Interactive Dialogue Investments for Water: Finance, technology, innovation and capacity building

Draft for consultation, Think Piece for 25th January 2026, Stakeholder Meeting, Dakar

Key references used

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- May 2025, Global online stakeholder consultation. Inputs to the interactive dialogues themes. Summary report. A total of 478 stakeholder organizations across 87 countries contributed to the global online stakeholder consultation.
- June 2025, Preparatory process of the 2026 United Nations Water Conference. Note by the Secretary-General of the conference.
- August 2025, Africa Union/ Government of South Africa. The Cape Town Declaration on Africa Water Investments in the context of G20
- January 2026, World Bank, IFAD, UNITAR. Interactive Dialogue on Investments for Water Mobilizing Finance, Fostering Innovation, and Strengthening Capacity Building to advance Water Security Investments - High Level Preparatory Meeting, Dakar, Senegal, 26-27 Jan 2026

Other references with data/ evidence:

- 2025, WHO Align to Accelerate: towards a set of core indicators and monitoring framework for WASH systems. Expert group proposal for finance.
- 2024, AUDA-NEPAD/GWP/PIDA, AIP-PIDA Water Investment Scorecard, Accelerating water investments and enhancing mutual accountability in Africa
- 2024, UN DESA & UN-Water Progress Update on the Water Action Agenda Commitments
- 2024, World Bank Private Participation in Infrastructure Database
- 2024, IBNET Benchmarking Water Utilities Performance Worldwide
- 2024, UNESCO Science Report The Race Against Time for Smarter Development
- International High Level
- 2024, Panel on Water Investments for Africa Africa's Rising Investment Tide: Investment Action Plan: Unlocking USD 30 Billion per Year to Achieve Water Security and Sustainable Sanitation in Africa
- 2024, Water Finance Coalition / Development Bank of Latin America and the Caribbean (CAF) Harnessing the potential of National Public Development Banks to increase financing in water and sanitation
- 2022, WHO GLAAS Global Analysis and Assessment of Sanitation and Drinking-Water

1. Introduction (1000 characters)

The UN 2023 Water Conference emphasized the need for not only sufficient and accessible finance but also timely, disaggregated data and information systems, technological innovation, strengthened institutional and human capacities, and inclusive and effective governance.

Investments in water serve human needs and generate broad economic and social benefits, including job creation, climate resilience, and improved health outcomes. “Water” is interpreted in its broadest sense and hence linkages with other sectors that use or benefit from water is key: water for energy, water for food, water for health, water for livelihoods, water for ecosystems and water for social progress and peace.

Attention must be given to combating water scarcity, droughts, desertification, and biodiversity loss through sustainable investments. The 2026 UN Water Conference will provide a platform for bold concrete outcomes, increased ambition and initiatives to close the global water investment gap, particularly in countries most in need.

2. Challenges (1000 characters)

The water sector faces a staggering funding gap with over 1 trillion per year needed to meet SDG targets by 2030 but only $0.164 trillion spent per year. The UN 2024 progress update on the Water Action Agenda indicated that fewer than 40% of the 800+ voluntary commitments made at the 2023 UN Water Conference included a defined financial framework.

Public spending on water in developing economies stands at 0.24% of GDP and private investment remains minimal (under 2% of water investments in low-and-middle income countries) and climate finance for water accounts for less than 3% of total flows. However, rather than the lack of capital, regulatory uncertainty, limited project-preparation capacity and low efficiency in service provision hinder both public and private finance.

Inadequate mobilization of key stakeholder groups— including civil society, youth, women, Indigenous Peoples, and local communities— weakens accountability and innovation systems.

3. Opportunities and proposed solutions (1500 characters)

Call on governments and their development partners to work together to establish the conditions needed to attract and secure significant investments. Specifically by:

- Countries to implement foundational governance reforms that support water systems economic, environmental and social viability. Main outcomes include domestic public and private finance increase for water investments, including through national budgets, and innovative financing mechanisms.

- Call for the reform of the multilateral financial institutions and climate funds, decreasing the costs of capital and taking into consideration instruments that meet the urgent need for accelerated investment in the water and sanitation sector, priority given to countries to bridge the investment gap and those most affected by climate negative impacts.
- Mobilise concessional and catalytic capital to enable investments where private capital alone cannot flow. Main outcome includes the prioritisation of public benefit and local ownership, particularly in areas where water services remain a critical human right.
- Improve financial monitoring through strengthened public financial management systems to improve reporting and accountability on water, including financial auditing of government accounts. Disaggregation of indicators by population groups and strengthening civil society engagement are required to improve equitable access to basic services.
- Strengthen sector capacity at scale to create innovation and investment opportunities: strengthening water service providers' financial sustainability, reducing inefficiencies through asset management, smart meters, smart-irrigation, leak detection; fostering the development of data-driven business models and technologies that deliver reliable, high-quality water services in underserved, resource-constrained, and high-risk operating environments.

4. Key SMART recommendations for Member States (1/2 page)

Raise the profile of water to drive sustainable economic growth and improve people's health, nutrition and prosperity across the continent; recognising that water investments can reduce the impacts of climate change and build resilience. Specifically by:

Commit to long-term comprehensive costed water investment programmes and increasing the credit worthiness of service providers and projects

- Governments, bilateral donors, foundations and development finance institutions must invest in updating national policies, institutional capacity building, adequate tariff reforms, financial management systems, legal frameworks, efficient service provision, access to capital by sub-national governments and basin organisations and accountability for improved services.
- Deploy de-risking tools where they add real value—particularly in underserved rural and peri-urban areas, fragile and conflict-affected states, and for nature-based solutions.
- Develop multi-year bankable project pipelines that match water sector priority investment needs and urgent service coverage gaps.

Create the legal and regulatory environment that promotes water stewardship amongst commercial water users

- Water-using commercial entities should be held responsible by national governments, not only for paying for water resources, but also for water resources' protection and development.
- Enhance monitoring and reporting systems, compliance frameworks, and legal and regulatory instruments for the use of water by industrial and agricultural enterprises, and increasingly digital companies. To be successful, these will need significantly enhanced monitoring and disclosure systems, compliance frameworks, and legal and regulatory instruments.
- Financial institutions should account for water related risk that the activities they finance are exposed to and reflect water risk in their pricing of capital.

Enable lower income governments to access cheaper capital for water and sanitation

- Sovereign debt ceilings and the cost of capital prevent access to many sources of finance. If the public sector cannot access concessional capital because it is too expensive, then there will also be limited access to private finance.
- Development finance partners have a responsibility to provide access to concessional finance, and to participate in blended finance mechanisms that leverage larger funding streams. The private sector will be attracted by improved financial sector regulation, innovative financial vehicles that reduce transaction costs, and robust project proposals containing a breakdown of project components with different financing arrangements.
- Expand local currency markets via national development banks, local water financing facilities, and innovative concessional/grant instruments to mitigate currency risk.

5. Goals and modalities (1/2 page)

As an important outcome for the 2026 UN Water meeting, the chairs and co-chairs would like to develop over the coming months goals and modalities for the Member States to agree. This section is a very early draft for discussion.

Key goals for 2030 (to be discussed):

1. Public spending on water in LMIC reaches at least 1% of GDP
2. Private spending on water reaches 15% of overall infrastructure investment
3. At least 90% of allocated budget is spent in a fiscal year
4. One billion people obtaining new and/or improved services

Key modality 1: Continental and country-level platforms that match funding sources to investment opportunities, projects, and programmes seeking finance.

- Matching supply and demand of finance is a time consuming and inefficient process. The lack of viable programmes and project pipelines tailored for different lending opportunities was one of the major bottlenecks identified by the nine task forces for water investments
- Project development should be coordinated among key ministries and across different financial organisations to avoid duplication; they should reflect each country's climate adaptation targets and financing options, and they should engage existing water and sanitation service providers to enable opportunities for service expansion.
- Use of public-private partnerships (PPPs) for projects where tariff or off-take agreements enable commercially viable models (e.g., industrial and high value crop water reuse); performance-based contracts in high saving potential areas (e.g., NRW reduction, energy efficiency, smart irrigation).

(to be continued)