

Topic Concept Note

Thematic Process, 11th World Water Forum

Final Draft (Jan 30th, 2026)

*This concept note 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.*

- **Theme Number:** 2
- **Theme Title:** *Water Finance*
- **Topic Number:** 2B
- **Topic Title:** *Private and Public Sectors Engagement (PPE)*
- **Topic Coordinator:** *International Economic & Technical Cooperation and Exchange Center, Ministry of Water Resources (Mr. HAO Zhao, Director General)*

I. Topic Overview

Rationale and Context

Financing the sustainable management of water resources and sanitation infrastructure is a critical global challenge. The world needs to mobilize up to \$7 trillion by 2030 for global water infrastructure, if we are to meet our water-related SDG commitments and address decades of underinvestment.¹ According to the World Bank, global investment needs for water infrastructure exceed \$114 billion annually. Currently, only \$28 billion is spent, resulting in a shortfall of over \$85 billion². The other side of the coin, namely the cost of

¹ Closing the \$7 Trillion Gap: Three Lessons on Financing Water Investments from World Water Week. SEPTEMBER 16, 2024

² <https://theword360.com/2025/06/19/the-global-water-crisis-no-one-is-talking-about/>

inaction, gives stronger value to amount to be spent. The Global Commission on the Economics of Water refers to a loss of up to 8% of GDP in high-income Countries and up to 15% of GDP in lower-income Countries by 2050 due to climate change³. As there are only five years left for the achievement of SDG6 by 2030, this topic is central to the broader agenda of sustainable development, as water security underpins economic prosperity, environmental sustainability, and social stability. Regionally and locally, the pressure is acute: from water scarcity in the **Middle East and North Africa**, to underfunded sanitation in rapidly urbanizing **Asia and Africa**, and to aging infrastructure in the **developed world**, where chronic underinvestment in rural infrastructure has resulted in broken sewage and water systems, causing persistent strain for residents, strain that climate volatility exacerbates⁴. The intensifying impacts of climate change, manifesting as droughts, floods, and water quality deterioration, exacerbate these pressures, making current financing models insufficient and often unsustainable.

The need for enhanced Public Private Engagement, and stronger private participation in the water sector directly responds to the core of present water challenges: strengthening water governance, improving access, efficiency and sustainability of the services, fostering operational excellence and innovation and contributing to bridging the financing gap. Thus PPE is fundamental to accelerate **SDG 6 achievement** (clean water and sanitation for all) and is a critical catalyst for related goals: Zero Hunger (**SDG 2**), Sustainable Cities (**SDG 11**), Climate Action (**SDG 13**), Life Below Water and on Land (**SDGs 14 & 15**), and Partnerships (**SDG 17**).

The integration of cross-cutting dimensions is essential. Financing strategies for PPE must be **climate-resilient**, fit-in local context, taking into account Nature-based Solutions, ensuring investments “future-proofed”, robust, cost effective and sustainable. They must actively promote **gender and youth inclusion**, recognizing women as key water managers and youth as innovators, largely focusing on training the population with the correct set of skills to face

³ [executive-summary-economics-of-water.pdf](#)

⁴ What’s Possible: Investing Now for Prosperous Sustainable Neighborhoods. Copyright © 2024. Federal Reserve Bank of New York, Local Initiatives Support Corporation, and Enterprise Community Partners. ISBN: 979-8-218-38672-6

a dynamic and integrated future. **Digital innovation** (e.g., smart metering, remote sensing, AI-driven technologies) enhances efficiency and attracts tech-focused investors. Effective multi-stakeholder **partnerships** between governments, development banks, institutional investors, local communities, and private sector are the bedrock for designing bankable projects. Ultimately, all these dimensions converge on the core theme of **financing**, requiring new instruments, risk-sharing mechanisms, and a stronger enabling environment.

PPE is not just about building infrastructure – it’s about achieving resilience, equity and long-term prosperity⁵. Yet, current financing models are fragmented and insufficient. Nearly 91% of annual spending on water comes from the public sector, including governments and state-owned enterprises⁶. Private sector participation remains modest, estimated at less than 2% of total investment in the water sector⁷, although it is estimated that 10% of water and sanitation services are operated by private actors under the control of public authorities in the frameworks of Public-Private Partnership (Aquafed). Actually, the private sectors are seeing an active participation momentum in water financing, including water infrastructure construction, waste water treatment, and natural rehabilitation projects, etc. Public-private partnerships, climate adaptation funds, and green bonds are scalable solutions with successful cases in Saudi Arabia, Morocco, China, Brazil, Senegal, Switzerland⁸, etc. Blended finance models—combining public, private, and philanthropic capital—can de-risk investments and attract large-scale participation⁹. The private sectors are naturally endowed with capital resources and applicable technologies and thus have the potential for spurring water sector sustainability.

Objectives of the Topic

⁵ <https://www.weforum.org/stories/2025/10/what-is-water-worth-financing-innovation-resilience/>

⁶ Closing the \$7 Trillion Gap: Three Lessons on Financing Water Investments from World Water Week. SEPTEMBER 16, 2024

⁷ <https://www.weforum.org/stories/2025/10/what-is-water-worth-financing-innovation-resilience/>

⁸ [https://prod-hypercube.s3.eu-north-1.amazonaws.com/public/platform/assets/documents/white-papers/Wateract%C2%AE%EF%B8%8F+\(WTR\)+White+Paper+2025+27-08-2025.pdf](https://prod-hypercube.s3.eu-north-1.amazonaws.com/public/platform/assets/documents/white-papers/Wateract%C2%AE%EF%B8%8F+(WTR)+White+Paper+2025+27-08-2025.pdf)

⁹ <https://theword360.com/2025/06/19/the-global-water-crisis-no-one-is-talking-about/>

Under this topic, the forum discussions will aim to generate actionable pathways and concrete initiatives to scale up partnerships between public and private actors, especially by strengthening dialogue between actors, and increasing the pipeline of collaboration projects and PPP contracts. The intended objectives are:

- Technical Objectives:

- To identify and showcase proven financial instruments, successful cases/stories and business models that can attract commercial capital to the water sector.

- To explore the role of status-of-art and affordable technologies in improving the engagement of private sectors.

- Policy and Institutional Objectives:

- To showcase the policy, legislation, regulation, and governance frameworks needed to create an enabling environment for private engagement.

- To explore favorable conditions (taxation, interest rates, subsidies, etc) to better attract private actors.

- Capacity-Building and Knowledge Objectives:

- To enhance the knowledge and capacities of public utilities, authorities, development and commercial banks to understand the necessity of engagement of private sectors into water and sanitation project financing.

- To consolidate existing or set up new Hubs for tracking PPE development and progress, as well as sharing and dissemination of successful cases of PPE, providing forward-looking recommendations for improving PPE.

- To foster knowledge exchange by leveraging existing platforms like the OECD Roundtable on Financing Water, Global Commission on the Economics of Water etc., to accelerate learning and replication.

II. Key Issues, Opportunities, and Scope

Key Challenges

Absence or Insufficiency of National Frameworks: Many countries lack cohesive policies to attract private investment in water sector. More often, governments have not position water as a strategic asset in national priorities, and have not yet create predictable frameworks, boost efficiency and reuse, and deploy strategic public capital or guarantees to attract private investment¹⁰.

Weak Leadership and Coordination: Closing the global water infrastructure gap is achievable, but it requires coordination and leadership¹¹. National governments should set up robust framework to attract private engagement. Industry leaders should pursue operational excellence, circularity and measurable outcomes that enhance project bankability, while financiers need to expand the use of innovative instruments and consider treating water as a separate asset class to channel capital towards.

Unfavorable Enabling Environment and Bankability: lack of stable policy frameworks, unsatisfactory cost-recovery tariffs, and ambiguous regulatory models deters private investors for active participation. Public utilities often struggle with weak governance and operational inefficiencies, making projects unattractive for financing.

Lack of skills and Training: as the water sector has always been a low returns environment with a strong public influence, it has been lacking in skills and training in PPE. Due to such an approach, the utilities have not developed a strong understanding of the opportunities coming from the private sector financing.

Infrastructure Resilience amid Climate Change Impacts: Increasing hydrological variability and climate-related disasters introduce significant physical and financial risks to infrastructure resilience,

¹⁰ Bridging the € 6.5 Trillion Water Infrastructure Gap: A Playbook INSIGHT REPORT DECEMBER 2025

¹¹ Bridging the € 6.5 Trillion Water Infrastructure Gap: A Playbook INSIGHT REPORT DECEMBER 2025

making long-term infrastructure investments and revenue return more uncertain.

Opportunities and Strategic Importance

- While the SDG6 is currently off track, the 2023 UN Water Conference and the upcoming UN Water Conferences in 2026 and 2028 are clear milestones to speed up realization of water goals. In this context, countries need to make higher commitments to this important global agenda. Many successful models and cases for PPE have emerged, serving as important references to inform and inspire the implementation of strategic water and sanitation policies.
- Diversified models for PPE can provide the flexibility for the participation of private sectors into the water sector. A diverse set of financing instruments are ready for different needs and water goals across the globe. There are a wide range of options available, from blended finance, PPPs and concessions, to new types of green bonds, impact investments, and risk-sharing and water positive facilities¹².
- The development and deployment of AI, IoT, and satellite data for efficient asset management, leak reduction, will serve to enhancing creditworthiness and creating new investment products.

Proposed Priorities of the Topic / Guiding Questions

1. **Enabling Policies:** What specific policy and regulation framework are most critical to improve PPE? What are the appropriate models ensuring collective engagement and accountability to be further deployed?
2. **Innovative Models:** How can we characterize the types of PPE as well as the roles of public and private sectors in this regard? How can we better define the rights and interests of the private and public sectors? How to measure the (social) returns to investments by building a shared social impact metrics for water?

¹² Closing the \$7 Trillion Gap: Three Lessons on Financing Water Investments from World Water Week. SEPTEMBER 16, 2024

3. **Fostering Collaboration¹³:** What are the tools we can gather together stakeholders to come together — public and private players, development partners, and importantly, communities, so as to unlock financing for water and SDGs?
4. **Knowledge Sharing:** What are the best ways to set up new and consolidate existing information hubs for better worldwide dissemination and replication of successful PPE models and cases?

Proposed Sessions for the 2nd Stakeholder Consultation Meeting

1. Session 1: Innovative Practices and Cases on Government-Market Synergy

- *Focus:* Showcasing successful international best practices and case studies for pooling and mobilizing funds for the water sector.

2. Session 2: Building Enabling Policy Environments

- *Focus:* Discussing on regulatory frameworks essential for increasing financing for water.

3. Session 3: Innovating New Financial Instruments for Sustainability

- *Focus:* Exploring how new instruments including water rights trading, contractual based water conservation, Public-Private Partnership (PPP), green bonds, blended finance, concessional loans, and conversion of the economic value of ecosystem products, financing for Nature-Based Solutions etc., can be conducive to improving PPE.

4. Session 4: Roadmaps for Successful PPE

¹³ Closing the \$7 Trillion Gap: Three Lessons on Financing Water Investments from World Water Week. SEPTEMBER 16, 2024

- *Focus*: Discussing on how to build step-by-step efficient PPPs in the water and sanitation sectors.

III. Expected Outcomes and Deliverables

The discussions on this topic are designed to move beyond dialogue to actionable results. The following concrete outcomes and deliverables are anticipated:

Policy and Strategic Outcomes

1. **Principles for Public-Private Water Financing:** A concise set of endorsed principles, co-developed with key stakeholders, outlining the foundational commitments for effective public-private collaboration, aligned with the OECD Council Recommendation on Water (OECD, 2023).
2. **A Framework for Integrating Climate Resilience into Water Financing:** A strategic framework to systematically assess, disclose, and mitigate climate-related financial risks in water infrastructure projects, supporting alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations¹⁴.

Technical and Knowledge Deliverables

1. **A Hub for Improving PPE:** A Hub aiming at both tracking PPE progress and sharing and dissemination of successful cases and stories of PPE in water sector. It can be newly developed or based on existing platforms such as the Water PPP Hub developed by AquaFed.
2. **Publications:** Book(s) of successful cases and stories of PPE in water sector.
3. **Water Finance Masterclass:** Organization of international (and online) Water Finance Masterclass that would bring spokespersons from the banking sector to present innovative blended financial tools and instruments (eg. credit markets) to water utilities management.

¹⁴ Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017).

Partnerships and Financing Outcomes

1. A broader partnership for PPE, including for supporting wastewater treatment, urban ecosystem rehabilitation, water source protection, river basin restoration, etc.,.
2. Concept of PPE adopted by governments, development banks and other stakeholders for better PPE.
3. More PPE cases disseminated, globally and at the regional and national level.

Actions and Initiatives for Implementation

1. **Signing of Letter of Intent (LoI) or collectively proposing an Initiative for Enhancing PPE:** Facilitate and publicize the signing of LoIs between city governments and private consortia to develop performance-based contracts for utility efficiency or watershed services, creating replicable blueprints; or jointly propose an initiative for encouraging PPE in water sector.

Communication and Visibility

1. **A Synthese Report and Media Campaign: “Financing for Water Security” Synthese Report and Media Campaign:** A flagship report showcasing success stories and featuring leadership commitments, supported by targeted media campaign such as interviews.
2. **A Hub for more PPE fora and events:** Setting up partnership hubs to encourage more PPE fora and events to be held, as well as for better connection with other fora agenda. For instance, The One Water Summit¹⁵, held in Riyadh on 3 December 2024 co-organized by France, Kazakhstan, and the World Bank, in partnership with Saudi Arabia, brought together leaders and experts to address global water challenges, including creating opportunities to bridge the global financing gap in the water and sanitation sectors.

¹⁵ <https://oneplanetsummit.fr/en/events-16/one-water-summit-287>

3. **A Case Studies Library: Multimedia Case Study Library:**
Production of a series of short, compelling videos or graphics profiling successful public-private water financing deals, translating complex models into accessible stories to inspire replication.

IV. Monitoring and Post-Forum Action

The proposed outcomes are designed for long-term impact, directly supporting the Forum’s legacy and the implementation of global water agendas. A structured post-forum action plan will ensure continuity.

- **Long-term Forum Legacy:** The primary legacy could be establishing a “**Water Financing Knowledge and Action Inventory**”. This digital/physical platform could update agreed-upon principles, toolkits, and project inventory, serving as the global resource for public-private water finance. It will ensure the Forum’s outputs remain dynamic, accessible, and practically useful.
- **Follow-up Initiatives toward the 12th World Water Forum:** Progress will be tracked and showcased in the lead-up to the 12th Forum. A **flagship report by Topic 2 members** could be formulated, documenting SDG 6 investment gaps, policy reforms and practices adopted, directly contributing to the 12th Forum’s agenda.
- **Contributions to Global Agendas:** The topic’s policy frameworks and monitoring data will provide substantive input to the UN 2026 Water Conference review process and the High-Level Political Forum. The climate resilience financing framework will be positioned as a key contribution to the UNFCCC’s Global Goal on Adaptation and the New Collective Quantified Goal on Climate Finance (United Nations Conference on Trade and Development, 2024).
- **Continued Partnerships and Monitoring:** Partnerships and platforms could be established, potentially under the auspices of UN-Water, to annually review commitments, track new and innovative financing, and set up a “scorecard/dashboard” for enabling environment reforms, ensuring sustained momentum for water financing and investment.

V. Proposed Cross-Process Dialogue Areas

1. **With “2C Funding for Water Resilience and Climate Adaptation (Green Climate Fund)”**: Collaborating on a session on **“Financing for Nature-Based Solutions for Water Security”**, focusing on advancing climate action through water projects that help build resilience and adapt to and mitigate the effects of climate change¹⁶.
2. **With “1C Integrated Water Resources Management (INBO)”**: Co-convening a session on PPE’s function for a sound and coordinated IWRM, focusing on creating favorable framework for PPE, and structuring and articulating collaboration between the public and private sectors in achieving the objectives of river basin plans.
3. **With “4B Strengthening Political Will and Coordination (OECD Water Governance Initiative)”**: Collaborating on a session on creating the enabling conditions for scaling up finance through reforms and regulations, sector restructuring, capacity building, and incentives¹⁷.

Cross-Process Dialogue (With Other Forum Processes):

1. **With the Ministerial Process**: Proposing a joint high-level dialogue on **“Robust PPE Framework Toward 2030 and Post 2030”**, aimed at securing ministerial-level commitments to integrate the topic’s policy recommendations into national regulatory and institutional arrangements.
2. **With Local and Regional Authorities & Basin Organizations**: Co-designing a **“Subnational Water Financing Lab”**, a practical workshop for city mayors, basin authorities/councils and basin organizations to structure investable projects, directly addressing their unique financing challenges.

Priority Regions for Collaboration:

¹⁶ Scaling Up Finance for Water: A World Bank Strategic Framework and Roadmap for Action. Sept. 2023. <https://www.worldbank.org/en/topic/water/publication/scaling-up-finance-for-water-a-world-bank-strategic-framework-and-roadmap-for-action>.

¹⁷ Scaling Up Finance for Water: A World Bank Strategic Framework and Roadmap for Action. Sept. 2023. <https://www.worldbank.org/en/topic/water/publication/scaling-up-finance-for-water-a-world-bank-strategic-framework-and-roadmap-for-action>.

1. **Asia-Pacific:** Given the region's exposure to climate extremes and rapid urbanization, targeted discussions are needed on financing urban water resilience, ensuring water security for mega-cities and city clusters, and mobilizing capital for water security in Small Island Developing States (SIDS).
2. **Middle East**¹⁸: Governments and investors must close a vast water infrastructure funding gap with innovative solutions to address the mounting crisis of water scarcity across the Middle East and North Africa (MENA). Policy reforms (clear policy signals, and incentives for private investment), capacity building (Arab Initiative for Mobilizing Climate Finance for Water), and integrated Water-Energy Planning (embedding renewables in water production) must be focused on to turn challenges into opportunities—providing water security for generations to come.
3. **Africa:** Focused collaboration is critical to support the Continental Africa Water Investment Program¹⁹ and the Africa Water Vision 2063 and Policy, address the continent's massive lack of access of services and financing gap, with dialogues on leveraging capital markets, climate adaptation finance, and PPPs for better sanitation.
4. **Latin America and the Caribbean:** This region, endowed with abundant freshwater resources yet facing severe inequities in access and management, requires a concerted effort to bridge the water service and investment divide, manifested by a financing gap that limits investment in water infrastructure, and an implementation gap, which prevents the effective execution of already-approved resources. Efforts should be made to continue building knowledge, partnerships, and financing to achieve a more resilient and sustainable water future in

¹⁸ Financing the Water Transition in the MENA Region: Unlocking \$500 Billion with Green Bonds and PPPs

Published on July 17, 2025 <https://water.fanack.com/water-infrastructure-financing-mena/>

¹⁹Continental Africa Water Investment Program (AIP).

<https://www.gwp.org/en/GWP-SouthernAfrica/WE-ACT/continental-africa-water-investment-programme-aip/>

Latin America and the Caribbean—on the road to COP30 in Brazil and the 2026 UN Water Conference²⁰.

²⁰<https://www.cepal.org/en/notes/session-closing-implementation-and-financing-gap-water-security-latin-america-and-caribbean> Session: Closing the Implementation and Financing Gap for Water Security in Latin America and the Caribbean – Regional Water Week 2025. 8 Oct 2025 | Briefing note