11th WORLD WATER FORUM
RIYADH 2027

Theme 2: Water Finance Concept Note

11th World Water Forum – Riyadh 2027

وزارة البيئة والمياه والزراعة
Ministry of Environment Water & Agriculture
Kingdom of Saudi Arabia المملكة العربية السعودية

WORLD WATER COUNCIL

Foreword

From drying farmlands and depleting aquifers to rising seas and polluted waterways, the global water crisis is no longer a future concern; it is a present and intensifying reality. Water lies at the heart of food security, public health, resilience, peace, and economic stability. Yet billions still face water extremes such as scarcity and flood risk, contamination, and unequal access.

The 11th World Water Forum, under the overarching theme “Action for a Better Tomorrow”, marks a pivotal moment that promotes dialogue and drives concrete action. It calls on governments, innovators, youth, and communities to move from dialogue to action: scaling solutions, mobilizing financing, and forging inclusive partnerships. This is a global rally to break silos, localize action, and generate lasting impact across every region, river basin, and generation.

As the World Water Forum returns to an Arab country for the first time since 1997, the Kingdom of Saudi Arabia offers a uniquely compelling setting: a nation shaped by extreme water scarcity due to its arid conditions, yet one that has emerged as a global leader, uniquely positioned to showcase its expertise in water policies, holistic governance, and efficient water management, including desalination, wastewater treatment, conservation technologies, and innovative water financing through Public-Private Partnerships.

This 11th World Water Forum is dedicated to fostering transformative discussions that move beyond theory to an action-oriented agenda, prioritizing policy implementation, cross-sector collaboration, regional problem-solving, and sustainable development.

As co-hosts, the Ministry of Environment, Water and Agriculture of the Kingdom of Saudi Arabia and the World Water Council will bring together the human and intellectual capital accumulated across the first ten editions of the World Water Forum and the expertise and experience of the host nation, to guide every track of the 11th World Water Forum toward the best possible outcomes.

The 11th World Water Forum calls on all stakeholders and custodians of water sustainability to unite in this mission, ensuring a water-secure future for generations to come.

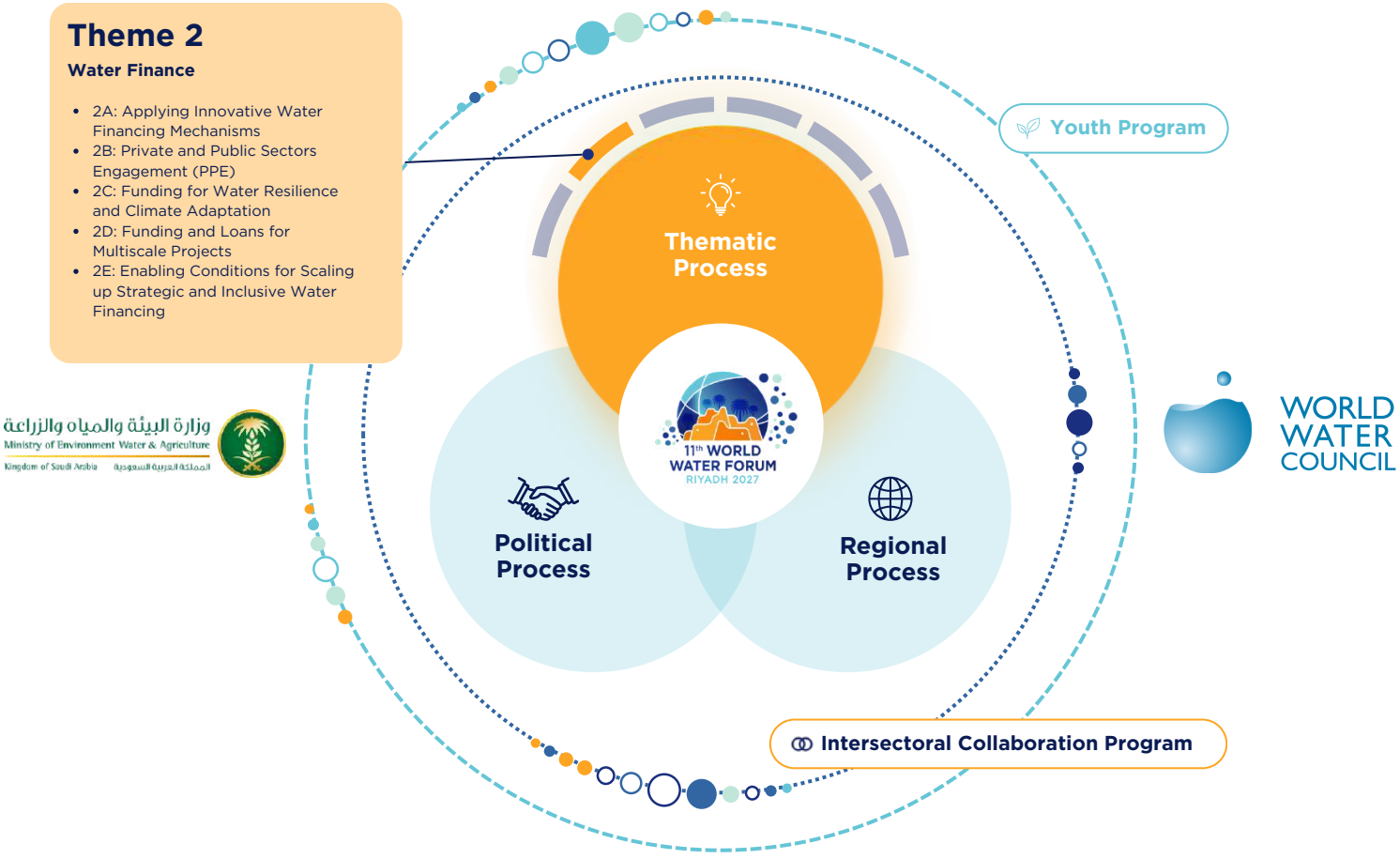
How the Forum Works

One Forum · Three Processes · Two Programs

Held every three years since 1997, the World Water Forum is the largest gathering of the global water community. Its 11th edition takes place in Riyadh from 21 to 25 March 2027 under the theme “Action for a Better Tomorrow”. It is the first World Water Forum hosted in the Gulf, in the year the Forum process turns thirty. It is co-hosted by the Kingdom of Saudi Arabia, through the Ministry of Environment, Water and Agriculture, and the World Water Council, which launched the Forum and carries its process from one edition to the next.

Three interlinked processes structure the 11th World Water Forum. The Political Process sets policy direction with four segments: Ministerial, Parliamentarian, Local & Regional Authorities, Basin & Watershed Authorities. The Thematic Process, divided into six Themes and thirty Topics, five per Theme, turns technical knowledge into evidence for political commitment. The Regional Process brings regional priorities and solutions into the global agenda. Two programs run across all three: the Youth Program and the Intersectoral Collaboration Program. Each concept note sets out the foundations of one part of this architecture.

This concept note presents the challenges addressed by Theme 2: Water Finance and introduces the five Topics that explore them in detail.



“Our goal is to create not just a forum for discussion, but a powerful platform for collaboration, innovation, and action.”

Abdulrahman Al Fadley
Minister of Environment, Water and Agriculture

“The 11th World Water Forum must be a platform for action—not just dialogue.”

Loïc Fauchon
President of the World Water Council



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Theme Overview

RATIONALE AND CONTEXT

Water security underpins economic growth, social well-being, climate resilience, food systems, energy production, and ecosystem health. Yet, despite its central role in sustainable development, the water sector remains systematically underfinanced and constrained by weak financial sustainability, fragmented governance, and limited access to long-term capital.

Global assessments consistently highlight a large and persistent financing gap. The Organisation for Economic Co-operation and Development (OECD) estimates that achieving SDG 6 will require annual investments approaching USD 1.0 trillion, while current spending levels fall significantly short, particularly in low- and middle-income countries (OECD & IsDB, 2025). The World Bank further indicates that when climate resilience and service sustainability are incorporated, investment needs in many countries exceed available financing by 40–60% (World Bank, 2023).

In Organisation of Islamic Cooperation (OIC) countries, water finance needs are particularly urgent. The OIC Water Report 2025 notes that OIC countries accounted for only 13.3% of global renewable water resources in 2022, while average renewable water availability per capita was almost half of the global average. This reinforces the need for better-structured financing for resilient water systems, WASH, irrigation, wastewater reuse, desalination, water-use efficiency, and demand management (SESRIC, 2025).

Climate change is intensifying both the scale and complexity of water financing needs. Increasing frequency and severity of droughts, floods, and water quality degradation are raising capital costs, accelerating asset deterioration, and increasing long-term operation and maintenance (O&M) requirements.





According to the Green Climate Fund, water-related investments constitute one of the largest components of global climate adaptation needs, yet water projects remain underrepresented in climate finance portfolios due to weak climate rationales, insufficient resilience metrics, and fragmented project pipelines (GCF, 2023).

Beyond volume, the quality of water financing is a critical determinant of outcomes. The World Water Council (WWC, 2025) underscores that many water projects underperform or fail not only because of insufficient capital, but also due to deficiencies in:

- Project preparation and risk assessment;
- Long-term O&M financing;
- Stakeholder engagement and social acceptability;
- Institutional capacity and governance; and
- Resilience to climate and systemic shocks.

As emphasized during the OECD–IsDB 12th Roundtable on Financing Water, the global challenge has evolved from “mobilising more finance” to “mobilising better-structured, more resilient, and more sustainable finance for water” (OECD & IsDB, 2025).

This requires a diversified financing ecosystem combining public finance, MDB resources, climate finance, private capital, concessional resources, guarantees, results-based financing, and capital market instruments. Islamic finance can further strengthen this ecosystem through sukuk, asset-based and risk-sharing structures, Takaful, Waqf, Zakat-linked models, and blended Islamic finance. Building on this opportunity, the IsDB & INCEIF-ISRA joint initiative is developing practical instruments, country diagnostics, pilot concepts, and implementation guidance to mobilize Shari’ah-compliant capital for sustainable and climate-resilient water investments (IsDB & INCEIF-ISRA, 2025).

Theme 2: Water Finance responds to this challenge by reframing water financing as a systemic transformation agenda. It moves beyond isolated project financing toward integrated financing ecosystems that combine enabling policies, innovative instruments, public–private engagement, climate alignment, blended finance, Islamic finance instruments, and delivery mechanisms capable of reaching national, subnational, and basin levels.

Cross-cutting integration

Theme 2 mainstreams the following cross-cutting priorities essential for sustainable water financing:

1 Climate Resilience:

Water is both a primary climate impact pathway and a core adaptation solution. Theme 2 promotes financing approaches that integrate climate risk screening, resilience metrics, and alignment with Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), consistent with GCF and MDB climate strategies (GCF, 2023; AfDB, 2022a; IsDB, 2020).

2 Gender and Youth Inclusion:

Inclusive financing is essential for equitable service delivery. Theme 2 supports affordability safeguards, gender-responsive tariff design, and financing mechanisms that enable women- and youth-led enterprises across water supply, sanitation, irrigation, rural water services, and the broader water value chain, reflecting MDB operational experience (World Bank, 2023).

3 Digital Innovation:

Digitalization is treated as a financing enabler. Earth Observation (EO), GIS/remote sensing, digital monitoring, and reporting systems can improve transparency, performance monitoring, and investor confidence. These tools also support results-based financing, performance contracts, sustainability-linked instruments, and digital monitoring, reporting and verification (MRV) systems (ADB, 2022; IsDB, 2020).

4 Partnerships:

Theme 2 is anchored in multi-stakeholder cooperation among governments, MDBs, climate funds, Islamic finance institutions, private financiers, utilities, regulators, civil society, and knowledge partners. This reflects the consensus emerging from the OECD–IsDB Roundtable and MDB coordination platforms that sustainable water finance requires coordinated action across policy, finance, and delivery levels (OECD & IsDB, 2025; MDB WSCG, 2024).

5 Financing Mechanisms:

Theme 2 advances a diversified financing toolbox, including blended and concessional finance, guarantees, risk-sharing instruments, results-based financing, capital market instruments, green and blue finance, and Islamic finance. Islamic finance instruments, such as green and sustainability sukuk, asset-based financing, risk-sharing structures, Takaful, Waqf, and Zakat-linked models, can complement MDB, climate, public, and private financing to improve bankability, affordability, and long-term sustainability of water investments (MDB WSCG, 2024; OECD & IsDB, 2025).



Objectives

Theme 2 pursues five interlinked objectives:

1

Strengthen enabling conditions by improving policy, regulatory, institutional, and capacity frameworks to enhance investment readiness and the long-term financial sustainability of water systems.

2

Scale innovative and blended financing mechanisms that mobilize public, private, climate, and Islamic finance while strengthening transparency, accountability, and resilience.

3

Enhance public–private solutions through improved governance, balanced risk allocation, affordability safeguards, and performance-based contracting.

Objectives

4

Mobilize climate finance for water resilience by improving access to adaptation funding for water supply, sanitation, irrigation, wastewater reuse, flood and drought management, and nature-based solutions.

5

Close subnational and "missing middle" financing gaps by expanding access to affordable, long-term finance for utilities, municipalities, basin organizations, and mid-scale projects.





Key Challenges and Opportunities

Theme 2 recognizes that bankability is context-specific. Large-scale urban infrastructure may rely on revenue adequacy, creditworthiness, PPP structures, and commercial financing models. In contrast, decentralized rural water systems, groundwater management, and community-based services often require concessional finance, aggregation mechanisms, microfinance, affordability safeguards, and broader social and resilience criteria. Islamic finance can support this differentiated approach through sukuk and project finance for larger infrastructure, asset-based financing for equipment and service delivery assets, and Waqf, Zakat-linked models, microfinance, and blended concessional resources for smaller-scale and inclusive water services (World Bank, 2023; OECD & IsDB, 2025).

Key challenges addressed under Theme 2 include the persistent financing gap for water investments, weak project preparation, limited bankable pipelines, inadequate life-cycle and O&M financing, low financial sustainability of many utilities, fragmented governance, regulatory uncertainty, limited access to climate adaptation finance, and financing gaps at subnational and basin levels.

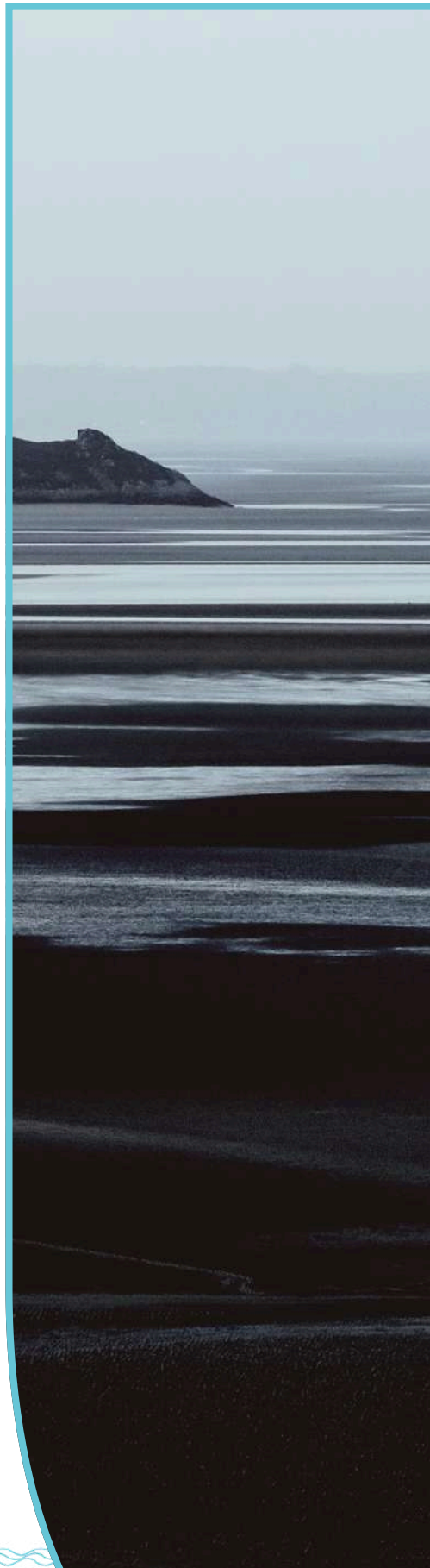
Water insecurity in many OIC countries is closely linked with food security, public health, climate vulnerability, and social inequalities. Agriculture accounts for nearly 86% of total water withdrawals in OIC countries, while gaps remain in WASH access, wastewater treatment, irrigation efficiency, water-use efficiency, and climate adaptation readiness. These challenges require financing models that combine infrastructure investment, institutional reform, climate adaptation, inclusive service delivery, and long-term sustainability (SESRIC, 2025).

Key Challenges and Opportunities

Key opportunities arise from growing sustainable and climate-aligned finance markets; expanded use of innovative, blended, and Islamic finance instruments; digital and performance-based approaches that improve transparency and efficiency; programmatic and pooled financing models that enable scale; stronger MDB and development partner coordination; and increasing political recognition of water security as a climate, food, health, and resilience priority (ADB, 2022; MDB WSCG, 2024).

Islamic finance also offers an important opportunity to broaden the water finance architecture, particularly in countries with established or emerging Shari'ah-compliant financial markets. Instruments such as sukuk, Waqf-based financing, Takaful, asset-based project finance, and blended Islamic finance can help mobilize domestic capital, institutional investors, philanthropic resources, and private sector participation for climate-resilient water supply, sanitation, irrigation, flood protection, wastewater reuse, desalination, and water-saving technologies.

The OIC Water Report 2025 also highlights opportunities for efficient irrigation, improved water-use efficiency, stronger water governance, non-conventional water resources, and better integration of water, agriculture, energy, and climate policies. These areas are directly relevant to Theme 2's focus on mobilizing innovative, blended, climate-aligned, and Islamic finance for sustainable water investments (SESRIC, 2025).



Linkages with Global Agendas

Water Finance is aligned with major global agendas by directly supporting SDG 6 and SDG 17, while contributing to SDGs 2, 11, and 13 through investments in irrigation, urban water services, and climate resilience.

It supports the Paris Agreement by promoting climate-resilient water investments aligned with NDCs and National Adaptation Plans.

It also advances the Sendai Framework for Disaster Risk Reduction by financing flood and drought risk management and resilient infrastructure.

The theme complements international water and climate initiatives led by MDBs and the UN system by translating global commitments into implementable financing pathways.

Thematic Logic

Theme 2: Water Finance follows a coherent financing pathway that links system readiness, financing innovation, partnership models, climate resilience, and delivery at scale. The five topics are designed to work together as an integrated whole, moving from enabling conditions to finance mobilization, effective implementation, and sustained impact. The integrated pathway is built around three mutually reinforcing phases:

Foundations – Topic 2E:

builds the policy, regulatory, institutional, and capacity foundations needed for sustainable water finance. This includes improved utility performance, cost recovery mechanisms, investment readiness, affordability frameworks, and transparent investment environments.

1

Mobilization – Topics 2A, 2B, and 2C:

unlocks finance through innovative financing instruments, public–private partnerships, blended finance, and climate finance aligned with adaptation and resilience goals. This phase also explores how Islamic finance instruments, such as sukuk, Waqf-based mechanisms, Takaful, asset-based financing, and risk-sharing structures, can complement public finance, MDB financing, climate funds, and private capital.

2

Delivery – Topic 2D:

ensures that mobilized finance reaches subnational entities, utilities, municipalities, basin organizations, and mid-scale projects. It focuses on aggregation mechanisms, standardization, pooled financing, and on-lending platforms that can reduce transaction costs and address the “missing middle” financing gap.

3

Theme 2 Topics

Together, the five topics form an integrated pathway that is particularly relevant for OIC and other water-stressed regions, where financing must address infrastructure gaps, climate vulnerability, agricultural water demand, WASH inequalities, and the development of non-conventional water resources (SESRIC, 2025). This ensures that water finance is treated not as isolated project funding, but as a systemic, inclusive, and climate-resilient investment framework.

Topic No.	Topic Title	Brief Focus Description
2A	Applying Innovative Water Financing Mechanisms	Scales innovative, blended, performance-based, digital, and Islamic finance instruments to improve the volume, quality, and sustainability of water investments.
2B	Private and Public Sectors Engagement (PPE)	Strengthens public–private engagement through improved governance, balanced risk allocation, affordability safeguards, and performance-based models that support service quality.
2C	Funding for Water Resilience and Climate Adaptation	Mobilizes climate and adaptation finance for resilient water systems, aligning investments with national climate commitments and exploring blended approaches that can combine climate funds, MDB finance, and Islamic finance instruments where relevant.
2D	Funding and Loans for Multiscale Projects	Addresses the subnational and “missing middle” financing gap by expanding long-term finance for utilities, municipalities, basin-level, and mid-scale projects, including pooled finance, on-lending, sukuk, Islamic microfinance lines, and blended concessional resources.
2E	Enabling Conditions for Scaling up Strategic and Inclusive Water Financing	Establishes the policy, regulatory, institutional, and capacity foundations needed to scale sustainable, inclusive, climate-aligned, and Shari’ah-compliant water financing.

Cross-Process Dialogue and Cooperation

Theme 2 is designed as an implementation bridge across the 11th Forum processes, linking political commitments, regional priorities, stakeholder engagement, and financing practice. This reflects the conclusions of the OECD–IsDB 12th Roundtable on Financing Water, which emphasized that sustainable water finance requires coordinated action across policy, finance, and delivery levels (OECD & IsDB, 2025).

The Joint MDB Water Security Financing Report indicates that MDBs committed approximately USD 19.6 billion to water security-related investments in 2024. This represents significant progress, but remains insufficient compared to global needs and highlights the importance of crowding in domestic resources, climate finance, private capital, and innovative financing instruments (MDB WSCG, 2024).

For the Regional Process, Theme 2 can provide practical financing pathways for water-stressed and climate-vulnerable regions, including OIC Member Countries. These pathways may support efficient irrigation, WASH investments, non-conventional water resources, regional cooperation, and integrated water–food–climate planning (SESRIC, 2025).

Theme 2 recognizes that bankability requirements differ across contexts. Rural and small-scale systems often need community capacity, microfinance, concessional resources, and affordability safeguards. Large-scale urban infrastructure typically requires revenue adequacy, creditworthiness, clear risk allocation, and commercial or public–private financing. Theme 2 will therefore promote context-appropriate financing guidance rather than one-size-fits-all solutions.

Islamic finance can broaden water sector financing by complementing MDB, climate, public, and private finance. Sukuk and project finance can support large infrastructure, while asset-based instruments can finance equipment, irrigation, water-saving technologies, automation, and distribution assets. Waqf, Zakat-linked models, microfinance, and blended concessional resources can support small-scale and inclusive water services (OECD & IsDB, 2025).

A. Cross-Process Dialogue Topics

Theme 2 makes distinct contributions to each cross-process dialogue. In the Political Process, it supports reform-linked financing compacts and measurable investment commitments. In the Regional Process, it promotes regionally tailored financing models and coordinated MDB support for water-stressed and climate-vulnerable regions. In the Stakeholder Process, it helps build practical water finance ecosystems through project preparation, aggregation, risk-sharing, matchmaking, standardized documentation, and knowledge exchange.

Dialogue 1: Political Process – From Commitments to Bankable Water Financing Compacts. This dialogue links Theme 2 with the Ministerial and Parliamentarian Segments to translate political priorities into credible financing pathways. It focuses on enabling reforms, affordability safeguards, governance, and pipeline prioritization. Evidence from OECD and World Bank analyses shows that political commitment is most effective when tied to concrete reform packages and investment pipelines, rather than standalone declarations (OECD & IsDB, 2025; World Bank, 2023).

Dialogue 2: Regional Process – Financing Water Security in Climate-Vulnerable Regions. This dialogue addresses region-specific financing constraints in water-stressed and climate-vulnerable regions, including Africa, Asia, and MENA. It builds on MDB and climate fund experience showing that regionally tailored financing models, particularly for adaptation, desalination, reuse, irrigation, WASH, and subnational delivery, are essential for impact (AfDB, 2022a; GCF, 2023).

Dialogue 3: Stakeholder Process – Building Water Finance Ecosystems. This dialogue will engage MDBs, climate funds, Islamic finance institutions, private financiers, utilities, regulators, local governments, civil society, and knowledge partners. It will focus on project preparation, aggregation, risk-sharing, matchmaking, and knowledge exchange on blended finance, PPPs, results-based finance, climate finance, and Islamic finance instruments, helping break silos between water, climate, nature, and finance communities (WWC, 2025; OECD & IsDB, 2025).



B. Intended Outcomes of Cross-Process Cooperation

Cross-process cooperation under Theme 2 aims to deliver:

1

Policy outcomes: endorsed water financing principles and reform-linked investment compacts.

2

Pipeline outcomes: identification of investment-ready programs for climate adaptation, subnational delivery, innovation, and PPPs.

3

Financing outcomes: strengthened MDB, climate fund, Islamic finance, and private sector partnerships building on the MDB baseline of USD 19.6 billion in water-related commitments in 2024 (MDB WSCG, 2024).

4

Knowledge outcomes: practical toolkits on enabling conditions, climate rationale, project preparation, MRV, risk allocation, and innovative financing instruments.

B. Intended Outcomes of Cross-Process Cooperation

Topic-specific outcomes will include an Adaptation Pipeline and Follow-Up Platform under Topic 2C to identify climate-resilient water projects eligible for adaptation finance and support ongoing pipeline refinement beyond the 11th Forum.

Topic 2D will emphasize project preparation and readiness support, recognizing that upstream analytics and technical assistance are critical enablers of financing mobilization.

Topics 2A and 2C may also support legacy mechanisms, including dashboards to track innovative financing instruments, blended finance, performance-based finance, and climate finance deployment in the water sector.

Joint Sessions and High-Level Panels: Theme 2 proposes selected joint sessions with other themes on water governance and finance, climate adaptation finance and water security, nature-based solutions and green finance, water–food–energy nexus finance, and equitable financing for water and sanitation access.

C. Timing and Modality

- **Pre-Forum:** virtual review meetings and regional consultations to refine pipelines and financing tools.
- **During the 11th Forum:** joint political, regional, and stakeholder sessions, solution labs, and matchmaking.
- **Post-Forum:** follow-up that builds on outcomes of the UN 2026 Water Conference and contributes to future World Water Forum processes, consistent with OECD Roundtable recommendations (OECD & IsDB, 2025).



Expected Outcomes and Deliverables

Theme 2: Water Finance is designed to deliver action-oriented and measurable outcomes that translate dialogue into implementation. Building on evidence that global water finance remains insufficient in both scale and quality, the expected outcomes focus on improving enabling conditions, mobilizing diversified finance, strengthening project pipelines, and sustaining post-Forum implementation (OECD & IsDB, 2025; World Bank, 2023). The deliverables are organized into five levels:

1

Flagship theme-level outputs, including the Global Water Financing Action Agenda and political track inputs;

2

Topic-specific assets, including the Topic 2A dashboard and legacy mechanism, Topic 2C adaptation pipeline and follow-up platform, and Topic 2D project preparation and readiness support;

3

Technical toolkits and case studies, covering investment readiness, innovative finance, PPPs, climate finance, and Islamic finance;

4

Pipeline products, including project identification, aggregation, and preparation support; and

5

Implementation and legacy instruments, including monitoring frameworks, post-Forum action mechanisms, and learning platforms.

1. Policy and Strategic Outcomes

Outcome 1.1 – Global Water Financing Action Agenda

Theme 2 will deliver a Global Water Financing Action Agenda that consolidates lessons and recommendations from all five topics into a concise and actionable framework for governments, MDBs, climate funds, and partners.
This agenda will articulate:

- Minimum enabling conditions for sustainable water finance, including policy, governance, capacity, affordability, and transparency;
- Principles for innovative and blended finance that improve resilience and long-term performance;
- Guidance on public–private solutions and risk allocation;
- Pathways to mobilize climate finance for water; and
- Approaches to scale subnational and multiscale financing.

This responds directly to the OECD Roundtable call to move from broad commitments toward better-structured and outcome-oriented financial flows for water (OECD & IsDB, 2025).

Outcome 1.2 – Political Track Inputs

Theme 2 outcomes will be synthesized into clear policy messages and recommendations for the Political Process of the 11th Forum and its Ministerial Segment, including:

- Reform-linked water financing commitments;
- Integration of sustainability and resilience criteria into national investment planning; and
- Alignment of water finance with climate, food, and energy agendas.

Such policy anchoring is critical, as MDB evidence shows that political commitment linked to concrete reform packages improves project bankability and financing mobilization (World Bank, 2023).



2. Technical and Knowledge Deliverables

Outcome 2.1 – Practical Financing Toolkits

Theme 2 will produce practical, user-oriented toolkits drawing on Topics 2A–2E and MDB practice, including:

- Investment Readiness Toolkit: addressing policy, institutional, financial, and capacity prerequisites for bankable water projects.
- Innovative and Blended Finance Toolkit: covering performance-based financing, digital MRV, capital market instruments, and risk-sharing approaches.
- Public–Private Solutions Toolkit: outlining governance frameworks, risk allocation principles, affordability safeguards, and performance indicators.
- Climate Finance and Resilience Toolkit: providing guidance on climate rationale development, resilience metrics, and access to adaptation finance.
- Islamic Finance for Water Investment Framework: building on the IsDB & INCEIF-ISRA initiative to map instruments such as sukuk, Istisna'a–Ijarah, Waqf and Zakat-linked models, Takaful guarantees, and blended Islamic finance for different water sector contexts.

These toolkits respond to WWC findings that many water projects fail due to weak preparation, inadequate evaluation frameworks, and insufficient attention to long-term sustainability and resilience (WWC, 2025).

Outcome 2.2 – Case Studies and Knowledge Products

Theme 2 will develop case studies and knowledge products illustrating successful financing models across regions and contexts, including:

- Blended finance and guarantees for utilities;
- Climate-resilient irrigation, flood protection, and wastewater reuse financed through adaptation windows;
- Subnational and pooled financing mechanisms; Islamic finance instruments for water investments; and Inclusive financing models with affordability safeguards.

These knowledge products will be disseminated through 11th Forum platforms and partner networks to support global learning and replication.

3. Investment Pipeline and Project Preparation Outcomes

Outcome 3.1 – Investment-Ready Pipelines

A core deliverable of Theme 2 is the identification and structuring of investment-ready water financing pipelines, particularly under Topics 2C and 2D.
Building on MDB experience, which shows that weak pipelines are a primary bottleneck to scaling water finance, Theme 2 aims to:

- Identify priority programs and projects across regions;
- Support aggregation of smaller projects to reduce transaction costs; and
- Align pipelines with MDB, climate fund, Islamic finance, and domestic financing windows.

Outcome 3.2 – Project Preparation and Readiness Support

Theme 2 will promote project preparation facilities, readiness programs, and upstream analytics as essential components of water finance ecosystems. This aligns with GCF and MDB evidence that readiness support and preparation finance are critical enablers of adaptation and resilience investments (GCF, 2023).



4. Partnership and Financing Mobilization Outcomes

Outcome 4.1 – Strengthened Financing Partnerships

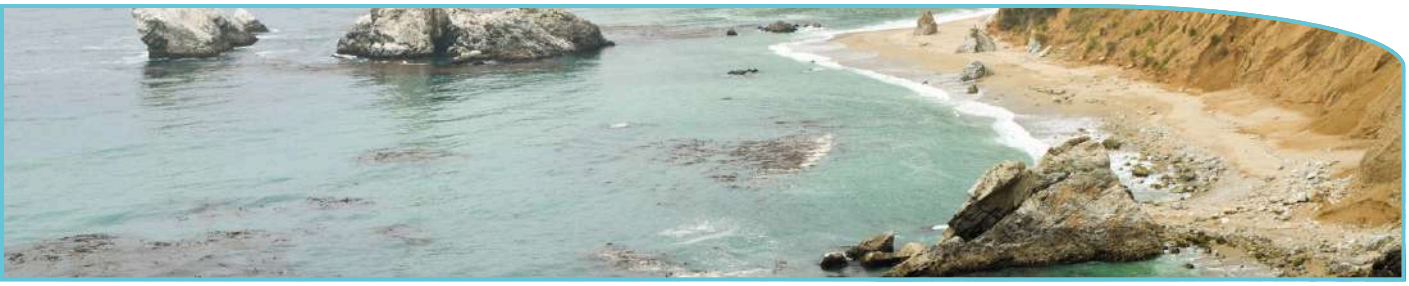
Theme 2 will catalyze strengthened partnerships among MDBs, regional development banks, climate funds, concessional finance providers, Islamic finance institutions, private financiers, institutional investors, and national and subnational authorities.
This builds on the baseline that MDBs collectively committed approximately USD 19.6 billion to water-related investments in 2024, underscoring both the scale of existing engagement and the need to leverage additional capital (MDB WSCG, 2024).

Outcome 4.2 – Blended, Climate-Aligned and Islamic Financing Initiatives

Through thematic sessions, solution labs, and matchmaking, Theme 2 will support:

- Blended finance initiatives for water;
- Alignment of water projects with climate finance criteria;
- Use of concessional finance, guarantees, and risk-sharing instruments;
- Innovative instruments, including sustainability-linked and results-based finance; and
- Islamic finance applications for NRW reduction, non-conventional water resources, rural and community water supply, wastewater reuse, irrigation efficiency, and climate-resilient infrastructure.

These approaches can help address financing barriers and mobilize additional resources for sustainable water management, especially in water-stressed and climate-vulnerable countries.



5. Communication, Monitoring, and Legacy Outcomes

Outcome 5.1 – 11th Forum Visibility and Messaging.

Theme 2 outcomes will be communicated through official 11th Forum reports, session summaries, targeted policy briefs, and digital dissemination through partner platforms.

Clear messaging will reinforce the central conclusion emerging from global evidence: water financing must be sustainable, resilient, and inclusive to deliver lasting impact (WWC, 2025).

Outcome 5.2 – Post-Forum Follow-Up and Legacy

Theme 2 deliverables will feed into:
Post-11th Forum monitoring mechanisms; and
Longer-term knowledge and partnership platforms.
This approach reflects OECD & IsDB 12th Roundtable recommendations to ensure that water finance dialogues translate into continued action beyond global events (OECD & IsDB, 2025).

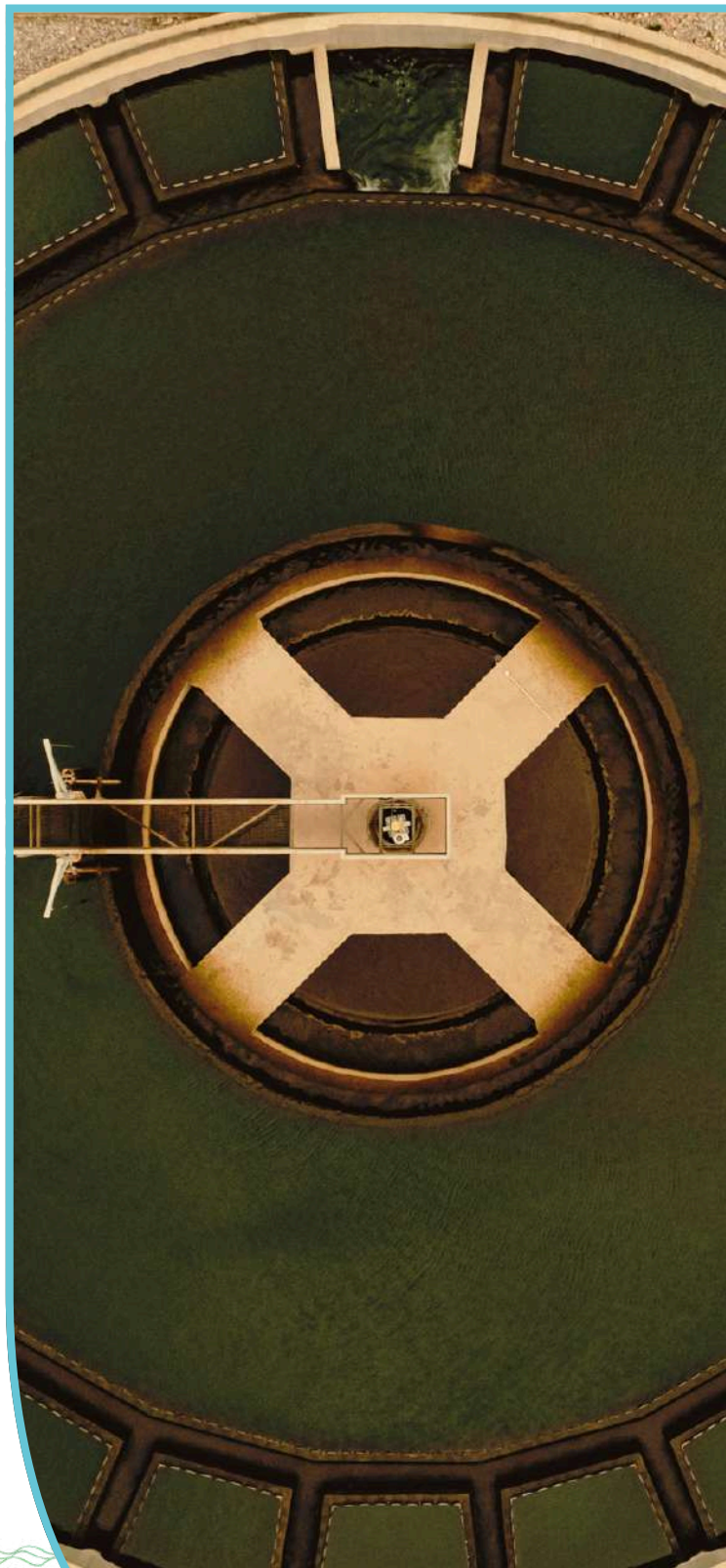


Monitoring and Post-Forum Action

Effective monitoring and sustained post-Forum action are essential to ensure that Theme 2: Water Finance translates dialogue into tangible improvements in water investment, service delivery, and resilience beyond the 11th Forum. Evidence from previous global water dialogues shows that, without structured follow-up mechanisms, commitments often remain declaratory rather than operational (OECD & IsDB, 2025; World Bank, 2023).

Theme 2 will adopt a results-oriented monitoring and follow-up framework aligned with MDB, climate fund, and global water governance practices. The framework will support continuity, accountability, learning, and coordination across global, regional, national, and subnational levels. Follow-up actions may also draw on regional evidence platforms, including the OIC Water Report and the OIC Portal on Water Resources, to support knowledge sharing, capacity building, success-story exchange, and cooperation on water scarcity, pollution, climate change, and sustainable water management.

Theme 2 will also support continued work on Islamic finance for water through country diagnostics, pilot preparation, capacity building, and knowledge sharing. This may build on the IsDB & INCEIF-ISRA joint initiative (2025), including the development of Shari'ah-compliant instruments, standard term sheets, governance guidance, ESG/Maqasid screens, and pilot concepts. Indicative indicators may include the number of Islamic water finance instruments developed, pilot countries supported, stakeholders trained, knowledge products prepared, projects using Islamic finance tools, and the value of Islamic finance pipelines identified or mobilized.



Monitoring Principles

Monitoring under Theme 2 will be guided by four principles:

1

Alignment with existing systems: Monitoring will build on established MDB, climate fund, and development partner frameworks, avoiding parallel reporting structures and reducing transaction costs (World Bank, 2023; AfDB, 2022b).

2

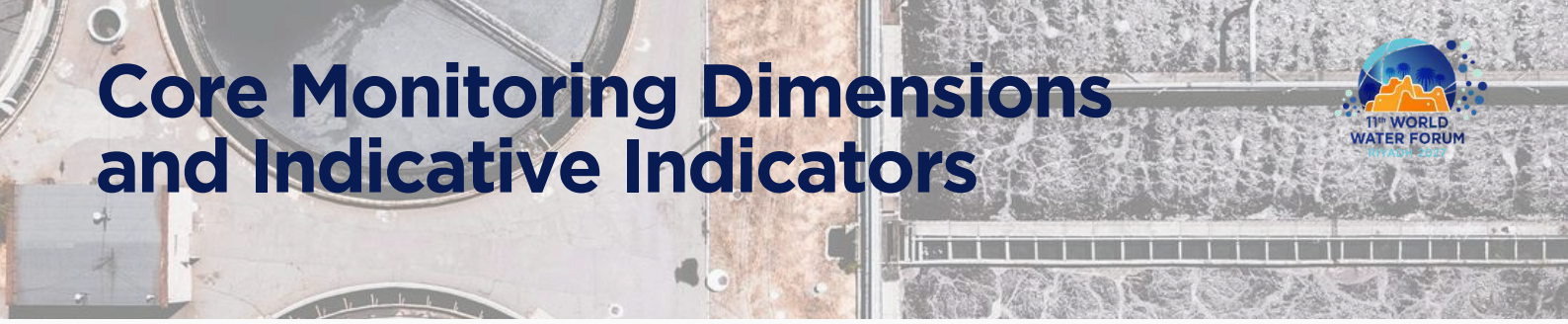
Focus on both quantity and quality of finance: Monitoring will track not only finance volumes, but also improvements in sustainability, resilience, affordability, and long-term performance of water investments (OECD & IsDB, 2025; WWC, 2025).

3

Multi-level accountability: Indicators will reflect progress at global, regional, national, and subnational levels, recognizing that water financing outcomes depend on coordinated action across governance scales (ADB, 2022).

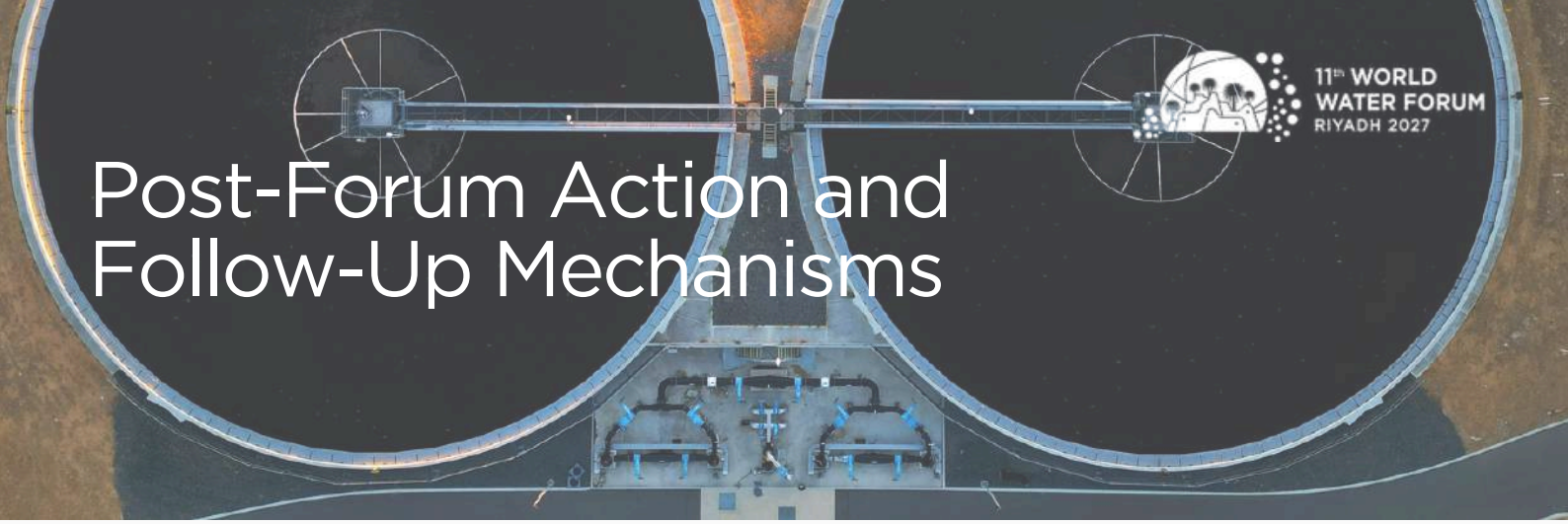
4

Learning and adaptation: Monitoring will support continuous learning and allow stakeholders to adjust financing approaches based on evidence, experience, and emerging risks, particularly climate-related shocks (GCF, 2023).



Core Monitoring Dimensions and Indicative Indicators

Monitoring Dimension	Qualitative Indicators	Quantitative Indicators
2A – Applying Innovative Water Financing Mechanisms	• Introduction of performance-based, results-linked, sustainability-linked, or digital financing instruments; • Use of MRV systems to support financing decisions.	• Volume of blended or innovative finance mobilized; • Ratio of private to public capital leveraged; • Number of projects using performance-based or results-based financing.
2B – Private and Public Sectors Engagement (PPE)	• Improved PPP and performance-based contract frameworks; • Stronger risk allocation, governance, service quality, affordability, and resilience provisions.	• Number and value of water projects involving private participation; • Performance improvements in utilities; • Reduction in perceived investment risk.
2C – Funding for Water Resilience and Climate Adaptation	• Stronger climate rationale and resilience metrics in water project design; • Alignment with NDCs, NAPs, and adaptation strategies.	• Volume of climate finance mobilized for water; • Number of projects accessing adaptation finance; • Number of people benefiting from improved flood, drought, or water service resilience.
2D – Funding and Loans for Multiscale Projects	• Establishment or strengthening of on-lending, aggregation, pooled financing, and subnational financing mechanisms.	• Volume of finance channeled to subnational and basin-level investments; • Number of municipalities, utilities, or basin organizations accessing long-term finance; • Reduction in transaction costs through aggregation.
2E – Enabling Conditions for Scaling up Strategic and Inclusive Water Financing	• Adoption or strengthening of water financing frameworks; • Improved regulatory clarity, tariff and affordability frameworks, institutional coordination, and utility capacity.	• Number of countries or utilities adopting investment-readiness reforms; • Share of projects supported by project preparation facilities; • Reduction in NRW or improvement in cost recovery, where applicable.
Cross-Cutting: Islamic Finance for Water Sector	• Integration of Shari'ah-compliant financing models into water investment planning; • Availability of term sheets, governance guidance, eligibility screens, and pilot concepts.	• Number of Islamic finance instruments developed; • Number of pilot countries supported; number of projects using Islamic finance tools; volume of Islamic finance pipeline identified or mobilized; • Number of professionals trained.



Post-Forum Action and Follow-Up Mechanisms

Post-Forum Action Area	Focus and Mechanism	Key Activities / Instruments
Integration into Global and Regional Agendas	Ensure continuity between 11th Forum outcomes and wider water and climate processes.	Building on outcomes of the UN 2026 Water Conference; contribute to the follow-up processes of the 11th Forum; Align with global and regional water and climate finance dialogues.
Institutional Anchoring and Partnerships	Anchor post-Forum actions within existing financing and coordination platforms.	Engage MDB and climate fund platforms; Coordinate through regional development finance initiatives; Strengthen partnerships with utilities, regulators, Islamic finance institutions, and knowledge partners.
Scaling through MDB and Climate Finance Baselines	Leverage existing financing commitments and pipelines to scale impact.	Build on MDBs' collective commitment of approximately USD 19.6 billion to water-related investments in 2024; Align Theme 2 follow-up with MDB, climate fund, and domestic financing pipelines (MDB WSCG, 2024).
Knowledge, Learning, and Adaptive Management	Use monitoring results to improve financing approaches over time.	Prepare periodic synthesis notes; Update financing toolkits and guidance products; Draw on regional evidence platforms such as the OIC Water Report and OIC Portal on Water Resources; Document lessons from pilots and country diagnostics.
Avoiding Repeated Design and Financing Traps	Improve long-term effectiveness and sustainability of water investments.	Systematically identify and address recurrent weaknesses in project design, financial structuring, O&M financing, governance, and institutional capacity.

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