

OECD – GIZ Conference: Closing the gap for water in line with SDG ambitions: the role of blended finance

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“Demystifying the role of financing SDG6”

- Joel Kolker

Perhaps one of the most exciting developments coming out of the SIWI meetings in Stockholm this week was the large number of sessions and debates around the financing issue. In essence, the discussion on how we will collectively raise enough funds to close the financing gap was prominent in many discussions. It is worth noting that some progress has been made. The issue is now prominent in all the major policy discussions with stakeholders. There is an acknowledgement that domestic finance, rather than international resources, are key to addressing the issue. We know that the full spectrum of financial solutions, from microfinance to supplier finance to commercial loans to bonds and even equity, are all required. We’ve seen an explosion of new funds and enhancement instruments targeting water and sanitation and, perhaps most significantly, we are starting to see a push to move more public resources into the sector. These increased public funds are essential if we are able to attract the much-needed commercial resources to deliver water and sanitation services. The combination of public and private financing is key in order to move forward with blending options. Nevertheless, more needs to be done and a critical aspect is to improve the enabling environment, or the foundational issues, of the service providers. In essence this means improving their technical and financial viability while also improving their policy, institutional, governance and regulatory environment. Without addressing these two essential aspects of the financing process, we won’t develop the pipeline to secure the financing that is available, we won’t capitalize on blending opportunities, and we certainly won’t close the financing gap. The most immediate question going forward is how the sector will collectively mobilize and target the much-needed public and donor resources to address these two vital issues that are key to financing universal access.

Joel Kolker is a Program Manager at the World Bank Global Water Security and Sanitation Programme.