



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

OECD and European Commission - Directorate General Environment

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Bratislava

**Preliminary findings subject to adjustments**



# Scope

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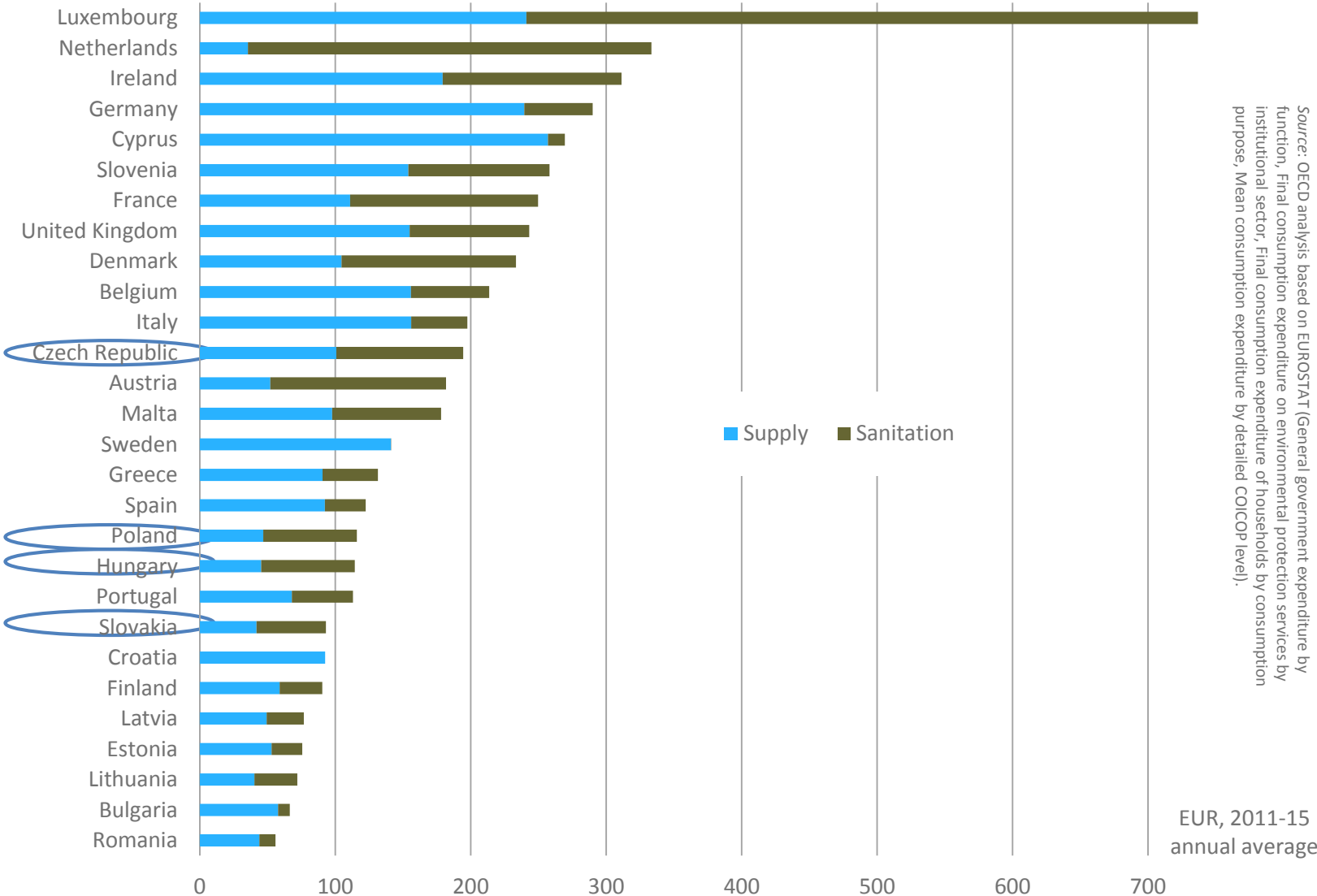
- Water-related investments to 2050
  - Water supply
  - Wastewater collection and treatment
  - Flood protection
- Pending issues
  - Compliance with Water Framework Directive
  - Climate change
  - Contaminants of emerging concern



# BASELINE (2011-2015)



# Per capita annual expenditures for water supply and sanitation per member state

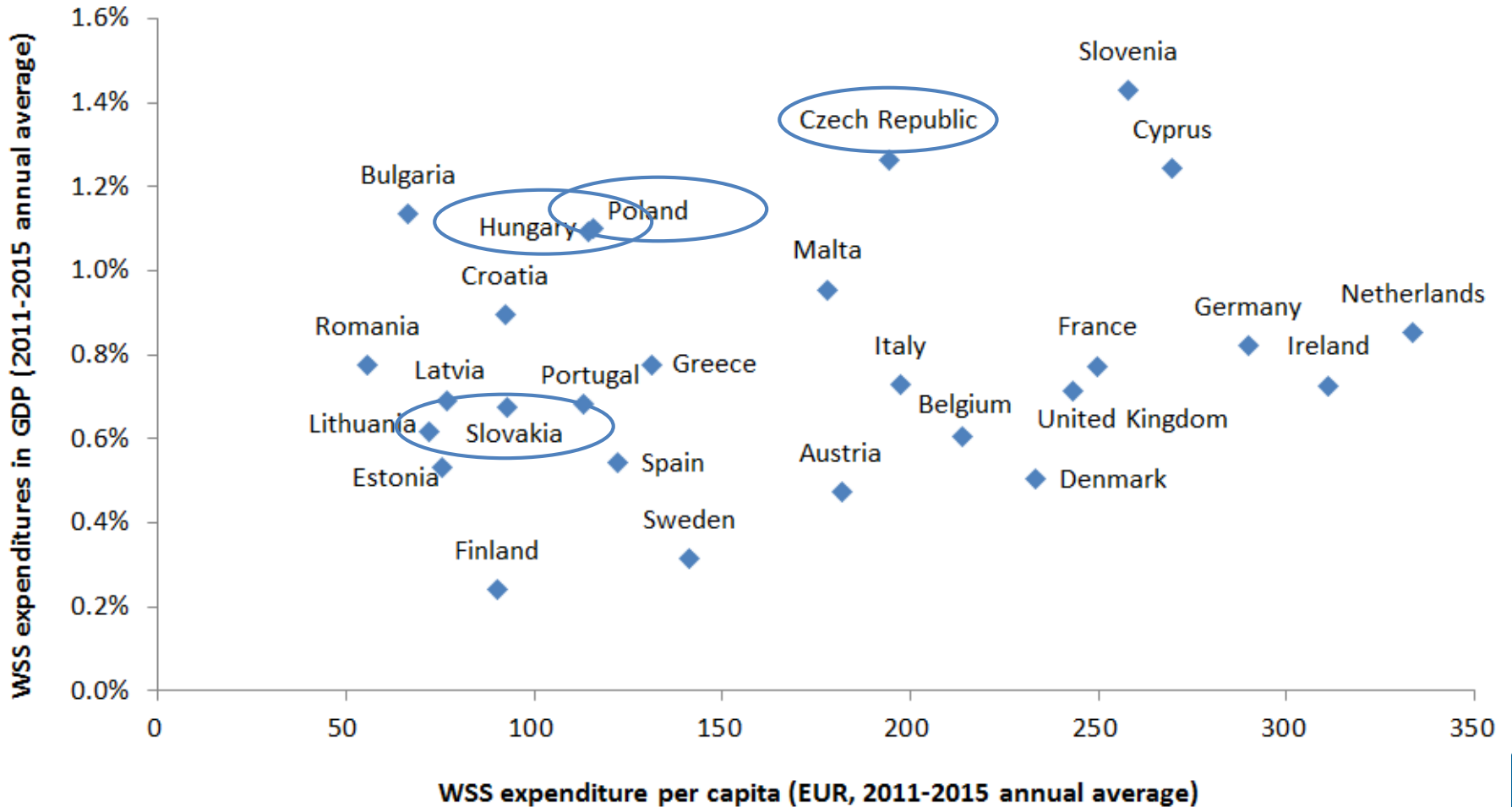


Note: Likely overestimate of supply-related expenditures (and corresponding underestimate of sanitation) in countries where wastewater-related charges are included in the water bill. Total expenditure for Finland, Croatia and Sweden are known to be underestimated due to data limitations.  
Source: OECD 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).

EUR, 2011-15  
annual average



# Macroeconomic affordability



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



# PROJECTIONS (2015-2030)



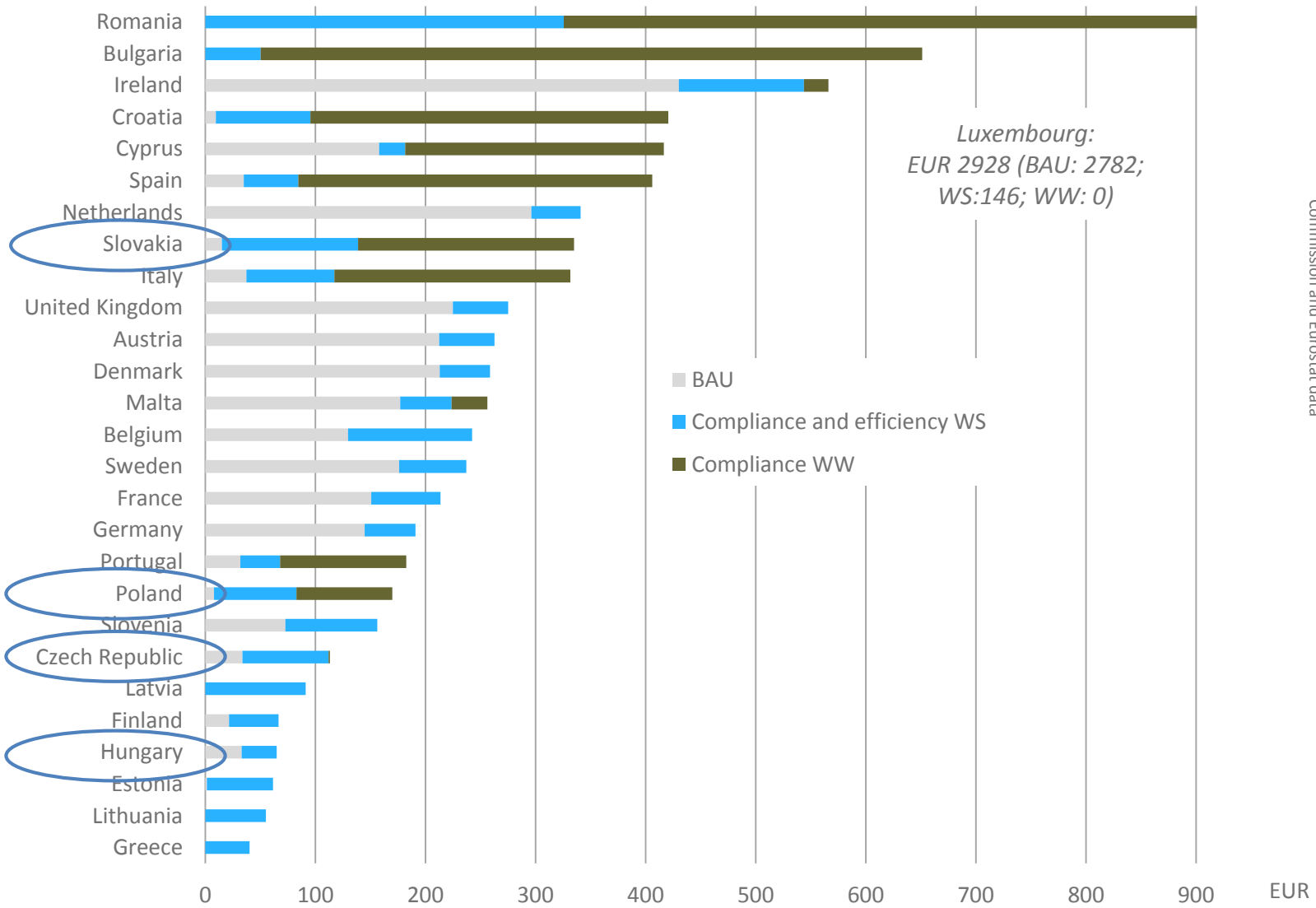
## A note on method

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- Current levels of expenditure: Eurostat data, combining a range of data sets
  - Overestimation of WS vis-à-vis WW
  - OECD split between OPEX and CAPEX
- Business-as-usual scenario
  - Driven by urban population growth
- Additional scenarios
  - For water supply: efficiency, access
  - For sanitation: compliance (convergence with compliant countries)



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



Source: OECD analysis based on European Commission and Eurostat data

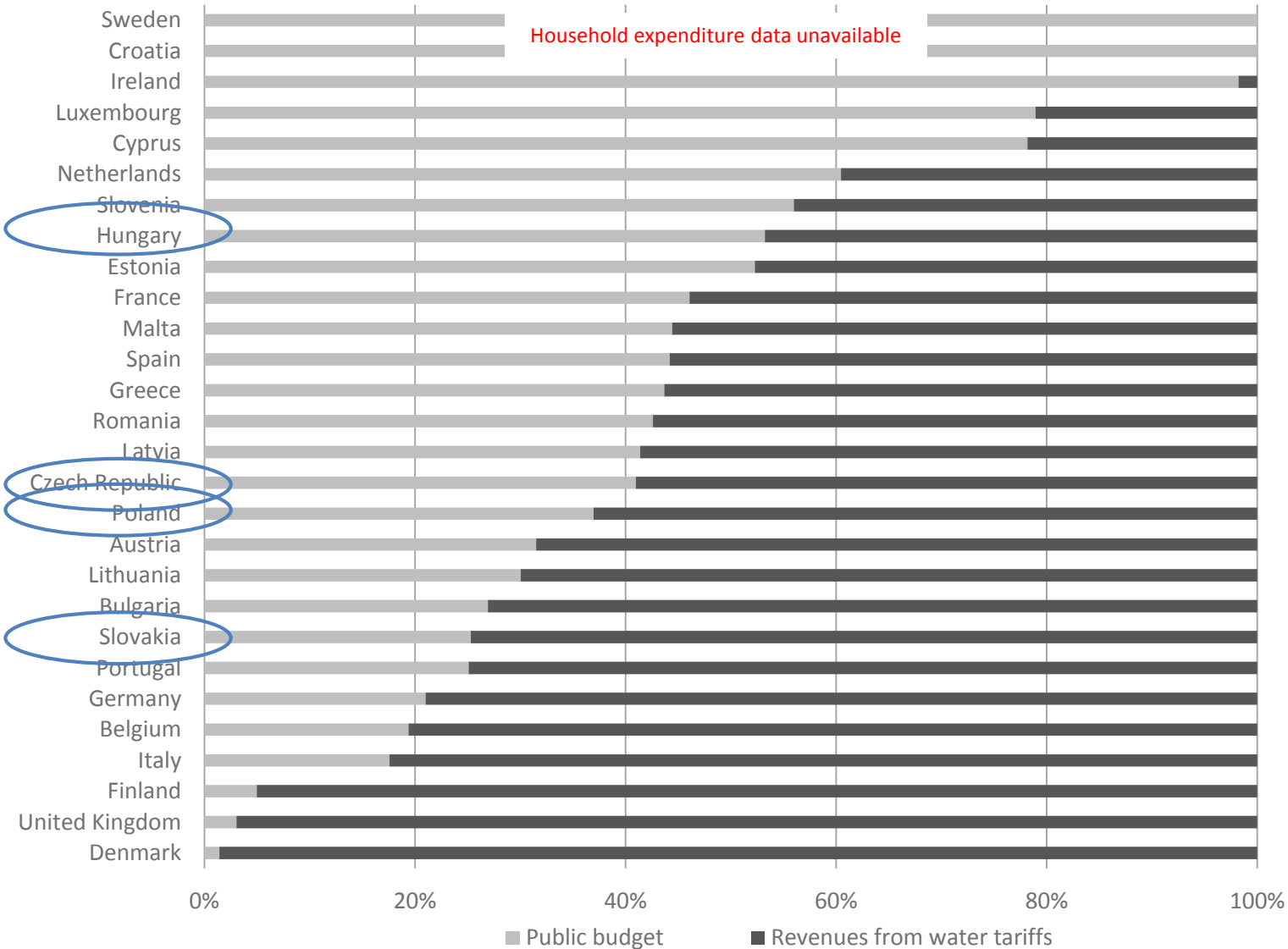




# FINANCING OPTIONS



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

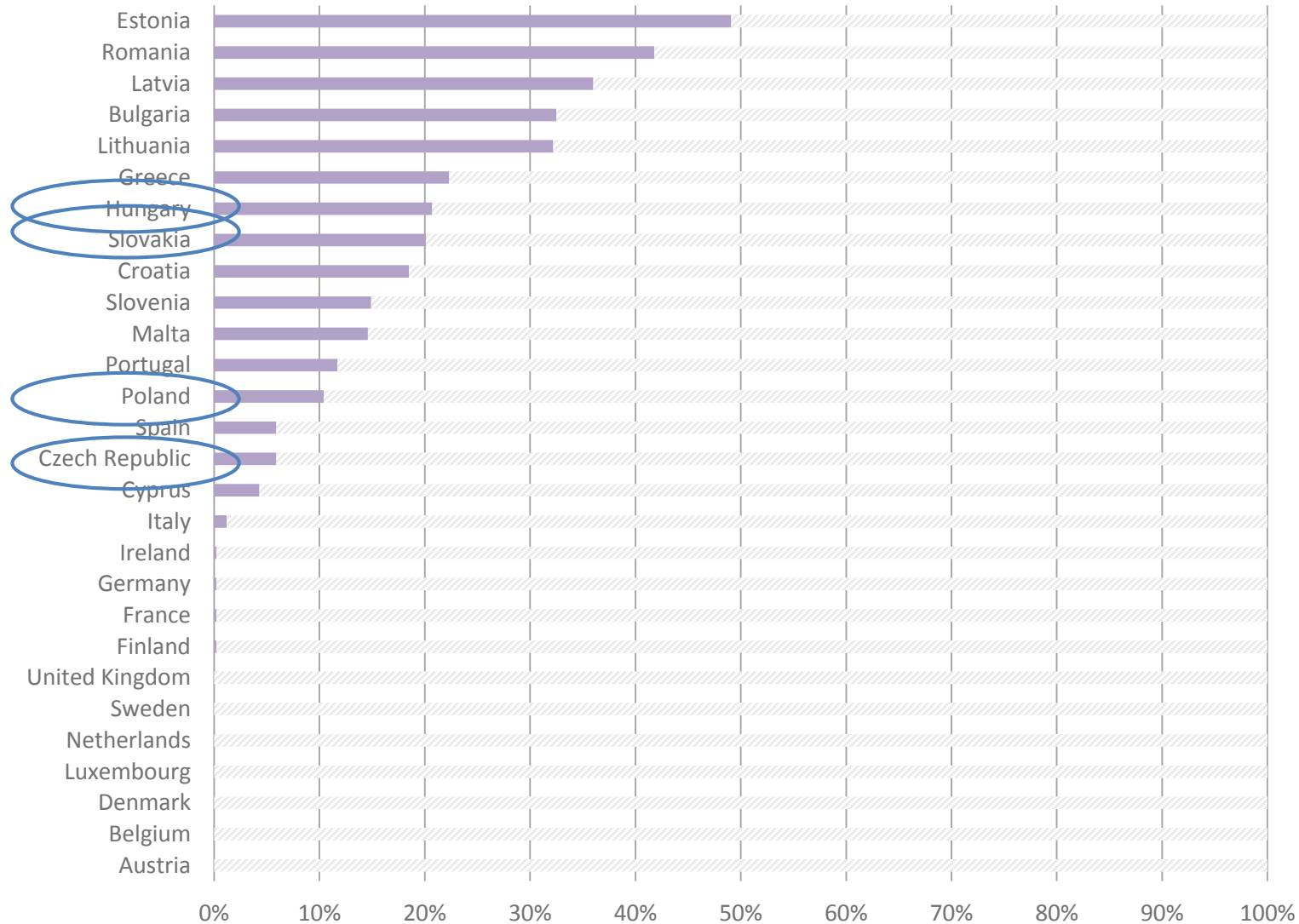


Source: OECD analysis based on EUROSTAT (General government expenditure by function, Final consumption expenditure on environmental protection services by institutional sector, Final consumption expenditure of households by consumption purpose, Mean consumption expenditure by detailed COICOP level).

2011-15  
annual  
average



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

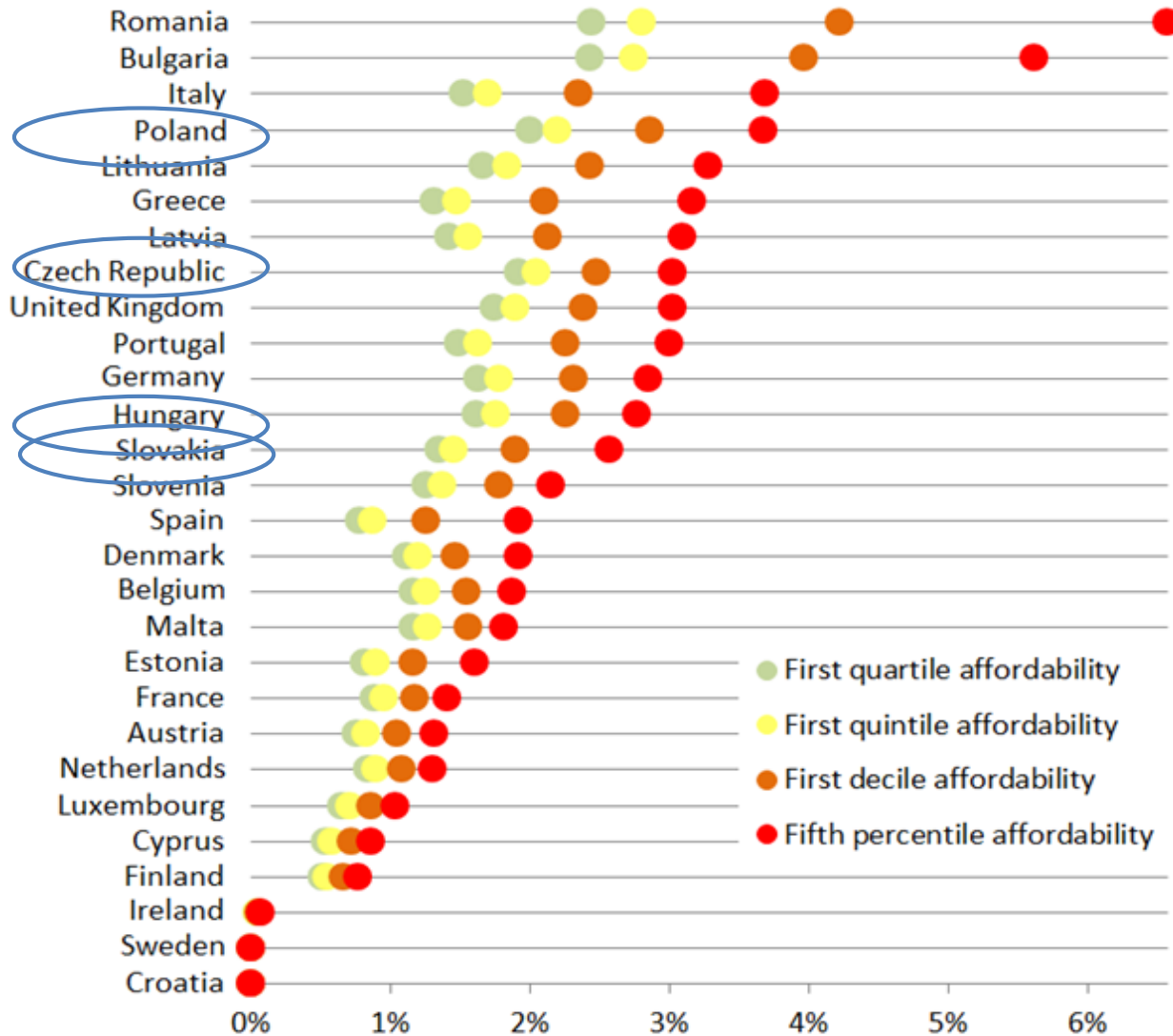


Note: It is assumed that EU transfers are always channelled through domestic budgets of each member states and that they are, therefore not additional to government expenditures.  
Source: OECD analysis based on EUROSTAT (for past estimated expenditures), European Commission Directorate-General for Regional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



# Options to bridge the gap

*This is not all about more money*

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- 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
  - Policy coherence
  - The benefit of technical innovation
- Crowd in new sources of finance
  - Beneficiaries (property developers)
  - Domestic commercial finance (blending)
- The benefits of regional cooperation