



# Mobilizing Innovative Financing for Water

Rajesh Balasubramanian, Senior Water and Sanitation Specialist | 5<sup>th</sup> Arab Water Conference, Riyadh



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International  
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**WORLD BANK GROUP**  
Water

# The World Bank



## Financing Products

Loans

Equity

Mobilization

Advisory Services

## Financing Instruments

Investment  
Project  
Financing

Development  
Policy  
Financing

PforR

Advisory Services and Analytics

## Guarantee Products

Credit  
Enhancement

Political Risk  
Insurance

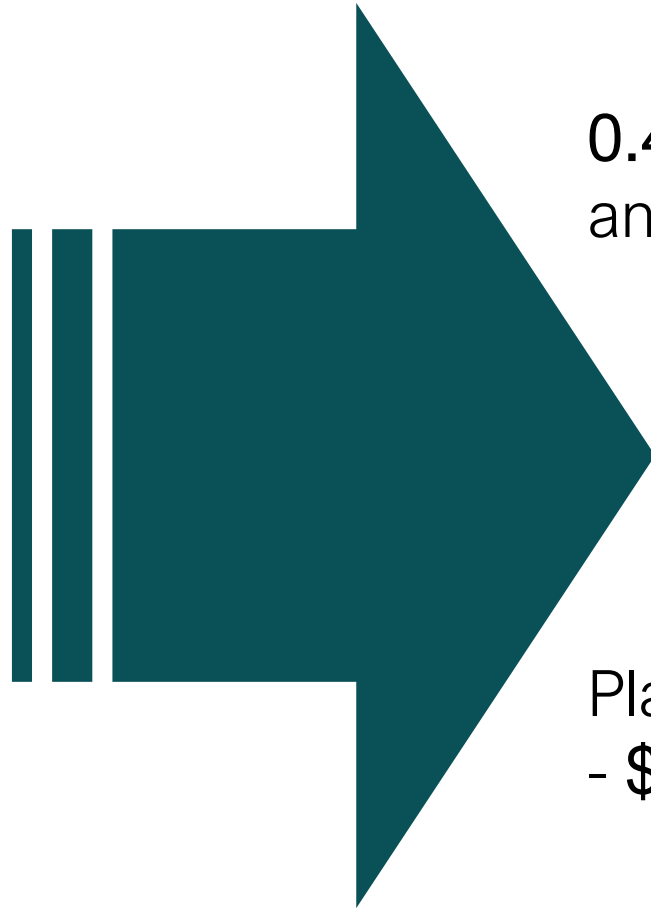
## Dispute settlement

Conciliation

Arbitration

# Why innovative finance

0.4 % of GDP on  
all water



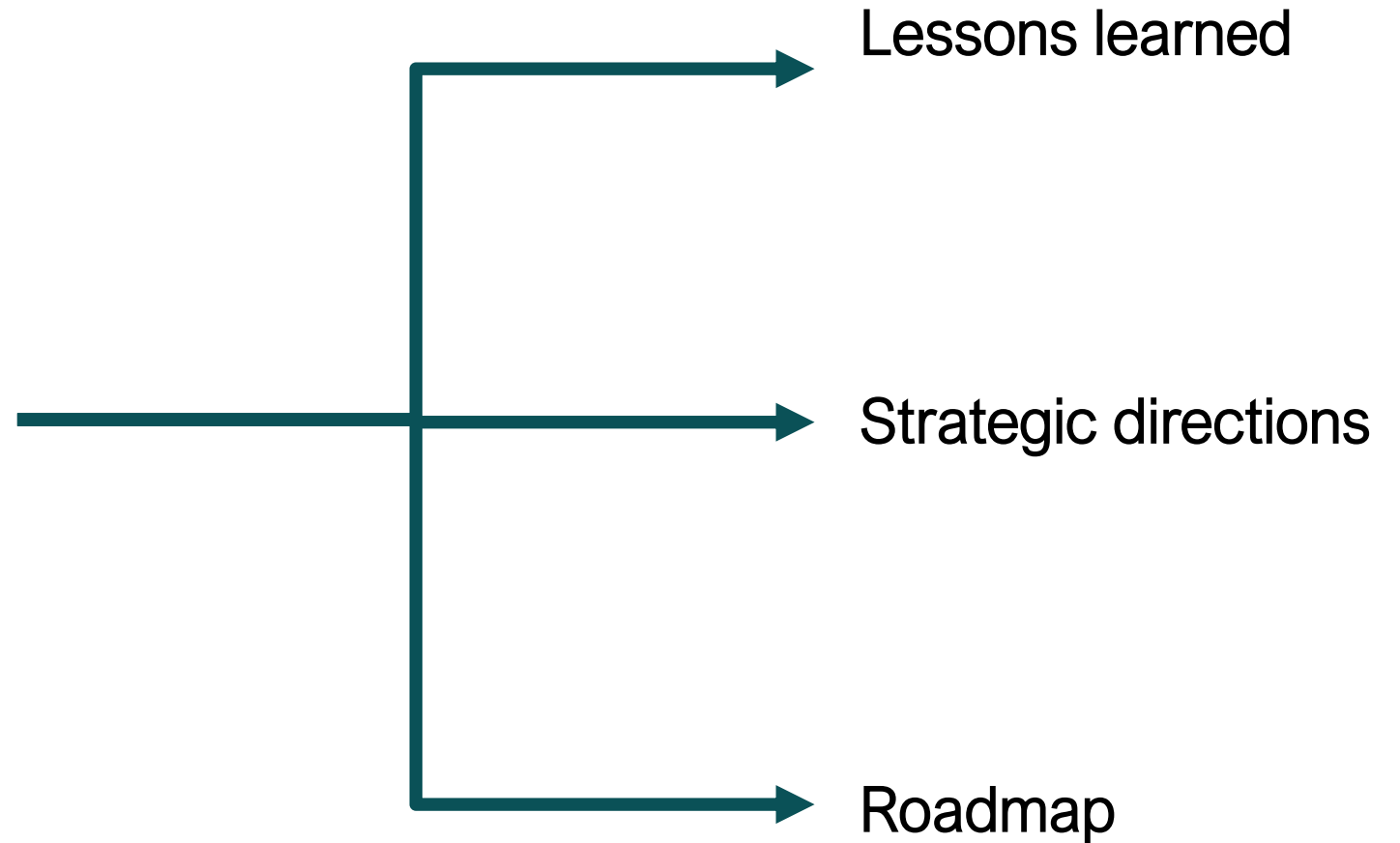
0.42% of GDP needed for WSS only for SDG 6.1  
and 6.2 (2017-30)

Annual spending gap in irrigation - \$ 3.9 bn  
to \$ 7.3 billion

Planetary water security & all water infrastructure  
- \$ 6.7 trillion by 2030 & \$ 22.6 trillion by 2050

Public finance alone cannot bridge the gap

# Strategic Framework and Road Map for Action



# Why private finance has been insufficient



- Undervaluation of water
- Lack of financially viable service providers
- Absence of enabling conditions
- Reluctance for pursuing PPPs
- Multiple risks and high transaction costs for bringing the pvt sector

# Public and Private sector have complementary roles

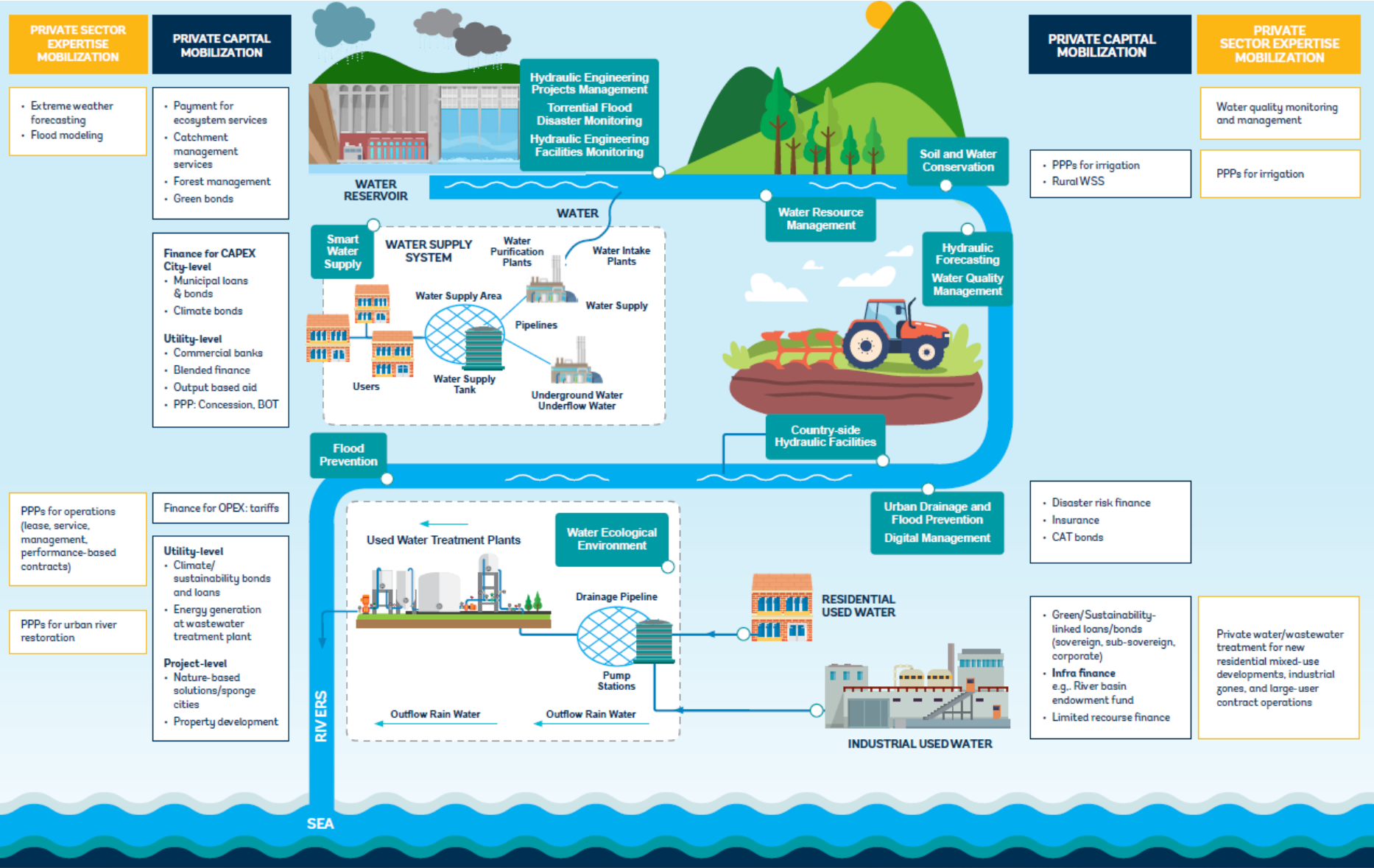
## Public sector

- Governance, efficiency and credit worthiness
- Water pricing
- Resource allocation and sector planning
- Blending public funds to crowd pvt finance

## Private sector

- Efficiency in water use and service delivery
- Financing
- Innovation
- Absorb risk (reasonable)
- Incentive alignment and cost recovery

# Systems approach to Mobilization Private Sector



# Example One World Bank Approach



## Objective

Dramatically scale up WW Reuse in MENA

## But...

- Inadequate Public financing
- Private sector interested but needs enabling environment.

## One World Bank

 <b>THE WORLD BANK</b> <small>IBRD • IDA</small>	IPF with PBCs PforRs Guarantees
 <b>IFC</b> <small>International Finance Corporation</small>	Transaction Advisory Financing Scaling ReWater Utilities 4 Climate
 <b>MIGA</b> <small>Multilateral Investment Guarantee Agency</small>	Guarantees Credit Enhancement Political Risk Insurance

- PCM
- Mitigation
- Adaptation

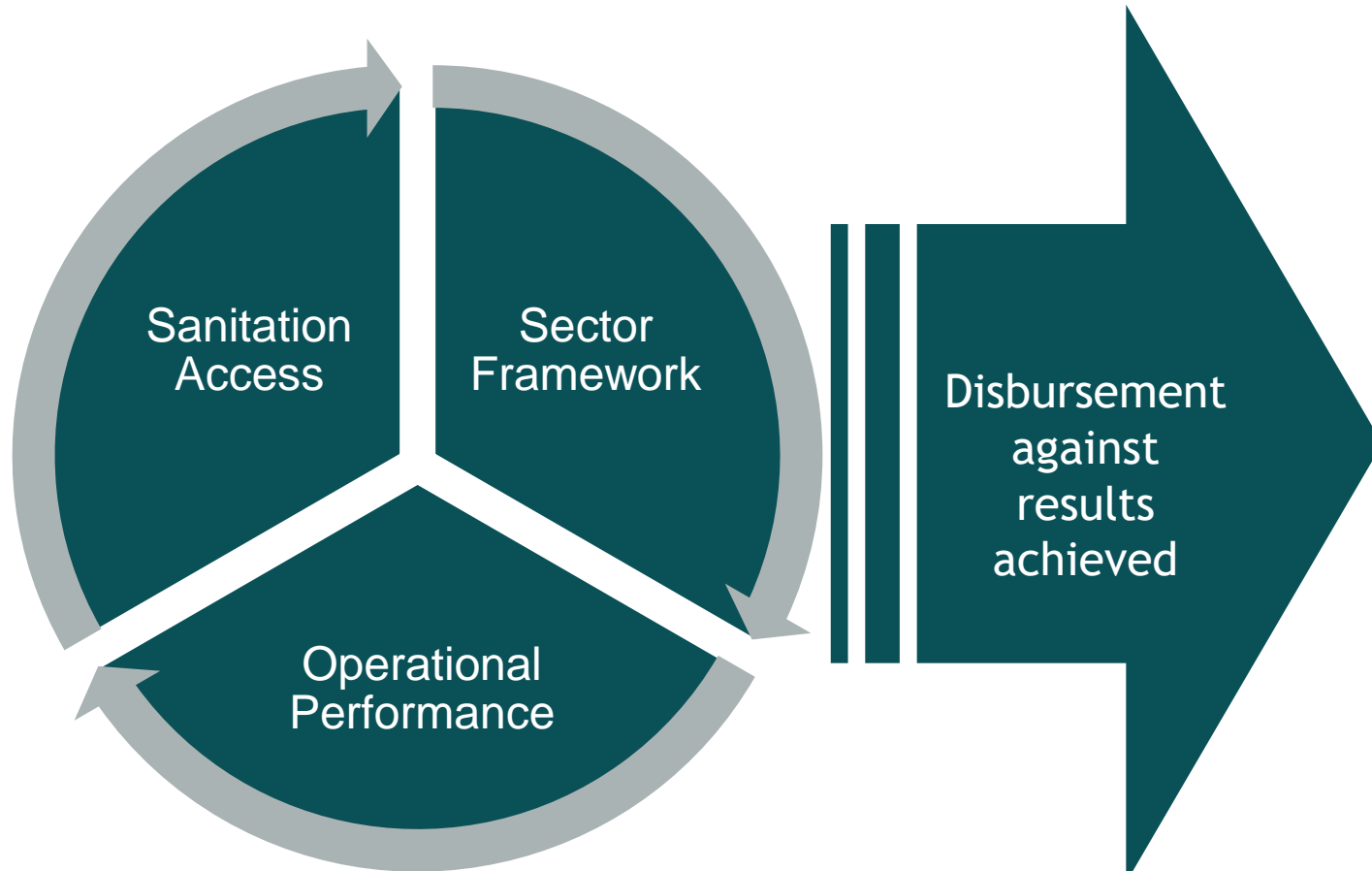
## Partnerships

Co-financiers, climate funds, others	Grants and concessionality
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# Results Based Financing for Sanitation in Egypt

Program for Results (PforR) = \$ 1.15 bn (World Bank \$850 mn AIIB \$ 300 mn)



**3 Results Areas**

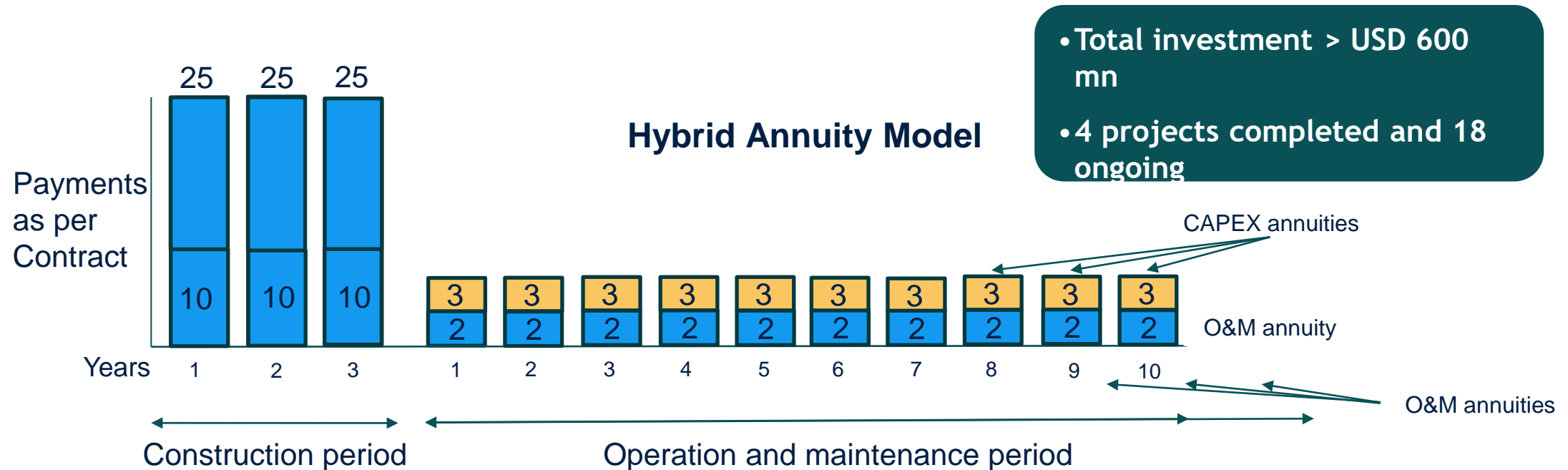
- Working Sanitation Chain – from HH to WWTP
- KPI targets met by utilities
- Tariff revision
- Reform of Land Acquisition procedures
- Sector Strategy
- Biz Plan and SOPs for regulator

# Hybrid Annuity Model for the Cleaning of Ganga River (India)

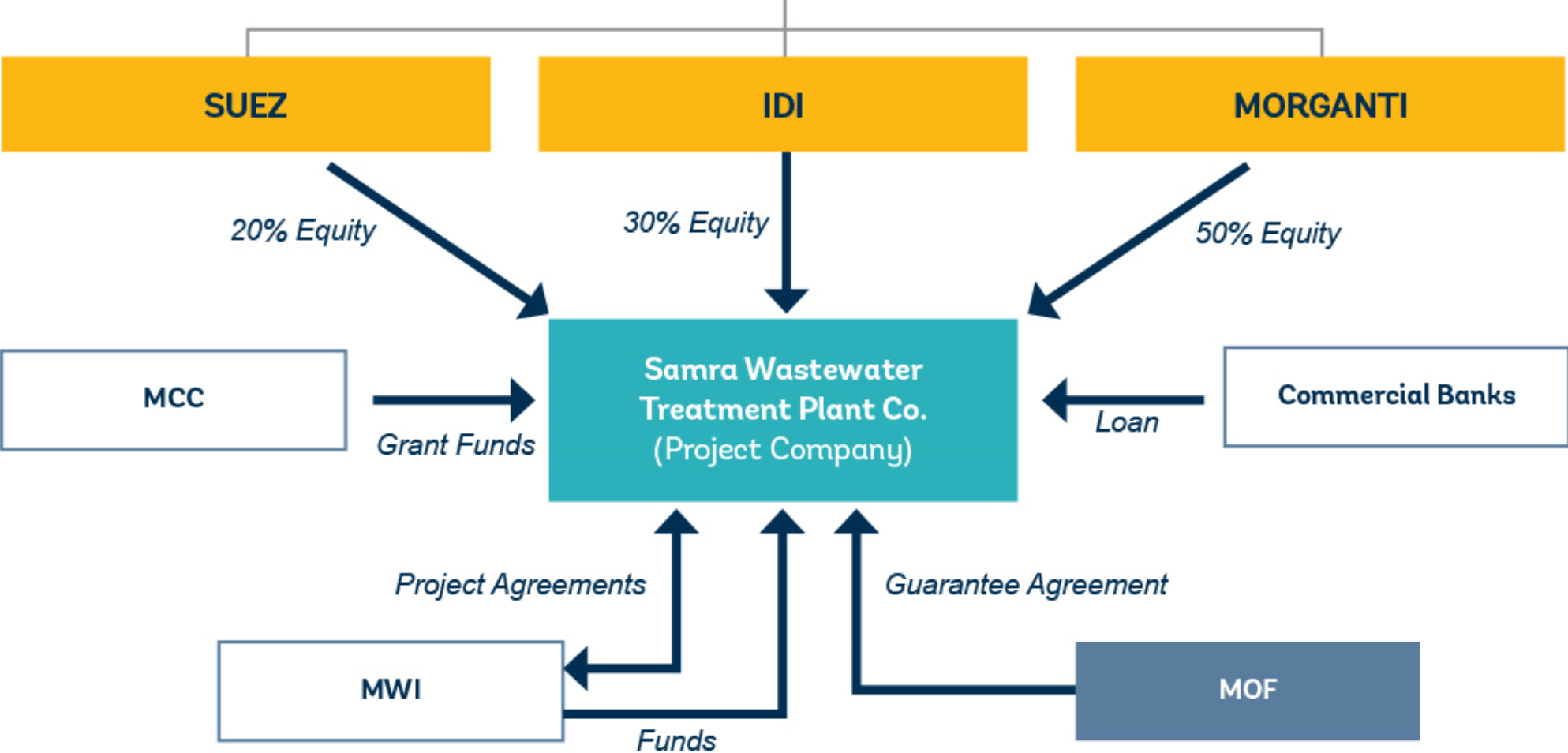
## Paradigm shift from construction to outcomes focus

DBOT: construction costs paid during construction, 10 years of O&M

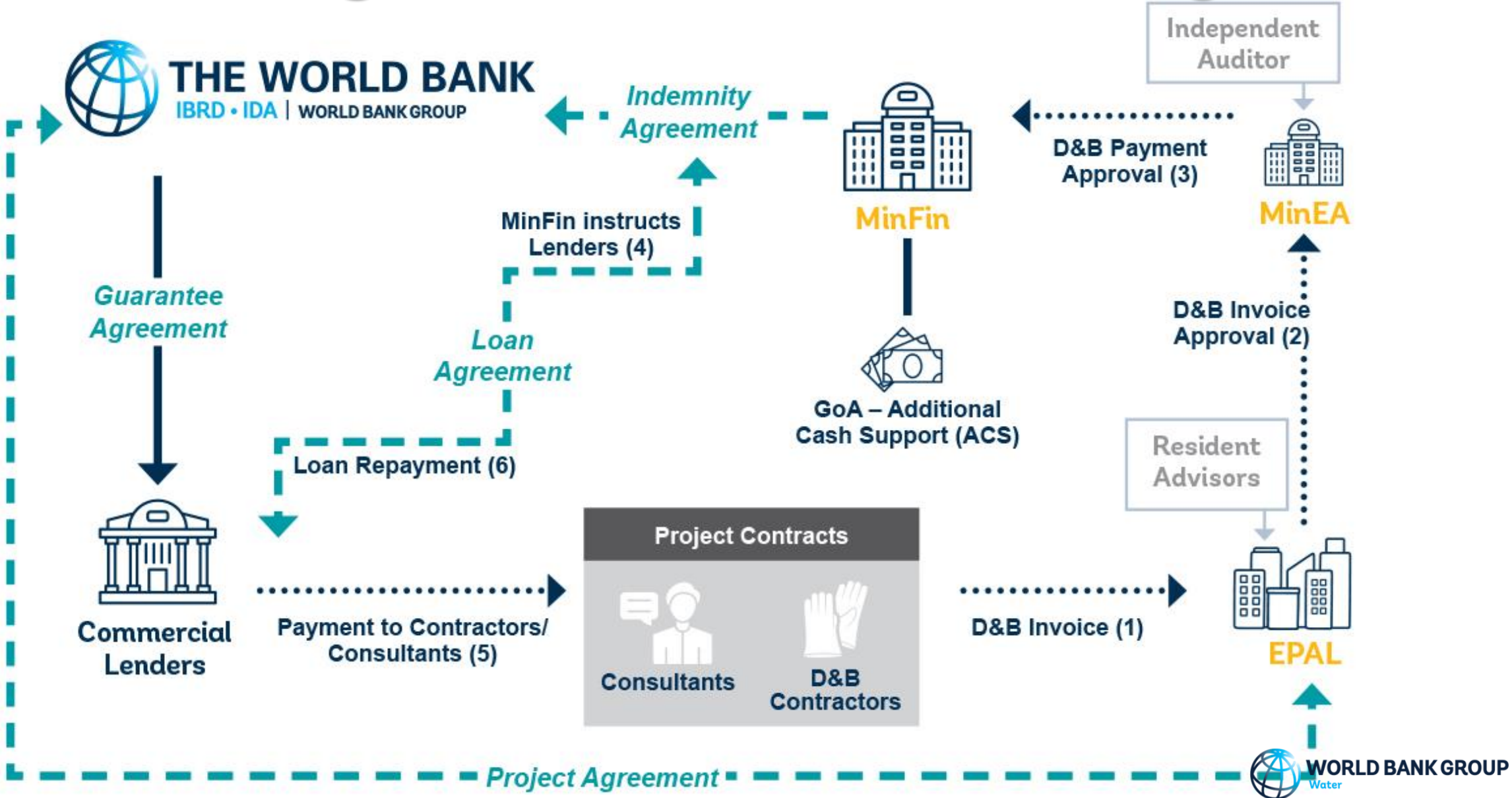
HAM-PPP: 60% of CAPEX paid in installment during 15 years of O&M linked to performance.



# As-Samra WWTP in Jordan



# Mobilizing IBRD Guarantee for Angola



# Financing tools linked to climate

- Water / Sustainability linked bonds – Vietnam
- Concessional and semi concessional funds : GCF, GEF, CIF
- Mitigation opportunities : Reducing GHG emissions linked to WWT (+Reuse), Irrigated Rice
- Other climate linked water sector opportunities – Floating solar, drought and flood protection projects, hydroelectric retrofits for storage dams

# In summary

Greater/ Efficient Deployment of Public Sector Funding



Domestic debt finance



Blended Finance Solutions



PPPs



Innovative Solutions



Meeting the SDGs

THANK YOU