

Strengthening Capacity in developing bankable transport infrastructure projects for enhanced connectivity

Training-workshop for policy-makers from Landlocked Developing Countries and Transit Countries

Role of Multi-lateral Development Banks in developing and financing bankable transport

infrastructure projects



7 April 2021

## ISDB'S NEW BUSINESS MODEL

Focus on Three KPIs

Domestic Economic Value Add

Number of Quality Jobs

Net Resources Transfer

### SUPPLY SIDE STRATEGY

Public Finance

The Three Guiding Principles
Private Finance

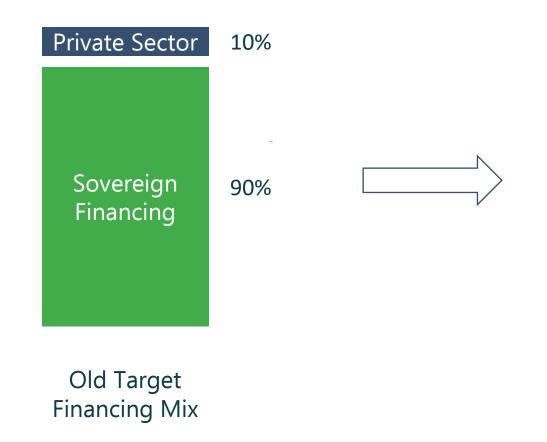
Concessional Finance

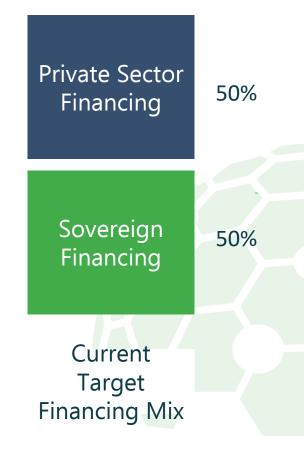
Use sovereign financing only when needed

Catalyze
domestic and
international
private sector
investment

Amplify ODA impact with innovative approaches

## **FOCUS SHIFT**





## IsDB's REGIONAL SUPRANATIONAL INFRASTRUCTURE ENTITY (RISE) (1/4)

#### RISE (WHAT)

- The flagship IsDB New Business Model Financing Strategy
- Joint Venture between regional governments & IsDB [Hamburg Principle]

#### RISE Model Roll Out



- RISE Gabon is operational since 2020 with \$2.1 billion projects
- 10 MCs : Ongoing discussions and MoU signed





# IsDB's REGIONAL SUPRANATIONAL INFRASTRUCTURE ENTITY (RISE) (2/4)

#### RISE (WHAT)

- The flagship IsDB New Business Model Financing Strategy
- Joint Venture between regional governments & IsDB [Hamburg Principle]

Create Livelihoods & Markets *(WHY)* 

- Link local economy with Global Value Chains
- Address market failures with upstream capacity building
- Implement strategic industry upgrading projects





## IsDB's REGIONAL SUPRANATIONAL INFRASTRUCTURE ENTITY (RISE) (3/4)

RISE (WHAT)

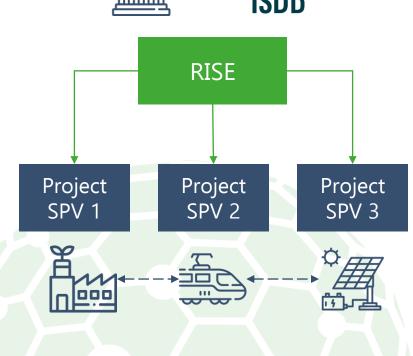
- The flagship IsDB New Business Model Financing Strategy
- Joint Venture between regional governments & IsDB [Hamburg Principle]

Create Livelihoods & Markets (WHY)

- Address market failures with upstream capacity building
- Implement strategic industry upgrading projects
- Link local economy with Global Supply Chains

Unlock Private Investments (HOW)

- Create revenue streams for the supply chain projects
- Mobilize finance from capital markets
- Provide blended derisking instruments





## ZOOM ON FUNDING PER PROJECT DEVELOPMENT

PREPARATION & STRUCTURING

- Feasibility study
- Project design
- Concession bidding process

**RISE EQUITY** 

- × Lack of bankable projects
- × Scarcity of wellprepared projects
- × Lack of experience in

2 STAGE (2/4 TENDER

- Contract signature
- Financial close

RISE EQUITY
PRIVATE SECTOR

**BANK FINANCING** 

- × Under investment from PS
- × Asymmetry of information
- × Political risk

IMPLEMENTATION

- Construction
- Operationalization
- Maintenance

**RISE EQUITY** 

**SPONSOR EQUITY** 

**BANK FINANCING** 

INFRASTRUCTURE SUKUK (AAA)

- × Lack of patient capital
- × Expensive long-term financing
- × Lack of capital market instruments

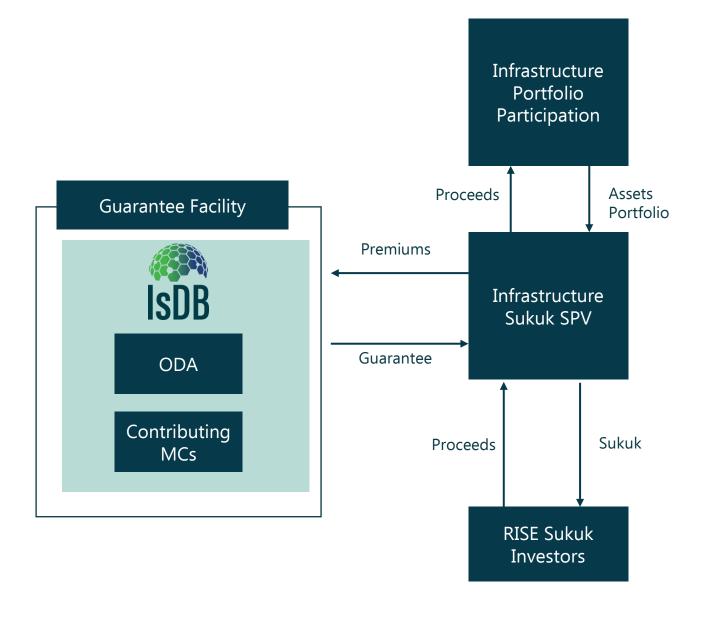
PROJECT FINANCING

PROJECT CYCLE

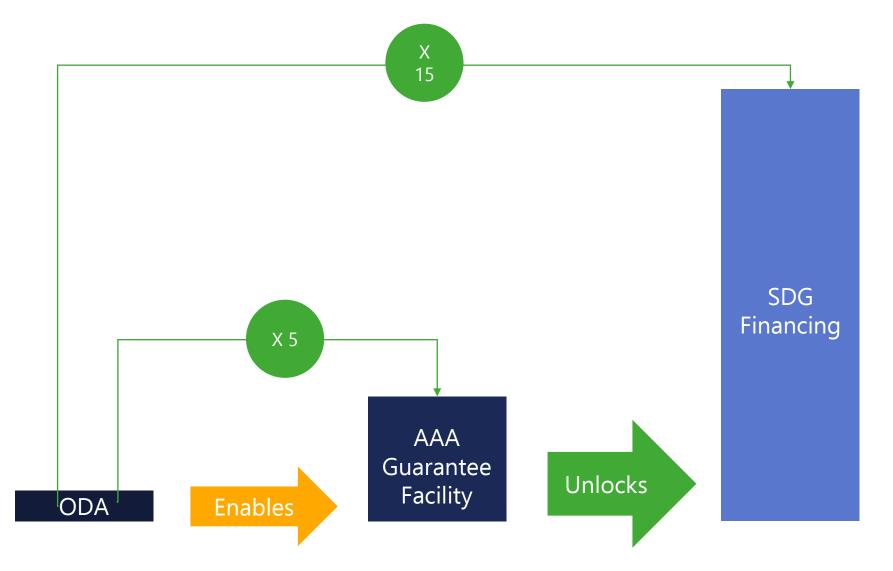
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Bottle Necks Resolved

## DERISKING & INFRASTRUCTURE SUKUK ISSUANCE(3/4)



## **INNOVATIVE ODA LEVERAGE**



#### **VALUE PROPOSITION**

- No cash contribution from ODA
- 2. Guarantee is low risk and unlikely to be called
- 3. Unlocks 15X SDG financing

## Thank You

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