


# From Concept to Construction: The GIF and Project Preparation

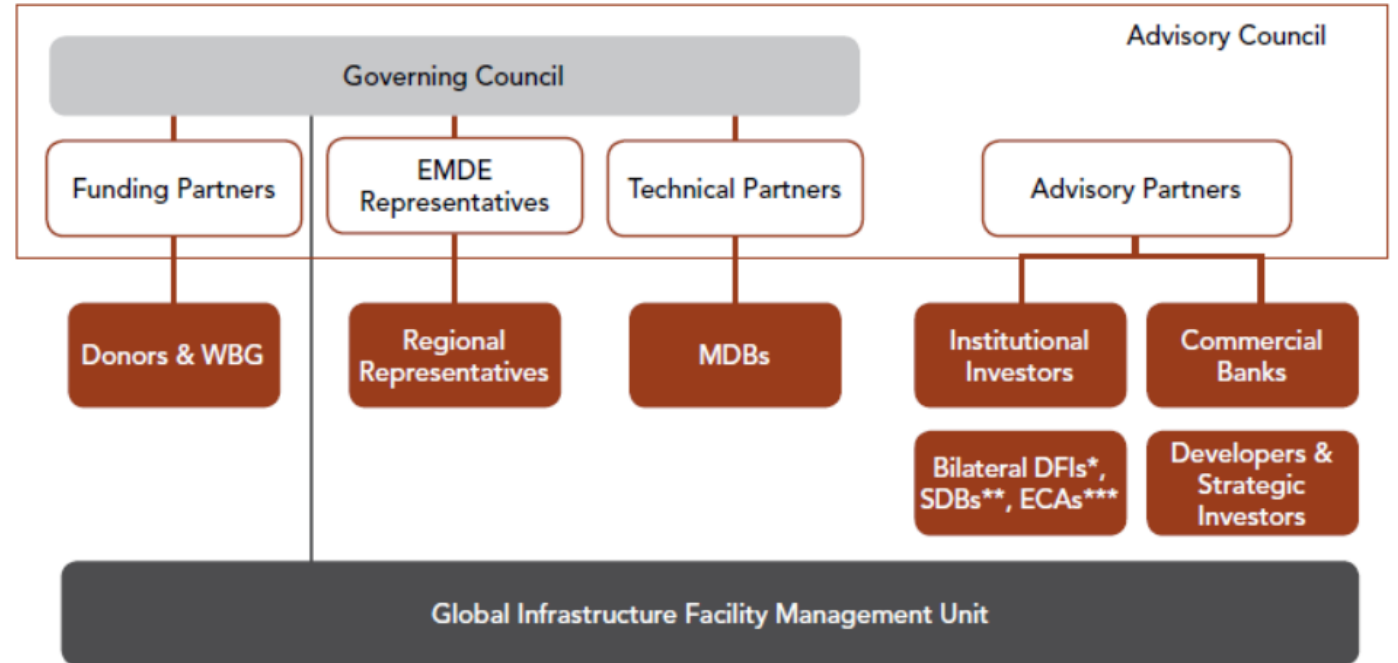


GIF Advisory Council  
Mini Sessions

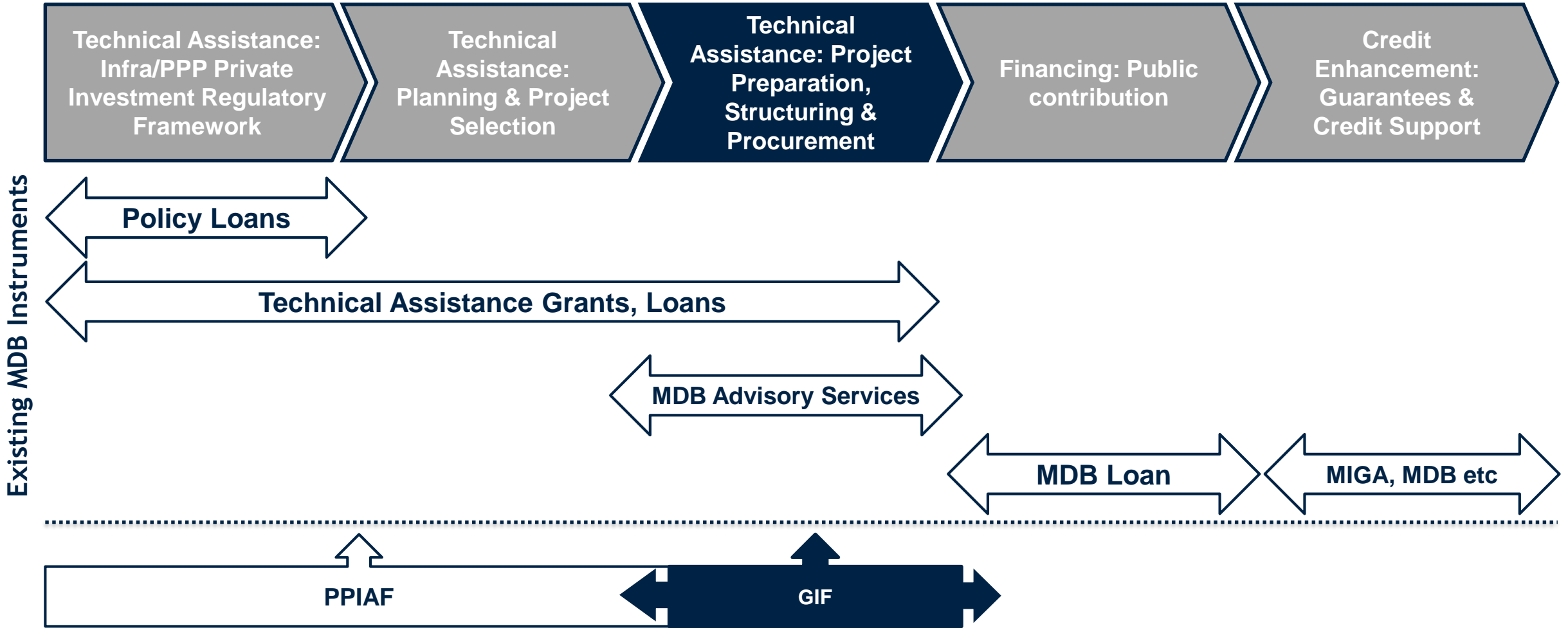
Washington, DC  
October 11, 2017

# Who we are

- US \$90m fund focused on the application of private investment in infrastructure, closing the investment gap and improving services
- Supports governments in the identification, analysis, preparation and procurement of complex and innovative projects, in a bankable yet affordable manner
- Works with EBRD, IDB and World Bank Group, and in association with more than 40 financial institutions including pension funds, insurers and commercial banks



# When can we support



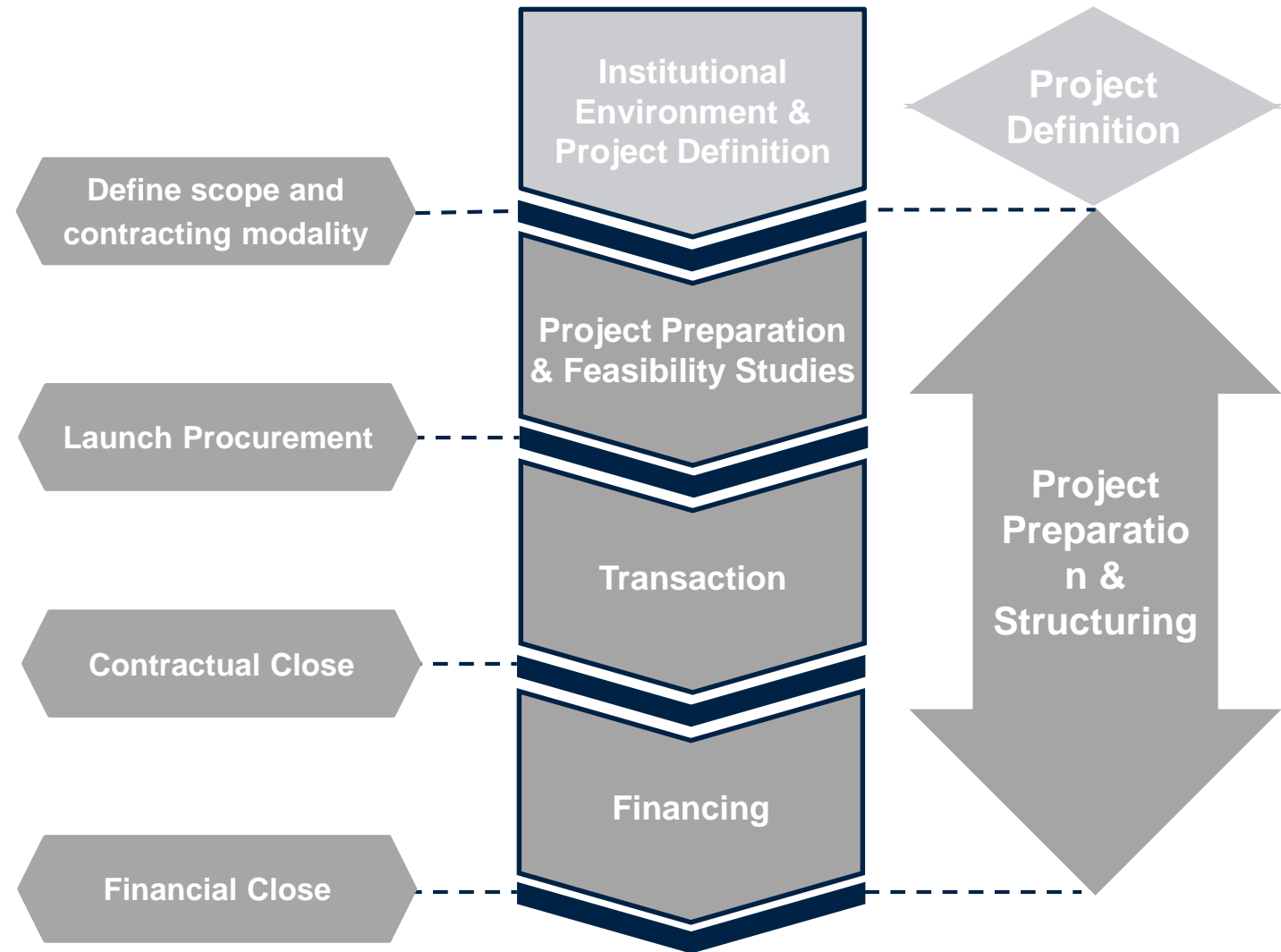
# Our Products

## 1. Project Definition (PDA)

- Prefeasibility stage
- Non-reimbursable (grant)
- Typically US \$300 - 500k
- Execution by Technical Partner (TP)

## 2. Project Preparation & Structuring (PPSA)

- Preparation (Feasibility), Structuring and Procurement stage
- Reimbursable on Contractual/Financial Close
- Typically US \$1–5 million
- Execution by TP or Client (Government)
- Our support is financial, but also includes access to our technical team



# Eligibility

## Eligible Project Types

- Infrastructure investment project/program
- Application of private capital, including through a concession, PPP or participation with a State Owned Enterprise

## Eligible Sectors

- Energy
- Water & Sanitation
- Transport
- Telecommunications & ICT

## Thematic Focus Areas

- **Climate Smart:** reduces emissions, improves energy efficiency or builds resiliency; and/or
- **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 value for money
- Mobilizes **private capital**
- Demonstrates **complexity** that benefits from GIF value added support

# Lessons Learned from GIF's First 2 Years of Operations

- Projects are generally at a lower level of preparation than expected
- MDBs and GIF need to do significant upfront work to appraise whether project merits further engagement
- Key government decision-makers unable to make informed decisions at key points because of lack of preparation
- Bidder and investor perspective and bankability more generally often under-considered by government prior to MDB/GIF engagement

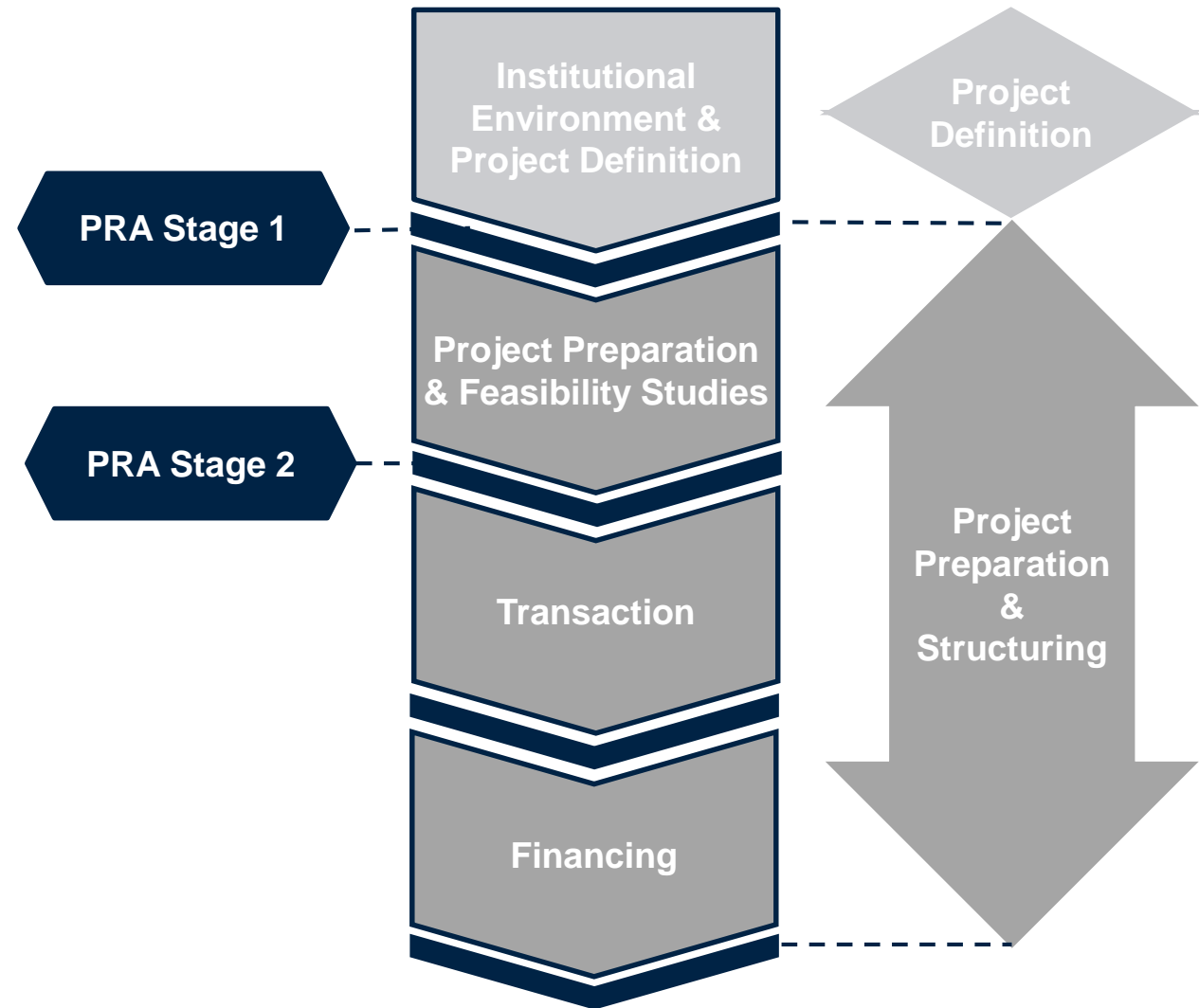
# Evolving the GIF Business Model: Project Readiness Assessment (PRA) – Overview

- The PRA is a standardized methodology for assessing the quality of project preparation undertaken by government to-date.
- It allows the GIF to offer a standard, rapid-response mechanism to scope and appraise future projects (PDAs and PPSAs) and identify opportunities for GIF support to strengthen project preparation and structuring.
- Additionally, the PRA will directly benefit client governments by producing an independent, third-party assessment with an aim to:
  - Provide decision-makers with critical information on the quality of project preparation and key risks and gaps that must be addressed before key investment and tendering decisions;
  - Provide comfort to bidders/investors that the project has been assessed by a recognized methodology;
- The GIF is currently piloting the PRA methodology in Brazil, Ghana, and Namibia (2 projects) with a potential for another pilot in Turkey.
- Feedback from the pilots will be used to improve the methodology design. Harmonization with the WB/GIH PPP Readiness Tool will also be assessed
- **Full roll-out of the PRA will be proposed in the Strategy and Annual Work Plan for FY2019**
- **Procurement of a framework of ‘accredited’ assessor firms will commence in early 2018 and is expected to be completed by July 2018**

# GIF will integrate PRA with other project support offerings

The PRA will typically be used in advance of either PDAs or PPSAs and will allow GIF and TPs to:

- Provide a new gateway for governments and TPs to access GIF and respond more quickly to demand (consultants already pre-selected)
- Allow GIF to more systematically assess the required scope and risks around PDAs and PPSAs with the aim improving decision-making and reducing risk of failed projects
- Limit GIF exposure in initial project assessment by appraising the project rapidly without committing to a large PDA or PPSA





# PRA Process Overview

**Step 1:** Client Government requests PRA assessment directly through GIF website or Technical Partner submits request for PRA or other GIF support.

**Step 2:** GIF reviews request and confirms project is eligible for GIF support. GIF determines type of assessment (Stage 1 or Stage 2).

- If required, GIF requests additional information on the project. If the project is on the Source platform, the Source Screening Algorithm\* will be used in the preliminary review.

**Step 3:** GIF hires consultant to undertake the assessment (Assessor).

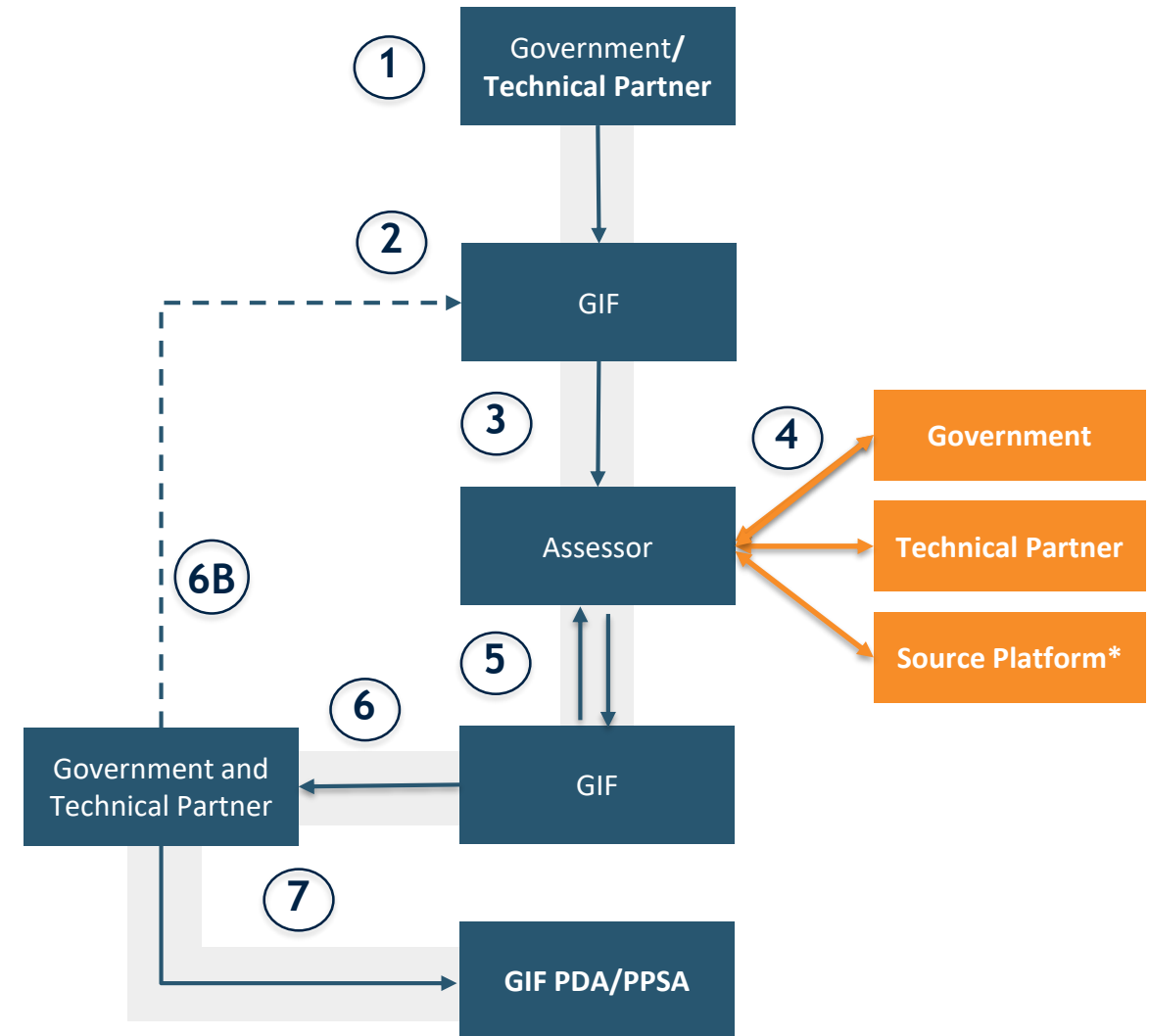
**Step 4:** Assessor collects data through interviews, document review, and Source platform (if applicable). Assessor undertakes mission to country to meet with government officials and project stakeholders, including Technical Partner (if applicable).

**Step 5:** Assessor drafts PRA Report (with RAG rating) and Action Plan. GIF conducts quality control and consistency review.

**Step 6:** PRA outputs are shared with Government and Technical Partner.

- Step 6B: Government can request an updated assessment after implementing recommended action(s).

**Step 7:** Government and Technical Partner request further GIF support to implement Action Plan through a Project Definition Activity or Project Preparation and Structuring Activity.



\*The Source Screening algorithm can be run for any project on Source (i.e. it does not have to be a project seeking PRA.)

# PRA Methodology

- Assessment consists of six components (see graphic), which are scored independently of each other
- Specific questions and a handbook provide guidance for Assessors on how to score each component
- Scoring is done using the red-amber-green (RAG) system
- A green score requires the project to meet international best practice; unlikely that a project will score green in all components
- The PRA can be undertaken at two stages based on where the project is in its lifecycle:
  - Stage 1 - early stage, pre-feasibility
  - Stage 2 - feasibility stage, projects close to procurement
- Outputs include PRA Report with RAG score and an Action Plan

## Technical Solution

- Includes land use and ownership of project location; viability of technical solution; and costing of the solution

## Commercial Structure

- Includes contractual structure; risk allocation; value-for-money; and financing

## Affordability

- Includes project funding; affordability analysis; and cost-benefit analysis

## Governance

- Includes country governance; project governance; and stakeholder management

## Regulatory Environment

- Includes PPP legislative and regulatory framework; sector regulations; regulatory independence' and dispute resolution

## Social & Environmental

- Includes social and environmental issues; mitigation measures; and application of international standards

# PRA Outputs

Global Infrastructure Facility  
Project Readiness Assessment (PRA) Tool

## PRA Output report template: Section A

Blue colour indicates input cells for Assessor to complete

Project Name	
Sponsor Government	
Project Stage	Stage 1

### Score obtained

Project Component	Max Score	Stage 1 Score	Stage 2 Score
Technical Solution	15%	10%	n/a
Commercial Structure	15%	5%	n/a
Affordability	25%	8%	n/a
Governance	25%	12%	n/a
Regulatory Environment	15%	12%	n/a
Social and Environmental	5%	2%	n/a
<b>Total</b>	<b>100%</b>	<b>49%</b>	<b>0%</b>

### RAG rating obtained

Project Component	Max Score	Stage 1 RAG	Stage 2 RAG
Technical Solution	Green	Amber	n/a
Commercial Structure	Green	Red	n/a
Affordability	Green	Red	n/a
Governance	Green	Amber	n/a
Regulatory Environment	Green	Green	n/a
Social and Environmental	Green	Red	n/a

Project Component	RAG rating	Key areas for further development	Recommendations for development areas
Technical Solution	[Red/ Amber/ Green]	[Assessor to insert based on assessment conducted in accordance with Handbook] [xxx] [xxx]	[Assessor to insert based on assessment conducted in accordance with Handbook] [xxx] [xxx]
Affordability	[Red/ Amber/ Green]	[xxx] [xxx]	[xxx]
Governance	[Red/ Amber/ Green]	[xxx]	[xxx]
Commercial Structure	[Red/ Amber/ Green]	[xxx]	[xxx]
Regulatory Environment	[Red/ Amber/ Green]	[xxx]	[xxx]
Social & Environmental	[Red/ Amber/ Green]	[xxx]	[xxx]
Summary comments	[xx] [xx] [xx]		