



INFRASTRUCTURE FINANCING MARKETS

Water Innovations Alliance

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Introduction

No Lack of Financing Sources available to the water sector

- **All Markets are open for water projects and services.**
- **Lack of leadership on water issues coupled with lack of revenues makes for difficulty in accessing funds.**
- **Financial tools not a panacea, but:**
 - Allows for optimization of resources
 - Manages timing differences and demographics
 - Enables risk diversification



Scope of Discussion

Focus on broad markets likely to be integral parts of water finance ongoing:

- **Debt Markets**
- **Infrastructure Equity Funds**
- **Developments in Strategic Equity**



Debt Markets Focus

Sense that debt market turmoil should be short-lived, barring any unforeseen exogenous shocks.

- **Many forces acting upon debt markets currently**
- **Despite pressures, markets are open and operating, with continued flows to project and other loan funds**
- **Loan markets particularly resilient**
 - Current pricings in project finance market
 - Loan funds experience inflows and outflows
 - Expectation for both banks and institutions

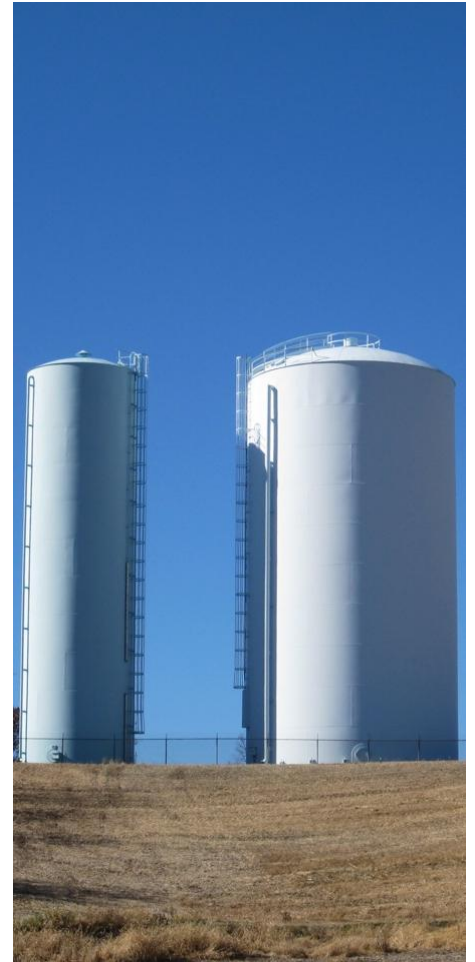
Despite considerable pressures in the USD debt markets, loans should continue their historical resiliency...

...particularly in the project finance market.

Infrastructure Equity Funds

Strong performance, but more capital than opportunities!

- **\$180-\$250 billion directed at infrastructure (incl. water)**
- **Successful fundraising ongoing**
- **Developments in secondary market**
- **Increasingly accommodative to greenfield and construction assets**



Strategic Equity

New entrants from the Engineering and Construction Sector should create positive partnering opportunities

- **More contractors compelled to consider development/financing positions**
- **Fragmented industry historically meant lack of critical mass and interest**
- **Contractors see investment capability as a way to augment building new backlog**
- **Equity risks are equity risks are equity risks**



Conclusions

No market or source of funds is closed to the water sector!

- **Considerable interest in the sector**
- **Need for direction and new revenue sources**
- **Need to use all sources to their best advantage**
- **Work to broaden spectrum of participation, flexibility in procurements and funding capability.**