



Request for Expression of Interest

The Global Investors for Sustainable Development Alliance (GISD) Alliance calls on global infrastructure asset managers to express their interest in partnering to jointly develop and launch the Sustainable Infrastructure Investment Platform (SIIP), a transformative blended finance concept for efficiently co-investing alongside multilateral development banks (MDBs) at scale in emerging markets sustainable infrastructure.

Global Investors for Sustainable Development (GISD) Alliance

The GISD Alliance was established by the UN Secretary-General to highlight the importance of scaling up private investment for financing the 2030 Agenda for Sustainable Development. It comprises 30 influential leaders of major financial institutions and corporations spanning all regions of the world selected to provide decisive leadership on sustainable finance. The objective of the Alliance is threefold: Firstly, to deliver concrete solutions to scale-up long-term finance and investment for sustainable development; secondly, to move the money behind the SDGs, particularly for countries and sectors most in need; and thirdly, to align business operations and practices with the 2030 Agenda for Sustainable Development.

A key focus of the GISD Alliance is to “Develop SDG-aligned investment platforms and vehicles”. The GISD Alliance has concluded that blended finance is an important instrument to mobilize private sector capital for SDG-aligned investment opportunities in emerging markets and developing economies (EMDEs). The Alliance, with support by the Global Infrastructure Facility (GIF), has worked over the past year to develop and test concepts for at-scale blended finance vehicles to fill critical gaps in the market.

Following intensive concept development and market testing, the GISD Alliance is now seeking support from a strategic partner in the asset management industry to further refine the vehicle concept and move the group closer towards launching a transformative SDG-aligned, EMDE investment model.

Sustainable Infrastructure Investment Platform

The Sustainable Infrastructure Investment Platform is a blended finance investment platform to mobilize institutional investor capital for sustainable, climate-resilient infrastructure projects in EMDEs in which MDB partners are providing senior debt.

The SIIP involves the establishment of an independent investment vehicle benefitting from a first loss protection which will be managed by a private sector asset manager and will lend to projects led by MDB partners under their senior lending schemes (for example, the A/B Loan or A/B Bond programs). The envisaged target volume of the vehicle is US\$1 billion, which is expected to be anchored by GISD institutional investor members in addition to other sustainability focused investors. The vehicle would ideally be structured to provide long-term institutional investors with opportunities to invest in traditionally long-tenor EMDE infrastructure projects while maintaining some level of liquidity to respond to other investors’ needs. The first loss protection will be sized in a way to maximize private capital

mobilization and achieve an investment grade profile at the portfolio level, while limiting the use of concessional funding.

The vehicle's investment criteria will be defined so as to ensure that it meets investors' and donors' sustainability and development targets in line with the UN Sustainable Development Goals, allowing for an efficient deployment of funds and meeting investors' risk-return considerations. The following preliminary criteria shall serve as guidance in terms of the vehicle's investment profile:

- Eligible infrastructure sectors: will include transport, renewable energy, social infrastructure, water and sanitation and urban mobility, and investments will be selected based on a climate smart approach, which will be grounded in the joint MDB framework's list of eligible activities.
- Target ticket size: to achieve a satisfactory level of diversification, the vehicle will invest positions ranging between US\$30 million and US\$60 million¹
- Type of investment: senior loans
- Currency: hard currencies, only limited FX exposure
- Investment stages: all life cycle stages, with an emphasis on higher impact, earlier stage investments
- Geographies: global emerging markets; countries will depend on the TPs' geographic coverage
- Concentration limits will be determined as part of the structuring process

The SIIP will distinguish itself from other blended finance investment solutions by working across multiple MDBs and other origination partners, as well as through the partnership with GISD and its connections to donor and private capital. The ultimate value added of the SIIP is not just to raise another infrastructure debt platform, but rather to develop the financial and legal framework to allow multiple MDBs and institutional investors to co-fund sustainable infrastructure in EMDEs in an efficient, systematic and replicable manner. The SIIP will also create the necessary conditions to allow for replication in future investment vehicles to scale up the mobilization efforts once the solution has been tested.

Role of each partner

At this stage, partners in development of the SIIP would include the following, to be complemented by other donor, investor, and MDB partners brought on as the platform develops:

- **GISD Alliance:** will provide overall leadership on the development of the SIIP and will facilitate access to private capital and anchor investors and guarantors throughout the fundraising process.
- **Private sector asset manager:** will be responsible for establishing the legal, financial and administrative framework of the investment platform, and raising capital to meet the target vehicle size by targeting an investor pool that will include GISD Alliance members and other investors. Once the platform is established the asset manager will be responsible for project origination alongside the MDBs and the due diligence, investment analysis, financial structuring, deployment of funds, ongoing asset optimization and portfolio management.
- **GIF:** through the design phase the GIF will provide strategic guidance on the use of concessional capital in the vehicle and will facilitate the dialogue between GISD, MDB partners and investors,

¹ The detailed range for ticket sized will be further refined in collaboration with the selected partner

and could later support the sourcing of bankable projects for the SIIP through its ongoing EMDEs infrastructure project preparation and structuring support to MDBs.

Selection Criteria for the strategic partner

The asset manager should demonstrate in its Expression of Interest how it meets the following criteria to be eligible for consideration as the strategic partner for the purpose of further developing the SIIP alongside GISD:

- Exceptional global track record in infrastructure investment and a minimum of USD 3 billion of infrastructure assets under management, either directly or with joint venture partners
- Provide demonstrated case studies corresponding to each of the target sectors (i.e. transport, renewable energy, social infrastructure, water and urban mobility), preferably in EMDEs
- Proven track record in sustainable infrastructure debt investments with a minimum of USD 1 billion debt capital raised for deployment
- Demonstrated track record investing in infrastructure debt in EMDEs
- Demonstrated experience servicing institutional investors (reporting requirements, tax, legal, etc.)
- Experience in sourcing and closing deals with MDBs/DFIs, including familiarity with MDB/DFI structures (e.g. A-/B-Loans, guarantees)
- Respected player in the development finance community / strong relationships with development institutions and other public sector entities to create debt investment solutions
- Demonstrated experience in raising and managing first loss
- Experience structuring blended finance vehicles at scale
- Sustainability criteria, aligned with the UN Sustainable Development Goals, are embedded in the asset manager's investment process
- Experience with impact measurement / reporting
- Well-functioning and staffed middle- and back-office
- Provide an indicative range for expected economics and keep the fee range to a maximum of 50bps (i.e. asset management fee, administration fee, etc.)

Process and next steps

- Asset managers/consortiums interested in becoming the strategic partner for this project are requested to express their interest by submitting their formal Expression of Interest to the following e-mail address GISD.SIIP@pollinationgroup.com by 12pm EST on 4th March 2022. The Expression of Interest should address each of the points set out in the selection criteria and include their perspective of the envisioned vehicle.
- After receiving the Expressions of Interest a selection committee consisting of GISD members and GIF representatives will review the applications and will select the asset managers with whom it would like to enter into a second stage of consideration with bilateral interviews before making a final decision on the strategic partner. The GISD Secretariat will have an observer status and will provide technical assistance to the selection committee. The relationship between the GISD Alliance and the asset manager will be that of a strategic partnership. It is intended that the strategic partnership will be agreed on and executed by the partners by April 2022. The expected timeline is as follows:

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| Submission of Eol | 12pm EST on 4 th March 2022 |
| Review of Eols | w/c 14 th March 2022 |
| Shortlisted parties to be notified | 21 st March 2022 |
| Shortlisted parties to attend bilateral interviews | w/c 28 th March 2022 |
| Final selection of successful strategic partner | 7 th April 2022 |
| Execution of strategic partnership | April 2022 |

EOI Facilitation: Pollination Group

Pollination Group² has been engaged by the GIF as an independent adviser to coordinate and manage obtaining the Expressions of Interest, and subsequent selection and onboarding process of the incoming strategic partner.

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² Pollination is a world leading investment and advisory firm dedicated to accelerating the transition to a net zero, climate resilient future. Bringing together global leaders in policy, strategy, finance, investment, technology, politics and law, Pollination is solely focused on delivering sustainable solutions.