Global Infrastructure Basel

Preparing Sustainable and Resilient Infrastructure Projects
Louis Downing - CEO
Inspiring the world’s transition to sustainable and resilient infrastructure
GIB: 10 YEARS OF INTERNATIONAL THOUGHT LEADERSHIP

- 5 GIB Sustainable Infrastructure Summits, approx. 500 participants each
- Infrastructure for a Changing World Series and GIB Summit Series
- Assessment of >150 infrastructure projects with the GIB Grading (2011-2015)
- Development of SuRe® - The Standard for Sustainable and Resilient Infrastructure
- Capacity Development Training in Greece, China, India, Morocco, Brazil, Costa Rica
- Development of a Massive Open Online Course (MOOC) with Ecole Polytechnique de Lausanne (2019)
- SuRe/SmartScan Assessments 30 infrastructure projects: With combined capital cost (CAPEX) of 20 billion USD, in 13 different countries, across 4 continents
- Strategic advocacy: World Bank, Global Infrastructure Facility Advisory Council, ICLEI - Resilient Cities- Jury, CCFLA (Cities Climate Finance Leadership Alliance) - Steering Group, GIZ Sustainable Infrastructure Alliance.
KEY MESSAGES

1. We need infrastructure for short and long term recovery & development

2. Financiers now seek bankable, sustainable and resilient infrastructure

3. Standards and guidance help to prepare a project pipeline

4. Discussion, Q&A
WE NEED INFRASTRUCTURE FOR SHORT AND LONG TERM RECOVERY & DEVELOPMENT
There is a US $4.5 trillion annual global infrastructure investment need and US $2.5 trillion annual shortfall in infrastructure investment.

Guggenheim Partners, 2020
MISSING INFRASTRUCTURE GLOBALLY

Market Value = 4.5 tn Annually
MISSING INFRASTRUCTURE GLOBALLY

Market Value = 4.5 tn Annually

- Water
  - 663 million have no access to clean water
  - 2.4 billion have no access to adequate sanitation

- Energy
  - India, Indonesia, Mexico, Russia, South Africa, and South Korea have >5% of population lacking electricity
  - > 70% of global energy from non-renewables. Coal = 30% of energy and 44% CO2 emissions

- Transportation
  - Lack of adequate transport a major challenge in developing countries, limiting the movement of goods and labor

- Connectivity
  - Large portions of many major developing economies lack internet access: India (82%), Indonesia (82.8%), Mexico (55.6%), South Africa (51.0%), Turkey (49.0%), Brazil (42.4%), Argentina (35.3%)
FINANCIERS NOW SEEK BANKABLE, SUSTAINABLE AND RESILIENT INFRASTRUCTURE
Our investment conviction is that sustainability-integrated portfolios can provide better risk-adjusted returns to investors

- Larry Fink, Letter to CEOs 2020, Chairperson & CEO, BlackRock
FINANCIERS NOW SEEK BANKABLE, SUSTAINABLE AND RESILIENT INFRASTRUCTURE

Equity and debt providers urgently need to fill sustainable and resilient project pipelines

There exists a new global imperative for investors due to:

- attractive risk-adjusted returns,
- low correlation to other asset classes,
- stable cash yield,
- long-lived physical assets,
- barriers to entry for competitors,
- inflation protection
- mounting public pressure
COVID19: THE PRESSURE IS ON

Infrastructure enables short term relief (jobs) and long term economic recovery and growth

- National incentives recognise the importance of infrastructure for short term and long term job creation and economic recovery.

However, private finance must be leveraged to maximise impacts

- Understanding investor needs from the beginning has never been more important.
STANDARDS AND GUIDELINES HELP TO PREPARE BANKABLE PROJECT PIPELINES
STANDARDS CAN HELP IMPROVE QUALITY AND ATTRACT FINANCE

Improving Quality:
• Ensuring alignment with international best practice and technology
• Avoiding lock-in
• Anticipating future requirements

Attracting finance:
• Unlock green and development finance
• Leverage conventional finance
• Establishing Asset Class Characteristics

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ADOPTING THE SURE® STANDARD CAN HELP CITIES

- Ensures alignment with international sustainability objectives
- Provides clarity to investors on ESG performance
- Credible third-party verified claims
- Designed to leverage innovative finance
- International and applicable locally
WHAT TOPICS ARE COVERED IN SURE®?

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GUIDANCE CHECKLISTS FOR PROJECT DEVELOPMENT

1. SUSTAINABILITY AND RESILIENCE
2. PROJECT PREPARATION
3. PROJECT STRUCTURING & IMPROVING BANKABILITY
4. FINANCE

PROJECT PREPARATION

- Defining Project Rationale
- Appraising Options
- Establishing Commercial Viability
- Planning long-term affordability
- Demonstrating Deliverability
PROJECT STRUCTURING AND BANKABILITY

Cashflow forecasting → Rates of Return → Financial Modelling → Insurance, Guarantees and political buy-in → Using Advisors → Project structuring
NEED ASSISTANCE?

Please feel free to contact GIB for:

• Training
• Advisory
• Certification to the SuRe® Standard

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Thank-you

www.gib-foundation.org