

Sustainable Development Investment Partnership (SDIP)

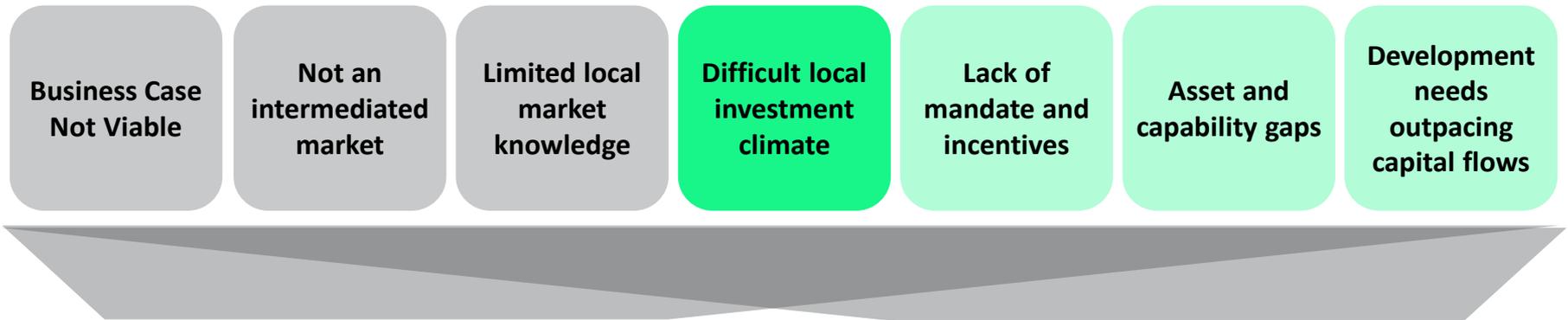
August 2017
SADC Industrial Week

- SDIP Background
- Africa Hub Focus

Investment Barriers to Scale

There are seven key reasons why supply of capital does not flow at scale to emerging and frontier markets

Both public and private sector face challenges that hinder exponential capital from flowing to emerging markets and ultimately limit development impact and business goals



Private sector challenges

largely stem from the difficulty to realize risk-adjusted returns...

...while **public sector challenges** are largely due to mandate and funding constraints.

The number of initiatives focused on contributing to the infrastructure needs in Africa speaks to the importance of this work to development; each of them has different objectives and methods

Africa50

Lead: African Development Bank

Focus: Energy, ICT, Water, Transportation

Objectives/Methods

- ✓ Shorten the time from project idea to financial close
- ✓ Mobilize political support for necessary reforms
- ✓ Deploying skilled experts to work along-side government

Global Infrastructure Hub (GIH)

Lead: Independent

Focus: Global Infrastructure

Objectives/Methods

- ✓ Guidance for public sector on leading practices and required reforms
- ✓ Tool to assess country-level infrastructure environments
- ✓ Knowledge platform for gov't procurement professionals

Global Infrastructure Facility (GIF)

Lead: World Bank

Focus: Global Infrastructure

Objectives/Methods

- ✓ Preparation and structuring of complex infrastructure PPPs
- ✓ Project preparation
- ✓ Transaction structuring support
- ✓ \$100 million for investment in pilot phase

Power Africa

Lead: USAID

Focus: Power, Women

Objectives/Methods

- ✓ 60mil new electricity connections
- ✓ 30,000 megawatts of new and cleaner power generation
- ✓ Transaction focus
- ✓ On-the-ground support
- ✓ Bridging the financing gap
- ✓ African-led reform
- ✓ Beyond the Grid

PPIAF

Lead: World Bank

Focus: Enabling Environment

Objectives/Methods

- ✓ Policy advising for encouraging private sector
- ✓ Government capacity building
- ✓ Legislation and institutional reform
- ✓ Contract negotiation support
- ✓ Risk allocation across public and private sectors

SDIP Overview

The SDIP is a coalition of public and private entities with similar ambitions to **use blended finance to scale sustainable infrastructure investments** in developing countries to contribute to closing the financing gap required to achieve the SDGs



Announced

Third International Conference on Financing for Development, Addis Ababa, July 2015



Goal

Mobilize \$100 billion in blended finance, particularly in sustainable infrastructure



Secretariat

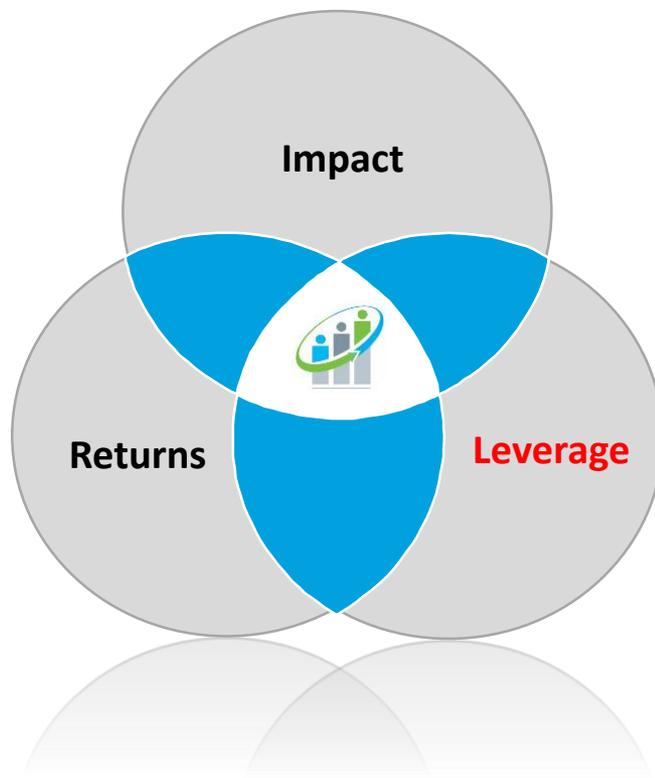
World Economic Forum & OECD



Blended Finance

The deliberate and strategic alignment of public-private capabilities and capital to accelerate social and economic growth in emerging and frontier markets

Impact: investments in emerging and frontier markets that deliver transformative social and economic progress



Returns: market-based, risk-adjusted returns that meet business goals and fiduciary duties

Leverage: systematic and strategic use of development and philanthropic funds to mobilize and engage private capital at scale

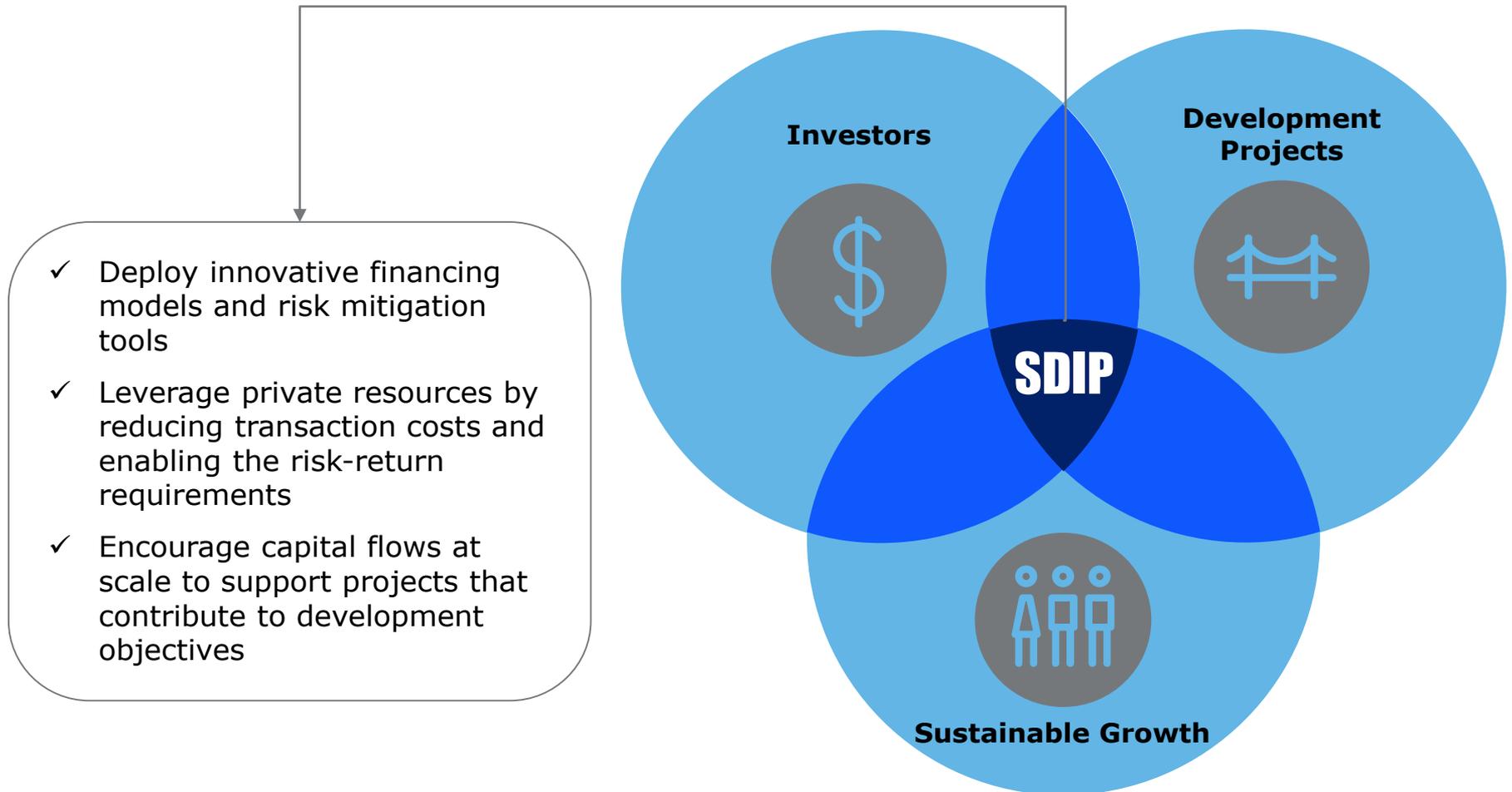
SDIP Members

Comprised of 34 institutions, including banks, funds, DFIs, donors, governments, and MDBs that all **seek to contribute to closing the financing gap for sustainable infrastructure projects by mobilizing public-private financing arrangements for viable projects**



SDIP Value Proposition

By providing an open forum for public and private entities with similar ambitions to scale sustainable infrastructure investments (including climate-related) in developing countries, **SDIP connects opportunities to capital and brings development projects to bankability**, helping to close the financing gap required to achieve the SDGs



SDIP Workstreams

SDIP is focused on **facilitating transactions** and **the scaling and replication** of efforts to **enable broader systemic change** by focusing on developing or strengthening risk mitigation tools, moving swiftly to applying new or strengthened solutions, and supporting standardized information and replication across institutions and geographies

Project Investment Review Group

Host PRG calls throughout the year, presenting live project opportunities to the membership to collaborate on de-risking and structuring efforts

Pooling Resources

Support financing/risk models that can address financing challenges by leveraging the combined resources of members to increase transaction volume

Policy/Regulation

Develop guidance based on member insights and transaction experiences that contributes to long-term investment and sustainable infrastructure

Regional/National Acceleration

Establish regional hubs that can develop and source project opportunities, and provide a mechanism for addressing local issues

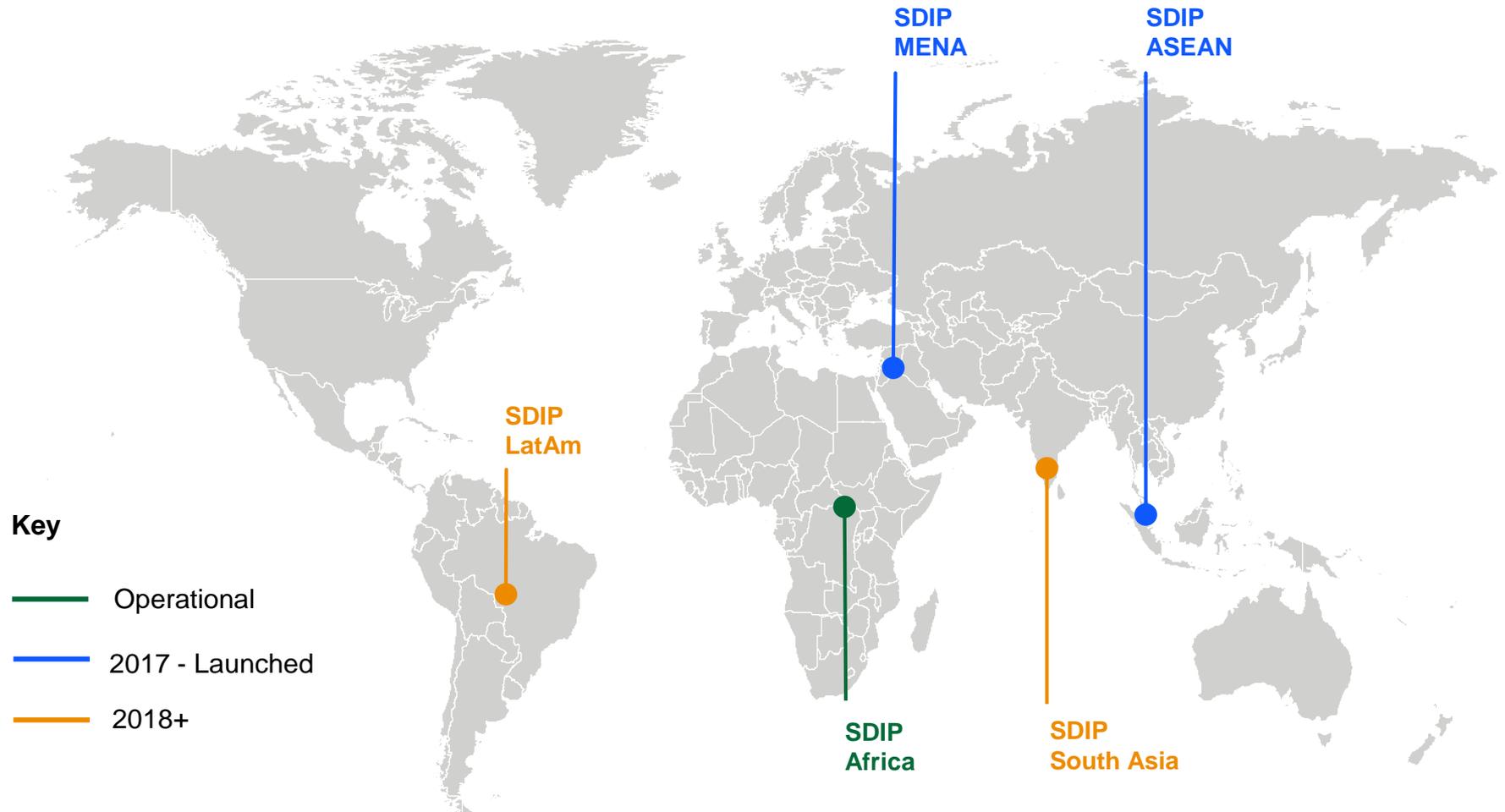
TRANSACTIONS

SCALING/REPLICATION

- SDIP Background
- Africa Hub Focus

Transaction Facilitation - Regional Hubs

Driven by regional demand, Hubs are being established in new regions based on requests from constituents with tailored work programmes to address local challenges -to strengthen project pipelines, mobilize capital for infrastructure projects and contribute to local capacity building



SDIP Africa Hub Vision & Objectives

Through strategic dialogues held in Johannesburg and Nairobi, a market survey and numerous bilateral meetings, the **SDIP Africa Hub aim is to help accelerate infrastructure investment by facilitating blended finance across stages of the project lifecycle**

Vision



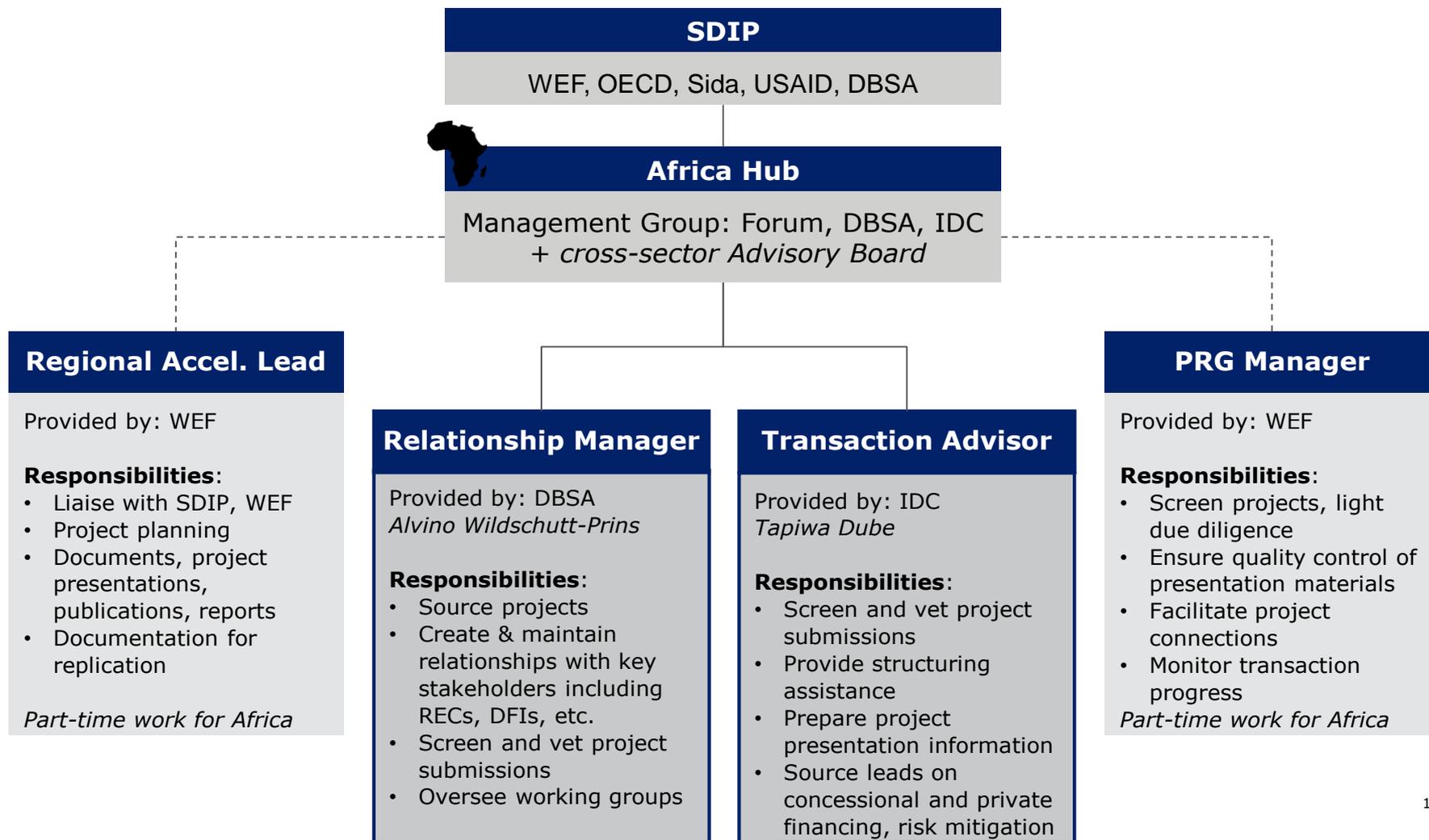
facilitate blended finance for sustainable infrastructure investment in Africa by enabling cross-sector collaboration along the entire project lifecycle

Objectives

- 
-  Enhance public sector understanding of the enabling environment for blended finance
 -  Facilitate private input early in public project preparation to ensure common definitions of bankability
 -  Connect projects with preparation resources, including transaction structuring expertise
 -  Facilitate risk mitigation instruments and concessional capital to achieve necessary risk-adjusted returns
 -  Create a marketplace for capital to come together to finance bankable deals

SDIP Africa Hub Structure & Staffing

The DBSA and IDC have each committed one full-time person to the Hub, supplemented by **SDIP Forum staff**; the Hub is managed by these organizations and includes strategic input from a cross-sector Advisory Board; the Hub is actively pursuing additional support from members to cover Francophone Africa



SDIP Africa Hub Activities

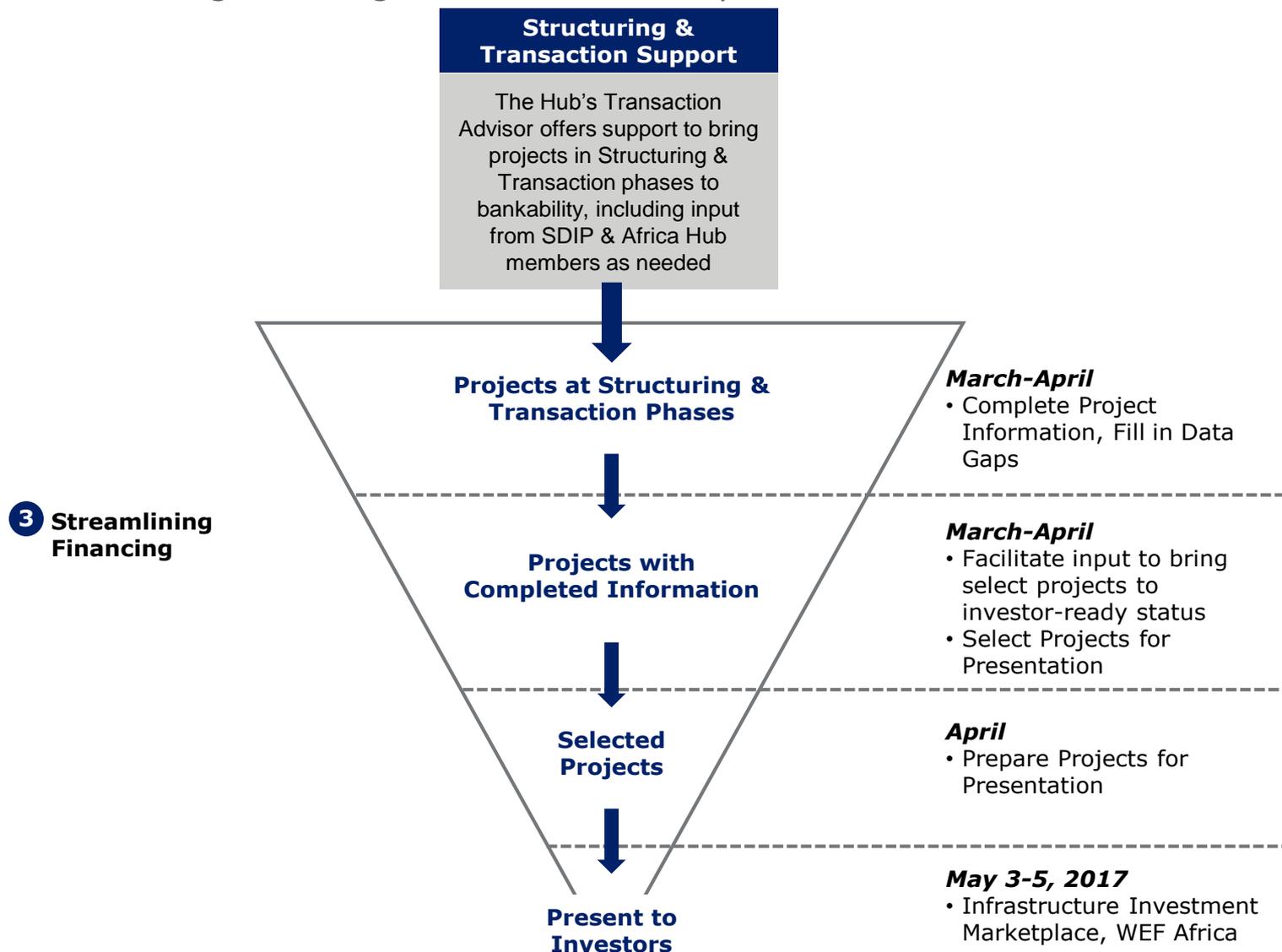
The Sustainable Development Investment Partnership (SDIP) **Africa Hub's activities will influence projects across project lifecycle stages**, consistent with SDIP's objective to **accelerate projects toward bankability and financial close**



*Project Phases defined by Infrastructure Consortium for Africa (ICA), "Assessment of Project Preparation Facilities for Africa," 2012.

Infrastructure Investment Marketplace (Achievements)

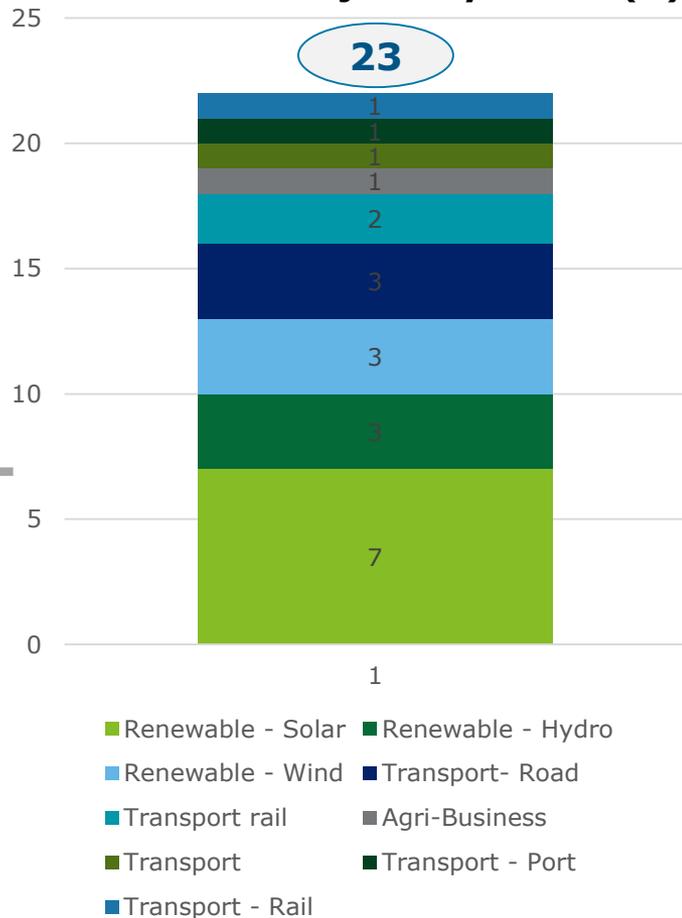
The objective of the second step of the Marketplace is to **accelerate projects to bankability and financial close**, culminating in presentation of bankable projects facing final late-stage challenges to investors for input



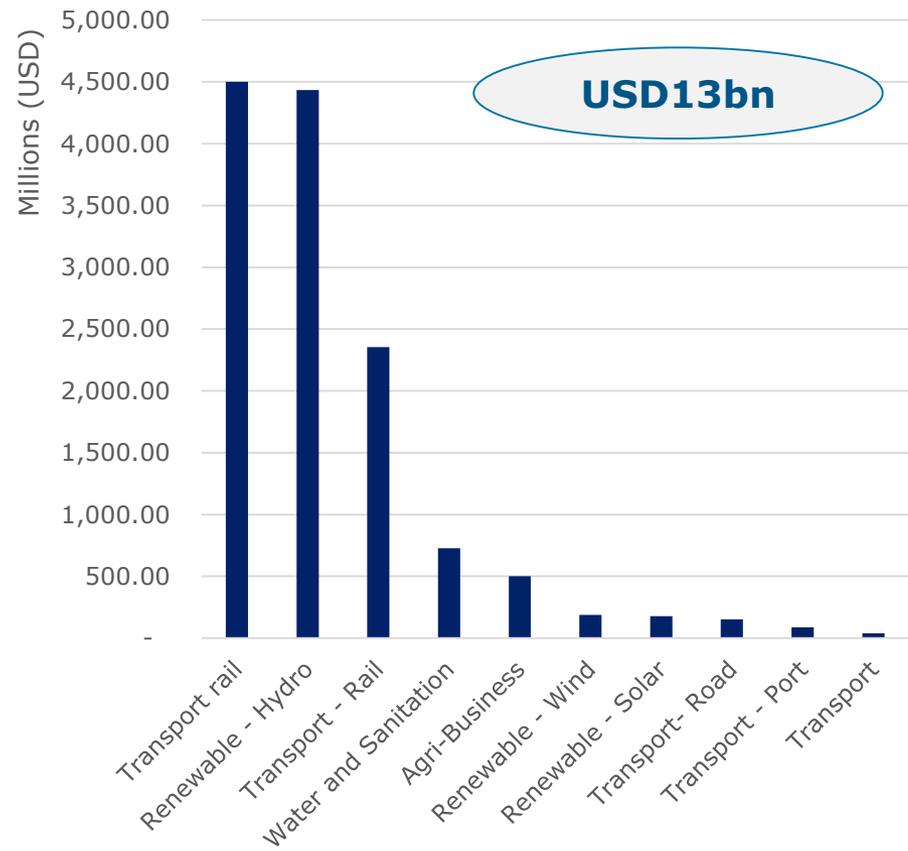
Africa Hub Data collection overview – Quickwin

Current overview of submissions for efforts undertaken.

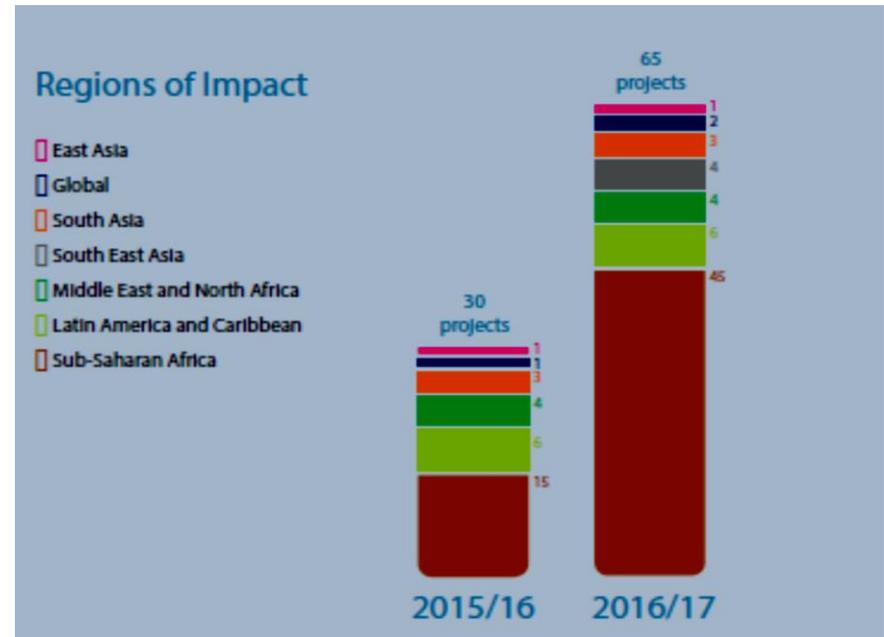
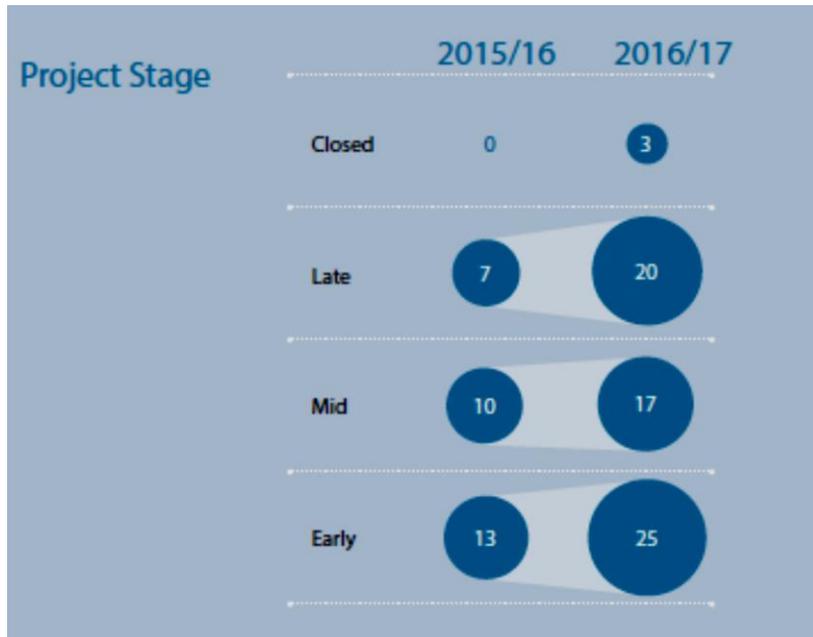
Count of Projects by Sector (#)



Investment gap by sector



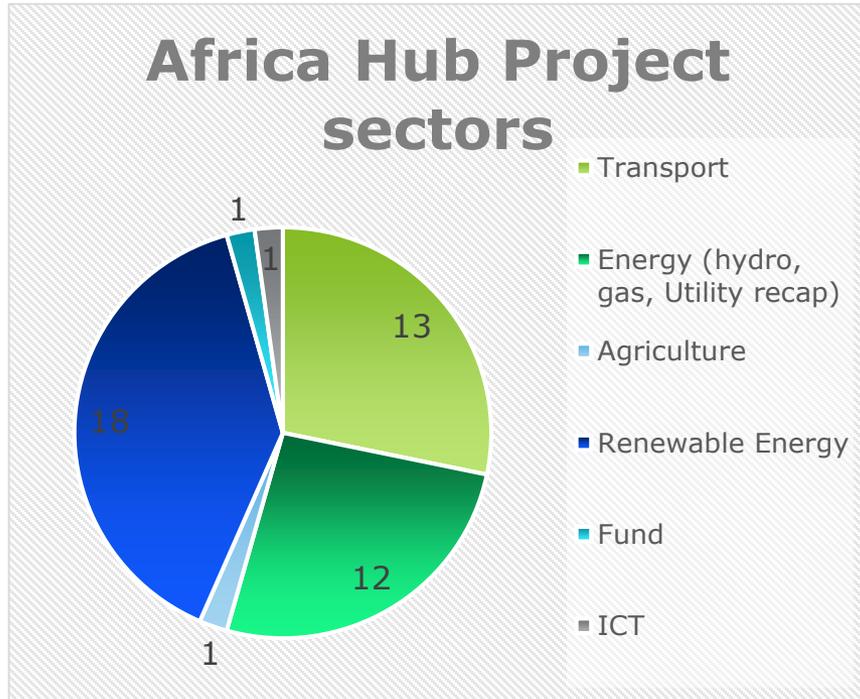
Performance to date



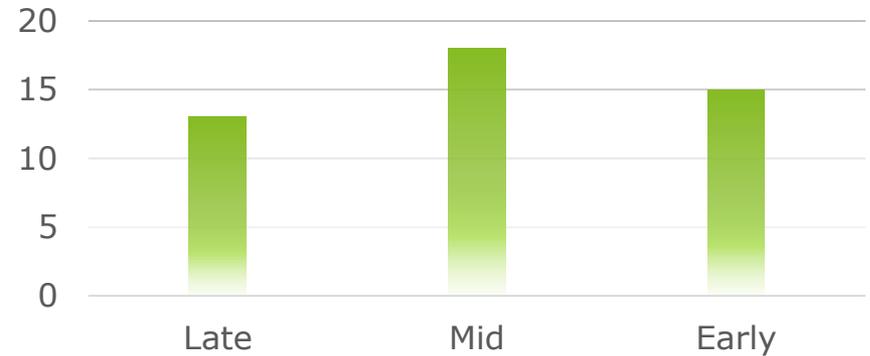
- **Projects vary across the investment lifecycle**
- **3 projects have advanced towards financial close**
 - Ecuador - Hidronormandia Ecuador/IDB-IIC
 - Jamaica - Kingston Container Terminal/IDB
 - Global - Investment Fund/Danish Agribusiness Fund (DAF)
 - **~ USD 170 million financing gap covered**
- **38% of the projects in the earlier stages**

- The project pipeline is dominated by project from sub-Saharan Africa.
- The SDIP Africa Hub ensured access to on the ground project developers and closer connection with governments increased the total number of projects
- The establishment of the ASEA and MENA hubs will ensure a diversification of projects by region.

Project Sectors / status



AFRICA HUB STAGE OF PROJECTS



Financing Gap

~USD 22 billion

- Renewable energy projects remains the largest contributor to the Africa pipeline
- A lack of water and sanitation projects
- Project development through partnership with DFIs, project developers and governments.

SDIP Projects to date in Africa...

No.	Project Name/Referral Source	Project Stage	Location	Size	Financing Gap	Support Sought
1	South Africa - Go Durban! BRT/C40	Late	South Africa	\$1.032 b	\$400 m	Grant and debt financing
2	Nigeria - 135 MW Solar PV/Nigeria Solar Capital Partners	Late	Nigeria	\$250 m	\$10 m	Concessionary funding either as equity or subordinated debt
3	South Africa - 1.25GW Karoshoek Solar Park/Aether Energy Limited	Late	South Africa	\$12.5 b	\$975 m	First loss credit enhancement on the senior debt to lift the remaining credit to single A
4	Tanzania - Utility Recapitalization/IFC	Early	Tanzania	TBD	\$15 - \$20 m	Donor/ concessional funds for a first loss facility, alongside an \$80 m of commercial investment
5	Burundi - 7.5MW Solar/Gigawatt Global Burundi S.A.	Late	Burundi	\$18.5 m	\$4.5 m	\$4M in capex needs reduction for project to be commercial. \$500k needed for lender legal and technical due diligence.
6	Kenya - Ngong-Kiserian-Isinya and Kajjado-Imaroro Roads/Intex	Late	Kenya	\$120m	\$90m	\$90m debt financing for the projects; project has not been able to access affordable financing
7	Rwanda - Solar PV Off Grid Rural Electrification Program/Ignite Solar	Late	Rwanda	\$25m	\$21.95	\$21.95m to support the investment required for full implementation of initial phase and additional support for the full \$200 million program
8	East Africa - Solar PV Off Grid Rural Electrification Program/Ignite Solar	Early	Sub-Saharan Africa	\$175m	\$175m	\$21.95m to support the investment required for full implementation of initial phase and additional support for the full \$200 million program
9	Laos - 134MW Hydro Portfolio/ReEx	Mid	Laos	\$297m	\$297m	\$4.5m concessional financing to fund development costs for a portfolio of 6 hydro projects in rural northern Laos, one of which has a PPA for 10MW
10	Nigeria - Lagos Mass Urban Cable Propelled Transit System/CHAP	Early	Nigeria	\$985m	\$985m	\$689.5m in debt and \$295.5m in equity financing

SDIP Projects to date in Africa...

No.	Project Name/Referral Source	Project Stage	Location	Size	Financing Gap	Support Sought
11	Senegal - 600MW Gas fired power plant/FONSIS	Early	Senegal	\$1.1 b	TBD	Grants for feasibility studies, senior debt financing, risk mitigation instruments
12	South Africa - Municipal Waste to Energy/DBSA	Early	South Africa	\$260 m	\$9 m + first loss facility	Financial support: First loss facility; Technical support: Case studies of similar programs
13	Senegal - Train Express Regional (TER)/FONSIS	Early	Senegal	\$900 m	\$725 m	Grant funding for additional studies; Support to structure and enforce project exposure to investors and debt providers.
14	Ghana - 40MW Solar/Gigawatt Global	Early	Ghana	TBD	\$21m	\$1 m grant \$20 m loan at 2% interest to bring down tariff
15	Ethiopia - 50 MW Solar/Gigawatt Global and Aksum University	Early	Ethiopia	\$105 m	\$32.5 m	Pre - Development estimated at \$2,500,000; \$30,000,000 concessionary finance for debt at %2 to reduce tariff
16	South Sudan - 10MW Solar 'Hybrid Project'/Gigawatt Global	Mid	South Sudan	\$40 m	\$8.5 m	1M for Pre Development 7.5M for Storage segment intended for grid stabilization purposes
17	Zimbabwe + Zambia - 800MW Hydroelectric/AfDB	Mid	Zimbabwe	\$2.5 – \$4 b	TBD	Project development support; equity investment support; project financing and risk mitigation support
18	Senegal - 50MW Saint Louis Wind Farm/C3E Parc éolien de Saint Louis	Late	Senegal	\$110 m	\$655 K	Grant or capital risk funds. 30% equity and 70% senior debt
19	Benin - 10 Mvac PV Solar Power Generation Facility In The City Of Parakou/Gigawatt Global	Mid	Benin	\$16 m	\$400 k	Development costs risk offset, a tariff top-up / concessional financing (in either debt or equity form) to achieve commercial return hurdle, PRG & PRI products for credit enhancement
20	Sub-Saharan Africa - EVII Fund/Inspired Evolution	Mid	Sub-Saharan Africa	\$250m	\$25-40m	First loss facility or equity contribution for first close

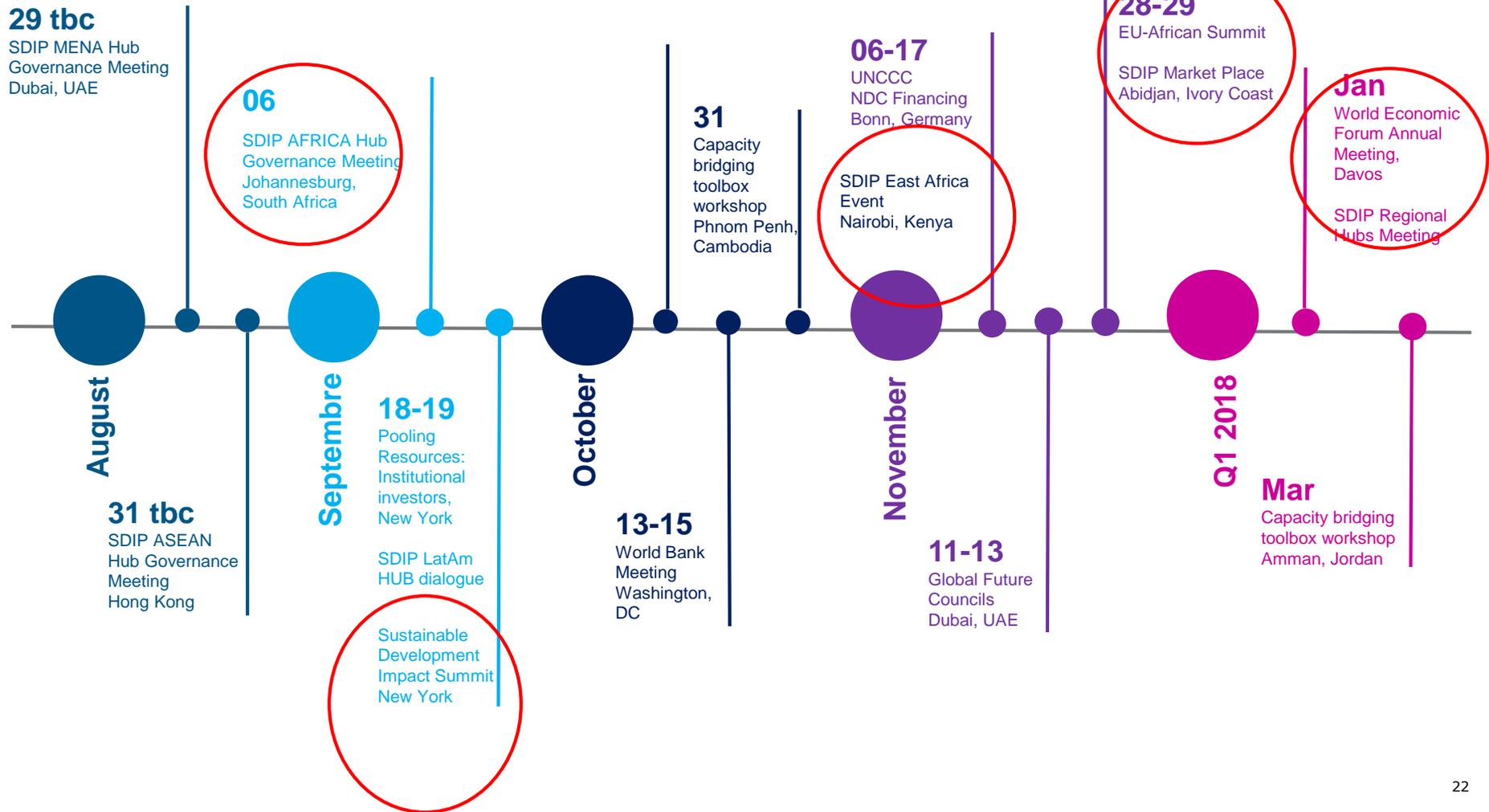
SDIP Projects to date in Africa...

No.	Project Name/Referral Source	Project Stage	Location	Size	Financing Gap	Support Sought
21	South Africa - 75MW Northern Cape Solar/Prieska International	Mid	South Africa	\$107m	\$4.1m	8 month bridging loan or guarantee
22	Kenya - Mombasa Data Center/Kooba	Mid	Kenya	\$24m	\$1.5m	\$1.5m in equity for the holding company
23	Nigeria 700MW combined cycle power plant/MOOG Power	Mid	Nigeria	\$755.5	\$7m	\$7 million in preparation costs to secure the license
24	Uganda - 12MW Kampala Mass Transit/EACP	Early	Uganda	\$484m	\$484m	\$11.3m in development costs
25	Nigeria - Lagos Mass Urban Cable Propelled Transit System/CHAP	Early	Nigeria	\$985m	\$985m	\$689.5m in debt and \$295.5m in equity financing
26	Côte d'Ivoire - 150MW Gao and Tayaboui Hydro projects/Platinum Power	Late	Côte d'Ivoire	€1.1B	€825m	€825m of senior and mezzanine debt to finance 2 standalone 150MW hydro projects in Côte d'Ivoire
27	Cameroon - 350MW Makay Hydro/Platinum Power	Mid	Cameroon	€1.1B	€825m	€825m of senior and mezzanine debt to finance 350MW hydro projects in Cameroon

SDIP Events

A series of events are planned to ensure momentum can be built for the work streams and a broader network of institutions are engaged with SDIP

Develop the Project Preparation Toolbox linking facilities to the needs of the projects



SDIP Steering Group

Name	Title	Organization
Thierry Déau	CEO	Meridiam Infrastructure
Patrick Dlamini	CEO	Development Bank of Southern Africa
Morten Elkjær	Ambassador and Head of Department	Danish Ministry of Foreign Affairs
Daniel Hanna	Global Head of Public Sector	Standard Chartered
Charlotte Petri Gornitzka	Chair, Development Assistance Committee	Organisation for Economic Co-operation and Development
Richard Samans	Head of the Centre for the Global Agenda and Member of the Managing Board	World Economic Forum
Nena Stoilkovic	VP of Blended Finance and Partnerships	International Finance Corporation (IFC)

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THANK YOU

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