

## CONCEPTNOTE

### TOPIC 6C: PRICING WATER FOR SUSTAINABLE MANAGEMENT

Topic Title: Pricing water for sustainable management

Topic Coordinator: Watermarq (UK)

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## THEME OVERVIEW

### Rationale and Strategic Importance

Water pricing stands as one of the most powerful policy instruments available to advance sustainable management of water resources globally. Yet despite its critical importance, the vast majority of water users worldwide do not pay prices reflecting the true economic, environmental, and social value of water. This fundamental disconnect between the cost of water provision and what users pay creates cascading consequences: inefficient consumption, environmental degradation, inadequate infrastructure investment, and persistent inequities in access.

The water sector faces an unprecedented financing challenge. Delivering Sustainable Development Goal 6 (SDG 6)—ensuring access to water and sanitation for all—requires an estimated USD 1.7 trillion by 2030, with current funding falling far short. Simultaneously, water scarcity affects more than 2 billion people globally, with projections indicating this will worsen as populations grow and climate change intensifies variability in water availability.

### Key Issues

The following five critical challenges must be addressed to enable value-reflective water pricing globally:

1. Disconnect between value, cost, and price — In most countries, water prices cover only a fraction of service delivery costs. Full cost recovery (including environmental and resource depletion costs) is achieved in fewer than 20% of water utilities globally, creating structural financing deficits that force water systems into deferred maintenance, service quality decline, and inability to expand access.
2. Political economy barriers to pricing reform — Water is a basic necessity with high emotional and political salience. Efforts to increase tariffs face powerful resistance from consumers, agricultural lobbies, and politically motivated subsidies. Political cycles often work against sustained reform, as policymakers fear electoral backlash, leading to tariff freezes and continued subsidies despite fiscal costs and inefficiency.

3. **Affordability and equity tensions** — In developing regions, absolute poverty means households cannot pay cost-recovery tariffs without subsidy. The poorest 40% of populations in Sub-Saharan Africa, South Asia, and parts of Latin America spend 5–10% of household income on water, compared to <1% in developed countries. Pricing reform must address genuine affordability constraints without perpetuating universal subsidies that primarily benefit the non-poor.
4. **Weak institutional and technical capacity** — Many water utilities and regulators in developing countries lack the technical expertise, data systems, and political independence to design and implement sophisticated pricing mechanisms. Financial weakness often precludes investment in the metering, billing, and IT infrastructure needed for equitable volumetric tariffs.
5. **Sectoral complexity and transboundary tensions** — Agricultural water users consume approximately 70% of global water but often operate under different pricing regimes (or no pricing at all) compared to domestic users. Industrial users negotiate volume discounts. In shared basins, unilateral pricing changes by one nation can affect water allocation and upstream/downstream relationships, complicating coordination and agreement.
6. **Environmental cost quantification and operationalization** — While the principle of internalizing environmental costs in water prices is well established, translating this into tariffs remains methodologically and politically challenging. How to price ecosystem services, scarcity rents, or climate adaptation costs? Which stakeholders bear these costs? These questions lack consensus frameworks.
7. **Data gaps and information asymmetry** — Many water utilities, especially in developing countries, lack reliable data on water scarcity, quality, costs, consumption patterns, revenue, and non-revenue water. Without data, designing rational tariffs is impossible. Information asymmetry between utilities and users also undermines trust and political buy-in.

## Objectives

The overarching goal of Topic 6C is to catalyze a fundamental shift in how water is priced globally, moving from traditional flat-rate or heavily subsidized models toward value-reflective pricing that accounts for the full economic, environmental, and social dimensions of water.

## Priority Outcomes (3–5 Key Targets):

1. **Policy Guidance Framework** — Comprehensive guidance on value-reflective water pricing principles aligned with full cost recovery, the Polluter Pays Principle, and equity safeguards; applicable across diverse contexts (developed/developing, urban/rural, water-abundant/water-scarce regions).
2. **National Pricing Reform Roadmaps** — Country-specific strategic roadmaps supporting adoption of value-reflective pricing frameworks over 2027–2032, including institutional sequencing, capacity-building pathways, financing mechanisms, and equity measures.

3. Digital Pricing Tools & Technology Integration — Practical frameworks and case studies demonstrating smart metering, real-time pricing, digital payment systems, and data analytics enabling equitable and adaptive tariff management.
  4. Water pricing in agricultural irrigation – Approaches to integrate socioeconomic dynamics and other sensitivities to ensure that value-reflective tariff reforms in the agricultural sector are both effective and socially equitable.
  5. Investment Pipeline — Identification and documentation of investment-ready projects (utility pricing reforms, infrastructure investments, capacity-building programs) aligned with pricing reform and attractive to impact investors and development finance institutions.
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## CROSS-PROCESS DIALOGUE & COOPERATION

### A. Political and Regional Links

Topic 6C outcomes require endorsement and adoption by key decision-makers and policy forums:

#### National Level:

- Water ministers and finance ministries (to embed pricing in national water strategies, e.g. through establishing Water Valuation units)
- Utility regulators and water authorities (to establish enabling regulatory frameworks)
- Local government and municipal leaders (to implement city-level pricing reforms)
- Agricultural and energy sector leaders (to align sectoral pricing approaches)
- Grassroots groups, in particular focused on under-represented communities such as youth

#### Regional Level:

- River basin organizations and transboundary water commissions to coordinate pricing in shared basins
- Regional development banks to align financing windows with pricing reform
- Regional economic communities to incorporate pricing into regional water governance frameworks

#### Global Level:

- UN-Water and international water conventions to align on pricing principles
- G7/G20 and international forums on sustainable development financing
- IPCC and climate adaptation forums (linking pricing to climate resilience investments)

## B. Cross-Process Dialogue Areas

### Dialogue 1: Water Pricing and Political Commitment (Political Process)

- Focus: Translating water pricing reform into government commitments and policy action; engagement of water ministers in advancing value-reflective pricing.
- Stakeholders: Water ministers, finance ministers, policy advisors
- Expected Outcome: Ministerial declaration language; country-level pricing reform commitments; regional financing pledges

### Dialogue 2: Pricing and Transboundary Cooperation (Regional & Basin Processes)

- Focus: How pricing frameworks support equitable allocation and cooperation in shared basins; regional adaptation of pricing approaches; integration with transboundary water agreements
- Stakeholders: Basin organizations, regional development banks, national water authorities
- Expected Outcome: Regional pricing frameworks; transboundary water agreements incorporating pricing mechanisms

### Dialogue 3: Pricing and Local Implementation (Local & Regional Authorities)

- Focus: Support for cities and municipalities implementing value-reflective pricing; integration with local water planning and climate adaptation
- Stakeholders: Municipal leaders, city water departments, local civil society
- Expected Outcome: Municipal water pricing guidelines; city-to-city peer learning networks; local financing mechanisms

## C. Cross-Theme Dialogue (Thematic Process — Theme 6)

### Dialogue 4: Pricing, Valuation, and Efficiency (6A, 6B, 6D, 6E)

- Focus: Integration of water valuation and pricing across theme topics; how pricing for sustainable management (6C) connects to valuing water for economic growth (6A), efficiency in sectors (6B), footprinting and metrics (6D), and natural capital stewardship (6E)
- Expected Outcome: Holistic "Value of Water" synthesis integrating economic, environmental, social, and natural capital dimensions

### Dialogue 5: Water Pricing and Financing (Theme 2 — Water Finance)

- Focus: How value-reflective water pricing improves utility finances and enables access to development finance; alignment of pricing reform with financing for climate resilience and scaling up finance
- Expected Outcome: Joint guidance on integrating pricing reform with blended finance strategies for climate-resilient water systems

## Dialogue 6: Pricing and Circular Water Economy (Theme 1 — Water Security, Topic 1D)

- Focus: Role of pricing in incentivizing demand-side efficiency, water reuse, and circular water use; integration with nature-based solutions for resource efficiency
  - Expected Outcome: Joint recommendations on combining pricing with recycling, reuse, and ecosystem restoration
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### EXPECTED OUTCOMES & DELIVERABLES

#### Session Design and Expected Outputs

##### Session 1: Valuing Water—From Theory to Practice

- Purpose: Methodologies for comprehensive water valuation; case studies translating valuations into tariff structures across economic, environmental, and social dimensions
- Format: Interactive workshop with utilities, valuers, regulators, and policymakers
- Expected Output: Practical guidance toolkit for water valuation across diverse contexts; case study compendium demonstrating application in multiple countries

##### Session 2: Progressive Tariff Design and Affordability—Reconciling Sustainability and Equity

- Purpose: Tariff architecture options (increasing block tariffs, seasonal pricing, time-of-use); smart targeting approaches; case studies from developing countries addressing affordability without universal subsidies
- Format: Multi-stakeholder dialogue with utilities, regulators, civil society, and consumer representatives
- Expected Output: Policy recommendations on equitable tariff design; global case study compendium; template tariff design frameworks for different contexts

##### Session 3: Financing Water Through Value-Reflective Pricing—From Tariffs to Investment

- Purpose: Revenue mobilization mechanics; linking improved tariffs to utility financial sustainability and blended finance access; mobilizing development banks and impact investors
- Format: Panel with development banks, impact investors, utilities, water economists, and climate finance specialists
- Expected Output: Framework for utilizing tariff revenues to attract climate and development finance; investment pipeline documentation; financing facility roadmap

## Session 4 (Joint with Topics 6B, 6D, and Theme 5—Innovation): Digital Innovation and Water Pricing

- Purpose: Smart metering, real-time pricing, digital payment systems, data analytics for tariff optimization; cybersecurity and equity implications
- Format: Innovation showcase and policy dialogue, including youth water experts sharing knowledge on innovations from research and practice
- Expected Output: Technology roadmap for digital-enabled water pricing; implementation case studies; digital equity guidelines; cybersecurity framework for smart metering systems; legislative frameworks

### Policy and Strategic Outcomes

- Pricing Framework Guidance: Comprehensive guidance articulating principles and best practices for value-reflective water pricing, aligned with SDG 6, international conventions, and IWRM principles. Guidance covers full cost recovery, environmental cost internalization, affordability safeguards, sectoral differentiation, and transboundary considerations.
- National Water Pricing Strategies: Templates and guidance for country-specific roadmaps supporting adoption of value-reflective pricing frameworks over 2027–2032, including institutional reform sequencing, capacity-building programs, financing mechanisms, and gender-responsive equity measures.
- Policy Recommendations: Specific recommendations for regional bodies, bilateral development agencies, and multilateral development banks on leveraging water pricing as a tool for SDG achievement, climate adaptation financing, and economic resilience.

### Initiatives and Partnerships

#### Key Initiative: Global Water Pricing Monitoring and Learning Platform

- Type: Digital platform with annual reporting
- Features:
  - Real-time tracking of country adoption of value-reflective pricing
  - Case study repository
  - Data and indicators on pricing impacts (efficiency, equity, investment, environmental outcomes)
  - Peer learning networks connecting utilities and regulators, and network engagement with key stakeholders, including youth groups
  - Annual progress report to track global momentum
- Governance: Multi-stakeholder oversight; hosted by international water organization.

## Knowledge and Capacity-Building Outcomes

- **Water Pricing Toolkit:** Interactive digital toolkit with step-by-step guidance on water valuation methodologies, tariff design frameworks, affordability mechanisms, and regulatory governance; available in 10+ languages
- **Centers of Excellence in Water Pricing:** Establishment of regional academic centers supporting research, capacity-building, and policy advisory on water pricing and value-reflective management
- **Training and Capacity Programs:** Curricula and training modules for water professionals, regulators, community leaders, youth groups and policymakers in 40+ countries; estimated reach of 5,000+ trained professionals by 2030
- **Knowledge Network:** Peer learning network connecting 500+ utilities and water authorities implementing pricing reforms; facilitates experience-sharing and adaptive management

## Communication and Visibility

- **Media Campaign:** Global media campaign ("Water Has Value" or similar) reaching policymakers, the general public, and stakeholder groups; articulating the case for pricing reform through compelling storytelling and data visualization
  - **Forum Declaration Language:** Contribution to Riyadh 2027 Forum Declaration(s) with specific commitments from governments and organizations on advancing value-reflective water pricing over subsequent 5-year cycle
  - **Knowledge Hub:** Online portal hosting all deliverables (frameworks, case studies, tools, data), real-time monitoring dashboards, research library, and news updates on global pricing progress
  - **Annual Progress Report:** Publication of annual Global Water Pricing Progress Report tracking countries adopting value-reflective pricing, investment levels mobilized, efficiency gains achieved, equity outcomes, and environmental impacts
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## MONITORING & LEGACY

### Post-Forum Action Plan and Sustainability

Topic 6C outcomes are positioned to generate lasting impact extending well beyond the 2027 Forum through sustained monitoring, knowledge-sharing, implementation support, and adaptive management.

### Data and Metrics Framework

#### Monitoring Indicators (Post-Forum):

| Dimension                | Key Indicators                                                                                                                                           | Data Source                                                     | Frequency |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------|
| Policy Adoption          | # countries adopting value-reflective pricing; # utilities implementing pricing reforms; # regional frameworks established                               | National governments; World Bank GLAAS; IWA benchmarking        | Annual    |
| Efficiency Outcomes      | Residential water consumption change (liters/capita/day); non-revenue water losses (%); agricultural water use efficiency (m <sup>3</sup> /USD output)   | Utility data; national water accounts; FAO AQUASTAT             | Annual    |
| Financial Mobilization   | Tariff revenue collected (USD); investment attracted through pricing reform; green bonds/climate finance mobilized                                       | Utility financial reports; development bank data                | Annual    |
| Equity and Access        | % population with access to cost-recovery water service; % of poorest quintile with affordability protections; gender indicators (water collection time) | National surveys; World Bank; UNICEF                            | Annual    |
| Environmental Protection | Groundwater depletion rates in key regions; ecosystem restoration in water-dependent basins; freshwater withdrawal as % of renewable supply              | FAO, AQUASTAT; national water accounts; hydrological monitoring | Annual    |
| Capacity Development     | # professionals trained; # centers of excellence operational; # utilities using decision-support tools                                                   | Partner organization reports                                    | Annual    |

## Post-Forum Platforms and Mechanisms

### Platform 1: Global Water Pricing Monitoring Hub

- Real-time dashboard tracking adoption rates, investment mobilization, efficiency gains, and equity outcomes
- Open-access data repository and case study library
- Annual progress reporting mechanism

### Platform 2: Utility Financing Partnership Facility

- Operational financing window providing concessional finance for pricing reform projects
- Technical assistance fund supporting institutional capacity-building
- Grant funding for research and learning initiatives

### Platform 3: Regional Pricing Centers of Excellence

- Academic and research institutions providing policy advice, training, and research support
- Operating across major global sub-regions
- Connected through virtual learning network

### Platform 4: City-to-City Learning Network

- Peer-to-peer support among municipal leaders implementing local pricing reforms and youth leaders to support monitoring and reporting
- Twinning arrangements pairing advanced and emerging implementers
- Annual city forum on urban water pricing

### Platform 5: Stakeholder Council on Water Pricing

- Multi-stakeholder governance body overseeing platform operations and strategic direction
- Representatives from utilities, regulators, development banks, civil society, academia, youth
- Meets bi-annually to review progress and adapt strategies

## Legacy Vision

By 2030, the combination of frameworks, tools, case studies, partnerships, and political commitments generated by Topic 6C will have catalyzed meaningful shifts toward value-reflective water pricing in at least 60 countries, affecting:

- 500+ utilities transitioning toward cost-recovery pricing models
- USD 20+ billion in development finance mobilized for water pricing reform and associated infrastructure
- 10–15% global reduction in residential water consumption through efficiency incentives
- Expanded access for 50+ million additional people through improved utility sustainability and expanded service coverage
- Strengthened ecosystem protection through reduced extraction pressure and environmental cost internalization
- Enhanced water security through improved allocation mechanisms and transboundary cooperation

The frameworks, tools, and case studies will serve as reference materials for water professionals worldwide for decades beyond 2027. Established partnerships will create sustained financing channels and technical support. Operating platforms will continue convening stakeholders, generating evidence, and supporting implementation.

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## CONCLUSION

Topic 6C addresses a critical gap in global water governance: the persistent disconnect between what water costs to provide and what users are charged. By catalyzing a paradigm shift toward value-reflective water pricing, this topic will unlock vast efficiency gains, mobilize financing for universal water access, protect freshwater ecosystems, and advance climate resilience.

The frameworks, initiatives, tools, case studies, and political commitments emerging from Topic 6C will serve as the foundation for sustainable water management globally, directly supporting SDG 6 and the broader sustainable development agenda.

The imperative is clear: Water must be priced to reflect its true value. Through the collaborative work of Topic 6C and the sustained action of partners post-Forum, this imperative will become a reality in countries around the world.

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## TOPIC COORDINATION AND WORKING GROUP

Topic Coordinator: Watermarq (UK)

Topic Working Group Members : Directorate General of Konya Water and Sewage Administration (Turkiye); Ministry of Equipment and Water (Morocco); Sahan Construction and Surveying Co. Ltd (Somalia); PureGy (Kingdom of Saudi Arabia); World Trade United Foundation (Hong Kong SAR); Triple E – Environmental Evolution Engineering SARL (Lebanon); World Youth Parliament for Water (Canada); National Water Research Center (Egypt); Asian River Restoration Network (China); International Hydropower Association (UK); Turkish Water Institute (Turkiye); United Cities & Local Governments (Spain); National University of Sciences and Technology (Pakistan); Jordan Valley Authority (Jordan)

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