

IFC InfraVentures

IFC Global Infrastructure Project Development Fund

June 2014

Investing Across Infrastructure & Natural Resources

- Current portfolio: \$12.7 bn
- FY13 investments: \$5.7 bn, including \$2.6 bn in mobilizations
- Local presence in key markets
- Extended team covering both global giants and local leaders

Power	Utilities	Transport Infrastructure	Transport Services	Natural Resources	Telecom, Media, Tech
<ul style="list-style-type: none">• Generation, thermal and renewable• Transmission• Distribution• Integrated Utilities	<ul style="list-style-type: none">• Water, Waste• Privatized Public Services	<ul style="list-style-type: none">• Airports• Ports• Roads• Railroads	<ul style="list-style-type: none">• Logistics• Shipping• Airlines• Rolling Stock	<ul style="list-style-type: none">• Oil & Gas• Gas Distribution• Mining• Pipelines• LNG	<ul style="list-style-type: none">• Broadband• Mobile• Data Centers• E-banking

Project Development is a Key Component of IFC's Strategy to Increase Infrastructure Investments in IDA Countries

- IFC will continue to invest in bankable projects developed by third parties
- However, the challenge remains that not enough project ideas go through to completion. Drivers include:
 - Incomplete / ineffective regulatory environment
 - Perception of risk
 - Lack of early-stage risk capital
- IFC efforts to increase the pipeline of bankable projects include:
 - Providing Advisory services to governments to develop and seek investment for PPP/ infrastructure projects
 - Working closely with the World Bank to help develop policies, regulations and frameworks for PPPs/ infrastructure investments
 - Investing in and helping to develop projects at an early stage through vehicles such as *IFC InfraVentures, a global infrastructure project development fund*

IFC InfraVentures: objectives, structure and working

- IFC InfraVentures is a global infrastructure project development fund
- \$150 million fund with five-year fund life
- Mandate to invest in infrastructure projects in IDA borrowing countries*
- For each project, IFC InfraVentures can fund up to US\$ 8 million of project development expenses at an early stage. Typically, this would be 20-30% of the early-stage financing required to bring the project to financial close.
 - In selected situations, IFC InfraVentures may take a larger stake or even lead project development as a “surrogate” sponsor
- In return, IFC InfraVentures will take a stake in the equity of the project at financial close
 - This is not grant funding
 - Additional debt and equity to fund construction could come from other parts of IFC’s balance sheet (would be subject of a separate agreement)
- Fund staff work proactively as co-developers of the project, alongside the lead sponsor. Dedicated, experienced senior professionals are deployed

* For a list of IDA borrowing countries, see <http://www.worldbank.org/ida/borrowing-countries.html>

IFC InfraVentures: project eligibility criteria

- Must be a PPP or private infrastructure project in an IDA country/region
- Must be at early stages of development
- Type of projects include :
 - Sponsor has agreement with Government
 - Projects being tendered by the Government
 - Projects not requiring contract with Government
 - “Post-conflict country” initiatives
 - Projects in need of a surrogate sponsor at the initial stages
- IFC InfraVentures seeks to invest in projects that could reach financial close within a few years
- Project must meet IFC’s Additionality guidelines
- Must have high development impact /powerful demonstration effect

What activities can IFC InfraVentures fund and support?

- IFC InfraVentures can invest in a project at a very early stage
- Funding project and prototype feasibility studies and pilot tests
- Funding economic, social, technical and environmental studies
- Managing relationships with public and private stakeholders such as Governments, NGOs, etc.
- Financial modeling
- Negotiating financial and legal terms
- Obtaining required permits
- Negotiating project documents
- Selecting and supervising project participants
- Sourcing project's equity and debt financing
 - By getting involved early, IFC staff can help structure the project so that the risk is reduced and it is made bankable
 - IFC InfraVentures' participation at an early stage increases the likelihood that project finance banks and equity investors will later invest in the project

Value added by IFC InfraVentures during project development

- IFC's brand and reputation in the market
- Convening power of the World Bank Group
- IFC's access to all World Bank Group instruments and services
- IFC senior staff depth and breadth of experience
- Track record of “hands-on” project development with sponsors in most challenging environments
- IFC's involvement reassures all project participants
- IFC's global presence and knowledge of local environments
- IFC and the World Bank manage a number of Trust Funds and grants on behalf of donors (e.g., for renewable energy). Some of these can be used to fund external consultants and studies
- Fund is bridging the critical gap in early-stage financing for infrastructure projects, and actively works to bring projects to financial close

Highlights of selected IFC InfraVentures projects

Country	Project	Sector	IFC InfraVentures commitment (US\$ M)	Description
Mali	Kenie Hydro	Power	\$2.0	Investment to develop 35-50 MW hydro project via PPP. InfraVentures will be surrogate sponsor until government selects strategic partner. World Bank providing concessional financing and political/regulatory risk mitigation
Senegal	Tobene IPP	Power	\$ 1.0	Investment of the development, financing, construction and operation of a 70-87 MW HFO-fired greenfield power plant at Tobene
West & Central Africa	Scatec Solar	Power	\$1.5	Investment to develop greenfield solar projects in West & Central Africa with initial target countries in Mali, Burkina Faso, Cote d'ivoir, Senegal and Ghana
Kenya	Lamu Electrawinds	Power	\$4.0	Developing 100MW wind project in Lamu, Kenya in conjunction with Electrawinds of Belgium
Kenya	Kipeto	Power	\$2.0	Investment to develop a 100MW wind project in Kipeto, Kenya in conjunction with GE, Craftskills and Kipeto Energy

Questions/Discussion