

# **5 Accelerating action on financing water: An agenda for the future**

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This chapter summarises the key themes explored to date in OECD work on financing water and the Roundtable on Financing Water. It charts a course for future work on financing water and new initiatives taking shape that can support countries' ambitions on the Sustainable Development Goal on water and sanitation.

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Since its establishment in 2017, the Roundtable on Financing Water has provided a unique forum for action-oriented engagement between the water and the finance communities to promote the acceleration of investment that contributes to water security and sustainable growth. The past several years provide a strong basis upon which to continue to develop the Roundtable and its influence, as well as to deepen the substantive work supporting it.

OECD analytical work has helped to characterise the scale of the financing challenges across a diverse range of water-related investments (e.g. water supply and sanitation, flood protection, irrigation, water resources management, etc.) and explore options to address it through improved enabling environments and tailored financing approaches. Substantive work has focused on several key themes:

- Methods and analysis to estimate investment needs and financing capacities with work to date focused on Europe and the Asia-Pacific
- Options for leveraging public and development finance, notably with blended finance
- A focus on the project development process and strategic investment pathways, to inform the sequencing and design of investments
- The role of intermediaries in expediting water-related investments

## 5.1. An agenda for the future

Looking forward, the OECD's programme of work on financing water aims to raise the level of ambition, broaden engagement and contribute to key international processes and initiatives, including the United Nations Global Acceleration Framework for SDG6. Key activities include the ones listed below.

### **5.1.1. Launching the OECD Global Observatory on Financing Water Supply, Sanitation and Water Security**

This work will provide a unique repository to:

- Document and share good practice on financing water-related investments
- Encourage peer-to-peer learning about the policies, institutional arrangements and financing approaches required to scale up investment
- Enhance thought leadership and horizon scanning for new developments.

### **5.1.2. Developing Diagnostic Tools and a Framework to guide country-level action**

This work will:

- Develop a diagnostic tool to assess the enabling environment for water-related investment at country level. This includes quantitative and qualitative indicators assessing the strengths and weaknesses of the enabling environment.
- Develop an OECD Framework for Financing Water to distil policy recommendations on financing water, providing high-level guidance to strengthen the policies and institutional arrangements. The framework would cover:
  - the development of robust financing strategies in line with the ambition of water-related investments and domestic capabilities
  - making the best use of available assets (enhancing operational efficiency) and of financing resources (enhancing the efficiency of expenditure programmes)
  - scaling up investments that contributes to water-resilient sustainable growth.

- Together, these instruments would provide a robust analytical basis to inform Policy Dialogues on Financing Water at country level.

### **5.1.3. Pursuing analytical work to support aligning financing with a water secure future**

This work will:

- Develop a conceptual framework and review of tools and methods to inform strategic investment planning and the assessment of options for distinct pathways and investment scenarios. Methods to inform planning and prioritisation under deep uncertainty deserve particular attention.
- Deepen the understanding of the materiality of water-related risks for the financial sector and how they can be addressed through prudential regulation, disclosure frameworks and risk management approaches.

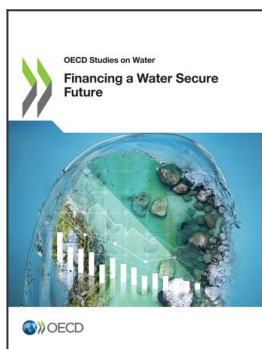
## **5.2. Working in partnership**

The activities listed above contribute to advancing, promoting and facilitating pragmatic financing options for investments that contribute to water security and sustainable growth. They will be implemented by the OECD in partnership with institutions active on these issues at global, regional or country levels. They can support dedicated discussions on the way to the UN Conference on Water scheduled in 2023.

Financing a water secure future requires going beyond what water policies and the water community can achieve. This requires engaging with others. Working in partnership is a key feature of the Roundtable, in recognition that a focus on water security alone will not be sufficient to generate the action required to finance a water secure future. This requires going beyond policymakers responsible for water to engage with policymakers responsible for sectors impacting water security (agriculture, energy, urban planning, among others), and the range of financiers, corporates, NGOs and experts who can help to drive action.

The Roundtable will support progress towards tailored, targeted analyses, recommendations and options of action. It will build on and collaborate with key international initiatives and engage in international fora, notably:

- Water in the context of adaptation to climate change and linkages to biodiversity (UNFCCC COP 26 the UN CBD COP 15). A dedicated meeting of the Roundtable focused on Climate Action was convened on 23-24 September, 2021.
- The G20. In 2020, the G20 Presidency put water on the G20 agenda. The OECD is ready to facilitate and substantiate further discussions on water at the G20, in the coming years.
- The 9<sup>th</sup> World Water Forum, Dakar, Senegal, March 2022
- The UN Conference on Water scheduled in 2023, and preparatory events
- The High-level Experts and Leaders Panel on Water-related Disaster Risks
- Water and health, in the context of SDG or other fora, as this topic gains traction in the aftermath of the COVID-19 pandemic.



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