Overview of the Global Infrastructure Facility and its work with Technical Partners (TPs)

October 2018
The Global Infrastructure Facility (GIF)

A global platform that supports the identification, high-quality preparation, financial structuring and procurement of infrastructure projects in emerging markets and developing economies (EMDEs) to enable private investment

- Established in April 2015 as part of a G20 initiative and became operational in July 2015
- Conceived as a 3-year pilot and extended to 5-years (2015-2020)
- Inaugural Funding Partners (FPs) comprise Australia, Canada, China, Japan, Singapore, and World Bank, totaling US$94 million
- Works through Technical Partners (TPs) of ADB, AfDB, EBRD, EIB, IDB, IFC and World Bank
- Consults with more than 50 Advisory Partners (APs), including financial institutions, pension funds, insurers, asset managers, commercial banks and sovereign wealth funds
GIF structure and governance
### GIF collaboration

#### Funding Partners

![Flags](image1.png)

- AIG Investments
- Amundi Asset Management
- APG Asset Management
- AXA SA
- BlackRock
- Caisse de depot et placement du Quebec (CDPQ)
- Cassa Depositi e Prestiti (CDP)
- Clifford Capital
- Eastspring Investments
- Financiera de Desarrollo Nacional (FDN)
- Liberty Specialty Markets (LSM)
- Macquarie Group Ltd.

#### Technical Partners

![Logos](image2.png)

#### Advisory Partners

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<td>Amundi Asset Management</td>
<td>Bank of Tokyo Mitsubishi UFJ Ltd.</td>
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<td>APG Asset Management</td>
<td>BNP Paribas</td>
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<td>AXA SA</td>
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<td>BlackRock</td>
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<td>CDPQ</td>
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<td>CDP</td>
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<td>Clifford Capital</td>
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<td>Eastspring Investments</td>
<td>Mizuho Bank</td>
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<td>FDN</td>
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<td>Liberty Specialty Markets (LSM)</td>
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<td>Macquarie Group Ltd.</td>
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<th>DFIs, RDBs, SDBs</th>
<th>Finance Associations, Quality &amp; Sustainability Organizations</th>
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<td>EDHEC-Risk Institute</td>
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<td>Eurasia Development Bank</td>
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<td>Japan Bank for International Cooperation (JBIC)</td>
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<td>Japan International Cooperation Agency (JICA)</td>
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<td>Multilateral Investment Guarantee Agency (MIGA)</td>
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<td>Long Term Infrastructure Investors Association (LTIIA)</td>
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GIF project eligibility and prioritization

Eligible Project Types
- Infrastructure project or program
- Application of private capital, including through a concession, PPP or participation with a SOE

Eligible Sectors
- Energy
- Water & Sanitation
- Transport
- Telecom & ICT

Thematic Focus Areas
- Climate Smart: reduces emissions, improves energy efficiency or builds resiliency
- Trade Enabling: enhances connectivity, reduces cost of doing business

Prioritization Criteria
- Identifiable development impact through improved infrastructure
- Aligned with country (or region) priorities
- Viable, sustainable, and offers VFM
- Mobilizes private capital
- Demonstrates complexity that benefits from GIF value-added support
GIF products

Project Readiness Assessment (PRA)
- De-risking tool to define “readiness for market”
- Used to support definition of most appropriate GIF support
- Non-reimbursable (grant), typically US$50-75k
- Execution by GIF in coordination with TP(s)
- 6-8 weeks to complete from receipt of eligible request

Project Definition Activities (PDA)
- Pre-feasibility stage
- Non-reimbursable (grant), typically US$300 - 500k
- Execution by TP(s)

Project Preparation & Structuring Activities (PPSA)
- Preparation, Structuring and Procurement stages
- Reimbursable on Contractual/Financial Close
- Typically US$1–5 million
- Execution by TP(s) or Client (Government)

GIF support is financial, but also includes access to strong technical team
GIF: When can we support in the MDB project cycle

Technical Assistance:
Infra/PPP Private Investment Regulatory Framework

Technical Assistance:
Planning & Project Selection

Technical Assistance:
Project Preparation, Structuring & Procurement

Financing: Public contribution

Credit Enhancement:
Guarantees & Credit Support

Technical Partners

What we support
GIF theme: Improving Governance and Standardization

Challenge & GIF Response

- Poorly prepared projects, the lack of a consistent deal flow, and the absence of agreed standards have hindered the development of infrastructure as an asset class in EMDEs.
- The application of appropriately designed governance procedures and standardized approaches can lead to significant benefits for governments (reduced transactions costs), users (more sustainable projects) and investors (more straightforward investment decisions).
- GIF facilitates standardization by providing TPs with the resources, both in terms of access to tools and guidance, and financial support needed to undertake these analyses on a selective pilot basis.

Key principles

- Maximizing use of existing efforts and avoiding duplication.
- Ensuring appropriate use by explaining when certain tools should be used, and how these tools can be adopted to the specificities of each project.
- Facilitating implementation by providing client governments and technical partners with the financial and human resources necessary.

Implementation Approach

- Identifying existing tools and guidance that can contribute towards appropriate standardization.
- Facilitating the integration of the technical, financial and human resources needed to implement these within the GIF’s project support activities.
### Project Preparation Standards

**Project Readiness Assessment**

The Project Readiness Assessment (PRA) is a tool managed and financed by the GIF that assesses the quality and completeness of project preparation to date, identifies weaknesses, and recommends actions client governments can take to maximize the probability of reaching project financial close and long-term sustainability.

**SOURCE**

SOURCE is an online platform that provides templates to guide governments through the project preparation process. The SOURCE platform is endorsed by the majority of the GIF’s TPs for use by their clients in preparing infrastructure projects, and many of the MDBs have provided funding support for the development of the platform.

### Fiscal Assessment Standards

**PPP Fiscal Risk Assessment Model (PFRA) Model**

The PFRA tool, developed by the IMF and WB, is a tool that assesses potential fiscal costs and risks arising from PPP projects. PFRA is an analytical tool to assess the potential fiscal costs and risks arising from PPP projects. PFRA provides a structured process for gathering information for a PPP project in an Excel-based platform.

### Transparency and Disclosure

**Disclosure of Project and Contract Information in PPP Guide**

Developed at the request of the G-20, and endorsed by them in 2015, the PPP Reference Guide Version 3 provides a systematic structure for proactively disclosing information regarding PPP projects helping client countries create effective policies and practices for public disclosure.

### Unsolicited Proposals

**Policy Guidelines for Managing Unsolicited Proposals in Infrastructure Projects**

This initiative consists of three documents: Volume I: Main Findings and Recommendations, a summary and overview of key findings; Volume II: The Guidelines, key policy decisions and considerations for the USP policy; and Volume III: Review of Experiences, best practices and international experience with USP policies, frameworks, and projects.

### Standardized Contractual Clauses

**Guidance on PPP Contractual Provisions**

The Guidance provides an analysis of and drafting guidance for eight specific contractual provisions typically enshrined in PPP agreements, taking into account differences between legal systems (civil law versus common law) and between emerging and developed PPP markets. The Guidance also contains a brief overview of financing structures for a PPP, key aspects of risk allocation, PPP payment mechanisms, approaches to ensure bankability as well as overall foundations for a successful PPP agreement, including consideration of bond-financed and corporate-financed PPP transactions.

### Capacity Building

**PPP Certification Program**

The Certification allows professionals to demonstrate their understanding of international good practices on PPPs and helps enhance PPP performance globally. The course identifies the underlying principles and elements of good practice applicable to most circumstances in emerging markets and developing economies, while recognizing the need for local variations.

GIF facilitates the integration of these tools and guidance, that can contribute towards appropriate standardization, within the GIF’s project support activities.
How does GIF add value to Technical Partners?

| Operational | • Offers flexible and discretionary engagement (sectors, countries, type of transaction)  
|            | • Has quick and light processing requirements to access financing  
|            | • Offers flexibility on reimbursement conditions |
| Financial / Risk | • Complement amounts of project preparation funding available  
|                  | • Provides risk-free capital for governments to access quality project preparation funding |
| Technical | • Provides complementary technical skills and expertise  
|           | • Contributes to the sectoral, financial structuring, and quality enhancement of projects, reducing risk to project preparation funders and wider project stakeholders |
| Collaborative | • Provides easy access to a pool of deep expertise from the private sector in its Advisory Partners (APs), which act as sounding board for GIF projects |
As of today, the GIF has a diversified portfolio of 43 active projects with total funding of US$40.6 million and expected private mobilization of up to US$24 billion
GIF Project Preparation Cycle

GIF supports TPs and client governments at every stage of the infrastructure project cycle

- Support TPs and client governments with understanding of private finance context and requirements in country and projects
- Complement TPs funding
- Support the demand of TPs and governments to explore markets, including PRA
- Provide support to governments with Unsolicited Proposals (USPs)
- Interact with APs to assess markets

- Provide technical implementation support to TPs and governments
- Conduct market sounding through APs and transaction spotlight
MALAWI
Lilongwe Water Supply

The GIF is expected to mobilize $15 million in private sector investment to build and operate a new water treatment plant, which will expand capacity by 50,000 cubic meters per day.

◆ Potential Private Investment: $15 million
◆ Expected Project Outcomes:
  - Increase water production by at least 50,000 cubic meters per day, which will significantly alleviate water shortages in the medium- to long-term
  - Supports the government’s priorities—improving water security in Lilongwe
  - Contribute to the Malawi Growth and Development Strategy, which aims to reduce poverty through sustainable economic growth and infrastructure development
◆ Technical Partner:
UKRAINE
Port Olvia & Port Kherson

Ukraine’s ports and inland waterway system plays a key role in export and trade and the Government seeks to involve the private sector to improve the country’s seaport infrastructure. The GIF is working with EBRD and the IFC to prepare and deliver two concessions that aims to expand, modernize, and operate the Black Sea ports of Olvia and Kherson.

◆ Potential Private Investment: $175 million

◆ Expected Project Outcomes:
  - Increase trade volumes and users at both Port Olvia and Kherson Sea Commercial Port
  - Improve the service quality and handling times at both ports with dedicated terminals and specialist equipment
  - Reduce overall transport costs through improved efficiency and productivity at the ports
  - Develop climate resilient terminals with climate-smart features and renewable sources of energy

◆ Technical Partner:
VIETNAM
Credit Rating Readiness and Preparation for Vietnam Electricity

Vietnam Electricity (EVN) aims to issue an international bond and obtain a credit rating as the first step. The GIF is providing a grant and technical assistance to help EVN with its strategy and approach.

- Potential Private Investment: $500 million
- Expected Project Outcomes:
  - Comply with International Financial Reporting Standards to improve transparency
  - Obtain a credit rating
  - Diversify its financing sources through an international bond issuance
- Technical Partner:

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Potential Private Investment: $500 million

Expected Project Outcomes:
- Comply with International Financial Reporting Standards to improve transparency
- Obtain a credit rating
- Diversify its financing sources through an international bond issuance

Technical Partner:
Thank You
October 2018

Global Infrastructure Facility