



Tapping Capital Markets to Finance WASH Investments

Stockholm World Water Week 2017

USAID's WASH-FIN Project

Thursday 31 August | 16.00-17.30 | Room: FH 307

Session Outline:

Tapping Capital Markets to Finance WASH Investments

- **Welcome Remarks**
James M. Peters, USAID Acting
Global Water Coordinator
- **Introduction**
Jeff Goldberg, USAID Deputy
Director, Office of Water
- **Panel 1: Creditworthiness**
- **Panel 2: Bankable Projects**
- **Wrap up**

PANEL I: CREDITWORTHINESS

What does a creditworthy water service provider look like?

- Panelist 1: Eng. Robert Gakubia, CEO, Kenya Water Services Regulatory Board (WASREB)
- Panelist 2: Eyal Shevel, Public Sector Head, Global Credit Rating (GCR)
- Moderator: Sam Huston, WASH-FIN Chief of Party



Criteria in Rating Creditworthiness

External Criteria

- Ability to borrow
- Ring-fencing of companies
- Legal ownership of cash flows
- Ownership or retention of assets
- Autonomy and accountability
- Allow increase in tariff
- Economic base

Internal Criteria

- Financial and credit management
- Management quality and capacity
- Operational performance
- Strategic planning and reforms
- Human resources
- Use of private sector
- Customer relations

Panel Questions

- How do you define creditworthiness?
- What aspects of creditworthiness have been the most challenging for utilities to accept and overcome?



Panel Questions

- Are credit ratings required to prove creditworthiness and mobilize private finance?
- How have credit enhancements helped you, or other utilities, to improve their creditworthiness to move up the credit ladder?



PANEL 2: BANKABLE PROJECTS

What does a bankable project look like for water and sanitation?

- Panelist 1: André Kruger, NEPAD Business Foundation
- Panelist 2: Sophie Trémolet, Senior Economist, World Bank
- Panelist 3: Robert Bunyi, CEO Kenya Pooled Water Fund (KPWF)
- Moderator: Jeremy Gorelick, WASH-FIN Senior Infrastructure Finance Advisor



Commercial Borrowing Checklist

- Corporate governance
- Business planning
- Ratio and operating analysis
- Technical reports on projects
- Legal status
- Tender of awards
- Approved business plan and tariff
- Analysis of banking needs

Source: World Bank, (K. Bender 2017), Introducing Commercial Finance into the Water Sector in Developing Countries



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Panel Questions

- How does your organization define bankability? Is creditworthiness a precursor to project bankability?
- Do you think that your peers would all agree with those definitions?



Panel Question

- Many factors impact the financial tools available for capital investment. From your perspective, what are the three most important factors for water providers to consider, and why?



Panel Question

- Does creditworthiness and a bankable project necessarily lead to a commercial, market-rate transaction? Why or why not?



Wrap Up: Tapping Capital Markets to Finance WASH Investments

Moderator: Steve Sena, WASH-FIN
Acting Deputy Chief of Party

- Brief recap of discussions
- Summary of key characteristics of creditworthy WASH service providers
- Summary of key characteristics of a bankable WASH investment