

IFC InfraVentures 2017



IFC

**International
Finance Corporation**
WORLD BANK GROUP

IFC InfraVentures: The Global Infrastructure Project Development Fund

- \$150mm early-stage equity fund for infrastructure project development. Purpose is to increase the pipeline of bankable infra projects in IDA and middle income countries.
- IFCIV invests up to \$8mm/50% equity stake per project (avg. is \$4mm for 20-30% equity stake). Typically structured as a cost-sharing agreement convertible to equity. IFC engages with sponsor as active co-developer of projects.
- Funds can be used for studies (feasibility, E&S, market), engineering & design, legal costs, staff time, contract preparation & negotiation, financing arrangement costs, tendering for contractors, land preparation/assessments, some capital costs in pilot phase, etc.
- 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

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IV Projects & Pipeline Highlights:

- Power

Nepal: IFCIV is co-developing, with KOEN, Daelim and Kyeryong, Upper Trishuli - a 216 MW of hydropower project with ~\$550 million in project costs, through equity investment (15%) and debt arrangement. Project Concession signed December 2016, PPA negotiations underway.

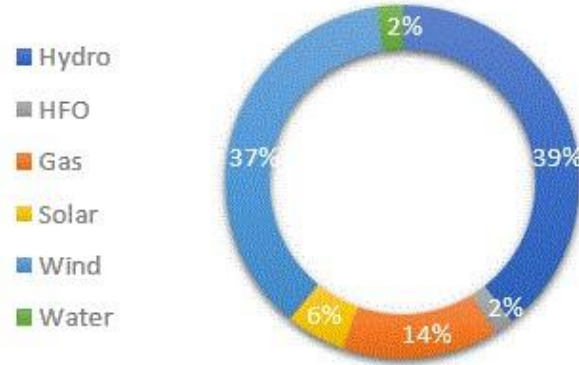
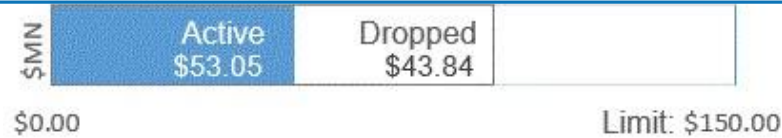
- Oil & Gas

Bangladesh: Successful financial close on country's first private offshore FSRU terminal, to help Excelerate Energy build the first LNG terminal in Bangladesh, increasing natural gas supply in the country by up to 20% and supporting up to 3,000 MW of power generation capacity.

- Transport

Myanmar: Co-developed and investing in first, private, inland river port cargo terminal in economic area of Mandalay.

IFC InfraVentures: continued...



- Generally, financial success of the development business is driven by:
 - i.Speed - speed from engagement to financial close;
 - ii.Hit-rates - rate of successful projects to overall projects considered;
 - iii.Costs - costs to bring projects to financial close (mainly overhead costs).
- IFC InfraVentures' concentrating on engagements on projects that “move the needle” in terms of market opening, sectoral innovation, and development impact, working with experienced developers.
- In terms of costs, IFC InfraVentures has been very good at controlling project-related spend on unsuccessful or delayed projects: generally, project-related spend is lower than forecast.
- Overhead costs (US\$ 5million per annum) need to be “amortized” over successful projects. This is thus strongly affected by the lumpiness of the business.
- Maintaining an appropriate balance between the number of projects on under development, while managing overhead costs and allocation of internal resources, allows for continual pipeline of projects reaching financial close and achieving investment objectives of IFC.

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

Disclaimer: This summary has been prepared to facilitate the discussion of certain basic terms and conditions of IFC's proposal. All figures, terms, and conditions are subject to change. Only the legal documents as finally executed will contain binding terms and conditions. The summary of indicative terms does not constitute a contract or an offer or a commitment by IFC. IFC's decision to invest in the project is contingent on approval by IFC's management and Board of Directors and execution of final documentation in form and substance satisfactory to IFC.