

Removing the Bottleneck for Infrastructure Investments

Resilient Cities

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Vision

Strengthened **infrastructure** systems which are **sustainable** from an environmental, economic, social and governance perspective and thus lead to **sustainable economic growth** in emerging and developing markets.

Sustainability has the potential to de-risk infrastructure investments whilst catering for the societal, environmental and economic **needs of urban populations**.

Global Need for Sustainable Infrastructure

Infrastructure is a key component of a functioning economy and the basis of good **livelihoods**. (World Bank)

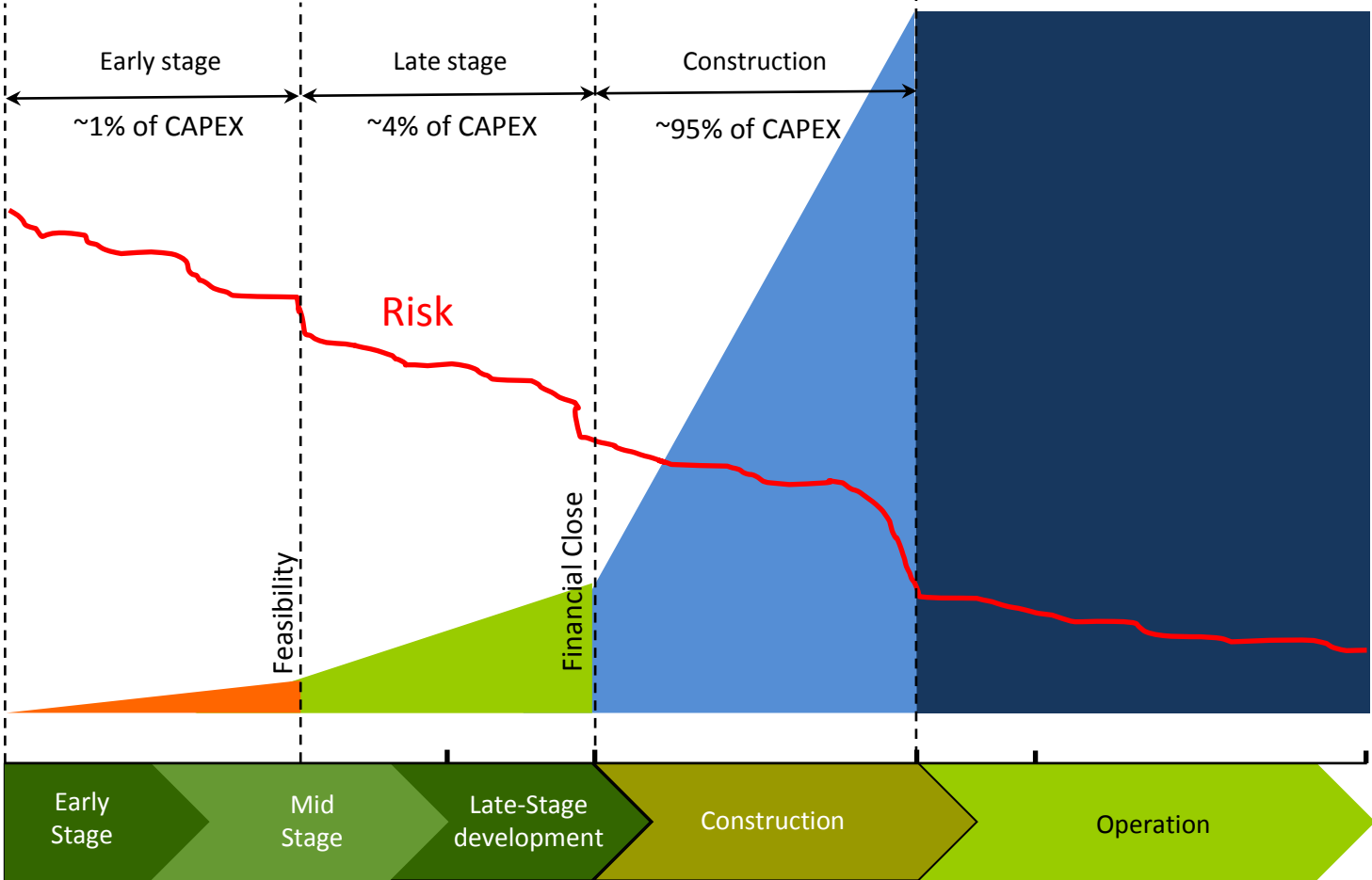
By 2050, global cities are projected to absorb an additional three billion people: **70% of the world's population will live in urban areas**. (World Economic Forum)

75% of the infrastructure that will be in place by 2050 doesn't exist today. This is a huge opportunity. (GIB)

Worldwide infrastructure (agriculture, transport, power and water) investment needs will be around **5 trillion USD per year** in coming decades. (OECD)

⇒ The **bottleneck in early stage project development** and the **lack of bankable projects** hinders the urgently needed infrastructure development.

Project Development Cycle



Project Development Lifecycle

Unlocking Sustainable Infrastructure Benefits

GIB's Sustainable Infrastructure Grading at the feasibility stage (in addition to later, conventional due diligence) helps projects to:

- **Reduce** political and related **default risks**;
- Lower **borrowing rates**;
- Lower **transaction** and **running costs**;
- Lower liquidity risks by smoothing **cash flows**;
- Improve **credit quality** and investor confidence;
- Spur **engagement/involvement/placement** of investors

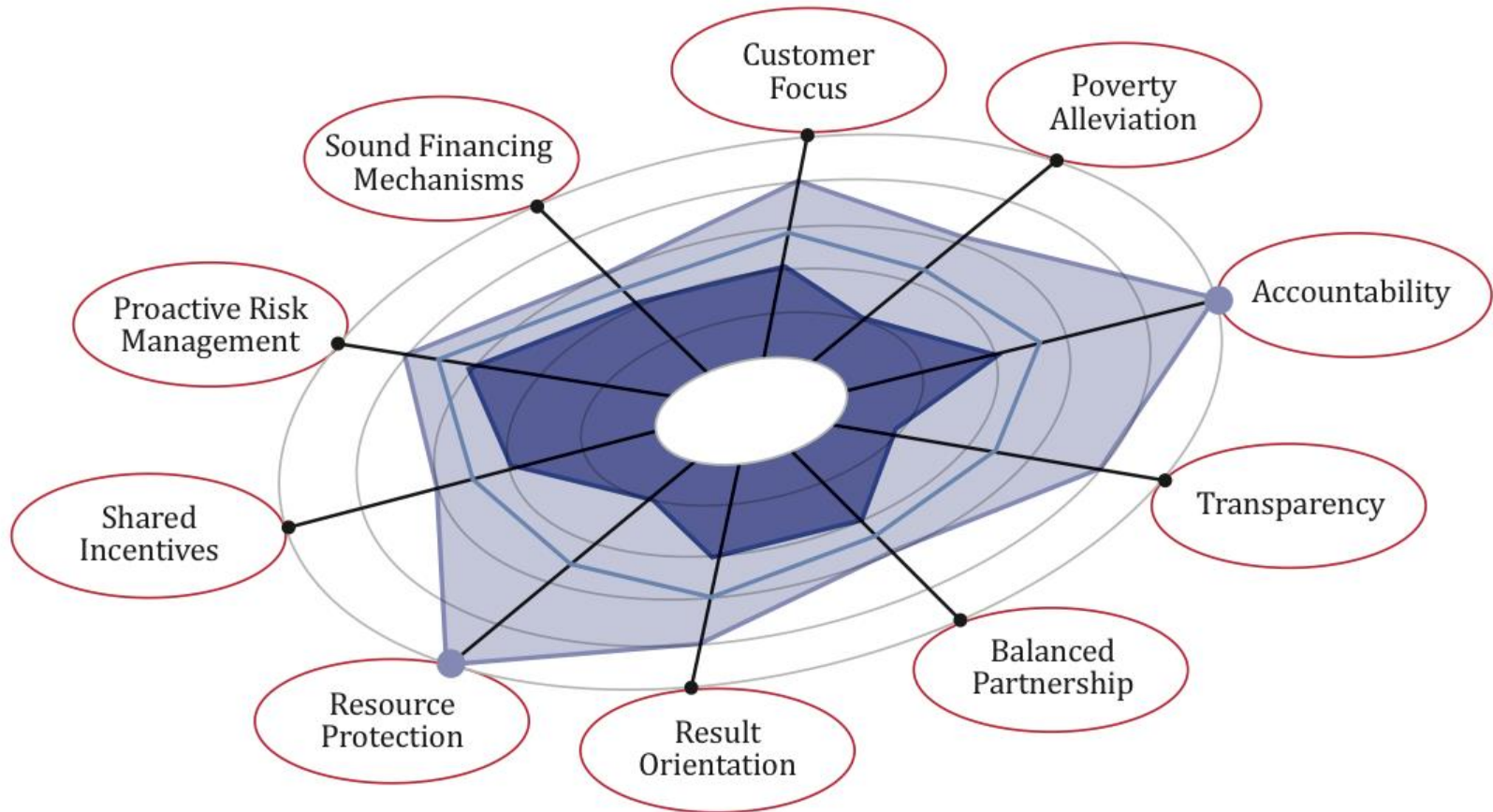
→ Sustainable Infrastructure provides better risk adjusted returns.

Sustainable Infrastructure – Current Challenges

Evidence clearly shows that there is a huge need, but why is it still difficult to finance infrastructure?

1. Bottlenecks in early stage project development (feasibility/bankability studies) – capital is starved due to lack of greenfield market.
2. Not enough public capital to cover needs – private funds are required and sustainability expertise is needed to unleash potential.
3. Lenders do not provide money for poorly structured projects, developers cannot move forward without financial means.

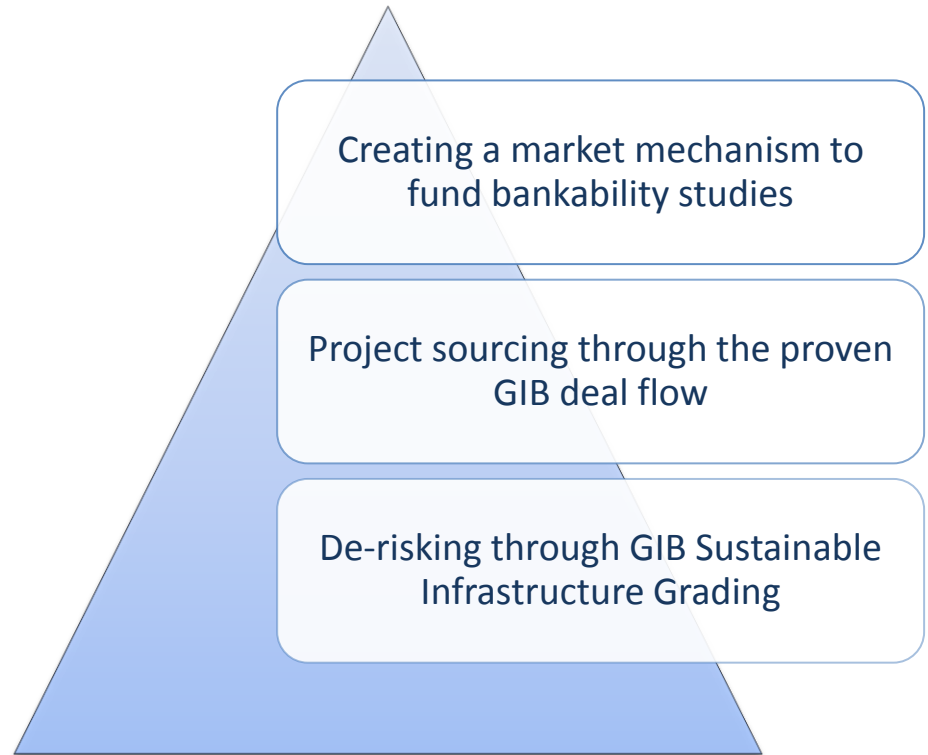
GIB Sustainable Infrastructure Grading



Sustainable Infrastructure Bankability Study Fund

Provides risk capital for the capital-starved **early stage** infrastructure sector. Invests in and supports the completion of **bankability studies**, builds a solid foundation for **sustainable infrastructure** and brings projects to successful **financial close**.

Projects are de-risked and improved with the GIB Sustainable Infrastructure **Grading** (gatekeeper for investment) and sourced from the proven GIB **Project Platform**.



Innovation – The SI Bankability Study Fund

Target Fund Size:	USD 20M – USD 50M
Ticket Size:	USD 200K-1M (loans), portfolio of 40-55 assets
Expected Returns:	15-30% net to investors
Geography/Sector:	Worldwide / All sectors (possibility of sub-funds with special focus depending on investment partners.)

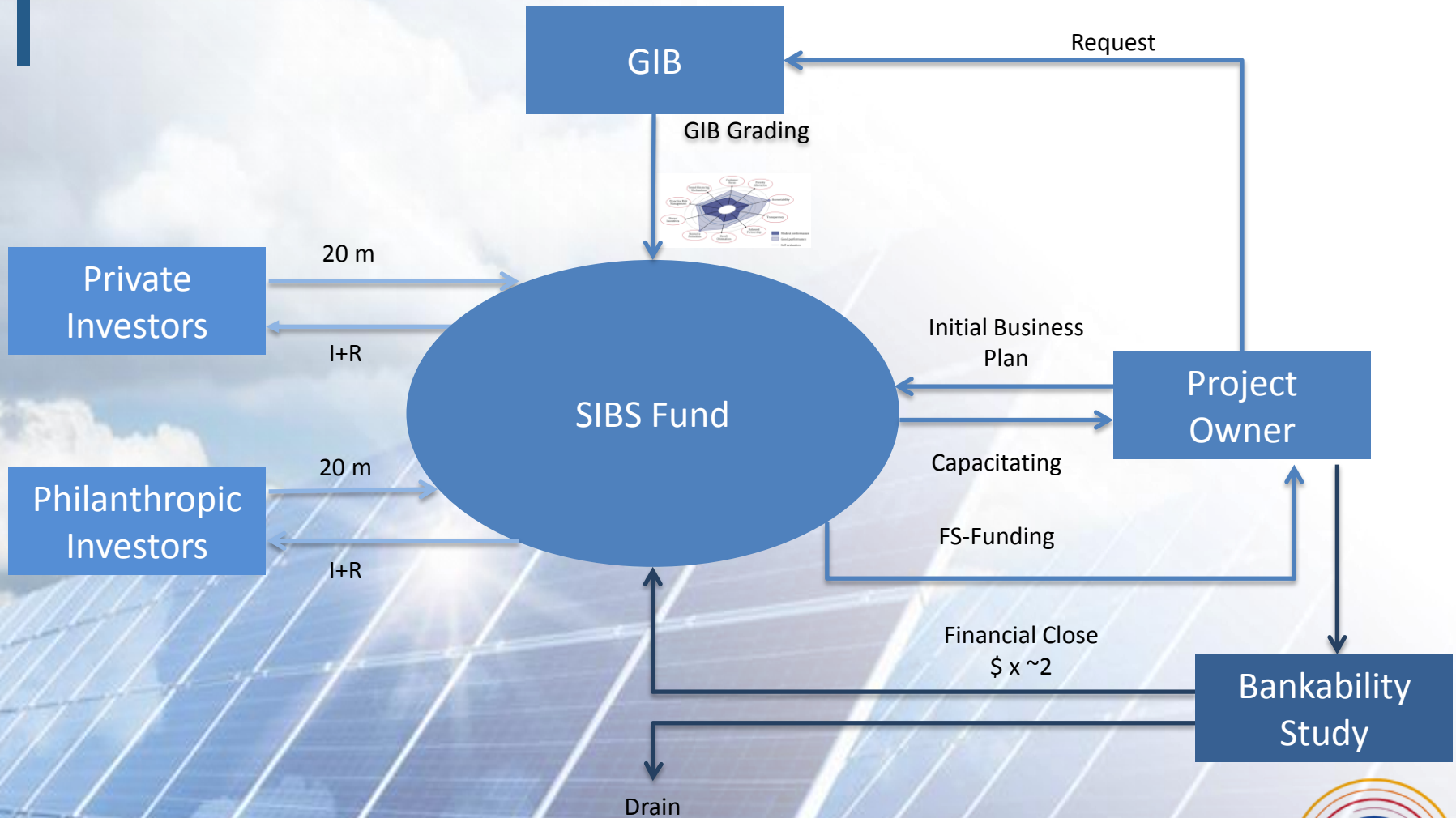
Investment thesis: Provide investment for projects to **complete bankability study and** demonstrate bankability for investment.
Projects **de-risked and improved** with GIB sustainable infrastructure grading (gatekeeper for investment).

Investment manager: TBD
Expert advisor, deal flow: GIB

INVESTMENT OPPORTUNITY:

USD 20-50M to **anchor the sustainable infrastructure platform** & access the best available pipeline of qualified sustainable infrastructure investments.

SI Bankability Study Fund – Structure



Questions

- 1 . Is there a lack of information concerning project preparation funds and facilities (PPFs) and is there a need for and overview of financing choices?**
- 2. What information is available to local governments concerning project preparation funds and facilities (PFF)? What can be done to ensure city officials have a sufficient overview of financing choices?**
- 3. Are the funding possibilities not sufficient? Is there an existing lack of financing options?**
- 4. What funding opportunities and options exist for sustainable infrastructure projects? Are they sufficient and how can they be expanded?**
- 5. What are the main reasons projects fail to secure funding in the early stages? Is there lacking capacity in the cities?**
- 6. How can private investments be fostered?**