IMPLEMENTATION REPORT

Road to the 10th World Water Forum 2024
Sustainable Water Finance Subtheme

Workshop 4:
Designing Global Water Fund Establishment

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TABLE OF **CONTENT**

TABLE OF **FIGURE**

ACKNOWLEDGMENT
Authors acknowledge that this document serves solely as an event implementation report, summarizing the proceedings and outcomes of the event. The information and insights presented herein are derived from the contributions and knowledge shared by the respective speakers during the event.

FOREWORD

Herry Trisaputra Zuna

Director General for Public Works and Housing Infrastructure Financing,
Ministry of Public Works and Housing

Water is the core aspect of our planet. It is fundamental to human survival and integral to ecosystems and economies. Yet, the challenges we face in managing this major resource are immense. Climate change, population growth, urbanization, and pollution are exerting unprecedented pressures on our water systems, making sustainable water management more urgent than ever.

As the world prepares for the 10th World Water Forum in Bali, the theme of sustainable water finance emerges as a critical cornerstone for our discussions. It is both an honor and a privilege to contribute to this dialogue, which is valuable for the future of our global water resources.

The journey to Bali is not just a path to a prestigious forum, it is a call to action to create robust financial frameworks that ensure the long-term availability and quality of water by integrating economic, environmental, and social considerations into water policies and projects. This approach is essential for achieving the Sustainable Development Goals (SDGs) 6, which aims to ensure the availability and sustainable management of water and sanitation for all.

As the co-coordinator of the Sustainable Water Finance subtheme, Directorate General of Infrastructure Financing for Public Works and Housing is honored to host distinguished speakers and stakeholders to the workshop series held in 4 consecutive themes to the innovative solutions, collaborative efforts, and, critically, sustainable financing mechanisms that can turn ideas into reality.

As we progress towards the 10th World Water Forum in Bali, let us be guided by a shared commitment to sustainable water management and the recognition that our collective future depends on the decisions we make today. Together, we can create a future where water is managed sustainably, equitably, and with resilience.

Introduction

Indonesia was the elected host of the 10^{th} World Water Forum in 2024. The forum held on 18-25 May 2024 in Bali with the main theme of “Water for Shared Prosperity” to answer global challenges and potentials caused by increasing population growth and urbanization. Leading up to the main event, there are three interconnected forum processes, namely political process, regional process, and thematic process. Every forum process has its own agenda and throughout the thematic process, all multi-stakeholders will develop action plans and facilitate the implementation of action plans to address issues identified associated with several sub-themes. Six subthemes were introduced to enhance the discussion in the thematic process. Those are Water Security and Prosperity, Water for Humans and Nature, Disaster Risk Reduction and Management, Governance, Cooperation and Hydro-diplomacy, Sustainable Water Finance, and Knowledge and Innovation.

In the thematic process of the Sustainable Water Finance subtheme, five topics to be further explored:

1) Revisiting of international water financing architecture (including new economic approaches) with emphasis on transparency, accountability, fairness & equity;

2) Innovative and sustainable funding, financing, and delivery mechanisms;

Improved funding for basic access to safe water and sanitation for all at all scales;

4) Special schemes and incentives promoting green finance; and

5) Enhanced funding to cope with water crises, water disasters and for climate resilience.

Directorate General of Infrastructure Financing for Public Works and Housing as the coordinator of Sustainable Water Finance subtheme is hosting a series of workshop as part of the side event of the Sustainable Water Finance subtheme, inviting distinguished speakers and stakeholders. The workshop series covers problem mapping, setting up a working group including expert panel and funding solution. The workshop series event consists of 4 workshops with 4 different topics that took place from February 2023 to February 2024. The 1^{st} Workshop was held in February 2023 entitled “Government Support and Private Sectors’ Perspective on Public-Private Partnership (PPP) for Water Resources Infrastructure”, the 2^{nd} Workshop was held in March 2023 entitled “Blended Finance for Water Sector”, the 3^{rd} Workshop was held on July 4^{th} 2023 entitled “Secure and Increase Funding for Basic Access to Safe Water and Sanitation for All at All Scales”, and the 4^{th} and final workshop was held on February 5^{th} 2024 entitled covers the topic of “Designing Global Water Fund Establishment”.

This series of events will be summarized in 4 implementation reports each of which will highlight a specific theme and the corresponding discussions. The output of each seminar/workshop will be catalyzed as an input for the sessions of Sustainable Water Finance subtheme in the main event of World Water Forum 2024.

Figure 1. Sustainable Water Finance Subtheme Seminar/Workshop Series Timeline
Source: DGIF, 2024

Executive Summary

The 4th Workshop aimed to discuss the Designing of Global Water Fund Establishment, addressing the significant financing gap of $114 billion in the water sector worldwide and a mere one-tenth of the total existing climate fund that is allocated to enhance drinking water and sanitation services. The workshop was successfully held with 268 participants in total (attending offline and online) from various sectors, such as Ministries/institutions, Embassy Representatives, Domestic/Foreign Business Entities, International Organizations, Commercial Banks, Non-Bank Financing Institutions, Consultants, Associations, and Academics. The event discussed the Designing Global Water Fund Establishment through panel discussion under 5 topics.

As we are all aware, Designing the Global Water Fund Establishment is one of the topics discussed in the High-Level Panel session at the main event of the 10th World Water Forum 2024 on 18 – 24 May 2024 in Bali. The Global Water Fund emerges as an initiative to bridge this financing gap and expedite the realization of SDG Target Goal 6, "Ensure access to water and sanitation for all". In this workshop, key components of the fund's architecture are explored, including its objectives, financing scope, operational, funding governance structures, and eligibility criteria for countries seeking access to the Global Water Fund.

The topics in panel discussion are

1) The Establishment of the Pandemic Fund and Green Climate Fund as a benchmark;
2) Financial Intermediary Fund (FIF) as a tool for Fund Establishment;
3) Showcasing Indonesia Water Fund;
4) How to tap Commercial Investment into Global Water Fund; and
5) Important Factors and Perspectives on Global Water Fund Establishment.

The discussion has concluded lessons learned drawn from the existing funding platform as a benchmarking for the Global Water Fund Establishment, namely **Pandemic Fund** (a preventive fund to deal with future pandemics); **Green Climate Fund** (a platform to manage project funding consisting of loans, equity, grants, Government Guarantees, and Result-Based Payments); **Financial Intermediary Fund** (a financing platform for collecting funds and increasing financing from donor institutions); and **Indonesia Water Fund** (an equity funding platform is to facilitate the establishment and operation of water infrastructure projects through acquisition or equity recycling).

Moreover, we have also identified a few key factors required with regard to the investor interest in the establishment of the Global Water Fund, as follows
1) Certainty in drinking water tariffs and the increased financing in integrated upstream-downstream drinking water systems (source-to-tap);
2) Participation of donor agencies in long-term financing; 3) Actions to enhance the interest of business entities in the water sector, including document preparations and commitments in accordance with the prevailing regulation, investment return between 13% - 15% through tariffs, commitment to carry out projects under Central Government, Regional Government, and Water Utility (PDAM), and transparency through the implementation of market sounding and socialization; 4) De-risking instruments at the beginning of the project, Government support, and blended financing; also
5) Synergy between regional governments and assistance from the World Bank.

Background

The establishment of the Global Water Fund emerged from a critical need to address the escalating global water crisis. Rapid population growth, urbanization, and climate change have significantly strained water resources, leading to scarcity, pollution, and uneven distribution. While access to water and sanitation is fundamental to everyone's health, dignity, and prosperity, financial constraints and insufficient infrastructure investment have caused many communities, particularly in developing countries, to have no access to these vital services.

Currently, there are 2.2 billion people (approx. 27% of the global population) have lack access to properly managed water services. Also, around half of the world's population face significant water scarcity at least once a year.

From a financial perspective, there is a significant financing gap of $114 billion in the water sector worldwide. Only less than 3% of total climate fund is allocated to water-related initiatives and a mere one-tenth of the total existing climate fund allocated to enhance drinking water and sanitation services. In resiliency, 1.6 billion people have a risk of flooding due to the decrease of land-based water reservoir by 1 cm annually.

The Global Water Fund, initiated by international organizations, governments, and private entities, aims to mobilize resources, implement sustainable water management practices, and support innovations in response to achieve the United Nations' Sustainable Development Goal 6 (SDG 6): **ensuring access to clean water and sanitation for all**. Additionally, the fund seeks to foster global cooperation and enhance resilience against future water-related challenges.

World's Facts over Water and Sanitation Provision

2.2 billion people

27% global population

Lack access to poverty managed water services and around half of the world's population faces significant water scarcity at least once in a year

USD 114 billion

annual capital investment

Capital requirement worldwide for universal access to water, sanitation, and hygiene (and this only covers capital expenses for basic services)

total climate finance is allocated to water-related initiatives

dedicated to water and sanitation services

The land-based water reservoir is decreasing
1 cm Annually

Sources:
1. Water Scarcity, United Nations Water, Mekonnen and Hoekstra, 2016
2. United Nations Statistics Division Development Data and Outreach Branch

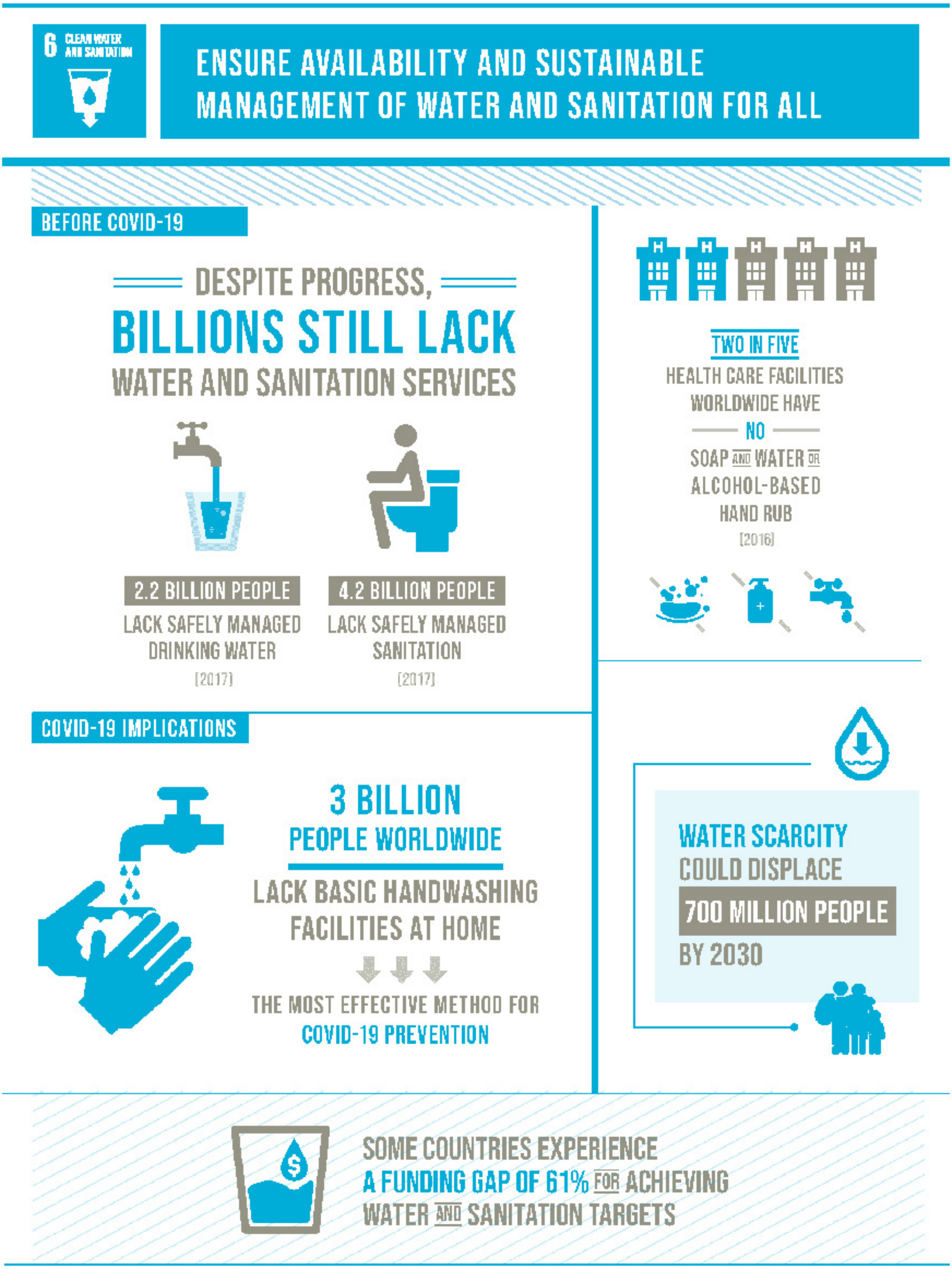
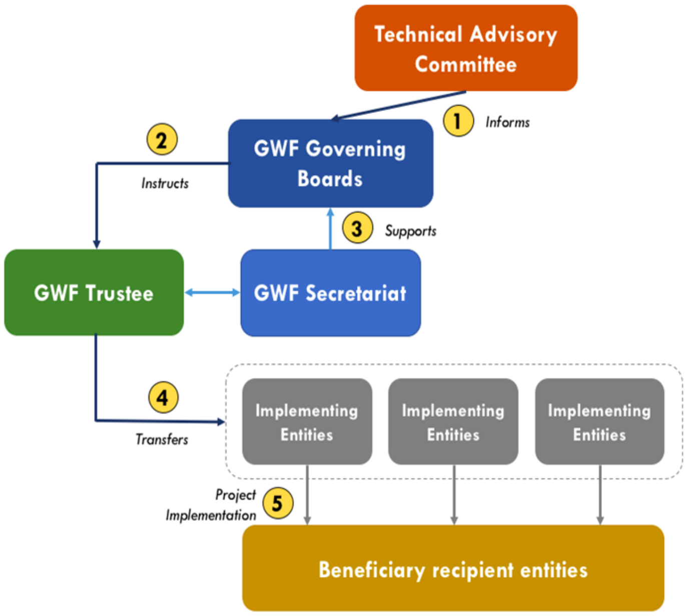


Figure 2. the Global Status of Water and Sanitation Services before the COVID-19 Pandemic and the Implications of COVID-19 on these Services

Source: Summary Progress Update 2021: SDG 6, United Nations, 2023



Proposed Global Water Fund Structure

- World Water Council (WWC) would be conducted as Technical Advisor or an Observer on the GWF's Governing Board
- An independent Governing Board would serve as the GWF's decision-making body.
- The Multilateral Bank would serve as limited GWF Trustee, as it does for all funds.
- Administrative functions would be performed by a Secretariat housed at the Multilateral Bank.
- The GWF would transfer resources to a set of agreed Implementing Entities, which are the operational arms of the GWF, to carry out the GWF's work program.
- Project with GWF will be implemented to the Beneficiary Recipient Entities.

Figure 3. Proposed GWF Organizational Structure
Source: DGIF, 2024

Securing and increasing funding for basic access to safe water and sanitation for all is a testament to the collective efforts needed to address one of the most pressing global challenges. Building on the experience of other sectors (e.g. Health, Education) we propose the launch of a Global Water Fund to address issues of growth, recovery, resilience, and climate-related adaptation in developing countries. We also discuss emerging green finance vehicles, and how to apply innovations from other sectors, e.g., sustainability-linked bonds

The proposed GWF would build on the existing global water architecture for:


Water Infrastructure


Water-related Disaster And Crisis


Climate Change Adaptation

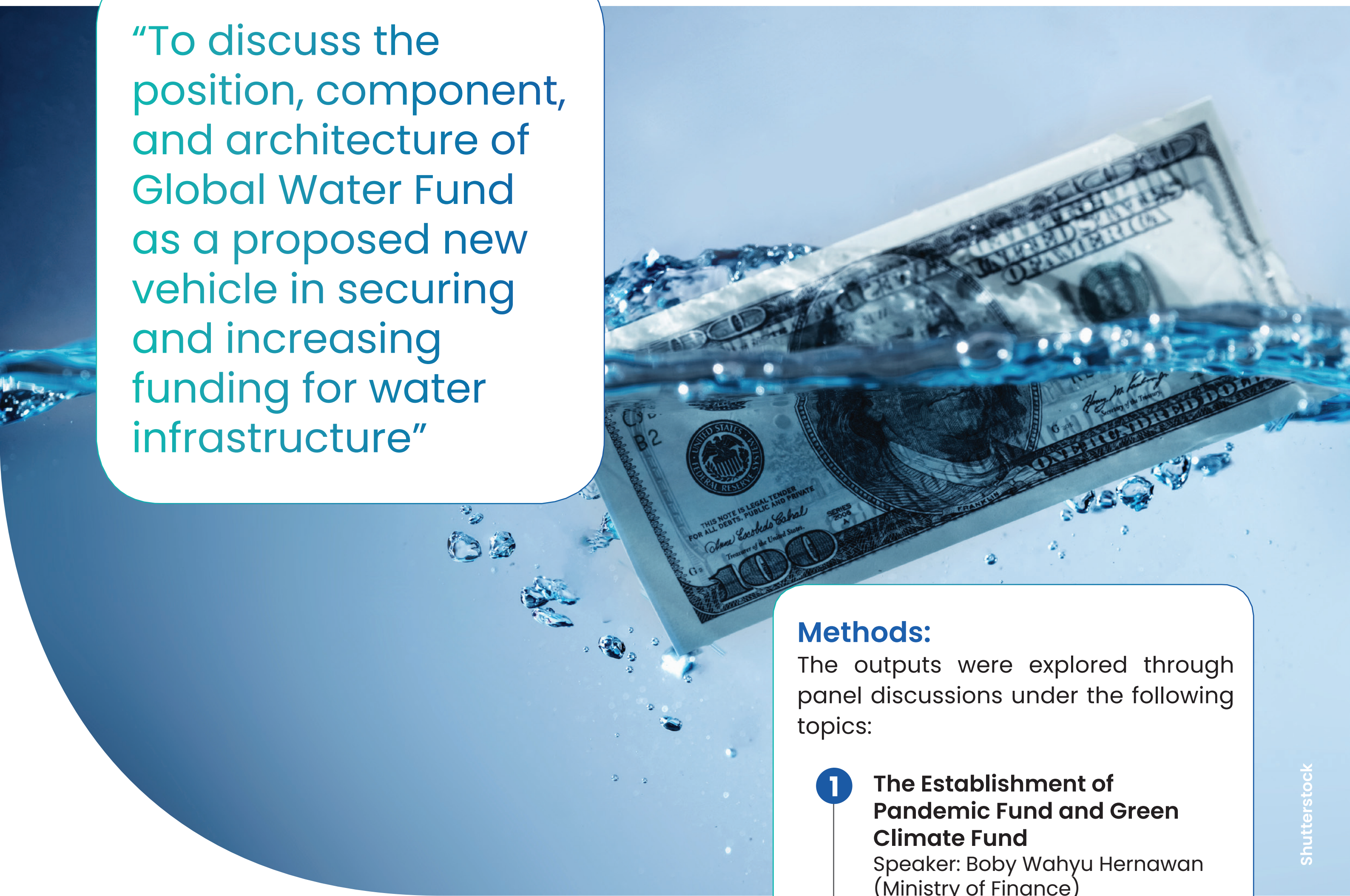

Associated Monitoring Mechanisms

Global Water Fund is the outcome of the 2nd Stakeholders Consultation Meeting (SCM) held on 12 – 13 October 2023, as part of the road to the main event of the 10th World Water Forum in Bali 2024. Set under the above proposed structure, it will be discussed further as a deliverable in the High Panel Discussion of the 10th World Water Forum to have a better understanding about its mechanism, structure, and scope. The Global Water Fund might integrate another fund as well such as Disaster Recovery Fund and also the existing Indonesia Water Fund (IWF) scheme

The 10th World Water Forum in Bali, stands as a beacon of progress and innovation, ready to lead the global dialogue on sustainable water management and inspire action towards a future where everyone has access to safe water and sanitation.

Objectives

"To discuss the position, component, and architecture of Global Water Fund as a proposed new vehicle in securing and increasing funding for water infrastructure"



Methods:
The outputs were explored through panel discussions under the following topics:

1. **The Establishment of Pandemic Fund and Green Climate Fund**
   Speaker: Boby Wahyu Hernawan (Ministry of Finance)
2. **Financial Intermediary Fund as a tool for Fund Establishment**
   Speaker: Jason Zhengrong Lu (World Bank)
3. **Showcasing Indonesia Water Fund**
   Speaker: Yadi Jaya Ruchandi (PT Danareksi (Persero))
4. **Commercial Investment into Global Water Fund**
   Speaker: Mohamad Selim (Moya Indonesia Holdings)
5. **Important Factors and Perspectives on Global Water Fund Establishment**
   Speaker: Julian Smith (PricewaterhouseCoopers Indonesia)

Expected outputs:
The key issues, opportunities, and architecture as well as best practice of Global Water Fund establishment and draft position paper for Global Water Fund Establishment.

1. Objective And Purpose Of The Fund
   - ☑ Scope of the fund
   - ☑ Size and scale of the fund
   - ☑ Governance and operational modalities
   - ☑ Broader financing framework
2. Eligibility Access For Countries To Be Able To Propose Project For The Global Water Fund

Challenges

In achieving SDG 6, despite progress in some areas, there are still significant gaps and disparities worldwide. According to the World Health Organization (WHO) and UNICEF's Joint Monitoring Programme (JMP), as of 2022, 92% of the global population had access to basic drinking water services and 73% among them already had access to safely managed drinking water services. Unfortunately, the remaining 27% (around 2.2 billion people) are still without safely managed services. These people include:

1.5 billion people — Having only basic services, indicating that the improved water source located within a round trip of 30 minutes

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Having limited services, or the improved water source requiring more than 30 minutes to collect water; — **292** million people

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296 million people — Taking water from unprotected wells and springs

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Collecting untreated surface water from lakes, ponds, rivers and streams — **115** million people

The need for a Global Water Fund to improve water infrastructure is critical to addressing challenges related to intuition, accessibility, and water management around the world. A new multilateral financing mechanism would help to focus and sustain much-needed high-level attention on strengthening this financing mechanism.

Multilateral Bank holds significant potential to play a pivotal role in supporting or hosting the Global Water Fund, contributing financial resources and expertise to address international water-related issues. These may involve partnerships with private entities and/or member countries and are given the same amount of care as the Multilateral Bank's own resources.

The Global Water Fund needs a strong appreciation within the international community to garner the necessary support for a new multilateral financing mechanism.

Beside the challenges in the fulfillment of SDG 6 and the needs of international multi-stakeholders support, there are a few main challenges in funding the water infrastructure:

1. The water availability itself lies within the countries and regions
2. Human behaviour contributes the waste, pollution and overuse of water.
3. The expense of water needed due to city development and urban growth
4. Climate change
5. Political commitment from country's leaders.

Figure 4. Main challenges in funding the water infrastructure
Source: DGIF, 2024

Topic of Discussion

Figure 5. Opening Remarks by Director General of Infrastructure Financing on 4th Workshop: "Designing Global Water Fund Establishment"

Source: DGIF, 2024

I. The Establishment of Pandemic Fund and Green Climate Fund

Boby Wahyu Hernawan, Director of Center for Climate Finance and Multilateral Policy Head of Fiscal Policy, Ministry of Finance of The Republic of Indonesia

A. Pandemic Fund

The Pandemic Fund
FOR A RESILIENT WORLD

The COVID-19 pandemic has significantly affected societies with economic impact far outweighing any previous outbreaks and highlighting how ill-preparedness the world was to detect and contain a virus.

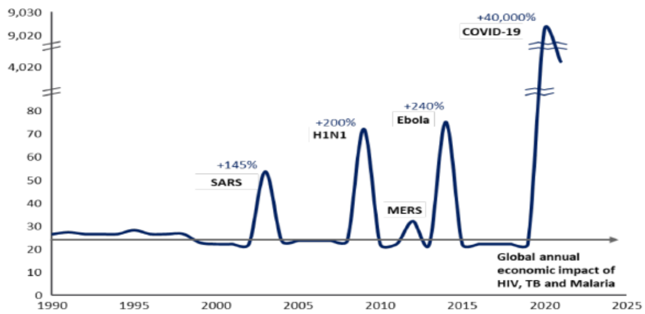


Figure 6. Global Annual Economic Impact of HIV, TB and Malaria

Source: WHO, 2020

Figure 7. Boby Wahyu H during 4th Workshop
Source: DGIF, 2024

It underscored the costs of not being prepared. There is a more than 50% prediction that within the next 20 - 25 years, another COVID-like pandemic will hit us.

In brief, The Pandemic Fund was prepared as a form of prevention and preparedness to face pandemics that might occur in the future. It is also known as an innovative addition to the international health financing toolkit, a first-of-its-kind, multilateral platform dedicated to making investments during non-pandemic days.

The objective of the Fund is to provide **a dedicated stream** of additional, long-term funding for critical pandemic Prevention, Preparedness, and Response (PPR) functions in **IDA and IBRD countries** (Eligible Countries), through investments and technical support **at the national level, as well as at the regional and global levels.**

The Pandemic Fund started at the G20 meeting to find ways to provide pandemic preparedness funds by preparing a financing platform involving the World Bank and WHO to accelerate financing from various philanthropic and other bilateral funds. This platform has granted USD338 million for pandemic reserved funds to help 37 countries. Indonesia is also a sovereign donor and has contributed USD50 million to this platform.

Indonesia's Pandemic Management Board consists of a Governing board, supported by a technical advisory panel, trustee, and secretariat. Implementing Entities consist of the World Bank, WHO, the UN, RDBs and others. The beneficiaries are the National Governments of countries that meet the requirements.

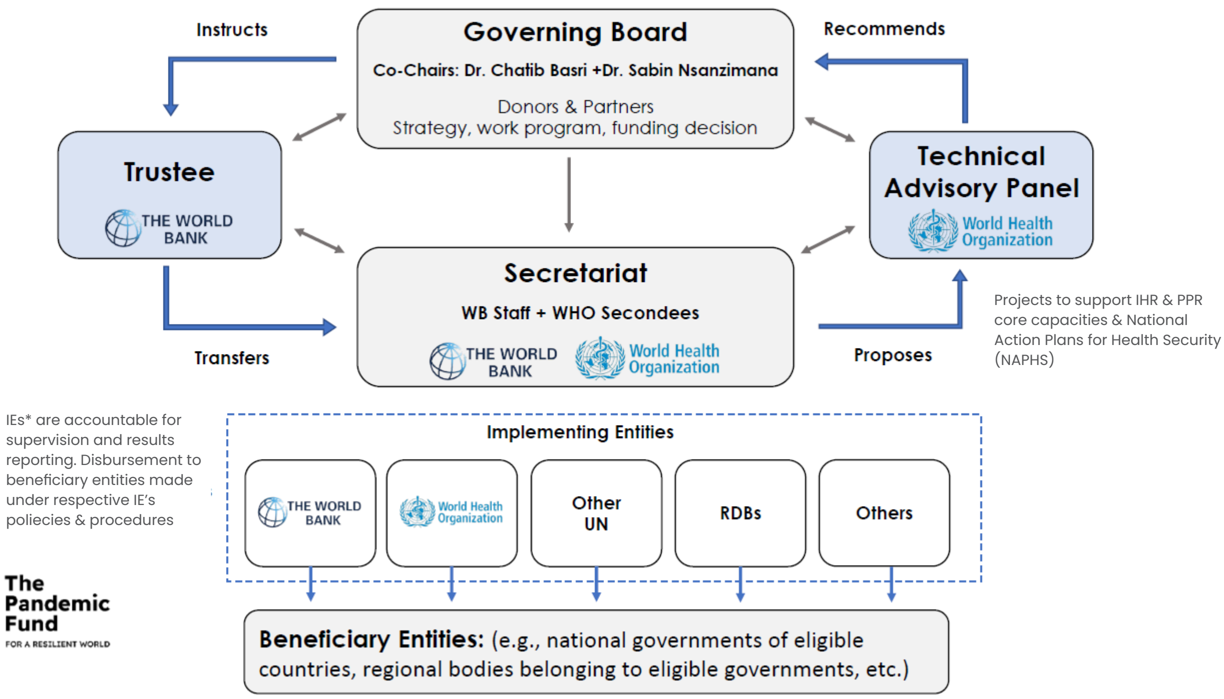


Figure 8. Indonesia's Pandemic Fund Management Board
Source: Ministry of Finance, 2020

B. Green Climate Fund

- GCF is the operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC).
- GCF was established by the highest organ of UNFCCC, which is the Conference of the Parties (COP) 16 in Cancun, Mexico in 2010.

Officially, GCF started the operation in 2015 and the headquarters is in Songdo, South Korea. It is the biggest climate finance in the world.

- In Indonesia, GCF is operated under PT Sarana Multi Infrastruktur (Persero). This platform has managed 15 projects with funding allocation reaching USD496.2 million consisting of 37.2% loans, 22.1% equity, 31% grants, and the rest are Government Guarantees and Results-Based Payment.

GFC Financing Instruments
(In percentage)

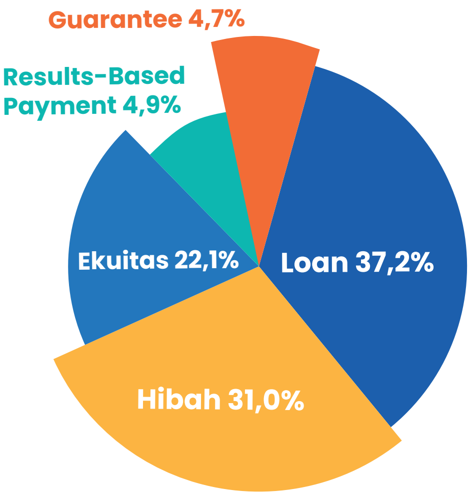
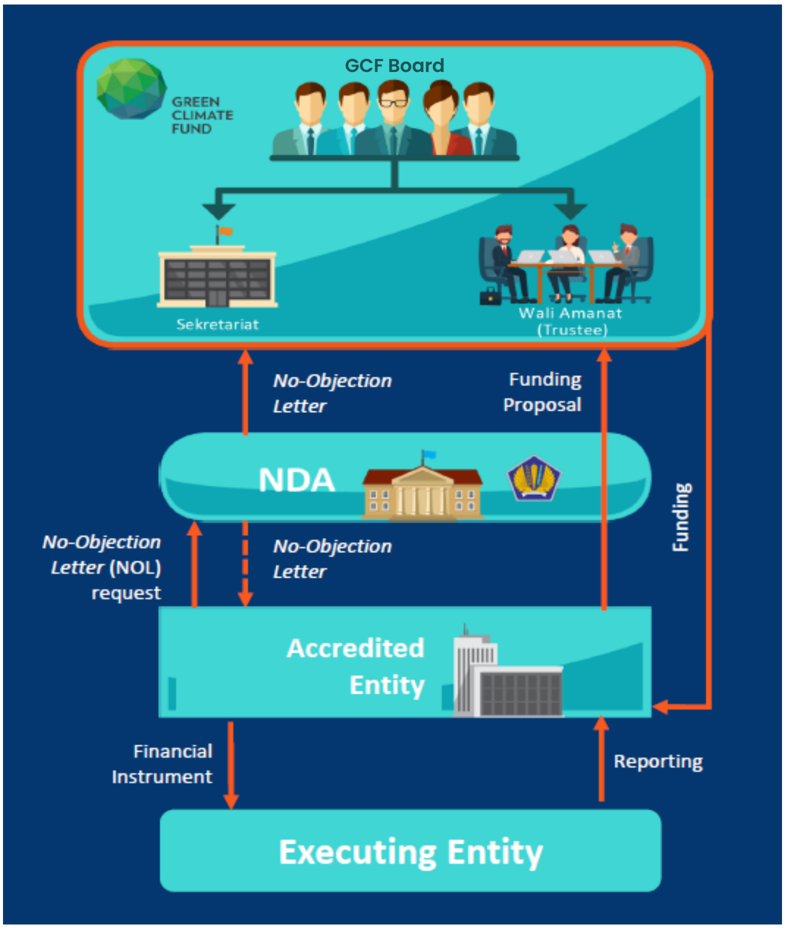


Figure 9. GCF Funding in Indonesia Dashboard
Source: Ministry of Finance, 2020

Figure 10. GCF Architecture in Indonesia
Source: Ministry of Finance, 2020



II. Financial Intermediary Fund as a tool for Fund Establishment

Jason Zhengrong Lu, Worldbank Global Lead for Water and Finance, World Bank

Financial Intermediary Fund (FIF) is a financing platform for collecting funds and increasing financing originating from various donor institutions. This platform has a smaller scale than the Pandemic Fund since FIF has a more specific goal or political mandate which can help to manage and distribute the collected funds quickly. Usually, the funds are placed in an and the World Bank becomes the trustee.

The implementing agency for FIF will be appointed by the donor, for example: Multinational Bank. However, not all parties can become implementation institutions because there are certain requirement for the parties to become implementation institutions.

Many stakeholders are involved in FIF, beneficiary countries could also be involved. Most of FIF's funds are grants from donors, whereas currently FIF is seeking long-term funding commitments from several donors. In its implementation, it can use World Bank infrastructure.

Several matters that need attention in the implementation of FIF:

1) Calculation of project's scale of impact;
2) The source of funds is not derived only from one entity, but also long-term commitment donors;
3) International community only focuses on one sector;
4) On the donor side, it is important to be able to maximize benefits/impact and minimize risks
5) The biggest risk in the water sector is regulatory compliance and low feasibility (not bankable). Proper project preparation is a must.

Figure 11. Jason during 4th Workshop
Source: DGIF, 2024

FIF decision-making is based on multilateral discussions. Implementing institutions need to pay attention to the fund distribution process to prepare simple and applicable governance due to several cases of fund distribution are relatively complex.

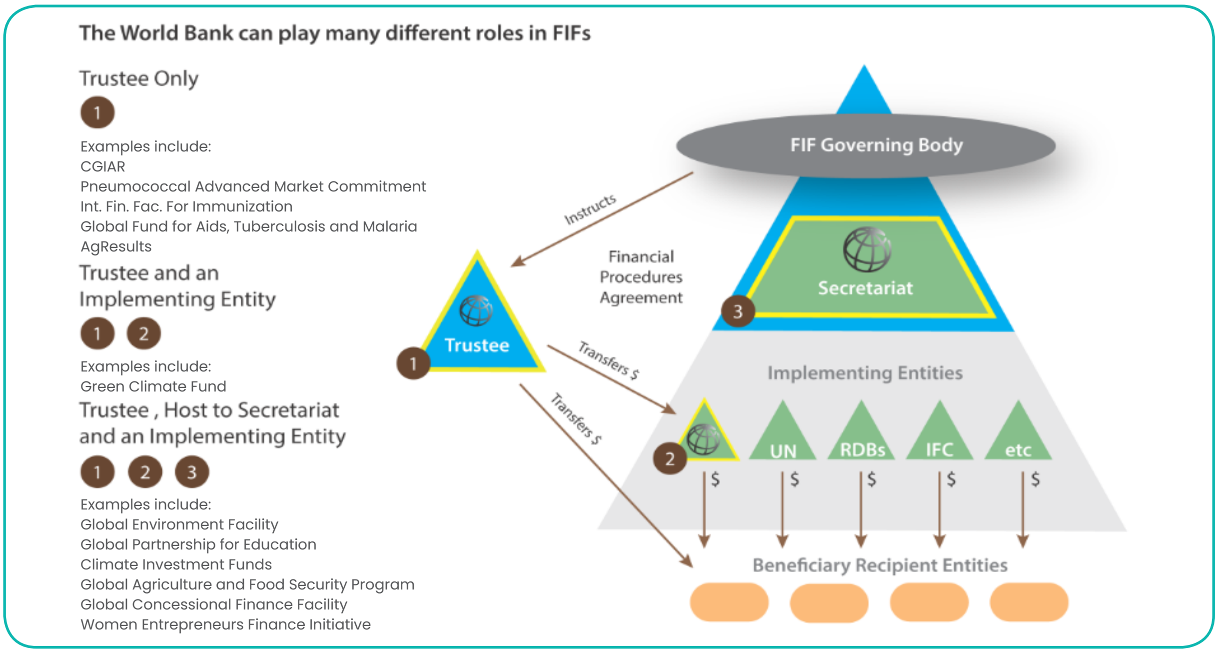


Figure 12. Roles in Financial Intermediary Fund
Source: World Bank, 2022

III. Showcasing Indonesia Water Fund

Yadi Jaya Ruchandi, President Director of PT Danareksa

Figure 13. Indonesia Water Fund StructureFund
Source: Danareksa, 2022

The funding gap that exists in the fulfillment of The 2020 – 2024 RPJMN target and the 2030 SDGs target requires the Government of Indonesia to seek funding sources other than the state budget (APBN). One of the solutions to the water infrastructure development problem in Indonesia is by opening access to invest in these projects.

Indonesia Water Fund (IWF) is an alternative equity funding platform for commercially-viable clean water infrastructure projects. It is easily accessible for all investors, both government and private, to accommodate onshore and offshore funds. This platform manages and invests in clean water infrastructure projects, both new construction and project operation (through acquisition or equity recycling). To date, IWF's managed funds are IDR15 trillion is said to be a potential Embryo for the establishment of Indonesia's Global Water Fund.

IWF will have the support of Danareksa as a multi-sector SOE Holding, as well as the technical expertise of strategic partner (global/regional water players). To complete the IWF structure, government intervention is required, such as the Viability Gap Fund (VGF), Project Development Facility (PDF), as well as partial construction support.

Not only focusing on distributing water to homes in collaboration with PDAM, Danareksa is also improving clean water infrastructure for industrial areas (with source-to-tap approach.

Source-to-tap is believed can enabling the enhancement of commercial viability of its investments. This concept prioritizes sustainability by using an end-to-end scheme, learning from existing project experience to minimize interface risks.

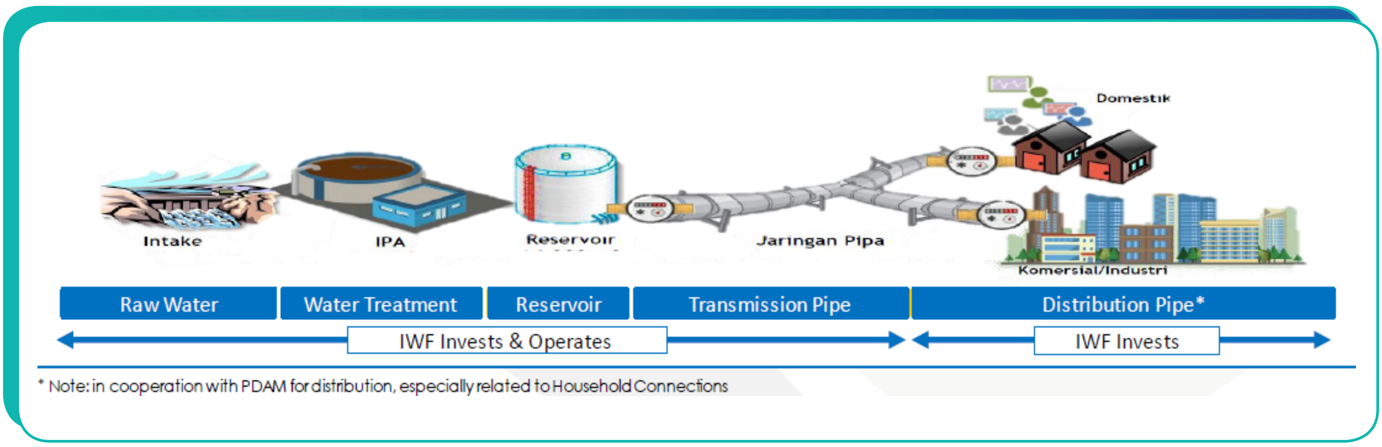
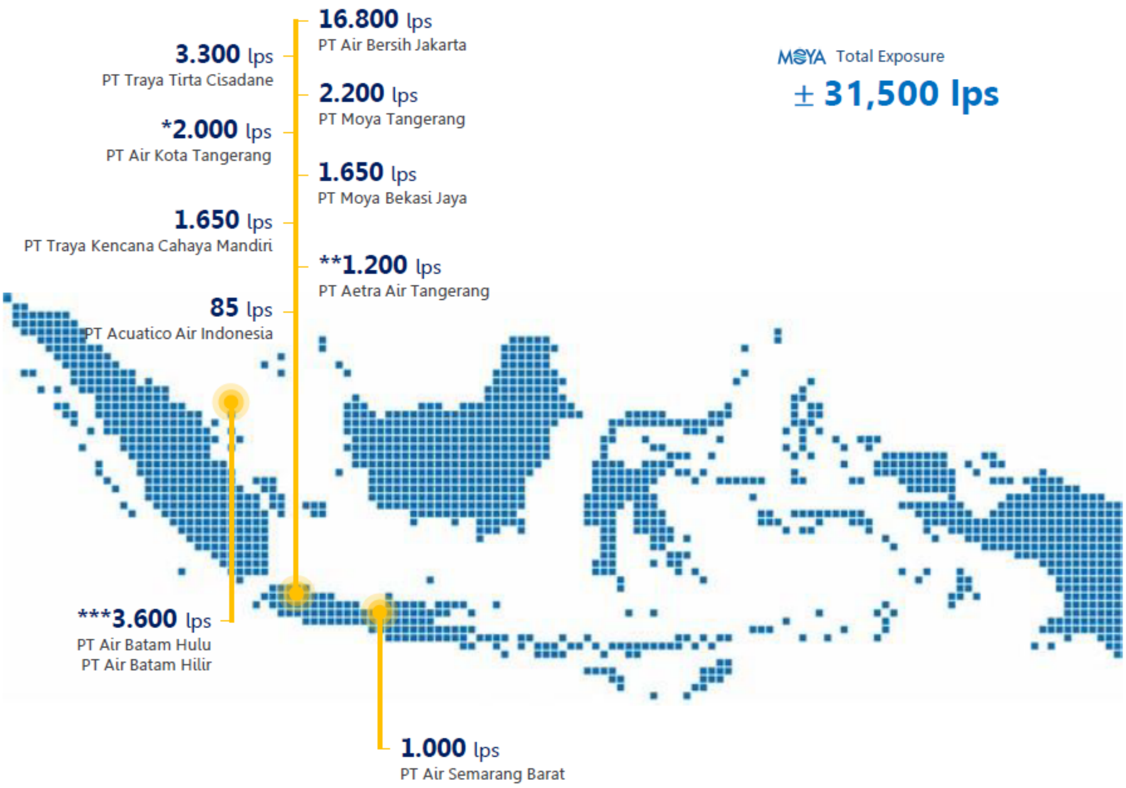


Figure 14. End-to End Clean Water Infrastructure Scheme
Source: **Danareksa, 2022**

IV. Commercial Investment in Global Water

Mohamad Selim, CEO Moya Indonesia Holdings

In this session, MOYA Indonesia Holdings (MOYA) shared interesting insights from private entities' perspective regarding commercial investment in water sector. MOYA is an Indonesian company engaged in raw water management, water treatment, water transmission, water distribution & customer service. Currently, MOYA's portfolio of water infrastructure spreads within Greater Jakarta and outside Greater Jakarta, such as Semarang and Batam Area.



Notes:
* PT Air Kota Tangerang will start commercialization in 2025
** Concession Agreement – Source to tap
*** Operation & Maintenance Agreement

Figure 15. MOYA's Current Coverage in Indonesia

Source: MOYA, 2022

As we learn from MOYA's portfolio in water sector, there are a few rationales on why triggering and leveraging commercial investment is very important in the water sector.

1. Water is a core of sustainable development
   Leads to healthier ecosystem, social economic development, and human life
2. Many potential fundings available for Private Sectors
   Consist of Sustainable, ESG or Regular Type of Investment
3. Issues on low access to pipe water
   Target of 30% in Year 2030. Hence, requires alternative Financial Source (from private sectors)
4. Requirement of advance technology Due to Limited Raw Water Source
   Climate Change, High Demand on Water Security for Domestic, Industry, etc
5. Limitation of GOI's Budget for Water Development
   More or less only 31% covered by state budget

Started in 2011 in the management of municipal water treatment operations, MOYA has been now growing with total exposure of full installed water capacity of 31.500 litre per second (lps).

As we learn from MOYA's portfolio in water sector, there are a few rationales on why triggering and leveraging commercial investment is very important in the water sector.

MOYA's Suggestion in Attracting Commercial Investment

- **Identifying the needs of water utility/PDAM** by preparing Feasibility Study and Financial Model documents in accordance with the prevailing regulations;
- **Offering investment returns ranging from 13% to 15%** through water charges/tariffs;
- **Ensuring commitment to the prevailing regulations**, including scope of work business model, and project size.
- **Ensuring commitment to carry out projects with the GCA** under Central Government, Regional Government, and Water Utility/PDAM, including the land acquisition, construction and environmental permit, and cooperative decision and action.
- **Promoting transparency** through the implementation of market sounding and socialization.

V. Important Factors and Perspectives on Global Water Fund Establishment

Julian Smith, ESG, Government and Infrastructure Leader, PricewaterhouseCoopers (PwC) Indonesia

- In the water sector, the private sector is often reluctant to invest in less feasible projects. To solve the problem, there is a need to involve a few funding donors available which may offer helps on projects that are less feasible.
- In supporting the Governments in the implementation of water projects, the World Bank also offers assistance to local governments to carry out good planning within the project. All projects must be in synergy.
- Indeed, it is a challenge to differentiate the Global Water Fund from other existing platforms, i.e. FIF and Pandemic Fund. Corporation like MOYA needs to be able to establish a Global Water Fund, instead of funding structure similar to FIF and Pandemic Fund.
- The private sector shows significant interest in the new and renewable energy industries. Moreover, the water sector is perceived as having a lower risk compared to other large-scale projects, such as airport developments. It is essential to develop standard instruments for water management and to mitigate concerns for investors regarding political risks and non-revenue water (NRW), which could impede the growth of water utilities. These instruments can be supplemented with other non-financial supports, and additional funding can also be incorporated. A well-structured portfolio will more effectively attract investors.
- World Bank fiscal tools will effectively address urban challenges. This effort requires collaboration and synergy among cities nationwide.
- Although most investors are highly interested in renewable energy, the water sector receives little attention despite available funding. Given its relatively lower risks compared to other sectors, the water sector should be more appealing to investors.
- Significant effort is required to attract the private sector by mitigating risks, ensuring investors do not need to worry about political uncertainties. This necessitates the use of de-risking instruments, particularly in the initial stages of the project.

Key Takeaways

Designing the Global Water Fund offers numerous key benefits, including but not limited to:

- Speeding up progress towards SDG 6 by bridging the finance gap and enabling large-scale capital projects.
- Minimizing developing countries' reliance on uncertain foreign supports for water projects.
- Incorporating private sector expertise in governance, transparency, efficiency and sustainability into water investments.
- Amplifying the impact of philanthropic funding by merging diverse grants and donations into a centralized fund.
- Enabling knowledge sharing and replication of innovative water solutions between regions and countries
- Facilitating water financing access for smaller NGOs and community-led projects that might otherwise be overlooked
- Raising awareness about global water challenges while promoting sustainable water management opportunities

As a new funding platform, Global Water Fund can help mobilize new funding sources from philanthropy, impact investors, corporations through corporate social responsibility (CSR), high net worth individuals, and other private capital. It can be a solution for cheap funding of water resources infrastructure. A well-designed global water fund can also create substantial value beyond just financing. It can reduce the dependence of developing nations on foreign aid, apply private sector efficiencies in water delivery, leverage philanthropic donations, enable knowledge sharing, and raise public awareness on water issues.

By bringing stakeholders from the public, private, non-profit, and community, a global water fund can align interests, priorities, and resources for more sustainable and equitable solutions. It can stimulate collaboration and innovation, addressing one of the most pressing challenges of our era – the global water crisis.

As for recommendations, there are lessons learned drawn from the existing funding platform as a benchmarking for the Global Water Fund Establishment, as follows:

1) **Pandemic Fund**. A multilateral financing platform in the health sector with functions as a preventive fund to deal with future pandemics. This platform has granted USD338 million for pandemic reserved funds.
2) **Green Climate Fund.** Operated under PT. Sarana Multi Infrastruktur (Persero), this platform has managed 15 projects with funding allocation reaching USD496.2 million consisting of 37.2% loans, 22.1% equity, 31% grants, and the rest are Government Guarantees and Results-Based Payment.
3) **Financial Intermediary Fund.** A financing platform for collecting funds and increasing financing originating from various donor institutions. World Bank will act as Trustee for the funds placed. This platform has a more specific goal or political mandate which can help to manage and distribute the collected funds quickly.
4) **Indonesia Water Fund (IWF).** An equity funding platform that provides accessible investment opportunities for both governmental and private investors, to onshore and offshore funds. Its primary aim is to facilitate the establishment and operation of water infrastructure projects through acquisition or equity recycling. To complement the IWF structure, government intervention is needed, such as the Viability Gap Fund (VGF), Project Development Facility (PDF), as well as partial construction support.

Based on the panel discussions, it is concluded there are a few key factors required with regard to the investor interest in the establishment of the Global Water Fund, as follows:

1) Certainty in drinking water tariffs and the increased need of financing in the provision of integrated upstream-downstream drinking water systems (source to tap).
2) Participation of donor agencies in long-term financing to enhance project feasibility, consequently boosting private sector interest in water-related investments.
3) Several actions to enhance the interest of business entities, including but not limited to:
   - Preparing Feasibility Study and Financial Model documents in accordance with the prevailing regulations;
   - Offering investment returns ranging from 13% to 15% through tariffs;
   - Ensuring commitment to adhere to the prevailing regulations;
   - Ensuring commitment to carry out projects under GCA (Central Government, Regional Government, and/or PDAM;
   - Promoting transparency through the implementation of market sounding and socialization.
4) De-risking instruments at the beginning of the project to increase investor's involvement, Government support other than fiscal support, and blended financing.
5) Regional governments synergizre with the World Bank's fiscal tools to empower local governments in the planning of water sector projects.

Figure 16. All panelists receiving plaques for their contribution of bringing the lessons for Global Water Fund establishment in Indonesia.

Source: DGIF, 2024

Conclusion

In Designing the Global Water Fund Establishment, some of the key learning items obtained from the existing funding platforms for water and sanitation are:

1. Global Water Fund **incorporates a multi-stakeholder approach**, bringing together governments, private sector entities, NGOs, and international agencies. An efficient coordination model is crucial as an approach to creating strategies and mechanisms for innovative funding.
2. The fund leverages innovative financing mechanisms to attract a wide array of investors. **Global Water Fund seeks to maximize financial resources and promote sustainable investment** in water infrastructure.
3. To encourage private sector participation, **the fund incorporates thorough risk mitigation strategies**. These may include insurance mechanisms, guarantees, and contingency funds to protect investors from potential financial uncertainties associated with water infrastructure projects.
4. Recognizing the dynamic nature of water challenges, **the fund's architecture allows for flexibility and adaptability**. This enables quick response to emerging issues, technological advancements, and changing priorities in the water sector.

Since the Global Water Fund has a crucial role in the creation of substantial value in water infrastructure, there are several key steps essential to be done in the near future. The Central Government is required to initiate coordination between public, private, non-profit, and water-related communities in the establishment of GWF in Indonesia.

The Ministry of Public Works and Housing (MPWH), whose responsibility in implementing water infrastructure development, is expected to be the main initiator of the Global Water Fund. MPWH will be in charge for conducting the first discussion regarding the Global Water Fund concept and proposed structure.

The concept of the Global Water Fund is proposed to be launched in the 10th World Water Forum 2024, including final structure, governance, and operating arrangements as described above in this report.

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