Roundtable on Financing Water

Innovative Water Financing Mechanisms

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11th China-Europe Water Platform (CEWP)
High Level Dialogue Conference

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OECD
BETTER POLICIES FOR BETTER LIVES

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OECD work on water economics and finance

- **Climate adaptation (too much, too little water)**
- **Water quality (Polluted water)**
- **Water finance and economics**
  - Economic analysis, economic instruments and regulation
  - Water investment data tracking: typology of water investments and Global Observatory
  - Roundtable on Financing Water
  - Enabling environment for investment in water security
  - Financial materiality of water-related risks
  - Public Development Banks for Water Initiative
- **Water governance**
- **Regional and National Policy Dialogues**
- **Global Commission on Economics of Water**

Water policy dialogues (at national & regional levels)

Water policy dialogues

- Facilitating water policy reforms at national level
  - Water policies
  - Finance
  - Governance
  - Water quality, water quantity, floods, droughts
- Demand-driven: countries decide on priority areas and scope
- OECD member and non member countries

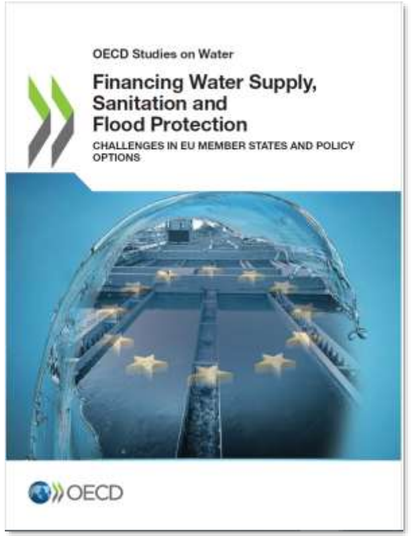
Recent and ongoing dialogues

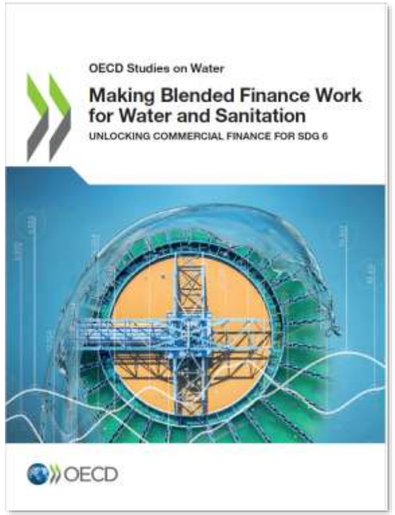
Examples of themes and focus areas

- Financing investments in water *(Indonesia, Mongolia, Senegal, Thailand, Uzbekistan)*
- Economic instruments and water charges *(Brazil, Korea)*
- Economic regulation *(Estonia, Indonesia, Lithuania, the Philippines, Saudi Arabia, Senegal)*
- Water demand management / water allocation *(Korea, Mongolia, Saudia Arabia, Thailand)*
- Land Value Capture *(Indonesia)*
- Governance improvements *(Brazil, the Netherlands)*
- Best Available Techniques for industrial emissions *(Mongolia)*
- Innovation and technology *(Indonesia, Korea, Mongolia, Thailand, Uzbekistan)*

Roundtable on Financing Water: Main objectives

- **Advance research and understanding of financing challenges and solutions for water-related investments, globally and regionally**
  - Conduct comprehensive analytical work to identify and address gaps in quantitative and qualitative research.
  - Enrich these findings during Roundtable meetings to generate policy-relevant research and messages.
- **Leverage in-depth analyses to bring together the financial and water communities** and engage a diversity of actors from the Global North and Global South
  - including governments, regulators, private financiers, development finance institutions, bilateral donors, international organisations, academia and civil society organisations.

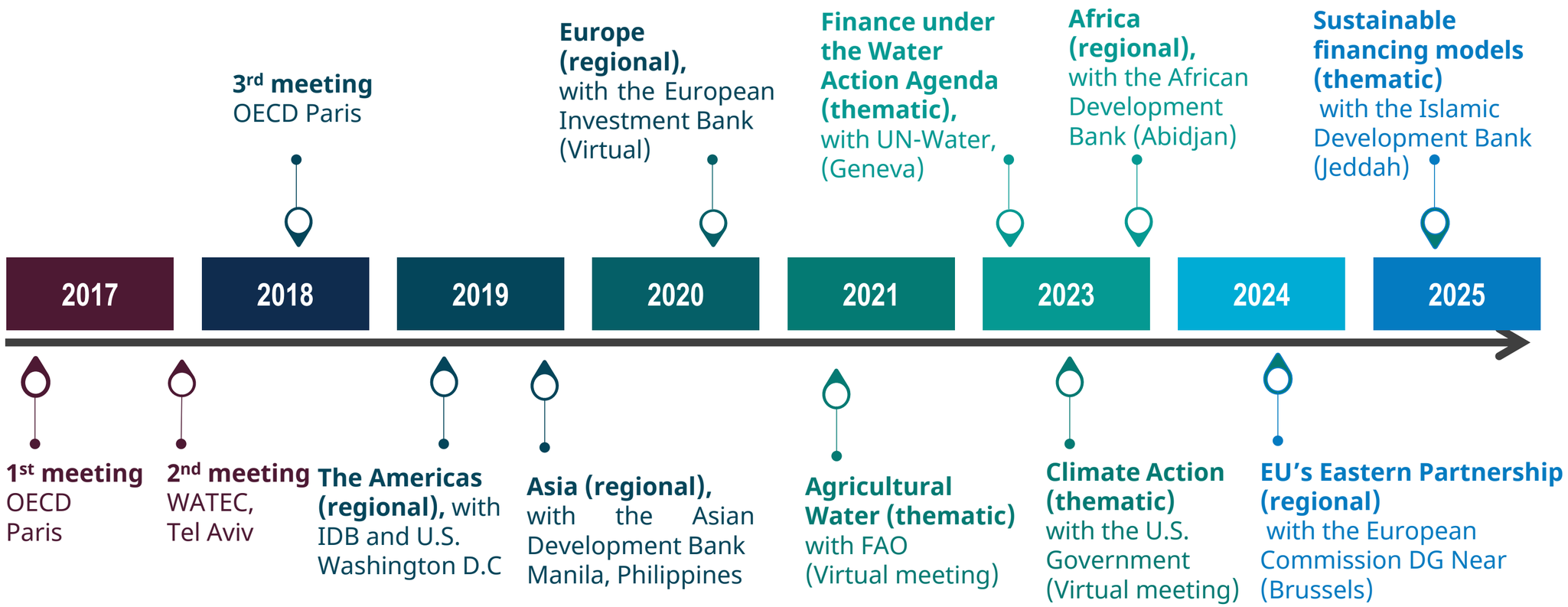




Roundtable on Financing Water: Track record

12 Roundtable meetings organised, and related analytical work, in collaboration with host institutions.

- **Regional focus** (Africa, Asia, Europe, America)
- **Thematic focus** (sustainability of water investments, water for agriculture, climate finance for water, etc.)



12th Roundtable on Financing Water: Strengthening the sustainability of water investments: *Alternative approaches and models*

Aim

Explore funding and **financing models** that can foster **greater sustainability and resilience of water investments**, including that:

- Take a balanced approach to **risk-sharing**;
- Adopt a strong focus on **asset maintenance**;
- **Incentivise delivery of results** in line with customer needs and desirable outcomes.

Key themes & analyses

- **Restructuring finance for water** with emphasis on the quality of finance and a better sharing of risks and rewards
- Redesigning **Public-Private Partnerships** for water: Balancing risks, focusing on results
- Unlocking capital markets for water: Leveraging **bond finance** to invest in water security
- Restructuring **blended finance** mechanisms for water
- Examining **results-based financing** and its potential for financing sustainable water investments
- Promoting social equity through water investments, including through philanthropy and social finance
- Exploring the untapped potential of **Islamic finance** for sustainable water investments

Out-comes

- 4 background papers that will feed into **a forthcoming OECD monograph**
- Aiming to inform the **finance agendas** of the **UN 2026 Water Conference** and the **11th World Water Forum** in 2027

Key facts

- Over **300 participants** from across the globe and from a wide range of stakeholders
- Participation **of 3 Ministers**: KSA, Senegal and UAE (co-hosts of UN 2026 Water Conference & 11th WWF)
- **10** thematic **sessions**, 2 side events

Planned Roundtables on Financing Water in 2026 could help move the agenda

Water and Financial Stability

21-22 May 2026
Madrid, Spain

- Build on analytical work for identifying, assessing and managing water-related risks across financial systems and economies, and elevate understanding across government agendas.
- Advance understanding of opportunities for financial authorities to address water-related risks in financial systems, for policies across sectors to be mutually reinforcing with water security objectives, and for water actors to engage on water-related risks with economic and financial decision-makers.
- Determine actionable insights and pave the way for impactful interventions in managing water-related risks.

Co-convened with the Bank of Spain, Network for Greening the Financing System (NGFS) and CDP (FCDO - UK)

Financing freshwater ecosystem conservation and restoration

13-14 October 2026
Beijing, China

- Highlight the strong dependencies of our economies on healthy freshwater ecosystems, while underscoring the current shortfall in financing and funding for large-scale conservation and restoration efforts
- Explore opportunities, barriers, and good practices in financing freshwater ecosystem conservation and restoration
- Identify the enabling conditions required to scale and sustain these efforts.

Co-convened with the European Commission and the Ministry of Water Resources of China

Finance and investment for a just water future

Q3/Q4 2026
Geneva, Switzerland (TBC)

- Enhance the efficiency and targeting of public expenditure, including through public-private partnerships and improved targeting of water subsidies
- Unlock finance for just and equitable water investments, including through the conceptualisation and operationalisation of Just Water Partnerships
- Value water in global supply chains, so as to provide the basis for fairer water footprints

Co-convened with UN-Water and Switzerland (TBC)

Why a focus on financing freshwater ecosystem restoration?

Based on OECD's work on water quality to include an ecosystems perspective

- The **OECD Council Recommendation on Water** considers an **ecosystems** perspective.

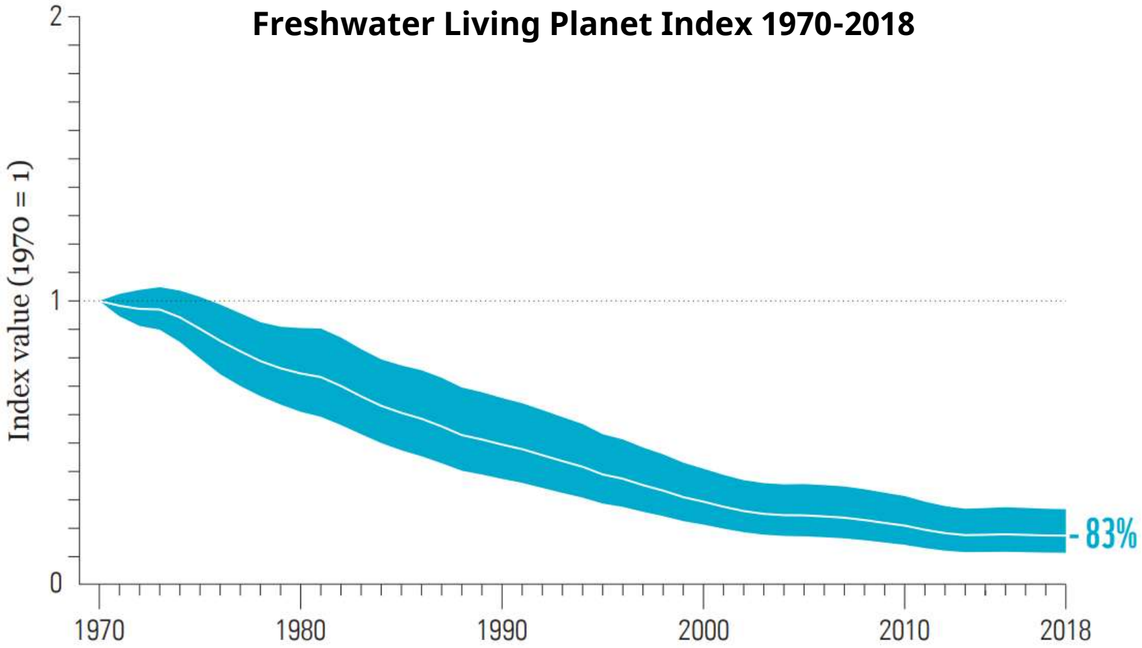
"Assess the investments necessary to achieve the desired level of water quality **and to protect and restore water-related ecosystems**, taking account of cost-effectiveness related to human and ecosystem health benefits."

- OECD Water quality work up to now has mostly focused on **pollution drivers and monitoring**…

Freshwater biodiversity loss and key drivers

Freshwater biodiversity has fallen by 83% between 1970 and 2018; 25% of aquatic fauna at risk of extinction

Freshwater Living Planet Index 1970-2018



Source: WWF (2022); Sayer, et al., (2025)

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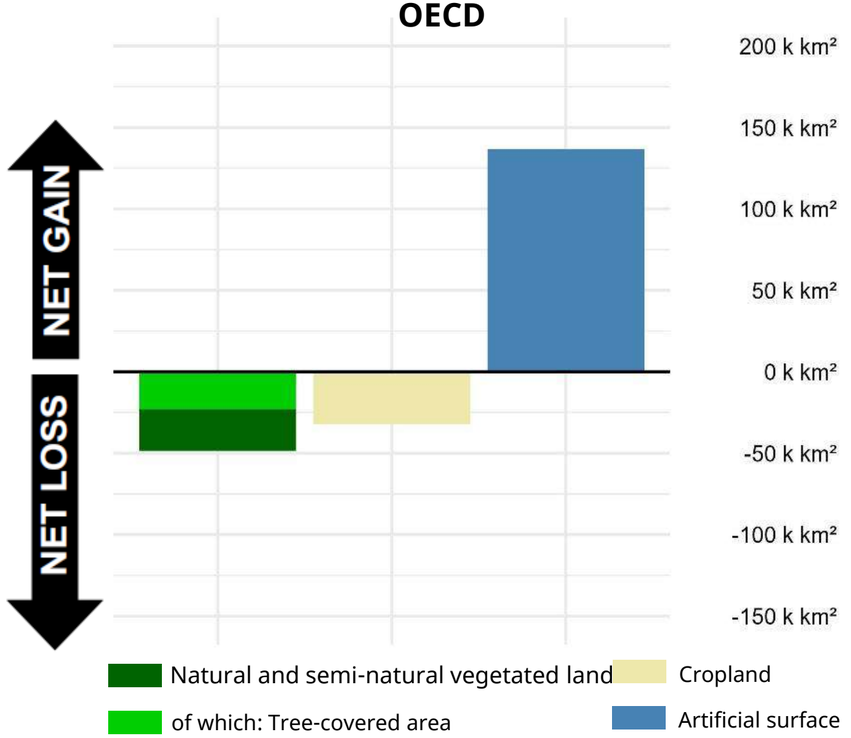
Major land cover conversions in OECD



Source: OECD (2025)

Land cover change plays a considerable role with regards to freshwater ecosystem health

- Local and regional rainfall patterns, sedimentation, runoff, groundwater recharge, habitat (GCEW 2024)
- OECD countries: 50 000 km² of natural and semi-natural vegetated land loss since 2000 (OECD, 2025)

Roundtable on Financing Freshwater Ecosystem Restoration

Objective: map out key investment areas, barriers, and good practices in financing freshwater ecosystem conservation, sustainable management and restoration and identify enabling conditions needed to support increased financing of these activities

Event details

- 2 days in Beijing, China, 13-14 October (TBC)
- Co-convening partners: OECD and partners in the Roundtable on Financing Water, EU Delegation to China and Ministry of Water Resources of China through the EU-China Water Cooperation Project

Key areas

1. The case for investing in freshwater ecosystems conservation and restoration
2. Tracking funding and investment in freshwater conservation
3. Funding what works: defining types of investments needed, identifying high-impact and bankable freshwater projects and initiatives
4. Mobilising public and private sector funding and financing for investing in freshwater ecosystems

Background notes

- Case studies on financing freshwater restoration: China, European Union and other countries
- OECD: roles of public development banks (PDBs) in deploying finance for freshwater ecosystem restoration

Outcome document

- Policy recommendations to scale up funding and finance for freshwater ecosystem conservation and restoration

Case studies from China (planned publication)

1. Financial Support for Water Conservancy Construction (Bank Loans and green bonds)

- Preferential Loans + Hybrid Financing: Qingdao Guanlu Reservoir, Shandong Province;
- Government Subsidies Combined with 'Debt + Loan' Financing: Jiaohua Reservoir, Hunan Province
- Green Water and Mountains Loan' (loans for protecting ecosystems): Coastal and Riverside Comprehensive Improvement Project, Rui'an Economic Development Zone, Zhejiang Province
- Green Bond Financing: Beijing Drainage Group's Water Conservation Green Bonds

2. Cases of Attracting Social Capital

- Xinjiang Dashixia Water Conservancy Hub Project: Integrated Operation of Fundraising, Investment, Construction and Management
- Zhejiang Kaihua Reservoir: Exploring 'Industrial Development + Concession Operation'
- Anhui Fenghuangshan Reservoir: Coordinating Incremental Development with Revitalising Existing Assets
- Hunan Daxingzhai Reservoir: Resource Integration Development Exploration
- Chongqing Fengdu County Small Reservoirs: Combined Reservoir and Aggregate Resource Development
- South-to-North Water Diversion Middle Route Project: Expanding Equity and Debt Financing Scale
- Guangdong Pearl River Delta Water Resources Allocation Project: Establishing Diversified Investment and Financing Framework
- Shanxi Longhuakou Water Diversion Project: Implementing Project Investment Through Multiple Measures
- Meijiang Irrigation District, Jiangxi: Implementing Operational Spin-offs
- Modernised Irrigation District, Litong District, Ningxia: Dual-Pronged Approach to Deepening 'Four Reforms'
- Water Network-Water Services Integration in Guizhou: Forging the 'Four-in-One' Zunyi Model
- Xiang Riverbank Restoration, Hubei: Integrated Bundling of Associated Projects

3. Water Pricing and Water Resource Tax Reform Cases

- Shanxi Province Longmen Water Supply Project Industrial Water Pricing Reform
- Hebei and Liaoning Provinces Water Resource Fee-to-Tax Conversion

4. Water Rights Trading Cases

- Jiangsu Province Suqian City Yanghe New District Groundwater Extraction Rights Trading
- Zhejiang Province Jiande City and Chun'an County Regional Water Rights Trading
- Hebei Province Yuanshi County Inter-Farm Household Water Rights Trading
- Shanxi Province Lingxi County Reclaimed Water Trading

5. Contractual Water Conservation Management Project Cases

- Contractual Water Conservation Management Project at China People's Public Security University
- Contractual Water Conservation Management Project at Ruian People's Hospital
- Contractual Water Conservation Management Project at Fengnan Iron and Steel Company, Hebei Zongheng Group
- Contractual Water Conservation Management Project for Modernised Irrigation District Construction in Litong District, Ningxia
- Contractual Water Conservation Management Project at Xiangshan Water Group, Zhejiang Province

6. Water Ecological Product Value Conversion and Trading Cases

- China's First Soil and Water Conservation Carbon Credit Transaction in Changting County, Fujian Province
- Ecological Product Value Transaction in Shimenkeng Small Watershed, Anji County, Zhejiang Province
- China's First Cross-Provincial Ecological Compensation Mechanism in Xin'anjiang River Basin
- China's First Realisation of Ecological Product Value for Water Conservancy Scenic Areas and Happy Rivers & Lakes in Luosheyang, Deqing County, Zhejiang Province

OECD will prepare a background note on the ‘Role of Public Development Banks (PDB) in freshwater ecosystem restoration’

Rationale and research objectives

PDBs can play a significant role in freshwater restoration

- PDBs have a public policy mandate to deliver on national and global freshwater commitments such as the KMGBF and SDGs
- PDBs already play a major role in financing projects that potentially deliver strong co-benefits for freshwater protection (e.g. industrial wastewater treatment, sustainable agriculture)

Objectives of the research

- Provide an overview of the **state of play of PDB involvement in freshwater ecosystem restoration**, sustainable management and protection targets (global and national) and the extent to which PDBs currently mainstream freshwater ecosystems in their policies and actions
- Raise awareness of the **role and benefits of involving PDBs** in freshwater ecosystem protection, particularly as these are institutions set up to achieve public policy objectives
- Provide insights into what **finance and funding models** involving PDBs have proven to be successful to support freshwater ecosystem investments to date
- Provide **recommendations on how national policies and PDBs can be better aligned** to stimulate freshwater ecosystem protection investments

Links with 2026 UN Water Conference

2026 UN Water Conference Interactive Dialogues	Activities led by OECD and partners	Expected outputs	Expected outcomes and impacts
Water for people Co-chairs: Ghana and Switzerland	**Roundtable on Financing Water: Finance and Investment for a Just Water Future, Geneva, Q4 2026**	• **Guidelines for operationalizing Just Water Partnerships / Compacts + a few Just Water Partnerships established**	• **Investments for water are systematically tracked** • **Investments for water security significantly increase and are more effectively deployed and better targeted, including to restore and sustainably manage freshwater ecosystems and to reach those who need them most**
Water for prosperity Co-chairs: China and Spain	**Roundtable on Financing Water: Financing freshwater ecosystems restoration, Beijing, October 2026**	• **Guidelines on increasing the effectiveness and targeting of public investment and domestic resource mobilization (including through Public Development Banks)** • **Guidelines on blended finance models for financing freshwater restoration**	
Water for planet Co-chairs: Egypt and Japan			
Water for cooperation Co-chairs: Finland and Zambia			
Water in multilateral processes Co-chairs: Germany and Mexico			
Investments for water Co-chairs: France and South Africa	**Convening and analytical work: developing a globally accepted typology of investments for water**	• **Typology of water investments** • **Global agreement and operational framework/partners identified for tracking water investments and consolidation of a global finance hub**	
	Roundtable on Financing Water: Water and financial stability, Madrid, May 2026		
	Water Resilience Finance Forum, Abu Dhabi Dec. 2026 (and associated convening events and analytical work)	• **Declaration similar to *UAE Leaders' Declaration on a Global Climate Finance Framework***	

THANK YOU

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Key link(s)

OECD Biodiversity, water and ecosystems

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