Making sense of Public–Private Partnerships
Innovations in blending and sequencing finance for PPPs

Navigation tool for Financing Strategies
Inclusive Business: What is meant with IB? And WHY a PPP?
We are all looking for money ??
There is enough money, where is the pipeline??
Pioneering Stages: from Blueprint to Scale

1. Blueprint
2. Validate
3. Prepare
4. Scale

GRANTS ??
Commercial $ ??
From PPP Canvas to Financing Strategy
ODA contribution as:
• De-risking first loss capital
• Working capital, bridging pioneer gap
• Subsidy for social impact

Private Sector contribution as:
• Trade-oriented contributions
• CSR, philanthropy investment for CAPEX
• CSR, philanthropy-Transfer for (social) OPEX
• Bonds, loans, equity

Tariffs: payment for service
Taxes: domestic finance
Transfers: grants, subsidising the poor
Trade: private sector, value creation
Finance challenges from PPPCanvas analysis

How to finance the deficit in Revenues – OPEX?
How to finance my CAPEX?
How to enhance the business Ecosystem?
(including HOW to increase access to finance for my clients)
Differences between Funders

<table>
<thead>
<tr>
<th>Social return on Investment</th>
<th>Financial Return on investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Just Impact</td>
<td>Impact first/Impact &amp; Profit</td>
</tr>
<tr>
<td></td>
<td>Profit first/Just profit</td>
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<tr>
<td>Public Sector/Charity</td>
<td>PPP/Social Enterprise</td>
</tr>
<tr>
<td>Philosophy, Government, NGO</td>
<td>Traditional Business</td>
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<td></td>
<td>Traditional Bank and Investor</td>
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</tbody>
</table>

Priority of Funder

Receiver of Funding

Possible Funders
Which funder to prioritise?
The Financing Puzzle

- Tax & Transfers
- Results Based Financing (RBF)
- Tariffs
- Trade
- Resource Concession
- Loans and Revolving Funds
- Grouped funding and Pooled funding
- Guarantees
- Insurance
- Venture Capital
- Blended funding (e.g., ODA & debt)
- Equity Investments
- Development Impact Bonds
- Social Impact Bonds
- Debt-Equity Swaps
- Crowdfunding
- Microfinance
- Commercial loans
- Leasing arrangements
- Soft loans
- Development impact bonds
- Subsidy
- Impact investors
Navigation Tool for PPP financing

Work in progress!

Step 1: Define the essence of the PPP

Step 2: Identify financing needs & bottlenecks

Step 3: Explore financing opportunities

Step 4: Choose a best fit

With help of PPPCanvas
Navigation tool step 3: explore finance options

<table>
<thead>
<tr>
<th>Financing Opportunities</th>
<th>Commercial Finance</th>
<th>Concessional Finance</th>
<th>Non-Repayable Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor/Supplier Finance</td>
<td>Equity</td>
<td>Bonds</td>
<td>Concessional Loan</td>
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<tr>
<td>Micro-Finance</td>
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<td>Loan Guarantee</td>
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<tr>
<td>Ecosystem</td>
<td>CapEx</td>
<td>OpEx &gt; Revenues</td>
<td>In-country Public funding</td>
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<td></td>
<td></td>
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<td>First Loss (De-risking) Grant</td>
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<td>Outcome Payment</td>
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<td></td>
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<td></td>
<td>Catalyst / Innovation Grant</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Other Options?</td>
</tr>
</tbody>
</table>

Financing Bottlenecks

- Ecosystem
- CapEx
- OpEx > Revenues

Questions:
- ?
- ?
- ?
- ?
Group Work

Main question:
How to set up a finance construction to bring this PPP to a success?
With specific attention to the main finance challenges:
• How to finance the CAPEX?
• How to get OPEX fully covered?
• How to enhance the business ecosystem/enabling environment?

Two rounds:
• Private sector-driven initiative
• NGO/ Govt-driven initiative