SDGs and Innovative Financing

Nur-Sultan

UNECE webinar on Smart and Sustainable Cities _ 5 June 2020 _ online from Lisbon

Pedro Neves

UNECE Consultant

Global Solutions Founder and CEO

E-mail: pedroneves@globalsolutions4u.com

Mobile: +351 962 980 725

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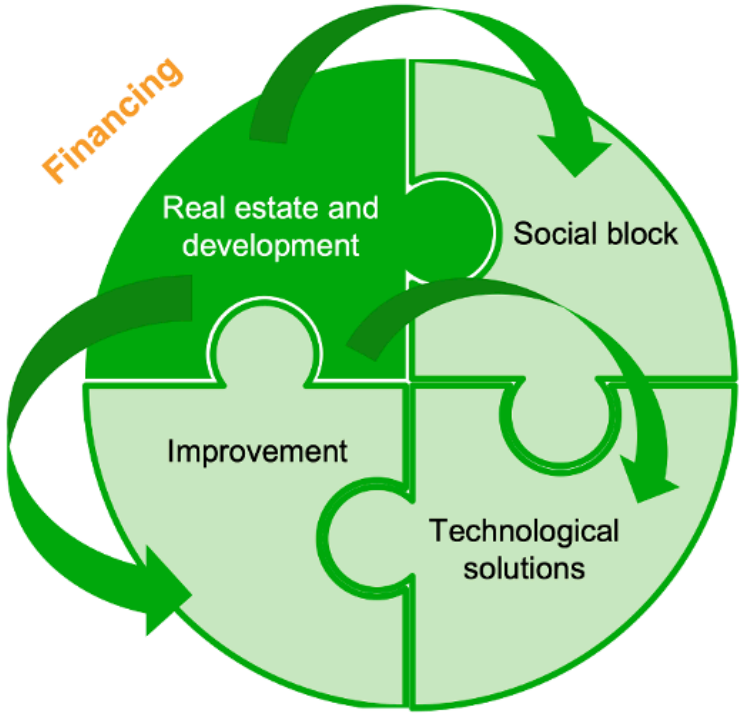
1. Picking Up from existing experience and Going One Step Further
2. Toolbox to achieve the SDGs using Innovative Finance
3. Presentation of Case Study
4. Presentation and discussion of draft organization chart
5. Next steps, Pipeline of Projects, Deliveries and Timings

Concept of the program

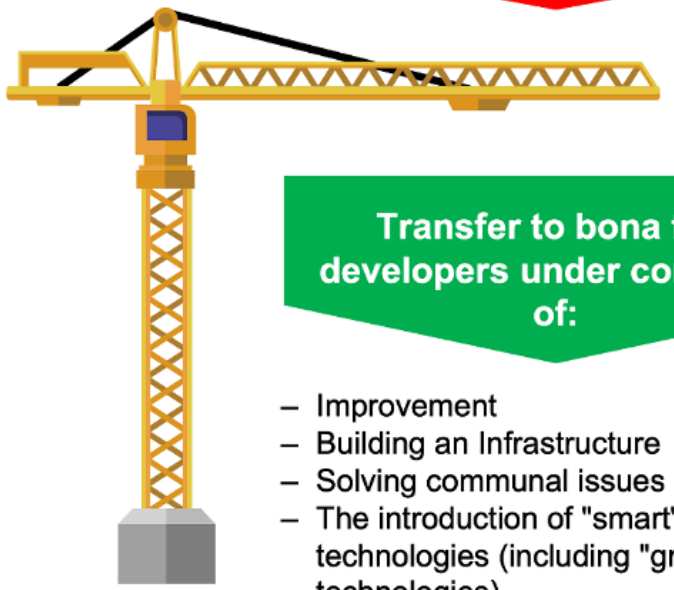
SMART ASTANA



Mechanism:

PUBLIC PRIVATE PARTNERSHIP

Non-assimilated areas

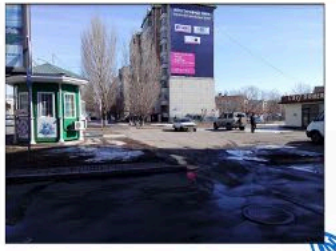


Transfer to bona fide developers under condition of:

- Improvement
- Building an Infrastructure
- Solving communal issues
- The introduction of "smart" technologies (including "green" technologies)

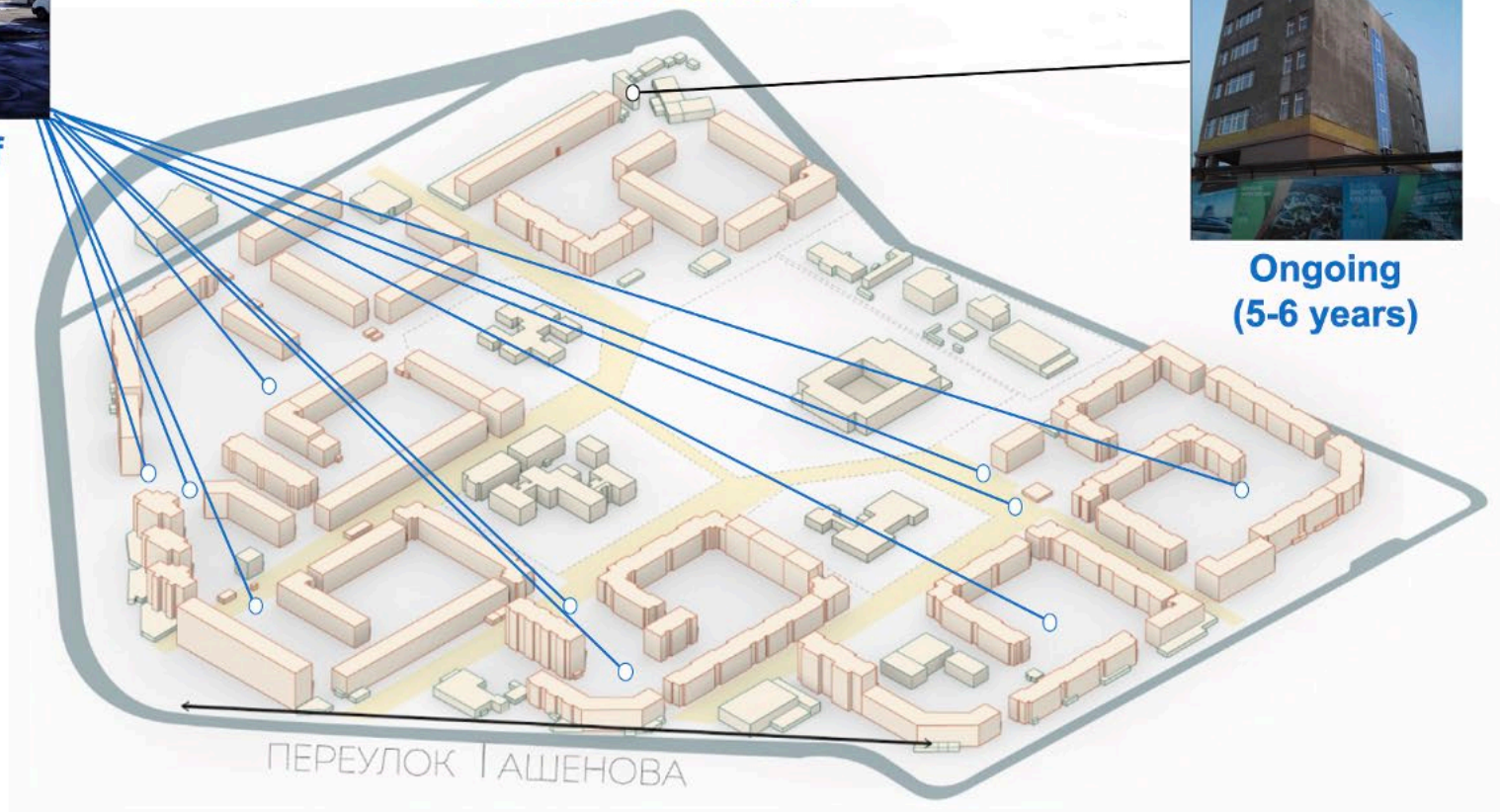
Pilot Project: Test in the "Smart" District

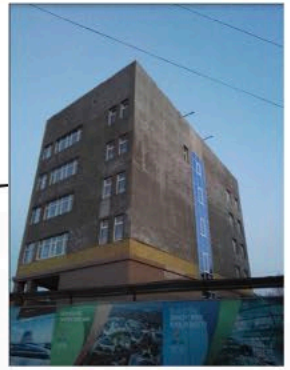
SMART ASTANA



Large areas of non-used territory

The territory of the "smart district" (Microdistrict "Zhastar" (A. Baraeva, A.Kravtsova, T.Huseyna and J.Tashenova streets)





Ongoing (5-6 years)

Financial model

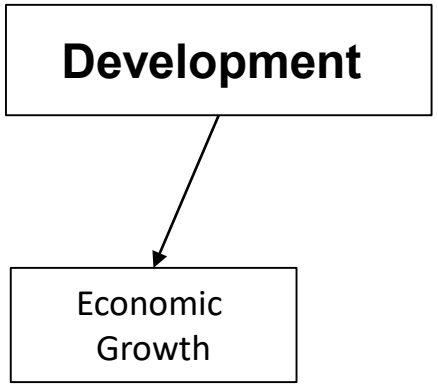
SMART ASTANA

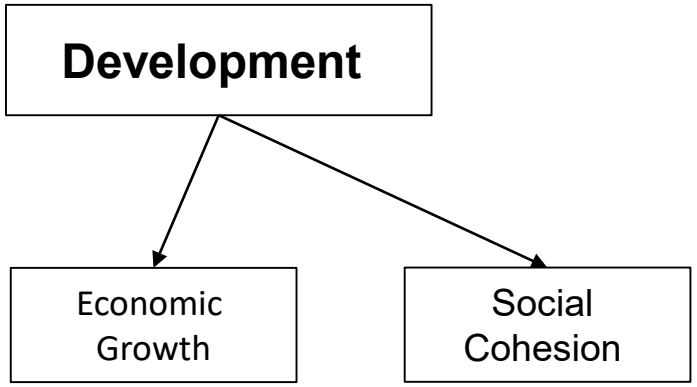
The proposal of international experts

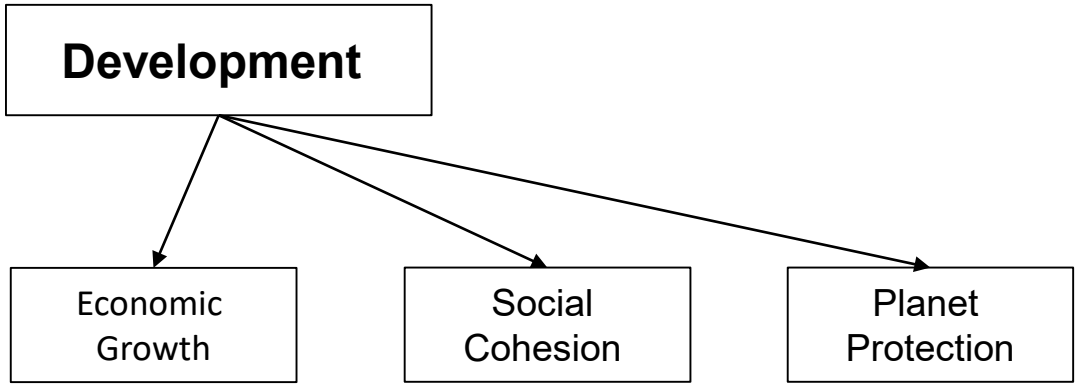
Indirect model	Direct model
1 aim	1 aim
1 non-governmental organization 1 special purpose company	Joint venture % Public Joint venture % Private

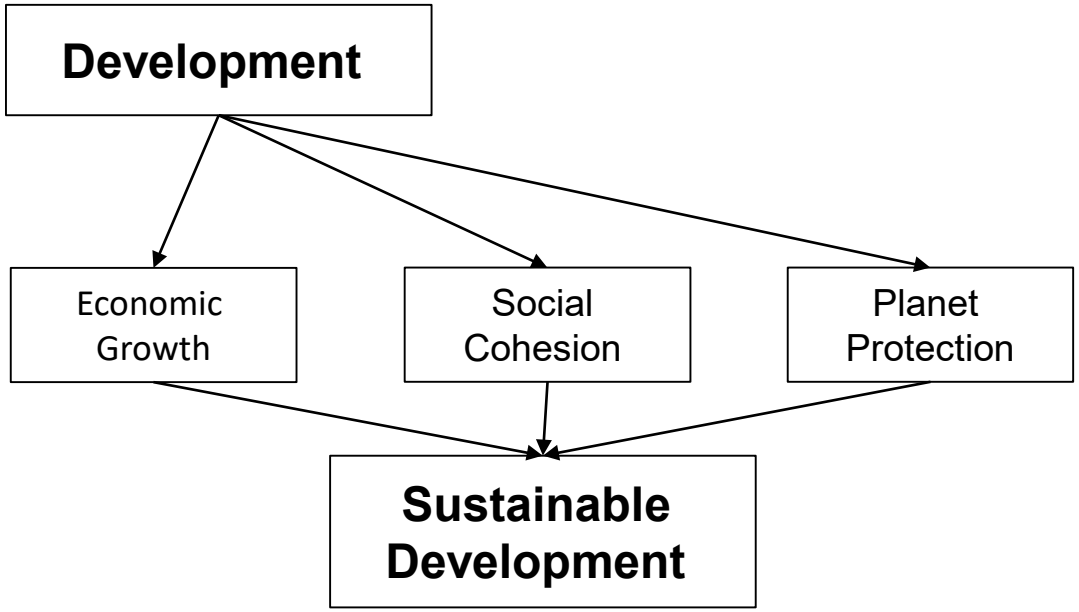
The implementation of the program will provide an international certificate

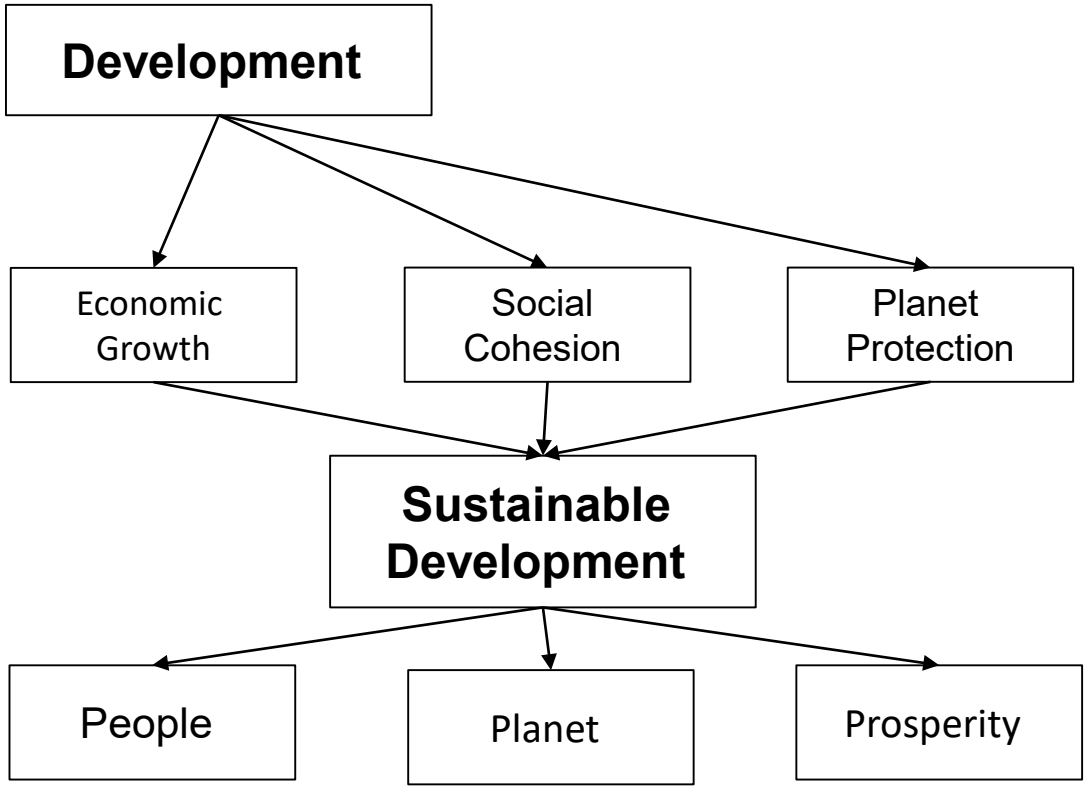
SDG Stamp (Sustainable Development Goals)

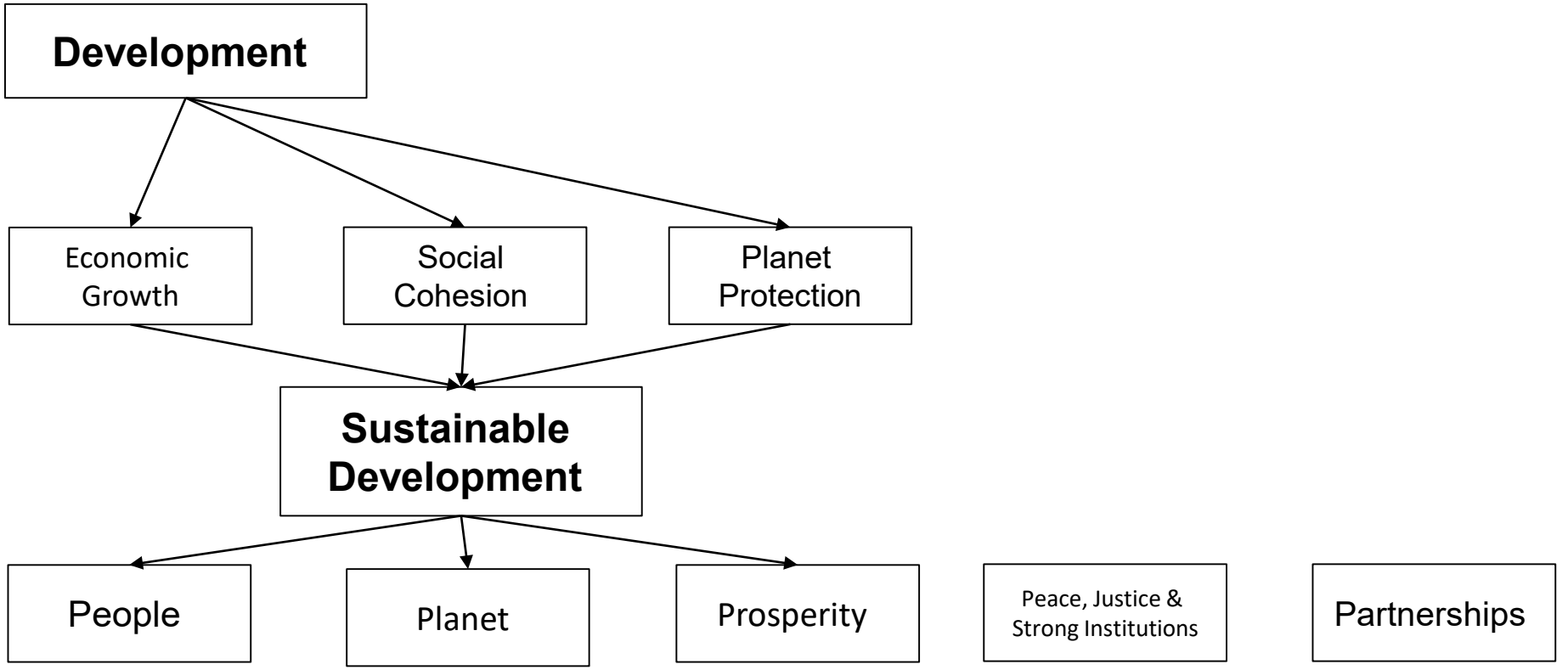

Development
Economic Growth

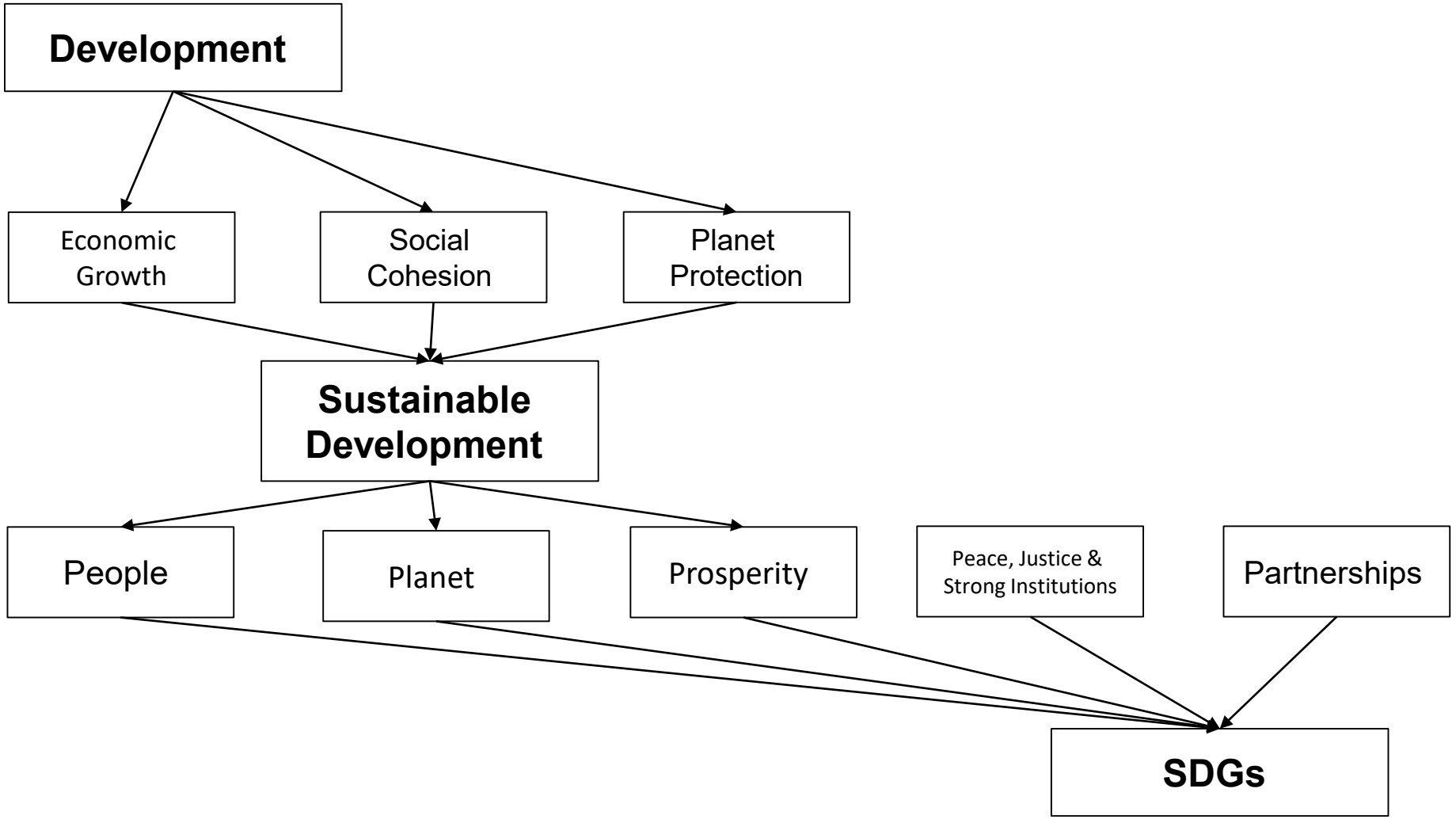

Development
Economic Growth
Social Cohesion

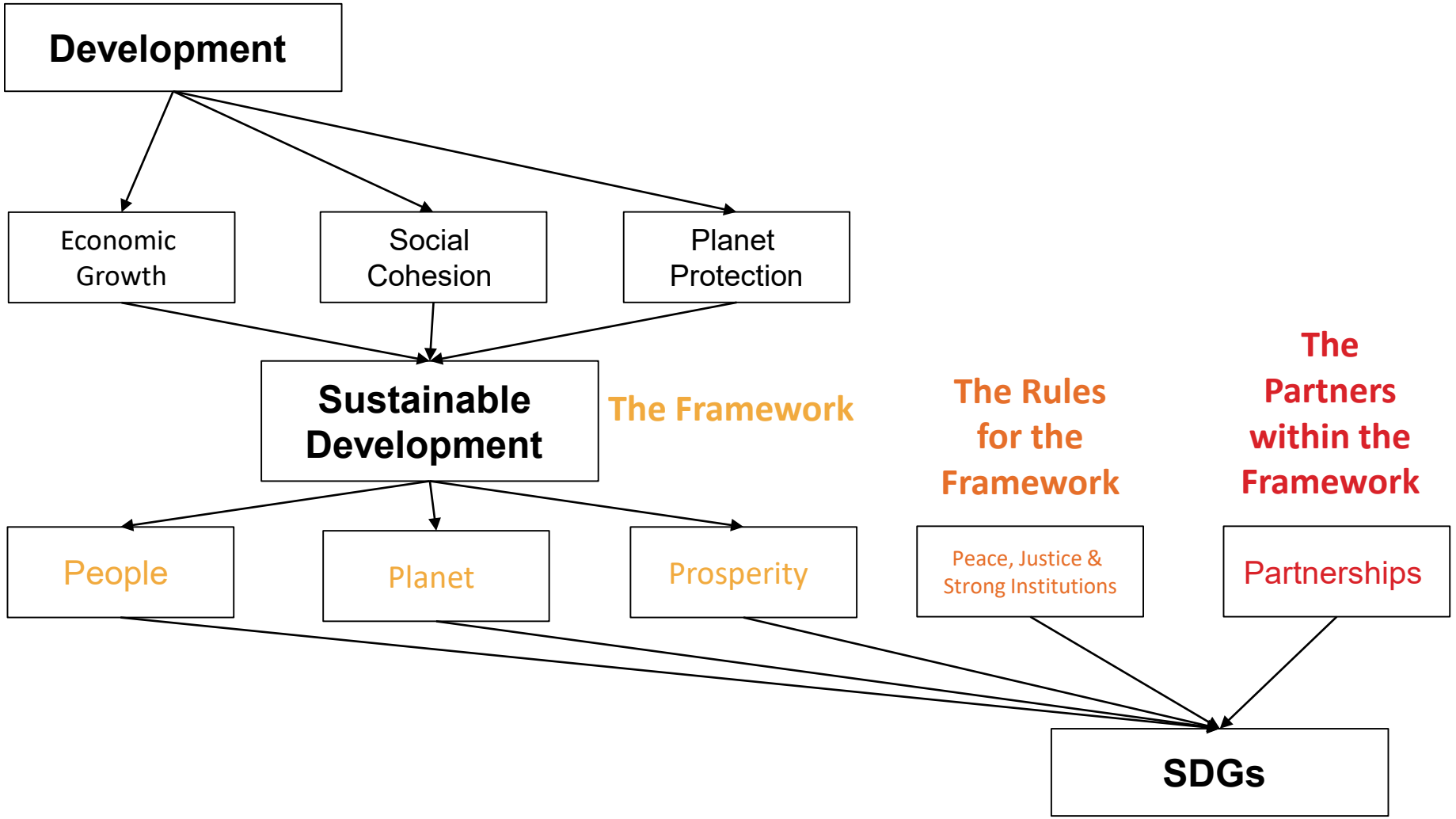

Development
Economic Growth
Social Cohesion
Planet Protection


Development
Economic Growth
Social Cohesion
Planet Protection
Sustainable Development


Development
Economic Growth
Social Cohesion
Planet Protection
Sustainable Development
People
Planet
Prosperity

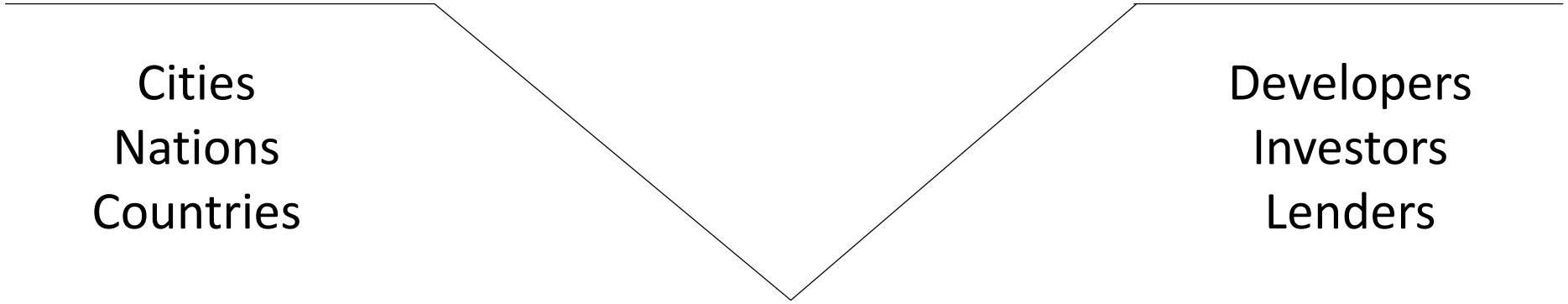

Development
Economic Growth
Social Cohesion
Planet Protection
Sustainable Development
People
Planet
Prosperity
Peace, Justice & Strong Institutions
Partnerships


Development
Economic Growth
Social Cohesion
Planet Protection
Sustainable Development
People
Planet
Prosperity
Peace, Justice & Strong Institutions
Partnerships
SDGs


Development
Economic Growth
Social Cohesion
Planet Protection
Sustainable Development
The Framework
People
Planet
Prosperity
The Rules for the Framework
Peace, Justice & Strong Institutions
The Partners within the Framework
Partnerships
SDGs

Needs
Ideas
Projects

Equity
Debt
Business

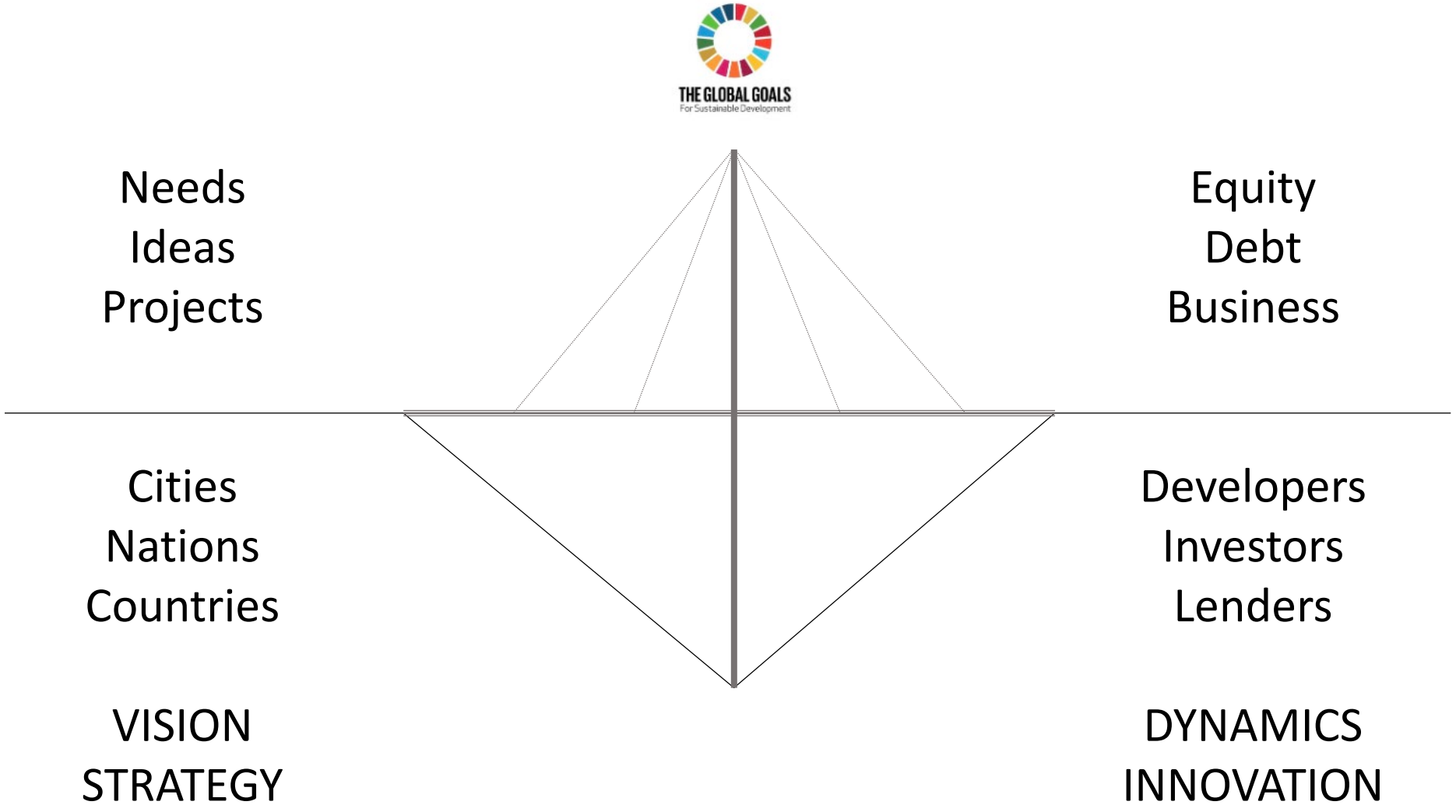


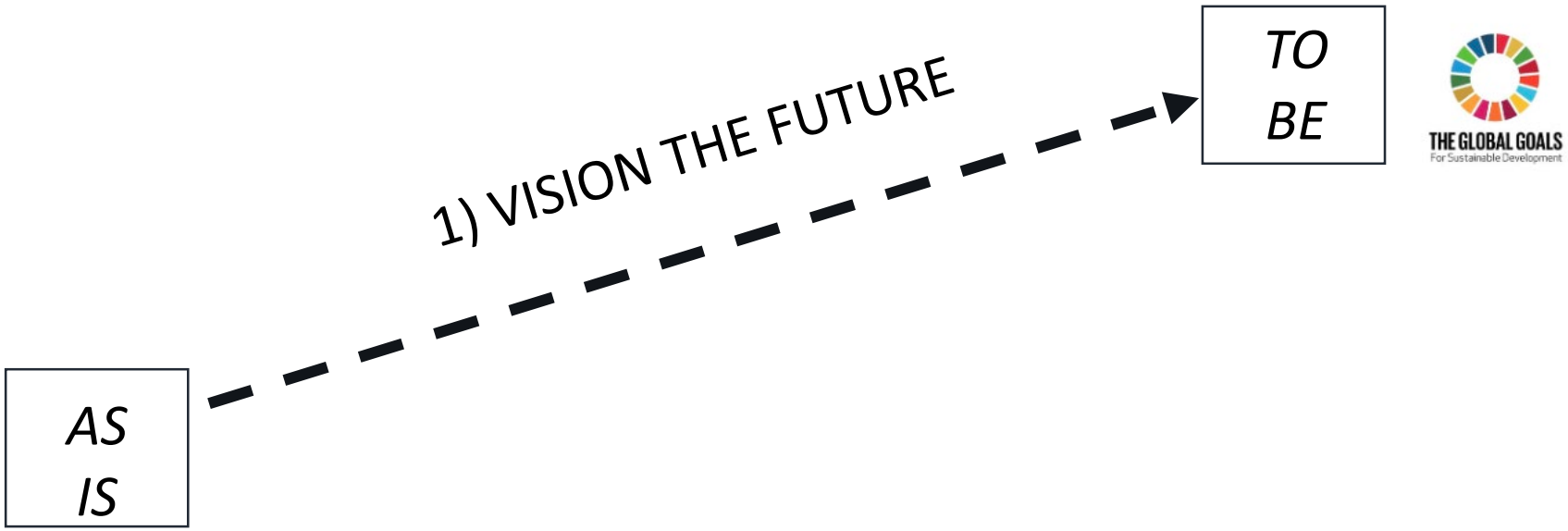
Cities
Nations
Countries

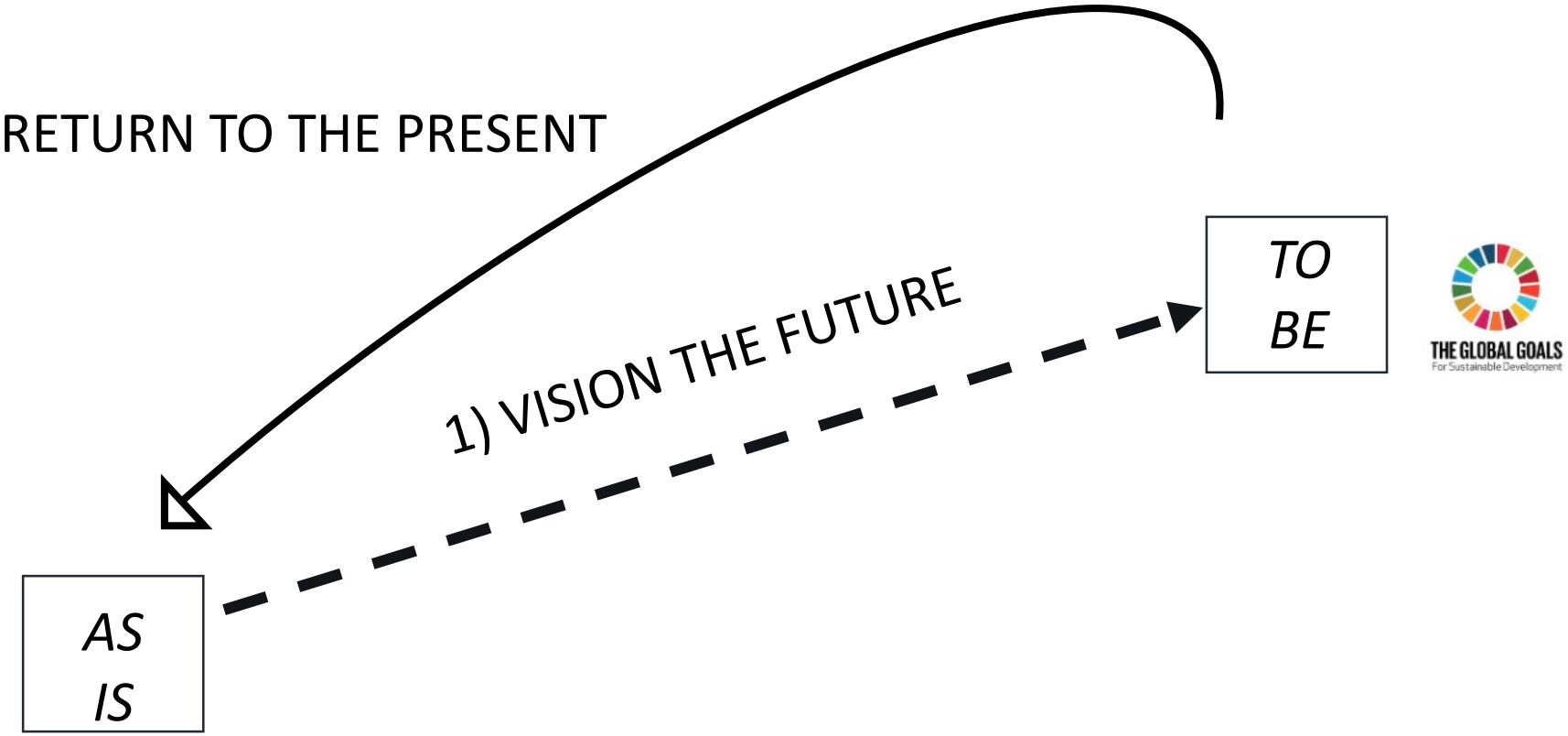
Developers
Investors
Lenders

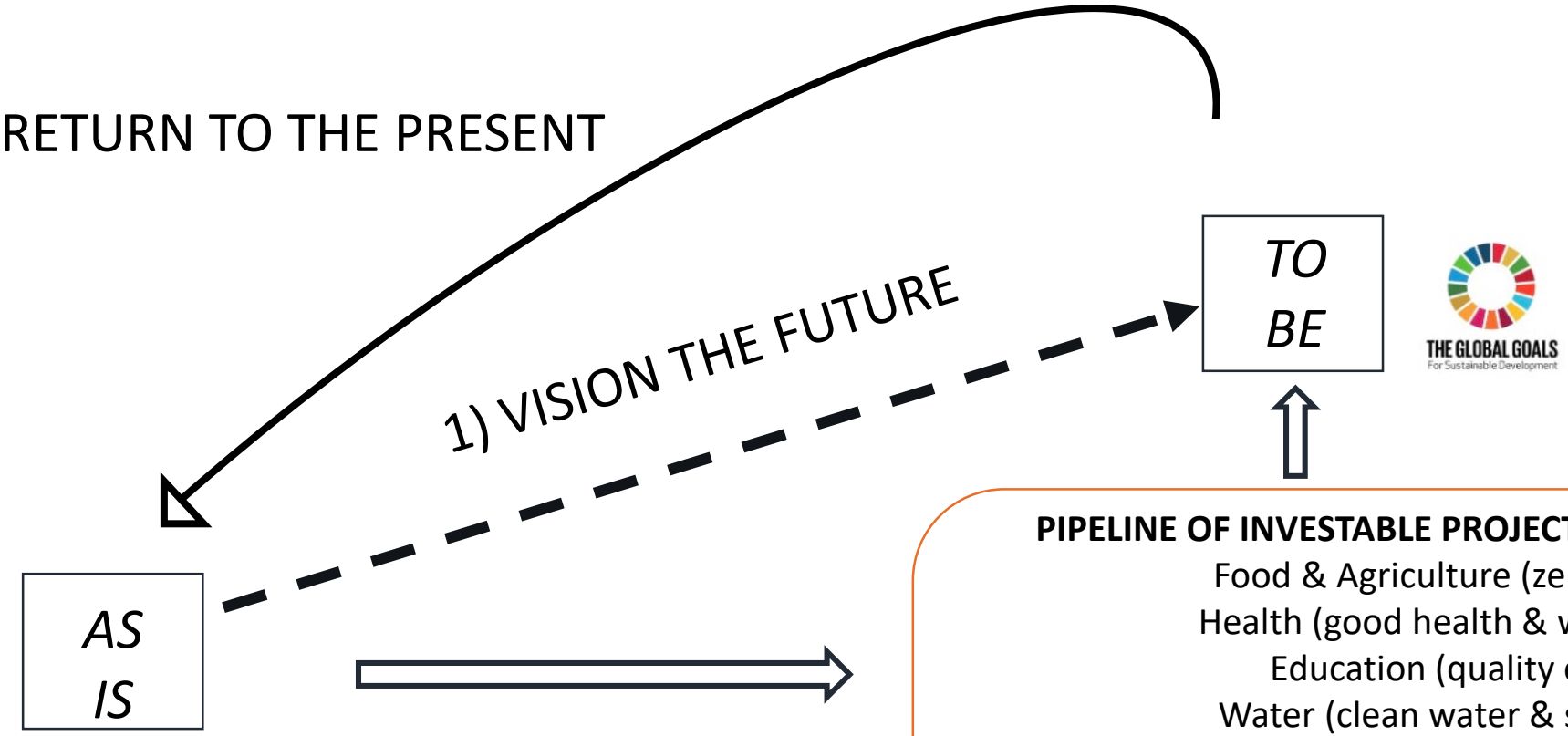
VISION
STRATEGY

DYNAMICS
INNOVATION


THE GLOBAL GOALS
For Sustainable Development
Needs
Ideas
Projects
Equity
Debt
Business
Cities
Nations
Countries
Developers
Investors
Lenders
VISION
STRATEGY
DYNAMICS
INNOVATION


AS
IS
1) VISION THE FUTURE
TO
BE
THE GLOBAL GOALS
For Sustainable Development


2) RETURN TO THE PRESENT
1) VISION THE FUTURE
TO BE
AS IS



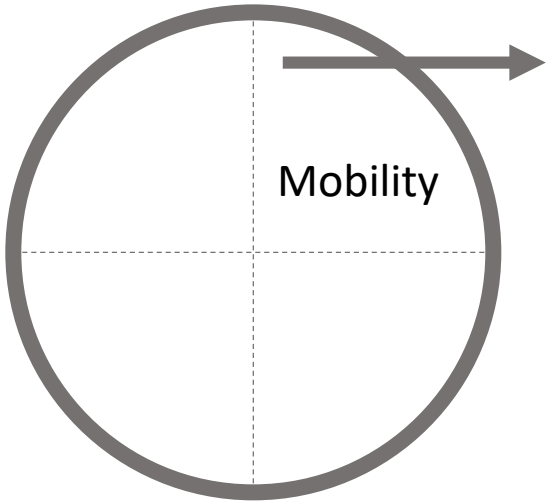
3) DEFINE PRIORITIES

Implement strategies to achieve the SDGs

PIPELINE OF INVESTABLE PROJECTS

Food & Agriculture (zero hunger _ goal #2)
Health (good health & well-being _ goal #3)
Education (quality education _ goal #4)
Water (clean water & sanitation _ goal #6)
Energy (affordable & clean energy _ goal # 7)
Mobility (industry, innovation & infrastructure _ goal # 9)
Housing (sustainable cities & communities _ goal #11)
Industry (responsible consumption & production _ goal #12)
Waterfronts (life below water _ goal #14)
Forests (life on land _ goal #15)

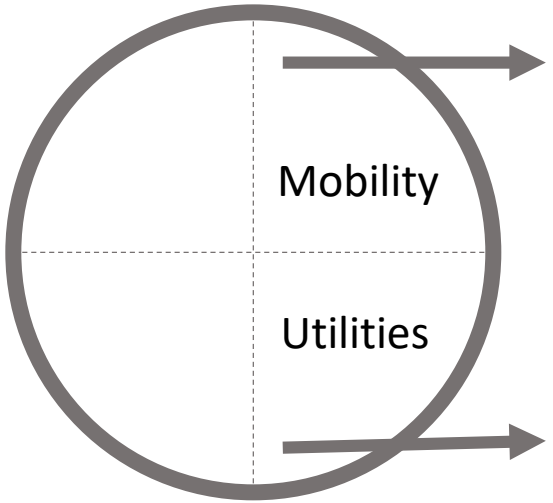
4 Season Pizza



Mobility
roads
rail
airport
port

THE GLOBAL GOALS
For Sustainable Development

4 Season Pizza



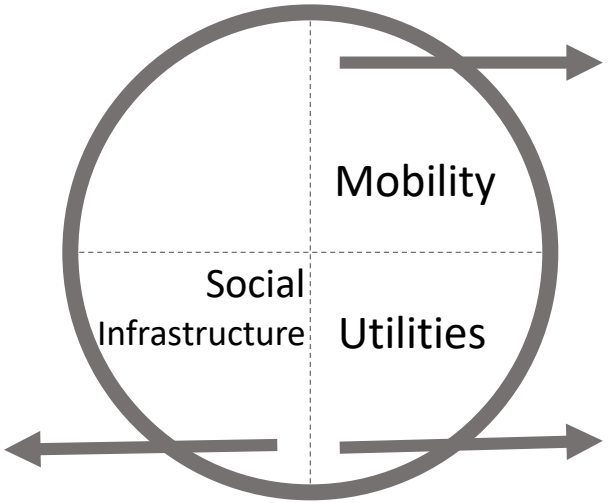
THE GLOBAL GOALS
For Sustainable Development

Mobility
roads
rail
airport
port

Utilities
energy
water
communications
gas
solid waste

UNECE

4 Season Pizza



Mobility
roads
rail
airport
port

Social Infrastructure
health
education
safety
culture & sports
public administration

Utilities
energy
water
communications
gas
solid waste

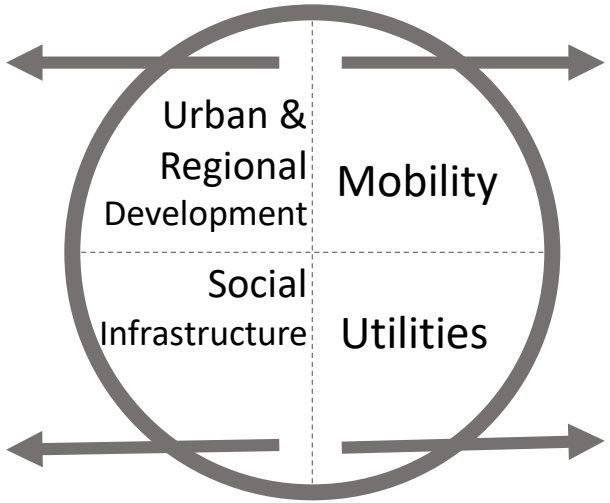
THE GLOBAL GOALS
For Sustainable Development

Tool 4 _ Four Types of Urban Development Projects (4-season pizza)

Real Estate
Housing, Services & Retail
Industry & Logistics
Agriculture,
Mining, Oil and Gas

Social Infrastructure
health
education
safety
culture & sports
public administration

4 Season Pizza



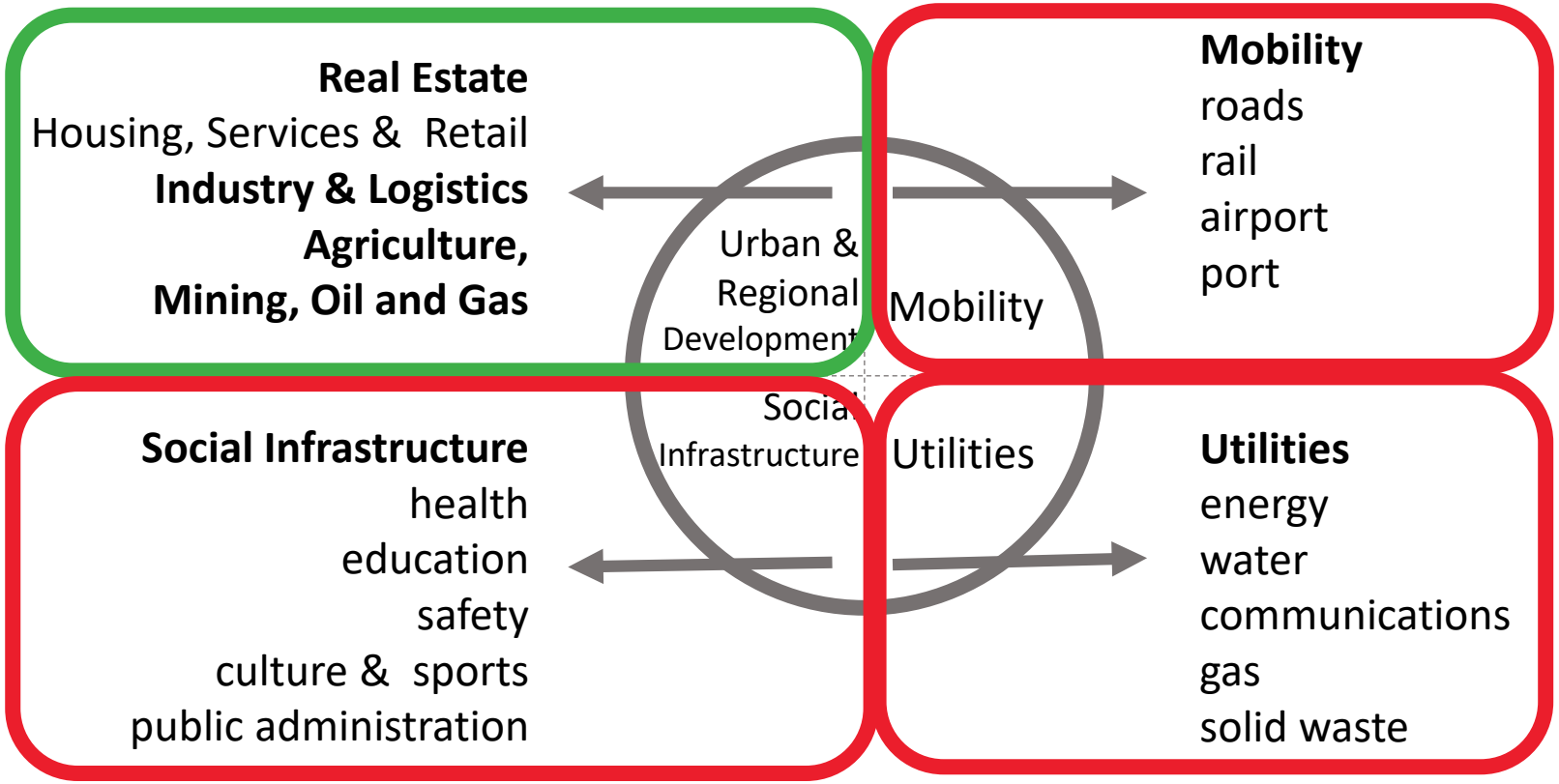
THE GLOBAL GOALS
For Sustainable Development

Mobility
roads
rail
airport
port

Utilities
energy
water
communications
gas
solid waste

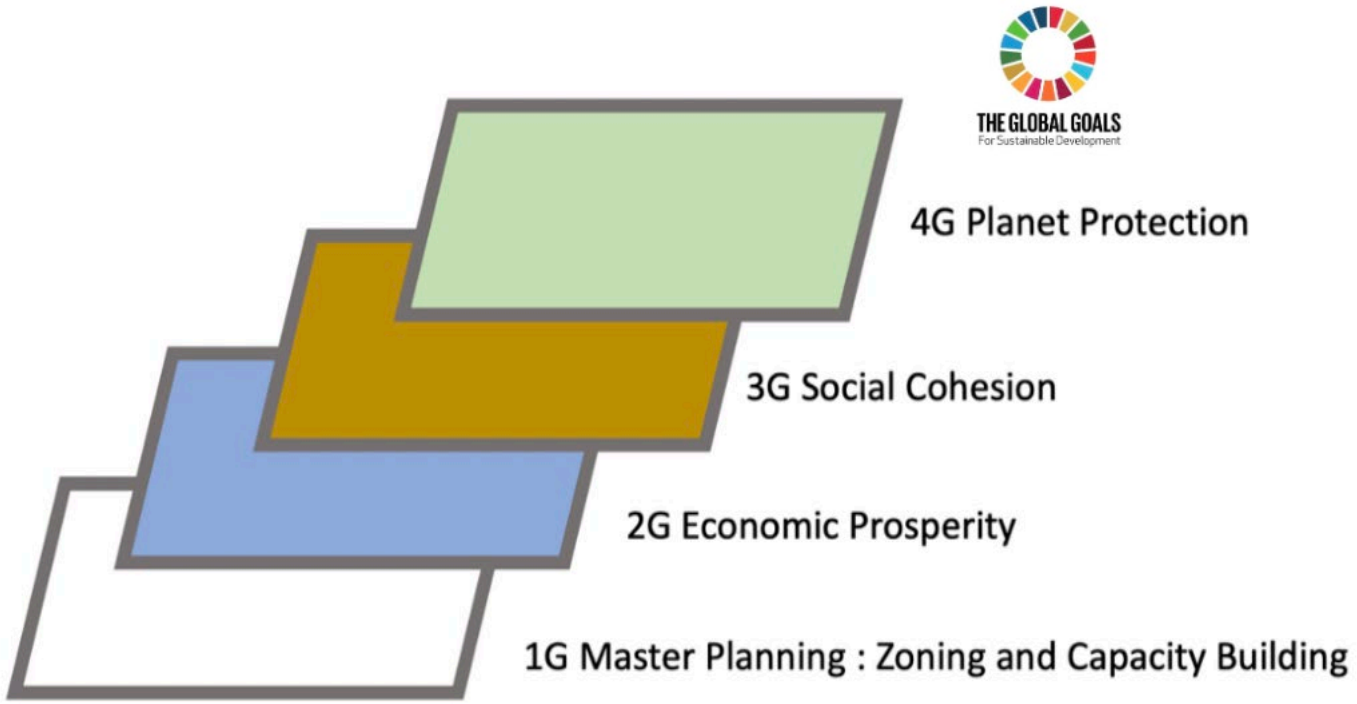
UNECE

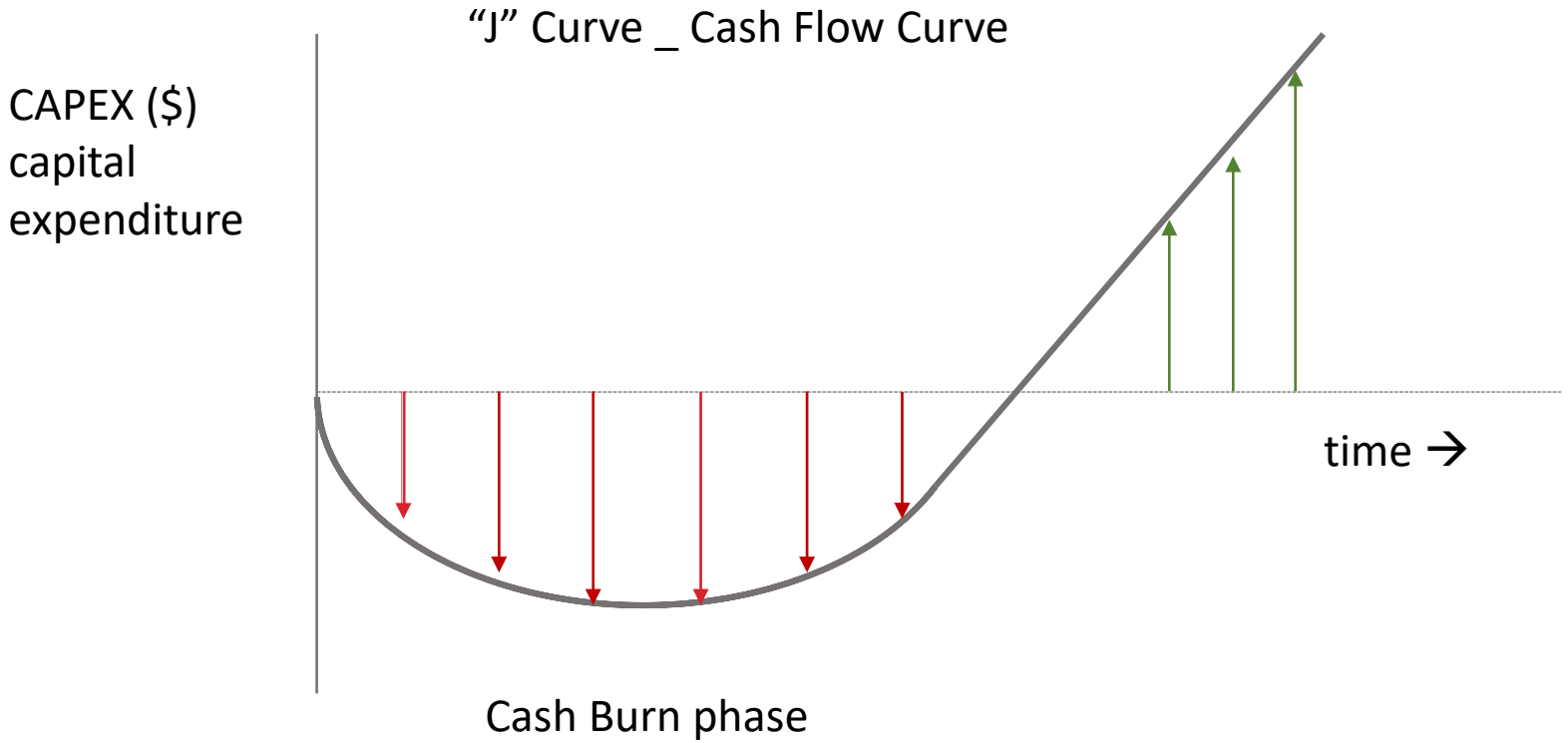
4 Season Pizza



Potential Cash Positive Projects

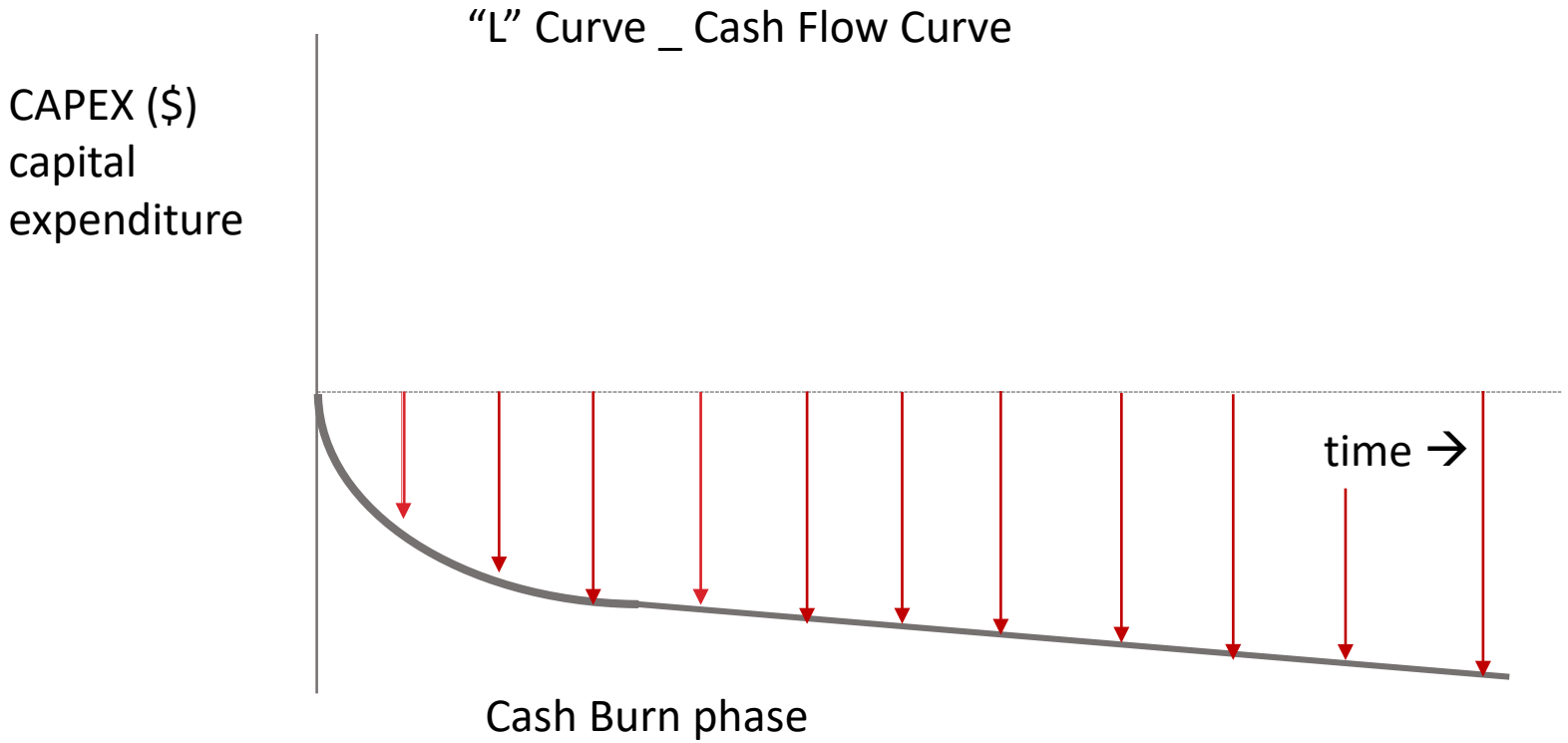
Potential Cash Negative Projects


THE GLOBAL GOALS
For Sustainable Development
4G Planet Protection
3G Social Cohesion
2G Economic Prosperity
1G Master Planning : Zoning and Capacity Building



Cash Positive Projects

After Cash Burn produce Positive Cash Flow

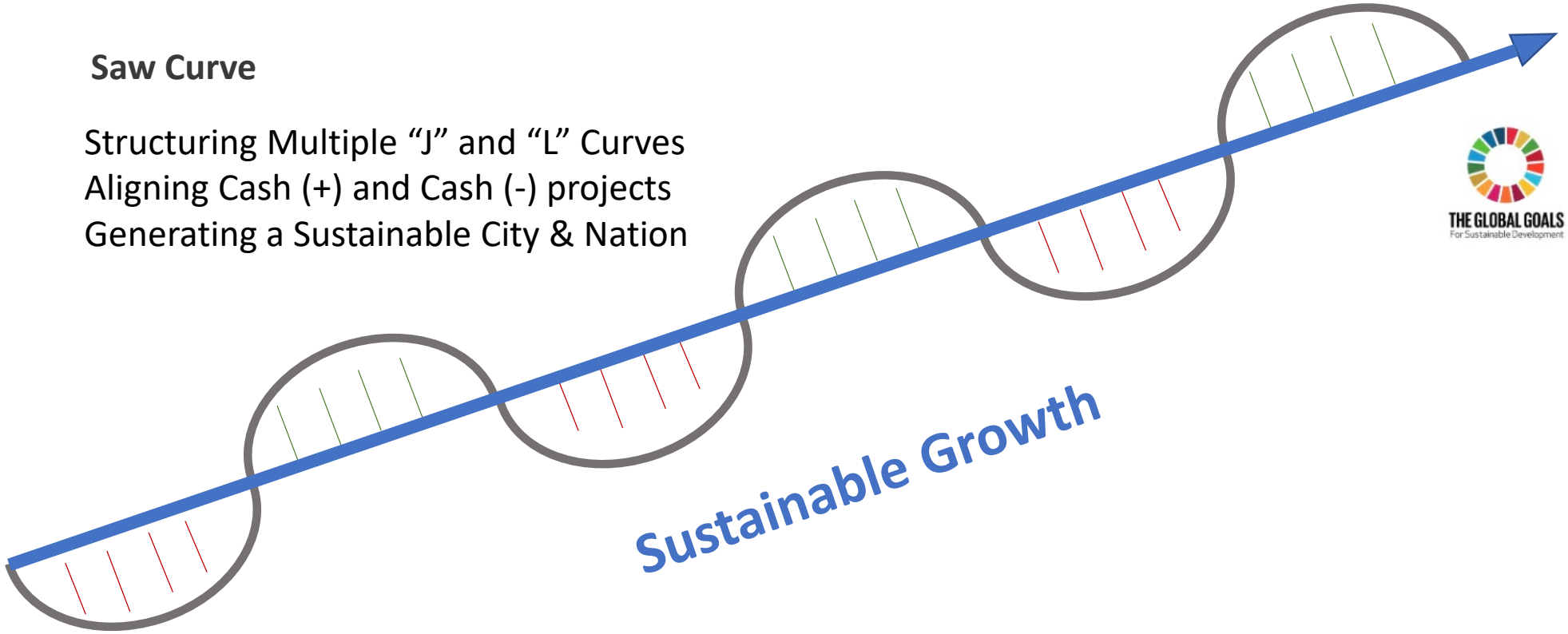


Cash Negative Projects

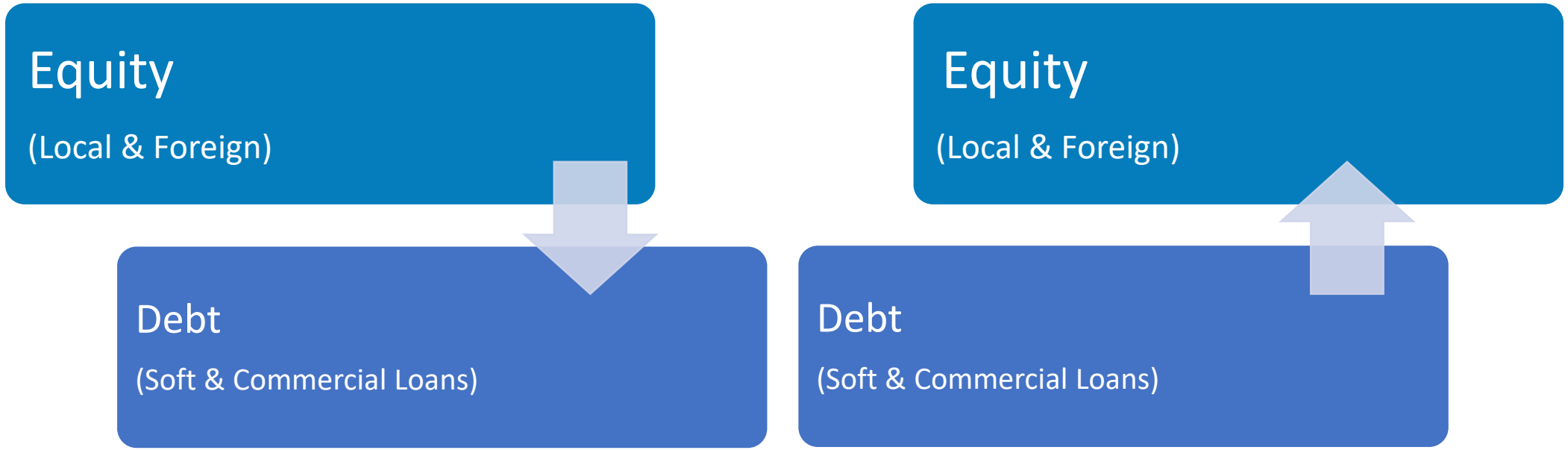
After Cash Burn do not produce Positive Cash Flow

Saw Curve

Structuring Multiple “J” and “L” Curves
Aligning Cash (+) and Cash (-) projects
Generating a Sustainable City & Nation

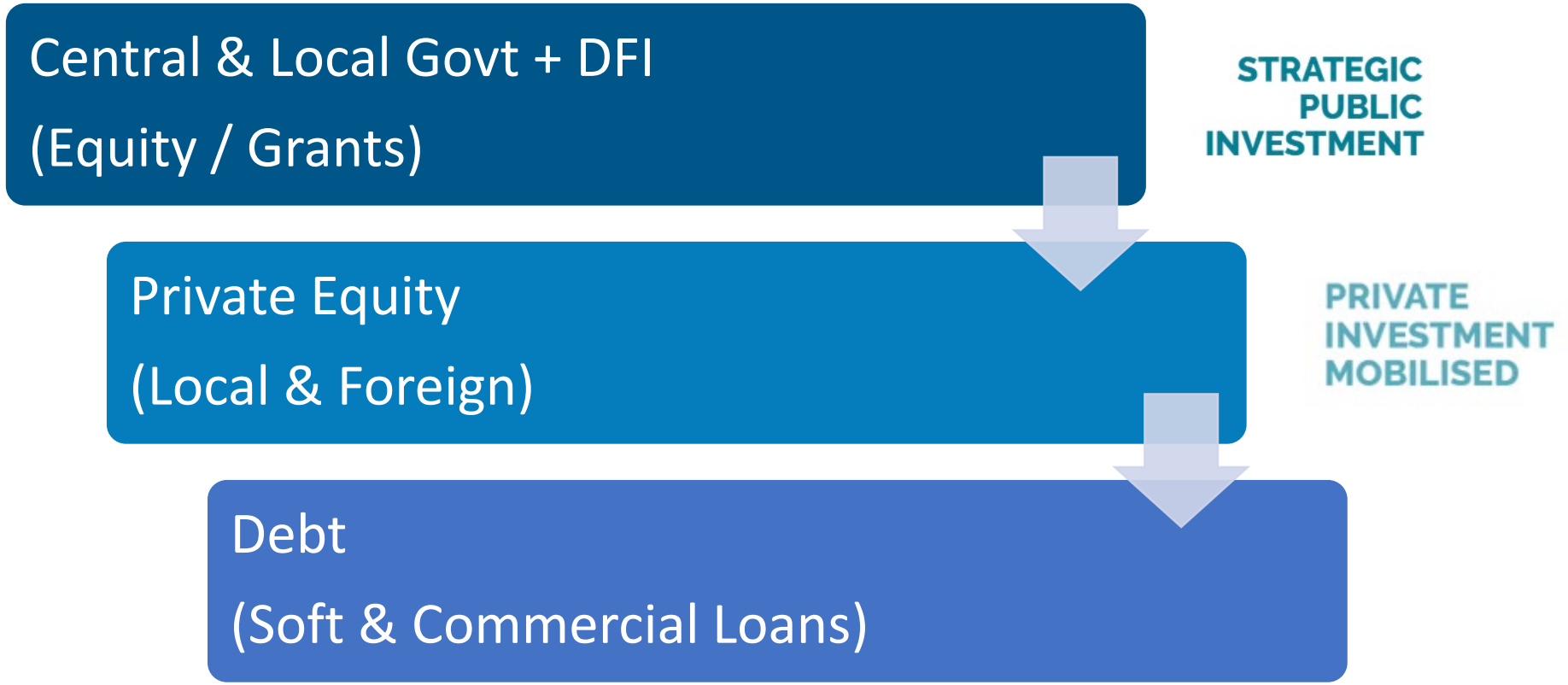


Last In First Out (LIFO) Principle



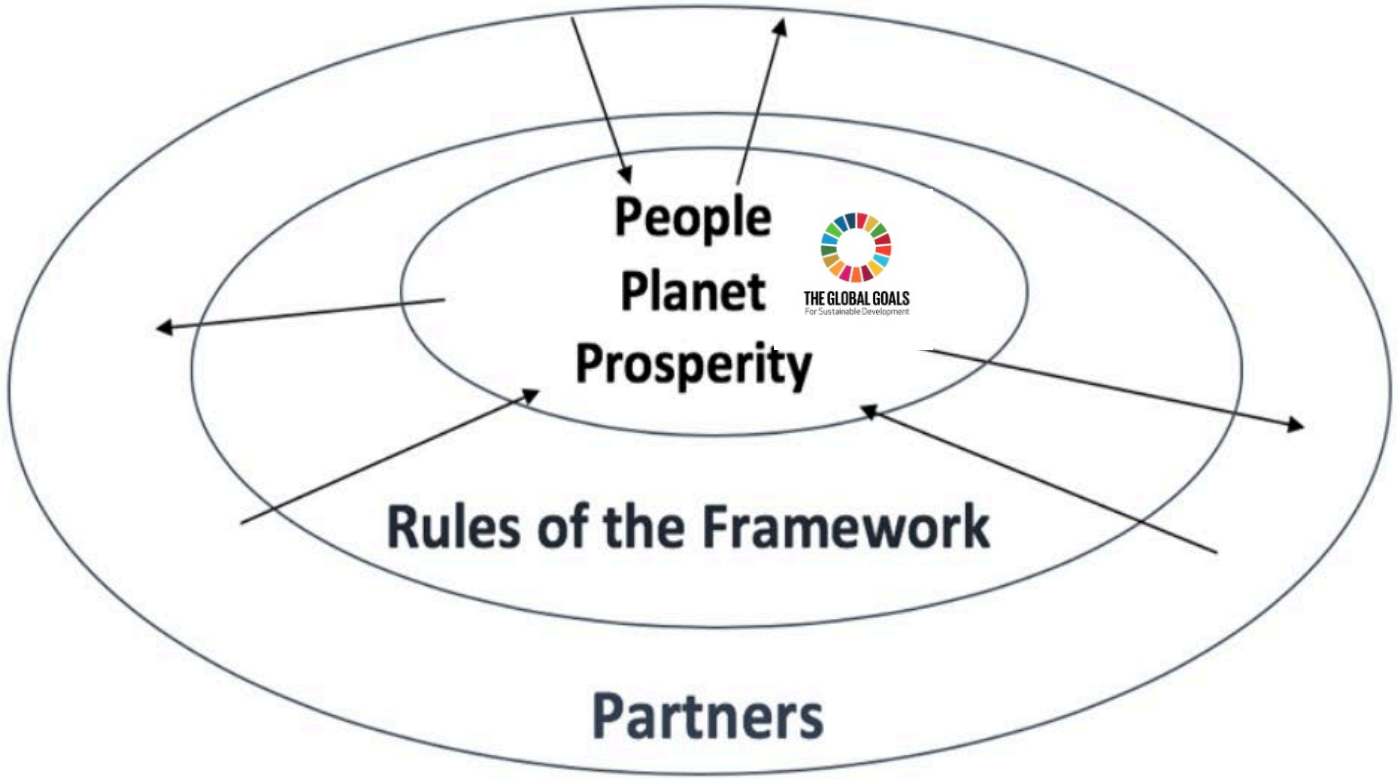
Blended Finance Principle

www.oecd.org/cgfi/


Central & Local Govt + DFI
(Equity / Grants)
Private Equity
(Local & Foreign)
Debt
(Soft & Commercial Loans)
STRATEGIC PUBLIC INVESTMENT
PRIVATE INVESTMENT MOBILISED

How Blended Finance Works

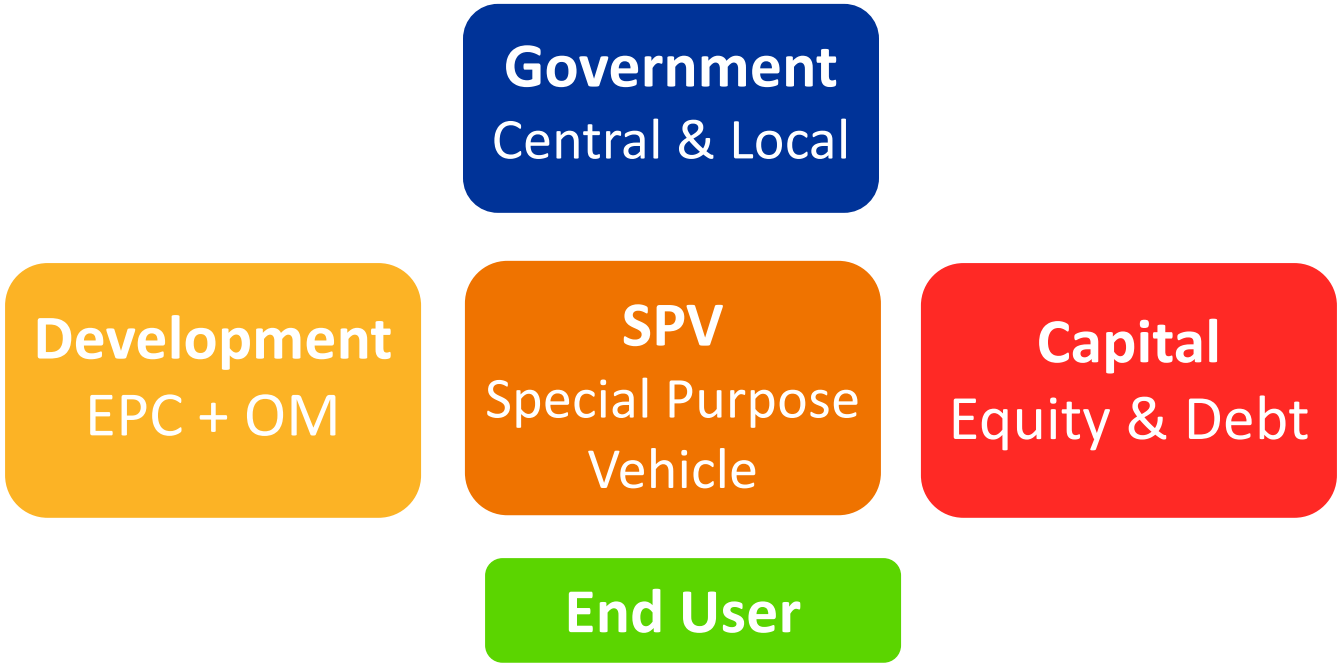
In: OECD (forthcoming)

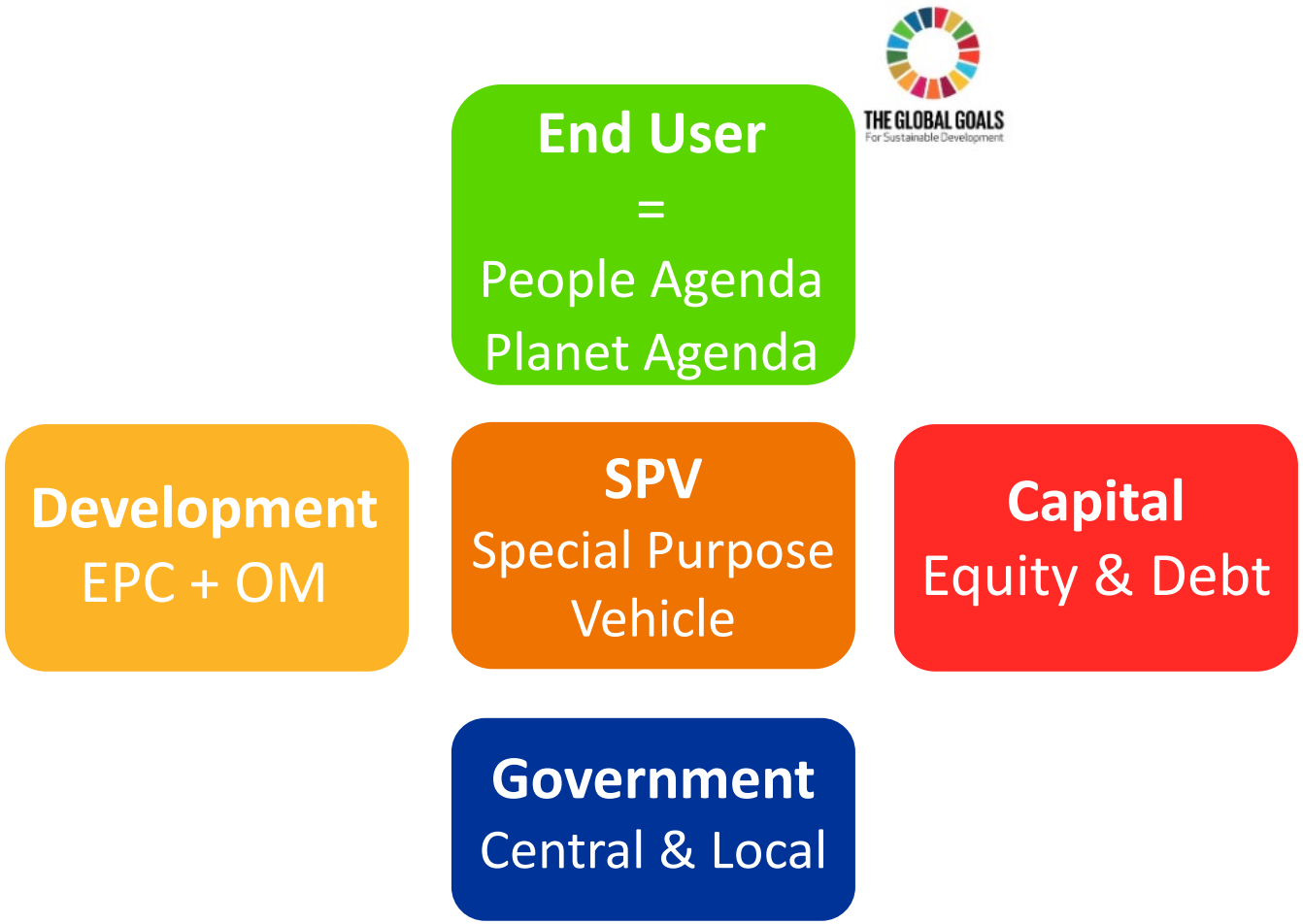


Clear Operational Framework
With **Transparent Rules**
Attracts **Reliable Partners**

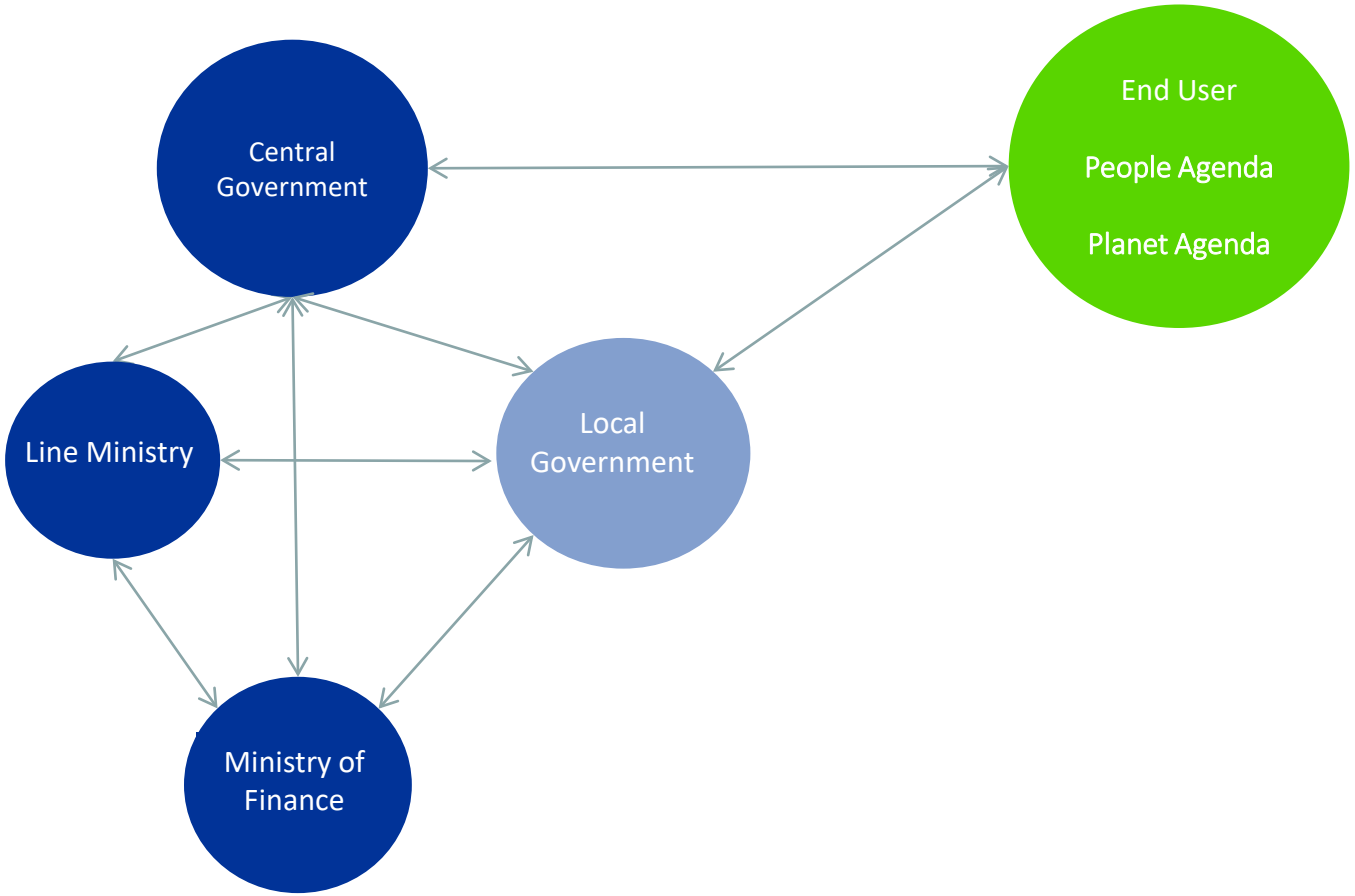
Reliable Partners
Operating in **Transparent Rules** contribute to the **Clear Operational Framework**

Traditional SPV Business Design

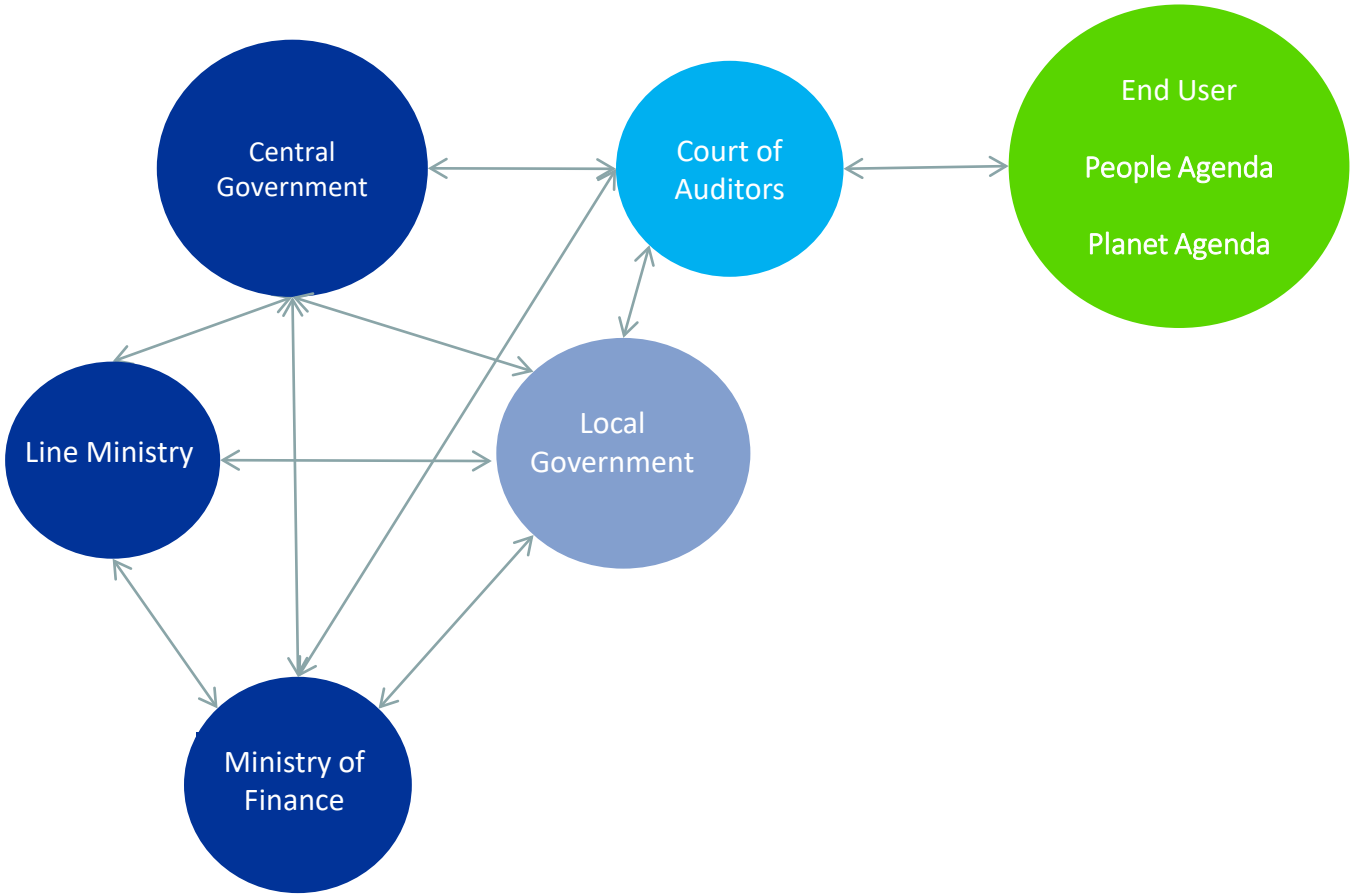



End User
=
People Agenda
Planet Agenda
Development
EPC + OM
SPV
Special Purpose
Vehicle
Capital
Equity & Debt
Government
Central & Local

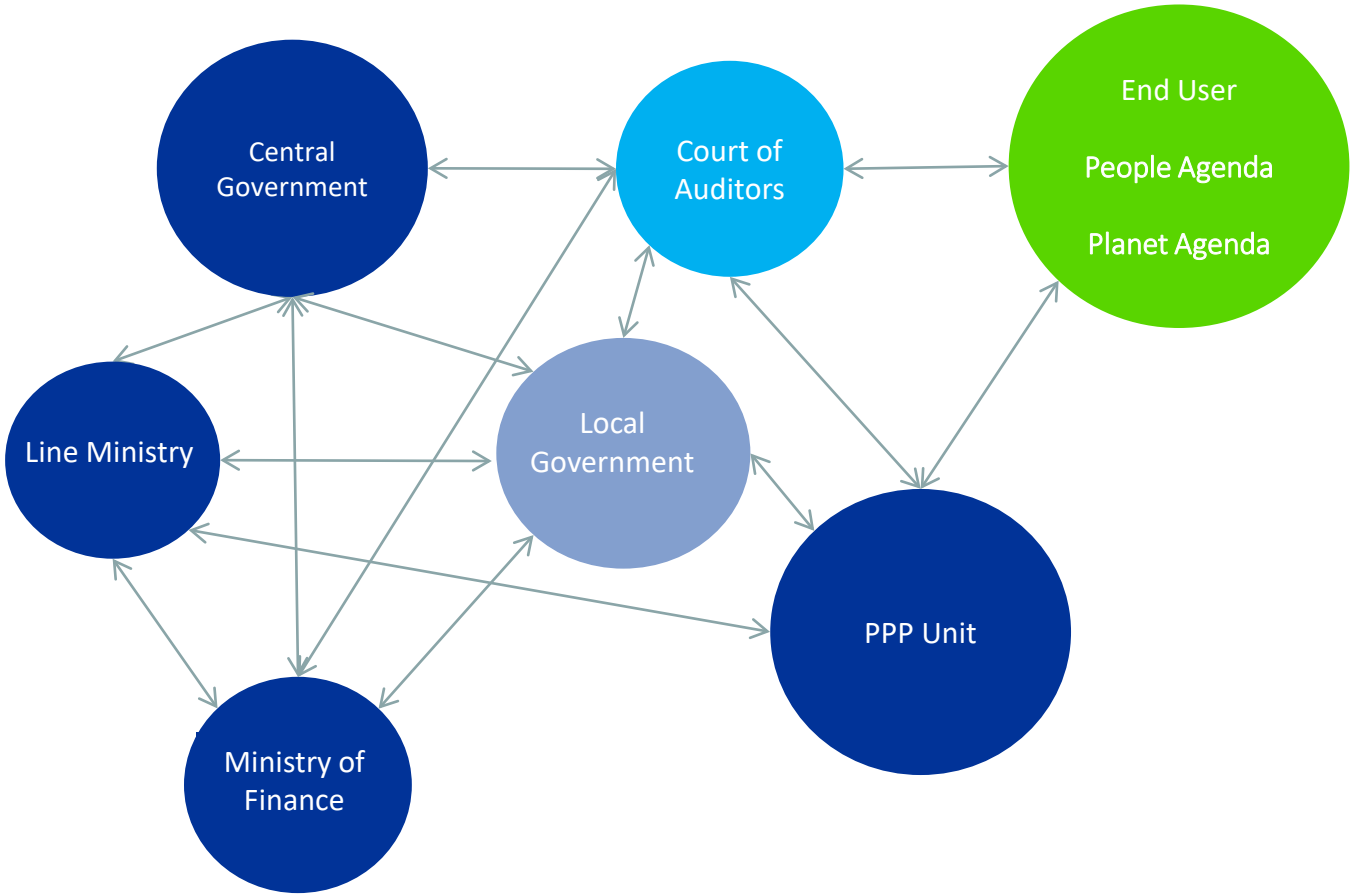
Evolution to generate a PPP & Private Sector Participation Ecosystem



Evolution to generate a PPP & Private Sector Participation Ecosystem



Evolution to generate a PPP & Private Sector Participation Ecosystem



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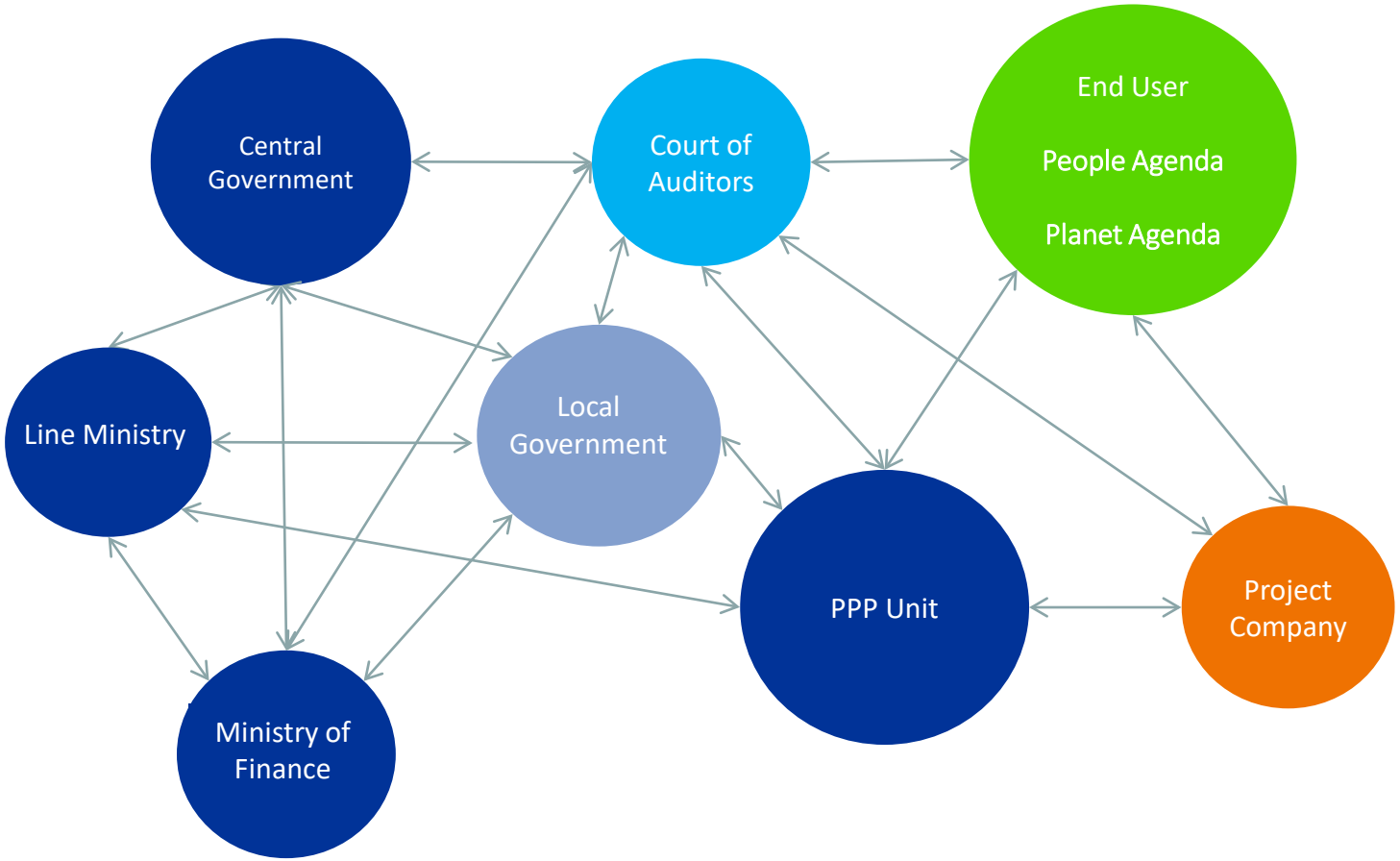
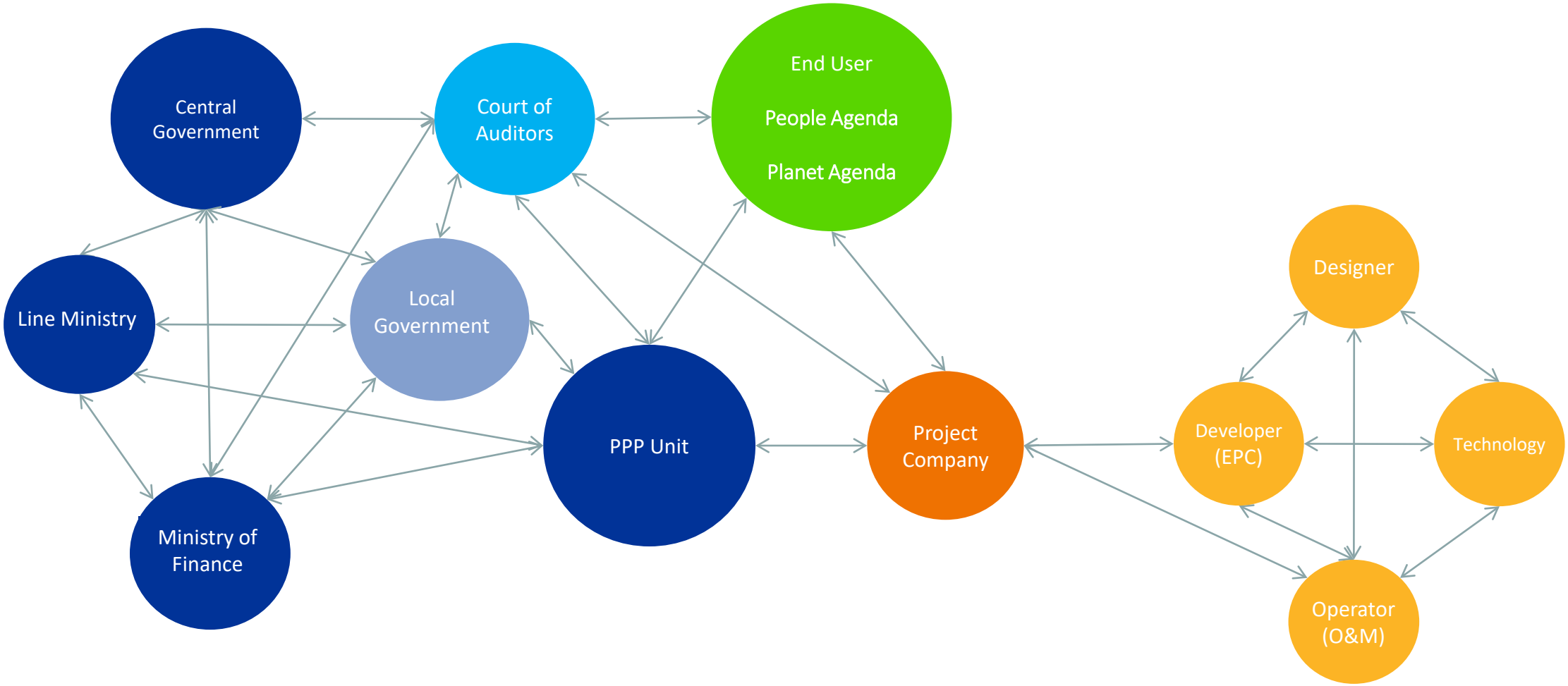


Evolution to generate a PPP & Private Sector Participation Ecosystem



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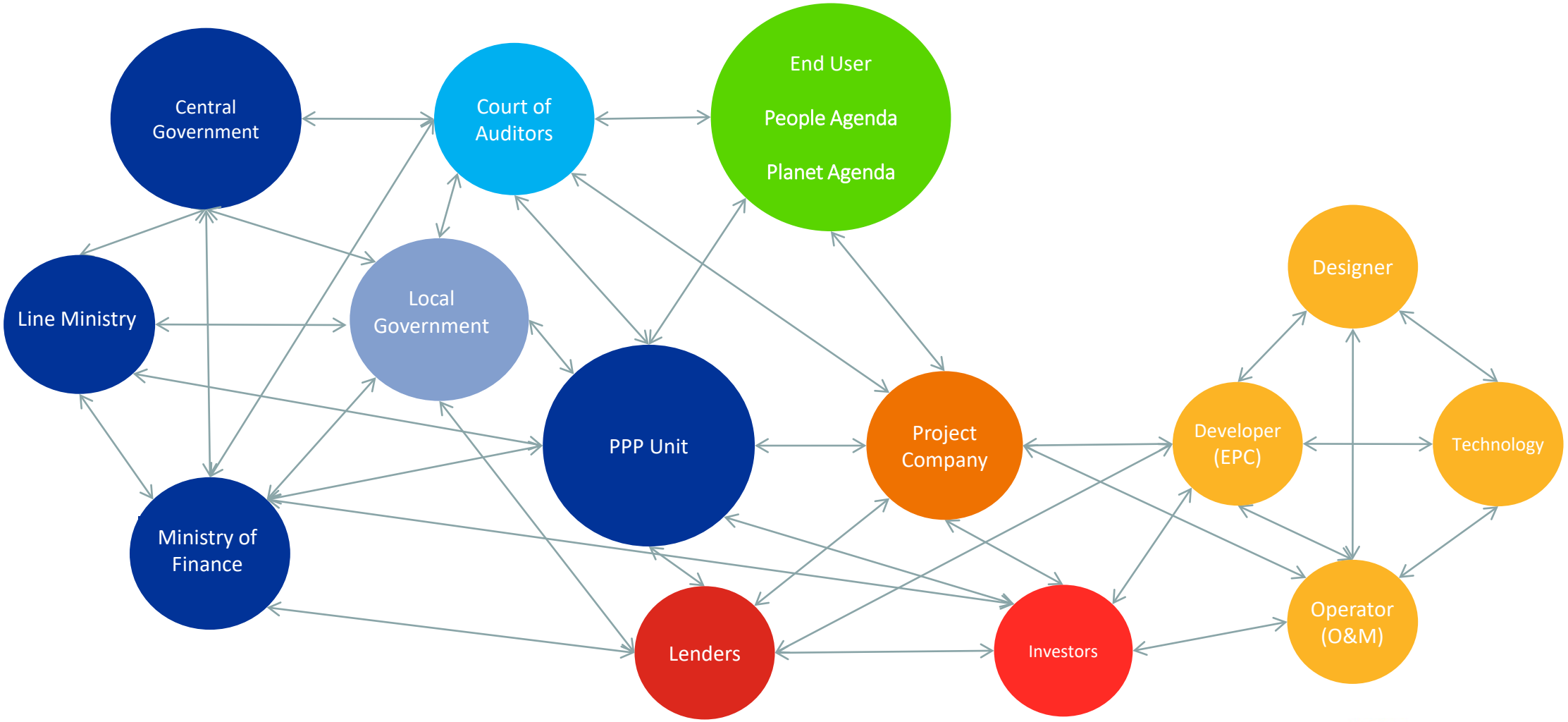
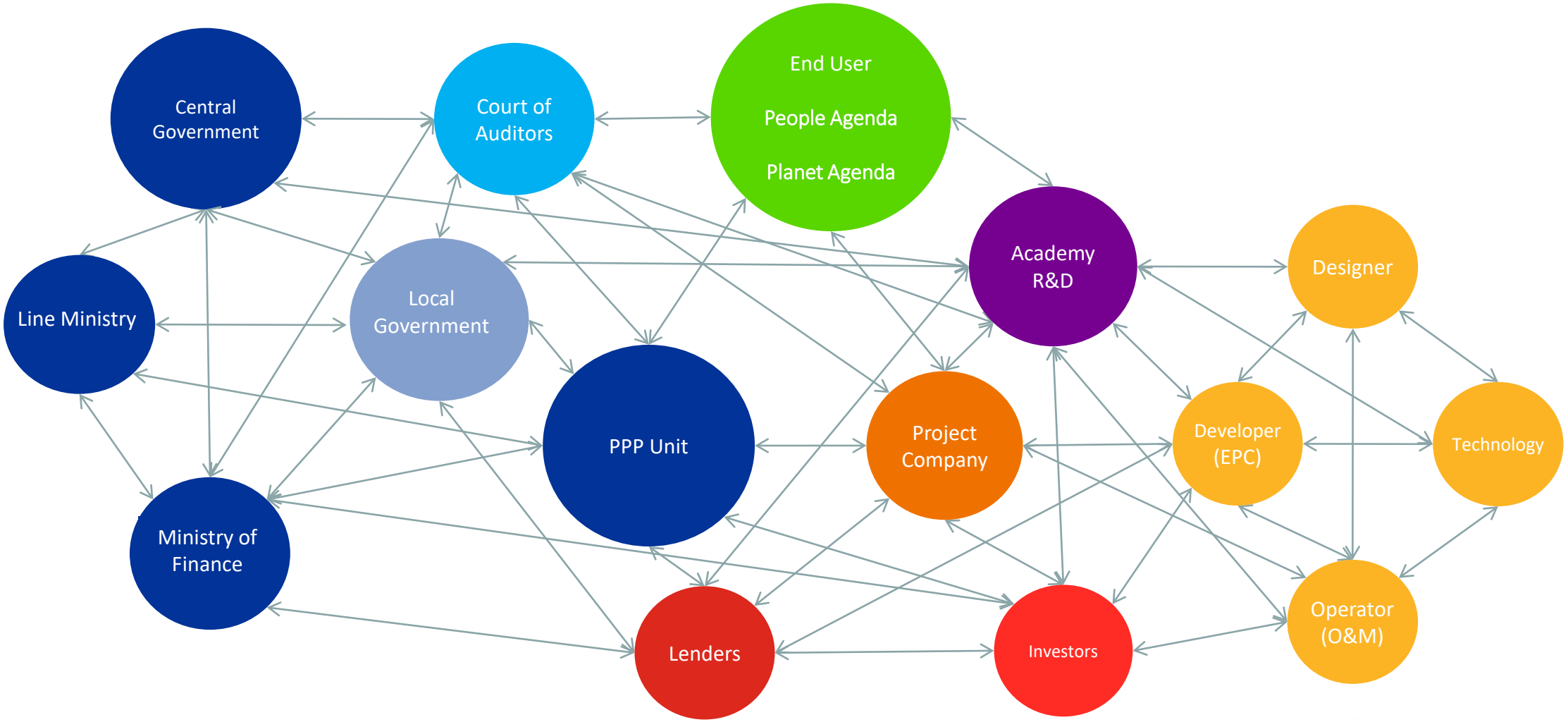
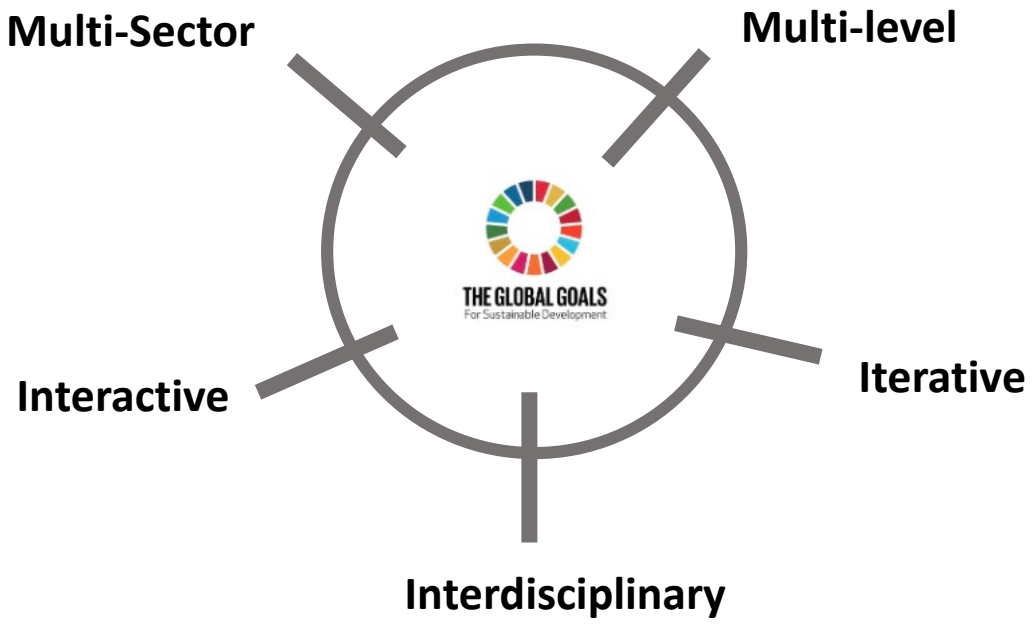
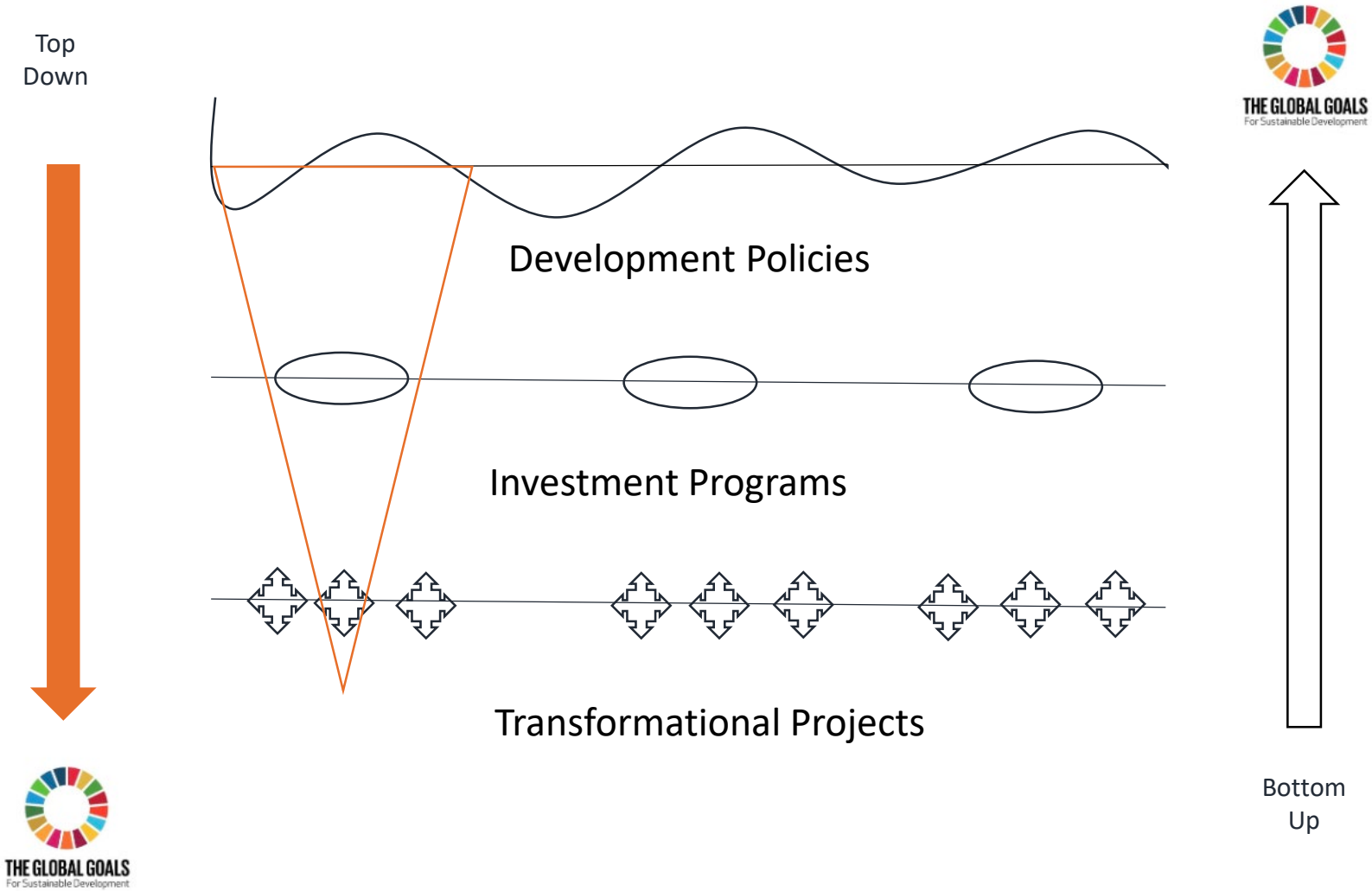


Evolution to generate a PPP & Private Sector Participation Ecosystem



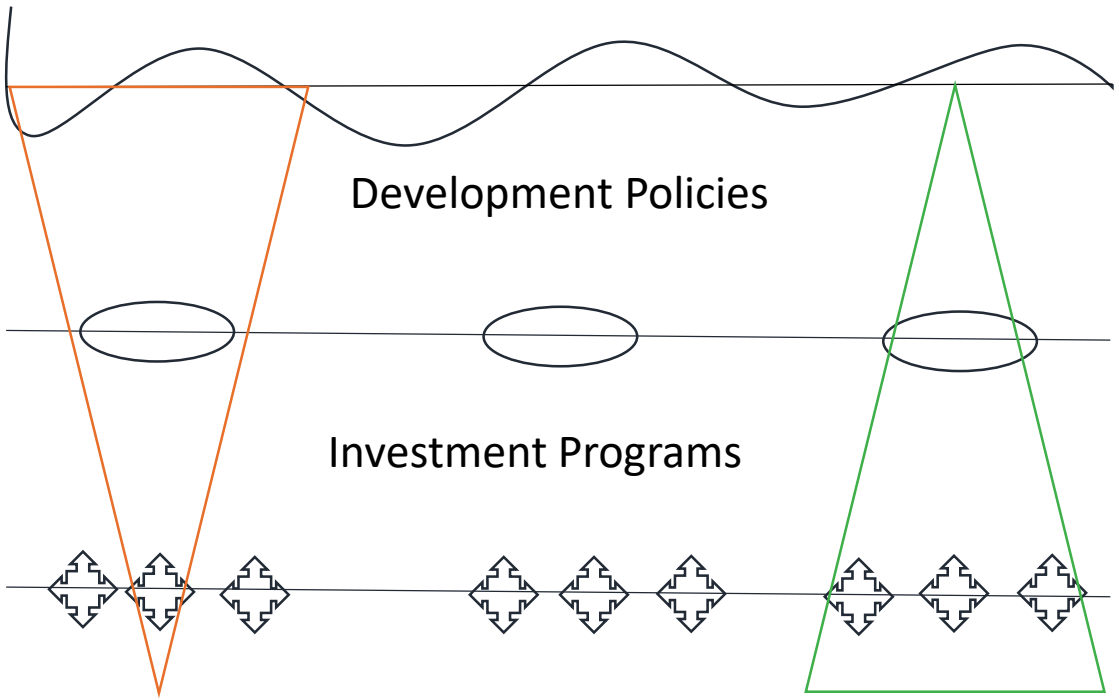
Round Table Approach




Top
Down
Development Policies
Investment Programs
Transformational Projects
Bottom
Up
THE GLOBAL GOALS
For Sustainable Development

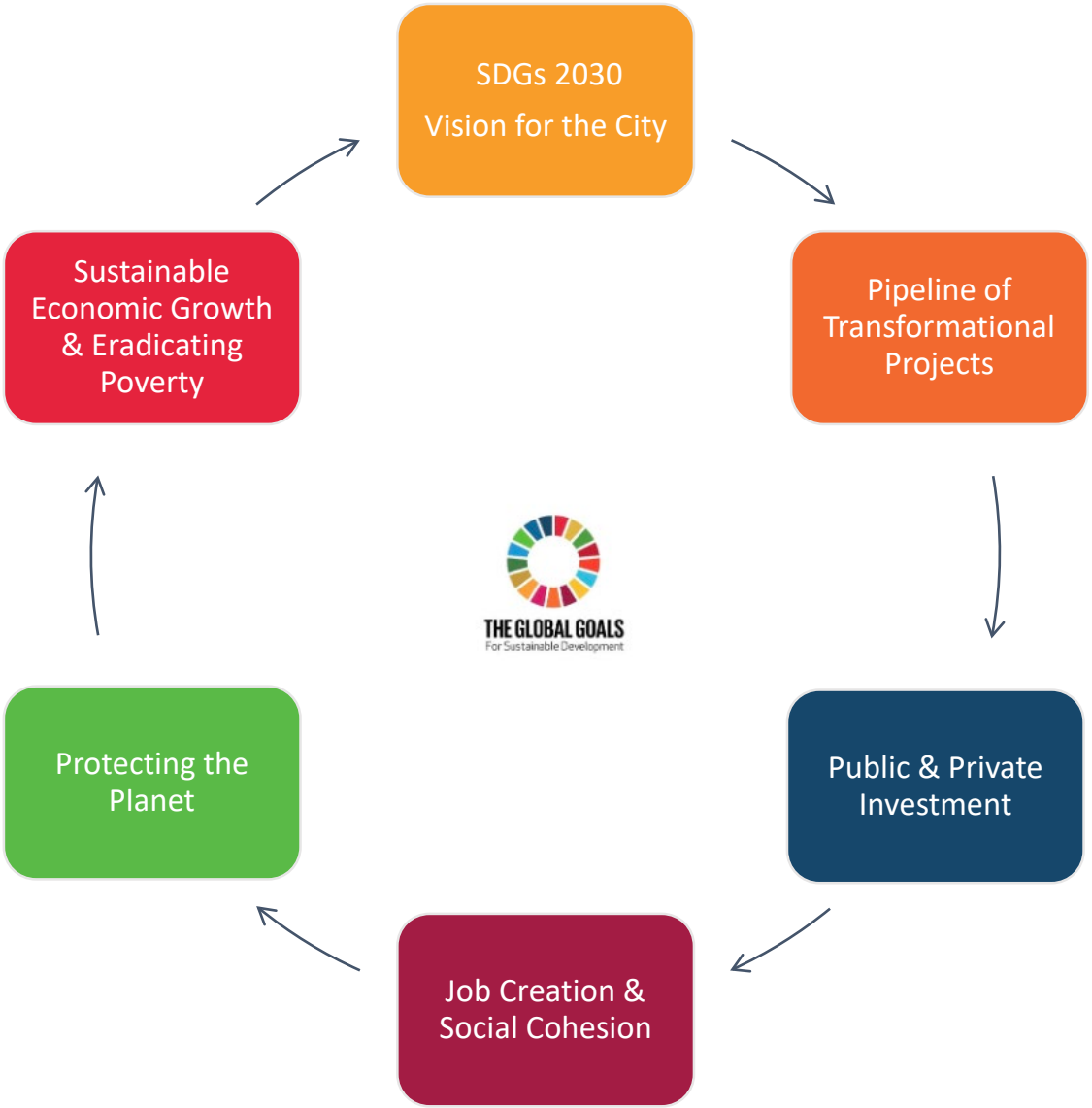
Tool 9 _ Multi-level Approach

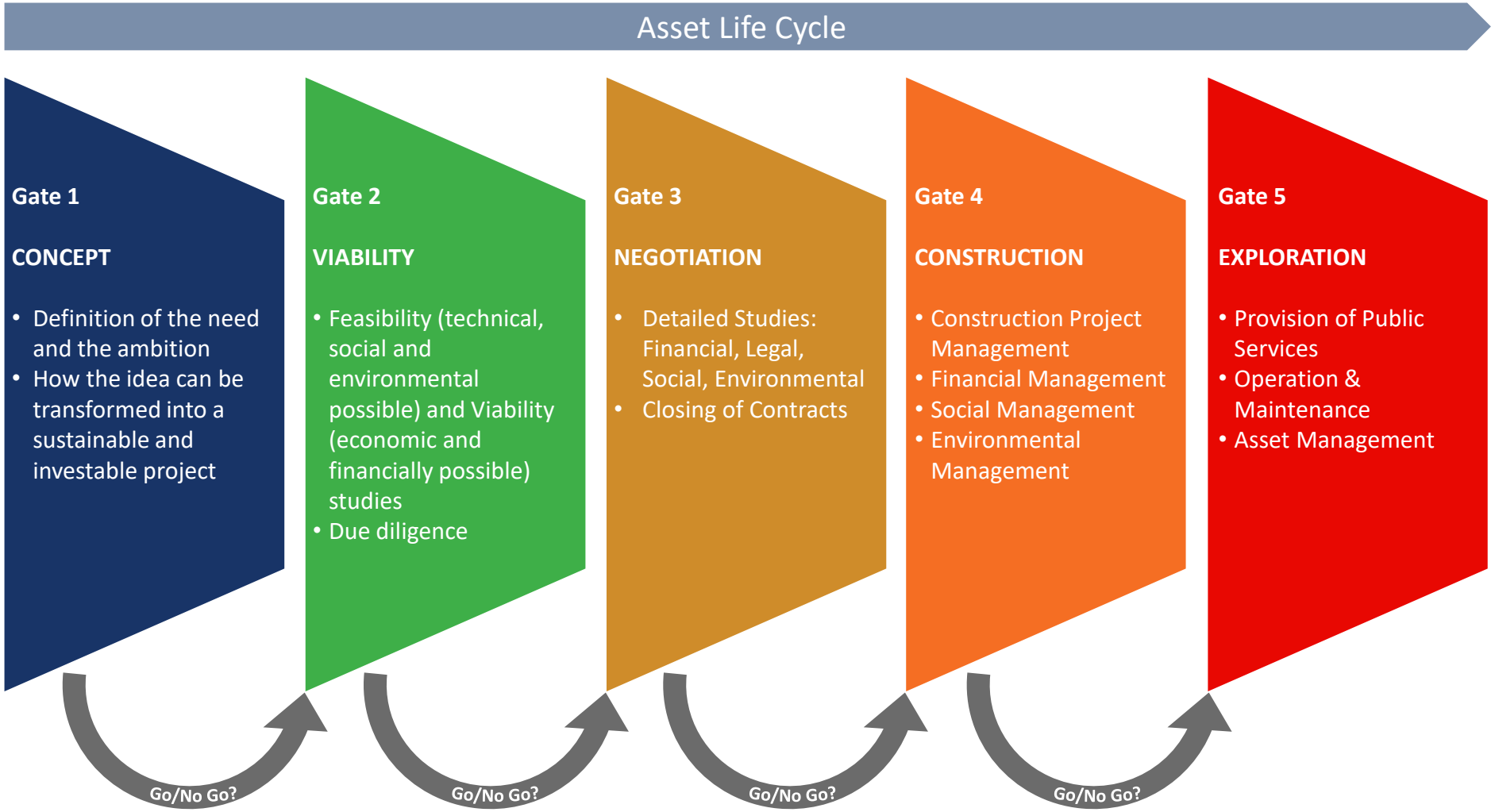
Top
Down



Bottom
Up

Tool 10 _ Creating Sustainable Urban Development Cycle




Asset Life Cycle
Gate 1
CONCEPT
• Definition of the need and the ambition
• How the idea can be transformed into a sustainable and investable project
Gate 2
VIABILITY
• Feasibility (technical, social and environmental possible) and Viability (economic and financially possible) studies
• Due diligence
Gate 3
NEGOTIATION
• Detailed Studies: Financial, Legal, Social, Environmental
• Closing of Contracts
Gate 4
CONSTRUCTION
• Construction Project Management
• Financial Management
• Social Management
• Environmental Management
Gate 5
EXPLORATION
• Provision of Public Services
• Operation & Maintenance
• Asset Management
Go/No Go?
Go/No Go?
Go/No Go?
Go/No Go?

Project Book builds up information in 6 dimensions

1. **WHERE/Context**
   Country, Nation, City, Population, Government, SOEs, pathologies, ambitions, vision 2030, GDP, GINI, HDI

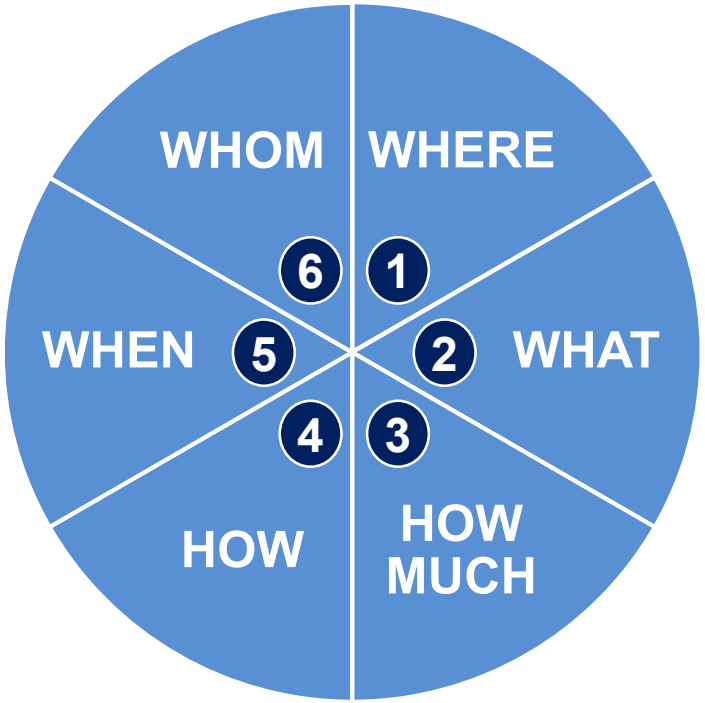
2. **WHAT/Product**
   Description of the infrastructure, purpose, public service to be provided by the asset in the system

3. **HOW MUCH/Budget**
   Global Investment Values, CAPEX, OPEX, Payback Period, Financing and Funding, IRR, NPV, Equity/Debt Ratio, Value for Money, Value for People, Value for Planet

4. **HOW/ Transformation & Impact**
   Transformation & Value Creation Process, People & Planet Impact

5. **WHEN/Milestones**
   Key delivery dates, historic of projects, future dates influencing the project (elections), International commitments SDGs

6. **WHOM/Organization**
   Main *stakeholders* on the decision, influence, implementation making process



People-first PPP Case Studies

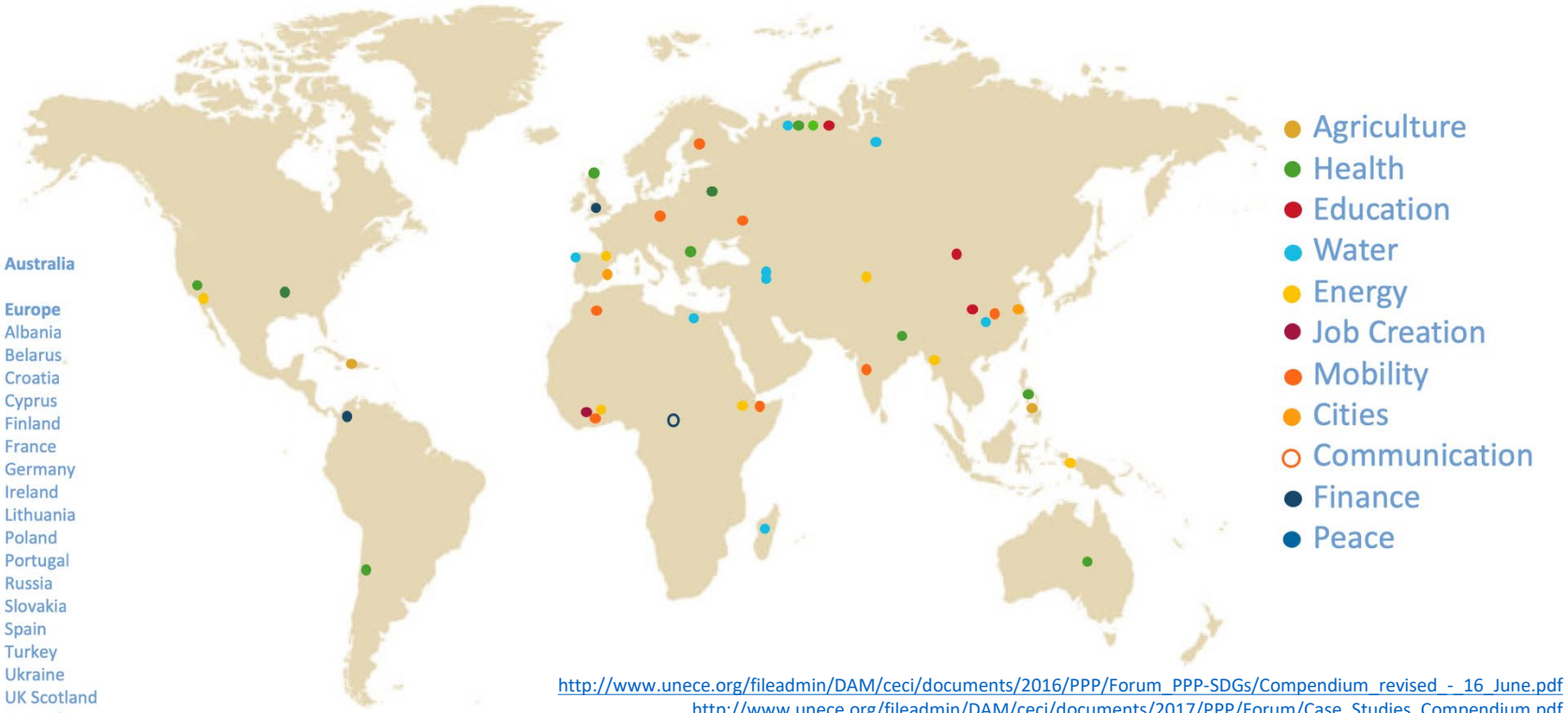
Africa
Algeria
DRC
Egypt
Ethiopia
Ghana
Guinea-Bissau
Kenya
Madagascar
Mauritius
STP
Senegal

America
Brazil
Chile
Colombia
Costa Rica
Haiti
Mexico
Peru
USA

Asia
Armenia
Bangladesh
China
India
Indonesia
Japan
Korea
Mongolia
Myanmar
Philippines
Tajikistan

Australia

Europe
Albania
Belarus
Croatia
Cyprus
Finland
France
Germany
Ireland
Lithuania
Poland
Portugal
Russia
Slovakia
Spain
Turkey
Ukraine
UK Scotland
UK Wales



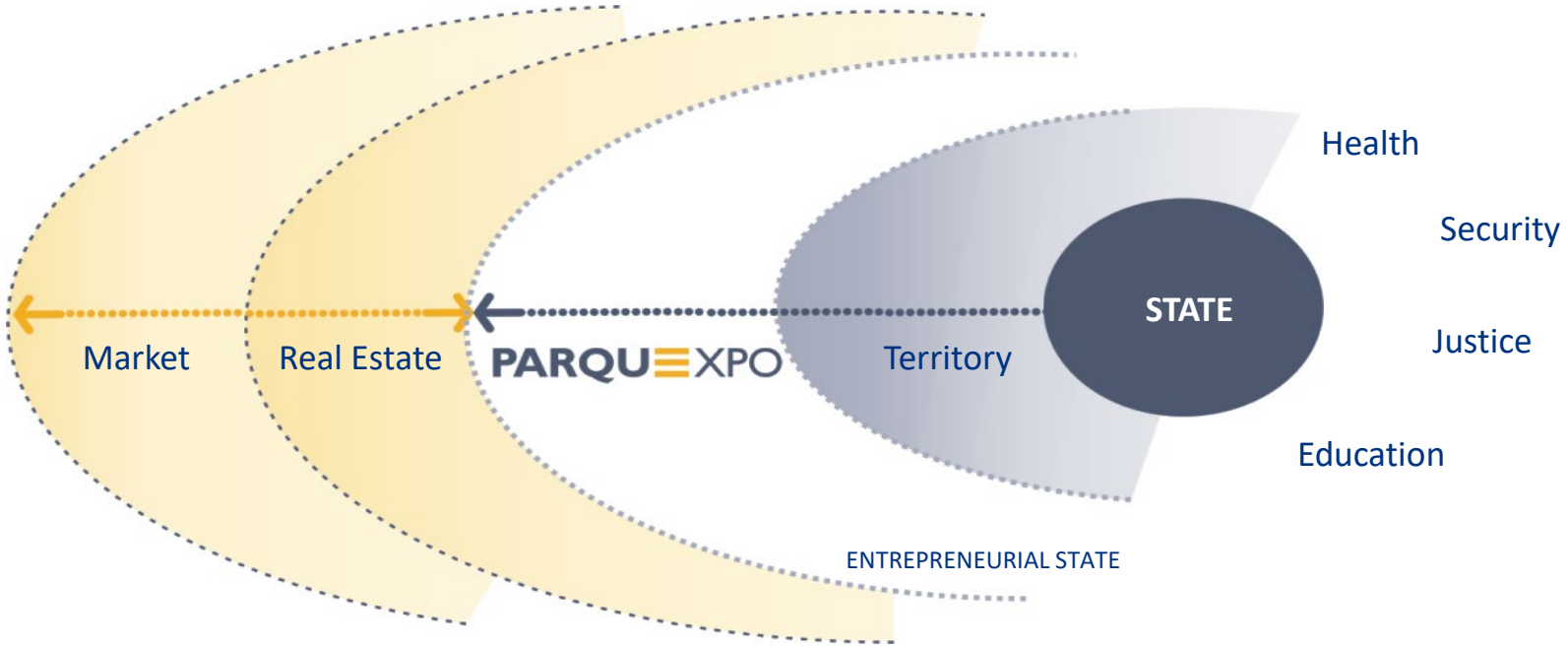
Compendium of People-first PPP
120 Case Studies from 57 countries covering the 17 SDGs

http://www.unece.org/fileadmin/DAM/ceci/documents/2016/PPP/Forum_PPP-SDGs/Compendium_revised_-_16_June.pdf
http://www.unece.org/fileadmin/DAM/ceci/documents/2017/PPP/Forum/Case_Studies_Compendium.pdf
http://www.unece.org/fileadmin/DAM/ceci/documents/2018/PPP/Forum/Documents/Case_Study_Database_2018.pdf

People-first PPP Case Studies

Case Studies

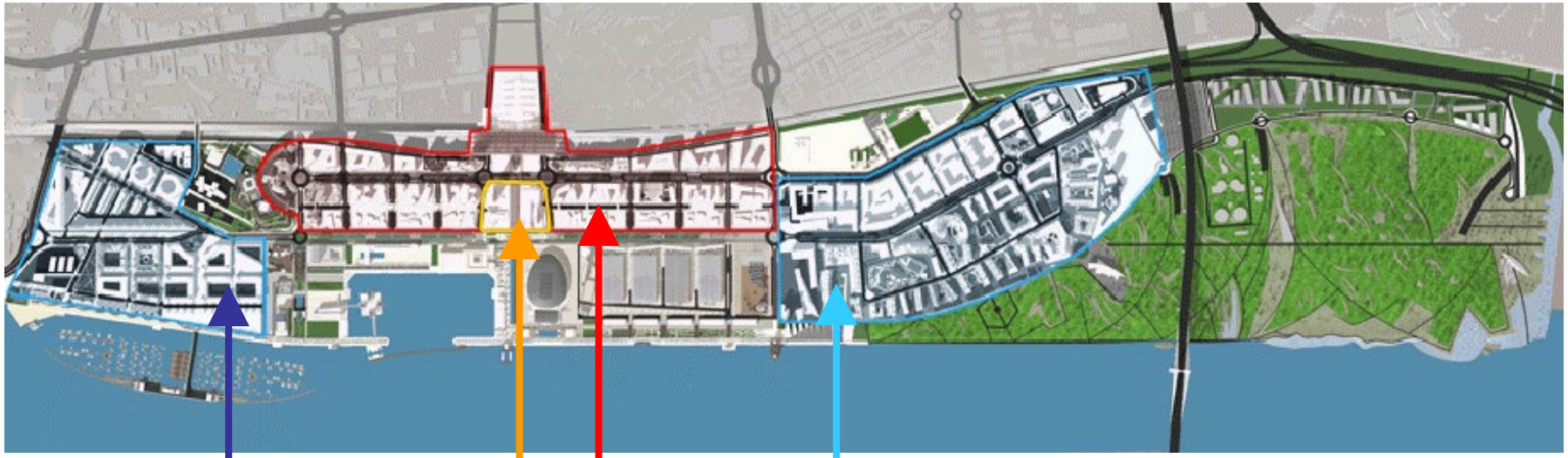
Public Strategy | Private Dynamics



State economic range of intervention

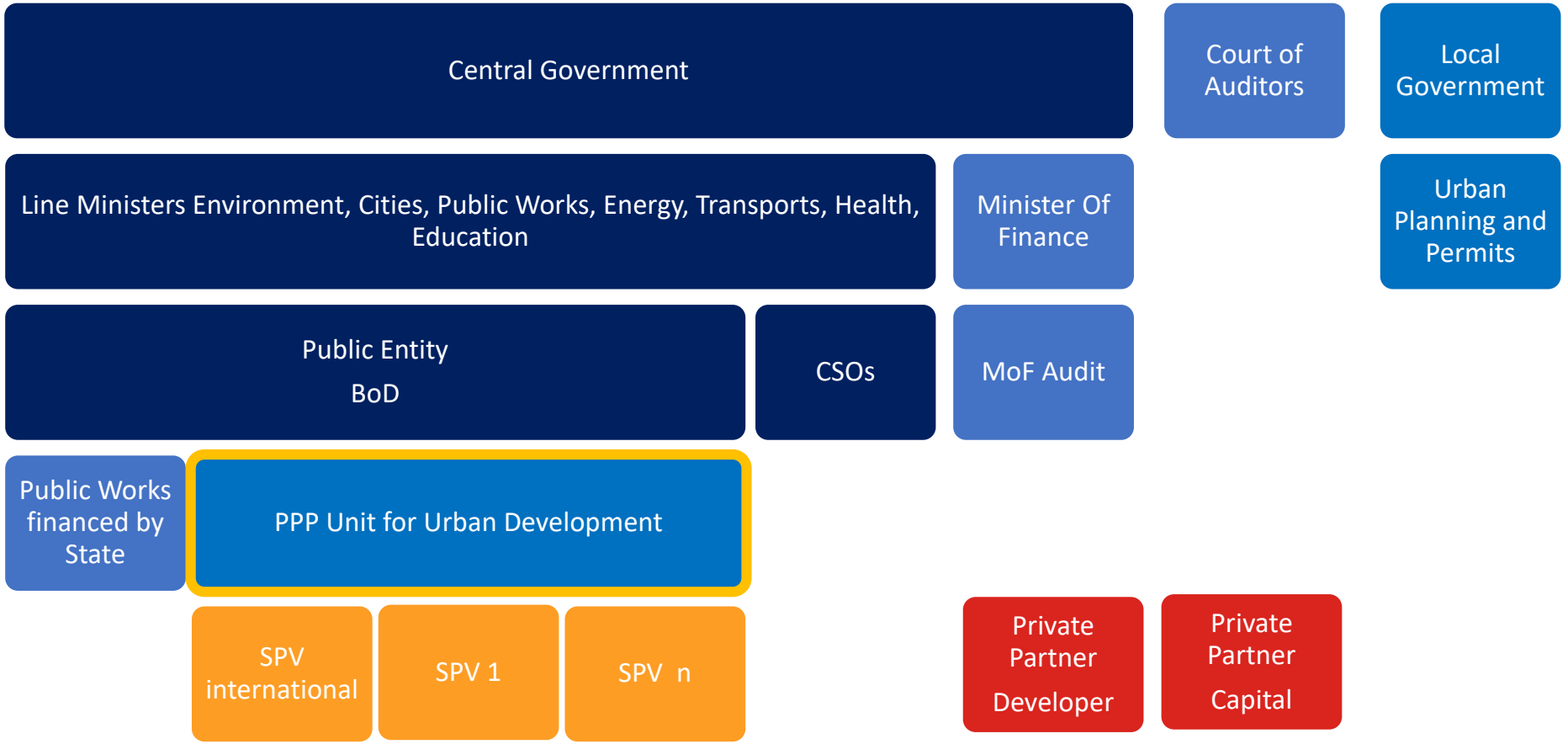
Private economic range of intervention

Case Studies

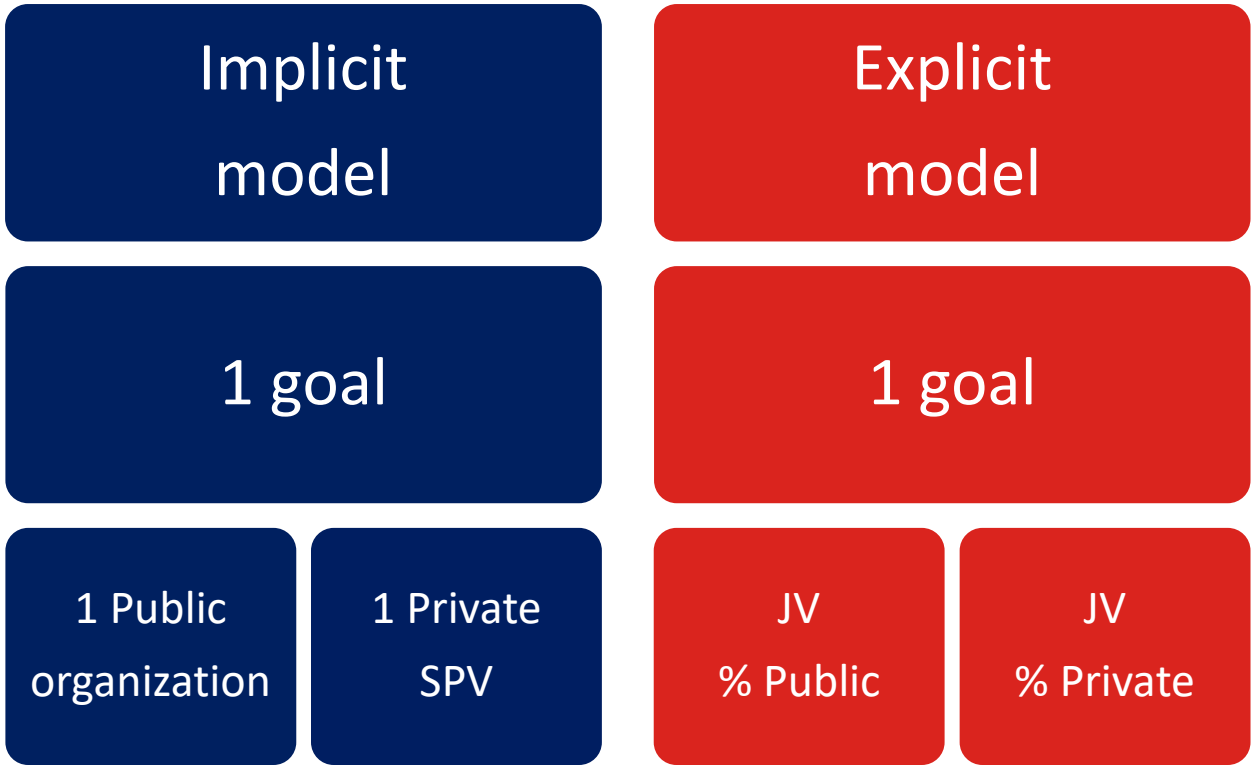


- **Residential:** **1,240,000 sqm**
- **Offices:** **610,000 sqm**
- **Retail:** **170,000 sqm**
- **Others:** **300,000 sqm**
- **Total:** **2,320,000 sqm**

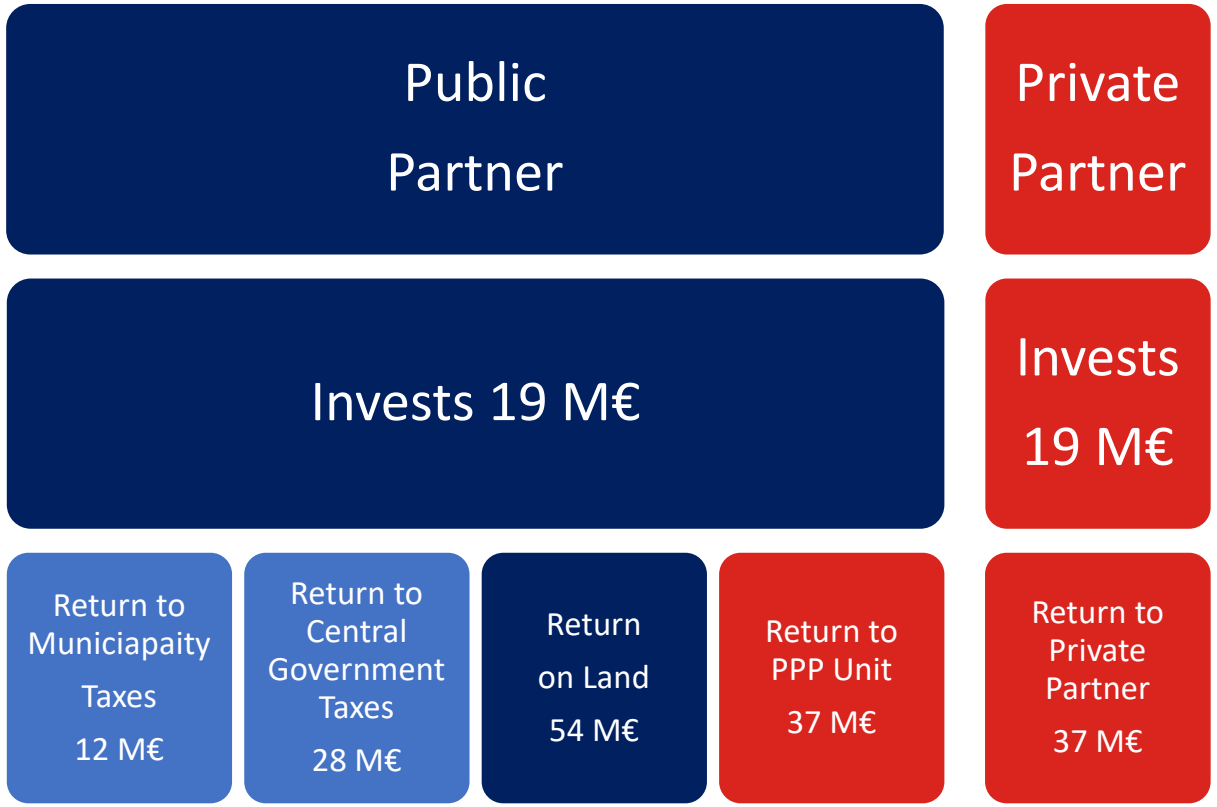
Case Studies



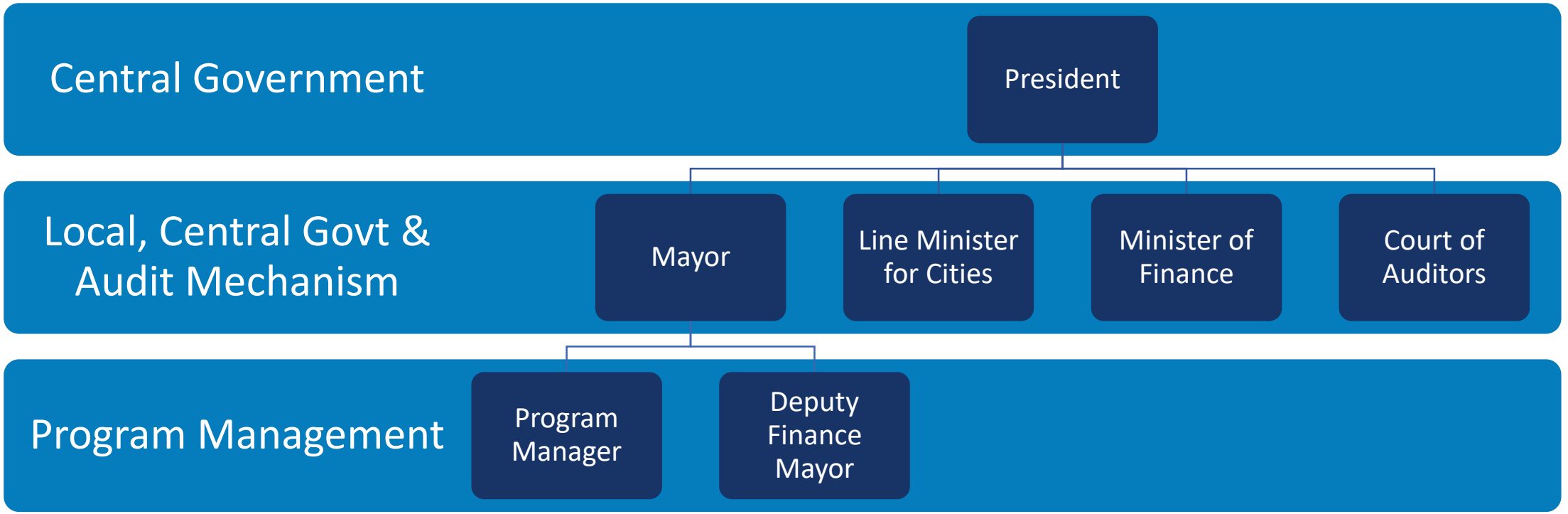
Case Studies



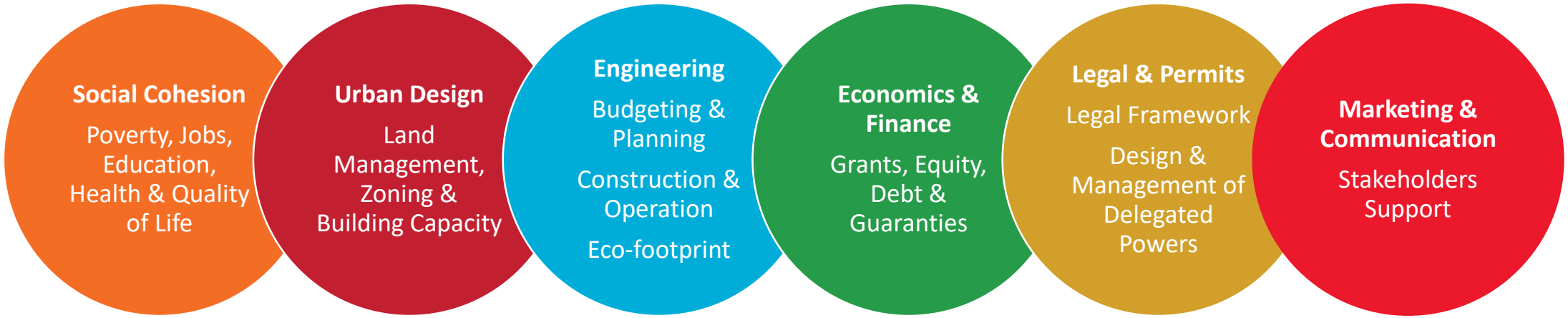
Case Studies



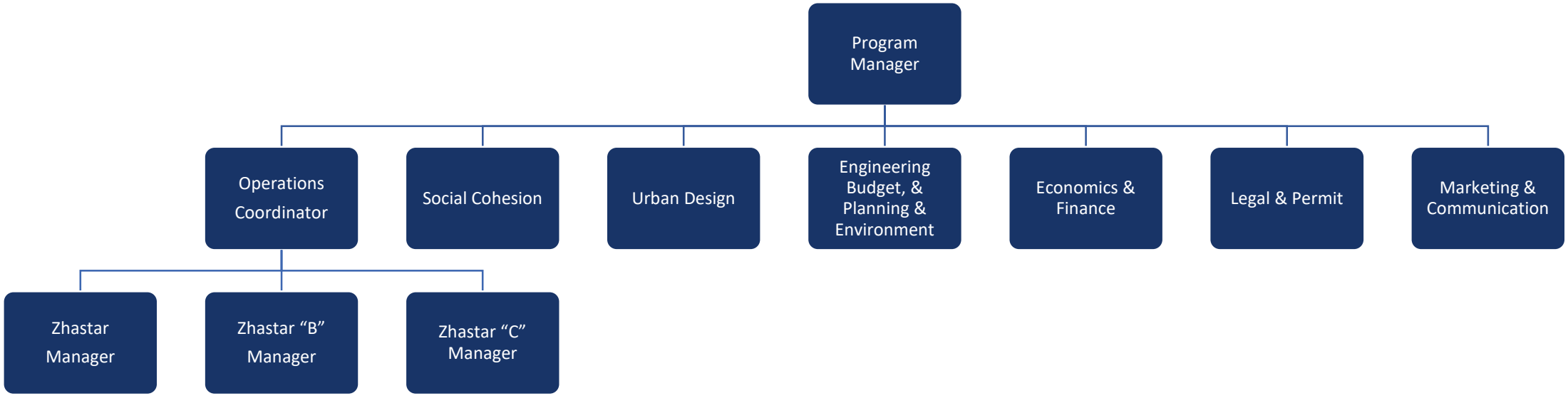
Draft Program Organization Chart



Program Management Team



Draft Program Organization Chart



Proposed Next Steps (homework)

Next steps for discussion and definition of timings:

i. Develop the AS IS (build up on top of existing information) (Program Manager)
ii. Develop Database of Residents, Employement needs, abilities, opportunities (Sociology)
iii. Develop the TO BE (vision and objectives) (President, Mayor, Program Manager)
iv. Develop Pipeline of Projects (Urban Design and Engineering)
v. Define Priorities (Program Manager)
vi. Balance Cash Positive with Cash Negative (Engineering & Marketing)
vii. Develop Database for Budget and Planning (costs and delays) (Engineering)
viii. Develop Database relating needs and local entrepreneurs able to provide solutions (Engineering)
ix. Develop Database of legal information for Asset Investment on Urban Development (Legal)
x. Develop Database of potential Investors and Lenders Equity, Debt & Guaranties (Finance)

Pipeline of Projects cash positive and negative

Pipeline of Projects	Capital Expenditure	Operational Expenditure	Revenue Stream
Mobility Transport projects including roads, bikelanes, parking plots, bus stops and terminals, rail and railway stations			
Utilities Stations, Plants and Networks including power, district heating, wifi, water, wastewater, solidwaste			
Social Infrastructure Education, health, police, firestations, and social housing			
Real Estate Housing, retail, services, logistics and industry			

Global Solutions (Cascais)
Founder and Managing Partner;
United Nations Economic Commission for Europe (Geneva)
Business Advisory Board;
SDGs Task Force Leader for PPPs;
Tsinghua University (Beijing)
Contributing Specialist for PPPs;
IESE Business Scholl & Iberdrola (Barcelona)
Business Advisory Board for SMART CITIES;
ESAI MBA Urban Renewal and Cities of The Future (Lisbon)
Founder and Coordinating Professor;
Católica Lisbon School of Business and Economics (Lisbon)
Business Advisory Board for SOCIAL RESPONSIBILITY and SDGs
École des Ponts et Chausses _ Paris Tech (Paris)
Visiting Professor at the Advanced Masters in Infrastructure Project Finance;
Université de Genève
Module Coordinator in How to Localize the SDGs

Universidade de Lisboa (Lisbon)
PhD Thesis in SDGs and Partnerships
Harvard Business School (Cambridge)
Private Equity & Venture Capital;
TCN Academy (Utrecht)
Asset Management & Asset Development;
Católica Lisbon School of Business and Economics (Lisbon)
Business Administration;
Bouygues Academy (Paris)
Project Management;
Imperial College (London)
Petroleum Engineering;
Faculdade Engenharia Universidade do Porto (Porto)
Mining Engineering;

Obrigado,

Pedro Neves
pedroneves@globalsolutions4u.com

THE GLOBAL GOALS
For Sustainable Development

Global Goals are Global Challenges that require Global Solutions

GLOBAL SOLUTIONS
based on sustained development