

**Water Finance Coalition**

an initiative launched in the framework of the **Finance in Common Summit 2020**

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## Roadmap towards a Water Finance Coalition

The Water Finance Coalition gathers international and domestic public development banks (PDBs), sharing the aim to improve the financing of water & sanitation in order to achieve the SDG 6, the Paris agreement goals and to contribute to biodiversity protection .

A call for action towards a Water finance Coalition has been jointly launched by AFD, CAF, EIB, the World Bank in coordination with Sanitation and Water for All in the framework of the Finance in Common Summit.<sup>12</sup> A webinar took place and is available in replay.<sup>3</sup>

In order to build such a Water Finance Coalition a working group will gather international and domestic public development banks (PDBs), starting in February 2021.

Public development banks can be international, national, regional or local PDBs. These are banks with any sphere of public engagement, either in terms of mandate, ownership or governance.

### Objectives:

#### Internal objectives:

- Get to know each other, institutions and professionals
- Share knowledge and experience between domestic and international PDBs, on the financing of the water sector, to identify good practices and bottlenecks
- Create a network of PDBs active in this sector, to support further discussions and explore concrete cooperation between domestic and international PDBs

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<sup>1</sup> <https://financeincommon.org/sites/default/files/2020-11/PR%20PDBs%20Call%20for%20Action%20towards%20a%20Water%20Finance%20Coalition.pdf>

<sup>2</sup> The call for action was broadcasted as a video during the High level Event on Adaptation & Resilience (call for action at 8"40) :<https://www.youtube.com/watch?v=v6zK11VRAoU>

<sup>3</sup> : <https://www.youtube.com/watch?v=lloYInlksEo>

### Specific internal objectives:

- Explore how water related investments can contribute to climate adaptation and mitigation policies and thus be financed through climate dedicated credit lines
- Explore how water related investments can contribute to biodiversity protection and how it can impact PDBs actions
- Explore to which extent impact on water issues are considered when investments in other areas are financed

### **External objectives:**

- Ensure institutional communication and sharing of success cases:
  - o Communication activities during 2021 main international events (indicative list)
    - COP 15 Biodiversity – May 2021
    - Stockholm Water Week August 2021
    - COP 26 – November 2021
    - Finance in Common Summit 2 – November 2021
  - o Possibly a common statement to be released during World Water Forum 2022 in Dakar March 2022
- Sensitize governments on the potential role of domestic PDBs in financing the water sector and the enabling environment required:
  - o Ministries of Finance
  - o Water sector ministries and other institutions in the various countries
- Interact with other stakeholders to build a better understanding of their expectations regarding PDBs interventions in the water sector.
  - o Non-banking donors (Gates Foundations, European Union institutions)
  - o Other international institutions such as UNICEF, Sanitation and Water for All, the OECD
  - o Other stakeholders (Networks of PDBs, private entities, IRC, Water.org, WaterAid, research institutions, etc.)

### **Activities:**

- **Online meetings in 2021**, 3-4 times (e.g. February, April-June, September-October)
  - ⇒ Permanent members, PDBs only, international and domestic
  - ⇒ Possibility to invite external guests from time to time
- Development of **networking tools** enhancing future discussion and cooperation between PDBs, to be discussed
  - ⇒ E.g. a book/directory showing key information about PDBs (areas of activities, contact person). To be shared within the Water Finance Coalition only. This directory can be kept online and updated

- When possible, if there is an interest from a partner/sponsoring institution - once a year physical meetings at the regional level, to allow domestic and regional PDBs to exchange in person
- In addition, a study is being financed by AFD and conducted by IRC (<https://www.ircwash.org/profile-main/228>) in order to explore the role of PDBs in financing water and sanitation. Results from the study will be shared among the members and may fuel the meetings of the coalition

#### Template format of the online meetings:

- Each meeting to last 2h
- Suggested activities in the meetings:
  - ⇒ Short presentation by 1 or 2 banks of their actions in water and sanitation, stressing (1) their successes and innovations, (2) the main bottlenecks they are facing, and (3) their needs which can be answered with a stronger cooperation between PDBs
    - ⇒ Co-organizers to review the presentation
    - ⇒ Reactions from the participants
  - ⇒ Roundtable on specific topics: e.g. water and climate, water and biodiversity, water and gender, water as a transversal topic of impact for PDBs, financial regulation and taxonomies and their impact in terms of incentives for water financing, how to increase demand, how to best support weaker partners, cooperation mechanisms, incentive mechanisms, etc.
    - Quick introduction by the organizers, then each participant to share how they deal with the issue, to identify the good practices.
  - ⇒ Intervention of external stakeholders sharing their experience and expectation with the participants, e.g. water operators, representants of ministries of finance
  - ⇒ Discussion about the organization of the Water Finance Coalition :
    - Next meetings' agenda
    - Content of the common declaration and associated documents
    - Content and shaping of external communication and other activities actions

#### **Governance:**

- It is proposed to have one Chair institution and two vice co-Chair institutions for the whole year 2021 and until March 2022.
- AFD is available and candidate to be the Chair institution for this first year.
- **A call is made to all PDBs and particularly to domestic banks to be candidate to Chair and vice co-Chairs.**

- Secretariat functions of the coalition could be implemented by IRC, if there is available funding. **If any institution wishes to contribute to the funding of the Secretariat, please contact us.**

## Outputs:

- Communication during the COP 26 or other relevant events in 2021: e.g. press release, webinar, to be discussed
- A study on the role of PDBs in financing the water sector (ongoing study implemented by IRC and financed by AFD) – Policy brief and three reports (global, Mediterranean and Latin America)
- Official statement to be released during the next World Water Forum (March 2022). Content to be discussed, it could include:
  - ⇒ A common declaration of intention, to improve cooperation to increase the financing of the water and sanitation sector
  - ⇒ A good practices guide, describing successful examples of PDBs actions in the sector
- To ensure networking opportunities and future cooperation, an online platform, open to the Water Finance Coalition participants, including a directory
- A website page
- Other outputs to be discussed