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ASIA DIRECTORS' SERIES

In this Issue: Managing infrastructure investment risk in a shifting lending environment

PUBLISHER'S NOTE

Welcome to Marsh's first *Asia Directors' Series* publication for 2013.

The Asia infrastructure story, whilst not new, has changed dramatically over the past 12 to 18 months. As the appetite for project financing from the traditional European stalwarts shrinks, new players are emerging, shifting the lending environment and creating new challenges for project sponsors. Development banks, state-backed infrastructure funds and other public entities are entering the picture, increasingly as a lead partner rather than simply a loan syndicate participant or guarantor.

In addition to a shifting lending environment, the risk landscape has also changed with political risks, such as expropriation, nationalistion and sovereign non-payment, now topping the agenda given the long-term nature of infrastructure projects. Now more than ever, project sponsors must go to great lengths to differentiate their approach to risk management and provide comfort around the project's bankability.

We have dedicated this *Asia Directors' Series* entirely to infrastructure funding issues, and how stakeholders in the infrastructure development space within Asia can overcome these significant challenges. The fundamental issue remains: Asia is in desperate need of infrastructure investment. It's now a question of refining an engagement strategy to access funding from these new players in the mix.

We hope this publication provides you with insights and information to make risk-related decisions more effectively.

Martin South
CEO, Asia-Pacific

MANAGING INFRASTRUCTURE INVESTMENT RISK IN A SHIFTING LENDING ENVIRONMENT

ASIA'S INFRASTRUCTURE CHALLENGE

Asia's immense need for infrastructure is well documented. The Asian Development Bank (ADB) estimates US$8 trillion in new infrastructure investment is needed in the region in the 10 years to 2020 to support current levels of economic growth[1].

That equates to around US$750 billion each year to meet the cost of building power plants, roads, water systems, information, communication and telecommunication networks, and other infrastructure throughout the region. This level of investment is needed to remedy historical underinvestment and accommodate the explosion in demand.

In Indonesia, for example, the government has allocated US$20 billion for infrastructure development this year to boost national economic growth[2]. This includes extending national roads by 4,278km and building over 500km of new roads, 380km of railways and some 15 additional airports.

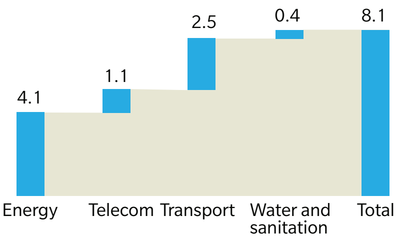
Meanwhile, Thailand's government is planning to spend US$90 billion over seven years on infrastructure projects, such as the Thai-Lao high-speed train scheme and flood prevention and management projects[3].

China's government recently approved new infrastructure projects worth more than US$150 billion, including highways, ports and airport runways[4]. India, too, needs to invest US$1 trillion in infrastructure between 2012 and 2017 if it is to reclaim the two percentage points it loses each year in economic growth due to poor infrastructure[5].

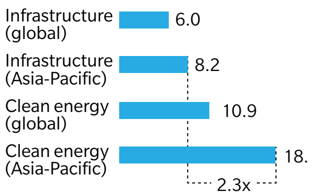
More than 80 percent of the demand for infrastructure investment in emerging Asia over the next ten years will come from energy and transport, the sectors most critical to supporting heightened economic activity.

Energy and transport sectors will provide much of the demand for infrastructure invetsment.

Investment needs for Asia's identified and pipeline infrastructure projects, 2010-20, $trillion



Annual growth rate in investment in spending, 2008-18, %



Source: Asian Development Bank; Clean Edge; World Bank Private Participation in Infrastructure (PPI) Database: McKinsey analysis

Every day across the Asian region, 20,000 new dwellings, 250km of new roads and 6 million additional litres of potable water are needed to retain its growth rate, according to the ADB.

The need also stretches beyond Asia. According to a recent study by the OECD, to accommodate an expected doubling of global GDP by 2030, air passenger traffic is likely to double in 15 years, air freight to triple in 20 years, and port handling of maritime containers worldwide could quadruple by 2030[6]. An estimated US$53 trillion must be invested worldwide in infrastructure to accommodate these future needs.

While these statistics paint a clear picture of demand for infrastructure investment, not so certain is how projects will be financed, as the funding environment dynamics – in Asia and globally – undergo considerable change.

FUNDING SQUEEZE FROM TRADITIONAL SOURCES

Until relatively recently, international project finance has been the preferred option for funding Asian infrastructure projects. Just five years ago, the global syndicated loans market was dominated by European banks.

However, the sovereign debt crisis in the Eurozone has changed that, with many European banks currently under pressure to scale back their Asian project financing activities or withdraw operations from Asia altogether.

> "Among the most exposed to the retreat is project finance for large-scale Asian infrastructure lending."

The continued challenging economic conditions in Europe are forcing these banks to slim down their balance sheets, shore up their capital, and repatriate assets to their home markets.

As regulators throughout Europe progressively introduce new requirements to comply with Basel III over the coming years, this deleveraging is set to continue. Already, reforms are imposing higher minimum levels of Tier 1 capital to be held by these banks as a percentage of their risk weighted assets. Given the long term nature of project finance loans, banks engaged in these transactions are particularly affected, as more regulatory capital must be set aside to back them than other lending activities.

As economic conditions remain uncertain, the attractiveness of locking up a bank's balance sheet on this type of complex financing activity—in some cases for up to 15 years—is significantly lessened.

As a result, European lenders' share of the Asia-Pacific loans market has fallen. Among the areas most exposed to the retreat is project finance for large-scale Asian infrastructure funding.

REGIONAL PRIVATE SECTOR LENDERS FALL SHORT OF FILLING THE VOID

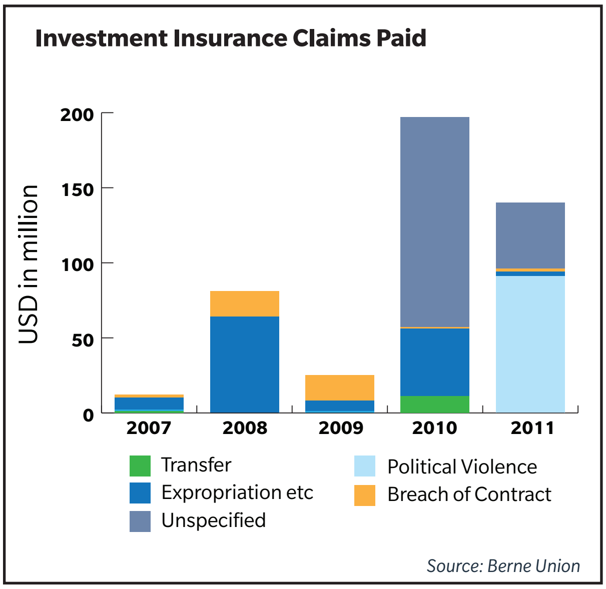
As the European banks withdraw, some regional Asian lenders have taken the opportunity to meet the shortfall in project finance, leveraging their greater access to capital due to stronger deposit bases and less regulatory pressure.

For example, Indonesia's largest private bank, Bank Central Asia (BCA) has allocated some US$2 billion of loans this year to finance infrastructure projects across the country, according to media reports[7]. This included its recent contribution to a syndication loan agreement of US$915 million to finance a toll road project in West Java province, announced in September 2012[8].

Similarly, in Singapore, a US$1.2 billion 10-year project finance loan was arranged for Singapore Power by a syndicate of regional banks.

However, the high degree of perceived risk in large scale, long tenor infrastructure investments, particularly in emerging Asian markets, has stalled funding from regional private sector lenders.

While many of these commercial lenders recognise the attractiveness of the opportunities and the strong demand for project finance, their conservative risk thresholds, lack of track record in this complex area, and lending limits are holding back their involvement.



POLITICAL, SOVEREIGN AND CREDIT RISKS TOP THE RISK LIST

Infrastructure project lenders and investors are heavily reliant on project completion and successful operation to facilitate loan repayments. Large scale infrastructure projects are often complex, require significant capital, and the long tenors often required for completion means a high degree of unpredictability around future risks.

In emerging markets in particular, the risk of non-completion is seen to be stronger than other jurisdictions due to uncertainties created by evolving political and sovereign risk environments.

In fact, according to the most recent World Investment and Political Risk Report[9] by the World Bank's Multilateral Investment Guarantee Agency (MIGA), political risk was voted corporate investors' top concern over the three years from 2012.

Similar findings were shown in a survey by Singapore government agency International Enterprise (IE) Singapore, with the uncertain global environment listed as a key concern for many Singapore companies looking to expand their investment horizon into emerging markets[10].

The present period of global political instability is lending weight to this view. The 'Arab Spring' (the popular term coined for the revolutionary wave of demonstrations, protests and wars occurring in the Middle East and North Africa from the end of 2010), as well as the European sovereign debt crisis and regime instability in Africa, South America and certain parts of Asia, have contributed to rising uncertainty among lenders and investors.

While acts of war, terrorism, and military coups are all extreme examples of political risk, it also comes in other forms. Expropriation of assets by the government – or simply the threat – can also have a terminal effect on a project. Similarly, a new president, prime minister or change in the country's ruling party, can mean a swing to more socialist politics wherein national interests can take priority, leading to rising resentment toward foreign ownership of strategically important assets and resources.

Currency inconvertibility is another concern, along with the possibility that cash flows will be unable to be repatriated. Weak regulatory or legal systems intensify the risk, while shallow or illiquid capital markets can complicate exit strategies.

Infrastructure projects are seen to be vulnerable to these risks, which can potentially unfold without warning, at any point during the lengthy planning and construction period of a project. If these risks are not adequately managed, the effect can mean costly, unproductive delays at best, or project abandonment at worst.

THE RISKS ARE REAL

According to MIGA's World Investment and Political Risk Report [11], expropriatory actions against foreign investors have been on the rise over the last five to ten years. Additionally, analysis of data from the 1970s to 2010 reveals that all disputes between investors and foreign governments were triggered by actions outside of foreign investors' control, namely economic shocks and significant political shifts.

A clear example is shown in a recent analysis by the Venezuelan Confederation of Industries (Conindustria) which reveals the Chávez government has expropriated more than 1,168 foreign and domestic companies in the decade to 2012[12]. This includes the nationalisation of oil and gas fields, an Argentine steel company and the local telephone company.

Other cases of political and sovereign risks can be found in different jurisdictions around the world. Last year's civil war in Libya forced a number of Asian-based companies, including Singaporean engineering and construction firms, to evacuate employees from Libya and suspend or abandon infrastructure projects.

Recent political instability in Thailand, particularly between 2008 and 2010, caused the Government to declare a State of Emergency as violent demonstrations overtook the streets of Bangkok, airports were closed, and a number of people were killed. The impact to Thailand's economy has been significant.

In Mongolia, activity is intensifying on the construction of electricity generation plants, urban centres, airports, railways and roads to support the extraordinary mining boom. However, as Mongolia's fledgling democratic political system and regulatory framework evolves, lenders and investors are vulnerable to sudden changes in foreign direct investment limits, environmental legislation and swings towards resource nationalism, all key issues during the parliamentary election campaign earlier this year.

Delays are a real risk to infrastructure projects. In Korea, the construction of the Korea Train eXpress (KTX), a fast train between Seoul and Busan, took five years longer than anticipated due to reappraisals by the Korea High Speed Rail Construction Authority as the project proceeded.

In China, the bridge across Hangzhou Bay was the subject of various feasibility studies for over a decade before the final plans were approved in 2003, and in India, the Bandra-Worli Sea Link in Mumbai was subject to numerous public interest litigations, resulting in a five year, costly delay.

While these types of real risks have lessened the attractiveness for some investors and lenders creating a substantial financing gap, the need for infrastructure investment is not diminished.

DEVELOPMENT BANKS STEPPING UP

To address this growing gap, a number of government-backed development, export-import and multilateral financial institutions have stepped up their involvement.

While many of these public sector agencies are providing additional project finance capacity, they have also been focusing on developing innovative, new schemes designed to de-risk public private partnerships (PPPs) through credit- or political-risk guarantees. The use of guarantees improves the credit rating of selected projects which then allows those projects to tap capital markets.

In September 2012, the ADB approved a US$128 million guarantee facility for the Indian infrastructure bond market. Developed with India Infrastructure Finance Company, ADB and domestic finance companies are providing partial credit guarantees on rupee-denominated bonds issued by Indian companies to finance infrastructure projects. These guarantees will boost the credit rating of a typical infrastructure project from BBB- or A to AA, which is the credit grade necessary to meet the investment criteria of pension funds and insurers. This allows these projects to tap into an estimated US$330 billion of cash to which they would otherwise not have access.

Similarly, the Indonesia Infrastructure Guarantee Fund was established by the Indonesian government to appraise and guarantee PPP projects to leverage private investments in infrastructure projects. This complements the Indonesia Infrastructure Finance company, set up two years ago with an initial $200 million of equity, which has recently completed its first project financing deal.

In May 2012, the ASEAN Infrastructure Fund was launched, the largest ASEAN-led initiative in the association's history. The Fund plans to leverage more than US$13 billion in infrastructure financing by 2020, primarily by issuing debt to Central Banks' foreign exchange reserves. With ASEAN countries holding over US$700 billion in reserves, the Fund offers an avenue for recycling the region's resources for its growing infrastructure requirements.

The dial-up of development banks' involvement in plugging infrastructure financing gaps and removing risk for commercial lenders have made a number of major infrastructure projects possible.

For example, the Export-Import Bank of Korea provided a $1.2 billion loan to finance an integrated steelworks project in west Java[13]. A direct loan of $700 million was provided, with the remainder offered on payment guarantees by the Korea Trade Insurance Corp and several foreign banks. Similarly, In South Korea, the Korean Development Bank led a US$1.35 billion equivalent project finance facility to fund Youngchun-Sangju Highway.

COMPETING GLOBALLY

The challenge for infrastructure financing is not confined to projects within Asia. Contractors in Asia's more developed markets are increasingly winning major contracts in other emerging markets around the world, particularly Africa and South America.

According to IE Singapore, many Singapore companies are expanding their investment horizon into emerging markets, both in Asia as well as newer markets including Africa[14].

This is another area where Government agencies are stepping up to help domestic Asian infrastructure construction companies compete internationally.

One such initiative is Clifford Capital, a project finance company backed by the Government of Singapore. Clifford Capital will focus on longer term financing in support of Singapore-based companies engaged in large, long-tenor, cross-border infrastructure projects in emerging markets such as the Middle East, Africa, Latin America and Asia. Clifford Capital is financed by a consortium of financial institutions, with guarantees provided by the Government of Singapore to allow the company to raise funds competitively, thereby offering terms to Singapore-based companies to help them compete internationally on a more equal footing.

In addition, in October 2012, the International Finance Corporation and MIGA, in partnership with Korea Finance Corporation[15], hosted the Korea–World Bank Group Private Sector Seminar in Seoul to discuss opportunities to strengthen partnerships when making sustainable and profitable private sector investments in emerging markets. The forum discussed ways of bringing innovative private sector solutions, including financing, guarantees, and knowledge transfer, to more developing countries around the world.

GETTING INFRASTRUCTURE DEALS UP IN THE NEW ENVIRONMENT

While public sector agencies are stepping up to provide finance and guarantees to infrastructure projects, seeking their support can often be challenging and time-consuming and requires a high level of engagement, relative to traditional experience with the private market.

Lending decisions by development banks are often guided by the strategy being pursued by the agency. They may be focused on specific industry sectors depending on the greatest needs of the country's people and will prioritise projects designed to resolve a tangible problem hindering the efficiency of a city or region's infrastructure. For example, some development

"Lending decisions by development banks are often guided by the strategy being pursued by the agency."

banks see the greatest present need is in improving education and agriculture for a country's people therefore, investment in those sectors is likely to be prioritized.

Development banks are also generally interested in large scale investments, in excess of US$100 million, in projects which are high profile and have the support of the host nation's government.

A key concern for many public sector lenders is the environmental and social impact of a project. This means a far more stringent due diligence process will be undertaken when compared with a commercial bank's lending process. For example, a request for development bank financing will be assessed over a number of stages. After preliminary fact finding and initial assessments, development banks will conduct intensive due diligence on the project, including visits to the project sites, offices of the sponsors, relevant government agencies and any proposed co-financiers.

In addition to reviewing the overall economic, financial and commercial viability of the project, the review will examine its environmental and social management plans, including resettlement plans.

While this deep scrutiny provides a high level of comfort to all parties to a transaction, many project developers are experiencing an element of contract uncertainty not experienced when working with commercial lenders.

RISK MITIGATION IS A PRE-REQUISITE

The most critical element of securing project finance, whether from the public or private sector, is to mitigate any risk which may potentially devalue the assets or endanger the project revenues.

The importance of this lies in the fact that a project finance lenders' only security of repayment resides in the assets and revenues of an infrastructure project. Insurance plays a major role in reducing the risks to which the assets and revenues are exposed.

KEY RISK

- Objectives, experience and sophistication of public sector partner
- Jurisdiction and legal system
- Regulatory system and conditions
- Industry sector risk
- Quality of technical advisers
- Environmental risk

KEY RISK

- Country and political risks
- Jurisdiction and legal system
- Industry sector risk
- Technology / Supplier risk
- Regulatory system and conditions
- Contractual risk
- Quality of technical advisers
- Professional Liability
- Environmental risk

KEY RISK

- Completion and delay risk
- Performance & technology risk
- Industry sector risk
- Supply chain risk
- Natural hazard risks
- Environemental risk
- Country and political risks
- Property damage arising out of construction
- Marine transit exposure
- Liability exposures arising out of construction

KEY RISK

- Industry sector risks
- Crisis mgmt. & reputational risk
- Macro economic risks
- Revenue and market demand risk
- Country and political risk
- Property damage arising out of operations
- Liability exposures arising out of operations
- Supply risk - commodity pricing
- Natural hazard risks
- Refinancing risk
- Tail risk (decommissioning, hand back/exit strategies)

Insurance protection can address many project risks, including coverage for completion risk, operating risk, political risk, off-take risk and residual value.

When brought into the front end of the development process, insurers can help structure deals that have a higher probability of closing. Insurance can support lenders, whether in the public or private sector, in their due diligence process; provides contract certainty, ensure correct allocation of risk and can help to prevent delay in project execution thereby benefitting communities at large.

Lenders require the insurance protection to be as wide as is reasonably available from the insurance market. They may seek inclusion of certain 'Lenders Clauses' in policies, letters of undertaking from the placing broker, and will seek involvement in the assignment of insurance. They are also likely to seek security packages, giving the lender security over all potential assets.

THE RISE OF POLITICAL RISK INSURANCE

Political risk insurance has become increasingly vital as a risk management instrument for major infrastructure projects, including helping to secure finance.

By providing cover for possible losses resulting from expropriation acts, currency inconvertibility and political violence, political risk insurance can reduce erosion of value caused by sudden disruptions to operations, allowing more focus to be placed on measures to increase profit potential.

It can also unlock access to financing as it gives lenders assurance that the impact of political uncertainties for a project or investment has been mitigated. This potentially improves the amount, interest and tenor of loans received. In fact, most banks will demand political risk insurance coverage on assets they are financing in emerging markets, where this risk is a significant challenge for foreign investors.

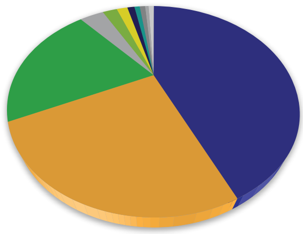
This has contributed to growth in the political risk insurance market worldwide. According to MIGA's

Asian countries make up three of the top 10 most claims on political risk insurance

INV Claims Paid 2011: Top 10 Countries

all figures given in USD Million

Nigeria	61
Libya	35
Vietnam	29
Ukraine	5
Turkey	3.4
Mongolia	2.1
Venezuela	1.8
Cambodia	1.2
Russia	1
Netherlands	0.8
Other	1



World Investment and Political Risk report, foreign investments covered by political risk insurance have grown from 5-8% a decade ago, to 13-15% last year.

Political risk insurance policies issued by the Berne Union, an association for export credit and investment insurance worldwide, reached US$77.5 billion in 2011, an increase of 46% from five years ago.

Political risk insurance policies generally offer the following types of coverage, which need to be considered both during the construction and operational phases:

- Transfer Restriction—protects a lender against a borrower's and/or a lender's inability to convert local currency proceeds into foreign exchange, or from transferring the foreign exchange out of the developing member country, to service the guaranteed debt.
- Expropriation—protects a lender against expropriatory measures, including nationalization, deprivation, confiscation, that prevent a borrower from servicing guaranteed debt. The guarantee also protects a lender in the event of an inability to service debt arising from a series of measures that constitute a "creeping expropriation."
- Political Violence—protects a lender against a borrower's inability to service guaranteed debt as a

result of physical damage to a project's assets, or an interruption in a borrower's business activities, as a result of war, revolution, insurrection, terrorism, or other politically motivated acts.

- Contract Disputes—protects a lender against a default by a borrower of a guaranteed loan as a result of a frustration of an arbitral process ("Denial of Justice") and/or the inability to enforce an award against relevant governmental parties to a project agreement ("Arbitration Award Default").

Despite the global growth in use of political risk insurance, its use among many Asian-based companies is relatively lower by comparison.

According to IE Singapore, local Singapore companies make up less than 10% of political risk insurance users in Singapore today, mainly due to a lack of awareness among companies about how it can be used to protect the value of their overseas investments and projects. As a result, many tend to perceive political risk insurance as a costly business expense.

Some corporations may be overconfident in relying solely on informal methods of addressing political risks, such as relationships with key political leaders. MIGA's report states, "relationships with key political leaders are an effective risk-mitigation tool only so long as those leaders are in power".

To help Singapore-based companies protect their projects and investments from political risk as they internationalise, IE Singapore[16] has launched a Political Risk Insurance Scheme, with an aim to support up to S$2 billion worth of overseas investments by Singapore companies over the next three years. The scheme covers up to 50% of the premium for a company's political risk insurance policy, thereby lowering the initial cost barrier of the policies, encouraging more companies to consider political risk insurance. IE Singapore is targeting companies involved in infrastructure projects in oil and gas, utilities as well as the telecommunications sectors.

In addition to traditional political risk insurance programs, risk transfer strategies have become increasingly more flexible and can be adapted to better suit the needs of investors. They can be channelled through captive management companies, special purpose vehicles or can be used by financial institutions to mitigate the political risk in their portfolio of emerging market assets.

> "Despite global growth in use of political risk insurance, its use among many Asian-based companies is relatively low by comparison."

STRUCTURED TRADE CREDIT INSURANCE

A growing number of lenders are also turning to structured trade credit insurance policies to protect project finance transactions.

Structured trade credit policies, which have evolved over the past few years in response to the challenging lending environment, insure against non-payment risk which can be caused by political risk events or company specific issues, covering exporters, commodity traders, and the financial institutions that support them.

With a term of up to seven years, policies give insureds the ability to offer extended or deferred payment terms, which are often essential to build relationships with emerging markets customers. Such a policy can be used for both single risk and portfolio programs for risks, and can be located in all emerging markets.

Recent growth in the quantum of structured trade credit insurance policies being written has been significant, for both commercial banks and the government-backed multilateral financial institutions.

PUBLIC SECTOR INSURANCE SHOULD NOT BE OVERLOOKED

The public sector is a major provider of political and trade credit risk insurance and, in some cases, is the only option for insuring challenging risks, especially those in the most volatile regions of the world. This market should not be overlooked, as it can broaden the range and availability of insurance products available to an organization.

As public insurers are driven by broad objectives, including promoting foreign trade or furthering economic development, they tend to offer longer coverage periods and have a higher tolerance for risk than their private sector peers. In some cases, public insurers can also deliver a deterrence effect on host governments.

However, similar to the process for seeking finance from public agencies, accessing insurance coverage can be difficult and time-consuming relative to the private market, and requires a higher level of engagement on the part of the insured. Working with development banks means a new set of boundaries compared to commercial lenders.

Insurance brokers can provide substantial support to companies undergoing this process. For example, earlier this year, Marsh formed a global public agency team comprising senior specialists within its Political Risk and Trade Credit Practice to assist clients in accessing and procuring insurance from public bilateral and multilateral agencies and export credit agencies.

Marsh's specialists have detailed knowledge of the applications and approval processes and they understand the environmental, social, developmental and other policy requirements inherent in obtaining public agency coverage.

SETTING UP FOR LONG TERM SUCCESS

While risk management is vital to securing finance for an infrastructure project, it is also critical in the longer term success of a project throughout the lifecycle of the project.

In fact, according to a report by Oliver Wyman[17], governments and companies can reduce cost overruns and delays by in excess of 20%, by developing greater transparency and more sophisticated management of the risks involved and tracking mitigation efforts. Oliver Wyman estimates this can potentially free up more than US$5 trillion of public finances globally by 2030 for use in other purposes.

The report has found that by more accurately quantifying the full economic impact of risks inherent in the capital investments and targeting efforts to avoid them will improve a project's earnings significantly.

> "Political and structured trade credit insurance is vital to the risk management armoury and, in most cases, mandatory to secure project finance."

Few organizations have a firm grasp of the potential impact that risks to the scope of their capital investments may have on their financial results and large projects continue to run over budget. The real cost of a delayed construction project can be more than five times the cost estimated by engineers when factors such as foregone revenues on a daily basis are taken into account. As an example, a company can lose US$1 billion if a nuclear reactor vessel does not meet required specifications since it takes three years to build a new one.

Several strategies can be used to improve large projects' returns at every stage of the lifecycle, from the initial assessment of the investment, to the design of the plan for building it, to its execution. At each point, as the risk profile changes in line with the project cycle, opportunities exist for organizations to improve their large projects' performance significantly by better anticipating the inherent risks, designing them in a way that will head off delays and cost overruns, and establishing key milestones that can be tracked to avoid potential problems.

CONCLUSION

The intense demand for new infrastructure throughout Asia is creating opportunities for contractors, investors and project finance lenders alike. However, the lending environment dynamics are shifting considerably and political, sovereign and trade credit risk is on the rise.

Political and trade risk analysis has become an integral part of investment due diligence and planning, due to the possibility of continuing political, legal, and regulatory uncertainty in foreign ownership restrictions, capital controls and partnership terms.

Political and structured trade credit insurance is vital to the risk management armoury and, in most cases, mandatory to secure project finance.

The public sector is playing a greater role in addressing project financing gaps, with government-backed development, export-import and multilateral financial institutions providing financing capacity and guarantees.

To successfully navigate this new funding environment, contractors, lenders and investors must be prepared for a new approach to project risk management. Also important is a deep understanding of the environmental, social, developmental and other policy requirements in obtaining public agency coverage.

When brought into the front end of the development process, insurers can help structure deals that have a higher probability of success. Insurance can support lenders, whether in the public or private sector, in their due diligence process, provides contract certainty, ensures correct allocation of risk and can help to prevent delay in project execution.

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