INVESTMENT NEEDS AND FINANCING CAPACITIES IN EU WATER MANAGEMENT

Xavier Leflaive Rotterdam, 15 November 2018





- Water supply
- Sanitation
- Flood management
- Compliance with the Water Framework Directive
- Emerging issues



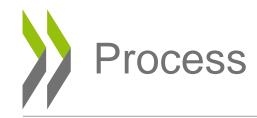


General

- Get a solid basis
- Exchange of best practices
- Support implementation
- Raise awareness

Specific

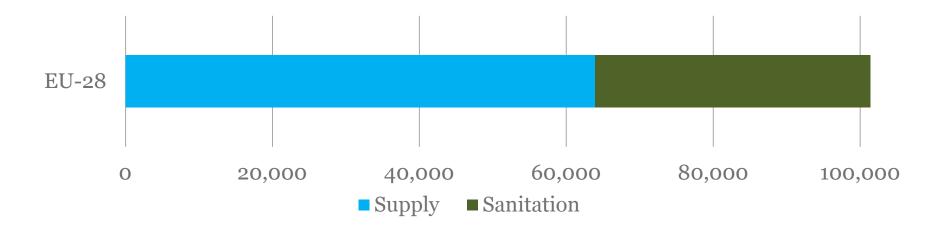
- Common approach to investments needs
- Comparison of financing strategies
- Pro-active dialogue with selected MS



- Assess investment needs
- Identify sources of funding
- 28 country fact sheets
- Consultation of the Member states
- Comparison needs vs potential sources
- Identification of ten Member States "at risk"
- Country visits

Looking back Estimated expenditures – EU 28

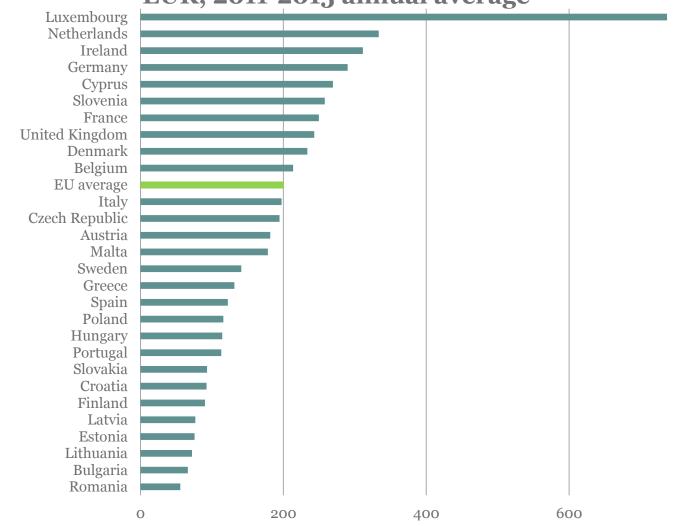
Estimated expenditures for water supply and sanitation for the EU-28 million EUR, 2011-2015 annual average



Note: Likely overestimate of supply-related expenditures (and corresponding underestimate of sanitation) in countries where wastewater-related charged are included in the water bill. *Source*: EUROSTAT (General government expenditure by function, Final consumption expenditure on environmental protection services by institutional sector, Final consumption expenditure of households by consumption purpose, Mean consumption expenditure by detailed COICOP level).

Looking back Estimated expenditures – per capita

Estimated expenditures for water supply and sanitation per capita EUR, 2011-2015 annual average



Note: ibid.

Source: ibid.

Looking back Past financing strategies

Sweden						
Croatia		Household expenditure	data unavailable			vpe vpe vrvi
Ireland						expenditure by function, F environmental protection consumption expenditure consumption expenditure
Luxembourg				_		nr np
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Portugal						se sel).
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Belgium						or, e
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United Kingdom						
Denmark						on Final purpose,
2011-15 0%	20%	40%	60%	80%	100%	Mean
annual					100%	ea
average	Pub	Public budget		Revenues from water tariffs		

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Looking forward Drivers of investment needs

- Business as usual
 - Urban population growth
- Compliance
 - Drinking Water Directive

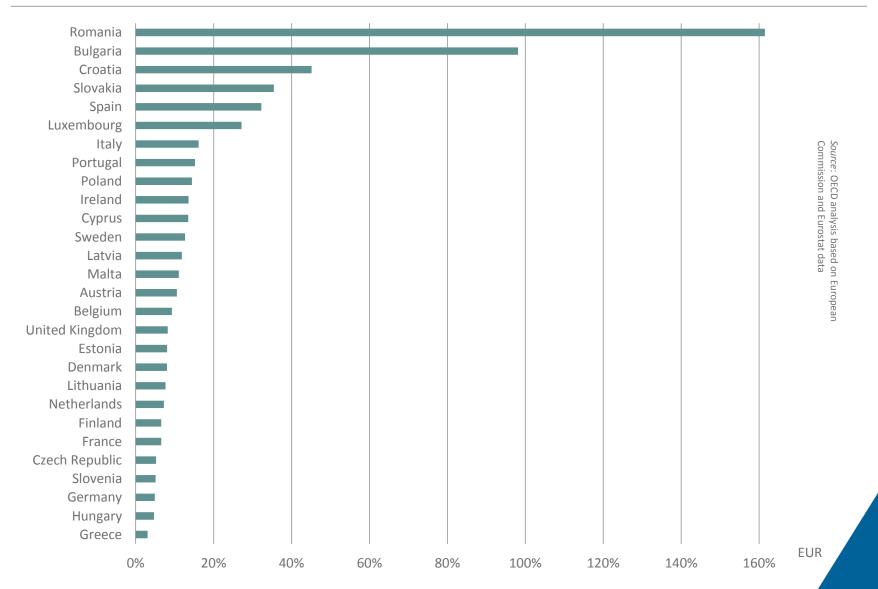


- Water Framework Directive
- Access & Efficiency
- Emerging issues



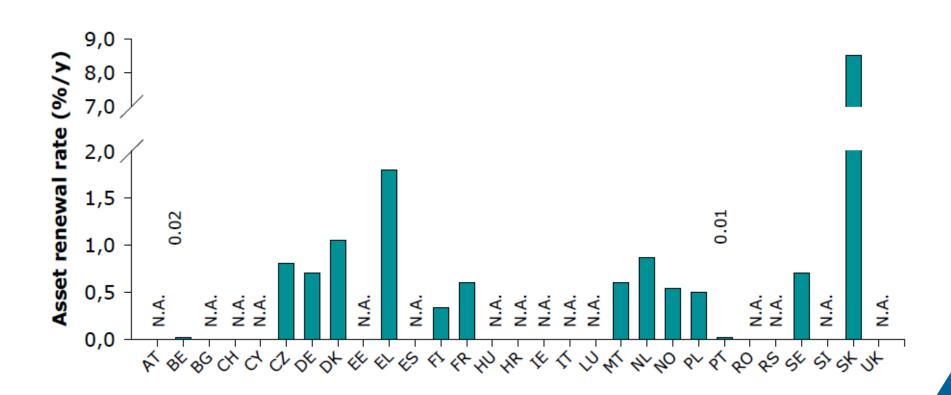


Per Annum additional expenditures by 2030 (*BAU* + *Compliance* + *efficiency*) *vs. baseline*

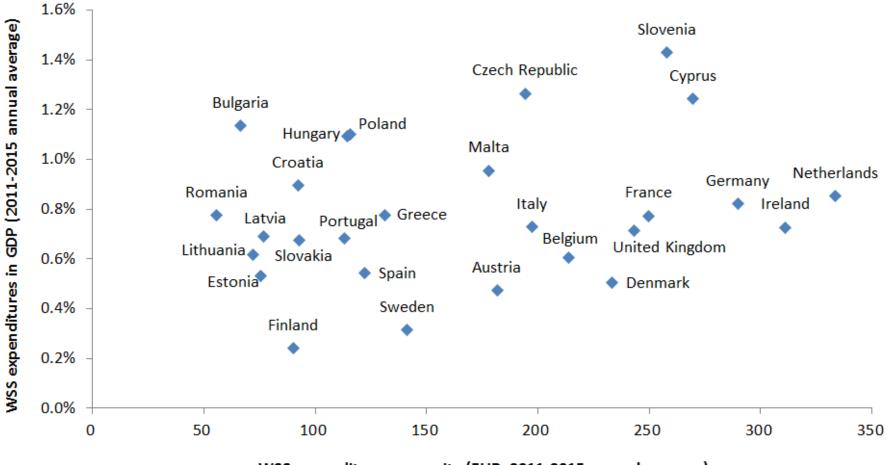


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Looking forward Major uncertainty – the state of assets

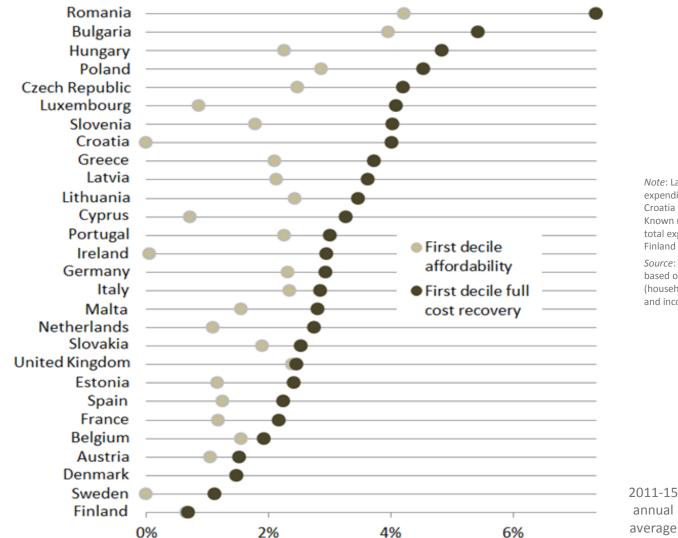


Financing capacities Macroeconomic affordability



WSS expenditure per capita (EUR, 2011-2015 annual average)

Financing capacities Towards full-cost recovery

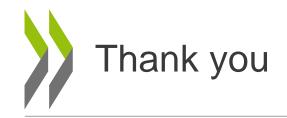


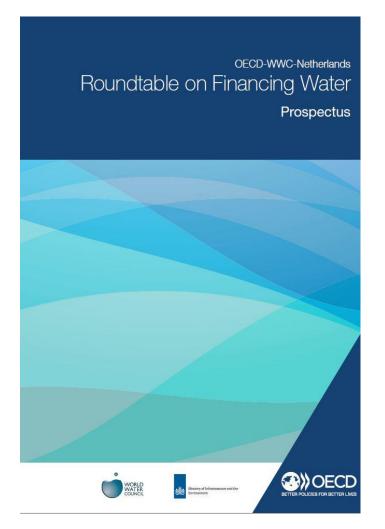
Note: Lack of household expenditure data for Croatia and Sweden. Known underestimate of total expenditures for Finland and Sweden.

Source: OECD analysis based on EUROSTAT (household expenditures and income data)

Looking forward Options to close the gap

- Make the best of existing resources
 - Operate and maintain existing assets
 - Plan and prioritise
- Minimise future costs
 - Avoid building future liabilities
 - Look for low cost options
 - Value flexibility (nature-based solutions)
- Raise additional sources of finance
 - Make polluters and beneficiaries pay
 - Use public finance as a lever
 - Consider setting up intermediaries
 - Value water put water on other agendas





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