



# INVESTMENT NEEDS AND FINANCING CAPACITIES IN EU WATER MANAGEMENT

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# Scope

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



# Rationale

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## 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



# Process

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- Assess investment needs
  - Identify sources of funding

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- 28 country fact sheets
  - Consultation of the Member states

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- Comparison needs vs potential sources
  - Identification of ten Member States “at risk”

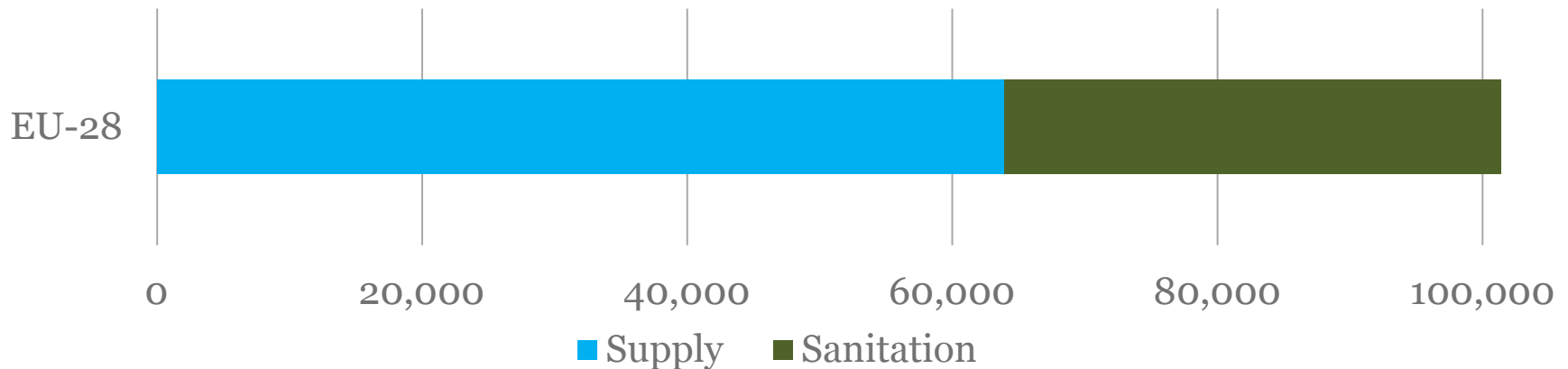
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- Country visits



## 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 charges 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



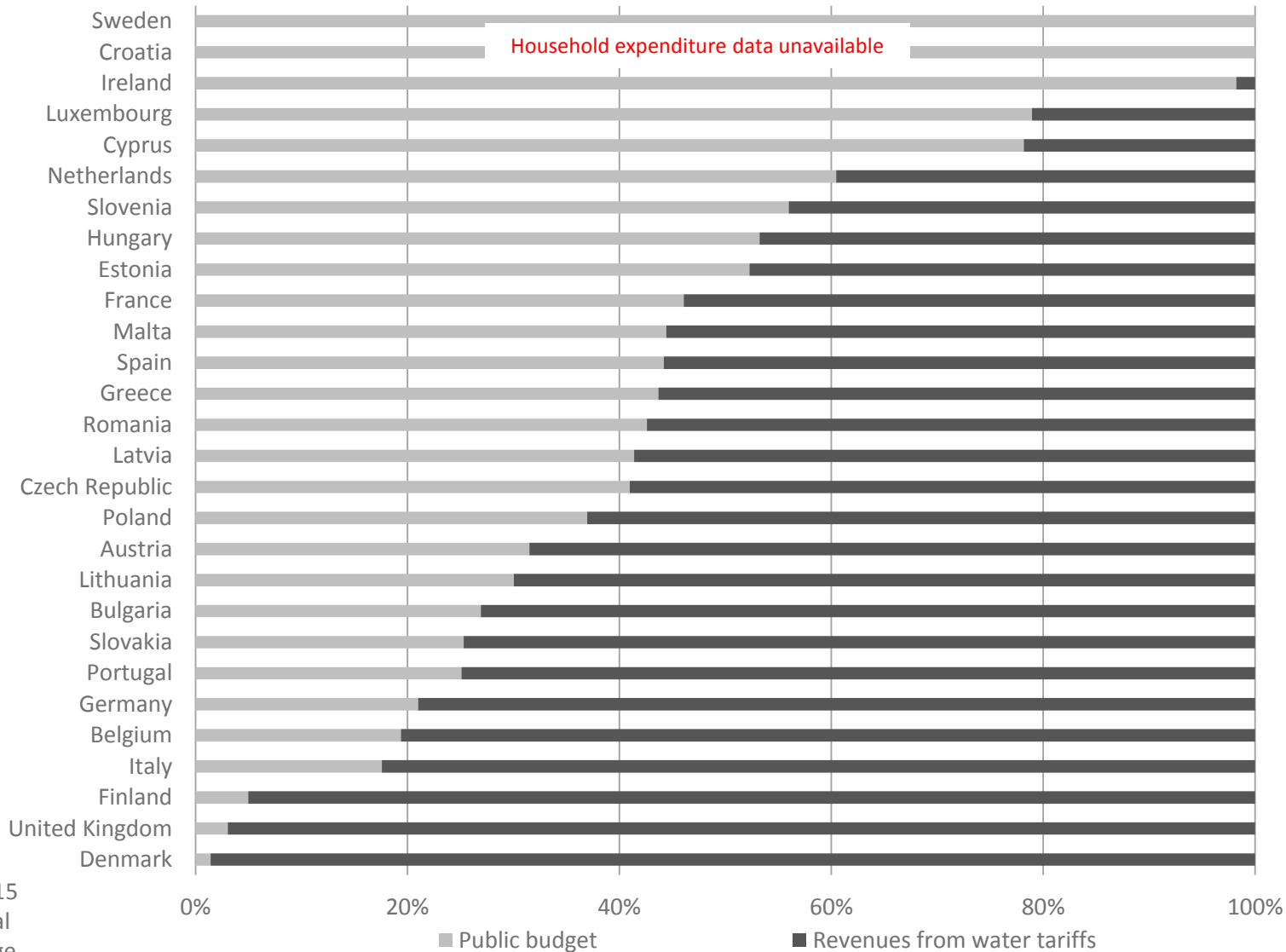
*Note:* ibid.

*Source:* ibid.



# Looking back

## Past financing strategies



Source: OECD analysis based on EUROSTAT (General government expenditure by function, Final consumption expenditure on environmental protection services by institutional sector, Final consumption expenditure of households by institutional sector, Final consumption expenditure by detailed COICOP level).



# Looking forward

## Drivers of investment needs

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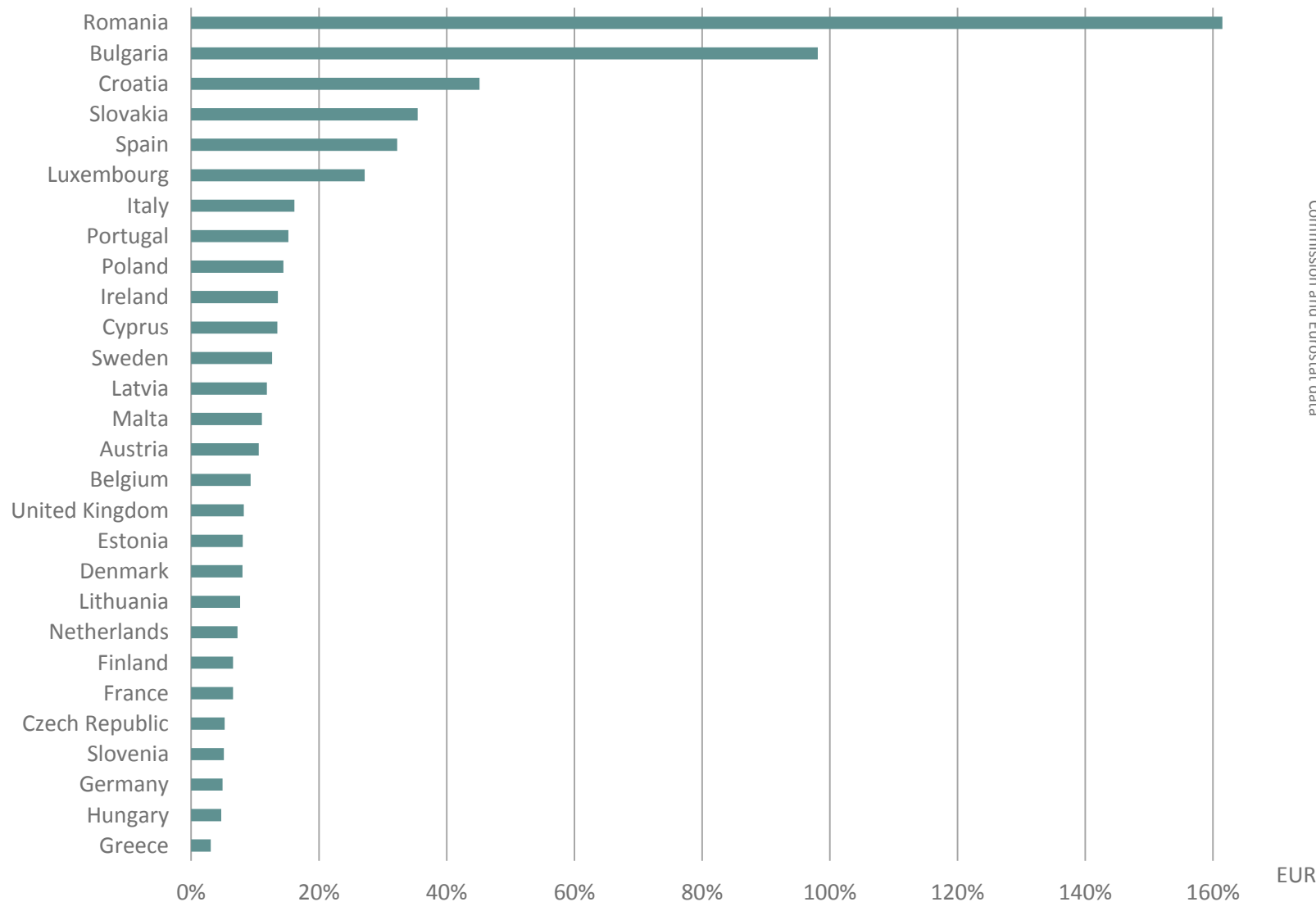
- Business as usual
  - Urban population growth
- Compliance
  - Drinking Water Directive
  - Urban Waste Water Treatment Directive
  - Water Framework Directive
- Access & Efficiency
- Emerging issues







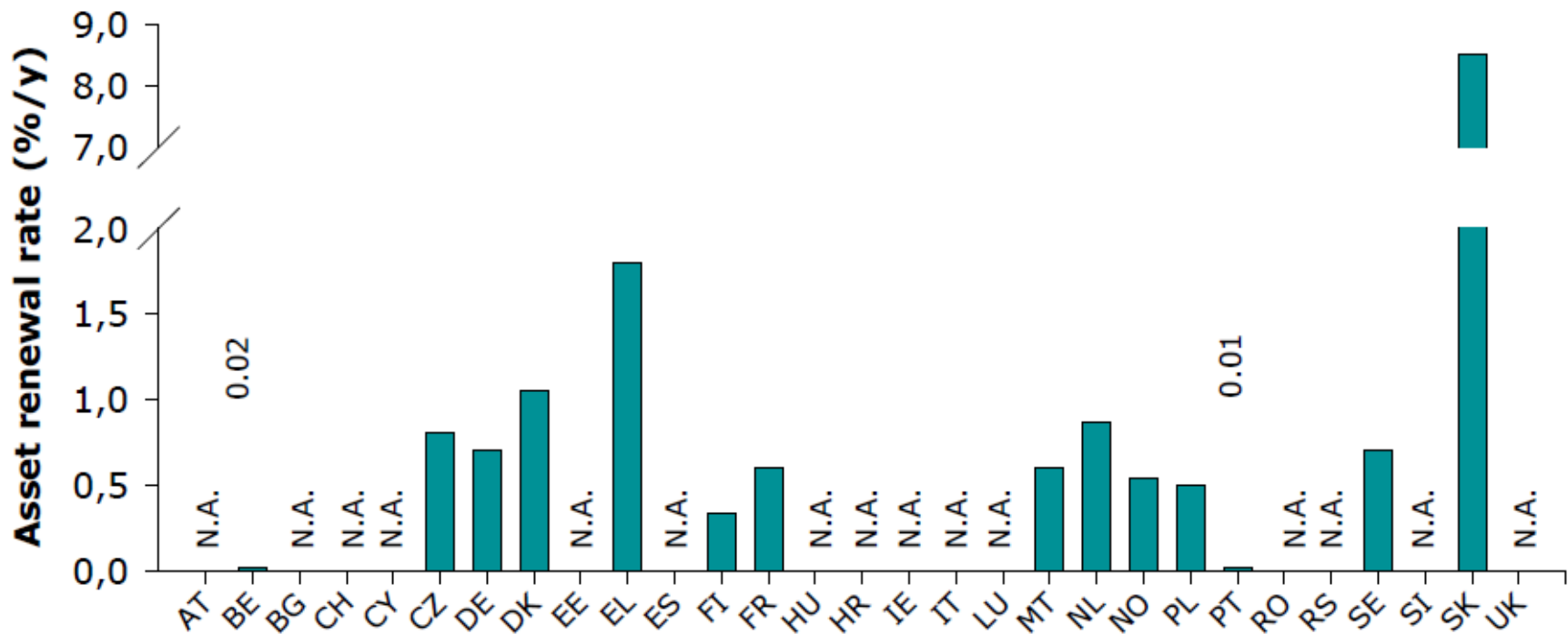
# Per Annum additional expenditures by 2030 (*BAU + Compliance + efficiency*) vs. baseline





# Looking forward

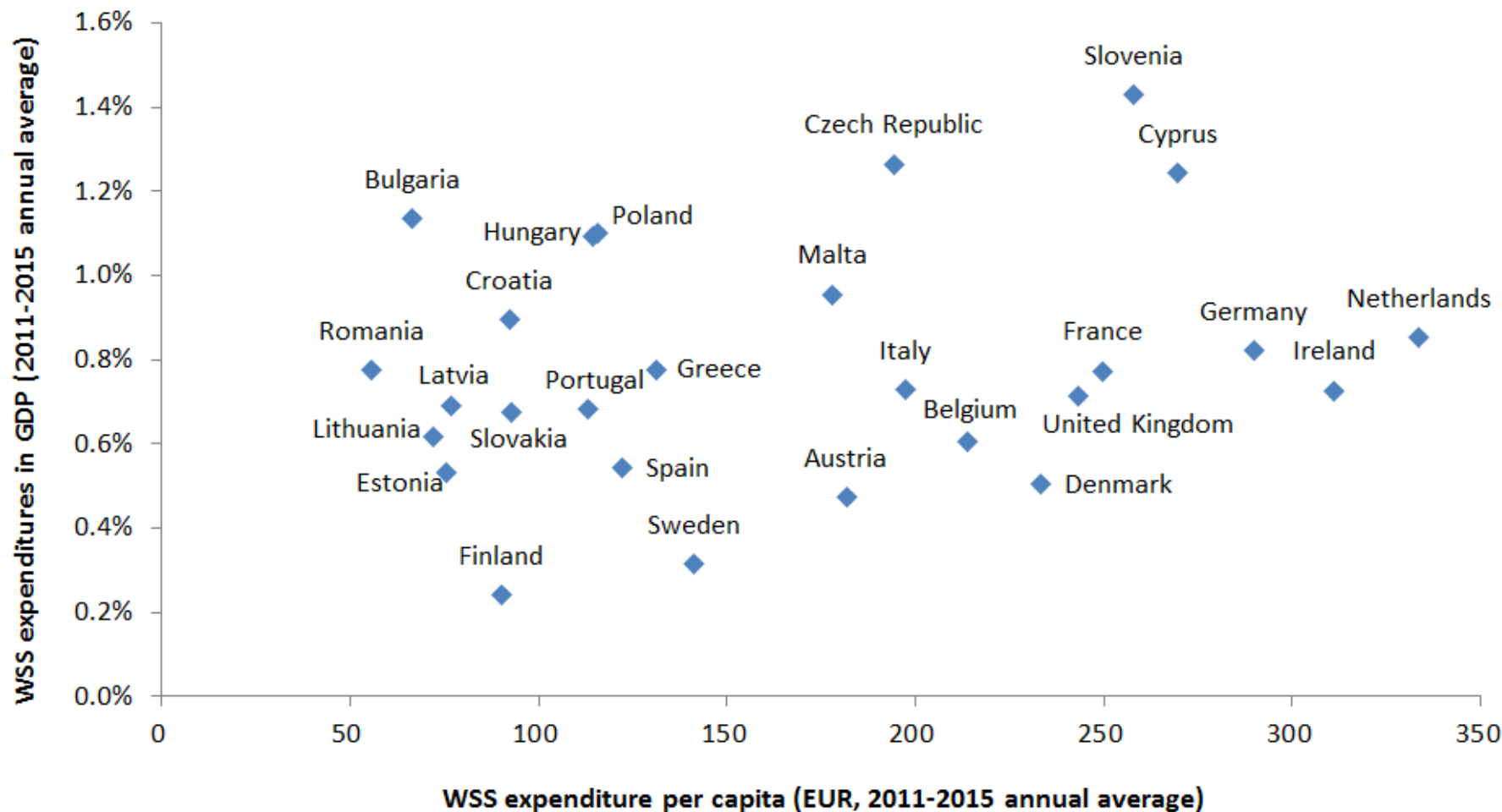
## Major uncertainty – the state of assets





# Financing capacities

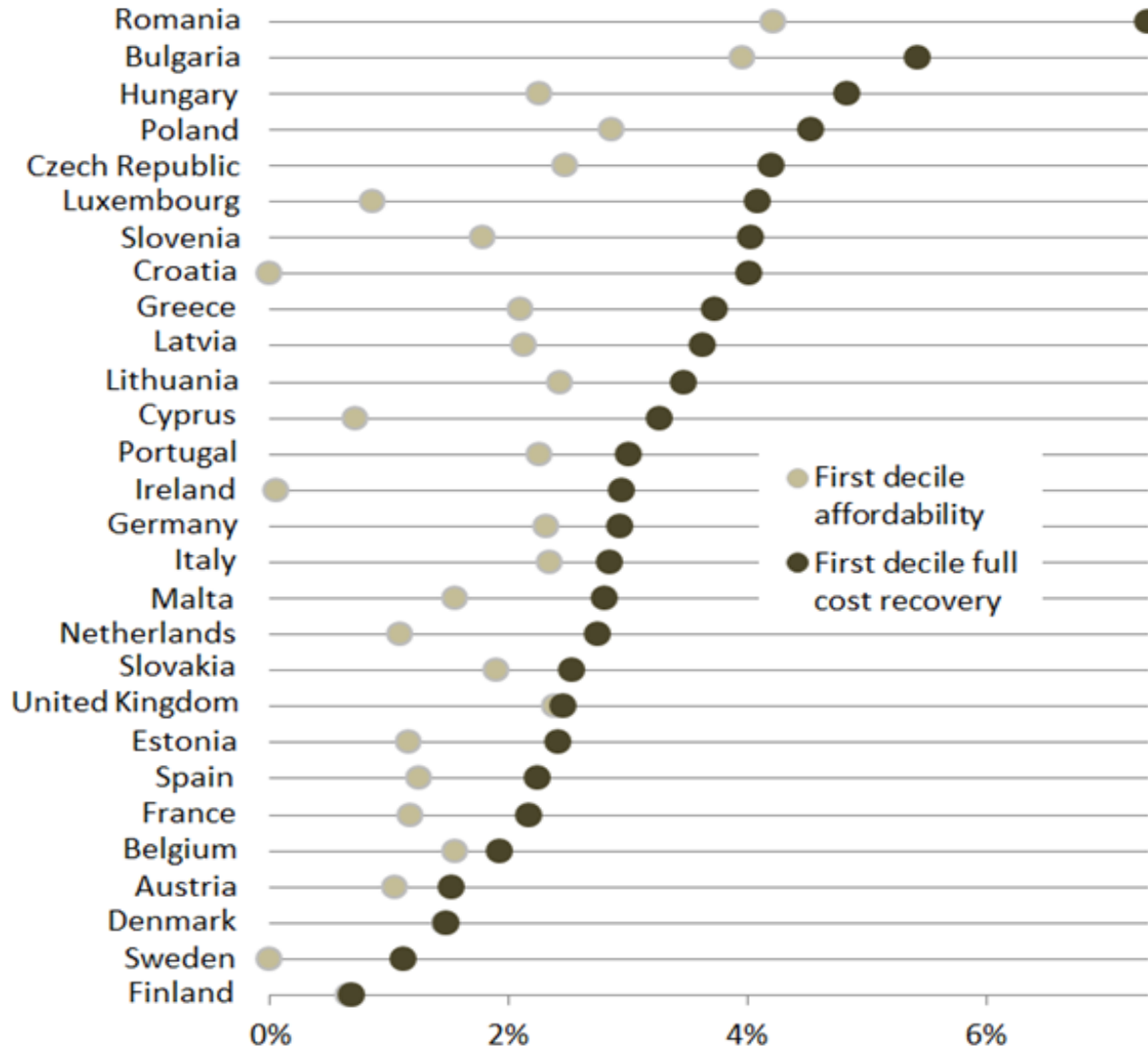
## Macroeconomic affordability



Source: OECD analysis based on EUROSTAT (WSS-related public and household expenditures, GDP, population).



# 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)

2011-15  
annual  
average



# Looking forward

## Options to close the gap

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- 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



# Thank you

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[www.oecd.org/water](http://www.oecd.org/water)