

Developing the main messages of the Financing Strategies report – Revised Draft Outline and Work in Groups

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Revised Draft Outline

Target length: 50 pages

Use of examples from case studies throughout report

Possible Volume II: **Compilation of case studies**

Executive Summary [4-6 pages]

Chapter 1. Financing Water and Sanitation Service [6-8 pages]

- Sustainable finance, key to tackle the MDG water challenge
- An evolving context for water finance
- The OECD DAC/EPOC Water Task Team and this report

Chapter 2. The Case for Financing Strategies [6-8 pages]

- What is a financing strategy?
- Rationale of financing strategies
- Outcomes that can be achieved with financing strategies

Revised Draft Outline (cont)

Chapter 3. Policy Lessons from Financing Strategies [10-12 pages]

- Setting and costing objectives
- Deciding on the ultimate sources of finance
- Allocating financial resources within the sector

Chapter 4. Lessons Learned in Developing and Implementing Financial Strategies [10-12 pages]

- Getting the level of ambition right
- Structuring a financing strategy process
- Capacity needs
- Getting the most of a financing strategy

Chapter 5. Conclusions and recommendations [4-6 pages]

Working sessions

- Expected output: list with main messages for the report
- Input: list of questions, draft case studies, participants' experience!

- 1 plenary: Chapters 1 and 2
- 4 break-out groups: Chapters 3 and 4
- 1 plenary: Chapters 3 and 4

Dynamics in break-out groups

- Facilitator:
 - OECD staff
 - Just to keep the group focused
- Rapporteur:
 - Pre-assigned participants
 - To summarise conclusions, report back to plenary
- Participants:
 - Please, sign up during the coffee-break!

Plenary (chapters 1 and 2)

Emerging issues in financing water

- How are **decentralisation** and **new aid modalities** impacting water finance?
- What is the **linkage** of financing strategies with Sector Wide Approaches (SWAs) and other **sector based approaches**?
- What are the key **outcomes** that can be achieved through financing strategies?

Chapter 3. Working Group A.

Policy lessons in bringing MDG costs down – technology choice and prioritisation

- What is the **scope to reduce MDG costs** through alternative technologies and designs?
- What are the main **constraints** for pursuing lower-cost strategies (e.g. norms and standards)? How can they be overcome?
- Is there **scope for improving the allocation** of financial resources within the WSS sector, eg by increasing aid effectiveness by focusing on rural (low service levels and cheap) rather than on urban areas (higher service levels and expensive), on hygiene promotion rather than on infrastructure?
- How have **financing strategies** supported financial allocation decisions within the WSS sector?

Chapter 3. Working Group B.

Policy lessons on the role of tariffs in achieving sustainable cost recovery

- Are **full-cost recovery targets** through tariffs a realistic objective for the WSS sector in developing countries (i.e. affordability issues)?
- How have **financing strategies** around the world supported enhanced cost recovery?
- What should be the role of **public budgets** and **official development assistance**?

Chapter 4. Working Group C.

Good practices in organising strategic financial planning processes - lessons from domestic OECD country experiences

- What can be the different **objectives** of a financing strategy?
- What are the **requirements** to achieve those objectives, chiefly in terms of stakeholder involvement, sophistication of decision-support tools and comprehensiveness of data?
- What are the most crucial **steps** in structuring a financing strategy process?
- What were the **capacity constraints** for developing and implementing financing strategies in OECD countries ? How were they overcome?

Chapter 4. Working Group D.

Good practices in organising strategic financial planning processes - lessons from development co-operation experiences

- What can be the different **objectives** of a financing strategy?
- What are the **requirements** to achieve those objectives, chiefly in terms of stakeholder involvement, sophistication of decision-support tools and comprehensiveness of data?
- What are the most crucial **steps** in structuring a financing strategy process?
- What were the **capacity constraints** for developing and implementing financing strategies in OECD countries ? How were they overcome?
- What should be the role of external actors (i.e. OECD aid agencies) in the development and implementation of a financing strategy?