Risk-sharing tools

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The tools and the challenge

**Risk-sharing tools** to overcome barriers for investment, deepen markets and speed up transformation

Further developing the market for **green or climate bonds**

(WEF 2013)
Where is de-risking relevant

**Small-scale or distributed solutions, e.g. EE and renewable energy**
- Households
- Commercial and industrial SMEs
- Agriculture, Forestry
- Larger industry
- Public sector services (buildings, municipal lighting).

**Infrastructure**
- Transport infrastructure and systems
- Electricity generation, transmission and distribution.
- Water, sanitation.
- Waste
Barbados: Energy Sector Transformation

Challenges

• 92% petroleum is imported, half for electricity, 33% for transport
• ~6% GDP, high dependency
• All elec is fossil-fuel based
• in 2008 kWh reached US$0.25 or $148/mo for avg family consuming 400kWh
• offset cost US$18m (subsidy)
• strain on socio-econ sustainability; reduces competitiveness; high emissions; low e efficiency

Instruments

• policy-based lending
• TA to assess RE potential & costs, EE measures
• sector-based measures, i.e. EE in Tourism
• Grants: GEF for pilots in PV, capacity building and public awareness
• Invest w LIBOR-based, blended with concessional or grant eg Public Sector Smart Energy Program
• Smart Fund
Barbados Smart Fund

Objectives
- promote RE, EE by overcoming fin barriers
- reduce fossil fuel dependency, promote sust energy supply
- reduce carbon emissions

Features
- US$10m SG loan
- $1m capacity building, $9m loans via private funds manager, tech (CC) and fin review
- Below-market rate; longer amortization
Consider all the building blocks

A pipeline of de-risked investment projects
Aggregation and bond issuance
Mobilizing investors