

Topic Concept Note Template

Thematic Process, 11th World Water Forum

*This template should be completed through collaborative discussions among Topic Coordination Group Members under the leadership of each Topic Coordinator, and submitted to Theme Coordinators **by January 30th, 2026**, after which it will undergo final review by the Co-Chairs of the 11th Forum Thematic Process.*

Instructions: Add bullets points within the text **in GREEN**

- Theme Number: **2**
- Theme Title: **Water Finance**
- Topic Number: **2E**
- Topic Title: **Enabling Conditions for Scaling up Strategic and Inclusive Water Financing**
- Topic Coordinator: **African Development Bank (AfDB) – Michel N’Guessan, Debjyoty Mukerjee, Samuel Blazyk.**

I. Topic Overview

Rationale and Context

Water remains chronically underfinanced, especially in climate-vulnerable and low-income contexts, and climate change is rapidly widening the financing gap. This challenge is driven not only by rising investment needs, but also by weak enabling conditions, including fragmented financing, limited institutional capacity, and regulatory and market constraints.

Strengthening the policy, institutional, and financial foundations for water investment is essential to achieving SDG 6 and advancing climate resilience. Strategic and inclusive approaches such as blended finance, risk-sharing mechanisms, and strong governance can mobilize additional capital, improve investment readiness at regional and local levels, and ensure affordable, sustainable water services reach underserved communities.

This topic addresses

- Key barriers to scaling water finance are weak project pipelines, high risk, affordability issues, and fragmented financing y promoting strategic, integrated, and inclusive financing approaches.
- Global responses intensifying water stress driven by climate change and urbanization amid insufficient public funding, using blended, climate, and risk-sharing finance to mobilize additional, climate-aligned investment.

- Creating Regional impact through strengthening regulatory frameworks, utility creditworthiness, and partner coordination to attract investment, with tailored approaches for water-stressed regions, fragile contexts, and transboundary systems.
- Fostering local inclusion by expanding affordable and sustainable access through pro-poor tariffs, decentralized and community-based financing, and accountable local institutions.
- Builds strong policy, institutional, and financial foundations to scale resilient, equitable water solutions across all levels.

The thematic area directly supports SDG 6 by strengthening inclusive and predictable water financing to expand access to safe water and sanitation, improve water quality and efficiency, and advance integrated water resources management. By addressing policy, institutional, and financial barriers, it enables the sustainable and equitable achievement of SDG 6 targets.

Beyond SDG 6, strategic water financing contributes to broader development and climate goals, including food security (SDG 2), resilient cities (SDG 11), and climate action (SDG 13), while protecting ecosystems (SDGs 14 and 15). It also reinforces partnerships for the goals (SDG 17) through blended finance, collaboration, and international cooperation to mobilize resources and scale impact.

The topic integrates key cross-cutting dimensions by embedding them systematically into the design, governance, and delivery of water investments, ensuring that financing translates into resilient, inclusive, and sustainable outcomes.

Climate resilience: Aligns water financing with climate finance to support resilient infrastructure, nature-based solutions, and adaptive water management that reduce vulnerability to climate risks.

Gender and youth inclusion: Promotes equitable access, affordability, and participation through inclusive financing, gender-responsive approaches, and support for women- and youth-led initiatives.

Digital innovation: Leverages digital tools to improve efficiency, transparency, utility performance, and data-driven planning in water financing and service delivery.

Partnerships and employment: Advances multi-stakeholder partnerships to mobilize resources and share risk, while catalyzing job creation and strengthening local economies.

Scaling water financing depends on coordinated, multi-stakeholder partnerships to mobilize resources, share risks, and strengthen integrated water governance, while also driving job creation and broader economic productivity. At the same time, the topic focuses on strengthening policies, institutions, and financing frameworks to mobilize and manage diverse funding sources, ensuring water investments are sustainable, inclusive, and aligned with national development and climate goals.

Objectives of the Topic

Technical Objectives

- Advance innovative, climate-resilient financing approaches that improve the bankability and sustainability of water investments.
- Promote blended, climate-aligned, and risk-sharing financing mechanisms, including nature-based solutions.
- Showcase practical tools and business models—such as tariff reform, performance-based financing, and digital systems—that strengthen utility and project financial performance.
- Support bankable project design and large-scale water investments that integrate climate resilience, social inclusion, environmental sustainability, and private sector participation.

Policy and Institutional Objectives

- Strengthen policy, regulatory, and governance frameworks to align water financing with equity, climate commitments, and SDG priorities.
- Improve institutional coordination, accountability, and transparency across national, subnational, and transboundary water governance systems.
- Foster multi-stakeholder and cross-border policy dialogue that translates into concrete reforms, commitments, and bankable water investments.

Capacity-Building and Knowledge Objectives

- Build institutional, utility, and project-level capacity to design, structure, and manage diverse water financing instruments, including climate and blended finance.
- Strengthen the ability of policymakers, utilities, local governments, and civil society to access and deploy financing effectively.
- Promote peer learning, knowledge exchange, and scalable partnerships to translate lessons and dialogue into sustained action and impact.

II. Key Issues, Opportunities, and Scope

Key Challenges

- *Financing and investment constraints*- Persistent financing gaps, limited access to climate and blended finance, weak project bankability, and high climate-related risks continue to constrain investment in resilient and sustainable water systems, particularly in vulnerable and water-scarce contexts.
- *Policy, institutional, and market barriers* - Fragmented policies, regulatory uncertainty, weak revenue models, limited private sector participation, and insufficient risk-mitigation instruments undermine effective mobilization, coordination, and management of water finance across national and local levels.

- *Capacity, data, and innovation gaps* - Limited institutional capacity, data constraints, and low uptake of digital tools hinder high-quality project preparation, reduce transparency and efficiency, and restrict access to available concessional and climate finance.
- *Integration and equity challenges* - Insufficient integration of the Water–Energy–Food–Ecosystems nexus (WEFE) and inequitable financing approaches lead to siloed investments, missed synergies, reduced bankability, and inadequate service delivery for marginalized and vulnerable populations.

Opportunities and Strategic Importance

Leveraging long-term national water strategies and master plans to establish predictable, programmatic investment pipelines that enhance investor confidence and enable coordinated, multi-year financing.

- *Strengthen investment readiness*: Leverage applied science, digital systems, and improved project preparation to enhance risk assessment, utility performance, and bankability.
- *Mobilize diverse financing*: Scale blended, climate, and private finance to close the water financing gap and unlock bankable, climate-resilient water investments.
- *Foster collaboration and learning*: Promote South–South cooperation and multi-stakeholder partnerships to address water scarcity, climate risks, and transboundary challenges.
- *Advance equity and impact*: Embed pro-poor, gender- and youth-inclusive approaches to accelerate progress toward SDG 6 while delivering climate, health, food security, and urban resilience co-benefits.

Proposed Priorities of the Topic / Guiding Questions

- *Linking strategies, science, and bankability*: How can national water strategies, IWRM and multisector integration frameworks supported by research, data, and applied science be translated into bankable, data-driven, and scalable financing pipelines?
- *Mobilizing and scaling finance*: How can public finance, donor support, climate funds, blended finance instruments, and private investment be effectively combined and coordinated particularly in water-scarce and climate-vulnerable regions such as the Middle East and Southern Mediterranean?
- *Strengthening enabling environments*: What policy, regulatory, and institutional reforms are most critical at cross-border, national, and local levels to unlock strategic, inclusive, and sustainable water financing?
- *Advancing climate resilience*: How can water financing be systematically aligned with climate adaptation and resilience objectives, drawing lessons from water-scarce contexts to support reuse, efficiency, desalination, and risk-informed investment?
- *Ensuring inclusion and affordability*: How can financing mechanisms be designed to ensure equitable access, affordability, and social inclusion particularly for women, youth, and low-income communities while maintaining long-term financial sustainability?

- *From dialogue to delivery:* What tools, partnerships, capacity-building approaches, and follow-up mechanisms are needed to translate Forum discussions into concrete commitments, investment-ready projects, and measurable impact?

Proposed Sessions of the Topic

The approach emphasizes close dialogue between donors, governments, and beneficiaries to align water financing with local priorities and implementation realities, ensuring ownership and impact. It focuses on strengthening project preparation and investment readiness to improve the bankability and climate alignment of water projects and expand access to donor and climate finance. At the same time, it advances innovative financing models for climate-resilient, reuse- and efficiency oriented water solutions, particularly in water-scarce and climate-vulnerable contexts. These efforts are reinforced by applying a Water–Energy–Food–Ecosystems nexus approach, enabling more integrated, cost-effective, and higher-value investments across sectors.

Proposed Sessions

Session 1 – Scaling Innovative Water Financing Mechanisms:

Topic Name: Advancing Water Sector Investment: Partnerships, Funds, and Risk Sharing

Exploring blended finance, climate funds, public–private partnerships, and risk-sharing instruments to mobilize and scale investment in the water sector.

Objective: Share successful financing models, identify key barriers, and propose scalable approaches aligned with SDG 6 and climate resilience goals.

Related Themes: SDG 6 implementation, climate resilience, financing for sustainable infrastructure.

Session 2 – Inclusive Water Financing: Gender, Youth, and Marginalized Groups:

Topic Name: Designing Inclusive Water Investment Frameworks for Social Impact - Equity, Access, and Jobs

Ensuring water financing frameworks address equity, affordability, and accessibility by integrating pro-poor, gender-responsive, and youth-inclusive approaches, while fostering MSME participation across the water value chain to support local job creation.

Objective: Develop actionable recommendations for embedding social inclusion and employment generation into water investment programs.

Related Themes: Social equity and access, Water for All, inclusive growth, SDG 6.

Session 3 – Strengthening Policy and Institutional Enablers

Topic Name: Making Water Investments Work: Governance, Policy, and Coordination

Focus: Examining the policy, regulatory, and institutional reforms required to enable strategic, coordinated, and sustainable water financing at national and subnational levels.

Objective: Identify best practices for governance, institutional coordination, and regulatory incentives that improve investment readiness and long-term project sustainability.

Related Themes: Governance and institutional capacity, Integrated Water Resources Management (IWRM), policy and regulation.

Session 4 – Knowledge, Capacity, and Bankable Project Development

Topic Name: From Concept to Bankability: Strengthening Water Project Preparation

Focus: Strengthening technical, financial, and managerial capacities to design, prepare, and implement bankable, climate-resilient, and scalable water projects.

Objective: Share tools, digital platforms, data systems, and capacity-building approaches that enhance project preparation, monitoring, and performance.

Related Themes: Digital innovation in water management, climate adaptation, SDG 17 partnerships.

Session 5 – Medium- and Long-Term Planning with National Commitments Focus:

Topic Name: Financing the Future: Aligning Water with National and Climate Agendas

Aligning water financing with medium- and long-term national development strategies, climate commitments, and sectoral plans to create predictable, programmatic investment pipelines.

Objective: Demonstrate how integrating water strategies into national budgets, climate plans, and planning frameworks enhances accountability, de-risks investments, and supports long-term water security and economic resilience.

Related Themes: National planning and budgeting, climate finance alignment, sustainable development.

III. Expected Outcomes and Deliverables

Policy and Strategic Outcomes

- **Alignment and coordination:** Provide strategic recommendations and guidance to align donor priorities, government strategies, and local needs, ensuring coherent, impactful water investments. As an illustrative example, A Ministry of Water establishes a National Water Investment with MDBs and other investors and donors with joint prioritization matrix.
- **Climate and WEFE integration:** Offer frameworks to incorporate climate resilience and the Water–Energy–Food–Ecosystems nexus into planning, investment prioritization, and financing strategies. WEFE investment checklist embedded in project appraisal guidelines and climate-adjusted cost-benefit model in the interlinked investment program.
- **Project readiness and financing:** Deliver policy and technical guidance to enhance project bankability, investment readiness, and access to donor, climate, and blended finance. The potentials are, for example, accessing Project Preparation Facility (PPF) with support from Green Climate Fund and Global Infrastructure Facility, development of bankability toolkit with focus to private sector financing.
- **Institutional and regulatory reforms:** Recommend reforms to unlock strategic, inclusive, and sustainable water financing at national and regional levels. At the outcome level, creating a policy environment that enables sustainable and inclusive water financing through progressive tariff structure, independent regulators, performance based contracts and issuing municipal bonds that translates to improvement in the unit cost recovery and access to domestic capital market.

- Knowledge and best practices: Provide strategic roadmaps, financing frameworks, and compilations of successful case studies and replicable water financing models. Creation of regional water financing knowledge hub focused at innovative financing tools, toolkits, and replicable water financing models, standard appraisal framework will unlock the potential. The MDBs in partnership of donors are in the best position to create these knowledge hubs ensuring open and free access.

At the output/ outcome level it brings donors and government onto a single platform, ensures every project is screened through a climate lens, builds a robust pipeline through a dedicated project preparation facility, undertakes tariff and regulatory reforms, and continuously shares lessons through a regional knowledge hub. The result is a transformed water sector; no longer ad hoc, but coherent and forward-looking—where investments are strategically aligned, technically sound, financially viable, and socially inclusive, delivering resilient and scalable impact.

Technical and Knowledge Deliverables

- Project preparation and decision support: Provide standardized tools, methodologies, and analytical frameworks to design bankable, climate-resilient, and socially inclusive water projects.
- Knowledge and evidence resources: Document case studies, lessons learned, and replicable financing models to inform best practices across regions.
- Digital platforms and monitoring: Use dashboards and repositories to track financing flows, project performance, climate adaptation investments, and risks for transparency and evidence-based decision-making.
- Capacity building: Deliver training and guidance for utilities, policymakers, and local governments on financing, project preparation, and long-term financial sustainability.

In practice, creation of a decision-support systems translate complex data into actionable insights and hands-on training strengthens the ability of institutions to interpret these tools, make informed financing decisions, and sustain effective water service delivery over time.

Partnerships and Financing Outcomes

- Collaborative frameworks: Strengthen multi-stakeholder and multisector coordination to improve access to sustainable water financing and reduce fragmentation.
- Innovative financing models: Develop blended finance, risk-sharing mechanisms, and climate-aligned investment initiatives to mobilize public and private capital at scale.
- Partnerships and private sector engagement: Expand collaboration with development banks, climate funds, and private actors to prepare and scale investment-ready, climate-resilient water projects.

The outcome targets creation of coordination platforms where ministries, utilities, and partners jointly prioritize and co-finance projects, reducing duplication and aligning

investments. Innovative financing is operationalized through blended structures, for example, concessional funds de-risking a bulk water project to attract private investors or guarantees lowering the cost of capital for utilities. At the same time, partnerships with institutions such as the MDBs and climate funds, alongside private developers, enable the preparation and scaling up investments.

Actions and Initiatives for Implementation

- Demonstration and pilot projects: innovative technologies for water reuse, efficiency, and climate-resilient solutions to generate scalable financing evidence.
- Collaboration and partnerships: Establish multi-stakeholder platforms, formal agreements, and innovation networks to coordinate water financing, share knowledge, and replicate successful models.
- Regional cooperation and capacity building: Strengthen coalitions and knowledge networks across regions to build technical and managerial capacity and scale effective water financing solutions.

At the outcome level, innovative technologies such as sensor-based leakage detection, AI-driven demand forecasting, and decentralized wastewater recycling systems will improve efficiency and generate performance data that demonstrates bankability and attracts scale-up financing. When these solutions are embedded within multi-stakeholder platforms and innovation partnerships, where governments, private tech providers, and financiers co-develop and replicate models through formal agreements and shared pilots demonstrate remarkable results. At the same time, regional knowledge networks facilitate peer learning and hands-on training, enabling utilities and policymakers to adopt these technologies, interpret performance data, and scale climate-resilient water solutions across contexts.

Communication and Visibility

- Key Messages: Development of clear, concise, and actionable statements emphasizing the importance of integrated water financing, and inclusive approaches for sustainable development.
- Public Communication Opportunities: Engagement through workshops, webinars, technical briefs, media coverage, social media campaigns, and thematic side events to disseminate knowledge, highlight outcomes, and promote stakeholder dialogue.
- Forum Declaration Contributions: Integration of recommendations, commitments, and action-oriented agendas from discussions and sessions into the 11th World Water Forum declaration to ensure visibility, continuity, and impact of key messages.

IV. Monitoring and Post-Forum Action

- Practical guidance and tools: Provides frameworks, case studies, and resources to help governments, utilities, and financiers design, prepare, and scale inclusive, resilient, and multisector aligned water projects.
- Multi-stakeholder collaboration: Strengthens networks among donors, governments, private sector, research institutions, and local stakeholders to sustain knowledge exchange and joint action.
- Knowledge and evidence resources: Delivers policy recommendations, toolkits, best practices, and lessons from pilot projects to inform decision-making and future water financing strategies.
- Sustainable impact and accountability: Establishes benchmarks for monitoring water finance and ensures Forum outcomes guide long-term inclusive, climate-resilient, and integrated water investment.

Follow-up initiatives toward the 12th World Water Forum

- Pilot projects and demonstration initiatives: Implement basin- and community-level pilots showcasing multisector integration, climate-resilient solutions, and innovative financing, supported by multi-stakeholder task forces to scale and sustain impact.
- Monitoring, evaluation, and reporting: Track investment pipelines, policy implementation, and project outcomes using measurable indicators and digital tools to ensure transparency, accountability, and lessons learned.
- Knowledge products and dissemination: Produce synthesis reports, case studies, and collaborative publications, and maintain digital platforms and events to share tools, methodologies, and replicable financing practices.
- Global agenda alignment: Ensure Forum outputs support SDG 6, climate adaptation, and related global agendas, while promoting regional cooperation, South–South learning, and cross-border water governance.
- Sustained partnerships and collaboration: Foster long-term multi-stakeholder partnerships among governments, financiers, civil society, and the private sector to scale innovative water financing and track progress and impact.

V. Proposed Cross-Process Dialogue Areas

1. Integrating Water Financing with a multisector Programmatic Approaches

Joint discussion with topics on climate adaptation, energy, and food security to explore how integrated planning can maximize economic returns and optimize donor and climate finance.

2. Scaling Investment-Ready Water Projects

Collaborative session with topics on infrastructure, innovation, and project preparation to identify strategies for improving bankability, proposal readiness, and access to donor and climate financing.

3. Promoting Climate-Resilient and Reuse-Oriented Solutions

Joint dialogue with topics on water reuse, efficiency, and urban resilience to share lessons learned, financing models, and cross-sector collaboration approaches

A. Joint Dialogues with Other Topics within the Theme or Other Themes

1. **Water Financing & Climate Resilience** - Collaborate with the Climate Change & Adaptation topic to explore how financing mechanisms can be designed to support climate-resilient water infrastructure and nature-based solutions.
2. **Inclusive Water Governance & Social Equity** - Engage with topics on gender, youth, and marginalized groups to discuss mechanisms for ensuring that water financing reaches all communities equitably.
3. **Digital Innovation for Water Investments** - Collaborate with topics on digital solutions and smart water management to explore the role of digital tools in tracking financing flows, improving transparency, and enhancing project bankability.

B. Joint Dialogues with Other Processes

Ministerial & Parliamentary Processes - Develop a dialogue with ministries of finance, water, and planning, as well as parliamentary committees, to discuss policies and legislation that enable strategic water financing.

Local, Regional, and Basin Authorities - Engage local governments and basin authorities to explore decentralized financing mechanisms, regional investment coordination, and multi-level governance approaches for scaling water projects.

C. Regional Focus Areas for Discussion

Sub-Saharan Africa - High water stress, growing urbanization, and financing gaps make the region a priority for piloting innovative and inclusive water financing solutions.

Small Island Developing States (SIDS) & Middle East/North Africa (MENA) - Vulnerable to climate change, limited water resources, and high infrastructure costs, making strategic and climate aligned financing critical for resilience.