Thematic Process
Session Description

1. **Reference Session Title** 5A1 New Economic Approach

2. **Description**
   - **Please do not exceed 300 words**

Water is a critical resource that poses significant economic and financial risks. Drought is the deadliest physical hazard, with an estimated 3.6 billion people living in water-scarce areas for at least one month per year. By 2050, this population could increase to 4.8-5.7 billion, accounting for 55-65% of the world population. Poor Water Supply System services are estimated to cost emerging and developing economies about US$260 billion per year due to poor health, pollution and inefficiencies in households and industries.

The number of people affected by water-related disasters is expected to rise from 100-200 million in 2010 to 1.2 billion in 2050, or almost 20% of the world population. Rising populations, asset values, land subsidence, and climate change are key drivers of coastal vulnerability. In 2050, the economic value of assets at risk of floods is expected to be around $45 trillion, or 350% higher than in 2010, partly due to higher flood frequency. The financial and economic value of assets at risk is much higher in rich economies.

Long decades of water mismanagement have had grave effects, with the globe today facing a water crisis. Water private investment is low in comparison to other infrastructure due to pricing, environmental, and regulatory challenges. Meanwhile, climate adaptation and water management have mutual environmental relationships, which means that separating them in water management will result in inefficiencies in outcome and financing. This session will look for significant signals in the new economic approach to water and its role in climate adaptation and the circular economy, as well as addressing the issues of underpricing water.

This session will also discuss global water cycle as a global common good, whose different uses and purposes must be connected under the concept of integrated management of water cycle/resources, and its main purpose being human use and consumption.

Session Coordinator: Fauziah Zen (ERIA)

Chair: Fauziah Zen

Speakers:

TBC 1: New sustainable business models for water management

TBC 2: The implementation and implications of the circular economy paradigm in water management

Riatu M. Qibthiyyah (University of Indonesia): How do we value water? Case from Indonesia's decentralized water system

Venkatachalam Anbumozhi (ERIA): Water-Energy-Food Nexus: in the context of Smart Cities

2. **Reference Session Title 5A2.** Reform of global financial water architecture

3. Description

- **Please do not exceed 300 words**

The limited private investment in water resources is commonly attributed to the substantial risks that the private sector assumes. Fiscal and technological constraints frequently limit the government's ability to derisk water investment in many developing economies. The existing global framework for development finance is inadequate in confronting the complexities of crises of every kind—climate, financial, pandemic, and so forth. The water sector, which has a lower priority in development finance, is being impacted by rising issues and insufficient funding. In light of the lessons gleaned from the pandemic crisis, the global community endeavors to enhance the allocation of resources towards the prevention, readiness, and response to pandemics through the establishment of The Pandemic Fund.

Inadequate water investment and fiscal capacity, in addition to escalating risks posed by natural disasters, accelerated urbanization, and mismanagement of the water cycle, will exacerbate the disparity between the demand for and supply of critical water. Improving water cycle management, encouraging private investment, and bolstering government capabilities are a few methods for closing the gaps. However, these efforts require adequate finance. This session will examine the constraints and gaps in the global water finance architecture, explore potential strategies to augment the financial supply (with a particular focus on derisking investments and concessional grants), and assess the viability of global water funds.

Session Coordinator: Xavier LEFLAIVE/ Aude Farnault (OECD) (TBC)

Chair:

Speakers:

Guy Alaerts (IHE Delft): "Smart financing" arrangements for effective public and private financing in water system

Expected outcomes, concrete solutions, impacts, and follow up linkages with events and initiatives after the Forum

The session is expected to conclude with some recommendations on water management (including financing, pricing, and institutional aspects), particularly in developing economies, to achieve water sustainability. It will be supported by examples from developing nations to make the ideas more practical. The discussion will be accompanied by an ERIA study; hence, following the event, a research report will be produced that is most likely related to Indonesia's capacity building in water management.