### "The limits of aid, the fure of trade"

Hielke Wolters

Director Aquanet BV





#### **Contents**

- 1. What does the sector need
- 2. Where does the money come from
- 3. Where does the private sector look at
- 4. What needs to be done (MDG-lessons)





# Roles and functions in the (drinking) water sector

Role	Function
Sector Policy and Strategy	<ul> <li>Legal and regulatory framework</li> <li>Define sector policy</li> <li>Tariff setting framework</li> <li>Public awareness (incl. WASH-promotion)</li> </ul>
Asset Management	<ul> <li>Management of assets (development, depreciation, debt service)</li> <li>Investment planning and implementation</li> </ul>
Asset Operations and Maintenance	<ul> <li>Operation and maintenance of existing infrastructure, material and equipment</li> <li>Replacement of material and equipment</li> <li>Billing and collection</li> <li>Public relations with customers</li> </ul>





## Financing Water for All

(Camdessus, 2003)

Transfers (ODA)

Taxes (Public Expenditure)

Tarrifs (customers)

Transfers (ODA)

Taxes (Public Expenditure)

Risk on cash flow from:

- operations (interest)
- investments
- financing (loans)

Tarrifs (customers)

`ATP WTP , WTC





# PPP-prospects in water and wastewater

(source: Global Water Intelligence, August 2014) (number of PPP per HDI-category)

> 60% BRICS (India)

Medium
human
development

> 40% Nigeria

- < 10% of PPPs in Sub-Sahara Africa</li>
- most PPPs focus on treatment facilities
- all PPPs focus on urban water supply
- network extensions typically excluded

28%

- investment repayments included in tariffs and/or guaranteed by taxes
- structured around risk allocation and sharing

> 50% BRICS + Iran development 27%

> 50% USA





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#### **Looming MDG-lessons**

- MDG-targets are met (thanks to India and China)
- Sub-Sahara Africa lags behind (both urban and rural)
- Narrow focus on expansion of services
- Too little attention on institutional development and capacity building within all actors in the sector
  - Risk of sustainability of policy implementation
- Too little attention on operation & maintenance (sustainability of exsisting service delivery)
  - Risk of service deterioration
  - Risk of 'destruction' of invested capital
  - Risk of inability to attract new investment capital



