



MANAGING WATER FOR GROWTH: INTERNATIONAL EXPERIENCE IN RIVER BASIN MANAGEMENT

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The OECD

- 34 member countries (4 accession countries, 5 “key partner” countries)
- Economics-based, multi-sectoral
- Forum to share experiences and derive policy lessons, source of comparative data
- Council approves Programme of Work and Budget for a 2-year period
- Committees and Working Parties supervise policy analysis work
- Secretariat: 2000+ staff, based in Paris



OECD water *acquis*

- OECD Council Recommendation on water set up the framework for:
 - Improving water quality
 - Managing water quantity
 - Managing water risks and disasters
 - Ensuring good governance of water resources
 - Ensuring sustainable finance and investment, and pricing of water services
- Implementation toolkit developed



Review of international experience of river basin organisations...

...shows that in most cases the organisation consists of two bodies:

- the basin council or committee, composed of water stakeholders (including representatives of government, users and NGOs)
- the water agency or basin directorate, which, under the control of the basin council
- *Example of France – successes and challenges*



Water policy set by RBO depends on:

- the level of decentralisation
- the role of the basin council in decision making
- the financial means available
 - Spending capacity
- *Example of Poland*



The role of the basin council is closely related to:

- The status of the members of the basin council

- The weight of the basin council in decision making

In France and Romania, the basin council has to take a formal vote regarding the river basin management plan; in France it also votes on the level of fees collected and the allocation of subsidies to water projects or measures in the river basin

- The governance of the basin council

In the French case, the president of the basin council is elected from among its members

- Finally, the financial means allocated to ensure the river basin organisation is efficient and has a high profile



Financing needs of basin organisations

- For the basin council
- For the basin directorate/agency
- For the implementation of measures



Financing sources for basin organisations

Source of financing	Advantages	Drawbacks	Comments
National Budget	<ul style="list-style-type: none"> ✓ Can be transferred once a year ✓ Can be negotiated 	<ul style="list-style-type: none"> ✓ Limited ✓ Subject to cuts related to economic situation 	This the most common source (Bulgaria, Poland). Sustainability can be difficult in the long term.
Fees & Charges	<ul style="list-style-type: none"> ✓ The budget can be higher ✓ Can be used in implementing measures 	<ul style="list-style-type: none"> ✓ An efficient collection system is needed ✓ Must be accepted by all economic sectors 	Fees can also serve as incentives (e.g. to promote efficient use of water resources)
Other	<ul style="list-style-type: none"> ✓ Provide independence to the basin organisation 	<ul style="list-style-type: none"> ✓ Sustainability less assured ✓ Can lead to favouring of income activities over river basin management 	In the countries used as illustrations, the amounts of such revenue are limited.

Source: OECD (2012)



Central budget financing

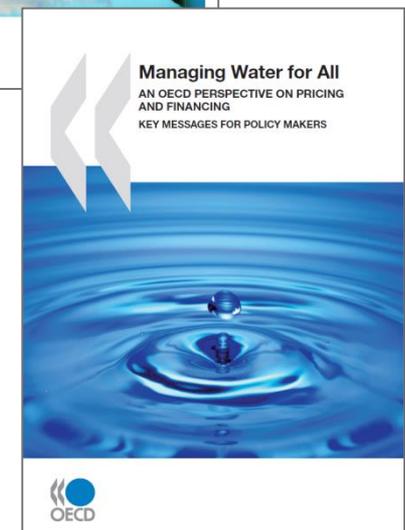
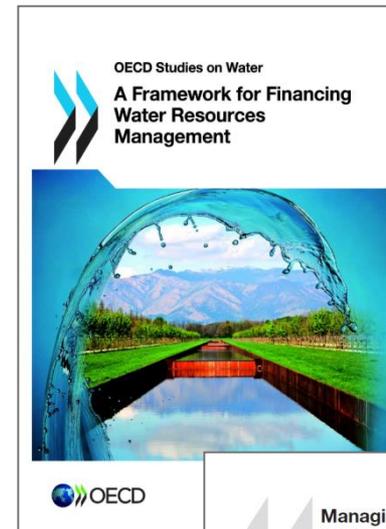
- Financing of the basin organisation via a budget allocated by the central government is the most common situation
- The level of budget allocation to the basin organisation is highly influenced by the overall economic situation

In Bulgaria and Romania, the economic downturn that started in 2008 resulted in cuts to basin organisation staff or salaries



How to bridge the financing gap

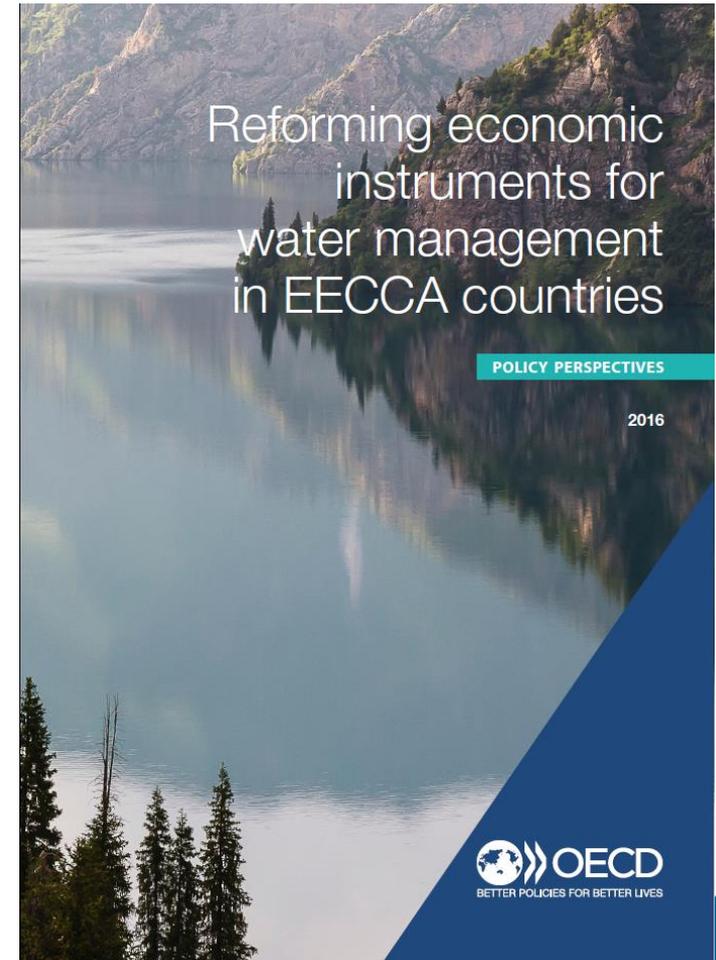
- The OECD Framework for Financing WRM:
 1. Polluter Pays
 2. Beneficiary Pays
 3. Equity
 4. Consistency across adjacent policies
- Reform of environmentally harmful subsidies





Economic instruments can help

- Raise revenues
- Promote efficient uses
- Allocate water where it creates more value
- Value the benefits of water-related services
- Provide incentives to explore low-cost options
- Engage stakeholders





Earmarking?

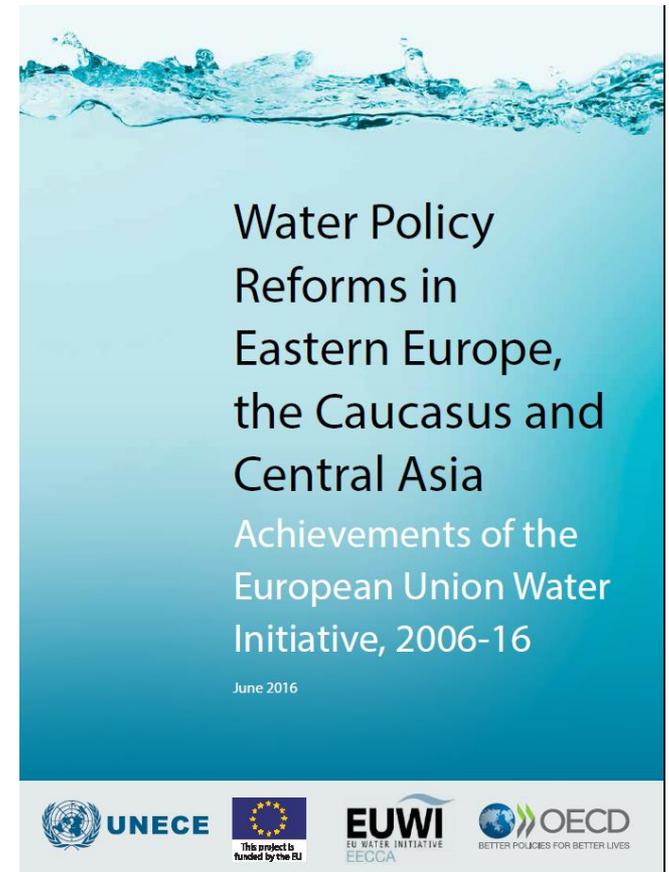
- How to use the money collected: is it earmarked to finance water policy or used directly at basin level to finance the implementation of water policy?
- In the most common situation, the basin organisation assures the fee collection and the fees are deposited in a centralised national environment fund
- The challenge is to ensure that the environment funds have mechanisms to address water issues, preferably at river basin level



OECD experience in the EECCA region

National-level pilot projects have been and will remain the key mechanism of OECD cooperation with EECCA countries

- Setting the right institutional framework
- Reform of economic instruments incl. subsidies that impair water policies
- Reform of irrigation sector
- Economic benefits of cooperative transboundary water management
- Water for inclusive green growth reform of urban and rural water supply and sanitation





River Basin Governance in EECCA

- River basin governance and planning is one of the key emerging challenges to IWRM in EECCA countries
- Despite the various initiatives supported by the donor community, EECCA countries face many challenges:
 - legal and institutional deficiencies
 - weak capacity and skills
 - management of water resources at central level, with a limited relationship to RBMPs.

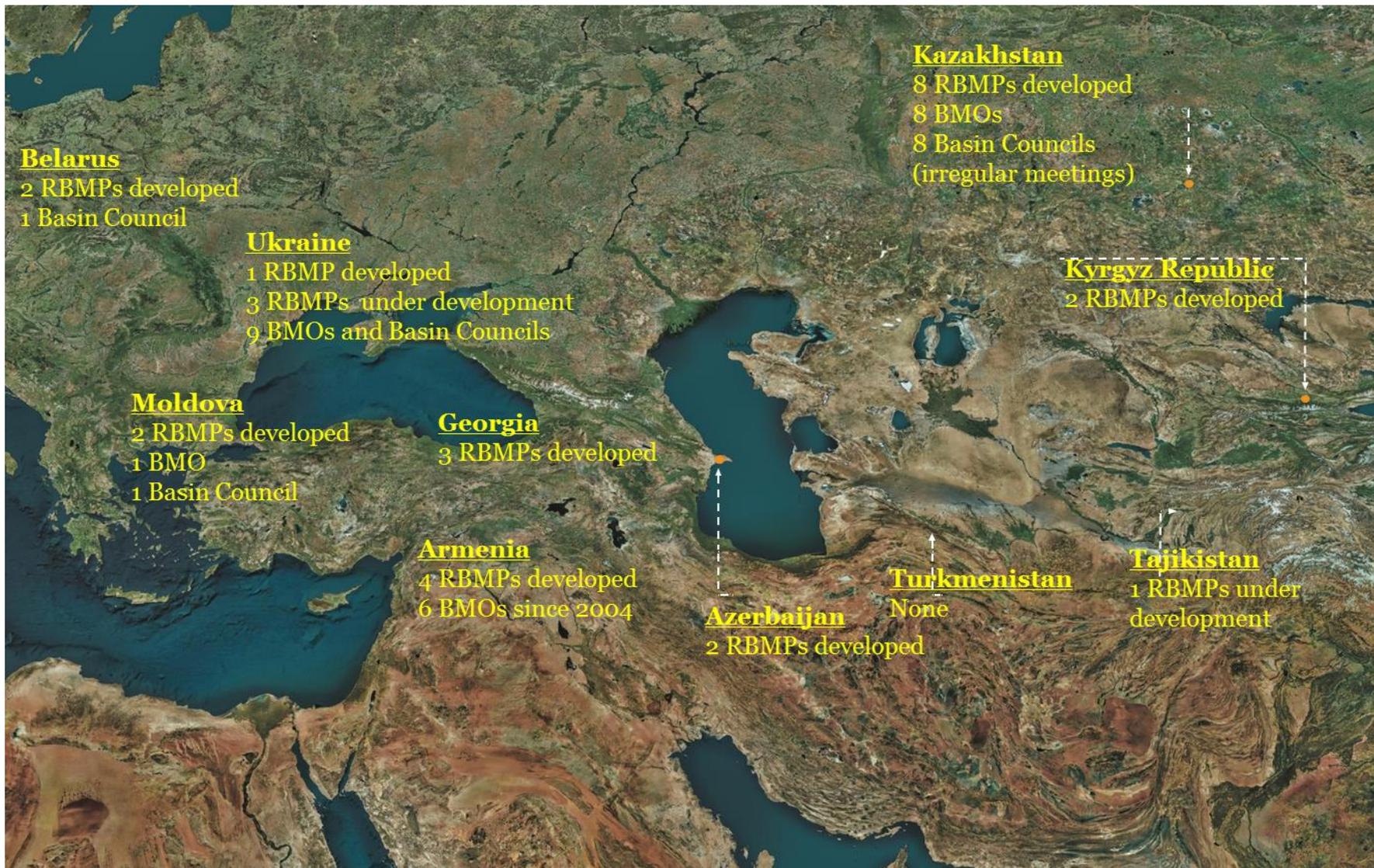


River Basin Management Plans in EECCA

- In the last decade draft RBMPs have been developed, mostly with the support of international donors
- Water resources management is still being carried out based on the territorial-administrative principle
- So far, the boundaries of river basins are formally defined only in Armenia, Belarus and Moldova



River Basin Management in EECCA





Implementation of RBMPs is problematic in EECCA

- Implementation of pilot RBMPs **seems problematic due** to funding and the absence of corresponding RBOs
- So far RBOs are established only in Armenia, Kazakhstan and Ukraine
- Even for these countries **RBOs have limited capacities** and limited water management functions
- Need significant capacity building and institutional strengthening to be able to implement RBMPs



Basin Councils

- Only Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova have provisions in their water legislation to establish public Basin Councils as consultative or advisory bodies
- Currently, only a small number of Basin Councils are established, which do not meet regularly, due to absence of funding mechanisms
- There is low motivation among the basin stakeholders to participate in the Basin Council works



These problems aggravate at trans-boundary level

Trans-boundary water management → Address economic and environmental objectives at the same time

Objectives





Summary

- Well organised RBOs have a key role to play in managing water for economic growth
- Significant human and technical capital
- Sustainable funding is key
- Range of models and tools exist
- Global challenge
- OECD experience in international economic analysis and policy development



Thank you!



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