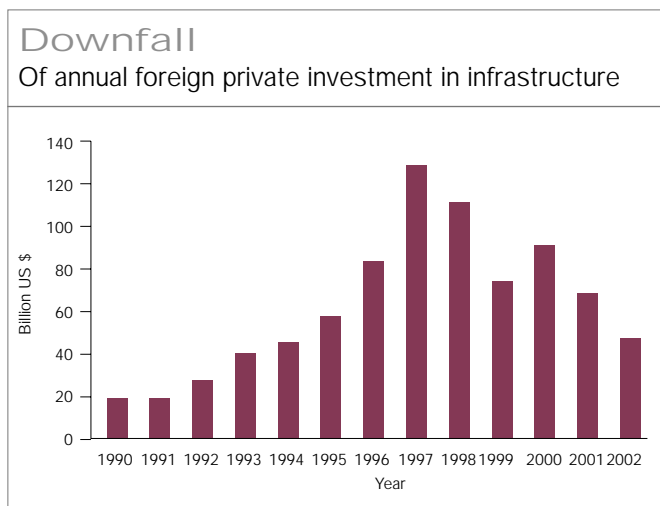
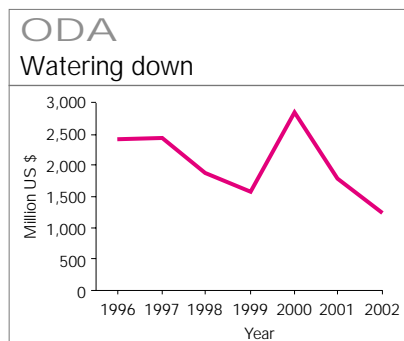


# A trickle called assistance

*Finances for environmental infrastructure is waning, especially in the water supply sector*

► Official development assistance (ODA) flows have continued to decline, and are now at their lowest level in recent years. Commercial lending and private investment have also been scaled back significantly as the private sector has become more risk averse vis-à-vis the water sector

► There has been a slackening of donors' commitment to support the water sector. The start of the Iraq War heralded a shift of political interest and budgets to other things



► The profile of urban water investment projects typically involves a high initial capital outlay, followed by a very long payback period for long-lived assets. As a result, the risk of repayment default is high, relative to many other projects

► Data shows that the private sector is more reluctant to invest in water compared with other forms of infrastructure. The root of the finance problem in the water sector, which also suffers from a high level of political interference, is poor governance

► There is much evidence to suggest that subsidies do not reach the poorest of the poor, but benefit the richer groups, who can afford to pay for water services

► The internationally agreed water targets will not be met on a business-as-usual scenario. Concerted action, backed by real political support, is needed

► Financial flows into the water sector from all sources would need to roughly double in order to achieve commonly agreed upon international water targets

