

Financing the Transition*

From Bridgetown to a new architecture for public and private climate finance: personal reflections

*Avinash Persaud***

Abstract

The debate over climate finance is too often framed as a search for one very large pot of money. That framing obscures the central problem. Different climate and development investments have different economics and as a result require different forms of finance. Activities with capturable revenues can and should attract private capital. Investments in resilience often produce very large social and fiscal savings but little direct revenue, making long-term, low-cost multilateral development bank finance the natural instrument. Climate-related loss and damage impose real costs without an offsetting financial return and therefore require grants and other forms of fiscal transfer. Once these distinctions are made, the apparent financing problem becomes affordable.

But it also exposes a problem in the prevailing response: blended finance has become a default rather than a diagnosis. Guarantees, first-loss capital and concessional finance use scarce public risk-bearing capacity even when they do not require an immediate fiscal outlay. They should be reserved for risks markets cannot efficiently bear, not routinely used to make already-commercial investments acceptable to investors. Sovereign debt must meanwhile become more shock-absorbing through pause clauses, longer maturities, timely restructuring and scalable debt swaps. And private capital mobilisation must move beyond trying to persuade regulated institutional investors to buy risks they are structurally unable to hold. ReInvest+ illustrates an alternative: use the local banking systems that already know how to originate and manage commercial risk, recycle seasoned performing assets into rated hard-currency securities that institutional investors can hold, and require the released capacity to be reinvested in commercially viable national development priorities.

The result is not a call for finance to become less commercial. It is a call for a better division of labour: public finance should bear the risks only public balance sheets can bear, while financial intermediation should give private investors the assets they are institutionally equipped to own.

Keywords: climate finance, development finance, multilateral development banks, private capital mobilisation, financial intermediation.

1. THE PROBLEM IS NOT SIMPLY A SHORTAGE OF MONEY

When I worked on macroprudential regulation after the 2007-2013 global financial crisis, one of the central lessons was a fallacy of composition. Making every individual

* Prepared from remarks delivered at the Banco de España conference, March 2026. This paper contains personal reflections on development and climate finance of the author and does not represent the collective views of the Inter-American Development Bank where he is the Special Advisor to the President.

** Inter-American Development Bank.

bank safer did not necessarily make the financial system safer. If every bank responded to risk by selling the same assets at the same time, individually prudent behaviour could produce systemic instability.

Climate and development finance has its own fallacies of composition. What is sensible for one country in the short run may not be sensible for the planet in the long run. What is commercially rational for an individual investor may leave socially valuable investments unfunded. And the countries bearing the greatest climate losses are often those least responsible for the stock of emissions. We cannot solve these problems simply by exhorting every participant to do more.

There is a great deal to be pessimistic about in the world today. However, I am not pessimistic about our ability to finance the climate transition and climate resilience. The world has the savings, the technology and, increasingly, the institutional capacity. What it lacks is financial architecture that sends the right kind of money to the right kind of investment.

The usual discussion starts with a very large number: the climate-finance gap. It then asks governments, development banks, philanthropies and private investors each to contribute to closing that same gap. This is the horizontal approach. Mitigation receives a layer of grants, a layer of concessional finance, a layer of multilateral development bank finance and a layer of private capital. Adaptation gets another stack. Loss and damage get another. When public budgets tighten, policymakers hope the private layers will somehow thicken to compensate.

This approach will fail. It creates unrealistic expectations of private finance, dissipates scarce grant resources, and uses the risk-bearing capacity of governments and multilateral development banks for activities that private capital could finance if the intermediation problem were solved. It also invites political backlash, because taxpayers are asked to subsidise investments that already have commercial revenues while genuinely non-commercial needs remain unmet. The issue is not simply that public money is scarce and private finance is abundant. Public risk-bearing capacity is scarce too and private finance cannot do everything.

The alternative is a vertical approach: start not with the climate label attached to an investment, but with its underlying economics. Listening to an earlier, more incoherent version of this framework, Ronan Palmer, produced a simple taxonomy of my idea: revenues, savings and costs. Those three words lead to three different financing answers. These categories describe economic functions, not necessarily whole projects. A single investment may contain elements of all three. A resilient power system, for example, may generate commercial revenues, economy-wide savings and uncompensated public benefits. The purpose of the taxonomy is not to force every project into one or another box, but to identify which component should be financed by which instrument.

2. REVENUES, SAVINGS AND COSTS: A FUNCTIONAL TAXONOMY

■ *Revenues: use private capital where private capital works*

Many investments associated with mitigation generate capturable revenues. A solar farm sells electricity at commercial rates, so does a wind farm. A more efficient industrial plant produces goods at lower operating cost. Electric mobility can generate fares or lease payments. They have customers and cash flows.

In advanced economies, private capital already finances most of such investments. That tells us something important. The technology is financeable. The commercial model is financeable. The challenge in emerging and developing economies is not to invent a different economic model for a solar panel. It is to overcome the financial frictions that make an otherwise familiar investment expensive to fund: macroeconomic risk, currency risk, shallow capital markets, regulatory constraints, small transaction sizes and the institutional rules governing the owners of global savings.

If an investment produces commercial revenues, our first question should therefore be: what is preventing commercial finance from reaching it at scale? Public money should be used to remove systemic barriers, create markets or bear risks that private actors cannot efficiently hold.

It should not routinely be used to compensate investors for risks that are already commercially manageable merely because the available asset is packaged in the wrong form.

■ *Blended finance: an instrument, not an allocation rule*

Blended finance has an essential role, but in its traditional forms it has gradually become an answer offered before the question has been properly diagnosed. There are investments where social returns exceed private returns, where pioneering investors face costs that later entrants will not, or where a limited public guarantee can create a market that subsequently stands on its own. In those cases, blending can be exactly the right instrument.

But not every gap between the return an investor demands and the return a project offers is evidence of a market failure that the public sector should fill. Sometimes it reflects a currency mismatch. Sometimes it reflects the investor's regulatory mandate. Sometimes the transaction is too small, the asset too unfamiliar or the structure too illiquid. These are intermediation problems. If we respond to each of them with a guarantee, a first-loss tranche or concessional capital, we turn public risk-bearing capacity into a universal subsidy for financial friction.

That capacity is scarce even when no cheque is written on day one. A guarantee uses balance-sheet headroom. A junior tranche commits capital to absorb losses. A concessional loan transfers value. A first-loss facility can tie up public capacity for years. Each has an opportunity cost:

the same capacity cannot simultaneously support a public good, a fragile borrower, a disaster response or a market that genuinely cannot emerge without public risk-taking.

This changes how we should judge mobilisation. The question is not simply how many dollars of private finance appear beside each dollar of public finance. We should ask what risk the public sector is taking, why the private sector cannot efficiently take it, whether the intervention is temporary and market-building, and what alternative public purpose is displaced. Blended finance should be used where it changes the economics of an otherwise underprovided activity, not as the default response to every financing friction. Structural risks such as currency and sovereign risk should not automatically become public risks merely because a particular investor cannot hold them. The first question should be whether they can be diversified, hedged, pooled, priced or transformed before scarce public risk-bearing capacity is deployed.

This suggests a hierarchy. Transform risks first. Socialise them only where necessary. Subsidise them where justified by public goods, externalities or genuine market-creation barriers. The purpose of financial architecture should be to place each risk with the institution best equipped to bear it, rather than to make the public balance sheet the residual holder of every risk private investors would prefer not to own.

■ *Savings: finance resilience with long-term development credit*

The economics of much adaptation are different. A seawall does not usually charge every house it protects. Better drainage does not collect a fee from every business that remains open after a storm. A stronger bridge may prevent a region from being cut off, but the avoided economic loss does not automatically appear as revenue to the bridge owner. These are public goods or have large public-good characteristics.

Yet the absence of capturable revenue is not the absence of economic return. Resilient infrastructure can produce extraordinary savings by avoiding future losses, reducing reconstruction costs, preserving tax bases, keeping schools and hospitals functioning and limiting the fiscal shock that follows disasters. The return exists, but it accrues diffusely across society and over long periods. That is precisely why public finance exists.

This is where multilateral development banks should be at their most useful. They can borrow long, lend long and pool risk across countries. They can help governments turn future fiscal savings into affordable investment today. But the instrument must match the asset. Financing infrastructure that lasts fifty years with ten- or fifteen-year money unnecessarily raises annual debt service and can make an economically compelling investment look fiscally impossible. We need much more twenty-five-, thirty-five- and, where appropriate, fifty-year finance for long-lived resilience investments.

The Bridgetown Initiative helped move the debate on the capital adequacy of Multilateral Development Banks (MDBs) narrow concern with preserving capital ratios to a more systemic concern about how to use public balance sheets most effectively. Reforms pushed by the Bridgetown Initiative and others have created substantial additional lending headroom — according to the credit rating agencies, MDB lending headroom has increased by as much as \$700bn without new capital. This provides substantially more space for MDBs to pursue those investments most suited to them: those with substantial national savings but limited capturable revenues. And there is more progress to be made on reforming MDBs to expand their impact, through better recognition of callable capital, portfolio guarantees, use of SDRs, risk transfers and other balance-sheet measures. The point of these reforms is not to make MDBs unsafe or even to lose their ‘AAA’ rating. But it is to recognise that excessive conservatism in a public development institution also has a cost: investments not made, resilience not built and crises made more expensive.

■ *Costs: reserve scarce grants for what cannot repay finance*

The third category is cost. When a low-income household’s home is destroyed by a hurricane, there is no future revenue stream or fiscal savings big enough to service a loan to rebuild it. The loss is real, and somebody must bear it. If a climate vulnerable country borrows every time homes, crops and public assets are destroyed, it can drown in debt before it is submerged by rising seas.

That is why I resist the proposition that scarce grant money should be spread evenly across mitigation, adaptation and loss and damage. If there were a spare trillion dollars of grants, the allocation problem would be less pressing. There is not. Grants are politically and fiscally scarce. Every grant dollar used to subsidise a revenue-generating project that could have been commercially financed, or a resilience investment that could have been financed on long-term concessional terms, is a grant dollar unavailable for a loss that cannot be financed any other way.

This is not an argument against concessionality. It is an argument for greater precision in mapping resources to purpose. Use the scarcest public resources on those things that cannot be funded any other way. Unavoidable costs call for grants and transfers. Where there are revenues, it calls for facilitating private capital. Savings call for long-term development finance funded at AAA rates. Once we stop treating all climate finance as one thing, the numbers become less impossible.

3. RESILIENCE IS THE BEST FORM OF INSURANCE

There is also a critical distinction between insurance and resilience. Insurance is not magic. It redistributes losses across time; resilience reduces them. Insurance remains valuable because it

pools and transfers risks that households, firms and governments should not bear alone in an instant. But premiums must cover long-term expected losses, administration and the return required by insurers' capital. What you get out is less than what you put in. Resilience investment, by contrast, can reduce the underlying expected loss itself. Research and publications from the Inter-American Development Bank (IDB) and others point to substantial economic returns: the IDB has estimated that every dollar invested in resilient infrastructure can generate up to four dollars in economic benefits, including avoided recovery and reconstruction costs. The precise ratio varies by project and hazard, but the direction is clear: well-chosen resilience investment can pay for itself several times over in avoided losses and preserved services.

There is also a practical feature of insurance that policymakers sometimes overlook: much property and catastrophe insurance is renewed annually. An insurer can cover a risk year after year until repricing along with exclusions make premiums unaffordable precisely when the underlying risk has become greatest. Paying premiums without investing in resilience can therefore leave a country poorer and uninsurable.

The objective of resilience investment is not to abolish insurance. It is to make insurance a solution again by pushing risks back to the tail. Stronger buildings, flood protection, better drainage, resilient power and communications, early-warning systems and anticipatory action reduce expected losses and preserve the insurability of residual risks. Resilience, especially when funded long-term at low-cost MDB borrowing rates is, in that sense, the best form of climate insurance.

4. IF WE USE MORE DEBT FOR RESILIENCE, DEBT ITSELF MUST BECOME MORE RESILIENT

The vertical financing framework has an important implication. If MDBs provide substantially more long-term finance for resilience, public debt architecture must also change. There will be more debt, not less and the answer is not to pretend that debt does not matter. It is to design debt that is better matched to long-lived investments and better able to absorb shocks.

The first reform is the natural disaster pause clause championed through the Bridgetown Initiative. The principle is simple. When a sufficiently severe disaster occurs, verified by an independent trigger, scheduled debt service is paused for a defined period and added back later. Properly designed, the clause can be net-present-value neutral to the creditor. It is not debt forgiveness. It is pre-arranged liquidity precisely at the moment liquidity is most valuable and most costly to arrange.

The scale matters. A country can purchase contingent credit lines or catastrophe insurance, but these instruments normally cover only a fraction of national financing needs after a major

disaster. If pause clauses are embedded across a large share of sovereign debt, the liquidity released can be an order of magnitude larger and arrive without negotiating a new emergency loan in the middle of a disaster. Debt stops being an amplifier of the shock and becomes, at least temporarily, a shock absorber.

Second, maturity should better reflect asset life. A fifty-year resilience asset should not routinely be financed as though it were a short-lived expenditure. Longer maturity reduces the annual fiscal burden and allow the generations benefiting from the assets to share its financing cost.

Third, we need to become less afraid of timely debt restructuring where debt is genuinely unsustainable. National governments often congratulate themselves when they avoid default even if the price is years of compressed public investment, deteriorating services and implausible fiscal adjustment. Delayed restructuring can destroy value for creditors as well as citizens. A better system would combine more predictable restructuring terms with credible safeguards around essential social and development spending. And of course, new efforts to maintain fiscal sustainability into the future.

Fourth, for countries whose debt is high and expensive but not necessarily unsustainable, market-based debt swaps can create fiscal space. Credit enhancement from an 'AAA'-rated institution can allow a country to refinance expensive commercial debt at a much lower rate and longer maturity, with part of the resulting savings committed to resilience, nature or social investment. The Inter-American Development Bank is a leader in debt swaps having done more than any other MDB but the next step is to make these operations less bespoke. Multi-guarantor structures, in which MDBs and bilateral guarantors combine their credit enhancement under common arrangements, can enlarge transactions, diversify guarantor exposure and make the instrument more repeatable. I am pleased to note that the first multi-guarantor structure is being trialed in Barbados in 2026.

Together, pause clauses, longer maturities, timely restructuring and scalable swaps amount to a different conception of sovereign finance. The objective is not simply more debt or less debt. It is debt that is cheaper where it funds high-return public investment, restructured when it is unsustainable, and capable of flexing when disaster strikes.

5. THE PRIVATE-FINANCE PROBLEM IS AN INTERMEDIATION PROBLEM

The other half of the architecture concerns investments with revenues. Here the debate has been dominated by the phrase “mobilising private capital”. That is the right ambition but

often instills the wrong mental model. We speak as if trillions of dollars are sitting in a room waiting for a sufficiently persuasive climate project to knock on the door.

The trillions exist, but they are institutional. They sit in pension funds, insurance companies, mutual funds and other regulated portfolios. The clue is in the name: institutional investors are very institutional. They have external regulation, internal risk limits, benchmark constraints, rating requirements, currency mandates, liquidity needs and familiar investment processes. Many cannot hold an unrated project loan, denominated in local currency, in an unfamiliar jurisdiction even when the expected return looks attractive.

This helps explain a persistent puzzle. Emerging and developing economies account for a large share of global growth and an even larger share of future investment needs, yet they remain a very small share of many institutional portfolios. We often diagnose this as excessive risk aversion and respond by trying to change the investor. We organise roadshows, create public databases of returns information, add guarantees and blended-finance layers, and ask for a regulated pension fund to behave more like an emerging-market project-finance bank. The result is either nothing or an extensive use of public risk-bearing capacity to make the investor behave differently. We are not fitting the asset to the investor.

Sometimes that is worthwhile. We do it at the IDB and other MDBs will continue to do so. But it is not a scalable organising principle. If every transaction requires a public guarantee, junior tranche or concessional layer before a private investor can participate, mobilisation remains bounded by the limited size of public balance sheets. Worse, the headline mobilisation ratio can disguise what has happened economically: the public sector has retained or absorbed the difficult risk while the private investor has taken the part it already wanted. That may be justified where there is genuine externality or a temporary market-creation problem. But it is not evidence that a commercial market has been created.

The more promising question is not how much public support is needed to drag an investor into an unfamiliar asset. It is: who already knows how to take the risks we need to take, and how can we connect that risk-taking capacity to deeper pools of funding? In middle-income developing economies the answer is often local banks. They know their clients, their regulations, their collateral regimes, their currencies and their sectors. They already hold vast portfolios of performing corporate loans. Their constraint is not always a shortage of projects or expertise. It may be the cost and availability of balance-sheet capacity, funding and liquidity to originate more of the things the private sector can fund.

ReInvest+, a novel IDB initiative, starts from this institutional reality. Instead of trying to take the global institutional investor directly into a new renewable-energy project in an unfamiliar market, it separates origination from ultimate funding.

In the first step, local financial institutions do what they are good at: originate and manage commercial credit in their own markets. ReInvest+ purchases pools of seasoned, performing local-currency corporate loans from participating banks. These are not speculative start-ups selected because somebody has attached a climate label. They are commercial assets with payment histories, observable performance and credit characteristics that can be analysed and rated.

In the second step, those selected, performing assets are pooled and transformed into rated hard-currency securities designed for the risk, currency and regulatory requirements of mainstream institutional investors. The investor does not have to become a specialist in local project origination. The local bank does not have to become a global asset manager. Financial structuring bridges the two. This is risk transformation rather than indiscriminate risk socialisation: diversification, seasoning, standardisation, currency structuring and tranching are used to create an investable security, rather than assuming that the public sector must simply absorb the risk the investor does not want.

The development additionality comes from what happens next. The originating bank sells performing assets – while keeping a share to avoid adverse selection — receives cash and releases lending capacity. Participation requires that this capacity be redeployed into new commercially viable lending aligned with national development priorities, including NDCs (nationally determined contributions) and other agreed priorities. The system therefore recycles capital: originate, season, sell, reinvest and repeat.

This distinction matters. ReInvest+ is not a climate subsidy programme and it is not built around a permanent public first-loss layer. Its raw material is commercial lending already taking place in developing economies. Its purpose is to connect strong local financial institutions with deep global capital markets, while using the recycling condition to direct newly released lending capacity towards a country's own development priorities including their NDCs, which are often the most detailed of those long-term priorities. Development impact is primarily achieved through the reinvestment and eligibility framework, not by pretending that investors will accept risks their mandates prohibit or by permanently subsidising them to do so. It is also indirectly achieved by lowering the cost of capital through the injections of new, cheaper, overseas capital.

The model also addresses scale differently. The stock of performing assets on bank balance sheets in major emerging markets is measured in trillions of dollars. A programme can therefore begin with an issuance of a few hundred million dollars, establish pricing and investor familiarity, and then become a repeat issuance programme. Scale comes from repetition and standardisation, not from making each individual transaction heroic.

This is the private sector part of the Bridgetown logic. Bridgetown asked how to use the public financial architecture we already have more intelligently for those things that generate fiscal and national savings: MDB balance sheets, callable capital, disaster clauses, concessional resources and guarantees. And it asked to address the obstacles to private sector investment into those things that have capturable revenues. ReInvest+ asks the equivalent question of private finance: how do we use the financial institutions and assets that already exist in developing economies to connect them to the institutional savings that already exist globally? A common principle is that scarce public risk-bearing capacity should not be the universal solvent for every financing friction. Another is the idea that the principal constraint is not an absolute shortage of money but an exercise in financial architecture. The task is to match risk-bearing capacity with the risks that each institution is actually equipped to hold. Public institutions should bear public risks and market failures that cannot sensibly be shifted elsewhere. Commercial institutions should bear commercial risks. And intermediation can transform risks and assets before governments are asked to socialise them.

6. MIDDLE-INCOME COUNTRIES ARE CENTRAL, NOT PERIPHERAL, TO THE TRANSITION

For a start, a large share of the world's poorest people live in middle-income countries. The distribution is changing as extreme poverty becomes increasingly concentrated in fragile low-income countries, but the basic point remains concern for poor people cannot be reduced to concern only for countries currently classified as poor. Moreover, the global energy transition will be won or lost in middle-income countries. Their energy demand, cities, transport systems and industrial capacity are expanding rapidly. If countries such as Brazil, Mexico, India, Indonesia, South Africa and others lock that growth into high-carbon systems, actions elsewhere cannot compensate for the environmental, health and economic harm. Fortunately, these economies also have something that poorer economies may have less of: substantial domestic financial systems, institutional capacity and large pools of commercial assets. That makes capital recycling, like that envisaged by ReInvest+, particularly powerful.

The vertical framework again helps avoid a false argument. Supporting private capital mobilisation in a middle-income country need not mean diverting scarce grants from a low-income country. If the instrument is commercially structured and catalytic rather than subsidised, it can expand the total pool of finance. The objective should be differentiation, not graduation from relevance. Poorer and more vulnerable economies will need more grants and concessional resources. Large middle-income economies need financial intermediation on a scale, lower costs of capital and instruments that mobilise their own banking systems. The architecture should respond to those differences rather than force every country through the same financing window.

7. WHAT SHOULD SHAREHOLDERS AND CENTRAL BANKS ASK OF THE SYSTEM?

This agenda has implications for the shareholders of international financial institutions, including Spain, and for central banks and financial authorities. The first is to stop measuring ambition primarily by the volume of climate-labelled finance or by simple mobilisation ratios. The more useful question is whether the right finance is being helped in the right places to maximise development impact.

For MDB shareholders, that means continuing capital-adequacy reform while giving clearer strategic direction. Additional lending headroom is only valuable if it is used. If resilience is a priority, shareholders should ask why high-return resilience investments are not being financed. They should support more effective use of callable capital and guarantees, and the standardisation of shock clauses and multi-guarantor structures, but should also consider new instruments too, such as those with extra-long maturities.

For private capital mobilisation, shareholders should be wary of mobilisation ratios that reward complex subsidies without establishing a repeatable, deeper domestic market. Every guarantee, junior tranche or concessional layer has an opportunity cost, even when it does not appear as an immediate budgetary expenditure. The test should therefore be additionality, repeatability, the risks the public sector is actually bearing, and whether that support can diminish as the market matures.

Central banks and regulators also matter because institutional investment is shaped by prudential rules. The answer is not to weaken regulation in the name of climate. We learned during the global financial crisis what happens when risk is hidden rather than managed. The better approach is to create instruments whose risk characteristics genuinely fit regulated portfolios: transparent structures, credible ratings, diversified pools, appropriate currency denomination and robust disclosure. Financial innovation should work with prudential reality, not wish it away.

There is also a macroprudential insight. A world in which global savings are concentrated in a narrow set of advanced-economy assets while the fastest-growing economies face structurally high costs of capital is not obviously an efficient allocation of risk. Better diversification can serve investors as well as development. But diversification will not happen at the necessary scale through exhortation. It requires investable instruments and institutions that can perform the transformation between local risks and global mandates.

8. FROM SCARCITY TO ARCHITECTURE

The politics of climate finance has been trapped by scarcity. Developing countries point, correctly, to enormous needs and historical responsibilities. Advanced economies point, also

correctly, to their constrained budgets and competing demands. Each negotiation then becomes a struggle over a number that is simultaneously too large for public budgets in developed countries and too small for the investment need in developing countries.

The way out is not to deny scarcity but to use scarce resources according to function. Do not spend grant money where a commercial revenue stream can pay investors or a resilient investment can repay its financing loan many times over with fiscal savings. Do not use scarce public risk-bearing capacity merely to improve the risk-return profile of investments that could be financed commercially with better intermediation to better manage genuine FX and sovereign credit risks. Do not demand private capital for public goods whose returns only arrive as social and fiscal savings. Do not lend to people who have suffered an uncompensated loss and then call the resulting debt a sustainability problem mismanagement. And do not ask institutional investors to become something they are not when a new financial architecture can give them the assets they are designed to hold.

This is why I remain optimistic. We do not need to choose between prosperity, peace and the planet because the financing problem, properly disaggregated, is manageable. We need grants for costs that cannot be repaid. We need MDB balance sheets for investments whose returns appear as economy-wide savings. We need shock-absorbing sovereign debt. And for revenue-generating investment, we need to connect global savings to local financial systems on a scale.

Revenues, savings, costs. Private capital, development banks, grants. Resilient debt and active intermediation between local expertise and global savings. Blended finance remains an important instrument, but it should be a scalpel, not the whole operating system. Once we put the right money — and the right risk-bearing capacity — against the right problem, financing the transition looks less like an impossible demand on scarce resources and more like what it really is: a solvable problem of financial design. None of this is to deny that climate finance is ultimately political. Those of us trained in finance are perhaps too inclined to believe that better design can solve political problems. It cannot. But better design can change politics. An architecture that requires less of scarce public budgets while delivering more investment is easier to build a coalition around; and successful investment can expand the economic and political space for greater ambition. Financial architecture is therefore not a substitute for political ambition. Done well, it can make greater ambition possible. Ambition can beget ambition.

REFERENCES AND FURTHER READING

INTER-AMERICAN DEVELOPMENT BANK. (2022). 'IDB and IDB Invest Provided \$26 Billion in Climate Financing over Five Years', citing estimates that each dollar invested in resilient infrastructure can generate up to four dollars in economic benefits.

INTER-AMERICAN DEVELOPMENT BANK (2025). From Risk to Reliability: Resilient Infrastructure Services to Face Nature's Challenges. Washington, DC: IDB.

INTER-AMERICAN DEVELOPMENT BANK. (2026). Operational Readiness and Early Implementation of ReInvest+ (RG-T5078).

PERSAUD, A. (2025a). Climate Finance 101. Power and Planet podcast, Inter-American Development Bank.

PERSAUD, A. (2025b). The Road to \$1.3 Trillion. Power and Planet podcast, Inter-American Development Bank.

PERSAUD, A. (2026a). Oral evidence to the UK Parliament International Development Committee, 3 March 2026.

PERSAUD, A. (2026b). Challenges of climate mitigation and adaptation for emerging markets, remarks at the Banco de España conference, 25 March 2026.

WORLD BANK. (2023). Most of the world's extreme poor live in middle income countries - but not for long. Data Blog, 21 March 2023.