World Bank Group Report Launch:
Financial Protection of Critical Infrastructure Services

IGNITE PRESENTATIONS

Financial Instruments to Strengthen the Financial Resilience of Critical Infrastructure Services against Shocks

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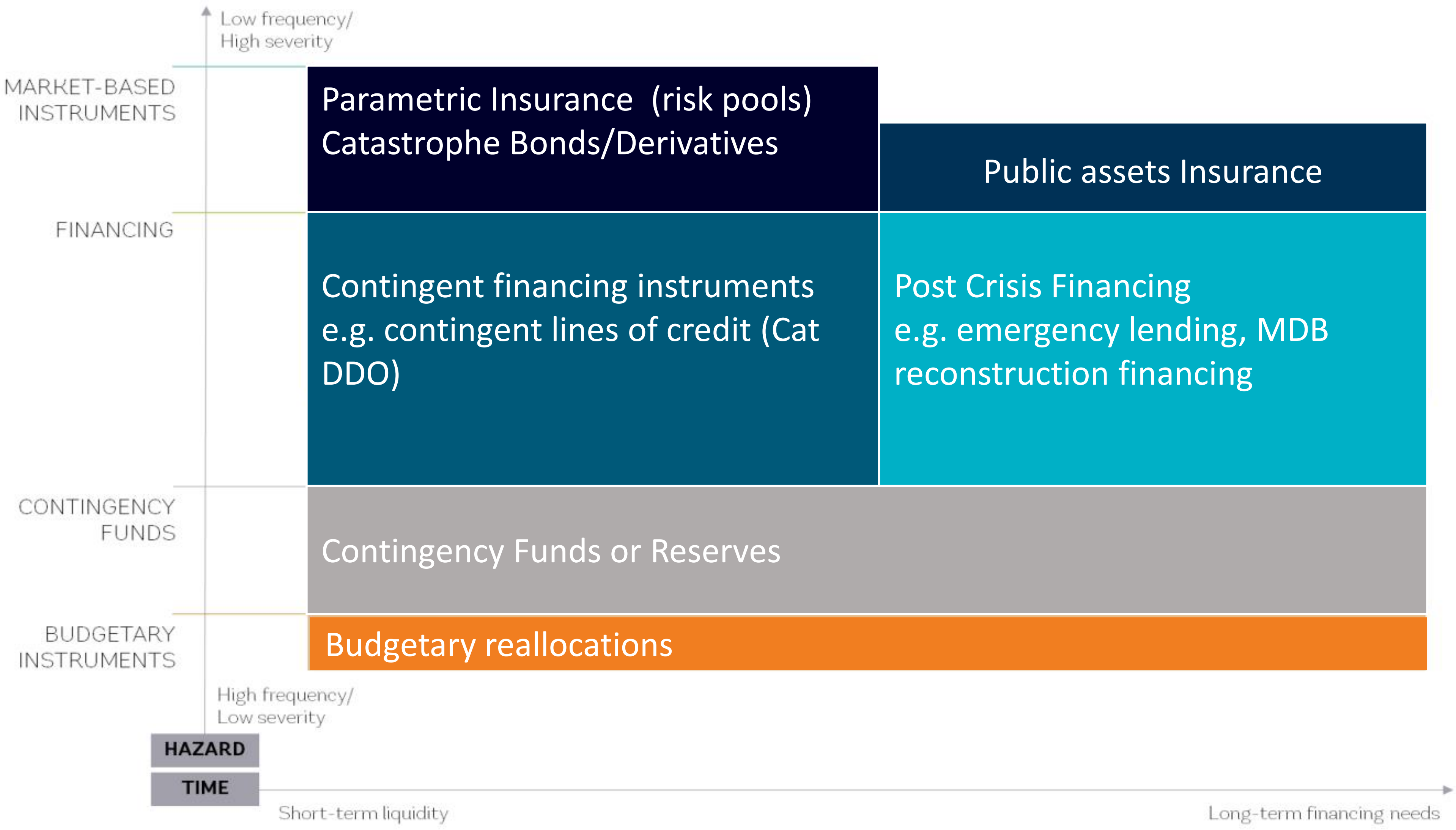
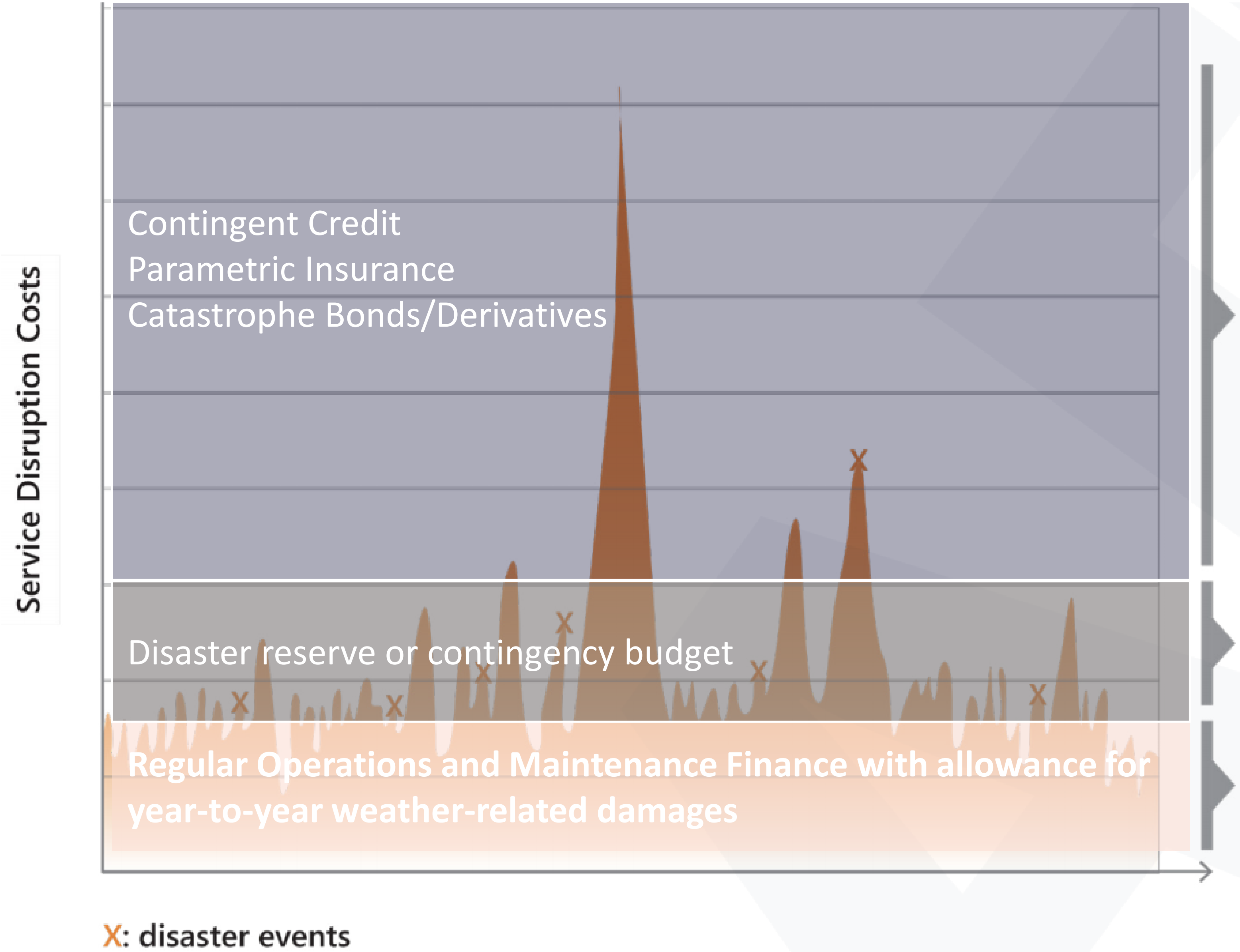
ACTIONS: Role of Financial Instruments

- Governments, infrastructure owners and operators can incur significant costs to restore critical services and reinstate assets and this can have a **big impact on the balance sheet**
- Having a financial plan and appropriate financial instruments in place before a disaster strikes has three benefits:
  - ➢ **Reduces the financial impact on the balance sheet** – smooths cost over time and increases financial efficiency so reducing overall costs
  - ➢ **Ensures that finance is available quickly after a disaster**, and so can help to reduce the economic impact of a disaster
  - ➢ **Gives predictability**– enables better planning and preparedness

LESSONS: The basic principles of risk laying still apply…



LESSONS: What's different about critical infrastructure services?



Quick, reliable liquidity is most critical for rapid recovery of services

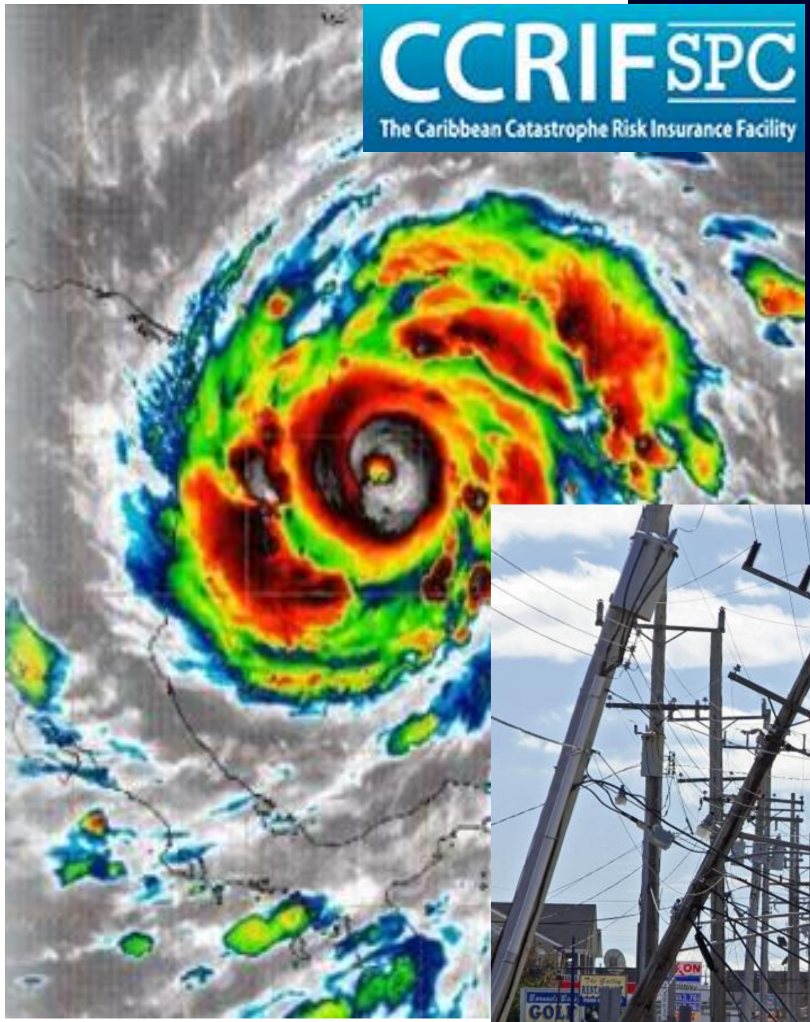
Contingent credit or insurance

Disaster contingency budgets

Regular O&M Financing including allowance for regular repair from natural hazards

LESSONS: What's different about critical infrastructure services?

- **Quick, reliable liquidity is most critical.** So-called parametric products can play an important role
- **Embed within systems:** finance has to be hard-linked to capacity to respond *(e.g. examples from US and Japan)*
- **O&M bedrock:** how do we design financial instruments that also support operations and maintenance?
- **Role of the private sector**: how to ensure good financial resilience throughout the whole infrastructure system?



NEXT STEPS

- Fundamentals: building systems and capability
- Innovation in financial product design
- Investing in basic data, including asset level data and risk information

SEADRIF

Hybrid Parametric and Indemnity Product for Public Assets

Mutual Assistance Fund with risk transfer to cover tail-risks

Cat Warranty

Shock-responsive operations and maintenance funds