

Jan-Mar, 2013

Quarterly Infrastructure Finance Review



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1.0. Infrastructure Finance Overview

Table A: Infrastructure Project Financing Profile of Banks & DFIs

(Amount in Billions)	Periods			% Change	
	Mar-12	Dec-12*	Mar-13	QoQ	YoY
Amount Outstanding	273.2	289.3	281.5	-2.7%	3.0%
NPLs	13.3	17.5	20.0	14.2%	50.2%
Disbursements (Cumulative)	342.7	356.3	356.9	0.2%	4.1%
No. of Projects (**Cumulative)	325	364	367	0.8%	12.9%
Total Sanctioned Amount	541.1	493.5	494.5	0.2%	-8.6%
**Cumulative number of projects is the total number of projects less the matured ones. *Revised/updated figures pertaining to Dec-12.					

Cumulative disbursements to Infrastructure sectors saw a rise of 4.1 percent, YoY basis.

There is no denial of the fact that infrastructure is critical for national productivity and economic growth of any country. Further, infrastructure investment and consumption of infrastructure services have significant implications for achievement of sustainable development objectives, as infrastructure services encourage new investment and underpin many aspects of economic and social activity.

At the end of Mar-13, the total amount outstanding against infrastructure sectors saw a decline of 2.7 percent when compared with preceding quarter i.e. Dec-12. However, there was a growth of 3.0 percent when compared YoY basis. While, a sector-wise analysis revealed that the lion's share (64.5 percent) in total outstanding infrastructure project financing remained with Power Generation sector and Telecom sector followed it with 16.4 percent.

Infrastructure outstanding finance saw a rise of 3.0 percent YoY basis.

Although, Non Performing Loans have lesser significance in Infrastructure projects, because of their long term nature, nevertheless there was a rise of 14.2 percent on QoQ basis.

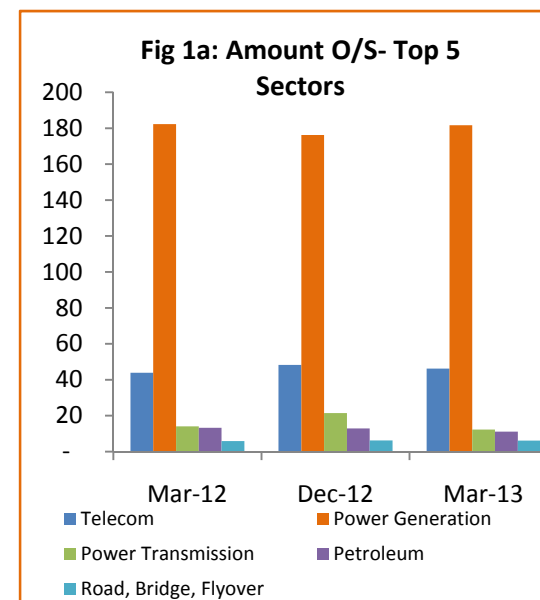
The following sections present outstanding financing, disbursements, number of projects, non performing loans, amount sanctioned, and sectoral share. It is pertinent to mention here that the data/figures pertain to the existing projects excluding the matured ones at the end of March, 2013.

2.0. Outstanding Portfolio

Total amount outstanding, against infrastructure finance, at the end of Mar-13 was Rs. 281.5 billion when compared with Rs. 289.3 billion at the end Dec-12, recording a decline of 2.7 percent. However, on YoY basis, there was a growth of 3.0 percent. Excluding Power Generation sector which saw a growth of 3.1 percent, all other (09 key sectors) infrastructure sectors witnessed a declining trend when compared QoQ basis. Following is the list of top infrastructure sectors where lending has been made by the formal sector:-

- a) Telecom
- b) Power Generation
- c) Power Transmission
- d) Petroleum
- e) LPG Extraction/ Distribution
- f) LPG Import & Distribution
- g) Oil & Gas Exploration/Distribution
- h) Road, Bridge, Flyover
- i) Water Supply, Sanitation

Of the 09 major infrastructure lending sectors under review, three sectors i.e. Telecom, LPG Extraction/Distribution, and Road/Bridges/Flyovers saw growth while remaining 6 sectors witnessed declining trends on YoY basis.



Box 1: Infrastructure Project Finance Guidelines

- SBP's has updated Infrastructure Project Finance Guidelines in August, 2010 can be accessed at
- <http://www.sbp.org.pk/ihfd/2010/Annex-CL1.pdf>

At the end of Mar-13, a segregate review showed that Power Generation sector recorded a growth of 3.1 percent QoQ basis while all other sectors witnessed decline i.e. Petroleum sector showed a decline of 13.8 percent despite of the fact that government of Pakistan has offered numerous incentives through Petroleum Policies in 2009 and 2012. Moreover, Oil & Gas Exploration & Distribution also saw a decline of 22.7 percent, Telecom 4.1 percent, Power Transmission 42.6 percent, LPG Extraction & Distribution 14.7 percent, and LPG import & Distribution sectors 90.3 percent when compared with preceding quarter of Dec-12.

3.0. Non Performing Loans

At the end of Mar-13, total amount of Non Performing Loans (NPLs) increased to Rs. 20.0 billion from Rs. 17.5 billion at the end of Dec-12; registering a rise of 14.2 percent. The rise in NPLs on QoQ basis was attributable to Power Generation sector while, on YoY basis, NPLs saw a growth of 40.7 percent again led by Power Generation sector as all other key sectors witnessed a decline in their NPLs or remained stagnant.

Furthermore, a sectoral analysis revealed that the major share (52.4 percent) in NPLs pertained to Power Generation Sector, followed by Telecom and Power Transmission with 24.8 and 11.5 percent respectively whereas the remaining 11.2 percent was the share of all other infrastructure sectors.

4.0. Banking-sector wise Share

At the end of the quarter under review, following the usual trend, private sector banks' share remained the highest in the total outstanding amount against infrastructure sectors with 72.2 percent followed by public sector banks with 19.5 percent and DFIs by 5.3 percent, whereas the share of foreign and Islamic banks together amounted to Rs.8.5 billion (3 percent) with some positive growth due to undertaking of a project by a foreign bank, when compared with preceding quarter.

Moreover, at the end of Mar-13, the share of private sector banks in total amount sanctioned for the infrastructure sectors was 77.3 percent followed by the share of public

Box 2: Training Program on Infrastructure Project Finance

A two day's training program on Infrastructure Project Finance was held on March 18-19, 2013 at NIBAF, Islamabad. The soft copies of the presentations and the program brochure can be accessed via the link:-

<http://www.sbp.org.pk/departments/ihfd/fin.htm>

Cumulative amount disbursed by Banks & DFIs for infrastructure projects at the end of Mar-13 was Rs. 356.9 billion.

sector banks with 16.5 percent while the share of DFIs was 3.8 percent.

At the end of Mar-13, Cumulative Disbursements saw a growth of 0.4 percent, QoQ basis, attributable to disbursements by private sector banks. However, there was a growth of 5.2 percent at the end of the corresponding period (Mar-12) in 2012.

As per the data reported by banks & DFIs, among the Islamic banks, two Islamic banks made Islamic project financing and their total outstanding was Rs. 3.5 billion against Infrastructure sectors.

5.0. Disbursements

During the quarter (Jan-Mar' 13) under review, an amount of Rs. 6.73 billion was disbursed towards infrastructure sectors against Rs. 10.4 billion in the corresponding quarter (Jan-Mar) of 2012. At the end of Mar-13, Rs. 356.9 billion was the total cumulative amount disbursed to all infrastructure sectors. Of which 59.3 percent was the share of Power Generation followed by Telecom with 16.6 percent, Power Transmission 6.9 percent, and Petroleum with 5.1 percent.

At the end of Mar-13, cumulative disbursements saw a growth of 0.2 percent QoQ basis, however, on YoY basis; a growth of 4.1 percent was recorded primarily attributable to Power Generation sector (12.2 percent growth).

6.0. Number of Projects

At the end of the period under review, out of 367 infrastructure projects, 237 were undertaken by private sector banks, 56 by public sector banks, 5 by foreign banks, 4 by Islamic Banks and 65 by DFIs.

Five new projects were undertaken by the industry during the quarter Oct-Dec 2012, of which three were undertaken by private sector banks and one each by DFIs and Public Sector Banks. However, during the quarter under review (Jan-Mar' 13) only one fresh

Box 3: Petroleum Policy of 2012

The government of Pakistan announced **Petroleum Exploration and Production Policy 2012** in August, 2012, which would help achieve maximum self-sufficiency in energy and promote exploration and production activities by providing competitive incentives to the investors.

<http://www.mpnr.gov.pk/>

Box 4: Upcoming Seminar on Infrastructure project Financing

IH& SME Finance Department, SBP will hold one days training program on *Islamic Infrastructure Project Financing* at Lahore on May 21, 2013. The program brochure can be accessed at:-

<http://www.sbp.org.pk/departments/ihfd/SMEFP/Islamic%20Programs%20Brochure-%20Revised.pdf>

project was undertaken by a private bank in Road/Bridge/Fly over sector.

7.0. Amount Sanctioned

At the end of the period under review, Rs. 494.5 billion was the amount sanctioned by the banks and DFIs for Infrastructure projects against an amount of Rs. 493.5 billion at the end of Dec-12, recording a growth of 0.2 percent QoQ basis.

A total amount worth Rs. 495 billion was sanctioned for all infrastructure sectors at the end of Mar-13

The share of Power Generation sector was the highest with 53.3 percent in total amount sanctioned (Rs. 494.5 billion) followed by Telecom, Petroleum and Power Transmission with 19.8 percent, 8.6 percent and 6.8 percent respectively.

8.0. Infrastructure Finance News

Following part briefly mentions important news pertaining to infrastructure projects during the quarter (Jan-Mar, 2013) under review. However, for further details the relevant hyperlinks may be visited.

Financing power project: Government mulls increase in surcharge, expensive bank loan

<http://tribune.com.pk/story/487224/financing-power-project-government-mulls-increase-in-surcharge-expensive-bank-loan/> ISLAMABAD:

As Chances of Neelum Jhelum hydropower project coming to a standstill are increasing due to a whopping financing gap of Rs.145 billion, the government is considering increasing the 'Neelum Jhelum surcharge' by 100% for all electricity consumers to partly cover the deficit.

Stakeholders working on the Neelum Jhelum project informed the premier that the financing gap has jumped to Rs.145 billion, including Rs.45 billion rupee components. To bridge the gap, officials of the ministries of finance and water and power tabled two financing plans for the premier's consideration.

Besides doubling the surcharge, they proposed utilization of Rs. 20 billion of Wapda's hydroelectric receivables. On the external front, they proposed to take an expensive loan of \$526 million from Standard Chartered Bank at a rate of 8% and \$130 million from the European Investment Bank. There were no concrete proposals for the remaining foreign currency gap of \$354 million.

Latham, Herbert Smith Lead on \$20 Billion Project Finance Deal in Australia

<http://www.americanlawyer.com/PubArticleAL.jsp?id=1202582302043&slreturn=20130410003833>

Latham & Watkins and Herbert Smith Freehills have advised a syndicate of 32 lenders on the \$20 billion project financing for Australia's \$34 billion Ichthys Liquefied Natural Gas Project. The project comprises a Western Australia offshore gas field and a near 550-mile subsea pipe

through which gas will be transported to a processing facility in Darwin, in the Northern Territory. Shipments from the facility, which is expected to produce 8.4 million tonnes of LNG a year, are slated for a late 2016 start.

Japan's INPEX Corp. and France's Total S.A. are leading the six-member joint venture Ichthys LNG Pty. Ltd., which also includes Tokyo Gas, Osaka Gas, Chubu Electric Power, and Toho Gas, in developing and operating the project. Allen & Overy and Allens have acted for the joint venture on the transaction.

Eight export credit agencies and 24 commercial banks—including Japan Bank for International Cooperation, Export-Import Bank of Korea, Commonwealth Bank of Australia, and Societe Generale, among others—have agreed to lend \$16 billion for the project. The remaining \$4 billion will be provided by the joint venture members. The transaction is the largest ever project financing, according to the law firms involved, with Allens Perth partner Tim Lester saying in a statement that the deal is second only to ExxonMobil's \$14 billion financing of its LNG project in Papua New Guinea in March 2010.

Renewable energy projects driven by co-operatives

<http://www.thenews.coop/article/renewable-energy-projects-driven-co-operatives>

A new study published by Energy Transition reveals how the shift towards renewable energy or “Energiewende” in Germany is driven by co-operatives. Energy Transition, a website developed by the Heinrich Böll Foundation, emphasizes the energy transition is Germany's largest post-war infrastructure project.

With the adoption of the Renewable Energy Act, which subsidizes producers who invest in wind and solar energies through feed-in tariffs, more than half investments in renewable had been made by small investors. The Renewable Energy Act is also an initiative aimed to strengthen the economy of the country having led to the creation of many jobs. More than 380,000 Germans work in the renewable sector at the moment, more than in the conventional energy sector. The switch to renewable energy has empowered local communities and encouraged their citizens to produce their own renewable energy.

China's Renewable Energy Boom

http://www.energydigital.com/renewable_energy/chinas-renewable-energy-boom

Renewable energy is an increasingly hot topic in China and is a sector targeted for increasing amounts of government attention and investment before 2020. According to Solidiance's analysis, there are 3 key drivers behind the continued interest in this sector: China's increasing demand for electricity, the need to reduce its reliance on coal for energy production, and the need to reduce its greenhouse gas emissions.

As the world's highest emitter of greenhouse gasses, China targets to reduce CO2 emissions by 40-45% from 2005 levels by 2020 and increase the use of renewable energies from around 9% of its current total energy mix, to 15% by 2020.

We're not comfortable with project financing: Interview with Managing director, IRFC

http://www.business-standard.com/article/economy-policy/we-re-not-comfortable-with-project-financing-rajiv-datt-113010800111_1.html

Indian Railway Finance Corporation Ltd (IRFC) will be the next state-run body to come up with a tax-free bonds issue from January 21-29. Its Managing Director Rajiv Datt is upbeat about the issue. In an interview, he shared his plan for the company.

Mr. Rajiv Datt said that the immediate focus will be tax-free bonds. We are putting all our efforts to ensure that the issue is a huge success. The advantage of tax-free bonds is that they would be at a rate of at least 100-150 basis points lower than taxable issue and this gets reflected in the lease rentals to the railways. After that, we will see what the balance requirement of the railways is and then decide what route to take before March 31. Then we are looking forward to the Railway budget and what are going to be our targets for 2013-14. Based on that, around March-April, we will plan for the next year. We will prepare the break-up of the borrowing plan, take it to our board, and time it as and when the markets are favorable.

Solid waste in Ravi leads to large scale birds' migration

<http://www.pakistantoday.com.pk/2013/01/12/city/lahore/solid-waste-in-ravi-leads-to-large-scale-birds-migration/>

Environment degradation has led to migration of scavenger birds from river Ravi, Pakistan Today has learnt. These birds, which were seen in large numbers at dumping sites on the river bank would eat the waste keeping the environment healthy.

Migratory birds are excellent indicators of the state of our environment. Like many other species, their migration patterns match their needs of resting, breeding and feeding sites. By acting as natural controls, birds help regulate pests by reducing populations of potentially harmful insects such as caterpillars, weevils, cutworms, beetles and flies. The impact of the continuous decline of birds from the city will have a disastrous effect on the environment and the natural process.

These birds, however, have migrated and left the city. There were about 212 species in 1965 which have decreased with time and at present, not even a single bird can be seen on the dumping sites. River Ravi is a perennial river and unfortunately is being used to accumulate the waste of the entire metropolitan from industries as well as local households.

Funding for renewable energy projects in Africa and Asia

<http://www.esi-africa.com/node/15872>

The Renewable Energy and Energy Efficiency Partnership (REEEP) will fund 28 new projects that aim to scale up renewable energy and energy efficient solutions in key emerging markets and in selected developing countries in Africa and Asia. The 28 initiatives were selected from 98 final proposals in five thematic areas; scaling up successful business models, supporting off-grid generation, harnessing the benefits of clean energy in both food production and in reliable water supply, and opening up energy data in emerging markets.

“The nexus between clean energy, food production and water provision is one of the exciting new areas we are looking at,” Eva Oberender, REEEP’s programme director, says. “This includes developing solar-powered cold-storage for fishing communities in Indonesia, solar-powered pumps for irrigation in Kenya and Burkina Faso, and improvements in energy efficiency in Chinese agriculture.”

Several of the 28 selected projects replicate or scale up successful initiatives previously funded by REEEP. The Private Financing Advisory Network is a coaching and investor matchmaking service for SMEs that REEEP has funded in southern Africa, and a new project will widen the model’s scope in India.

ECNEC approves 69 projects costing Rs. 658 billion

<http://www.thenews.com.pk/Todays-News-13-19575-Ecnec-approves-69-projects-costing-Rs658-billion>

ISLAMABAD: The Executive Committee of National Economic Council (ECNEC) had considered 74 development projects and approved 69 costing Rs.658 billion during the period from April 2011 to March 2012 for the welfare of people across the country.

The committee deferred five projects during the period under review. “The Central Development Working Party (CDWP) took up 224 development projects, approved 148 projects returned 23 projects, and recommended 53 projects to ECNEC for approval from April 2011 to March 2012,” a senior official of the Planning Commission said.

The CDWP during the period approved highest number of projects including 21 schemes in physical planning and housing costing Rs.11621.620 million, followed by 16 projects in energy sector costing Rs.8688.672 million, 21 projects in higher education costing Rs 12,567.720 million, 19 projects in transport and communication costing Rs.10,179.600 million and 16 projects in water resources costing Rs 6.604.359 million.

Likewise, Ecnec during the period, approved highest number of projects included ten projects in energy sector costing Rs.67,665.353 million, 10 project in water resources sector costing Rs 178,964.984 million and 27 projects in transport and communication sector costing Rs233,566.400 million for the welfare of the people.

Public-private partnership key for infrastructure projects

<http://www.thenews.com.pk/Todays-News-3-153298-Public-private-partnership-key-for-infrastructure-projects>

KARACHI: Economic experts believe creation of development institutions in public-private partnerships for infrastructure and long-term project financing can accelerate economic growth in the country, official sources report.

However, they say that the will of the government and support of the State Bank of Pakistan (SBP) are essential for the formation and smooth running of such institutions. There is a need to have a lending institution in a public-private partnership form, which could finance long-term infrastructure projects such as roads, railway and ports as other than the big five, local banks are reluctant to undertake long term payback ventures, experts said.

Power-Gen Qatar highlights renewable-energy sector

<http://www.constructionweekonline.com/article-20579-power-gen-qatar-highlights-renewable-energy-sector/#.UYyGceQnq1Y>

Total renewable energy investment in the MENA region was \$5.5bn in 2011, representing 2.1% of the global total, and a decline of 18% over 2010. This is according to a study by the Saudi Arabia-based Arab Petroleum Investment Corporation (Apicorp), an affiliate of the ten-nation Organization of Arab Petroleum Exporting Countries (OAPEC).

The decline in the renewable-energy sector in the Arab region is seen against a 17% surge worldwide to \$257bn in 2011. This is six times the amount invested in 2004, and nearly doubles that of 2007, the year preceding the global financial crisis. The only Arab countries bucking the trend are the UAE and Morocco, stated the Apicorp report.

Azerbaijan to invest US\$8.9 billion in renewable energy generation

http://www.pv-tech.org/news/azerbaijan_to_invest_us8.9_billion_into_renewable_energy_generation

Azerbaijan has announced it will invest US\$8.9 billion to increase renewable generation to 20% by 2020. The Ministry of Industry and Energy of Azerbaijan has announced it will invest US\$8.9 billion to increase renewable generation to 20% by 2020.

Reported by local news portal news.az, Minister of Industry and Energy, Ramiz Rezaev, said: "At present, the government has prepared and reviewed draft laws on alternative energy and energy efficiency."

Raezev also said the ministry was developing a medium-term strategy for the industry for 2012-2015. "New legislation to develop a financial incentive mechanism, improve tariff regulation, and so on, will increase the share of renewable energy and will create the right conditions to attract investors", said Rezaev.

Developing and tapping renewable energy in Bangladesh

<http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMDFfMjdfMTNfMV82XzE1ODEyOQ==>

Bangladesh has targeted to take its electricity generation capacity to 38,185 megawatts (MW) by 2030, anticipating that the demand would rise to 33,708MW. The government, however, plans to produce only 111MW of electricity from renewable energy sources, which is too low.

Pressure on gas and petrol-based power generation has cost Bangladesh heavily. The government has to pay heavy subsidies for providing electricity at affordable lower prices.

Countries around the world are busy developing renewable energy sources. China comes out as the leader in annual investments, first for solar heated water, third in ethanol production and fifth in wind energy. India is fourth in wind energy and solar-heated water investments. Of the 43 countries that have national renewable energy targets, especially eight are emerging economies: China, Brazil, India, Thailand, Malaysia, the Philippines, Egypt and South Africa.

Bangladesh too has set targets for developing renewable energy resources to meet 5.0 per cent of the total power demand by 2015 and 10 per cent by 2020. According to Renewable Energy Policy of Bangladesh, the objectives are to harness the potential of renewable energy resources and dissemination of renewable energy technologies in rural, semi-urban and urban areas; enabling, encouraging, and facilitating both public and private sector investment in renewable energy projects; and training and for facilitating the use of renewable energy at every level of energy usage; and promoting development of local technology in the field of renewable energy. But there are still no comprehensive efforts in Bangladesh to implement the objectives of the Renewable Energy Policy. The government should focus more on renewable energy for additional power generation however small its contribution will be.

ECNEC approves 10 projects worth Tk 3,692 cr

<http://www.dailyprimenews.com/details.php?id=5563>

Dhaka: The Executive Committee of the National Economic Council (ECNEC) on Tuesday approved 10 development projects involving Taka 3,692 crore. Among the projects, the "School Feeding Programmes in Poverty Stricken Areas" aims at ensuring supply of nutritious food for 2.64 million primary school children across the country. The ECNEC approved another project "Construction of Two Compressor Stations at Ashuganj (Brahmanbaria) and Alenga (Tangail)" in order to improve the country's gas supply system. The project cost is Taka 1,494 crore. ADB will provide Taka 919 crore for the project. Planning Division Secretary (In-charge) Bhuiyan Shafiqul Islam told newsmen after the meeting.

The other projects approved in the meeting are: Up-gradation of Barishal Textile Institute into Shaheed Abdur Rob Serniabat Textile Engineering College Project (Taka 105 crore-GoB); Communication Campaign on Children and Women Development Project (Taka 202 crore, GoB-29 crore, PA-173 crore); Strengthening Monitoring and Evaluation Capabilities of IMED Project (Taka 71 crore-GoB); Sweet Water Shrimp Culture Expansion Project (Taka 56 crore- GoB); Construction of 341 meter PC Girder Bridge on Dhaleshwari River under Austogram Upazilla of Kishoregonj District Project (Taka 45 crore-GoB); Sheikh Rasel Aviary and Eco Park establishment, Rangunia, Chittagong (2nd revised) Project (Taka 34 crore-GoB); Construction of 2 PC Girder Bridge and 4 Baily bridge super structure on Ullapara-Pornimagati-Tarash and Porbari-Kamarkhand-Nalka road project (34 crore-GoB) and Establishment of 10 Textile Vocational Institutes Project (Taka 73 crore-GoB).

EPA recognizes Solid Waste gas program

http://www.dailyworld.com/article/20130210/NEWS01/302100323?nclick_check=1

A project of the St. Landry Parish Solid Waste Disposal District has been awarded the federal Environmental Protection Agency's 2012 LMOP Project of the Year Award.

The Landfill Methane Outreach Program award is presented annually to recognize excellence in innovation and creativity and achievement of environmental and economic benefits through successful landfill gas energy projects. The district was chosen for its project to produce vehicle fuel from waste landfill gas.

Azerbaijani PashaBank intends to expand project financing

<http://en.trend.az/capital/business/2129448.html>

Azerbaijani PashaBank is holding consultations with the Central Bank of the country to mitigate the framework governing financing of projects by banks, PashaBank Chairman of Board Farid Akhundov told media on Thursday. "Today's regulatory standards do not allow the full use the opportunities of such interesting area as project finance," he said. "For example, certain collateral is required to finance the ambitious project of 30-35 million Manat. So, we are holding consultations with the Central Bank to look for new forms of collateral while financing the projects."

He added that the bank is already involved in financing the projects of grain and cement plants and intends to expand this activity in the future through a branch in Georgia. "We begin to work with large Georgian companies in this direction," Akhundov said.

PASHA Bank was established in June 2007 and operates under a license of the Central Bank of Azerbaijan dated Jan.28, 2007. Its primary objectives are the strengthening of its leadership in corporate customer service, the qualitative growth of business in priority areas defined by the strategy and the creation and continued development of long term and trusted relationships.

Ministry of Finance Egypt launches ten new PPP projects

<http://www.dailynewsegypt.com/2013/03/13/ministry-of-finance-launches-ten-new-ppp-projects/>

The Ministry of finance has picked 10 public-private partnerships (PPP) projects which are currently being prepared for launch during 2013, said Minister of Finance Al-Morsi Hegazy during a press conference on Tuesday. "These PPP projects are expected to provide us with new mechanisms to attract foreign investments," he said.

The conference was also attended by Abdallah Shehata, economic advisor for the minister of finance and Ater Hanoura, head of the PPP Unit at the Ministry of Finance. One of the projects will be sanitation treatment plant at Abu Rawash with expected investments of around EGP 5.5bn. Initial studies for the project have been completed, and the tender will begin in May 2013.

"The second project is a garbage recycling project, beginning in four or five locations and expanding to 50 places," said Hanoura. The third project, said Hanoura, would be the Safaga Port, "one of the most important projects to develop in the South Valley Governorate". This will create "between 3,000 and 4,000 directly employed positions and 10,000 indirect job opportunities".

Nepal to promote renewable energy technologies in rural areas

<http://www.eco-business.com/news/nepal-to-promote-renewable-energy-technologies-in-rural-areas/>

Alternative Energy Promotion Centre (AEPC) signed a memorandum of understanding with the International Union for Conservation of Nature (IUCN) Nepal yesterday to enhance biodiversity and sustainable livelihood through the promotion of renewable energy technologies in protected areas of the country.

Executive Director of AEPC, Govinda Raj Pokharel and Country Representative of IUCN Nepal, Yam Malla signed the agreement. The objective of the agreement is to reduce local communities' dependence on forests for traditional energy sources such as firewood and reduce carbon emissions by providing alternative renewable energy options.

A joint press statement issued today said the use of renewable energy to support existing and new income generating activities will improve the livelihood of people in rural areas. It further said the biodiversity status of the nation's Protected Areas will also be improved through the use of renewable energy technologies. According to a conservative statistics, over 85 per cent of the rural population is still dependent on firewood for their basic energy needs such as cooking and heating, which has led to reduced forest cover, increased carbon emission and health hazards for many, especially the women and children.