



Urban Water  
Catalyst  
Initiative

# What is unique about UWCI?





### Shifting the paradigm

UWCI represents a paradigm shift in water sector finance: **From traditional project-finance towards holistic, long-term support of partner utilities.** The goal is to provide technical and financial support in order to strengthen utilities to become financially viable, resource-efficient and climate-resilient utilities. Thus, it provides a new pathway out of aid-dependence for the urban water sector.



### Helping to close the SDG 6 financing gap

UWCI will support urban climate resilience and a portion will be dedicated to extend access to safe drinking water (SDG 6.1) and sanitation services (SDG 6.2) for all, especially in underserved areas and to those most in need (**pro-poor**).



### Results-oriented reform financing

The initiative will offer **corporate financing** and technical support to the **utility as a whole**. Therefore, it is not dependent on project-specific appraisals and can be used where marginal value is highest. This improves overall performance **more quickly and efficiently**, based on pre-defined performance milestones.



### Accelerating utility turnarounds through flexibility

The initiative is a unique global vehicle set up with the purpose of **supporting utility turnarounds** in the most efficient way: This could be technical expert services, operator partnership exchange, grants for operational finance or access to commercial bank loans. Furthermore, the global approach promotes direct exchange between utilities – North-South or South-South.



### Competitive selection process

Participating utilities (“champions”) will be selected through a competitive process based on their **performance and reform-mindedness**.



### Combining financial and technical assistance

The initiative genuinely **integrates technical and financial cooperation through joint implementation and steering of the Technical Assistance and turnaround facility**. UWCI works directly with Dutch, German and European Water Operator Partnership Programmes (total >70 WOPs)<sup>1</sup>. It will source technical assistance and knowledge from well performing utilities and experts worldwide and transfer utility peer know-how on management and operations.



### Tailor-made operational finance

Utilities often struggle to access operational finance for **performance improvements**, especially in regard to improving cash flows, while development finance **is often limited to financing new assets / infrastructure**. **UWCI bridges this gap** by financing urgently needed systemic improvements (e.g., for collection efficiency, digitalization, non-revenue water) that increase utility turnarounds.



### Focus on financial independence in the long-run

The initiative addresses **water and financial sectors** simultaneously as it supports utilities to enter into financing arrangements with domestic banks (TA, guarantee) that will continue after the UWCI's exit. **Local currency lending**<sup>2</sup> will be promoted. Funding will be based on the utility's priority investment needs and plans, and will be **incremental, according to progress made and matching the absorptive capacity of the utility**.

<sup>1</sup> MoU with Dutch WaterWorX WOP programme / VEI and GIZ and KfW signed in 2024.

<sup>2</sup> Local currency lending for water infrastructure investments is sustainable because it reduces the cost of financing for the utility (costs incurred by currency risk are eliminated; also refer to GIZ/DGIS commissioned study “What is holding back the transition to local financing in the water sector?”, 2020).