Financing Water Security and Sustainable Growth

Ms. Kathleen Dominique, Environmental Economist, OECD, France
Poor sanitation, water and hygiene lead to 675,000 premature deaths annually...

...and losses of up to 7% in GDP of certain countries.

Water-related losses in agriculture, health, income, and property could result in decline by as much as 6% of GDP by 2050 in some regions of the world.

4.5 billion people lack access to sanitation compatible with SDG6 objectives.

2.1 billion people lack access to safe drinking water.

USD 260 billion due to inadequate water supply and sanitation

USD 120 billion due to urban property flood damages

USD 94 billion due to water insecurity to existing irrigators

Benefit-cost ratios for investments in water sanitation services have been reported to be as high as 7 to 1 in developing countries.
Relative economic impact of water insecurity

Policies and regulations to promote investment

Comprehensive policy guidance

• Managing water **quantity** (policies for allocation, water use efficiency, data and information)
• Managing water **quality** (pollution control regulation, charges and taxes, quality monitoring)
• Managing water **risks** and disasters (“know”, “target” and “manage”)
• Ensuring good water **governance** (institutional arrangements and processes, stakeholder engagement)
• Ensuring sustainable **finance, investment** and pricing (minimise needs, prioritise investments, mobilise finance)
**Investment needs & financing capacities**

**Financing needs to 2050**

- **Flood protection**
- **Full compliance**
- **BAU water supply and sanitation**

**Financing capacity**

- **Total expenditures**
- **EU transfers / total**
- **Debt finance / total**

**Indicators of future financing capacity**

- Ability to price water
- Ability to raise public spending
- Ability to attract private finance
Mobilising additional sources of finance

Opportunities in debt capital markets

Green bonds with water eligibility (USD Bn)

Source: SEB analysis based on Bloomberg/BNEF and SEB data.
Engaging the finance & investment community

A global public–private platform to facilitate the flow of financing and investments that contribute to water security and sustainable growth.

• 4th meeting, 26-27 June 2019, Washington, D.C. (with the USG and IDB)
• 5th meeting, November 2019, Manila (with ADB)