

## GLOBAL INFRASTRUCTURE FACILITY OPERATING GUIDELINES

As Adopted by the GIF Governing Council on 20 April, 2015  
and amended on 21 December, 2016, 30 June, 2017 and 19 July, 2019

### A. INTRODUCTION

1. The Global Infrastructure Facility (“**GIF**”) Operating Guidelines provide specific guidance relating to the processes and procedures which are applicable to GIF Activities and operations. Capitalized terms used in these guidelines and that are not defined will have the meanings given to them in the GIF Partnership Framework adopted by the GIF Governing Council on 20 April, 2015 as may be amended from time to time in accordance with its terms (the “**GIF Partnership Framework**”). The GIF will operate in accordance with the objectives, goals, and core principles set out in the GIF Partnership Framework. The Operating Guidelines were prepared by the Management Unit and adopted by the Governing Council on 20 April, 2015, and amended by decision of the Governing Council on 21 December 2016, 30 June 2017, and 19 July, 2019 in accordance with the GIF Partnership Framework.

### B. GIF PROJECT ELIGIBILITY AND SELECTION CRITERIA

2. The GIF will work with client governments to support infrastructure projects. A GIF-supported project may consist of the development, rehabilitation or expansion of a standalone infrastructure facility, a series of interlinked assets that together address an identified infrastructure delivery objective, a coordinated program of investment in multiple infrastructure assets, or other activities which will mobilize private investment or long term commercial financing in infrastructure sectors<sup>1</sup>.
3. **Eligible Countries:** The GIF can work with client governments that are among the eligible recipient member countries of Technical Partners or any other territories where financing to such territories is permitted in accordance with the policies and procedures of the relevant Technical Partner.
4. **Eligible project implementation modalities:** The GIF can support projects or activities that will be primarily implemented by privately-operated entities (as under a Public-Private Partnership modality or following a privatization), or by public sector entities operating on a commercial basis, provided in both cases that they are providing infrastructure as a public service and that i) the project or activities have strong potential to achieve financial viability and sustainability and to attract private capital and/or expertise, or ii) they are mobilizing private investment or long term commercial financing in GIF eligible infrastructure sectors.

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<sup>1</sup> A stocktake of other donor activities in this space, in the relevant country, should accompany applications for funding and the application should justify the GIF niche in reference to these other activities.

5. **Eligible sectors:** Following the principle of providing public goods by enabling investment in core infrastructure, the GIF can support projects across the following sectors and sub-sectors:
  - a. **Energy:** electricity generation; electricity transmission or distribution; natural gas transmission or distribution; and energy efficiency including gas flaring.
  - b. **Water and sanitation:** water supply; wastewater and sewerage; irrigation and drainage; solid waste management
  - c. **Transport:** airports; ports; railways; mass transit; highways
  - d. **Telecommunications & information and communication technology (ICT).**
6. This list of eligible sectors may be expanded during or subsequent to the Pilot Phase to capture additional public core infrastructure assets, upon approval by the Governing Council. In this context, “core infrastructure” refers to those investments that offer public good services, have natural monopoly characteristics and are sufficiently capital intensive that the financing arrangements of the core assets determine, to a large degree, the financial sustainability and affordability of the services.
7. **Thematic focus areas:** Within its eligible sectors, the GIF may elect to focus on specific themes. This thematic focus may be reviewed and updated from time to time with Governing Council approval. During the Pilot Phase, the GIF will support projects with regional or global public good characteristics, in being:
  - a. **Climate smart:** projects that are low carbon-emitting, encourage energy and/or carbon efficiency in the provision of infrastructure services, and/or strengthen climate resilience. Examples of climate smart investments include low carbon-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/or
  - b. **Trade enabling:** projects that facilitate or enhance interconnectivity and promote efficient commerce, such as freight rail networks, seaports and inland terminals, airports, and toll roads. Where toll roads are supported, they will presume underlying charges to users to reveal demand so as not to contradict the climate smart objectives.
8. **Project selection criteria:** Projects proposed for GIF support will be assessed against the following criteria; based both on expected project outcomes, and the individual and aggregate degree of risk to those outcomes:
  - a. **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—in terms of higher coverage, better quality services, lower cost through improved efficiency, and/or more climate smart modes of service provision

- b. **Alignment with Country Priorities:** Projects that address a priority investment need and have demonstrable government commitment, including in the availability of adequate fiscal resources both to develop and implement the project, and intention to seek private financing
- c. **Viability, Sustainability, and Value for Money:** Projects that are expected to be economically, technically, socially, environmentally, financially, and fiscally viable; and to achieve value for money for recipient country governments and service users—both in terms of social and economic returns to a project, and its proposed mode of implementation (e.g. as a Public-Private Partnership)<sup>2</sup>
- d. **Mobilization of Private Capital & Expertise:** Projects that have significant potential to leverage public funds by attracting sizeable capital investment from the private sector, or by attracting private expertise through transfer of performance risk to private partners. Operation & Maintenance or Management contracts may be considered where either the Project is located in a low-income or fragile state, or the Project supports water utilities to improve their governance and management as well as operations and financial performance in a way that increases access to private finance on a more systematic basis.
- e. **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. A complex project could: i) involve multiple discrete operating units (e.g. pipeline and plant, or facility and supporting infrastructure) in one or more sectors; ii) provide services to multiple countries or have a regional impact; or iii) require new applications of financing mechanisms in a given context (e.g. the first instance of private financing in a reforming sector, requiring appropriate risk mitigation to attract private sector investment).

### C. GIF PORTFOLIO DIVERSITY TARGETS:

- 9. GIF-supported projects will be selected to achieve diversity in the overall portfolio of GIF Activities, according to the following targets (expressed as a percentage of the portfolio by value of GIF Activity):
  - a. **Sectors:** No more than 35% of activities in any one sub-sector, as defined under “eligible sectors” above
  - b. **Regions:** No more than 25% of activities in any one region, herein defined as Sub-Saharan Africa, Middle East/North Africa, Latin America & the Caribbean, Europe and Central Asia, South Asia and East Asia (based on World Bank regional breakdown).
  - c. **Country income level:** A minimum of 50% of activities in Low Income or Lower Middle-Income Countries, of which a minimum of 20% of activities in Low-Income Countries (according to World Bank country classifications by Gross National Income (GNI) per capita, based on the World Bank Atlas method). In the case of regional projects, activities exceeding this target may be considered.

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<sup>2</sup> The information available to demonstrate the expected viability of a project proposed for GIF support will depend on the stage of development of the project; the assessment of proposed projects will be adjusted accordingly. GIF activities will be designed to ensure that viability and value for money guide project preparation and structuring, and are appropriately appraised at each project stage.

10. These diversity targets will be used to guide Management Unit submissions to the Governing Council for approval of GIF Activities, and Governing Council approval of those Applications, with a view to achieving compliance with the targets within the duration of the Pilot Phase. Targets may be revised during the Pilot Phase by revision to the Operating Guidelines, subject to Governing Council approval as described below.
11. During the Pilot Phase, additional diversity factors may be considered, to enable the full range of GIF support to be effectively tested. As an example, attention may be given to projects that can be expected to reach an identified milestone during the Pilot Phase, and to ensuring that the set of pilot projects includes activities across a range of project development stages. Portfolio diversity targets will be monitored by the Management Unit as part of its portfolio monitoring and reporting responsibilities.

### **D. ACTIVITY INITIATION, REVIEW, AND APPROVAL PROCESS**

#### **Proposing Entities**

12. Applications for GIF support should be submitted to the Management Unit jointly by a national or sub-national government entity from an eligible country, as defined in Paragraph 3 above, and of one or more GIF Technical Partner, as described further in the following paragraphs. In the case of regional or cross-border projects, Applications may be jointly submitted by government entities of the concerned countries.
13. Applications should be submitted on behalf of a national or, as the case may be, sub-national government by the ministry, department, agency, or publicly-owned entity that will be the primary counterpart for the GIF Activity (the “**Government Counterpart**”). The Application should also include evidence of support for the project and proposed GIF Activity from relevant government entities, as described in Paragraphs 23 and 24 below.

#### **Initiation of GIF Application Process**

14. Government representatives from eligible countries, and/or a GIF Technical Partner team on behalf of a prospective Government Counterpart, may initiate an Application process for a project by submitting an overview of the project to the GIF Management Unit (“**Project Lead**”). This Project Lead should follow a template provided by the Management Unit and should include sufficient project details to confirm potential eligibility, as well as brief information on current project status and expected project preparation and structuring needs. Only one Project Lead per GIF Activity may be submitted.
15. The GIF Management Unit will review the Project Lead to assess the potential consistency of the project with GIF eligibility and selection criteria and with GIF portfolio diversity targets, inform the submitting entity of the result of this review, and invite potentially eligible candidates to submit a GIF Activity Application.

16. If the Management Unit determines it appropriate after: (a) consultation with any Technical Partner that initiated the Project Lead, in particular with respect to any need to seek support of and/or coordination with other GIF Technical Partner(s) to the project, and (b) taking into account the nature of information, including respecting confidentiality, the Management Unit will circulate the Project Lead to relevant Technical Partners to ascertain their interest in supporting the project, given their respective mandates, investment strategies, and engagements in the relevant country and sector(s). In such a case, concerned Technical Partners will convene (in person or remotely) to agree on the approach to preparing the GIF Activity Application, including:
- (i) responsibility for leading preparation of the proposal, in coordination with the prospective Government Counterpart. It is expected, although not required, that where the GIF Activity Application has been initiated by a Technical Partner, that Technical Partner will lead the preparation of the proposal;
  - (ii) interest and capacity in participating in the Activity Implementation Team, as defined in Paragraphs 31 and 32; and/or in participating in a Project Working Group for the Activity; and
  - (iii) approach to information-sharing and communication among interested Technical Partners during the process of preparing the GIF Activity Application.

The Management Unit will facilitate this discussion as necessary: decisions will be reached by consensus among the interested Technical Partners, following the GIF's objectives and core principles of being an open platform for collaboration, and guided by consultation with and subject to agreement by the prospective Government Counterpart.

### **Applications for GIF Project Readiness Assessments**

17. Subject to submission and review of a Project Lead as described above, potentially eligible candidates may be invited to submit an Application for Project Readiness Assessment. GIF Project Readiness Assessment will comprise a standardized tool financed and managed by the GIF that assesses the completeness of project preparation to date, identifies key information gaps, and recommends actions that client governments can take to foster robust project preparation, maximizing the probability of reaching project financial close and attaining long-term sustainability. The scope of GIF Project Readiness Assessment will be determined based on project progress with two main standard variations, corresponding to a pre-feasibility stage (Stage 1), and a more detailed feasibility stage (Stage 2) respectively, while also allowing flexibility for optional and customizable tasks.
18. GIF Project Readiness Assessment will be undertaken on a grant basis, and be used by the Management Unit to help inform subsequent decision over the eligibility of the project for further GIF project preparation funding, and support Government Counterparts with high-level strategic advice. Unless otherwise agreed by the Management Unit, the Management Unit will lead implementation of GIF Project Readiness Assessment in collaboration with the Government Counterpart and relevant Technical Partner, as applicable.

19. Applications for a Project Readiness Assessment should be submitted by the prospective Government Counterpart. Should a GIF Technical Partner lead implementation of GIF Project Readiness Assessment in coordination with the Management Unit, then the Application should be submitted jointly with such GIF Technical Partner. Applications should follow a template provided by the Management Unit.

#### **Applications for GIF Project Definition Activities**

20. Subject to submission and review of a Project Lead as described above, potentially eligible candidates may be invited to submit an Application for Project Definition Activity. GIF Project Definition Activities will comprise technical assistance to EMDE governments in identifying and defining an infrastructure project or program intended for private investment, and planning for detailed project preparation work that may be supported by the GIF under a Project Preparation and Support Activity (as described in Paragraph 21 below). GIF Project Definition Activities will be undertaken on a grant basis, in order to enable and incentivize governments to make well-informed decisions when initiating a project, and plan adequately for successful implementation. Applications for a Project Definition Activity should be submitted jointly by the prospective Government Counterpart and the GIF Technical Partner or Partners that will be responsible for implementing the Project Definition Activity, following a template provided by the Management Unit.

#### **Applications for GIF Project Preparation and Support Activities**

21. Subject to submission and review of a Project Lead as described above, potentially eligible candidates may be invited to submit an Application for a Project Preparation and Structuring Activity. Applications for GIF Project Preparation and Support Activities should be submitted to the Management Unit jointly by the prospective Government Counterpart, and the GIF Technical Partner or Partners that will be responsible for implementing the Activity.
22. Applications should follow a template provided by the Management Unit, and should include:
  - a. Description of the project, with sufficient information to demonstrate consistency with GIF eligibility and selection criteria;
  - b. Status of project development and work completed to date (including any sector reforms in process and/or related public infrastructure under development);
  - c. Identities and roles of public, multilateral and private entities that have been involved in the project to date (e.g., donors, consultants, government entities, multilateral agencies) as well as government staff responsible for project implementation;
  - d. Scope of project development activities already underway or planned (including as already completed under a GIF Project Definition Activity and any further work completed without GIF support), with estimated timeline, budget, funding sources, and implementation arrangements;
  - e. Scope and estimated cost of proposed GIF Preparation and Support Activity at each project stage—that is, the set of project or program support activities to be implemented with GIF funding, defined in accordance with the principles established above. The scope of work for all

- but the first stage, as well as the total cost of proposed GIF support, will be considered indicative, and may be revised as the project progresses according to the results of work undertaken. Milestones should be identified, corresponding to the completion of activities at each project stage, at which the project scope will be reviewed and may be revised, in consultation with the Management Unit and with approval of the Governing Council if required as set out in Paragraph 27 below. In exceptional cases where funding is required upfront for multiple project stages, rather than on a milestone basis at the completion of each project stage, this requirement and its rationale should be specified in the Application;
- f. Scope of any support to client governments in building capacity and strengthening institutions, as required to enable successful project development and implementation. Capacity building and institutional strengthening support may span the project preparation stages described above.
  - g. Contact information of: (i) each of the Technical Partner(s) through which: (x) the Application is submitted to the GIF and (y) the Activity Implementation Team is formed, including the person(s) responsible for leading the proposed GIF Activity from the respective Technical Partner, and (ii) the Government Counterpart of the proposed GIF Activity;
  - h. Information on any actual or potential conflicts of interest arising from the Technical Partners' participation in the Activity Implementation Team, and mitigation mechanisms to be employed, following the guidance in Paragraph 44 below;
  - i. Indicative scope of work for any external consultants at each project stage;
  - j. Proposed reimbursement arrangements and terms, following the guidance in Paragraphs 53 to 56 below; and
  - k. Amount requested by each Technical Partner to cover Activity Administration and Support Fees, as explained in Paragraph 48 below.

### **Evidence of Support from relevant Government Entities**

23. All Applications should be accompanied by a letter of support for the project and the proposed GIF Activity from a representative of the national government, or in the case of a sub-national project, the sub-national government. The objectives of such letter are to ascertain that the government: (a) supports the project and the proposed GIF Activity; (b) coordinates among relevant ministries or other bodies of the government; and (c) acknowledges the reimbursable nature of GIF support, if applicable. Such letter may be provided in a form acceptable to the Management Unit, and by either: (i) the ministry or ministries (or equivalent at subnational level, as applicable) responsible for planning and/or financing of public investments; (ii) the line ministry (or equivalent at subnational level, as applicable) responsible for the planning/implementation of the proposed infrastructure investments; (iii) for Project Preparation & Structuring Activities, other government agency with designated authority or responsibility for providing relevant infrastructures services or project development; or (iv) in an exceptional case where any of the above is not appropriate for the circumstance, any other government entity with relevant authority or responsibility, if the Management Unit determines that a letter from such agency or entity satisfies the objectives of the letter set out above. This letter should identify the Government Counterpart, confirm support for the project and designate contact points for any additional ministry or ministries (or equivalent at subnational level, as applicable) with responsibility for the relevant sector(s), where such entities are not the primary counterpart for the GIF Activity.

24. For Applications submitted by Government Counterparts at the sub-national level, in addition to the letter of support from the sub-national government referred to in Paragraph 23 above, an evidence showing that the national government does not have any objection to the project, (i) in a form of a no-objection letter from the ministry responsible for planning and/or financing of public investments at the national government level; or (ii) in such other form of evidence that the Management Unit determines satisfies its objective stated above in this Paragraph. A no-objection letter is typically used in cases where the sub-national governments would need an authorization or financial support from the national governments to undertake the project.

### **Review of Applications**

25. The Management Unit will review each submitted Application, and will screen the Application for:

- a. **Consistency with GIF requirements:** consistency of the project with the GIF eligibility and selection criteria, consistency of the proposed scope of the GIF Activity with the GIF Partnership Framework principles and operating policies, affordability of estimated costs given available resources, and consistency with portfolio diversity targets; and
- b. **Completeness:** whether the Application contains all the requested information, and/or what information is still needed to complete the Application.

26. Depending on the result of that review, the Management Unit will respond as follows:

- a. If an Application is not consistent with GIF requirements, the Management Unit will return the Application, with an explanation of its rationale in doing so. Applications may be re-submitted if changes to the GIF Activity or Application can be made that would make it consistent with GIF requirements.
- b. If an Application appears potentially consistent with GIF requirements but is not complete, the Management Unit may support the process of completing the Application by providing feedback or assistance to the submitting government entity and Technical Partner(s) on the additional information needed.
- c. If an Application is complete and consistent with GIF requirements, the Management Unit will inform the submitting entities and proceed to the approval stage.

### **GIF Activity Approval**

27. Governing Council approval will be sought on a no-objection basis in accordance with the no-objection approval procedures set out in Paragraph 63 through 67 below, for all GIF Activities with an estimated total cost (and for the avoidance of doubt, excluding Technical Partner Administration and Support Fees) of over \$500,000. The Management Unit will recommend Applications for approval to the Governing Council as set out in Paragraph 28 below.
28. The Management Unit will submit the Application to the Governing Council via email, together with a summary containing (i) a description of the project and its stage of development, including indicative potential private sector involvement, (ii) a discussion of its consistency with the selection

criteria, (iii) a description of the proposed GIF Activities, estimated budget, reimbursement arrangements, and composition of GIF Activity Implementation Team; and (iv) a discussion of the implications of the proposed GIF Activity for compliance with portfolio diversity targets.

29. In approving an Application for a GIF Activity, the Governing Council approves the allocation of GIF funding for implementation of the full scope of the GIF Activity as set out in the Application, subject to adjustments according to Paragraphs 38 to 40 below.
30. For projects with a total expected cost of \$500,000 or less, approvals of GIF Activities will be the responsibility of the Management Unit, on the basis of consistency of the completed Application with the project eligibility and selection criteria, GIF Partnership Framework principles and operational guidelines, portfolio diversity targets, and implementation team requirements. Once an Application is found to be consistent with these requirements, the Management Unit will approve the Application, and send a summary to the Governing Council for notification.

## **E. ACTIVITY IMPLEMENTATION**

### **GIF Activity Implementation Team Role and Responsibilities**

31. A **GIF Activity Implementation Team** may consist of technical staff from one or more Technical Partners, which may have different roles at different project stages according to the project requirements. A team should be constituted as best meets the needs of the activity: namely, ensuring the appropriate skills, knowledge, and expertise is deployed at each project stage, while maintaining efficient implementation arrangements. An overall “**Team Leader(s)**” will be designated by the respective Technical Partner(s) to coordinate the GIF Activity: (i) through all project stages, and (ii) among the Technical Partners where an Application involves more than one Technical Partner.
32. GIF Activity Implementation Team responsibilities will include:
  - a. Carrying out the GIF Activities, including preparing terms of reference, identifying, procuring, and overseeing specialized consultants, and/or directly implementing aspects of the GIF Activities where the relevant Technical Partner has in-house technical capacity to do so and as best serves the interest of the project; providing strategic guidance to Government Counterparts throughout the activity; and in doing so, coordinating with the other project-related activities such that the overall project development process is properly sequenced;
  - b. Ensuring that relevant safeguards and standards are reflected in the implementation of the GIF Activity. GIF Activities will be implemented in accordance with the policies and procedures of its Technical Partners, including in respect of their social and environmental safeguards. Where more than one Technical Partner is involved in the implementation of the GIF Activity, or may subsequently be involved in financing or providing credit enhancement to the underlying project, interested Technical Partners will agree in advance on the safeguards and standards and other operating policies to be applied with respect to each relevant GIF Activity component, in accordance with the policies and procedures of those Technical Partners, and following the guiding principle of enabling broad participation in the final financial structure as best meets the needs of the project;

- c. Providing brief progress reports on GIF Activity implementation to the Management Unit on a six-monthly basis, or such other frequency as the GIF Activity Implementation Team and the Management Unit may agree;
- d. Establishing a Project Working Group, as described in Paragraph 33 below; amending the composition of that Project Working Group's composition at key stages of the GIF Activity; and convening the Project Working Group to solicit non-binding input and feedback on the GIF Activity, supported by the Management Unit as necessary; and
- e. At the end of each project stage, reviewing project definition, preparation, structuring, and appraisal work undertaken to date, and in consultation with the Management Unit, (i) advising the Government Counterpart with respect to continuing project development in light of available information on project viability; (ii) adjusting the proposed scope of the GIF Activity accordingly; and (iii) reporting to the Management Unit on project development and appraisal outcomes and any proposed adjustments to the GIF Activity scope, subject to the review and approval requirements described in Paragraphs 38 to 39 below.

### **Project Working Group Role**

33. **GIF Project Working Groups** may be established by the Activity Implementation Team, with the support of the Management Unit as necessary. GIF Project Working Groups may consist of Government Counterparties, interested Advisory Partners and Technical Partners, and other public or private sector entities which may be selected by the Team Leader based on project needs. The composition of a Project Working Group, and any subsequent amendments, will be made public. The Team Leader will convene the Project Working Group, either in person or remotely, at key project stages to obtain non-binding input and feedback on project preparation approach and structuring options, reflecting current market and financial trends. The input and feedback would be reviewed and, as appropriate, taken into consideration by the Activity Implementation Team in the preparation of the GIF Activity with the objective of enhancing its bankability.
34. Advisory Partners interested in participating in GIF Project Working Groups should inform the Team Leader and GIF Management Unit at this stage of any actual or potential conflicts of interest or perceived conflicts of interest with respect to the project, as further described in Section F below.
35. The input and feedback being sought from the GIF Project Working Group may depend on partner role as follows:
  - a. **Private Advisory Partner members:** provide non-binding input and feedback on their perception of project risks as well as other broader risks (such as political, regulatory, currency, inflation, legal) and the required approach to risk management or mitigation; as well as on commercial and financial terms currently required in the market to the Activity Implementation Team and the Government Counterpart.
  - b. **Technical Partner and Development Finance Advisory Partner members:** provide non-binding feedback on project risks, risk mitigation approaches, and specifically, interest and capacity to provide financing or credit enhancements or otherwise support the project according to project needs identified by the GIF Activity Implementation Team.

36. The Activity Implementation Team will manage all interactions with Project Working Groups such as to avoid creating conflicts of interest or the perception of conflicts of interest and with the intent of maintaining a level playing field, as described in Paragraph 45 below.
37. The Activity Implementation Team may, from time to time, amend the composition of the GIF Project Working Group to ensure its relevance to the GIF Activity's stage of development, and to manage real and/or perceived risks of Conflicts of Interest as also described in Paragraph 45.

**Completion of Project Stages and Adjustment of GIF Activity Scope during Implementation**

38. Upon completion of each project stage and at milestones to be defined in the GIF Application, the responsible GIF Activity Implementation Team will report to the Management Unit. This report should follow a format provided by the Management Unit, and should include information sufficient to demonstrate that the planned scope of work for that stage has been completed and that the project remains consistent with GIF criteria, set out any proposed adjustments to the scope, cost, or implementation arrangements for subsequent stages of the GIF Activity arising from project development and appraisal outcomes, and associated implications for reimbursement arrangements (if any). The Management Unit will review the information received from the GIF Activity Implementation Team to check the GIF Activity remains consistent with the requirements of the GIF Partnership Framework and GIF Operating Guidelines.
39. Based on the results of that review, provided the GIF Activity remains consistent with GIF requirements, and within a maximum of fifteen (15) working days, the Management Unit will proceed as follows:
  - a. If adjustments in scope (if any) would result in an increase in total GIF Activity amount of less than 20 percent, and/or result in a total expected cost that remains less than or equal to \$500,000, subject to the availability of resources in the GIF Trust Fund and other funds supporting the GIF as may be applicable, the Management Unit will notify the Trustee of advancement to the next project stage, and of increased allocation of GIF resources required, if any. This notification will trigger the release of the Technical Partner Activity Administration and Support Fees and disbursement of Activity funds for that stage to the relevant Technical Partners, in accordance with the Financial Procedures Agreements. The Management Unit will send a summary of the results of the work undertaken and ensuing adjustments to the Governing Council for notification.
  - b. If proposed adjustments in scope would increase total GIF Activity Costs by more than 20 percent and result in a total cost exceeding \$500,000, the Management Unit will seek approval by the Governing Council, prior to notifying the Trustee as described above. Such approval will be sought on a no-objection basis in accordance with the no objection approval procedures set out in Paragraphs 63 through 67 below.

**Adjustment of GIF Activity Scope due to implementation delays**

40. In some cases, a project may be delayed during a project stage, due to reasons beyond the control of the Activity Implementation Team, in such a way that impacts the scope and cost of support required to achieve the Activity objectives. In such cases, and where the delay to the project exceeds three months, an adjustment to the scope and cost of GIF Activity may be proposed by the responsible GIF Activity Implementation Team. Such adjustment will be subject to Management Unit review based on continued consistency of the GIF Activity with the requirements of the GIF Partnership Framework and GIF Operating Guidelines, and to approval following the processes set out in Paragraph 39 above.

## **F. CONFLICT OF INTEREST**

41. The involvement of all GIF Partners and Governing Council members in any GIF Activity, pursuant to their respective roles as described in these Operating Guidelines, will be managed so as to identify and mitigate actual, potential, or perceived conflicts of interest between those partners, with Government Counterparts, and/or with the ultimate intended beneficiaries of the project, as described in the following paragraphs.
42. Actual, potential, or perceived conflicts of interest could arise when a GIF Partner or Governing Council member has an interest, including any financial, organizational, or personal interest, that may adversely influence the performance of its, his, or her role as GIF Partner or Governing Council member with respect to GIF activities. This could include, for example, a situation where a GIF Partner or Governing Council member has a competing interest in a proposed GIF project, a historical, current or future advisory or financial engagement with any project stakeholders, any financial interest in a related or potentially competing project or investment program, or any other advisory or investment engagements that may be in conflict with the interests of the Government Counterpart and/or the ultimate intended beneficiaries for a proposed project.
43. Funding Partners, Technical Partners, or recipient country representatives acting in their capacity as Governing Council members should disclose all actual or potential conflicts of interest as soon as they become aware, and avoid participating in decision-making or deliberations in relation to matters where conflicts arise, including but not limited to reviews and approvals of GIF Activities.
44. Technical Partners participating in GIF Activity Implementation Teams must adhere to their own conflict of interest policies, including for example with respect to separation of in-house advisory and financing functions. Technical Partners indicating interest in a GIF Activity, as described in Paragraph 12 above, should identify any actual or potential conflicts of interest that may arise from their proposed role in the Activity Implementation Team for the Activity and the appropriate mechanisms that will be employed to manage any such conflicts, according to their own conflict of interest policies. These actual or potential conflicts of interest and proposed mitigation should be identified in the Application as described in Paragraph 22 above.
45. Project Working Groups will be managed by the Activity Implementation Team to avoid creating conflicts of interest or the perception of conflicts of interest, and with the intent of maintaining a level playing field, including as follows:

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- a. Advisory Partners interested in or actively participating in a Project Working Group should disclose any existing actual or potential conflict of interest to the Activity Implementation Team as soon as they become aware of it, and may be asked to recuse themselves from the Project Working Group accordingly.
- b. Technical Partners will exercise good judgment and act in accordance with their respective disclosure and/or access to information policies, in sharing information on a project directly related to a GIF Activity with Project Working Groups.
- c. Private Advisory Partners interested in offering financing and/or any other form of support for a project directly related to a GIF Activity may not continue to participate in a Project Working Group once the GIF Activity enters the Transaction Stage—that is, when the Government Counterpart has approved implementation of the transaction and initiated the transaction preparation process.
- d. Technical or Development Finance Advisory Partners planning on, or possibly interested in, offering financing or credit enhancement for a project directly related to a GIF Activity may continue to participate in a Project Working Group during the Transaction Stage only on the basis of an expressed commitment that financing will be available equally to all potential bidders in such project.
- e. Minutes of the Project Working Group meetings will be made available as part of the document package that is provided to bidders during the bidding process of a project.

## G. FINANCIAL MANAGEMENT

### Uses of GIF Funds

46. **GIF Activities:** GIF funds may be used for GIF Activities approved by the Governing Council and/or the Management Unit, as set out in Paragraphs 27 through 30 above. Eligible uses of resources under GIF Activities (“GIF Activity Costs”) are:
  - a. Third party expenses relating to the engagement of specialized consultants providing advisory support undertaking detailed studies;
  - b. Technical Partner staff costs and expenditures that can be attributed directly to the Technical Partner’s role in a GIF Activity Implementation Team with respect to technical oversight and implementation of GIF project support activities, as described in Paragraph 32 (a). Technical Partners may include such staff costs and expenditures as are consistent with their policies and procedures, guided by the principles of value for money, reasonableness and transparency; and
  - c. Costs and expenses incurred by the Management Unit for the delivery of the Project Readiness Assessment, with regard to third party expenses relating to the engagement of specialized consultants, and staff costs and expenditures of the Management Unit, as such costs and expenses may be included in Management Unit costs under Paragraph 49.
47. Ineligible uses of resources under GIF Activities related to project definition, design, preparation, structuring or transaction support include direct costs of the Government Counterpart’s project preparation, project monitoring, or supervision activities; expenses post-financial close relating to project monitoring or supervision; costs of arranging financing when the project sponsor has the

responsibility to provide the financing; costs and expenses that would typically be covered through the project preparation or appraisal process for a Technical Partner loan or other financial product; and any Technical Partner costs that will be covered under any other contractual arrangement in place between the Technical Partner and the relevant Government Counterpart under which fees will be charged to the government for staff costs and expenses.

48. **Technical Partner Activity Administration and Support Fees:** GIF funds may be used as Technical Partner Activity Administration and Support Fees to cover Technical Partners' fees, costs and expenditures related to administering GIF Activities, such as fulfilling reporting and monitoring requirements, maintaining separate records and ledger accounts, and Trust Fund administration fees, if any. An allocation consisting of a defined percentage of the GIF Activity amount will be requested as part of the Application for approval. This amount will be added to the amount allocated to a Technical Partner upon approval of a GIF Activity, to cover such activity administration and support fees. Such fees will be transferred and made available to the relevant Technical Partner per project stage according to the value of the GIF Activity corresponding to that stage, as further described in Paragraphs 38 and 39 above, and in accordance with the terms and conditions of each Technical Partner's Financial Procedures Agreement.
49. **Management Unit Costs:** GIF funds may be used to cover Management Unit costs on a full cost recovery basis. The costs will include, but not be limited to, staff costs and expenses incurred in carrying out the Management Unit's designated roles and responsibilities, third party consultant costs as needed to support the Management Unit in carrying out these roles, costs of hosting Governing Council and Advisory Council meetings (excluding travel costs for Governing Council or Advisory Council members, with the exception of recipient country representatives from IDA-eligible countries, for which reasonable travel costs will be covered following WBG policies), costs of convening GIF partners and other experts for other knowledge-sharing events, and costs related to independent evaluations.
50. **Trustee Costs:** GIF funds may be used to cover Trustee costs and fees on a full cost recovery basis. The Trustee will submit a budget request to the Governing Council for approval on an annual basis.
51. **Foreign Exchange Risk:** The Technical Partner will have the right to convert all funds received by the TP GIF Trust Fund into other currencies to facilitate the administration of the TP GIF Trust Fund. However, unless otherwise agreed by the Governing Council, Technical Partners will not be entitled to receive any additional funding from the GIF Trust Fund if GIF Trust Fund resources received from the Trustee prove insufficient to complete the relevant GIF Activity as a result of exchange rate fluctuations.
52. If a Technical Partner provides funding support to GIF Activity Recipients in a currency other than the currency in which the commitment and the transfer by the Trustee is made:
  - a. Such Technical Partners may employ hedging tools such as cross currency swaps, as may be appropriate, to mitigate foreign exchange risk. However, if such Technical Partner seeks recovery of any costs incurred in relation to employing such hedging tools from the GIF Trust

- Fund, then each approval of a GIF Application must include an indication of any applicable hedging costs for managing such foreign exchange risks. The GIF Trust Fund will only cover any such costs up to the amount included in the relevant approval of the GIF Application; or
- b. If a Technical Partner is not hedging such foreign exchange risks, then to the extent such approval of a GIF Application includes the applicable currency of expected reflows related to such GIF Activity which is different to the currency committed and transferred by the Trustee, then the Technical Partner may denominate the funding to, and receive reflows from, the GIF Activity Recipient in such currency specified in the approved Application. In such cases, unless otherwise agreed with the Trustee, the Technical Partner will, upon receipt of reflows from the GIF Activity Recipient, convert such amount into the currency in which the Trustee commitment and transfer was made, and transfer the converted amount to the Trustee, in accordance with the Financial Procedures Agreement and the terms of approval of the Application. For the avoidance of doubt, when returning the reflows to the Trustee, the Technical Partner will be neither required to make up for any loss nor permitted to retain any gain, in the amount of reflows calculated in terms of the Trustee commitment/transfer currency which needs to be returned to the Trustee, where such loss or gain is produced as a result of exchange rate fluctuations between the currency used for such GIF Activity and the Trustee commitment/transfer currency.

### **Fees, Reimbursements, and Reflows**

53. A portion of GIF Activities may be undertaken on a reimbursable basis, with a view to sharing project preparation cost and risk with Government Counterparts, and ultimately with investors.
54. Terms and level of reimbursement for an individual GIF Activity will be reviewed and approved by the Management Unit or Governing Council on a project by project basis, as part of a GIF Application, following the process set forth in Section D. “Activity Initiation, Review, and Approval Process” above. A greater flexibility will be given to the lowest income countries, and fragile or conflict affected states (based on the World Bank’s classification), for reduction or waiver of the reimbursement ratio. In determining the proposed terms for a particular project, Technical Partners will make reference to the guidelines described in Paragraphs 55 to 56 below. Where project-specific deviation from these guidelines is proposed, the Application should include an explanation for such deviation so as to assist the Governing Council’s or the Management Unit’s review of the application and justification for such deviation.
55. Technical Partners may use the following guidelines in determining proposed reimbursement terms for any GIF Activity:
  - a. GIF Project Readiness Assessments and GIF Project Definition Activities will be provided on a fully grant basis, with no reimbursement required;
  - b. Those costs related to Project Preparation and Structuring Activities will be determined as follows:
    - i. If and when a project successfully reaches financial close, the agreed level of reimbursement, capped at 100%, of the relevant GIF Activity costs will be reimbursed to GIF; the mechanics of such reimbursements will be determined by the relevant

Government Counterparts and the Technical Partner and may include requiring payment from the successful project sponsor, the requirement of which will be built into the transaction documentation;

- ii. If the GIF Activity is terminated at any stage by mutual agreement between the Activity Implementation Team and the Government Counterpart because the project is found to be non-viable, based on project preparation, appraisal, and structuring work; at transaction stage because the project does not receive a viable bid; or after commercial close because a winning bidder is unable to secure financing (“**Project Failure**”): no reimbursement is required;
- iii. If the GIF Activity is terminated by the Government Counterpart prior to reaching financial close for reasons other than those outlined in the Paragraph above, and/or is terminated by the Technical Partner(s) due to failure of the Government Counterpart to comply with the terms of the Activity engagement (“**Activity Cancellation**”): 100% of incurred costs to be reimbursed by the recipient Government Counterpart.

56. Where Technical Partners have established standard advisory services agreements and associated pricing policies for project preparation and structuring support that are based on recovering costs through a "success fee" charged to the Government Counterpart when the project reaches commercial or financial close, and which may also include a “penalty payment” in case of cancellation of the advisory agreement, those standard agreements and associated pricing policies may form the basis for the proposed reimbursement terms for a GIF Activity. In such cases, the Technical Partner GIF may use the following guidelines in determining proposed reimbursement terms for any GIF Activity:

- a. GIF Project Readiness Assessments and GIF Project Definition Activities will be provided on a fully grant basis, with no reimbursement required;
- b. Those costs related to Project Preparation and Structuring Activities will be determined as follows:
  - i. If and when a project successfully reaches commercial close, financial close or any other such payment milestone in the terms of the advisory services agreement between the Technical Partner and Government Counterpart, the reimbursement to GIF will be defined as a percentage share of the “success fee” calculated as the total financial contribution of GIF as a proportion of the total incurred costs of the Technical Partner, up to a maximum of 100% of the relevant GIF Activity costs. This calculation is made by the Technical Partner after the payment milestone has been reached and the Technical Partner has received payment from the Government Counterpart; information on the basis for the calculation, including the total incurred costs of the Technical Partner, will be shared with the Management Unit;
  - ii. If there is an event of Project Failure (as defined in Paragraph 55), no reimbursement is required;
  - iii. If there is an event of Activity Cancellation (as defined in Paragraph 55), the reimbursement to GIF will be defined as a percentage share of any “penalty payment”, calculated as the total financial contribution of GIF as a proportion of the total incurred costs of the Technical Partner, up to a maximum of 100% of the GIF Activity Costs

incurred. This calculation is made by the Technical Partner after cancellation occurs and the Technical Partner has received payment from the Government Counterpart; information on the basis for the calculation, including the total incurred costs of the Technical Partner, will be shared with the Management Unit.

## H. INFORMATION MANAGEMENT

57. The Management Unit shall manage, in accordance with the provisions on “Information Management” set forth in the GIF Operating Guidelines, all information created and/or received by the Governing Council. In managing such information on the Governing Council’s behalf, the Management Unit shall serve as the custodian of records and documents of the Governing Council and shall inform the Governing Council of restrictions on disclosing and/or sharing information that the Governing Council may need to comply with.
58. Information created or received by the Management Unit is information in the World Bank’s possession and, thus, is subject to the World Bank’s policies governing information management, including, but not limited to, the World Bank Policy on Access to Information (“**AI Policy**”) governing public access to information in the World Bank’s possession. The Management Unit accordingly manages disclosure and sharing of information created or received by it as follows:
- a. **Disclosure to the Public.** Recognizing the fundamental importance of transparency and accountability to the development process, under the AI Policy, the World Bank allows public access to any information in its possession that is not on a list of exceptions. On this basis, the Management Unit may disclose these Guidelines and related information on the GIF in accordance with the AI Policy. As provided on the list of exceptions under the AI Policy, however, the Management Unit does not disclose information to the public that has been provided by member countries or third parties to the Management Unit in confidence, without express consent from the member country or third party concerned. If information related to the GIF is provided to the Management Unit in confidence, the party providing the information to the Management Unit will mark the document containing such information as confidential and/or as being provided in confidence. As long as the information provided to the Management Unit is clearly marked in writing, or is otherwise conveyed to the Management Unit in writing, as “confidential information”, the Management Unit will treat it as restricted from public access and will not disclose the information to the public unless the Management Unit obtains the prior written consent to disclose the information to the public from the party who provided the information to the Management Unit. Subject to the conditions set out in this paragraph, the Management Unit will disclose any document or information provided to the Management Unit for submission to the Governing Council in accordance with the AI Policy.
  - b. **Sharing of information with parties other than the press and the general public.** Additionally, if the GIF Partner(s) specifically inform the Management Unit in writing of their understanding of confidentiality, namely any restrictions that the GIF Partner(s) may wish to impose on the internal sharing of such information (i.e., sharing within the World Bank Group) and/or the external sharing of such information, then the Management Unit will refrain from

the sharing of such information to the extent of such restriction conveyed to the Management Unit in writing. External sharing is understood to refer to sharing of information with individuals, groups, or entities outside the World Bank Group that may be conducting official business with the GIF, but excludes sharing with the press and the general public.

## I. RULES OF PROCEDURES FOR THE GIF GOVERNING COUNCIL

59. **Meetings.** The Governing Council will meet twice a year. The Governing Council will, prior to the closing of each regular meeting, decide the timing of the next regular meeting. The Governing Council may also hold video conference meetings or other special meetings as necessary, if so decided by the Co-chair persons based on a proposal by the Management Unit.
60. **Secretary of Meetings.** The Management Unit serves as the Secretary of any meeting of the Governing Council, and will perform such functions as are necessary for the smooth conduct of the Governing Council meetings. The Management Unit, in consultation with the Co-chair persons, prepares provisional agenda for each meeting of the Governing Council. The Management Unit gives notice to all Governing Council members of the dates and venue of each meeting, together with the provisional agenda of the meeting, at least ten (10) working days prior to the first date of the meeting.
61. **Agenda for a Meeting.** The Governing Council will adopt the agenda for the meeting at the beginning of each meeting of the Governing Council.
62. **Summary of Meeting.** All decisions of the Governing Council are recorded in a summary of the Governing Council meetings, prepared by the Management Unit under the guidance of the Co-chair persons. Any such summary is circulated to all Governing Council members as soon as practicable.
63. **No Objection Approval Procedures.** The Management Unit may request for a decision by the Governing Council on a no-objection basis in the following circumstances:
  - a. GIF Activities (including any adjustment thereto) for which Governing Council approval is required, as set out in Paragraphs 27 and 39 above; and
  - b. in the judgement of the Management Unit, a decision must be taken by the Governing Council that should not be postponed until the next regular meeting of the Governing Council and does not warrant a special meeting.
64. In such a case of no-objection decision-making, the Management Unit shall, by email or such other electronic communication media, send to each Governing Council member an invitation, together with the supporting documentation, to review and approve the proposed decision. The Governing Council members will have 10 (ten) working days (or such longer period specified in the invitation by the Management Unit on an exceptional basis) to communicate any objection to the proposal. Any objection should be accompanied by an explanation of the rationale for the objection.
65. In case of an objection, the Management Unit may convene, where deemed appropriate, a discussion among Governing Council members (and in the case of a matter related to GIF Activities, the concerned Technical Partner and Government Counterparts as appropriate) as to whether and how the reason for the objection can be overcome, in which case the proposal may be re-submitted to the Governing Council.

## GIF Operating Guidelines

66. The no-objection approval period prescribed in the invitation by the Management Unit under Paragraph 64 above may be extended as follows:
- a. any Governing Council member may request for an extension up to five (5) additional working days; provided that the total period, together with the original period, does not exceed fifteen (15) working days; and
  - b. if the Management Unit determines that it warrants additional time to address any question raised by any Governing Council member in relation to the proposed decision, the Management Unit may, on an exceptional basis, extend the period as it deems appropriate.

The Management Unit will notify the Governing Council in writing of any such extension of the period.

67. At the expiration of the no-objection approval period prescribed in accordance with Paragraphs 64 and/or 66 above, the decision shall be approved, unless the Management Unit has received any objection from any Governing Council member.

### J. AMENDMENT TO THE GIF OPERATING GUIDELINES

68. The provisions of the GIF Operating Guidelines may be amended only with the agreement of the Governing Council and the Trustee on a no-objection basis.

### K. DEFINITIONS

69. Capitalized terms used in these guidelines and that are not defined will have the meanings given to them in the GIF Partnership Framework adopted by the GIF Governing Council on 20 April, 2015 as may be amended from time to time in accordance with its terms (the “**GIF Partnership Framework**”), and the following additional terms will have the following meanings:

“**Activity Cancellation**” means if the GIF Activity is terminated by the Government Counterpart prior to reaching financial close for reasons other than Project Failure, and/or is terminated by the Technical Partner(s) due to failure of the Government Counterpart to comply with the terms of the Activity engagement;

“**Activity Implementation Team**” refers to a group of staff brought together by relevant Technical Partners to implement the GIF Project;

“**AI Policy**” refers to the World Bank Policy on Access to Information;

“**Application**” refers to an application to be submitted or submitted by the Government Counterpart and the Technical Partner(s), as applicable, to the GIF to seek GIF funding in support of a GIF Activity;

“**GIF**” refers to the Global Infrastructure Facility Partnership Program;

“**GIF Activity**” refers to any or all of GIF Project Readiness Assessments, GIF Project Definition Activities and GIF Project Preparation and Support Activities.

**“GIF Activity Costs”** refers to the total cost of a GIF Activity, consistent with eligible use of GIF funds;

**“Government Counterpart”** refers to a government’s ministry, department, agency, or publicly-owned entity, either at national or sub-national level that will be the primary counterpart for the GIF Activity;

**“Pilot Phase”** means the initial five (5) year pilot period of the GIF beginning from 1 April, 2015, up to and including 30 June, 2020;

**“Project Definition Activity”** refers to technical assistance activities, funded or to be funded by GIF, in identifying and defining an infrastructure project or program intended for private investment, and planning for detailed project preparation work, as further described in Paragraph 20 above;

**“Project Failure”** means if the GIF Activity is terminated at any stage by mutual agreement between the Activity Implementation Team and the Government Counterpart because the project is found to be non-viable, based on project preparation, appraisal, and structuring work; at transaction stage because the project does not receive a viable bid; or after commercial close because a winning bidder is unable to secure financing;

**“Project Lead”** refers to an overview of the project submitted by government representatives from eligible countries, and/or a GIF Technical Partner team on behalf of a prospective Government Counterpart to initiate a GIF application process;

**“Project Preparation and Support Activity”** refers to project or program preparation and support activities, funded or to be funded by GIF, for an infrastructure project or program intended for private investment, as further described in Paragraphs 21 and 22 above;

**“Project Readiness Assessment”** refers to a tool, funded or to be funded by GIF, that assesses the completeness of project preparation to date, identifies key information gaps and recommends actions that client governments can take, as further described in Paragraphs 17, 18 and 19 above;

**“Project Working Group”** refers to a team of Government Counterparties, interested Advisory Partners and Technical Partners, and other public or private sector entities selected by the Team Leader based on project needs;

**“Team Leader”** refers to a team leader of a GIF Activity Implementation Team designated to coordinate the GIF Activity through all project stages; and

**“Technical Partner Activity Administration and Support Fees”** refers to fees paid or to be paid to a Technical Partner to cover its fees, costs and expenditures related to administering GIF Activities.