



## 11<sup>th</sup> Meeting of UNSGAB & Middle East Regional Dialogue 17<sup>th</sup>-19<sup>th</sup> November 2008

“IDB and Water: An Overview”



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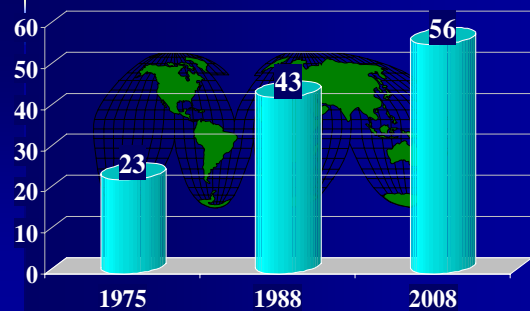
- About IDB
- Water Portfolio
- Non-Sovereign Finance
- Challenges and Perspectives



“...To Foster The Economic Development And Social Progress Of Member Countries And Muslim Communities In Non-Member Countries...”



## IDB MEMBERSHIP



## IDB MEMBERSHIP (2)

- 27 Countries in Africa
- 26 Countries in Asia (6 from CIS)
- 2 Countries in Europe
- 1 Country in Latin America



## Capital Resources

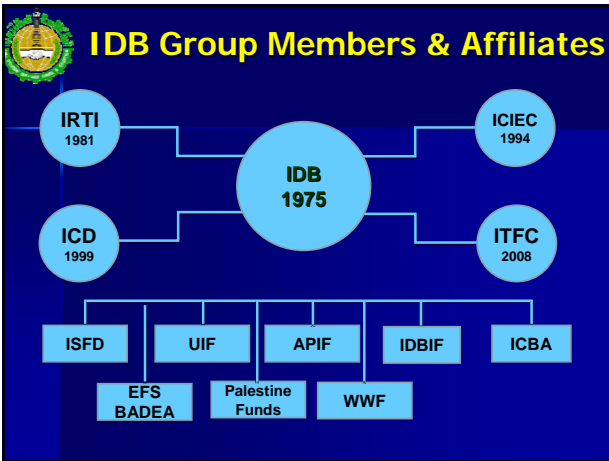
- ID30 billion Authorised Capital
- AAA Rating by Moody's, S&P and Fitch
- Zero-risk rating by European Commission

## Main Financial Products

- ❑ Interest-Free Loan
- ❑ Leasing
- ❑ Installment Sale
- ❑ Construction Finance (*Istisna'a*)
- ❑ Equity
- ❑ Line of Financing
- ❑ Technical Assistance
- ❑ Trade Finance

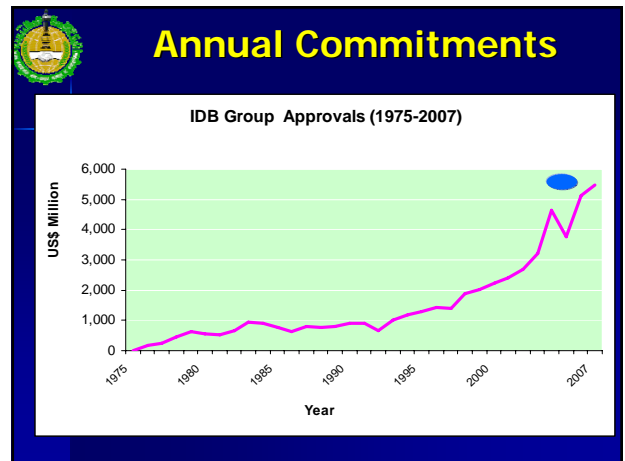
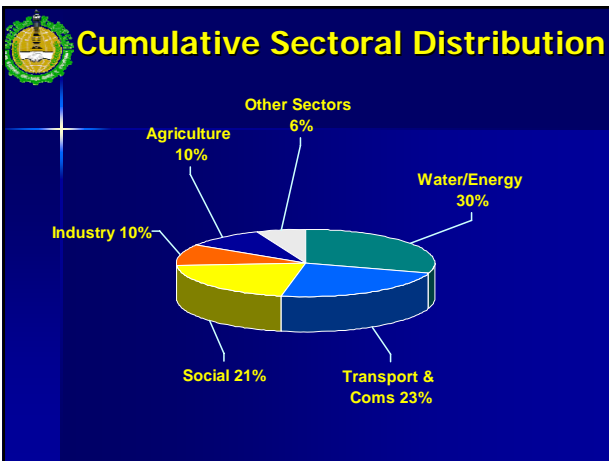
## Grant Products/Programs

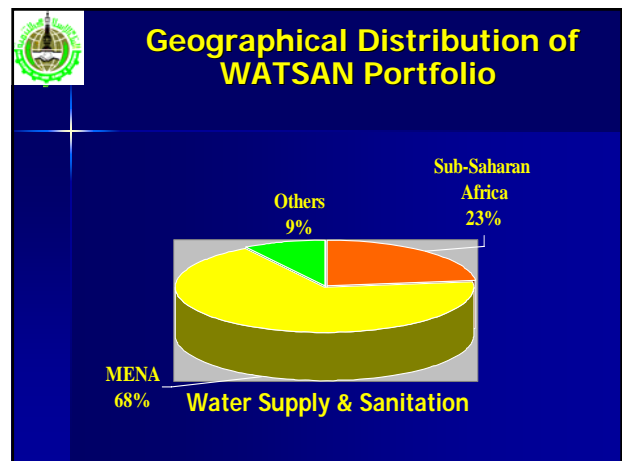
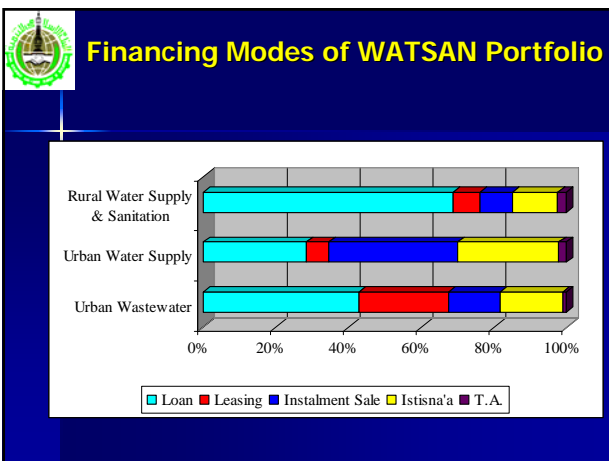
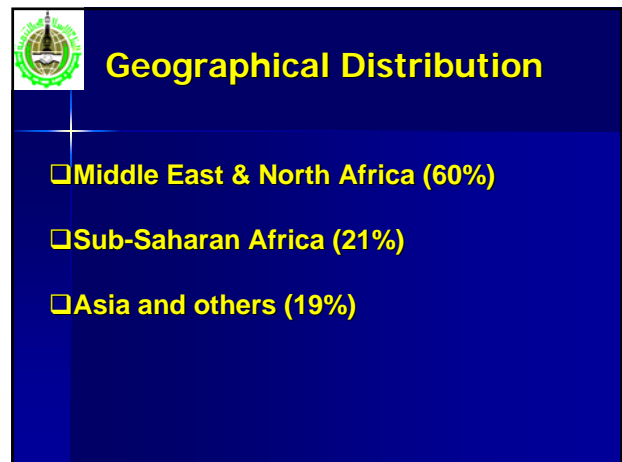
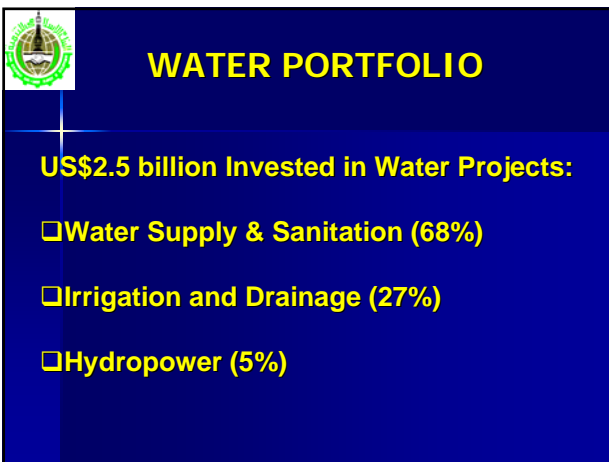
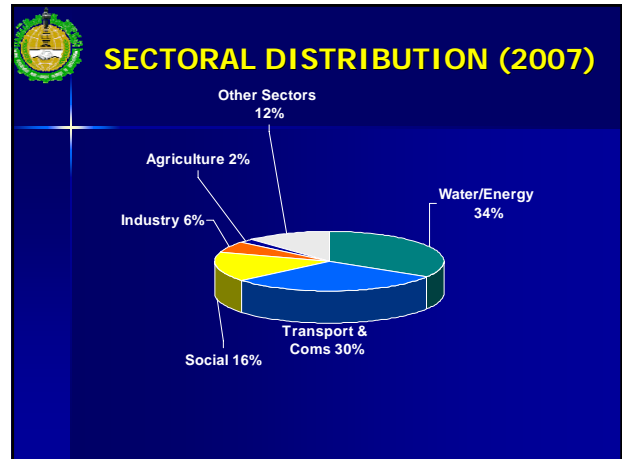
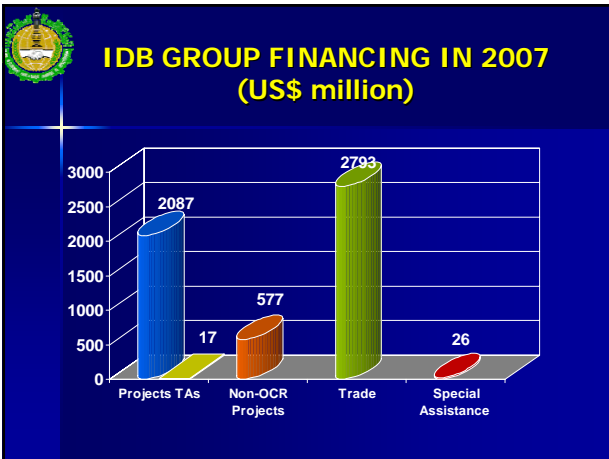
- ❑ Technical Assistance (Grant)
- ❑ Technical Cooperation Program
- ❑ NGOs and Women-In-Development
- ❑ Science & Technology Program
- ❑ Research & Training Program
- ❑ Scholarship Programs
- ❑ Trade Promotion Programs



## Cumulative Commitments (end-2007)

Type of Operation	US\$ billion
1- Development Projects	20.6
2- Technical Assistance	0.23
3- Trade Operations	29.8
4- Special Assistance	0.64
<b>TOTAL</b>	<b>51.3</b>







## WATSAN MENA Portfolio

- ❑ US\$1.1 billion of IDB financing for WATSAN Projects in Arab Member Countries
- ❑ Water Supply: US\$803 million
- ❑ Sanitation: US\$268 million



## Selected WATSAN MENA Projects

- ❑ Lebanon - Greater Beirut Sewerage Project - US\$22 million financing to improve wastewater collection and treatment in Greater Beirut
- ❑ Morocco - Taza & Berrechid Water Supply Project - US\$30 million financing to meet water demand of rural communities in Taza and Berrechid
- ❑ Sudan - Khartoum Water Supply Project - US\$15 million to build a new water treatment plant and transmission line to improve water services to the growing urban population of Khartoum



## Selected WATSAN MENA Projects

- ❑ Bahrain - Treatment and Utilisation of Sewage Effluent Project - US\$25 million financing for tertiary treatment of sewage to be used for irrigation purposes
- ❑ Tunisia – Choutrana and Meliana Sewerage Project - US\$43 million financing to expand wastewater treatment capacity in two cities
- ❑ Mauritania – Nouackchott Water Supply – US\$16 million of combined financing to upgrade the provision of water services in Nouakchott



## Capacity Building & Institutional Support

- ❑ Support regional/national programs working on water issues (e.g., AWC, CEDARE, ESCWA, PERSGA, ACSAD, ALECSO, KACST, KISR)
- ❑ Support organisation of regional water events (workshops, conferences) in MCs—US\$2 million aggregate grant financing, to date
- ❑ Support water-related studies/research through Technical Assistance & Scholarships



## Recent Trends

- ❑ Market-driven shift from irrigation to water supply and sanitation.
- ❑ Wastewater treatment and pollution control projects—*impact of pollution too visible to ignore; water reclamation.*
- ❑ Gradual private sector participation in water production and distribution.

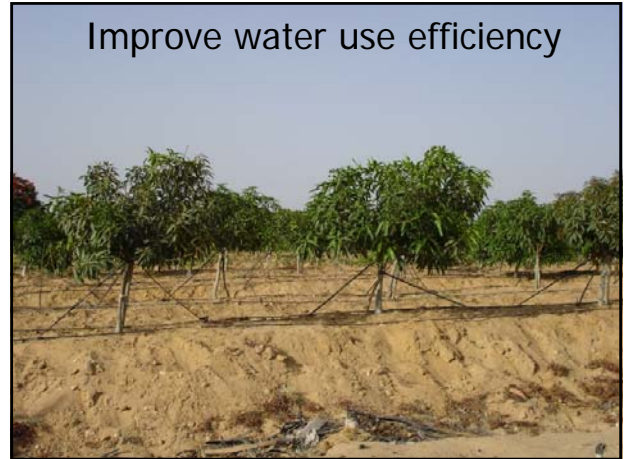


## Recent Trends (2)


- ❑ Lack of effective demand for financing in recent years—IDB commitments in last 5 years dropped by 25 percent compared to previous 5 years.
- ❑ Bank financing in the power sector more than quadrupled over the same period reaching US\$600 million in 2007.
- ❑ First Bank-Financed IWPP BOT Ras Abu Fontas Desal in Qatar (US\$75 million).



**Be Mindful of Agriculture**



**Improve water use efficiency**



**International Centre for Biosaline Agriculture**

- 20% of world irrigated area affected by salinity.
- Dubai-based R&D centre funded by IDB in partnership with the UAE to harness saline & low quality waters.
- US\$34 of IDB grant financing since 1999, additional US\$7 from Arab Fund, OFID, IFAD, DFID, USAID etc.
- Hosts Arab Water Academy in partnership with EAD



**NON-SOVEREIGN FINANCE**

- 26 direct non-sovereign financing transactions completed since 2002 totaling US\$1.5 billion (PPP, SOEs)
- Focused on transport, power, telecom, metal industry, petrochemicals and manufacturing
- Only one IWPP in Qatar



**NEW SECURITY ARRANGEMENTS**

- Broad range of acceptable securities
- New instruments cater for private sector and SOEs



**SECURITIES**

Acceptable securities include:

- Corporate guarantee
- Assignment of receivables
- Commercial bank guarantee
- Shares pledge
- Purchase-and-lease-back



## SOME CONSTRAINTS

- Limited market size
- Credit-worthiness of municipalities and water utilities
- Rudimentary corporate culture and lack of disclosure and transparency
- Absence of commercial lenders
- Long repayment periods



## Challenges and Perspectives

- Lack of effective demand
- Financial sustainability/capital intense
- Service expansion and upgrade outpaced by population growth
- Limited focus on sanitation in LDMCs
- Capacity and institutional building



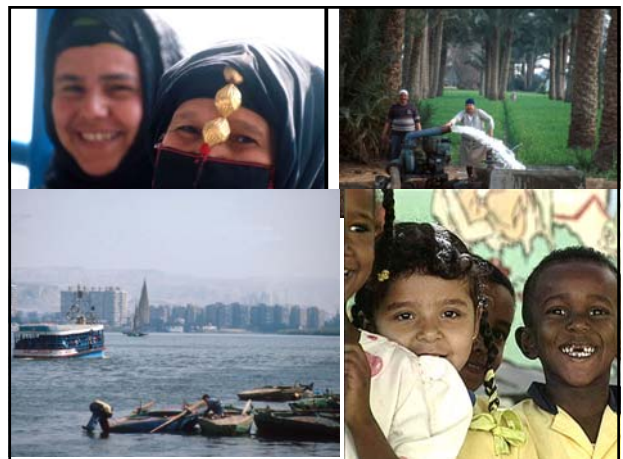
## Challenges and Perspectives-2

- Climate change
- Water for food
- Data quality and scope
- Private sector participation



## The Road Ahead

- Enhanced cooperation under LAS/AWC
- Launch of AWA
- UNSGAB HAP (Fin, San, WOP, IWRM)
- Rural water and sanitation program?
- Water fund?





**Thank You For Your Attention**