

Financiamiento para la Inversión Privada en Infraestructura

Capital Markets and Financial Institutions - CMF
Inter American Development Bank - IADB



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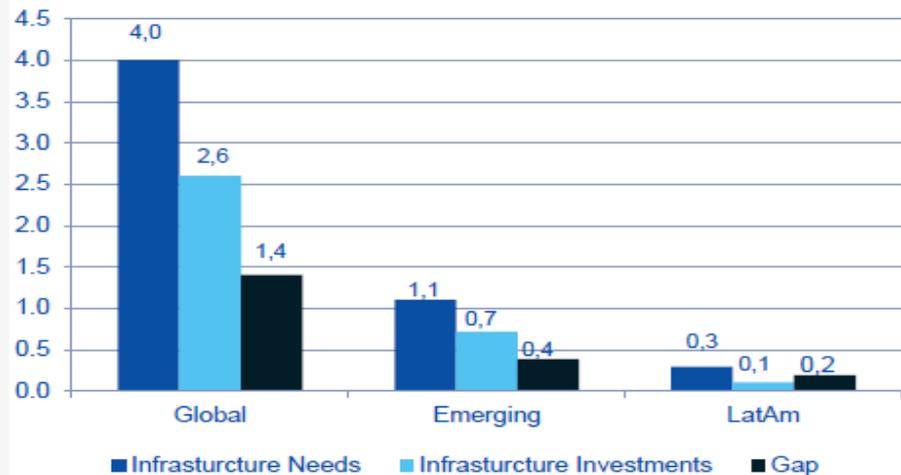
- The Infrastructure Financial Gap Challenge
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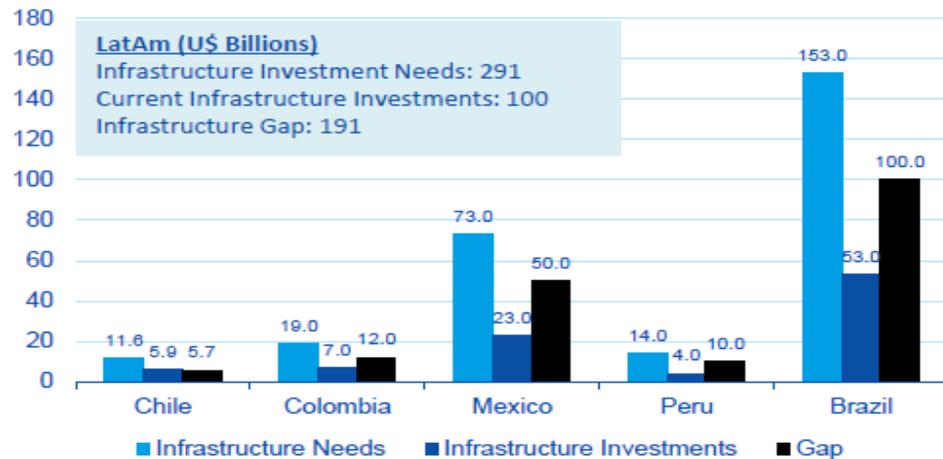
Infrastructure GAP

Financing infrastructure

Global Infrastructure gap
(financial needs per year-US\$ Trillions)
Source: BBVA Research



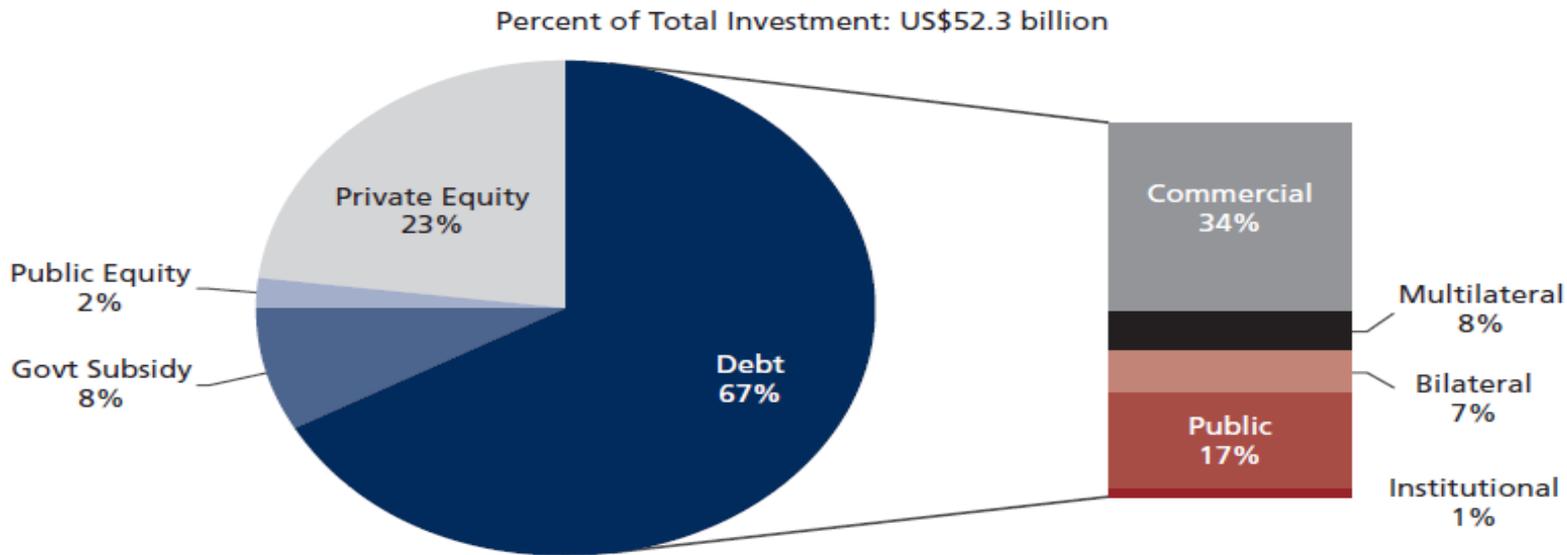
Latin American Infrastructure gap
(financial needs per year- US\$ Billions)
Source: IMF / BBVA Research



- Important needs of financing the infrastructure gap.
- US\$ 191 billion of infrastructure gap in LatAm. It represents 5,5% of GDP per year
- How to finance the gap?

Sources of Financing the GAP

FIGURE 1: SOURCES OF FINANCING FOR 163 PROJECTS



Macro financial Context

- High macro-financial uncertainties due to:
 - Monetary policy tightening process
 - Political uncertainties (Brexit and others).
 - High Banking and Corporate risk (Credit Risk, Market Risk and Liquidity Risk)
- Enhanced Regulatory Framework due to the financial crisis (Basel II and III)
- Highly leveraged banks, corporates and public sector.
- Reduced ROE and ROA in the Banking Sector
- Underdeveloped capital markets: structural vs regulatory reasons

Micro financial Context

- Supply Vs Demand considerations
- Increasing importance of certain risks:
 - Construction/completion risk
 - Exchange rate risk
- Market and Banking Finance: pros and cons

	Banking Finance	Capital Markets
Advantage	Financing Match More flexibility in renegotiating Covenants and Security Packages More knowledge of construction risk	Attracts institutional investors No refinancing risk
Disadvantages	Refinancing risk	Negative carry and no roll up Bon Rating reduced by completion risk

Private sector instruments for completion risk mitigation

1. Garantías de cumplimiento otorgada al constructor por su empresa matriz

Reducen la pérdida por probabilidad de quiebra del contratista.

2. Provisiones de reparaciones por incumplimiento mayores en los contratos.

Reducen incentivos estratégicos a incumplir

3. Garantías de Desempeño: Este mercado tiene muy escaso desarrollo en LAC y en el mundo a raíz de las crisis de las *monolines*.

Garantías de cumplimiento.

Bonos o seguros de desempeño.

4. Tramos de deuda subordinada

Reducen la pérdida esperada del bono en el mercado de capitales.

5. Acuerdos de capital adicional por parte del sponsor



Public sector instruments for completion risk mitigation

1. *Proyectos estructurados por Empresas Públicas de elevada solvencia.*

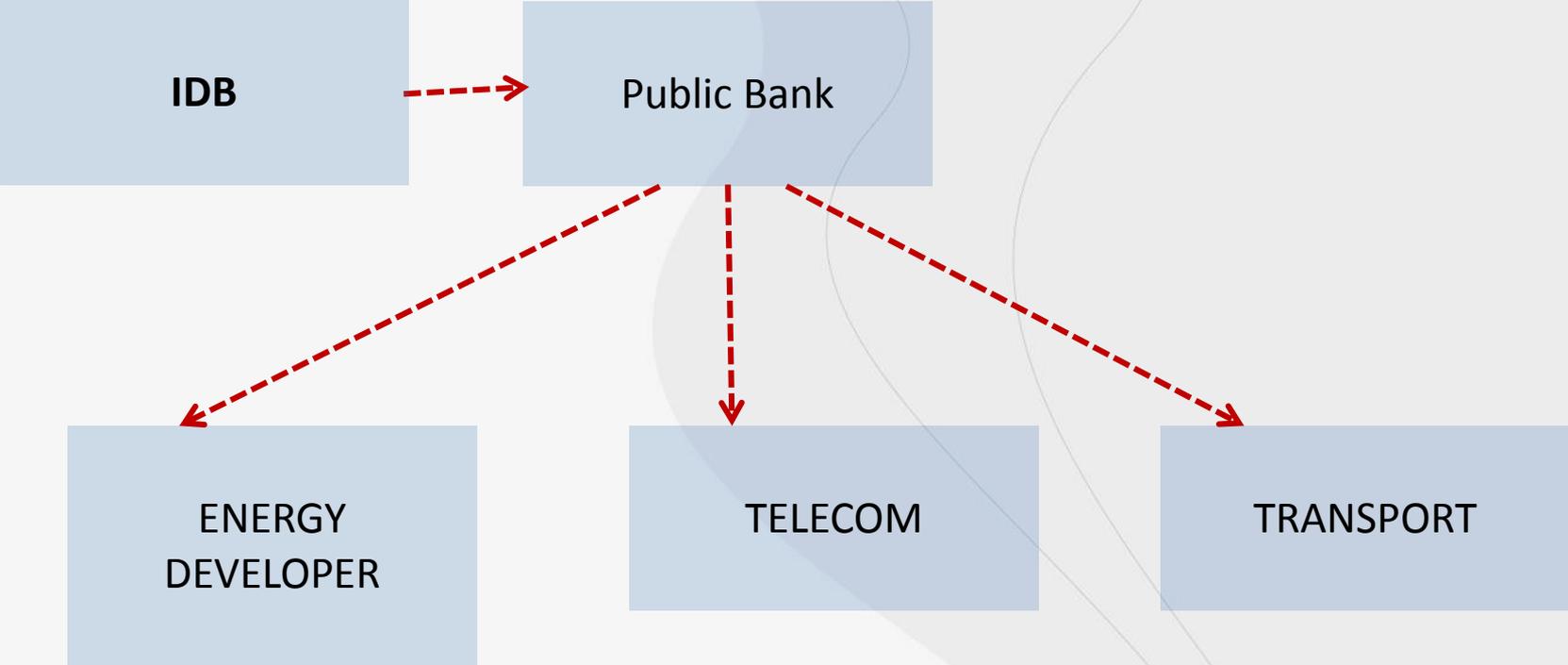
Por ejemplo. Metro de Chile. No necesariamente consolidan como deuda.

2. Proyectos estructurados mediante modelo "llave en mano" (*turnkey projects*) con certificados negociables. Mitiga el riesgo de construcción porque lo asemeja a una contratación pública tradicional y reduce el riesgo de construcción para el inversor. Por ejemplo, el metro de Perú.

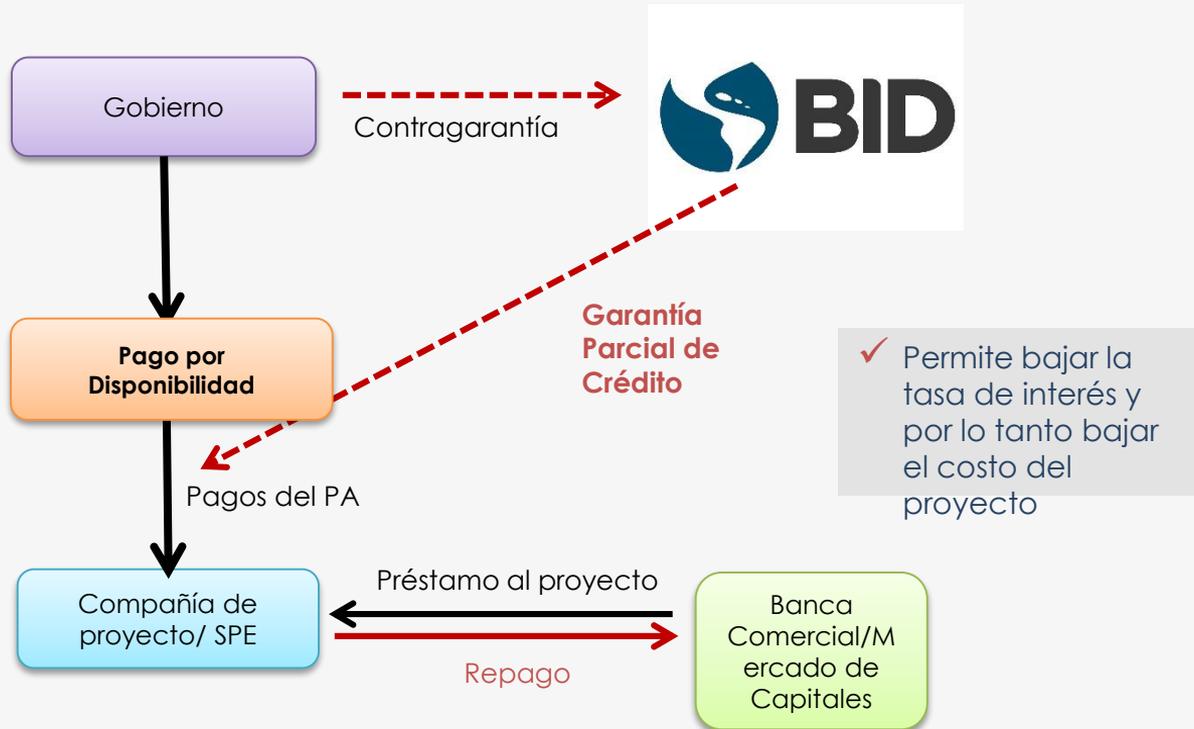
3. Fondos de garantía para *debentures*. Fondos para mitigar el riesgo proyecto en general de los bonos. Este mecanismo no supera el rating local. Problemas de estructuración debido a capacidades públicas.

4. Avales y Líneas de préstamo subordinados de Bancos u Organismos Públicos. Por ejemplo, TIFIA en EEUU proporciona préstamos federales de bajo costo (hasta un 49% de la APP) que se subordina en evento de default. BROU participa parcialmente en paquete de garantías y avales que mitigan riesgo de construcción. Líneas Contingentes del Banco Europeo de Inversiones.

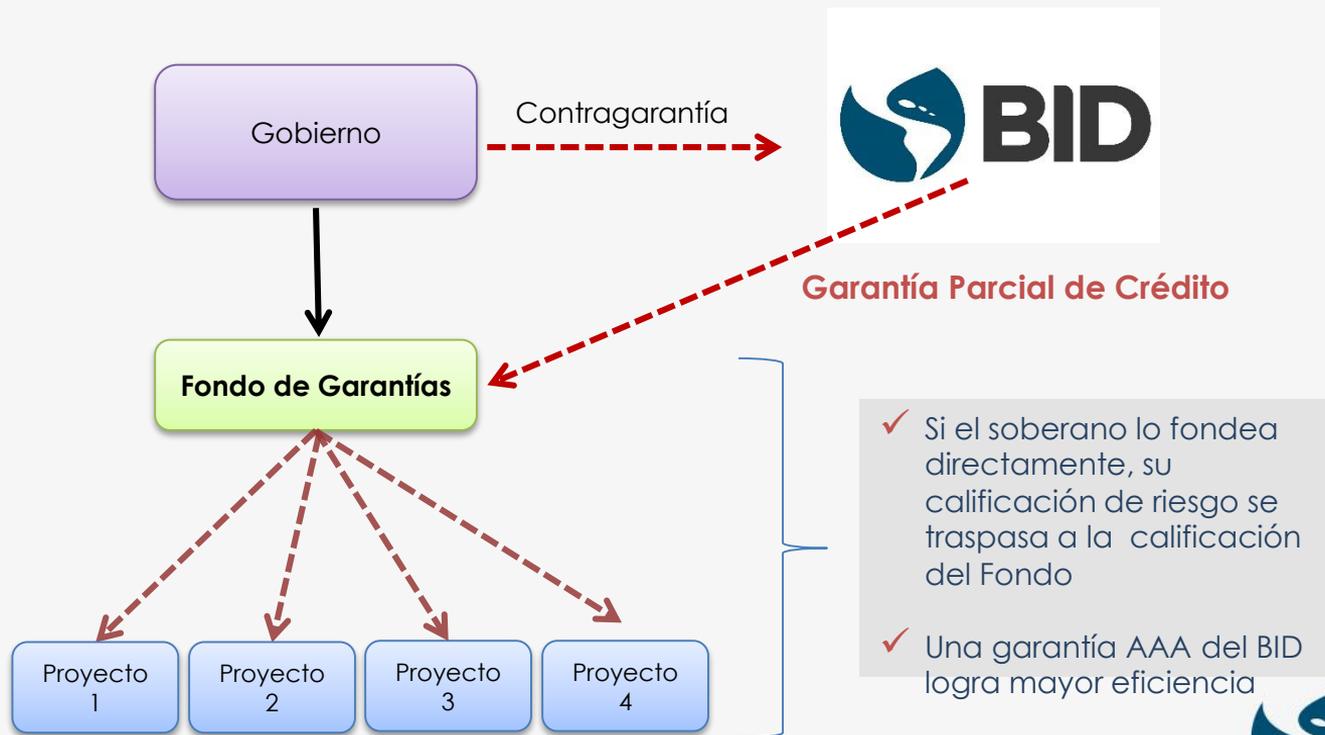
IDB Toolkit – Public Banks



IDB Toolkit – Project Guarantees

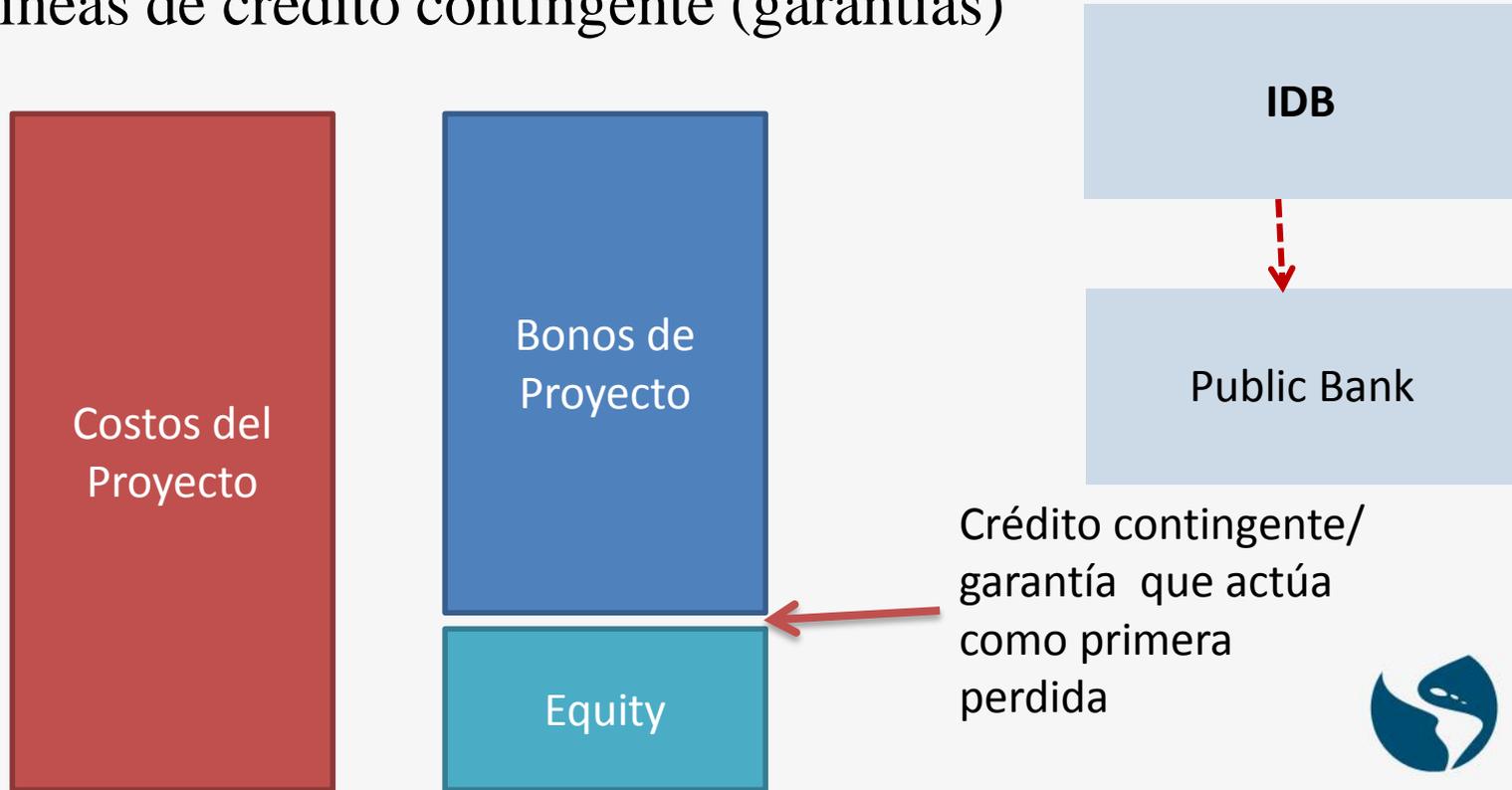


IDB Toolkit –Guarantee Facilities



IDB Toolkit: contingent credit lines

- Líneas de crédito contingente (garantías)



CMF Toolkit – Capital Markets Reforms

Capital Markets Regulation and Supervision

- IOSCO Principles
- Institutional strengthening
- Financial Transparency
- Market Infrastructure
- Accounting Standards
- Regional Cooperation

Local Bond Markets Development

- Optimize issuance process and costs
- Enhance transparency and efficiency
- LBM Strategic Development

Investor Protection and Regulation

- Regulation and incentives for Institutional Investors
- Governance Frameworks
- Insolvency regime
- Settling disputes process

Capital Markets Integration

- Regulatory harmonization
- Fiscal harmonization
- Clearing and Settlement harmonization

Toolkit – LAC PPP Risk Management Group

- Objective is to provide a Dialogue between PPP Risk Management experts within the Finance Ministries (and PPP Units).
- Regional Public Good / First Meeting in December 2016
- 12 Latin American Countries
- Activities:
 - i. Institutional strengthening
 - ii. Research
 - iii. Database

