Finance to Accelerate the Sustainable Transition: Infrastructure
FAST-Infra

December 10, 2020
Finance to Accelerate the Sustainable Transition: Infrastructure – ‘FAST-Infra’

Goals
- Develop sustainable infrastructure into a deep and liquid asset class
- Scale-up private investment in sustainable infrastructure in emerging and developing countries

Two key components
- Develop a sustainable infrastructure label
- Develop platforms for targeted financial interventions

The FAST-Infra platform
- Finance industry-led – multi-stakeholder, public and private, broad-based, open and inclusive
- Founding partners: CPI, GIF, HSBC, IFC, OECD
Participating Institutions

Banks
- HSBC
- BNP Paribas
- Citi
- J.P. Morgan
- Macquarie
- MUFG
- Banco de la Nación Argentina

DFIs and Development Banks
- PROPARCO
- IFC
- Global Infrastructure Facility
- IDB
- IDB Invest

Governments
- World Bank
- ADB
- AIIB
- GIZ
- OECD
- DFC
- GIZ
- Australian Government
- Department of Foreign Affairs and Trade
- JICA

Institutional Investors
- Meridiam
- HSBC Global Asset Management
- Swiss Re
- M&G Investments
- Aviva
- LTIV
- Temasek
- Impax Asset Management
- Legal & General
- Blue Like An Orange

NGOs and Others
- S&P Global
- EDFI
- DBSA
- IDCOL
- long-term Infrastructure Investors Association
- Moody's
- GRESB
- The Rockefeller Foundation
- Climate Bonds Initiative
- MAZARS
- Convergence
- SIF
- ARUP
- Brookings
FAST-Infra Sustainable Infrastructure Label

- Provide coherency in the market regarding infrastructure quality and sustainability
- Facilitate investment decisions across private providers of capital (banks, asset owners, asset managers) by easily identifying sustainable infrastructure assets to finance or refinance
- Encourage original sponsors to design project with label in mind to market asset credentials and facilitate exit
- Positively influence upstream pipeline preparation efforts of developing country governments to offer bankable, sustainable infrastructure investment opportunities
- Facilitate use of blended finance by donor governments and development finance institutions

Incentivise high environmental, social, governance, and resiliency standards across the infrastructure lifecycle

**Infrastructure Life Cycle**

- Project preparation
- Pre-construction
- Construction
- Operations & maintenance
- Decommissioning/repurpose

**SI Labelled assets**

Governments, Equity investors, lenders, Institutional investors
SI Label helps shape the generation and financing of bankable infrastructure projects

**Synergies with related initiatives**
- OECD
- GIF
- GISP Alliance
- CFLI-EDFI-GIF
- MDBs, DFI s and bilaterals
- Governments, NDBs
- NGOs, Philanthropy

**Aligned with**
- MDBs frameworks
- Taxonomies, Standards & Benchmarking
- SDGs and QII

**Synergies with FAST-Infra initiatives**
- Project selection – i.e. which assets to fund
- Reporting of ESG information
- Marketing between initiatives
FAST-Infra SI Label: Globally applicable with distinctive focus on emerging markets

Draws from existing frameworks, standards, and taxonomies; ‘curation’ to provide coherency and comparability for and across the global infrastructure finance market

**Principles**
- Equator Principles
- Green Bond Principles
- Social Bond Principles
- Sustainability Bond Principles
- Green Loan Principles
- G20 QII Principles

**Standards & Frameworks**
- IFC Performance Standards
- Other MDB frameworks
- Blue Dot Network
- ICP Sustainable Infrastructure Indicators
- Aligned Set of Sustainability Indicators
- TICCS (EDHEC Infrastructure)
- UN Global Compact
- SDGs

**Taxonomy**
- EU Taxonomy

**Ratings, Standards & Benchmarking**
- Institute for Sustainable Infrastructure (ISI) / Envision
- BRE Global/Ceequal (BREEAM sustainability rating scheme)
- Global Infrastructure Basel (GIB) / SuRe
- Infrastructure Sustainability Council of Australia (ISCA) / Infrastructure Sustainability Rating Scheme
- GRESB
SI Label framework: Raising ambition for contribution beyond minimum safeguards

- Not ‘reinvent the wheel’; build on existing frameworks and standards
- **Inexhaustive, indicative list of assets** that lend themselves to sustainability
- **Four ‘dimensions’** of sustainability
  - Environmental, Social, Governance, Adaptation & Resiliency
- Each ‘dimension’ includes a series of ‘criteria’ (14 criteria in total) that, taken together, define ‘sustainability’ under the SI Label
- Each ‘criteria’ is further described/defined by reference to existing standards and associated with a series of ‘indicators’
- Requirement: IFC Performance Standards + ‘gaps filled’ + positive contribution across dimensions (reflecting best practice for each criteria)
- Mapped to the SDGs and QII Principles
- Impact reporting required; self-declaration, second- and third-party opinions, verification, certification; and at different lifecycle stages
- Governance structure inspired by Green Bond Principles (Members, Observers, Executive Committee)
- SI Label framework will evolve over time as market develops
SA Label: Assets, dimensions, criteria, and indicators

◆ Types of sustainable infrastructure

<table>
<thead>
<tr>
<th>Inexhaustive, Indicative List of Eligible Sustainable Infrastructure Assets</th>
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<tbody>
<tr>
<td>Renewable Energy</td>
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<tr>
<td>Clean Transport</td>
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<tr>
<td>Water, Wastewater, &amp; Sanitation</td>
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<tr>
<td>Solid Waste Management</td>
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<tr>
<td>Green Buildings &amp; Social Infrastructure</td>
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<tr>
<td>Data Infrastructure</td>
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<tr>
<td>Electricity Transmission &amp; Distribution</td>
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<tr>
<td>Nature-Based Solutions</td>
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</table>

◆ Indicators and reference standards

Environmental Dimension

<table>
<thead>
<tr>
<th>Environmental Criteria</th>
<th>Reference Standards &amp; Indicators</th>
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<tbody>
<tr>
<td>Protection or Enhancement of Biodiversity &amp; the Natural Environment</td>
<td>• Maintenance/safeguarding/increase of protected area/other effective area-based conservation (OECM)/habitat in km² and in % for increase [ICMA - GBP]</td>
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<td></td>
<td>• Clear and measurable biodiversity conservation outcomes are identified, benchmarked and periodically assessed [IUCN]</td>
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Dimensions and criteria

Environmental Dimension

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<tr>
<td>Protection or Enhancement of Biodiversity &amp; the Natural Environment</td>
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<tr>
<td>Climate Change Mitigation/GHG Emission Reduction</td>
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<tr>
<td>Efficient Use of Natural Resources/Materials/Waste Reduction</td>
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<td>Pollution Control</td>
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Social Dimension

<table>
<thead>
<tr>
<th>Social Criteria</th>
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<tbody>
<tr>
<td>Gender Integration</td>
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<tr>
<td>Health &amp; Safety</td>
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<tr>
<td>Human &amp; Labor Rights</td>
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<tr>
<td>Land Acquisition &amp; Resettlement</td>
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<td>Stakeholder Engagement</td>
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Adaptation & Resiliency Dimension

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<th>Adaptation &amp; Resiliency Criteria</th>
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<tbody>
<tr>
<td>Climate Adaptation</td>
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<tr>
<td>Climate Risk and Natural Disasters</td>
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<tr>
<td>Resilience</td>
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Governance Dimension

<table>
<thead>
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<th>Governance Criteria</th>
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</thead>
<tbody>
<tr>
<td>Anticorruption Protocols &amp; Procedures</td>
</tr>
<tr>
<td>Sustainability &amp; Compliance</td>
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</table>
SI Label framework: Early draft undergoing rapid evolution with working group

Inexhaustive, Indicative List of Eligible Sustainable Infrastructure Assets

| Renewable Energy | • Electricity and/or heat from: solar, wind, hydro, geothermal, bio-energy, ocean energy, waste-to-energy |
| Clean Transport | • Electric and/or hybrid for public, urban/rural/urban rail, and regional transportation |
| • Active transportation |
| • Infrastructure for clean energy vehicles and reducing the number of pollutants |
| • Dry ports |
| Water, Wastewater, & Sanitation | • Water, wastewater, and/or sewage support for water storage, transportation, distribution, and distribution of water, water harvesting, irrigation, and drainage systems |
| Solid Waste Management | • Solid waste collection, storage, processing, treatment, and/or recycling systems |
| • Anaerobic digestion and composting of bio-waste |
| • Landfill, incinerator, transport, and/or sequestration systems |
| Green Building and Social Infrastructure | • Green building and social infrastructure (e.g., storage, processing facilities, cold storage, carbon technologies and/or sustainable product)

ENVIROMENTAL DIMENSION

| Protection or Enhancement of Biodiversity & the Natural Environment | The project shall seek to minimize and avoid negative impacts on environment and ecosystem services. This may include promotion of sustainable management, maintenance, and rehabilitation of natural habitats and ecosystems. |
| Climate Change Mitigation/GHG Emissions Reduction | The project shall demonstrate reductions, avoidance, or net beneficial impact of greenhouse gases and other emissions. |
| Efficient Use of Natural Resources/Materials/Waste Reduction | The project shall integrate sustainable sourcing and use of renewable and/or recyclable materials. This may include consideration of recycled materials and/or the reduction of waste generation and waste materials. |
| Pollution Control | The project shall implement, and manage adverse impacts of pollution and human environment. |

ADAPTATION & RESILIENCE DIMENSIONS

| Adaptation & Resilience Criteria | The project shall incorporate adaptation measures to changing climate project design, location, use of resources, pollution, biodiversity, or other relevant factors. |
| Resilience to Climate Risk & Natural Disasters | The project shall incorporate measures to enhance resilience to climate risks pertaining to the asset and surrounding environment within the lifecycle. |
| Social Resilience | The project shall consider contributions to social resilience, e.g., in preparation, assistance, and recovery from external hazards and shocks. |

Environmental Criteria

| Indicative Indicators and Best Practice Guidance | Curated list of indicators and approach to measurement, showing relationship to existing standards as guidance |
| Environmental Criteria | • Proposed indicator: Maintenance/safeguarding/increase of protected area-based conservation (Km², % decrease in % for inner and measurable) biodiversity identified, benchmarked, and assessed. |
| • Proposed indicator: Abiotic number of protected and/or priority areas deemed sensitive in protected/conserved areas (km², % decrease). |
| Social Criteria | • Gender Integration & Inclusivity: The project shall promote and mitigate adverse impacts related to gender and physical abilities; provide equal opportunity to both women and men, reduce inequalities in access to services across gender and abilities, and be gender- and ability-sensitive in design and implementation. |
| Health & Safety | The project shall avoid or minimize negative impacts to health and safety of affected communities, employees, contractors, and end-users/beneficiaries. Evaluate, assess, and manage project impacts and risks on community health and safety, and the project lifecycle, ensuring project activities do not increase security risks for local populations. |
| Human & Labor Rights | The project shall adhere to human and labor rights standards and compliance, with national employment and labor laws, promote safe and healthy working conditions, health of workers, protect workers, including vulnerable categories (children, migrant workers, women in supply chain), avoid use of forced labor, promote sustainable supply chains, and enforce best practices, non-discrimination, and equal opportunity for all. |
| Land Acquisition & Resettlement | The project shall consider alternative approaches that do not require resettlement; be designed to minimize impacts of resettlement on economic displacement, and compensate and improve living conditions and livelihoods of displaced persons while resettlement is necessary. |
| Stakeholder Engagement | The project shall establish effective engagement with stakeholders and affected communities throughout the project lifespan; avoid, minimize, or compensate for impacts on indigenous peoples through Free, Prior, and Informed Consent (FPIC). |

GOVERNANCE DIMENSION

| Governance Criteria | The project shall develop and implement an anti-corruption and anti-bribery management system throughout the full lifecycle including measures that promote ethics, accountability, integrity, and transparency. |
| Sustainability & Compliance | The project shall establish and implement environmental and social management systems; demonstrate with national corporate governance regulations to ensure that environmental and social management plans are applied over the lifecycle of a project, implement transparent, sustainable project procurement. |
Next steps

- The SI Label will be issued for consultation to the market in Q1 2021
- Gain momentum towards COP26 and launch of the SI Label

December - January

- Finalise Draft SI Label Framework
- Circulate to FAST-Infra stakeholder group
- Focused outreach/engagement
- Integrate feedback

Public Consultation est. Q1 2021

- Fundraise for initial 5-year mandate
- RFP for ‘secretariat’ and ‘data’ functions
- Establish inaugural governance groups

Revise SI Label for Launch

Launch SI Label (Q2 2021)
Thank-you!

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