

Successful Funding Solutions

Drawing from International Experience

Sri Lanka Infrastructure Summit 2016

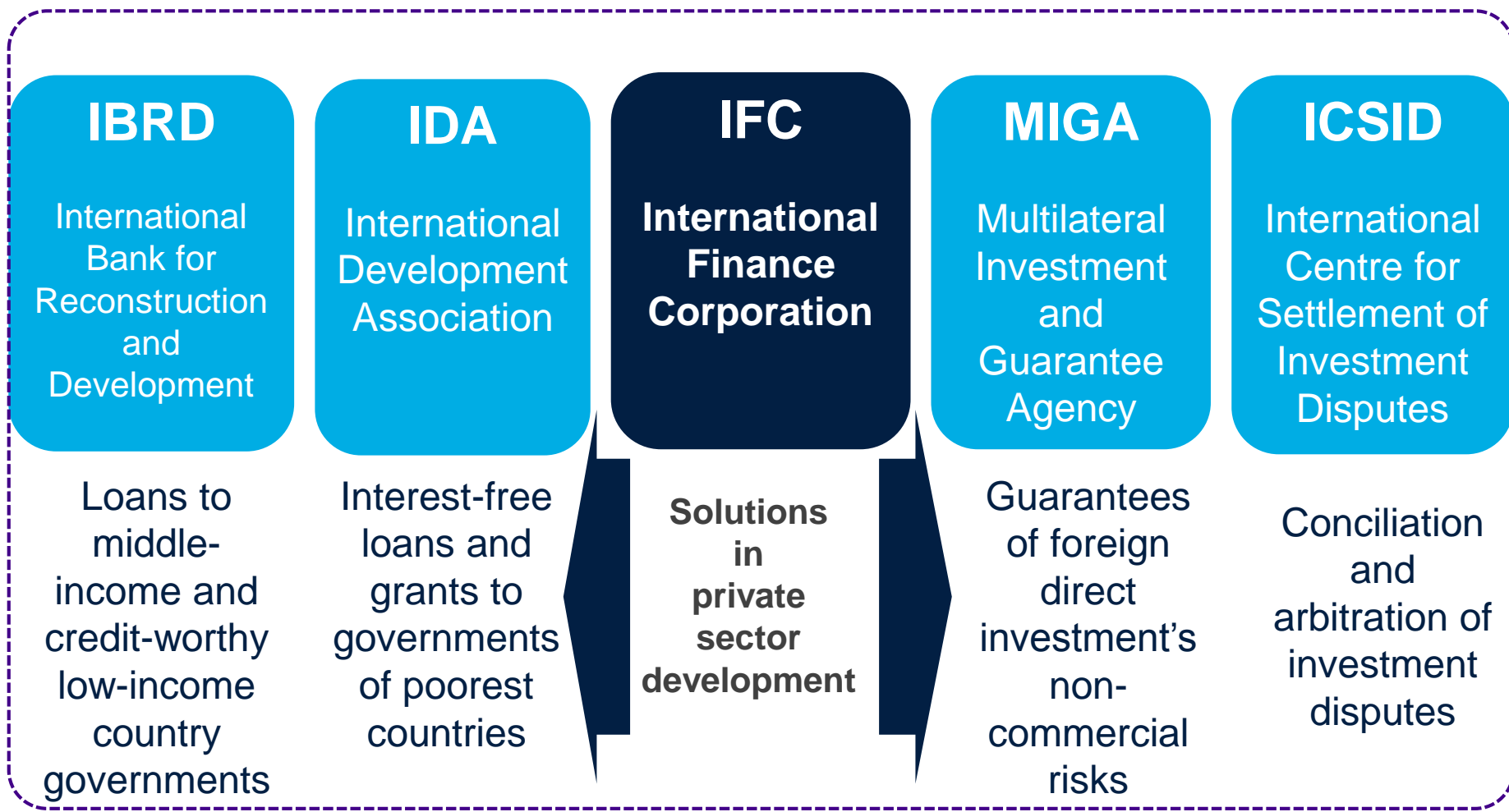
Organized by LBR LBO



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IFC: A MEMBER OF THE WORLD BANK GROUP



Where Can We Get \$40 billion From?

Public vs Private

Local vs Foreign

Equity

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

Debt

Typically 50% - 70% of costs

Lenders:

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

Why is Credit Rating Important?

| Moody's | | S&P | | Fitch | | Rating description | | | | | |
|-----------|------------|-----------|---|-----------|------------|-------------------------------------|------------------|-----|--------------------|-----------------------|--|
| Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | | | | | | |
| Aaa | | AAA | | AAA | | Prime | | | | | |
| Aa1 | P-1 | AA+ | A-1+ | AA+ | F1+ | High grade | Investment-grade | | | | |
| Aa2 | | AA | | AA | | | | | | | |
| Aa3 | | AA- | | AA- | | | | | | | |
| A1 | | A+ | | A+ | | | | | | | |
| A2 | P-2 | A | A-1 | A | F1 | Upper medium grade | | | | | |
| A3 | | A- | | A- | | | | | | | |
| Baa1 | | BBB+ | | BBB+ | | | | F2 | | | |
| Baa2 | | BBB | | BBB | | | | F3 | Lower medium grade | | |
| Baa3 | BBB- | BBB- | | | | | | | | | |
| Ba1 | | BB+ | B | BB+ | B | Non-investment grade speculative | | | | | |
| Ba2 | | BB | | BB | | | | | | | |
| Ba3 | | BB- | | BB- | | | | | | | |
| B1 | | B+ | | B+ | | | | | | | |
| B2 | | B | | B | | Highly speculative | | | | | |
| B3 | | B- | | B- | | | | | | | |
| Caa1 | | Not prime | | CCC+ | | | C | CCC | C | Substantial risks | Non-investment grade aka high-yield bonds aka junk bonds |
| Caa2 | | | | CCC | | | | | | Extremely speculative | |
| Caa3 | CCC- | | Default imminent with little prospect for recovery | | | | | | | | |
| Ca | CC | | | | | | | | | | |
| | C | | | | | | | | | | |
| C | D | | / | DDD | / | In default | | | | | |
| / | | | | DD | | | | | | | |
| | | D | | | | | | | | | |

US, Singapore, IFC

Thailand, Italy, Spain

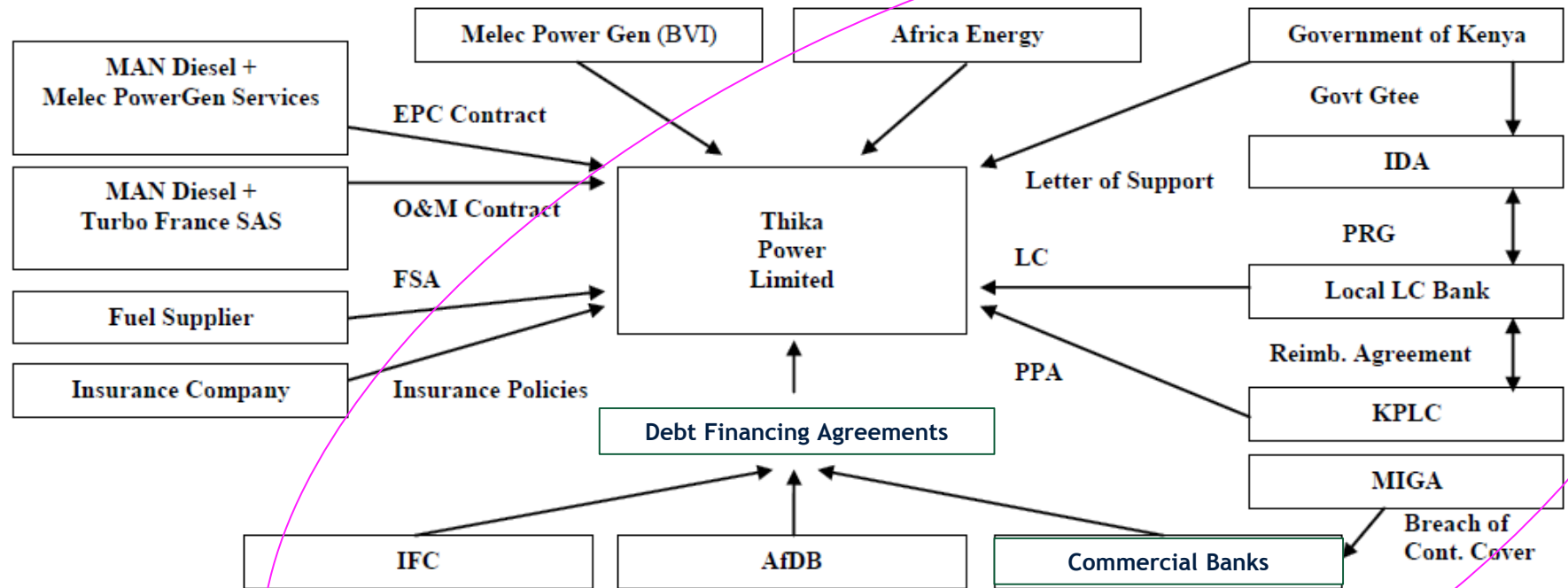
India, Turkey

Bangladesh, Vietnam, Nigeria

Sri Lanka, Kenya, Uganda

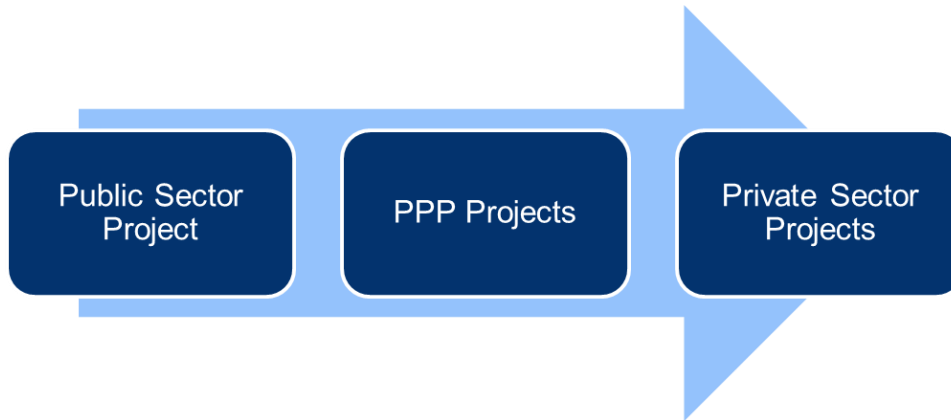
Pakistan

Mobilizing Financing: Thika Power Example from Kenya

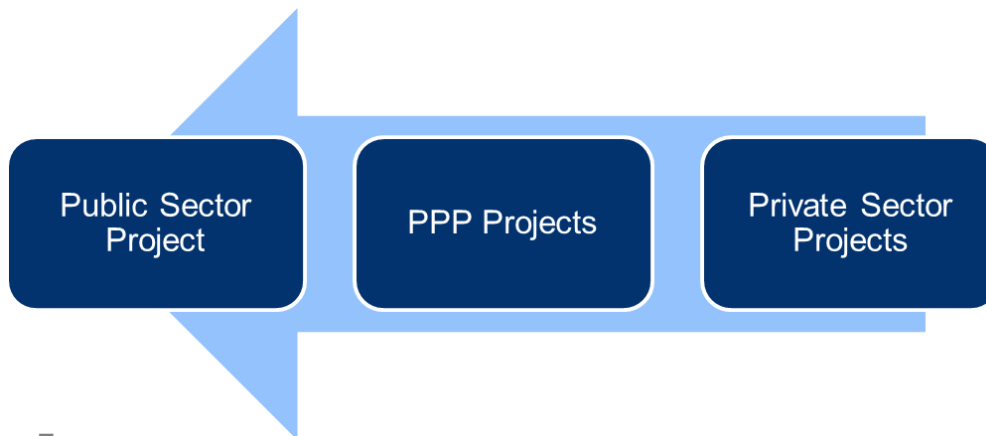


Strategic Prioritizing of Projects

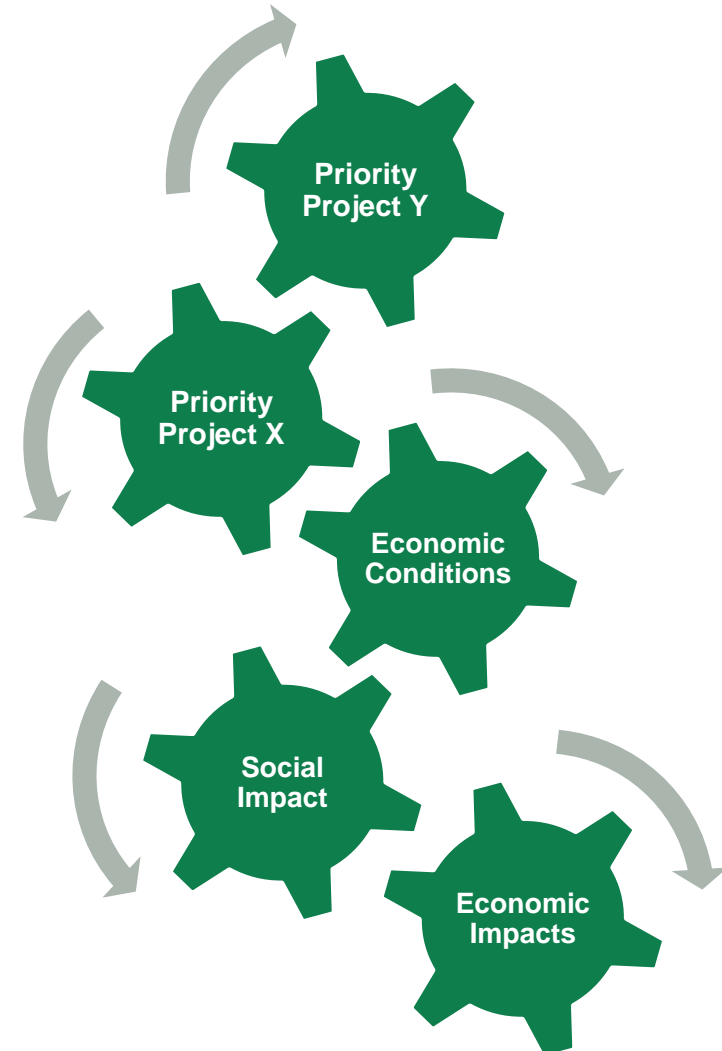
Typically



Ideally



Strategic Planning



Thank You