



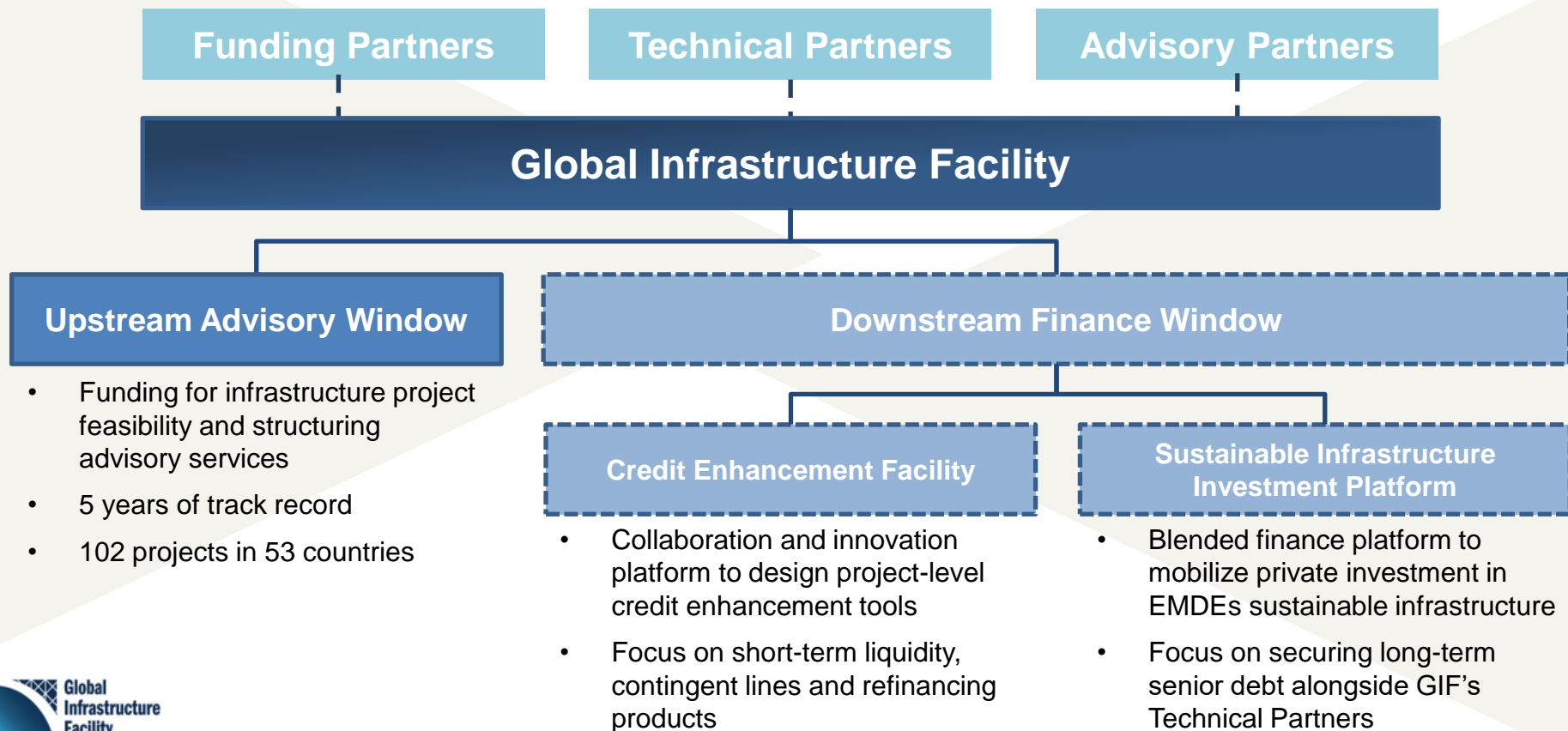
# Downstream Financing Window Global Infrastructure Facility

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# Global Infrastructure Facility (GIF)

- GIF is a **multi-donor trust fund** housed in the World Bank, which acts as its Trustee.
- GIF currently consists of an **Upstream Advisory Window (UAW)** that allocates funds for **infrastructure project feasibility and structuring advisory services** provided to developing country governments by GIF's multilateral development bank partners (**Technical Partners or TPs**).
- Funding for GIF activities is provided by **donors (Funding Partners)**.
- GIF has access to a network of **private investors and financial institutions (Advisory Partners)** that act as a sounding board for GIF-supported projects.
- GIF is in the process of implementing its second window, the **Downstream Financing Window**.

# GIF Structure



# GIF – GISD Proposal

Integrated,  
scalable,  
end-to-end  
model



**Pillar 1:**  
Pipeline preparation (UAW)



**Pillar 2:**  
Project-level Credit  
Enhancement Facility (CEF)



**Pillar 3:**  
Sustainable Infrastructure  
Investment Platform (SIIP)

**Builds on the GIF's unique  
design characteristics and  
proven business model**

**Builds on lessons learned from other  
platforms and goes beyond those that are  
currently available in the market by providing  
an INTEGRATED solution – addressing both  
DEMAND and SUPPLY side challenges**

In partnership with current and new GIF donors, GISD members, and GIF Advisory Partner network as *anchor innovators* to pilot **project-level credit enhancement** and a **global blended finance fund for the SDGs** aimed at **scaling blended finance** and mobilizing greater levels of **private investment in sustainable infrastructure in emerging markets and developing economies**

# Downstream Financing Window (DFW) Rationale

## Problem

There remain **risks unaddressed** by the current risk mitigation market, **preventing investors from injecting the necessary funds** to meet the financing needs of infrastructure projects in developing countries.

## Solution

Create a platform **leveraging donor funds** to offer **agile and flexible credit enhancement solutions** that allow MDBs to implement more efficient financial structures aimed at **mobilizing private capital**

## Value-added

GIF can tap into its **global network** of donors, MDBs, and private sector partners, and its **experience under the UAW**, to make available **patient, risk-taking capital**; market-ready **credit solutions**; and access a **pipeline of eligible projects**.

## Pillar 2: Credit Enhancement Facility (CEF)

- CEF will serve as a **collaboration and innovation platform** for structuring and funding credit solutions so that the GIF's Technical Partners can **mobilize private capital** to developing country infrastructure projects
- CEF's infrastructure finance specialists will work with the DFW's Technical Partners to **design and implement credit enhancement solutions** for specific risks that cannot be efficiently mitigated by their own credit instruments or other risk mitigation products
- The TPs will act as Lender of Record, providing the credits instruments to the project, supported by a back-to-back agreement with the GIF, which will **book the instrument on its own balance sheet instead of the TPs'**

# CEF Value Added

## Innovation

Efficient way to innovate with minimum disruption to TPs' business.

## Flexibility & Scalability

Ability to test products with individual TPs that can later be scaled up and replicated globally via GIF's network

## Knowledge & Pipeline

Continuous lessons learned / feedback to UAW

## Mobilization

Optimal use of credit instruments to mobilize private capital

# CEF Product Principles

## Products

- Market-oriented instruments aimed at stabilizing cash flows and honoring debt service obligations.
- Focus on flexibility in design targeting project and financial structure needs.

## Recourse

- Instruments will assume project risk booked at the GIF.
- No dedicated government or off-taker backstop, or cross default with public obligations (Customary PF security package).

## Pricing

- Risk-adjusted pricing with the adequate level of subsidy necessary to maximize private capital mobilization.

## Geographies

- Available for all countries eligible under GIF's Technical Partners mandates (Subject to individual credit considerations).

## Collateral

- CEF instruments shall be backed by a combination of cash collateralization and guarantees issued by creditworthy partners for GIF's benefit.



# CEF Potential Applications

## Liquidity Facility

- **Purpose:** To service debt and continue operations
- **Covered risks (list not exhaustive):**
  - Construction delays
  - Revenue shortfalls
  - Off-taker delays
  - Currency fluctuations
- **Structure:** ST instrument retired at completion or LT revolving line

## Refinancing Facility

- **Purpose:** Contingent facility to bridge short term financings into capital markets issuances
- **Covered risks:** Temporary market disruptions preventing a timely refinancing
- **Structure:** USD/local currency bridge line with pricing linked to government bonds

## Brownfield Facility

- **Purpose:** Complete funding plan providing additional funds for brownfield projects
- **Covered risks:** Lower demand/revenues during construction
- **Structure:** Contingent line to be disbursed near construction completion in the form of a mezzanine loan

# CEF Project Examples

## PPA Liquidity

- USD long term revolving line
- Mitigates risk related with SOE/Off-taker with good outlook but poor track record or recent issues (Covid)
- Long term commitment matching Sr loans tenor
- Structurally subordinated to senior loans
- Recourse only to project in case of termination

## Light Rail/BRT

- 3-6 yr contingent line
- Provides liquidity and/or takeout for ST Lenders
- Focused on mitigating market risk
- Potential to develop local currency solution for local capital markets
- Incentivizes LT investors to participate from “Day 1”

## Brownfield Roads/Airports

- 4-7yr liquidity line
- Covers revenue gaps during construction
- Sizing based on objective revenue forecast with lower DSCR than Sr debt
- Disbursements back ended, if necessary
- Repayment w/cash sweeps post construction
- Low commitment fee/high spread

# Pillar 3: Sustainable Infrastructure Investment Platform (SIIP)

- The SIIP brings together commercial and concessional capital to invest in sustainable, climate-resilient infrastructure in developing countries
- The SIIP's structure will provide risk mitigation through a first-loss, junior tranche funded by donors. The commercial tranche will be anchored by GISD institutional investors and open to other investors with long-term investment horizons and interest in developing country infrastructure.
- Donor capital will be applied at the portfolio level to ensure that institutional investors can meet their minimum rating and capital adequacy requirements, while investing in infrastructure assets located in EMDEs.
- The SIIP investor vehicle will be managed by an internationally recognized, competitively selected private fund manager with experience in developing markets, with the GIF acting as the steward of donor funds

# SIIP Value Added

## Mobilization

The SIIP will focus on mobilizing institutional investors in markets and transactions where they have appetite but are currently facing regulatory restrictions to invest

## Scalability

Ability to raise additional funds or create customized investment platforms (sector, region, etc) once the model has been tested

## Synergy with MDBs

The SIIP will provide an additional mobilization tool for MDBs greenfield financings and constitute an ideal partner in their infrastructure asset recycling initiatives

# SIIP Product Principles

## Products

## Investment Criteria

## Pricing

## Geographies

## Collateral

- The SIIF will lend alongside GIF's TPs under co-lending or participation agreements.
- The SIIF will focus on senior loans but may consider mezzanine positions
- Maximize diversification in terms of jurisdictions and infrastructure subsectors while achieving an investment grade rating at the portfolio level with the first loss tranche uplift
- Individual transaction pricing will follow the TPs' pricing, achieving an expected return for investors at the portfolio level
- Available for countries eligible under the TPs' mandates (subject to credit considerations and potential donors' constraints).
- Customary non-recourse project finance collateral package shared with the TPs and other senior lenders

# SIIF Potential Applications

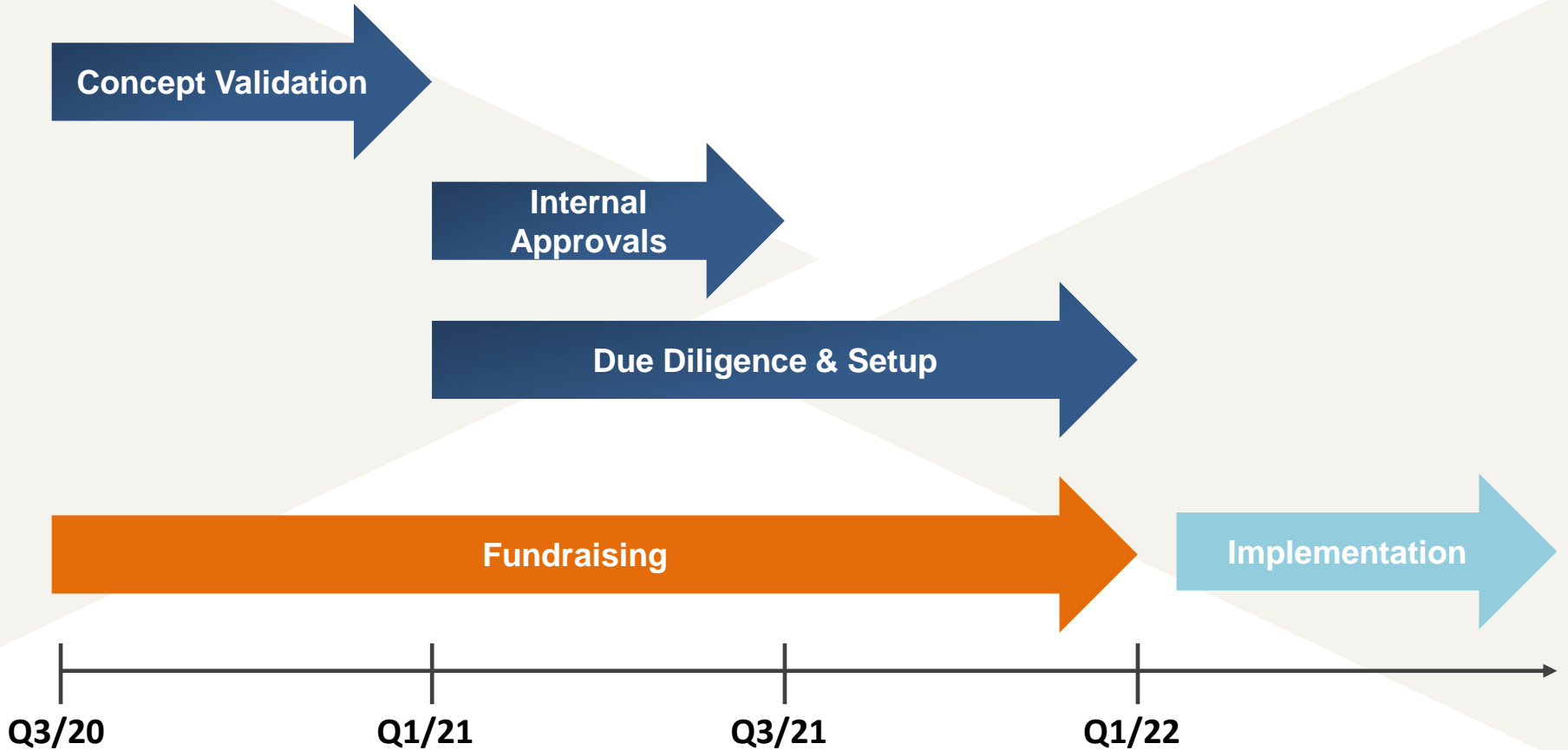
## Greenfield Projects

- **Purpose:** Act as participant or co-lender of TPs, with the latter representing the SIIF as Lender of Record
- **Structure:** Follow customary A/B structures with the SIIF taking a senior position
- **Conditions:** The SIIF will replicate the TPs' conditions and rely on their due diligence process

## Brownfield Refinancing

- **Purpose:** Co-finance brownfield or greenfield near completion alongside TPs
- **Structure:** A/B bond programs where available or co-lending with TPs
- **Conditions:** Subject to individual transaction profile

# DFW - Roadmap



## GIF – DFW Contacts

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