

Roundtable on Financing Water

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Regional meeting: Europe
7-8 December 2020
Virtual meeting via WebEx

Background and rationale

The [Roundtable on Financing Water](#) is a joint initiative of the OECD, the World Water Council, the Netherlands and the World Bank. The Roundtable provides a global public-private platform to promote action to scale up financing that contributes to water security, enhanced resilience, and sustainable growth among governments, financial institutions, international organisations, philanthropies, academia and civil society organisations.

A regional meeting focused on Europe will be organised in partnership with the OECD and the European Investment Bank (EIB). The regional meeting of the Roundtable will support OECD's broader work on [financing water](#) as well as EIB's strategic priorities, commitment and increased ambition on [climate action and environmental sustainability](#).

Specific objectives include

- Raise awareness about the challenges and opportunities related to financing water-related investment in Europe and promote engagement across public and private actors, in particular the sustainable finance community.
- Emphasise the role that water-related investments can play in contributing to climate action, notably in managing climate risks and strengthening resilience.
- Reflect on impact of the COVID-19 crisis and related economic and social consequences on challenges and opportunities related to financing water-related investments.
- Take stock of recent developments on the EU COVID-19 recovery package, the sustainable finance agenda, including the EU Action Plan on Sustainable Finance and related taxonomy, and the implications for improving water security in the region.
- Identify and disseminate good practices to scale up financing for water-related investment from the countries and financial institutions operating in the region.

Outputs

- Background papers on key issues to support the sessions' discussions disseminated via a dedicated meeting webpage.
- Meeting summary and discussion highlights prepared by the OECD.

Outcomes

- Increasing the attention of policy makers and investors regarding the economic case for investments in water infrastructure and the contribution water-related investments can make to climate action
- Exchange of experience and knowledge to promote more effective and efficient use of financial resources for water-related investment
- Strengthened coordination among a range of government, financial and civil society actors engaged in water investment decisions
- Identification and dissemination of good practice and emerging financing approaches

For further information on the Roundtable, please visit our [website](#) or contact: [Kathleen Dominique](#)



Draft Agenda

Monday, December 7th

11:00 – 11:10 **Opening Remarks: Rationale and aims**

Brief opening remarks by co-convenors EIB and OECD

Angel Gurría, Secretary-General, OECD

Ambroise Fayolle, Vice-president EIB

11:10-11:50 **Session 1. Rationale and aims of water-related investment: Contributing to climate action, environmental sustainability and resilience**

Investments in water security contribute to sustainable growth, climate action and resilient economies, societies and the environment. Beyond serving direct human needs, they benefit a range of sectors, including agriculture, urban development and energy. A lack of sustainable investment can result in cascading risks and costs to societies and the environment, impacting economic well-being and growth. The COVID-19 pandemic and related economic and social consequences have further emphasized the need for resilient systems that can absorb and rebound from shocks. Despite a strong economic case for investment in water security, actual funding falls far short of needs.

Incorporating resilience into water-related investments is an increasingly urgent priority to ensure that system-wide enhancements are made to help absorb and rebound from residual risks as well as events that may be difficult to predict. This requires a recognition that uncertainty about future hydro-climate conditions is increasing in the context of a changing climate. Uncertainties about water-related risks, now and in the future, and how these can affect expected investment returns must be considered. Improving resilience can also strengthen environmental performance of investments to support the achievement of water-related goals, including maintaining healthy ecosystem services and protecting and improving aquatic habitat.

This session will set the scene for the following sessions by providing an overview of the key issues.

Chair: Anna Schumacher, Internal Communications Officer, EIB

Keynote address (10'): *How environmental risks can pose material financial risks: Making the business case for investments that enhance resilience of economies and societies while contributing to climate action and environmental sustainability*

- Guan Schellekens, Lead supervisor on climate risks, European Central Bank

Viewpoints from the finance and investment perspective, lead discussants (4' each):

- Christopher Flensburg, Head of Climate and Sustainable Finance, SEB
- Stefano Songini, Head of Investor Relations and Sustainability, ACEA

- Cinzia Losenno, Climate Change Senior Coordinator at EIB

Moderated Q&A (15')

11:50-12:30

Session 2. Financing needs and capacities for water-related investments in Europe

The existence of a substantial financing gap for water-related investments globally and in the European region is widely acknowledged. Lack of data and information about investment needs and comparable indicators of financing capacities at country and regional level may impede the effective and efficient allocation of resources for water investments. In addition to capital investment planning undertaken by utilities and overseen by regulators, estimating investment needs and financing capacities at country level is an important building block to guide strategic thinking about investment planning and financing strategies. Further, data that are comparable at a regional level can help to inform decisions of actors allocating resources across multiple countries as well as promote cross-country co-operation and knowledge sharing.

This session will share key findings of recent analytical work with the European Commission to estimate investment needs and financing capacities for EU member states. It will characterize some of the key bottlenecks faced by countries to address the financing challenges and options for the way forward. The discussion will include a focus on how the COVID-19 crisis has impacted on investment needs, while the resulting economic crisis has constrained financing capacities.

Chair: Bettina Doeser, Head of Clean Water Unit, DG Environment, European Commission

Presentation (7'): Investment needs and estimating financing capacities for water supply, sanitation and flood protection in EU member states: Key findings and next steps

- Ms. Nele Rosenstock, Policy Advisor, DG Environment, European Commission

Lead discussants (3-4' each):

- Gheorghe Constantin, Director, Directorate for Water Resources Management, Ministry of Environment, Water and Forests, Romania
- Josefina Maestu Unturbe, Advisor to the Secretary of State for the Environment, Spain
- Ana Barreto Albuguerque, former member of the Executive Board, Water and Waste Services Regulation Authority (ERSAR), Portugal
- Olivier Besson, Head of Unit, Risk Management Infrastructure and Utilities, EIB

Moderated Q&A (15')

12:30-13:30

Lunch break

13:30-14:15

Session 3. Contributing to a green and resilient recovery: A role for water-related investments

As a resolute response to the COVID-19 pandemic and related economic and social consequences, European Union leaders have agreed on a historic recovery package. The recovery package

consists of two major elements: repurposing parts of the regular EU budget (or multiannual financial framework) of EUR 1.1 trillion over seven years and the “Next Generation EU” Fund of EUR 750 billion specifically set up to help countries recover from the COVID-19 recession.

Ensuring that these efforts contribute to a green and resilient recovery that delivers broader benefits over the long-term will be crucial. Member countries committed to ensuring that 30% of their total expenditure from the recovery fund and the next EU budget would be dedicated to climate action. In line with the overall aims of the package, there is scope for water-related investments to contribute to a resilient and environmentally sustainable recovery. This session will explore such opportunities and the key actions required to ensure that funding is channelled to high-quality investments that maximise benefits over the long term. It will also explore opportunities for private investors to contribute to the recovery.

Chair: Henk Ovink, Special Envoy for Water, Government of the Netherlands

Keynote address (5'-10'): Werner Schmidt, Director, Environment and Sustainable Territorial Development Department, EIB

Lead discussants (4'-5' each):

- Gonzalo Delacámara, Head of the Department of Water Economics at IMDEA Water Institute, Institute for Advanced Studies in Madrid
- John Matthews, Executive Director, Alliance for Global Water Adaptation
- Sophie Trémolet, Europe Water Security Director, The Nature Conservancy
- Chris Fischer, Senior Water Resources Management Specialist, The World Bank

Moderated Q&A (20')

14:15-14:30

Wrap up of Day 1

Key takeaways from the discussion on Day 1 and brief preview of Day 2.

- Chris Knight, Senior Communications Officer, EIB

14:30

Conclusion of Day 1

Tuesday, December 8th

11:00 – 11:15 **Opening of Day 2**

Cate Lamb, Water Champion, UNFCCC, Water Security Director, CDP

11:15 – 12:00 **Session 4. Sustainable finance: recent developments on EU taxonomy**

To support action toward the Sustainable Development Goals (SDGs) and the Paris Agreement, the EU has set out an ambitious agenda on sustainable finance. The EU's Action Plan aims to integrate sustainability into the EU's financial policy framework to boost the mobilisation of finance for sustainable growth. These efforts include the development of the EU taxonomy for environmentally sustainable investment activities, which will form the basis for developing green bonds standards. The Action Plan also aims to support asset managers, pension funds and insurance companies to integrate environmental, social and governance (ESG) factors into their investments and improve transparency. Water resources are an essential component of the EU's natural capital and an important factor for all three dimensions of ESG, but remain greatly undervalued and under-priced.

As a part of these efforts, a taxonomy on sustainable financing is under development to provide an implementation tool that can help capital markets to identify and respond to investment opportunities that can contribute to environmental policy objectives. This includes developing a list of economic activities that make a substantial contribution to climate change mitigation, adaptation and environmental sustainability in addition to the criteria to do no significant harm to other environmental objectives (e.g. climate mitigation, adaptation, water, circular economy, pollution and ecosystems). How the range of water-related activities will be classified under the new taxonomy (under environmental or social objectives) has yet to be determined.

By discussing the latest developments related to the EU sustainable finance agenda, this session will explore the key linkages to the water sector and water-related investments. It will take stock of recent developments and expected next steps. It will include discussion of corporate and investor perspectives of these developments and how they can contribute to accelerating action on financing water.

Chair: Simon Buckle, Head of Climate, Biodiversity and Water Division, Environment Directorate, OECD

Presentation (5-7') on recent developments related to the Platform on Sustainable Finance and the implications for water

- Dr Ben Allen – Head of Agriculture and land management, Institute for European Environmental Policy (IEEP)

Lead discussants (3-4' each):

- Karine Measson, Head of Water Management Division, EIB
- Sean Kidney, CEO, Climate Bonds Initiative
- James Dalton, Director, Global Water Programme, IUCN (TBC)

Moderated discussion (25')

12:00-13:00 **Lunch break**

13:00-13:45 **Session 5. Supporting the mobilisation of commercial finance to scale up investment**

In light of the constraints on public finance and substantial investment needs, scaling up water-related investment will require mobilising all potential sources of capital, including commercial finance. For water supply and sanitation (WSS) services, a progressive transition is needed to shift from purely public financing to the use of a combination of tariffs and public subsidies and to eventually, mobilising commercial finance (where appropriate). The last step in accessing commercial financing can be challenging and requires both a well performing and creditworthy service provider as well as a secure enabling environment. For other types of water-related investments (e.g. managing water quantity and quality, flood protection and improving ecosystem functioning), using policy instruments to capture the value of investments to generate revenue streams can provide a means to attract commercial finance. Integrating water-related investment with investments in urban development and economic activities can improve the risk-return profile of investments and create the scale required for commercial investors.

A robust enabling environment for investment, including well-designed economic and environmental regulation, can help to ensure risk sharing is balanced among commercial and public actors. This session will examine the factors that contribute to a robust enabling environment and promote the mobilisation of commercial finance.

Chair: Kathleen Dominique, Co-ordinator, Roundtable on Financing Water, OECD

Lead discussants (4-5' each):

- Tom Meuwissen, General Manager Treasury, NWB Bank, The Netherlands
- Carlos Sanchez, Senior Associate, Whitehelm Capital
- Dominika Rosolowska, Sustainability Funding Officer, EIB
- Philippe Rohner, Senior Investment Manager, Pictet Asset Management

Moderated discussion (30')

13:45 – 14:00 **Closing remarks: Key take aways and next steps**

Main conclusions from the discussions and next steps for advancing the agenda for further research and action on financing water in the region.

Xavier Leflaive, Team Leader, Resilience, Adaptation and Water, Environment Directorate, OECD

14:00

Close of meeting