

EXPERIENCE MATTERS

Six Decades of Experience in Emerging Markets

June 2018



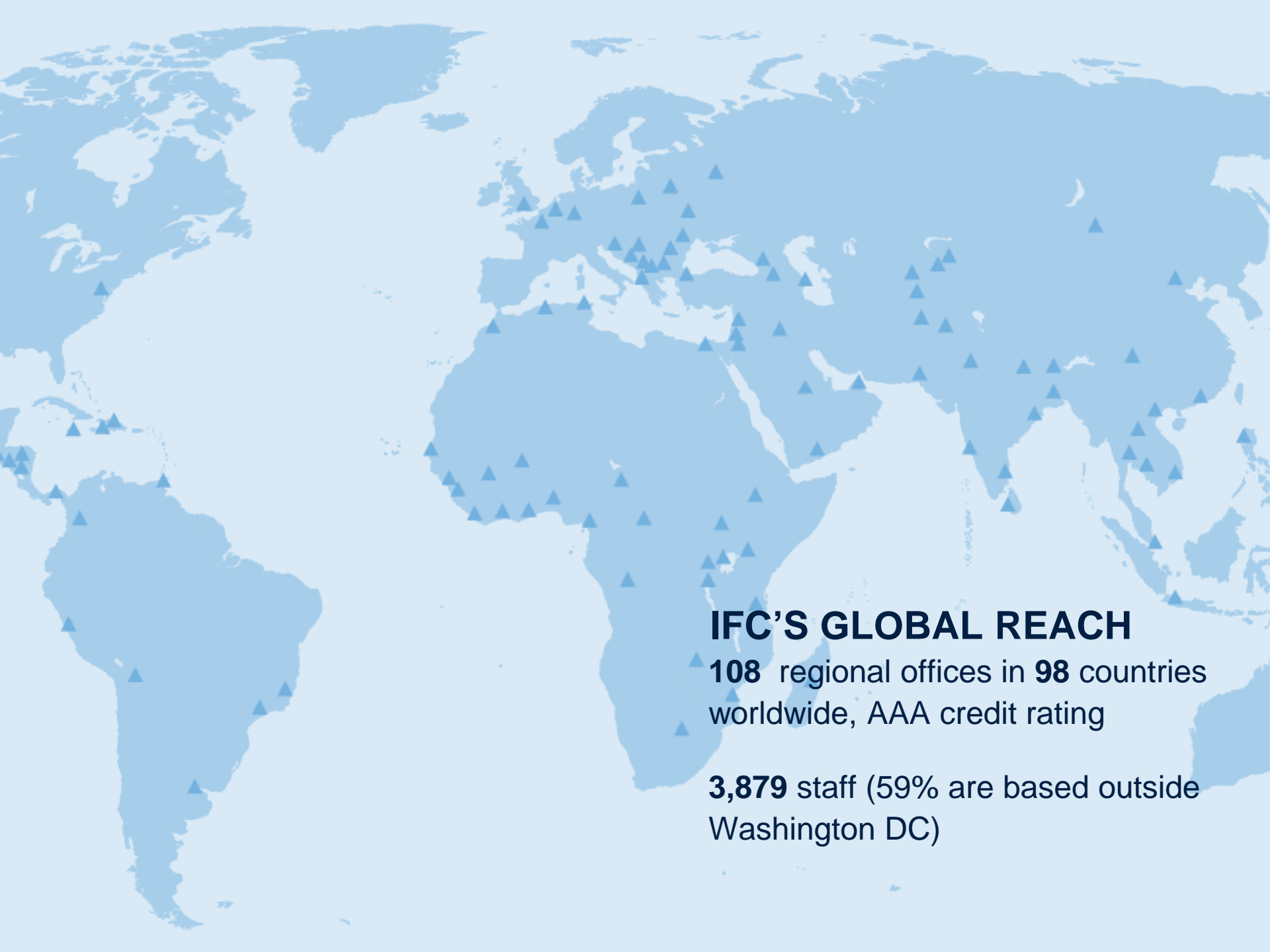
Creating Markets, Creating Opportunities



Creating Markets, Creating Opportunities

- A member of the World Bank Group
- Provides investment, advice, resource mobilization
- AAA credit rating; owned by 184 countries
- Present in nearly 100 countries

IFC is the largest global development institution focused on the private sector in emerging markets.



IFC'S GLOBAL REACH

108 regional offices in **98** countries worldwide, AAA credit rating

3,879 staff (59% are based outside Washington DC)

IFC OFFERS THREE MUTUALLY REINFORCING SERVICES

Client solutions

Investment services

- Loans
- Equity
- Syndication
- Trade finance
- Securitized finance
- Treasury operations
- Risk management
- Blended finance

Advisory services

- Improve investment climate and create new markets
- Improve access to finance and risk management
- Strengthen clients' performance and impact
- Advice on PPPs
- Improve Environmental, Social, and Corporate Governance Standards

Third party assets

Asset Management Company

- Private equity fund manager
- Invests third-party capital alongside IFC
- Different funds raised to focus on specific sectors and regions
- Separate subsidiary for independent decision-making

**\$52.1bn portfolio
(FY16)**

**\$220m annual spend;
60+% of program in
IDA countries**

\$8.6bn AUM (FY16)

A Key Partner for Sustainable Cities



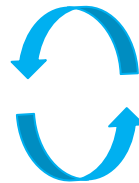
UPSTREAM & SECTOR SOLUTIONS

Develop upstream sector solutions:

- Policy dialogue/roundtables
- Strategy Preparation (sector strategies, invest. programs)
- Capital Markets Development



**CITY
MAYOR**



FINANCING

Finance municipalities or private companies providing urban infra services:

- Debt (senior, subordinated, pooled, municipal bonds)
- Structured products (risk sharing instruments, securitization)
- Equity (equity and quasi equity)



PROJECT-LEVEL ADVISORY

Pre-transaction advisory

- Value for Money
- Pre-feasibility
- E&S Review

PPP transaction advisory

- PPP options, structure, tender



SECTORS

Transport	Energy
Water	Buildings
Waste	Social
Street lighting	Others

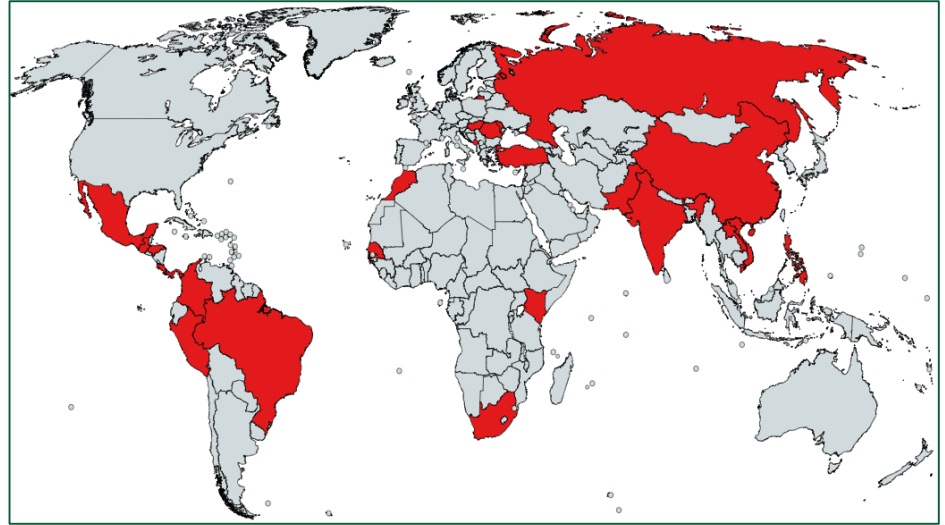
IFC GLOBAL EXPERIENCE IN SUBNATIONAL FINANCE

Total Subnational Finance Program since 2003

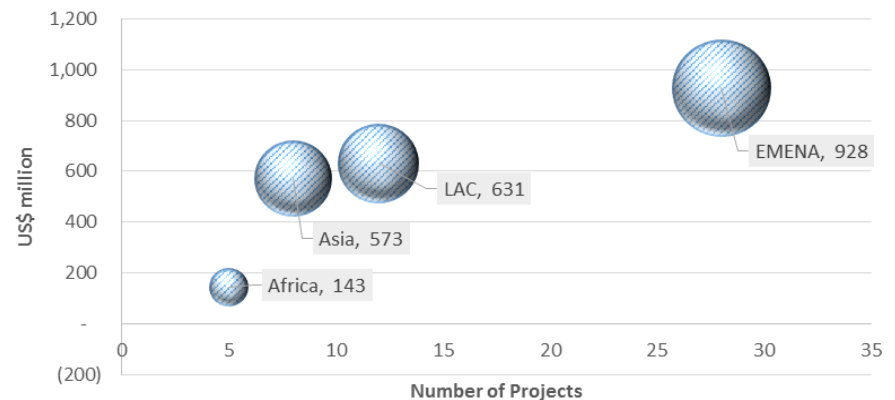
- Includes both Municipal Infrastructure and Other Subnational (transactions with SOEs and Financial Institutions)
 - >US\$ 2.0 billion committed
 - ~US\$ 750 million mobilization
- 53 projects and 41 clients in 24 countries

Municipal Infrastructure Program since 2003

- ~1.0 billion committed
- 37 projects and 26 clients in 13 countries



Total subnational commitments since 2003



AVAILABLE FINANCING INSTRUMENTS

Debt:

- Senior loans
- Subordinated loans
- Pooled loans/Bonds

Structured Products:

- Partial credit guarantees
- Risk-sharing facilities
- Securitizations

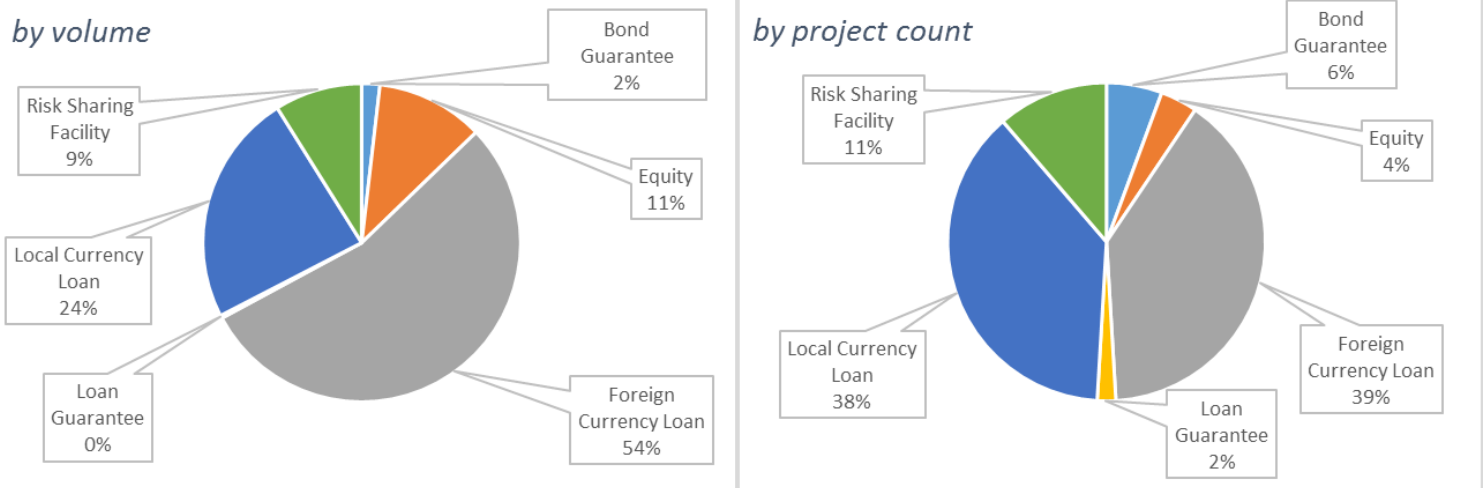
Equity and Quasi-equity:

- Long-term capital

All products:

- Do not require sovereign guarantee
- May be available in local currency
- Processed in 3-6 months ... if the client is ready
- Limited TA bundled with financing.
- Technical Assistance grants can be applied for separately (e.g. from PPIAF-Sub-National Technical Assistance Facility at World Bank)
- Commercial pricing

Subnational Finance Program since 2003



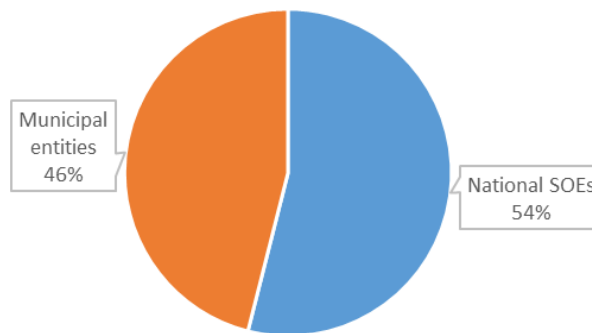
WHAT KINDS OF CITIES ARE ELIGIBLE FOR SUPPORT?

IFC financing under umbrella of Subnational Finance Program is available to:

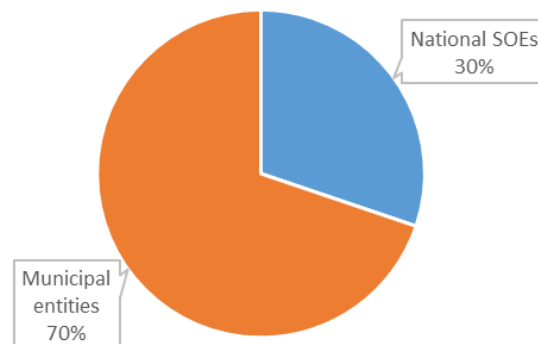
- Municipal and regional governments, and their service entities, including municipal companies
- Selected nationally owned infrastructure enterprises (SOEs)
- Banks and other financial intermediaries that finance subnational infrastructure
- Public Private Partnerships (PPPs) that provide key subnational infrastructure services

Subnational Finance Program since 2003

by volume



by project count



IFC'S TRACK RECORD AND EXPERIENCE IN THE WASTE SECTOR

- **\$250 million** committed in **10 transactions** in Solid Waste over the last 10 years
- Conducted PPP processes totaling almost **\$300 million** in project cost
- Focus on **middle-income** countries:
 - evolved markets,
 - regulatory framework
 - higher private sector participation
- Experience in China, Turkey, Brazil, Mexico, India, Serbia
- Focusing on large, rapidly growing, and highly **urbanized creditworthy municipalities**



KEY FACTORS TO TEST BANKABILITY OF A PROJECT

Stability of regulatory framework & enforcement

Waste characterization - quality and quantity

SWM Plan

Analysis of offtake markets (eg electricity, RDF, compost, recycle)

Technology

- Appropriateness
- Commercial proven
- Fits with SWM Plan

Land

- Secured
- Suitable

Transparent & participatory tender process

Bankable draft concession/ waste supply, offtake agmts. vetted

Creditworthy municipalities, offtakers/ utilities

- Ability for LT agreements / PPAs
- creditworthiness

Deal structure fits w/ central/state/local govt structure

Adequate revenues

- Tipping Fee
- Electricity rate/FiT
- Offtake markets

Quality of Sponsor

Project Cycle Timeline

Feasibility

Technology Selection

Project Development

Tender Process & Award

Financial Close



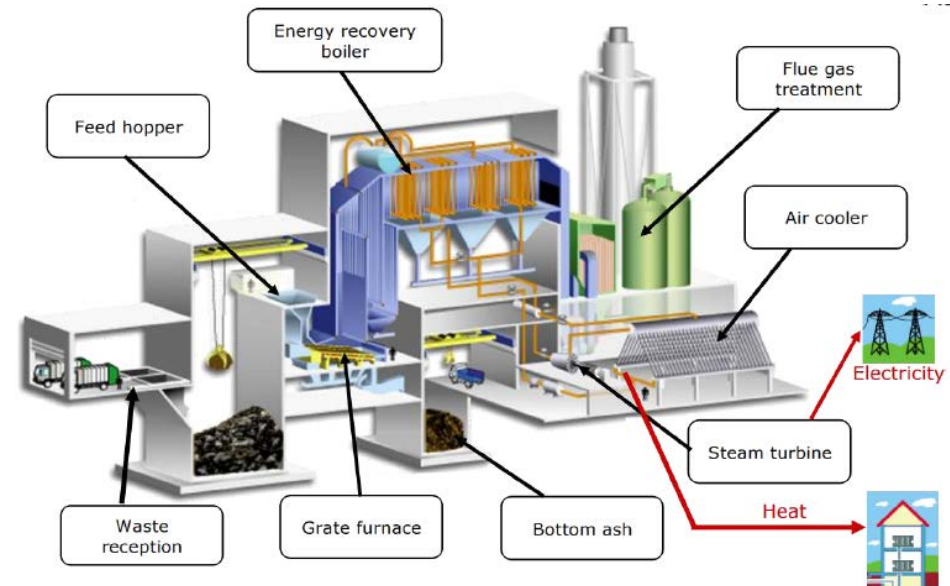
BELGRAD WASTE TO ENERGY PPP PROJECT

Scope

- private partner to design, build, finance and operate for 25 years, and transfer to the City thereafter:
 - i. a **greenfield waste-to-energy facility** (30MW) producing district heat and electricity (deemed renewable energy),
 - ii. **new sanitary landfills**, and
 - iii. the **closing and rehabilitation of the existing landfill** in Vinca;
- Standard risk allocation based on comparable projects in Europe

Investment

- *estimated capital investment*: ~**EUR 300M**, fully funded by the private sector (investor's equity + commercial loans from IFIs and banks)



Izmir, Turkey

IFC: a Strategic Advisor and Lender

- Financing across various sectors including transport (tramway, railcars) and wastewater treatment
- Advising on Waste Management solutions and Electric Buses



Thank you!

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