

Financing Water Resources Management

Botin Fundacion, 2012

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Outline

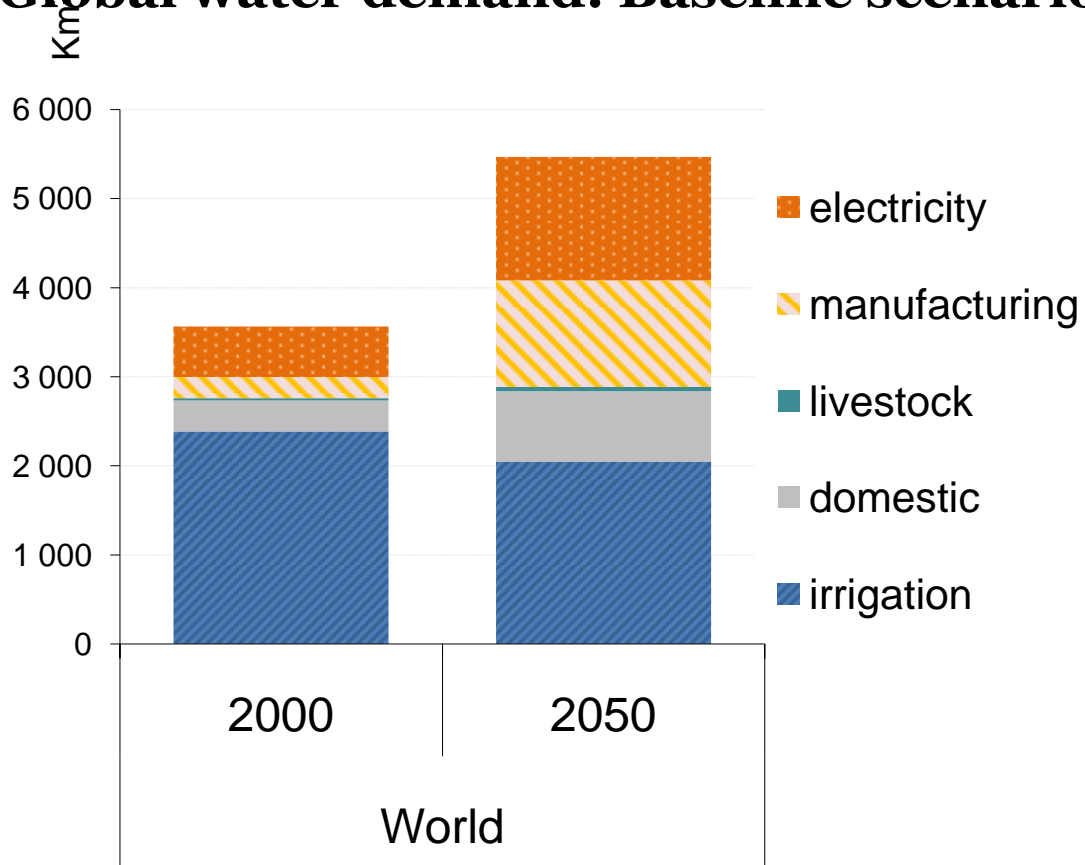
- Framing the issue
- 4 principles
- Empirical issues
- The added value of economic instruments

Framing the issue

- Finance, one of the governance gaps
- Challenges ahead
 - Increasing complexity of water management
 - High investment needs
 - High cost of O&M of existing infrastructures
- Competition to access public finance

Water demand to increase by 55% by 2050

Global water demand: Baseline scenario



Rapidly growing water demand from cities, industry and energy suppliers will challenge water for irrigation to 2050



Source: (OECD, 2012), OECD Environmental Outlook Baseline; output from IMAGE

Principles for Financing WRM

- Polluter Pays
 - Make pollution costly
 - Generate revenues
- Beneficiary Pays
 - Harness beneficiaries
- Equity
 - Affordability issues
 - Competitiveness issues
- Consistency across adjacent policies

Related empirical issues

- Earmarking revenues from water-related taxes
- Enhancing the operational efficiency of service providers
- Attracting private finance
- Valuing water services
- Governance
 - Multilevel *and* multisector
 - Non-prescriptive regulations and institutions

The added value of economic instruments

- Economic instruments can
 - Promote efficient uses
 - Allocate water where it creates more value
 - Value the benefits of water-related services
 - Provide incentives to explore low-cost options
 - Raise revenues
- The benefits of international experience
 - Requisites
 - Accompanying measures
- One remaining challenge
 - Reach out to the wider community

Thank you

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