

1) First is the water scarcity, as the world's population is growing rapidly so it's very hard to ensure the water supply to everyone due to lack of adequate infrastructure. Second is the accessibility to the clean water, as everyone needs clean water for their health. Third is growing water demand for energy and Fourth is the water quality which may be polluted by some chemicals.

2) Mainly from 3 sources: Market problems, Public sector problems, and Government failure.

For market problems, for example, insecure property rights means that the rights of holding the land property can be anyone who comes first.

For public sector problems, inefficient tax and user fee structures

For Government failure, government policy sometime is the cause of inefficient land-use allocations.