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GENERAL ASSEMBLY

WORKSHOP

The role of development banks in the financing of PPPs

Date	:	Monday, May 20
Place	:	Casa de America Anfiteatro Gabriela Mistral (Ground floor)
Time	:	14:30 to 16:15 p.m.
Organizers	:	Inter-American Development Bank (IDB) / ALIDE
Moderation	**:**	Enrique Nieto Connectivity, Markets and Finance Division (CMF), IDB

The IDB and the General Secretariat of ALIDE received the mandate of the 48th General Assembly of ALIDE to establish a working group where the national development banks (NDBs) exchange experiences about their role in the promotion of public-private partnerships (PPP). Thus, the IDB and ALIDE convened the first meeting of the working group in Washington D.C. on April 30 and May 1, 2019. This workshop aims to present the results of the first meeting of the IDB and ALIDE working group and to promote a space for the NDBs to exchange lessons learned with European development banks.

THEMATIC FRAMEWORK OF THE WORKSHOP

NDBs are increasingly seen as an infrastructure-financing tool in emerging economies. However, many NDBs have traditionally been dedicated to the financing of productive sectors and many of them have not yet actively participated in the PPP market. One of the ways in which NDBs can contribute to the development of PPPs is through financial and non-financial instruments that, directly or indirectly, help to fund, finance, or reduce risks associated with the construction and operation of PPPs.

In this sense, the workshop will seek to reflect on the role of NDBs in the promotion of PPPs in three different dimensions:

- *Financial Instruments*: In recent decades, several Latin American countries have used their public banks, particularly banks and development financial institutions, as a tool to promote and encourage the provision of financial resources to private vehicles responsible for implementing PPP projects. These banks have at their disposal a wide range of instruments to financially support PPPs, such as loans of different forms, equity participations, and credit enhancement instruments such as partial credit guarantees, political risk guarantees, or guarantees of credit refinancing.

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- *Structuring and preparation of projects*: The financial capacity of public banks and their involvement in the analysis of financial viability, risk allocation, and structuring of financing of infrastructure projects gives them a specialization that can be very relevant to support the public sector in the development of national PPP programs. Several NDBs in Latin America have internal preparation and structuring teams for PPP projects and their business model and experience structuring projects can be very valuable for other banks in the region that want to develop these capabilities internally.

- *Institutional training*: Public banks are involved with the cycle of PPP projects, either as project financiers, providers of risk mitigation mechanisms, or non-financial service providers. Therefore, the development of specific capacities at two levels is required: institutional design to create incentives and divisions of adequate functions, and knowledge and experience of its officials, who must accumulate specific skills associated with the peculiarities of PPPs. The development of internal institutional capacities is one of the important challenges that NDBs must overcome to play a relevant role in PPP programs.

AGENDA

14:30 a 16:30 hours — **Session 1: The ALIDE-IDB Regional Development Working Group of PPP**

1. Presentation of the ALIDE-BID working group on the development of PPP, Juan Antonio Ketterer, IDB

2. Report of activities, group objectives and work plan, Sergio Forte, Banobras, (president of the working group)

3. Presentations and panel discussion "Opportunities for development in the financing of PPPs"
   - Structuring and preparation of projects, Sergio Gusmao Suchodolski from BDMG, Brasil.
   - Institutional capacity building, Fernando Preusche, BICE, Argentina
   - Financial instruments, Miguel Siliceo, Bancomext, Mexico

16:00 a 16:15 hours — Coffee break & Networking

16:15 a 17:30 hours — **Session 2. Relevant experiences in Europe for the development of PPPs in Latin America**

4. Panel discussion on the "PPP Model, experiences and lessons learned in Europe"
   - Experiences in Europe, Juan Audibert, European Investment Bank
   - Experiences in Spain, Rodrigo Madrazo, Director General of COFIDES
   - Experiences in Eastern Europe, Marcos Martinez Garcia, EBRD

Questions & Answers

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