

SESSION 2 - Breakout group 2 (Water and waste sectors)

Financing related challenges:

- Type and quantity of financial flows does not meet the need
- Insufficient understanding of where financing is most needed (“hotspots”)
- Lack of capacity at local level to access available funding sources
- Mitigation finance exceeds adaptation finance (by factor of 5:1 in the Arab region)
- Loans exceed grants (by factor of 5:1 in the Arab region)
- Environmental compensation: low inspection to understand impact and effectiveness of investments
- Payment for Environmental Services: political interest to be implemented
- Non-refundable financing: high effort for little money; lack of information on resources and how to access them
- Refundable financing: bureaucracy to get approval; sovereign guarantee
- Financing and PPP: institutional arrangements, high risk operation

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Solutions and opportunities:

- Pricing ecosystem services
- Environmental licensing (environmental compensation) (ex. Brazil)
- Strengthening the science-policy interface
- Identifying “hotspots” and allocating resources there
- Planning: institutional and governance arrangements are key to successful fundraising
- Framing the need for water (and waste management) from a climate change perspective is key
- Offering capacity-building on fundraising to local stakeholders in less central areas
- Build capacity to access climate finance and negotiate with climate finance providers
- Derisking investments (e.g. loan guarantees are increasingly being used in middle income developing countries)
- Green Climate Fund started funding water sector projects