

SDG 6 session on HLPF (11 July 2023 10am-1pm ,CR4)

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The three points I would highlight would include:

1. Sustainably financing water and sanitation services in emerging markets is one of the key challenges we face in the sector.
 - a. Resource constraints, coupled with rising costs, undermine the financial sustainability and overall viability of the sector. In effect, the sector in emerging markets is not seen as being creditworthy.
 - b. Covid, and rising costs due to inflation in the last 12 to 18 months, has just further exacerbated this challenge.
 - c. To be clear, the challenge is as much about public finance as it is about private finance. The good news is we can use the same solution for both pots of money.

2. In reality, we know how to fix this problem - we now what need to do.
 - d. Shift the focus from supply driven approaches to demand driven approaches. Focus on improving performance and governance rather than establishing more “funds” that haven’t disbursed resources as intended.
 - e. We also need to become more agnostic on the full breadth of financing tools (microfinance, management contracts, guaranties, loans, bonds, and PPPs).
 - f. On the revenue side, we only have two options: (1) tariffs; or (2) taxes.
 - g. On the expenditure side, if we can: (1) reduce our energy costs; (2) address the non-revenue water challenges; and (3) collect revenue, we can become creditworthy.

3. So, going forward, and in order to address the public and private financing issues in the water and sanitation sector, rather than focus on supply driven solutions, we should address two key points:
 - h. Improve the technical and financial viability of our service providers (local govt’s or utilities); and
 - i. Improve our policy, institutional, regulatory and governance arrangements and implement them with integrity.