Infrastructure Investment and Water Risks in a Changing Climate

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8th HELP meeting
Jakarta Indonesia

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Infrastructure investment and water risks in a changing climate

- Two recent and related reports on financing and water security and growth.
- OECD/WWC/NL discussing further work on how investment in infrastructure can contribute to protection against water related 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. Including poor quality of drinking water
The economic case for water security
How water-related risks affect growth

Relative economic impact of water insecurity

Source: Securing Water, Sustaining Growth, report of the OECD/GWP Task Force
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
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?
Roundtable on Water Finance

- OECD/WWC/NL roundtable on water finance

- Objective: provide a global public – private platform to facilitate increased financing needs of investments in water security and sustainable growth.

- Involvement of: governments, regulatory institutions, public and private financiers, and civil society

- 1st meeting: tentative 12-14 April 2017 in Paris
Thank you!