Recommendations

**Headline Recommendation**
Support programs, such as the HLPW Water Innovation Engine, which foster the uptake of new water-related business models and technologies.

**Challenges**

Business as usual is not sufficient to achieve the water-related SDGs. Growth in population, agriculture, and industry create increased demand for water and new challenges to quality and reliability. Creative breakthroughs are urgently needed: in service delivery models, data collection, water use efficiency and the application of new technologies. But a study commissioned by the HLPW\(^1\) found that the water sector is under-invested in innovation, relative to other sectors such as health.

**Principles for approaching the problems**

The HLPW identified in its Call to Action (September 2016) the need for a transformative agenda to deliver change on a global scale. Reforms to water governance, valuing water, and the environment for water infrastructure investment, recommended by the Panel elsewhere, will be critical to promoting water-related innovation. In addition, specific new initiatives are needed, to kick-start innovation.

**Contributions of the Panel**

The HLPW’s Call to Action and Action Plan (September 2016) identified the importance of encouraging innovation for the achievement of SDG6. The HLPW’s World Water Data Initiative Roadmap (February 2017) and Water Use Efficiency for Resilient Economies and Societies Roadmap (June 2017) also reference the importance of innovation in the water sector.

In order to assess the current situation and potential for water-related innovation, Australia has championed this initiative on the behalf of the HLPW, and commissioned a study of challenge funds and innovation in the water sector (available at: [https://sustainabledevelopment.un.org/HLPWater](https://sustainabledevelopment.un.org/HLPWater), under ‘Documents’). This study notes that: (i) more innovation in water is greatly needed; (ii) investment in innovation has been notably insufficient compared to other sectors; and (iii) technological innovations have received the most investment in the past, despite the urgent need for innovation in areas such as water governance, water data, service delivery models, and water financing.

To complement existing water innovation efforts, a new water specific innovation funding vehicle, the Water Innovation Engine, has been established to encourage coordination and investment in water sector innovation, by bringing together entrepreneurs, new ideas, and flexible financing. The Water Innovation Engine is open for investment, and will take smart risks, find promising entrepreneurs, and make grant, debt, and equity investments to drive change. The focus will be on developing countries, but applications will be invited from all sectors and organizations. Innovators may request grant, debt, or equity funding.

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\(^1\) ‘Challenge Funds and Innovation in the Water Sector’, Results for Development Institute, January 2017.
In its statement of 21 September 2017, the HLPW welcomed the launch by Australia of the Water Innovation Engine. The HLPW members call for other governments and non-government actors to actively support, and partner with, the Water Innovation Engine.

Two challenges are already under way - on getting better water data to data-poor farmers, pursuant to the World Water Data Initiative, being managed by the Global Innovation Fund; and on urban sanitation, being managed by Grand Challenges Canada.

These implementing partners for the Water Innovation Engine will measure impact rigorously and consistently, allowing their donors to measure the social return on investment. They will take smart risks, find promising entrepreneurs, and make grant, debt, and equity investments to drive change.

Also under the framework of the HLPW, in partnership with the Dutch Water Envoy, the International Architecture Biennale Rotterdam (IABR), Architecture Workroom Brussels (AWB), the Asian Infrastructure Investment Bank (AIIB), the Global Center of Excellence on Climate Adaptation (GCECA), and 100 Resilient Cities (100RC), the Water as Leverage program aims to develop innovative and bankable solutions for the existing water challenges in Asian cities with a focus on building climate resilience.

### Findings and conclusions

The Water Innovation Engine supports innovations with the potential for real impact in developing countries. But applications will be invited from all sectors and organizations. Innovators may request grant, debt, or equity funding. Additional challenges will be launched, focused on carefully assessed and identified priorities for water-related innovation, as and when additional funds become available.

The Global Innovation Fund will host the secretariat of the Water Innovation Engine Steering Committee. The Water Innovation Engine’s anchor funder, the Government of Australia, and its partners are seeking financial and technical support from governments, the private sector, bilateral and multilateral development agencies, and non-governmental organizations.

Further information at: [https://www.globalinnovationexchange.org/programs/water-innovation-engine](https://www.globalinnovationexchange.org/programs/water-innovation-engine)