



European Union

Water and Beyond

EU transformative approaches
for international partnerships



REPUBLIC OF SLOVENIA
MINISTRY OF FOREIGN AFFAIRS



European
Commission



UNECE





- We face a confluence of four major crises: COVID-19, accelerating climate change, stalled progress on SDG 6 and Agenda 2030, and a growing debt crisis in many developing countries
- Last year WaterAid estimated that developing countries would face a government revenue shortfall of at least US\$400 billion in 2020-21 as a result of COVID-19 (*Common Purpose, Common Future*)
- OECD has estimated that the financing gap for all SDGs has increased from US\$2.5 trillion a year pre-COVID to US\$4.2 trillion today
- Critical for our COVID-19, climate change and SDG financing policy that we mobilise substantially more sustainable finance for safe water supply, sanitation and hygiene

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Funding sources, 3 “T’s”

Tariffs

User fees for services provided and households' investment for self supply

Transfers

Transfers from external sources, such as international donors (ODA grants), foundations, NGOs such as WaterAid, remittances

Taxes

Domestic taxes levied by local and central governments and provided as grants or subsidies.

Pre-finance
infrastructure



3 T's principally
fund infrastructure
and services, but
also repay loans
from repayable
financing

Repayable financing

Concessional finance

ODA loans, provided by development agencies, such as World Bank, AFD, EU, climate funds. Includes a grant element

Private finance

Provided by private sector financiers at market rate (vendor finance, microfinance, loans, bonds, equity)



Private funds

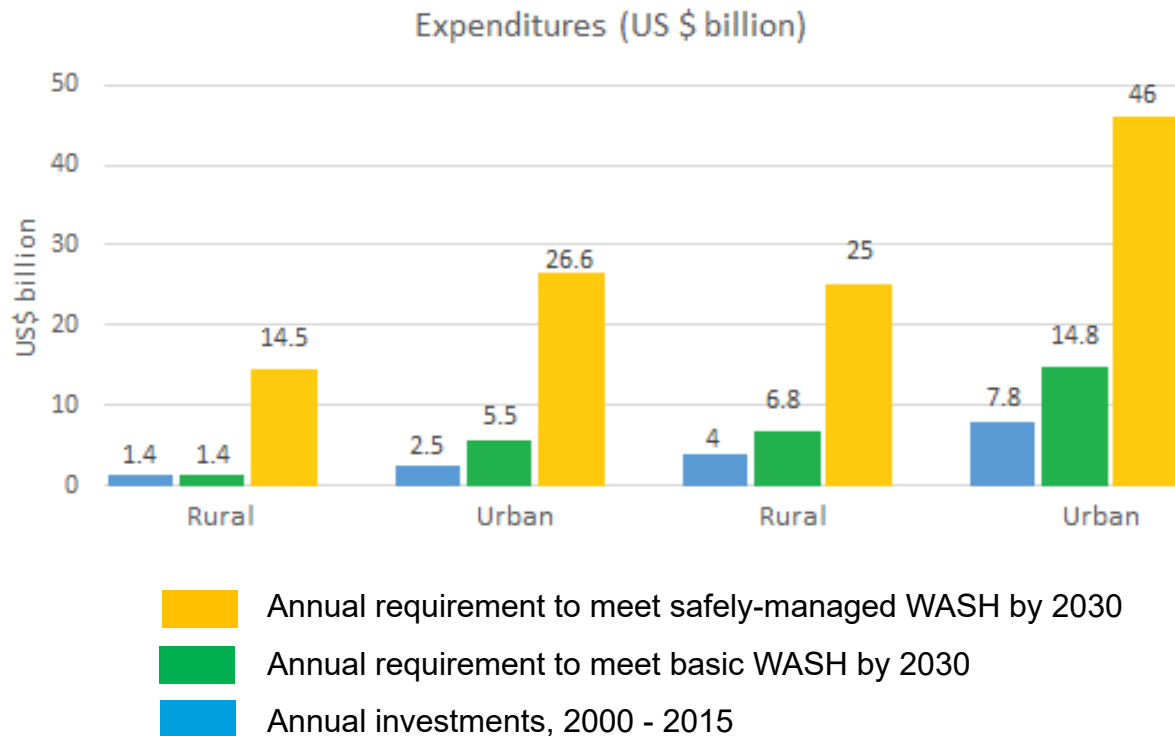


Mixed public and private funds



Public funds

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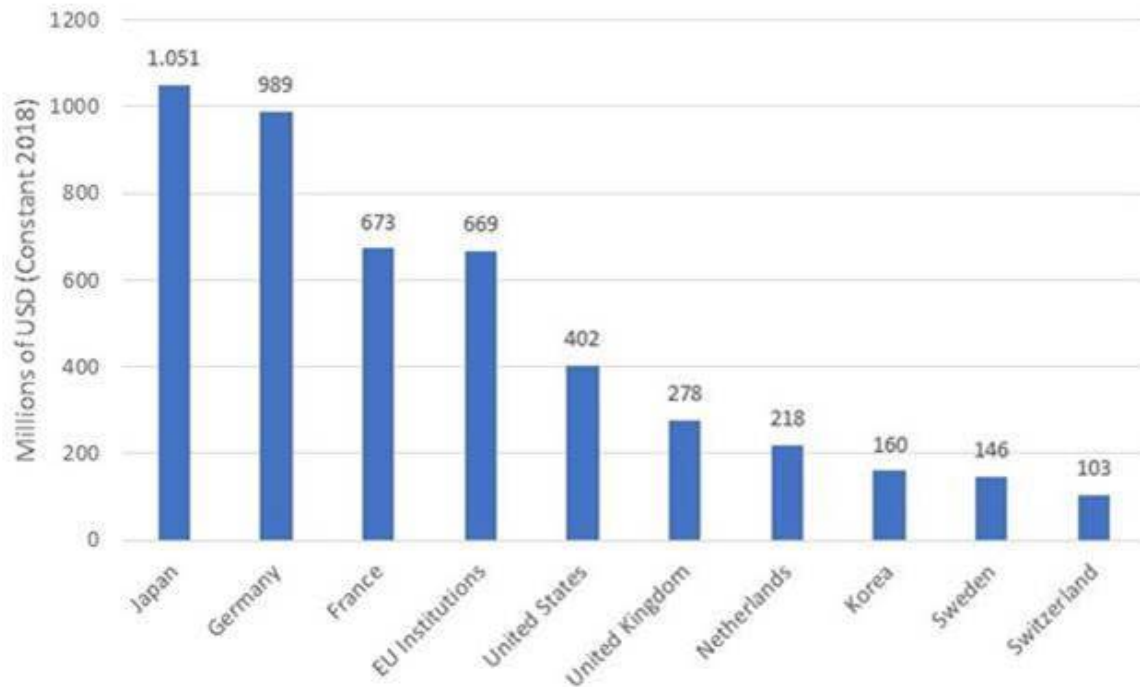
World Bank estimates c. US\$29 billion is needed each year to achieve basic WASH and US\$114 billion to achieve safely-managed WASH in 140 developing countries—however COVID-19 and accelerating climate change have widened this financing gap.

This compares with c.US\$16-20 billion of current investments.

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ODA to water and sanitation, 2018



Good to see the European Union amongst the leading institutions and countries for ODA flows to water and sanitation

However, we have to ask ourselves whether these levels of support are sufficient in today's context

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- More and better finance is needed if SDG 6 aspirations are to be achieved
 - Domestic resource mobilisation should be the primary source of financing (Govt. budgets, affordable tariffs etc.)
 - ODA is more vital than ever—but at current levels is far too low
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- Tackling financial absorption constraints to go hand-in-hand with increased financing
 - Emphasis on equity and sustainability of services, consistent with water and sanitation as human rights



- Emphasis needs to be on both quantity and quality
- A step-change in quantity is needed if SDG 6 targets are to be achieved. Depending on the context, this could be 3/4/5 times higher than current spending levels
- From all sources: public, private, domestic and international (including new opportunities from climate finance)
- Improving the quality of financing is also critical, with a focus on affordability, transparency, higher levels of efficiency (e.g. Non-Revenue Water) etc.
- We should be aiming to place water, sanitation and hygiene at the heart of a healthy and green economic recovery from COVID-19—and see a global response that is equal to the task we face today
- The EU should have a key role in leading this global response

Thank you very much!

