



FINANCING WATER SECURITY IN ASIA AND THE PACIFIC

APWF – 22 December 2020

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Financing water security in Asia and the Pacific

- Measure
 - Financing flows
 - Financing needs
 - Financing capacities
- SDGs as the sole convergent ambition on water management in the region
- Lack of harmonised data
 - An opportunity, at sub-regional level



Key Findings

Projected investment needs

WSS

- Most countries will need to allocate between 1 and 2% of GDP to invest in WSS over the period 2015-2030
- Outliers: Afghanistan, Nepal, Pakistan, Timor Leste

Flood protection

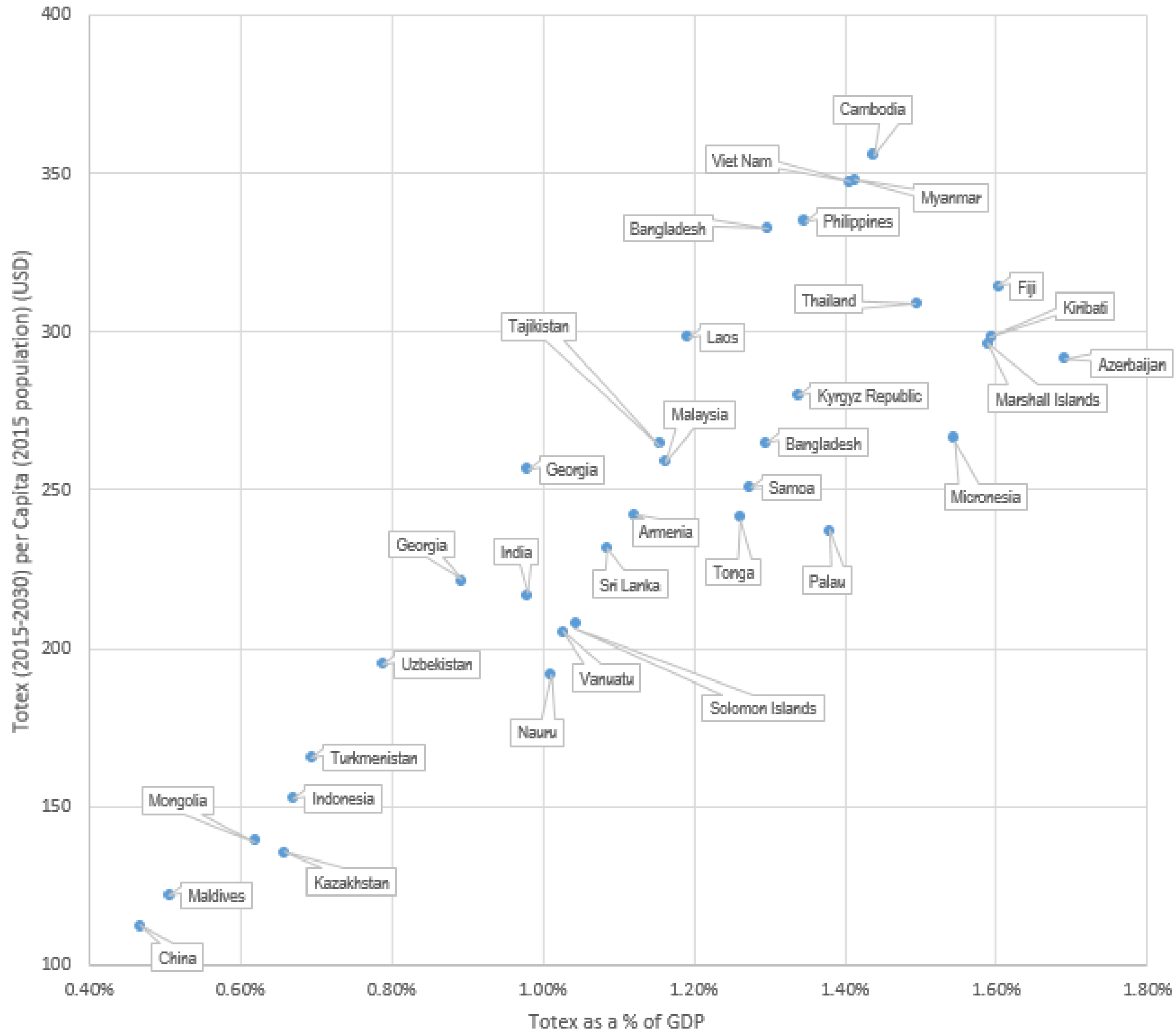
- Proxy: exposure to flood risks
- Afghanistan, Bangladesh, Cambodia, Kyrgyz Republic, Tajikistan and Viet Nam all have flood risks exceeding 6% of GDP in 2030

Irrigation

- Need to expand and to enhance efficiency
- Driven by a growing population, dietary preferences change, the effects of climate change



Comparative expenditure gap of water supply and sanitation infrastructure required by 2030 to achieve SDGs

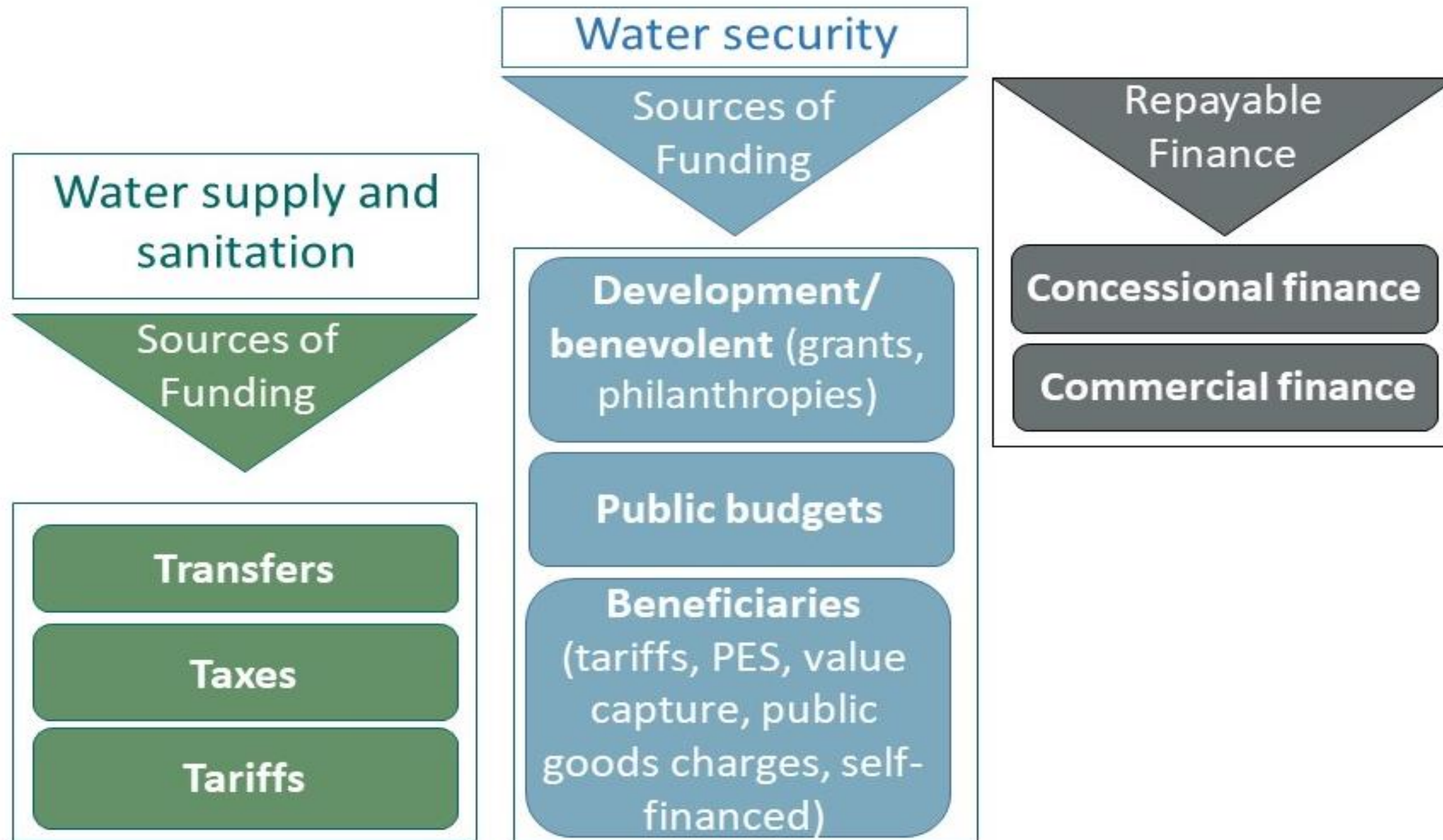


Notes: Calculation for GDP over the period derived from actual GDP in 2015-18, forecast of GDP over the period 2019-24 and extrapolation of average growth rate until 2030. Calculation for per capita expenditure required based on 2015 population data. No data for Australia, Singapore, New Zealand, Brunei, South Korea, Japan, Hong Kong (SAR China), Niue, Cook Islands.

Source: OECD calculations based on Rozenberg, J and M. Fay (2019), Beyond the Gap: How Countries Can Afford the Infrastructure They Need while Protecting the Planet. Sustainable Infrastructure, World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/31291>.



Potential sources of funding and financing for water-related investments





Key Findings

Sources of funding

Taxes

- Public taxes are the main source of finance for water-related infrastructure

ODA

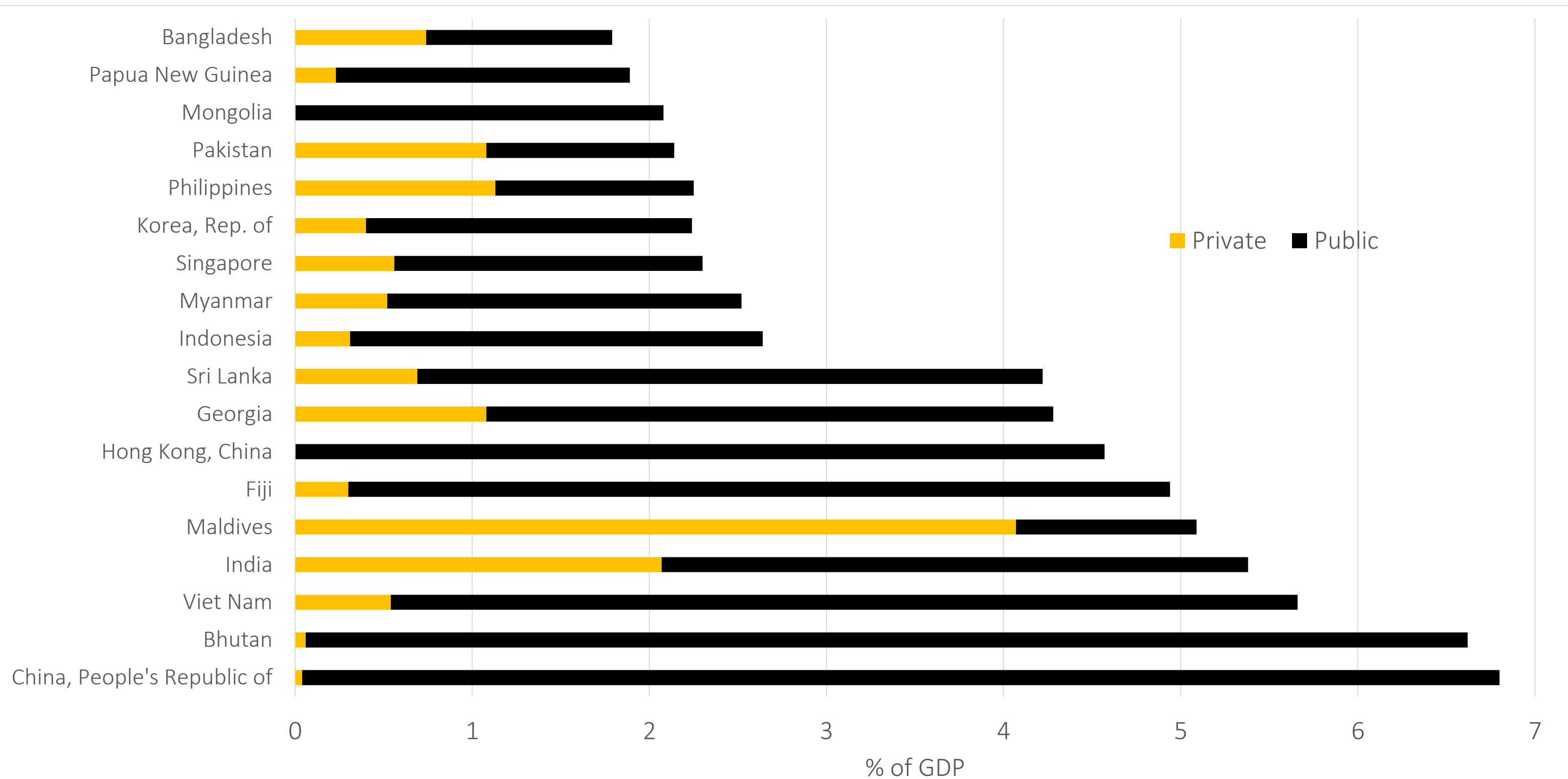
- Official Development Assistance remains a comparatively small share of finance in water infrastructure
- Need to leverage
- It may not be targeting those countries who need it most

Tariffs

- Water supply and sanitation tariffs are under-utilized
- Affordability acts as a barrier in selected countries



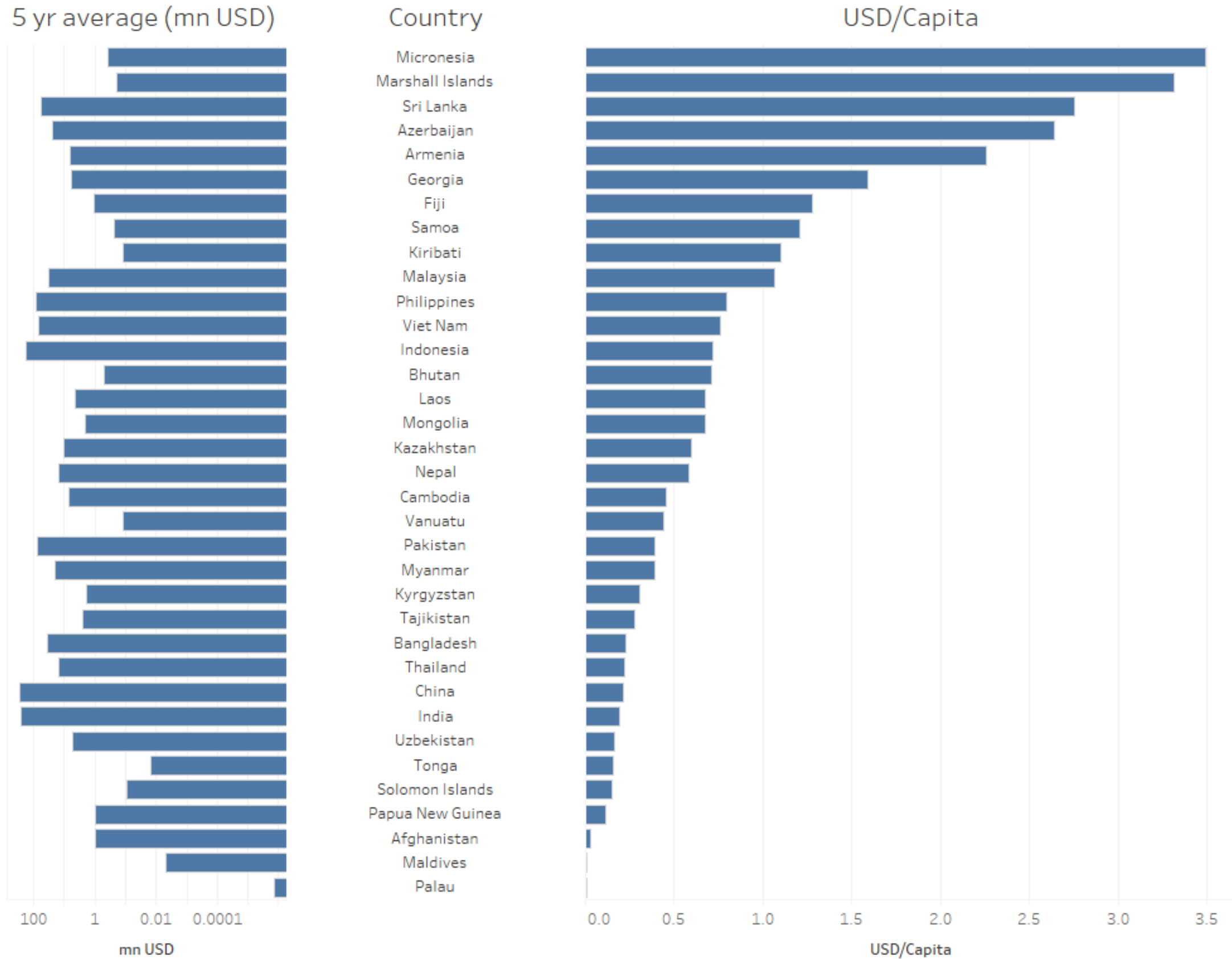
Public and private expenditure for water supply and sanitation, select economies, select years (% of GDP)



Note: Actual budget expenditure except Armenia, Bhutan, Georgia, Maldives, Myanmar, and Thailand, which are planned or estimated budget expenditure. Periods covered are 2010–2013 average for Indonesia; 2010–2014 average for the PRC, Fiji, and Malaysia; 2010, 2011, and 2014 average for Hong Kong (China); 2011 for Armenia, Bangladesh and Georgia; 2011–2012 average for Nepal; 2012–2013 average for India; 2011–2013 average for Maldives; 2011, 2012, and 2014 average for Singapore; 2011–2014 average for the Philippines, Sri Lanka, and Thailand and 2014 for Myanmar.
Source: OECD calculations based on ADB data (2017). Original sources of country-level data: World Bank Private Sector Participation in Infrastructure (PPI) database, World Development Indicators, ADB estimates.



Annual ODA for water-related infrastructure in Asia-Pacific countries - Average 2013-2017. Million of USD



Notes: Includes ODA disbursements for the following water-related infrastructure: water supply and sanitation, water storage, flood protection, irrigation. Data are in millions of USD, gross disbursements, constant 2017 prices. 2017 population figures.

Data issues for some countries prevented their inclusion in the graphic. Particularly: Brunei, Cook Islands, Nauru, Niue, Timor Leste, Turkmenistan, and Tuvalu.

Source: OECD (2019), OECD Creditor Reporting System
<https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>.



Policy Recommendations

It is not just about more money

Make the best use of available assets and financial resources

- Enhance the operational efficiency of service providers
- A role for independent economic regulation

Avoid building future liabilities

- Build resilience into water management
- Manage water demand and strengthen water resources allocation
- Develop cost-effective flood risk mitigation strategies
- Encourage policy coherence across water and other policy domains

Improve tools to plan and decide on investments and financing mechanisms

- Develop climate-resilient plans to future-proof the water sector
- Support plans with realistic financing strategies
- Exploit innovation in line with adaptive capacities

Harness additional sources of finance

- Ensure tariffs for water services reflect the costs of service provision
- Consider new sources of finance from polluters and beneficiaries
- Leverage development finance and public funds to crowd-in commercial finance