

Sub-Theme: Innovative Financing Model for Water Infrastructure

Topic: Innovative Finance Models in Water Sector

Background:

India's water sector faces increasing fiscal pressure due to rising capital costs, operation and maintenance (O&M) requirements, climate variability and the need for universal access to safe drinking water and sanitation. Traditional budgetary financing alone is insufficient to meet these challenges at the scale and speed required. Innovative finance models are therefore essential to mobilise additional resources, enhance efficiency, improve service delivery and ensure long-term sustainability of water infrastructure. Some of such models include Public-Private Partnerships (PPP) in Water Infrastructure, Blended Finance and Risk Mitigation Instruments, Outcome-Based and Performance-Linked Financing, User Charge Rationalisation and Sustainable O&M Financing, Revolving Funds and Pooled Financing Mechanisms, Municipal Bonds and Water Utility Financing, Carbon Finance and Climate-Resilient Water Infrastructure, Asset Monetisation and Land Value Capture, and CSR and Community Co-financing Model. However, water sector financing in India will increasingly rely on integrated models combining public funding, private capital, multilateral assistance and performance-linked mechanisms. Strengthening utility finances, ensuring robust governance frameworks, improving project preparation and institutionalising outcome-based payments will be critical to scaling these models while safeguarding affordability and universal access. Innovative finance in the water sector thus offers a pathway to achieving water security, sustainability and service delivery goals under national missions such as Jal Jeevan Mission, AMRUT, Namami Gange and the National Water Mission. Some of the key stakeholders include Government sector, Utilities and Corporates, Finance and Insurance companies, Civil Society and Communities, as well as International stakeholders such as Multilateral Development Banks & Funds, Networks and Initiatives, Private Sector & Investors and Development & Technical partners.

Objective: The objective is to educate the audience on the various innovative financial models for funding of water resources projects, both for capital costs as well as O&M.

Expected Outcome: The above session would set the ball rolling where the traditional Government sector funding for water resources projects, and question mark on their financial viability, would be explored through innovative and fiscally healthy models.