



Solution Provider to Subnational Governments

International Finance Corporation

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I. INTRODUCTION TO IFC

IFC is the private sector development specialist of the World Bank Group

WORLD BANK GROUP

To end extreme poverty, to promote shared prosperity

IBRD

International Bank for Reconstruction and Development

Loans to middle-income and credit-worthy low-income countries

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 Guarantee Agency

Guarantees of foreign direct investment's non-commercial risks

ICSID

International Centre for Settlement of Investment Disputes

Conciliation and arbitration of investment disputes

IFC

- Largest global development institution focused exclusively on the private sector
- Provides investment, advice, resource mobilization
- S&P & Moody's ratings of AAA. Owned by 184 member countries
- Offices in more than 100 countries around the world.

II. IFC MUNICIPAL - URBAN INFRASTRUCTURE

Cities are at the epicenter of global development and IFC has vast experience in supporting urban projects worldwide

70% of global greenhouse gases are generated in Cities

80% of global GDP is generated in Cities

0 countries have grown to middle income status without urbanizing

IFC: 15 YEARS
OF SUPPORTING
URBAN
PROJECTS

\$13.5 in **400** in more than **72** across **273**
billion city-related PROJECTS countries cities

Cities in South-East Asia face various challenges...



Rapid urbanization

- Urban population grew by 3% p.a. between 2000-2010, accounting for 45% of region's total population and more than half of total global urban population
- Need to ensure equal access to services, including for informal settlements



Air pollution

- 5.9 million deaths p.a. caused by air pollution in South-East Asia/Western Pacific
- Major sources of pollution include transport, energy generation, waste management



Traffic congestion

- Rapid increase in vehicle ownership due to growing middle class
- Negative impacts of traffic congestion, air and noise pollution, road accidents and fatalities costing societies in Asia more than 10% of GDP annually



Waste management

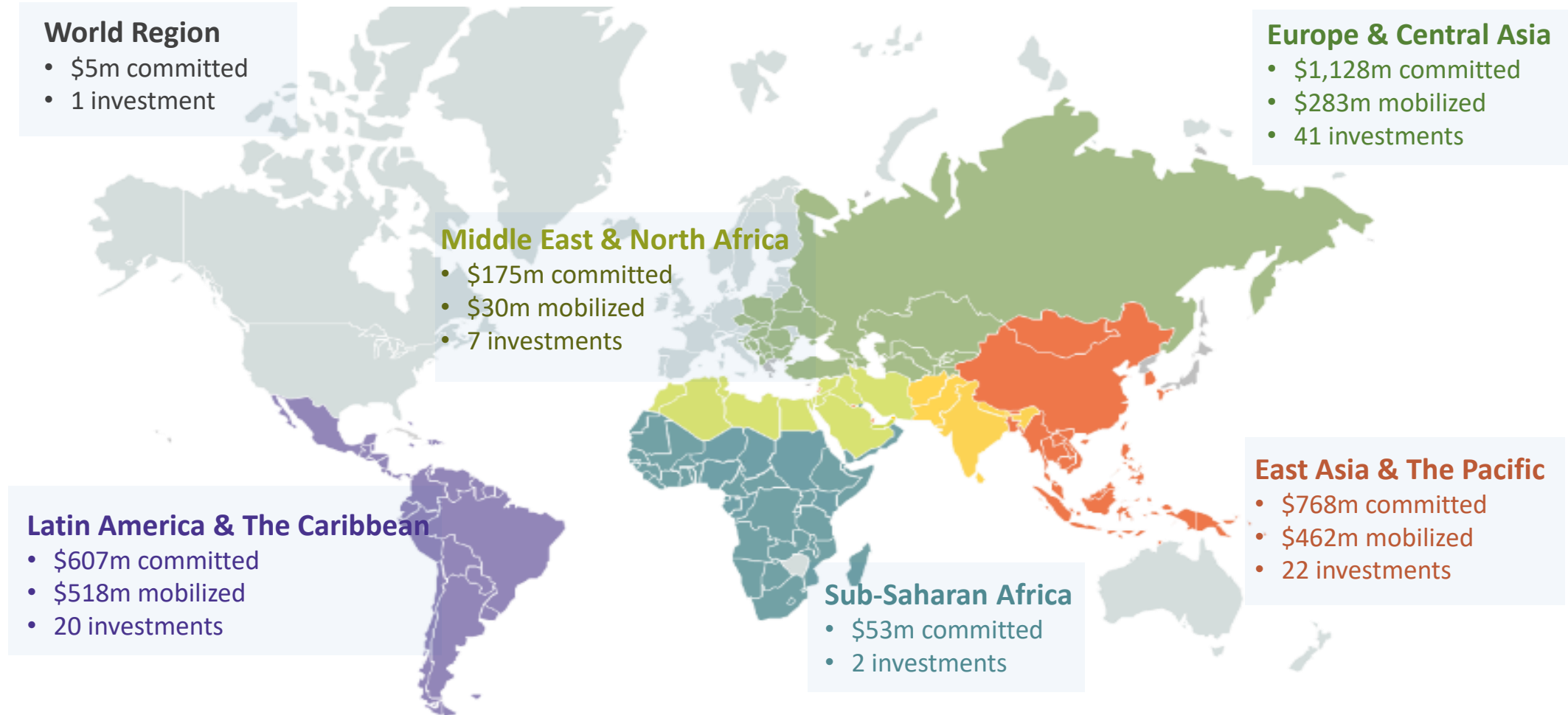
- Low levels of wastewater treatment
- Waste generation is projected to more than double until 2025



Climate vulnerability

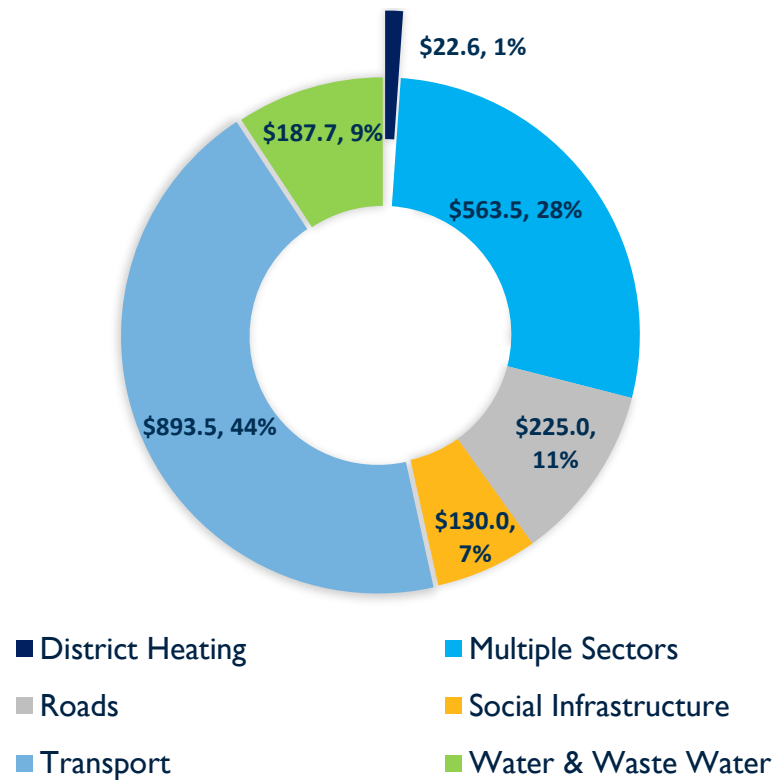
- 13 out of 30 most vulnerable countries located in the region
- Manila could incur damages of up to USD 2.5 billion through a single major flood, if no mitigating actions are taken

IFC has committed and mobilized USD\$4.1 billion in water and municipal infrastructure globally (2008-2018)

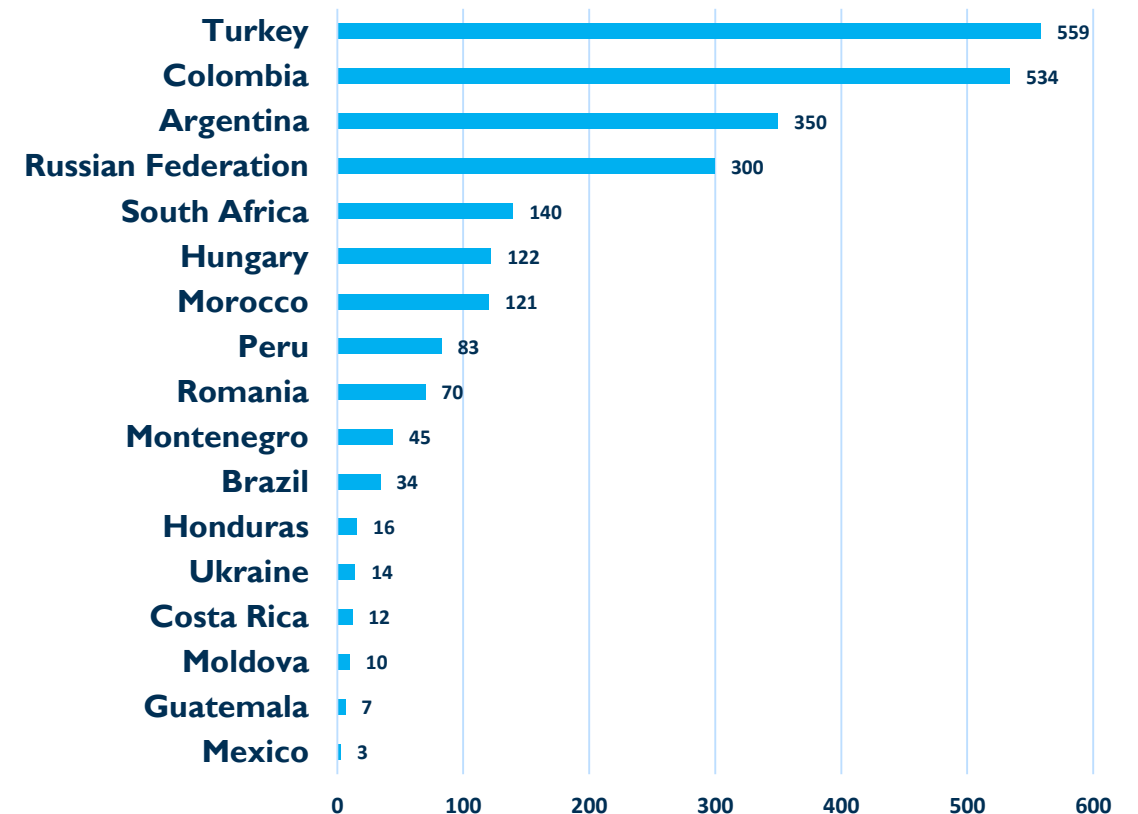


IFC has invested about USD 1 billion in direct municipal lending worldwide

**Commitments by Municipal Sector
(2004-2020 million USD)**



**Commitments by Country
(2004-2020, million USD)**



III. OPPORTUNITIES & CHALLENGES IN DEVELOPING MUNICIPAL URBAN INFRASTRUCTURE

Cities must be prepared to attract private sector capital, innovation and know-how to address the infrastructure gap



USD 29.4 trillion

investment opportunity across six key sectors
in emerging market cities through 2030*



**Public
Transport**

USD 500bn

Low-carbon urban
transport in Africa by
2030



Water

85%

Wastewater
in Latin America &
the Caribbean lacks
treatment



Green Buildings

USD 400bn

Building retrofits in
Eastern Europe and
Central Asia



Waste

70%

Global growth in
waste generation
until 2050

... and therefore, need to scale-up investments in municipal infrastructure.

7-11.5

trillion USD infrastructure investment needs between 2010-2030 in Emerging Asia*



USD 305 bn

to achieve universal access to water and sanitation in EAP by 2030



USD 225 bn

annually to scale-up sustainable low carbon transport in Asia by 2020



USD 40 bn

annual municipal budget shortfall for operating solid waste management services in WBG client countries









USD 5 bn

annually for „climate-proofing“ urban infrastructure in EAP

*significant share in ASEA-5 (Indonesia, Malaysia, Philippines, Singapore, Thailand)

However, the required increase in investments is currently constrained by various barriers.

Barriers					
					
No adequate urban planning	Lack of technical expertise	Low private sector participation	Creditworthiness & understanding of business models (PPP/municipal finance)	Projects not designed according to best practice	Limited funds for project preparation

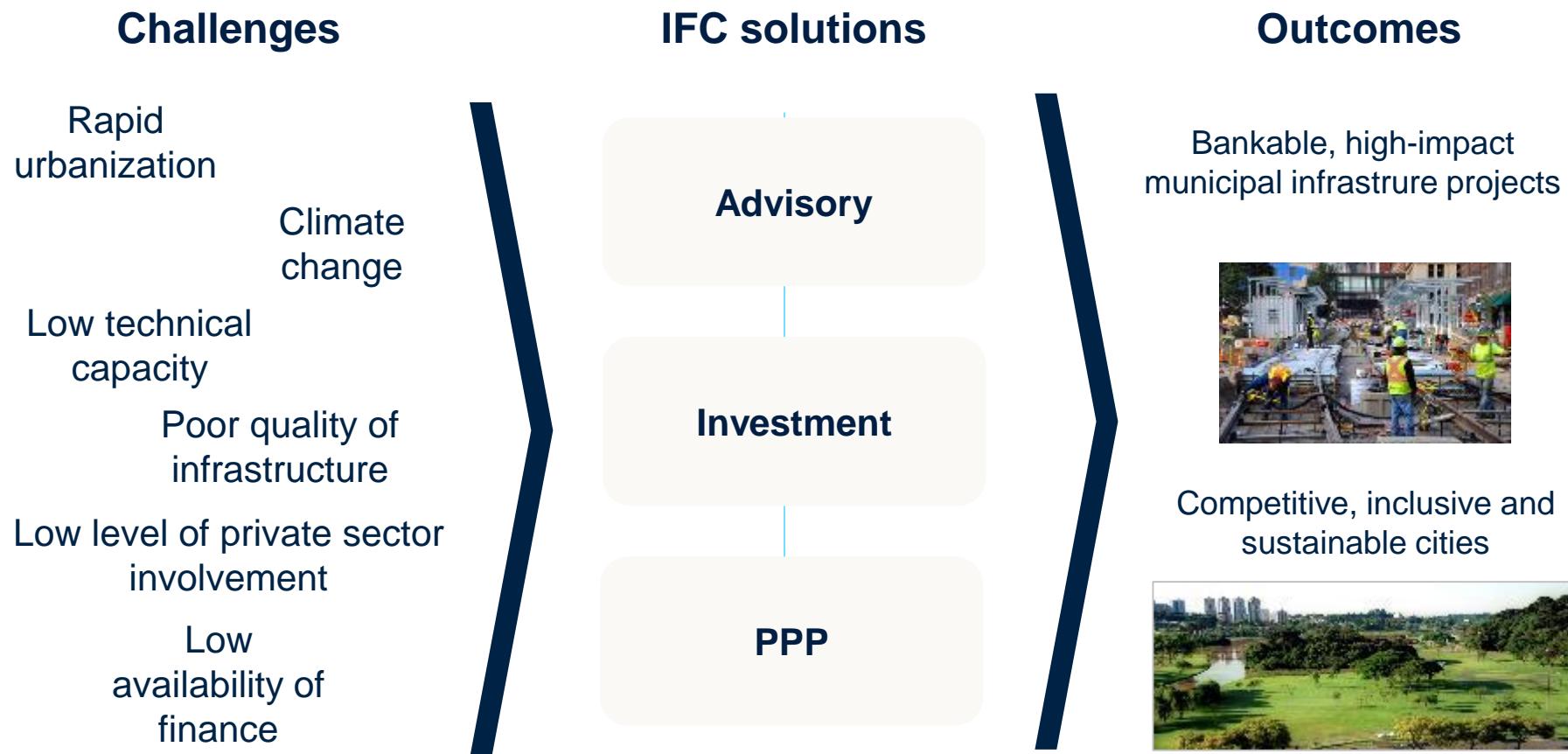
Only few projects are commercially viable and thus suitable for commercial investment and/or PPPs.

IV. SOLUTIONS TO SUBNATIONAL GOVERNMENT

IFC engages across the full spectrum of the urban infrastructure challenges



IFC can provide a full suite of solutions to cities to develop and finance municipal infrastructure projects.



IFC provides much more than finance

Financing

Provide funds and help SNGs access other commercial sources of finance

- Access to capital markets (municipal bonds)
- Direct finance, including Green Loans
- Syndication/mobilization (where possible)
- Guarantees
- Concessional Finance (if available)



Public Private Partnerships (PPPs)

Support SNGs with structuring PPPs and attracting private investment and expertise

- Structure projects from technical, financial and legal perspective
- Organize competitive tenders to attract investors

Every engagement typically aims to develop and ultimately finance bankable high-impact projects

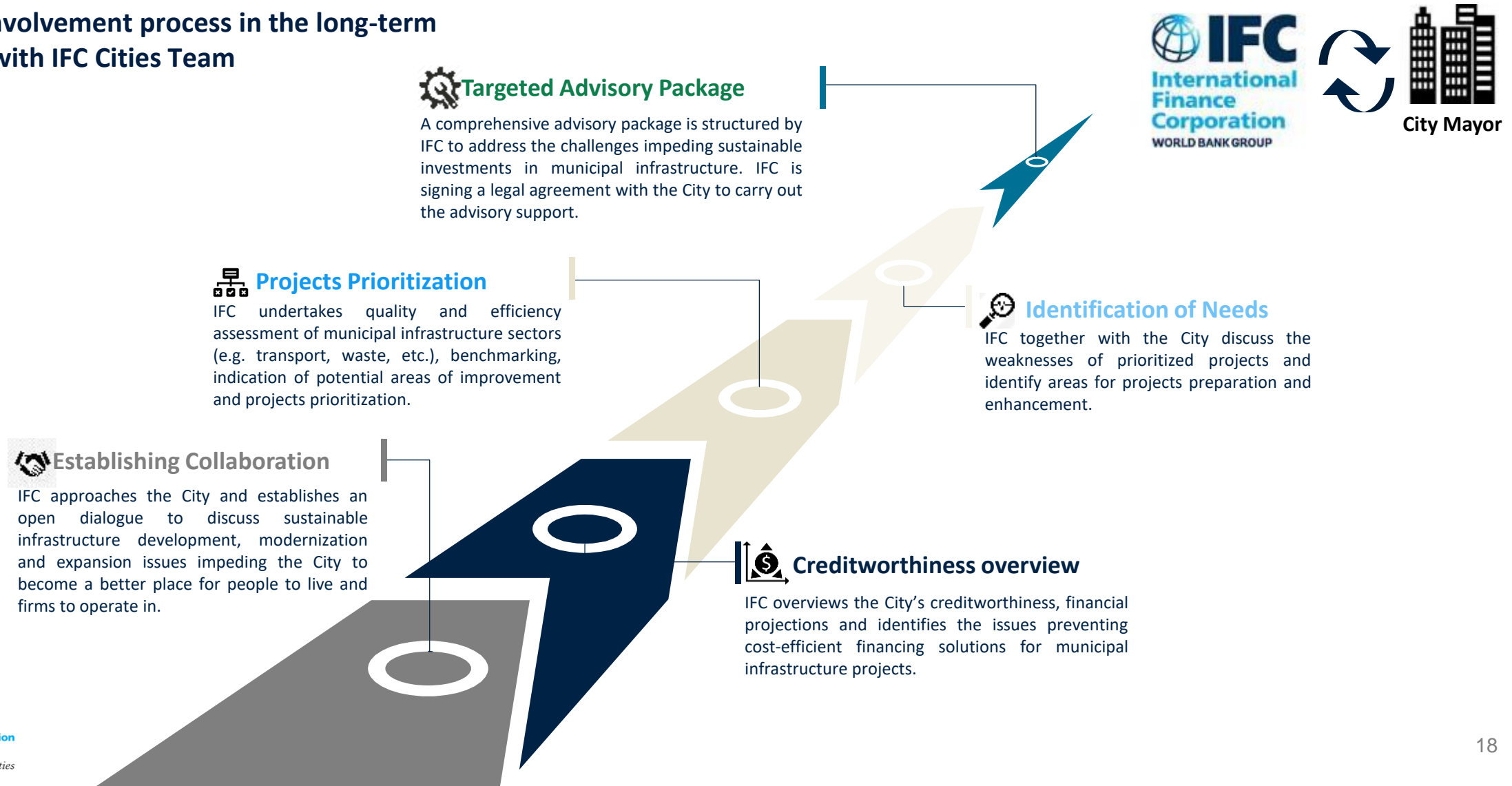


Advisory Services

- Help SNGs build capacity and develop projects according to international best practice
- Improve creditworthiness
- Help in strategic city planning, e.g., through diagnostic sector analysis and project prioritization
- Provide trainings, e.g., on Environmental and Social (E&S) risk management
- Provide project development support, e.g., technology choice or business models
- Help with regard to E&S risk mitigation for individual projects

Subnational financing can be supplemented by customized in-house advisory services

Municipality involvement process in the long-term collaboration with IFC Cities Team



We provide advisory packages to help design and implement bankable projects

Overview



Menu of Services

STRATEGIC PARTNERSHIP

- Creditworthiness Assessment
- Credit Rating Support
- Infrastructure Diagnostics and Planning
- Strategy Development and Implementation
- Capacity Building of SNG's Staff

PROJECT PREPARATION SUPPORT

- Preparation of Pre-feasibility Study
- Assessment of Technology Solutions
- Assessment of Financing Options
- Review of Feasibility Studies and Design
- Resource efficiency (Green Buildings)

PROJECT ENHANCEMENT

- Business Models Development
- Procurement process Guidance & Technical Specifications
- Operational Performance Improvement
- Environmental and Social Risks Assessment

COMMUNITY ENGAGEMENT

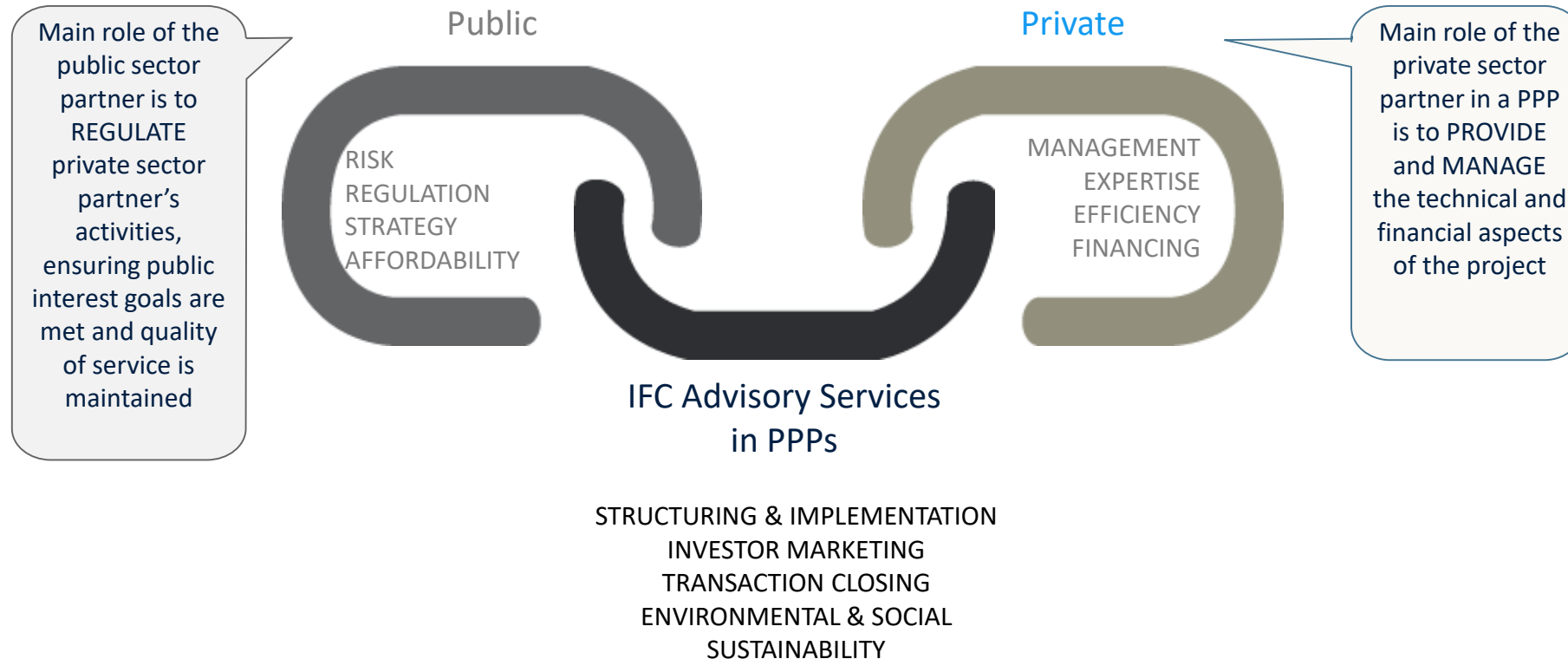
- Stakeholder management
- Community outreach

Advisory

Public Private Partnerships (PPP)

What is a PPP?

“A partnership between the public and private sector to deliver a public service with full or partial transfer of risks to the private sector”



IFC Advisory Services in PPPs is helping Governments to SET THE CONDITIONS to attract private sector participation and investment and to PROVIDE BETTER QUALITY AND MORE EFFICIENT PUBLIC SERVICES by drawing on the resources and expertise of the private sector

IFC PPP Transaction Advisory: Supporting projects' implementation by providing advisory services for cities throughout the transaction

Common city challenges

Lack of technical expertise and poorly designed projects:

- Unclear energy/resource efficiency measures
- Questionable technical viability of complex infrastructure projects
- Uncertain marginal benefits of project structures, e.g., public vs. PPP

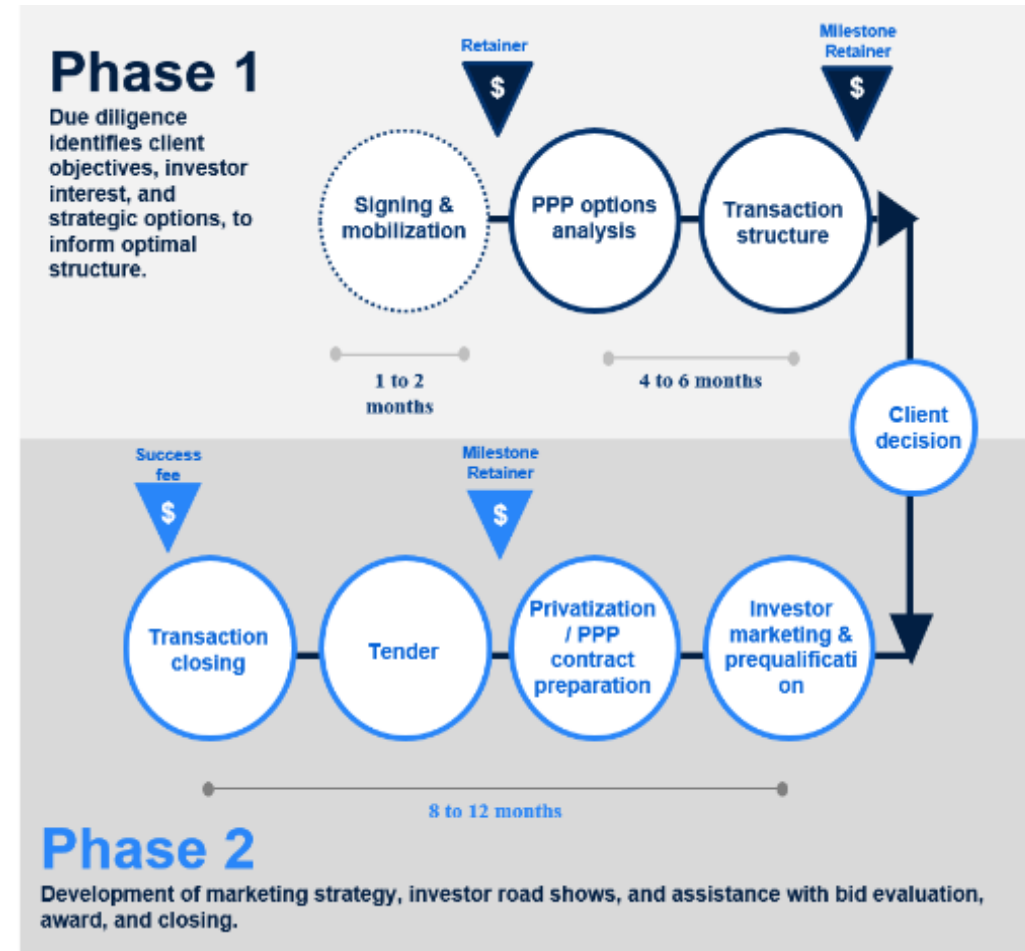
Unclear private sector participation mechanisms:

- Lack of experience in structuring PPP transactions and successfully implemented PPP projects
- Questionable financial viability of complex infrastructure projects for private investors

Lack of funding for projects' implementation:

- Low access to finance for public and private market stakeholders

IFC PPP Transaction Advisory



IFC offers its municipal partner a flexible financing package



Size: IFC can finance a project portfolio of the municipality/municipal company or co-finance single projects of the size > USD 10 million.



Pricing: In line with IFC mandate, we provide financing on commercial basis and take commercial risks. Therefore, pricing is typically aligned with market conditions. We could provide additional concessional loans, subject to the Sector, need and role.



Tenor: IFC can provide loans with maturities longer than available in the market, typically of up to 15 years.



Collateral: IFC can provide municipal financing on an unsecured basis, if the municipality or municipal company has a strong financial position.



Local Currency: IFC can fund in local currency, and is able to mobilize other commercial lenders



Ease of Implementation: Subject to relevant local laws, IFC may be exempt from procurement rules and quickly provide financing/advisory services. IFC does not always mandate specific procurement standards, if local procurement standards have been verified according to IFC criteria, this may enable fast and flexible project implementation

Financing is typically supplemented by our tailor-made, free or subsidized in-house advisory services.

Financing

Municipal bonds vs Bank lending

- Only local governments with considerable investment programs, good ratings, and long-term financial needs will be able to issue bonds.
- Borrowing from commercial banks or bond banks or syndicating a loan might be better options for smaller local governments, given the advantages of issuing bonds.
- Preparing a bond issue is complex. It requires good data, understanding and disclosure of financial and economic information on the local government, and knowledge of the market to ensure that the issue is placed at favorable terms.

Table 1: Comparison of Bonds and Bank Lending

	Bonds	Bank lending
Cost	High transaction costs with expensive preparation	Simple and fast transaction without costs, except for syndicated loans
Maturity	Relatively longer term	Short – medium term
Interest rates	Fixed rates	Floating rates
Repayment	Repayment Redemption at maturity	In installments
Merits and demerits	Fund raising from extensive investors; high credit rating is required for the issuance.	The credit rating is not required; banks may offer “relationship lending” based on the trust built on previous interactions with the bank rather than on specific clear risk indicators (but pros and cons remain).

Development Finance Trends

- Shifting financial markets, evolving public policy priorities, and the pandemic are all impacting the mix of products and strategies.
- Slow-moving trends, include blended finance.
- Rapidly accelerating trends include green bonds and social bonds
- As private finance and capital markets exert their influence on development finance, there continues to be a push for better standardization and harmonization of metrics, mostly to avoid dilution of impact.
- Growing interest in bonds (including green bonds) and guarantees is driven in part by Development Finance Institutions push to use budget guarantees to support high-risk investments in lower-income countries, and by the private sector, which likes the instrument.

Climate smart investments – Green bonds

- **Green bonds** are targeted at investments that improve the ability of assets and systems to persist, adapt and/or transform in the face of climate-related stresses and shocks in a timely, efficient and fair manner that reduces risk, avoids maladaptation, unlocks development and creates benefits
- IFC green bonds fund a diverse range of climate projects.
- **Eligible projects include the following sectors:**
 - Energy efficiency: investments in equipment, systems and services which result in a reduced use of energy per unit of product or service generated
 - Renewable energy: investments in equipment and systems which enable the use of energy from solar, wind, hydro, biomass, geothermal, tidal and other renewables
 - Other: resource efficiency, cleaner technology production, green lending through financial intermediaries, sustainable forestry

IFC Issues International Green Bond in Local Currency

Manila, Philippines, June 25, 2018 —IFC, a member of the World Bank Group, today issued the first internationally rated triple-A peso-denominated green bond — the equivalent of approximately \$90 million with a 15-year maturity — to support the local capital market and renewable energy.

The bond, called the Mabuhay Bond, sets a precedent as the first green bond — denominated in Philippine pesos — to be issued by a multilateral development institution.

“Addressing climate change is a priority for IFC,” said Jingdong Hua, IFC Vice President and Treasurer. “IFC’s Mabuhay bond showcases the powerful role that capital markets could play in mobilizing savings for climate finance. Adding pesos as a new green bond currency supports our goal to strengthen this important asset class.”

IFC is a triple-A rated issuer and has issued local currency bonds in over 30 countries to help build capital markets by attracting investors who want to put their money in low-risk investments.

IFC is one of the world’s largest financiers of climate-smart projects for developing countries. IFC’s green bonds support investments in renewable energy, energy efficiency, green buildings, and other areas that reduce greenhouse gas emissions. Since 2005, IFC has invested \$18.3 billion in long-term financing from its own account and mobilized another \$11 billion through partnerships with investors for climate-related projects. To date, IFC has issued 109 green bonds amounting to a total volume of US \$7.5 billion in 12 currencies. These issuances are part of a global strategy to develop the green bond asset class in emerging markets.

V. CASE STUDIES

We are here to support you in the long term, like we did with the city of Izmir

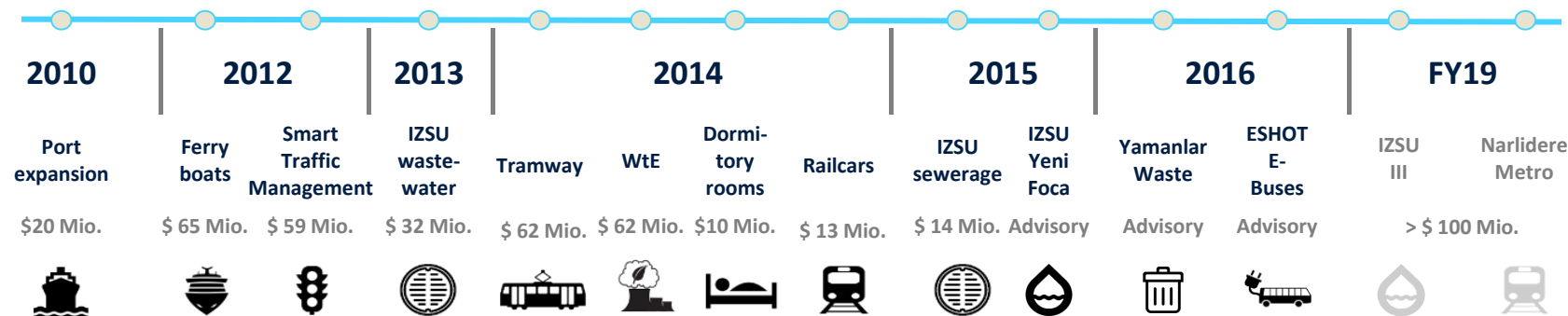
Background Information

- Population: Urban area: 2.1 million (metro: 4.3 million)
- Turkey's 3rd largest city
- Critical sectors jointly identified: waste, water, transport

Cumulative Impacts

- Total investment: Largest municipal client, **USD 210 Mio.** in IFC loans + **USD 200 Mio.** mobilization
- Project impacts (exemplary)
 - ✓ Transport: Reduction of travel time by **25%**, of CO2 emission by **20,000t p.a.**
 - ✓ Water: Facilitated access to wastewater services for **240,000 people**
- Diversification of finance: **75% of funding** from international sources, compared to 30% a decade ago

Engagement History



IFC's Covid19 Support

- **US\$ 34m** mandate signed on 30 June 2020, to finance critical water and wastewater infrastructure investments
- Joint IFC-VWB collaboration: application of behavioral sciences to improve social, operational, and financial resilience of the City, including during emergency situations (i.e. COVID-19).
- Promote utility payment during and post COVID-19 through behaviorally informed solutions;
- **Incentivize tax compliance** for businesses during and post COVID-19 through advice and policy recommendations;
- Improve **citizen engagement**

Strategic Partnership

Case Study: Public Transport System Extension, 2018

Situation

- Construction of a new 18.2 km tramway line with 29 stations and procurement of 20 tram vehicles
 - New third line will connect City's northern populated but underprivileged neighborhoods to main city attractions
- Interconnections with existing two lines create an integrated railway system network

Implementation Challenge

- High number of accidents in existing network
- Limited insights into operational performance
- New line covers densely populated areas and requires major construction works

City | Antalya, Turkey

Sector | Transport (Tramway/Light-rail)



IFC Support

Financing Options (Project Preparation)

- Analysis of municipal bond market in Turkey

Operational Performance & Safety (Project Enhancement)

- Review of network performance, driver training, station accessibility, safety and emergency response procedures and comparison with national and international peers
- Comprehensive design guide for stations and intersections
- Recommendation of indicators to monitor performance

E&S (Project Enhancement)

- Development of stakeholder engagement and compensation plan

Outcomes

- Introduction of improved accessibility and safety standards in existing and new lines
- Enhanced capacity to monitor and manage operational performance and facilitated dialogue between operator and municipality for defining performance standard
- Mitigated risks during construction

Improve overall system performance and mobilization of EUR 140 million financing package (EUR 80m IFC + EUR 60m MCPP, institutional investment)

Case Study: Municipal Bond Investments, Ekurhuleni (2017, 2020)

Situation

- Ekurhuleni is a central logistics and manufacturing hub, crucial to South Africa's economy
- Essential municipal infrastructure services in need of capex for heavy upgrades and expansion
- Municipal bond of ZAR 1.75bn (US \$100m, 2017) emitted on markets on 2017; An estimated ZAR3.2 billion (US\$173 million equivalent) is expected to be raised in 2020.

City	Ekurhuleni, South Africa
Sector	Urban infrastructure



IFC Support

Bond investment

- 2017: First Investment of ZAR 900m (equivalent to \$50m by IFC) in two tranches : 10-year tranche (40%) placed through the public auction and follow-on 15-year private tranche (60%).
- 2020: An estimated ZAR3.2 billion (US\$173 million equivalent) is expected to be raised in 2020, of which IFC will purchase up to \$55m.

Outcomes

2017:

- Road infrastructure including pavement of over 1,300 kilometers of roads
- Water and sanitation infrastructure, upgrade of existing infrastructure and installation of new water and sewer pipes to expand access to services to 1,200 informal settlements
- Electrical infrastructure including the connection of over 6,000 new households
- IFC supported the market of longer maturities which is important for the financial sustainability of the city
- Mobilization of \$10m of bond investment from a local investor

2020*:

- Improve the access to quality urban infrastructure services such as water, electricity, sanitation, and roads for households and private productive enterprises.
- Improve the city's insertion in capital markets, with mobilization of ABSA commercial bank funds, and its financial resilience during and after the COVID-19 crisis.

* Expected

Case Study: Public Transport System Modernization, 2018

Situation

- City wishes to modernize the public transportation system, including the bus system with more than 140 million passengers annually, mostly low-income and refugees from close conflict zone
- Half of all vehicles beyond maximum useful service life, almost half of bus fleet not operational
- System has subsidized fares below cost recovery level, inefficient routing and interconnections due to limited data insights, low safety with high traffic accident rates, low accessibility standards, high greenhouse gas emissions and air pollution, as well as competing private operators with low performance and safety standards

City | Mariupol, Ukraine

Sector | Transport (Bus)



IFC Support

Financing

- EUR 12.5 million loan for procurement of more than 60 modern large capacity buses and upgrade of related infrastructure (dedicated lanes, bus stops, depots)

Comprehensive Advisory Package

- Guidance on procurement process and upgrade of infrastructure, e.g. for segregation of traffic
- Recommendations on institutional and regulatory reform of public transport system
- Development of medium-term business plan
- Development of transport model for route-network optimization

Lead Arranger

- Brought-in private co-investor

Outcomes*

- Enhanced bus service quality and safety
- Transport model allows testing/optimization of route scenarios based on updated data
- Reduced traffic congestion, incidence of traffic accidents, CO2 emissions and noise pollution
- Spill-over effect on private transport providers through newly negotiated contracts

Integrated investment and advisory package ensures sustainability of Mariupol's public transport system.

Case Study: Public Street Lighting Model, 2018

Situation

- Bengaluru (“BBMP”) is the information technology capital of India, often branded as the country’s Silicon Valley.
- The city boasts 485,000 streetlights but upgrading and maintaining the infrastructure has been a challenge.
 - Poor operation and maintenance resulted in high energy consumption, poor lighting, non-functional meters, and high percentage of dysfunctional streetlights.
- Air pollution, as well as competing private operators with low performance and safety standards

City | Bengaluru, India

Sector | Street Lighting



IFC Support

Transaction advisor:

- IFC assisted BBMP as the lead transaction advisor to select the Energy Saving Company (ESCO) under a PPP model to install, operate, and maintain an energy efficient street lighting system in Bengaluru.

Technical, legal, and analytical support:

- Assessing potential energy savings possible post - implementation of Energy Conservation Measures (ECMs).
- Reviewing social, legal, and commercial issues related to the project, and to design a risk allocation framework.
- Leading discussions with potential investors to gauge commercial viability of the project, investor interest, and enable optimal project structuring.
- Managing the bid process, including preparation of bid documents and evaluation of bids.
- Evaluating technical experience of bidders.

Outcomes*

- Reduce energy consumption by 85.5% – the highest savings guaranteed to date of any project in India, making the project one of the world’s largest municipal energy savings project for public street lighting
- Mobilize \$100 million in private investment
- Improve street light services for over 3.5 million people
- Enhance commercial activity and safety of residents, particularly women and children
- Reduce greenhouse gas emissions by 86,000 metric tons per year
- Integrate smart-city initiatives

Case study: IFC Investment in Manila Water (2003 – 2014)

Strategic Fit

Through long term advisory and financial support to the government and MWC, IFC has provided a much-needed investment in support to the operations of Manila Water, enabling it to better serve the poor and underserved while reaching financial sustainability. The capital investments served over six million people and covered the entire water chain.

City | Manila, Philippines
Sector | Water supply, wastewater



Project Overview

- In 1995, IFC helped the government divide the MWSS system into two geographically separate concession zones, establish a Regulatory Office within MWSS to monitor and enforce the terms and conditions of the concession.
- Two parallel 25-year concessions were awarded to Maynilad Water Services consortium for the west zone, and Manila Water Company for the east zone. Each concession was a vertically integrated utility company responsible for water and sewerage services within the respective area.

IFC Support

- IFC executed several investments and supported MWC's planned initial public offering
- IFC's invested over US\$205 million with loans and equity from 2003 to 2014, funding the development of 225 million liters per day of new water sources and 144 million liters per day capacity of wastewater treatment facilities.

Development Impact

- Water Service Connections Coverage increased from 26% to 99% within 10 years; water pressure elevated to 16 pounds per square inch, offering uninterrupted 24-hour service, complying with the national water standards
- NRW reduced from 63% to 11%
- 83% sewerage and sanitation coverage reached by the end of the concessions
- IFC executed several investments and supported MWC's planned initial public offering

Case Study: Waste To Energy PPP, 2016-2017

Situation

- The existing waste treatment and disposal practices are at a very basic level, with old landfill not compliant with national and EU standards, posing substantial ecological issues
- City wants to improve current practices and make them compliant with EU legislation by building a greenfield state-of-the-art waste processing facility with RDF production & RDF-fired CHP plant & sanitary landfill + rehabilitate the old dumpsite
- Estimated project capacity 340k tons MSW per annum, serving approximately 1.65 Mio. people

City | Belgrade, Serbia

Sector | Waste, Power



IFC Support

PPP Transaction Advisory:

- Structuring and implementation of a PPP transaction for waste treatment and waste disposal services

Phase 1:

- Due diligence analysis of the project;
- Assessment of investor's interest;
- Preparation and presentation of the recommended PPP transaction structure

Phase 2:

- Preparation of tender documentation;
- Support throughout implementation and conclusion of the project tender process

Outcomes

- Introducing SWM and landfill management conforming to EU standards;
- Power generation through waste incineration; diversification of energy fuels and to reduce the commercial losses of the waste ecosystem; potential positive impact on GHG
- Improvement of environmental conditions through more resilient infrastructure for waste storage and disposal;
- Applied internationally accepted practices to protect soil, water and air resources

CASE STUDY: BELGRADE WASTE-TO- ENERGY, SERBIA 2020 PROJECT FINANCE

Situation

- The existing waste treatment and disposal practices are at a very basic level, with old landfill not compliant with national and EU standards, posing substantial ecological issues
- City wants to improve current practices and make them compliant with EU legislation by building a greenfield state-of-the-art waste processing facility with RDF production & RDF-fired CHP plant & sanitary landfill + rehabilitate the old dumpsite
- Estimated project capacity 340k tons MSW per annum, serving approximately 1.65 Mio. people



Belgrade, Serbia

Waste, Power



IFC Support

In FY20, IFC committed a debt package of €162.3 million for the development and construction of a new municipal waste solution in Belgrade, including:

- remediation, closure and aftercare of the existing unsanitary landfill
- construction and operation of a new sanitary waste management facility, including a new landfill and waste-to-energy plan
- use of municipal solid waste and landfill gas as feedstock for renewable heat and electricity generation

This project is the result of many years of upstream work by IFC and the World Bank Group on Public-Private Partnerships and sector reform.

Outcomes

- Expected to be completed in 2023, the new facility will process **up to 340,000 tons of municipal solid waste** through the waste-to-energy facility and generate **~365 GWh-equivalent of renewable heat and electricity per year**.
- One of the **first large-scale, private sector, bankable waste-to-energy projects** in an emerging market, with a global demonstration effect.
- **Closure of Europe's largest open dumpsite**, reducing environmental damage caused by air, water and soil pollution.
- **Affordable waste management solution** for the city and end users.

Case Study: Sanitary Landfill And MSW Recovery, 2016

Situation

- Low residual lifetime of existing landfill site (4-5 years) and leakage into nearby high-density settlements;
 - Estimated project capacity ~2000tons MSW per day, serving approximately 2 Mio. people;
- Municipality considers construction of Solid Waste Utilization and Disposal facility at newly chosen site (Yamanlar);
 - Various MSW recovery options considered (including material recovery, WtE, anaerobic digestion, etc.)

City | Izmir, Turkey

Sector | Solid Waste



IFC Support

Project Pre-transaction advisory

Phase 1

- Review of Pre-feasibility Study on Solid Waste Treatment;
- Comparison Analysis of Solid Waste Treatment and Disposal Scenarios;
- Value for Money Analysis;
- Environmental & Social Issues Review of Solid Waste Treatment;
- Organized Roundtable on Structuring and Financing MSW Solutions in Turkey

Phase 2

Evaluation of RDF treatment technologies and RDF off take options

Outcomes*

- Evaluated the suggested technology solutions, key assumptions and provided indication on the overall appropriateness of the pre-feasibility report recommendations;
- Compared different waste treatment scenarios showing estimated capex, opex, and gate fee;
- Compared financing options (public vs PPP)
- Assessed compliance of waste treatment scenarios with IFC's Environmental, Health and Safety guidelines
- Facilitated the discussion between Izmir Municipality and private investors

Case Study: COVID 19 Support To Zaporizhzhia

Situation

- US\$ 18.5m decrease in revenues (~5%)
 - Postponement of CAPEX plans

City | Zaporizhzhia, Ukraine

Sector | Cross-cutting

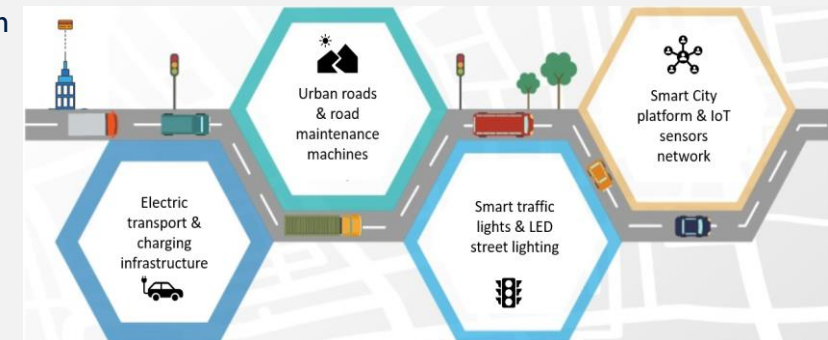


Smart Zaporizhzhia Project

Proposed investment of up to US\$ 60m (IFC O/A + Mobilization) to finance smart city infrastructures. Planned for commitment in FY21.

Complemented by an upstream and value-added advisory package:

- Project design, technical specifications and procurement support;
- Advice on smart city strategy;
- Advice on financial sustainability of the city's transport company;
- Advice on an integrated data platform;
- E&S and gender impact assessment;
- COVID-19 Response (collaboration with IFC Sustainable Infrastructure Unit).

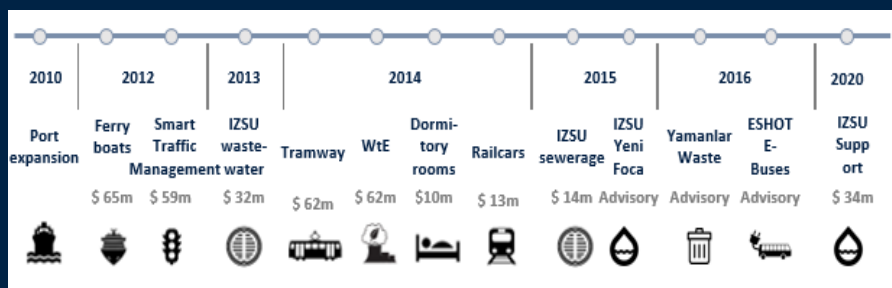


Case Study: COVID I9 Support To Izmir City

Situation

- Population: 4.3m (Turkey's 3rd largest city)
 - Contributes 7% to Turkey's GDP
 - Large port city; agriculture; tourism
- One of IFC's Largest Municipal Client; 6 Cities mandates signed to date
 - New mandate signed on June 30, 2020 to support IZSU, the muni's WWTP company
 - Advisory support on Open Data Strategy and COVID-19 response

Izmir – IFC Engagement History



City | Izmir, Turkey

Sector | Cross-cutting



Impact of Covid I9

- Declining revenues:
- Lower tax generation and revenue base of the City due to lower eco. activity (~11%*);
- Higher subsidies to municipal companies due to low utilization rate (~80%*)
- Increased expenses to procure goods and services in fight against COVID-19 (~51%*)
- Large scale infrastructure investments freeze to avoid rise in indebtedness (e.g., large metro project ~EUR 700m)
- Uncertain macroeconomic environment in Turkey (FX, inflation/interest rates).
- * Period April - December 2020

IFC Covid I9 Response

- US\$ 34m mandate (local currency equivalent) signed on June 30, to finance critical water and wastewater infrastructure investments which would otherwise be delayed due to COVID-19.
- Joint IFC-WB collaboration: application of behavioral sciences to improve social, operational, and financial resilience of the City, including during emergency situations (i.e., COVID-19).
- Promote utility payment during and post COVID-19 through behaviorally informed solutions;
- Incentivize tax compliance for businesses during and post COVID-19 through advice and policy recommendations;
- Improve citizen engagement, including in times of emergencies.

VI. HOW CAN WE WORK TOGETHER?

Potential next steps to identify opportunities for collaboration.

1

Creditworthiness:

If your city is creditworthy or very close to investment grade and would like assistance in obtaining a credit rating and additional advice on how to finance your planned infrastructure projects

2

Identify eligible projects:

The city could provide IFC with a long-list of infrastructure investment projects that it plans to implement over the next 5-10 years. IFC would compile a short-list of projects eligible for IFC support.

3

Define engagement approach:

The city and IFC would jointly agree on the projects on which they aim to collaborate. In addition, the needs of individual projects are investigated to identify whether project are to receive support through advisory, investment, or PPP transaction advisory.

4

Formalize agreement:

The city and IFC would draft and sign an engagement letter, which outlines the scope of IFC support and officially starts the collaboration.

Contact



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