Funding for water management has increased dramatically in Mexico, with public investment in water infrastructure nearly tripling between 2000 and 2010. This has helped Mexico to meet the Millennium Development Goal on access to safe drinking water and sanitation. However, the country still lags in the enforcement of wastewater discharge regulations and in municipal and industrial wastewater treatment. Although Mexico has a well-developed policy framework for water resource management, policy implementation is uneven, river basin authorities are not fully operational yet, and the regulatory framework for drinking water and sanitation is fragmented. Further improvements are needed to press for more efficient use of water, address multi-level governance challenges (in particular to bridge inconsistencies between federal and basin priorities), foster user participation in water-management financing, and increase cost recovery for irrigation services.

Supporting the implementation of Mexico’s 2030 Water Agenda

To address these concerns, Mexico has set itself an ambitious 2030 Water Agenda. It seeks to achieve sustainable aquifers, clean rivers, universal coverage, and settlement from catastrophic floods within the next 20 years. The Agenda sets 4 strategic lines and 38 initiatives covering a wide range of issues, and requires an overall investment of 3 billion euros a year. It is grounded in sound technical prospective analysis, and a one year nation-wide consultation of key stakeholders at local, state and national level.

This full-fledge long term planning exercise shows clear political commitment and leadership to design a strategic vision for the water sector in Mexico. OECD highly recommends the pursuit of this effort and of the supporting dialogues engaged so far.

The ongoing OECD-Mexico Water Policy Dialogue aims to identify the challenges and good practices in bridging a series of governance gaps to the implementation of the Agenda, in improving the enabling investment and regulatory framework for water service delivery, and in ensuring financial sustainability through an appropriate mix of revenues.

Preliminary outcomes from the policy dialogue suggest that i) water governance needs to be streamlined, to address gaps between levels of government, and across local and state actors; ii) the financial sustainability of river-basin management plans and agencies needs to be enhanced through strategic financial planning and a more effective use of economic instruments; and iii) water management needs to be better integrated in a variety of policies, in particular agriculture. For example; the 2011 OECD Economic Survey of Mexico noted how agricultural electricity subsidies artificially lower prices for pumping irrigation water, resulting in an over-exploitation of groundwater.

Tailored policy recommendations will be available in a final report (November 2012), building on OECD tools and concepts (Guidelines for effective management of multi-level governance; Principles for financing water management; Checklist for Public Action; Strategic Financial Planning; etc.) as well as lessons learnt from OECD member and non member countries.

They will provide guidance for policymakers to continue the efforts engaged to make water reform happen. The OECD is willing to cooperate further with Mexican authorities, after the presidential elections, to refine recommendations and support implementation.
OECD – CONAGUA Policy Dialogue: key objectives

1. Provide guidance on the design of a policy framework to monitor progress in the implementation of Mexico’s 2030 Water Agenda;
2. Diagnose multi-level governance gaps across ministries and public agencies, between levels of government, and across local and state actors;
3. Suggest indicators/proxies to appraise institutional and territorial fragmentation and advise on governance instruments that help foster coordination across public actors at all levels;
4. Assess the obstacles to and recommend good governance practices for carrying out investment plans and creating an enabling environment for private sector participation in service delivery;
5. Advise on tariff setting and regulations which cover the costs of investment, provide adequate incentives for operators and improve the overall efficiency;
6. Advise on how to make the most of economic instruments in support of financial sustainability of Mexico’s water sector;
7. Analyze the territorial challenges in water management by carrying out rural, urban and cross-border case studies and having a closer look at river basin authorities;
8. Identify capacity challenges at local and state level, related to investment projects, strategy setting and implementation (planning, budgeting, management and evaluation);
9. Facilitate Mexico’s contribution to multilateral dialogues on water policy in Latin America, and other regions, particularly in issues related to capacity building, financing, regulation and stakeholders’ engagement;
10. Develop an information platform and provide access to international comparison and best practices through roundtables, experts’ meetings, workshops and multilateral dialogues;

**Selected references**


**DID YOU KNOW...**

- In the next 20 years, Mexico will need to provide drinking water services for an additional 36 million inhabitants and sanitation services for an additional 40 million;
- The last 30 hurricanes and droughts have affected 8 million inhabitants and caused damages of 130 billion pesos; the vulnerability is increasing;
- In Mexico, 13 river basin organisations and 25 river basin councils have been set up to foster integrated water resources management;
- Reducing the electricity subsidy for irrigation to just 1/3 of electricity costs would result in a 19% reduction in water extraction?