

PRIVATE INVESTMENT MOBILIZATION MODELS (PIMMS) FACT SHEET:

Public Sector Project Preparation Facilities (PIMM1)

EXECUTIVE SUMMARY

PIMM1 is designed to increase the supply of catalytic and concessional (C&C) funding to support public sector entities to develop public sector projects to be fully viable. PIMM1 will increase the universe of viable projects.

OBJECTIVES

To increase the universe of viable projects financed and implemented on a public sector or Public Private Partnership (PPP) basis, such as infrastructure projects and renewable energy projects.

Rationale	There is a lack of viable projects.
Description	<ul style="list-style-type: none"> • C&C funding is used to increase the viability of one or more projects to be developed and implemented on a public sector or PPP basis. • PIMM1 is expected to support the preparation of mid-sized and large projects, such as road transportation projects. The size of the project(s) is generally expected to be at least USD 5 million, and it is not expected to be deployed for small projects that are typically undertaken by small and medium-sized enterprises. • PIMM1 is a complement to the Private Sector Project Development (PIMM2) – the former is for public sector projects and the latter for private sector projects.
Development rationale	<ul style="list-style-type: none"> • Public sector organizations should only undertake viable projects – PIMM1 will increase the universe of viable projects to be undertaken by the public sector (or on a PPP basis). • Making C&C funding available for project preparation should spawn a huge increase in viable projects which can then be funded by the Public Sector Blended Finance Debt Fund (PIMM9).
Existing comparable precedents of C&C Funding	<p>There are many examples of project preparation facilities including:</p> <ul style="list-style-type: none"> • World Bank Group - Global Infrastructure Facility and Public-Private Infrastructure Advisory Facility • African Development Bank - Africa50 Project Development and NEPAD Infrastructure Project Preparation Facility • Asian Development Bank - Asia Pacific Project Preparation Facility • Inter-American Development Bank - Project Preparation Facility • Green Climate Fund - Project Preparation Facility • European Bank for Reconstruction and Development - PPPs: Scaling-up Infrastructure Investment

Indicative activities for Network of C&C Funders	There are many existing project preparation facilities with volumes of research, analysis, and evaluation.
Expected C&C funding instrument	The majority of C&C funding is expected to be in the form of grants.
Expected financial profile of C&C funding (including risk profile)	C&C funding deployed in PIMM1 is expected to be provided on a full grant basis.
Expected sources of private investment mobilized	Making C&C funding available for project preparation should spawn a huge increase in viable projects, which can then be funded by the Public Sector Blended Finance Debt Fund (PIMM9).
Expected leverage	Convergence forecasts reasonable leverage expectations in PIMM1 could range from 5-20 times.
Single-country or multi-country application	Both. PIMM1 is expected to be deployed mostly for multiple countries, but is also valuable on a single country basis.
Recommended standardization for this PIMM	Convergence does not recommend standardizing C&C funding for PIMM1 at the outset. Over time, the network might identify the benefits of standardization of PIMM1.



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