

# Finance to Accelerate the Sustainable Transition: Infrastructure FAST-Infra Global Calls

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## Introductory speakers



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# Finance to Accelerate the Sustainable Transition: '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



## Broad participation

- ◆ Founding partners: CPI, GIF, HSBC, IFC, OECD
- ◆ Finance industry-led, private-public partnership – broad-based, open and inclusive

# FAST-Infra: Why, What and How?

- 1 Motivation and insights
- 2 Two targeted interventions
- 3 Recent standards and financings that point the way
- 4 Moderated discussion; Q&A
- 5 Poll of callers
- 6 Working groups – objective and terms of reference for four working groups

# Creating climate compatible infrastructure – four stepping stones



- ◆ Key role of national development banks (NDBs)
- ◆ Policy and capacity building
- ◆ Blended finance
- ◆ Sustainable infrastructure label

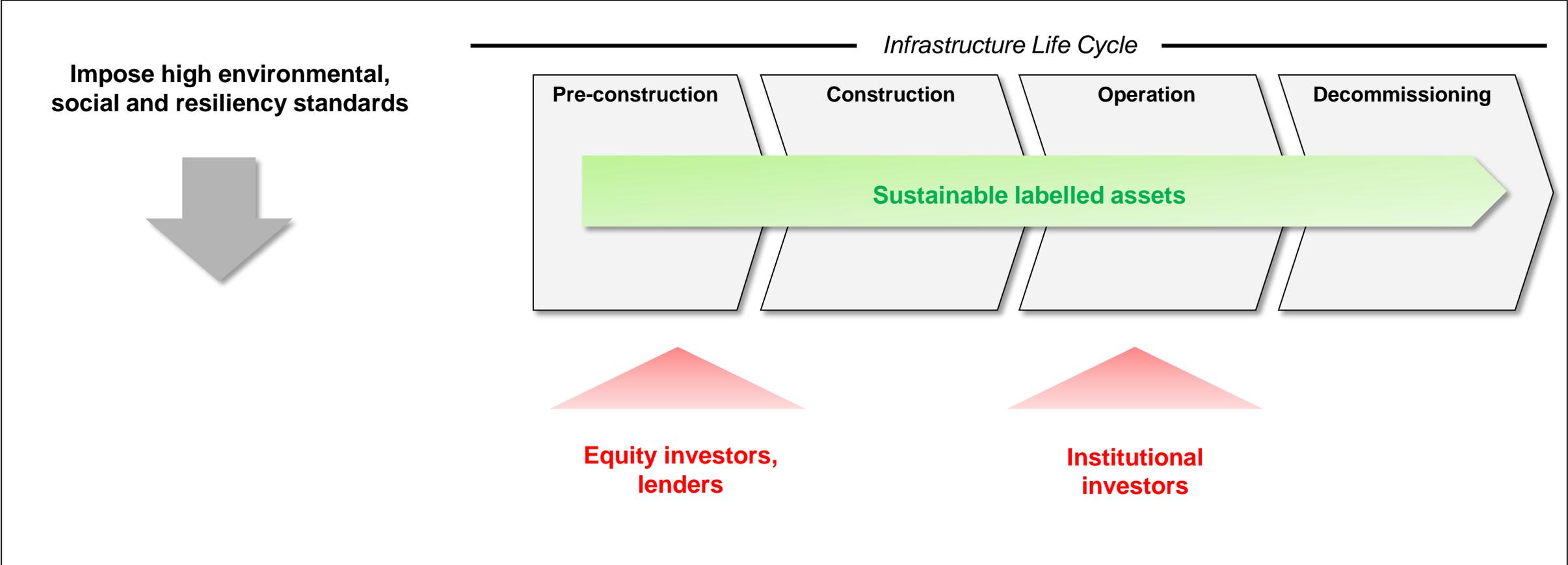
# Introducing a sustainable infrastructure labelling system



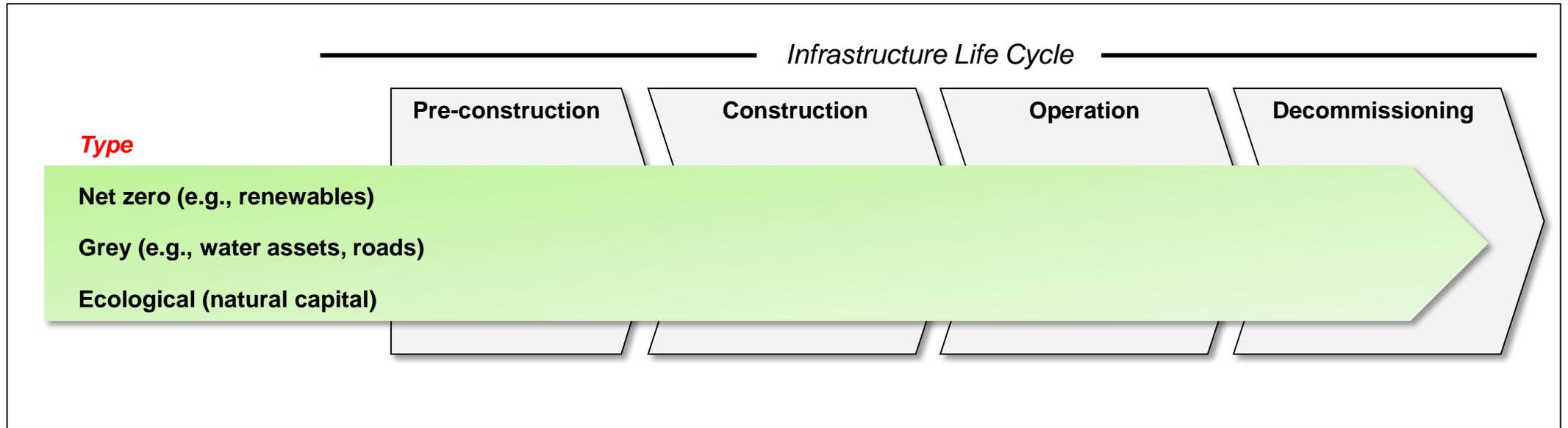
## Label will:

- ◆ Incentivise high environmental, social and resiliency standards at pre-construction stage
- ◆ Allow institutional investors easily to identify sustainable assets to finance or refinance

# Sustainable infrastructure label may attract new financings



## Detailed standards must underpin the sustainable infrastructure label



- ◆ Identity environmental, social and resiliency standards
  - ◆ ...at each stage of the asset life
  - ◆ ...for three types of infrastructure

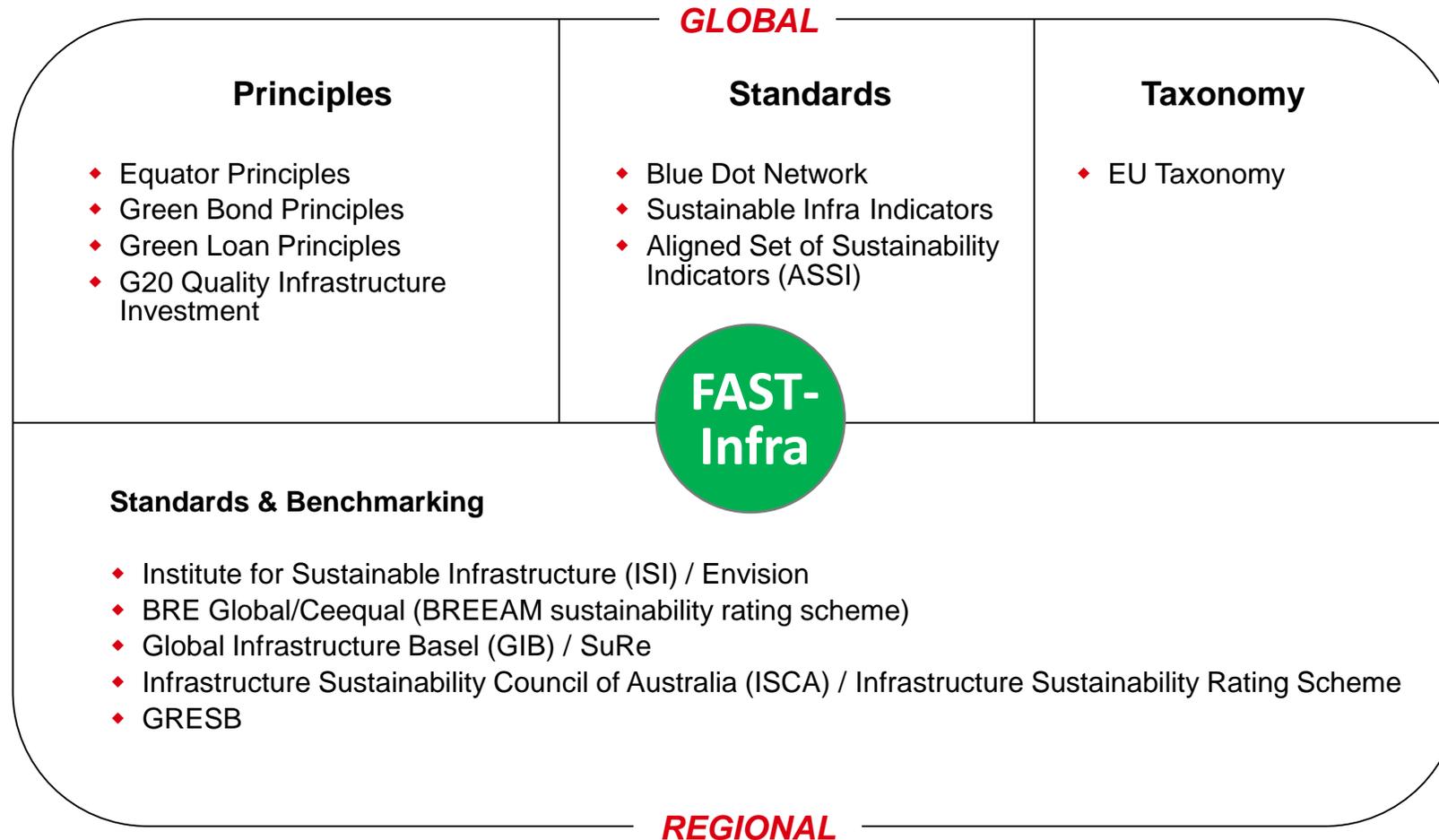
# Four steps that allowed the green bond market to grow

## Four steps to success in the green bond market:

- 1 Green Bond Principles (GBPs) set out four steps required to issue a green bond
- 2 Declared ten project types that it deemed to be green, stating this list to be in-exhaustive
- 3 'Cottage industry' of verifiers sprang up, to verify greenness of green bonds
- 4 Climate Bonds and now EU begin work on green taxonomies



# FAST-Infra: Distinctive focus on EM sustainable infrastructure label



# Innovative criteria that show the way

## Standards:

- ◆ Standard-setters / infrastructure asset raters
- ◆ 'Performance standards on environmental and social sustainability', 2012, IFC
- ◆ 'Investment Principles and Eligibility Criteria; an ASEAN Infrastructure Fund Initiative', 2020 Asian Development Bank (ADB)
- ◆ 'Sustainable Infrastructure Framework', 2018, Inter-American Development Bank (IDB)
- ◆ 'Aligned Set of Sustainability Indicators (ASSI)', 2020 Public-Private Infrastructure Advisory Facility (PPIAF), Global Infrastructure Facility (GIF) and others



# Develop platforms for targeted financial interventions

## Project Preparation Funds (PPFs)

- ◆ PPF technical assistance helps originate and structure bankable sustainable infrastructure projects.
- ◆ PPFs can provide development-stage financing and capital to cover short-term technology risks.



## Sustainable Financing Facilities (SFFs)

- ◆ Vehicles or platforms that raise capital in global and domestic financial markets.
- ◆ They provide blended finance to eligible NDBs and local FIs for on-lending for project construction.



## Sustainable Infrastructure Funds (SIFs)

- ◆ Purchase or refinance loans for operating assets that were originally financed by NDBs and local institutions, so freeing up local capital for new and additional investment.

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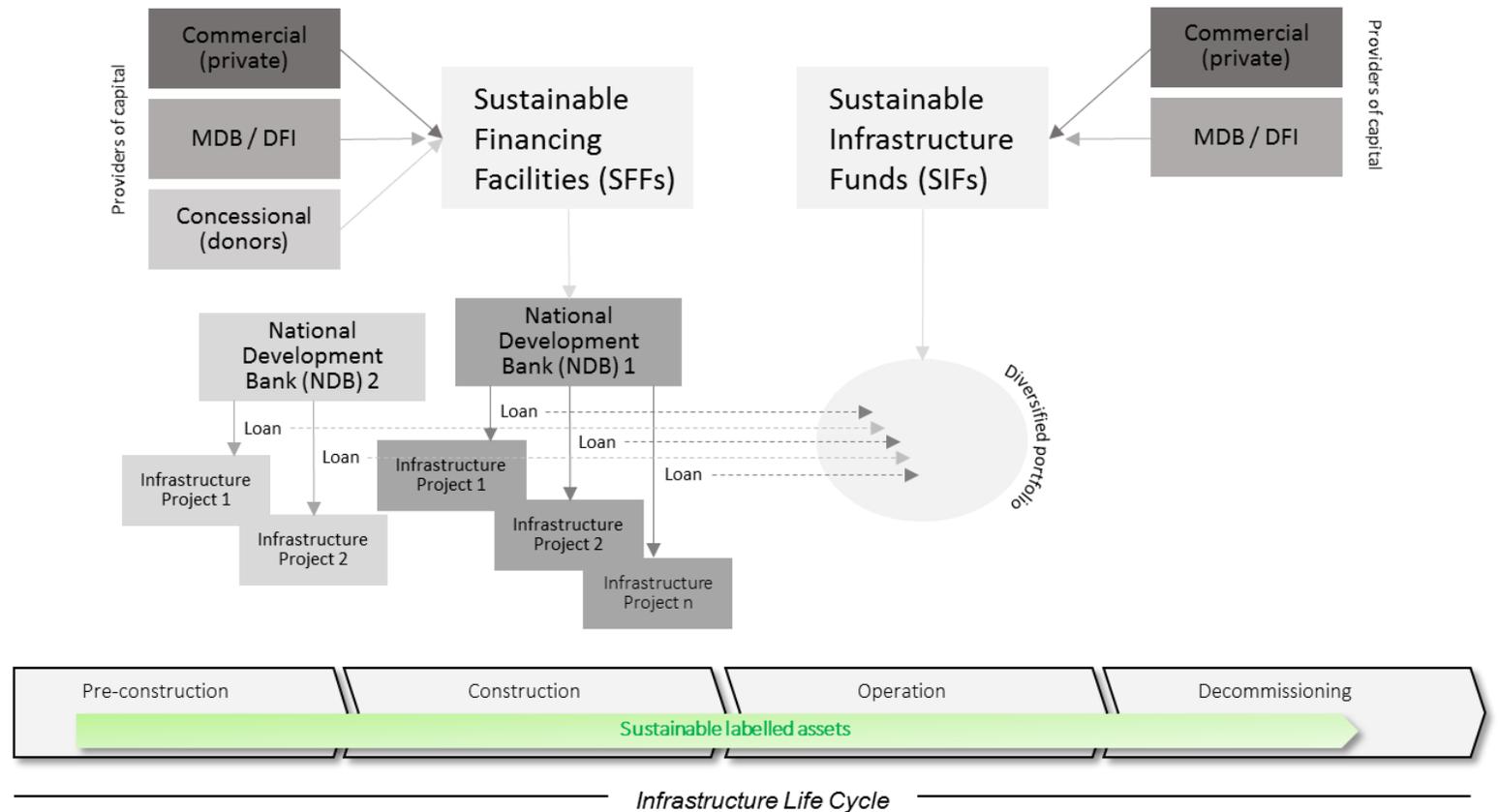
*Climate Investor One, 2017  
integrated fund incubated by CPI-managed Climate Finance Lab, anchored by FMO*

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# Example: Target finance to National Development Banks (NDBs) via SFFs

- 1 FAST-Infra participants lend to Sustainable Financing Facilities (SFFs), that on-lend to NDBs with pipelines of sustainable infrastructure projects
- 2 These loans allow NDBs to take on construction risk, while keeping focus on governance and sustainability
- 3 Post construction, the NDB loans are refinanced by Sustainable Infrastructure Funds (SIFs)

## Replicable and Scalable



# Proposed working groups

## Questions to address

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### **(A)** **Environmental, social and resiliency standards**

- ◆ Which environmental, social and resiliency standards to consider at each stage of the asset life?
  - ◆ Into which project documents to embed these standards?
  - ◆ Trade-offs between performance at different stages?
  - ◆ Definition and measurement method for each indicator
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### **(B)** **Mechanics of a labelling system**

- ◆ Award label at asset or security level?
  - ◆ For how long is the label awarded?
  - ◆ Reporting
  - ◆ Governance
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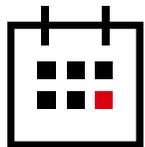
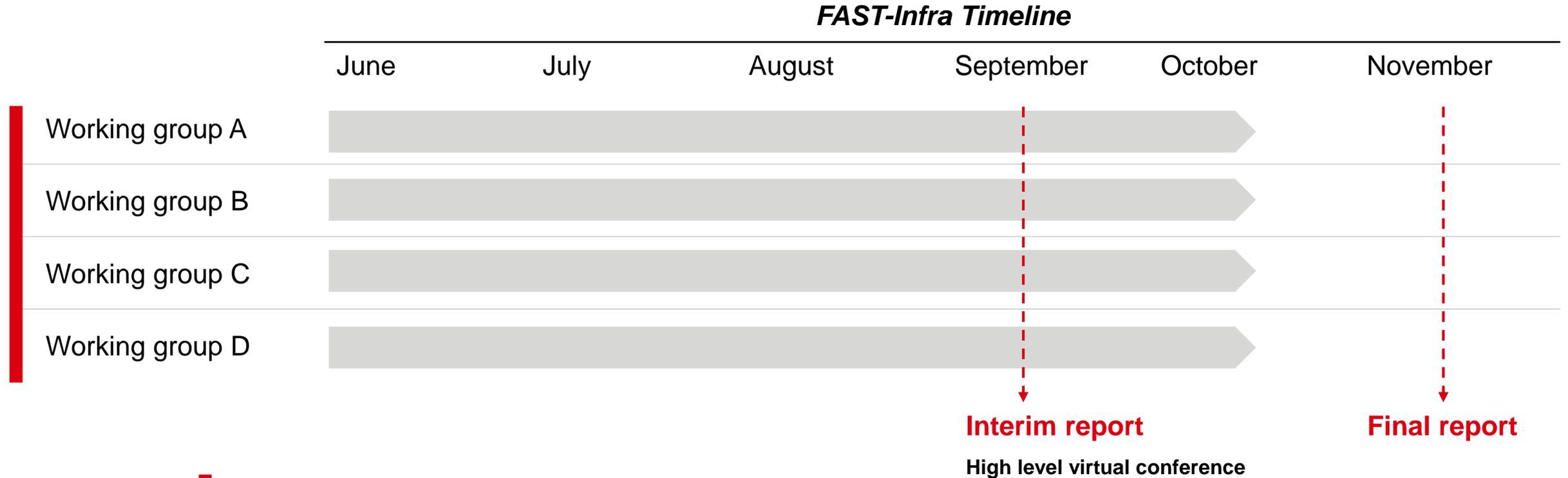
### **(C)** **Scaling financial support**

- ◆ How to upsize, copy good sustainable infra projects?
  - ◆ Where to fill market gaps, launch pilot projects?
  - ◆ Identify solutions at each stage of project life cycle
  - ◆ Revenue mechanisms to recoup indirect user benefits
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### **(D)** **Targeted financial interventions**

- ◆ Identify NDBs with pipeline of sustainable financings
- ◆ Successful use of blended financings
- ◆ Case studies of successful, innovative financings
- ◆ Design pilot phase projects

# FAST-Infra timeline to November



- ◆ Each group meets once a month
- ◆ Five meetings from June to October
- ◆ Interim report 1 September; Final report and recommendations 1 November

# Contacts

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