

Title: PPP Framework and Design and Establishment of Project Development Fund (PDF), Viability Gap Fund (VGF) and Infrastructure Project Financing Facility (IPFF)

Date: 2007 – 2010

Client: The World Bank

Country / Region: South Asia

CEPA is advising the World Bank and the government of Pakistan on the policy and institutional framework for its infrastructure PPP Programme and, specifically, the feasibility, design and implementation, including business plans, of three new entities to support this programme:

- (i) Project Development Fund (PDF). The PDF will provide resources to support early-stage development of PPPs through feasibility studies and other viability assessments across a wide range of sectors. It will also fund project structuring, negotiation and other later stage development activities on a revolving basis.
- (ii) Viability-gap Fund (VGF). The VGF will provide resources through various instruments to improve the viability of PPP projects that are regarded as economically justified but otherwise 'un-bankable' from a transaction point of view. The VGF will be structured in order to allow for some 'upside participation' in the event that a project achieves higher than expected returns.
- (iii) Pakistan Infrastructure Project Financing Facility (IPFF). The IPFF is a Government-backed Non-Banking Financial Institution (NBFI) that seeks to address the underlying infrastructure financing gaps in the Pakistan credit and capital markets. It will provide project finance to PPP projects on a commercial basis and will contribute towards market development through increased tenors and fixed-rate local currency loans.

The PDF and VGF assignments involve a full assessment of the PPP enabling environment according to international best-practice. CEPA

is currently developing a business plan to include institutional and organizational structures as well as operating policies and management processes. The IPFF assignment has included assessing current market aspects and market failures for infrastructure financing in Pakistan, estimating the pipeline of PPPs and likely financing demand and supply, defining the strategy and product mix for the IPFF, establishing its financial projections and capital structure, and developing its organisational and institutional structure.

Links:

- [The World Bank](#)
- [Pakistan Infrastructure Project Development Facility](#)