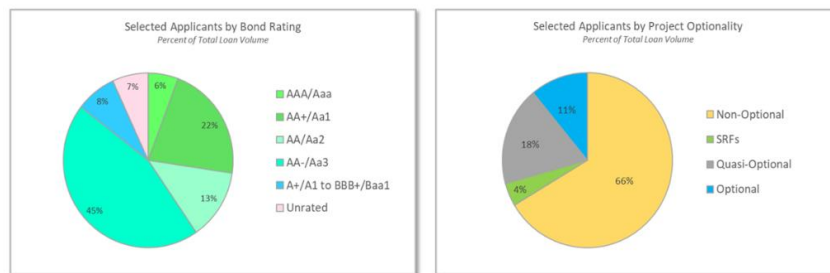


The WIFIA Loan Program has in effect emerged as a buyer of highly rated revenue bonds for large water systems. How can the Program be expanded to better support smaller, less highly rated systems and innovative projects in a post-Covid economic environment?

- The US EPA’s WIFIA Loan Program was designed to do for the water sector what the TIFIA Program is doing for the transportation sector – support minimally-investment grade project financings for greenfield projects involving innovative revenue sources and alternative investment.
- But since its inception in 2017, WIFIA has in effect emerged as a buyer of highly rated revenue bonds for large public water systems financing non-optional, ratepayer-funded projects:



WIFIA Loan Program Selected Applications 2017-2019: Bond Ratings and Project Optionality

- Although surprising, this is a generally positive result in terms of marginal improvement for essential water infrastructure and safety for federal taxpayers. But can the Program be expanded to support smaller, less creditworthy systems and innovative projects in a difficult post-Covid economy?

Three suggestions:

1. **Don’t break what’s working!** WIFIA is on a successful trajectory because making highly creditworthy long-term loans in conjunction with municipal bond financings plays to a variety of federal lending strengths. Don’t force a different and more difficult focus. Instead, expand the Program’s current capabilities.
2. **Expand WIFIA’s capabilities to leverage SRFs:** Extending WIFIA’s permitted loan length and increasing drawdown flexibility specifically for SRFs can expand their lending capacity and loan terms for smaller systems. SRFs are both highly rated borrowers and skilled at making smaller, more difficult loans – more WIFIA lending to SRFs is a win-win for small systems *and* federal taxpayers.
3. **Refine WIFIA’s eligibility and loan structure criteria to encourage alternative investors:** The combination of a WIFIA loan with a municipal bond financing provides a framework where alternative investors can add value in risk transfer and new technology. This can be encouraged with specific, low-risk technical modifications in Program eligibility and loan structure criteria.

InRecap Links:

- [Explaining Two Trends in Wifia Loan Program Selected Applications 2017-2019](#)
- [Wifia Loan Program: Transformational Development Concepts](#)
- [Benefit-Cost Impact of Wifia Loan Program Extended Term Modifications](#)