

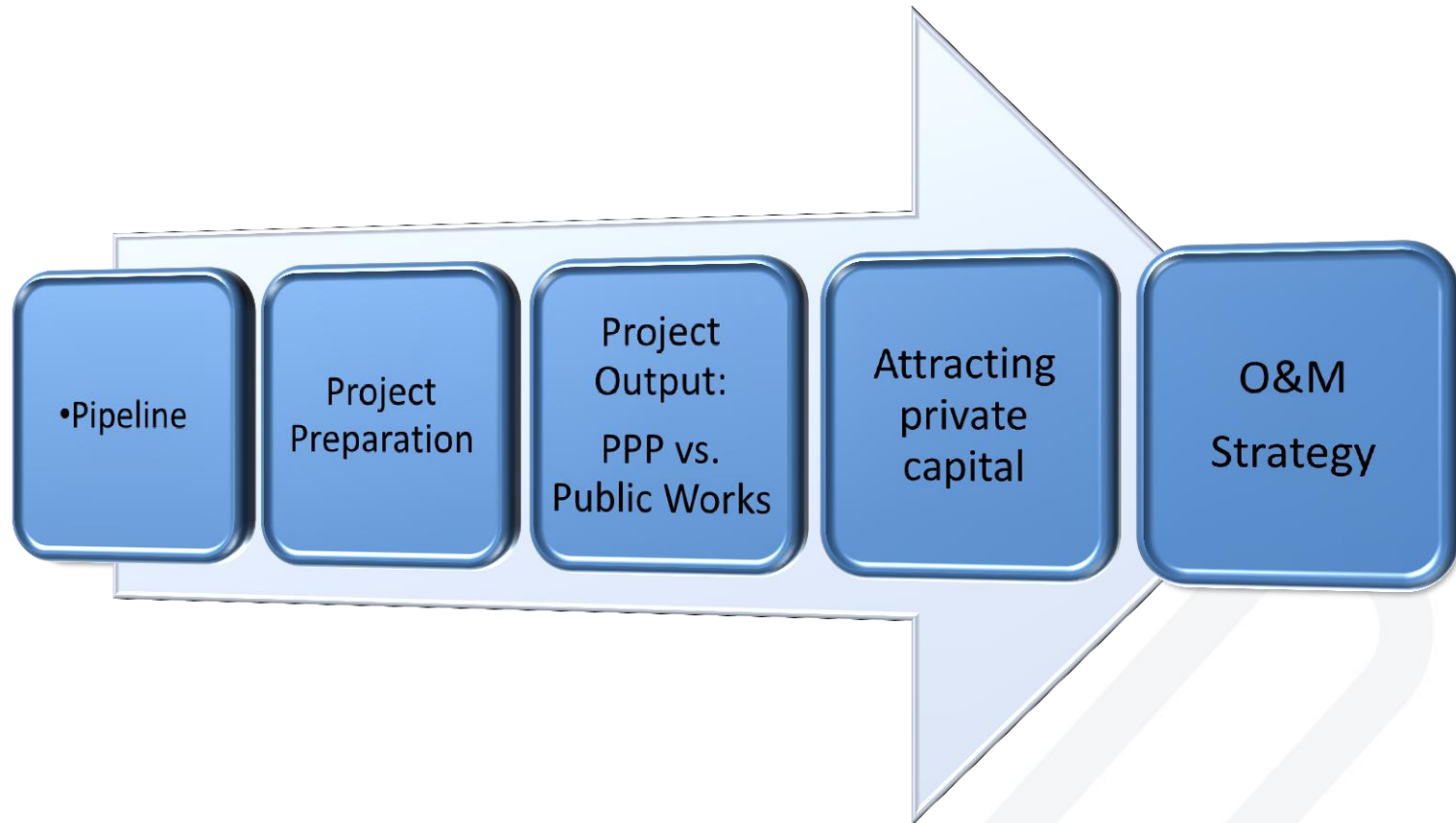
# Innovative Financial Instruments

Adaptation and Resilience

Caribbean Islands

Ricardo De Vecchi  
Lead Investment Management Officer  
PPP Advisory

# Financing Adaptation & Resilience Projects - Challenges



# Characteristics of Adaptation & Resilience Project Financing

- Needed to withstand Climate Change effects
- Standalone A&R projects vs. integrating A&R measures to basic infrastructure
  - Standalone → Require Government investment
  - Integrated → Might be developed and operated by the private sector
- Financial innovations for A&R projects should:
  - Be flexible
  - Make use of all financing tools available in the market
  - Take into account the economic & social benefits of projects
  - Be in-line with countries' needs and specific situation

# Innovative Financing: Harnessing IDBG's Experience



# Innovative Financing: IDB | Invest Support



**PPP Structuring**

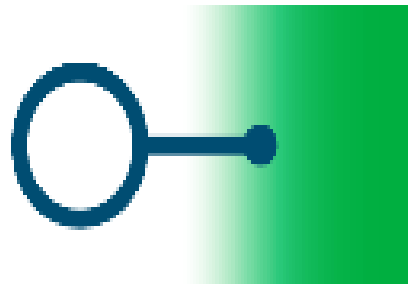


**Blended Finance  
Solutions**



**Ad-hoc financial  
structures**

# IDB | Invest Support



## PPP Structuring

# IDB | Invest Support: Public Private Partnerships

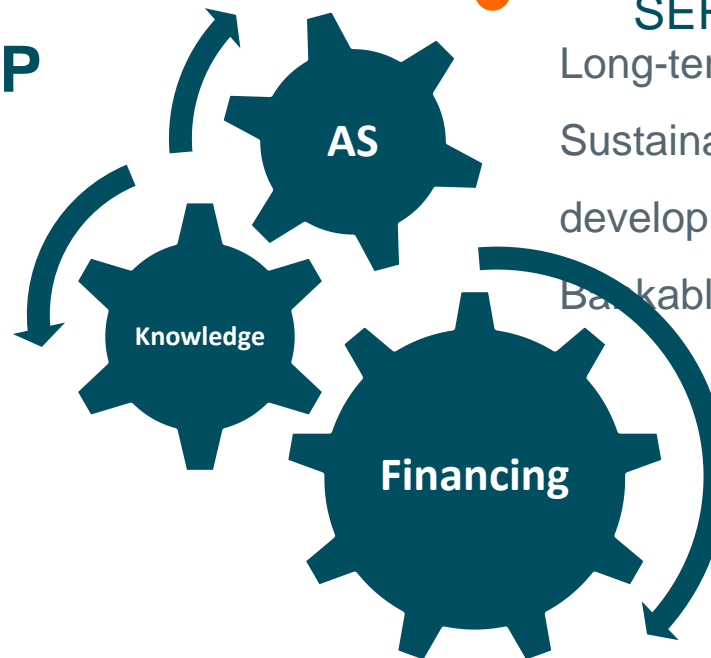
“ A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance ”

# IDB | Invest Support: Public Private Partnerships

## ONE STOP SHOP

### KNOWLEDGE SHARING

- InfraScope
- PPPAmericas
- Community of Practice
- Knowledge Network
- MOOCs
- International Infrastructure Support System (IISS)



### ADVISORY SERVICES

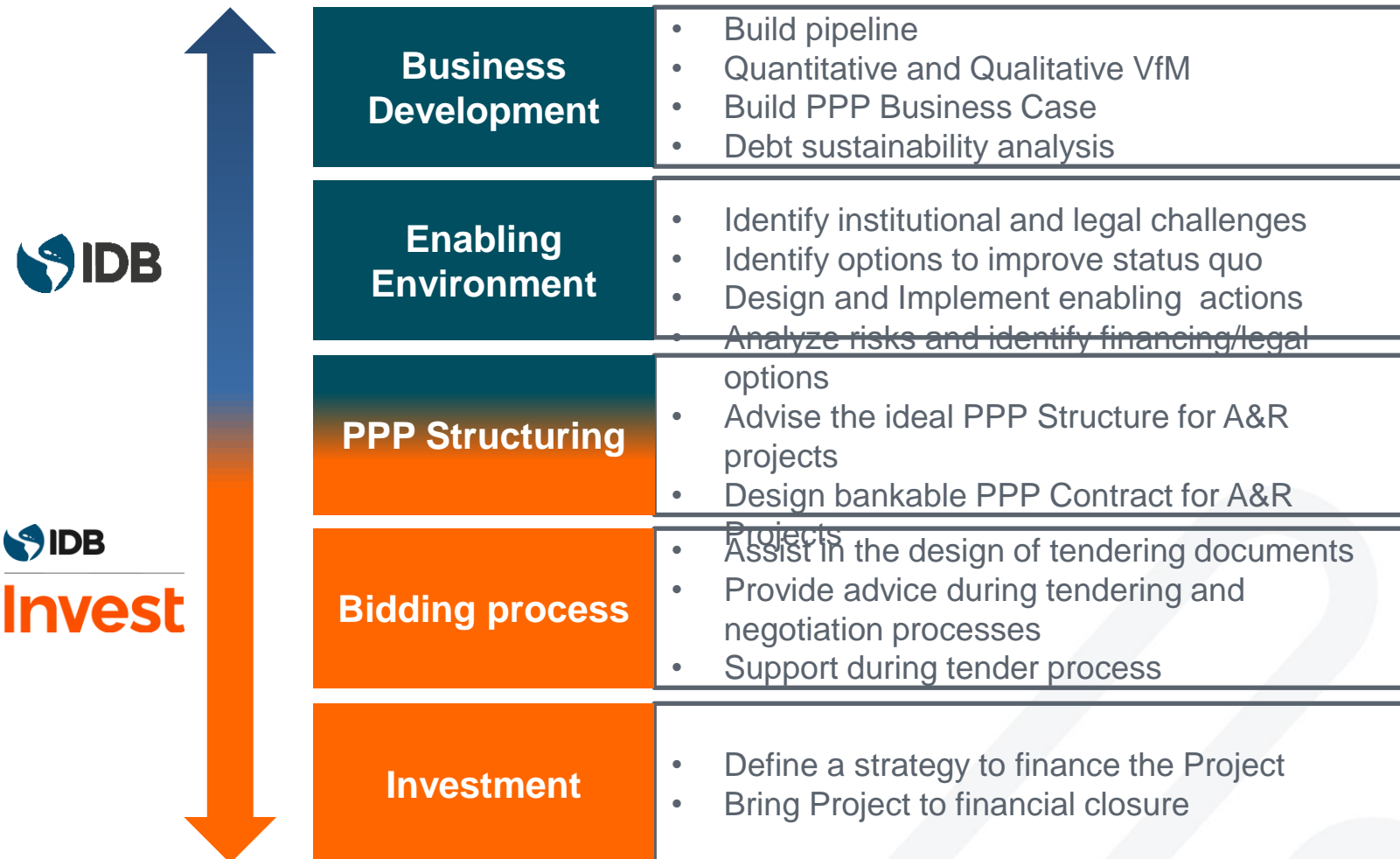
- Long-term program planning
- Sustainable investment plan development
- Bankable deal structuring support

### FINANCIAL PRODUCTS

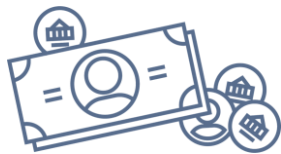
- Non-sovereign Loans and Guarantees
- Sovereign Loans
- Blended Finance



# IDB | Invest Support: Public Private Partnerships



# IDB | Invest Support: Public Private Partnerships



Identify ideal  
**FINANCING**  
**STRUCTURES**



Harness private  
sector **INNOVATION**  
and **EFFICIENCY**



Integrate **ADAPTATION**  
and **RESILIENCY**  
aspects into contract  
structuring



Foster local  
**ECONOMIC**  
**DEVELOPMENT**

# IDB | Invest Support



## Blended Finance Solutions

# IDB | Invest Support: Blended Finance Definition

The combination of concessional resources with the institutions' own capital,

To mobilize private sector resources,

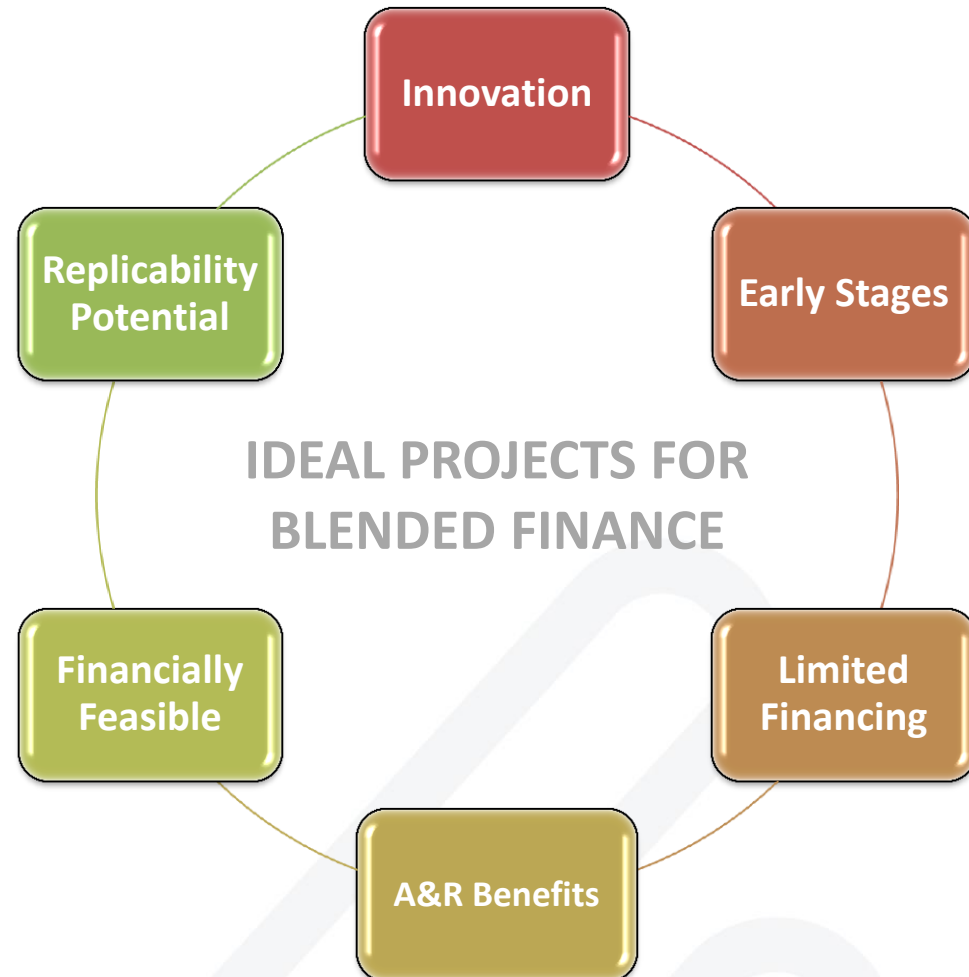
Towards highly additional and transformational projects,

That are economically sound,

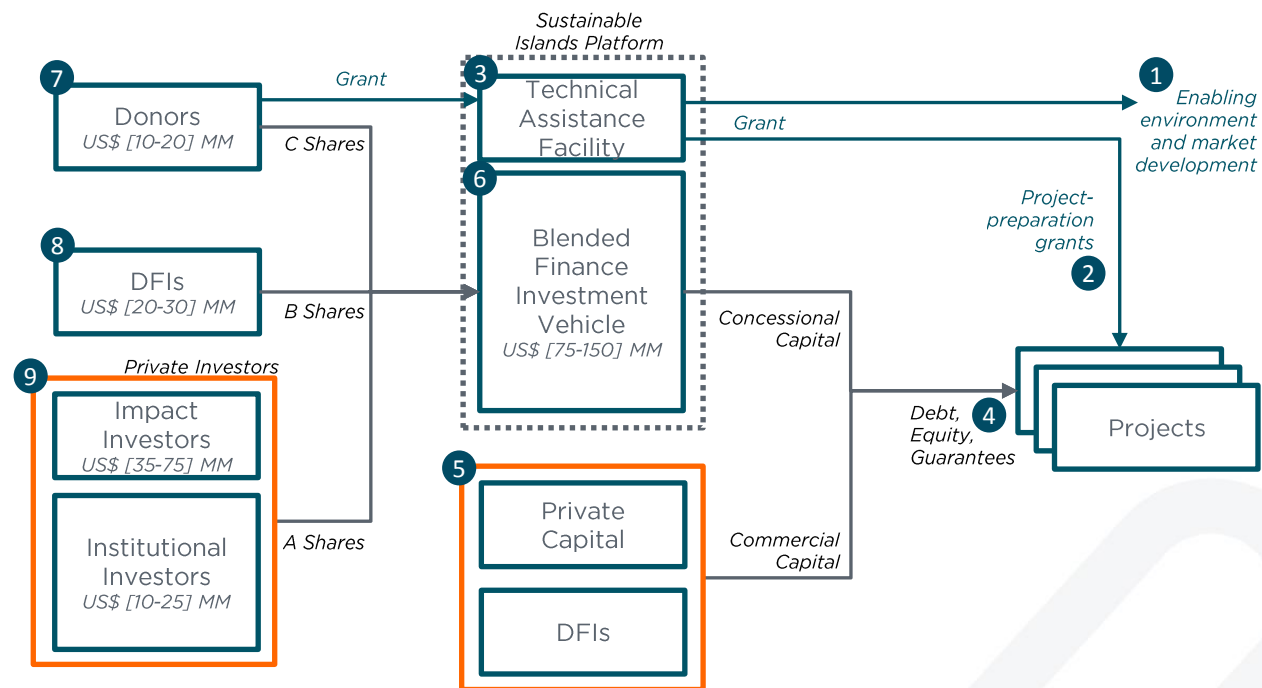
But require temporary subsidy or other support

# IDB | Invest Support: Blended Finance

- Increase **local capacities** in Caribbean countries
- Promote **private sector** participation
- Create **new markets** / Expand existing ones
- Use concessionality as a vehicle to achieve **bankability**
- Help the Caribbean countries **achieve it's A&R goals**



# IDB | Invest support: Blended Finance Example



# IDB | Invest Support



## Ad-hoc financial structures

# IIC Support: Ad Hoc Financing

- IDBG can provide **end-to-end support** for projects that have low (or zero) financial returns but high economic impact
- Through its blended finance and PPP windows, IDB | Invest can effectively develop financial structures **to trigger the mobilization of private capital** into A&R projects

## Examples:

- A&R projects funded by bonds where **future government savings act as payment sources** (similar to public lighting projects)
- Structures where the **government pays a periodic sum** for the planning, construction, operation and maintenance of R&A infrastructure (similar to social infrastructure)
- Structures where the project's source of income does not cover construction and O&M costs and where the **government has to provide a subsidy** (similar to water projects)



# Innovative Financial Instruments

## IDB Invest Non-Financial Products

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