

IFC Infrastructure Crisis Facility

FINANCIAL CRISIS RESPONSE:

- IFC is establishing the **Infrastructure Crisis Facility** to bridge the gap in available financing for **viable, privately-funded or public private partnership infrastructure projects** in emerging markets that are facing financial distress because of the financial crisis
- The Facility will also ensure a minimum level of **continued new-project activity** in a sector where restarting project development plans could take several years
- The Facility comprises a **debt trust** and an **equity fund** to finance infrastructure projects, and an **advisory component** that expands existing advisory services
- IFC will provide up to **\$300 million to the equity fund** and expects to raise a **minimum of \$1.2 billion**
- IFC will focus on **strategic priorities** for new business: **IDA countries, Africa, Climate Change, and Water**
- IFC will not invest in the debt trust but is trying to raise funds from governments to be used to co-finance projects originated by IFC and other IFIs

INFRASTRUCTURE AT A GLANCE

- Infrastructure is a **key development priority for developing and emerging market countries** because it provides **basic human services** such as electricity, roads, water and telecoms
- It is central to **enabling trade and competitiveness**
- The public sector has traditionally been the main source of infrastructure funding but it has **insufficient resources** to meet demand
- Private participation in infrastructure is essential for **accelerating national development plans and improving the quality of service delivery**
- Infrastructure development in emerging markets continues to expect **significant long-term financing needs** estimated at **\$21 trillion for 2008-2017**

FINANCIAL-CRISIS IMPACT ON INFRASTRUCTURE

- Infrastructure funding from the **private sector has collapsed**
- World Bank Group research indicates that roughly **\$67 billion to \$94 billion** of new and existing projects risk postponement or cancellation because of the financial crisis
- Governments and project sponsors are **reluctant** to begin **new infrastructure investment**
- Investors are demanding **higher returns for a given level of risk**
- Many more sponsors are approaching IFC to help close their deals in this challenging market
- Poorer developing countries are being left out as **private investors are focusing on the largest emerging markets**

IFC AND INFRASTRUCTURE

- Since 2000, **IFC financed 512 projects** for \$15 billion in utilities, transport, telecoms, and oil and gas sectors
- IFC has made over **\$12 billion** in loans and quasi-loans and **\$1.8 billion in equity commitments** to infrastructure
- As of February 2009, IFC's **committed portfolio in infrastructure was \$10 billion**
- IFC has infrastructure investments across **Africa, the Middle East, Eastern and Southern Europe, Central and South Asia, and Latin America**

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