Presentation to the UN (OHRLLS) – 18th - 20th May 2021

Developing Bankable Transport Infrastructure Projects: Case Studies, Experiences and Learning Materials for LLDCs and Transit Countries

Presenter: Glory K. Jonga
gjonga@atharigroup.com

Why The Need To Develop Bankable Transport Projects

Introduction:

- Bankability means a project meets the requirements of the financier in order for them to provide capital for the project. The financial profits (returns) likely to be yielded by investment in a project will be more heavily weighted by the private sector, compared with public sector and multilateral donor funders. The latter may place more emphasis on economic, social and environmental considerations as well as developmental potential.
- "The investment gap in infrastructure is not the result of a shortage of capital. Real long-term interest rates are low, there is ample supply of long-term finance, interest by the private sector is high and the benefits are obvious. The main challenge is to find bankable and investment-ready projects." – The Business Twenty (B20) Taskforce (2017
- In much the same way that the definition of bankability varies, the criteria that is used to determine bankability of a project also varies widely and is dependent on the rules, guidelines, goals, agenda and perspective of the financier. .

Why The Need To Develop Bankable Transport Projects

Criteria

Two Common Criteria:

1. The project country environment (these are “upstream” considerations and can include social, economic, political, and legal /regulatory environments as well as institutions); and
2. Project preparation and planning (this can include pre-feasibility / feasibility studies, financial structure, third party risk allocation and contract arrangement).

Why The Need To Develop Bankable Transport Projects

Why the Need

Lenders need:

- Know location of the project, in terms of the economy;
- Assess factors such as income because it can for example, determine user’s willingness/ability to pay a toll along a road, for example;
- To assess currency stability is important when considering bankability issues;
- Want tax regime applicable to projects to be sufficiently stable because the lenders need to forecast their exposure to tax liability and insert it into their financial models.;
- Good political stability to avoid projects being derailed-changes in political leadership can also overturn previous commitments to infrastructure projects

Why The Need To Develop Bankable Transport Projects

Why The Need To Develop Bankable Transport Projects

Criteria	What financiers are looking for oĿ ŋp o ځ

Why The Need To Develop Bankable Transport Projects

Criteria	What financiers are looking for
Tax policies	Favourable tax laws. Availability of tax incentives or other financial incentives.