

Export Finance Australia (EFA) submission to the independent review of EFA's overseas infrastructure financing powers

July 2021

Introduction

We make this submission in relation to the Government's independent review of the *Export Finance and Insurance Corporation Amendment (Support for Infrastructure Financing) Bill 2019 (SIF Bill)*.

We welcome this review as an opportunity to detail the SIF Bill's effectiveness in enabling us to support the development of sustainable infrastructure in the Pacific (including Timor-Leste) and broader Indo-Pacific region.

Executive summary

- Following the passing of the SIF Bill in April 2019, we moved swiftly to implement our Indo-Pacific infrastructure mandate, making the necessary governance and operational changes to our organisation to support mandate delivery.
- Within six months, we had developed and had received Board endorsement for an infrastructure implementation strategy, including origination and country strategies for our five priority Indo-Pacific markets. At the same time, we supported the establishment of the Australian Infrastructure Financing Facility for the Pacific (**AIFFP**), a key enabler of the Government's Pacific Step-Up.
- We have been active in seeking out new infrastructure financing opportunities. This has included undertaking detailed scoping visits to the Philippines and Singapore. We also participated in missions with our Japanese and US Trilateral Infrastructure Partners in Papua New Guinea (**PNG**) and Indonesia. Within our Project and Structured Finance team, we have appointed country leads for our priority markets and brought in specialist contractors.
- Despite the global spread of COVID-19 complicating our efforts, we are leveraging the Department of Foreign Affairs and Trade (**DFAT**) and Austrade's regional network to improve awareness of our infrastructure financing capabilities, share intelligence, build knowledge, and connect with project proponents and Australian business.
- We have grown a multi-billion pipeline of projects within a short timeframe of two years. Many of these opportunities are in key sectors which directly support the Australian Government's strategic objectives in the region, and which will support the *Foreign Policy White Paper* objective of ensuring that infrastructure is developed in a way which conforms with our principles.

- Notwithstanding the long lead times required for infrastructure delivery, we have delivered 55 transactions with a value of \$93.3 million to date. We are committed to pursuing and completing infrastructure transactions in the region and have confidence our pipeline will continue to yield larger signings in the next two to five years.

1. Background

1.1 About Export Finance Australia

We are the Australian Government's export credit agency. We provide finance to support Australian exporting businesses and in support of overseas infrastructure development that delivers benefits to Australia.

Our functions, as detailed in the *Export Finance and Insurance Corporation Act 1991 (EFIC Act)*, require us to:

- facilitate and encourage Australian export trade and overseas infrastructure development by providing finance;
- encourage banks and other financial institutions to finance exports and overseas infrastructure development;
- provide information and advice about finance to help support Australian export trade;
- assist other Commonwealth entities and businesses in providing finance and financial services;
- administer payments in relation to overseas aid projects financed by the Commonwealth.

In performing our functions, we:

- co-operate with and not compete with private financiers (operate within the 'market gap'); and
- focus on supporting:
 - small and medium-sized enterprises (**SMEs**)
 - the infrastructure needs of Pacific Island countries (including Timor-Leste) and the broader Indo-Pacific region
 - defence-related exports
 - critical minerals projects and related infrastructure.

In doing so, we must also have regard to Australia's international commitments relating to:

- sustainable lending practices;
- environmental and social issues;
- the prevention of bribery and corruption; and
- the security of 5G networks and future communication technologies.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining risk appetite and monitoring performance.

We are part of the DFAT portfolio of agencies, which includes Austrade and Tourism Australia. Our responsible Minister is the Minister for Trade, Tourism and Investment, the Hon Dan Tehan MP. While Export Finance Australia (in its modern form) was established in 1991 by the EFIC Act, our broad functions have been performed under various statutory frameworks since 1957.

1.2 How we provide finance

We can provide a range of finance solutions, including loans, bonds, guarantees and insurance. We deliver these finance solutions in one of two ways – through our Commercial Account and/or the National Interest Account.

Commercial Account (CA):

- Under the CA we operate on a commercial basis, retaining all transaction income and bearing all risks and losses. Decisions under the CA are the responsibility of our Board.

National Interest Account (NIA):

- Under the NIA our Minister can direct us to support classes of transactions that are in the national interest. We can also refer transactions to our Minister for NIA consideration. This might be due to a transaction being unsuitable for the CA due to its risk and return profile, size, tenor or significant exposure to the country of export. The Commonwealth receives all income on NIA transactions. It also bears all risks and losses.

As at end-May 2021, we had over \$2 billion of exposures on our CA and managed \$633 million of exposures on the NIA. We have delivered a profit and returned a dividend to the Commonwealth in each of the last 20 years, including through the Global Financial Crisis and in the immediate aftermath of the COVID-19 pandemic. We have a historical write-off rate of less than 1 percent on exposures across both the CA and NIA.

We have a strong track record of supporting infrastructure and large projects in the region and around the globe. Our Project and Structured Finance team is specifically focused on providing such support. Examples of some projects we supported prior to the EFIC Act amendments are provided in **Appendix 2**.

1.3 Supporting SMEs, corporates and governments to realise export opportunities

We support SMEs across a range of industries, from advanced manufacturing and defence to tourism and shipbuilding.

Our specialist expertise allows us to help with financing solutions for larger corporate and government projects. It also enables us to 'crowd in' Australian SMEs to project and transaction supply chains.

Our finance can assist SMEs and larger corporates to diversify their export business and fulfil orders for goods and services in new markets. Our global financing expertise, gained over 60 years, means we have deep experience in a diverse range of countries and markets.

1.4 Helping finance sustainable infrastructure in the Indo-Pacific region

The Australian Government's 2017 *Foreign Policy White Paper* details how Australia's economic and security interests are converging. To meet the challenges of an increasingly

contested and competitive region, it sets out an agenda for shaping a regional balance favourable to Australian interests.

In support of this agenda, we continue to:

- actively seek to support infrastructure financing opportunities in the Pacific and the broader Indo-Pacific region;
- provide transaction, operational and technical support to AIFFP, a \$2 billion development-focused infrastructure financing facility for the Pacific and Timor-Leste; and
- along with DFAT, represent Australia in the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, with the US International Development Finance Corporation and the Japan Bank for International Cooperation.

1.5 Credit and debt sustainability policies

We adhere to OECD Principles and Guidelines to promote sustainable lending practices in the provision of official export credits to lower income countries.

These principles and guidelines also support the Joint World Bank-International Monetary Fund (IMF) Debt Sustainability Framework for Low Income Countries, which seeks to mobilise the financing of development needs of lower income countries while at the same time ensuring that these countries do not build-up excessive debt in the future.

We also take into consideration IMF and World Bank sustainable development policies when conducting our lending.

This includes the IMF's Debt Limit Policy, which guides the use of quantitative limits on public debt in IMF-supported programs, and the World Bank's Sustainable Development Finance Policy, which helps countries address issues in debt transparency, fiscal policy, and debt management.

Any transaction we consider is subject to strict credit criteria, and we do not proceed with transactions which do not meet our criteria.

1.6 About the SIF Bill and changes to our Statement of Expectations

The SIF Bill expanded our mandate to provide us with:

- a new overseas infrastructure financing power based on Australian benefit;
- an additional \$1 billion of callable capital; and
- the ability for us to conduct our operations under the name "Export Finance Australia".

Our Minister also provided prescriptive guidance on the use of the new infrastructure powers through his Statement of Expectations dated 3 April 2019 (**SoE**). A summary of the relevant sections of our SoE is provided in **Appendix 3**.

1.7 Rationale for the Infrastructure Power

Prior to changes introduced in the SIF Bill, our ability to finance infrastructure projects was limited by certain narrowly drafted and inconsistent eligibility "tests" in the EFIC Act. These tests required us to satisfy very specific Australian content and benefit requirements before we could provide certain types of finance.

Such narrowly defined tests did not easily enable finance for infrastructure projects that offer longer term commercial benefits to Australia without direct Australian participation.

To overcome this limitation, the SIF Bill included a provision granting us a new power to finance overseas infrastructure projects, based on a broadly defined Australian benefit test. This test enables us to finance viable infrastructure projects, provided they result in beneficial outcomes for Australia. This Australian benefit test strongly encourages, but does not mandate, the immediate involvement of Australian business or content.

The SIF Bill changes are also consistent with the mandate evolution of other government Export Credit Agencies (**ECAs**), which are designed to meet broader domestic economic and trade policy objectives. Examples include Export Development Canada's 'pull strategy', which sees it financing projects without Canadian content in the hope of establishing a relationship with project proponents which in future leads to greater Canadian export opportunities and the UK Government's recent injection of GBP2 billion into UK Export Finance to increase lending for low carbon exports.

Under the Australian benefit test, we can more deeply engage in sectors such as telecommunications and power, which deliver both short and long-term benefits to Australian business. For example, improved regional internet connectivity in the Pacific will benefit Australia over the longer-term by:

- reducing the cost of doing business;
- encouraging greater economic integration; and
- promoting Australian exports to and investment in the region.

Other potential beneficial outcomes can include:

- supporting future employment in Australia through using or sourcing Australian workers, products or services;
- supporting export sectors important to Australia;
- paving the way for Australian businesses to more easily access new markets;
- crowding in of Australian equity and finance institutions; and
- encouraging future Australian participation in project supply chains.

The proposed changes have the secondary benefit of ensuring that we can better work with financing partners, including private banks, ECAs and bilateral and multilateral development financing agencies (such as the Asian Development Bank (**ADB**) and World Bank's International Financial Corporation (**IFC**)).

Under our SoE, we are required to be guided by the Australian Prudential Regulation Authority (**APRA**) in managing risk. Our Board, in following APRA's guidance, generally applies an upper limit of 25 per cent of our capital, for country, sector and non-bank counterparty exposures.

The \$1 billion increase in our callable capital has allowed for an overall percentage increase in the amount that we can lend to any one exposure, based on current APRA prudential guidance. The additional capital has also enabled our Board to set individual maximum exposure limits that are materially higher and better reflect the financing capabilities of other ECAs in our region.

2. Operationalising the infrastructure mandate

2.1 Internal Operations

Since our mandate was expanded by the SIF Bill, we have taken active steps to ensure our internal procedures are aligned to meet our infrastructure financing goals. This has included the development of a Board endorsed infrastructure strategy, which details our regional infrastructure focus and approach, the creation of dedicated country and industry leads for each of our Directors in our Project and Structured Finance team, as well as country strategies for key markets.

Additionally, we appointed a new Executive team member, who had previously been involved in the establishment of the AIFFP, to lead our Project and Structured Finance team. We also created a new position, Head of Corporate Affairs, to lead an improved marketing and external relations function and to implement a communications and stakeholder engagement program that was consistent with and supportive of our infrastructure mandate. Marketing initiatives to promote the infrastructure powers have included the development of specific video content and related marketing collateral which have been shared via social media, direct marketing campaigns and DFAT and Austrade Posts in the region.

We also updated internal policies to ensure compliance with the changes to our SoE and introduced an 'Australian benefits' policy to guide our decision making in respect overseas infrastructure development financing.

On 1 July 2019, we completed the transition to our new trading name and branding, giving us a clearer and simpler way to say who we are and what we do, which has had a positive impact on brand recognition.

2.2 The Australian benefit test

The SIF Bill introduced changes to the EFIC Act which allowed us to provide overseas infrastructure financing where we can demonstrate that it is likely to result in an Australian benefit.

Benefits can include (but are not limited to):

- Australian content (goods or services) in a project;
- greater Australian participation in international supply chains;
- access to new markets or export opportunities for Australian businesses;
- more Australian jobs;
- payment of dividends or other financial proceeds from overseas to Australia;
- new research and development expenditure in Australia;
- Australian access to new products, intellectual property or technology; and
- Australian content is a consideration for us when we calculate Australian benefit.

The Australian benefit test has enabled us to consider and finance projects we previously would not have been able to support.

2.3 Operationalising the AIFFP

Our SoE requires us to “... make available [our] specialist financial capabilities to Commonwealth entities and companies”.

We played a key role in establishing the AIFFP by 1 July 2019. We also continue to play an important role implementing AIFFP objectives and are the lender on record for all AIFFP loans. Examples of the support we provide to AIFFP include:

- project review and credit assessment;
- transaction management;
- legal documentation and execution support;
- OECD reporting and compliance, including compliance with anti-money laundering and counter terrorism financing laws;
- treasury services; and
- loan portfolio management.

Our working relationship with the AIFFP is managed through two service level agreements, dated 6 February 2019 and 26 June 2019. We have longstanding experience financing projects in emerging markets and are well placed to provide this support. The AIFFP has a separate governance process and a development-focused investment mandate.

While we are not responsible for initiating recommendations to Ministers for AIFFP loans, the AIFFP utilises our NIA governance procedures to make loans in our name.

DFAT manages the AIFFP, drawing on its deep experience managing infrastructure projects and grant programs in the Pacific. The AIFFP Board makes recommendations to Ministers for decision on AIFFP projects. Our Board reviews AIFFP lending proposals for compliance with the EFIC Act and the Trade Minister’s Direction (issued under section 26 of the EFIC Act) which instructs us to refer AIFFP applications to the Minister for consideration under the NIA.

So far, we have helped finance three transactions through the AIFFP, two of which were in support of the construction of an undersea fibre optic cable in Palau, which will connect to a US-Singapore trunk cable. The most recent transaction was for a transmission line for the new Tina River Hydro Project in the Solomon Islands.

This represents \$25.3 million in financing support and will enhance the communications infrastructure of Palau, in addition to supporting renewable energy generation in the Solomon Islands.

We are also currently supporting the AIFFP involvement in several other transactions, including further proposed renewable energy projects in the region.

2.4 Our Work in the Pacific and broader Indo-Pacific

Since the introduction of the SIF Bill, we have been active in working to identify and finance infrastructure¹ transactions in the Pacific and broader Indo-Pacific² region.

We support Indo-Pacific infrastructure in three main ways:

- supporting infrastructure-related export contracts (generally for smaller projects in the Pacific);
- project financing of larger infrastructure projects; and
- through the AIFFP (outside the scope of this review), which relies on our overseas infrastructure financing powers to provide loans and guarantees.

2.5 Our origination strategy

We have developed an overall loan origination plan for our infrastructure financing mandate as well as developing market specific engagement strategies for targeted countries. Our approach is outlined below and involves working with a range of stakeholders, including Australian businesses, multinational contractors, financiers and government, particularly colleagues Austrade and DFAT, both in Australia and at overseas Posts.

Australian businesses operating in the region

We engage with Australian exporters who are active or experienced in the region and are targeting sectors and countries that will likely require finance. We also work with Austrade's in-country network to identify opportunities which may be relevant to Australia's interests and exporters not yet known to us.

Multinational Contractors

We have aligned ourselves with multinational contractors who are targeting sectors and projects in the region to support projects from which commercial benefits could flow to Australia. Such benefits may include Australian equity investments, opportunities for future contracts for Australian firms and projects which may source offtake from Australian projects.

Financiers – banks, ECAs, multilateral development agencies (MLAs)

In countries such as the Philippines and Indonesia, domestic capital markets are liquid and project sizes large. We are seeking to leverage our relationships with private financiers, export credit agencies and MLAs active in those markets, which expedites market entry and reduces origination costs. For example, we have established a strong relationship with the World Bank's IFC and the ADB.

Our appetite for longer-tenors, willingness to provide guarantees for loans and speed of execution help to ensure we are regarded as an attractive partner.

Government – DFAT and diplomatic representation

¹ We adopt a broad definition of infrastructure, which includes a country's physical facilities necessary for the social and economic wellbeing of a society. This includes the maintenance and upgrades of such facilities.

² The Indo-Pacific is defined as the region ranging from the eastern Indian Ocean to the Pacific Ocean connected by Southeast Asia, including India, North Asia and the United States. (See the Australian Government's *Foreign Policy White Paper* 2017.)

We are engaged with relevant DFAT country desks and Posts in selected markets to explain our capabilities. Our aim is to ensure that Posts understand our capabilities and the application of the expanded mandate; promote our capabilities to their government counterparts; and where relevant, engage our assistance in infrastructure aid programs, which generally focus on early-stage project identification and structuring. We also work with other specific DFAT-led infrastructure programs, such as Partnerships for Infrastructure (P4I), which seeks to support project preparation in South East Asia.

In addition to regular engagements with selected Posts, since our mandate was changed in April 2019, we have had over 30 engagements with senior Australian diplomats (Heads and Deputy Heads of Missions as well as Senior Trade Commissioners) in the Indo-Pacific region.

These engagements have sought to establish strong relationships, identify opportunities, and gather information about these markets.

As part of our risk assessment process and opportunity identification, we also conduct in-country visits. Prior to the travel restrictions imposed during COVID-19, we conducted financing scoping missions in the Philippines, PNG, Indonesia and Singapore.

2.6 How our transaction pipeline has evolved

Since our legislation was amended in April 2019, we have identified and had meaningful financing discussions with proponents of, or Australian businesses delivering services or exports to, 61 regional infrastructure projects with a value of approximately \$3 billion (as at the end of May 2021). Most of these have been smaller transactions in the Pacific which have proceeded to financing (see section 2.7). While there are few large commercial transactions in the Pacific, given the small size of many Pacific economies our financing can often have an important and material impact. Of the 61 projects, 12 projects, worth \$2.8 billion, currently remain in our transaction pipeline. We have also worked on an additional 14 AIFFP transactions. Having additional callable capital and a more flexible Australian infrastructure financing mandate has allowed us to consider a wider range of opportunities and build a larger pipeline.

Infrastructure projects are complex and have long lead times. This is a consistent theme around the world. In a June 2020 speech to the Committee for Economic Development of Australia (**CEDA**), Prime Minister Scott Morrison MP announced an initiative by the Federal Government to target a “50 per cent reduction in Commonwealth assessment and approval times for major projects, from an average of 3.5 years to 21 months”.³

For infrastructure projects in developing countries and smaller economies in the Indo-Pacific region, these assessment periods are frequently much longer and require heightened levels of due diligence. We have successfully funded smaller contracts/projects, but larger projects take several years to finalise. Our experience to date is that many of these projects in our pipeline may be delayed or do not proceed due to decisions by governments in the host country. Nevertheless, our current pipeline value and volume is at a historical high.

³ Prime Minister Scott Morrison MP: [Address – CEDA's State of the Nation Conference](#) (June 2020)

2.7 Our completed transactions

Since receiving our new infrastructure mandate in April 2019 to end-May 2021, we have supported 19 customers with 55 transactions worth \$93.3 million across 15 countries in the region. A full list of transactions is at **Appendix 4**.

Three of these transactions have been completed using powers introduced by the SIF Bill.

These include:

1. A \$2.5 million loan in November 2019 to Rhodes Project Services to support the construction of two warehouses, one supermarket, and 32 accommodation houses in Tuhava, PNG. Australian benefits associated with this transaction included revenue flowing back to Australia as well as the ability for our support to improve Australian SME access to a new market of opportunities to develop the Tuhava Township.
2. A \$5.7 million loan in October 2020 to Discovery Business Industrial Zone LDA to support the construction of 14 warehouses to create a business park in Dili, Timor-Leste. The Australian benefits identified in this project include revenue flowing back to Australia and the projection that these warehouses would help facilitate Australian exports to Timor-Leste.
3. A US\$32 million (\$41 million) loan in May 2021 to a wind power project in the Quang Tri province in the central highlands of Vietnam. Our participation in the project will help pave the way for future commercial infrastructure opportunities for Australian businesses in Vietnam. We worked collaboratively with the ADB and as part of a broader syndicated finance facility, including the Japan International Cooperation Agency and private financiers. Becoming a co-financier of choice for the ADB will allow us to support more infrastructure development transactions and facilitate new market opportunities for Australian businesses.

Additionally, this transaction will help support a new growing sector where Australia has significant industry capability, including export capability. It is a demonstration of how we are contributing to the Australian Government's *Foreign Policy White Paper* objective of supporting infrastructure development in the Indo-Pacific region which aligns with Australia's principles. These principles are that infrastructure be developed in a way which is transparent and non-discriminatory, promoting fair and open competition; upholds robust standards, including environmental and social safeguards; meets genuine needs; and avoids unsustainable debt burdens.

We have also supported the following AIFFP transactions:

1. Palau Cable Phase 1. A US\$2 million loan to complement a grant to part fund a branching unit to new submarine cable connection from Palau to ECHO Cable.
2. Palau Cable Phase 2. A US\$7 million loan to finance phase two of the development – the fibre optic submarine cable.
3. Tina River Electricity Transmission Line. A US\$11 million loan for a transmission line for the new Tina River Hydro Project in the Solomon Islands.

2.8 International Partnerships

Since turning our focus to Indo-Pacific infrastructure in 2018, we have signed memoranda of understanding (**MOUs**) with our international partners in Japan and the United States.

These are:

- The TIP MOU with DFC, JBIC and DFAT in November 2018; and
- a bilateral MOU with Japan's Nippon Export Investment Insurance (**NEXI**) and DFAT in November 2018.

The TIP has held multiple meetings to discuss infrastructure in the region, including outreach missions to PNG and Indonesia and virtually to Vietnam. Its first project is an undersea fibreoptic cable to Palau. This project was announced by the Australian Government on 28 October 2020 and will connect Palau to a new cable spanning the Indo-Pacific region from Singapore to the west coast of the United States.

Our engagement with our international partners has helped to strengthen our ties with key stakeholders in the region, helping further the Government's vision of an open, inclusive and resilient Indo-Pacific.

The introduction of a broader infrastructure mandate has also provided a unique and timely opportunity for us to actively enhance our engagement with other regional ECAs and MLAs to promote our broader financing capabilities. Noting that the infrastructure financing needs of the region are significant, cooperation and collaboration with other international financiers is essential, particularly in circumstances where the financing of individual projects can require billions of dollars of investment. An important feature of our infrastructure mandate is the flexibility it provides to allow for our financing involvement alongside other international government and commercial financiers, especially our Trilateral Infrastructure Partners in the US and Japan and key regional MLAs such as the IFC and ADB.

Appendix 1 – Timeline

Date	Event
November 2018	<ul style="list-style-type: none"> The Australian Government announces the proposed establishment of the AIFFP and an infrastructure financing power for Export Finance Australia. Export Finance Australia, alongside DFAT, signs the Trilateral Infrastructure Partnership (TIP) with the United States' Development Finance Corporation (DFC) and the Japan Bank for International Cooperation (JBIC). Export Finance Australia, alongside DFAT, signs a memorandum of understanding on cooperation with Japan's Nippon Export and Investment Insurance (NEXI).
April 2019	<ul style="list-style-type: none"> Legislation is passed to amend the EFIC Act, enabling Export Finance Australia to disburse loans on behalf of the AIFFP and granting Export Finance Australia with its infrastructure financing power. TIP mission to PNG.
August 2019	<ul style="list-style-type: none"> The AIFFP is formally established, with the support of Export Finance Australia. Export Finance Australia conducts a joint mission with TIP partners to Jakarta and Singapore, meeting with a range of key stakeholders over a weeklong period.
November 2019	<ul style="list-style-type: none"> Export Finance Australia signs its first transaction using the new powers – a \$2.5 million loan to Rhodes Project Services to support the construction of two warehouses, one supermarket, and 32 accommodation houses in Tuhava, PNG.
April 2020	<ul style="list-style-type: none"> Virtual meeting with TIP partners to discuss prospects and opportunities in the region.
July 2020	<ul style="list-style-type: none"> Export Finance Australia has a virtual meeting with TIP partners to discuss prospects and country strategies.
August 2020	<ul style="list-style-type: none"> Export Finance Australia has a virtual meeting with TIP partners to discuss opportunities in the region.
October 2020	<ul style="list-style-type: none"> Export Finance Australia signs its second transaction using the new powers – a US\$4 million loan to finance the construction of a business park in Dili, Timor Leste. TIP Virtual Mission to Vietnam.
December 2020	<ul style="list-style-type: none"> Virtual meeting with TIP partners to discuss prospects and opportunities in the region.
May 2021	<ul style="list-style-type: none"> Export Finance Australia signs its third transaction using the new powers – a US\$32 million loan to finance the development, construction, and operation of three wind farms located in Vietnam.

Appendix 2 – Previous Projects

Project Name	Date	Size	Project Description
Mina Justa – Copper Project	2018	US\$50 million	<p>The Mina Justa copper mine in Peru started operating this year, targeting a production rate of around 100,000 tonnes of copper per year. As part of an international consortium, we provided a USD50 million loan to the project.</p> <p>The construction and production of this mine will include Australian content valued at over USD70 million, ensuring a considerable benefit to Australian SMEs.</p>
Aspen Medical – Health Infrastructure	2012	€11.4 million	<p>Aspen Medical is a global provider of healthcare equipment and was subcontracted by a Dutch multinational group to build a 900-bed hospital in Hambantota, Sri Lanka.</p> <p>We provided a reinsurance arrangement to support the supply of medical equipment and associated design and infrastructure for the hospital.</p>
PNG LNG – LNG Project	2009	US\$300 million	<p>The ExxonMobil-led PNG LNG project in Papua New Guinea is the world's largest project finance transaction.</p> <p>We provided a US\$350m loan to the project alongside international export credit agencies and commercial lenders to support Australian exporters.</p> <p>Our participation helped Australian exporters pursue and secure supply chain contracts for the construction phase of the project.</p>
Manila North Tollways Corporation – Transport Infrastructure	2002	\$107 million	<p>In collaboration with the Asian Development Bank and several other ECAs, we participated in a financing arrangement for the North Luzon Expressway Rehabilitation and Expansion Project.</p> <p>Our facility contributed to the syndicated financing arranged by the Asian Development Bank, which was essential in enabling the upgrade of a key section of Manila's highway infrastructure.</p>

Appendix 3 – Relevant Extracts from EFA’s Ministerial Statement of Expectations

“I expect Export Finance Australia to provide finance for overseas infrastructure projects that it reasonably expects to result in positive outcomes for Australia or Australians. Export Finance Australia should only provide overseas infrastructure financing where Export Finance Australia can demonstrate that it is likely to result in an Australian benefit. Benefits to Australia include, but are not limited to, greater Australian (including SMEs) participation in supply chains, access to new markets for Australian businesses, more Australian jobs, payments or dividends or other financial proceeds from overseas to Australia.

- *In respect of financing overseas infrastructure projects, I expect Export Finance Australia to reasonably satisfy itself through due diligence, consistent with its existing processes, and expert advice as needed, including from the Department of Foreign Affairs and Trade (DFAT), the infrastructure project is appropriate for the relevant nation and the governance surrounding project procurement is sound. In doing so, Export Finance Australia should also ensure there is appropriate compliance, as applicable, with:*
 - *the OECD Recommendation on Sustainable Lending Practices and Officially Supported Export Credits and its own additional debt sustainability due diligence procedures;*
 - *the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence;*
 - *the OECD Recommendation of the Council on Bribery and Officially Supported Export Credits;*
 - *the Prague Proposals; and*
 - *the Equator Principles.*
- *Export Finance Australia is to encourage Australian participation in any overseas infrastructure projects that it finances. It should support Australian businesses and encourage stronger commercial links between Australia and our region. In carrying out its new function, it should help Australian companies, especially SMEs, expand into overseas markets.*
- *I expect Export Finance Australia to focus particularly on the needs of Pacific island countries (including Timor-Leste). Export Finance Australia may also consider infrastructure projects more broadly in the Indo-Pacific region. For infrastructure projects elsewhere, Export Finance Australia may not rely on its powers under section 18A or 23A of the EFIC Act alone in support of overseas infrastructure development.*
- *I expect Export Finance Australia to work closely with DFAT to ensure the timely and effective implementation of the Australian Infrastructure Financing Facility for the Pacific (AIFFP). Export Finance Australia’s financing for infrastructure in Pacific islands should complement the AIFFP. When infrastructure projects have strong commercial prospects, they should be first considered by Export Finance Australia on its Commercial Account. Together, Export Finance Australia financing for infrastructure and the AIFFP will help address the infrastructure needs of Pacific island countries.”*

Appendix 4 – Projects Supported (3 April 2019 – end-May 2021)

EXPORTER / INVESTOR / CLIENT	EXPORT DESTINATION	NATURE OF FINANCING PROVIDED	AMOUNT OF FINANCING (AUD MILLIONS)	DATE SIGNED	COMMENTS
AVIONICS	Hong Kong	Loan	2.00	31/08/2020	Supply and installation of airfield ground lighting transformer housing systems for a new airport runway.
	Hong Kong	Bond	1.52	14/10/2020	Supply and installation of airfield ground lighting transformer housing systems for a new airport runway.
	Hong Kong	Bond	2.59	14/10/2020	Supply and installation of airfield ground lighting transformer housing systems for a new airport runway.
CCB ENVICO	Kiribati	Bond	0.33	16/04/2019	Construction of a terminal building for an airport.
	Kiribati	Bond	0.09	9/10/2019	Construction of a terminal building for an airport.
	Kiribati	Bond	0.08	18/11/2019	Construction of a sea wall to protect the runway at an airport.
	Marshall Islands	Bond	0.30	18/11/2019	Rehabilitation and construction of water supply and sanitation.
	Marshall Islands	Bond	0.30	18/11/2019	Rehabilitation and construction of water supply and sanitation.
	Kiribati, PNG, Solomon Islands	ELOC	5.00	19/02/2020	Construction of diplomatic residences (Kiribati), a health centre (PNG) and water treatment (Solomon Islands)

	Kiribati, PNG, Solomon Islands	ELOC	6.00	19/02/2020	Construction of diplomatic residences (Kiribati), a health centre (PNG) and water treatment (Solomon Islands)
CITYGREEN SYSTEMS	United States of America	SBEL	0.18	19/09/2019	Manufacture and installation of a pavement support system for trees at Centennial Park in Texas.
CONTRACT ELECTRICAL (QLD)	Papua New Guinea	SBEL	0.35	10/12/2019	Electrical works provided in the redevelopment of a hospital.
CRYOPERL	United States of America	Bond	0.67	11/08/2020	Construction of insulation for storage tanks for three LNG gas trains.
	United States of America	Bond	0.67	11/08/2020	Construction of insulation for storage tanks for three LNG gas trains.
DISCOVERY BUSINESS INDUSTRIAL ZONE LDA	Timor-Leste	ECL	5.67	29/10/2020	Construction of 14 warehouses to create a business park in Dili.
DXN LIMITED	Fiji, Niue, Papua New Guinea, Mozambique	Loan	0.50	3/09/2020	Design and manufacture of modules for data centres to support telecommunications networks.
ENSIGHT	United States of America	ECL	0.50	29/06/2020	Project management to delivery energy to public schools in Florida.
GEOVERT GROUND ENGINEERING	United States of America	Bond	0.81	4/04/2019	Maintenance works on the walls of the Hoover Dam.
	United States of America	Bond	0.27	12/04/2019	Works on a rockwall adjacent to a road.
	United States of America	Bond	0.32	18/05/2020	Works on a rockwall adjacent to a road.

LOTUS WIND POWER PROJECT	United States of America	Bond	0.32	18/05/2020	Works on a rockwall adjacent to a road.
	Vietnam	Loan	41.15	21/05/2021	Three wind power plants in Vietnam.
MARHAND PRECISION ENGINEERING	New Zealand	Bond	2.47	5/02/2021	Delivery and installation of a semi-automated railway wheel repair facility for KiwiRail.
PACIFIC WELDING INSTALLATIONS	Solomon Islands	SBEL	0.08	7/02/2020	Fabrication and installation of steel marine mooring buoys for a fuel terminal.
REEVES INTERNATIONAL PTY LTD	Kiribati	Bond	0.26	5/04/2019	Construction of a terminal building for an airport.
	Tonga	Bond	0.34	9/10/2019	Refurbishment of an international airport terminal.
	Tonga	Bond	0.17	9/10/2019	Refurbishment of an international airport terminal.
	Tonga	Bond	0.17	17/02/2020	Refurbishment of an international airport terminal.
	Kiribati	Bond	0.82	16/04/2020	Construction of a new High Commission and four diplomatic residences and facilities.
	Kiribati	Bond	0.82	16/04/2020	Construction of a new High Commission and four diplomatic residences and facilities.
	Papua New Guinea	Bond	0.46	15/10/2020	Construction of a hospital and mortuary.
	Papua New Guinea	Bond	0.46	15/10/2020	Construction of a hospital and mortuary.
	Tuvalu	Bond	0.12	15/10/2020	Construction of a primary school.

RHODES PROJECT SERVICES	Papua New Guinea	ECL	2.50	7/11/2019	Construction of warehouses, a supermarket and accommodation facilities.
	Papua New Guinea	ELOC	1.70	29/04/2020	Construction of school facilities and accommodation for government workers.
	Papua New Guinea	ECL	0.77	29/04/2020	Purchase of inventory for ongoing infrastructure projects in country.
	Papua New Guinea	ELOC	0.88	11/05/2021	Ongoing works for various government projects.
	Papua New Guinea	ELOC	1.01	11/05/2021	Ongoing works for various government projects.
	Papua New Guinea	ELOC	1.61	11/05/2021	Ongoing works for various government projects.
	Papua New Guinea	Bond	0.12	14/05/2021	Construction of a justice centre for government departments and administrative services.
	Papua New Guinea	Bond	0.37	14/05/2021	Construction of a justice centre for government departments and administrative services.
RJE GLOBAL	Papua New Guinea	Bond	0.12	14/05/2021	Construction of a justice centre for government departments and administrative services.
SUN ENGINEERING	Myanmar	ECL	1.52	28/08/2020	Design and construction of a substation to power a business park/city quarter.
	Fiji	Bond	0.06	17/12/2020	Design and construction of a tank for a fuel terminal.
	Fiji	Bond	0.06	17/12/2020	Design and construction of a tank for a fuel terminal.

UAP AUSTRALIA	Fiji	Bond	0.05	17/12/2020	Design and construction of a tank for a fuel terminal.
	Fiji	Bond	0.05	17/12/2020	Design and construction of a tank for a fuel terminal.
	Papua New Guinea	Bond	0.06	26/03/2021	Engineering, procurement and construction services for a water storage and treatment plant at a refinery.
	Papua New Guinea	Bond	0.06	26/03/2021	Engineering, procurement and construction services for a water storage and treatment plant at a refinery.
	Papua New Guinea	Bond	0.15	26/03/2021	Engineering, procurement and construction services for a water storage and treatment plant at a refinery.
	Papua New Guinea	Bond	0.15	26/03/2021	Engineering, procurement and construction services for a water storage and treatment plant at a refinery.
	United States of America	Bond	1.46	19/09/2019	Design of a bridge over a river in a major city.
	United States of America	Bond	1.48	15/10/2019	Design of a bridge over a river in a major city.
VELNAH	New Zealand	SBEL	0.09	1/10/2020	Supply of fibre optic distribution points for New Zealand's national broadband network.
VIX MOBILITY	United States of America	Bond	3.24	5/01/2021	Implementation of an automated fare collection technology across a city's public transit system.

**Highlighted transactions are those relying on the new powers.*

***Types of facilities:*

- An ECL is an export contract loan, while an ELOC is an export line of credit and an SBEL is a small business export loan.*
- Bonds are performance bonds/guarantees, which guarantee an exporter's performance obligations under a contract.*