



## **Input to Elements Paper**

*Fourth International Conference on Financing for Development  
22 October 2024*

### **SWA global partnership**

Sanitation and Water for All is a UNICEF-hosted global partnership with almost 500 partners, including over 90 UN Member States. It is a multistakeholder partnership with six constituencies consisting of Governments, civil society, research and learning institutions, the private sector, utilities and regulators, and external support agencies. The mission of the partnership is to elevate political prioritization of water and sanitation in global and national agendas. By engaging with Heads of State and Government, and through regular high level meetings, convening finance and sector ministers, as well as ministers from related sectors, our partnership has unparalleled convening power and provides a platform for decision makers to exchange on the key actions required for delivering on SDG 6, universal access to water and sanitation.

### **From Addis Ababa to Seville**

Adopted in 2015, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development constituted a critical agreement to accompany the seminal Sustainable Development Goals. The agreement reflected consensus that “a holistic and forward-looking framework” and “concrete actions to deliver on the promise of [the SDG] agenda” was necessary.

At the first Prep Com, also held in Addis Ababa, in July 2024, the consensus was clear that the Addis Ababa Action Agenda has not been delivered, and the SDG agenda is similarly off track. The [Inter-Agency Task Force on Financing for Development](#) reported that the gaps in SDG financing are between 2.5 trillion and 4 trillion USD. In the area of water and sanitation, the most recent evidence from the World Bank, the shortfall in spending on water and sanitation to achieve SDG 6 is between US\$131.4 billion and US\$140.8 billion. While this may seem a small portion of the overall funding gap, this does not account for the benefits of investing in water and sanitation across the entire SDG agenda, including in terms of poverty eradication, food security, health, gender equality and climate action.

The priority areas of the Addis Ababa remain relevant for getting the world on track for the achievement of the SDGs. SWA partners, in particular civil society, have been advocating for better governance to ensure that public funds are used effectively to reduce inequalities, benefit marginalized communities and provide public services equitably. This is achieved through tracking and monitoring budgets, influencing budget committees, engaging with parliamentarians, collaborating with the Accountant General office or similar bodies to ensure transparency, and organizing annual civil society forums to present their findings and promote accountability. Continued civil society advocacy on ensuring governments spend accountably or according to what they promise in their approved budgets directly impacts achieving sustainable development goals. Some SWA partners also advocate for gender-responsive and climate budgeting.

The SWA partnership views the Fourth International Conference on Financing for Development as a critical opportunity to establish a stronger commitment for securing the necessary resources for the achievement of the SDG Agenda, and in particular for universal access to water and sanitation.

## SWA contribution

The SWA partnership, which has existed for 15 years, has consistently worked to elevate attention to the need for effective financing of water and sanitation. While there is still considerable work to be done to resource the water and sanitation sector sustainably, the partnership brings strategies and approaches which can be relevant to other sectors engaged in the financing for development discussions. Throughout all of our work, our approach is multistakeholder, consistently ensuring that the diversity of voices from our six constituencies are able to bring their expertise to contribute to key processes, whether at national, regional or international levels.

**Heads of State Initiatives** – the SWA partnership works to elevate water and sanitation in political agendas. Having engaged with ministers for over a decade, in 2023, the partnership decided to launch the [Heads of State Initiatives](#) (HOSI), recognizing that when there is political will at the highest levels of Government, the knowledge, capacity, and importantly, funds, flow. In Nigeria, in 2018, the President issued an executive act on water and sanitation, sending the signal to all in the government that progress on access to water and sanitation was a top priority. As a result, since then about 150 million USD per year has been allocated by the federal government to expand access to water and sanitation, which is complemented by additional funding by local and state governments, as well as households. In the year immediately following the order, donor funding to Nigeria for water and sanitation also increased, buoyed by the momentum created by the Executive Order. This has resulted in considerable progress in Nigeria to close the gap access to water and sanitation, also taking into account their estimate that poor sanitation was costing the country 300 million USD per year in economic productivity.

Since the launching of HOSI, three Heads of State have launched presidential compacts in Indonesia, South Sudan and Ghana. In the case of Ghana, the **President committed 1.7 billion USD annual to support implementation of the compact**, which aims to eliminate open defecation by 2030.

The Fourth International Conference on Financing for Development is an occasion to showcase the power of political prioritization and demonstrate **how leaders can secure important financing with a clear expression of commitment to key issues, such as water and sanitation.**

**Mutual accountability** is a key tenet of the Busan principles for **effective development cooperation**. The SWA partnership established its [Mutual Accountability Mechanism](#), taking the Busan principle, and urging all partners to work together for the achievement of SDG 6. SWA partners, including over 50 national governments, have tabled over 500 commitments, and regularly report their progress in implementing these. A quarter of the commitments made relate to finance, with a particular focus on increasing domestic budget for water and sanitation and notable success in Bangladesh, Ethiopia, Mali, and Uganda. Commitments also reflect governments' ambitions to pursue innovative financing and diversify funding sources, including through private sector involvement (e.g., in Brazil, Ethiopia and Pakistan), targeted investments to address inequalities (e.g., in Argentina and Ghana), and efforts to access climate finance (e.g., Malawi, Honduras and Nepal). SWA's mutual accountability processes also suggest an opportunity for a deeper consideration of development priorities to secure more targeted allocations, strengthen governance in relation to financial flows and, very importantly, ensure sector budgets are fully and efficiently spent, improving the sector's budget execution rates and effectiveness.

**Finance Ministers' Meetings** – since our creation, the SWA partnership has been the only actor in the sector systematically bringing finance ministers together to discuss water and sanitation. **These meetings confirm that the key areas of the Addis Ababa Action Agenda remain relevant, and provided space for ministers to expose ongoing challenges, and to share the strategies they have adopted to increase finances towards water and sanitation.** In terms of challenges, the issue of **debt relief** is a consistent concern for our Government partners, as is overall reform of the global financial architecture. The majority of SWA Government partners are African countries, which is also the [region with the most countries](#) whose spending on debt

servicing exceeds 60% of GDP, and where borrowing costs (as measured through bond yields) are 9.8 % as compared to 0.8 % or 2.5% in Germany and the United States respectively. In this regard, the discussions of the Fourth International Conference on Development are of great import to our partnership. Furthermore, during the 2024 Latin America Finance Ministers' meeting, SWA civil society delegates delivered a unified message on debt reforms and taxing the super-rich to invest in vital social sectors such as health, water, sanitation, and education.

In terms of strategies, the below country examples were highlighted at recent finance ministers meetings of the SWA partnership :

- **Dominican Republic** – At the [Finance Ministers Meeting for Latin America and the Caribbean](#) that SWA co-convened in April 2024, the Dominican Republic shared their efforts to invest in water and sanitation. They plan to invest around US\$600 million a year in water till 2036 to ensure the sustainability of water resources and answer the imbalances supply and demand. It involves various sectors, including civil society, the private sector, and communities. Beyond the allocation of resources, this effort recognizes the importance of high level political backing – at the level of the President – and embracing a multistakeholder approach in implementation.
- **Barbados** - "Debt-for-nature" and "debt-for-climate" swaps were also discussed at the LAC Financing Ministers' Meeting as innovative financing solutions that could generate savings via cheaper debt for specific conservation or climate-related purposes. For instance, in 2022, Barbados carried out a "debt-for-nature" swap, with a swap of \$150 million of international bonds generating \$50 million for marine conservation efforts over 15 years. Currently, Barbados is working to execute another "debt-for-climate" swap to upgrade the sewerage system that would allow the reuse of that water to replenish the aquifers and to enhance agriculture-related food security. Barbados is also part of IMF's Resilience and Sustainability Trust (RST) from where money can be drawn to build resilience against climate change. Barbados' work in this area demonstrates the importance of financing for development across multiple SDG areas, and with particular attention to the reality of climate change.
- **Egypt** - At the [Finance Ministers' Meeting we organized for Africa](#) in October 2023, we heard how Egypt's Presidential programme called "Decent Life Initiative" is helping to build partnerships which have resulted in a form of blended finance to support extended access to water and sanitation. The partnership in this case included an NGO, a private bank, and the Ministry of Social Solidarity, and resulted in 50 million Egyptian pounds dedicated to 2235 projects across 7 governorates.

Tools to support financing for development – The SWA partnership has also come together in order to develop tools for our partners which **assist decision makers considering different aspects of financing, in order to support well informed policies**. Examples of these tools include :

- The [SDG Costing Tool](#) – developed by UNICEF and the World Bank for the SWA partnership in 2017 and updated in 2020 – the tool assists countries in calculating the investments required for achieving SDG 6. Plans are currently underway to conduct another update for this tool in order to more strongly integrate considerations of climate resilience.
- [The Handbook on the Human Rights to Water and Sanitation](#) – developed by the first Special Rapporteur on the human rights to water and sanitation, which includes guidance on designing financing in line with human rights obligations.
- [Water and Sanitation : How to make public investment work, A Handbook for Finance Ministers](#) – developed by the SWA partnership in 2020, this is a practical guide for finance ministers with concrete examples of how different countries have engaged to secure financing for water and sanitation. It is organized around 4 themes :

- Maximize value from existing public funding by incentivizing sector performance, improving subsidy targeting and promoting better sector planning and management.
- Mobilize more funding by setting up adequate cost recovery policies, reforming tariff systems, introducing earmarked taxes and establishing an array of options for cross-subsidization.
- Increase repayable domestic finance through mechanisms that reduce perceived risks and pool finance at national, municipal and household levels.
- Encourage innovation and least-explored new approaches such as climate funds and social impact bonds, to tap sources of finance rarely accessed by the water and sanitation sector.