The Green Finance Challenge and Response provided by EBRD’s Infrastructure Project Preparation Facility
Outline

- Green finance challenge for IFIs
- EBRD’s IPPF as a response vehicle
Challenge of green infrastructure financing

IEA’s estimate to reach 2 degree scenario: USD 53 trillion in green projects to 2030 (or USD 3.5 trillion/year)

Global Emerging Market (EM) infrastructure gap: USD 1 trillion per year

IFI infrastructure investments: USD 65 billion/year

USD 20 billion is directed at green projects

Mobilisation and catalysation of private resources by IFIs are key
Raising Green Finance via Green Bonds

- **Climate (Green) Bonds**: Approx. 2800 bonds by 400 issuers
- Only 3% of total annual bond issuance are ‘labelled’ green bonds

1.0 trillion annual global bond market

95 billion green bonds

30 billion ‘labelled’
Action Plan to scale finance levels for green projects

Scaled investments for green projects

Standards: green definitions, verification, certification

IFI/Donor coordination

Planning & pipeline build-out

Credit enhancement

Aggregation for small projects

Domestic funding mandates for institutional investors
Purpose and Positioning

- ‘Infrastructure gap’ mostly explained by lack of proper project preparation and enabling environment issues

- EBRD created special facility (EUR 40 million) in 2015 to:
  - Promote more efficient delivery of projects
  - Improve quality of service offered to clients
  - Deepen focus on commercialised approaches
  - Strengthen institutional capacity
  - Integrate project preparation with higher level policy dialogue

- Two windows: Sustainable Infrastructure Window & PPP Window (PPPs are reimbursable)

- 14 projects already underway since Oct ’15 operational launch, including Dry Port PPP near Cairo (Egypt) and M10 Motorway PPP (Belarus)
Value-added delivery

Quick consultant mobilisation: 6-8 weeks from Contribution Agreement signing to mobilisation of consultants

Sharp project focus: IPPF directly contracts and supervises Framework Consultants, in close coordination with Public Sector Clients

Contribution Principle for PPPs: IPPF pre-pays 100% cost of project preparation, and public sector client contributes a percentage (~10%) of that cost to IPPF in form of a transaction support fee

Reimbursability of PPP preparation: At financial close, private sector PPP concessionaire reimburses both public sector and IPPF for ALL costs incurred
IPPF’s Global Policy Agenda

Institutional support from IPPF

- PPP Certification Programme
- G20’s Global Infrastructure Hub: knowledge sharing pipeline
- Sustainable Development Investment Partnership (SDIP)
- IBG-EPG Policy Seminar Series
- Infrascope: global update
- World Bank Group’s Global Infrastructure Facility
- Regional IFIs’ Project Preparation Facilities
- Global VIP: online peer to peer matching
- IISS: International Infrastructure Support System

Direct resource support from IPPF

- PPP Knowledge Lab
INFRASTRUCTURE POLICY SEMINARS

- Completed Policy Dialogue Seminar (Facilities Management PPPs, Marcos) in November, 2015
- Second seminar in progress (Performance-based Contracting for Roads, Marcos) held on May 27, 2016
- Private Sector Participation in Automated Ticketing and District Heating Full-Cost Recovery Model 2H 2016
- Seminar with GIH, IISS, GViP and PPP Certification for EBRD clients planned for October in Istanbul

KNOWLEDGE DISSEMINATION PLATFORMS

- International Infrastructure Support System (IISS) – project dissemination
- Global ViP – peer to peer amongst infra practitioners

PPP CERTIFICATION

- ‘Body of Knowledge’ course material now ready
- Training organisations being selected
- IPPF to support cost on 50-50 matching basis
Follow Up info for IPPF supported and affiliated activities

- **PPP Certification Programme**

- **International Infrastructure Support System**
  www.public.sif-iiss.org

- **Global ViP:**
  www.gvip.io/

- **G20’s Global Infrastructure Hub**
  www.globalinfrastructurehub.org

- **Sustainable Development Investment Partnership**
  www.sdiponline.org

- **World Bank Group’s Global Infrastructure Facility**

- **PPP Knowledge Lab**
  https://pppknowledgelab.org

- **Infrascope**
International Infrastructure Support System

What?
An online project development resource facilitating project delivery. Not a funding source such as a project preparation facility.

Why?
Well-prepared projects are fundamental to attracting and increasing investment into infrastructure and reducing the infrastructure gap.

How?
Building capacity through expert guidance utilising recognised global templates, reference sources and examples. Online, secure, multi-user preparation platform/service, accessible to public and private sector, scalable, details attract and maximise finance options for project.
International Infrastructure Support System

Almaty LRT PPP

SECTOR/SUBSECTOR
Transport/Light Rail Transit

TYPE OF PROJECT
New

PROJECT CREATED ON IISS
April 2016

ESTIMATED CAPITAL COST
480,000,000 USD
95,300,000,000 KZT

TERRITORY/CITY
Kazakhstan/Almaty

LEVEL OF PUBLIC SECTOR
City/Municipal

LAST MODIFIED
03 June 2016

LRT project will be realized through the creation of new facilities in Almaty and will consist of modern high quality trains which will be used for transportation services for the Almaty city population. Implementation of the project will reduce the usage of private vehicles, traffic congestion, time spent on the road, emissions of air pollutants and greenhouse gas.

Key Milestones

Project Preparation Initiated
Identification of Procuring Authority
Support from Development Bank(s)

General Design
Support from Development Bank(s)
Contractual Doc Preparation
Timetable for Procurement

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My Tasks
Add a New Task
All My Tasks
Team Tasks

Project Preparation Status
Overall
Governance 30%
Technical 30%
Economic 30%
Financial 30%
Legal 30%
Environmental & Social 30%
Engage the World of Infrastructure

Engaging in the infrastructure marketplace presents complex questions every day. GViP is a tool that enables you to find the right solution, quickly. We connect you to the right experts—putting you in conversation with the best resources in the global expert marketplace. With GViP you can follow projects around the world, engage the right expertise, and create a powerful dashboard that lets you see opportunities, and dangers, at a glance.

Connect with Global Expertise

Build a powerful community of infrastructure experts — bring the global expert community, public and private, to your fingertips, your dashboard, whenever you want.
Once a project is published, the private sector can see general information only and can comment on specific published project pages.

Puente Chacao

The 2.6 kilometer bridge is expected to have two spans of 1.0 kilometer each and a deck preferably of 4 lanes, with a minimum of 3 lanes. With an estimated value of USD 750 million, the project has been reassessed adjusting expected demand resulting in a socially profitable project. The Chacao bridge project will now be carried out under a traditional modality of contract by the Chilean Ministry of Public Works. The international request for qualifications started in August 2012 and the bidding phase will be held in the first quarter of 2013, the adjudication of the project is expected...
Once a project published, the private sector can see general information only and can comment on specific published project pages.
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