



GLOBAL INFRASTRUCTURE FACILITY

A PARTNERSHIP PLATFORM
FOR GREATER INVESTMENT
IN THE INFRASTRUCTURE
OF EMERGING MARKETS AND
DEVELOPING ECONOMIES

THE GLOBAL INFRASTRUCTURE FACILITY —BRIDGING THE INFRASTRUCTURE GAP

The Global Infrastructure Facility (GIF) is a global open platform that facilitates the preparation and structuring of complex infrastructure public-private partnerships (PPPs) to enable mobilization of private sector and institutional investor capital.

1 INTRODUCTION

Few topics in development are infused with as much expectation and sense of urgency as infrastructure. Infrastructure investment and operations play a critical role in driving growth, competitiveness, job creation, poverty alleviation and ultimately in the sustainability of basic service delivery. Conversely, inadequate infrastructure, particularly in developing countries, is a constraint on economic growth and a persistent challenge for governments.

Despite robust growth over the last decade, many people in emerging markets and developing economies (EMDEs) still do not have access to reliable and affordable basic services that derive from high-quality infrastructure. The lack of infrastructure comes at enormous economic and social cost for millions. To help bridge the infrastructure gap, private sector investors and financiers have joined with multilateral development banks and donor countries to create the Global Infrastructure Facility, the GIF.

The Power of Partnerships

The GIF is focused on expanding the universe of infrastructure projects that have the potential to mobilize private investment. Major multilateral development banks (MDBs) working with a number of donor governments including Australia, Canada, China, Japan and Singapore have come together to form this important partnership. The GIF is dedicated to the design, preparation and structuring of viable and sustainable infrastructure projects. These projects will be designed to maximize the likelihood of financing from long-term private sources such as institutional investors. The GIF's private sector Advisory Partners alone represent more than US\$12 trillion in assets and include pension funds, insurance companies, fund managers, reinsurers and sovereign wealth funds, as well as commercial banks.

2 THE GIF APPROACH

The GIF works with MDBs to support governments in bringing well-structured and bankable infrastructure projects to market. The GIF platform coordinates and integrates the efforts of multilateral development banks, private sector investors and financiers, and governments interested in infrastructure investment in emerging markets and developing economies—fostering collaboration and collective action to mobilize private investment and long term commercial financing.

GIF's project support can cover the spectrum of design, preparation, structuring and transaction implementation activities, drawing on the combined expertise of the GIF's Technical and Advisory Partners and focusing on structures that are able to attract a wide range of private investors. This would include infrastructure investments in basic services such as power, transport, water and sanitation that have the potential to leverage private finance and that come with strong government commitment.

What We Do

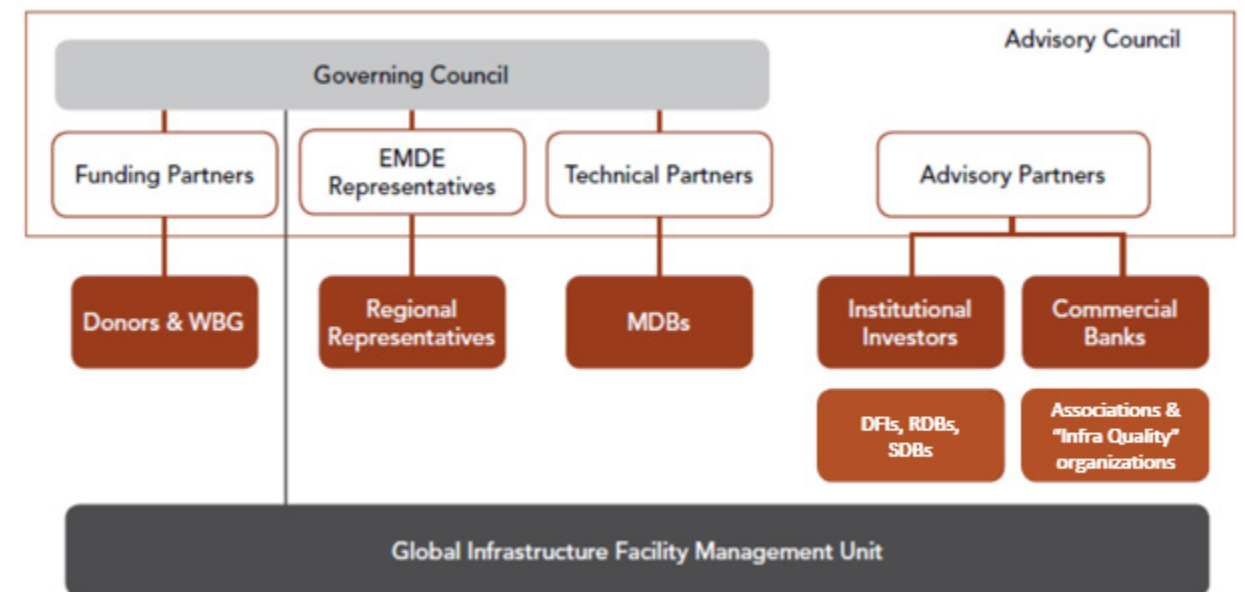
GIF's project preparation and transaction support activities can include advisory support to client governments as needed through the following project stages:

- ◆ **Project or program definition and enabling environment:** preliminary work to prioritize investments and test a project concept through "pre-feasibility" analysis; as well as support to legal, regulatory or institutional reforms as required to enable successful development and/or participation of long-term private capital in the financial structure of a particular project.
- ◆ **Project preparation and investment feasibility assessment:** support to the full range of project preparation and appraisal activities required to bring the project to a point where the government is able to make an informed decision to proceed with a transaction. This could include support for technical, economic and other feasibility studies, social and environmental impact assessments, investment appraisal and risk analysis, and public-private partnership (PPP) structuring.
- ◆ **Transaction design and implementation:** support in preparing transaction documentation and managing a competitive transaction process, which could include initial design of risk mitigation/credit enhancement packages.

- ◆ **Financing:** continued support to the client government as a project moves from commercial to financial close, including coordination of public and private sector financing arrangements, and arranging and/or designing risk mitigation instruments to support commercial finance participation.

Within this range of possible activities, the scope of GIF preparation and transaction support to a particular project should be designed to complement other identified and potential sources of funds for project preparation and transaction implementation in a way that is both flexible and comprehensive. That is, GIF resources can be used to fill any gaps in project preparation or structuring needs given other resources available, and should take into account the full range of additional work needed to bring a project through to successful financial close.

GIF activities will be undertaken stage-by-stage, ensuring that benefits, costs and risks are appropriately considered at each stage. This approach, combined with the GIF's risk-sharing reimbursement model—under which costs are recovered from the winning bidder upon successful financial close—means that the GIF significantly mitigates overall project preparation "failure risk" for its client governments.



3 THE GIF PARTNERSHIP

The comprehensive project support provided by the GIF draws on the combined expertise of its Technical and Advisory Partners. This group, which includes commercial banks and institutional investors, ensures that well-structured and bankable infrastructure projects are brought to market in a way that sustainably meets the needs of governments and users. This unique collaborative approach has won strong support from private investors, donors, and governments from emerging markets and developing economies.

GIF partners fall into one or more of the following categories:

- ◆ **Funding Partners:** Partners that provide financial contributions to the GIF Partnership.
- ◆ **Technical Partners:** Multilateral development banks (including the Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, International Bank for Reconstruction and Development, Inter-American Development Bank and International Finance Corporation) who lead GIF project support activities and bring to bear their substantial experience in supporting infrastructure investment in emerging markets and developing economies.
- ◆ **Advisory Partners:** Private investors or entities that represent the voice of private sector infrastructure finance—a substantial voice, given that the GIF’s current roster of Advisory Partners together hold over US\$12 trillion in assets under management. These include individuals from pension funds, sovereign wealth funds, insurance companies and reinsurers, banks and other financial institutions with an expressed interest in investment opportunities in emerging market and developing economy infrastructure. These Advisory Partners provide a valuable sounding board for GIF-supported projects and investment programs, through early-stage discussions related to the design and use of risk instruments to ensure project bankability.
- ◆ **Beneficiary Partners:** Representatives of emerging markets and developing economies.

A Governing Council oversees the GIF partnership, supervising strategic programming and funds management and the development of operational policies and procedures. It also holds the GIF’s management accountable for delivering on objectives and principles. The Governing Council comprises representatives of Funding and Technical Partners and representatives of emerging markets and de-

veloping economies, and is co-chaired by the World Bank Group and a Funding Partner.

An Advisory Council, comprising all GIF partners and co-chaired by the Managing Director and Chief Financial Officer of the World Bank Group together with an Advisory Partner, provides a forum for discussion on the latest developments in infrastructure finance—bringing partners together to discuss issues that are common across GIF-supported projects, to share knowledge and experience, and inform the design of GIF interventions.

The GIF is administered by a Management Unit, housed at the World Bank Group. The GIF Management Unit is responsible for building the Facility, leading the consultation and capitalization process, managing and allocating the resources of the GIF, assuring quality of GIF project design, and providing coordinating support as projects progress, particularly with respect to liaison duties with Technical and Advisory Partners.



4 GIF PROJECTS

The GIF works with client governments from emerging markets and developing economies to support infrastructure projects or programs that will be structured to attract substantial private capital. GIF-supported projects may be implemented by privately-operated entities (as under a PPP modality), or by public sector entities operating on a commercial basis—provided in either case that they are providing infrastructure as a public service, and that the project has strong potential to achieve financial viability and sustainability and to attract long-term private capital.

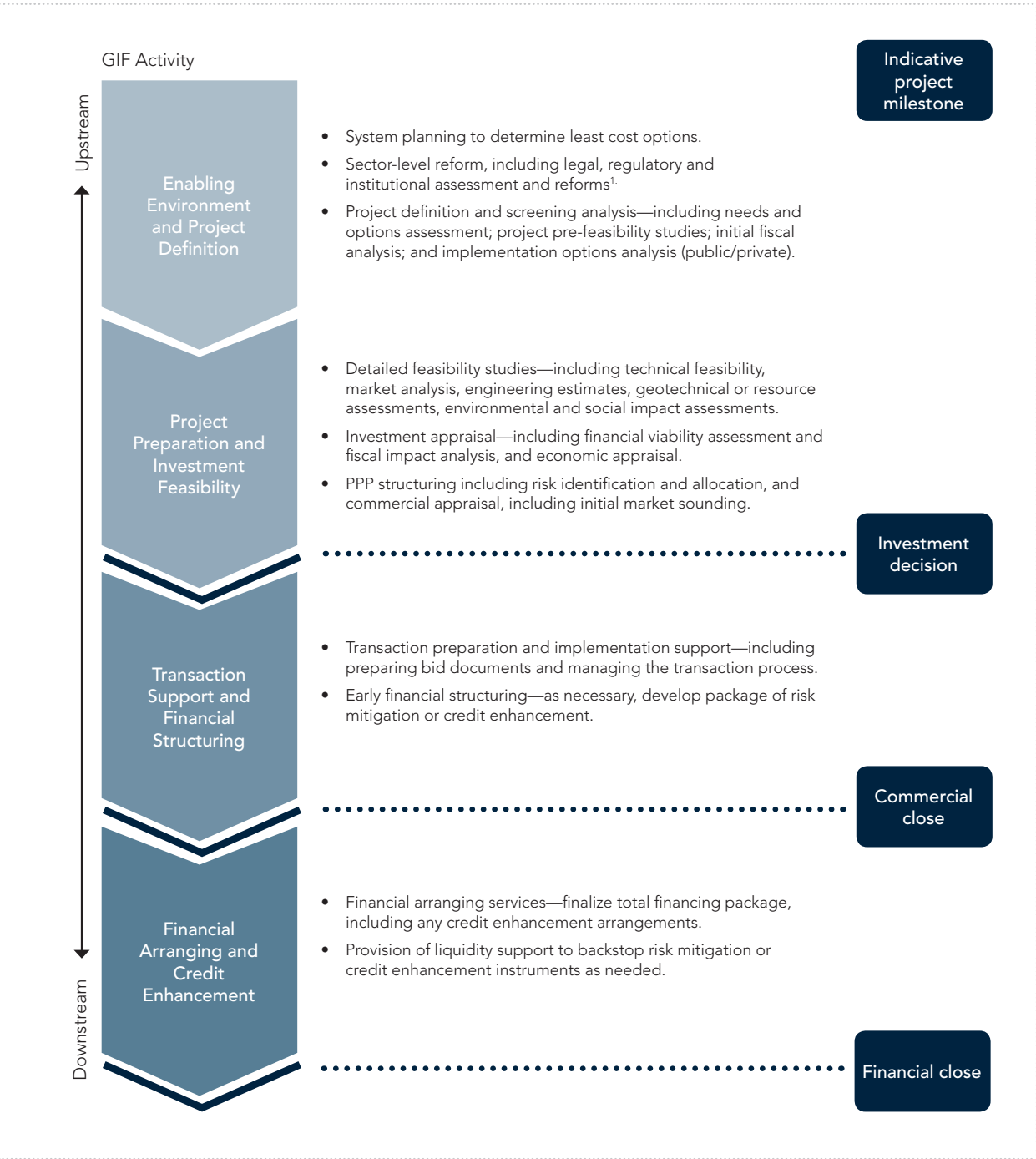
The GIF can support projects across the following sectors and sub-sectors:

- ◆ **Energy:** electricity generation; electricity transmission or distribution; natural gas transmission or distribution.
- ◆ **Water and sanitation:** water supply; wastewater and sewerage; irrigation and drainage; solid waste management.
- ◆ **Transport:** airports; ports; railways; mass transit; highways.
- ◆ **Telecommunications:** fixed landlines; undersea cable.

Within these eligible sectors, the GIF focuses on projects that are aligned with two thematic focus areas:

- ◆ Climate-smart projects that are low carbon-emitting, encourage energy or carbon efficiency in the provision of infrastructure services, or strengthen climate resilience. Examples of climate-smart investments include low-emitting power generation; power or gas transmission projects that bring efficiency to energy markets; power distribution projects with significant potential for loss reduction; mass transit projects, including metro, passenger rail and bus rapid transport systems; and water production and/or supply projects which address water scarcity, security, flood management and other aspects of climate resilience; and
- ◆ Trade-enabling projects that facilitate or enhance interconnectivity and trade. Trade-enabling projects could include freight rail networks, seaports and inland terminals, airports and toll roads.

OVERVIEW OF ELIGIBLE ACTIVITIES



¹ Sector-level legal, regulatory or institutional reform activities are supported only as required and triggered by project-specific preparatory work.

5 SELECTION CRITERIA

Eligible projects will be assessed against the following selection criteria:

- ◆ **Development Impact:** Projects that are expected to support the GIF's overall development goals of poverty reduction and inclusive and sustainable growth in emerging markets and developing economies through improved delivery of infrastructure services. This is defined by higher numbers of people covered, better quality services, lower cost through improved efficiency and/or more climate-smart modes of service provision.
- ◆ **Alignment with Country Priorities:** Projects that address a priority investment need and have demonstrable government commitment, including the availability of adequate fiscal resources to develop and implement the project and intention to seek private financing.
- ◆ **Viability, Sustainability and Value for Money:** Projects that are expected to be economically, technically, socially, environmentally and fiscally viable and to achieve value for money for recipient country governments and service users. This will be assessed in terms of social and economic returns to a project as well as its proposed mode of implementation (for example, as a PPP).
- ◆ **Mobilization of Private Capital:** Projects that have significant potential to leverage public funds by attracting sizeable capital investment from the private sector.
- ◆ **Complexity:** Projects that require multiple parties to work together to structure, arrange and provide financial support, and/or projects that require a blend of financial or risk mitigation instruments to attract commercial finance—these are the projects where the value-added of preparing the project through the GIF platform is expected to be the highest. Complexity could take several forms, including projects with multiple discrete operating units (for example, pipeline and plant, or facility and supporting infrastructure) in one or more sectors; multi-country or regional projects; or those that envisage new applications of financing mechanisms in a given context—whether the first instance of private financing in a reforming sector, or an effort by a government to expand the range of investors engaged in financing infrastructure investment in a more well-established market.

Eligible projects that meet these selection criteria may be brought to the GIF for support irrespective of the stage of project development. During its pilot phase, the GIF will seek to support projects at a range of project development stages. Finally, GIF-supported projects are also selected to achieve diversity in the overall portfolio of GIF activities— by sector, region and country income level.

6 GIF OPERATIONS

The GIF has been operational since April 2015, with an initial capitalization of US\$100 million. The first five years of GIF operations constitute a pilot phase, during which the GIF concept, activities, and partnership model will be tested. During this time various projects will be supported, allowing the GIF model to be tested across a range of project sectors and types, geographies and country environments. At the same time, the concept for a future flexible “downstream” financing window will be further refined and tested with a view to mobilizing additional resources as needed during the pilot phase.

The GIF is accepting applications for project preparation and transaction structuring support. The application process involves several, iterative steps.

They are designed to ensure effort invested in preparing project applications is well-spent, by first identifying whether a proposed project appears likely to be consistent with the GIF's eligibility and selection criteria before committing the time and resources needed to develop a detailed GIF Application. These steps are described on the GIF website. (www.globalinfrastructurefacility.org)



Who Can Apply?

GIF project preparation support is provided to governments in emerging markets and developing economies, and delivered by the GIF's Technical Partners. As such, GIF applications should be submitted by prospective client governments, provided there is support and coordination with one or more Technical Partners. Technical Partner or Government teams are also welcome to reach out to the GIF team to ascertain whether a project might be eligible (by completing a project overview, as described further below—if a Government is interested in GIF support but is not already working with a Technical Partner, the GIF team will be happy to connect them). GIF project support applications should be submitted jointly by the national or sub-national government ministry, department, agency, or publicly-owned entity that will be the main government counterpart for the GIF Activity, and one or more GIF Technical Partner. All applications should be accompanied by a letter of support for the project and the proposed GIF Activity from a representative of the ministry or ministries responsible for planning and/or financing of public investments at the national level—typically, the Ministry of Finance, of Economy, or of Planning, depending on country-specific mandates.

How to Apply?

STEP 1 ♦ COMPLETE AND SUBMIT A “PROJECT OVERVIEW”

The GIF application process is started by submitting a “Project Overview” for the proposed project or infrastructure investment program. This overview should take no more than an hour or two to complete, and includes sufficient project details to confirm eligibility and initially check against selection criteria, as well as brief information on current project status and likely needs. A Project Overview may be submitted to the GIF Management Unit by a government directly, or by a GIF Technical Partner team on behalf of a Government. The GIF Management Unit will review the project overview, discuss the project with its proponents, and consult with other Technical Partners active in the region. Potentially eligible candidates will be invited to submit an application for Project Definition Support or Project Preparation and Structuring Support, as appropriate for the project status.

STEP 2 ♦ APPLYING FOR “PROJECT DEFINITION” ACTIVITIES

GIF Project Definition Activities provide technical assistance in defining and initially assessing an infrastructure project or program intended for private investment, and planning for detailed project preparation work. Project Definition support is provided on a grant basis. The scope should be defined as fits the needs of the project

or program, but is typically expected to reach a total of no more than \$500,000. Project Definition Activity requests will be reviewed by the Management Unit for completion, before being submitted for approval as described below. Approval will be based on consistency of the project with GIF's eligibility criteria as well as the adequacy of the proposed scope of work to result in a well-defined project or program ready to move to the next stage.

STEP 3 ♦ APPLYING FOR GIF PROJECT PREPARATION AND STRUCTURING SUPPORT ACTIVITIES

GIF Project Preparation and Structuring Activities can support the full range of advisory support to government through to financial close. This includes detailed technical, financial, and legal preparation and appraisal work; support to transaction implementation, and continued advisory support during the Preferred Bidder stage of a transaction. If applying for a Project Preparation and Structuring Activity, the presumption is that adequate pre-feasibility analysis has been completed; if this is not the case, GIF Project Definition support may be requested to fill identified gaps.

STEP 4 ♦ APPROVAL OF GIF ACTIVITIES

Completed applications for GIF project definition, preparation or structuring support will be submitted for approval as follows: - All activities over \$500,000, require approval by the GIF's Governing Council. The applying government and all Technical Partners involved will be notified of the decision shortly after completion of the GIF application - Activities under \$500,000 are approved by the Management Unit. In these cases, applicants will be notified of the MU's approval soon after accepting a complete application.

For more information, please check out <http://www.globalinfrastructure.org/apply>





For more information, or to discuss
a potential project: please contact
GIF Management Unit
email: management.unit@globalinfrastructure.org

For media inquiries please contact Nadine Ghannam
phone: +1 202 473 3011
email: nsghannam@worldbankgroup.org

To learn more about the GIF, please check out
www.globalinfrastructure.org

ABOUT GIF

The Global Infrastructure Facility (GIF) was established in March 2015 as a partnership program housed at the World Bank Group. The GIF provides a global platform to integrate efforts to invest in infrastructure in Emerging Markets and Developing Economies (EMDEs), enable collective action among a wide range of partners, and thereby leverage resources and knowledge to find solutions to complex infrastructure financing challenges that no single institution could achieve alone. The GIF provides end-to-end project preparation, appraisal, structuring, and transaction support needed to bring well-structured and bankable infrastructure projects to market, with the objective of increasing private investment, in particular long-term finance, in complex EMDE infrastructure projects.

GIF is uniquely positioned to harvest market intelligence and knowledge that can be shared with its partners and the wider infrastructure community in the form of high-quality knowledge products that aim to improve understanding and best practice around key trends and issues in the infrastructure finance market.

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