

### **Project 3**

#### ***Journey of closing the first local bank limited recourse project financing in Myanmar***

In October 2019, National Infrastructure Holding Company led consortium successfully closed a limited recourse debt financing facility of MMK 74 billion (around US 53 million) with KBZ Bank for financing of PowerGen Kyaukse 145MW gas-fired IPP in Myanmar. This signifies the first local project financing on limited recourse basis to happen to date by Myanmar local banks. Prior to PowerGen Kyaukse, Myanmar local banks have predominantly been financing infrastructure projects on a sponsor balance sheet or on a corporate basis. With the successful precedent of PowerGen Kyaukse, infrastructure development may take on a new avenue of financing possibilities, allowing good viable projects with strong project economics to be supported by local banks and not solely on a sponsor's balance sheet basis.

The success was made possible due to strong sponsor contribution to the country's critical power generation infrastructure, government commitment in implementing projects and negotiating fair risk allocation to private financiers and local banks assessing financing support on a project basis. KPMG was involved as the sponsor and the sole financial advisor throughout the entire process since 2017; from assisting the company in its successful structuring and bidding for Kyaukse IPP, to the formal award in May 2018, the PPA signing in 2018, and the financial close in Q4 2019.

