

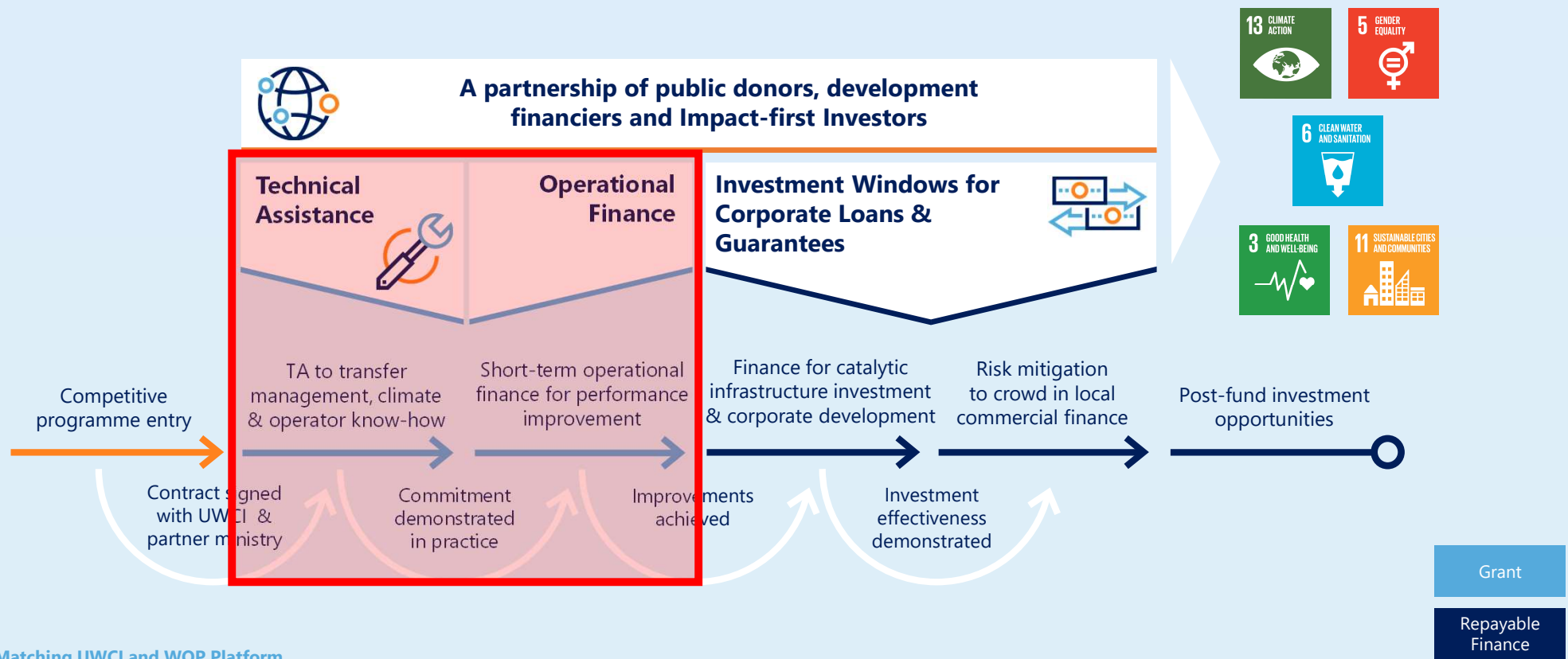
Matching the Urban Water Catalyst Initiative (UWCI) and WOPs

Workshop at 6th Network Meeting of the Utility Platform
Berlin, 26th May 2023

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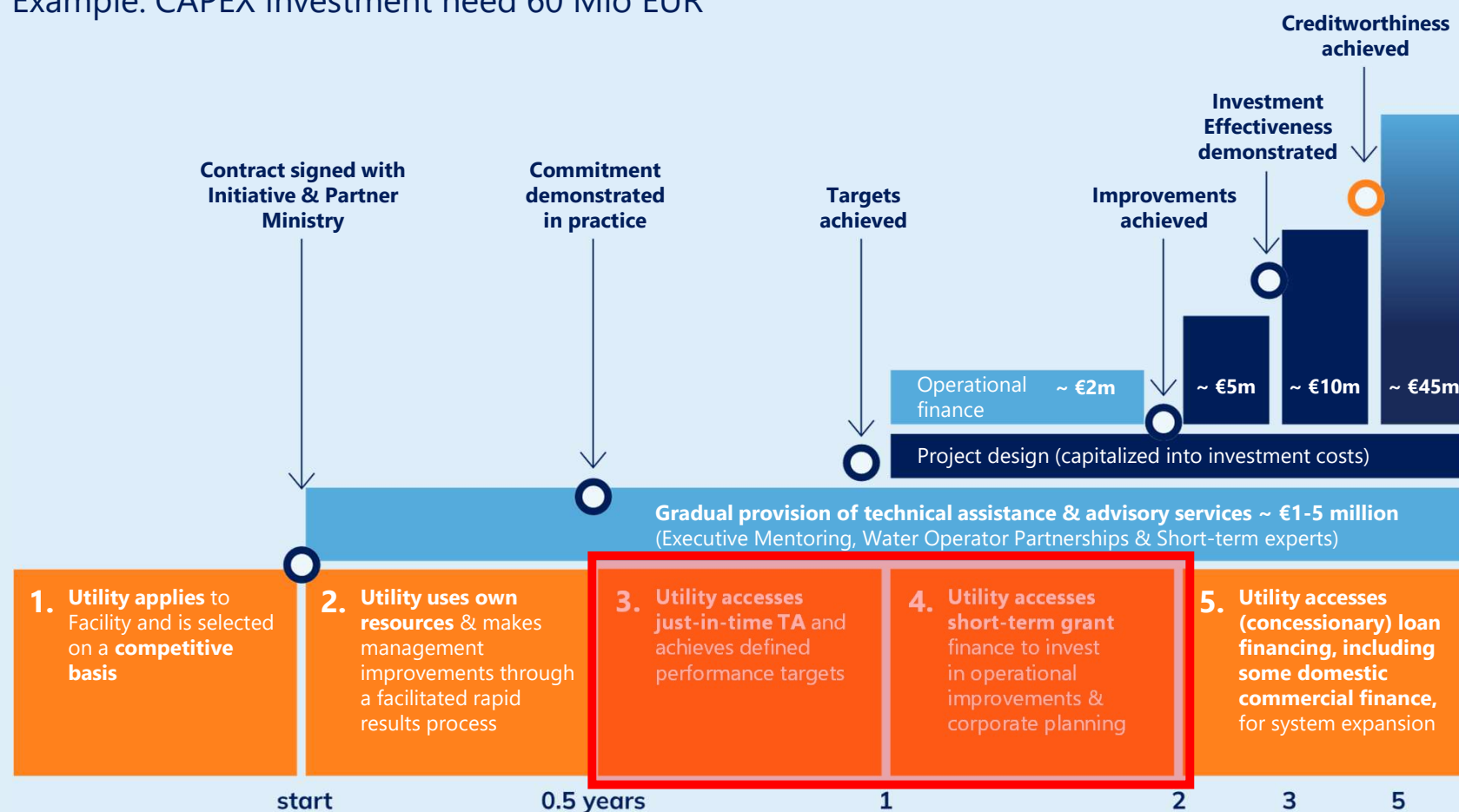
Urban Water Catalyst Initiative

UWCI's TA and finance package supports the transformation of reform-minded utilities into performing, creditworthy and resilient companies with access to sustainable public and commercial finance.



UWCI-Process from the perspective of a utility

Example: CAPEX investment need 60 Mio EUR



Matching UWCI and WOP Platform

Different Setup Scenarios for Marriage

Scenario 1 (Utility with ongoing WOP):

UWCI provides operational finance + coordinates the parallelly financed TA services for utility CEO/management coaching by short-term experts

Risk: Fragmentation

Scenario 2 (Utility with ongoing WOP):

UWCI finances Operational Finance + if needed participation in or extension of WOP financing; UWCI integrates its TA offer into WOP services.

Advantage: Higher efficiency, one face to customer

Preferred
option?

Scenario 3 (Utility without WOP, with high support needs in tech. + commercial area):

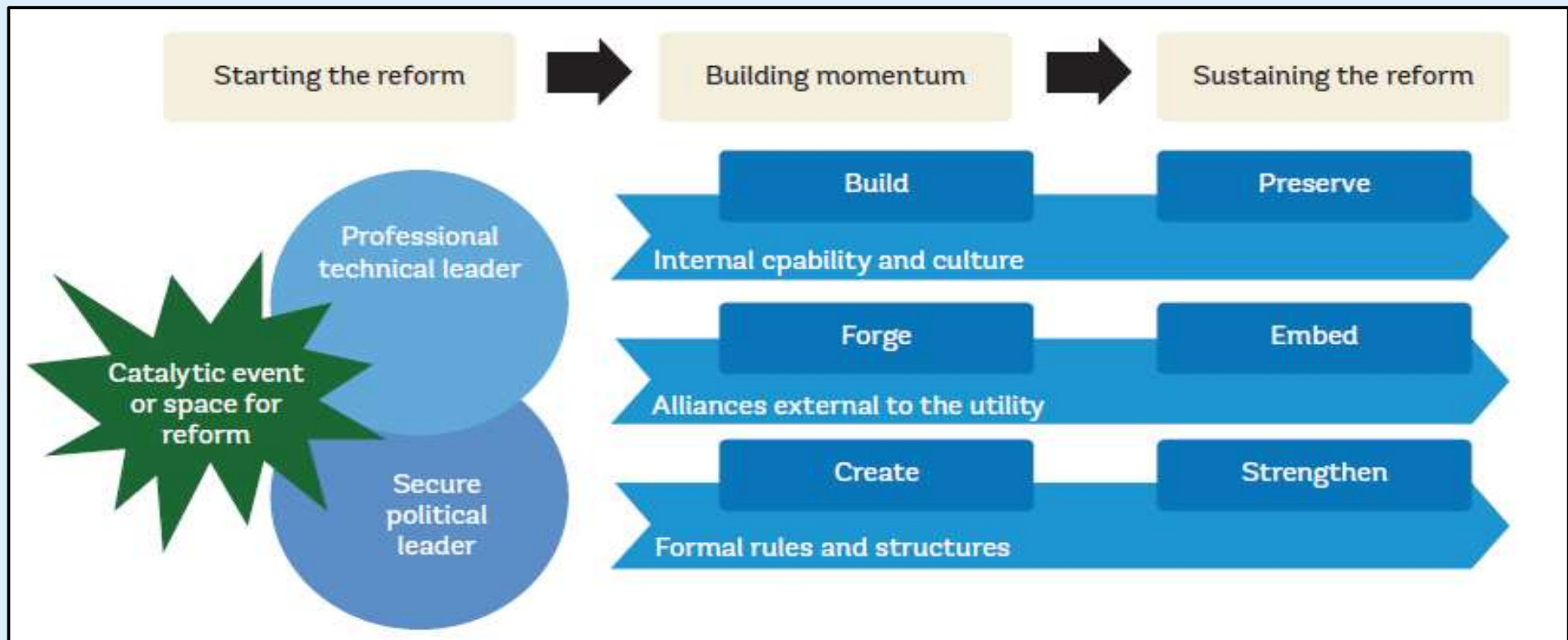
UWCI launches and finances WOP consulting / mentoring via WOP actors as needed plus Operational Finance plus TA services for CEO/management mentoring (short-term expert support for special tasks as needed)

Scenario 4 (Utility without WOP with little need for technical support):

UWCI finances demand-based TA services for CEO/management, short-term experts for special tasks plus Operational Finance.

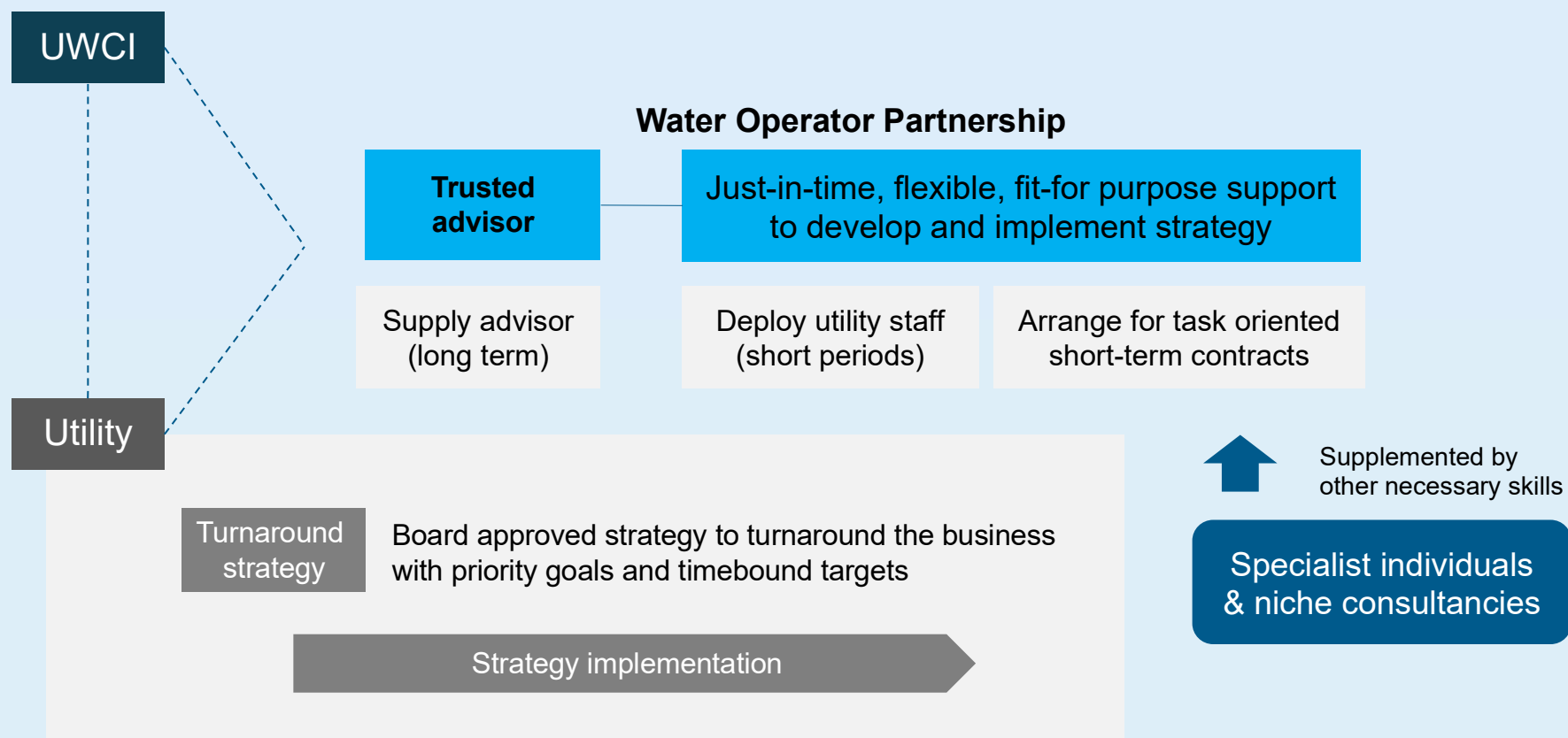
Strengthening Utility Leadership – can it be part of a WOP approach?

...to contribute to effective operational autonomy beyond legal autonomy



Different approaches for integrating WOPs in UWCI (2/2)

UWCI appoints an integrated WOP



Appraisal dimensions for creditworthiness as potential orientation for action

I. Reporting, information available

- meaningful annual financial statements including comprehensive explanations,
- trust building record and forecasts including assumptions (3 to 5 financial years),
- annual management reporting, comprehensible investment planning

II. KPIs

- *Revenues and liquidity*
 - OCCR
 - subsidies für opex and capex and their quality
 - accounts receivable
- *Balance sheet structure and debt coverage*

○ III. Qualitative factors

- Competition and market
 - Tariffication / tariff setting process and revenue predictability
 - Outlook on input factors: water resources, energy, HR
- organization and leadership
 - strategy, functional management and board, stability,
 - ESHS management
 - Other governance issues
- IV. Position within peer group / benchmarking
- V. Macro-economic outlook (outside of utility control)
 - Inflation, interest, financial market,...
 - National debt, sub-sovereign debt,...

For further information visit

 www.urbanwatercatalystinitiative.org

 www.linkedin.com/company/urban-water-catalyst-initiative

Or contact us

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Guiding questions for group discussion

Group 1: We believe that corporate governance is critical in order for utilities to improve their technical and financial performance. What role does corporate governance play in your utility? How could it be improved?

Group 2: How can Operational Finance be interlinked with WOPs in order to achieve creditworthiness? Do you think that the goal of creditworthiness would add value to your WOP?