Infrastructure Investment Opportunities in the post-COVID-19 era

October 7th 2020
2:00 – 5:30 pm Seoul Time
Opening Remarks

Vivek Pathak
IFC Director, EAP Region
Opening Remarks

Isabel Chatterton
IFC Director Infrastructure, Asia & Pacific
Opening Remarks

Dae Joong Lee
Director of Development Finance Division,
Development Finance Bureau,
MOEF
Keynote Speech

Opportunities and Risks in the post-COVID-19 era

Mark Rathbone
Partner of PwC Singapore
The COVID-19 pandemic is causing huge impacts on people’s lives, families and communities.

As the international response continues we know that infrastructure will have a leading role to play, not only in rebuilding economies, but in the geopolitical shifts that may occur as the world recovers from COVID-19.

In the next hour, we will discuss:
• Macro context
• Look back at previous crises
• Impact of COVID-19 on infrastructure and PPP’s
• Where we are today
• Challenges
• Beyond COVID-19
Macro context
Increasing demand for infrastructure spending is driven by long term global megatrends …

Demographic and social change

- The world’s population will grow by 1.15bn people to 8.5bn by 2030.
- 97% of this population growth will come from emerging or developing countries.
- 60% will live in Asia (5bn), 17% in Africa (1.7bn).
- Increasing population and wealth requires strong infrastructure platforms to support economic developments and connectivity.
- People are living longer. 80+ year olds are gradually accounting for a larger proportion of global population, resulting in rising demand for health infrastructure.

Shift in global economic power

- It is predicted that 60% of global infrastructure spend between 2019-2040 will be in Asia.
- China’s Belt & Road Initiative plans to connect 4.4bn of global population and US$21 trillion of the World output.
- In 2018, the EC proposed its own version of BRI, targeting transport, energy and digital infrastructure links with Asia through a EUR 60bn insurance fund. The US has also announced a new institution able to invest USD 60bn in BRI and developing countries.
- Consolidation of Japan and Australia
- Escalating trade disputes, risks of financial stress and volatility, and an undercurrent of geopolitical tensions will beginning to impact infrastructure spend in many countries, particularly in emerging markets.

Rapid urbanisation

- The pace of urbanisation is increasing, with the biggest shift to urbanised populations likely in China, Philippines, Indonesia, Ghana and Nigeria.
- Urbanisation drives demand for water, power, transportation and technology infrastructure.
- Cities are becoming the new centres of power, competing to provide the ‘smartest’, most liveable, and most efficient infrastructure.
- Urbanisation of second-tier cities, particularly in China, is predicted to take off in the next 20 years requiring transportation, energy, telecoms and social infrastructure investment.

Climate change and resource scarcity

- Climate-related disasters are driving growth in preventative infrastructure spend and in post disaster recovery. Climate change is also spurring investments in water resources, renewable energy and clean technologies.
- Responding to resource scarcity, government and industry are pushing into ever more challenging extraction environments at higher costs and with increasing reliance on technology innovation.
- The shift in global climate encourages the use of clean energy, and investing in infrastructure assets leveraging the use of renewable power sources is increasing.

Technological breakthroughs

- Mobile connectivity, smart grids, renewable energy, mobile payment systems, integrated fare systems, and many other innovations are driving replacement of existing infrastructure and changes in the requirements and construction of new build.
- Governments and car manufacturers are increasingly committed to electric vehicles, resulting in a substantial need for mass charging infrastructure (an estimated €40-50bn of investment is needed by 2030).
- Innovation is also driving new efficiencies in delivery of infrastructure e.g. by linking sensing devices with project management to enterprise systems – enabling the monitoring of project performance.
As we look forward...

Focus will sharpen in four key areas

- Affordability
- Operational resilience
- Technology
- Sustainability
A look back at previous crises
How is COVID-19 different from the GFC?

**Global Financial Crisis (GFC) was a liquidity crisis, this is a real economy (income and health) crisis**
- GFC led to extensive quantitative easing, low growth, low inflation, low interest rates, low employment income growth and ultimately low growth.
- Private consumption which had sustained growth in many countries will be hurt by the preventive measures and declining incomes.

**Coinciding with a drop in oil price…**
- Initially related to the outbreak and expectations of falling demand for commodities in China.
- Emerging and developing economies (EMDEs) particularly hard hit - Nigeria’s budget based on $57 p/b price. Algeria - oil and gas account for 85% of export revenue. Russia breakeven is c$42 p/b.

**And higher levels of indebtedness….**
- Higher levels of borrowing for governments, companies and private household globally compared to GFC. Ironically PE less geared. But debt service lower due to lower interest rates.
- Debt in EMDEs climbed to a record US$55 trillion in 2018 (World Bank, 2019)

**Taking lessons from the past crises depends on:**
- Extent of economic damage and shape of recovery – V-shape, hockey stick etc (more next slide)
- Stabilisation vs Stimulus
- Debt as a bailout tool is a double edged sword.
- **New Deal (US Great Depression) -** designed to get people back to work by building federally funded infrastructure projects – dams, roads, airports and schools were constructed.
- **Marshall Plan (post World War 2 recovery) –**$13 billion of assistance from US to Western European countries. Capital programmes to physically rebuild as a necessity.
There are some key ‘tools’ for dealing with a crisis

<table>
<thead>
<tr>
<th>Stabilisation</th>
<th>Stimulus</th>
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<tbody>
<tr>
<td>Preventing or arresting economic free fall and enabling critical elements of the economy to continue to function.</td>
<td>Designed to inject new money and new demand into the economy / specific industries</td>
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<tr>
<td>Focus on job retention, savings protection, business protection.</td>
<td>Government spending to drive economic activity.</td>
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<tr>
<td>• Healthcare response</td>
<td>• Govt grants, equity, loans</td>
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<td>• Workforce support programs</td>
<td>• Broad Govt stimulus packages – China $586bn cross economy stimulus in 2009/2010, 38% for infra (c$223bn)</td>
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<td>• Furlough programs</td>
<td>• Obama $800bn Stimulus Bill, incl $100bn for infra</td>
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<td>• Tax relief</td>
<td>• New Zealand c$187bn on roads and housing, with $70bn on shovel ready/fast track projects</td>
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<tr>
<td>• Waiver of performance requirements</td>
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<tr>
<td>• Compensation events</td>
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<td>• Concession fee waivers</td>
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COVID-19
Impact on infrastructure and PPP’s
The impacts of COVID-19 on infrastructure sectors are well understood

**Market demand / funding**
- Revenue impact on projects with user pays models with uncertain duration / recovery as demand falls off
- Reduced economic activity will likely impact inflation and inflation-linked revenues
- Likely material impact on valuations of certain assets. Funds focus on how this affects their strategy and investor comms
- Reassessment of projects / prioritisation to meet shifting demands (digital, healthcare)
- Pressure on government budgets, particularly at sub-sovereign level, will be a particular challenge for public infrastructure spending.

**Financing**
- Impact on liquidity, cost of capital and reserving requirements and on credit quality of borrowers;
- Financial standing of offtake agreements or take or pay contract payers and ability to continue to meet commitments.
- The financial robustness of project counterparties (e.g. builders, operators, offtakers);
- Managing instances of borrower breaches existing covenants
- Financial restructuring or refinancing of projects and portfolios (particularly those on short term financing/imminent refinancing).

**Supply chain management**
- Impacting on the delivery of materials and equipment e.g. idled supplies increasing storage demand
- Solvency concerns of key supply chain members.

**Technology resilience**
- Closures testing the resilience and cyber security risks of IT infrastructure
- Spotlight on digitisation (or lack thereof) and reliance of on-site labour

**Workforce**
- Availability of construction labour due to lockdown measures, sickness or travel restrictions reduced.
- Day-to-day project operations and management of projects disruption e.g. operations and maintenance project knowledge
The reduction of emissions from COVID-19 is likely to be temporary.

Google data centres and campuses carbon neutral within a decade, as wildfires rage across the West Coast... CEO, Sundar Pichai: "This generation owes it to the next generation to address climate change.... The time to act is very narrow, and shrinking as we go."

PwC commits to net zero by 2030 – 85% of current carbon footprint due to flights...

Apollo follows Bain, KKR, TPG in starting Impact Investment Fund, market now estimated at $715billion.
There are key considerations for PPP structures...

- Demand risk for projects has always been controversial.
- Longer term questions about business models for challenged social distancing assets e.g. airports, airlines, passenger rail etc.
- Lockdowns and job losses have reduced revenues for infrastructure projects
- Many infrastructure services are essential so need to continue, with reduced revenues meeting wage bills and servicing debt is challenging and therefore likely requiring taxpayer bailouts
- Where Government is the off-taker / payer, projects are not going to be impacted by demand reduction
- Therefore making it easier for service providers to continue providing the service
- This shifts the risk from user to taxpayer which is arguably fairer for Force Majeure style events. Whereas in COVID-19 style situations taxpayer bail outs are asked for by private providers.
- We expect a future preference for contracted risks as opposed to market demand risks, de-risking from macroeconomic conditions that private sector cannot manage
- Unless protection is provided against demand risk (e.g. revenue risk sharing, guarantees, regulatory tariff resets, economic rebalance)
- The financial burden on Government-pays PPPs may create affordability pressure especially where Government or related entities revenues / budgets are reduced (e.g. Portuguese roads post-GFC, NHS PFI)
Challenges
Infrastructure gap was already widening

- Economies, especially developing economies, already face significant infrastructure gaps (the difference between investment needs and current investment levels) - c. $15trn globally according to Global Infrastructure Hub (for period 2016 to 2040)*

- ADB in 2009 estimated a financing need in economic infrastructure of $750bn per year for Asia. This is now estimated to be $1.7trn per year (for period 2016 to 2030).**

- Past experience indicates that when economic growth declined so did public investments.

- In many G20 economies, infrastructure investment rates have declined since the global financial crisis.

Sources:
* Global Infrastructure Outlook report 2016
** Meeting Asia’s infrastructure needs report 2017
Debt was already increasing

Affordability

- Right now the world feels over borrowed and over taxed.
- The challenge is not the availability of private money but rather the ability to repay it.
Emerging markets are facing additional challenges

- **High vulnerabilities** due to trade links, geographic locations and dropping revenues - less fiscal room to respond - central banks may not be able to do bailouts - supply chains, contractors.

- **Risk of downgrades** — Mexico and South Africa have already seen debt-rating downgrade and Colombia’s credit rating is now just one notch above junk.

- **Currency risk** - many non-financial corporates under significant duress as debt service costs increase due to strengthening USD.

- **Inflation risk**. Some countries have nascent capital markets; and others may face a liquidity squeeze resulting in a potential USD shortage.

- Risks a wave of **forced debt restructuring** unless agreements can be reached on debt holidays and waivers. **Debt relief will be essential** so critical resources can be focused on managing the economic and health impacts of the pandemic.

- **Loans vs grants** - loans will have limited impact when so much uncertainty around extent and duration of crisis.

- **Privatisation programmes** – impact of delays. E.g. France delayed ADP privatisation whereas Brazil pushing forward with their airport programme.

- **Proactive policymakers** are looking to innovate – e.g. Malaysia looking to auction solar projects in order to create jobs and delaying taxation payments in tourism.

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**IIF data shows capital outflows dwarf previous crises**

- Global Financial Crisis, from Sept. 8, 2008
- Fed’s Taper Tantrum, May 17, 2013
- China Devaluation, July 26, 2015
- COVID-19, Jan. 21, 2020

EMs have suffered severe capital outflows in Q1.

$92.5bn of investments held by non-residents flew out of EM’s within 70 days. Outflows in each of the previous three disruptions totalled less than $25bn over the equivalent period. It has been fast and less manageable compared to the outflows during the GFC.

**Flight to quality** - cyclical and capital will typically find its way back as market confidence returns.
Beyond COVID-19
Energy Transition and Digitisation are at the core of sectors seeing the most interest from investors in the post COVID-19 Market

### Sub-sector
- **Digital and telecommunications**
- **Utilities and Networks**
- **EV and Battery Storage**
- **Renewables**
- **Energy from Waste**
- **Airports**
- **Ports & other transport**
- **Terminals, storage & midstream**

### COVID impact
- Low impact
- High impact

### Investor appetite
- **NetZero** and shifts in ESG requirements were already impacting the infrastructure deals environment pre-COVID, investment strategies supported by these mega-trends have been accelerated by the crisis.
- **Renewable energy** investment appetite continues to be strong, with a number of both operational and development opportunities in the market or coming near term.
- As technology and business models begin to mature, we are also seeing fund investors willing to take on greenfield development risk increasingly willing to back opportunities in distributed energy, battery storage, EV and fleet electrification.
- At the same time, increased end-user data consumption with the majority of people working from home and accelerated adoption of cloud & streaming, reinforcing the investment case for fixed line, mobile towers, and data centre infrastructure.
The impacts of COVID-19 are likely to sharpen the focus on key infrastructure trends

<table>
<thead>
<tr>
<th>Affordability</th>
<th>Operational resilience</th>
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<tbody>
<tr>
<td>• Changing business models for challenged assets e.g. airports</td>
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<tr>
<td>• Risk allocation asymmetry. Re-assessment of risk sharing - burden of macroeconomic risks more equitably divided between stakeholders - shorter term smaller and hence more flexible PPP contracts or different contract forms altogether (e.g. “alliance contracting”)</td>
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<tr>
<td>• Budget constraints seeing focus on project prioritisation in capex</td>
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<td>• Further application of ‘innovative’ financing – e.g. blended finance</td>
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<td>• Changes to PPP legal frameworks (relief mechanisms) to better manage outer shocks</td>
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<tr>
<td>• New business models e.g. performance-based and collaborative contracting</td>
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<td>• Redesign of supply chains to build in as much resilience to global shocks and disruptions as possible e.g. shift away from sole-supplier relationships</td>
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<tr>
<td>• Shift toward more data-driven decision making - increased use of tools and technologies to enable greater control of the value chain (e.g. blockchain), develop predictive models for proactive scheduling and dynamic planning that account for uncertainties and risks</td>
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<tr>
<td>• New project delivery and maintenance approaches, e.g. the disruption to onsite staff operations could also accelerate new types of project workflows, such as modular and offsite production and on-site assembly, standardised designs, product-based approach, streamlined processes and automated production techniques that incorporate technologies - essentially making construction more like automotive manufacturing and reducing dependency on labour</td>
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The impacts of COVID-19 are likely to sharpen the focus on key infrastructure trends

### Technology in infrastructure
- Increasing adoption of ‘smart’ across sector – grids, metering, mobility (green), cities
- Digitisation of construction ecosystem including modular off-site construction – with impact on logistics (see operational resilience)
- Alliencing / JV / acquisition – E&C and tech companies - growing needs for specialisation and investments in innovation inc. new materials, technology and facilities, skills.
- New players - start-ups, incumbent players making new bets, and new funding from VC and PE are accelerating disruption of current business models
- People upskilling – tech, cybersecurity

### Sustainability and resilience of infrastructure
- Embedding of sustainability criteria in project lifecycle (procurement, manufacturing, investment / financing, design and build)
- Increasingly looking at the cost and benefits of a project in a broader sense taking into account (whole life costing)
- Acceleration of ‘green’ technologies and materials
- Supply chains optimised for sustainability as well as resilience
- Prioritisation of digital infrastructure and healthcare resilience
- Increased emphasis on circular economy and new procurement encourage innovation, higher emphasis on resilience strategy
- Increased cost of capital / inflationary effect not being considered currently
To find out how we at PwC are responding to the COVID-19 outbreak, please visit:

www.pwc.com/covid-19

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IFC Managers’ Corner

Investment Landscape in Asia

Moderator

Joo Nam
IFC Investment Officer

Panelists

Lubomir G Varbanov
IFC Manager New Business

Vikram Kumar
IFC Manager New Business

Adam Schwartzman
IFC Manager Portfolio
Break Time
(Open Q&A)

3:20 – 3:30 pm Seoul Time
Select Markets Deep Dive

Indonesia

Lamtiurida Hutabarat
IFC Senior Investment Officer
Indonesia Infrastructure Overview
Indonesia: Overview

Years of underinvestment have led to a large infrastructure deficit in Indonesia.

Indonesia’s annual rate of growth in public capital stock per capita has fallen well behind peers, resulting in a growing estimated infrastructure deficit of USD 1.5 trillion.

Despite outperforming BRICS countries, the quality of infrastructure in Indonesia still behind ASEAN middle-income countries.

Average annual growth in public capital stock per capita, 2005-15

Indices of infrastructure quality; 1(worst) to 7(best) points

Indonesia: Overview

Increased scope/opportunity/need for private sector participation

To achieve target spending of USD444 billion in infrastructure for the next 5 years, the Government requires innovative programs to encourage private sector participation.

World Bank estimate that Indonesia need to invest USD500 billion in infrastructure over the next 5 years to support continued growth.

1. Funding gap to be fulfilled by private sector

2. Government can only cover 37% of total target spending in the next 5 years

Higher than the Government target spending

Of the remaining funding need to comes from SOEs and private sector

Source: RPJMN 2020-24
Indonesia: Overview

Need for private sector heightened in Q2 2020 given need to divert government spending to address immediate requirements for public health and economic resilience due to COVID-19

COVID-19 impacts on private sector infrastructure development:

- GoI (including Ministry of SOE) has started to demonstrate efforts to engage with private sector. For example, Indonesia Power (IP) has launched a professional solar IPP tender process ("Hijaniesia Solar Tenders"), garnering the attention of several foreign power developers, some of which are IFC’s existing clients.
- GoI’s decision to push through with Limited Concession scheme (LCS) to monetize its existing assets has restarted IFC’s business development (BD) conversation with potential bidders of LCS-related assets e.g. Medan airport.

Sources: Humanitarian Data Exchange (Covid-19 numbers), World Bank presentations, World Bank staff calculations and projections, BPS, Bank Indonesia
Indonesia: Foreign Investment

Investment restrictions tend to be highest in the services sector, less prohibitive for infrastructure.

Infrastructure (utilities, industrial estates, transportation, logistics) remains a key contributor to Indonesian FDI.

- IFC infrastructure key focus is in basic services and utilities (electricity, gas and water supply, 15%), as well as transportation, logistics, warehousing and communications (similar to the rest of the world, these has been the most resilient growth segments during post COVID-19).

- Imposes foreign-equity limits, sectoral reservations for MSMEs, special licensing regimes, and minimum local content requirements.

- Applies to at least one investment restriction in 28 percent of all economic sectors.

- 20 percent of sectors it either limits foreign-equity participation or prohibits foreign investment altogether (e.g., onshore oil and gas upstream production installation, power plants with capacity below one megawatt, and supermarkets smaller than 1,200 square meters).

Negative Investment List (Daftar Negatif Investasi, DNI)

Share of subsectors with at least one investment restriction.
Indonesia: Emerging Opportunity in Transport

Limited Concession Scheme

What is it?

▪ Allows private sector to invest in operation of an existing assets of SOEs (that have been commercially operated for at least 2 years).
▪ Aside from benefiting from operation of a commercial asset, private sector actors participating in LCS will also partake in the financing of new infrastructure (e.g. renovation or expansion).
▪ Private sector will be required to pay premium up front or overtime to compensate SOE for granting such LCS.

Ongoing tenders and live opportunities

▪ Roads: Patimban Port Toll Road, Multi Lane Free Flow toll payment system, and recently announced projects
▪ Airports: Medan Kualanamu, Batam Hang Nadim, Lombok International Airports
▪ Ports: Patimban Port, Belawan Port (Medan)

Key candidate sectors for reform include airports, toll roads & ports

Transport

▪ Post Covid-19, commuters may continue to avoid public transport, encouraging increased use of private cars and therefore roads.
▪ Urban transport adjustment including reducing ridership to enable physical distancing or changes to safely maintain capacity.

Airports:

▪ Air traffic recovery post pandemic is likely to be long-drawn (24-month gradual recovery).
▪ Potential structural demand change from economic crisis; airline bankruptcies and government support are expected in the interim.

Ports:

▪ Shipping/ports have not yet experienced the full effect of the crisis. Sector is accepting the volume loss and adapting to capacity.
Indonesia: Power Sector (including WTE)

Despite 20 years of IPP track record, PLN imposes increased state control over power sector

| PLN dominance | PLN’s size and dominant role in the power sector impedes the flow of commercial financing into the sector due to conflicts of interest that arise from PLN’s multiple roles as system planner, procurer, and executing agency. |
| 2016/2017 regulations and recent updates | ▪ Moves away from allocating projects using competitive tenders and toward greater use of direct selection and direct assignment; reducing the share of private sector investment versus public sector investment.  
▪ Shift towards PLN subsidiary companies taking a 51 percent equity share in new IPP projects rather than having new IPPs being either majority or wholly-owned by private investors; and moving more risk onto the private sector. Note: PPA risk allocation has demonstrably improved in the latest 2020 Hijaunesia PPAs. |

Recent developments, accelerated post COVID-19

**Hijaunesia Solar Program**
- IP (51%) looking for private sector power developer partner for: 2 solar+storage and 2 floating solar projects in Java, Sumatra and Kalimantan.
- **Key consideration for IFC:** IFC is supporting several qualified bidders on the basis that the SHA establishes “joint operational control” with private sector for (at least) the duration of the financing.

**Sunter + Legok Nangka Waste to Energy**
- IFC is the Mandated Lead Arranger for the Sunter WTE (2,200 tons/day, 35MW). IFC is still working with Sponsors to improve bankability of contracts (PPA and Supply Agreement) and obtain MOF support.
- IFC and JICA as the Transaction Advisor for Legok Nangka WTE (PPP) with aim to put to market a bankable project.
Indonesia: Water Sector
Witnessed increasing PPP activity in recent years

Water supply and distribution services

**Target:** 35% access to potable piped water supply by 2024
- **Main actors:** Provided mainly by local government-owned water companies (PDAMs) and mostly publicly funded: 65 percent from national budgets & 35% from local government.
- Between 1993 and 2014 private participation mainly through investment in water treatment plants (71 B2B transactions between private sector and PDAMs).
- **Key challenges:**
  - Smaller size of the projects
  - Local currency financing
  - Low tariff thresholds
  - PPP scheme with IIGF (indirect GoI guarantee facility) support
    - Umbulan (4,000l/s)
    - West Semarang (1,000l/s)
    - Lampung (750l/s)

As average water tariffs are lower than unit costs, in the water sector:
- 75% of local PDAMs operate at a loss
- 45% are classified as financially unhealthy

Upcoming Water Treatment Plants (WTP)
- Karian WTP (Jakarta and Greater Jakarta Area)
  - Serving 3 PDAMs with bulk water supply of 4,600 L/s
  - Tender award target: Feb 2021
- Pekanbaru WTP
  - Rehabilitation of 340L/s existing plant and development of new 250L/s plant
- East Java Regional WTP – serving 3 PDAMs with supply of 1,749L/s (preparation stage)
Indonesia: E-Mobility and Electric Vehicles

Accelerating growth in a nascent sector

**Electric 2Ws, Vehicles and Supporting Infrastructure**

**Target:** (i) 2,200 units of EV, 711,000 units of hybrids, and 2.1 million units of electric 2Ws by 2025, (ii) domestic EV production by 2022.

- **Presidential Regulation No. 55/2019** on Acceleration of Battery-Based Electric Vehicles for Road Transportation (PR 55/2019 as “umbrella regulation”
- Ongoing pilots by TransJakarta (E-buses), Blue Bird (E-taxis), Grab (E-GrabCar and E-scooters), Gojek (E-scooters)
- **Key challenges:**
  - Nascent stage of industry - absence of clarity on regulations
  - Challenge posed by domestic component requirement
  - Negative investment list for certain supporting sectors

**Opportunities in the sector**

- Charging stations and battery swap infrastructure
- Greening of public transport: E-buses, E-taxis and E-scooters
- Battery manufacturing
- Electric vehicle and electric scooter domestic manufacturing
- Electric vehicle OEM manufacturing

**IFC support on sector through knowledge sharing with Ministry of Energy and Mineral Resources on global best practice.**
Asahan-1 Hydro Power – 180MW in North Sumatra

- Asahan 1 is a 180 MW run-of-the-river hydro plant.
- Asahan 1 was constructed at a total project cost of US$450 million and constructed in 2010.
- One of the country’s lowest cost producers of power.
- Previously, IFC led a project finance syndicated loans in 2014 of US$280 million with 13 and 15 years maturity.
- In March 2020, IFC led refinancing of the debt with total refinancing package is US$230 million.

PROJECT OVERVIEW

- IFC refinancing process allowed the entry of several institutional investors to have direct exposure in infrastructure assets.
- A new form of mobilizing funding from institutional investors, including into de-risked operating assets and an important step towards bridging the infrastructure gap.
- IFC was able to extend the tenor to 17 years and improve pricing, hence improve the shareholders’ return.

THE 2020 PROJECT HIGHLIGHTS
Thank you
Select Markets Deep Dive

Bangladesh

Sudipta Husain
IFC Investment Officer
Infrastructure Investment Opportunities in Bangladesh
Bangladesh Among Next 11 Emerging Markets – Goldman Sachs

- **FY20 - GDP growth rate**: 5.2%
- **Average growth over last decade - Over 6%**
- **Current - 43rd largest economy**
- **2030 - 24th largest economy**
- **Population - >165 million**
- **Rising income per capita**
- **Growing private consumption**

### Global Connectivity:

- **Combined Land Mass Market Access - > 3 billion**
- **Easy access to foreign markets - India, China, and the ASEAN**
- **“One Belt-One Road” initiative**
- **Asian highway**
- **Increasing Trade to GDP Ratio – to 38.24% in 2018 from 18.97% in 1990**
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<tr>
<th>Labor:</th>
<th>Infrastructural and Logistics:</th>
<th>Pro-private sector policies for business-friendly investment climate:</th>
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</thead>
<tbody>
<tr>
<td>✓ Working age group - 60% Pop.</td>
<td>✓ Increased Power Generation</td>
<td>✓ Doing Business reforms</td>
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<tr>
<td>✓ Capable, Adaptive, Tech-savvy</td>
<td>✓ Increasing Port Capacities</td>
<td>✓ Online One Stop Shop for investor services, with e-payment facility</td>
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<tr>
<td>✓ Competitive cost</td>
<td>✓ Expansion of Airport</td>
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<td></td>
<td>✓ Special Economic Zones</td>
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<tr>
<th>Business support:</th>
<th>Safety and Security:</th>
<th>Customer-oriented investor services:</th>
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<tbody>
<tr>
<td>✓ Linkages</td>
<td>✓ World-renowned counter-terrorism efforts</td>
<td>✓ High-powered investment facilitation committee at PMO to attract and drive foreign investments, in addition to IPAs.</td>
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<tr>
<td>✓ Investment modes – Greenfield, JV etc.</td>
<td>✓ Positive sovereign ratings for political stability - Moody’s and S&amp;P’s reports</td>
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Bangladesh – A Competitive Destination for Investments
### ENERGY
- Excelerate FSRU: Co-developed and financed the first Offshore LNG Terminal, the project increased country’s gas supply by 20%.
- Lead financier for IPPs: Over the years, IFC has invested approx. US$900m to finance private sector power generation, which resulted in increased generation over 4 GW.
- SREDA Solar IPP: IFC is working to structure a bankable concession and replicable competitive bidding for a Solar IPP of 50 MW.

### TRANSPORT & LOGISTICS
- Golden Harvest InfraVentures Investment: Co-developing 2 pilot third party temperature controlled warehouses along with local sponsors, Golden Harvest. This will be the first integrated high quality cold chain warehouse in the country. The Project is expected to scale up investment in 3rd party logistics services and reduce food wastage / improve efficiency in agri value chain.

### UTILITIES
- Rajuk Purbachal Water Supply: Acted as the Advisor for Water Supply PPP for Purbachal township in Dhaka. This is the first PPP in Water sector, concession signed in late 2019.
- Gazipur City Corporation Sewerage Treatment Plant: IFC is working on scoping out and detailed due diligence (financial, technical, E & S, legal ) of Sewerage Treatment Plant for Gazipur City Corporation.
Case Study: Rajuk Water PPP

Where it all started?
With 20 million living in the capital, Dhaka, it is one of the most densely populated cities in the world. Rapid urbanization has put a strain on urban infrastructure and the ability of the city to provide adequate housing, safe drinking water, and other essential services. To address these issues, the Capital Development Authority for Dhaka—or Rajdhani Unnayan Kartripakkha (RAJUK)—under the Government of Bangladesh (GoB) is developing the country’s largest integrated, greenfield Purbachal township. The township, near Dhaka, is expected to accommodate approximately 1.5 million people—eight percent of Dhaka’s population—helping decongest the capital. The GoB sought IFC’s assistance to structure a public-private partnership (PPP) to develop water distribution and supply facilities in Purbachal.

IFC’s Role:
• Conducting extensive technical and legal due diligence, groundwater studies and stakeholder consultations.
• Assessing financial feasibility under different PPP structures.
• Delivering advice on environmental & social issues.
• Setting enhanced standards for water supply service delivery.
• Attracting international investors to implement the project.
• Preparing bid documents and assisting RAJUK to evaluate bids and negotiate the contract.

Expected Post Tender Results:
• First PPP in Water sector in Bangladesh.
• The Project will ensure uninterrupted access to high quality piped water, impacting the public health of about 250,000 people by 2023 and 1.5 million people over next 15 to 20 years when the township reaches full occupation.
• The 24/7 clean water supply for township residents will meet WHO quality standards, which exceed national standards, establishing a new benchmark for water projects in Bangladesh.
• The Project facilitated foreign direct investment in the sector along with added capacity.
Thank you
Select Markets Deep Dive

Myanmar

Jessica Farmer
IFC Principal Investment Officer
Infrastructure Opportunities in Myanmar
ICF Infrastructure Priorities in Myanmar – Electricity

• IFC is working to support GOM in its efforts to provide electricity to all by 2030 in support of the National Electrification Plan.
  - IFC advised MOEE to develop the first, commercially banked gas-IPP offtake arrangements, led the international tender process, and mobilized debt financing for the 225MW Myinygan, gas-fired power project, which closed in 2016.
  - IFC led the Strategic Environmental Assessment in the hydro sector and drafted bankable hydro investment documents for MOEE/MONREC, 2017-2018.
  - IFC interest to support on-grid IPP projects (hydro, LNG to power, solar, wind).

• Off-grid/distributed generation in rural areas through solar/hybrid mini-grids (Yoma Micro Power).
Case Study – Yoma Micro Power

The Challenge:
- 60% of Myanmar’s population is not connected to the electric grid.
- Transmission costs prohibitively high for poor in rural areas and GOM.

The Solution:
- A pilot to support construction of hybrid solar systems to supply power to 250 off-grid telecom towers, and where feasible, to an initial 25 rural communities
- IFC invested early-stage capital from “InfraVentures”, along with a Blended Finance concessional loan which enabled the inclusion of rural electrification model to the sale of distributed energy to telecom industry
- Now scaling to 2,000 towers and 375 community platform

The Expected Inclusion Impact:
- Provide electricity to those with little or no grid access
- Expected to reach up to 400,000 people in un-electrified villages with scale up of the business model
- Will offer power at prices that are 25% cheaper than average lighting solutions
**Other IFC Infra Areas of Priority…**

Toll Roads (C3P Advisory to MOC for Yangon Inner-Ring Road/Yangon Expressway Project – tendered in September 2020, selection process on-going).

Potential waste management, water treatment/distribution solutions for Yangon municipality and beyond.

Thank you
Select Markets Deep Dive

Uzbekistan

Waleed Saraf
IFC Senior Investment Officer
Uzbekistan

Opportunities in the Energy Sector
Focus on the Energy Sector

- The Government of Uzbekistan (GoU) is implementing an ambitious reform program, accelerating the country’s transition to a market-oriented economy underpinned by private sector growth.

- The energy sector is of significant focus as it accounts for 6% of GDP and has traditionally accounted for over 50% of capital investments.

- The GoU faces: (i) growing power demand, tight reserve margins and resulting concerns on supply security; (ii) an ageing and inefficient gas-dependent power system; and (iii) need for transmission network upgrades.

- The WB estimates the requirement for an additional 21,000MWs of new capacity until 2030 for which private sector investments will be critical and largely be based on renewable energy to reduce the dominance of gas in the energy mix.

- WB has become a lead advisor to the GoU on energy sector reform. To date, the sector has been unbundled and tariffs have been increased substantially to improve the financial sustainability of the sector.
Impact of COVID-19 on Reforms

- COVID-19 has been affecting the energy sector due to: (i) a drop in demand linked to slow-down in economic activities; (ii) change in demand profile affecting the weighted average tariff; (iii) operational challenges to utilities; and (iv) decrease in collections – all resulting in a worsening financial position.

- The WBG is advising the GoU and providing financial assistance to mitigate the impact of COVID.

- While tariff reform has been put on hold for now, the GoU is still committed to moving forward with new energy generation projects.
# Energy Sector Projects

<table>
<thead>
<tr>
<th>Tendered Projects</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navoi Scaling Solar (100MW)</td>
<td>Financial Close in October</td>
</tr>
<tr>
<td>Scaling Solar 2 (2X200MWs)</td>
<td>RFQ Deadline September 26</td>
</tr>
<tr>
<td>Scaling Solar 3 (2X250MWs)</td>
<td>EOI Process to be Launched</td>
</tr>
<tr>
<td>ADB Solar 100MWs</td>
<td>RFQ Deadline August 25</td>
</tr>
<tr>
<td>ADB Solar (900MWs)</td>
<td>TBD</td>
</tr>
<tr>
<td>EBRD Wind (100MWs)</td>
<td>RFQ Deadline November 10</td>
</tr>
<tr>
<td>EBRD Wind (900MWs)</td>
<td>TBD</td>
</tr>
<tr>
<td>Syrdarya CCGT (1250-1500MWs)</td>
<td>RFQ Deadline September 26</td>
</tr>
</tbody>
</table>
Navoi Scaling Solar – Case Study

- 100MW solar project under the Scaling Solar Program
- Tender awarded to Masdar based on a tariff of US$2.679c/kWh
- Debt-financing from IFC (A Loan and Concessional Finance) and ADB
- Liquidity Guarantee from IBRD for 6 months of revenues.
Thank you
IFC's Public Private Partnership Program

Shobana Venkataraman
IFC Chief Investment Officer
Key Constraints to More PPPs in Emerging Markets

- Clear and appropriate procurement process and realistic timelines
- Transparency in procurement
- Project preparation
- Bidder access to project information
- Legal and regulatory framework
- Government capacity
- Risk allocation & Bankability
- Inputs from market (bidders and lenders) prior to and during the tender process

Lack of well-structured, bankable PPPs – not lack of available financing
IFC - not just a commercial advisor but a development partner

Advice to Government
Power, Transport, Health & Education, Water, Waste, Housing, Eco-zones, etc.
140+ closed projects since 2005
100+ countries
30 years experience

Objectivity & transparency in transactions has convening power, attracting investors

Neutral partner balancing objectives of government, consumers and investors

Global market knowledge and experience as both advisor and investor

Social & Environmental focus - sustainable economic and social benefits

Pioneering transactions in frontier markets & sectors, reform-based & innovative

Go the “extra mile” as a development partner work with governments to find workable solutions

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Typical IFC Mandate Organization

Government
- Project Steering Committee
- Project Working Group

Civil Society & Other Stakeholders

Bidders

IFC
- Lead Transaction & Financial Advisor
  - Legal Advisor
  - Technical Advisor
  - Environmental & Social Advisor
  - Accounting / Tax / Insurance / Economic Advisor
PPP Implementation Process

Phase 1: Analysis & Diagnosis
- Assess PPP options / Perform market sounding
- Define transaction structure
- Govt decision
- Market to investors
- Prepare PPP contract
- Conduct tender
- Contract Signing

Phase 2: Implementation
- Mobilization
- Due diligence and strategic options
- 1-2 months
- 4-6 months
- 8-12 months

- Transaction marketing
- International competitive tender process
- Pre-qualification stage
- Pre-bid conference
- Bidder due diligence (data room)
- Request for Proposals and PPP Contract - Q&A and negotiations
- Contract signing

Mobilization:
- Mandate signing
- Team setup
- Consultant selection
- Kick-off

Due diligence and strategic options:
- Due diligence – technical, legal, economic, financial
- Preliminary marketing
- Risk allocation
- Transaction Structure Report

Implementation:
- Transaction marketing
- International competitive tender process
- Pre-qualification stage
- Pre-bid conference
- Bidder due diligence (data room)
- Request for Proposals and PPP Contract - Q&A and negotiations
- Contract signing
Current Portfolio and Pipeline (Asia Pacific)

**Afghanistan**
- Scaling Solar PPP
- Afghanistan Wind

**Nepal**
- Power Transmission

**Pakistan**
- Karachi Water Canal
- Pakistan Cities Program
- Pakistan Hydropower
- Pakistan Railway Program

**India**
- MP Solar 2
- Odisha Hospitals
- Odisha Hydro
- Odisha RT Solar
- Odisha Solar Park
- Bihar Housing
- Bengaluru SL PTAS
- Ahmedabad WWTP
- India RE Program
- Climate Smart Cities
- Kerala PPP Diagnostics
- National Ind Corridor SEZ

**Sri Lanka**
- Sri Lanka Solar
- Sri Lanka Water

**Bangladesh**
- Bangladesh Solar
- Gazipur Sewerage Treatment Plant
- Bangladesh Power Transmission

**Indonesia**
- Legok Nangka Waste to Energy

**Timor Leste**
- Timor Health
- Timor Aviation
- Timor Leste Green Affordable Housing

**China**
- Deyang Water

**Myanmar**
- Yangon Expressway
- Yangon-Mandalay Expressway

**Cambodia**
- Sihanoukville Logistics Complex
- Cambodia Housing

**Vietnam**
- HCMC OPD & Hospital

**Philippines**
- Philippines Cancer Facility Hospital

**Papua New Guinea (PNG)**
- PNG Hospital
- PNG Housing
- PNG Remote Grid IPP

**Fiji**
- Fiji Health PTAS
- Fiji Affordable Housing
- Fiji Solar

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Issues faced in Transaction Advisory

- Transaction advisors can advise and influence, but the tender process ownership is with the Government.
- Key issues:
  - Government guarantees
  - Treatment of political force majeure, change in law
  - FX risk, demand risk (availability payments, take or pay obligations)
  - Geotechnical, hydrology risk
  - Tender timeline (adequate time for project and tender preparation)
- Transaction advisors can improve bankability through advice, but also need communication from bidders and lenders during the tender process.
- What if some bidders are more risk averse than others?
- Are international bidders and lenders more risk averse?

Non-negotiable
- Transparency and due process – stick to the RfP rules
- E&S advice based on high international standards (IFC PS) and local requirements
IFC PPP ADVISORY - AIRPORTS

Selected on-going advisory transactions (IFC)
- Montenegro Airports
- Sofia Airport, Bulgaria
- Lahore Airport, Pakistan
- Queen Alia Airport in Jordan: US$900m of investment, awarded to Airport International Group in 2007

Selected completed advisory transactions (IFC)
- Barbados Airport
- Beirut Airport, Lebanon
- Belo Horizonte’s Confins Airport in Brazil: US$1.2bl of investment, awarded to Zurich and Munich Airports in 2014
- Rio de Janeiro’s Galeao International Airport in Brazil: US$2bl of investment, awarded to Changi in 2014
- Madinah Airport in KSA: US$1.3bl of investment, awarded to TAV in 2012
- Jeddah Airport in KSA
- Taif Airport in KSA
- Dili Airport in East Timor
- Clark Airport, Philippines
- Fiji Airports

Best Airport Customer Service
- Madinah (post PPP)
- QAIA (post PPP)

Middle East & Africa Infra Deal of the Year
- Madinah, 2015

Deal of the Year (2007)
- Queen Alia International Airport

Best Transport Project
- 2012, MENA

Best Project Finance Deal of the Year, 2013

Best PPP Deal in the Middle East
IFC PPP Advisory – Power & Energy Efficiency

EUROPE & CENTRAL ASIA
Sydrarya 1500 MW gas-fired
Talimarjan 1700 MW gas-fired
Uzbekistan 1000 MW scaling solar
-------------------------
CASA 1000
Nenskra Hydro
Kosovo thermal & distribution
Ashta Hydro
Albania distribution

AFRICA
Scaling Solar
Zambia, Ethiopia, Senegal, Madagascar, Cote d’Ivoire, Togo

Mpatamanga Hydropower (Malawi)
Egypt solar tender
Nyagak III hydro

ASIA & PACIFIC
India 1500 MW MP Solar replication
Afghanistan scaling solar
Bangladesh 40 MW solar
Sri Lanka 100 MW solar & wind
Fiji 20 MW solar
Bangalore street lighting (India)
Odisha rooftop solar (India)
-------------------------
250 MW Myingyan gas-fired (Myanmar)
2000 MW Central Java (Indonesia)
750 MW Rewa solar park (India)
Tina River Hydro (Solomon Islands)
Gujarat rooftop solar (India)
Jaipur street lighting (India)
Olongapo distribution (Philippines)
SPUG off-grid (Philippines)
IFC Roads and Urban Transport PPPs

Colombia Ruta del Sol & 4th Generation of Road Concessions

Bhutan Parking

Brazil BR116 & BA093

Bakad-Almaty Ring Road (Kazakhstan)

Philippines NAIA expressway

Philipines Manila LRT1

PIPA ROADS (BRAZIL)
KAMPALA JINJA EXPRESSWAY
YANGON EXPRESSWAY
CASE STUDY – TINA RIVER HYDROELECTRIC POWER PROJECT: SOLOMON ISLANDS
SOLOMON ISLANDS

- Archipelago of 997 islands over 1.34 mn km²
- Low population density: 20 persons/km²
- Population – national: 616,000
- Population – Honiara (capital): 70,000
- Low GDP/capita: US$2,013/capita
- Post conflict
Hydro potential identified by Bank mission

Pre-F/S

FS in 3 Phases + Addendum (2010-2016);
Land acquisition

REOI (1st round)

TSR submitted

REOI (2nd round)

Investor PQ

RfP

Exclusive Development Right

Approval by GCF, IDA, APIP, EDCF, ADFD (pending ADB)

Signing of PPA, IA GGA; IDA/ APIP LAs (Dec ‘18)

Financial Close (Dec ‘19)

Signing of PPA, IA GGA; IDA/ APIP LAs (Dec ‘18)

SOLOMON ISLANDS ENERGY SECTOR

- Heavy reliance on diesel generation
- Expensive fuel imported in small volumes
- Exposure to global oil price fluctuations
- Extremely high retail tariff: US$ 80-100/kWh
PROJECT DEVELOPMENT & CHALLENGES (1)

- Site and geotechnical – pre-FS and FS from 2006 to 2016
- Land acquisition process (customary land ownership) 2011-2017
- Community benefit sharing scheme
- Remote location and site-specific challenges ➔ high cost high dam project
- Limited number of qualified investors; pre-qualified investors:
  - K-water & HEC consortium (Exclusive Development Right, 2015)
  - Origin Energy
- Oil price decline in 2015 making the price advantage with diesel smaller
- Push down on project costs and tariff
- Negotiations on EPC price and PPA terms (open book) 2016-2018
PROJECT DEVELOPMENT & CHALLENGES (2)

• From private project finance to concessional finance ($200m)
  • World Bank (IDA)
  • Green Climate Fund
  • EDCF of Korea Exim Bank
  • ADB
  • Abu Dhabi Fund for Development
  • Government of Australia

• Concessional finance on-lent by Government to project company on limited recourse project finance basis

• High leverage to bring down financing cost and lower tariff (~30% lower than diesel generation cost)
PROJECT DEVELOPMENT & CHALLENGES (3)

- Coordination across six lenders and negotiation of
  - Financing agreements between Government and six ODA lenders (2017-2018)
  - Project finance agreements between Government and project company (2018-2019)
- BUT several advantages
  - No legal/regulatory impediments
  - Government commitment
  - World Bank Group support
PROJECT & FINANCING STRUCTURE

GOA

TF Agreement

IDAg

GCF

EDCF

ADB

ADFD

PA (IDA)

PA (IDA)

PA (IDA/EDCF/ADB)

PA (IDA/EDCF/ADB)

PA (IDA/EDCF/ADB)

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PA (IDA/EDCF/ADB)
MEETINGS & NEGOTIATIONS
THE PROJECT

Component 1: Hydropower Facility
Component 2: Access Road
Component 3: Transmission Line
Component 4: Technical Assistance
THANK YOU

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Why Environment and Social Issues Matter?

Kate Lazarus
IFC Senior Operations Officer
Environment, Social & Governance (ESG)
‘The Outperformance of ESG Strategies is Beyond Doubt’

FT, 3rd September 2017: The Ethical Investment Boom
Setting standards & creating markets

Sustainability and Transparency are key to successfully mobilize private capital for development

**ESG Standards are an essential instrument to move clients and markets**

- ESG standards lower risk of harm and increase the development impact of private sector investments.

- Positive correlation between high ESG performance and investment returns has been empirically demonstrated.

- ESG standards build confidence with key stakeholders for private sector solutions to development challenges.

- ESG standards help create a level playing field for investors and avoid a race to the bottom.

- ESG standards reduce transaction costs for individual firms.
Our Performance Standards help clients successfully and manage risks in a fast changing world (Level 1)

Client Application:

- All clients apply PS1 and PS2, plus the other PSs relevant to their business operations.
- IFC does not require clients to meet PS at commitment but to achieve them over a reasonable period of time.
Level 2: EHS guidelines

General and sector specific

Provides acceptable and achievable, performance levels and measures

For common OHS risk including:

- Construction
- Operation
- Interaction with communities
Level 3: Good practice notes
GPN: Gender based violence and harassment
Understanding IFC’s Environmental and Social Due Diligence Process

Review and Agree on Next Steps
The client receives copies of:
• IFC’s Performance Standards,
• Relevant World Bank Group Environmental, Health and Safety (EHS) Guidelines, and
• Other supporting documents.

The IFC Environmental and Social (ES) team:
• Asks the client to provide key information regarding assets and management of E&S risks and impacts.
• Assesses the project against the Performance Standards and EHS Guidelines.
• May meet with company, government, and local stakeholders to discuss E&S aspects of the project.
• Generates an E&S Review Summary (ERS) and an E&S Action Plan (ESAP). The ERS and ESAP are reviewed and approved by the client.

IFC and client agree to work together

Publicly disclose the project and consult with local community
IFC discloses its E&S along with relevant sponsor E&S documentation on the IFC website. The client discloses project E&S assessment information locally. Projects will engage and consult with Affected Communities to ensure their awareness of the project, and provide for an ongoing constructive relationship.

For projects with potential significant adverse impacts on Affected Communities and projects involving Indigenous Peoples, IFC will make a determination of the level of community support for the project.

Finalize the investment agreement
Once the World Bank Group Board of Directors approves the project:
• The investment agreement is mutually agreed and finalized.
• The final agreement reflects the terms of the ESAP plus any other E&S commitments.
• Funds are disbursed once the client meets disbursement conditions.

Ongoing monitoring and disclosure
Monitoring occurs on two levels:
• Site visits from IFC staff;
• Submission of the client’s Annual Monitoring Report on progress in meeting the E&S terms of the investment agreement.

Engagement between the client and Affected Communities should be ongoing. IFC will disclose the client’s progress against the ESAP.

During monitoring, IFC and the client may identify opportunity for project enhancement through IFC Advisory Services.

IFC’s Compliance Advisor Ombudsmen (CAO) may also provide additional oversight. The CAO is an independent office that impartially responds to E&S concerns of Affected Communities, and aims to enhance IFC accountability and outcomes.

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Key Principles of ESDD

- Early screening is key (e.g. internet, RespRisk, iBat, historic satellite imagery, IFI precedents, etc)
- Complying with national requirements doesn’t guarantee E&S risk management
- Select the right ESDD team (e.g. land, IPs, biodiversity, technical aspects, etc)
- ESDD & requirements should be commensurate with risks and impacts
- “Sugar coating” risks due to internal/external pressures will backfire.
- “Trust but verify (and document)” - make sure that all investment decision making is supported by sound technical judgement and auditable evidence.
- Communicate clearly: what, why, when….
- ESDD should “follow the money” (but also check for reputational risks)
Environmental “flashpoints”

- **Biodiversity Impacts**
  - Terrestrial & Aquatic Fauna
  - Forestry
  - Critical habitats

- **Ecological Flow**
  - Fisheries & other aquatic fauna
  - Livelihoods/Cultural heritage

- **Cumulative Impacts**
  - Upstream
  - Downstream
  - Basin-wide

- **Climate Change Impacts**

- **Sediment**

- **Good baseline information**
Social “flashpoints”

- **Land acquisition**
  - Physical displacement
  - Livelihood risk
  - Cultural heritage
- **Labor Influx**
  - Risks to public health and safety
  - Cost of goods & services/Inflation
  - Threats to community resources
- **Employment**
- **Stakeholders**
  - Engagement
  - IPs
  - Gender (GBV)

- **CONSTRUCTION**
  - Disclosure and Consultation
  - Documentation (who, what, where)
  - Community liaison
  - Local procurement of goods & services
  - Grievance redressal at the project level
  - Early demonstration of tangible benefits
  - Secure labor camps
  - Traffic management

- **OPERATION**
  - Community liaison
  - Benefit sharing
  - Development, not philanthropy
Opening up power sector is key part of WBG strategy, but piecemeal project-by-project planning hampers efficiency and sustainability.

- Brought together developers
- Lead development of replicable methodology to evaluate hydropower development opportunities
- Achieved agreement on basin zoning/risk register.

Comprehensive study to assess system-level natural resource development issues; tools for decision making; enabling decision-making by IFC on ‘lower’ risk projects.
ESG AS Case Study: Gulpur Hydropower – Basin Level – Pakistan Hydro

- Sustainable Hydropower Strategy for the Jhelum Poonch Watershed
- CIAs in 3 main basins
- Engage multi-stakeholders/capacity-building
- Strengthen knowledge of biodiversity values
- Incorporated E&S costs with PPA/Tariff cost structure
- Legal requires on individual project ESIAs
- Create HDWG
ESG AS Case Study: Upper Trishuli 1 HPP - Cumulative Impact Assessment, Nepal

Challenges

- IFC investing in 216 MW UT-1 HPP in Nepal; InfraV, in a complicated E&S landscape, limited capacity of government, active advocacy NGOs; project on mainstem of Trishuli
- Requirement of USG to address basin wide impacts through CIA
- Lack of understanding of Local shares requirements
- Combine project level support with sector-level E&S engagement
- Collaboration with WB

Opportunity

- IFC as the convener
- Partnered with GoN to improve EIA guidance; conducted Local Shares study; comprehensive CIA; Environmental flows, river connectivity, eDNA to monitor aquatic species, FPIC, stakeholder, gender, etc
- IFC as the technical lead

End-result: IFC AS strongly complemented the project development at a sector level through several programmatic interventions. Led a CIA of cascade hydro development, created multi-stakeholder platform to manage cumulative impacts & led a study, which serves as a policy guidance note to GoN and practitioners on Nepal’s experience with offering shares in hydropower companies to PAPs.

- Project approved with strong support from USG and recognition of E&S work
- Infra AS led support to Project developer on local shares options based on our study
- Doors opened for more collaboration through IPPAN and GoN

Integrated Solutions

- Brought together all developers in TRB through Forum – IFC as the convener
- Partnered with GoN to improve EIA guidance; conducted Local Shares study; comprehensive CIA; Environmental flows, river connectivity, eDNA to monitor aquatic species, FPIC, stakeholder, gender, etc - IFC as the technical lead

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COVID – 19 Interim Advice for IFC Clients

• Interim Advice for IFC Clients on Preventing and Managing Health Risks of COVID-19 in the Workplace – PS2

• Interim Advice for IFC Clients on Developing a COVID-19 Emergency Preparedness and Response Plan (EPRP) – PS1

• Interim Advice for IFC Clients on Supporting Workers in the Context of COVID-19 – PS2

• Interim Advice for IFC Clients on Safe Stakeholder Engagement in the Context of COVID-19 – PS1

• Addressing Increased Reprisals Risk in the Context of COVID-19 – PS1

• Company Leadership on Crisis Response: Facing the COVID-19 Pandemic
THANK YOU

Kate Lazarus
Klazarus@ifc.org
Closing Remarks

Janice Ryu
Representative, IFC Korea
THANK YOU