

Stockholm World Water Week 2017 – Invitation-only Side Event

Accelerating SDG Delivery through Financing Water Security

Learning from Africa and scaling up

Tuesday 29th August 2017 08:00 to 09:30 am Clarion Hotel Sign

EVENT SUMMARY

Welcome and introduction

Dr. Oyun Sanjaasuren, Chair, Global Water Partnership

Dr. Oyun Sanjaasuren gave the welcoming address and emphasized that the SDGs are not achievable without water, and water governance is critical for water to become an enabler rather than an obstacle to sustainable growth.

Water financing is currently falling short of global needs. However, the need for financing is not just money, money, money, but good water governance: investing in capacity building and knowledge can unlock finance. This is clear in GWP's work in Africa, where working with AMCOW and engaging in capacity building and have influenced nearly \$20 million in investments this year through knowledge building and project preparation.

How do we scale these efforts up, and what are the leverage points to do so? It is the hope that this morning's session will provide some ideas and next steps, including how to do so inclusively.

Opening remarks

Dr. Canisius Kanangire, Executive Secretary, AMCOW

Dr. Canisius Kanangire gave the opening remarks. He commented that water is at the center of economic development, and critical to the well-being of people and the environment. It is also factor for peace and cooperation, and is the center of sustainable development. Despite this importance, it can be difficult to water for receive the attention that it deserves. How can we ensure this?

The SDGs have created a stronger global platform to discuss these issues. However, the targets are ambitious and the timeline is short. Achieving the SDGs requires not only finance, but capacity at different levels and in different areas, as well as strong institutions to lead. The volume of financing is important, but the financing must also be sustainable: for instance, it is estimated that Africa will need \$100 billion annually to finance the SDGs. How do we confront this challenge?

If we keep doing business as previously, we will never reach these goals. It is important to involve not only water and sanitation, but the finance, energy, and agriculture sectors: all consumers must be part of designing solutions. This is AMCOW's approach.

The private sector has a great deal of resources, but the question is how to get these resources to the water sector, which can be perceived as risky. Regulations, guarantees, and other mechanisms must be put in place to reduce the risk of investment. It is important to demonstrate that water has social

value, but can also yield returns. There are many innovative tools that can facilitate this understanding, and they need to be discussed and understood.

Capacity building is an important area: how can sources of finance also build in technical assistance? Banks also need to shorten processing times and remove bottlenecks, which have prevented projects in Africa from accessing complex new funds.

We cannot resolve these issues without breaking the silos around water, and using a nexus approach to bring in all the financing resources which pass through water security to reach food and energy security. We also need to develop and enhance strategic partnerships with more relevant stakeholders at all levels, to bring in the competencies and technology that are needed to make progress.

The ambition of the SDGs is high, but not impossible: we need to keep focus and work together. We are a generation that has agreed to take the commitment, and we need to start. When looking back to 2015, there has been more talk than action: let's start the action.

Keynote address

Ambassador Howard Bamsey, Executive Director, Green Climate Fund

Amb. Howard Bamsey provided the keynote speech, emphasizing that the key point of the morning was governance. He commented that GCF is confronting the challenges of climate adaptation in a number of ways, and provided several examples:

- GCF is tackling water security in Morocco with projects that will deal with sustaining the water in crucial aquifers that underpin the livelihoods of tens of thousands of people.
- In India, GCF has a project directed at increasing water security, nutrition, and health security for the most vulnerable populations. One innovative component of this work is the appointment of one thousand water champions who will work to improve water use at local levels.
- In Uganda, GCF supports a project aimed directly at water security for catchments, and for wetlands in particular. The project emphasizes working with local people to set governance arrangements and focuses on the role of women.
- In Sri Lanka, GCF is supporting organizations led by women and works with farmers to rehabilitate and modernize traditional water systems.

In all of these projects, governance is critical.

GCF recognizes the capacity dilemma mentioned by Dr. Kanangire: the number of international resources can be bewildering, and many countries cannot take steps towards finding financing without assistance. For this reason, GCF has two programs for countries to gain access to the resources for climate responses: the Readiness and the Project Preparation Facilities.

The world is not short of money - the trick is to change the investment pattern so that money is available where needed. We can make water security happen by focusing on the whole governance spectrum: from policy development to laws and regulation, and, as GCF has been doing, to local governance arrangements. Business will not invest until the governance framework is right. As such, supporting proper governance is going to be a vital part of GCF's future. It will enable GCF to ensure that adaptation to climate change indeed underpins water security and helps in the implementation of the Sustainable Development Goals.

Video

In a [video clip](#), Henk Ovink emphasized the importance of capturing the multiple values of water to make the business case for further financing.

Panel Discussion: Finding the leverage points to unlock financing and enable SDG delivery

Moderator: **Alex Simalabwi**, Executive Secretary, GWP Southern Africa

Hon. Minister Nomvula Mokonyane, Minister of Water and Sanitation, Republic of South Africa

Minister Mokonyane commented on three points that have been prioritized by the Ministry of water and Sanitation in South Africa: institutional arrangements, governance, and “partnerships, partnerships, partnerships” - in particular, partnerships for raising innovation and mobilization of resources, as well as implementation, performance monitoring, and evaluation. South Africa has responded to a drought crisis by engaging not only in crisis intervention, but in building for the future.

One approach is to take advantage of other actors and components in the water space: for example, a desalination project in coastal provinces in South Africa was expected to take 6 years and \$2 billion, but through private sector involvement, the project was delivered in 3-4 months for \$200 million. Through the project, production of desalination was directed to the private sector, and private sector production was used for social consumption. South Africa is now taking a similar approach in other projects in other regions.

The Minister expanded on the third point on institutional development: South Africa created a national water agency as well as a master plan and integrated approach to the SDGs. Now that there is a standalone department for water, it has become a catalyst across sectors. South Africa has also picked up on the need for capacity building: those in the water sector can be obsessed with operating within the water space and assuming others cannot lead. South Africa has allowed others to lead: the Ministry of Water and Sanitation works with the Ministry of Finance to ensure that responsibility is taken and guarantees are made. Allowing others to lead is key, as is bringing as many participants as possible: there is a need to create and support implementing agencies, including water boards, which can help crowd in resources.

Jennifer Sara, Director, Water Global Practice, World Bank Group

Jennifer Sara introduced three main points: advocacy, the importance of better spending what we have, and crowding in more financing. In regards to advocacy, Sara called on the audience to ask “where is the outrage?” over the billions in the world still without water and sanitation. The World Bank’s WASH Poverty Diagnostic launched the previous day shows a direct linkage between lack of WASH and poverty, as well as between WASH and childhood stunting. There is a need to look outside the sector: no water means no food, no energy, and no economic growth. How do we more seriously look at water and the economy, water and advocacy? How can we have a global dialogue about the value of water, and then move from valuing into better pricing and allocating water? More studies and evidence is critical: for example, the WASH Poverty Diagnostic in Nigeria prompted the government to take action for water security.

How can we crowd in additional finance and increase by four times the financing to the water sector? The World Bank has moved into IDA 18 and tripled the number of funds available in IDA countries by using concessional funding to crowd in private financing from developing countries themselves, not just private financing from overseas. There is still a real challenge in designing national programs which lead to bankable projects in which investors support well-run utilities and give credit worthiness to the water sector.

David Hebart-Coleman, Water Resources & Climate Change Specialist, African Water Facility

David Hebart-Coleman contributed the perspective of ADB's African Water Facility (AWF). The Facility leverages funding from sources within the bank and beyond. The concept of bankability is key: since it began in 2006, the AWF has become much more of a project preparation facility that looks for good project proposals and takes them through the project cycle. AWF helps provide the material required to make the project bankable and also provides support with donor roundtables. To date, the private sector has not been very involved in water sector financing, but this will be key in the future. ADB is looking at new means of structuring proposals in ways that allow the private sector to be more involved, including existing tools that are not yet well known in Africa. Overall, to achieve and finance water security, the match between funders and projects is critical.

Asma Bachikh, President, World Youth Parliament for Water

Asma Bachikh commented that investing in water security is investing in the future. Inclusion, innovation, and thinking outside the box is important, but there also needs to be a long-term vision when it comes to inclusion. The SDGs have focused on young people in a new way, but there is not yet a long-term vision for inclusion. Donors find it attractive to include young people, but not everyone knows how to work with young people: two to three years ago young people were not a priority, but now everyone wants to connect to youth. However, if youth are included in an ad-hoc manner through invitations to different events without proper engagement, no progress will be made on water security. The SDGs are ambitious but not impossible: active engagement, concrete inclusion, and long-term vision are critical.

Audience Questions and Comments

- It is important to engage all sectors of society and support local communities, which often have the traditional knowledge and local management techniques necessary to create change.
- SIDA has a \$400 million guarantee mechanism which has leveraged \$900 million to date. Where can guarantees be most useful in areas in the areas of water, climate and adaptation? In which areas can investors get the most return?
- Public-private partnership are not always feasible or easy within certain legal systems. In some contexts, more commercial approaches may be effective.
- How can we use a human rights approach to water to reduce risk, make the case for investment, and provide enabling environment to the private sector?
- It is important to bring actors together for joint action, and use this to build consensus within governance for a shared agenda moving forward. Avenues can be created for interest-driven partnerships where local businesses can be involved.

- Companies increasingly understand that they share water with all users in a watershed, and also share the risk. Many companies are investing in watersheds and water security by directly financing and giving skills directly to the water sector. There are gaps and bridges to be built in terms of trust, and a need to see the private sector as a real partner that can be involved in planning and decision-making at the local level.
- How do we secure direct funding to concretely involve women?
- How can we think differently about the relations between stakeholders? In many cases, projects have built-in dialogs and consultations, but this is not felt on the ground. Can we extend the timelines for dialog and follow-up? How can we build mutual trust and long-term engagement?

Launch of GCF's Gender & Climate Change Toolkit

Amb. Howard Bamsey announced the launch of GCF's [Gender & Climate Change toolkit](#), the Fund's latest effort to offer concrete guidance to advance inclusion through climate finance.

Key Themes

- Good governance is critical to create an enabling environment for finance, and more support and attention needs to be given to governance and capacity building.
- Local solutions do exist, but the challenge of bringing them to scale needs more attention.
- De-risking is key: institutional arrangements and financial instruments need to be used together to bring down risk.
- Sharing risk and building bridges between the public and private sector at all scales, particularly local scales, can encourage financing.
- Inclusion must be seen through a long-term rather than ad-hoc lens.

Lead Convenor**GWP**

Dr. Oyun Sanjaasuren
Chair

Co-convenor**Green Climate Fund**

Ambassador Howard Bamsey
Executive Director

In partnership with**AMCOW**

Dr. Canisius Kanangire
Executive Secretary

CONCEPT NOTE

Join GWP, GCF and AMCOW for a discussion on how financing water security can serve as a catalytic leverage point to accelerate delivery on the SDGs.

Water security is key to achieving SDG 6 and is pivotal for all other SDGs. Investments in water security are uniquely catalytic: water is a pivotal entry point to alleviate poverty, address the water-food-energy-ecosystems nexus, improve the supply and management of water in rapidly growing cities, reduce disaster risks, promote peace and enhance climate resilience for the most fragile and vulnerable communities in a way that is gender- and socially inclusive.

Water security is one of the highest priority areas in Nationally Determined Contributions (NDCs) to the Paris Agreement and is poised to play an equally central role within Agenda 2030. However, a water security financing gap exists: the countries most in need of financing also need support in identifying and preparing bankable projects for investment. Building on examples from Africa, including the GWP-AMCOW Investments in Africa Programme, the panel discussion will explore **how the 2030 Agenda can be accelerated by closing the water adaptation financing gap.**

The event brings the development cooperation and finance communities together with the institutions driving SDG implementation at the national level, with the aim to gain a concrete understanding of **the types of investment support needed for countries around SDG 6.5** (integrated water resources management).

The panel discussion will include the following:

- Priorities, needs and opportunities for the SDG implementation challenge
- Concrete and replicable case studies that demonstrate the potential of water investments to accelerate climate adaptation
- The impact of closing the financing gap on advancing gender equality and inclusion, realizing the Agenda 2030's *no one left behind* approach

Ultimately, this event aims to provide actionable, tangible solutions with identified roles and responsibilities to unlock further financing and scale up targeted action in support of water governance for SDG implementation.