



INNOVATIVE FINANCING FOR RECOVERY AND SUSTAINABLE DEVELOPMENT

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INNOVATIVE FINANCING
FOR RECOVERY AND
SUSTAINABLE
DEVELOPMENT

AGENDA

01

Resilience and Holistic
Development

02

Marshaling Finance for
Development

03

The Recovery Duration
Adjuster

Vision for Sustainable Development in the Caribbean

Initial Position



Structural
Deficiencies
in Resilience
Dimensions

Partial Development



Advancement
in 1 Resilience
Dimension

Holistic and Sustainable
Development



No Dimension
Left Behind

Marshalling Finance for Development

Financing for Rescue



- Emergency Policy-based Loans (EPBLs).
- Caribbean Catastrophe Risk Insurance Facility (CCRIF).
- Insurance-Linked Securities (ILS).

Financing for Recovery



- Policy-based Operations (PBOs).
- Precautionary and Contingent Credit Facilities.

Financing for Repositioning



- SDG Themed Bonds.
- SDR-denominated Resilience Bonds.
- Contingent Debt Instruments that price in reforms.
- Concessional finance.
- Private Equity



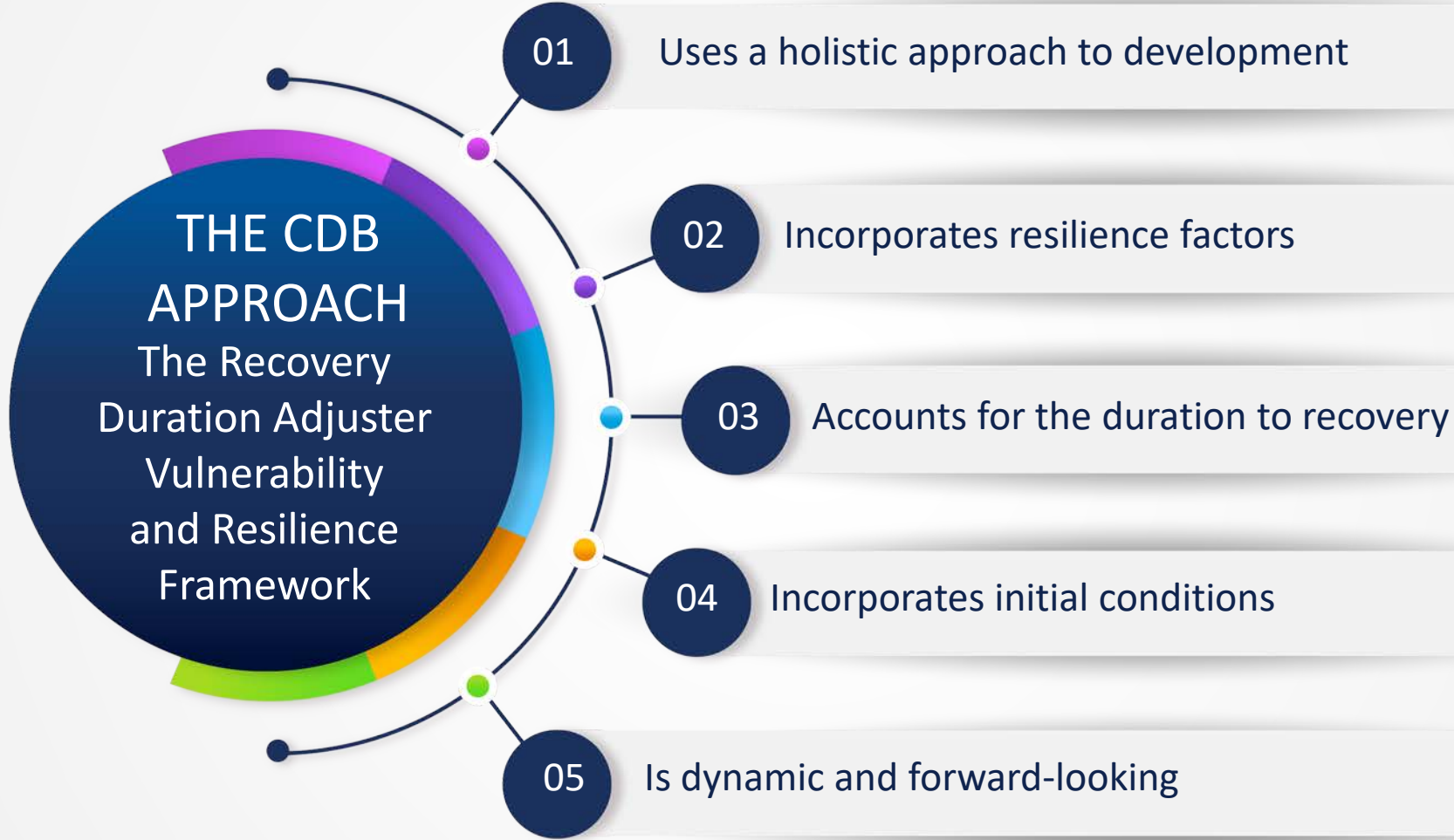
Finance eligibility criteria and systems are often not suited to the unique challenges and constraints of small states. These criteria depend mainly on Gross National Income (GNI) per capita as the measure of vulnerability and economic development in a country.

Even when small states have achieved high levels of GNI per capita, there are significant challenges after exogenous shocks, from:

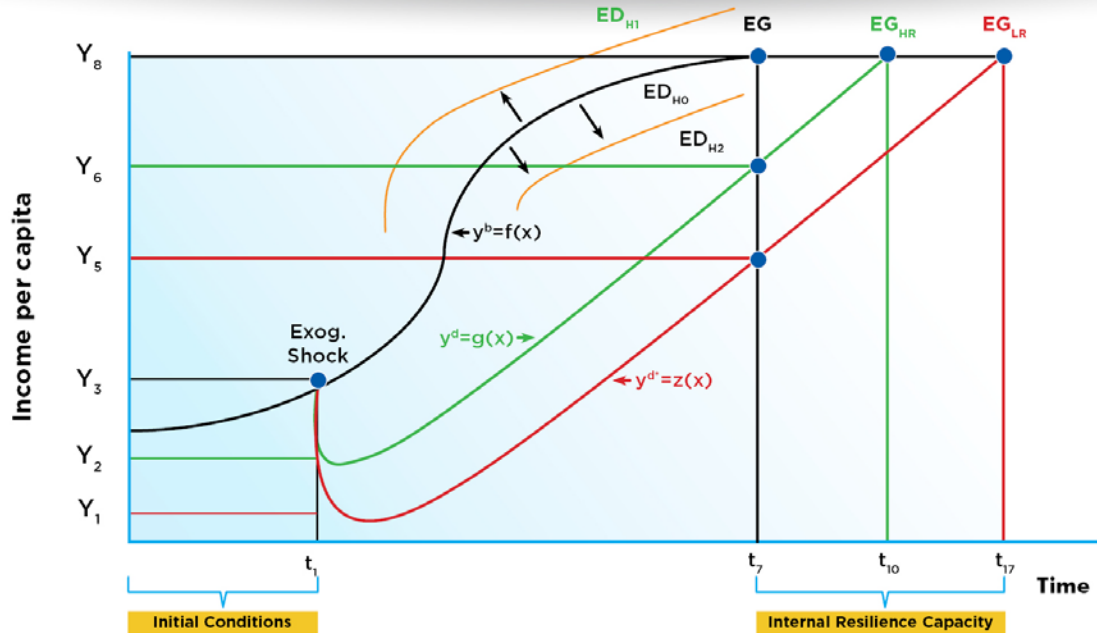
- Underlying structural weaknesses
- Limited implementation capacity
- High debt levels
- Insufficient investment in resilient infrastructure and institutions

A vulnerability metric for SIDS should go beyond susceptibility as while countries may face a similar likelihood of a hazard occurring, their ability to recover to pre-event welfare levels can differ vastly.





Diagrammatic Illustration of a shock on growth and investment in a high-income developed and developing country



Illustrating the effect of a shock on growth and investment in SIDS

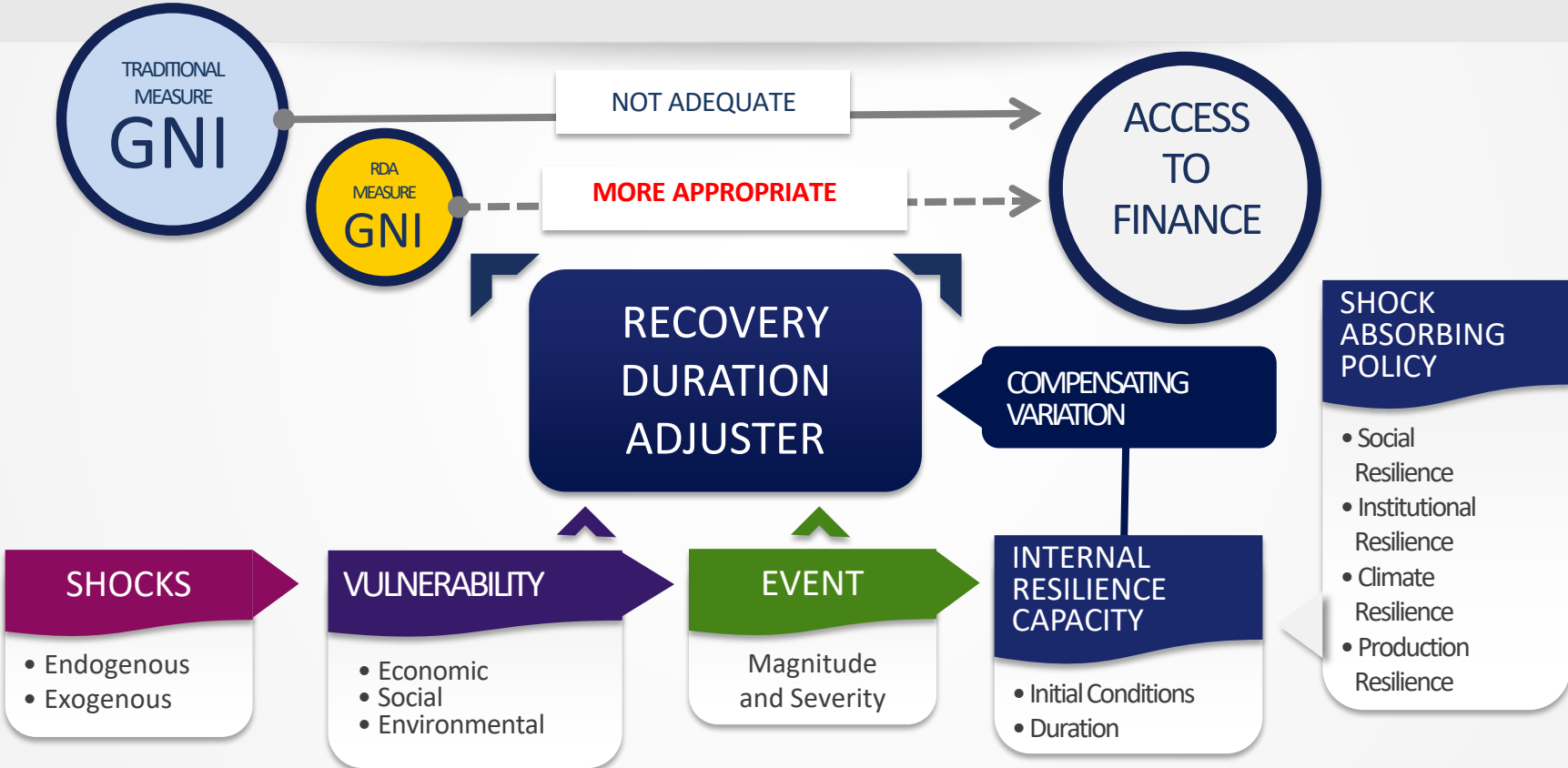
Legend:

EG represents the baseline natural growth function [$y^b = f(x)$]

(EG_{HR}) represents the growth function after an exogenous shock for a developed country with strong resilience capacity [$y^d = g(x)$]

(EG_{LR}) represents the growth function after an exogenous shock for a developed country with weak resilience capacity [$y^{d^*} = z(x)$]

THE RECOVERY DURATION ADJUSTER VULNERABILITY AND RESILIENCE FRAMEWORK





THANK YOU