

***Infrastructure PPP Projects:
Financing & Risk Mitigation
Instruments
of the Asian Development Bank***

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ADB

Asian Development Bank (ADB)

- ADB is a multilateral financial institution dedicated to reducing poverty in Asia and the Pacific.
- Established in 1966 and now owned by 63 member countries, of which 42 are considered developing.
- Headquartered in Manila, with 27 other offices around the world and more than 2,000 employees from 50 countries.
- ADB provides financial assistance to governments and to public and private enterprises.
- 2004 approvals: \$5.8 billion in loans, equity investments, guarantees, and technical assistance.

ADB Catalyzes and Mobilizes Capital

- Leads private capital to development projects in countries or sectors with perceived high risks (e.g. transition economies, small countries, frontier sectors).
- Provides comfort to co-investors by taking the same risks through direct participation in projects (i.e., being on the “same boat”).
- Mitigates perceived risks through credit enhancement instruments such as guarantees.
- Assures financial closure in critical infrastructure projects requiring large financing.

ADB Adds Value

- Better loan terms and financial structure to improve project's viability.
- Mutually beneficial concession contracts.
- Improved environmental and social risk mitigation. enhanced public consultation.
- Improved corporate governance in the project.
- “Certification” of projects on issues of environmental protection, good governance, etc. on the strength of ADB's value system.

Targeted Infrastructure Segments

- **Power:** generation, transmission, distribution, renewables.
- **Oil and gas:** pipelines, terminals, distributions systems.
- **Transport:** roads, bridges, ports, airports, rail transport systems.
- **Telecommunication:** backbone networks, rural telecom.
- **Water:** supply, distribution, wastewater treatment.
- **Urban services:** waste management, mass rapid transit, and other transport systems.

Types of Infrastructure Projects Assisted

- ***Greenfield:*** start-up projects, including BOOs, BOOTs, BOTs and other similar contractual structures.
- ***Brownfield:*** expansion, rehabilitation, modernization of existing facilities with private sector participation.
- ***Privatization:*** state-owned utilities.

ADB's Windows of Operation

- **Public Sector Window**

- deals with the government
- instruments: sovereign loans, technical assistance, guarantees

- **Private Sector Window**

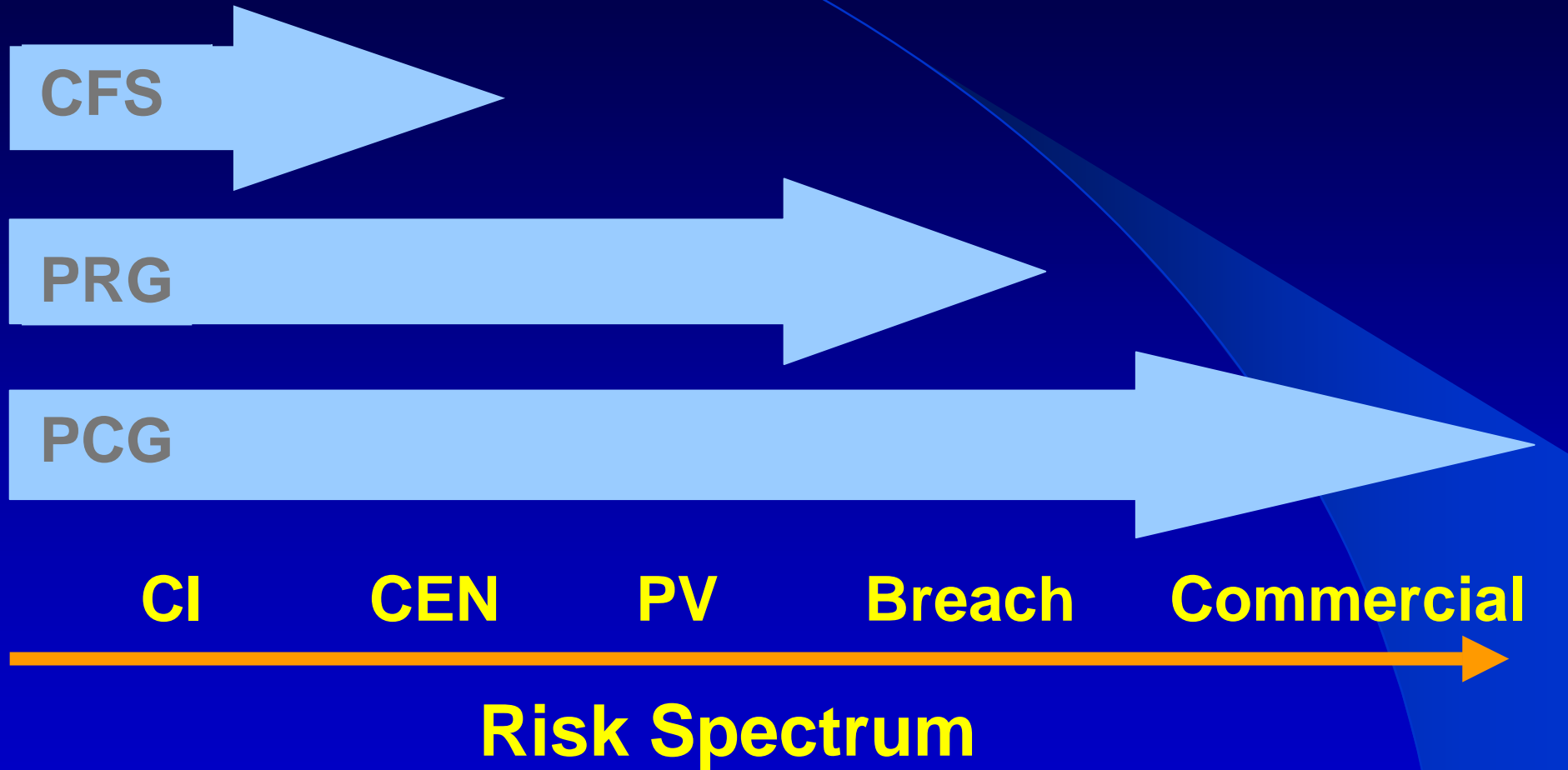
- direct assistance to private enterprises
- instruments: equity investments, non-sovereign loans, guarantees, complementary financing scheme

Instruments to Assist PPP Projects

- Equity investments
- Loans without sovereign guarantees
- Complementary financing scheme (CFS)
- Political risk guarantee (PRG)
- Partial credit guarantee (PCG)
- Sovereign loans to finance the host government's equity in a PPP project, if needed.

Our real product: risk mitigation

Extent of ADB's Risk Mitigation



Thank you

ADB