

# Blended EM Infrastructure Debt IDF Blueprint

June 2024



# Infrastructure Resilience Development Funding | Blueprint

The IDF announced on April 10 plans to **facilitate insurance sector investments in infrastructure in EMDCs** that will enhance the resilience of vulnerable communities to risks from climate change and other natural disasters.

The IDF has developed a blueprint designed as a **catalyst for driving greater mobilization and more impactful insurance sector investment in a critical, underserved segment of the infrastructure market.**

The blueprint is aimed at **mobilizing insurance industry investments into the development of smaller to mid-size commercial infrastructure projects in developing and emerging markets.**

- Infrastructure projects in sectors geared towards enhancing the resilience of economies.
- Financing through senior and mezzanine debt compatible with the requirements of the global insurance industry.
- Partnership with DFIs to create new innovative investment structures that meet the credit quality requirements for insurer investments.

Through exploring innovative structures, the IDF aim is to **provide a replicable, scalable solution for resilient infrastructure projects** that can come to market quickly and lead to near term measurable positive outcomes.

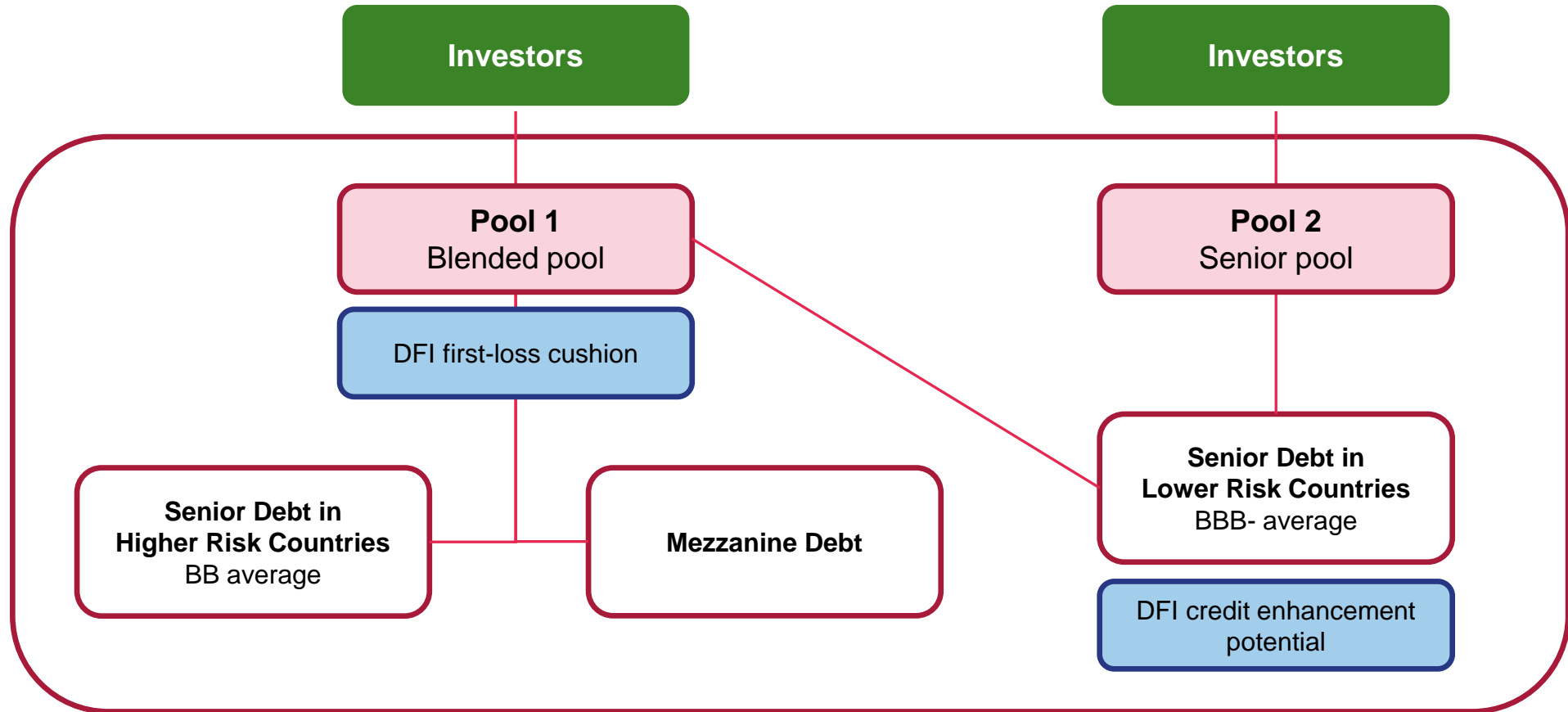
The **IDF is working with BlackRock to put its blueprint into action**, leveraging the global asset manager's infrastructure and blended finance expertise and familiarity with insurance industry investment requirements.

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## Objectives

1. **Enabling the mobilization of both public and private funding** in infrastructure projects in emerging and developing economies – increase effectiveness of blended finance.
2. **Providing a replicable, scalable solution** to increase access, and accelerate implementation pace, for the financing of such projects by institutional (insurance) investors.
3. **Generating predictable returns** through a diversified portfolio of senior and mezzanine debt lines backed by regulated and contracted revenue streams for infrastructure assets.
4. **Having measurable, positive outcomes**, notably with an emphasis on development and resilience through renewable energy, transportation, social, nature-based solutions.

# Blueprint | Structure approach



- **Two different pools of risk to allow for players with different risk appetite to maximize their contribution**
- **Engagement with DFIs** on credit enhancement at both portfolio and underlying project/asset levels

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**Target Capital Mobilized**  
**\$300-500m**

initial pledge from IDF members

**Expected timeline**

first close: Q4 2024

**Target Investments**

senior & mezzanine debt  
backed by infrastructure projects

**Outcome-oriented**

Infrastructures enabling  
development and resilience

# Blueprint | Initial target countries

Middle East & Africa	South & Central America, Caribbean	Asia Pacific
Morocco	Brazil	India
Egypt	Colombia	Sri Lanka
Botswana	Panama	Indonesia
Kenya	Peru	Malaysia
Namibia	Uruguay	Philippines
Nigeria	Chile	Thailand
Rwanda	Mexico	Vietnam
South Africa	Jamaica	Cambodia
Uganda	Bahamas	Bangladesh
	Dominican Republic	
	Turks & Caicos	
	Trinidad & Tobago	
	Costa Rica	
	Paraguay	
	Guatemala	

- **Target impact in all three regions:** Africa & Middle East, South & Central America, Caribbean, and Asia Pacific.
- **White-list approach.** Additional countries may be added based on exchanges with DFIs and investors.
- **Focus on countries with funding gap in infrastructure space** subject to review of the investable framework.

# Blueprint | Resilience & ESG approach

ESG integration incl. climate risk | Impact-oriented themes and metrics | SFDR Article 8 + PAI  
 Management of projects according to recognized standards (IFC Performance Standards)

## Sector exclusions

Screen	Defined Categories	Exclusion
<b>Controversial Weapons</b>	Controversial Weapons	Zero tolerance
	Nuclear Weapons	Zero tolerance for direct involvement (incl. components and services)
<b>Fossil Fuels</b>	Thermal Coal	Zero tolerance at project level <i>Max. 20% revenues from Thermal Coal related activities at developer level</i>
	Net Zero Asset Owners Alliance (ex. Thermal Coal)	No oil-related activities Only midstream/downstream brownfield LNG, storage and pipelines with maximum maturity until 2035
	<b>Tobacco</b>	Producers, Aggregate Revenues
<b>Civilian Firearms</b>	Civilian Firearms Producers & Retailers	All producers and distributors >5% retailer
<b>UN Global Compact</b>	Human Rights, Labour, Standards, Environment, Anti-Corruption	Violators
<b>ESG Standards</b>	Require policies in place to protect environmental standards, human rights, health and safety of own/contracted workers, and anti-bribery and corruption	

## Impact-oriented themes and metrics

Resilience	Access	Support to Local Economies
Project/corporate budget/CAPEX committed to physical resilience measures (all sectors)	Provided new access (all sectors)	Jobs created or maintained in operations phase (all sectors)
Project/corporate finances spent (historic) on resilience measures (all sectors)	Number of households powered (renewables/energy efficiency and transmission)	Jobs created in construction phase (all sectors)
Increased protection of population against natural disasters (all sectors)	Number of individuals served (all sectors)	Salaries paid locally (all sectors)
Out of service times avoided (all sectors)	Number of underserved and/or vulnerable individuals served - rural, poor, low income, displaced, marginalized (telecoms, transport, education, healthcare, housing)	Micro, small and medium enterprises (MSMEs) reached/supported (all sectors)
Power outages avoided (renewables, energy efficiency, transmission)	Number of schools, hospitals and housing units built/financed (education, healthcare, affordable housing)	Amounts of products/services locally sourced (all sectors)
Annual GHG emissions reduced / avoided (all sectors)	Target stakeholder demographic/setting (all sectors)	Energy capacity added (renewables)
		Reduction in travel time (transportation)
		Annual energy savings efficiency (all sectors)

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