

SPEAKING POINTS UfM DSG Abadi

COP27

Event: *“Finance for Climate Resilience in the Mediterranean and Africa: Water-wise Adaptation
15 November 2022*

****CONCLUSION REMARKS****

- I thank the organizers of this session, among which the Union for the Mediterranean is, for asking this crucial question: how to accelerate the financing of climate resilience in the field of water in the Mediterranean and Africa?
- I could refer to the scientific statistics that have been mentioned many times in the last days since this Climate Conference started: that the Mediterranean region warms 20% faster than the rest of the world, that freshwater availability is set to decrease by 15%, that within 20 years, more than 250 million people will be classified as “water-poor”, that the Mediterranean is facing severe water scarcity as it is holding a meagre 2.6 % share of global water resources for a population of more than 530 million (7% of global population). With natural conditions being unfavorable, the water resources management becomes even more challenging.
- However, by this time we all present here today are well aware of the dire situation our world, our regions, is facing.
- It is evident that the recent climate-related events that the region has suffered (droughts, floods, lack of rainfall) is causing stress across the economic and social spectrum.
- The scenarios ahead of us are indeed difficult and dramatic. Even more so if we realise that these forecasts seem to be becoming true earlier in time than expected.
- Access to finance will be crucial to adapt to climate change and mitigate the effects of global warming. Vulnerable and developing countries would need between \$160 billion and \$340 billion by the end of the decade to make climate-related changes, and up to \$565 billion by 2050, according to a recent UNEP report. As said by UN Secretary-General, António Guterres, “Adaptation needs in the developing world are set to skyrocket to as much as \$340 billion a year by 2030. Yet adaptation support today stands at less than one-tenth of that amount,” “The most vulnerable people and communities are paying the price. This is unacceptable.”
- We have to work relentlessly to create opportunities for private investments to take place in the developing world. More private investments are needed to help developing countries to meet their climate change targets.
- That is why international and intergovernmental organisations like the Union for the Mediterranean, who live committed to contribute to make our societies more equitable,

peaceful, and resilient for men and women, within a dialogue-driven Mediterranean, are launching programmes and initiatives that can mobilise regional stakeholders and help them implement inclusive and sustainable solutions.

- In the context of water finance and investment, the UfM Secretariat has co-organised on 17th-18th October 2022 the Union for the Mediterranean (UfM) and the European Union (EU) Delegation in Egypt the **High-Level Conference on Water Finance and Investment**, in partnership with the Egyptian Ministry of Water Resources, in order to support progress towards achieving water security in the Mediterranean by providing a high-visibility platform for policymakers and stakeholders to discuss how to further improve water finance and investment policies in Mediterranean countries in the face of climate change
- The High-Level Conference brought together the Mediterranean water policy community to discuss how to strengthen water finance and investment policies to address the climate emergency
- One of the main deliverables of this High-level Conference on Water Finance and Investment was the **High-Level Action Agenda on Water Finance and Investment for Climate Resilience**.

THE CAIRO ACTION AGENDA

- 1. Adopt a strategic approach to enable the water-related sectors to contribute effectively and efficiently to addressing the climate emergency.** Invest in knowledge to enable evidence-based policy-making. Elaborate long-term strategies (linked to action plans and key performance indicators). Improve governance (leadership, stakeholder involvement, cross-sectoral coordination, finance framework). Encourage stronger engagement of the private sector.
- 2. Make the case for investing in water as part of national climate adaptation and mitigation strategies.** Invest in understanding the benefits of water investments for agriculture, energy, urban and rural development, transport, health, education, environment, and other sectors. Engage with those sectors to discuss those benefits and how to realize them. Assess how water-related investments (e.g., water and energy efficiency, use of renewable energy, water reuse, hydropower generation) can contribute to national mitigation goals.
- 3. Integrate climate change risk in water investment policies and planning.** Assess current water investment policies at national level and revise them to integrate climate risks. Adopt a gender transformative approach to investment policy development and implementation. Implement the recommendations of the 2021 EU-UfM Water Investment Policy Forum. Use basin and catchment management plans to articulate coordinated multi-sectorial investment programmes.
- 4. Develop a climate-smart portfolio of water projects.** Move away from the traditional focus on supply-augmentation. Invest more on soft solutions (e.g., national water allocation, tenure, insurance), nature-based solutions, and hard solutions that support a circular economy (e.g., water reuse). Invest more on water-saving (e.g., modern irrigation, network rehabilitation) and cost-saving measures (e.g., energy recovery and efficiency).
- 5. Strengthen national water finance frameworks to ensure that the water sector is ready to address the climate emergency.** Define the contributions of user and polluter charges (tariffs), public budgets (taxes) and development and climate grants (transfers) as sources of finance to ensure the financial sustainability of projects and programmes – possibly through the development of a national water finance strategy, building on the UfM Financial Strategy for Water. Undertake institutional, policy and

regulatory reforms to strengthen the enabling environment for attracting public and private financiers (repayable finance) – possibly supported by a regional initiative. Build capacities to develop beneficial projects that offer a fair risk-reward balance. Use water tariffs to help reduce sector costs (through water demand management) and to increase sector revenues, while providing targeted support to ensure that services remain affordable.

- 6. Mobilise and use climate finance strategically.** Don't let the climate finance "tail" wag the water investment "dog": formulate the investment programmes and projects that make sense, identify the "climate additionality", and then look for the climate finance source that is the best match. Engage in a whole-of-government approach to climate finance -- avoiding competition among sectors and duplication of efforts and capacity needs. Use climate finance as part of blended finance, to attract private investors.
- 7. Use partner support to identify and implement water finance and investment policy reforms.** Engage meaningfully in policy dialogue opportunities offered by the EU's Team Europe Initiatives on Water and other partners to identify priority policy reforms: whether through TA recommendations, donor coordination mechanisms, or annual sector reviews. Use financial resources mobilized by the EU and other partners to support the implementation of policy reforms. Lead the coordination of partners, don't play them against each other. Take part actively in regional initiatives that aim to support the implementation of this Cairo Action Agenda.

Water scarcity is acute in the Mediterranean region due to climate change, but its impacts extends to Europe and Africa. Scientific statistics show that the Mediterranean region warms 20% faster than the rest of the world, 15% less water is expected in another 20 years to come. We have 250 Million people in the Mediterranean and North Africa are suffering from water stress and are considered water poor. The climate emergency in our region, Africa and some parts of Europe is urging us to invest in the water sector if we want to cope with desertification and extreme events such as floods. We have to look at the wise adaption mechanism and to link water portfolio and planning at regional, sub-regional and national levels for the amount of money allocated within the climate funding, such as GCF, GEF and many other institutions.

There is a general consensus that the transition to low-carbon development pathways and climate-resilient will require substantial investment, innovation and financial support.

As the financial gap is significant in the region, there is an urgent need to engage the private sector to mobilise resources, innovation, and knowledge to address climate change. The private sector engagement is needed to identify further sources of funds to complement and enhance the efficiency of donor funding.

However, the effective engagement of private sector engagement in meeting climate emergency requirements depends on many factors, including awareness and sufficient information to evaluate climate change risks, public policy, and the availability of financing.

Successful private sector engagement in climate resilient projects will be a significant catalyzer to pave the way for frequent investments, which eventually could ensure the replicability of climate-resilient technologies and approaches in key development sectors to ensure human development.