



EU Water Initiative Finance Working Group

Finance Mechanisms Website

10 March 2005

Agenda

- Overview of Finance Mechanisms Website
- Presentation of Website
- Discussion

Introduction

- Through FWG's exploration of finance mechanisms, and information gap became apparent about how finance works, and where and how it is used, to support the water sector

FWG response:

- Develop a source of information about finance mechanisms to benefit demand-led approaches to water development
- Provide information about types of mechanisms, how they work, where they are applied, and who offers them
- Provide case studies where possible
- To be made available in hard copy, CD, and web-based format

Objective of the website

- To provide users of finance, typically in developing countries, with a means to identify different types of finance mechanisms that are available for the water sector, how they work (broadly), and linkages with additional information – in essence, a “one stop shop”
- To provide this tool in a format that is easily accessible and readily understood, to increase knowledge and capacity for users to access finance

Methodology

- Review publicly available information from different agencies (bilateral, international financing institution, multilateral association, and export credit agencies)

***OECD's "Export Credit Financing Systems in OECD Member Countries and Non-Member Economies: 2004 Supplement" provided key information on export credit agencies*

- Develop a catalogue of finance mechanisms either used, or with potential to be used, by the water sector
- Work with EUWI web designer to develop an internet site for users to access information
- Further develop, populate, and test the website over time

Benefits

- Users of finance will have a “one stop shop” for information on finance mechanisms for the water sector
- This site will highlight gaps and overlaps in different product areas for providers of finance, who could use the site to help improve coordination and targeting of finance mechanisms
- The site may also help to democratise thinking about finance amongst different groups, and stimulate public dialogue about matching finance mechanisms to sector strategies.
- The “one-stop shop”, with its comprehensive picture of different mechanisms available, may help to strengthen the impact of the FWG on other EUWI Working Groups
- Benefits will grow as the site develops

Structure

- Database design provides a catalogue of mechanisms distilled from four categories of agencies (bilateral, IFI, multilateral association, and export credit agency)
- Mechanisms are grouped into four broad categories of finance: Grants, Debt, Equity, and Guarantee/Insurance
- Users are provided with a range of information and details about each mechanism, including general and specific descriptions, amounts available, currencies offered, relevant conditionalities, and contact information
- Additional guidance, explanation of terms, and information is provided in non-finance specific language.

Possibilities

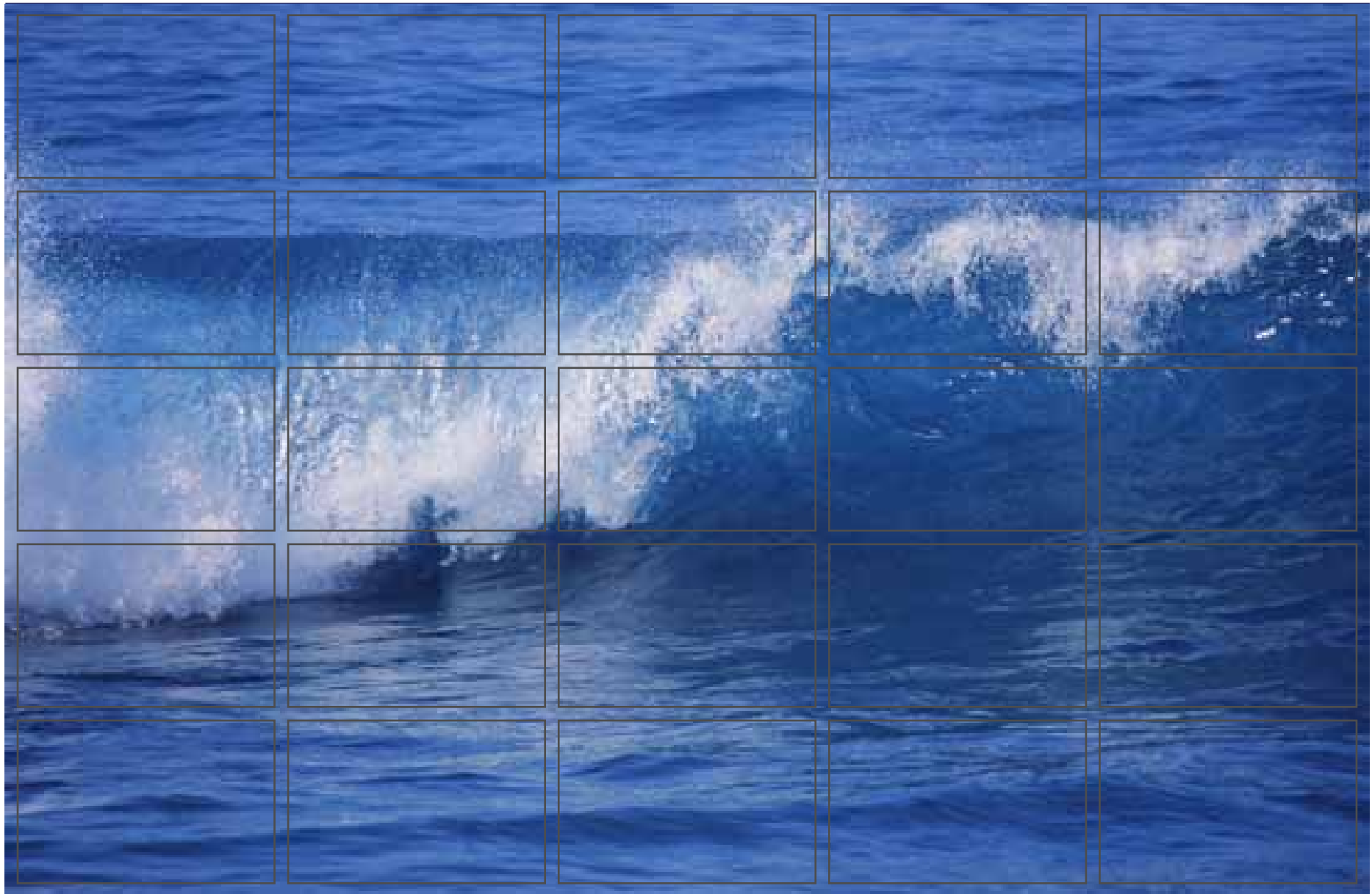
- Add community level and other sources of finance to make the existing site more comprehensive
- Develop the tool to provide users with a “walk through” of different processes relating to different mechanisms (eg how to obtain a credit rating, how to apply for different types of financing, guidance on what types of financing are possible under different circumstances)
- Develop the tool further as a true “one-stop shop” database tool, linked with application forms for each mechanism, guidance and tips for filling out forms, or even a “live” e-expert network to provide advice to different types of users

Requirements

- Agencies must be interested to share and maintain information, as well as carry responsibility for accuracy of their data over time
- Responsibility for overseeing the website may be useful as part of EUWI FWG or NGO partner
- Partnering with other organisations who are interested in finance for the water sector, such as the World Water Council, would add strategic value/avoid competition/duplication of efforts

Next steps

- Improve the consistency of data provided by agencies included in the website: there are many gaps in the database, signified by ???.
- Expand the coverage of database to include other sources of finance (eg micro-credit organisations, foundations, etc.)
- Continue developing the tool in preparation for a live website



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