



ICF Debt Pool LLP

31 December 2016

Background and Status

- The ICF-DP Fund was devised in response to the crisis in financing in infrastructure that arose in connection with the global financial crisis. It consists of loans that can bridge the financing gap that must be filled in order for infrastructure projects to proceed.
- Available to all infrastructure projects originated by IFIs that cannot obtain commercial financing or re-financing of existing loans.
- Supported by funding from KfW (€500M signed) with co-financing commitments of over USD2Bn pledged by other institutions.
- From inception (October 2009) to the end of the investment period (December 2015), USD560 M in investments were made in twenty projects. Fund is currently in harvesting mode.
- Directed by a Board composed of Andrew Bainbridge (also Director of Guarantco), and Jens Bessai (KfW).
- Cordiant was appointed as Manager of the fund and is responsible for originating, analyzing and presenting the Board with investment proposals as well as managing all administrative aspects including signing agreements, fund movements and monitoring.

Key Milestones

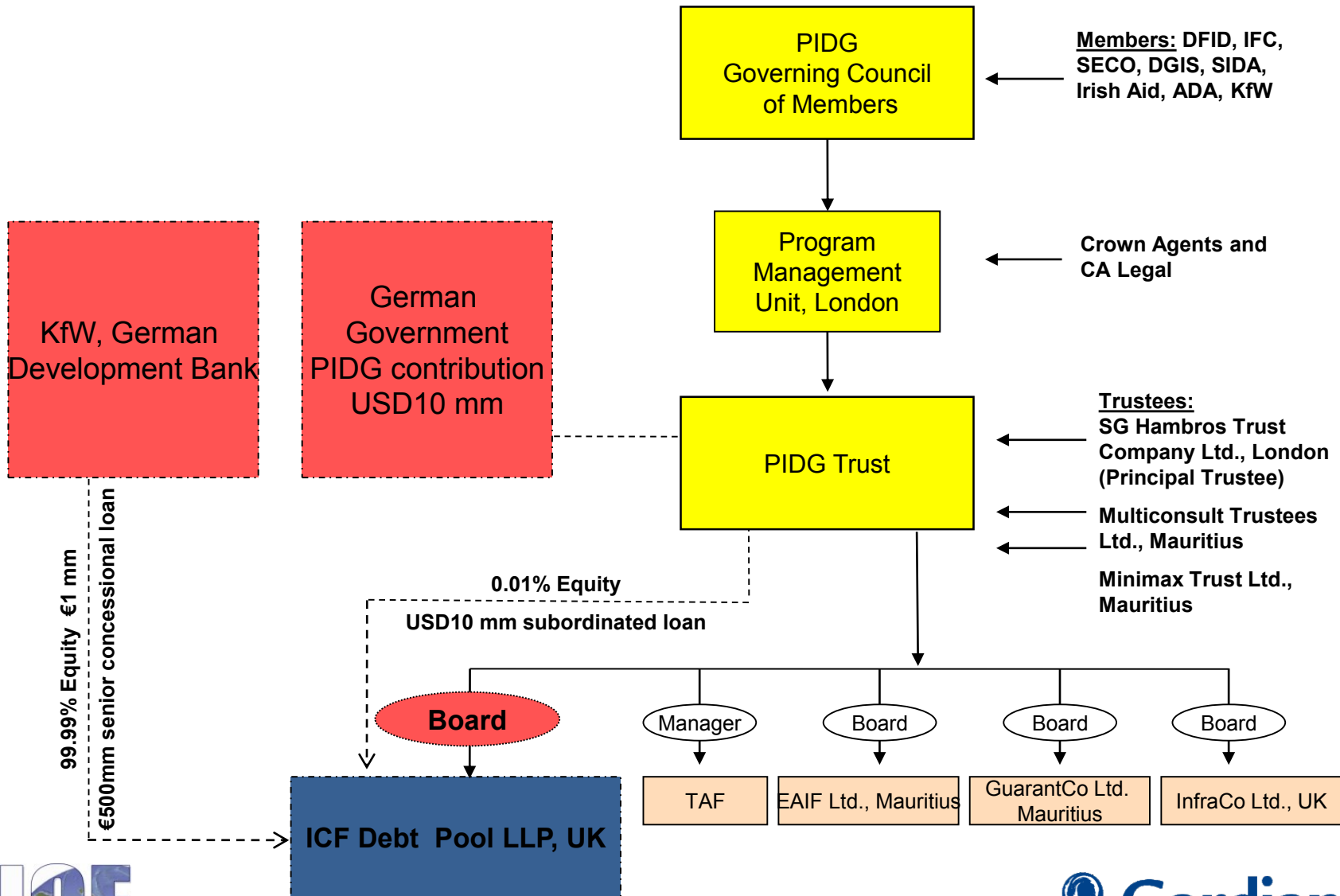
- 5 Oct 09 ICF-DP Creation. Commitment by KfW €500M signed. First Investment signed
- 8 Dec 09 Amended Constitutive Documents signed
Management Agreement with Cordiant signed
- 31 Dec 2015 End of Investment Period
- As of Dec 2016 The fund considered 119 investment opportunities

The Board discussed 45 investment opportunities totalling \$1,473M with a combined project value of \$19.7 billion.

The Fund signed 20 investments totalling USD 560M in projects worth USD 9.2B. 12 of these were in IDA countries.

Funding agreement for USD340M and €255M with KfW in place (total €500Meq).

Legal Structure of the ICF DP LLP



Investment Criteria

Sectors:

- Power generation, transmission, distribution
- Transportation including municipal transportation
- Bulk storage and logistics
- Water supply, sanitation, solid waste
- Midstream and downstream gas
- Oil transportation, distribution and storage
- Telecommunications including fixed, mobile and internet
- Infrastructure components of industrial or mining projects, cement plants
- Low income housing

Countries:

ODA Countries with a target of 30% of projects in IDA countries

IFIs and DFIs:

AFD, AfDB, AsDB, BNDES, CAF, Cofide, DEG, EAIF, EBRD, EIB, FMO, Guarantco, IADB, IIC, IFC, IsDB, KfW, Proparco

Additionality:

Debt Pool is not intended to replace commercial loans (direct or B Loans) but to make up for non-availability of commercial financing.

Investment Criteria – cont'd

- Amount:**
- Up to IFI's own debt facility.
If multiple IFIs, up to aggregate IFI debt facility.
 - No less than \$10M, no more than €50M
 - Sweet spot around \$25 – 55M
- Loan:** Senior (secured) on terms identical to those of originating IFI
- Borrower Nature:**
- Private sector
 - State-owned or sub-sovereign if managed commercially at arms-length from government
- Maximum Tenor:** 30 December 2028
- Pricing:** Commercial pricing expected.
- Fx & Convertibility:** ICF DP does not have preferred creditor status. Care therefore needed regarding transfer and convertibility risk.

Investment Process (1)

The Debt Pool is structured to “piggy back” on the IFIs. Cordiant is expected to work using the due diligence done by the IFIs in order to advise the Debt Pool Board regarding investments. There will be no duplication of due diligence but a comprehensive understanding of all risks will be required. The process to obtain Debt Pool approval is quite fast (3-5 weeks after receipt of final information). The IFIs are however expected to make their due diligence available in the same way as is done in the context of a syndication.

Preliminary Review:

- IFI to approach Cordiant at the time of concept clearance or shortly thereafter with a short memo outlining the deal.
- Cordiant presents opportunity to the DP Board.
- Pre-commitment of Debt Pool booked.

Final Review:

- IFI to approach Cordiant with full package of information including Info Memo or internal documents, consultancy studies, draft legal docs, financial model, etc.
- Cordiant prepares document for DP Board using a process similar to that of a normal syndication.
- Approval within 3-5 weeks of receipt of package.



Cordiant liaises with IFI from time to time as the IFI structures the deal.

Investment Process (2)

- Documentation:**
- Prepared by IFI lender counsel on behalf of the Debt Pool. Cordiant not involved in negotiations except where specific interest of Debt Pool are concerned.
 - Loan Agreement between Debt Pool and Borrower virtually identical to that of IFIs.
 - May require Inter-creditor Agreement and/or Common Terms Agreement.
- Disbursements:**
- Close coordination between IFI and Debt Pool (through Cordiant) for all disbursements.
- Monitoring:**
- Debt Pool receives same documentation as IFI from Borrower. IFI expected to share with Cordiant internal monitoring documents. Close coordination between IFI and Debt Pool.
- Waivers:**
- Close coordination between IFI and Debt Pool. This promotes efficiency and unity within the lenders group.

Investments as at 31 December 2016

Signed Projects (M USD)

| Project | Country | IDA | Sector | Origin. IFI | ICF-DP Amount | Σ Project Cost |
|--------------------------|---------------|-----|---------------------------------|-------------|---------------|----------------|
| Catalytic effect: 16.4x | | | | | 559.7 | 9186.1 |
| Calidda | Peru | | Gas Distribution | IFC | 35.0 | 236.0 |
| Addax | Sierra Leone | ☑ | Alternative Fuels | FMO | 22.1 | 26.4 |
| Cai Mep | Viet Nam | ☑ | Seaports and waterways | KfW | 10.0 | 240.0 |
| INA | Croatia | | Integrated Oil & Gas | EBRD | 52.6 | 621.4 |
| SA Taxi | South Africa | | Leasing / Road Public Transport | FMO | 25.2 | 54.0 |
| Sendou | Senegal | ☑ | Conventional Power Gen | AfDB | 21.2 | 209.4 |
| Cai Lan | Viet Nam | ☑ | Seaports and waterways | IFC | 27.2 | 155.0 |
| Vinca-Ackruti - INR Loan | India | ☑ | Low cost housing | FMO | 30.0 | 90.0 |
| PGCIL | India | ☑ | Power transmission | IFC | 50.0 | 2,352.0 |
| Ethiopian Airlines | Ethiopia | ☑ | Leasing / Aircraft | EAIF | 30.0 | 1,086.0 |
| Rift Valley Railways | Kenya | ☑ | Railroads | KfW | 20.0 | 389.0 |
| AIBD - Dakar Airport | Senegal | ☑ | Airports | AfDB | 31.6 | 692.6 |
| Takoradi | Ghana | ☑ | Conventional Power Gen | FMO | 30.0 | 440.1 |
| Zain Iraq | Iraq | | Mobile Telecom | IFC | 50.0 | 1,069.0 |
| Azura Power | Nigeria | ☑ | Conventional Power Gen | IFC | 25.0 | 735.0 |
| GSM Hydro | Guatemala | | Renewable Power Gen | IIC | 15.0 | 113.4 |
| Karadeniz Power Ship | Turkey | | Conventional Power Gen | DEG | 15.0 | 90.0 |
| HKA Turkey | Turkey | | Waste & Disposal Services | IFC | 31.6 | 179.0 |
| RM Bridge Abidjan | Cote D'Ivoire | ☑ | Bridges and Tunnels | AfDB | 21.0 | 302.8 |
| Transambiental | Colombia | | Mass transit | IFC | 17.4 | 105.0 |

ICF Debt Pool Portfolio Diversification

