

GIF ADVISORY COUNCIL MEETING

The Energy Transition Investment Opportunity

Wednesday, October 12, 2022 | 9:00 AM - 12:00 PM EDT | IFC Building Room L-101

EVENT SUMMARY

On October 12, 2022, the Global Infrastructure Facility (GIF) held its 14th Advisory Council meeting, "[The Energy Transition Investment Opportunity](#)," with strong global participation, including from private sector financiers and investors from the GIF's Advisory Partner network, representatives of multilateral development banks (MDBs), donor governments, and other observers. The meeting sought to encourage increased collaboration in promoting "infrastructure as an asset class" through enhanced partnerships and knowledge exchange. This was the first in-person Advisory Council meeting since the start of the Covid-19 pandemic, and a few participants also joined virtually. **Please see a high-level summary of the event below:**

Introductory Remarks

Speakers

- **Mari Pangestu**, GIF Advisory Council Co-Chair; Managing Director of Development Policy and Partnerships, World Bank Group
- **Dan Zelikow**, GIF Advisory Council Co-Chair; Vice Chairman, Global Head of Public Sector, J.P. Morgan
- **Mary Shapiro**, Vice Chair of Global Public Policy, Special Advisor to the Founder and Chairman, Bloomberg

Mari Pangestu highlighted the critical importance of a just and affordable energy transition, emphasizing the importance of energy access, which is fundamental to World Bank Group's goals to reduce poverty and promote shared prosperity. In this regard, she mentioned three main streams: (i) scaling up access to renewable energy sources, (ii) energy efficiency and (iii) transitioning away from fossil fuels, notably coal, the leading cause of GHG emissions. She underlined the need to adopt holistic policy reforms and incentives to address not only the decommissioning of coal plants, but also the wider socio-economic costs of doing so and the repurposing of the sites. Finally, she mentioned the importance of global collaboration and partnerships to achieve these goals, and underscored the critical role that the GIF is playing in building strong pipelines of climate-smart and bankable infrastructure projects.

Daniel Zelikow mentioned that while the political feasibility of a large-scale wealth transfer from developed to developing countries is unlikely, fortunately, a lot of commercial capital is available to finance the energy transition. However, he noted that the real bottleneck in infrastructure investment is a lack of concessional funding to help support the project development process, leading to a "shortage of projects." He described the GIF model as an effective and low-cost solution to address this bottleneck, and advocated the scale-up of the

GIF with additional funds from donors, expanding the GIF's technical partners, and further involvement of the private sector in the early stages of project design.

Mary Shapiro mentioned that given the challenging times for the global economy, and the energy sector in particular, the need to transition to a zero-emission energy system has never been more urgent. She emphasized that to reach the Paris Agreement targets by 2030, there needs to be a fourfold increase in the current renewable-to-fossil fuel energy investment ratio, which will require a global public-private collaboration at a scale never reached before. To that end, she highlighted the Climate Finance Leadership Initiative (CFLI), which, in partnership with the GIF, aims to accelerate climate finance flows and build a pipeline of climate solution investment opportunities in emerging markets and developing economies. She also highlighted the Glasgow Financial Alliance for Net Zero (GFANZ), which focuses on building a framework to operationalize financial institutions' commitments for the net zero transition, with financing strategies that are not only targeted to entities that already have "green" business models, but also allocated to "real world" activities that still need to achieve decarbonization.

GIF Progress Update

Jason Lu, the previous Head of the GIF, presented introductory remarks and the GIF progress update, highlighting the current portfolio, pipeline, and flagship partnerships. **Imad Fakhoury**, GIF Governing Council Co-Chair and Global Director, Infrastructure Finance, PPPs, & Guarantees Global Practice, Infrastructure Practice Group, World Bank, concluded the meeting by thanking the Advisory Council co-chairs, speakers, and participants for joining.

Keynote: Global Infrastructure Finance Outlook 2023

Speakers

- **Amitabh Kant**, G20 Sherpa, India; Former CEO, NITI Aayog (National Institution for Transforming India)
- **Joan M. Larrea**, Chief Executive Officer, Convergence,

Amitabh Kant shared an overview of G20 from India's perspective and described the importance of infrastructure development as a way of stimulating growth in developing countries. He mentioned that India is taking over the G20 Presidency at a time when the SDG Agenda 2030 is sliding backwards, public and private debt have reached record heights, and there is a risk of an economic recession. He emphasized that the G20 will be a key driver for shaping the global narrative of growth and infrastructure during India's 2023 Presidency, and an ambitious and positive agenda for bringing sustainable and decarbonized growth will be put forward.

Joan M. Larrea presented the key findings of the upcoming report by Convergence, including trends for blended finance. She also underlined the critical role of blended finance in de-risking energy transition projects and speeding up the decommissioning of assets in addition to enabling the implementation of more investment opportunities in the adaptation space.

Just Energy Transition: Country Highlights

- **Mafalda Duarte**, CEO, Climate Investment Funds (CIF)
- **Odilbek Isakov**, Deputy Minister of Finance, Uzbekistan
- **Dr. Rania Al-Mashat**, Minister of International Cooperation, Arab Republic of Egypt

Mafalda Duarte emphasized that the Climate Investment Funds (CIF) is committed to assuring the energy transition, and understands the urgency and complexities faced by the developing countries in their efforts. As a response, the CIF has developed a comprehensive plan as part of the Just Energy Transition Partnership (JETP) in South Africa. As a key tool to support that country's climate ambitions, the Partnership will focus on three key pillars: (i) electric decarbonization to assure consistent reduction of coal usage in the country, (ii) green hydrogen developments to focus on the energy of the future, and (iii) electric vehicles to further boost the tool's contribution to clean energy in the transport sector while also strengthening local value chains and charging infrastructure. This will also be accompanied by investments in governance, people, and infrastructure to bring the country's climate goals to reality.

Odilbek Isakov provided a PPP overview, with a focus on renewable energy in Uzbekistan. He emphasized that the country is focused on attracting private capital to its infrastructure investments. Energy development is one of the main goals of the National Strategy 2022-2026, accounting for 75% of the value in the current PPP pipeline. He mentioned that infrastructure projects are mandated to development partners, such as IFC, ADB and EBRD. The partnership with the GIF is very important as it helps Uzbekistan in terms of project development, such as the GIF supporting the Tashkent-Samarkand toll road.

Dr. Rania Al-Mashat presented Egypt's Country Platform for the Nexus of Water, Food, and Energy (NWFE) program, which includes a subset of projects from the set of high-priority projects that form Egypt's National Climate Change Strategy. She highlighted how the NWFE program presents a successful, replicable model for country ownership of effective climate action. She stressed Egypt's commitment and efforts to make COP27 the "Implementation COP," moving from climate pledges into actual implementation with pipelines of investable projects. She expanded on the concept behind the country platform, where grants, technical assistance, and concessional financing from development partners work to crowd-in and enable private sector investments. She highlighted the role of the GIF and partners in ensuring that projects have the right level of detail to ensure investability.

Closing Remarks

- **Julia Prescott**, GIF Advisory Council Co-Chair (Incoming); Partner, and Chief Strategy Officer, Meridiam
- **Imad Fakhoury**, Global Director, Infrastructure Finance, PPPs & Guarantees, World Bank & GIF Governing Council Co-Chair

Julia Prescott thanked the GIF for inviting Meridiam to serve as a GIF Co-Chair starting in January 2023. She highlighted the regions and infrastructure sectors where Meridiam is most active, and described how the firm's work aligns with the GIF's overall scope and activities. She noted that Meridiam is not only an investor with patient capital, but also a developer and an asset manager, with a wide range of active projects. She emphasized that in the short-term, the focus should be on bringing projects to the market. Finally, she noted the following important points: (i) there are several complexities and activities between project preparation and delivery. Therefore, entities like the GIF should also be involved in project implementation stages, (ii) sustainability should be considered at the very early stages of project development.

For more information, please contact: managementunit@globalinfrastructure.org

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