

Annex 3

Statement of the High Level Panel on Water

November 29th, 2016

Budapest

We the members of the High Level Panel on Water met today, in the margins of the Budapest Water Summit¹, to review progress since our Call to Action on Water², made in New York on 21 September when we also launched our Action Plan. We also assessed progress in respect of our early initiatives – water innovation, valuing water, and disaster risk reduction – along with the other elements of our Action Plan³.

Our main focus in Budapest was on the vital challenge of financing the world's water infrastructure needs. We recognize that achieving the SDG6 and water-related targets will come with new and significant financing needs, and that it will require a fundamental shift in the way the sector is being financed.

For water supply and sanitation these needs have been estimated at US\$1.7 trillion, or three times the amount historically invested in the sector. According to OECD's estimate, total financial needs between 2016 and 2030 for transformation to a water secure world might require annual investments of USD 500 billion. These amounts are all well above historic allocations.

Meeting all water-related SDGs requires efforts by all countries. No nation has reached the full implementation of the water sustainability and climate resilient water infrastructure as foreseen by the Agenda 2030. We all have homework to do. We call on governments in particular to facilitate domestic finance by developing policies and incentives that improve efficiency and governance of service providers to make them more creditworthy. Lowering operating costs and investing in more capital-efficient solutions will make best use of scarce financing resources.

At the initiative of President János Áder, we convened a meeting with senior representatives of the multilateral development banks, Green Climate Fund and the private sector, to consider ways and means to improve efficiency in terms of access and disbursement, and move towards doubling the current level of investment in water infrastructure over the next five years. We based our discussions on two World Bank Group reports commissioned by the Panel to consider the constraints and opportunities for increasing financing for water infrastructure. These reports and our exchanges have been very productive and extremely encouraging. Our key conclusions are:

- We call on all countries and stakeholders to mobilize additional funds to the sector, to support the achievement of SDG6 and water-related targets. All existing funding sources will need to be increased, easily accessible and used more effectively.
- We recognize that mobilizing additional concessional funds will help—but will not be sufficient. New sources of concessional finance such as climate finance might be

¹ <http://www.budapestwatersummit.hu/>

² <https://sustainabledevelopment.un.org/content/documents/11296Joint%20Statement%20HLPW.pdf>

³ https://sustainabledevelopment.un.org/content/documents/11280HLPW_Action_Plan_DEF_11-1.pdf

tapped but the gap cannot be filled simply by increasing the volume of concessional funds and lending from governments or development partners.

- We also encourage governments to leverage public funds with commercial finance wherever necessary, and to improve the sector financial enabling environment. This includes setting user charges that can ensure the sustainability service provision while ensuring affordability for the poorest.
- We call on development partners to orientate support towards improving sector efficiency and mobilizing domestic finance, and to consider the use of guarantees and other instruments to crowd commercial finance into the sector wherever necessary.
- We encourage commercial finance institutions to partner with the public sector towards improving capital and operating efficiency.

These orientations are entirely consistent with the 2015 Addis Ababa Action Agenda on Financing for Development, which highlighted the importance of domestic finances and the private sector to the 2030 development agenda, and the key role of aid as a catalyst and source of support to the poorest countries. Our target of improving efficiency and moving towards doubling the current level of investment in water infrastructure over the next five years is ambitious but achievable.

We welcome support to this approach by the multilateral development banks (MDBs), the Green Climate Fund (GCF) and private sector actors who have participated in the deliberations of our Panel in Budapest. We feel encouraged by their increased engagement to contribute to the implementation of the immense task of transformation to a water secure world.

We encourage shifting toward a financing landscape catalyzed by official resources being able to attract untapped private resources. To leverage that, we call upon MDBs to use all available instruments and resources, and to focus a large part of their programs to the support of reforms and actions to improve the financial viability of service providers.

We call upon all stakeholders – governments, finance institutions, foundations, corporate entities, civil society - to embrace this approach.

We note the important role of technology development in the water sector. Further knowledge products will facilitate the flow of finance to service providers.

We welcome the opportunity to endorse best practices, new initiatives and pilot projects that help countries develop and implement this approach.

We commit to pursuing such initiatives within our own countries this year and look forward to sharing our lessons and learning from others in this effort.

We will convene a further discussion to assess progress and further boost infrastructure financing in 2017.

29 November 2016

High Level Panel on Water

The High Level Panel on Water, co-convened by UN Secretary-General Ban Ki-moon and President of the World Bank Group Jim Yong Kim, was launched in April 2016. Its current membership is as follows:

- H.E. Mrs. Ameenah Gurib-Fakim, President of Mauritius (Co-Chair)
- H.E. Mr. Enrique Peña Nieto, President of Mexico (Co-Chair)
- H.E. Mr. Malcolm Turnbull, Prime Minister of Australia
- H.E.Ms. Sheikh Hasina, Prime Minister of Bangladesh
- H.E. Mr. János Áder, President of Hungary
- H.E. Mr. Hani Al-Mulki, Prime Minister of Jordan
- H.E. Mr. Mark Rutte, Prime Minister of The Netherlands
- H.E. Mr. Pedro Pablo Kuczynski Godard, President of Peru
- H.E. Mr. Jacob Zuma, President of South Africa
- H.E. Mr. Macky Sall, President of Senegal
- H.E. Mr. Emomali Rahmon, President of Tajikistan
- H.E. Special Adviser, Dr. Han Seung-soo, Former Prime Minister of the Republic of Korea

More information on the Action Plan of the Panel is available at:

<https://sustainabledevelopment.un.org/HLPWater>