

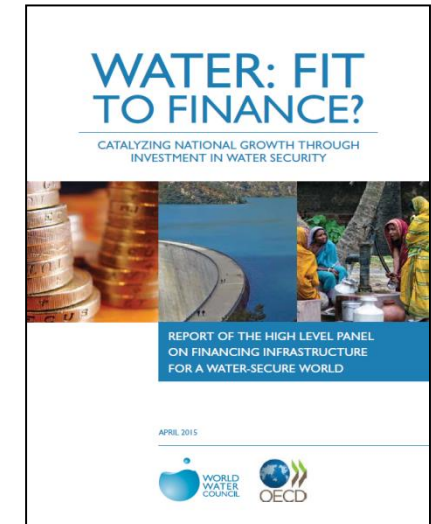


# Water: Financial Risk or Opportunity?

Xavier Leflaive, OECD

# Infrastructure investment and water risks in a changing climate

- Two recent and related reports on financing and water security and growth.
- OECD is discussing with partners further work on how investment in infrastructure can contribute to protection against water risks and sustainable growth.



# The economic case for water security

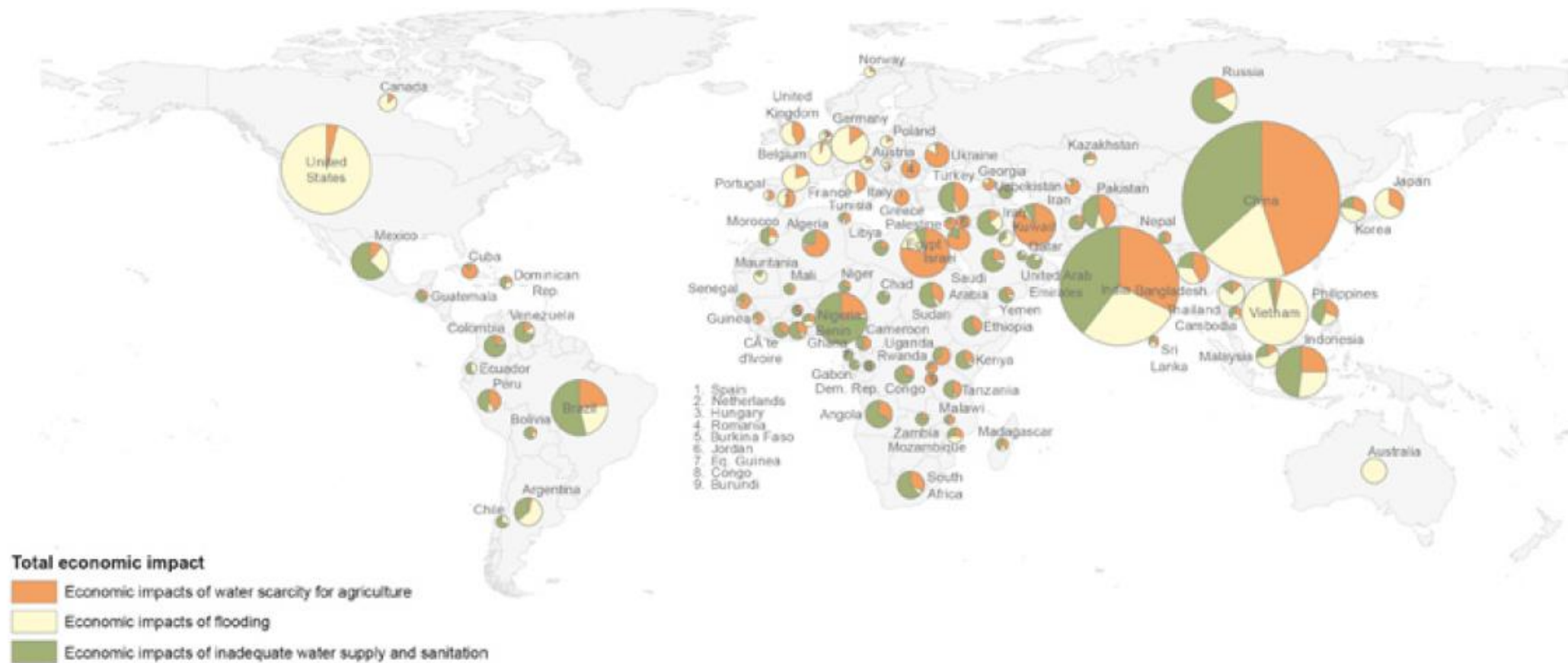
## Selected figures

- Expected global flood damages from urban property alone: USD 120 billion/ year
- Water risks cost irrigators USD 94 billion/ year
- Inadequate WSS cost USD 260 billion/ year. 10% of GDP in some African countries

# The economic case for water security

## How water-related risks affect growth

### Relative economic impact of water insecurity

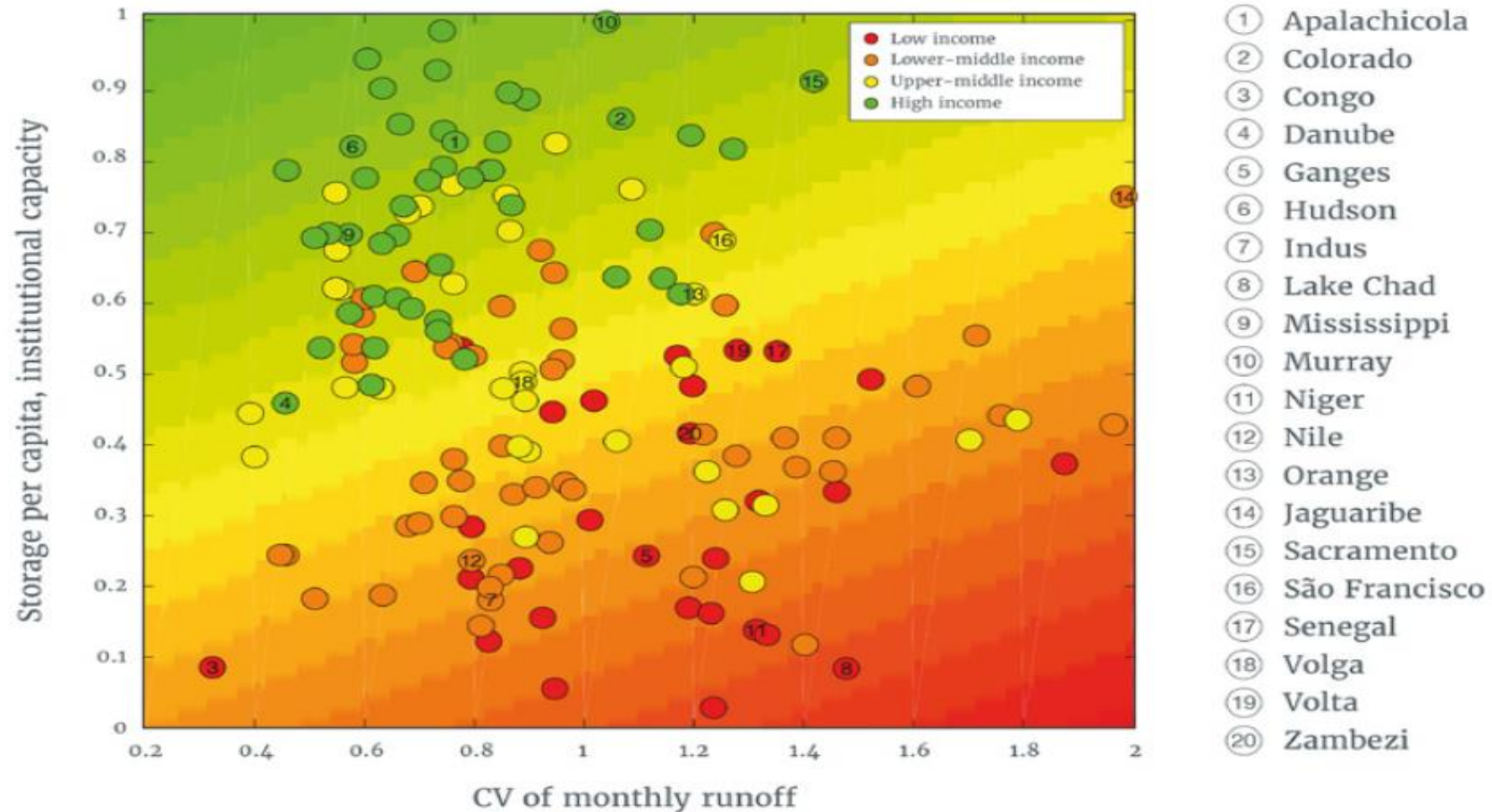




# The economic case for water security

## Investing in water security is investing in sustainable growth

### Economic growth, hydrological variability and investment



Source: *Securing Water, Sustaining Growth*, report of the OECD/GWP Task Force

# The economic case for water security

## Not all water investments are equally beneficial

- Most beneficial investments:
  - Combine investment in infrastructures, institutions and information
  - Are sequenced along strategic and adaptable pathways

# Policies to manage water security

## Consistent investment pathways

- Consider cost-effective investments as part of a system (at appropriate scale)
- Minimise investment needs
  - Avoid building future liabilities
  - Tap alternative water sources
  - Exploit the potential benefits of green infrastructures

# Policies to manage water security

## Financing options

- Making best use of available sources of finance
  - Asset management
  - Tariff structures
  - Combination of 3Ts
- Diversify revenue streams
  - Beneficiary Pays Principle
- Overcome barriers to innovative financing
  - Preference for incumbent technologies
  - Political interference



# Pending questions

- From investment in water infrastructure to water-wise investments
- How to select projects that contribute most to sustainable growth?
  - How to complement project-level analysis with the valuation of alternative pathways?

Thank you!

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