
Press release AFME and ICMA release Guide to infrastructure financing in support of the Investment Plan for Europe

24 June 2015

AFME and ICMA today release the “Guide to infrastructure financing, bank loans, debt private placements and public bonds – smoothing the pathway for effective funding”. This is the first comprehensive and practical guide to help infrastructure issuers, sponsors and project companies more easily tap various types of funding, including bank, private placement and public project bond financing in Europe.

This Guide is one of a number of AFME and ICMA initiatives in support of the European growth agenda. AFME’s ‘Bridging the growth gap’ report, published in February 2015, highlighted a number of roadblocks to European infrastructure investment and investor concerns, which the Guide will help to address.

Commenting on the guide, Clare Francis, Managing Director, Head of Global Corporate Banking, Lloyds Banking Group, said:

“The publication of the AFME-ICMA Infrastructure Guide is one of a number of industry action steps intended to actively support and promote better understanding of financial markets for borrowers, investors and other stakeholders. We believe the Guide will help meet these objectives.”

Maria Shaw-Barragan, Head of the Strategy Division at European Investment Bank, said:

“The EIB welcomes all private sector initiatives to help support the success of the Investment Plan for Europe. The AFME-ICMA Infrastructure Guide is a good example of various specialised market participants coming together to provide practical information to help both issuers and investors better understand the various sector-specific key aspects of infrastructure finance and to help issuers achieve better value for money.”

Paul David, Director of Infrastructure Debt, Allianz Global Investors, said:

“Private investors are keen to invest in infrastructure projects in Europe, but have historically been held back by a variety of uncertainties, including political and regulatory risks, and a lack of detailed understanding by some of the parties involved in the procurement of infrastructure of the needs of institutional investors, other funders and sponsors. The AFME-ICMA guide to infrastructure financing will help infrastructure promoters across Europe understand what their financing options are, whilst helping to expand the investor base for infrastructure assets.”

Europe needs to expand private investment in long-term infrastructure projects, according to the investor survey published by AFME and Boston Consulting Group in February, ‘Bridging the growth gap: Investor views on European and US capital markets and how they drive investment and economic growth’.

The launch of the guide is timely, as it will help support the European Commission’s Investment Plan for Europe (including the European Fund for Strategic Investment, or EFSI), which depends heavily on private sector investment. Although spending on European infrastructure is relatively high, at €419bn in total and €260bn in private spending, Europe needs an additional €1.5-2.0tn to meet the 2020 goals of the European Union.

The guide explains how EFSI works from a private sector perspective and should help generate more deal flow. It bridges potential information gaps between procurement agencies, sponsors, investors, lenders and arrangers and aims to improve transparency and demystify the decision process regarding bank lending, private placements and public bonds for infrastructure, without favouring one form over the other. We expect it to be helpful to procurement authorities seeking to maximise taxpayer value for money.

Key features of the guide:

- Detailed insights on the different types of financing choices, the mechanics of a loan or a bond issue, credit enhancement alternatives, the EFSI, the credit review processes, the project bond and equity investor base, the marketing, pricing and issuance process and disclosure and reporting best practices as well as key considerations for investors
- Real life examples of how deals have been done in various product sectors and countries, with different forms of credit enhancement, as well as specific examples of actual debt and equity investors
- References to EFR's (European Financial Services Round Table) standardised infrastructure reporting guidelines, which will be helpful to insurance and Commission policymakers in formulating infrastructure as a special asset class within Solvency II
- Features of and risks in particular transactions that guide investment decisions and decide their suitability for specific investors, which is of interest to insurance and pension authorities, such as EIOPA (European Insurance and Occupational Pensions Authority), when developing upcoming parameters for EFSI investment.

[Click here to access the guide](#) or go to the AFME and ICMA websites.

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About the Association for Financial Markets in Europe

AFME promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu
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About the International Capital Market Association (ICMA)

ICMA represents institutions active in the international capital market worldwide and has around 480 members located in 60 countries. ICMA's market conventions and standards have been the pillars of the international debt market for almost 50 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market. www.icmagroup.org
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