

Investing climate finance in sustainable water and sanitation services

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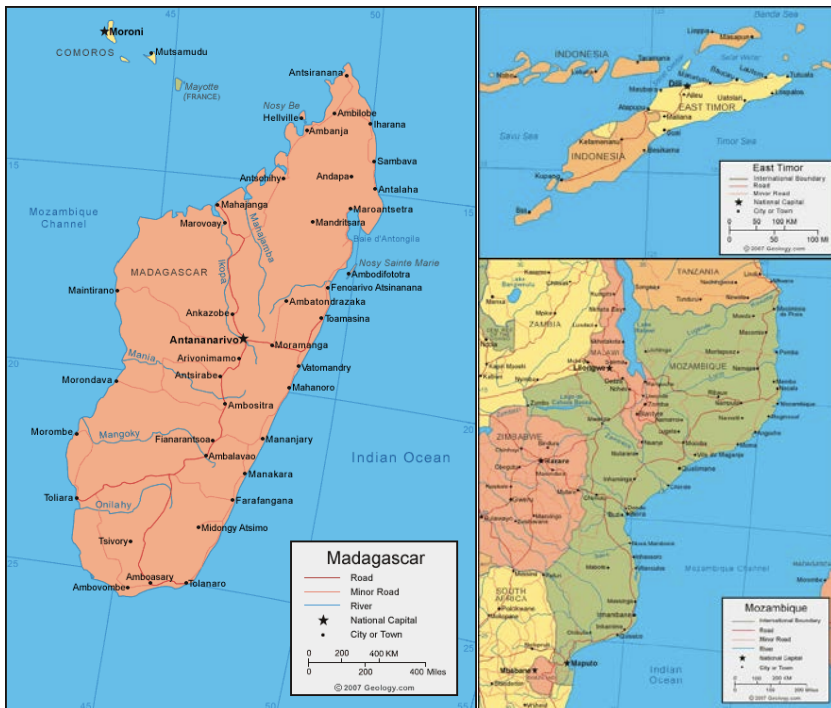
Outline

1. State of play
2. Global policy blockages and reforms
3. Domestic policy blockages and reforms
4. Investing climate finance in water and sanitation

WaterAid Climate Finance Initiative

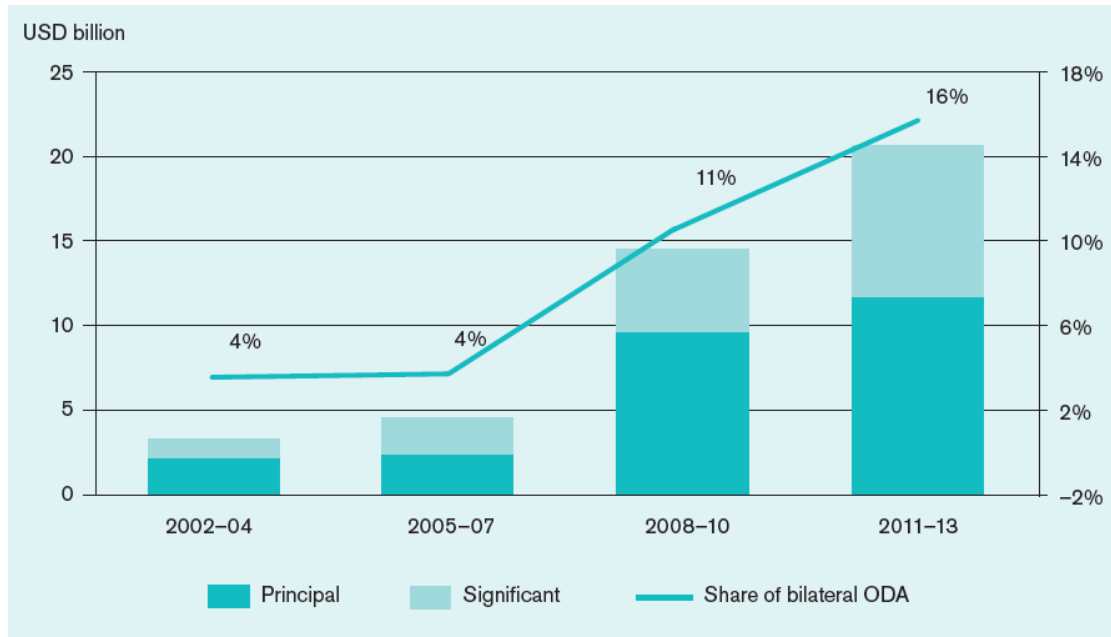
National research and demonstration

Global change



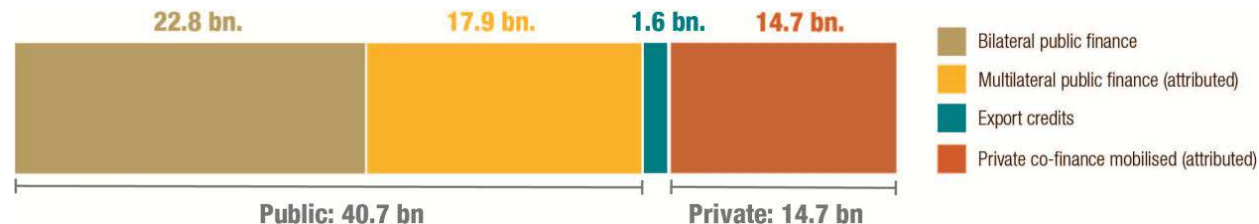
Concessional climate finance matters

Share of bilateral ODA is rising (IIED, 2015)



Strong links
between
adaptation and
sustainable
development

\$100 billion per year
from 2020 onwards



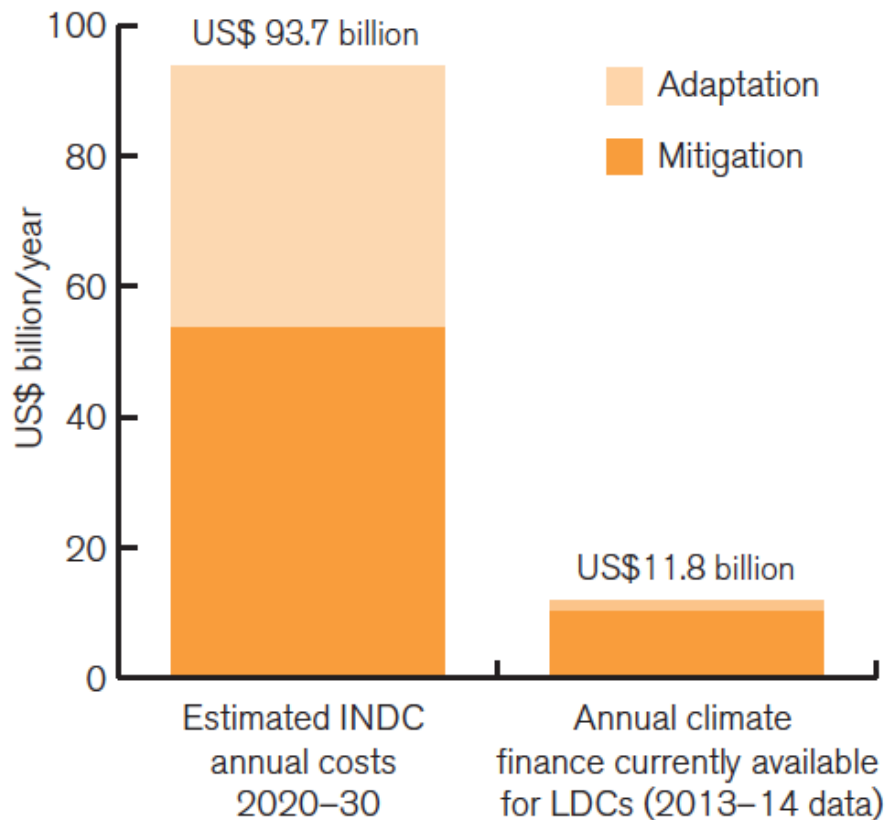
(USD billions, annual average) OECD, 2015

www.wateraid.org

Climate finance matters for water and sanitation

- Climate change impacts the **sustainability** of water supply and sanitation services.
- Climate finance presents an **unexploited opportunity** to improve sector performance as needed to achieve universal access by 2030.
- Changes are needed to ensure future climate finance is of **sufficient volume**, **targeted at the poorest**, used **catalytically** and **country-owned**.

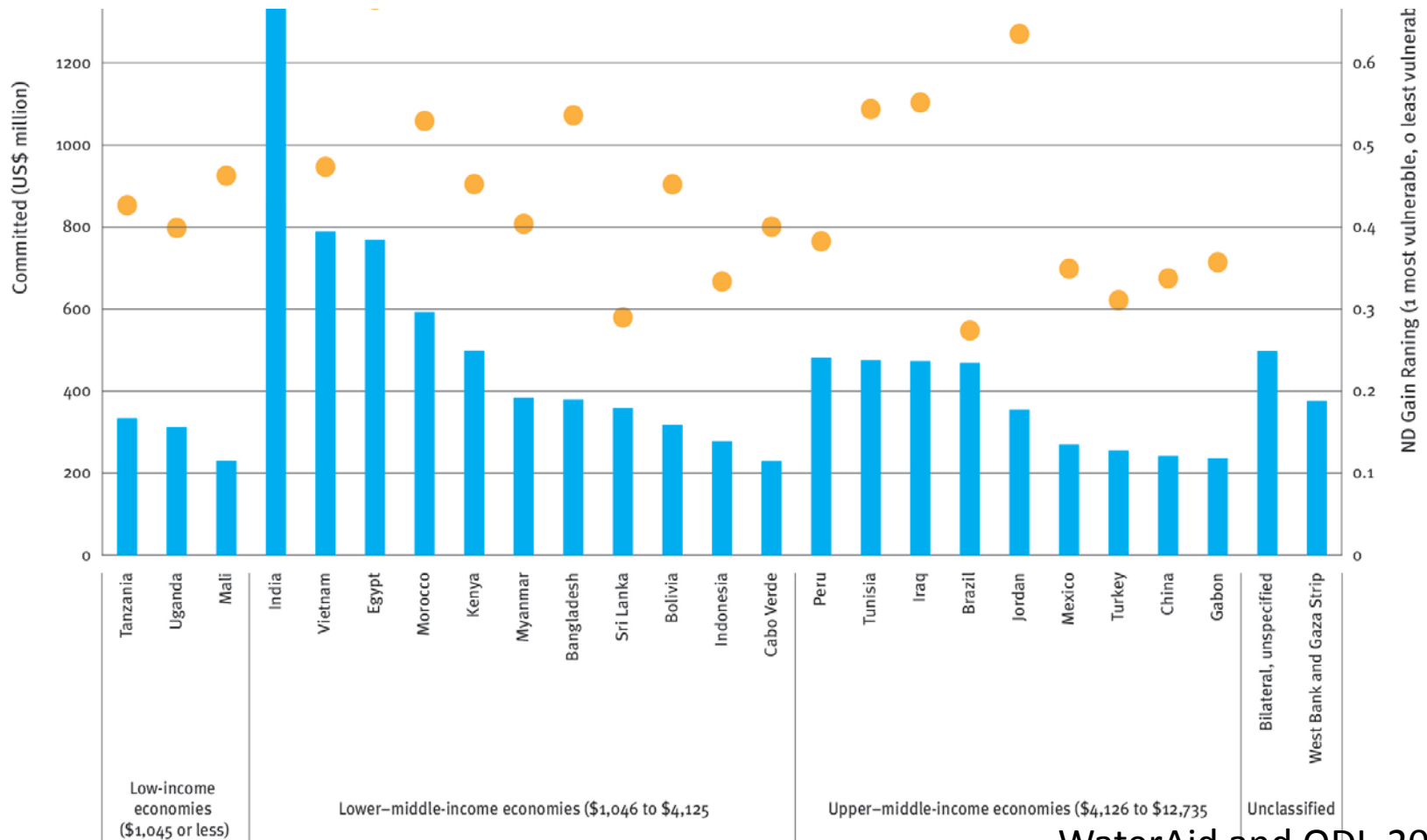
State of Play: Funding gap in LDCs



Annual climate finance available to all LDCs versus annual cost of implementing the INDCs

State of Play: Inequitable distribution

Top 25 recipients for climate-relevant WASH development assistance



State of Play: Low levels of country ownership



Green Climate Fund
Investment Criteria

Global policy blockages

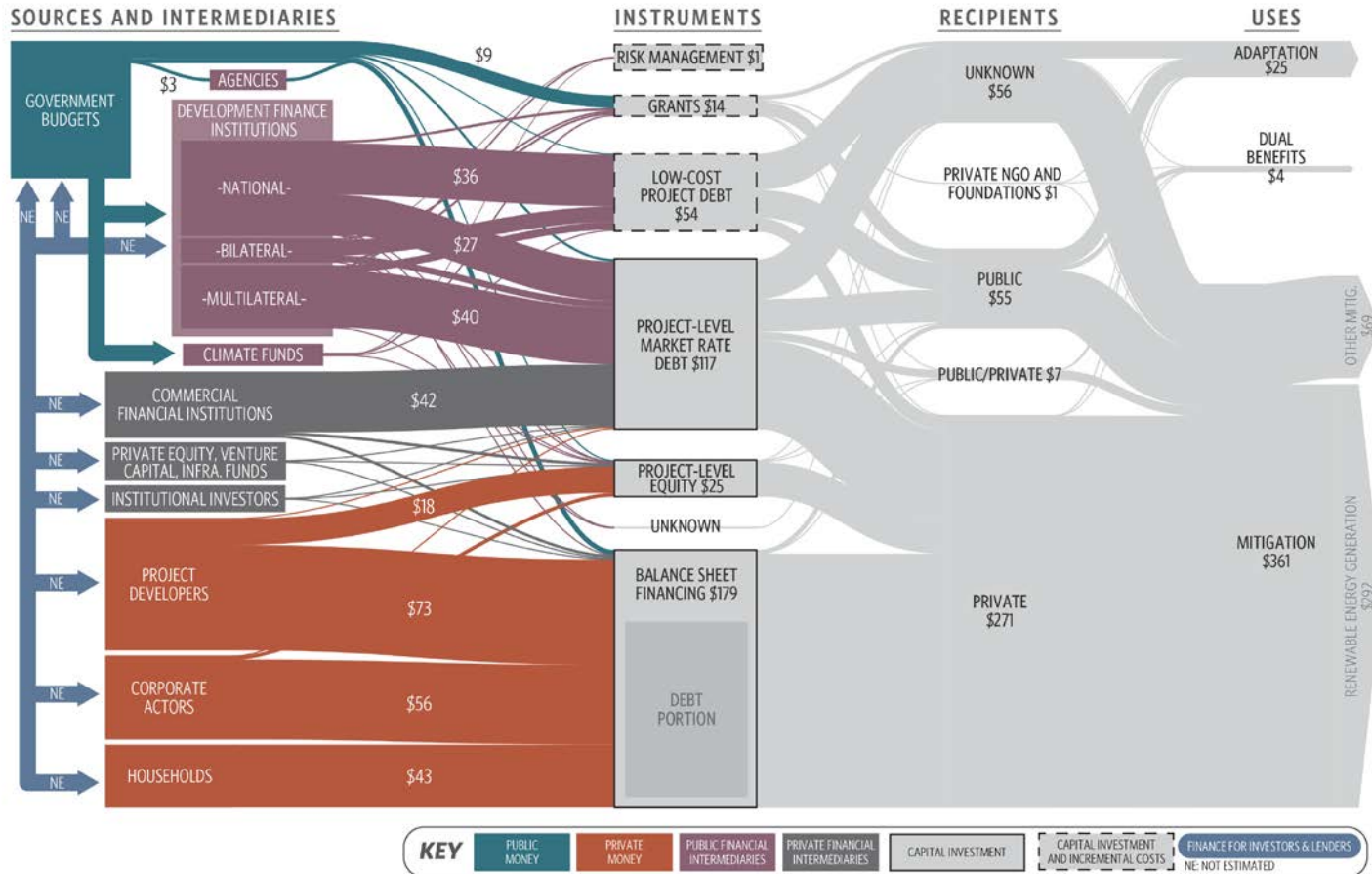
GLOBAL LANDSCAPE OF CLIMATE FINANCE 2015

Landscape of Climate Finance 2015 illustrates climate finance flows along their life cycle for the latest year available, mostly 2014, in USD billion

USD 391^{BN TOTAL}



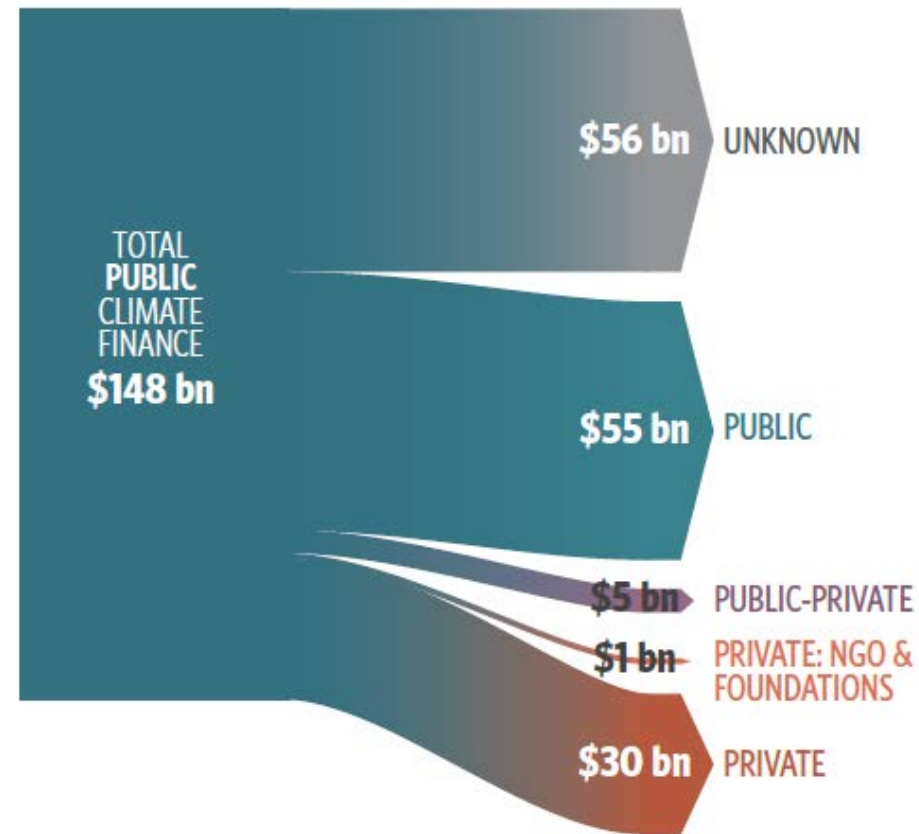
CLIMATE
POLICY
INITIATIVE



Global reform opportunities

1. Simplify architecture and increase coordination
2. Improve tracking, monitoring and certainty
3. Rebalance towards 'direct access' and use country systems
4. Accept higher risks
5. Assess transboundary impacts on water resources

Total public climate finance breakdown by type of recipient (38% unknown)



Source: Climate Funds Update

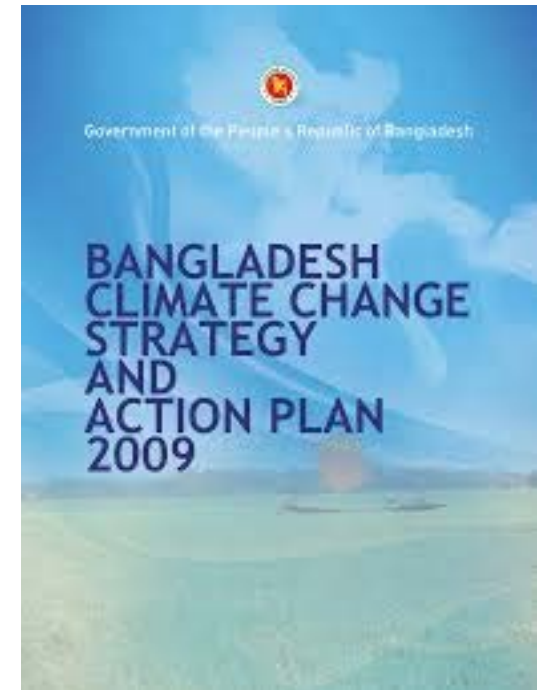
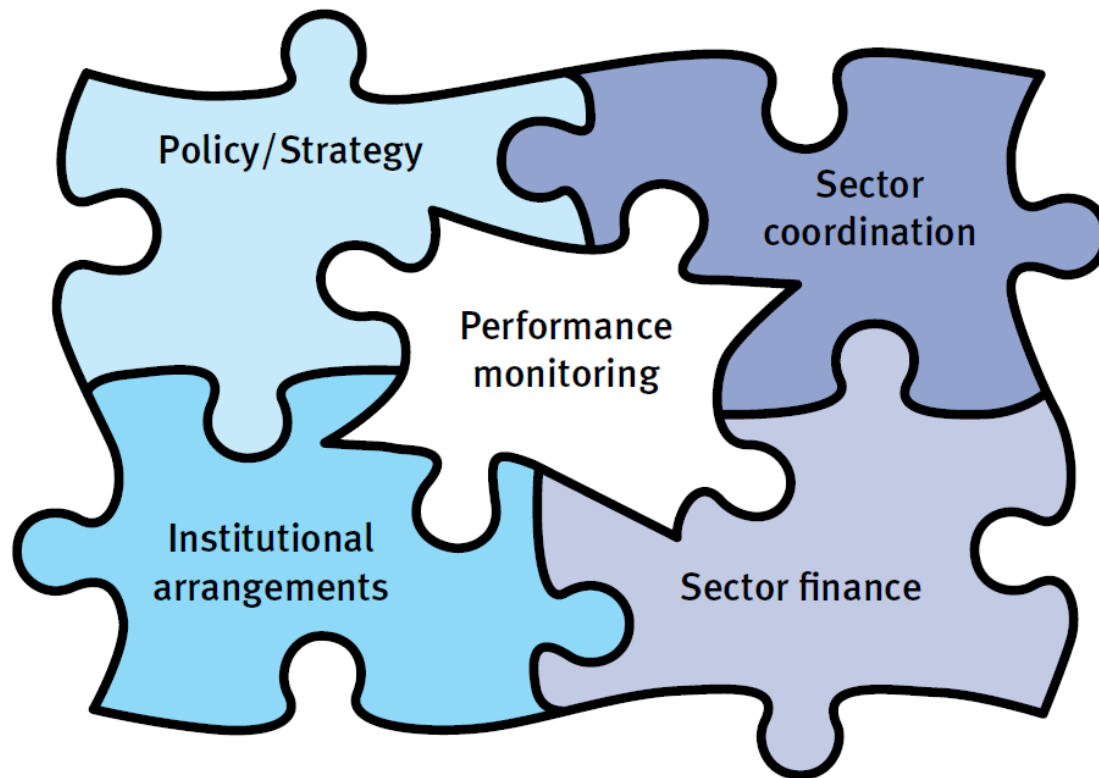
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Domestic policy blockages

- Inability to design and maintain bankable project pipelines
- Low implementation capacity
- High institutional fragmentation
- Low understanding of how to invest climate finance in the water and sanitation sector



Domestic policy reform opportunities



Investing climate finance in water and sanitation

- It is possible to deal with uncertainty
- Invest in institutions
- Sector strengthening to sustain infrastructure investments
- Connecting basin-scale management to field realities via WASH



In sum...

1. Concessional climate finance matters – especially for increasing water security in low-income countries.
2. Investing climate finance in low-income countries and communities is hard - but not impossible and policy innovations exist.
3. Water and sanitation services that remain functional, even as the climate changes, require a balance of hard and soft investments.