



**Resilient Urban Development
Saint Vincent and the Grenadines**

Financing Urban Infrastructure

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Technical Workshop for Arnos Vale and Kingstown

March 20 – 21, 2019 | NIS Building | Kingstown, SVG

Outline

1. Global Context
2. Urban Infrastructure Projects (UIP) characteristics
3. Bridging the Gap: challenges and enablers
4. Conclusions



1

Global Context

Global need of investment:

USD 3.3 trillion/year

Emerging economies:

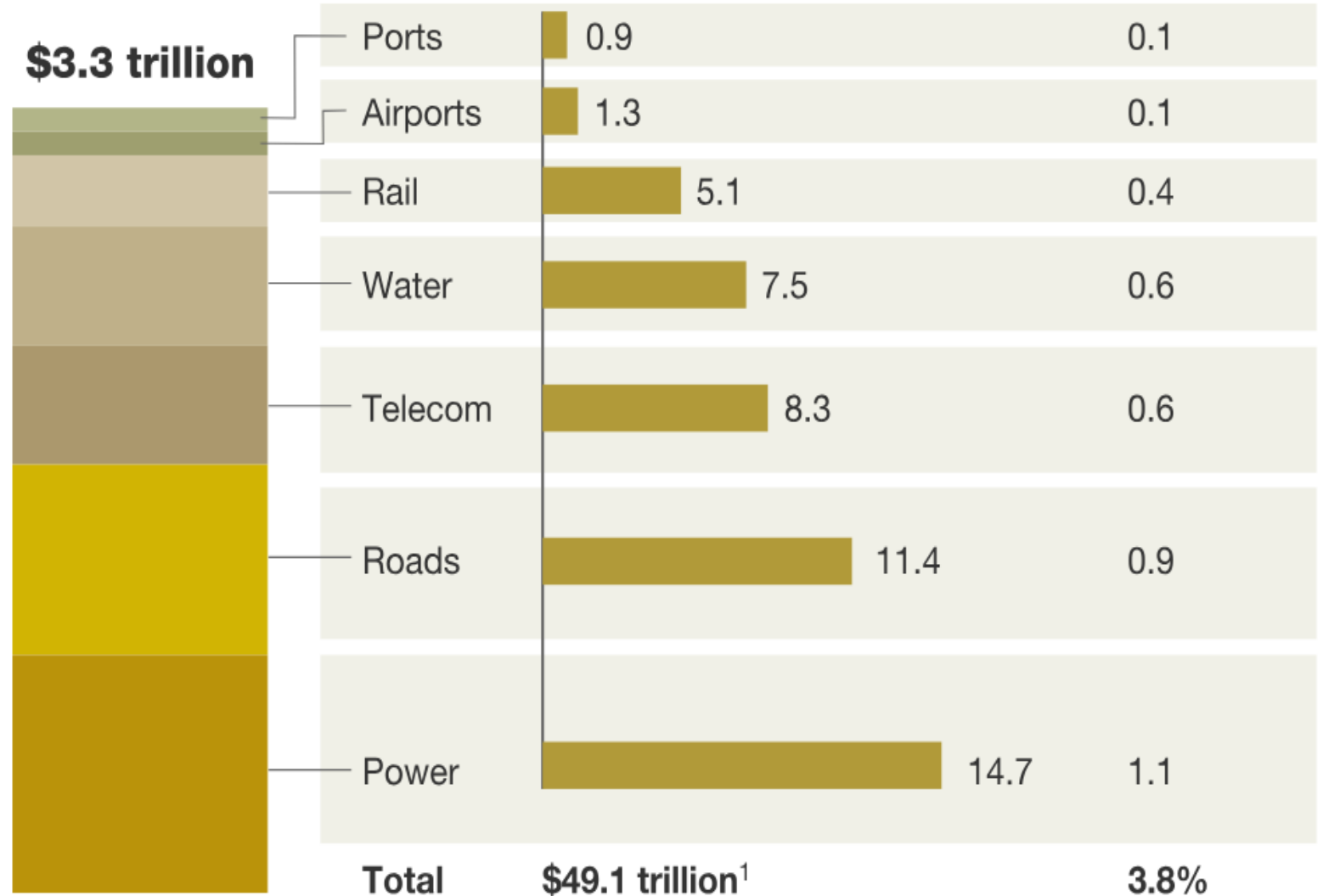
60% global investment need



Average annual need, 2016–30,
in constant 2015 dollars, \$ trillion

Aggregate spending, 2016–30,
\$ trillion

Annual spending,
% of GDP



Global Gap:

11% per year

Sustainable
Development Goals:

33% per year
(USD 350 billion)

11 SUSTAINABLE CITIES
AND COMMUNITIES

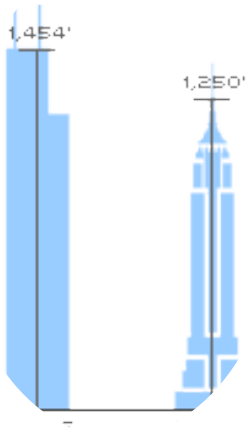


CheongGyeChong stream recovery/ Seoul

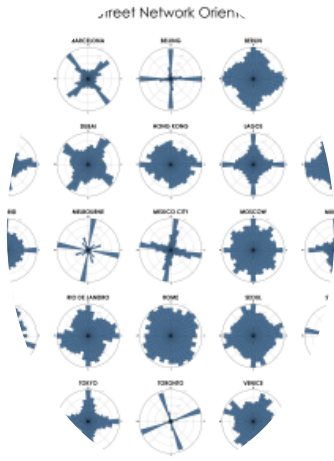


2

UIP characteristics



Size



Complexity



Up-front costs



Construction Time



Asset Life



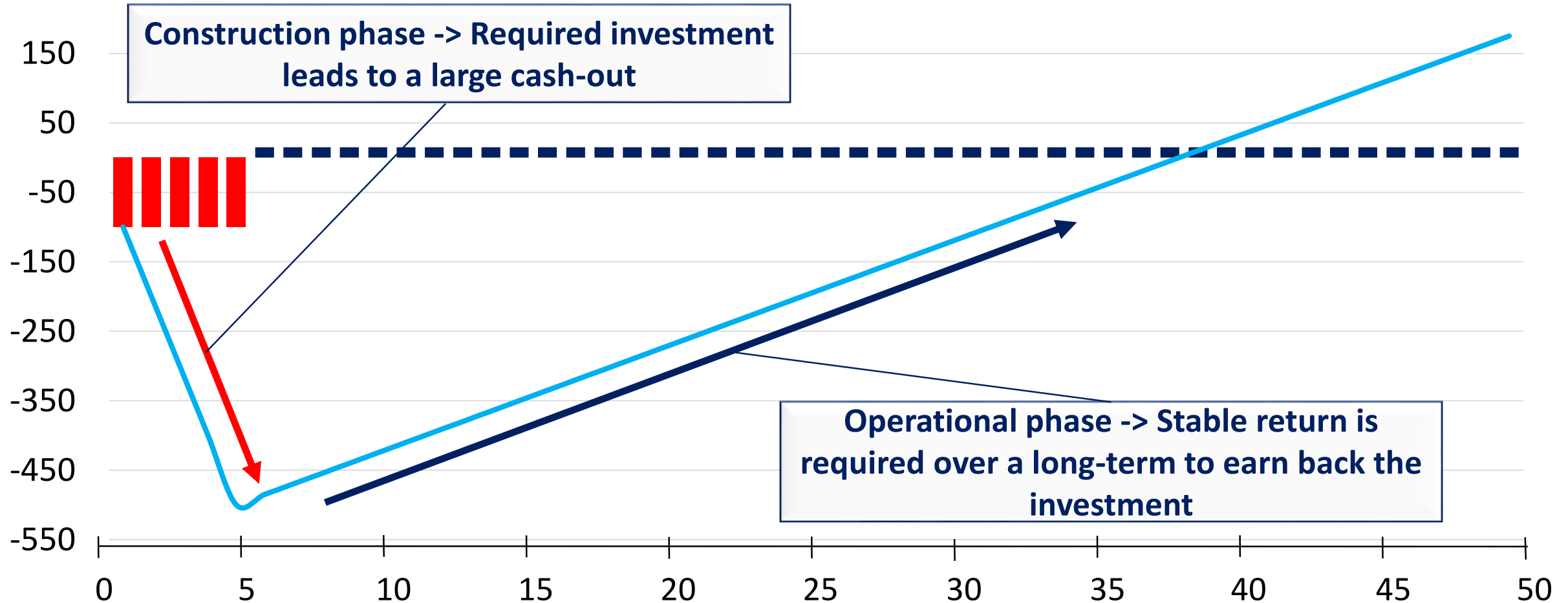
Future Financing commitments



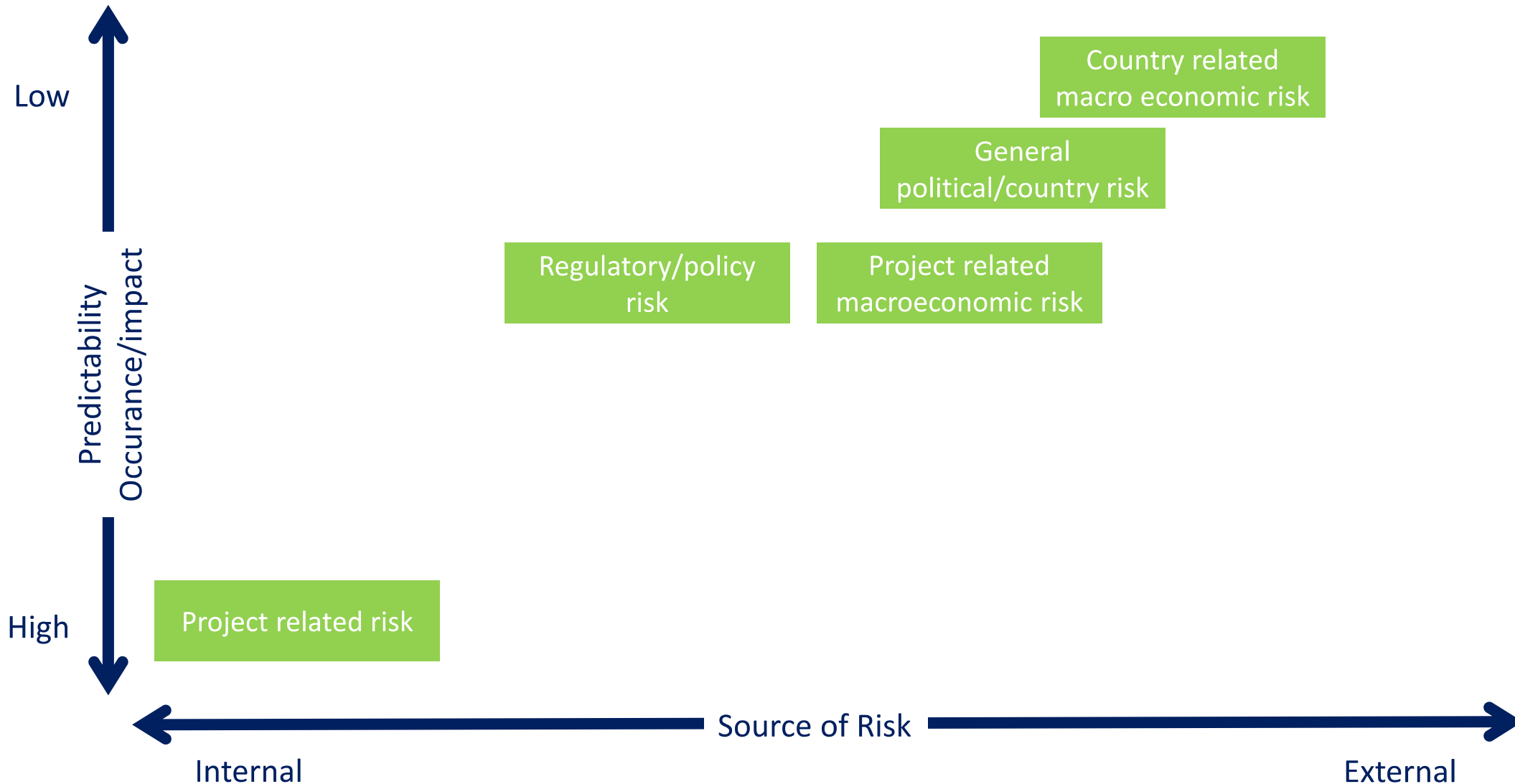
Marketability

FINANCING URBAN INFRASTRUCTURE

The financial characteristics of infrastructure projects



Comparing the different risks: The risk management tool applied depends on the source of risk and the type of risk



Option	Asset ownership	Operations and maintenance	Capital investment	Commercial risk	Duration
Service contract	Public	Public and private	Public	Public	1–2 years
Management contract	Public	Private	Public	Public	3–5 years
Lease	Public	Private	Public	Shared	8–15 years
Concession	Public	Private	Private	Private	25–30 years
BOT/BOO	Private and public	Private	Private	Private	20–30 years
Divestiture	Private or private and public	Private	Private	Private	Indefinite (may be limited by license)

Budget Financing:

- performance
- availability
- volume
- results
- usage



Construction Review Online/ Laúca Hydropower plant, Angola

User Financing:

- Compulsory use
- Quasi-compulsory use
- Free choice of usage



dirt.asla.org



eta.co.uk

Traditional sources:

- taxes
- grants & loans
- user charges
- lease income

Non-traditional sources:

- PPPs
- capital markets (bonds)
- **land based financing**



- Land tax
- Additional development rights
- Land readjustment
- Impact fees
- Betterment charges





Medellin, Colombia
TOD

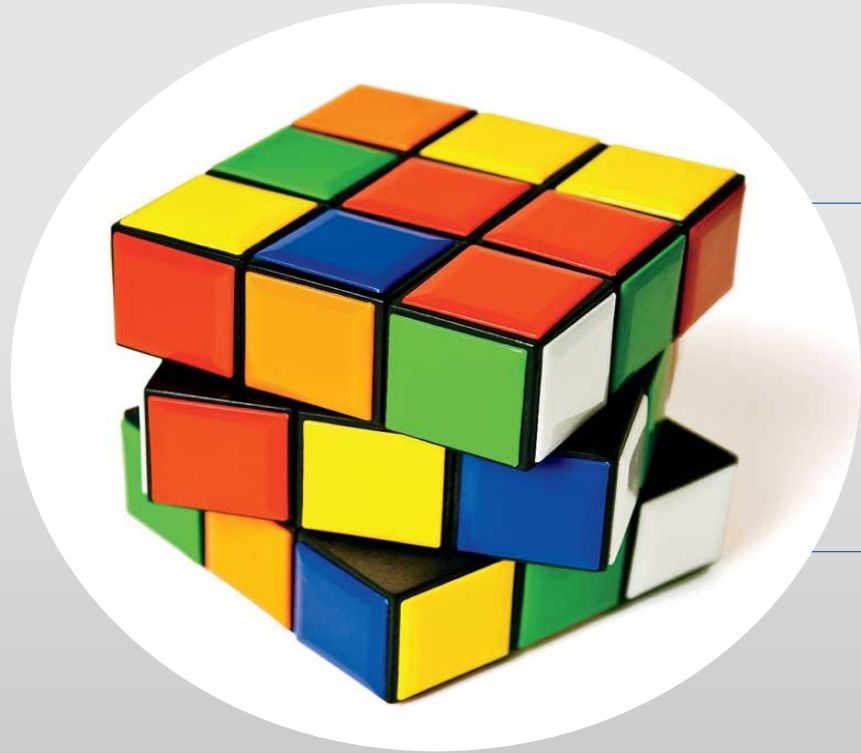


Sao Paulo (Brazil)
Additional development rights

3

Bridging the Gap:
challenges and
enablers

Financing Challenges



**Suboptimal
Risk
Allocation**

Underdeveloped
financial markets
(limited long term
funds)

Fiscal
Pressure

Cost and
availability/Diverse
sources of funding

Financing enablers

- Political stability and regulatory **certainty**
- Institutional capacity to allocate risks/risk adjusted return
(specialized agency)
- Organizational aspects: Vertical and Horizontal coordination and integration (land access, permits and approvals)
- Development of financial markets and diversity of funding sources

Conclusion

Interest in non-traditional sources, specially PPPs, however public and corporate investments will continue to be the main sources of funding

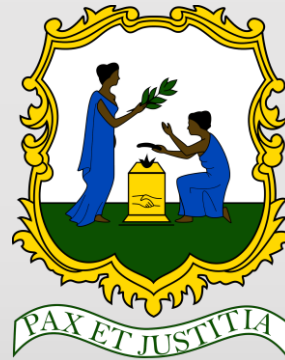
How can governments increase funding streams?

1. User charges: to cover at least operation & maintenance costs
2. Capturing property value
3. Selling existing assets and “recycling” procedures for new infrastructure (**circular model**)

Discussion

1. What infrastructure projects should be prioritized to revitalize Kingstown?
2. What sources of financing could be used in Kingstown for urban revitalization?

Thank you!



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