

Finance and Access

Reflections



UNESCO-IHE
Institute for Water Education



Foreseen challenges

-What are some of the challenges we may face in this transition?

1. Utility performance:

- Creditworthiness demands a robust institutional and sound financial performance
- Financial viability is a prerequisite for attaining creditworthiness

2. Country support:

- Tailor instruments and support services to facilitate access to market finance
- Lack of funds at decentralized level
- Facilitate development of WSS (demands on WSS)

Foreseen challenges

-What are some of the challenges we may face in this transition?

3. Aid trends:

- Reduction
- Change of interests ('Aid to Trade')

4. Change in global challenges:

- Beyond access
- Environmental pressures
- Uncertainty in programs

5. Impact on users?

- Different categories of users
- Different service levels

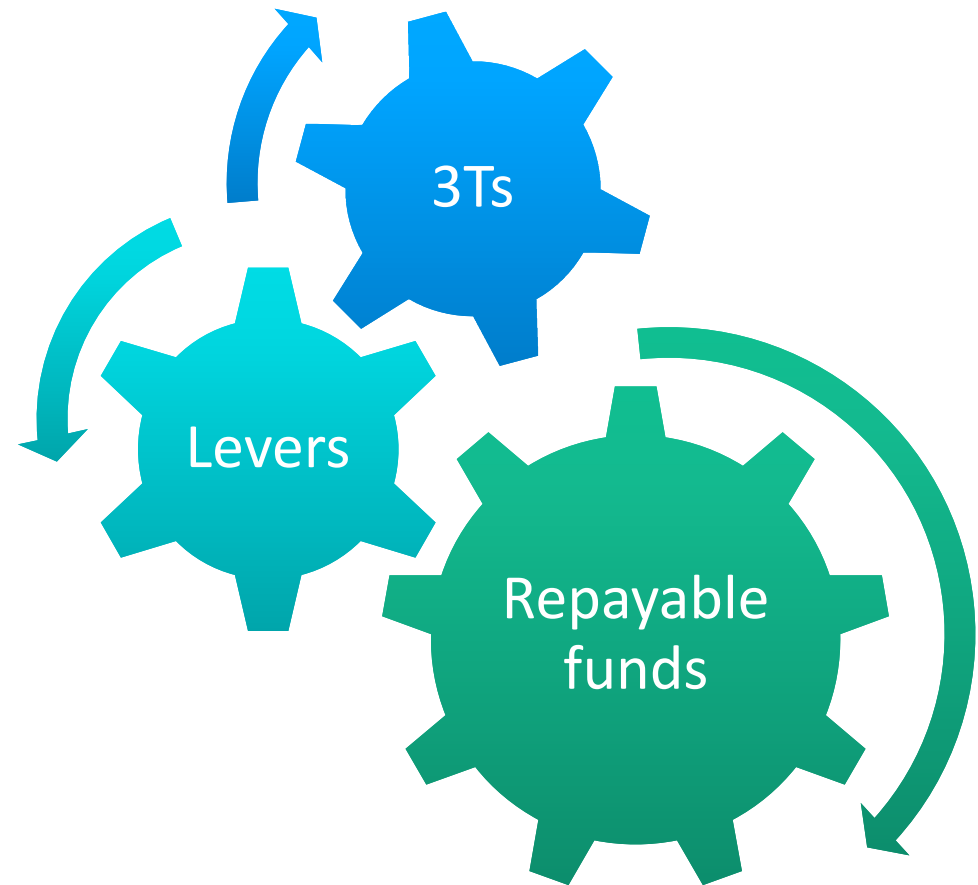
Reflections

- Private sector involvement – solution for the gap
 - What guarantees can be given to the private sector?
 - Should we be using part of the aid to guarantee private sector involvement?
- Is it a matter of financing same infrastructure? Or is it time for a paradigm change (different infrastructure)?
- IFIs enjoy high credit ratings that allow them to – they seldom default – are they pushing the boundaries of risk? Are they responsible of breaking the vicious circle?

- Most likely, a combination of all of the above
 - Adjust expectations of markets
 - Development banks
 - Improve performance
 - Reconsider paradigms
 - ???

Reflections

- No stand-alone solution
- Traditional financial mechanisms remain
- Repayable funds gain importance
- Levers:
 - magnify the ability of future cash flow to attract repayable source of finance
 - Mitigate risks that hamper financing opportunities
 - Packaging financing opportunities in a way that is more attractive to potential suppliers



Reflections: ‘we need to change the way we think’?

- Change of discourse:
 - Markets
 - Private sector
 - Self-financed
 - Sustainability, economically viable, ‘interesting’...
 - ‘Change the way we think’ – but which way?



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