



ASSESSING MEMBER STATES' INVESTMENT NEEDS AND FINANCING CAPACITIES FOR WATER SUPPLY & SANITATION

EEAC Working Group on Fresh Water Affairs
Xavier Leflaive, 19 June 2019

Preliminary findings subject to adjustments



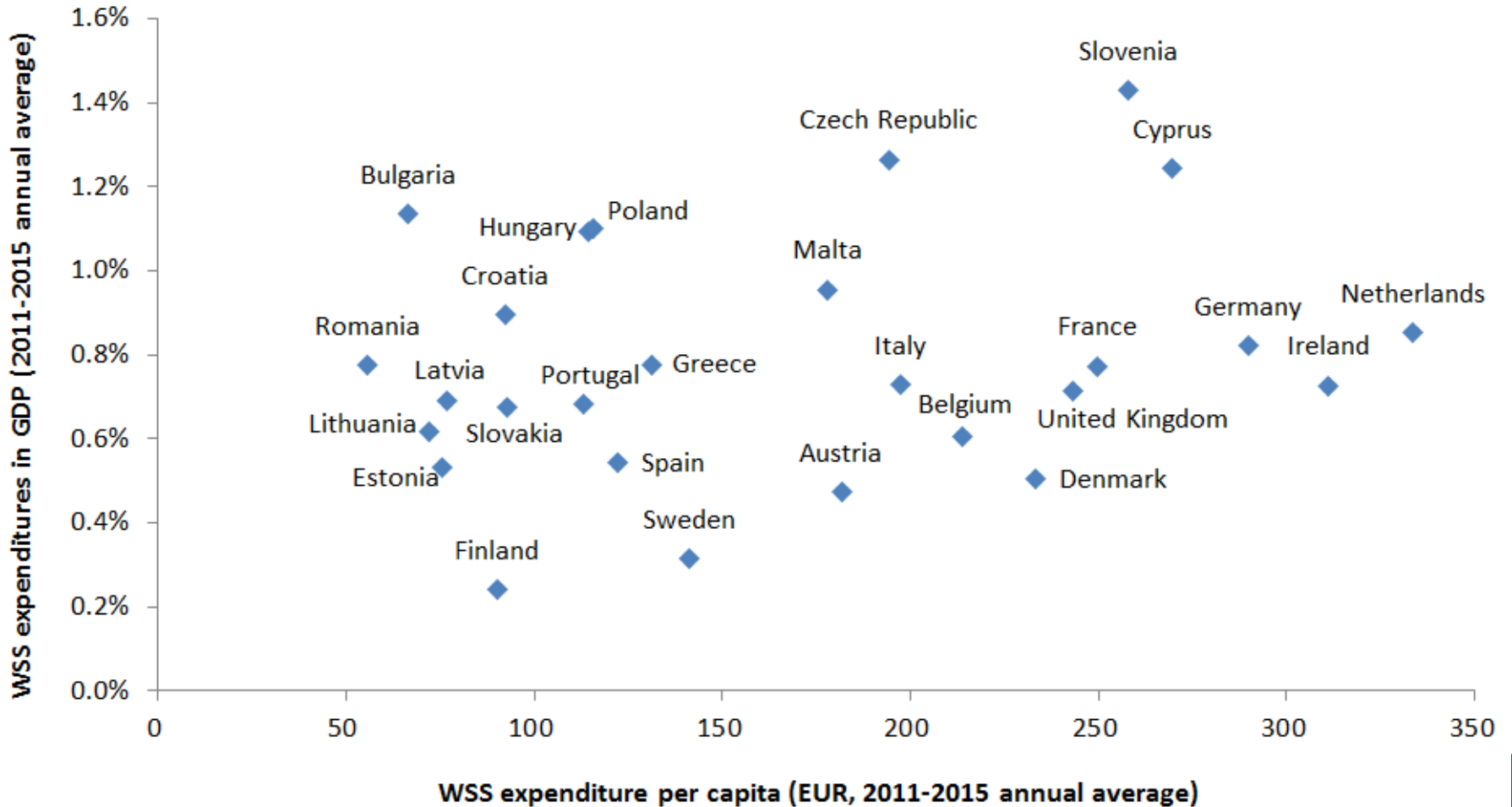
Scope

- Water-related investments to 2050
 - Water supply
 - Wastewater collection and treatment
 - Flood protection
- Pending issues
 - Compliance with Water Framework Directive
 - Climate change
 - Contaminants of emerging concern



Characterising the financing challenge

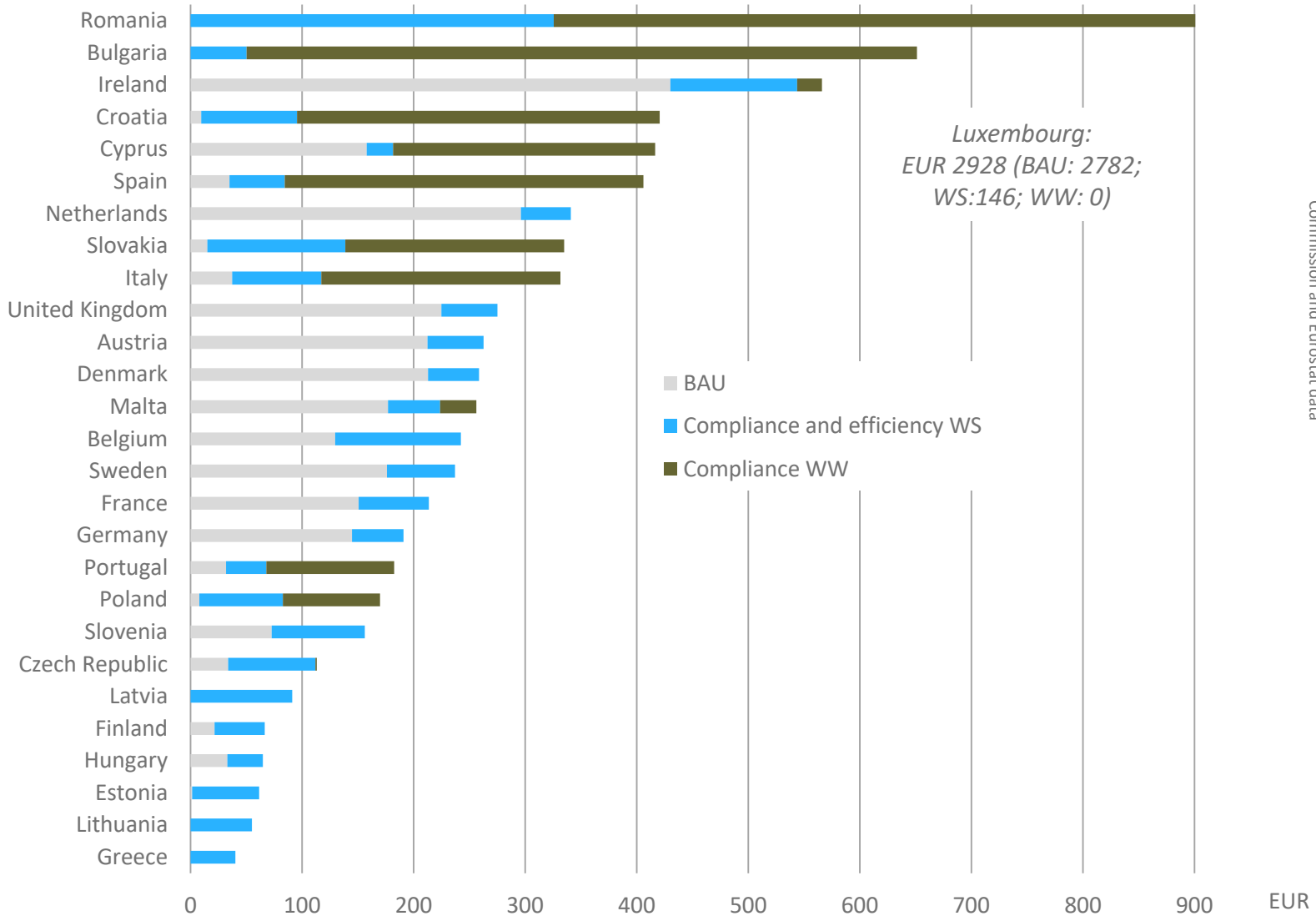
Macroeconomic affordability



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



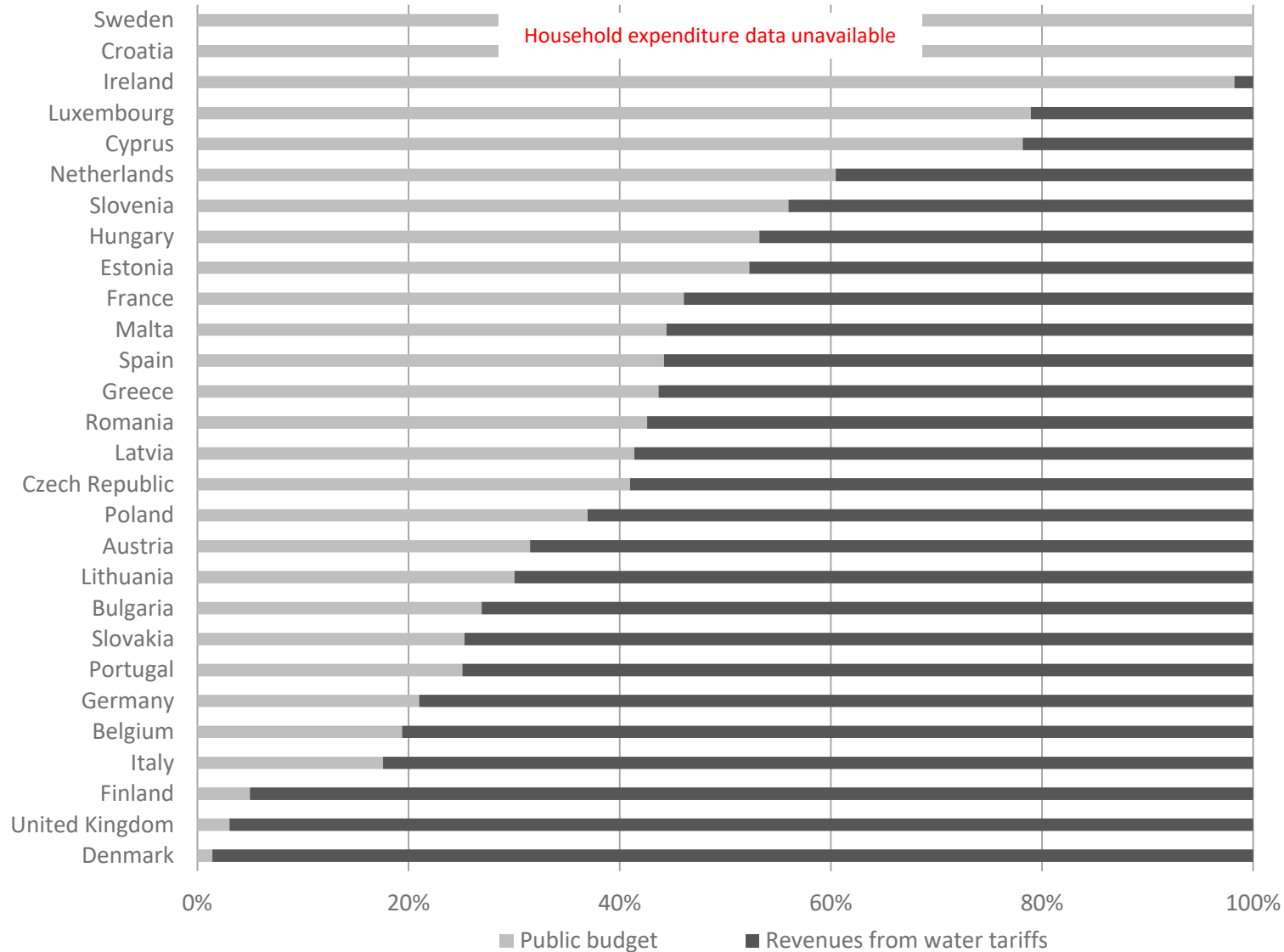
Per capita cumulative additional expenditures by 2030: *BAU + Compliance + efficiency*



Source: OECD analysis based on European Commission and Eurostat data



Sources of finance for water supply and sanitation services per member state

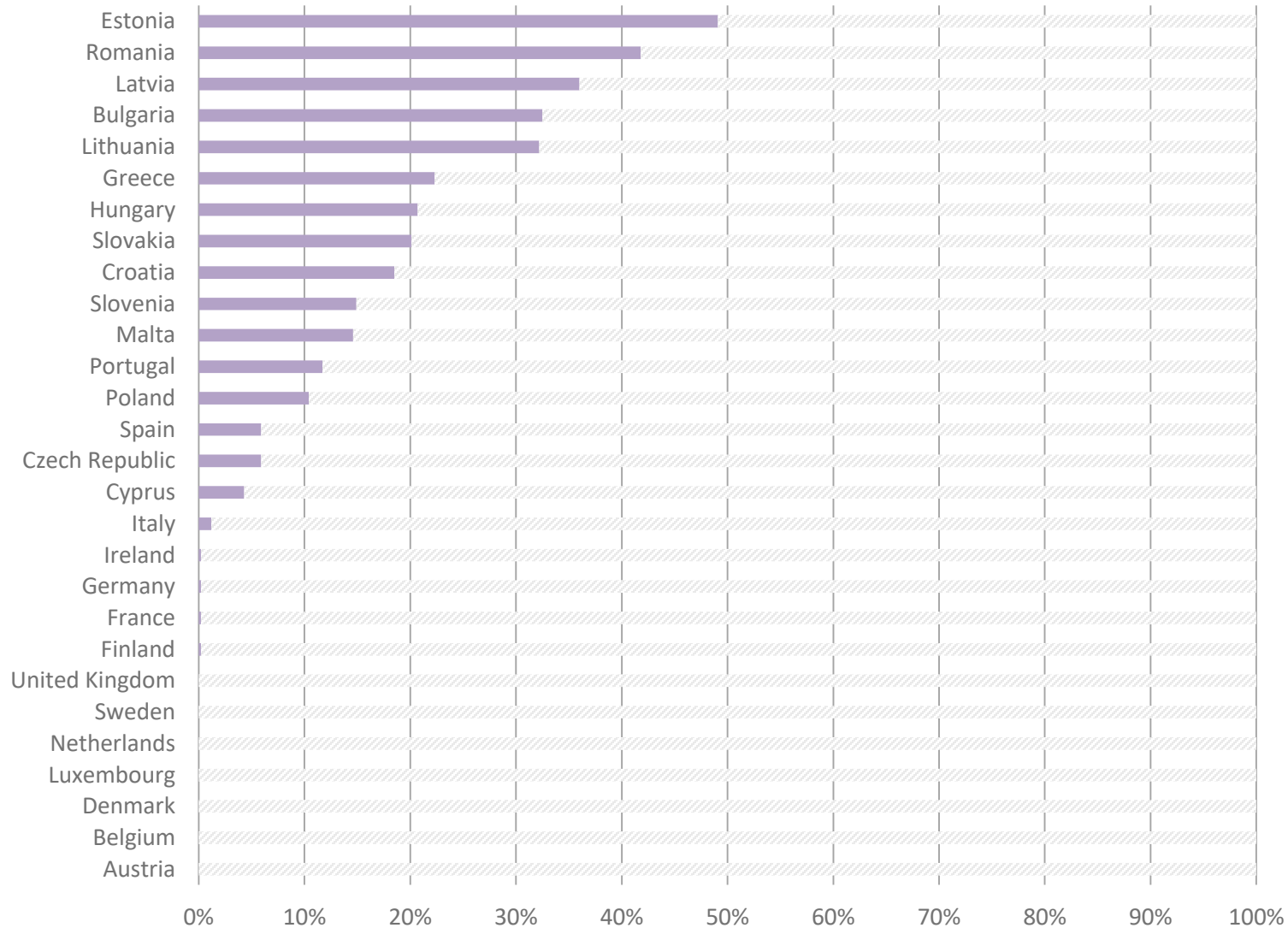


Source: OECD analysis based on EUROSTAT (General government expenditure by function, Final consumption expenditure on environmental protection services by institutional sector, Final consumption expenditure of households by consumption purpose, Mean consumption expenditure by detailed COICOP level).

2011-15
annual
average



Share of EU transfers in estimated total expenditures for WSS per country

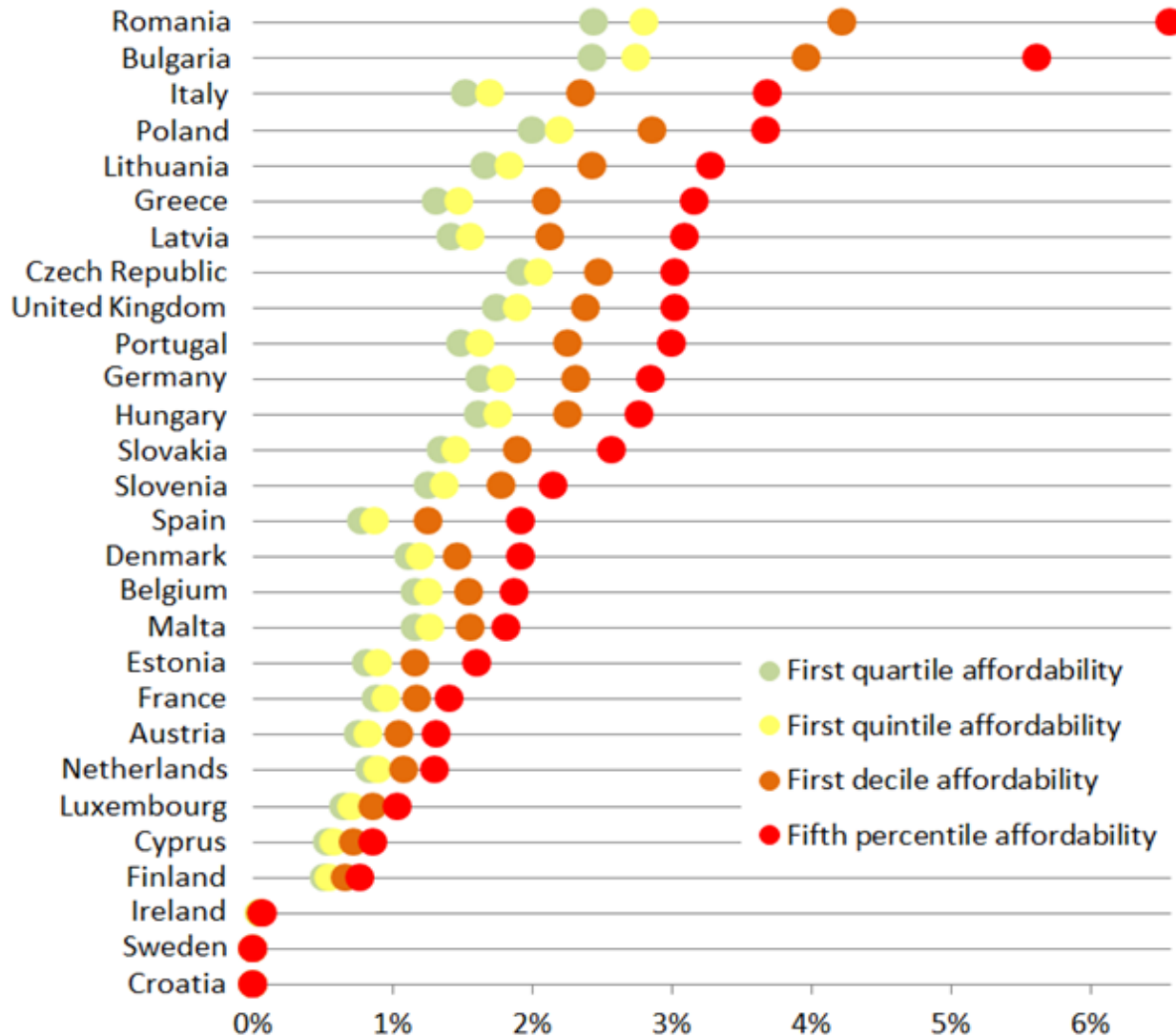


Note: It is assumed that EU transfers are always channelled through domestic budgets of each member states and that they are, therefore not additional to government expenditures.
Source: OECD analysis based on EUROSTAT (for past estimated expenditures), European Commission Directorate-General for Regional and Urban Policy (Open Data Portal for European Structural and Investment Funds).

2011-15
annual
average



Share of WSS expenditures in households' disposable income

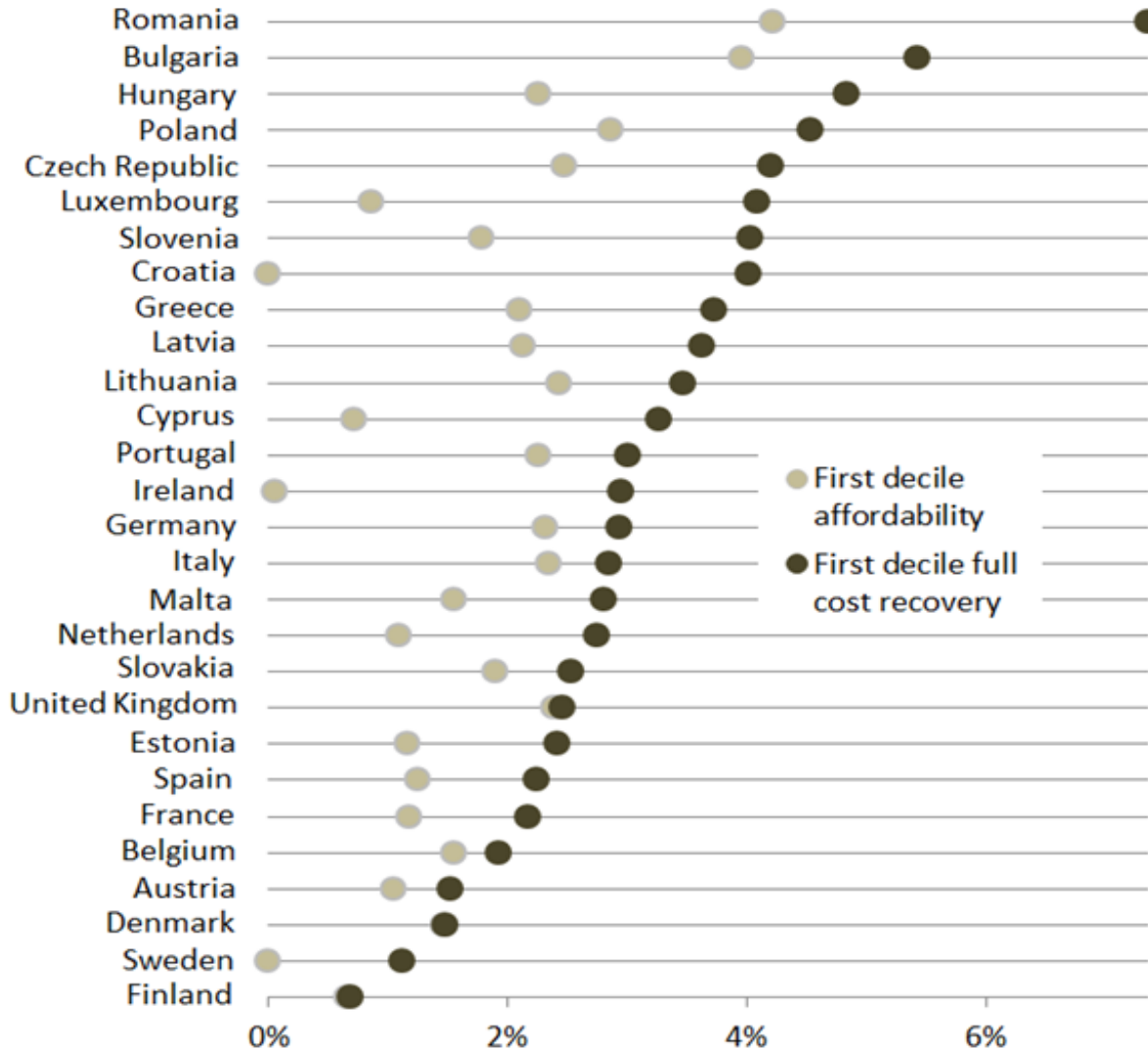


Note: Lack of household expenditure data for Croatia and Sweden.
Source: OECD analysis based on EUROSTAT (household expenditures and income data)

2011-15
annual
average



Raising water tariffs towards full-cost recovery of current expenditures



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



Options to bridge the gap

This is not all about more money

- Minimise investment needs
 - Avoid building future liabilities
 - Enhance operation of existing assets
- Make the best use of available resources
 - Plan and set priorities
 - Explore Nature-based solutions (UK, EIB...)
- Enhance the quality of investment
 - WSS: Portugal
 - Policy coherence
 - The benefit of technical innovation
- Crowd in new sources of finance
 - Beneficiaries (property developers)
 - Domestic commercial finance (blending)