

# Roundtable on Financing Water

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Regional meeting: Asia

26-27 November 2019

Asian Development Bank Headquarters, Manila, Philippines

### Background and rationale

The [Roundtable on Financing Water](#) is a joint initiative of the OECD, the World Water Council, the Netherlands and the World Bank. The Roundtable provides a global public-private platform to promote action to scale up financing that contributes to water security, enhanced resilience, and sustainable growth among governments, financial institutions, international organisations, philanthropies, academia and civil society organisations.

A regional meeting focused on Asia will be organised in partnership with the OECD and the Asian Development Bank (ADB). The regional meeting of the Roundtable will support OECD's broader work on [financing water](#), ADB's strategic priorities and commitment to comprehensive water infrastructure solutions.

### Specific objectives include

- Raise the visibility of water financing issues in the region and promote engagement across public and private actors, in particular the finance community.
- Identify and disseminate lessons learned and good practices to scale up financing for water-related investments including supporting the mobilisation of commercial finance, in particular highlighting the experience from the region.
- Highlight the need for an expanded range of financing instruments and approaches tailored to specific challenges in the sector and specific country contexts.
- Catalyse greater co-ordination among finance providers and key decision makers, including government ministries, development finance institutions, investors and civil society organizations.

### Outputs

- Background papers on key issues to support the session discussions disseminated via a dedicated meeting [webpage](#)
- Meeting summary and discussion highlights prepared by the OECD

### Outcomes

- Greater awareness about the economic case for investments in water infrastructure and the urgent need to scale up financing
- Exchange of experience and knowledge to promote more effective and efficient use of financial resources for water-related investment
- Strengthened coordination among a range of government, financial and civil society actors engaged in water investment decisions
- Identification and dissemination of good practice and emerging financing approaches

For further information on the Roundtable, please our [website](#) or

Contact: [Kathleen Dominique](#)



# Agenda

Tuesday, November 26<sup>th</sup>

8:30-8:55 **Registration**

9:00 – 9:20 **Opening Remarks: Rationale and aims**

**Bambang Susantono**, Vice President Knowledge Management and Sustainable Development, Asian Development Bank

**Anthony Cox**, Deputy Director, Environment Directorate, OECD

**Qiuchi Shi**, Ministry of Water Resources, People's Republic of China (China), on behalf of the World Water Council

9:20-10:10 **Session 1. Scene Setting: Investment needs and financing capacities. Outlook and key challenges**

Investment in water security contributes to sustainable growth and lack of investment exposes a country to a variety of risks and costs, impacting on economic growth and livelihoods. Despite the strong economic case for investment in water security, financing persistently falls far short of needs. Moreover, investment in resilience - defined as ability to recover from unexpected disruptions - rarely happens at the scale required to address future challenges.

This session will set the scene covering three core sets of issues from the perspective of policymakers, financiers and borrowing clients: (i) mapping financial flows, (ii) characterizing the opportunities and challenges for financing water in the region and (iii) highlighting innovative financing mechanisms and their risks. It will refer to the on-going work in the context of the Asia Water Development Outlook, to be released in 2020, which will include a dedicated chapter on financing.

The session will also highlight some of the key challenges related to current financing approaches in the region: bias towards specific countries, programmes or projects; concerns about the effectiveness of disbursement schemes; issues about financial sustainability of prevailing policies and programmes of measures to address water-related risks.

- Presentation of preliminary analyses of financing needs and past financing strategies for water-related investments in Asia
- Brief kick-off interventions by lead discussants: the magnitude of the financing challenge; the strengths and limitations of past strategies
- Questions and open discussion

Chair: **Henk Ovink**, Special Envoy International Water Affairs, Government of the Netherlands

**Tom Panella**, Chief of Water Sector Group, Asian Development Bank

**Kathleen Dominique**, Coordinator, Roundtable on Financing Water, Environment Directorate, OECD

10:10-10:30 **Coffee break**

10:30-12:15 **Session 2. Financing the water value chain without a sovereign guarantee: Case studies of private sector participation in water distribution and wastewater treatment in China**

This session will discuss the key ingredients of bankability of water projects without a sovereign guarantee. In China, ADB has been financing various forms of public private partnership projects with a wide range of structuring: including limited recourse project finance, portfolio approaches, and approaches to keep up with evolving contractual structures. This session will share diverse perspectives from corporate leaders and senior officials from private sector utilities, legal experts, and leading financiers to discuss key success factors and lessons learned.

- Brief kick-off presentations by the speakers
- Panel discussion
- Open discussion

Chair: **Hisaka Kimura**, Head, Private Sector Infrastructure Finance, East Asia, and Advisor to Private Sector Operations Department, ADB

Lead discussants:

**Tianyi Wang**, CEO, China Everbright International Ltd. “The execution of PPP model in waste water treatment industry in China”

**Min Zhou**, CEO, Beijing Enterprises Water Group Ltd. “Sharing PPP experience in PRC’s water industry”

**Yong Liu**, General Manager, China Water Affairs Group Ltd. “A decade-long partnership between CWA and ADB”

**Zhang Lei**, Vice President, Shenzhen Water Group Co., Ltd. “Development with THE CITY”

**Hallam Chow**, Partner and Head of Projects, Mayer Brown LLP. “Financing Water – A New Cup of Tea”

**David Chen**, Head, Loan Syndications, ANZ Bank “Syndicated financing for China water projects”

12:15-13:45 **Lunch**

13:45-15:30 **Session 3. Managing water-related risks (flood and drought), improving resilience and adapting to climate change**

Flood risk management, water-related disaster risk management, and climate change adaptation are all interrelated and growing quickly in importance to sustain economic and social well-being in Asia and the Pacific. Impacts and monetary losses from extreme weather events have been steadily increasing over the last generation. These events, combined with rapid economic growth, land use change and urbanisation resulted in 5 125 deaths from floods and storms in 2017. In 2016, Asia reported nearly USD 25 billion in losses from water-related events.

This session will look at new opportunities for financing to manage risks, improve resilience and adapt to climate change, including more systematic use of nature-based solutions. The session will also discuss financial protection instruments, including insurance and catastrophe bonds, contingent liability facilities, and risk pooling.

- Brief kick-off interventions by lead discussants
- Questions and open discussion

Chair: **Robert Guild**, Chief Sector Officer, Sustainable Development and Climate Change Department, ADB

Lead discussants:

**Finn Krüger**, Senior Economist, Swiss RE “Insurance, risk and engagement in climate change adaptation”

**John Matthews**, Executive Director, Alliance for Global Water Adaptation “New financing modalities for climate adaptation”

**Monica Altamirano**, Program Manager Finance for Adaptive Planning, Deltares “Innovative finance for nature-based solutions”

**Ger Bergkamp**, Manager Business Development, Climate Finance Managers “Climate Investor Two”

**Aparna Shrivastava**, Zurich Flood Resilience Alliance “Flood Resilience Impact Bond”

15:45-16:15 **Coffee Break**

16:15-17:45 **Session 4. Landscape-based finance, fund development, and bonds**

A number of recent initiatives are exploring approaches to scale up financing for water-related investments, including approaches to combine public and commercial financing. Landscape-based approaches promote multiple investments at the relevant spatial scale (such as the basin level), which can be bundled to attract public or commercial finance, or combinations thereof. Public investment may be developed in ways to help de-risk commercial investment to crowd in more capital. Similarly, investment funds pooling different types of financing, may also provide mechanisms to mitigate risk and provide additional financing for the water sector that would not

otherwise be possible. In addition, specialised bonds, such as green bonds and blue bonds that mobilize finance into the water sector have also proliferated in recent years. Approaches to aggregate multiple water investments into a single package and issue bonds in local currency may also make it possible to mobilize additional finance into the water sector. This session will explore some of the proven as well as evolving financing modalities.

- Brief kick-off interventions by lead discussants
- Lead discussants share their presentations
- Questions and open discussion

Chair: **Kathleen Dominique**, Coordinator, Roundtable on Financing Water, Environment Directorate, OECD

Lead discussants:

**Alexis Morgan**, Global Water Stewardship – Lead, WWF “Landscape finance, water stewardship and corporate investment in water risk mitigation”

**Hubert Jenny**, Principal Infrastructure Finance Specialist, ADB, “Shandong Green Development Fund and Green Finance Catalysing Facility”

**David Schaub-Jones**, Water Funds Programme Manager, The Nature Conservancy “Experience with Water Funds in the region and lessons learned”

**C. Rick Ziegler**, International Water Advisor, Office of Global Affairs and Policy, US Environmental Protection Agency “US EPA water finance models -- revolving funds, credit loans and environmental impact bonds – and potential for adapting to new contexts”

**Hein Gietema**, Director, CSC Strategy & Finance, Water Finance Facility “The Water Finance Facility approach to mobilise local bond financing for water investments”

**Daniel Hersson**, ADB Ventures Investment Lead “Accelerating impact through technology in the Asia Pacific”

17:30-17:45 **Re-cap of key points from the discussion**

**Xavier Leflaive**, Team Leader, Resilience, Adaptation and Water, Environment Directorate, OECD

18:00-20:00 **Networking cocktail**

## Wednesday, November 27<sup>th</sup>

8:45 – 9:05

### Keynote Addresses

**Diwakar Gupta**, Vice President (Private Sector Operations and Public-Private Partnerships), ADB, “Importance of expanding the range of financial instruments to meet country needs and infrastructure development in Asia”

**Pritha Hariram**, Senior Business Development Officer, FMO [TBC]

9:05 – 10:40

### Session 5. Supporting the mobilisation of commercial finance: Managing risk, improving performance and creditworthiness

One of the most direct and common ways to mobilise additional financing into the water sector has been through the step-wise transition from purely public financing for water and sanitation service providers to the use of a combination of tariffs and public subsidies to eventually only tariffs and commercial finance. The last step in accessing commercial financing (for Opex or Capex) is challenging and requires both a well performing and creditworthy service provider as well as a secure enabling environment. A robust enabling environment for investment can help to ensure risk sharing is balanced among commercial and public actors as well as encourage the engagement of private sector water service providers where appropriate. This session will examine the factors that contribute to a robust enabling environment, approaches to manage risk, and improve the creditworthiness of water service providers.

- Brief kick-off interventions by lead discussants
- Questions and open discussion

Chair: **Vicky Hilda Rigby Delmon**, Senior Counsel, Water Supply and Sanitation Global Practice, World Bank

Lead discussants:

**Ekha Yudha Pratama**, Team Leader, Financing and Investment, PT Sarana, Multi-infrastructure Funding and Investment Department, Indonesia “Moving regional drinking water companies (PDAMs) to a commercial basis”

**Elaine Wu**, Head of Asia ex Japan Power Utilities and Environmental Equity Research, J.P. Morgan Securities (Asia) “Commercial bank assessment of risk”

**Joel Yu**, Associate Professor, University of the Philippines -- Virata School of Business, “Establishing the regulatory framework for commercial investment”

**Farchad Kaviani**, Regional Director, Southeast Asia, Suez “Risk assessment from the perspective of large multinational service providers”

**Thomas Maier**, Former Managing Director, Infrastructure, European Bank for Reconstruction and Development (EBRD) “Creditworthiness and shadow ratings for emerging markets”

**Monica Bennett**, Head, Water Asia-Pacific, Isle Utilities Ltd. “Role of technology in improving performance of water service providers”

**Corrine Cathala**, Lead water and sanitation specialist, Inter-American Development Bank, “AquaRating, transforming the management of water and sanitation utilities”

10:40 – 11:00 **Coffee Break**

11:00 – 12:30 **Session 6. Supporting the mobilisation of commercial finance: Country examples**

Several countries in the region are in the process of transitioning the water and sanitation sector from a publicly financed or state-owned model towards a more self-sustaining corporatized or commercial orientation (including private ownership in some cases). The performance of service providers (in terms of cost recovery and creditworthiness) varies considerably, impacting their capacity to achieve commercial operating status and access commercial financing. Likewise, the intervention of the public sector to provide transition facilities and strengthen policies to support this transition and help establish an enabling environment is also vital for success.

In this session, several country case examples will be presented where transitions are ongoing in order to examine key factors that support the transition as well as challenges encountered. Case examples will focus on Georgia, Indonesia, the Philippines and Vietnam. Policy reforms enacted with the support of ADB and an example of ADB’s Private Sector Operations Department and sovereign operations working together to help transform the sector will be presented as well.

- Brief kick-off interventions by lead discussants
- Panel discussion
- Questions and open discussion

Chair: **Amy Leung**, Director General, East Asia Department, ADB

Lead discussants:

**Ekaterine Galdava**, Deputy Director, United Water Supply Company of Georgia

**Ngo Duc Vu**, Chairman, Dak Lak Water Supply Joint Stock, Viet Nam “ADB collaboration between Private Sector Operations Department and sovereign operations”

**Roderick Planta**, Assistant Secretary, National Economic and Development Authority, Philippines “How to finance Philippine Water Supply and Sanitation Masterplan”

**Yudha Mediawan**, Director Water Supply, DG Human Settlements Ministry of Public Works “Introducing a Source-to-Tap approach Indonesia: Identifying complementarity between financing sources”

**Taqsem Khan**, Dhaka WASA, Bangladesh “Leveraging performance improvement, official development assistance and domestic capital”

**Karma Dupchuk**, Director, DES, Kingdom of Bhutan

**Akesa Tagilala Mitchell Davuiqalita**, Senior Quality Assurance Analyst with the Strategic Planning Unit, Water Authority, Government of Fiji, “Transitioning from the Water & Sewerage Department to Water Authority of Fiji: Lessons learned”

12:30-14:00

**Lunch**

14:00-15:40

**Session 7. Practical example to increase financing flows for water-related investments in Asia**

This session presents new developments related to a range of financing schemes in Asia and the Pacific that have been successful in mobilising additional finance for water-related investments. Examples include financing approaches used by financial institutions or intermediaries partnering with local utilities to help serve the poor as well as community-based schemes that raise funds from local government or the community themselves. The session will also include the experience with private sector concessionaires in Asia (e.g. Manila Water and New Clark City in the Philippines) as well as the expansion of private water service providers into smaller local water utilities that improve performance and financial sustainability.

- Brief kick-off interventions by lead discussants
- Questions and open discussion

Chair: **Anthony Cox**, Deputy Director, Environment Directorate, OECD

Lead discussants:

**Cecile Cruzabra**, CFO, Manila Water “Concessions and financing for large private urban utilities and expansion to secondary cities”

**David Ginting**, Water Specialist, AIB “AIB water sector strategy and how it can contribute to increasing finance in the region”

**Ella Lazarte**, Senior Water and Sanitation Advisor, USAID “Improving creditworthiness of small-scale utilities in Cambodia”



**Lesley Pories**, Senior Sector Analyst, Water.org “Unlocking domestic capital across multiple levels: Experience in South and Southeast Asia”

**Miha Matsubayashi**, Global Environment Department, JICA, “The Philippine Water Revolving Fund”

**Yoshiharu Imajima**, Manager, International Affairs, Japan Sanitation Consortium, “Financing wastewater management in Japan”

**Soledad San Pablo**, Bases Conversion Development Authority, Philippines, “New Clark City Development”

15:40-16:00 **Coffee Break**

16:00-17:00 **Session 8 – Wrapping up and next steps**

Main conclusions from the discussions and next steps for advancing the agenda for research and action on financing water in the region.

**Henk Ovink**, Special Envoy International Water Affairs, Government of the Netherlands

**Xavier Leflaive**, Team Leader, Resilience, Adaptation and Water, Environment Directorate, OECD

**Tom Panella**, Chief of Water Sector Group, ADB

17:00-17:10 **Closing remarks**

**Woochong Um**, Director General, Sustainable Development Department, ADB