



THE ECONOMIC CASE FOR INVESTMENT IN WATER SECURITY

Xavier Leflaive, OECD Environment Directorate

Roundtable on financing water
OECD Headquarters
12 April 2017



Outline

- Water security, defined
- How investment in water security drives sustainable growth
- Characterising the most beneficial investments in water security
- How to make the most beneficial investments materialise?



Water security defined



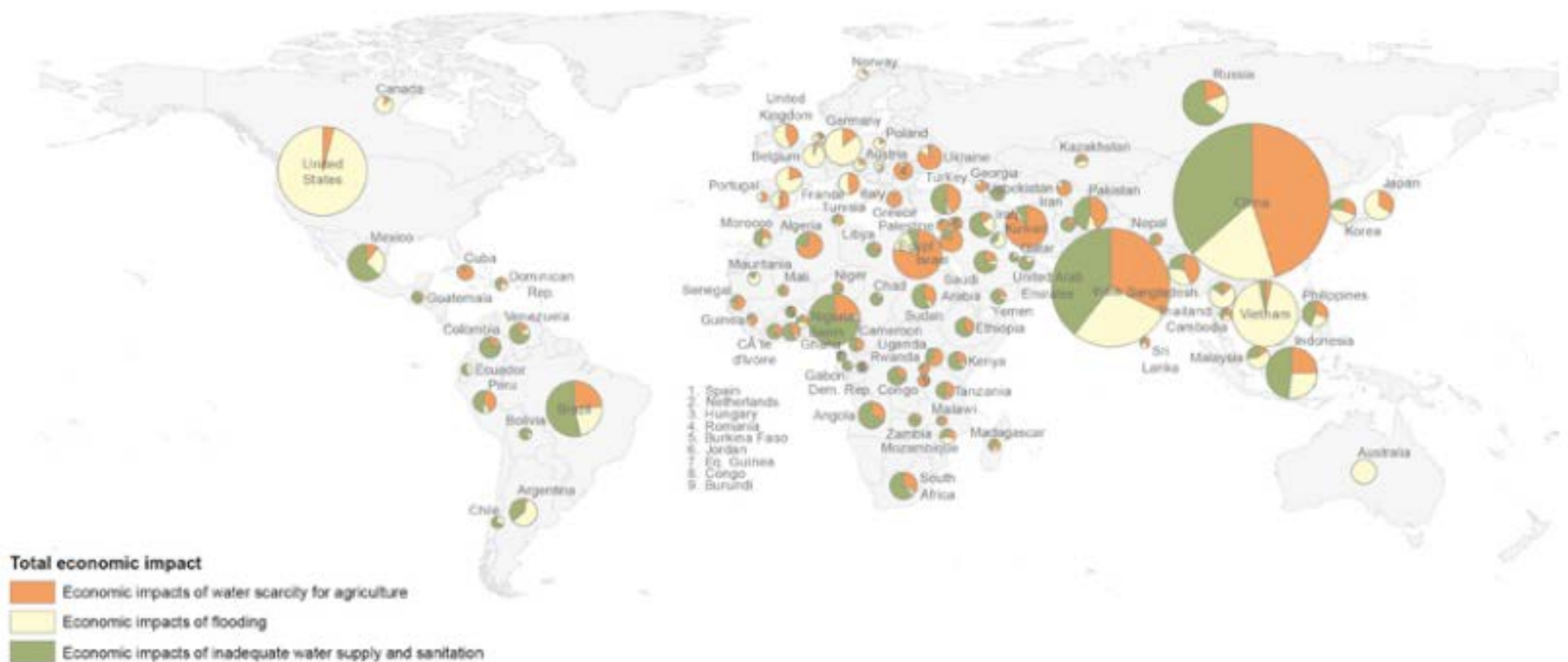
Risk of inadequate access to safe water supply and sanitation



Water security

Global risks – at scale

Relative economic impacts of water insecurity



Source: Sadoff C. et al. (2015), *Securing Water, Sustaining Growth*, Oxford University



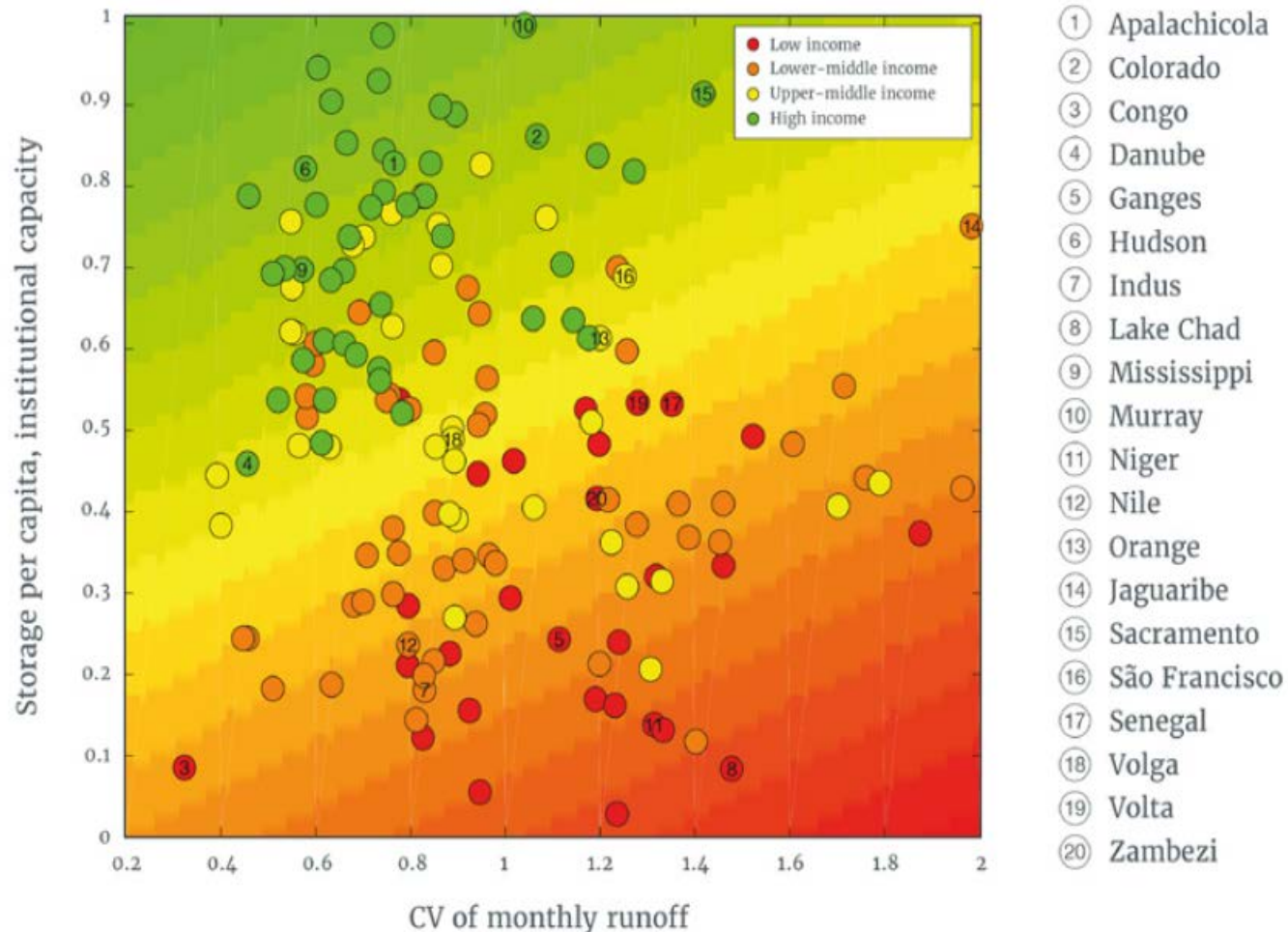
Water security

Global risks – at scale

- **USD 94 billion per year** – cost to irrigators of water scarcity
- **USD 120 billion per year** - expected global flood damages from urban property alone
- **USD 260 billion per year** – cost of inadequate water supply and sanitation. Up to 10% of GDP in some African countries.



How investment in water security drives sustainable growth



Source: Sadoff C. et al. (2015), *Securing Water, Sustaining Growth*, Oxford University



Characterising the most beneficial investments in water security

- **Estimated financing needs**
 - Anywhere between USD 6.7 trillion by 2030 to USD 22.6 trillion by 2050
 - USD 1.7 trillion by 2030 for WASH

Type of infrastructure	Average annual exp. needed (USD billion)	Approximate % of world GDP
Road	292	0.29
Rail	58	0.06
Telecommunications	171	0.17
Elec. transmission and distribution	241	0.24
Water	1037	1.03



Characterising the most beneficial investments in water security

- Bankable -> Investment grade -> Beneficial
- Infrastructures, Institutions, Information
- Pathways



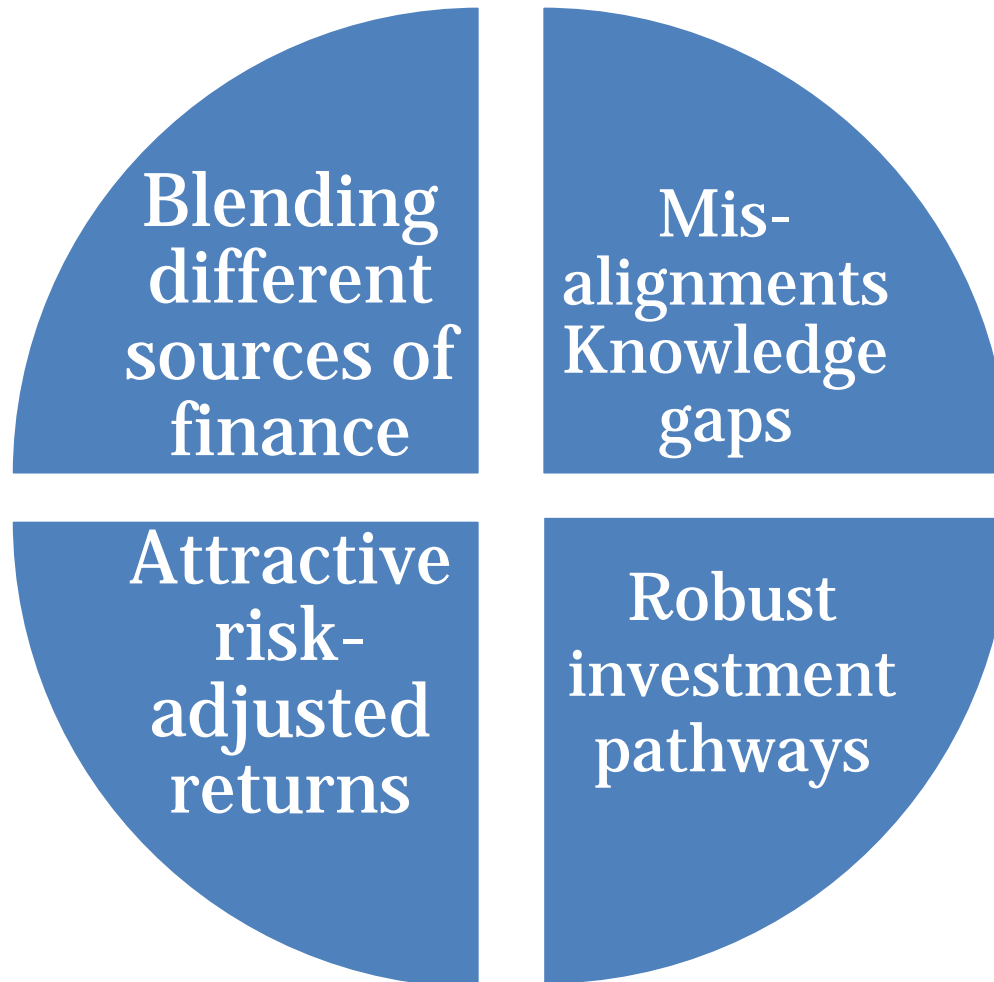
How to make the most beneficial investments materialise

- Maximise the value of existing assets
- Select investment pathways that reduce water risks at least cost over time
- Ensure synergies and complementarities with investments in other sectors
- Scale-up financing through attractive risk-return allocation



How to make the most beneficial investments materialise

The Roundtable on financing water





Thank you!



Xavier.Leflaive@oecd.org
Kathleen.Dominique@oecd.org
www.oecd.org/water