

THEMATIC CONCEPT PAPER FOR
INTERACTIVE DIALOGUE 5:
WATER ACTION DECADE: ACCELERATING THE
IMPLEMENTATION OF THE OBJECTIVES OF THE DECADE

I. Introduction

The world is not on track to achieve SDG 6 (“Ensure availability and sustainable management of water and sanitation for all”) and its related goals and targets by 2030. Critically too, water is inextricably linked to the three pillars of sustainable development – social, economic, and environmental – given its interdependence with climate, biodiversity, energy security, food security and hunger, health, poverty, gender equality, human rights, amongst others. Failure under SDG 6 will undermine achievement of most of the other SDGs.

The window of opportunity to arrest the crisis of global water is narrowing. We must commit to bold steps to transform governance of water, develop capabilities, and spur innovation – locally, nationally, and globally – to deliver on the SDGs and set the world on a more sustainable and resilient trajectory. The Water Action Decade provides a prime opportunity for us to deliver tangible benefits to the lives of ordinary citizens around the world and restore trust in the multilateral system.

II. Overview of the challenge, current status, and interlinkages

2023 is the mid-point of the Water Action Decade. Yet, over two billion people still experience water stress. Human-induced environmental change is inflicting more frequent and more extreme droughts, floods, and other water disasters, with devastating costs on societies. At the same time, the depletion of ground water and water crises themselves are accentuating climate change and the loss of the world’s biodiversity. An estimated 80% of all industrial and municipal wastewater globally is released into the environment without treatment, causing more harm to life on Earth. Inadequate governance of water as a resource is also allowing for massive wastage, resulting in scarce access for large populations of poor and vulnerable communities.

The latest science makes clear that communities and countries in the world are hydrologically intertwined. Water is not just local but a global resource, and we are now on an unsustainable path. The global water cycle is out of equilibrium, for the first time in human history.

Failure to act together on water as an international community will have growing repercussions for all nations. Water must be seen as a global common good, and tackling the water crisis requires collective action and improved and effective global governance.

We have the opportunity to think in new ways and govern water differently, locally, nationally, and globally, to arrest this growing crisis and set the world on a sustainable path. We can and must: (a) value water right to avoid misuse and wastage and ensure both efficiency and equity; (b) shape new partnerships between the public and private sectors to spur innovation and unlock higher levels of investment; (c) deliver on transparency and disclosure; and (d) build a mission-driven, networked multilateralism to deliver outcomes on water for all.

III. Overview of opportunities for progress and transformative solutions

Solving the world's water and water-related challenges requires the rapid development and deployment of innovative and transformative solutions, as well as global water governance mechanisms to accelerate progress in implementing SDG 6. This can be addressed through the five cross-cutting and interdependent accelerators under the SDG 6 Global Acceleration Framework, namely: Financing, Data and information, Capacity development, Innovation, and Governance.

1. Financing

Globally, we must scale up investments in water resources and infrastructure. The economic and ecosystem benefits of investing in water are evident. The costs of inaction, which cut across the SDGs, are vastly larger than the costs of investing today to address the crisis in global water. Put another way, every dollar invested today will return a yield vastly greater than the dollar invested – from reduced healthcare costs, to reduced

pollution, to increased human potential, to avoidance of conflicts and forced migration.

Governments have and will continue to play a pivotal role. Revenue collection must also be adequate, and spending efficiently allocated, to ensure equitable access and sustainable operation of water services.

However, public sector spending alone will not close the large infrastructure investment gap. Scaling up finance for water requires that we align the interests of local authorities, governments, water companies and developers, financiers, and multilateral institutions. Examples include private sector water stewardship actions supported by more systematic due diligence, incorporating and mainstreaming sustainable finance principles into all water-related interventions.

Importantly too, water is not just a water sector financing issue, as evident at COP-27. Water must also be financed via other sectors, such as agriculture, energy, climate, biodiversity, and other financing that can be made available to implement SDG 6.

There is considerable potential for national authorities and International Financial Institutions to work with the private sector to create a strong pipeline of infrastructure projects and improve the visibility of developing countries or emerging market infrastructure as an asset class, by facilitating project preparation and de-risking investments.

To achieve sustained water security, all aspects of water resources management, from the construction and maintenance of physical infrastructure to delivery of water-related services, must receive reliable and sustained financing. In addition, environmental protection and pollution abatement measures, as well as less visible functions such as policy development, research, monitoring, enforcement of legislation, provision of public information, control of corruption and conflicts of interest, and involvement of public stakeholders, should be provided for as part of the water finance ecosystem.

2. **Data and information**

For water to be a global common good, we must build information on water resources and how water is used, collected, and treated around the

world.¹ Through transparency and disclosure, we can spur research and development and investments in the global water sector, and enhance our ability to prepare and withstand future crises.

By facilitating the exchange of knowledge and best practices, much more can be achieved globally.² There is a need to devise a regulatory framework and a market framework to incentivise companies to make high-quality information accessible, and to hold them accountable.

3. **Capacity development**

Capacity-building, information exchanges, and technical assistance are essential to enable public and private institutions to gain experience and capabilities in solving local, national, regional, and global water issues.

We need further investment in human capacity in the water sector, together with governance of the sector to attract private sector investment. As we rethink private-public partnerships, public authorities can leverage the private sector's ability to enhance operational and capital efficiency, while ensuring long term sustainability of services.

Strengthening the capacities of national and local institutions is also essential for enabling a cross-sectoral and multi-stakeholder cooperation, coherent policymaking, establishment and enforcement of legal frameworks and regulations, investment planning and implementation.

At the international level, there is significant scope to exchange experiences on how to best engage key stakeholders to implement measures and policies to better manage water use and demand.³ Global progress on the SDGs can only be achieved when transformational capacity is developed at all levels – local, regional, and national levels – through international support and cooperation.⁴

¹ Source: UN Department of Economic and Social Affairs (DESA), “Annual Highlights Report 2020-2021”

² Source: UN Secretary-General's Action Plan for the Water Action Decade

³ Source: UN Secretary-General's Action Plan for the Water Action Decade

⁴ Source: UN Water 2030 Strategy

4. **Innovation**

Innovation is key to increasing efficiency, equity, and sustainability of the global water system. This could include innovation in water reclamation technology, managed aquifer recharge technologies, water-efficient agriculture, and energy efficient equipment and processes for water treatment. Critically, innovations have to be scaled up and adopted globally to drive down costs and ensure global equity.

5. **Governance**

We need new thinking about the way we manage and value water. Water pricing can and should be designed to avoid overconsumption while not disadvantaging the poor; it is free water that is regressive, because it leads to the gross misuse of water. We must also re-fashion the ways that the public and private sectors interact so as to increase investments and provide for water security.

Water must also be an example of how we develop a model of networked multilateralism to achieve ambitious goals for water, in a mission-oriented fashion. We have the opportunity to build coalitions of multilateral organisations, acting in concert with governments, development banks, Development Finance Institutions (DFIs), the private sector, and civil society organisations, to share knowledge, multiply resources, and deliver solutions on the ground.

While the role of local authorities and communities in water management are central, there is a need to strengthen the capacities of local actors and civil society in the integrated water resources management (IWRM) at the transboundary and regional river basin level and local level, to ensure sustainable and equitable use of water and the protection and restoration of ecosystems. The current fragmentation of water governance is a risk for both ecosystems and to people themselves. To overcome this fragmentation, it is necessary to ensure the inclusion of stakeholders in decision-making processes. It is crucial that the usual top-down approaches are complemented with bottom-up approaches. This could also help to readdress longstanding inequalities. In addition, we need better integration of IWRM and WASH, both within water sector policy (i.e., across water resources, services, and reduction of water-related risks) and within general development strategies and those of other sectors including

health, food, energy, disaster risk reduction, climate change adaptation, and biodiversity.

There cannot be sustainable development in any sector without the support of effective institutions. Numerous studies have examined water utility performance both in developed and developing nations. They highlight the importance of the institutional factors in water utility management and regulatory oversight, including social structures (the political and cultural context), formal organisations (government ministries and regulatory authorities), and support systems (including political and civil service). These factors affect how conflicts are resolved regarding resource allocation, pricing, and access to water services, besides the internal governance of the water utilities.

Institutional sustainability depends upon maintaining: (a) responsive output flows (high quality and valued goods and services); (b) cost-effective goods and services delivery mechanisms (organization and management); and (c) resource flows (recurrent costs, capital investments, and human resources).

Lastly, we need clarity in the international community on what “water security” means and entails, as the lack of a definition is creating confusion and friction on many fronts, and restraining acceleration on SDG 6.

IV. Recommendations

There is a need for vastly greater multilateral cooperation and more reliable and sustained financing to both support new innovations and investments at scale in the water economy. The following are several broad approaches that can be considered:

1. **Reshaping public-private partnerships to unlock investments for water**

While governments funding will continue to play a pivotal role in rolling out water infrastructure, public sector balance sheets alone are not sufficient to close the infrastructure gap.

We need to diversify the sources of financing by promoting effective use of existing funding, mobilising domestic resources, and attracting additional investments from private and public sources. Innovative finance models such as the Urban Water Catalyst Fund or the climate investor fund are key to ensure resilient water and sanitation services, and sustainably managed water resources.

There is also large scope for Multilateral Development Banks (MDBs) and DFIs to curate a strong pipeline of bankable water projects with an appropriate risk-reward combination for the public and private sector to mobilise the pool of financing available. The strategic use of development finance to mobilise private capital, also known as blended finance, must be leveraged to achieve SDG 6 and related development goals.

2. **Valuing water right**

While there is no single global price, water needs to be valued in a way that is economically efficient and fair to the poor. Right pricing for water encourages the proper and sustainable use of the resource amongst the population and industry. At the national level, we need to think about the right price that ensures the sustainable use of water, and structure subsidies correctly to ensure that the poor have access to clean and safe water.

3. **Delivering on transparency and disclosure**

We should leverage data platforms and other technologies such as water accounting and auditing tools to mobilise the power of consumers, and to hold companies and investors accountable.

Water, just like carbon, can have a footprint and consequently a budget. At a global, regional, or basin level, the latest science can now inform us how much water can be appropriated for consumptive use sustainably without transgressing the planetary boundaries for water. Such water footprint tools coupled with the development of global water-related taxonomies and robust ratings methodologies can spur water finance, such as by incorporating them in existing ESG rating systems, and drive accountability in corporates.

4. **Developing mission-driven, networked multilateralism**

We should also develop a mission-oriented, networked multilateralism for water that organises cities and states, corporates, philanthropies, and networks of civil society organisations around a mission. It starts with recognising the interconnectivity between water and climate, as well as other SDGs, developing initiatives that give rise to net positive outcomes and minimise trade-offs, and designing processes that facilitate joined-up, collective action and accountability by a coalition of stakeholders.

The global governance structure on water needs improvement in multiple ways. At the global level, building on the outcome of the Bonn Dialogues' Key Messages, we need to strengthen dialogue on water within the UN at its core and ensure effective coordination and coherence of the UN's work on water, in particular by strengthening UN-Water and the enhancement of a UN system-wide approach to water. Recommendations for concrete action to strengthen the coordinative function of UN-Water, and thus to render UN system delivery on SDG 6 and other water-related SDGs and targets more efficient might provide better grounds for discussions with UN Member States. The interlinkages between SDGs, such as the link between freshwater and marine waters, considering the full water cycle, must be addressed as part of SDG implementation.

V. **Guiding Questions**

1. How can we promote governance of water as a global common good?
2. How can we mobilise private financing to unlock investments for water?
3. How can we strengthen networked multilateralism, centred around a central water challenge, through collaborations between multilateral and national actors?
4. How do we value water in a fair, equitable manner?

.