



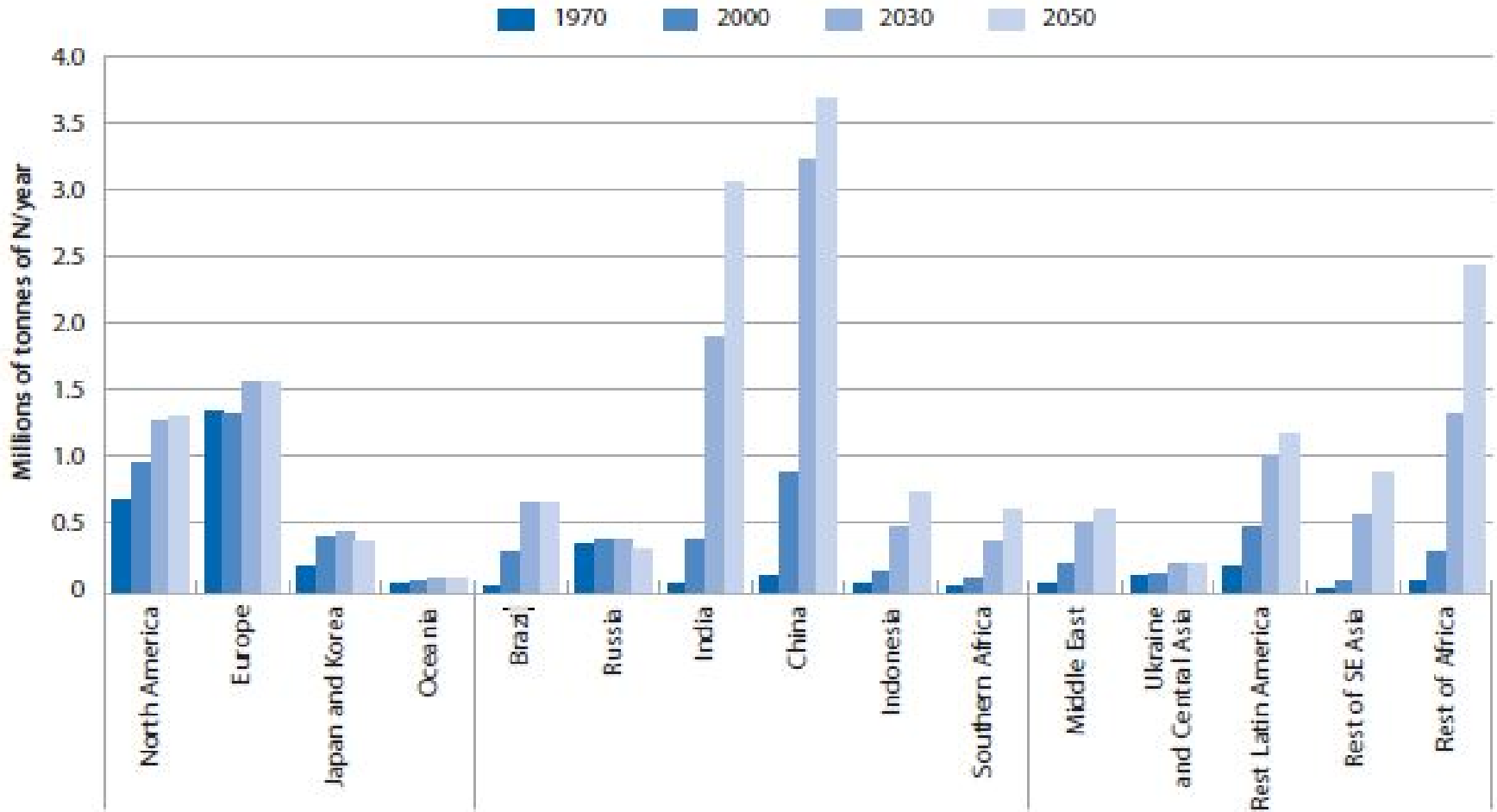
FINANCING FOR THE CIRCULAR ECONOMY: OPTIONS FOR WASTE AND SANITATION

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Projected increase in nutrient effluents from wastewater, 1970-2050



Source: OECD (2012) *OECD Environmental Outlook to 2050*.



A strong economic case for investment, but persistent financing gap

- There is a strong economic case for investment in water security
 - For example, the cost of inadequate water supply and sanitation is estimated at **USD 260 billion per year** (up to 10% of GDP in some African countries)
- The strong economic case does not guarantee sufficient financial flows
- Global estimates for water infrastructure financing needs range from **USD 6.7 trillion** by 2030 to **USD 22.6 trillion** by 2050.



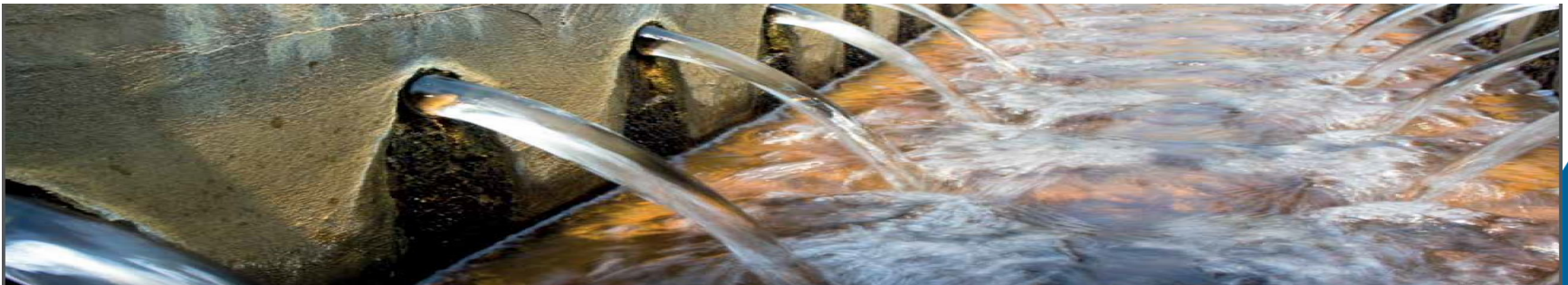
Diversifying funding sources

- **Revisiting the “3Ts”**
 - Tariffs, taxes and transfers
- **Also consider:**
 - New kinds of taxes, such as a Public Goods Charge
 - New types of financial contributions, such as value capture mechanisms
 - Scalability, tailored, local instruments



Innovative business models: examples

- **Enabling wastewater treatment plants to diversify revenue streams, reduce investment needs**
 - Commercialising nutrient management technologies; guaranteed purchase agreement
 - The Water – Energy Purchase Agreement – a financing platform for wastewater treatment and resource recovery as a service





New sources of finance

- **Green bonds**
 - Rapid growth: USD 97 billion 2016
 - Water less than 10% of issuance



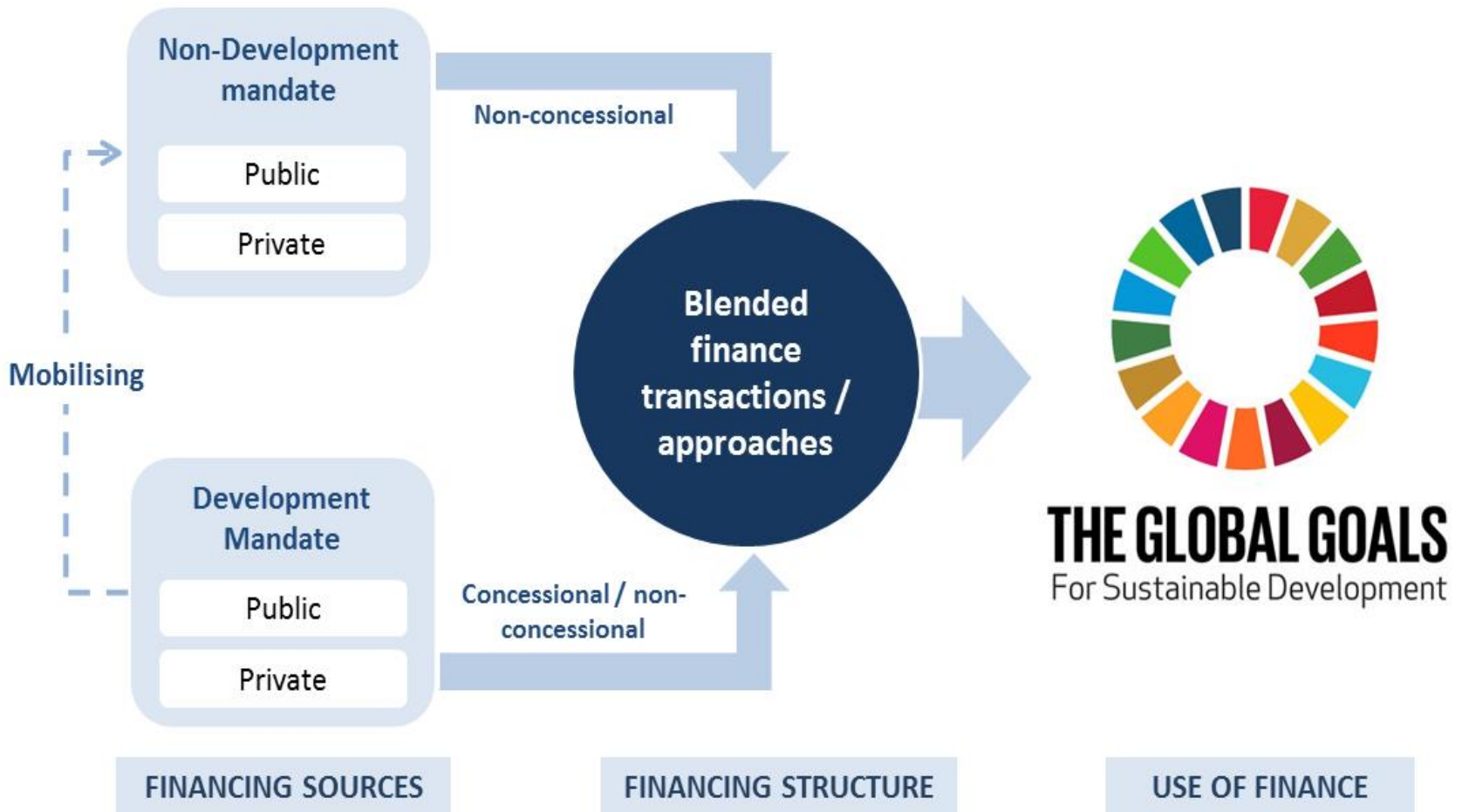


Blended finance: mobilising private capital for the SDGs

- Increasing interest in the context of financing for the SDGs in ‘blended’ public-private transactions, especially among development finance providers
- Blended finance has the potential to:
 - Bridge the viability gap for projects in developing countries
 - Mitigate risks and attract private capital
- However, certain challenges need to be managed:
 - Crowding-in rather than crowding-out private capital
 - Ensuring development outcomes and impact



Blended finance principles





Thank you

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