



**International
Finance Corporation**
World Bank Group



AMERICAN ASSOCIATION OF PORT AUTHORITIES

Financing Port Projects

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IFC is a Member of the World Bank Group



Est. 1945

Role: To promote institutional, legal and regulatory reform

Clients: Governments of member countries with per capita income between \$1,025 and \$6,055.

Products:

- Technical assistance
- Loans
- Policy Advice



Est. 1960

To promote institutional, legal and regulatory reform

Governments of poorest countries with per capita income of less than \$1,025

- Technical assistance
- Interest Free Loans
- Policy Advice



Est. 1956

To promote private sector development

Private companies in 179 member countries

- Equity / Quasi-Equity
- Long-term Loans
- Risk Management
- Advisory Services



Est. 1988

To reduce political investment risk

Foreign investors in member countries

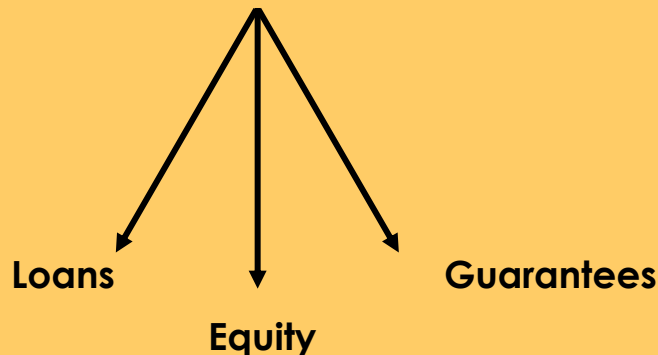
- Political Risk Insurance

← **Shared Mission: To Promote Economic Development and Reduce Poverty** →

IFC's Roles

Financing

IFC is the world's largest multilateral provider of financing for private enterprises with over US\$43 billion in outstanding investment commitments



Advisory Services

IFC also provides technical assistance and advice to governments and businesses to promote private sector development & investment

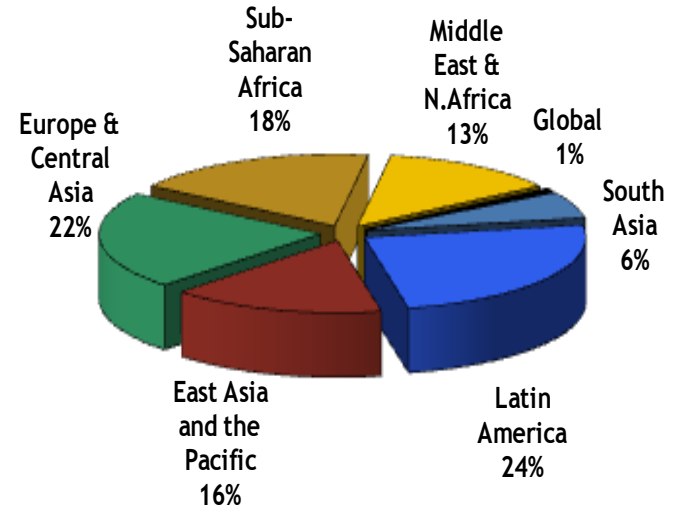


Over \$85 Billion Invested Since 1956

- Largest multilateral source of loan/equity financing for the emerging markets private sector
- AAA-rated by S&P and Moody's
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank with the flexibility of a merchant bank
- Holds equity in over 800 companies worldwide

IFC FY2011 Highlights

Portfolio	\$55.2 billion
Committed	\$12.2 billion
Mobilized	\$6.5 billion
# of Projects	518
# of Countries	102



IFC Value Proposition

Deliver Full Financing Package	Long-Term Competitive Financing	Global Transport Expertise	Country Risk Mitigation	Environmental & Social Risk Management
<ul style="list-style-type: none">• Syndicated loans where IFC is lender of record• Parallel loans• Master Cooperation Agreement with DFIs to co-finance projects when IFC is the mandated lead arranger	<ul style="list-style-type: none">• Equity• Fixed & Floating Rates, Local Currencies• Up to 20 Year Loan Maturity• Catalyst for Other Investors and Lenders• Capital Mobilization	<ul style="list-style-type: none">• Greenfield• Expansion / Modernization• Corporate Strategy• Access to International Investors	<ul style="list-style-type: none">• Government Relations• World Bank Synergies• Withholding Tax Benefit	<ul style="list-style-type: none">• Advice on Environmental & Social Best Practices• Equator Principles Modeled after IFC Standards• Local Consultation & Disclosure

Key Features of IFC's financing

- IFC takes all project risks, including commercial and political risks
- IFC does not require international competitive bidding of goods and services but transparent procurement
- IFC does not accept government guarantees
- IFC is willing to do joint due diligence with parallel lenders/ECAs

IFC Debt Financing:

- Long-term debt of up to 20 years, typically 8-12 years
- Loans in all major currencies and several local currencies
- Variable or fixed interest rates

IFC Equity Financing:

- Finance up to 20% of project company equity
- Minority, passive shareholder with standard minority shareholders rights
- Right to Board representation (although exceptionally used)

Key Features of IFC's financing (cont'd)

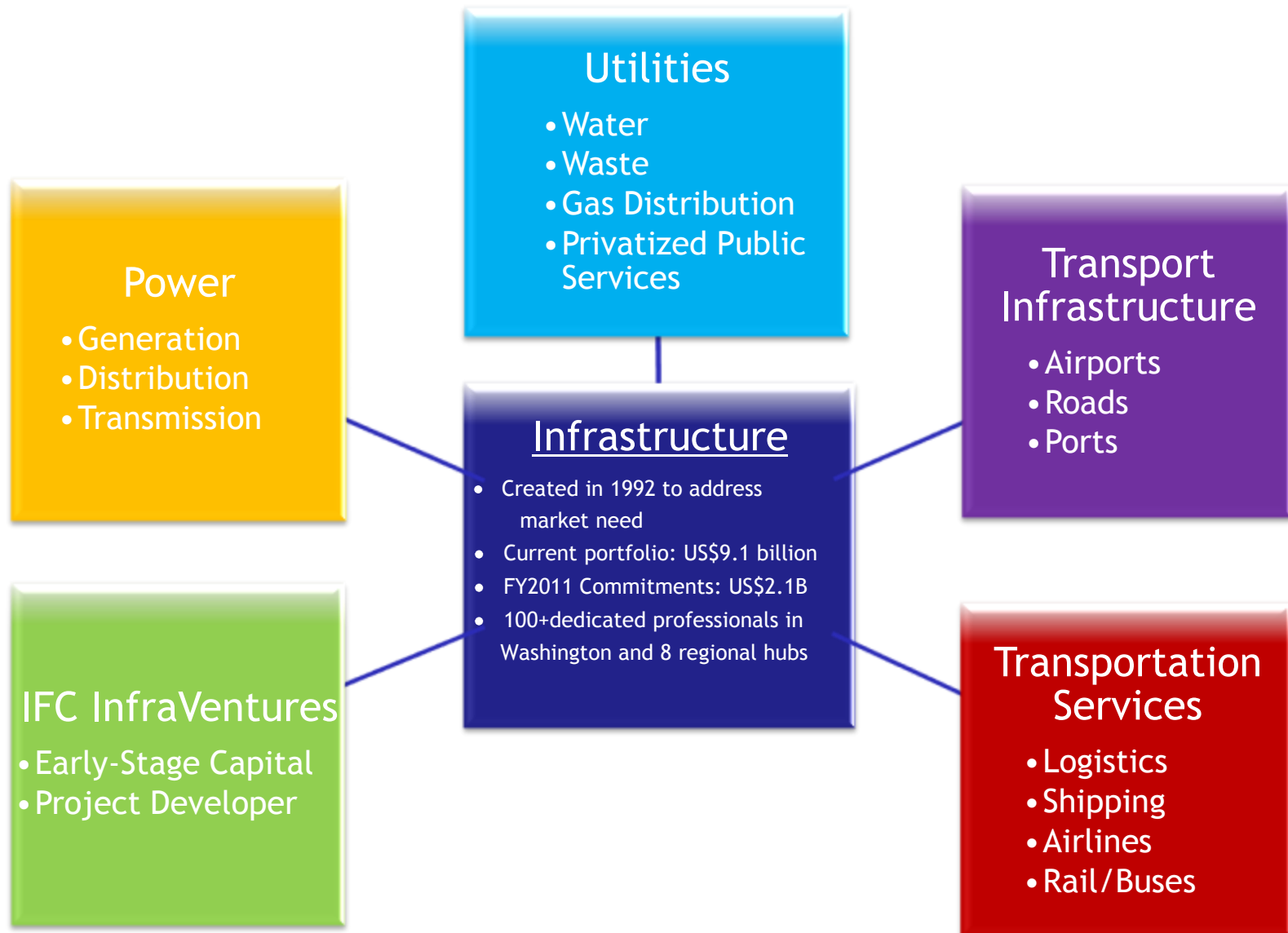
- IFC Share of funding for its own account is limited to:

Greenfield & total cost < US\$50m	→	Up to 35% of project cost
Greenfield & total cost > US\$50m	→	Up to 25% of project cost
Expansion or rehabilitation (corporate finance)	→	Up to 50% of project cost
	+	
All projects	→	Up to 25% of the company's capitalization

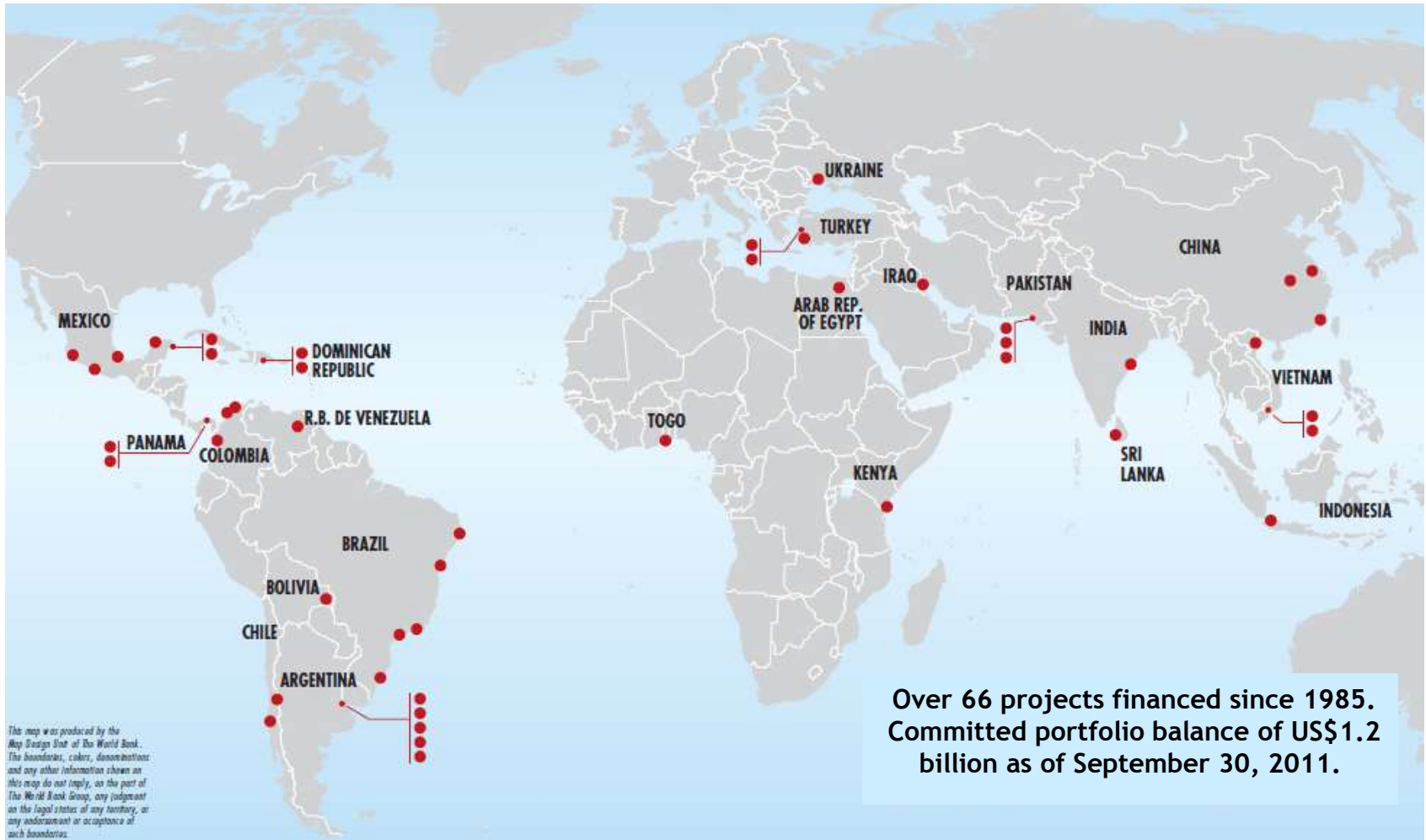
- In addition, possibility of syndication:

- ✓ Under IFC umbrella: IFC lender of record, immunity from taxation and provisioning requirements
- ✓ More generally: IFC can syndicate (on best efforts basis) 100% of the debt financing needs of a project

IFC Financing in Infrastructure













IFC Financed Ports Worldwide



IFC Financed Ports in LAC



IFC Sample Port Projects

<p>Brazil</p>  <p>APM TERMINALS</p> <p>\$97,000,000 Senior Loan</p> <p>\$582,000,000 Syndicated Loan</p> <p>BTP Santos- Project Finance</p> <p><i>Arranger & Lender</i> March 2011</p>	<p>Togo</p>  <p>TIL</p> <p>\$122,421,000 Senior Loan -Project Finance</p> <p>Lome Container Terminal</p> <p><i>Lender</i> June 2011</p>	<p>Pakistan</p>  <p>\$40,000,000 Senior Loan -Project Finance</p> <p>Quasim International Container Terminal I & II</p> <p><i>Lender</i> May 2010 & June 2011</p>	<p>Indonesia</p>  <p>\$30,000,000 Senior Loan Project Finance</p> <p>\$40,000,000 Syndicated Loan</p> <p>Jakarta Int. Container Terminal</p> <p><i>Arranger & Lender</i> December 2009</p>	<p>Vietnam</p>  <p>\$38,750,000 Senior Loan -Project Finance</p> <p>Cai Lan Port</p> <p><i>Lender</i> October 2010</p>
<p>Panama</p>  <p>\$90,000,000 Senior Loan- Project Finance</p> <p>\$35,000,000 Syndicated Loan</p> <p>MIT I, II & III</p> <p><i>Lender & Arranger</i> 1994, 2000 & 2005</p>	<p>Colombia</p>  <p>\$34,000,000 Senior Loan -Project Finance</p> <p>\$117,000,000 Syndicated Loan</p> <p>Terminal de Contenedores de Buenaventura</p> <p><i>Arranger & Lender</i> August 2010</p>	<p>Turkey</p>  <p>\$20,000,000 Senior Loan -Project Finance</p> <p>TCE Ege Terminal</p> <p><i>Lender</i> June 2010</p>	<p>India</p>  <p>\$8,000,000 Senior Loan -Project Finance</p> <p>Vizakh Terminal</p> <p><i>Lender</i> June 2011</p>	<p>Ukraine</p>  <p>\$32,000,000 Senior Loan- Project Finance</p> <p>HPC Odessa</p> <p><i>Lender</i> September 2011</p>

Amounts and dates shown as of original commitment for IFC's own account & syndication.

Some Sponsors IFC has worked with


APM TERMINALS  Lifting Global Trade..

 **PSA Marine**

 **DP WORLD**

 **HPH**


GRUP TCB

 **Terminal Investment Limited**

 **ARKAS**
HOLDING S.A.

 **Gulftainer**

 **Carrix**

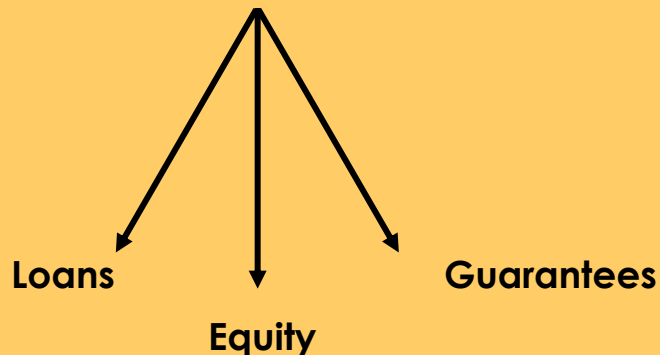
WHAT IFC LOOKS FOR IN PORTS

- ◆ Transparent concession / privatization process
- ◆ Capable sponsors
- ◆ Robust financial structure
- ◆ Realistic market expectations
- ◆ Construction cost control
- ◆ Government commitment (lenders' rights and security, termination provisions, financial equilibrium)

IFC's Roles

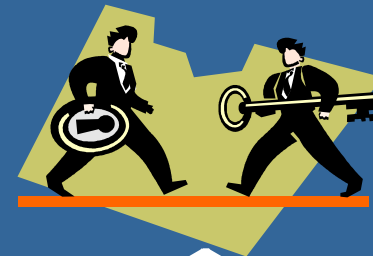
Financing

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Advisory Services

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IFC PPP Advisory - What We Do

- Lead advisor to national and local governments

- **Strategy definition** for private sector participation / PPPs
- **Institutional reforms** - Work with World Bank & other multilaterals on sector policy & regulatory reforms when necessary
- **Transaction due diligence** - Market, technical, legal
- **Prepare tender documents** - Info Memo, concession contracts, etc
- **Market transaction** to operators & industry investors/financiers
- **Manage bid** - Transparent international competitive procedures

- Fee based services

- **Retainer** - Paid by client according to milestones. Covers only IFC costs.
- **Success Fee** - Largest portion of compensation. Paid at closing of transaction by client or winning bidder.

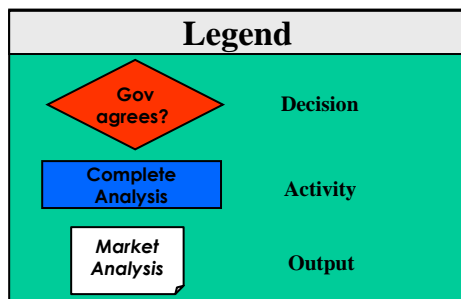
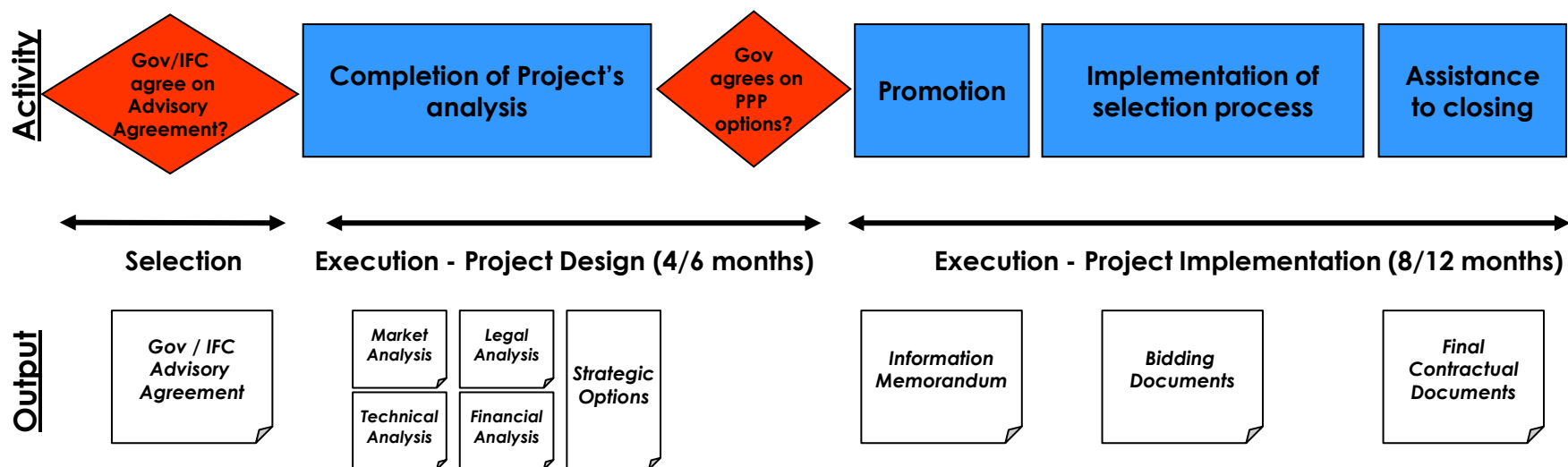
- Mobilize trust fund grants to pay external consultants

IFC PPP Advisory - What We Do

More than **180** advisory assignments in **60 countries** since 1986

- Focus on pioneering transactions, frontier markets
 - First, difficult, political, reform-based, innovative
 - Often hired after a prior failed bid
- PPPs in all infrastructure and social infrastructure sectors
 - Physical Infrastructure: ports, airports & roads, water & sanitation, power, telecom, natural resources
 - Social Infrastructure: health (hospitals, clinics, specialised services) and education
- Focus on broader social goals - not just highest bid
 - Increased access to & quality of public services
 - Environment & social sustainability. Stakeholder consultation.

Typical Development Process of PPP Advisory Projects



Transaction Time Line

- Typically 12-18 months - Longer if major regulatory reforms needed
- Transactions have closed in fewer than 9 months

IFC Port Advisory Transactions Closed

- **2009: Cotonou Port, Benin**

- Advised Government on institutional framework and concession to private operator for new 500,000 teu container terminal. 25-year concession awarded to Bollere Group of France.

- **2003: Toamasina Port, Madagascar**

- Advised Government on structure and tender of concession to rehabilitate & expand the island country's only container terminal. 20-year concession awarded to ITCSI.

- **2001: Suape Port, Brazil**

- Advised Government on concession of container & general cargo port to service new industrial development zone. 30-year concession awarded to ITCSI.

Active IFC Port Advisory Transactions

- **2011: Port of Nouakchott, Mauritania**

- Assistance in the implementation of a PPP concession of a new container terminal (potential public sector contribution required). Expected 500,000 TEU by 2035.

- **2010: Port of La Union, El Salvador**

- PPP concession for newly constructed 500,000 teu container terminal for CA cargo.

- **2010: Haiti**

- Options study for post-earthquake redevelopment of Haiti's ports

- **2010: Niger Dry Port**

- Concession of inland logistics center for cargo from ports of Benin & Nigeria.

- **2009: Vizhinjam Port, Kerala, India**

- Advising Government of Kerala State on development of greenfield deepwater port (container & multi-purpose) for domestic cargo and transshipment.

- **2008: Port Louis Harbor, Mauritius**

- Advising on sale of stake in state port company (container and multi-purpose)

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Port of La Union (El Salvador)

Project

- ❖ IFC advisory to the Executive Port Commission of El Salvador (CEPA) to prepare the concession enabling law, structuring and bidding process of the Port of La Union
- ❖ First modern container facility built in Central America (2008) outside of Panama.
- ❖ Gateway to access the El Salvador, Honduras and Nicaragua markets: Protected location on the Pacific coast, deep water design, crane ready structures, optimized layout, and expansion capabilities alternative
- ❖ Installed Phase 1 capacity of 500,000 TEUs



Highlights

- ❖ Concession law approved by Congress in October 2011
 - ❖ Landlord port model with CEPA continuing to own the underlying real estate and civil works
 - ❖ Up to 30 years concession, renewable
 - ❖ GOES responsible for ensuring the maintenance and operating conditions of the 22 km access channel
 - ❖ Minimum investment of US\$30 million over the first 5 years.
- ❖ CEPA's Master Plan includes extensive area for the development and expansion of port operations and industrial and logistics parks

Key issues

- ❖ Port channel
- ❖ Panama channel dynamics
- ❖ Road logistics / access to markets / Customs

Kerala Ports (India)

Project

- ❖ Development of **multi-purpose greenfield port clean port** at Vizhinjam, 16km south of the state capital, Thiruvananthapuram
 - Major Focus of port will be on container (**gateway and transshipment**) with expected volumes of 150,000 (2014) to 2.5 million (2040)
 - Port also expected to cater to bulk cargo
- ❖ IFC advising Gov't of Kerala (GoK) and SPV, Vizhinjam International Seaport Limited (VISL), on structuring the project and bidding process - private operator for 30-year BOT Concession: **Landlord Concession Model**
- ❖ Prior to IFC engagement, bid process failed twice due to GoI's security concerns regarding the winning bidders and legal issues related to evaluation



Highlights

- ❖ **Two bids received** on 16 Aug 2011 from Welspun Inc -led consortium and the Adani Group's Mundra Port SEZ Consortia;
- ❖ **Expected award by May 2012 and signing of Concession Agreement by July 2012**
- ❖ IFC to support GoK until financial closure is achieved by the Concessionaire

Key issues

- ❖ Time required for security clearances of bidders
- ❖ Environmental & Social Impact Assessment studies, clearance report to be submitted to MoEF, GoI upon completion in July 2012
- ❖ Depressed economic outlook
- ❖ Competitor ports - Colombo and Vallarpadam expanding

Port Louis (Mauritius)

Project

- ❖ July 2008: GoM - IFC agreement to attract a strategic equity partner to invest and manage Cargo Handling Corporation Limited (CHCL).
- ❖ GOM goal of transforming Port Louis into a major regional transshipment hub
- ❖ Annual volume ~ 430,000 TEUs

Highlights

- ❖ CHCL is today the port operator at Port Louis, for general cargo, certain bulk cargo and containers at Terminal I and Terminal II, and the fully fledged Container Terminal Operator at Terminal III. It is currently a state owned private company with the shareholding split as follows: Mauritius Ports Authority (MPA) - 40%; State Investment Corporation Limited -54%; and the GoM - 6%.
- ❖ The SP identified pursuant to the selection process currently under way will be granted the opportunity to acquire the MPA's 40% equity interest in CHCL, as well as management control over, and the right to invest in, CHCL's operations at the Port.

Key issues

- ❖ Structuring the sale of 40% of CHCL and preparing a new concession agreement
- ❖ With 40% of CHCL at stake, ensuring that SP will have control over management and operations
- ❖ Labor (meeting GOM goals and private sector operational-financial performance requirements)
- ❖ Container and non-containerized cargo handling operations under the same concession agreement
- ❖ Maintaining interest by qualified bidders throughout a transaction process that began in 2009

Thank you!

