

Launch of the OECD report « Water Governance in the Netherlands: Fit for the Future? »

Remarks by Yves Leterme, OECD Deputy Secretary-General, 17 March, The Hague

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Minister Melanie Schultz van Haegen, Ladies and Gentlemen,

It is my pleasure to be with you today to launch the OECD report *Water Governance in the Netherlands: Fit for the Future?*

Allow me to start by thanking you, Minister, for your continuous support to the year-long policy dialogue. Your commitment demonstrates the high-level priority given to water in your agenda, but also your attachment to the multi-stakeholder process to build a shared understanding of the main challenges and the potential ways forward.

You have approached the OECD to provide a neutral view and evidence-based assessment of how Dutch water governance is performing, and whether it's equipped or not to cope with future challenges. Our response is *yes*, but there are important qualifications attached to this statement.

The Netherlands is globally known for its excellent track record in many areas of water management. In this country largely below sea level or flood-prone, the water system has managed to “keep Dutch feet dry”, and to develop a strong economy, a robust industry and a high-value agriculture. This performance has been achieved through a sophisticated “natural infrastructure” but also distinctive multi-level governance arrangements, century-old institutions, and consensus-based decision-making through the Dutch “polder approach”.

The system has also significantly evolved and adjusted over time. In particular, national authorities have been reorganised to improve their strategic capacities; regional water authorities have been consolidated into a smaller number of larger entities, and have gained new functions; drinking water companies have been aggregated at the regional level; water legislation has been consolidated; innovative contractual agreements have been signed to foster efficiency gains across the water chain through improved coordination; and major strategies such as the *Delta Programme* have been adopted to address current and future challenges regarding water safety and freshwater supply.

However, there is always a risk that excellence could lead to complacency. Expected future trends generate uncertainty about whether water management is able to cope with changing conditions and whether there is a need to reduce path dependency and strengthen resilience. Climate change will affect water availability and the resilience of water infrastructures. Economic and demographic trends will drive water demand and affect the capacity to respond to water risks. Rising regional disparities also mean that regions will have unequal capacities to cope with water governance challenges.

The report points to persistent and emerging challenges in Dutch water management.

- *Water quality* and the resilience of freshwater ecosystems recently gained traction in the country, but continue to be pressing issues.
- *Water governance* relies on a system of many checks and balances, which presents some limitations (such as the absence of independent monitoring) and the reliance on voluntary agreements and measures, which may or may not make the best of available resources.
- *Economic incentives* to efficiently manage water are sometimes weak. Water management and spatial development are closely connected, but those who benefit from spatial development, such as municipalities and property developers, do not necessarily bear the costs of water management; as a consequence, ongoing spatial development at times increases

exposure to flood risk, leading to the escalation of the costs which will be borne by the community. This raises equity issues today and in the future.

There is a momentum to develop an agenda for future water policies in the Netherlands. Ongoing debates and legislative reforms (such as the Environmental Planning Act under preparation) provide a window of opportunity to streamline further policies and institutions, reach out of the water box and become effectively fit for the future.

New approaches in terms of policy, investment, infrastructure and governance can help better manage “too much”, “too little” or “too polluted” water at least cost for society and in an inclusive way, now and in the future. Let me stress the main recommendations provided in the OECD report.

- A preliminary step is to **address the “awareness gap”** of Dutch citizens, who take current levels of water security for granted. This is due to the high degree of trust in public institutions and their capacity to deliver water policy outcomes. It is also probably linked to the absence of a major flood episode in the last 60 years. But a direct result is that Dutch citizens tend to be less involved in water policy debates, ignore water risks when they develop property, and to be little concerned with water pollution. In that context, their willingness to pay for a service they take for granted may erode in the future.
- Another important step is to **strengthen accountability mechanisms** for more transparent information and performance monitoring, and greater account of unheard voices. The report suggests a range of tools, which can help shed greater light on embedded, dispersed and accepted costs, and disclose this information to the general public.
- **Economic incentives** can also be strengthened, in particular to ensure that those who generate liabilities with regards to water management (e.g. water users who abstract surface or groundwater or who discharge pollutants into water resources; property developers who build in flood-prone areas) also bear the costs. The report provides a range of options to make allocation of costs across users fairer and more transparent.
- A renewed focus on **stakeholder engagement** is also desirable to address the risks to the longstanding Dutch consensus-building process which, in the context of an awareness gap, can lead to diminishing the role of the less-vocal and potential capture by the most-vocal and the best organised stakeholders. The report suggests options to reflect better the unheard voices, give more room to NGOs, while building on existing decentralised assemblies.
- The water chain could be organised in a way that guarantees further **co-ordination across water supply, wastewater collection and treatment** and related functions. The 2011 Administrative agreement on Water Affairs is a step in the right direction, but some mismatches can be addressed. The report argues that municipalities could sustain their responsibilities regarding wastewater collection if they effectively combine them with urban planning. Regional water authorities can remain the operators of wastewater treatment facilities if they adopt distinctive governance and financing schemes for this function.

Ladies and Gentlemen, Minister

On behalf of all my colleagues and the high-profile peer-reviewers from UK, US, South Africa and France involved in the policy dialogue, I would like to thank you again for this transparent approach to policies and the fruitful dialogue, which does not come to a close now.

By “opening the books” to the OECD, the Netherlands has been very forward-looking and has shown that it is ambitious to become a “better version of itself”. I hope the OECD contribution can feed into current consultations and future decisions about water policies in the Netherlands, and we stand ready to support better water governance for better lives.