to their social, economic, and environmental problems. IDRC connects people, institutions and ideas to ensure that the results of the research it supports and the knowledge that research generates are shared equitably among all its partners, North and South.

2 Overall assistance (1996-1997)

Total assistance (programme dollars) 1997/98:	\$US 31 780 000
Telecommunication-related grants 1997/98:	\$US 7 420 000
Total ICT-related grants since 1984:	Approx. \$US 23 800 000

3 Finance available for telecommunications

Programme initiatives are IDRC's primary programming unit for funding research in developing countries. Two current programme initiatives work extensively in the field of telecommunication research: PAN Global Networking and the Acacia Initiative. With an annual appropriations budget of approximately \$US 2 450 000, PAN aims to promote speedy and more efficient access by researchers to the vast textual and multimedia information resources available on the Internet. Special attention is given to research and development communities in poorer countries and remote areas in Asia and Latin America. Other programmes may also have projects involving a telecommunication research and implementation component.

With an annual appropriations budget of approximately \$US 4 550 000, The Acacia initiative aims to empower sub-Saharan African communities with the ability to apply information and communication technologies to their own social and economic development. Acacia takes an integrated approach to addressing applications, technology, infrastructure and policy issues.

4 Operational policies

IDRC generally supports research in the following areas: *Applications of Information and Communication Technologies* in problem solving, decision-making and knowledge access and transfer; *Networking* and the use of information and communication technologies to meet the needs of local communities and to promote equity in development; *Policies and Practices* that will increase the benefits and reduce the negative impacts of the evolving information infrastructure on developing countries and their people.

5 Terms and conditions

Based on if a project proposal fits within IDRC's programming priorities and financial resources, IDRC usually provides grants to researchers and institutions. There is some exploration of recoverable grants or loans and equity agreements. IDRC emphasizes flexibility in its approach to project administration, recognizing that institutions differ in their reporting methods and administrative practices. As a donor agency, IDRC expects certain minimum standards but does not want research projects to suffer as a result of overly stringent regulations. Project Memorandums of Grant Conditions (MGCs) will specify the required frequency of reports from recipients. Recipients normally submit two reports annually to IDRC; one on the technical progress and the other on its finances.

6 Application process

The typical IDRC project begins with a letter from a researcher to a programme officer about a research idea. If the proposed project fits within IDRC's programme priorities the researcher will be asked to develop a full proposal.

7 Geographic distribution

IDRC's overall programme focus is all developing countries. It has regional offices in Nairobi, Cairo, Dakar, Johannesburg, Delhi, Singapore and Montevideo. Acacia's regional research focus is Sub-Saharan Africa while PAN's focus is East and South East Asia and Latin America.

DENMARK

DANISH INTERNATIONAL DEVELOPMENT AGENCY (DANIDA)

2 Asiatisk Plads
1448 Copenhagen K
DANEMARK

Tel.: + 45 33 92 02 25
Fax: + 45 33 92 07 90
Telex: 31 292 etr dk

CONTACT: Ms. Helene Ras Groen, Adviser, Infrastructure Division

1 Background

Danish ODA is covered by Danish International Development Assistance (DANIDA) and is administered by the Royal Danish Ministry of Foreign Affairs.

2 Overall assistance (1995)

Total assistance: \$ 1 544 million
Telecommunications: \$ 23 million
ODA/GNP ratio: 1.00%

3 Finance available for telecommunications

Denmark is currently providing bilateral assistance for telecommunication projects in Nepal, Zimbabwe and a few other countries where the assistance is being phased out. Broad sector support is presently planned for Malawi only.

4 Operational policies

Forms of aid: Grants.

5 Terms and conditions

The grants are received by the Ministries of Finance in the recipient countries, but the funds are normally on-lent to the telecommunication companies if the projects are commercially viable.

Interest rates: None (on the Danish grants)

6 Application process

Normally tendering among Danish firms for major packages.

7 Geographic distribution

Africa and Asia.

8 Comments

Grants for the telecommunication sector are to the final beneficiary.

FINLAND

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT COOPERATION (DIDC)

Ministry for Foreign Affairs
Katajanokanlaituri 3
P.O. Box 176
00161 Helsinki
FINLAND

Tel.: + 358 9 1341 6212
Fax: + 358 9 1341 6314
Email: heikki.tunnanen@formi.fi

CONTACT: Mr. Heikki Tunnanen, Deputy Director General

1 Background

The Ministry for Foreign Affairs of Finland is responsible for executing official Finnish international development cooperation, which is channelled primarily through bilateral cooperation, international organizations and development funds, humanitarian aid and NGOs.

2 Overall assistance

Total assistance: Approx. 2 000 Mill. FIM annually
Telecommunications: Not applicable

3 Finance available for telecommunications

Not determined.

4 Operational policies

Intervention mainly in the form of training of personnel and institution development, rural telecommunication and information technology.

5 Terms and conditions

Mainly grant, concessional credits possible.

6 Application process

Mainly annual country consultations.

7 Geographic distribution

Not limited to a certain geographical area.

8 Comments

MFA/DIDC is presently reconsidering its future in the sector.

FRANCE

CAISSE FRANCAISE DE DEVELOPPEMENT (CFD)

Cité du Retiro
35-37, rue Boissy d'Anglas
75379 Paris Cedex 8
FRANCE

Tel.: + 33 1 40 06 3131
Fax: + 33 1 40 06 3661

1 Background

CFD (Caisse Française de Développement) acts as France's "Development Bank", with funds raised in the national and capital markets. It is responsible for activities as an ODA implementing organization on behalf of the Ministry of Finance and Treasury, the Ministry of Cooperation and the Ministry of Foreign Affairs.

2 Overall assistance

	<i>1995</i>	<i>1996</i>	<i>1997</i>
Total assistance:	\$ 1 605 million	\$ 1 246 million	\$ 1 105 million
Telecommunications:	\$ 54 million	\$ 23 million	\$ 10 million
FRANCE ODA/GNP ratio:	0.55%	0.48%	0.45% (provisional)

3 Finance available for telecommunications

CFD acts as France's "Development Bank", with funds raised in the national and capital markets. It is responsible for activities as an ODA implementing organization on behalf of the Finance and Treasury, the Ministry of Cooperation and the Ministry of Foreign Affairs.

4 Operational policies

The overriding policy element in France's ODA activities is its concentration on Francophone Africa, with increasing diversification on all ACP countries.

5 Terms and conditions

Aid to developing countries is primarily in the form of loans (80%) and grants (20%).

6 Application process

Requests can be made by direct contact or through the field offices network (Agences de la CFD) in 40 countries of Africa, Asia, the Caribbean and the Pacific.

7 Geographic distribution

90 developing countries in Africa, Asia, the Caribbean and the Pacific.

8 Comments

New address after 1 April 1998: Caisse Française de Développement
5, rue Roland Barthe
75012 Paris
France

FRANCE

NATEXIS (NEW NAME OF GROUP CREDIT NATIONAL - BFCE)

45 rue Saint Dominique
75700 Paris
FRANCE

Tel.: + 33 1 48 00 48 00
Fax: + 33 1 48 00 41 51

1 Background

In 1996 Crédit National became 100% owner of BFCE (Banque Française du Commerce Extérieur), and on 23 June 1997 the extraordinary general shareholders' meeting of Crédit National and BFCE approved the transfer of all Crédit National commercial banking activities to BFCE and changed the name to Natexis Banque and Crédit National became the Natexis S.A. as holding company.

Natexis Banque institutional activities perform, on behalf of the French Government, services previously performed separately by Crédit National (especially French Government loans and grants to foreign developing countries) and BFCE (medium-term and long-term export credits).

2 Overall assistance

Total assistance (ODA 1996): US\$ 518.253 million
Telecommunications: US\$ 36.177 million

Source: OECD/CRS/o database.

3 Finance available for telecommunications

Natexis is responsible for activities as an ODA implementing agency on behalf of the French Ministry of Economy, Finance and Industry.

4 Operational policies

As provided under French law, Natexis is responsible for managing government-to-government loans, as well as for managing grants in aid to foreign nations. To this end, the French Ministry of Economy, Finance and Industry (French Treasury) transmits to Natexis the loan and grant protocols signed by the French and foreign governments, as well as notifications of foreign aid destined to French suppliers of French goods and services.

Natexis negotiates the implementation agreements with representatives of foreign governments and with the beneficiary French suppliers to establish procedures for implementing the loan or grant process, such as conditions for paying the French supplier, repaying loans, default and assignment of bank guarantees.

5 Terms and conditions

Aid to developing countries is provided in the form of French Treasury loans and grants.

6 Application process

Requests can be made to the French Ministry of Economy, Finance and Industry.

7 Geographic distribution

Developing countries except those managed by the Caisse Française de Développement.

GERMANY

BUNDESMINISTERIUM FÜR WIRTSCHAFTLICHE ZUSAMMENARBEIT UND ENTWICKLUNG (BMZ)

40, Friedrich-Ebert-Allee
53113 Bonn
GERMANY

Tel.: + 49 228 535 3757
Fax: + 49 228 535 3755

CONTACT: Mr. Georg Lührs, Deputy Head of Infrastructure Division

1 Background

BMZ (Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung) has the overall responsibility for development cooperation of the German Government. The Kreditanstalt für Wiederaufbau (KfW) is responsible for implementing the Financial Cooperation (FC) programme. The Technical Cooperation (TC) programme is implemented by the German Agency for Technical Cooperation (GTZ).

2 Overall assistance

Total assistance:	DM 77 billion (1990-1996) (ODA)		
Telecommunications:	Commitments:	DM 250 million (1990-1996)	
	Disbursements:	DM 653 million (1990-1996)	
ODA/GNP ratio:	0.9%		

3 Finance available for telecommunications

ODA assistance is decided by bilateral government negotiations.

4 Operational policies

Grants and loans are the two main forms of aid, about 50% of total ODA is in the form of grants.

5 Terms and conditions

Vary from country to country depending on the economic level.

6 Application process

Request by the government of the recipient country.

7 Geographic coverage

Developing countries in Asia and the Pacific, Africa, Latin America and the Caribbean, the Arab States and Europe.

GERMANY

KREDITANSTALT FUR WIEDERAUFBAU (KfW)

5-9, Palmengartenstr.
60325 Frankfurt am Main
GERMANY

Tel.: + 49 69 7431 0
Fax: + 49 69 7431 2944
Internet: <http://www.kfw.de>
Email: jens.clausen@kfw.de

CONTACT: Mr. Jens Clausen, Sector Economist, Sector Policy Department AS b

1 Background

Kreditanstalt für Wiederaufbau (KfW) was founded by law in 1948 as a corporation under public law domiciled in Frankfurt am Main. Its functions are those of a promotional bank for the domestic economy and a development bank for the developing countries.

2 Overall assistance (to the end of 1996)

Authorized capital: DM 1.0 billion

Paid-in capital: DM 0.15 billion

Total reserves: DM 8.47 billion

Loan volume:

- Financial cooperation (official development assistance (ODA)): DM 36.9 billion
- Export and commercial project finance: DM 53.4 billion

Telecommunication lending (commitments):

- Accumulated commitments (ODA/FC): DM 2.2 billion
- Commitments (ODA/FC) 1990-97: DM 0.57 billion
- Export and comm. project finance (1995 and 1996): DM 1.0 billion

The information under (3) to (7) refers to official German financial cooperation (ODA) only and not to export and commercial project finance:

3 Finance available for telecommunications

Under the official financial cooperation of the German Federal Government with developing countries KfW finances telecommunication infrastructure projects and project-related consulting services. At present, nine telecommunication projects (seven in Asia, two in Southern Africa) are being implemented while four projects (two in Asia, two in Africa) are under preparation.

Financial support may especially be available for countries prepared to implement sector reforms which will further attract private capital and management (please refer to 4).

4 Operational policies

The focus of German governmental financial cooperation has shifted from expanding telephone networks in urban and economic centres towards improving telecommunication facilities in rural areas. Since the improvement of telecommunications is regarded as a prerequisite for economic progress and development, however, assistance will primarily be dedicated to supporting the needs of commercial and administrative end-users. Investments in the telecommunication sector will be supported in countries where an appropriate policy framework is in place or the government is developing such a framework. This implies that the policy and regulatory functions of governments have increasingly to be separated from telecommunication operations. Regulatory policies shall support competition among service providers while keeping regulatory interventions with regard to operation to a minimum.

5 Terms and conditions

The terms and conditions for the granting of financial cooperation funds are fixed by the German Federal Government. They depend on the economic situation prevailing in each developing country, particularly on the level of development, foreign trade performance and indebtedness:

- LDCs receive grants.
- In principle, all developing countries eligible for IDA loans of the World Bank receive loans at 0.75% interest for 40 years, including 10 years of grace.
- The other developing countries receive loans at 2% interest with a duration of 30 years, including 10 years of grace.

Studies and consulting services (except consultancy for technical implementation of the project) as well as general training and training of project staff are usually financed by grants.

6 Application process

The German Government and the government of the developing country select together the projects to be promoted, taking into account the requirements of development policy and the country's developmental priorities as discussed during the government negotiations.

7 Geographic coverage

Developing countries of all continents.

IRELAND

AGENCY FOR PERSONAL SERVICE OVERSEAS (APSO)

29-30 Fitzwilliam Square
Dublin 2
IRELAND

Tel.: + 353 1 661 4411
Fax: + 353 1 661 4202
Email: apso@iol.ie

1 Background

APSO (Agency for Personal Service Overseas) is the national state-sponsored agency which enables skilled Irish men and women to share skills and knowledge with people in developed countries. It was set up in 1974.

2 Overall assistance

Budget: IR £10.5 million (1996)
ODA/GDP ratio: n/a

3 Finance available for telecommunications

APSO assists qualified Irish personnel primarily to train and transfer technical know-how to staff in telecommunication projects in the developing world.

4 Operating policies

Ireland's aid is provided entirely in the form of grants and is free from procurement restrictions.

5 Terms and conditions

Ireland's aid is provided entirely in the form of grants and is free from procurement restrictions.

6 Application procedure

Direct contact with the donor.

7 Geographic coverage

86 countries in Africa, Asia, Central America and Eastern Europe.

8 Comments

APSO only funds personnel, not projects. Personnel should qualify for an Irish passport.

ITALY

DIREZIONE GENERALE PER LA COOPERAZIONE ALLO SVILUPPO (DGCS)

Ministry of Foreign Affairs
Piazza Della Farnesina
00194 Roma
ITALY

Tel.: + 39 6 36914215
Fax: + 39 6 3235982

1 Background

In Italy, development cooperation policy falls under the authority of the Minister of Foreign Affairs. Since 1987 a law has been in place stipulating that the Italian Government should strive to " ... promote and coordinate development cooperation ... within the framework of the public sector and in liaison with the private sector".

2 Overall assistance (1996)

Total assistance: \$ 942.49 million (disbursements - to be meant as bilateral official development assistance)

Telecommunications: Italian Lire 318 216 902 103 (1991-1996 disbursements)

ODA/GNP ratio: 0.20%

3 Finance available for telecommunications

Telecommunications are not a priority for the Italian General Directorate for Development Cooperation, according to the guidelines approved in 1995 by the Inter-Ministerial Committee for Economic Planning.

4 Operational policies

Italy provides both loan and grant assistance for telecommunication projects.

5 Terms and conditions

Italian aid includes soft loans whose repayment terms and conditions depend on the developing country's per capita income.

6 Application process

Grant and loan demands for telecommunication projects must be addressed to the Italian General Directorate for Development Cooperation by the developing countries' authorities.

7 Geographic coverage

African, Latin American and Asian developing countries.

8 Comments

Italian Government encourages private sector participation.

ITALY

MEDIOCREDITO CENTRALE (MCC)

51, via Piemonte
00187 Rome
ITALY

Tel.: + 39 6 47 91 777
Fax: + 39 6 47 91 642
Internet: <http://www.mcc.it>
Email: project@mcc.it

CONTACT: Mr. Valerio Bellamoli, Director, Project Finance Department

1 Background

Mediocredito Centrale (MCC) was founded in 1952 as a credit institute to provide medium-term and long-term loans to small and medium-sized business and to support export credits. During the 1950s and 1960s it played a front-line role in Italy's post-war industrialization and in internationalization.

In 1994, MCC became a joint stock company (S.p.A.) provided with an initial net worth of around Italian lire 2 000 billion. Currently MCC is wholly owned by the Italian Treasury.

MCC acts as:

- 1) an industrial policy agency that manages financial facilities on behalf of the Government; and
- 2) a bank for development that offers companies innovative financial solutions to finance investments, exports, projects and equity needs.

2 Overall assistance (to the end 1997)

Telecommunication lending: US\$ 72.8 million

Total lending: US\$ 423.96 million

3 Finance available for telecommunications

MCC provides loans to finance telecommunication projects (cable, satellite, cellular and fixed networks) in developed and emerging markets. Total financing for telecommunication projects in 1997 was US\$ 72.8 million for four projects.

MCC provides interest-rate subsidies when acting as an Export Credit Agency (ECA). As such, MCC manages, on behalf of the Italian Government, subsidy funds as an instrument of the Italian State's direct intervention in priority sectors of the Italian economy (such as the telecommunication sector).

Borrowers can also benefit from MCC's experience in transactions with the support of SACE (the Italian insurance ECA).

4 Operational policies

MCC provides Italian corporations with a wide range of services in order to facilitate their entry into international markets and in particular emerging markets. Over the years, MCC has developed strong expertise in international project financing on a limited and non-recourse basis. Financing available can cover 100% of total project costs.

In order to access the Interest Subsidy Scheme (see next paragraph), the financing must be used for the payment of Italian exports.

5 Terms and conditions

Loans: Prevailing market benchmarks (e.g. Libor plus a margin) for private financing.

Grants: Borrowers can benefit from the Interest Subsidy Scheme (the "Scheme") once an interest subsidy agreement has been entered into between the Mediocredito Centrale Subsidy Department (MCSD) and the borrower.

This agreement sets forth the MCSD's obligation to pay the difference between a fixed interest rate (plus margin) called CIRR (Commercial Interest Reference Rates) payable by the borrower and the overall interest rate (plus margin) which the lender expects to receive. The CIRR interest rate is usually substantially lower than the overall rate requested by the lender.

It must be underlined that the subsidy is made available to overseas borrowers only when purchasing manufactured capital goods and services of Italian origin. Normally, up to 85% of the value of the contract price covering eligible goods and services can be financed under the Scheme for periods of up to 10 years depending on the nature and scope of the equipment being offered or the underlying project.

6 Application process

Loans for telecommunications are extended to governments and to any public or private enterprises operating worldwide.

7 Geographic coverage

In principle, worldwide.

JAPAN

MINISTRY OF FOREIGN AFFAIRS (MOFA)

1-3-2, Kasumigaseki
Chiyoda-ku
Tokyo
JAPAN

Tel.: + 81 3 3580 3311 (ext. 2748)
Fax: + 81 3 3593 8021
Email: koji.matsuoka@mofa.go.jp

CONTACT: Mr. Koji Matsuoka, Research and Planning Division, Economic Cooperation Bureau

1 Background

The Ministry of Foreign Affairs (MOFA) plays a central role in Japan's development assistance. The Ministry sets overall aid policy and implements grant aid. Technical assistance and loan aid are implemented by the Japan International Cooperation Agency (JICA) and the Overseas Economic Cooperation Fund (OECF), respectively.

2 Overall assistance

Telecommunications: loans: 49.38 billion yen
grants: 8.7 billion yen
Total assistance: 1.045 trillion yen (9.6 billion \$)

3 Finance available for telecommunications

Loans and grants (only for LDCs).

4 Operational policies

The Ministry of Foreign Affairs supports basic telecommunication infrastructure such as projects for completion or expansion of the telecommunication network. For growing economies such as those of South East Asia, the Ministry of Foreign Affairs mainly provides loans. For poorer countries, the Ministry of Foreign Affairs provides grants.

Generally, a communications-related project can be effective only when large sums are invested and the project covers a large range of areas. Least developed countries cannot always meet the requirements for receiving a yen loan. Therefore, Japan extends grant aid to finance the construction of communications infrastructure.

In the area of technical cooperation, taking into consideration the high level of specialization and technology in the communications field, Japan provides assistance to help transfer technology and train personnel necessary for the operation, maintenance and management of communications systems.

Reflecting the growing disparity between urban areas in the development of telecommunication facilities, the number of development studies concerning local telecommunication development has been on the rise in recent years.

5 Terms and conditions

Loans: An interest rate of 1.0 to 2.2% and a 25- or 30-year repayment period, including a 7- or 10-year grace period (depends on various factors indicating the economic development stage of the recipient country, such as the degree of poverty).

Grants: Although there are some measures that a recipient country must take, the cost necessary for implementation of the project is borne by the Government of Japan. The measures to be taken by the recipient country are described in the Notes exchanged by the two governments.

6 Application process

Loans: Loans for telecommunications are extended to the governments of developing countries (except LDCs).

Grants: The government of a recipient country may submit project proposals which it thinks have priority in its overall national development plan to the Government of Japan. Japan explores the possibility of implementation of the said project through various forms of surveys.

7 Geographic coverage

The greatest share of ODA loans extended by Japan in the communications field have gone to East Asia, where economic development is proceeding comparatively well.

8 Comments

In recent years, upgrading of infrastructure in the communications sector in developing countries using private funds has been on the increase, while the share of ODA to this field has been declining.

JAPAN

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

Shinjuku Maynds Tower Bldg,
2-1-1, Yoyogi, Shibuya-ku,
Tokyo
JAPAN

Tel.: + 81 3 5352 5311 4
Fax: + 81 3 5352 5032

1 Background

Japan's growing economy has enabled it to expand its development cooperation activities in recent years. Japan is the second largest DAC donor and strives to increase capital flows from developed to developing countries.

2 Overall assistance

Total assistance (ODA 1996): \$ 9 439 million
ODA/GNP ratio (1996): 0.20%

3 Finance available for telecommunications

Economic infrastructure is one of the main sectors benefiting from Japanese aid. That sector includes communication and transportation.

4 Operational policies

Japan's aid aims at promoting economic and social development and thus improving living standards in developing countries. It also aims at fostering a closer relationship between Japan and recipient countries.

5 Terms and conditions

Almost half of Japan's aid is in the form of bilateral grants; about 30% is bilateral loans and contributions; subscriptions, etc. to multilateral organizations make up the remainder.

6 Application process

Applications should be sent by the government of the recipient country to the Government of Japan. It is desirable to be clearly identified by a country economic survey or project survey made by the Government of Japan.

7 Geographic coverage

Most of Japan's bilateral ODA is concentrated on Asian countries. Aid to countries elsewhere than in Asia is divided among Africa, Latin America, the Middle East, Oceania, Europe, North America and others.

8 Comments

Japan encourages the private sector to play an active role in development cooperation.

JAPAN

OVERSEAS ECONOMIC COOPERATION FUND (OECF)

4-1, Ohtemachi 1-Chome
Chiyoda-ku, Tokyo 100
JAPAN

Tel.: + 81 3 3215 1419
Fax: + 81 3 3215 1307
Internet: <http://www.oecf.go.jp>
Email: copr@oecf.go.jp

CONTACT: Mr. Takayuki Ohgai, Director, Public Relations Division, Coordination Department

1 Background

The Overseas Economic Cooperation Fund, Japan (OECF) was established on 16 March 1961 in accordance with the Overseas Economic Cooperation Fund Law (Law No. 173 of 1960) to promote Japan's overseas economic cooperation by providing funds for industrial development and economic stability of developing countries.

2 Overall assistance (to the end of FY 1996: 31 March 1997)

Telecommunication lending: 42 317 million yen
Total assistance: 1 271 325 million yen
Authorized capital: 4 645.2 billion yen

3 Finance available for telecommunications

OECF provides loans to finance telecommunication infrastructure projects in developing countries. With ODA loans provided by OECF, developing countries are now actively integrating telecommunication development into their overall national development frameworks. ODA loans managed by OECF have exceeded 859 171 million yen for 178 commitments to telecommunication projects between FY 1966 and FY 1997.

4 Operational policies

OECF recognizes the importance of the telecommunication sector for social and economic development. OECF provides ODA loans to finance telecommunication infrastructure projects aimed at both expanding telecommunication capacity and improving quality of service by system modernization and the introduction of new technologies.

5 Terms and conditions

ODA loans: The average interest rate of ODA loans in fiscal 1996 was 2.47% and the average repayment period for loans committed in fiscal 1996 was 28 years and 11 months (including an average grace period of nine years and five months). The average grant element of ODA loans reached a record high of 60.8% in fiscal 1996.

6 Application process

Loans for telecommunications are extended to governments, government agencies and other eligible organizations of developing countries, to contribute to the economic development of their countries.

7 Geographic coverage

Countries eligible for loans are those listed both in Part I and in Part II of the DAC list.

NETHERLANDS

MINISTRY OF FOREIGN AFFAIRS

P.O. Box 20061
2500 EB The Hague
NETHERLANDS

Tel.: +31 70 348 6186/5075
Fax: +31 70 348 4848/6167
Telex: 31326 Buza nl

CONTACT: Mr. J.P. Mout, Dept. DVN/CI

1 Background

The Netherlands Government continues to play a major role in assisting developing nations. The Netherlands Development Cooperation is based on the philosophy of unity of the world, justice, solidarity with the poor and shared responsibility.

2 Overall assistance

Total assistance (1996):	NLG 7 191.3 million (ODA and non-ODA total) of which ODA 5 473.6 million
ODA/GNP ratio:	0.81
Total assistance (1995):	NLG 6 960.1 million (ODA and non-ODA total) of which ODA 5 179.0 million
ODA/GNP ratio:	0.81
Total assistance (1994):	NLG 6 382.8 million (ODA and non-ODA total) of which ODA 4 579.7 million
ODA/GNP ratio:	0.76
Telecommunications:	NLG 137.6 million (total for 1991-1996) NLG 22.9 million (average annual assistance in 1991-1996)

3 Finance available for telecommunications

About 90% of the Netherlands' contribution to telecommunication projects in the period 1991-95 was devoted to infrastructural projects.

4 Operational policies

As most of the telecommunication projects are commercially viable according to OECD guidelines, they are no longer applicable to the DRET programme (Development Relevant Export Transactions).

5 Terms and conditions

Aid to less developed countries as well as to countries with particular balance of payments problems may be given exclusively as grants.

6 Application process

Through Embassies and Permanent Representations; for global and interregional activities the Ministry of Foreign Affairs/Development Cooperation, The Hague.

7 Geographic coverage

Most activities in the field of telecommunications in the period 1991-1996 were concentrated in the following regions: Northern Africa (Sudan, Ethiopia), Southern Africa (Zimbabwe, Namibia) and Asia (China). In this period projects were carried out in each of the following countries: Sudan, Ethiopia, Suriname and Zimbabwe.

8 Comments

Special emphasis is laid on private participation, for which a new instrument is in place (POPM).

The Ministry of Foreign Affairs/Development Cooperation is facilitating through the ICCD, the International Institute for Communication and Development (based in The Hague), assistance to developing countries wishing to achieve connectivity to rapid developments in the field of innovated communication technology and telematics.

Financing to the Institute has been earmarked for a five-year total of NLG 27.4 million.

The Netherlands remains involved in the communication discussion in IPDC (Intergovernmental Programme for the Development of Communication).

NEW ZEALAND

DEVELOPMENT COOPERATION DIVISION (DEV)

Ministry of Foreign Affairs and Trade
Private Bag 18-901
Wellington
NEW ZEALAND

Tel.: + 64 4 494 8500
Fax: + 64 4 494 8515

1 Background

The main thrust of New Zealand's aid programme is a cooperative effort to help developing nations help themselves through the sharing of knowledge and expertise.

2 Overall assistance (1996/1997)

Total assistance: US\$ 128 million
ODA/GNP ratio: 0.24% of GNP

3 Finance available for telecommunications

New Zealand is active in the provision of technical assistance for telecommunication projects, notably in the South-East Asian and Pacific regions. New Zealand continues to provide financing for telecommunication projects, equipment, training and maintenance. New Zealand's bilateral ODA is managed in partnership with recipient countries.

4 Operational policies

All of New Zealand's ODA is provided on grant terms. Bilateral aid is formally untied although goods and services are normally provided from New Zealand.

5 Terms and conditions

All of New Zealand's ODA is untied although New Zealand (and Australian) goods and services will be used where appropriate.

6 Application process

Through the Development Cooperation Division of the Ministry of Foreign Affairs and Trade which maintains a register of all requests.

7 Geographic coverage

The largest component of New Zealand's aid is provided to the South Pacific Region, namely: Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu and South-East Asia, especially Indonesia, the Philippines and the Mekong Basin countries.

8 Comments

Women in development (WID) and environmental enhancement are current themes of New Zealand's development cooperation.

NORWAY

NORWEGIAN POST AND TELECOMMUNICATIONS AUTHORITY (NPT)

Revierstredet 2
P.O. Box 447 Sentrum
0104 Oslo
NORWAY

Tel.: + 47 22 82 46 00
Fax: + 47 22 82 48 40
Telex: 79 544 NTRA N
Internet: <http://www.npt.no>
Email: firmapost@npt.no

CONTACT: Mr. Oistein Iversen, Senior Adviser , Director's Staff
Mr. Steinar Hagen, Infrastructure Division, Deputy Director, Technical Department,
Economics Development Section (NORAD)

1 Background

Established in 1962, the Norwegian Agency for Development (NORAD) is responsible for implementing Norway's bilateral aid programmes (except assistance to the area of the former Soviet Union) under the political supervision of the Ministry of Foreign Affairs.

The Norwegian support to infrastructure (water, energy, transport (roads) and telecommunications) is approximately 16 to 20 per cent of the total bilateral assistance. The telecommunication sector represents only approximately 1 per cent of the budget.

The Norwegian Post and Telecommunications Authority represents NORAD in the telecommunications sector.

2 Overall assistance

Norway is giving approximately US\$ 600 million in bilateral and US\$ 500 million in multilateral aid each year. The amount has been rather stable during the last decade.

Approximately 40% of Norwegian assistance to development is channelled through multilateral organizations. UNDP, the World Bank, IDA, IFC, AfDB, ADB, WFP, FAO, and UNFPA are some of the main recipients of this support.

Approximately 10% is reserved for support to Russia. In Russia, Norway is involved in several telecommunication projects. This support is mainly for the establishment of joint ventures, training courses and feasibility studies.

The remaining 50% of the assistance is reserved for bilateral aid and administered by NORAD.

During the period 1980-1990, NORAD supported the sector with approximately US\$ 120 million. We expect that this support will be reduced to less than half of that figure for the period 1990-2000.

3 Finance available for telecommunications

Norway provides grants to finance telecommunication infrastructure projects and technical assistance in developing countries. Norway may support the establishment of telecommunication regulatory authorities, telecommunication laws, frequency management, etc.

Norway does not " earmark " support for the telecommunication sector. It is, basically, the recipient who decides the areas of Norwegian support.

4 Operational policies

Norwegian support to developing countries is primarily given through the priorities and plans of the partner countries. The support is only given as State-State assistance, or State-regional organization. The State-State support is given as grant.

Support may also be given to joint ventures between private interests in a developing country and in Norway. In this case, the support may be given as a mixture of grant and soft loan.

5 Terms and conditions

Nearly all assistance is given as an untied grant. The grant shall, however, not be used to pay customs duties, sales taxes and other taxes, fees and levies on all supplies financed by Norway. Norwegian suppliers of goods and services shall be given the opportunity to compete for deliveries and/or participate in the bidding.

6 Application process

Projects should be presented to the Norwegian Embassy through the Ministry in charge of bilateral support in the partner's country. Basically, the governments in the partner countries decide in which sectors the Norwegian support shall be used.

7 Geographic coverage

Countries eligible for support:

Angola, Bangladesh, Pakistan, Viet Nam, Eritrea, Ethiopia, Tanzania, Malawi, Mozambique, South Africa, Zimbabwe, Zambia, Namibia, Botswana, Somalia, Nicaragua, Guatemala and the Palestine areas.

8 Comments

Because of the restructuring process involving privatization and competition, support to the telecommunication sector is slowly declining. Assistance to the authorities in regulating this process may be considered.

SWEDEN

SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY (Sida)

S-105 25 Stockholm
SWEDEN

Tel.: + 46 8 698 50 00
Fax: + 46 8 20 88 64
Telex: 11450 SIDA sithim
Internet: <http://www.sida.se>
Email: lars.glimbert@sida.se

CONTACTS: Mr. Lars Glimbert or Mr. Benst Oberger, Department for Infrastructure and Economic Cooperation

1 Background

The overall goal of Swedish development cooperation is to raise the standard of living of poor peoples. Parliament has adopted the following six specific objectives to achieve this goal:

- 1) economic growth: to help increase the production of goods and services;
- 2) economic and social equality: to help to reduce differences between rich and poor and ensure that everyone's basic needs are met;
- 3) economic and political independence: to help to ensure that countries can make their own decisions about their economies and policies and create the conditions necessary for national self-determination;
- 4) democratic development: to help to ensure that people are given greater opportunities to influence developments locally, regionally and nationally;
- 5) environmental protection: to promote the sustainable use of natural resources and protection of the environment; and
- 6) gender equality: to promote equality between women and men.

2 Overall assistance

ODA/GNP ratio: 0.7%

3 Finance available for telecommunications

The objective of Sida's support to the telecommunication and information technology sector is to support the establishment of efficient telecommunication and information systems which are essential for, and contribute to, economic growth. Better information technology and telecommunications are also of great importance for gender equality, education, democracy and health care.

Disbursements in 1995/1996 amounted to some SEK 150 million from developing country appropriations and to just over SEK 200 million from appropriations for credits, courses and contract financing.

From the 1970s onwards Swedish support for telecommunications has granted credits amounting to SEK 5.2 billion (of which SEK 1.8 billion represents grant-aid components), SEK 1.6 billion in grant aid to the poorest countries, SEK 135 million for contract-financed technical cooperation and just under SEK 100 million for international courses.

4 Operational policies

The globalization of telecommunication services is proceeding rapidly. Technical developments (for example mobile telephones, fibre-optic cable and satellites), together with the liberalization of telecommunication markets, have created entirely new conditions for an explosive development of both better and cheaper services in the field of telecommunications and information technology.

The telecommunication market is characterized by tough international competition, inexpensive equipment and the privatization of national operators.

Sweden has been a leading country in telecommunications and information technology for a long time. Sweden is also one of the countries which has made most progress in deregulation of the telecommunication market. We can therefore contribute to building up effective telecommunication sectors. The role of Swedish support in this situation is to provide resources to stimulate changes in policies which favour the commercialization and privatization of the sector, to support the formation of international alliances, to contribute to human resources and organizational development, and to support innovative information technology projects in different sectors of society.

Development cooperation programmes can include:

- restructuring government-owned companies in order to make the sector more efficient;
- supporting reform processes to make it easier for private operators and private capital to enter the market;
- finding forms to support the emergence of private initiatives, for example, through concessions, etc.;
- supporting human resources development in the form of courses and training programmes;
- subsidizing investments in "social projects", rural telephony, community telecentres, etc.;
- developing new information technology services, adapted to developing country purposes, such as telemedicine, distance education programmes via the Internet or services aimed at supporting SMEs; and
- supporting pilot projects which have the aim of showing the usefulness of information technology in a developing country environment.

5 Terms and conditions

Support is given in the form of grant aid or credits, depending on the objectives.

Grant-aid support to partner countries focuses on

- 1) the reform of the telecommunication sector in order to introduce competition and to make it easier for private parties to enter the telecommunication market;
- 2) institution and capacity building of operators and regulatory authorities; and
- 3) limited investments in infrastructure in poor areas, e.g. rural areas.

Contract-financed technical cooperation refers to the financing of contracts between Swedish parties and parties in the middle-income countries in the field of capacity building and technical support.

6 Application process

Initial request to Sida directly via recipient coordinating body, normally the Ministry of Finance and Planning.

7 Geographic distribution

18 programme countries in Africa, 12 in Asia and 5 in Latin America.

Support has been given in the form of grant aid to the telecommunication sectors in Angola, Bosnia, Botswana, Ethiopia, Mozambique, Namibia, Tanzania and Zimbabwe; in the form of credits to a number of countries, in particular China and North Africa; and in the form of contract financed technical cooperation to a number of so-called non-programme countries.

8 Comments

A number of international courses have been organized in Sweden for representatives of developing countries. These courses have focused on operation, maintenance, leadership. Sida plans to establish a fund for information technology projects and information technology initiatives taken by Swedish institutions with partners in developing countries.

In its partner countries, Sida works together with telecommunication companies, ministries, regulatory bodies and private companies. Telia, Ericsson and other consultants and suppliers are often Swedish partners in programmes of cooperation.

Internationally, Sida cooperates with the World Bank and ITU, for example through the InfoDev project which has the aim of making it possible for the private sector to invest in and develop information technology applications for developing countries.

SWITZERLAND

SWISS AGENCY FOR DEVELOPMENT AND COOPERATION (SDC)

Federal Department of Foreign Affairs
3003 Bern
SWITZERLAND

Tel.: + 41 31 322 34 27
Fax: + 41 31 324 16 91

1 Background

Swiss development cooperation shall "assist the developing countries in their efforts to improve the living conditions of their peoples", (Article 5 of the Federal Law, March 1976). Assistance is provided to countries in Africa, Asia and Latin America for projects including telecommunications.

2 Overall assistance (1996)

Total assistance: \$ 819 million
Telecommunication: \$ 2.3 million (1990-1997)
ODA/GNP ratio: 0.34% of GNP

3 Finance available for telecommunications

The bulk of Swiss development cooperation in the field of communications takes the form of technical assistance, estimated at \$ 2.3 million.

4 Operational policies

The total grant element of Swiss ODA is, at 98 per cent, well above the DAC average. Furthermore, Switzerland is flexible when it comes to bearing local project costs.

5 Terms and conditions

Terms have always been soft; since 1987 all ODA development assistance has been provided entirely as grants. Switzerland's objective is to provide untied aid. In practice, however, about one-third of bilateral aid is tied.

6 Application process

Direct request by the recipient in the first place.

7 Geographic coverage

SDC's technical and financial assistance are deliberately concentrated on 19 countries and the Sahel zone that benefit from almost 50% of bilateral ODA. Other developing countries in Africa, the Arab States, Asia and Pacific and Latin America benefit from SDC funds extended with IBRD.

8 Comments

Like many other donors these days, Switzerland takes seriously environmental considerations in development cooperation.

UNITED KINGDOM

COMMONWEALTH DEVELOPMENT COOPERATION (CDC)

One Bessborough Gardens
London SW1V 2JQ
UNITED KINGDOM

Tel.: + 44 171 828 4488
Fax: + 44 171 828 6505
Internet: Infrastruc@cdc.co.uk

CONTACTS: Mr. Adrian Robinson, Manager, Telecoms

1 Background

CDC (Commonwealth Development Cooperation) was established in 1948 by the British Government with a fundamental objective to contribute to the economic development of poorer countries. It does this by investing in and supporting the operations of financially viable and developmentally sound business enterprises.

2 Overall assistance (as at 30 September 1997)

Telecommunication approved investment exposure:	£ 48 m
Total approved investment exposure:	£ 2 223 m

3 Finance available for telecommunications

CDC provides equity, mezzanine finance and loans to finance telecoms projects in developing countries. CDC is able to provide up to US\$ 60 m in any one project which can account for up to 35% of the total project cost.

4 Operational policies

CDC provides finance for private sector or public sector entities going through the transition to the private sector. If required, CDC can assist in mobilizing funds from co-financiers to complement its lending for telecoms projects.

5 Terms and conditions

Loans: "Hard" currency, predominantly fixed interest rate, typically with a 7- to 10-year term and grace period to match the projects' cash flows. Interest rate set at commercial rate.

Equity/Quasi equity: Typically does not exceed 25% of total shareholding in telecoms projects. Quasi equity available if required.

6 Application process

Interested companies should provide CDC with their business plan (CDC will enter into non-disclosure agreements), with details of the project fundamentals and nature/scope of funds being sought.

7 Geographic coverage

Central America, Caribbean, sub-Saharan Africa, the least developed countries in Asia/Pacific and the Indian subcontinent.

8 Comments

CDC is able to support appropriate projects at an early stage in their gestation. CDC's funds are not dependent upon any British content. CDC also invests in small and medium-sized enterprises through venture capital funds, development banks and leasing companies.

UNITED KINGDOM

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)

94, Victoria Street
London SW1E 5JL
UNITED KINGDOM

Tel.: +44 171 917 0116
Fax: +44 171 917 0072

CONTACT: Mr. John HODGES, Chief Engineering Adviser

1 Background

The British government department responsible for Official Development Assistance (ODA) is the Department for International Development (DFID). The overriding purpose of DFID's programme is the elimination of poverty in poorer countries with the main target being the halving of the proportion of people living in extreme poverty by 2015.

2 Overall assistance (1996)

Total assistance: \$ 3.8 billion
Telecommunications: \$ 16 million
ODA/GNP ratio: 0.27%

3 Finance available for telecommunications

Direct investment in telecommunications has low priority, but some support for sector regulation and enabling legislation for private sector inputs.

4 Operational policies

See 1, Background.

5 Terms and conditions

All bilateral aid is now made in the form of grants, although some soft loans under the old Aid Trade Provision scheme are still passing through the system. The majority of the British aid programme is tied to UK goods and services, although an increasing amount is now being spent on local (recipient country) procurement.

6 Application process

Generally on a government to government basis, but significant sums now routed through NGOs.

7 Geographic distribution

39% Africa, 36% Asia, 16% Eastern Europe & FSU, 8% Latin America, 1% Pacific.

8 Comments

DFID believes that private enterprise has an important part to play in the eradication of world poverty and encourages private sector investment and public/private partnerships.

UNITED STATES

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

Ronald Reagan Building
1300 Pennsylvania Avenue, NW
Washington, D.C. 20523
UNITED STATES

CONTACTS: For Financial Data:
Mary Knox, PPC/DP,
Tel.: + 1 202 712 0978
Fax: + 1 202 216 3394
Email: mknox@usaid.gov

For Information Technology for Development:
Paula Bagasao, PPC/SPG,
Tel.: + 1 202 712 1062
Fax: + 1 202 216 3124
Email: pbagasao@usaid.gov

1 Background

Established in 1961, the U.S. Agency for International Development (USAID) has as its primary mission to support efforts by the people of developing and transitional countries to achieve enduring economic and social progress and to participate more fully in resolving the problems of their country and the world. Its management mission is to remain the world's premier development agency and the voice for development issues within the United States Government.

2 Overall assistance (as reported in 1996)

Total assistance: \$ 9 058 billion
ODA/GNP ratio: 0.12% of GNP

3 Finance available for telecommunications

USAID recognizes the critical role that access to information and information technology (including telecommunication-related development activities) play in achieving its goals for sustainable development generally and incorporates these activities across all sectors. Its most recent and current prominent activities in telecommunication and development applications are the Leland Initiative and activities in Egypt and Morocco. The Leland Initiative is a five-year \$ 15 million U.S. Government effort to extend full Internet connectivity to approximately 20 African countries. The "Telecommunications IV" activity in Egypt, a six-year \$ 82 million effort, provided the Government of Egypt with technical assistance, training and equipment for seven new digital

telephone switching systems in Cairo with a total of 205 000 telephone lines to improve service for over one million residents. The "Commodity Import Programme" activity provided \$ 5.7 million to finance 20 000 telephone lines. One component of the "Family Planning, Maternal and Child Health" activity in Morocco is the development of a computer database to help reach segments of the society that are underserved by health outreach services.

4 Operational policies

USAID's operational policies on telecommunications are guided by the Agency Strategic Plan and Policy Determination (PD) 22, Chapter 215: Telecommunications, Information, and the Global Information Infrastructure. The PD provides the principles and the conditions for USAID funding of telecommunication and information applications and technologies to promote sustainable development. These guidelines are to ensure that the uses of the bilateral assistance funds satisfy sound programmatic budgetary and financial practices and that the initiatives are consistent with USAID's sustainable development objectives and U.S. Government policies supporting economic growth, promoting trade, and accessing the "Global Information Infrastructure (GII)".

5 Terms and conditions

Not applicable.

6 Application process

Not applicable.

7 Geographic distribution

Asia/Near East region, Latin America and Caribbean region, Europe and New Independent States region, and Africa.

8 Comments

USAID recognizes the critical role that access to information and information technology (including telecommunication-related development activities) play in achieving its goals for sustainable development generally and incorporates these activities across all sectors.

Funds

FUNDS

Abu Dhabi Fund for Development

Arab Fund for Economic and Social Development (AFESD)

Kuwait Fund for Arab Economic Development (KFAED)

Saudi Fund for Development (SFD)

ABU DHABI FUND FOR DEVELOPMENT (ADFD)

P.O. Box 814
Abu Dhabi
UNITED ARAB EMIRATES

Tel.: + 971 2 72 5800
Fax: + 971 2 72 8890
Telex: 22287 FUND EM
Cable: FUND ABU DHABI

CONTACT: H.E. Saeed Khalfan Al Rumaithi

1 Background

The main objective of the Abu Dhabi Fund for Development is to provide assistance to Arab, African and Asian countries for the development of their economies by promoting development projects through loans, equity participation or guarantees. The operations of the Abu Dhabi Fund began in 1974.

2 Overall assistance (to end of October 1997)

Loans commitments:	US\$ 1 781 million
Grants:	US\$ 123 million
Paid-in capital:	US\$ 581 million

3 Finance available for telecommunications

The Abu Dhabi Fund has committed over \$ 1 781 million for all forms of development assistance. Total loans and grants administered by the Fund have exceeded \$ 1 617 million in commitments.

4 Operational policies

Forms of aid: The Fund extends project loans and guarantees. It also participates in technical assistance activities.

Amount of aid: The Fund is capable of lending up to 50% of the total cost of a project. At the same time it must abide by its charter and limit the assistance for a single project to no more than 10% of its total capital.

5 Terms and conditions

Interest rates: Vary from 1 to 6%. A 0.5% administrative fee is included. The softest terms are given for infrastructural, rural development and telecommunication projects; the hardest, for industrial and tourism projects.

Maturity: 8-22 years; 3-8 years grace period.

6 Application process

International competitive bidding is open to all suppliers and contractors which qualify under the resolutions of the Arab League.

7 Geographic coverage

All developing countries.

8 Comments

Co-financing with other development finance institutions is encouraged.

ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD)

P.O. Box 21923
Safat 13080
KUWAIT

Tel.: + 965 484 4500
Fax: + 965 481 5750/60/70
Telex: INMARABI 22143 KT
Cable: INMARABI KUWAIT

CONTACT: H.E. Mr. Abdlatif Yousef Al-Hamad, Director General/Chairman of the Board of Directors

1 Background

The Arab Fund is a regional development institution that finances projects for economic and social development in Arab countries. The Fund extends project loans to governments and to public and private organizations. Government guarantees are required for all types of loans.

2 Overall assistance (to the end of 1995)

Total assistance: \$ 7 683 million
Authorized capital: \$ 2 720 million
Paid-in capital: \$ 2 254 million
Total reserves: \$ 2 488 million
Telecommunication spending: \$ 264 million

3 Finance available for telecommunications

Out of \$ 7 638 million in loans extended by the Fund, a total of \$ 264 million (3.5%) has been extended to finance communications projects in thirteen Arab countries.

4 Operational policies

Forms of aid: The Fund charges low interest rates of 3% for least developing Arab countries (Group 1), and 4.5% for other Arab countries (Group 2). Grace periods range from 5 to 8 years for Group 1 and from 4 to 6 for Group 2, starting from the date of first disbursement. However, the total loan repayment period may not exceed 25 and 22 years for the two groups, respectively.

AFESD also provides grants for technical assistance to its member countries, in support of the preparation of feasibility studies, institutional capacity building, research and seminars, and training.

5 Terms and conditions

Interest rates: 3 to 4.5%

6 Application process

The Fund makes its own appraisals of projects. Procurement under Fund loans is open to international competitive bidding.

7 Geographic coverage

Member States of the Arab League.

8 Comments

Emphasis on regional Arab projects.

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (KFAED)

P.O. Box 2921
Safat 13030
KUWAIT

Tel.: + 965 246 8800
Fax: + 965 241 9091
Telex: 22613 KFEAD KT
Cable: ALSUNDUK, Kuwait

CONTACTS: Mr. Hesham Al-Waqayan, Deputy Director General (Operations and Disbursement)
Mr. Fawzi Yousef Al-Hunaif, Director of Operations

1 Background

The Kuwait Fund was established in 1961 as an autonomous public fund of the State of Kuwait. Originally limited to the Arab region, it increased its range of operations to the entire developing world in 1974. The objective of the Fund is to assist all developing nations in their efforts towards economic development. The Fund provides loans for telecommunication projects on concessional terms.

2 Overall assistance (to the end of 1997)

Authorized capital: \$ 6 600 million
Paid-in capital: \$ 6 353 million

3 Finance available for telecommunications

Over 523 loans totalling \$ 8 874 million have been committed to over 87 countries in all economic sectors. About 4.4% of total loans are devoted to the telecommunication sector, totalling \$ 386 million by the end of 1997. Since its establishment, 138 technical assistance grants have been accorded to over 74 countries/institutions worth a total amount of \$ 139 million.

The Kuwait Fund provides grants to finance telecommunication activities including pre-investment studies, recruitment of experts and vocational training programmes.

4 Operational policies

Forms of aid: The Fund extends loans, guarantees and grants-in-aid. It also allows for the provision of technical assistance services.

Amount of aid: In theory, loans for telecommunications do not usually exceed 50% of total project cost; however, in special cases, the Fund has financed more than 50%, including local costs.

5 Terms and conditions

- Loans: Terms vary according to the need of the recipient country and the size of the telecommunication projects.
- Interest rates: Including a service charge of 0.5%, interest rate averaging 3.4% annually, the grace period averaging 4.5 years.
- Maturity: Averaging 22 years.
- Grants: The grant element of the loans averaging 45.3%.

6 Application process

All loans and grants are provided untied.

7 Geographic coverage

All developing countries.

8 Comments

The Bank encourages co-financing with other development finance institutions.

SAUDI FUND FOR DEVELOPMENT (SFD)

P.O. Box 1887
Riyadh 11441
SAUDI ARABIA

Tel.: + 966 1 464 0292
Telex: 401744, 401145 SANDOQ SJ
Fax: + 966 1 464 7450

CONTACT: H.E. Sheikh Mohammed A. Al-Sugair

1 Background

Since 1975, the Saudi Fund has been involved with development financing in low-income countries, particularly the least developed nations. Its purpose is to establish links of financial cooperation, mainly by extending concessional loans for financing projects, such as telecommunication development, that will contribute to the social and economic well-being of the beneficiary countries.

2 Overall assistance (to the end of 1996)

Telecommunication lending: \$ 67.0 million
Authorized capital: \$ 8 226 million
Paid-in capital: \$ 8 226 million

3 Finance available for telecommunications

The Saudi Fund has approved 312 loans involving over \$ 5 714 million to finance 302 projects in all sectors of developing countries in Africa, Asia, Latin America and Oceania. The sectoral distribution of loans reveals a strong preference for infrastructure projects, in particular transport and communications which account for 33.1 per cent of total lending. Specifically, the telecommunication sector receives 1.1 per cent of the Fund's total lending.

4 Operational policies

Forms of aid: The Saudi Fund provides loans for development projects. It may finance feasibility and engineering studies but it does not, as a general rule, make any technical assistance grants.

Amount of aid: According to its charter, the amount of lending to any one country cannot exceed 10 per cent of the Fund's authorized capital, and a loan for a single project shall not exceed 5 per cent of the authorized capital. This restriction can be waived by the Council of Ministers upon the recommendation of the Fund's Board of Directors.

5 Terms and conditions

Loans: Interest rates: The terms of the loans extended by the Fund vary according to the nature of the project and the recipient country. A service charge of 2 to 4 per cent is levied on all loans.

Maturity: The maturity ranges from 15 to 30 years, the average being 20 years; the grace period from 3 to 12 years.

Grants: All loans include a grant element. This sum has fluctuated from between 30 and 67 per cent of the total loan amount.

6 Application process

Procurement is normally on the basis of international competitive bidding and is open to suppliers and contractors from all countries. Telecommunication projects are also co-financed with other regional organizations or other aid agencies.

7 Geographic coverage

All developing countries.

8 Comments

Co-financing with other development finance institutions is encouraged.
