BRIDGING THE GAP

FINANCING WATER INFRASTRUCTURE
This presentation draws on *Financing Water Infrastructure: Ten Actions*, a report commissioned by the World Water Council and the OECD Roundtable on Financing Water. Opinions, errors and omissions are the author’s own.
INNOVATION IN THE BLUE ECONOMY

- Infrastructure and Investors
- Circularity and the Corporation
- Risk and Return
1. INFRASTRUCTURE AND INVESTORS

Infrastructure is complex

Investors are mysterious

💡 Bridging the gap
INFRASTRUCTURE IS COMPLEX

Scale

Function

Operating Environment
INFRASTRUCTURE IS COMPLEX
INVESTORS ARE MYSTERIOUS

Source
Preferences
Mandate
INVESTORS ARE MYSTERIOUS
THE TRILLION DOLLAR INFRASTRUCTURE PROBLEM

- Projects cannot access investment
- Investors cannot evaluate projects
- Stuff isn’t getting built
BRIDGING THE GAP

PROJECTS

VALIDATE

BRIDGE

QUALIFY

INVESTORS
PPI Visualization Dashboard

The PPI Visualization Dashboard is a tool which allows users to visualize the data in several ways by selecting certain filters, such as regions, countries, sectors, and project status. A list of associated projects is also displayed at the bottom of the page.

993 Total Projects

$86.325 Billion Total Investment

Water and sewerage Sector with highest investment

0.91% Projects from low income countries

Project Timeseries

Sectors
2. CIRCULARITY AND THE CORPORATION

Linear Corporate Water Strategy

- Identify
- Evaluate
- Manage
- Mitigate

Efficiency
‘Replenishment’

Share
Innovate
Exchange
Optimise

One Water
CIRCULARITY AND THE CORPORATION
3. NAVIGATING RISK AND RETURN

- Perceived
- Actual
- Counterfactual
<table>
<thead>
<tr>
<th>Risk Categories</th>
<th>Development Phase</th>
<th>Construction Phase</th>
<th>Operation Phase</th>
<th>Termination Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and</td>
<td>Environmental review</td>
<td>Cancellation of permits</td>
<td>Change in tariff regulation</td>
<td>Contract duration</td>
</tr>
<tr>
<td>regulatory</td>
<td></td>
<td></td>
<td>Per currency convertibility</td>
<td>Decommission</td>
</tr>
<tr>
<td></td>
<td>Rise in pre-construction costs (longer permitting process)</td>
<td>Contract renegotiation</td>
<td></td>
<td>Asset transfer</td>
</tr>
<tr>
<td>Macroeconomic and</td>
<td>Prefunding</td>
<td>Default of counterparty</td>
<td>Refinancing risk</td>
<td></td>
</tr>
<tr>
<td>business</td>
<td>Financial viability</td>
<td></td>
<td>Liquidity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inflation</td>
<td></td>
<td>Volatility of demand/market risk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Real interest rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exchange rate fluctuation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical</td>
<td>Governance and management of the project</td>
<td>Termination value different from expected</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project feasibility</td>
<td>Construction delays and cost overruns</td>
<td>Qualitative deficit of the physical structure/service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Archaeological</td>
<td></td>
<td>Environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technology and obsolescence</td>
<td>Force majeure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Table adapted from Infrastructure Financing Instruments and Incentives, OECD 2015
COUNTERFACTUAL RISK
THANK YOU

ALEX. MONEY @ SMITHSCHOOL. OX. AC. UK
WWW. ALEX MONEY. NET

LinkedIn ALEX - MONEY