GLOBELEQ

THE ALTERNATIVE REPORT

WAR ON WANT

FIGHTING GLOBAL POVERTY

Globeleq Ltd

CEO	Torbjorn Caesar
Chairman	John Baker
Employees	Nearly 2,000 worldwide
Offices	London, Houston, Singapore, La Paz, Lima, Cairo, Dar es Salaam
Shareholder Equity (2006)	Over US$500 million
Assets (2006)	Over US$1.5 billion
Operations	21 projects in 16 countries
Websites	www.globeleq.com www.cdcgroup.com

Introduction

This is the fourth in the series of War on Want alternative reports. Their purpose is to compare and contrast the rhetoric of corporate social responsibility (CSR) with the reality of companies' actual practices. The reports form part of War on Want's ongoing campaign for a global framework of corporate regulation, and each recommends action that ordinary people can take to rein in the power of multinational corporations across the world.

This report looks at the international power company Globeleq. Globeleq was set up in 2002 by the UK government's Department for International Development (DFID) as part of its strategy of "promoting the private sector in the developing world". The company remains wholly owned by DFID through its private sector promotion arm, CDC. Globeleq now has operations in the energy sectors of 16 countries in Africa, Asia and Latin America, and is actively pursuing further acquisitions in its bid to be "the fastest growing power company in the emerging markets". In the process it has transferred over US$1 billion of UK aid money to US power companies wishing to exit those markets.

Yet the involvement of international power companies in the energy sectors of developing countries has been deeply problematic. As shown by previous research conducted by the Public Services International Research Unit and others, the poor have often found themselves excluded from access to privatised electricity as prices have spiralled out of their reach. New research carried out for this report by War on Want and London Region UNISON's joint delegation to Bangladesh confirms the wider evidence of the negative impacts which electricity privatisation can have on the poor.

This report not only outlines Globeleq's rapid expansion into the energy markets of developing countries over the past four years. It also recommends action, including calling on the UK government to review its policy of using aid money to promote privatisation of public services in developing countries. This is War on Want's mission more widely: to support people in developing countries in their struggle for survival, and also to inspire people in rich countries to challenge the root causes of poverty around the world.

Louise Richards

Louise Richards
Chief Executive, War on Want

DFID's global power empire

"Globeleq is the fastest growing power company in the emerging markets."
Globeleq promotion

Globeleq is an international power company focused exclusively on the emerging markets of the developing world. While the parent company Globeleq Ltd is registered in Bermuda, it has offices in London, Houston, Singapore, La Paz, Lima, Cairo and Dar es Salaam. As detailed in this report, Globeleq currently operates in 16 countries across Africa, Asia and Latin America, with assets amounting to over US$1.5 billion.

Globeleq is primarily a power generation company, producing electricity from a variety of sources including natural gas, fuel oil, coal, geothermal and hydroelectric power. Globeleq then sells this power on to distribution companies that supply the electricity to communities in developing countries. In one country (Uganda) Globeleq also manages electricity supply and distribution to customers direct.

Although Globeleq functions as a private company with its own board of directors, it differs from other power companies in one significant respect. Globeleq was set up by the UK government's Department for International Development (DFID) as part of its strategy of "promoting the private sector in the developing world". DFID launched

The CDC Group

CDC, formerly the Commonwealth Development Corporation, was founded in 1948 and operated for the first 50 years of its existence as a UK government fund supporting both public and private initiatives in developing countries. The Labour government's attempts to privatise CDC have so far been unsuccessful, but CDC was transformed in 1999 into a limited company wholly owned by DFID, switching from long-term lending to direct equity investment in the private sector only. CDC's function is now summarised by DFID as "promoting the private sector in the developing world".[6]

CDC aims to fulfil its role as a pioneer for the private sector in developing countries through direct investment and the mobilisation of third party capital from other sources of finance. In this respect CDC is the UK equivalent of the World Bank's private sector arm, the International Finance Corporation, which has been widely criticised for extending the reach of the private sector into public services in developing countries. CDC has attracted similar criticism for its activities, and for the inflated salaries and bonuses received by its executives: CDC's chief executive Richard Laing was awarded £378,409 in 2005.[7]

Globeleq in 2002 as the power sector arm of its own CDC Group (see box), and in January 2004 separated Globeleq off as a stand-alone concern to run CDC's power portfolio. Globeleq still returns 100% of its net profits to CDC as its sole shareholder, and seeks additional capital from CDC as and when needed for expansion purposes.[1]

Globeleq is wholly owned by CDC, which is in turn wholly owned by DFID. As confirmed by CDC and Globeleq executives, DFID retains strong control over Globeleq's development just as it does over the development of CDC's other investments.[2] Despite being a private company, Globeleq's operations form a part of the UK government's overseas aid effort, and as such are subject to public scrutiny over and against the poverty reduction goals of the aid programme.

Globeleq plays a particular role in the UK government's promotion of the private sector in developing countries. Since its inception in 2002, the company's expansion has come against the backdrop of other international power companies exiting developing country markets as a result of the problems associated with energy privatisation there – an "investor exodus", in the words of one internal CDC policy briefing on the power sector.[3] Globeleq is thus keeping alive a private sector presence in situations where other companies have abandoned the market, in line with CDC's broader role to sustain the private sector in cases of market failure. However, this means that vast amounts of public money supposedly earmarked for development purposes have actually been given to US power companies wishing to retrench their operations in the developing world. Two such companies – AES and El Paso – have benefited by over US$1 billion between them in this way.[4]

DFID's long-term strategy for Globeleq, as stated in an internal note obtained by War on Want under the Freedom of Information Act, is to develop the company as a specialist in developing country power markets and then sell it off as a single entity.[5] This highlights the UK government's ideological commitment to the expansion of the private sector in the public services of developing countries, but raises serious concerns over the long-term impact of DFID's power empire around the world.

GLOBELEQ

Energy privatisation and poverty

"Making a positive difference in the communities and societies we serve"
Globeleq 2004 Annual Report to Stakeholders

There are currently 1.6 billion people around the world without access to electricity, or roughly a quarter of the world's population. Two thirds of these are in Asia, with most of the rest in sub-Saharan Africa. The International Energy Agency estimates that it will be necessary to roll out electricity services to a further 600 million people by 2015 if the world is to meet the top line Millennium Development Goal of eradicating extreme poverty (halving the proportion of people living on less than a dollar a day).[8]

Yet privatisation of the electricity sector has not been successful in expanding coverage to poorer communities. In fact, electricity privatisation has been characterised by sharp increases in the tariffs charged to consumers, and these increases have often raised prices beyond the reach of the poor. The arrival of multinational companies such as AES, Enron and EDF in developing countries during the 1990s saw dramatic price increases in electricity. When the Indian state of Maharashtra opened its power sector to Enron, for example, the state electricity board soon found itself forced to raise tariffs to farmers by a crippling 400% in order to meet the added costs.[9]

World Bank commentators have acknowledged that privatisation will indeed entail significant price rises, and that their impact will fall especially hard on the poor.[10] In addition, private companies are often unwilling to provide the investment needed to roll out services to poorer communities. In its review of the situation in sub-Saharan Africa, the OECD admitted that privatisation of public utilities such as electricity has been characterised by "dramatic failures" to date, as "profit-maximising behaviour has led privatised companies to keep investments below the necessary levels, with the result that rural communities and the urban poor were further marginalised in terms of access to electric power".[11]

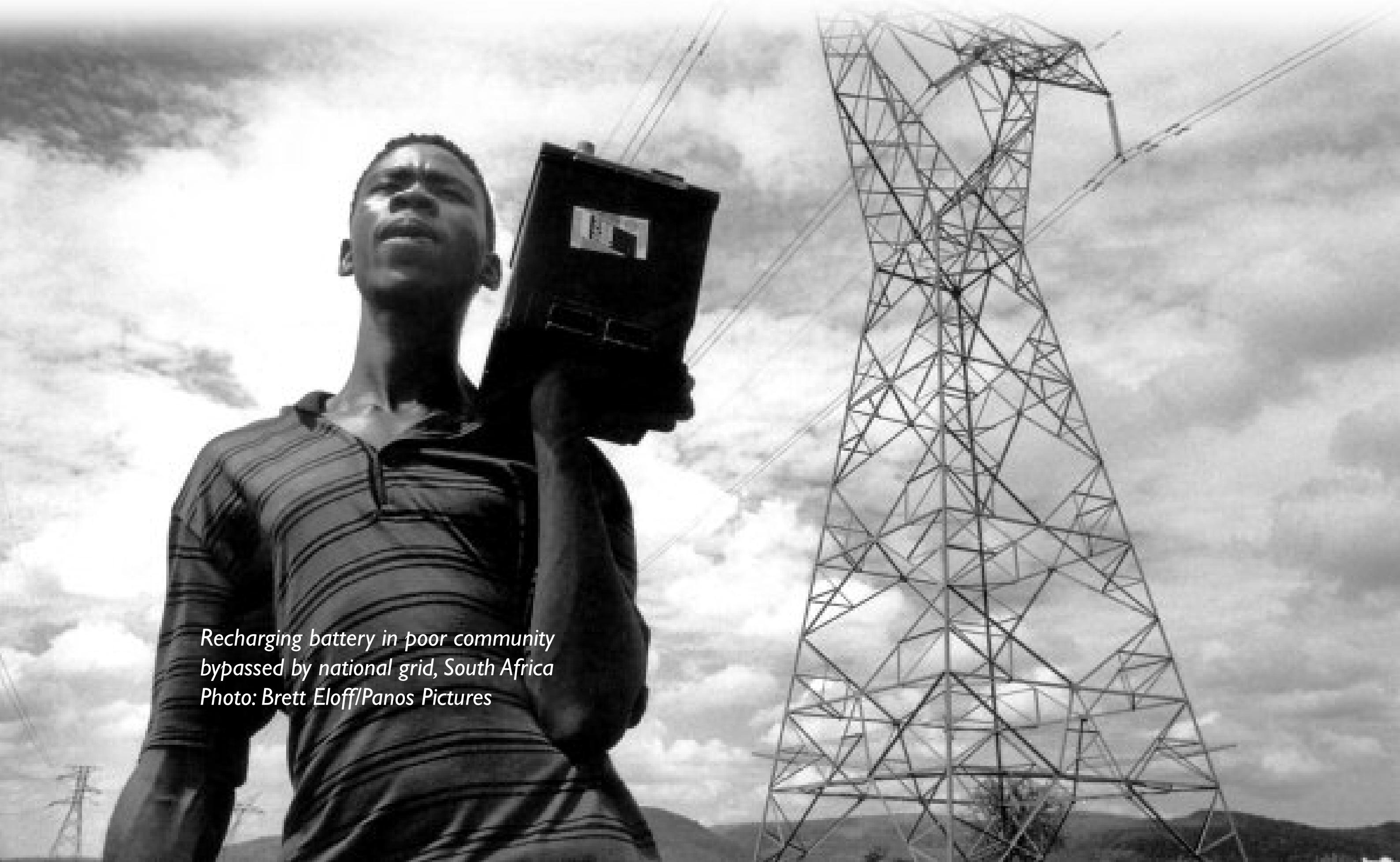
One cause of the damage to poor communities is the foreign exchange risk which is inherent when multinational companies borrow in dollars on international capital markets and their customers pay in local currency. When local currencies weaken, consumers must pay more and more just for the companies to maintain constant revenue in dollar terms; as the editor of one UN survey of electricity privatisations summarises neatly, this means that "the profits are privatised and losses socialised".[12] This is a standard problem when multinational companies take over the public services of developing countries, and one which Globeleq's customers have also experienced, as detailed in this report.

Electricity privatisation has proved hugely unpopular in many of the countries in which Globeleq operates. In Arequipa, southern Peru, mass protests erupted when the government attempted to privatise two electricity companies in 2002, with two people killed and 150 injured. The

Dominican Republic saw mass demonstrations after the privatisation of electricity led to an increase in tariffs and left the government more than US$135 million in debt to private firms.[13]

Despite this, the World Bank and IMF continue to insist that developing countries undertake electricity privatisation as a condition of receiving their loans. Energy privatisation is currently the second most common form of privatisation (after banking) imposed on developing countries by the IMF, with countries such as Benin, Ghana, Mozambique and Senegal all targeted. Energy privatisation is also the second most common form of utilities privatisation required by the World Bank, with countries such as Bangladesh, Burkina Faso, Nicaragua and Vietnam all in the firing line.[14]

Yet the most damning evidence of the failure of electricity privatisation comes in research funded by DFID. Research for DFID focused specifically on developing countries found that, after privatisation, "Utilities seemed to have done particularly badly – in general they had seen profitability, employment and capital investment fall, debts rise and sales remain stagnant. The only thing that had improved was their sales efficiency – and this seemed to have been achieved by shedding jobs." DFID's promotion of electricity privatisation through Globeleq must be seen against this background. In addition, the involvement of international capital undermines the ongoing work to develop alternative models of energy provision, including public sector and community-based services which are transparent, accountable, participatory, affordable and accessible to all.[15]



Recharging battery in poor community bypassed by national grid, South Africa
Photo: Brett Eloff/Panos Pictures

Expanding into Asia

"There is no prospect for unionisation in Globeleq-owned power plants."
Senior Bangladesh government official[16]

Globeleq is active in the Asian markets of Bangladesh, India, Pakistan and Sri Lanka. The company uses fuel oil in Sri Lanka and natural gas in the other three countries to generate electricity, which it then sells on to power distribution companies. Globeleq formerly owned a minority share in a power generation plant in the Philippines, which it sold in March 2004, and aims to return to south-east Asia in the near future.

Globeleq established a major foothold in Asia through its December 2003 acquisition of the power plants of Meghnaghat and Haripur in Bangladesh from US power company AES, a transaction valued at US$448 million. Globeleq's operational control of these two power plants means that it holds a quarter of Bangladesh's total electricity generating capacity, although the company sold off 24% of its stake in the plants to international fund manager EMP Global in July 2006. Globeleq also owns a 50% stake in the NEPC gas-fired plant in Bangladesh, bought from US power company El Paso earlier in 2006.[17]

Privatisation has had a negative impact on the state-run electricity distribution board in Bangladesh, which has to buy its electricity from Globeleq. The Bangladesh Power Development Board has been defaulting on payments to Globeleq largely as a result of financial losses when converting the local taka currency to dollars, a prime example of the foreign exchange risk highlighted earlier.[18] According to Bangladeshi trade unionists from the electricity sector interviewed by War on Want and London Region UNISON for this report, Globeleq is selling its electricity at a higher rate than domestic firms – a point also reinforced by a senior Bangladesh government official. The trade unionists also expressed serious concerns over Globeleq management's attitude towards trade unions, and explained that as a result trade union organisation and collective bargaining in the Globeleq plant were unlikely in the current climate. This point was also made explicitly by the senior government official.

In India, Globeleq owns a 25% interest in Lanco Power Limited, also known as Kondapalli, which operates a natural gas power plant in the state of Andhra Pradesh. The state witnessed some of the fiercest protests in opposition to electricity privatisation when charges were raised by 60-80% for agricultural users and 30-50% for domestic users in 2000; months of

Globeleq in Asia

Business	Country	Fuel	Globeleq share
Meghnaghat	Bangladesh	natural gas	76%
Haripur	Bangladesh	natural gas	76%
NEPC	Bangladesh	natural gas	50%
Kabirwala	Pakistan	natural gas	42%
Lanco Power	India	natural gas	25%
Ace Power	Sri Lanka	fuel oil	29%
Asia Power	Sri Lanka	fuel oil	10%

demonstrations left three people dead and thousands arrested. Despite this opposition to electricity privatisation both in Andhra Pradesh and in other regions of India, Globeleq has announced its intention to increase its stake in the country – including the possibility of becoming directly involved in distribution as well as generation of electricity.[19]

The Sri Lankan government agreed to open up the public sector monopoly on electricity generation through part-privatisation of the power sector in 2002. There has been concern expressed at the impact of involving international power companies in Sri Lanka's energy sector, particularly in view of the threat posed to successful micro-systems which supply remote communities with electricity.[20] Globeleq owns a 29% interest in the two generating companies of Ace Power (Ace Horana and Ace Matara) and a 10% interest in Asia Power, all of them oil-powered plants which sell their electricity to the state-owned Ceylon Electricity Board.

Pakistan represents the latest move by Globeleq into the emerging markets of Asia. In July 2006 Globeleq acquired a 42% stake in the Fauji Kabirwala gas-fired generator from US power company El Paso, as part of that company's larger sale of international assets to Globeleq. The World Bank's own evaluation of the Independent Private Power programme in Pakistan concludes that the price of electricity generated by the private sector has been high, and points to the additional problems faced in passing on costs to consumers as a result of the rupee's depreciation during the 1990s; seven power contracts were eventually cancelled on grounds of corruption and two more on technical grounds. Yet Globeleq has identified Pakistan as one of its target countries for further expansion in south Asia, along with India and Bangladesh. The company has also announced its intention to move into the markets of south-east Asia in the near future, particularly Indonesia, the Philippines and Vietnam.[21]

Globeleq power plant, Bangladesh
Photo: London Region UNISON

Scrambling for Africa

"The African power company"
Globeleq 2004 Annual Report to Stakeholders

Globeleq prides itself on being "the African power company". Its presence in Africa has largely been made possible through the acquisition of power plants from US and European companies seeking to exit the continent at the start of this decade. Africa's energy needs are particularly acute: more than three quarters of the population of sub-Saharan Africa live without electricity. Yet the region's experience of privatisation has been anything but a success.

Globeleq entered the north African market through its acquisition of a majority share in Egypt's Sidi Krir plant from InterGen, a joint venture between Shell and Bechtel, in December 2004. Globeleq has since acquired full ownership of the plant, which produces electricity for the national grid under a long-term power purchase agreement with the Egyptian Electricity Holding Company (EEHC). As in the case of Bangladesh described above, the EEHC has experienced significant difficulties in paying Globeleq in dollars following the devaluation of the Egyptian pound, and asked if it could pay at least part of its contract in local currency instead. Globeleq refused the request, despite the fact that the Egyptian pound has halved in value since the signing of the original power purchase agreement. The EEHC thus has to pay Globeleq twice as much in real terms as originally planned.[22]

Until March 2006 Globeleq also owned the coal-fired Kelvin power station in South Africa, which supplies up to 20% of Johannesburg's electricity needs. Globeleq bought its 95% share in the plant from US power company AES in December 2002, and spent US$25 million over the next two years on increasing the plant's capacity. However, in March 2006 Globeleq pulled out of Kelvin citing technical problems, and the city of Johannesburg agreed that it would take back the plant into public ownership if no further buyer could be found. Globeleq's withdrawal represented a major failure for South Africa's first serious attempt to privatise the energy sector, especially when set against the backdrop of widespread popular resistance to the government's privatisation programme.[23]

Globeleq's flagship power generation project in sub-Saharan Africa is now Songas in Tanzania. Globeleq acquired majority control of Songas from AES during the early stages of its construction, and has operated the project since its inauguration in 2004. Songas comprises a natural gas processing plant on Songo Songo Island, a 225km gas pipeline linking the island with the capital Dar es Salaam, and the Ubungo power station, which currently supplies 20% of Tanzania's total electricity requirements. The power generated is sold under a long-term contract to Tanzania's national electricity company TANESCO, while the pipeline from Songo Songo Island to the Ubungo power station also supplies natural gas to industrial and commercial customers in Dar es Salaam.

Globeleq also owns minority shares in power generating companies in Kenya and Côte d'Ivoire. In Kenya Globeleq acts as co-manager of the Tsavo Power Company, which owns and operates an oil-fired power plant in Mombasa and sells its electricity under a power purchase agreement to the state-owned Kenya Power and Lighting Company. A similar situation pertains in Côte d'Ivoire, where Globeleq holds an 11% interest in the Azito Energie power plant and sells its electricity to the government under a long-term agreement.

Globeleq's final project in sub-Saharan Africa is unique in the company's portfolio at present, in that the company has a concession to run electricity distribution rather than power generation in Uganda. Umeme Limited, a joint venture of Globeleq (56% ownership) and South African power company Eskom (44%), has a 20-year concession from the Ugandan Electricity Distribution Company Ltd to manage and operate the national grid. The concession started in March 2005, and Globeleq has announced its intention to see Umeme become "the leading East African electricity distribution company by 2010".

However, there have already been protests at the increase in charges secured by Umeme since it took over the operation of the national system. Uganda's Electricity Regulation Authority approved a 24% increase in domestic electricity tariffs in April 2005, noting that Umeme would be making significant investment in the sector and stating that the company was "entitled to a return on this investment". When charges were increased by a further 37% for domestic users and by 58% for industrial users in June 2006, the Uganda Electricity Users Association challenged the price rise in the courts, while the Kampala City Trades Association petitioned the Inspector General of Government to launch an investigation into Umeme itself.[24]

Under DFID rules, at least 70% of all CDC investments must go to countries with a per capita income of under US$1,750, and at least 50% must be directed at countries in south Asia and sub-Saharan Africa. The same principles apply to Globeleq's operations, and the company thus has a strategy of expansion in the four regions of East, West, North and Southern Africa over the next 10 years. As part of its strategy to build a stronger regional identity for itself, Globeleq also sponsored the Eastern African Power Industry Convention in Dar es Salaam in August 2006.

Yet, as the OECD study cited earlier in this report noted, electricity privatisation in sub-Saharan Africa has been characterised by "dramatic failures", with poor communities particularly badly served. It is far from clear that UK aid money should be used in promoting a multinational power company as the solution to Africa's energy needs.

Globeleq in Africa

Business	Country	Fuel	Globeleq share
Sidi Krir	Egypt	natural gas	100%
Songas	Tanzania	natural gas	60%
Umeme	Uganda	(distribution network)	56%
Tzavo Power	Kenya	fuel oil	30%
Azito Energie	Côte d'Ivoire	natural gas	11%

Opening up the Americas

"A positive force in building strong electricity markets"
Globeleq 2004 Annual Report to Stakeholders – the Americas

Globeleq operates in seven countries in the Americas, and has a strategy for further development of its presence there. The plant with the greatest capacity is located in Bolivia, where Globeleq acquired 100% ownership of one of the largest power generating companies, Compañía Boliviana de Energía Eléctrica (COBEE), in 2004. The plant generates electricity from hydropower and natural gas, and provides around 20% of the electricity for the capital La Paz.

In its 2004 report to stakeholders, Globeleq cited Bolivia as "a very promising market" with "good prospects for the future". Yet Bolivia has seen some of the most determined domestic resistance to energy privatisation and the expropriation of natural gas by foreign firms. In response to these protests and in fulfilment of the election pledge which secured him victory at the polls in 2005, Bolivia's new President Evo Morales announced the renationalisation of the country's natural gas and oil fields in May 2006.

There has also been strong resistance to electricity privatisation in the Dominican Republic, where the government renationalised the distribution operations of Spanish power company Union Fenosa in 2003.[25] Globeleq now owns 97% of the oil-fired Compañía de Electricidad de Puerto Plata power plant in the north of the country, following its purchase of additional assets from US power company El Paso in April 2006. Globeleq has a further 35% stake in the plant managed by Compañía de Electricidad de San Pedro de Macorís – the largest single power generator in the Dominican Republic.

In the same deal with El Paso, Globeleq also announced the acquisition of minority shares in two power plants in Panama. Globeleq now acts as joint operator of the Fortuna hydroelectric plant, which provides almost a third of the country's electricity, and of the Pedregal oil-fired generator close to Panama City. Globeleq is also joint operator of Peru's

Globeleq in the Americas

Business	Country	Fuel	Globeleq share
Compañía Boliviana de Energía Eléctrica (COBEE)	Bolivia	hydroelectric and natural gas	100%
Compañía de Electricidad de Puerto Plata	Dominican Republic	fuel oil	97%
Compañía de Electricidad de San Pedro de Macorís	Dominican Republic	fuel oil	35%
Empresa Energetica Corinto	Nicaragua	fuel oil	30%
Puerto Quetzal Power	Guatemala	fuel oil	25%
Fortuna	Panama	hydroelectric	25%
Pedregal	Panama	fuel oil	21%
Edegel	Peru	hydroelectric and natural gas	16%
Jamaica Private Power Company	Jamaica	fuel oil	16%

largest privately owned power company, Edegel, which it holds through its affiliate Southern Cone Power.[26]

In an unusual move for the company, given its usual preference for acquiring existing capacity rather than for greenfield development, Globeleq announced in April 2006 that it would be commencing construction of a new power plant 63km south of the Peruvian capital Lima. The Kallpa plant will be built by Siemens, with completion planned for June 2007, and will be fuelled by natural gas extracted from the huge gas field in the Amazonian region of Camisea.

Globeleq's investment is designed to prove that "Peru is still an attractive market for investment in power generation" – an example of CDC's wider mission to pioneer the involvement of the private sector in situations where other companies fear to tread. Yet the Camisea gas field has been described as "arguably the most damaging project in the Amazon Basin" as a result of its impact on the environment and the many indigenous peoples who live in the region.[27]

Globeleq also owns smaller stakes in oil-fired power plants in Jamaica, Nicaragua and Guatemala, and intends to retain a focus on clusters in Central America, the Caribbean and Andean regions into the future. In July 2006, however, Globeleq announced the sale of its 14% interest in Guatemala's geothermal generator Orzunil I de Electricidad Limitada, which follows previous sales of holdings in Chile, Argentina, St Lucia and Dominica.

Demonstration against electricity privatisation, Santo Domingo, Dominican Republic
Photo: Nazario Garcia/AFP/Getty Images

Take Action

War on Want believes that companies must be made accountable for their actions around the world, and we campaign for global rules to govern multinational corporations wherever they operate. Globeleq is different from other companies in that it is 100% owned by the British government through its private sector promotion arm CDC. This means that its activities form part of the UK's overseas aid programme, and are subject to public scrutiny as such.

In March 2005 DFID adopted a new policy on aid conditionality, in which it pledged that it would no longer make the privatisation of public services such as electricity and water a condition of UK aid to developing countries. DFID acknowledged the damage which such privatisations have caused in the past, and recognised that conditions imposed by donors undermine democracy in recipient states. This change in policy marked a major victory for War on Want's campaign to break the links between aid and privatisation – a campaign supported by members of UNISON, PCS and other trade unions active in the Make Poverty History coalition.

Yet 40% of UK aid is channelled through multilateral institutions such as the World Bank, IMF and EU, and much of this is still dependent on developing countries accepting harmful conditions such as privatisation of public services. DFID announced in 2005 that it will be channelling a record £1.3 billion of UK aid through the World Bank over the next three years. We are therefore asking all readers and supporters to take the following actions:

1. Contact DFID: Write to Rt Hon Hilary Benn MP, Secretary of State for International Development, DFID, 1 Palace Street, London SW1E 5HE and express your concern at the UK government's promotion of electricity privatisation through Globeleq. Also, call on DFID to withhold its contributions to the World Bank and IMF as long as they continue to make privatisation of public services a condition of their assistance to developing countries.

2. Call on the UK government to state its support for a binding framework of corporate accountability to regulate the activities of companies worldwide. Please write to Rt Hon Alistair Darling MP, Secretary of State for Trade and Industry, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, calling on the government to abandon its promotion of voluntary alternatives and support binding corporate regulation instead.

3. Join War on Want! We rely on your support to enable us to continue our campaigns and to hold companies to account for their activities. Find out more about our campaigns and join War on Want at www.waronwant.org/joinus

Also:
London Region UNISON:
www.unison.org.uk/london
Public Services International Research Unit:
www.psiru.org

Notes

1. CDC maintains its day-to-day management of Globeleq through Actis, the fund management company which was also demerged from CDC in 2004. Actis and the other fund managers employed by CDC were paid £58 million in fees during 2005; see Heather Stewart, 'Where aid and markets fail, the taxpayer's fund steps in', *Observer*, 16 April 2006

2. Confirmed in meetings held between War on Want and Stephen Morisseau, Globeleq vice-president of corporate affairs, and Miriam de Lacy, CDC director of corporate communications, in May and June 2006

3. 'Why is CDC investing in power?', CDC policy note circulated within DFID in 2002 and obtained by War on Want under the Freedom of Information Act

4. Globeleq paid AES $448m in aggregate (debt plus equity) for its Haripur and Meghnaghat plants in Bangladesh, and a further $337m for the Kelvin power station in South Africa plus a controlling stake in Tanzania's Songas plant. The total for sales of El Paso's Central America and South Asia holdings to Globeleq were $141m and $109m respectively. See Globeleq press releases: 'CDC Globeleq Completes Acquisition of Bangladesh Power Plants', 11 December 2003; 'CDC Globeleq Completes Acquisition of Controlling Stake in the Songas Project, Tanzania', 6 May 2003; 'CDC Globeleq Invests in Asian Power Assets', 24 March 2003; AES press release: 'AES Reaches Agreement to Sell Two African Businesses, Songas and Kelvin, for Approximately $329 Million', 17 December 2002; also 'El Paso closes sale of power plants to Globeleq', *Houston Business Journal*, 5 July 2006

5. DFID internal information note, 20 September 2005; the relevant paragraph reads: "The long-term strategy for Globeleq is to develop the synergies between the various holdings to build a viable emerging market specialist power company that can be sold, in due course, as a single entity perhaps through an IPO, MBO or trade sale. However, selling individual units separately has not been ruled out."

6. See DFID website at http://www.dfid.gov.uk/aboutdfid/dfidwork/privatesector-cdc.asp; for further background to CDC and the failed privatisation attempt, see M. Hillyard, *The Commonwealth Development Corporation Bill*, House of Commons Research Paper 99/29, 16 March 1999

7. *CDC Group plc Financial Report for the year ending 31 December 2005;* Anthony Barnett, 'Big bonuses go to rulers of aid empire', *Observer*, 25 September 2005

8. *World Energy Outlook 2004,* International Energy Agency, Paris, 2004

9. B. Dickhaus, *Kurzschluss: Privatisierung von Energieversorgung im Süden und die Rolle von Konzernen, Weltbank und GATS*, WEED, Berlin, 2005; O. Cowell, 'US Fossil Fuel Hypocrisy', Hotspot, issue 17, May 2001; *Causes of Farmer Suicides in Maharashtra: An Enquiry*, Final Report Submitted to the Mumbai High Court, Tata Institute of Social Sciences, 15 March 2005

10. A. Estache, A. Gomez-Lobo and D. Leipziger, 'Utilities Privatization and the Poor: Lessons and Evidence from Latin America', in *World Development*, 2001, vol.29, no.7, pp1179-1198

11. J-C. Barthélemy, C. Kauffmann, M-A.Valfort and L. Wegner, *Privatisation in Sub-Saharan Africa: Where Do We Stand?* Organisation for Economic Cooperation and Development, Paris, 2004

12. N. Wamukonya, 'Power sector reform in developing countries: Mismatched agendas', in N. Wamukonya (ed.), *Electricity reform: social and environmental challenges*, United Nations Environment Programme, Roskilde, 2003

13. War on Want, *Profiting from Poverty: Privatisation consultants, DFID and Public Services*, September 2004; also D. Hall, E. Lobina and R. de la Motte, 'Public resistance to privatisation in water and energy', in *Development in Practice*, vol.15, nos.3&4, June 2005, pp286-301

14. *World Bank and IMF conditionality: a development injustice*, Eurodad, Brussels, June 2006; see also *Dogmatic Development: Privatisation and Conditionalities in Six Countries*, War on Want, London, February 2004

15. See *Problems of utility privatisation*. Policy brief no 12, Centre on Regulation and Competition, Manchester, 2006; also P. Cook and Y. Uchida, *An Appraisal of the Performance of Privatized Enterprises in Developing Countries*. Centre on Research and Competition, Manchester, 2004; for more on alternatives, see Y-M. Mun, *Lights On! Towards Equitable, Sustainable, and Democratic Electricity Policies*, Transnational Institute, Amsterdam, January 2003; D. Hall, S. Thomas and K. Bayliss, *Resistance and alternatives to energy privatisation*, Public Services International Research Unit, London, December 2002

16. Interviewed by War on Want and London Region UNISON for this report

17. 'CDC Globeleq Completes Acquisition of Bangladesh Power Plants', Globeleq press release, 11 December 2003; 'Globeleq Attracts New Investor to Bangladesh', Globeleq press release, 3 July 2006; 'Globeleq Completes Purchase of Asia Power Assets', Globeleq press release, 5 July 2006

18. 'PDB defaults on payments to IPPs: World Bank suggest actions to overcome power sector losses', *Financial Express*, 18 May 2006; 'PDB, IPPs relations sour over non-payment of bills', *Financial Express*, 9 July 2006

19. H. Rao, 'Globeleq eyes greenfield power projects in India', *Project Monitor*, 17 July 2006; for more on the problems faced by privatisations in India, see S. Thomas, D. Hall and V. Corral, *Electricity privatisation and restructuring in Asia-Pacific*, Public Services International Research Unit, London, December 2004; *Money talks: How aid conditions continue to drive utility privatisation in poor countries*, ActionAid International, London, April 2004

20. S. Thomas and I.R. Rajepakse, *Turning off the Lights: the threat to community electricity in Sri Lanka*, ITDG Publishing, April 2005

21. 'Globeleq Completes Purchase of Asia Power Assets', Globeleq press release, 5 July 2006; H. Rao, 'Globeleq eyes greenfield power projects in India', *Project Monitor*, 17 July 2006; *Pakistan: An Evaluation of the World Bank's Assistance*, Independent Evaluation Group, World Bank, Washington DC, 2006

22. A. Eberhard and K. Gratwick, *The Egyptian IPP Experience*, Working Paper 50, University of Cape Town Graduate School of Business, November 2005; Globeleq agreed to allow partial payment of the operating and maintenance component in local currency, but this amounts to only 4% of the total charge.

23. C. Benjamin, 'South Africa: City Power Set to Save Kelvin Power Station', *Business Day*, 25 April 2006

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