

Strengthening Policy and Regulatory Frameworks

Best Practices, Lessons Learned and Opportunities
for

Climate Resilient Infrastructures

Standing Committee on Finance Forum

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Basis for Strengthening Policy, Regulatory Frameworks and Institutional Capacities

Can be broadly divided into 5 categories:

- Clear national, sub-national and sectoral development strategies
- Institutional and regulatory frameworks (including PPPs)
- Improved project appraisal and preparation capacities
- Availability of financing at different project phases
- Availability of Technical standards

Clear national, sub-national and sectoral development strategies

- Pilot Program for Climate Resilience (PPCR):
 - Supported multi-sectoral national level climate resilient strategy development in 28 countries
 - Multi-sectoral adaptation planning in vulnerable countries to direct investment effectively
- Climate Action Peer Exchange (CAPE):
 - brings together Ministries of Finance and other relevant stakeholders to discuss fiscal and financing challenges and experiences in implementing the Nationally Determined Contributions (NDCs)
 - A capacity-building forum for peer-to-peer knowledge-sharing and advisory support.

Institutional and Regulatory Frameworks

Case Focus: Samoa-Enhancing the Climate Resilience of the West Coast Road Project

Total Financing: US\$17.02M; IBRD US\$14.80M; Borrower US\$2.22M

Under Implementation

More than 50% of West Coast Road sits less than three meters (9.8 feet) above sea level and just a few meters from the shoreline

Project supported

- Review of institutional and legal framework and recommended specific reforms and capacity building required to facilitate climate change resilience in the roads sector from infrastructure and operational perspectives
- Development of climate change adaptation policy framework and objectives for national road network



Improved project appraisal and preparation capacities

Case Focus: Timor Leste - Tibar Bay Port Concession

- Dili port, the only international seaport for dry cargo, reached capacity
- GoTL identified Tibar Bay as a possible site for constructing a new greenfield port
- Reviewed options helped determine the optimum investment requirements, and assessed whether a PPP could be designed to meet the GoTL's objectives.

Supported the GoTL to undertake a detailed analysis of available structuring options, and the viability and market acceptance of the project

Supported the GoTL to successfully implement a transparent and competitive tender for the Tibar Bay PPP concession that attracted world-class investors

Outcome:

In June 2016, the GoTL signed a 30-year, \$490-million concession contract with Bollore Logistics, which had been selected through a competitive bidding process.

Support towards long term capacity for project appraisal and preparation

- i) setting up and capacitating a PPP Unit within the Ministry of Finance and developing its workflow and process
- ii) building capacity within the GoTL to support the establishment of a successful PPP program and bringing projects to the market.

(USD 250,000)



Financing at Different Stages

Case Focus: Colombia- 4th Generation Toll Road Program

- An ambitious \$24 billion near-decade long investment plan to create a nationwide toll road network through multiple public-private partnerships (PPPs).
- Bringing together investment, advisory, and treasury support from the MDBs - both public and private sector capabilities - and investment and guarantees.
 - Improved pricing benchmarks (government bonds) developed through technical advisory **support from the IBRD**
 - Standardized project bond structure with a AA+ shadow rating and a project bond construction **guarantee from IFC**
 - \$70 million **IFC equity investment** in the Fondo de Desarrollo Nacional (FDN, Colombia's infrastructure development bank)
 - \$50 million **IFC investment** in a local infrastructure debt fund that helped mobilize over \$400 million in debt financing, mainly from pension funds
 - **MIGA cross-border risk guarantee** for foreign investors
 - IDB financing of pilot set of 4G highways and \$210 million fund making equity and debt investment available for toll projects

Outcome: To date, multiple projects planned under 4G have been awarded representing over \$10 billion of investment mobilization.

Technical standards relating to Climate Resiliency

Case Focus: Roads and Bridges Maintenance Project – Mozambique

Total Financing: US\$73.90M

Under Implementation

Development of national technical design standards and specifications for climate resilient roads:

- Review of existing design standards and construction maintenance approaches to ensure these better address climatic risks - from planning through design, construction and maintenance.
- Develop technical standards and maintenance approaches for paved and unpaved classified road network to include capacity building programs for local contractors and service providers.
- This was identified as a priority in the National Climate Change Strategy.
- These will benchmark the best practice suitable for different regions of the country.

In conclusion:

Strengthening policy and regulatory frameworks can:

- Ensure strategic, multi-sectoral approaches to building resilient infrastructure
- Strengthen institutions and build capacity
- Improve project appraisal and preparation
- Improve access to finance and reduce the cost of capital
- Improve project design and implementation

Thank You!