

GIB Foundation Rolls Out SuRe Standards to Promote Sustainable and Resilient Infrastructure Worldwide

Global Infrastructure Basel (GIB) Foundation is a non-profit Swiss foundation working to promote sustainable and resilient infrastructure through sustainable infrastructure design and financing on a global scale. Active since 2008, GIB works with multiple stakeholders ranging from city representatives to project developers and infrastructure financiers, with a focus on emerging and developing countries.

Katharina Schneider-Roos is CEO of GIB Foundation. Katharina's team has assessed over 100 infrastructure projects across the world applying the GIB Grading for Sustainable Infrastructure. This tool helps highlight the environmental, social and economic risks and potential impacts of projects and provides investors and project owners a framework for decision-making. Katharina was responsible for organizing an annual investment forum during GIB Summits, and led the publication of the Sustainable Infrastructure Capacity Building Handbook and a Scoping Study for the Early Stage Project Preparation Stage. She co-chairs the Cities Climate Leadership Alliance's (CCFLA) Working Group on Project Preparation Facilities, is member of the CCFLA Steering Board and a member of the ICLEI Resilient Cities Conference Program Committee. In support of the Swiss Government and international experts, she is working with a project team to establish SuRe – The Standard for Sustainable and Resilient Infrastructure. Katharina is member of the Steering Board of the Resilience Measurement, Evidence and Learning Community of Practice funded by the Rockefeller Foundation.

CCBJ: Infrastructure development has an important role to play in counteracting the impacts of climate change. What are the main problems encountered worldwide? Which countries need the most support?

KS: Developing countries, emerging markets, and island states require the most support. They suffer the most from the following main problems:

- Lack of data or access to data (e.g., climate change predictions)
- Lack of standards based on good science, and supervision of the implementation of these standards on infrastructure projects
- Corruption leading to inability to select the highest priority projects and ensure that they are built to the correct quality
- Lack of technical skills

- Lack of finance, and inability to access international concessionary funding or leverage private finance.

CCBJ: How do infrastructure problems differ in developed countries?

KS: In Developing Countries, infrastructure does not exist yet, and there is a need for basic sanitation, transport, electricity, etc. Globally, demand for infrastructure is rising. The main reasons are: population growth, economic growth, increasing industrialization, and notably, urbanization. These factors are particularly acute in developing countries and emerging economies. Globally, up to 1.4 million people are moving into urban areas every week. According to the World Bank. Such rapid migration is leaving many regions with an extremely high proportion of total population in urban areas, for example, 80 percent of Latin American and Caribbean

populations and 58 percent of East Asian and Pacific population currently live in urban areas.

In Developed Countries, lack of maintenance is an issue, and infrastructure should provide choice for sustainable lifestyles, e.g., public transport, renewable energy, short distances work-living areas. Aging infrastructure poses different technical problems to new infrastructure. Implementation often faces legacy risks and physical space limitations. It's difficult to be adaptive to new and more appropriate technologies when large investment in older technologies exists in assets with residual life. This leads to the risk of stranded assets. In many cases, project selection is fraught with vested interests and hidden corruption that are sophisticated and difficult to detect.

CCBJ: How do climate-related infrastructure problems differ worldwide?

KS: In Latin America and the Caribbean, annual infrastructure investment of \$120-\$150 billion is required and an additional investment of \$30 billion per year needed to mitigate and adapt to anticipated climate change (*Serebrisky et al., 2015, p. 8*).

Asia - Urbanization, infrastructure financing needs in developing Asia including climate change mitigation and adaptation costs amount to \$1.7 trillion annually from 2016 to 2030, leaving a gap of almost \$500 billion per year (*ADB, 2017, pp. 12, 15*). There is a lack of sustainability standards along the Belt & Road initiative. There are some initiatives, like a UNIDO strategy on creating a platform for low carbon infrastructure standards along the Belt & Road, where GIB is involved, and the activities on greening the B&R by the Chinese government.

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newsletters.**CCBJ: How are climate-related infrastructure challenges being addressed and funded?**

KS: Significant infrastructure investments are needed for the world to meet Sustainable Development Goals (SDGs) and the Paris Agreement 2015 on climate. Yet there is a tremendous gap between investment requirements and actual current global investment. To close it, both public and private finance sources are required. Moreover, more climate finance should be channeled from the national and international level to the local and regional level where project implementation takes place. In reality, however, many infrastructure projects cannot be linked to finance due to a number of reasons such as a lack of bankability, insufficient project development, and high risk at the early stage of project development. This is why project preparation is key to making projects “investment ready.”

Project preparation support still remains mostly dependent on grants mostly provided by public institutions, and the subnational climate projects themselves are still also financed by development institutions or other public donors and only rarely by the private sector.

Provided that infrastructure is so capital intensive, the solution could partly reside in leveraging public money with private capital. It is extremely important that, especially in developing countries, where most of the funding is needed to meet the SDG, there are de-risking mechanisms embedded in structuring the project. It is proposed that Multi/Bilateral development bank should not make direct loans against their balance sheet but rather act as project enablers by providing guarantees or first losses mechanisms. This action would free up more of their capital and hence

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multiply their capacity to fund additional projects. This change of development bank operations is highly needed.

Digitalizing assets is also a new way of attracting further capital. The use of blockchain in infrastructure can definitely add more transparency, accountability and lower transactional costs for investors. It can also induce a higher asset valuation given the secondary market liquidity that tokenizing assets can bring about. This is a very promising field that needs further regulation to untap its potential.

The whole infrastructure sector should capitalize on how investors are becoming increasingly ESG-conscious. To that end, the term sustainability and resilience must be defined and applied with rigor to avoid deterring those investors afraid of just green-washing projects. Harmonization of sustainability standards is much awaited in this respect so that there is a clear message sent out to the market on what constitutes a sustainable and resilient infrastructure asset.

CCBJ: What economic impact can these changes in infrastructure bring to a community or country?

KS: Infrastructure has a two-way relationship with economic growth. First, infrastructure promotes economic growth and, second, economic growth requires more infrastructure or maintenance and adaptation of existing infrastructure.

A simulation by Standard & Poor's highlights, for example, that an increase in infrastructure spending of 1% of real gross domestic product can have a multiplier effect of between 1% and 2.5% in developed countries. And the economic benefits are even greater in emerging countries such as China, India and Brazil. That means, infrastructure development is essential and basically a requirement for the economic development of a country.

Sustainable and resilient infrastructure is therefore not only a key component of a

functioning economy: It also forms the basis of good livelihoods for billions of people. The United Nations directly mentions sustainable and resilient infrastructure in two of the 17 Sustainable Development Goals.

For a project to deliver its long-term economic impact, sustainability and resilience considerations should also be incorporated from inception. Environmental, social and governance criteria should be addressed to ensure the project provides its intended service sustainably throughout its life-span. Failing to do so might leave the project uninsured versus risks that are certain and clear.

Particularly, projects need to be able to cope with weather-driven externalities as a result of global warming. Resilience in the form of climate adaptation features should be built in so that projects can effectively deliver its service under this new climate-change scenario.

CCBJ: Can you give us an overview of SuRe, ISEAL's First Infrastructure Standard?

KS: SuRe® – the Standard for Sustainable and Resilient Infrastructure – is a third-party-verified, global voluntary standard. It was developed through a multi-stakeholder approach incorporating inputs from developed and emerging nations to drive the integration of sustainability and resilience aspects into infrastructure development and upgrade by providing guidance and serving as a globally applicable common language tool for infrastructure project developers, financiers and public sector institutions. The Standard assesses infrastructure throughout the project life cycle at the design, construction, operational and decommission phases. SuRe consists of 14 themes covering 61 criteria across environmental, social and governance (ESG) factors in addition to two general reporting requirements for impact measurement.

SuRe Objectives

SuRe aims to (1) establish a common understanding of sustainable and resilient infrastructure between project developers, financiers, public sector institutions and end-users (2) improve the quality of projects so they are built on sustainable and resilient principles and (3) help investors identify responsible investment opportunities. SuRe has been developed by GIB and French investment bank Natixis with the support of stakeholders globally. The Standard integrates requirements for infrastructure projects to contribute at project level to the achievement of the objectives of international frameworks including the **United Nations Framework Convention on Climate Change (UNFCCC)**, the **Convention on Biological Diversity (CBD)**, the **Sendai Framework for Disaster Risk Reduction**, the **International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work** and others. SuRe® complements the **Equator Principles** and integrates the **International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability**.

CCBJ: What are the 14 themes covered by this standard?

SuRe consists of 61 criteria divided into 14 themes spanning environmental, social and governance (ESG) aspects. In addition, SuRe includes two general requirements for compliance: a materiality assessment and an overarching reporting requirement. The table provides an overview of the 14 themes found in the Standard.

The 61 criteria in SuRe are assessed in terms of how material they are for each project. Materiality is based on the importance of a sustainability or resilience topic to a project's context and the impact that the project may have on this topic. Thus, criteria can be of high, medium or low materiality for each project, and in some cases can even be 'non applicable'. In terms of the how critical are these criteria to the mitigation of climate change, from a SuRe® perspective, it would depend on how material the criteria are to the project's context. Criterion E1.1 Climate Change Mitigation found in the dimension 'Environment', Theme 'Climate' outlines the requirements of infrastructure projects seeking to com-

Standard for Sustainable and Resilient Infrastructure: SuRe's 14 Themes

Governance	Management and Oversight	18		
	Sustainability and Resilience Management			
	Stakeholder Engagement			
	Anti-corruption and Transparency			
Society	Human Rights	24		
	Labour Rights and Working Conditions			
	Community Protection			
	Customer Focus and Community Involvement			
	Socioeconomic Development			
Environment	Climate	19		
	Biodiversity and Ecosystems			
	Resource Management			
	Pollution			
	Land Use and Landscape			

Source: Global Infrastructure Basel (GIB) Foundation

ply with one of SuRe's performance levels in terms of climate change mitigation. This criterion is one of the 19 Red Criteria in SuRe® which are applicable to all infrastructure projects.

This criterion requires projects to avoid or if not feasible to reduce project related Greenhouse Gas emissions through measures such as using renewable energy sources or energy efficiency improvements. Additionally, projects shall demonstrate that any GHG emissions it creates, enables or induces in third parties are minimized.

Projects wishing to comply with SuRe® shall meet the above requirements in accordance to the performance level they wish to claim compliance to. The performance levels outline the need for the Project to demonstrate that its Scope 1 and Scope 2 emissions are considered and for performance level three, that scope 3 emissions are also taken into account.

The box on the next page presents an excerpt of criterion E1.1 from the SuRe® Standard Document.

CCBJ: How will this standard be implemented and what impact will it have?

KS: The SuRe Standard has started its Initial Implementation Phase, whereby infrastructure projects shall be certified against version 1.1. of SuRe.

SuRe is a third party certification scheme which means that compliance to the standard is assessed by an independent body through desk and on-site assess-

ments. This enables more transparency in the process, avoids conflicts of interest and increases trust in the results from other interested stakeholders such as financiers.

The impact of correctly implementing the Standard would be shown in more sustainable and resilient infrastructure projects being financed and built.

The roll-out of the standard is centered around enabling the environment for the mainstreaming of sustainable and resilient infrastructure projects, partnering with local actors and institutions and helping build a strong network in each country that, in addition to other capacity building projects, supports the mainstreaming of sustainable and resilient infrastructure as a whole.

Certification of infrastructure projects increases the commitment of projects to follow through and comply with International Good Industry Practice (GIIP) as defined by the IFC Performance Standards) regarding sustainable and resilient infrastructure. By complying with SuRe®, projects are able to demonstrate to financiers, public officers and other interested stakeholders that they are meeting international good practice for sustainable and resilient infrastructure requirements, thus increasing their chances of having access to supplementary sources of financing. Financiers are able to trust an external assessment, as complement for their own due diligence processes which may not include ESG considerations.

The public authorities are able to include ESG considerations into their procurement processes, which will support them in their efforts of complying with several international frameworks requirements such as the Paris Agreement (and their own National Determined Contributions), the SDGs, the Sendai Framework and others.

CCBJ: How are you helping governments shape their policy agendas?

We aim to take examples from the project level to demonstrate to policy makers how concrete improvements can be made. Example: If a single project in a certain context demonstrates through our assessment that it has not complied with a criterion (e.g., designing to future climate conditions), we ask policy makers, "How has this happened, and what can we do to prevent it from happening on other projects?" Answers could be updating standard contract clauses, updating building codes, mandating better surveillance of contractors, and many more. ⚙

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