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Innovations in Commercial Finance for the Water and Sanitation Sector: The Potential of Investment Platforms for Mobilizing Financing for Development at Scale

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Description / Abstract

Massive amounts of investment are needed to meet the United Nations Sustainable Development Goals for water supply and sanitation. However, several challenges have limited the ability to mobilize commercial finance for the sector, including a complex political economy, high transaction costs and an unclear regulatory environment. Investment platforms are an online tool for bringing together investors and investees more efficiently. While they began as a way to simplify the trading of publicly held stocks, a wave of innovative fintech investment platforms are increasing investment in numerous sectors. Translating this innovation to the water and sanitation sector could help address the challenges that have limited private investment in the sector. An effective investment platform for water and sanitation would need to provide transparency, traceability, auditability, analytics and standardization, and could be extended to support emerging fintech innovations, including blockchain and crowdfunding. Governments and donors can support the development of investment platforms for water and sanitation by encouraging pilot initiatives and creating a supportive regulatory environment.

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