

- ❑ That water is important to planetary wellbeing is undeniable. That securing water for different uses provides socioeconomic development of countries is also undeniable. However, investing in water resources development is still a challenge for governments and corporations around the world. Energy has alternatives (solar, wind, nuclear, etc.) but there is NO substitute for water.
  - Water demand is projected to grow by 55 percent by 2050 (including a 400% rise in manufacturing water demand). By 2050, 1 in 5 developing countries will face water shortages<sup>1</sup>.
  - Today, the challenge of water security is global, and growing. The criticality of this challenge is reflected in the World Economic Forum's 2015 Global Risks Report, in which **water is ranked as the global risk with the single greatest potential impact on economies over the next ten years.**<sup>2</sup>
  - **Reduced freshwater availability** and competition from other uses—such as energy and agriculture—**could reduce water availability in cities by as much as two thirds by 2050**, compared to 2015 levels.<sup>3</sup>
  - Together, **global water use, storage and distribution – and the lack of wastewater treatment - contributes 10% of global greenhouse gas (GHG) emissions**, making it key to the net-zero transition<sup>4</sup>.
  - **Reflecting the value of water in investment decisions** as well as disclosing exposure and vulnerability to water-related risks in investment portfolios **could further help to align the financial sector with water security objectives.**<sup>5</sup>
  
- ❑ **According to Wood McKenzie, Global GDP is projected to reach \$170 Trillion by 2050<sup>6</sup>. A World Bank report on Climate Change, Water and Climate suggests that investing in global water security mitigates the potential loss of up to 6% or \$10.2 Trillion of global GDP per year<sup>7</sup>.**
  
- ❑ There are two key aspects around financing water security for the future. By far the largest amount is what must be financed by governments and municipalities to support water extraction, delivery and sanitation.
  - The **OECD estimates investment needed until 2030 to achieve SDG 6 is approximately \$1.7 trillion** (3 times the current spend). Moreover, this represents only a fraction of the water investment agenda: projections of global financing needs for water infrastructure range from USD 6.7 trillion by 2030 to USD 22.6 trillion by 2050 and these figures do not cover the development of water resources for irrigation or energy (they are wrapped into the clean energy investment estimates.)<sup>8</sup>
  - From a corporate investment perspective, the numbers are smaller but still material in terms of impact to corporate earnings in the future. "There is a compelling economic case for investment in water. The **benefits from strategic investment in water security could exceed hundreds of billions of dollars annually.**" Recent analysis provides a **partial estimate of the scale of global economic losses related to water insecurity are nearly USD 500 billion per year**<sup>9</sup>.

## Taking action on water risks is essential for climate action and it makes business sense.

That is the business and investment case for Global Water Security, a case that has yet to include the establishment of a fair price for Water that the Global Commission on Economics on Water is working on. A price for water and the creation of a water credit similar to the carbon credit ensures additional upside for investing in global water security.

<sup>1</sup> Dr Xavier Lefflaive, OECD Environment Directorate, Paris - [Water Outlook to 2050: The OECD calls for early and strategic action | Global Water Forum](#)

<sup>2</sup> The report of the GWP/OECD Task Force on Water Security and Sustainable Growth - [Securing Water, Sustaining Growth: Report of the GWP/OECD Task Force on Water Security and Sustainable Growth \(iiasa.ac.at\)](#)

<sup>3</sup> [High and Dry: Climate Change, Water, and the Economy \(worldbank.org\)](#)

<sup>4</sup> [Global Water Report 2020 – CDP](#)

<sup>5</sup> OECD Roundtable on Financing Water; Thematic meeting: Climate Action, 23-23 September 2021- [OECD Water – water](#)

<sup>6</sup> Peter Martin, Wood McKenzie Senior Economist - [Energy transition may shave 2% off global GDP by 2050 | Wood Mackenzie](#)

<sup>7</sup> [High and Dry: Climate Change, Water, and the Economy \(worldbank.org\)](#)

<sup>8</sup> Guy Hutton & Mili Varughese: - [The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene \(worldbank.org\)](#)

<sup>9</sup> Sadoff C. et al. (2015), *Securing Water, Sustaining Growth, report on the GWP-OECD Task Force on water security and sustainable growth*, University of Oxford, UK