

# Private Participation in Infrastructure Database Expanded methodology

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Expanding on the methodology described on PPI database site , this section answers three questions in detail:

- What is included in the PPI database?
- What is captured in each record?
- How are records updated?

## What is included in the PPI database?

Infrastructure projects in developing countries are included in the database if they meet criteria on the type of project, the type of private participation, and the sector of activity.

### *Project criteria*

To be included in the PPI database, a project must meet seven criteria:

- Is this truly an infrastructure project?
- Is there truly private participation in the provision of services or private ownership of the infrastructure assets?
- Does the project serve the public?
- Is this one PPI project or several?
- Has the project achieved financial closure?
- Did the project reach financial closure after 1983?
- Is the project at least minimum size?

### **Is this truly an infrastructure project?**

The criterion is that the project must provide (through the operation or ownership of required physical assets) one or more of the following services:

- *Energy*: Natural gas transmission and distribution and/or electricity generation, transmission, and distribution.
- *Telecommunications*: Fixed and mobile access and long distance service.
- *Transport*: Airports, railways, seaports, and roads.
- *Water*: Potable water treatment and distribution, and sewage collection and treatment.

This definition excludes the following types of assets or companies:

- Resellers (such as those of electricity or telecommunication services). These are companies do not operate or own physical assets involved in the provision of those services. Instead, they provide infrastructure services by reselling the installed capacity of infrastructure operators. Some examples are companies that lease transport capacity from long-distance carriers to provide long-distance phone services or companies that buy electricity or natural gas in bulk to resell to final customers in a liberalized market.

- Movable assets (buses/airplanes) for which there is a viable secondary market. The exception is the rolling stocks for railways (see the [description of railways later](#)).
- Incinerators and stand-alone or solid waste projects.
- Project or contracts of insignificant magnitude (e.g., a single windmill).

**Is there truly private participation in the provision of services or private ownership of the infrastructure assets?**

Projects are considered to have private participation if a private company or investor bears a share of the project's operating risk<sup>1</sup>. That is, a private sponsor is at least partially responsible for operating cost overruns and operator's failure. This could be by either having the rights to operate alone or in association with a public entity or owning an equity share in the project. Management and lease contracts transfer at least partially the operational risk to a private sponsor through the contractual obligations. In greenfield projects and divestitures, the operational risk is transferred to a private party through contractual obligations and/or equity ownership in the project. A foreign state-owned enterprise is considered a private entity.

In addition, the project must involve the ownership or operation of physical assets required to provide the infrastructure services.

Projects that DO meet private participation criteria include:

- *Management or lease contracts.*
- *Concessions.*
- *Greenfield projects* or new projects that are developed and operated by the private sector.
- *Privatization or divestiture* of previously government-owned projects.

Privatization is usually used as a general term to refer all four types of private participation. Other terms that apply to specific arrangements include:

- *Public-private partnerships (PPP)*. This term usually refers to agreements or contract between the public and the private sector to jointly operate and/or own infrastructure projects. It could be for existing assets (a company) or for a new one that will be constructed by the partnership. If the PPP meets all other criteria for a PPI project, then the PPP should be included in the database. The type and subtype of PPI will depend on which contract type reflects better the obligations and risk allocation established in the PPI contract. See the definition of contract types in the section on Private participation criteria.
- *Joint ventures*. These are usually associations between the public and the private sector to jointly operate and/or own infrastructure projects. Similar to PPP contracts, joint ventures could be for existing assets (a company) or for a new one that will be constructed by the partnership. If the PPP meets all other criteria for a PPI project, then the joint venture should be included in the database. The type and subtype of PPI will depend on which contract type reflects better the obligations and risk allocation set for the joint venture. Jointly owned companies require the parties to determine who has management control, otherwise the private firm may not feel that its interests are protected and may not be able to produce the efficiency gains expected from private involvement. See definition of contract types in the section on Private participation criteria.

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<sup>1</sup> Operational risk is the risk of loss due to system breakdowns, employee fraud or misconduct, errors in models, or natural and man-made catastrophes, among other risks. It may also include the risk of loss due to the incomplete or incorrect documentation of trades. Operational risk may be defined by what it does not include: market risk, credit risk, and liquidity risk. For more information see [http://www.cmra.com/html/body\\_glossary.html](http://www.cmra.com/html/body_glossary.html)).

Examples of projects that DO NOT meet private participation criteria include:

- *Supply and civil work contracts.*
- *Technical assistance contracts.*
- *Subcontracting or contracting out.* This is an arrangement in which one company provides services for another company that could also be or usually have been provided in-house. Outsourcing in infrastructure companies could include maintenance, billing, or marketing.
- *Turnkey contracts or construction contracts.* Turnkey contracts are often called "EPC" or "Engineering, Procurement, Construction" contracts.
- *Operation and maintenance contracts.* These usually refer to the engineering operation of the physical assets and training of local staff. These contracts do not involve management of infrastructure asset or project company.
- *Contracts through which a private consortium commits to build an infrastructure facility and own it for a period of time, but the facility is transferred to a state-owned enterprise or public entity for its operation soon after its construction is concluded.* This type of contract aims at providing finance for building to facilities to state-owned enterprises rather than transferring operational risk of infrastructure facilities to the private sector.

#### **Does the project serve the public?**

For all sectors, projects are included as infrastructure only if they are in the business of providing a significant share of the services to the public directly or indirectly. A significant share is considered to be at least 20 percent of the total sales or installed capacity. Serving the public directly usually involves projects with a retail component, such as electricity distribution, natural gas distribution, water distribution, or mobile phone service provision. Similarly, qualifying transport facilities are those open for public use, such as airports, railways, roads, or seaports. Serving the public indirectly usually involves stand-alone bulk facilities, such as power or water treatment plants, that sell their output to a third party for ultimate distribution to the general public; transmission facilities (electricity transmission lines or natural gas transmission pipelines) that provide transport services between bulk and retail facilities; or railways and seaports that provide services to any company that request them.

The database does not include projects or facilities built to provide services to a small number of clients on an exclusive basis, which are usually called "captive" or "own-use" facilities. Regarding captive facilities, there is one exception: cogeneration facilities that supply excess capacity into the electrical power grid should be listed as PPI-projects, providing they sell to the grid at least 20 percent of the energy they produce. Although that threshold is arbitrary, it is intended to ensure that the energy sold for public use is not marginal to the project. The field partially captive explains how to enter this information .

#### **Is this one PPI project or several?**

For determining whether a project is unique, the criteria is whether the project functions as a separate corporate entity, which is distinct from any development or operating companies. Some cases that may be confusing are:

- A corporate entity can include components in several segments or sectors, such as railroads and rolling stock or a power plant with an adjoining water treatment facility.
- If, prior to the privatization of a project, company, or sector, various activities or assets are unbundled into several segments (e.g., generation, transmission, and distribution) and at least one corporate entity is created for each segment. This split creates as many database entries as corporate entities that were created.
- A corporate entity can be divested in many stages, and all of them constitute one project as long as the project company is divested as a single business unit, and each

new tranche increases the level of private participation in the single business unit. An example of this is the divestiture of Telefonos de Mexico.

- Expansion of an existing PPI project (e.g., a second power plant) is recorded as a continuation of a single project, UNLESS a new, additional corporate entity is created (often with a new legal contract or operating license). Exceptions are expansions of infrastructure assets developed under a lease or management contract. In these cases, expansions or new assets are usually funded by the government or donors and do not represent a new PPI project.
- When a PPI project contract concludes and a new contract is tendered for the same assets, two project contracts should be recorded in the database even though they are for the same physical assets. The record of the concluded project should indicate contract expiration in the description and project status fields. The record should also refer to the subsequent project.
- When projects in the PPI database merge, the way that projects are recorded varies according to the type of merger:
  - *Merger by acquisition or purchase merger:* This kind of merger occurs when one project company purchases another one. The purchase is made by cash or through the issue of some kind of debt instrument. Records of purchasing and purchased projects are updated with the acquisition, but while the record of the purchasing company keeps operational status and would be revised in future updates, the record(s) of purchased company(ies) are changed to merged status and no longer would be updated. All historic information for each merged project (investment figures, development bank support, sponsors, etc.) before the merger should be kept in the corresponding original record. No information in operational projects should reflect events that took place before the merger.
  - *Consolidation mergers:* With this merger, a brand new company is formed and both companies are bought and combined under the new entity. Records of merging projects are updated with the acquisition information and their status is changed to merged and no longer would be revised in future updates. In addition, a new record for the combined company is created, and the financial closure is the year of the merge. The new record is the one that would be revised in future.
- When there are spin-off projects from a project (parent project) in the database, spin-off and parent projects are recorded as follows:
  - *Parent project:* This record should keep all historic information before the spin-off, but should also be updated to reflect services provided by the parent project. For project description, the historic information until year of the separation should be recorded. For annual investment and development bank support, information before the spin-off took place should be kept as part of the parent company. After the spin-off year, investment and development bank support fields should only track information regarding the new parent company.
  - *Spin-off projects:* Project information should be entered as if the year of the spin-off was the financial closure year. Consequently, annual investment and development bank support in the record should be tracked since the spin-off year. The description should indicate from which parent company this spin-off was formed.

#### **Has the project achieved financial closure?**

Financial or contractual closure occurs when there is legally binding commitment of private sponsors to mobilize funding or provide services. For the purposes of this database, only projects for which financial closure can be ascertained should be entered. Projects that have not reached financial closure yet are considered potential projects and should not be entered

in this database. Criteria for financial closure varies depending on the type of private participation, as detailed in the section on what each record contains, under Financial closure.

#### **Did the project reach financial closure after 1983?**

The database includes projects that reached financial (or contractual) closure on 1984 and onwards. The database is updated annually with information up to December of the update year (e.g., the 2006 update included projects that reached financial closure by December 2006). Projects that reached financial closure after December of the update year are not entered in the database until the next update.

#### **Is the project at least minimum size?**

To be included in the database, the project should meet two size thresholds:

- Total investment commitments should be at least for US\$1 million, unless it is a divestiture, lease contract, or management contract.
- Private ownership should constitute at least a minimum level, which greenfield projects, and management and lease contracts, private sponsors or consortiums should own at least 25 percent of the PPI contract to qualify as a PPI project. The threshold is arbitrary, but it is intended to ensure that private sponsors own a substantial part of the PPI contract.
- For divestiture, at least 5 percent of the equity in the company should be transferred to the private sector to be considered a PPI project. This threshold applies for the first transaction of a privatization, but does not apply for subsequent tranches in multiple tranche divestitures. See the section, Is this one PPI project or several?

*Note:* Some partial divestitures are done through either voucher programs (giving a company or project share to a group of citizen) or direct transfer to employees of the state-owned company. These transactions may or may not include payments (e.g., the shares could be a form of compensation). If the transaction does not involve payment for purchasing the share, the investment commitments in acquiring government assets should be reported as zero. In these cases, the same rule for other divestitures applies (at least 5 percent of the company). However, in practice this kind of transactions is rarely reported in the public sources unless they are part of a larger program.

#### ***Private participation criteria***

The PPI classification depends on how the responsibilities for operating the facility and financing operations and investments of the project company are assigned between the public and private sectors, and, to some degree, on ownership structure.

Among the main features of each category are described in the table and summarized as follows:

##### **Management contract and lease**

Capital expenditure:	Public
Operating expenditure:	Private or public
Operation responsibility:	Private
Ownership of assets:	Public
Ownership of contract:	Private or mixed

The project assets are always owned by the public sector. The private contractor always gains operational control of the project.

##### **Concession**

Capital expenditure:	Private or mixed
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Operating expenditure: Private or mixed  
Operation responsibility: Private or mixed  
Ownership of assets: Public  
Ownership of contract: Private or mixed

The project assets may be owned by private sector for the duration of the contract, but at the end of the contract the ownership is always reverted to the public sector. The private partner(s) in mixed ownership contracts always gain some operational control of the project.

### **Greenfield projects**

Capital expenditure: Private or mixed  
Operation expenditure: Private or mixed  
Operating responsibility: Private or mixed  
Ownership of assets: Private or mixed  
Ownership of contract: Private or mixed

The project assets are typically owned by the private sector but may return to the public sector at the end of the contract period. The private partner(s) in mixed ownership contracts almost always gains some operational control of the project company following construction.

### **Divestiture**

Capital expenditure: Private or mixed  
Operation expenditure: Private or mixed  
Operating responsibility: Private or mixed  
Ownership of assets: Private or mixed  
Ownership of contract: Private or mixed

The assets are initially owned by the public sector and are always turned over to the private sector in perpetuity. The state may or may not retain full operational control of the project company depending on the size of the equity sold and conditions of the divestiture.

Table 1.1 Five arrangements

Type of arrangement	Definition in the <i>Toolkit</i> of operator duties	Selected responsibilities of the operator	Stylized typical profit function for operator	Selected risks typically borne by operator—and typical share of total project risk	Ownership of operating assets	Ownership of infrastructure assets
Management contract	Supplies management services to the utility in return for a fee	Providing management services to the utility	Fixed fee + bonus – managers' salaries and related expenses	Depends on the nature of the performance bonus—very small	Contracting authority	Contracting authority
Affermage	Runs the business, retains a fee (generally not equal to the customer tariff) based on the volume of water sold, but does not finance investments in infrastructure assets	Employing staff Operating and maintaining utility	(Affermage fee x volume of water sold) – operating and maintenance costs	Operating and commercial risks—significant <sup>a</sup>	Operator	Contracting authority
Lease	Runs the business, retains revenue from customer tariffs, pays a lease fee to the contracting authority, but does not finance investments in infrastructure assets	Employing staff Operating and maintaining utility	Revenue from customers – operating and maintenance costs – lease fee	Operating and commercial risks—significant <sup>a</sup>	Operator	Contracting authority
Concession	Runs the business and finances investment, but does not own the infrastructure assets	Employing staff Operating and maintaining utility Financing and managing investment	Revenue from customers – operating and maintenance costs – finance costs – any concession fee	Operating, commercial, and investment-related risks—major	Operator	Contracting authority
Divestiture	Runs the business, finances investment, and owns the infrastructure assets	Employing staff Operating and maintaining utility Financing and managing investment	Revenue from customers – operating and maintenance costs – finance costs – any license fee	Operating, commercial, and investment-related risks—major	Operator	Operator

Note: The use of terms such as "affermage," "lease," "concession," and "divestiture" varies, and arrangements that go by these names do not always have the features set out in the table.  
<sup>a</sup> Other things being equal, the operator bears more demand risk in an affermage because the government's payment is fixed in a lease, and variable in an affermage.

Source: Toolkit of private participation in water 2006

## ***Sector criteria***

To be categorized in a particular sector, subsector, and segment, the project should be in that specific business, rather than simply having some of those assets. Projects designed to serve a customer or group of customers exclusively are not included. PPI projects generally all into four broad sectors: energy, telecommunications, transport, or water.

### **Energy**

Energy includes the activities directly related to the provision of electricity or natural gas to users as a public service.

- *Electricity*: Activities required for the provision of electricity. It includes the segments of generation, transmission, and distribution of electricity.
  - *Generation*: Facilities needed for production of electricity, including the power plant.
  - *Transmission*: Facilities needed to transfer power produced from the power plant to the distribution facility, such as the grid. Excludes the cables connecting the power plant to the grid, because they are captive transmission lines. For instance, a power plant may need a secondary transmission line to transfer its electricity output to the grid. But the existence of that secondary transmission line does not imply that the corporate entity that owns the facilities is in the business of providing transmission capacity for facilities that sell electricity directly or indirectly to the public.
  - *Distribution*: Facilities needed to transfer power transmitted from the grid to the users, such as the cables connecting the grid to the converter and the cables connecting the converter to the users.
- *Natural gas*: It includes the segments of transmission and distribution pipelines. Excludes gas exploration and production. Note that if the gas is used as an input by a power plant, the project belongs to electricity subsector and the generation segment.
  - *Transmission*: Facilities required to transfer gas from gas field to the main pipeline system, such as pipes, pressure regulators, etc.
  - *Distribution*: Facilities required to transfer gas from the main pipeline system to individual users, such as pipes.

### **Telecommunications**

Telecommunications includes activities required for the transmission of information between users as a public service. It includes the segments of:

- *Fixed access*: Networks that connect individual users for telephone service with fixed or limited mobility phones in a defined geographic area within a country.
- *Mobile access*: Networks that connect individual users for telephone service with mobile phones in a defined geographic area within a country.
- *Long distance*: Networks that connect individual users for telephone service located in different geographic areas defined as local areas within a country, or with individuals in other countries.

No other telecommunication services, such as facsimile, paging, radio communications, or value-added services, such as data transmission or videotex, are included. Resellers of long distance services, which usually operate by leasing circuits or capacity from long-distance carriers, are also excluded.

### **Transport**

Transport includes assets or facilities required to move people or freight from one location to another as a public service.

- *Airport* includes physical infrastructure (terminal, runway, tower), but no rolling stock or stands under concession.
  - *Runway*: Facilities required for take-off and landing of planes and air traffic towers.
  - *Terminal*: All airport physical facilities (e.g., terminal buildings, airplane hangars, connecting transport links within the immediate vicinity of the airport), except runway, shopping, restaurant/lodging, and other services. Note: A 30-km motorway connecting city to airport would be listed under the Road subsector.
- *Railway* includes track, terminals, rails, and rolling stock. Subway systems and/or monorails are also considered railway.
  - *Passenger*: Provision of transport service for people and also rolling stock within a metropolitan area or between multiple metropolitan areas.
  - *Freight*: Provision of transport service for goods and also rolling stock within a metropolitan area or between multiple metropolitan areas.
  - *Fixed assets*: Facilities for provision of rail service within a metropolitan area or between multiple metropolitan areas, including rails, signal devices, communications equipment, etc., but not including rolling stock.
- *Road* includes all facilities necessary for land transport, but excludes buses and automobiles.
  - *Bridge*: Facility for elevated land crossing, including attached toll collection equipment.
  - *Tunnel*: Facility for below-ground crossing, including attached toll collection equipment. Note: the UK channel train would be classified as Road/Tunnel, not as Rail.
  - *Highway*: Facilities for overland transport, including attached toll equipment.
- *Seaport* includes terminal facilities and surrounding waterway, but excludes shipping companies.
  - *Terminal*: On-land terminal.
  - *Channel dredging*: Construction and maintenance of waterways surrounding docking facilities.

## **Water**

Water and sewerage activities are those needed to provide potable water to users or to process or dispose of wastewater as a public service.

- *Treatment plant*: Includes all facilities necessary for storing and delivering potable water to users or processing wastewater.
  - *Potable water treatment plant*: Facilities for processing water for human consumption, including allocation of water resources; capacity construction for storage; bulk supply generation; and desalination.
  - *Sewage treatment plant*: Facilities for storage, processing and disposal of wastewater, such as a wastewater treatment plant. The facilities should treat wastewater from water utilities.
  - *Potable water and sewage treatment plant*: When the two types of plants mentioned above are included in the project.
- *Utility*: Includes all facilities necessary for storing and delivering potable water to users, including pipes and devices for measuring consumption, for transfer of potable water to individual users.
  - *Water utility without sewerage*: Facilities necessary for storing and delivering potable water to users, but do not include sewerage services
  - *Water utility with sewerage*: Facilities necessary for storing and delivering potable water to users and include sewerage services.
  - *Sewerage collection*: Facilities for intake and routing of wastewater, such as sewers, pipes, and cesspools.

- *Sewerage collection and treatment*: Facilities for storage, processing, and disposal of wastewater, such as a wastewater treatment plant. The facilities should treat wastewater from water utilities.

## **What is captured in each record?**

Each record contains information on:

- Project identity
- Financial closure
- Status
- Type of private participation
- Sector
- Contract terms
- Systems
- Contract award method and bid criteria
- Sponsors
- Government support
- History
- Development bank support

### ***Project identity***

#### **Project name**

It is unique to each individual record. The project is usually named based on one of these criteria:

- Most commonly occurring/recent name in English. It could be either project company name or asset name.
- Most commonly occurring/recent name in project country language. In this case, only use English symbols because other language symbols are not recognized by the database.
- A name related to the location, sector, or description of the project.

#### **Related names**

Note all other names by which this project is referred to, including:

- Abbreviated names/acronyms.
- Old names.
- Other multiple names.

#### **Country**

The low- or middle-income country(ies) in which the project has been developed and provides services to the public. Cross-border projects (i.e., the ones that involved more than one country) should include all relevant countries.

#### **Region**

This is the region to which the low- or middle-income country in which the project has been developed belongs. Regions are automatically selected depending on the countries selected. The regions covered are the six developing ones identified by the World Bank:

- East Asia and Pacific
- Europe and Central Asia

- Latin America and the Caribbean
- Middle East and North Africa
- South Asia
- Sub-Saharan Africa.

### **Project location**

The information entered in this field depends on the business nature of the project: Project location may be the geographic area in which the project is committed to serve under its contract for retail networks, such as electricity and distribution utilities, and fixed or mobile operators. This is usually known as the concession or serving area. Alternatively, project location may be the geographic area where the facilities are physically located for bulk-facilities, such as power or water plant, telecommunications carriers, transmission lines, and transport projects.

### **Shares publicly traded**

This field should be checked if the shares of the project company or project contract are traded in a stock exchange.

### **Stock market**

If the Shares publicly traded field is marked, then in this field should indicate where the location of the stock exchange in which the shares are traded:

- Local: The country's stock exchange.
- International: Any stock exchange outside of the country.

### ***Financial closure***

Financial or contractual closure occurs when there is legally binding commitment of private sponsors to mobilize funding or provide services. The definition of financial or contractual closure varies among types of private participation, as described in the following section on determining the financial closure date.

### **Financial closure date**

The date on which private sponsors agreed to or signed a legally binding agreement to invest funds or provide services. The definition of legally binding agreement differs according the type of private participation:

- *For management and lease contracts*, a contract authorizing the commencement of management or lease service must be signed between the public entity granting the contract and the private consortium, assuming the operation of the services, and a starting date for the management or lease contract is established. The date of contract signing should be stated as financial closure date.
- *For concessions projects*, financial or contractual closure is reached when the concession contract is signed, and the date for the transferring the operations is set. Signing the concession contract creates a legally binding commitment of equity holders (project sponsors) to provide or mobilize funding for the project. The date of contract signing should be stated as financial closure date. If such information is not available, then the date in which the private consortium started operating the project should be considered as the financial closure date.
- *For greenfield projects*, financial closure is defined as the existence of a legally binding commitment of equity holders or debt financiers to provide or mobilize funding for the project. The legally binding commitment to provide funding is usually achieved through the signing of a loan or debt, which must account for a significant part of the project cost (25 percent). Thus project funding is secured for the construction of the facility. The date of loan signing should be taken as the financial closure date. When greenfield projects are primarily funded through equity contributions, at least

- temporarily, the progress of project construction (25 percent) could indicate the projects' financial closure. In these cases, the year in which progress of project construction is reported should be used as financial closure year.
- *For divestitures*, the equity holders must have a legally binding commitment to acquire the assets of the facility. This usually occurs at the signing of the share purchase contract, and the signing date should be used as financial closure date. If that information is not available, there are two possible dates:
    - The date on which the private consortium took over the project or company operations should be indicated as financial closure date for divestitures involving the transfer of project/company operations to a private consortium.
    - The date on which the first group of shares were sold for divestitures transactions which do not involve the transfer of project or company operations to a private consortium (as long as they represent at least 5 percent of project equity). These transactions are usually done through stock exchanges, and sales are finalized soon after the winning offers are selected.

### **Status**

The project status in the database can be one of the following options:

- *Construction* for facilities that are still being built.
- *Operational* for projects that have started providing services to the public.
- *Concluded* for those in which the contract period has expired and was neither renewed nor extended by either the government or the operator.
- *Cancelled* for projects from which the private sector has exited in one of the following ways:
  - Selling or transferring its economic interest back to the government before fulfilling the contract terms.
  - Removing all management and personnel from the concern.
  - Ceasing operation, service provision, or construction for 15 percent or more of the license or concession period, following the revocation of the license or repudiation of the contract.
- *Distressed* for projects from which the exit of the private sector has been formally requested or a major dispute is ongoing. The private component is on the verge of exiting or has exited in one of the following ways:
  - Government termination.
  - International arbitration.
  - Contract termination.
- *Merged* for projects that have been acquired by other projects in the database and consolidated in one project.

### **Type of private participation**

The database identifies four types of projects with private participation and subtypes within each type. For more information, see the PPI water toolkit 2006 (<http://rru.worldbank.org/Toolkits/WaterSanitation/>).

### **Management and lease contracts**

A private entity takes over the management of a state-owned enterprise for a fixed period, while ownership and investment decisions remain with the state. Any capital expenditures are typically financed by the government. There are two subclasses of management and lease contracts:

- *Management contract.* Management contracts transfer responsibility for managing a utility to a private operator, often for three to five years. The simplest management contracts pay a private operator a fixed fee for performing managerial tasks. Other management contracts offer greater incentives for efficiency by defining performance targets and basing the fee in part on their fulfillment. The payments are typically made up of a fixed sum and an incentive-based fee for achieving specified results. Most of the operational risk remains with the government, and the private contractor is not legally responsible for providing the service. Some critical challenges in the design of management contracts therefore are determining which targets are measurable and under the control of the operator and deciding how sensitive the operator's remuneration should be to the achievement of these targets. Another challenge is determining what powers the operator should have over, for example, employment. Under many management contracts, the utility employs the staff, except for a few top managers.
- *Lease contract (including affermage contracts).* The term "affermage-lease" is used here for a class of arrangements under which an operator is responsible for operating and maintaining the business, but not for financing investment. The difference between affermages and leases is technical: under a lease, the operator retains revenue collected from customers and makes a specified lease payment to the contracting authority, which the authority can use to pay for investment. Under an affermage, the operator and contracting authority share revenue from customers. The operator pays the contracting authority an affermage fee, which varies according to demand and customer tariffs, and retains the remaining revenue.

Under both affermages and leases, the operator's profits depend on the utility's sales and costs—an arrangement that typically gives the operator incentive to improve operating efficiency and increase sales. Because the contracting authority is usually responsible for financing investment in infrastructure assets under an affermage-lease, it must raise the finance and coordinate its investment program with the operator. In some cases, the operator designs and manages the investment program. In others, the contracting authority has this role. Because the distinction between investment and maintenance is not always clear, affermage-leases often place some responsibility for investment on the operator (for example, for rehabilitation).

Affermage-leases are usually more difficult to implement than management contracts because the operator typically bears more risk. Under a lease, the operator's remuneration depends directly on the customer tariff, so the government is obliged to design an arrangement that protects the operator from tariff-related policy risk and that is also considered legitimate. Under an affermage, the risk is smaller because the operator tariff is different from the customer tariff. But the operator will be more comfortable with an arrangement in which customer tariffs cover, on average, the operator tariff. The typical length of affermage-lease contracts 10–15 years.

### **Concessions**

A concession gives a private operator responsibility not only for the operation and maintenance of assets but also for financing and managing investment. Asset ownership typically rests with the government from a legal perspective, however, and rights to all the assets, including those created by the operator, typically revert to the government when the arrangement ends—often after 25 or 30 years. The private operator receives the utility's final profit and is legally responsible for providing the service. The database classifies concessions according to the following categories:

- *Rehabilitate, operate, and transfer.* A private sponsor rehabilitates an existing facility, then operates and maintains the facility at its own risk for the contract period.

- *Rehabilitate, lease or rent, and transfer.* A private sponsor rehabilitates an existing facility at its own risk, leases or rents the facility from the government owner, then operates and maintains the facility at its own risk for the contract period.
- *Build, rehabilitate, operate, and transfer.* A private developer builds an add-on to an existing facility or completes a partially built facility and rehabilitates existing assets, then operates and maintains the facility at its own risk for the contract period.

### **Greenfield projects**

A private entity or a public-private joint venture builds and operates a new facility for the period specified in the project contract. The facility may return to the public sector at the end of the concession period. The database classifies greenfield projects in four categories:

- *Build, lease, and own.* A private sponsor builds a new facility largely at its own risk, transfers ownership to the government, leases the facility from the government and operates it at its own risk, then receives full ownership of the facility at the end of the concession period. The government usually provides revenue guarantees through long-term take-or-pay contracts for bulk supply facilities or minimum traffic revenue guarantees.
- *Build, own, transfer, or build, own, operate, transfer.* A private sponsor builds a new facility at its own risk, owns and operates the facility at its own risk, then transfers ownership of the facility to the government at the end of the concession period. The government usually provides revenue guarantees through long-term take-or-pay contracts for bulk supply facilities or minimum traffic revenue guarantees.
- *Build, own, and operate.* A private sponsor builds a new facility at its own risk, then owns and operates the facility at its own risk. The government usually provides revenue or payment guarantees through long-term take-or-pay contracts for bulk supply facilities or minimum traffic revenue guarantees.
- *Merchant.* A private sponsor builds a new facility in a liberalized market in which the government provides no revenue or payment guarantees. The private developer assumes construction, operating, and market risk for the project (for example, a merchant power plant).
- *Rental.* A private sponsor places a new facility at its own risk, owns and operates the facility at its own risk. The operation is for a short period of time from 1 to less than 5 years. The government usually provides revenue guarantees through short term purchase agreements such as power or water purchase agreement for bulk supply facilities.

### **Divestitures**

A private entity buys an equity stake in a state-owned enterprise through an asset sale, public offering, or mass privatization program. A divestiture, like a concession, gives the private operator full responsibility for operations, maintenance, and investment. But unlike a concession, under a divestiture legal ownership of the assets rests with the private operator.

While the difference between a concession and a divestiture may appear large at first, the rights and obligations of the contracting authority and the operator can be similar. On one hand, a concession transfers the main economic rights of ownership for long enough that, at the beginning of the concession at least, the operator's incentives closely resemble those of a legal owner. On the other hand, a divestiture may give the operator a fixed-term license without which the divested assets have little value. And, as in a concession, the assets may revert to the government if the license is revoked.

The database classifies divestitures in two categories:

- *Full.* The government transfers 100 percent of the equity in the state-owned company to private entities (operator, institutional investors, and the like).

- *Partial.* The government transfers part of the equity in the state-owned company to private entities (operator, institutional investors, and the like). Share sales can be done in tranches. The private stake may or may not imply private management of the facility.

*Note:* Some PPI transactions are structured in a complex manner (such as involving more than one contract to define the rights and obligations of private sponsors and the government), requiring further analysis to determine the most appropriate type of PPI. In these cases, the PPI database classification tries to reflect all the rights and obligations assumed by the private parties in all the involved contracts. For instance, some PPI transaction may involve the temporary selling of an equity stake in the project company, but not necessarily mean that it is a divestiture. It could be any of the other types of PPI.

## **Sector**

In the first part of this methodology, the section on sector criteria provides a list of sectors covered in the PPI database, as well as the criteria to classify a project in a sector, subsector, or segment.

### **Primary sector**

This is the sector in which the project provides services directly or indirectly to the public.

### **Secondary sector**

For projects that provide services in more than one infrastructure sector, the secondary sector is the second main infrastructure service that the project provides to the public. Most common multisector projects involve the energy and water sectors. For projects that involve both electricity and water services, energy has been recorded as the primary sector and water as the secondary one. Therefore, aggregated reports attribute investment of those projects to the energy sector rather than to the water one.

This field only applies for multisector projects. For projects that provide services in only one sector, the secondary sector field should be marked as not applicable.

### **Subsector**

This is the subsector in which the project provides services directly or indirectly to the public. All relevant subsectors should be entered.

### **Segment**

This field indicates the specific services that the project provides directly or indirectly to the public. There should be only one segment entry per subsector. If the project provides several services within one subsector, the segment that includes all those services should be the only one selected.

### **Technology/fuel**

Only three segments need information regarding the project's use of technology and/or fuel. They are telecommunications fixed access, electricity generation, and seaport terminals. This is a multiple-choice field. All relevant options should be marked. The options are as follows:

- *Telecommunications fixed access:* cable, microwave, VSAT, and WLL (Wireless Local Loop).
- *Electricity generation:* coal, diesel, geothermal, hydro, natural gas, nuclear, steam, waste, and wind.
- *Seaport terminal:* container terminal, dry bulk terminal, liquid bulk terminal, and multipurpose terminal.

## ***Contract terms***

### **Contract period**

The length of time during which the project contract (e.g., lease contract, BOT, concession agreement) will be in place. The contract length should be measured in years.

In the case of contract renewal or extension, contract period (years) is obtained by adding the contract renewal term to the original contract term. If a project is renewed or extended, such information should also be reflected in the project contract history field.

### **Contract termination year**

The year in which the original contract is set to expire. For cancelled projects, the contract termination year is the year in which the contract was terminated (see Status ) and not the year in which the contract was initially set to expire.

### **Project contract history**

This field summarizes the previous project history, such as any previous PPI contract related to the project. The options are:

- Merged.
- Rewarded after cancellation.
- Rewarded after conclusion.
- Contract renewal.
- Spin-off.

### **Related projects**

This field identifies project(s) in the PPI database that are related to the current project because of mergers, contract renewals, spin-offs, or other changes over the project's contract history.

### **Captive project**

This field mainly applies to power plants and refers to facilities whose output is mainly directed to own consumption or to a few large users, but at least 20 percent of its energy output is sold to the public either through a purchase agreement with electricity utilities or through sales in the wholesale electricity market. The 20 percent output sold for public consumption is to meet the criteria of a project serving to the public.

### **Percentage of captive**

This field indicates the percentage of electricity produced by the power plant that is NOT sold to the grid or distribution companies. As mentioned before, at least 20 percent of its energy output should be sold for the consumption of the public. Therefore, the maximum of this percentage is 80 percent.

## ***Systems***

### **Multiple systems**

This field should be checked if:

- There is more than one independent system (electricity or water utilities, railway network or airport) included in the PPI contract. For instance, a lease contract to operate the water systems or airports of three cities has multiple systems, if the water system or airports of each city is independent of the other. There is more than one physical infrastructure that can provide the respective infrastructure services on its

own. Examples are two distinctive roads in one PPI contract, or two power or water plants in a contract.

*Note:* Telecommunications networks are usually nationally integrated and therefore they will often be one system rather than multiple ones.

**Number of systems**

This field should be filled if the “multiple system” field is checked. The number entered should be either the number of independent systems (e.g., three water systems) or the number of independent physical assets (e.g., two power plants).

**Project company**

This is the corporate entity created to manage the project. It is usually incorporated in the hosting country and in most cases the project company is quoted as the project name.

**Government level granting contract**

This is the level of government that signed the PPI contract with the private consortium. The options are:

- Federal/national.
- State/provincial.
- Local.

***Contract award method and bid criteria***

**Contract award method**

This is the method that the government used to award the contract to a private consortium. The options are:

- Competitive bidding.
- Competitive negotiation.
- Direct negotiation.
- Unsolicited proposals.

**Bid criteria**

This describes the criteria that the government used to select the winning bid among competing proposals. The options are:

- Highest new investment.
- Highest price paid to government.
- Lowest cost of construction or operation.
- Lowest subsidy required.
- Lowest tariff.
- Other.

**Number of bids**

Number of financial bids submitted in the tender of the project contract.

***Sponsors***

**Operator**

The company that contracts with the government to manage or maintain a facility during a specified contract period. In many contracts, the operator and the main sponsor are the same company.

*Note:* This field is not critical. It has not been consistently updated for all projects. If the information is available, then it should be entered. Otherwise, leave it blank.

### **Sponsor name**

Sponsors are private entities that have an equity participation of at least 15 percent in the project contract for concessions, greenfield projects, and management and lease contract. And 15 percent of ownership in the project company for divestitures. A foreign state-owned enterprise is considered a private entity.

If no single sponsor has an equity participation of at least 15 percent—such as the case of divestitures through initial public offerings, “Others” should be written in the sponsor name field, but no percentage ownership or sponsor country should be assigned to “Others.” But, if at least one sponsor has 15 percent or more, this sponsor should be the only one entered in the sponsor name field, and “Others” should NOT be used as a sponsor for such a project.

Sponsors listed should be the ones that owned the company by December of the update year, unless there is not information available. Once sponsors sell their shares in the project, this field should be updated accordingly.

For cancelled, concluded, and merged projects, the sponsor recorded should be the ones with at least 15 percent at the time the contract was cancelled or concluded or the project was merged.

The PPI database considers infrastructure sponsors to be companies that are actively involved in taking ownership or operational risk of infrastructure projects/companies. Many sponsors usually use different subsidiaries or joint venture to sign specific contracts. Therefore, most projects need further research to ensure that the correct infrastructure sponsors are entered rather than their subsidiaries or dedicated joint ventures.

In some cases, it is relatively simple to identify the infrastructure sponsor behind the subsidiary signing the project contract. For instance, Electricite de France, Veolia, and AES Corporation have had regional/local subsidiaries to invest in a specific region or country. In those cases, the main company is considered the infrastructure sponsor, not its subsidiaries. In other cases, there are joint ventures to invest in a specific region or country, such as the Sino French Water Development Company, Ltd. (SFWD), which is a contractual joint venture between SUEZ in France and NWS Holdings Ltd. to invest in China. In these cases, the infrastructure sponsors are SUEZ and NWS (New World Development), not the Sino French Water Development Company.

Other cases are more complicated because of the cross-ownership among infrastructure sponsors. Some examples are the partial ownership of Spanish Endesa in Chilean Endesa and Chilean Enersis, as well as the partial ownership of Enersis in Chilean Endesa. In these cases, the three companies were listed as different infrastructure sponsors because the three of them had different ownership structure, and each of them had its own portfolio of infrastructure projects. Another example is Sociedad de Acueducto, Alcantarillado y Aseo (Triple A) de Barranquilla, which was partially owned by Spanish water operator Canal Isabel II and water consulting firm Tecvasa. In this case, the Spanish firms were included as sponsors in Triple A. But since Triple A was active in acquiring infrastructure projects after its private participation process, Triple A was considered the infrastructure sponsor in the project contracts it signed.

### **Sponsor’s ownership share**

For each sponsor entered, this field indicates the share of total capital that the sponsor has in the project or project contract. Note that such share may be different from the share of the sponsor in the consortium to which the contract was granted, if such consortium does not own 100 percent of the contract. This is the case in partial divestitures and private-public joint

ventures. In a partial divestiture, the number to be entered in this field is the share of ownership a private sponsor has in the project, not the share a private sponsor has in a consortium that bought part of the project. In other words, the total ownership share by all sponsors plus the total share owned by other private entities that hold less than 15 percent must be equal to the figure entered for the latest year under the field "% Private."

If sponsors change their stakes in the project, this field is updated accordingly.

### **Sponsor's country**

The country in which the project sponsor is incorporated and has its corporate headquarters.

### ***Government support***

Hosting governments can provide financial support to or reduce the financial risk of a project in many ways. The forms of government support that the PPI database tracks are the following:

- *Fixed government payments:* This is when a government agrees to provide a fixed amount of cash to cover the total or part of the project cost. The payment can be made either in installments or all at once. Examples of this type of government contributions are availability payments for roads and government subsidies which are defined in project tenders for the minimum subsidy. The government obligation payment is included in the "investments in physical assets" total for projects in which the private party takes some investment risk/decisions: concessions, divestitures and greenfield projects.
- *Variable government payments:* This is when a government agrees to cover the total or part of the project cost by providing cash whose total amount varies depending on some criteria stipulated in the project contract. They include payments defined based on fixed physical or service units (e.g. cost per new connection and shadow tolls) and a demand responses (number of new connections installed and traffic levels, respectively). They also include payment obligations determined by the deficit between either operation and maintenance cost and project revenues or investment cost and project revenues. The government obligation payment is included in the "investments in physical assets" total for projects in which the private party takes some investment risk/decisions: concessions, divestitures and greenfield projects.
- *Payment guarantee:* This is when a government agrees to fulfill the obligations of a purchaser (typically a state-owned-enterprise) with respect to the private entity in the case of nonperformance by the purchaser. The most common example of this is when a government guarantees the fixed payment of an off-take agreement (e.g., a Power Purchase Agreement or Water Purchase Agreement) between a private entity and the state-owned enterprise.
- *Debt guarantee:* This is when a government secures the borrowings of a private entity. That is, a government guarantees repayment to creditors in the case of a default by a private entity.
- *Revenue guarantee:* This is when a government sets a minimum variable income for the private operator; typically this income is from user fee payments by end-use customers. This form of guarantee is most common in roads with minimum traffic or revenue set by a government.
- *Exchange rate guarantee:* This is when a government protects a private entity from fluctuations in the value of the local currency. For example, the government will agree to reimburse the private entity for losses on debt services if the value of the local currency dips by, say, 20 percent or greater.
- *Construction cost guarantee:* This is when a government protects a private entity from potential cost overruns in the construction phase of a project.

- *Interest rate guarantee:* This is when a government protects a private entity from fluctuations in interest rates. Basically, this is the same concept as an exchange rate guarantee with respect to local interest rates.

## **History**

### **Private share of project contract**

The percentage of the project's company or contract that private sponsors own. This does not necessarily indicate the ownership of assets. For instance, if management contract is awarded to a full private consortium then the percentage private of the project contract is 100 percent regardless that the assets belong to the government and investments are funded by the government. In the case of partial divestitures or public-private joint ventures, the share indicated in this field is the one belonging to the private partners and is lower than 100 percent.

Data on private shares are cumulative and should reflect annual changes. The private share data should be entered for all years available in the project history table, even though it has not changed. For the years in which there is no change in the private share, the latest available value should be used.

### **Payments to the government**

These are payments made before investments in government assets (described below). They include resources the project company spends on acquiring government assets, such as state-owned enterprises, rights to provide services in a specific area, or the use of specific radio spectrums. License fees, canon payments, or divestiture revenues are the common revenue collection mechanisms. When investment commitments under the PPI contract change as a result of contract renegotiation, investment commitments are adjusted to the revised figure. Data entry varies depending on how the amount to be pay is set and payment schedules:

- If payments are total lump sums to be paid within the first year of the contract, then the total amount of license fees, concession or lease payments, or divestiture revenues should be entered in the year of financial closure. The year of investment should be the same than financial closure year.
- If payments are annual lump sums to be paid during the contract length, then the interest rate included in the contract for late payments should be used as a discount rate to estimate the present value of such payment stream. The present value should be entered as the investment in the year of financial closure. The year of investment should be the same than financial closure year.
- If payments linked to specific share sales are defined in different transactions (for instance, divestitures done in phases over a few years), then investment in government assets should be entered in the year the transaction took place.

*Note:* When license fees or canon payments are defined as a percentage of revenues or profits, no data for investment in government assets are usually entered due to a lack of reliable information. However, if such information is publicly available on regular basis (e.g., for most years), then annual payments to the government for this concept are entered. All investment data in the database are reported in million of U.S. dollars. When the investment are reported in other currencies, such as a local one or Euros, the investment figure is converted to U.S. dollars using the International Monetary Fund's reported exchange rate market rate average period for the year in which investment were committed. The information is found in the IMF's International Financial Statistics database, and the period selected is annual and the same as the financial closure year.

### **Investment in physical assets**

Resources the project company commits to invest in facilities. Investments can be either in new facilities or as an expansion or a modernization of existing facilities. Data entry varies across sectors:

- For the projects other than telecommunications ones, the total cost of developing or expanding the facility during the entire contract length is entered as investment data in the year of financial closure. The database records project company commitments in this field, so the amount agreed at financial closure is the one that is recorded in this field.

The year of investment should be the same than financial closure year. For agreed further expansions (e.g., additional power plants) under the same contract, the investment commitments involved in the expansion are recorded in the year the expansion was agreed. When investment commitments under the PPI contract change due to contract renegotiation, investment commitments are adjusted to the revised figure. Finally investment commitments for rental projects do not include the total asset cost. Instead, they are recorded in an amount which is proportional to the ratio of project's contract period over the asset's expected life.

- For telecommunications projects that the private parties control and for some large energy utilities also controlled by private parties and for which investment obligations are defined by quality indicators, annual investments on facility expansion and modernization are entered as investment data in the year of investment. This information is usually obtained from annual reports of companies. For telecommunications projects or large energy utilities that are control by state-owned enterprises or public entities, no investment in facilities is reported.

The PPI database uses two criteria to identify telecommunications and energy companies controlled by private parties: either private parties own at least 50 percent of the equity stake (or voting shares) in the company, or they own less than 50 percent of the equity stake but were granted the operational control of the company.

Investment in facilities is not discounted for the net present value, unlike investment in government assets, which are agreed to be paid throughout the contract period. The reason is that investment commitments in facilities are usually quoted considering current prices, which may change over the contract period, while investment in government assets are nominal figures that are usually fixed during the contract period.

When there are discrepancies among sources regarding the investment commitments in the projects, the investment data to be entered are those provided by the most reliable source. In case many equally reliable sources report different investment commitments, the lowest investment commitment is entered in the database.

### **Capacity type**

Only one capacity type is assigned to a project, so the capacity type selected is the one that best represents the primary service provided by the project:

- Number of kilometers is used for road, railway, energy transmission, and telecommunications long-distance carrier projects.
- Installed megawatts are used for electricity generation projects.
- Thousands of cubic meters per day is used for water treatment plants.
- Thousands of installed connections is used for telecommunications network and water or electricity distribution projects.
- Throughput (thousand of TEU per year) is used for seaport terminals.
- Population (thousand) is used for electricity and electricity distribution projects when information of installed connections is not available.

**Capacity size**

The size of the project, measured in industry specific units. Capacity size information is cumulative, which is different from the investment figures, which are yearly. Data are tracked as follows:

- *For energy distribution, water distribution, and telecommunications projects*, the capacity is tracked for all years where information is available. In telecommunications network, the cumulative number of subscriber or installed connections should be entered. In energy and water distribution projects, the cumulative number of household connected should be entered. In the case of water projects, which have different number of connections for water and sewerage services, the number entered should be the number of connections for potable water services. Do not add up number of connection for water and sewerage services or report total population in the project's serving area.
- *For electricity generation, energy transmission, water treatment, and transport projects*, the data represent the expected capacity of the fully operational project.
- *For water and sewage treatment plants*, make sure to convert figures into thousand cubic meters per day.

While investment figures are either reported on total commitment basis in the year of financial closure or annual flows for some projects, capacity size information is cumulative.

**Government cash subsidy commitments**

This is the cash amount that the government commits to contribute to cover part of the project cost established under the PPI contract or arrangement. Therefore, the amount does not exceed the total project cost.

**Year**

This is the year in which a specific event, such as capacity or investment, is reported. For instance:

- *Capacity*: The year in which capacity was financed or achieved, depending on how a project expands capacity. For projects, whose capacity expands in discrete phases such as electricity generation, energy transmission, water treatment, and transport projects, the year of capacity is usually the year of financial closure. For a project whose capacity can be increased continuously, such as energy distribution, water distribution, and telecommunications projects, years of capacity are the years for which capacity information is available. Ideally, for the second type of projects information on capacity should be entered for all years after financial closure.
- *Investment*: The year in which investments are committed to the project or in which the transactions take place for divestitures that are phased or where investment requirements are defined by requirements on service coverage and quality and data are available (such as for large privatized electricity and telecommunications companies).
- *Percentage private*: The year in which the percentage ownership of the project company by private sponsors is reported.

**Development bank support**

This is financial support that a multilateral donor institution has given to a project. The information tracked includes the name of the multilateral bank providing financial support, as well as the amount, type, and year that the support was committed.

**Type of support**

The resources committed by a multilateral agency to the project under a specific type of support (equity, guarantees, loan, quasi-equity, risk management, or syndication). The types of financial support tracked are:

- *Equity*. Multilateral institutions, except for the Inter-American Development Bank, the World Bank, and the International Development Association are allowed to invest in equity.
- *Guarantees*. Two types of guarantees are covered:
  - Political risk coverage against currency inconvertibility, expropriation, war/civil disturbance, and breach of contract.
  - Partial credit guarantees, which turn medium-term finance into a longer-term arrangement by guaranteeing longer maturity or offering liquidity guarantees in the form of put options and take-out financing.
- *Loans*. Direct loan using the multilateral institution funds (also referred to as A-loan).
- *Quasi-equity*. These products have both debt and equity characteristics and some of them are convertible debt, subordinated loan investments, and preferred stock and income note investments (also referred to as C-loan).
- *Risk management*. The risk management products, or derivatives, allow project companies to hedge currency, interest rate, or commodity price exposure. Some of them are currency and interest rate swap, options and forward contracts and derivatives.
- *Syndication*. A multilateral institution arranges the financing with the resources of other investors, but the institution is always the lender-of-record (also referred to as B-loan).

**Amount of support**

The resources committed by a multilateral agency to the project under a specific type of support (equity, guarantees, loan, quasi-equity, risk management, or syndication).

**Year of support**

The year in which the development bank support was committed to the project.

**Development banks covered**

The development banks whose financial support to PPI projects is tracked are:

BANK NAME	COMMENTS
ADB	Asian Development Bank
AFDB	African Development Bank
BCIE	Central American Bank for Economic Integration (also referred to as CABEI)
BOAD	West Africa Development Bank
CAF	Corporacion Andina de Fomento
CDB	Caribbean Development Bank
DBSA	Southern Africa Development Bank
EADB	East Africa Development Bank
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
IADB	Inter-American Development Bank (also referred to as IDB)
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IAIC	Inter-American Investment Corporation (also

	referred to as IIC)
IDB	Islamic Development Bank (also referred to as ISDB, see <a href="http://www.isdb.org/">http://www.isdb.org/</a> )
MIGA	Multilateral Investment Guarantee Agency

## How are records updated?

The database is updated every year through a comprehensive review of activity in each of the low- and middle-income economies using the public sources. The review of sources is performed as follows:

- Factiva.
- A review of the specialized publications. Specialized sources include: Project Finance International, Project finance, reports of rating agencies, Global Power reports, Energy in East Europe, Power in Asia, Power in Latin America, Power in Asia, country reports of US EIA, Global Water Intelligence, MIGA's FDI, Privatization barometer, African forum for utility regulation, and Energy regulators regional association.
- Google.
- Sponsor websites or public agencies granting the PPI contracts.
- Multilateral agencies websites including press releases and annual reports.

If the publicly available information does not provide sufficient data, the researchers should request the missing information of following entities:

- Project companies.
- Developers and sponsors.
- Government agencies granting the PPI contract.
- Regulatory agencies