



How to Access Innovative Sources of Funding



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Innovative sources of funding

- Innovative sources of funding refers to non-traditional mechanisms to raise funds for development
- Over US\$ 500 billion investment is needed to bring LLDCs' road and rail infrastructure to the level of global benchmarks
- Innovative funding sources :
 - **South-South Cooperation:** New Development Bank, Asian Infrastructure Investment Bank
 - **Climate Finance:**
 - Green Climate Fund (GCF)
 - Global Environment Facility (GEF): mainly finances sustainable urban transport project in LLDCs
 - **Global Innovation Fund:** focuses on solving major development problems in low/lower-middle income countries, seeking solutions to be scaled up commercially. Ex: "Where Is My Transport" project in South Africa
 - **Chinese Finance:** China Development Bank, China EXIM Bank
 - **Specific initiatives:**
 - Global Infrastructure Facility (GIF): a "platform" for identifying, preparing & financing complex infra projects
 - Africa50
 - **Pension funds and insurance reserves:** initially applied in real estate, good returns required.

Green Climate Fund (GCF)



- A unique global platform aimed to reduce GHG emissions in developing countries and help vulnerable societies adapt to avoidable impacts of climate change.
- Headquarter in Korea
- GCF supports energy, transport and water security projects for both public and private sectors
- GCF supports the entire value chain of a project: preparation, feasibility, project financing and attendant transaction management support
- Support forms: direct funding, blending and co-funding with other partners
- In 2018, GCF approved 42 new projects, of which 19 projects in LLDCs.
- Lesson: Considering LLDCs' vulnerability to climate change and high infrastructure needs to respond to the impacts, LLDCs need to be supported to access climate funds especially for the development of resilient transport infrastructure.

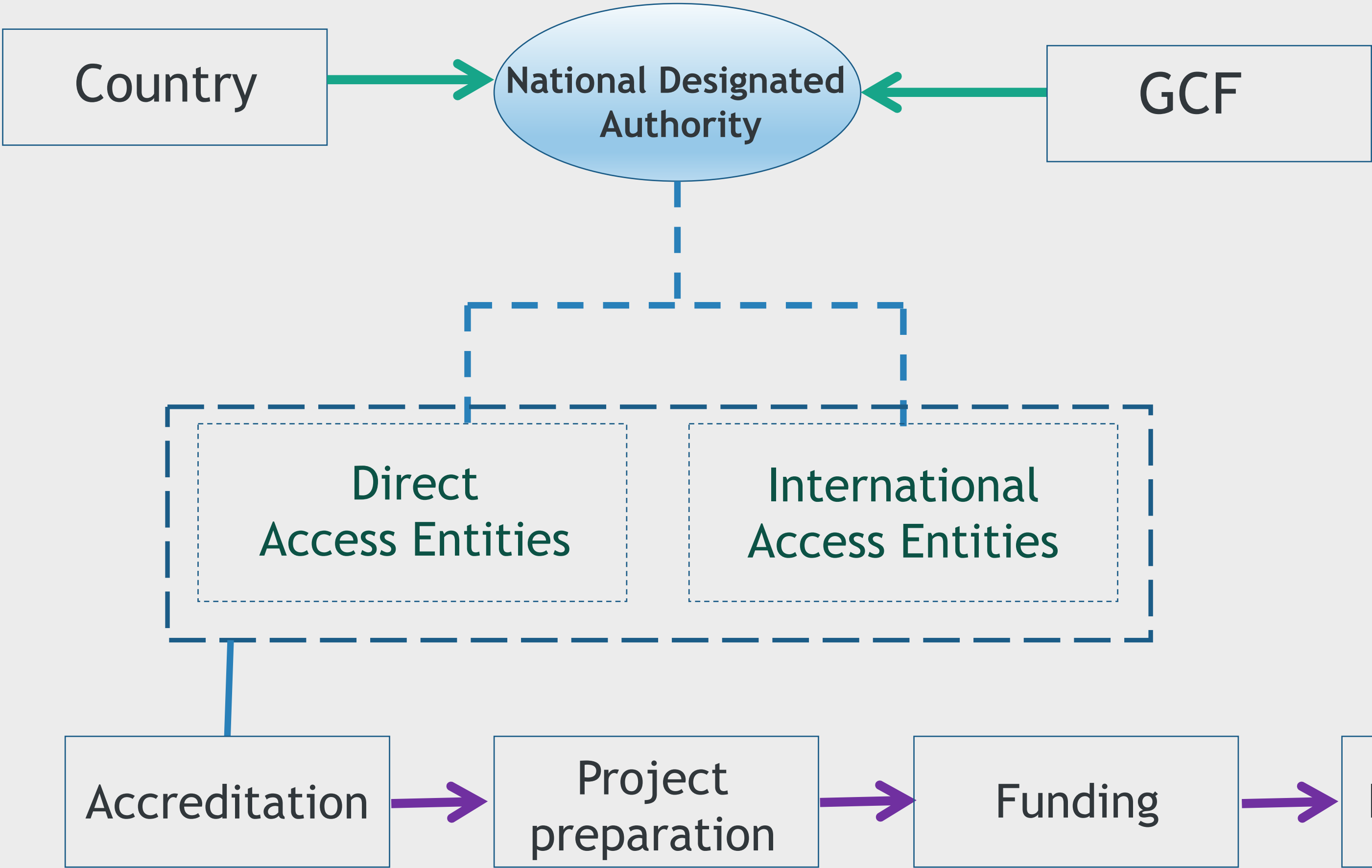
Green Climate Fund (GCF)

GCF funded projects in LLDCs approved in 2018 (small number of transport projects)

Country	Project size (US\$ million)	GCF investment (US\$ million)	GCF investment
Armenia	29.8	20.0	67%
Bhutan	176.3	51.9	29%
Burkina Faso	84.0	49.5	59%
Ethiopia	50.0	45.0	90%
Kazakhstan	557.0	110.0	20%
Kyrgyzstan	59.6	38.6	65%
Lao PDR	83.5	26.8	32%
Malawi	16.3	12.3	75%
Mali	65.4	51.6	79%
Mongolia	643.1	183.7	29%
Nepal	47.3	39.3	83%
Niger	12.7	9.4	74%
Paraguay	183.3	98.1	54%
Rwanda	33.2	32.8	99%
Tajikistan	187.4	73.8	39%
Uganda	44.3	24.1	54%
Uzbekistan	34.4	9.5	28%
Zambia	291.3	84.5	29%
Zimbabwe	10.0	8.9	89%
TOTAL LLDCs	2,608.9	969.8	37%

Green Climate Fund (GCF)

How LLDCs can access Green Climate Fund



To be accredited, AE must meet:

- GFC fiduciary standards
- Environmental/social safeguards
- GFC’s areas for delivery of mitigation and adaptation benefits

South-South Cooperation (SSC)

- SSC refers to an engagement of developing countries in the Global South (all LLDCs except Bolivia and Paraguay) in mutually beneficial activities on the basis of solidarity, self-help and self-reliance.
- Cooperation between LLDCs and global South countries is necessary mainly for the development of transit transport corridors
- It provides more technical assistance and project preparation than investment
- Institutions: New Development Bank, Asian Infrastructure Investment Bank
- Initiatives: One Belt One Road → US\$ 40 billion of Silk Road Fund (particularly in infrastructure projects)



South-South Cooperation (SSC)

Transport infrastructure projects in LLDCs in the framework of BRI

Project	Country
Europe-China - Rail Link I & II	Multiple
Khorgos Gateway Dry Port	Kazakhstan
Sino-Thai - High-Speed Railway	Multiple
Single Gauge Trans-Asian Railway	Multiple
Pap Angren Railway	Uzbekistan
Budapest - Belgrade Railway	Multiple
Addis Ababa Light Rail	Ethiopia
Khartoum-Port Sudan Railway	Sudan
Diibouti - Ethiopia Railway	Multiple
Vientane - Boten Railway	Laos
Savannakhet-Lao Bao Railway	Laos
Kuala Lumpur-Singapore High Speed Rail	Multiple
Dushanbe-Uzbekistan Border Road Improvement	Tajikistan
Harare Airport Expansion	Zimbabwe
Port Aktau	Kazakhstan
“Khorgos - Eastern gate”	Kazakhstan

Ex 1: Vientiane - Boten Railway (2016 - ongoing)

- Part of six international economic corridors of BRI
- Connects Lao PDR and China, and the entire BRI network → greatly reduce travel time between Laotian cities/provinces
- Financing:
 - Initial investment: US\$ 5.95 billion
 - A joint company is set up
 - Government of Laos: 30% of the project (national budget + loan from Export-Import Bank of China)
 - Chinese Government: 70% of the project



Ex 2: Dushanbe-Uzbekistan Border Road Improvement (2016 - 2020)

- Rehabilitation of a 5-km road section in Dushanbe that connects to the border with Uzbekistan
- The last missing section of the Asian Highway Network; CAREC 3 was built over 30 years ago and is in poor condition
- Financing:
 - Total project cost: US\$ 105.9 million
 - AIIB: US\$ 27.5 million
 - EBRD: US\$ 62.5 million
- Branded as BRI project; one of the first projects to receive funding from AIIB





Thank you for listening.

