



Finance Strategies for Water and Sanitation – OECD Experience

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Why Financing Strategies ?

Because of

- Lack of realism
- Need to take account of affordability
 - For households
 - For public budgets

Objective

- Financing strategies allow to structure a policy dialogue involving all relevant stakeholders and to forge consensus
- Initiate discussions and illustrate effects of different objectives/targets for a long-term perspective
- Provide a missing link between sector policies and programs and feasibility studies
- Pave the way for external financing by providing clear and transparent data on financing requirements and by supporting coordinated donor interventions

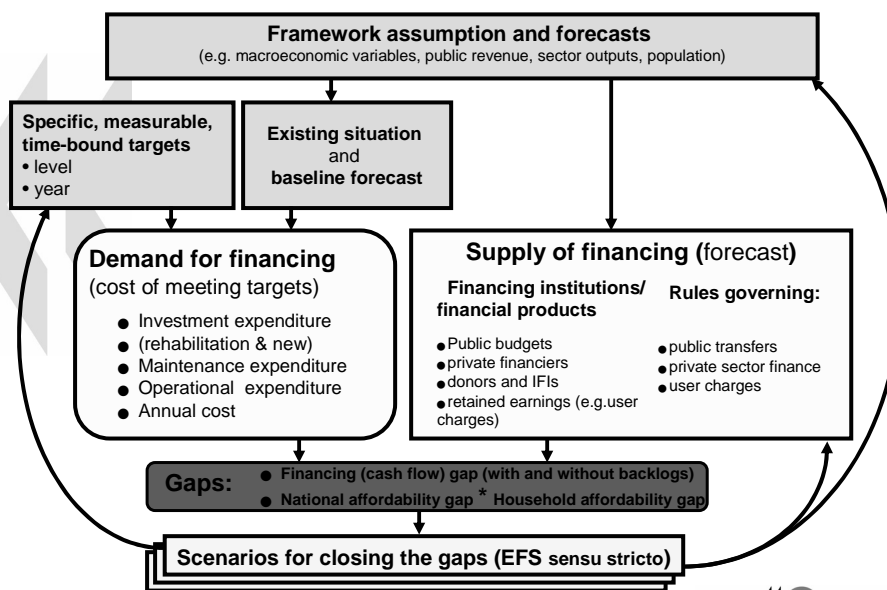
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Financing Strategies applying FEASIBLE approach – case-studies in FSU

| Country | Region | Urban water supply | Urban wastewater collection and treatment | Municipal Solid Waste |
|--------------------|----------------------------------|--------------------|-------------------------------------------|-----------------------|
| China | Sichuan Province | | | |
| Georgia | National | | | |
| Moldova | National | | | |
| Russian Federation | Kaliningrad | | | |
| | Novgorod | | | |
| | Pskov | | | |
| | Rostov on Don | | | |
| | Yaroslavl | | | |
| | Khanty-Mansijsk (KhMAO) | | | |
| | Leningrad Oblast + St.Petersburg | | | |
| | Caucasus Mineral Water region | | | |
| Kazakhstan | National | | | |
| | Eastern Kazakhstan Oblast | | | |
| Ukraine | National | | | |
| Armenia | National | | | |
| Latvia | Riga | | | |

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Structure of the FEASIBLE model



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Key aspects of the model

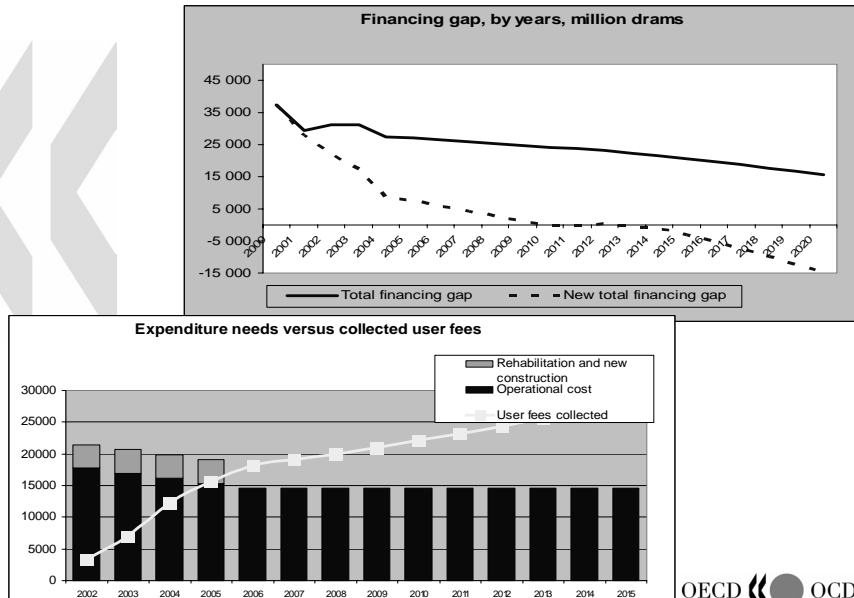
- Model uses generic cost functions, adjusted for local conditions and prices
- Model uses aggregated figures for territory under consideration, i.e. regional or national, but not local
- Model calculates cash flow gap as key output
- Model programmed under Delphi



Outputs of Financing Strategies

- Scenarios for closing finance gap
- Key policy and institutional reforms identified
- Social issues and possible mitigating measures identified
- Dialogue within governments and with stakeholders: stronger link between policy development and implementation

Results of simulations



Outcomes

- Shared understanding of issues
- Consensus on realistic infrastructure targets
- More objective discussion of tariff policy
- Reflection on realism of social and environmental objectives
- Opportunity to improve dialogue with MoFin
- Opportunity to incorporate results into MoFin MTEF and into PRSP