



FINANCIAL SUSTAINABILITY OF WASTEWATER MANAGEMENT IN THE DANUBE REGION AN OECD PERSPECTIVE

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Financing needs and capacities for WSS

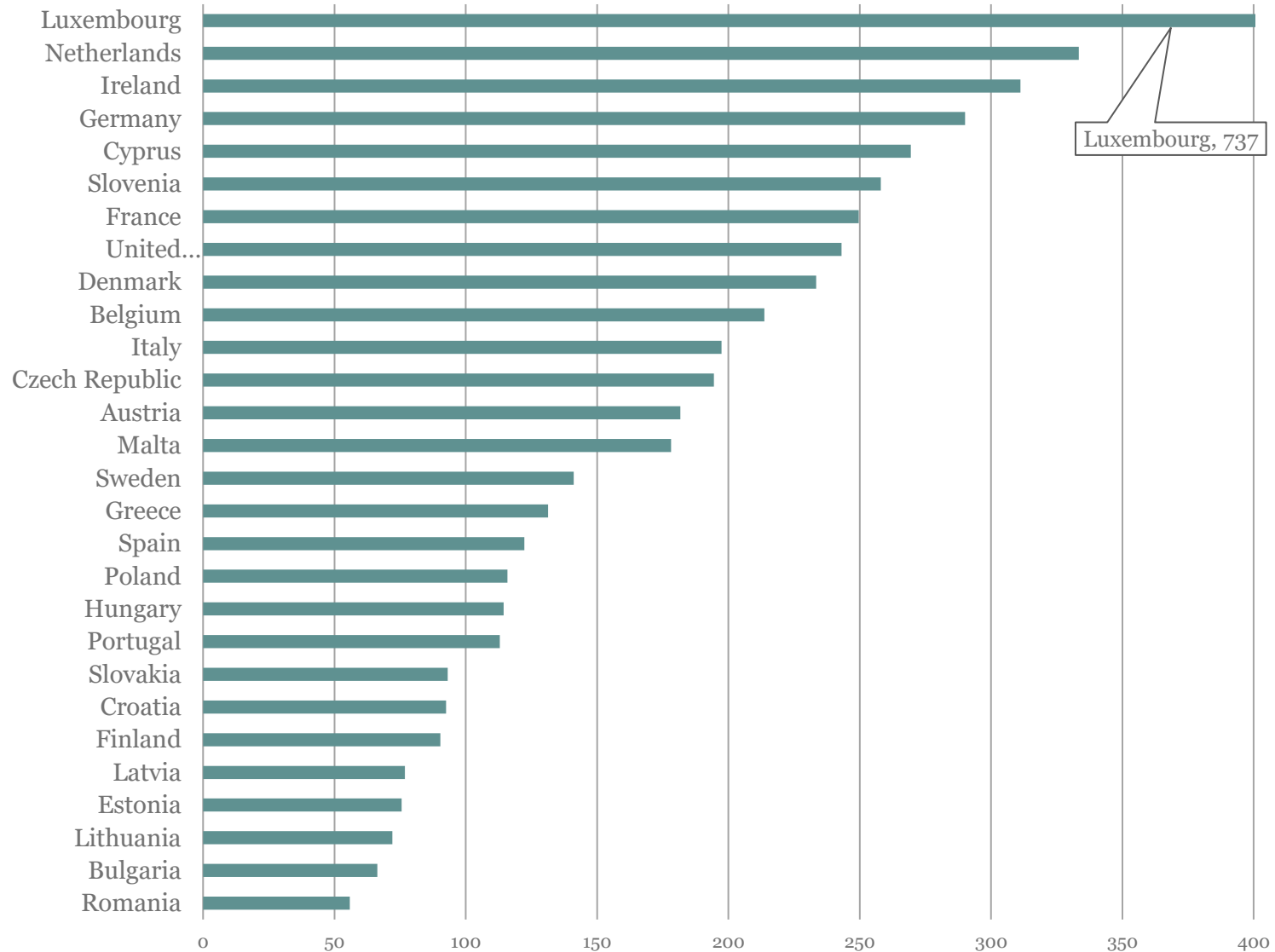
Recap for 27 EU countries (+ UK)

- Several countries spend comparatively very little on WSS
 - Financial sustainability of the sector
- Several countries already allocate a comparatively high share of GDP for WSS
 - Efficiency of expenditure programmes
- Investment needs are projected to increase by 25% or more in all countries
- Reliance on EU funding is an issue for several countries
- Limited experience with commercial debt
- Affordability is not a major constraint for 24/28 countries



Baseline

Estimated expenditures for WSS per capita



(EUR, 2011-15 annual average)

Note: Total expenditure for Finland, Croatia and Sweden are underestimated due to data limitations.

Source: OECD analysis based on EUROSTAT



Projections - Drivers for investment needs

Wastewater treatment

- Urban population growth
- Compliance with Urban Wastewater Directive
 - Connection
 - Treatment
 - Sensitive areas
- Emerging issues
 - Contaminants of emerging concern
 - Sludge management

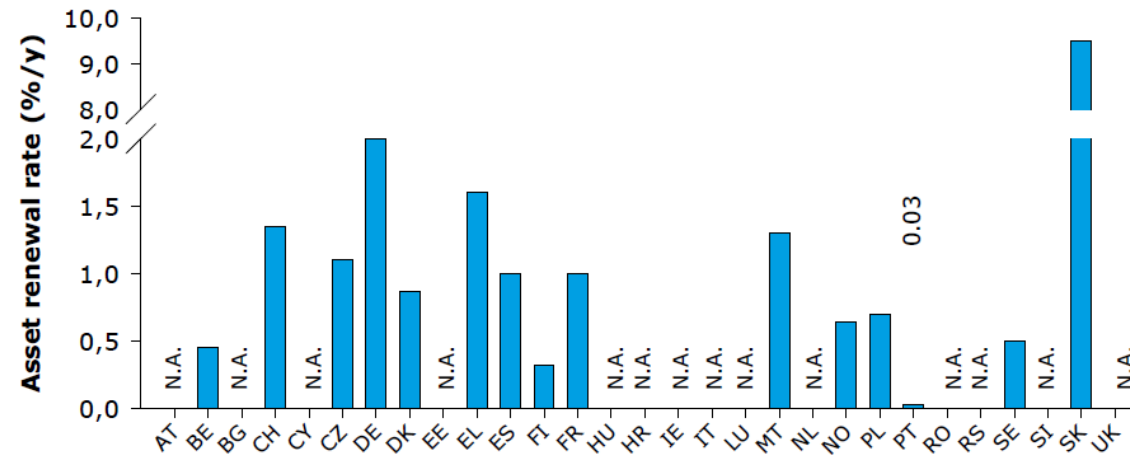




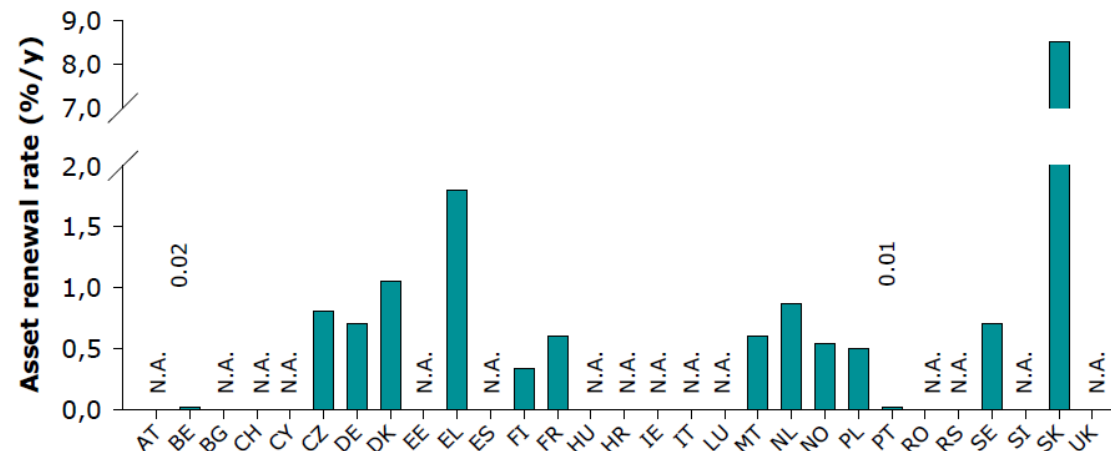
Projections - Drivers for investment needs

The state of the asset

For water supply



For wastewater

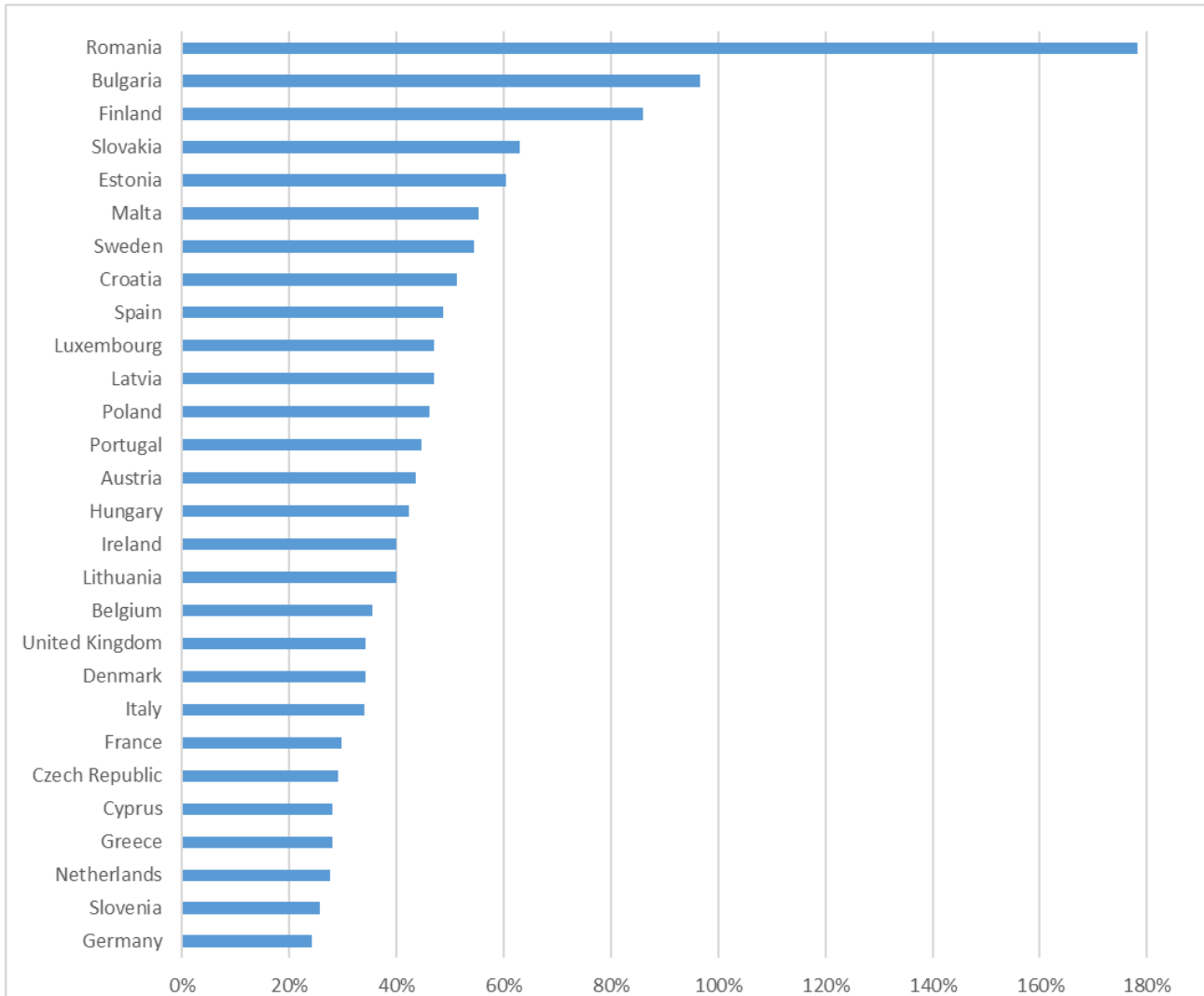




Projecting financing needs

Per Annum additional expenditures by 2030

BAU + Compliance + Efficiency vs. Baseline

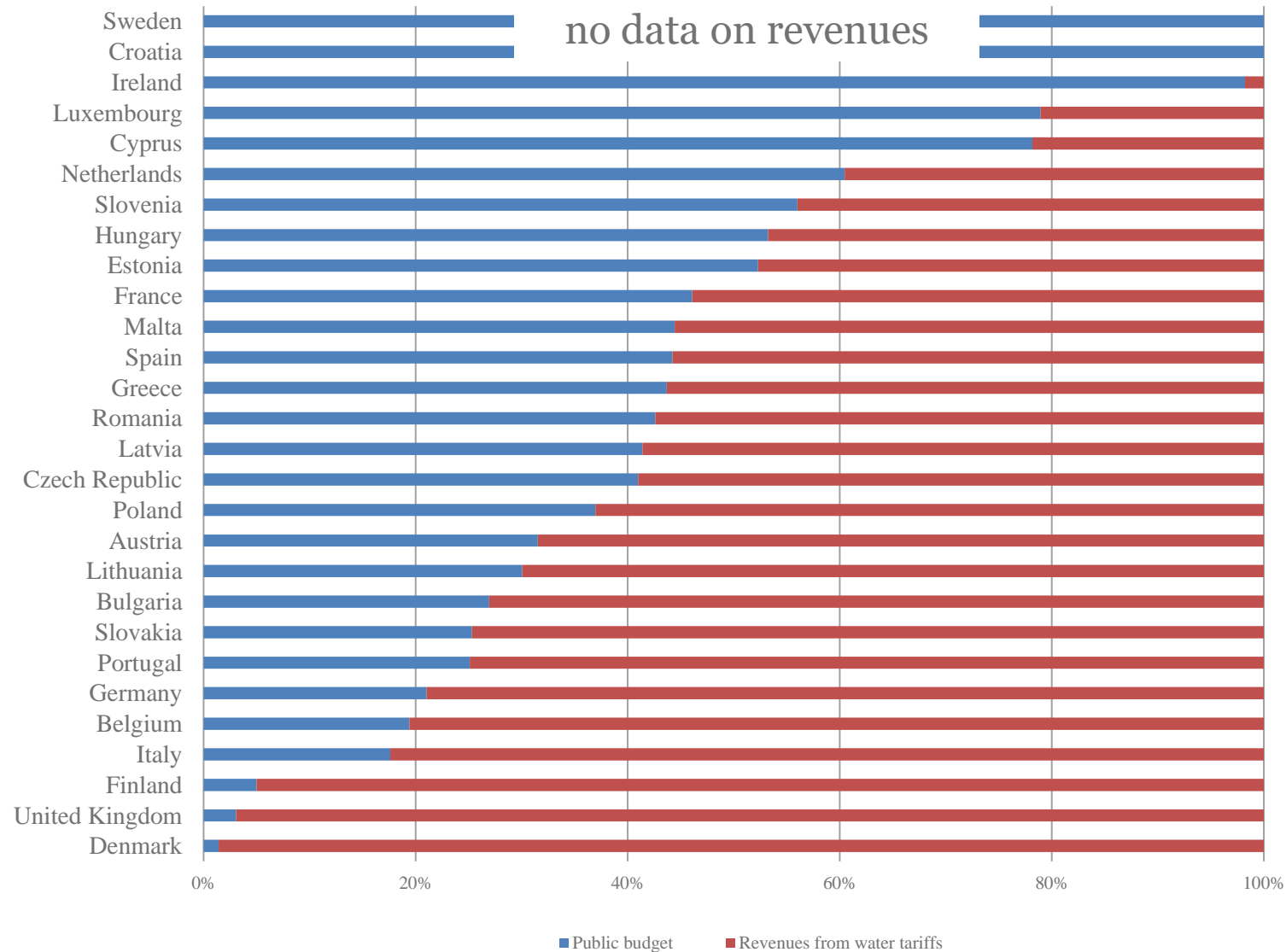


Source: OECD analysis based on European Commission and Eurostat data.



Financing capacities

Sources of finance for WSS

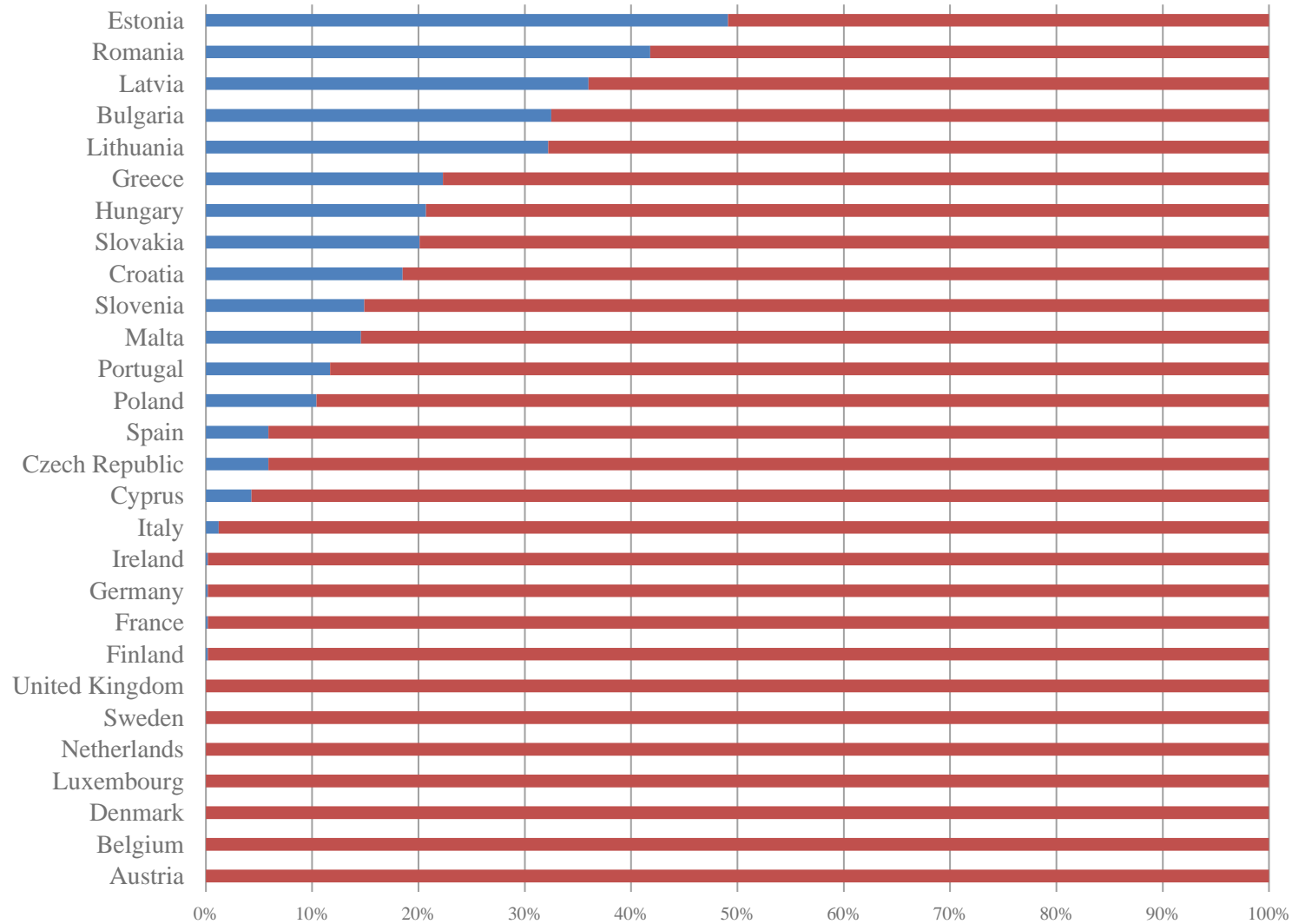


(2011-15 annual average)
Note: Household expenditures missing for Croatia and Sweden.
Source: EUROSTAT.



Financing capacities

Share of EU transfers in estimated total expenditures



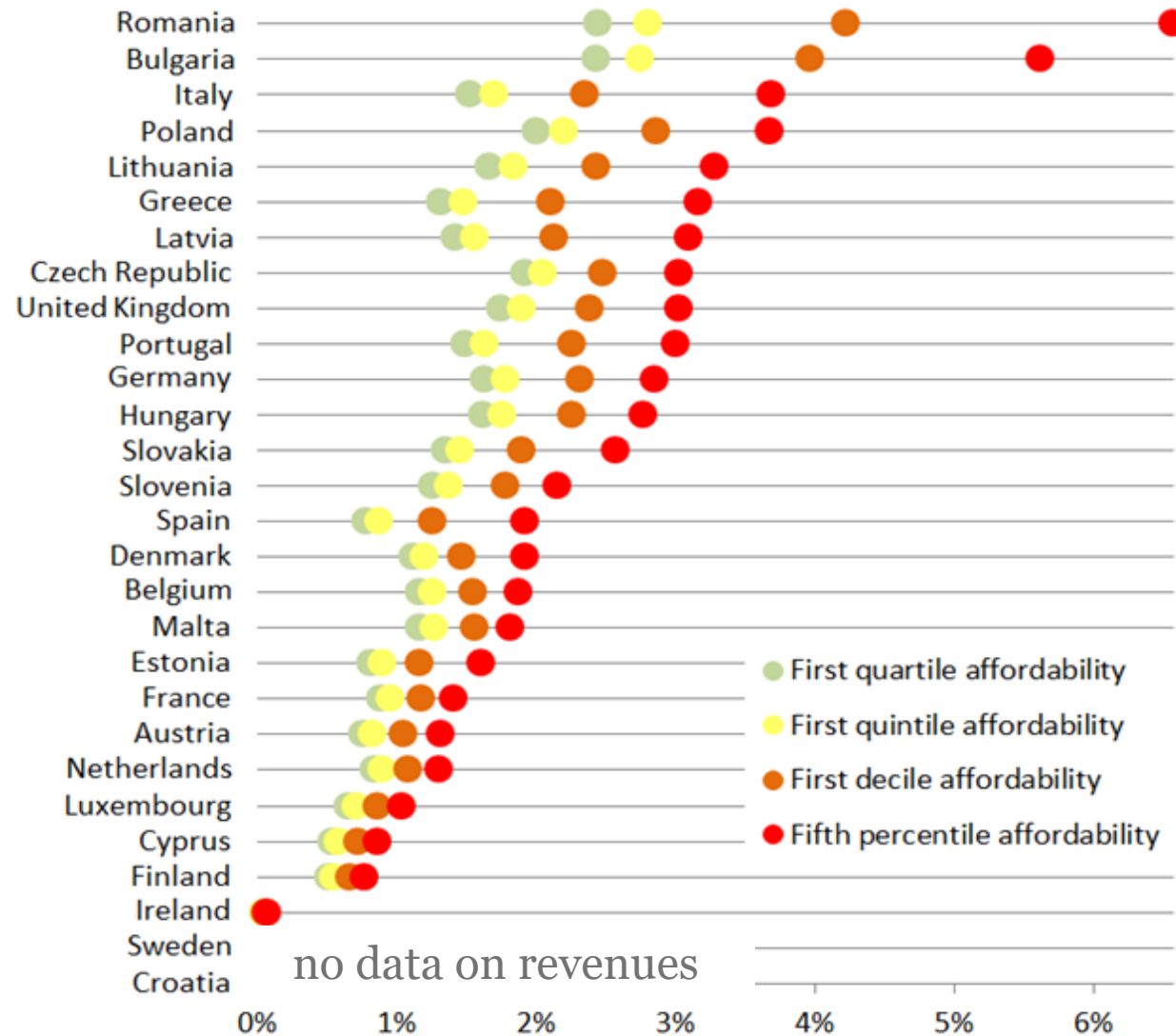
(%, 2011-2015 annual average)

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 presented in previous figures.

Source: EUROSTAT, European Commission Directorate-General for Regional and Urban Policy.



Financing capacities - 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



Policy recommendations

It is not merely about more money

- Reap the benefits of economic regulation
- Make the best use of available resources
- Crowd in new sources of finance



Policy recommendations

Reap the benefits of economic regulation

- The performance of service providers
 - Saves O&M costs
 - Enhances creditworthiness
 - Value for money
- Tariff policy
 - Cheap water hurts the poor
 - Connection fee & WSS tariffs



Policy recommendations

Make the best use of available resources

- Planning, reflecting climate change
 - Uncertainties → scenarios, flexible solutions
- Realistic financing strategies
 - Now and in the future
 - From building to operating & maintaining
- Avoid building future liabilities



Policy recommendations

Crowd in new sources of finance

- Diversified revenue streams (valuing water)
- Strategic use of public finance
 - Allocation of risks and revenues (blending)