

## GRIF Technical Talks – Webinar #8

### Financial Impact of Covid-19 on Water Service Providers

#### Opening Remarks

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#### Introduction

The Global Risk Financing Facility (GRIF) was created by the World Bank, Foreign, Commonwealth and Development Office (FCDO) and Federal Ministry of Economic Cooperation and Development, Germany (BMZ) in the spirit of innovation, to test and scale up financial solutions in developing countries that are struggling to overcome the financial impacts that climate change, disasters, and other crises have on their economies and the well-being of their people. From its inception GRIF's focus has been on innovating and piloting new Disaster Risk Finance instruments in different sectors and contexts – including infrastructure sectors. In the GRIF Technical Talk Webinar #8 we discuss the Financial Impact of Covid-19 on Water Service Providers, and I would like to highlight that this is the **first time ever any analytical work was undertaken to understand financial impact of shocks on water utilities.**

#### Why did we work on Water utilities?

- **Water and sanitation are fundamental to sustainable development.** In times of crisis, water services become crucial to cope with risks, yet water service providers are often not very well prepared to cope with external shocks, such as the Covid-19 pandemic.
- This has been **evident throughout the COVID-19 pandemic:** Water and sanitation systems have been essential in preventing the spread of the virus. Yet, the pandemic uncovered pre-existing vulnerabilities in sanitation system, changed consumption patterns, and many water suppliers had no financial mechanisms in place to mitigate these impacts of the pandemic.
- On a larger canvas, it is essential to **apply the lessons-learned from the pandemic to the climate crisis.** Climate risks stress water availability, decrease water quality, and threaten water infrastructure. Yet, we increasingly rely on water services to cope with climate change impacts such as during heat waves and droughts.
- Therefore, **water service providers need to become our strategic allies** to make our water and sanitation systems **adaptive, safe, and resilient to cope with future risks.** Here, climate and disaster risk finance and insurance open the opportunity increase the resilience of water service providers towards future risks.

#### Insurance for Critical Infrastructure

Under the InsuResilience Global Partnership, the topic of insurance for critical infrastructure is gaining importance. This includes water supplies and cascading shocks through infrastructure systems. **The recently launched Urban Infrastructure Insurance Facility (UIIF) ([Click here](#)) will support 10 Latin American cities** with the development of tailor-made insurance solutions until 2025 to name just one example. These solutions are expected to strengthen the resilience for up to 7.5 million people. **Germany is supporting UIIF with more than EUR 28 million.**

Following a proposal under the German G7 presidency, the **G7 development ministers agreed to establish a Global Shield against Climate Risks** during their summit in May. The shield aims for enhanced global coordination of activities and more sustained premium support in accordance with the InsuResilience SMART Principles for premium and capital support. Under the shield, country risks settings and needs will be identified carefully - including needs for financial solutions to secure the functioning of critical infrastructure. The Shield will also entail a global financing structure to fund Climate and Disaster Risk Finance Solutions.

#### GRiF Contribution

GRiF will be an important part of this financing structure and will continue to provide grants like the one for water utilities discussed in the GRiF Technical Talks #8 – grants that support innovative approaches in flexible, responsive, and agile way in the face of external shocks.