

Financing Roundtable

Inputs from the Global Water Partnership; Darko Manakovski

When we speak about financing water, we use the language of banks, transition risk, desirable return on investment, bankable projects, balance sheet efficiency etc. Water is not a commodity like oil, or minerals or food. capital volume and demand for it is there, but this market to support the investment doesn't exist in most places. So if we use the language of banks, we are trying to bring a rational view on the political economy of water, to an irrational financial system, in particular based on the Article for loss and damage. A game changer is to change the language about water, based on a broader conception of the value of water.

When we talk about government, we use reactive language to fix problems. A game changer is to have government create new markets for water. Let us map fiscal and other systems, available finance to be moved, etc., on different levels to enable government to create new markets that can support equity into cheap innovation at scale, insurers, fiduciary funds and capex investment from corporates, beyond CSR budgets for localized assets, but based on co-investment.

That means if we need to co-invest, where governments can create a new market, a game changer is to get rid of the divide between public and private. A game changer is to design public private partnerships for real co-investing and knowledge sharing that enables collective intelligence.

Sectoral financing actors can develop financing principles based on water risk information and hydromet data, balance sheet etc. capex, ensuring that existing flows of financing across sectors must have positive tradeoffs for water related policy targets. Designing conversations between government and actors in the real economy that can develop and adopt such financing principles is a game changer – which we are trying to do now within the scope of the Water and Climate Leaders hosted by the WMO.

So, design conversations and spaces to scale people's confidence to work together and change the game:

1. Reframe the language used for water investment to create new systems of incentives
2. Analyze structures and suggest tangible models and vehicles to enable government to create markets rather than fix them and design partnerships for real co-investment with private finance
3. Use more hydromet and water information to develop and then adopt financing principles that mainstream water into other sectoral investment flows into the real economy, creating systems of incentives for more finance into both data and water
 - a. Water and Food System nexus should be the first focus given the global context and how land management impacts the global hydrological system

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