



# MANAGING WATER FOR GROWTH: INTERNATIONAL EXPERIENCE IN RIVER BASIN MANAGEMENT

Matthew Griffiths  
OECD, Environment Directorate  
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# The OECD

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- 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*

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- 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...

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...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:

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- 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:

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- 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

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

Source: OECD (2012)



## Central budget financing

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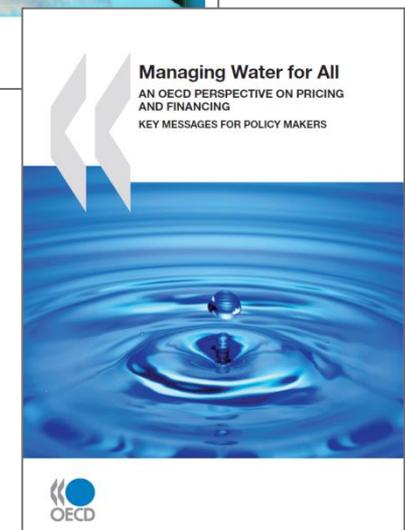
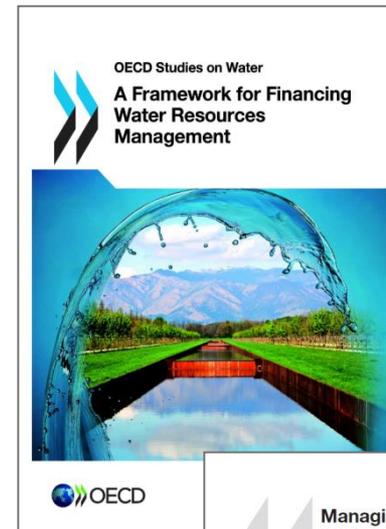
- Financing of the basin organisation via a budget allocated by the central government is the most common situation
- The level of budget allocation to the basin organisation is highly influenced by the overall economic situation

*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

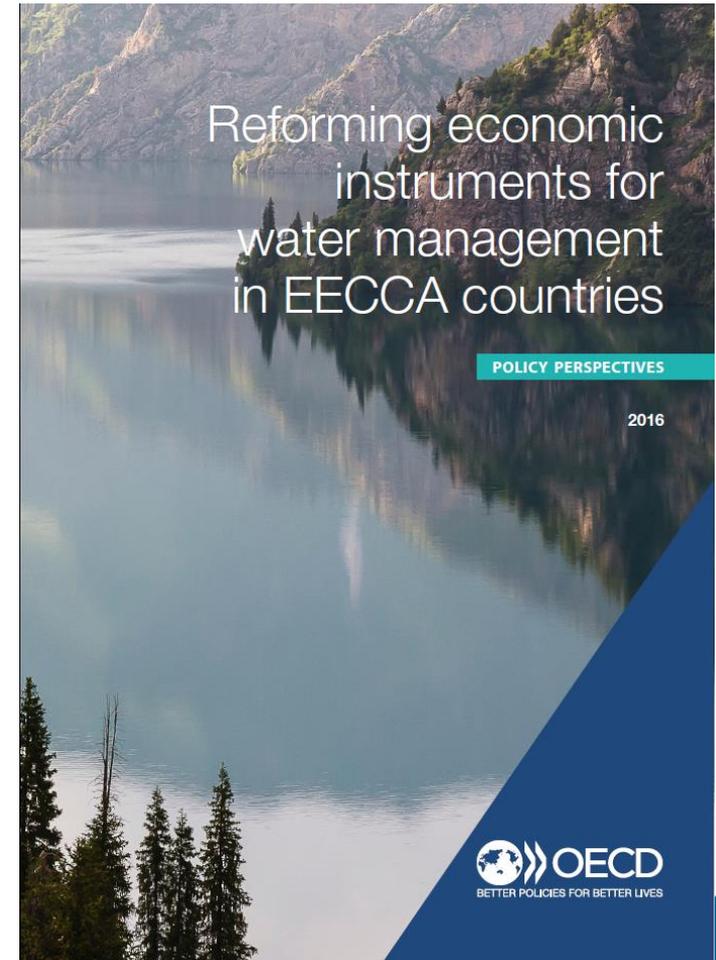
- The OECD Framework for Financing WRM:
  1. Polluter Pays
  2. Beneficiary Pays
  3. Equity
  4. Consistency across adjacent policies
- Reform of environmentally harmful subsidies





# 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?

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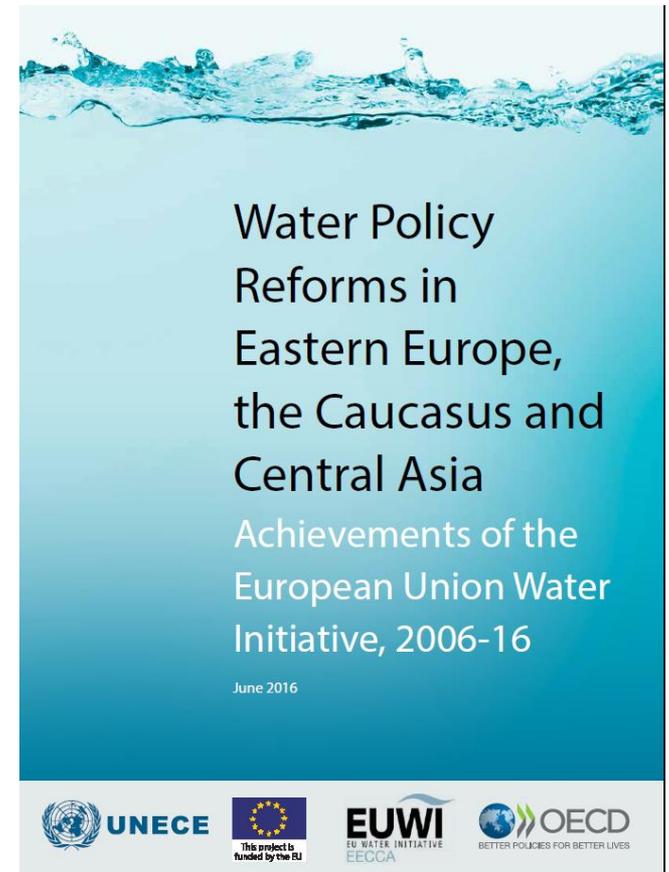
- How to use the money collected: is it earmarked to finance water policy or used directly at basin level to finance the implementation of water policy?
- In the most common situation, the basin organisation assures the fee collection and the fees are deposited in a centralised national environment fund
- 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

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- 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.



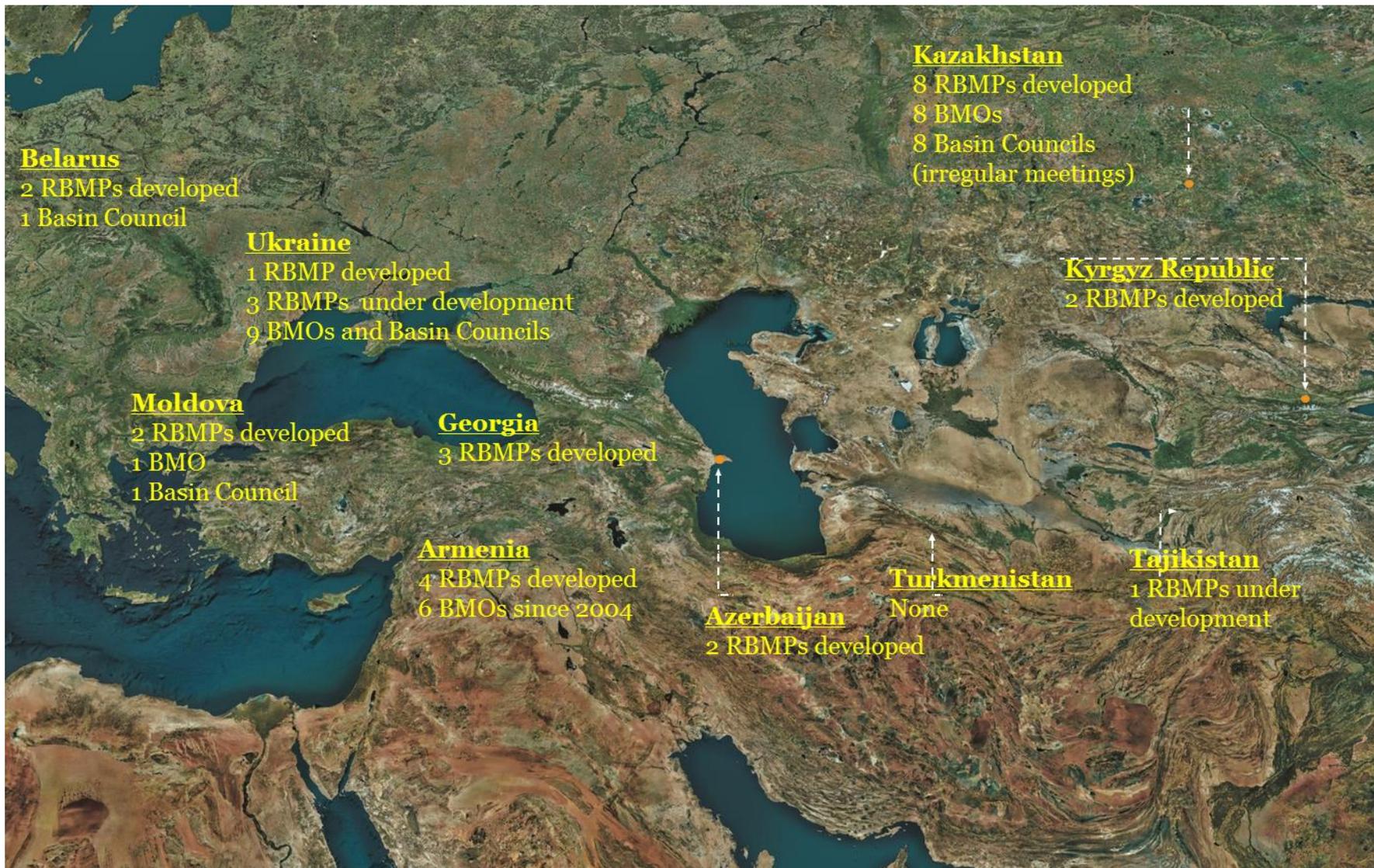
# River Basin Management Plans in EECCA

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- 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

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- 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

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- 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

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- 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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[Matthew.Griffiths@oecd.org](mailto:Matthew.Griffiths@oecd.org)

[www.oecd.org/water](http://www.oecd.org/water)