

Tapping Capital Markets to Finance WASH Investments

Stockholm World Water Week 2017

USAID's WASH-FIN Project

Thursday 3 | 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 I: Creditworthiness
- Panel 2: Bankable Projects
- Wrap up

PANELI: CREDITWORTHINESS

What does a creditworthy water service provider look like?

- Panelist I: 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

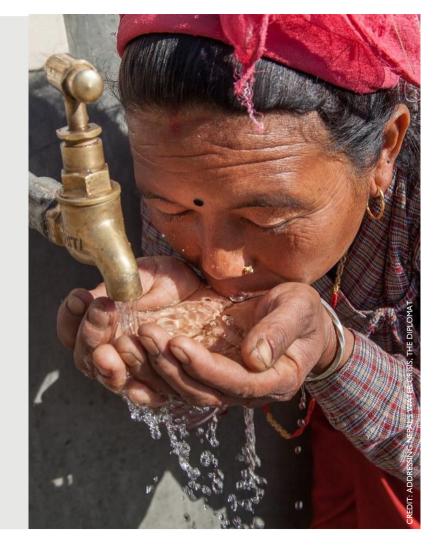
- Ability to borrow
- Ring-fencing of companies
- Legal ownership of cash flows
- Ownership or retention of assets
- Autonomy and accountability
- Allow increase in tariff
- Economic base

Internal Criteria

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

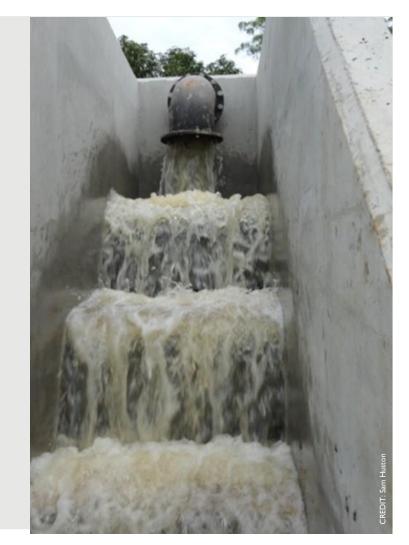
Panel Questions

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



Panel Questions

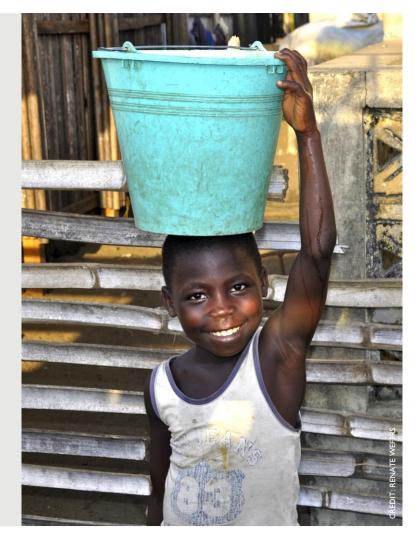
- Are credit ratings required to prove creditworthiness and mobilize private finance?
- How have credit enhancements helped you, or other utilities, to improve their creditworthiness to move up the credit ladder?



PANEL 2: BANKABLE PROJECTS

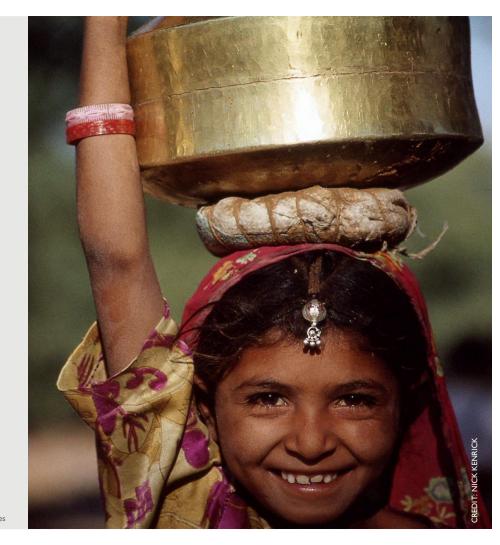
What does a bankable project look like for water and sanitation?

- Panelist I: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



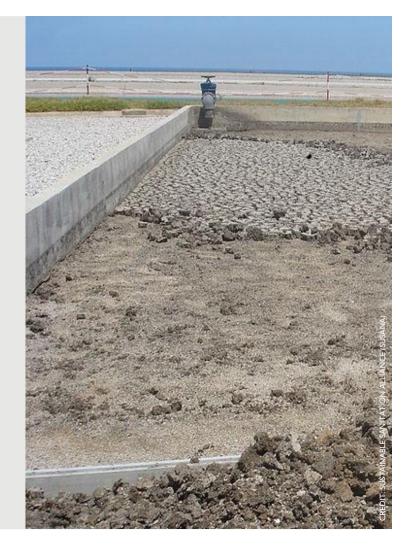
Panel Questions

- 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