# Successful Funding Solutions Drawing from International Experience

Sri Lanka Infrastructure Summit 2016

Organized by LBR LBO



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#### IFC: A MEMBER OF THE WORLD BANK GROUP

#### **IBRD**

International
Bank for
Reconstruction
and
Development

Loans to middle-income and credit-worthy low-income country governments

#### **IDA**

International Development Association

Interest-free loans and grants to governments of poorest countries

#### **IFC**

International Finance Corporation

Solutions in private sector development

#### **MIGA**

Multilateral Investment and Guarantee Agency

Guarantees
of foreign
direct
investment's
noncommercial
risks

#### **ICSID**

International
Centre for
Settlement of
Investment
Disputes

Conciliation and arbitration of investment disputes

#### Where Can We Get \$40 billion From?

## Public vs Private

Local vs Foreign



#### **Equity Vs Debt**



Typically 30% - 50% of costs

#### **Equity Investors:**

- Developers
- Construction Contractors
- Conglomerates
- Equity Funds
- Sovereign Wealth Funds
- Strategic Industry Players
- Equipment Suppliers
- Multi-lateral and Bilateral Financiers



Typically 50% - 70% of costs

#### Lenders:

- Local Banks
- International Banks
- Institutional Investors
- Bond Subscribers
- Export Credit
- Multi-lateral & Bil-lateral Financiers

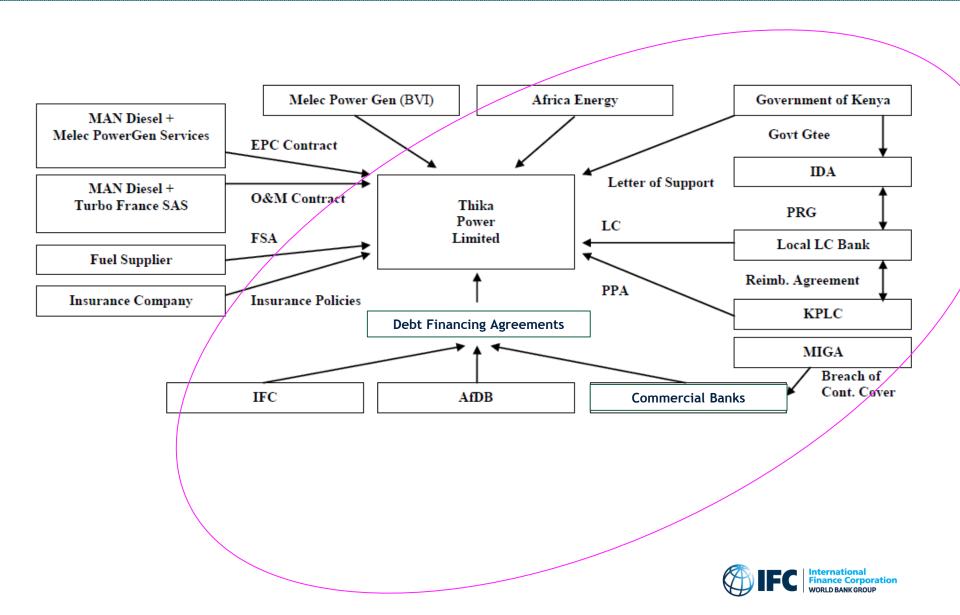


### Why is Credit Rating Important?

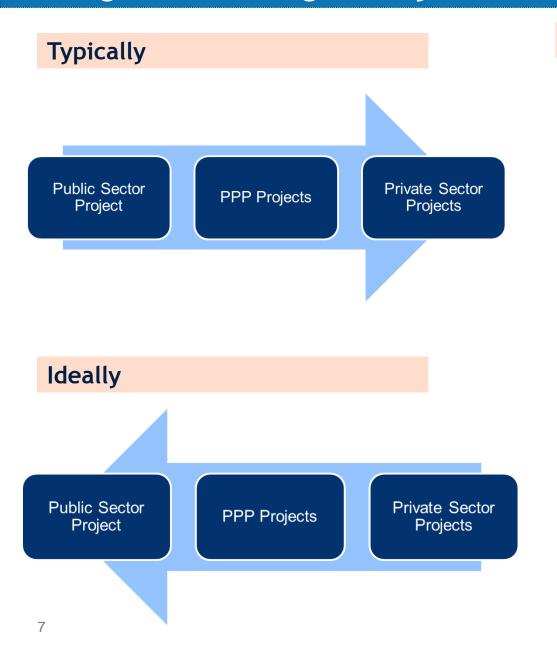
Moody's		S&P		Fitch		Dating description		
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Rating description		
Aaa		AAA		AAA		Prime		IIC Cinganaga IEC
Aa1	- P-1	AA+	AA+				US, Singapore, IFC	
Aa2		AA	A-1+	AA	F1+	High grade	Investment-grade	
Aa3		AA-		AA-				
A1		A+		A+		Upper medium grade		
A2		Α	A-1	F1	F1			
A3	P-2	A-		A-				
Baa1		BBB+	A-2	BBB+	F2			
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade		→ Thailand, Italy, Spain
Baa3		BBB-		BBB-				→ India, Turkey  → Bangladesh, Vietnam, Nigeri
Ba1		BB+		BB+		Non-investment grade speculative		
Ba2		BB		BB				
Ba3		BB-		RR-				
B1		B+	В	B+	В			
B2		В	В		Highly speculative	Sri La	→ Sri Lanka, Kenya, Uganda	
B3		B-		B-		riigiiiy speculative		→ Pakistan
Caa1	Not prime	CCC+			С	Substantial risks	aka junk bonds	
Caa2		CCC				Extremely speculative		
Caa3		CCC-	С	ccc		Default imminent with little prospect for recovery		
Ca		CC	-					
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С		_		DDD				
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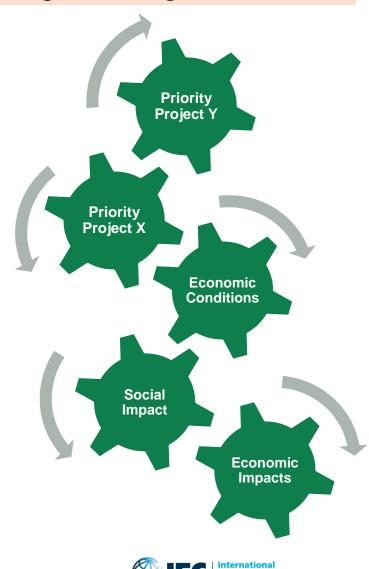
# Mobilizing Financing: Thika Power Example from Kenya



#### **Strategic Prioritizing of Projects**



#### **Strategic Planning**



### Thank You

