



OECD GLOBAL FORUM ON ENVIRONMENT: MAKING WATER REFORM HAPPEN

25-26 OCTOBER 2011

OECD Conference Centre, Paris

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Overview

Well-managed water systems are a fundamental policy goal for all countries and can be an important driver for green growth. Yet significant gaps persist between aspirations to ensure access to sufficient and sustainable quantities of good quality water and the actual conditions on the ground. Identifying appropriate policies and approaches for integrative water policy is only a first step - implementation is essential.

Making reform happen in the water sector requires putting in place the conditions to ensure that the actions of all stakeholders – different categories of users, multiple responsible authorities and various service providers – contribute to the long-term objectives of environmental sustainability and enhancing social welfare. Understanding the political economy of reform means taking into account how decisions are made and in whose interest; how reform is promoted or obstructed and why. Learning from the experience of past and on-going water reforms can help to illuminate wider lessons that can increase the prospect of success for future water reforms.

Against this background, and within the broader context of the OECD's Horizontal Water Programme, the OECD is focussing this Global Forum on Environment on making water reform happen. The Global Forum will be centred on a series of case studies from both OECD and non-OECD countries, with the aim of pooling reform experiences and distilling broader lessons for future reform efforts.

Global Forum Objectives

- To identify the challenges of designing and implementing water policy reforms and strategies to address them;
- To gain a better understanding of how integrated water policy reforms can be implemented in specific contexts incorporating well-recognised principles of environmental policy (e.g. the polluter pays principle, removing environmentally harmful subsidies), a sound economic basis (e.g. sustainable cost recovery) and good governance; and
- To provide an opportunity for developing and developed countries to share experiences about past and on-going water policy reforms and to identify key factors for improving the prospects for success.

Context

Ensuring access to sufficient quantities of adequate quality water to meet human, productive and ecosystem needs is a fundamental policy goal for all countries. Water systems - including freshwater resources and water supply and sanitation - must be well-managed to provide the broad range of water functions and services upon which humans and nature depend.

Well-managed water systems can be an important driver for green growth. Improving incentives for the efficient and sustainable use of water, employing flexible mechanisms to allocate water to where it creates the most value and making efficient investments in water infrastructures can open up new sources of growth. Potential constraints on growth arising from water scarcity or reduced water quality can also be lessened by improving water management and adequate investment in water infrastructure and associated ecosystems.

Yet, the challenges are considerable. Multiple stressors including population growth, economic development, pollution, urbanisation, mismanagement, extreme events such as floods and droughts, and climate change exacerbate existing strains on water systems. Competition for water is also increasing as overuse and pollution reduce sources available at affordable costs in several parts of the world. This has prompted increased interest in demand management and in some cases calls for 'closing the water cycle'.

Although it is widely recognised that water is essential for human and economic development and healthy ecosystems, in many countries important gaps persist between aspirations and the actual conditions on the ground.

The previous OECD Global Forum on Environment focussing on water took place in 2008. The discussions helped to refine guidelines for good practice in several key areas: strategies for financing water and sanitation services; designing water tariffs; sustainable management of water resources in agriculture; and private sector participation in water infrastructure. Discussions emphasised, *inter alia*, that policymakers should move beyond debates on public versus private provision of water services and focus on how water services can be provided in the most cost effective and sustainable manner.

A key outcome of the 2008 Forum was the recognition that while the benefits of reforming water policies are widely acknowledged and the tools are well-known, efforts to implement reforms still confront many obstacles. This makes examining the political economy aspects of water reform of primary importance. Thus, this year's Forum seeks to shed light on this issue by extracting lessons learned from countries' practical experiences of past and on-going water reforms.

Water reforms generally seek to address several key elements and may take place at supranational, national, urban or territorial/rural scale. An appropriate policy mix is required. Economic instruments play a particular role in such mixes by helping to value the benefits of watershed services, to explore low-cost options, and to allocate water where it is most valuable and socially fair, taking environmental needs into account. Their use can also demonstrate the benefits of investing in preventative rather than curative measures and promote water efficient practices. Since outcomes for water systems are often driven by decisions taken in policy areas where water managers have little or no say, policy coherence with sectors such as agriculture and energy is vital. A robust and sustainable financing strategy is also necessary.

Making water reform happen is a continuous process that takes time and planning is key. As the findings from the recent OECD project on *Making Reform Happen* point out, successful reform strategies are often more about winning consent than securing compliance. Reform strategies must address the respective roles of leadership and institutions, engage stakeholders, deal with opponents of change, and calibrate timing and sequencing of policy changes. OECD experience emphasises the benefits of National Policy Dialogues – a structured process for stakeholder engagement supported by robust and tailored analytical work and by lessons learned from international experience.

In this context, the *Global Forum on Environment: Making Water Reform Happen* aims to distil the lessons from past and on-going water policy reforms to increase the prospects for crafting and implementing successful water reform strategies in the future.

Organisation of the Global Forum

Target audience: The Global Forum aims to gather around 150-200 participants from both OECD member and non-member countries, including senior government officials, sub-national authorities, and regulators; business leaders; leaders of non-governmental organisations and other civil society organisations; and leading water experts.

Participation: Participation is free of charge, but by invitation only. Anyone interested in being invited should contact water@oecd.org as soon as possible.

Rapporteur: Mr. James Winpenny, Wychwood Economic Consulting Ltd., will serve as the *rapporteur* for all of the Forum's sessions and report back during the closing session.

Venue: the OECD Conference Centre in Paris, France; further details available on the Global Forum website.

Further information: Information on the Global Forum is periodically updated on a dedicated website: www.oecd.org/environment/gfeny. For more information on OECD's work on water, please visit: www.oecd.org/water.

Tuesday 25 October

8:30

Registration and welcome coffee

9:45 – 10:45

Framing the Reform Challenges

Session chair: **Mr. Aart De Geus**, Member of the Executive Board, Bertelsmann Stiftung, former Deputy Secretary-General, OECD

- Welcome and opening remarks: **Mr. Angel Gurría**, Secretary-General, OECD
- Keynote speech: “**Future Challenges for Water**” **Ms. Helen Mountford**, Environment Directorate, OECD
- Keynote speech: “**The Politics of Water Reform: Lessons from Practice**” **Professor John Briscoe**, Gordon McKay Professor of Environmental Engineering, Harvard University
- Followed by question and answer session

10:45 -11:15

Coffee break

11:15 – 12:45

High Level Panel on Key Reform Challenges

Session chair: **Mr. Simon Upton**, Director, OECD Environment Directorate

Panellists:

Professor John Briscoe, Gordon McKay Professor of Environmental Engineering, Harvard University

Mr. Raúl Alberto Navarro Garza, General Coordinator of Emergency Attention and River Basin Councils of the National Water Commission of Mexico (CONAGUA)

Dr. Eun-kyung Park, Ambassador for Water Resources, Republic of Korea

Ms. Michèle Rousseau, Deputy Commissioner for Sustainable Development, France

Dr. Mihir Shah, Planning Commission, Government of India

12:45 – 14:00

Lunch break

14:00 – 17:15

(30 minute coffee break)

Water Reform at the National Level

Session chair: **Dr. Ania Grobicki**, Executive Secretary, Global Water Partnership

- **“A Paradigm Shift in Water Resource Management in India” Dr. Mihir Shah**, Planning Commission, Government of India

This case focuses on the challenges of charting the course for current reforms and addressing implementation challenges to achieve sustainable water resources management in the context of a rapidly growing economy.

- **“Sustaining Water Reform during Political Transition: the Challenges for South Africa” Professor Mike Muller**, National Planning Commission, Republic of South Africa

This case focuses on how the priorities in the water sector have evolved as democratisation proceeded and the challenges going forward; in particular, the interaction between the provision of basic water supply and sanitation services and the development and protection of water resources.

- **“Water Markets: A Central Element in Australian Water Reform” Mr. David Parker**, Deputy Secretary, Department of Sustainability, Environment, Water, Population and Communities, Commonwealth of Australia

This case focuses on the establishment of water markets in the national level water reform to facilitate water allocation between environmental, agricultural, industrial and human needs.

- **“The Israeli Water Sector: Closing the Gap” Mr. Abraham Tenne**, Head of Desalination Division and Chairman of the Water Desalination Administration, The Governmental Authority for Water and Sewage, State of Israel

This case focuses on the actions taken in order to close the expanding gap between demand and supply of water resources and the barriers that were overcome to implement the current master plan for the water sector.

- **“Transition to a Market Economy and Accession to the European Union: Impetus for Water Sector Reforms in Estonia” Mr. Rene Reisner**, Senior Officer, Ministry of Environment, Estonia

This case focuses on the series of water sector reforms in Estonia driven by major political and economic shifts over the two decades since regaining independence.

17:15 – 18:00

Lead discussants:

Ms. Claude Nahon, Director of Sustainable Development, EDF

Dr. Ger Bergkamp, Regional Group and Programmes Director, International Water Association

An International Perspective on the Urgency of Reform

- Introduction by **Mr. Angel Gurría**, Secretary-General, OECD, along with the presentation of new OECD publications: *Financing Water Supply and Sanitation: Challenges, Approaches and Tools* and *Water Governance in OECD countries: A Multilevel Approach*
- Keynote speech: **HRH Prince of Orange**, Chair of the United Nations Secretary-General's Advisory Board on Water and Sanitation
- Moderated question and answer session with:
 - HRH Prince of Orange
 - Angel Gurría, OECD Secretary-General
 - **Mr. Loïc Fauchon**, President, World Water Council
 - **Dr. Mihir Shah**, Planning Commission, Government of India

Moderator: **Mr. Simon Upton**, Director, OECD Environment Directorate

18:00 – 20:00

Buffet dinner and cocktail

*On the road to the Marseille 6th World Water Forum and the Rio+20 Conference, the **French Delegation** is pleased to welcome all participants to a buffet dinner and cocktail.*

Wednesday 26 October

9:30 – 12:45

(30 minute coffee break)

Water, Agriculture, Energy and Environment Linkages

Session chair: **Mr. Wilfrid Legg**, former Head of Environment Division, Trade and Agriculture Directorate, OECD

- **“Targeting the Good Ecological Status of Water Bodies in France at the Nexus of Water, Food and Energy Policies” Ms. Dominique Dron**, General Commissioner for Sustainable Development, France

This case examines the challenges of local implementation at watershed scale of measures to achieve the target of good ecological status of water bodies under the European Union Water Framework Directive.

- **“Addressing Water Conflicts in the Copiapó Basin, Chile: Competition for Water in the Context of Severe Water Scarcity” Professor Marcelo Villena**, University of Adolfo Ibanez, Chile

This case focuses on the reforms attempted to address conflicts arising from intense competition for scarce water resources between mining, agriculture and the domestic sector in context of severe water scarcity in the Copiapó Basin, Chile.

- **“The Water-Energy Nexus: a Case Study of Reform” Mr. Dan Bena**, Senior Director of Sustainable Development, PepsiCo

This case describes the impacts, challenges, and lessons learned from a unique farmer/government partnership in Gujarat, India, which promotes water- and energy-conserving approaches in agriculture.

- **“Colombia: Managing Water Conflicts in an Emerging Economy” Ms. Claudia Martínez**, Director E3- Ecología, Economía y Ética, Former Vice Minister of Colombia

This case focuses on the establishment of water conservation funds; competition for water by the current engines of the economy – hydropower, agriculture and mining; and the political dynamics behind the tariff-setting process for water service provision.

- **“An Energy Company Perspective on the Water-Energy-Food Nexus” Mr. Allard Castelein**, Vice President Environment, Royal Dutch Shell plc

This case will cover early findings from Shell’s work over the past year to map the interactions between energy demand and our global food and water systems.

Lead discussants:

Mr. Martin Geiger, Director, Freshwater Programme, WWF, Germany

Mr. Xavier Leflaive, Principal Administrator, OECD Environment Directorate

12:45 – 14:15

Lunch break

14:15 – 16:30

Meeting the Water Supply and Sanitation Challenge

Session chair: **Mr. Michael Jacobsen**, Senior Water Resources Specialist, Water Anchor, the World Bank

- **“A Turnaround Account: Reforming the National Water and Sewerage Corporation of Uganda”** Dr. William Muhairwe, Managing Director of National Water and Sewerage Corporation of Uganda

This case focuses on the practical steps taken to overcome a host of operational and management inefficiencies with limited financial resources in order to extend service coverage and meet the rapidly growing demand of the urban population.

- **“Protecting Water Consumers- the Role of Economic Regulation”** Mr. Philip Fletcher, Chairman of OFWAT (The Water Services Regulation Authority), England and Wales

Drawing on experience in the United Kingdom, this case focuses on how effective regulation of providers, public or private, can help to deliver good value water services to consumers.

- **“Implementing Reforms and Engaging Private Sector Participation in the Water Sector in the Republic of Armenia”** Mr. Gagik Khachatryan, Deputy Chairman of State Committee of Water Systems of Armenia

This case focuses on the strategy to engage private sector participation and achieve gains in operational efficiency through performance-based contracts.

Lead discussants:

Ms. Catherine Costa, Research Manager, Productivity Commission, Australia

Mr. Gérard Payen, President, AquaFed

16:30 – 17:00

Coffee break

17:00 – 18:00

Closing session – The Road to Marseille, Rio and Beyond

Session chair: **Mr. Anthony Cox**, Head of the OECD Horizontal Water Programme

- *Rapporteur's* report: **Mr. James Winpenny** will summarise the main conclusions of the Forum's discussions.
- Closing keynote speech: **Mr. Loïc Fauchon**, President, World Water Council



**FORUM MONDIAL DE L'OCDE SUR L'ENVIRONNEMENT :
RÉUSSIR LA RÉFORME DE L'EAU**

25-26 OCTOBRE 2011

Centre de conférences de l'OCDE, Paris

L'ordre du jour

Aperçu général

Tous les pays ont pour objectif fondamental de bien gérer les systèmes de l'eau, qui peuvent être déterminants pour parvenir à une croissance verte. Un fossé sépare encore cependant les aspirations à assurer durablement l'accès à des quantités suffisantes d'eau de qualité et la situation observée dans les faits. Trouver les mesures et les approches adéquates pour que la politique de l'eau soit intégrée n'est qu'un début – leur mise en œuvre est essentielle.

Pour réussir la réforme du secteur de l'eau, il faut créer des conditions permettant que les initiatives de toutes les parties prenantes – les différentes catégories d'utilisateurs, les multiples autorités compétentes et les divers prestataires de services – contribuent à atteindre les objectifs à long terme que sont la viabilité écologique et l'amélioration du bien-être social. Pour bien comprendre l'économie politique de la réforme, il importe de savoir comment sont prises les décisions, dans l'intérêt de qui, comment la réforme est encouragée ou par quels obstacles elle est freinée, et pour quelles raisons. Les enseignements tirés des réformes passées ou en cours dans ce domaine peuvent aider à dégager des conclusions plus générales susceptibles d'accroître les chances de succès des futures réformes des politiques de l'eau.

A la lumière de ces considérations, et dans le cadre plus large du Programme horizontal de l'OCDE sur l'eau, l'OCDE privilégie dans ce Forum mondial sur l'environnement les solutions qui feront avancer la réforme des politiques de l'eau. Ce Forum mondial, qui sera axé sur une série d'études de cas concernant des pays membres et non membres de l'OCDE, entend rassembler ainsi les connaissances acquises en matière de réforme et en déduire des conclusions plus générales dans la perspective des réformes de demain.

Objectifs du Forum mondial

- Recenser les problèmes que soulèvent la conception et la mise en œuvre des réformes des politiques de l'eau ainsi que des stratégies pour les surmonter ;
- acquérir une meilleure connaissance des moyens qui pourraient être utilisés pour appliquer des réformes des politiques de l'eau intégrées, dans des contextes précis, en tenant compte des principes de politique de l'environnement que nul ne conteste (par exemple le principe pollueur payeur ou celui de la suppression des subventions dommageables pour l'environnement), en s'appuyant sur une base économique solide (par exemple le recouvrement durable des coûts) et en respectant des critères de bonne gouvernance ; et
- offrir la possibilité aux pays développés et en développement de mettre en commun l'expérience acquise grâce aux réformes des politiques de l'eau déjà mises en œuvre ou en cours d'exécution, et détecter les facteurs essentiels pour améliorer les chances de réussite.

Contexte

Assurer l'accès à des quantités suffisantes d'eau de qualité appropriée pour répondre aux besoins de la population, des activités de production et des écosystèmes est un objectif fondamental pour tous les pays. La bonne gestion des systèmes de l'eau – qui comprennent les ressources en eau douce, la distribution de l'eau et

son assainissement – est indispensable pour que l'homme et la nature puissent compter sur le large éventail de fonctions et de services auxquels l'eau pourvoit et dont ils sont tributaires.

Lorsque les systèmes de l'eau sont bien gérés, ils peuvent jouer un rôle moteur important dans le sens de la croissance verte. L'amélioration des incitations à utiliser l'eau de façon rationnelle et durable, en recourant à des mécanismes souples qui permettent d'affecter la ressource aux usages les plus créateurs de valeur et en investissant efficacement dans les infrastructures de l'eau, peut générer de nouvelles sources de croissance. Une meilleure gestion de l'eau ainsi que des investissements suffisants dans les infrastructures de l'eau et les écosystèmes connexes peuvent également atténuer les contraintes que risquent d'imposer la rareté de l'eau ou la baisse de sa qualité.

Néanmoins, des défis considérables restent à relever. De nombreux facteurs de perturbation amplifient les contraintes exercées sur les systèmes de l'eau, dont l'accroissement démographique, le développement économique, la pollution, l'urbanisation, la mauvaise gestion, le changement climatique et les épisodes météorologiques extrêmes comme les inondations et les sécheresses. En outre, la concurrence pour l'accès à l'eau s'intensifie dans plusieurs régions du monde à mesure que les sources exploitables pour un coût abordable se raréfient sous l'effet des prélèvements excessifs et de la pollution. Ces problèmes ont suscité un regain d'intérêt pour la gestion de la demande et parfois des appels à « fermer le cycle de l'eau ».

Même s'il est largement admis que l'eau est indispensable au développement humain et économique et à la santé des écosystèmes, il existe dans certains pays un décalage important et persistant entre les aspirations et la situation sur le terrain.

Le précédent Forum mondial de l'OCDE sur l'environnement consacré à l'eau a eu lieu en 2008. Les discussions tenues à cette occasion ont permis d'affiner les principes directeurs relatifs aux bonnes pratiques dans plusieurs domaines essentiels : stratégies de financement des services d'approvisionnement en eau et d'assainissement, conception des tarifs de l'eau, gestion durable des ressources en eau dans le secteur agricole et participation du secteur privé aux infrastructures de l'eau. Elles ont entre autres fait ressortir que les décideurs doivent dépasser le débat opposant fourniture publique et fourniture privée des services de l'eau pour se concentrer sur les moyens d'assurer cette fourniture de la façon la plus efficace par rapport à son coût et la plus compatible avec le développement durable.

L'un des principaux résultats du Forum de 2008 a été le constat que si les bienfaits de la réforme des politiques de l'eau sont largement admis et les outils à employer bien connus, la mise en œuvre d'une réforme se heurte encore à d'importants obstacles. Il est donc crucial de se pencher sur les aspects de la réforme qui touchent à l'économie politique, et c'est pourquoi le Forum de cette année s'attache à éclairer d'un jour nouveau cette question en dégagant les enseignements des expériences nationales passées et en cours en matière de réforme.

Les réformes dans le domaine de l'eau ciblent généralement plusieurs aspects importants et peuvent intervenir au niveau supranational, national, urbain ou territorial/rural. Elles nécessitent une panoplie de mesures appropriées. Les instruments économiques sont particulièrement importants dans ce contexte, en ce qu'ils aident à évaluer les avantages des services fournis par les bassins versants, à explorer des solutions peu coûteuses et à affecter l'eau aux usages qui ont le plus de valeur et qui répondent au mieux au souci d'équité sociale, en tenant compte des besoins de l'environnement. Leur application peut également faire ressortir les bienfaits d'investissements dans des mesures préventives plutôt que curatives, et promouvoir des pratiques économes en eau. Étant donné que la situation des systèmes de l'eau est souvent tributaire de décisions prises dans des domaines d'action où les gestionnaires de l'eau n'ont guère ou pas du tout voix au chapitre, la cohérence des

politiques avec celles menées dans des secteurs comme l'agriculture et l'énergie et primordiale. Il faut en outre une stratégie de financement solide et viable.

La réforme du secteur de l'eau est un processus continu qui prend du temps et dans lequel la planification joue un rôle déterminant. Comme le soulignent les résultats du projet *Réussir la réforme* mené récemment par l'OCDE, les stratégies de réforme couronnées de succès sont plus souvent celles qui parviennent à convaincre que celles qui cherchent à imposer la discipline. Les stratégies de réforme doivent régler la question du rôle respectif des dirigeants et des institutions, faire participer les intéressés, se préoccuper des opposants au changement et définir avec soin le calendrier et l'ordre des réformes. L'expérience des pays de l'OCDE met en lumière les avantages du dialogue national sur les politiques à suivre, processus structuré de participation des intéressés qui est étayé par de solides travaux analytiques ciblés et par les enseignements tirés des expériences nationales.

Dans ce contexte, le *Forum mondial sur l'environnement : réussir la réforme des politiques de l'eau* vise à mettre en exergue les leçons des réformes passées et en cours des politiques de l'eau afin de rendre plus probables l'élaboration et la mise en œuvre de stratégies de réforme efficaces à l'avenir.

Organisation du Forum mondial

Public visé : le Forum mondial devrait rassembler quelque 150 à 200 participants des pays membres et non membres de l'OCDE, dont des hauts responsables des administrations, des représentants des collectivités territoriales et des autorités de réglementation, des chefs d'entreprise, des dirigeants d'organisations non gouvernementales et d'autres organisations de la société civile, ainsi que des experts de premier plan du secteur de l'eau.

Participation : la participation est gratuite, mais réservée aux personnes munies d'une invitation. Les personnes souhaitant obtenir une invitation sont priées de la demander au plus vite à l'adresse water@oecd.org.

Rapporteur : M. James Winpenny, de la société Wychwood Economic Consulting Ltd., sera le rapporteur de l'ensemble des sessions du Forum.

Lieu : le Centre de conférences de l'OCDE à Paris (France) ; pour plus de détails, voir le site Internet du Forum mondial.

Informations complémentaires : des informations régulièrement mises à jour sur le Forum mondial sont présentées sur la page Internet www.oecd.org/environnement/fmenv. Pour de plus amples renseignements sur les travaux de l'OCDE sur l'eau, voir : www.oecd.org/eau.

Mardi 25 octobre

8h30

Inscription et café de bienvenue

9h45 – 10h45

Sérier les enjeux de la réforme

Président de la session : **M. Aart De Geus**, membre du Conseil exécutif, Bertelsmann Stiftung ; ancien Secrétaire général adjoint de l'OCDE

- Allocution de bienvenue et exposé liminaire : **M. Angel Gurría**, Secrétaire général de l'OCDE
- Discours liminaire : « **Les défis futurs concernant l'eau** » **Mme Helen Mountford**, Direction de l'environnement de l'OCDE
- Discours liminaire : « **La dimension politique de la réforme du secteur de l'eau : enseignements tirés de la pratique** » **Prof. John Briscoe**, Titulaire de la chaire Gordon McKay de génie de l'environnement, Université de Harvard
- Séance de questions et réponses

10h45 -11h15

Pause café

11h15 – 12h45

Table ronde à haut niveau sur les principaux défis de la réforme

Président de la session : **M. Simon Upton**, Directeur, Direction de l'environnement de l'OCDE

Participants à la table ronde :

Prof. John Briscoe, Titulaire de la chaire Gordon McKay de génie de l'environnement, Université de Harvard

M. Raúl Alberto Navarro Garza, Coordinateur général des situations d'urgence et des conseils de bassins, Commission nationale de l'eau du Mexique (CONAGUA)

Dr. Eun-kyung Park, Ambassadeur pour les ressources en eau, Corée

Mme Michèle Rousseau, Directrice, adjointe à la Commissaire générale au Développement durable, France

Dr. Mihir Shah, Commission de planification, Gouvernement de l'Inde

12h45 – 14h00

Pause déjeuner

14h00 – 17h15

(pause café de
30 minutes)

Réforme du secteur de l'eau au niveau national

Présidente de la session : **Dr. Ania Grobicki**, Secrétaire exécutive, Global Water Partnership

- **« Changement de paradigme dans la gestion des ressources en eau en Inde »**
Dr. Mihir Shah, Commission de planification, Gouvernement de l'Inde

Le cas exposé fera ressortir les défis à surmonter pour tracer la voie des réformes en cours et régler les problèmes de mise en œuvre en vue de mettre en place une gestion durable des ressources en eau dans un contexte de croissance économique rapide.

- **« Assurer la pérennité des réformes du secteur de l'eau en période de transition politique : les défis de l'Afrique du Sud »** **Prof. Mike Muller**, Commission nationale de planification, République d'Afrique du Sud

Le cas exposé montrera comment les priorités dans le secteur de l'eau ont évolué à mesure de l'avancement de la démocratisation et mettra en exergue les défis à surmonter pour aller de l'avant ; sera évoquée, en particulier, l'interaction entre la fourniture de services d'approvisionnement en eau et d'assainissement de base et la mise en valeur et la protection des ressources en eau.

- **« Les marchés de l'eau, clé de voûte de la réforme du secteur de l'eau en Australie »** **M. David Parker**, Secrétaire adjoint, Ministère de la Durabilité, de l'Environnement, de l'Eau, de la Population et des Collectivités, Commonwealth d'Australie

Le cas exposé portera sur la création, dans le cadre de la réforme du secteur de l'eau au niveau national, de marchés de l'eau pour faciliter la répartition de l'eau entre les besoins environnementaux, agricoles, industriels et humains.

- **« Le secteur de l'eau en Israël : combler le déficit »** **M. Abraham Tenne**, Chef de la Division du dessalement et Président de l'Administration du dessalement de l'eau, Autorité gouvernementale pour l'eau et l'assainissement, État d'Israël

Le cas exposé mettra en évidence les mesures prises pour combler l'écart grandissant entre la demande et l'offre d'eau et les obstacles qu'il a fallu surmonter pour mettre en œuvre l'actuel plan directeur pour le secteur de l'eau.

- **« Transition vers l'économie de marché et adhésion à l'Union européenne : une impulsion donnée aux réformes du secteur de l'eau en Estonie »** **M. Rene Reisner**, Chef de projet, Ministère de l'environnement de l'Estonie

Le cas exposé fera ressortir la série de réformes du secteur de l'eau menées en Estonie

sous l'impulsion des grands changements politiques et économiques intervenus depuis l'indépendance du pays il y a deux décennies.

Animateurs du débat :

Mme Claude Nahon, Directrice, Développement Durable et Environnement, EDF

Dr. Ger Bergkamp, Directeur groupe et programmes régionaux, Association internationale de l'eau

17h15 – 18h00

Un point de vue international sur l'urgence de la réforme

- Introduction de **M. Angel Gurría**, Secrétaire général de l'OCDE, et présentation des nouvelles publications de l'OCDE, *Relever le défi du financement des services d'eau et d'assainissement : Approches et outils*, et *La gouvernance de l'eau dans les pays de l'OCDE : une approche pluri-niveaux*
- Discours liminaire : **Son Altesse Royale, le Prince d'Orange**, Président du Conseil consultatif sur l'eau et l'assainissement du Secrétaire Général des Nations Unies
- Séance de questions et réponses avec :
 - Son Altesse Royale, le Prince d'Orange
 - M. Angel Gurría, Secrétaire général de l'OCDE
 - **M. Loïc Fauchon**, Président du Conseil mondial de l'eau
 - **Dr. Mihir Shah**, Commission de planification, Gouvernement de l'Inde

Président de la session : **M. Simon Upton**, Directeur, Direction de l'environnement de l'OCDE

18h00 – 20h00

Cocktail dînatoire

*Dans la perspective du sixième Forum mondial de l'eau à Marseille et de la Conférence Rio+20, la **Délégation de la France** a le plaisir d'accueillir tous les participants pour un cocktail dînatoire.*

Mercredi 26 octobre

9h30 – 12h45

(pause café de
30 minutes)**Liens entre l'eau, l'agriculture, l'énergie et l'environnement**

Président de la session : **M. Wilfrid Legg**, ancien Chef de la Division de l'environnement, Direction des échanges et de l'agriculture de l'OCDE

- **« Cibler le bon état écologique des masses d'eau en France à l'interface entre les politiques de l'eau, de l'alimentation et de l'énergie » Mme Dominique Dron**, Commissaire générale au développement durable, France

Le cas exposé permettra d'examiner les défis de la mise en œuvre locale, à l'échelle du bassin versant, de mesures visant à atteindre l'objectif de bon état écologique des masses d'eau prévu par la directive-cadre sur l'eau de l'Union européenne.

- **« Traitement des conflits autour de l'eau dans le bassin de Copiapó (Chili) : la concurrence pour l'accès à l'eau dans un contexte de grave pénurie d'eau » Prof. Marcelo Villena**, Université Adolfo Ibanez, Chili

Le cas exposé mettra en évidence les tentatives de réforme entreprises pour régler les conflits découlant de l'intense concurrence autour des ressources en eau que se livrent les secteurs minier, agricole et domestique, dans le contexte de grave pénurie d'eau qui prévaut dans le bassin de Copiapó au Chili.

- **« L'interface eau-énergie : étude de cas d'une réforme » M. Dan Bena**, Directeur principal du développement durable, PepsiCo

Le cas exposé fera ressortir les retombées, les défis et les enseignements d'un partenariat unique en son genre conclu entre agriculteurs et pouvoirs publics dans l'État indien du Gujarat afin de promouvoir des méthodes économes en eau et en énergie dans le secteur agricole.

- **« Colombie : gestion des conflits autour de l'eau dans une économie émergente » Mme Claudia Martínez**, Directrice, E3- Ecologia, Economia y Etica, ancienne Vice-ministre, Colombie

Le cas exposé portera sur la création de fonds de conservation de l'eau ; la concurrence pour l'accès à l'eau entre des secteurs qui sont aujourd'hui les moteurs de l'économie – hydroélectricité, agriculture et industries extractives ; et la dynamique politique qui sous-tend le processus de fixation des tarifs de fourniture de services de l'eau.

- **« La perspective d'une société d'énergie sur le lien eau-énergie-alimentation » M. Allard Castelein**, Vice-président Environnement, Royal Dutch Shell plc

Le cas exposé portera sur les premiers résultats du travail de Shell au cours de la dernière année pour mieux comprendre les interactions entre la demande énergétique et alimentaire mondiale et nos systèmes d'eau.

Animateurs du débat :

M. Martin Geiger, Directeur, Programme eau douce, WWF, Allemagne

M. Xavier Leflaive, Administrateur principal, Direction de l'environnement de l'OCDE

12h45 – 14h15

Pause déjeuner

14h15 – 16h30

(pause café de 30 minutes)

Relever le défi de l'approvisionnement en eau et de l'assainissement

Président de la session : **M. Michael Jacobsen**, Spécialiste principal des ressources en eau, la Banque mondiale

- **« Réforme de la compagnie nationale des eaux et de l'assainissement en Ouganda : l'histoire d'un redressement »** Dr. William Muhairwe, Directeur général, Corporation Nationale de l'eau et de l'assainissement, Ouganda

Le cas exposé mettra l'accent sur les mesures pratiques prises pour remédier à de nombreux facteurs d'inefficacité dans l'exploitation et la gestion malgré des ressources financières limitées, afin d'élargir la couverture du service et de répondre à la demande en augmentation rapide de la population urbaine.

- **« Protéger les consommateurs : le rôle de la régulation économique du secteur de l'eau »** M. Philip Fletcher, Président de l'OFWAT (Autorité de régulation des services de l'eau), Angleterre et Pays de Galles

Mettant à profit l'expérience du Royaume-Uni, le cas exposé montrera comment une régulation efficace des fournisseurs, publics ou privés, peut contribuer à la fourniture aux consommateurs de services de l'eau d'un bon rapport qualité-prix.

- **« Mise en œuvre des réformes et engagement du secteur privé dans le secteur de l'eau en République d'Arménie »** M. Gagik Khachatryan, Vice-président du Comité national des systèmes de l'eau, Arménie

Le cas exposé examinera la stratégie appliquée pour faire participer le secteur privé et réaliser des gains d'efficacité opérationnelle au travers de contrats d'objectifs.

Animateurs du débat :

Mme Catherine Costa, Directrice de recherche, Commission de la productivité, Australie

M. Gérard Payen, Président, AquaFed

16h30 – 17h00

Pause café

17h00 – 18h00

Session de clôture – Objectif Marseille, Rio et au-delà

Président de la session : **M. Anthony Cox**, Programme horizontal sur l'eau, OCDE

- Rapport du rapporteur : **M. James Winpenny**, le rapporteur du Forum, résumera les principales conclusions des débats.
- Discours de clôture : **M. Loïc Fauchon**, Président, Conseil mondial de l'eau



Issues Paper

High Level Panel on Key Reform Challenges

When it comes to making water reform happen, the political challenges are numerous. Freshwater is a prerequisite for life, health, and human dignity and well-functioning ecosystems. It is also indispensable for agriculture, energy supply and industrial production and so it is vital to all economies. Water reform requires balancing the interests of a diverse set of stakeholders, including water users (households, farmers, industry and the environment) as well as national and local government agencies and service providers. Launching water reform requires strong political leadership, a clear rationale, an inclusive approach engaging all relevant actors and often, patience.

Water reform arises from the circumstances of a specific time and place. The genesis of some water reforms is crisis - such as prolonged drought or the severe deterioration of the quality of water bodies. The extended drought in the Copiapó Basin, Chile, combined with intense competition for water resources, provoked conflicts that drove attempts at water reform. Sweeping political and economic changes can also provide impetus for fundamental water reforms, as in the case of the end of apartheid in South Africa or Estonia's transition to a market economy and accession to the European Union. Increasing demand for water in a context of difficult hydrology, as in Israel, can motivate reform.

Water reform can also be instigated by wider economic and environment policy reform initiatives, such as in the case of the European Commission or Australia, or green growth initiatives, such as in Korea. Mounting pressures from broad economic and demographic trends, as in China, India or Mexico, can ignite a reassessment of current approaches. Still other reforms are devised to escape the trap of low levels of investment, as in the UK in the 1980's (on the path to the privatisation of the English and Welsh water companies) or Uganda, which also faced the challenge of limited service coverage and poor quality service.

Whatever the specific catalyst, significant water reforms require a strong driving force and a powerful constituency. A clear mandate to pursue water reforms can help, but it may not be enough to implement reforms successfully. OECD experience emphasises that policy reforms require, first and foremost, a public understanding of the need for them. Policy makers need to demonstrate the need for change and the desirability of the proposed solutions. In many instances, however, the demand for water reforms comes from the grassroots. As such, windows of policy opportunity may be opened by shifts in public opinion. Opportunities for reform may also come from the international arena, such as the EU *Water Framework Directive* or the targets set by the UN Millennium Development Goals (MDG's) on improved access to water supply and sanitation.

Whether initiated from the "bottom" or the "top", water reforms require consultation and engagement with different stakeholders - users, responsible authorities and service providers. Engagement with stakeholders can serve to communicate the benefits of reform (or costs of inaction) and dispel myths, explain the advantages of a given approach over alternatives, and help to build consensus and a constituency for reform. OECD-facilitated policy dialogues have done just that in several countries in Eastern Europe, the Caucasus, Central Asia and the Middle East. Participatory decision-making can also play an important role in overcoming resistance to reforms, such as water pricing.

Even with a strong catalyst and effective stakeholder engagement, prospective reformers face challenges in overcoming the status quo. The manifestation of past policies can present significant obstacles to reform. This can take the form of infrastructures for irrigation or water supply and sanitation; historical land and water entitlements; or stakeholder expectations (e.g. production-linked agricultural support). As such, water reforms can be highly path dependent, since past policies are likely to dictate to some extent the menu of options available. Successful reforms require a strategy to overcome this inertia and make a convincing case for reform that is acceptable to key stakeholders.

Issues for discussion:

- *Rather than just reacting to crises, how can policy makers seize windows of opportunity to promote water reforms that contribute to the long-term objectives of environmental sustainability, economic development and enhancing social welfare?*
- *What are the main drivers for policy makers to take action? What are the main impediments?*
- *How can the case for water reform be made in a way that encourages public understanding and engagement? What is the role of grassroots initiatives?*

Water Reform at the National Level

In principle, national level reforms require countries to identify or reassess overarching priorities related to water, set out strategies to address them, and implement measures to bring about concrete results. Yet, in practice, reform priorities and policy objectives may be ill-defined or unstable and strategies may be obscure or remain unimplemented. While water management may often be addressed at the catchment level, water reforms at the national level can set out the broad framework conditions and principles necessary for effective management. For example, national level water reforms may focus on: developing legislative frameworks for water and water rights; prescribing regulation, such as water quality standards; identifying principles for water planning, including environmental water; and developing approaches for compliance and enforcement. In all cases, policy objectives need to be clear and consistent.

Water reforms need to balance several objectives, including environmental sustainability, economic efficiency, social fairness, and financial sustainability. The emphasis and priority placed on each of these objectives may shift over time, as the case of South Africa shows. When the new South African Water Law was established in the late 1990's, priority was placed on the provision of basic water supply and sanitation services. As democratisation has proceeded, priorities are evolving to place greater emphasis on the link between service provision and environmental protection.

By changing the status quo, reforms often create 'winners' and 'losers', and resistance to change can be fierce. Resistance may be lessened (even if not eliminated) if reforms are part of a wider economic reform programme. The benefits of the wider programme (such as reduced factor costs, or improved market opportunities) may offset any costs arising from the reform. This has been the experience of Australia where water reforms took place as part of a wider drive to improve the competitiveness of Australia's tradable sectors. While this does not eliminate the need to deal adequately with distributional dilemmas, Australia's experience has shown that significant water reforms can improve environmental outcomes even while boosting economic output. The case of Israel also suggests that use of strong price signals can encourage water use efficiency and boost innovation. Though resistance to water pricing has been commonplace in India for many years, a participatory approach to water reforms and taking actions to ensure water supply may lower resistance to water pricing.

Adequately addressing distributional issues is also important. Compensation of the 'losers' of reform may be justified on equity grounds (e.g. protecting low-income households) or for reasons of political feasibility. Transitional support may include phasing reforms in over time to allow for gradual adaptation; capacity-building support to promote economic diversification or innovation in alternative production processes; or time-limited compensations payments. In order to assist change rather than delay it, support should be carefully planned, truly short term and well targeted.

OECD experience shows that to be successful, reforms must take account of the existing institutional framework and adapt it, if necessary, to support the desired reform. This was the case in Estonia, where the institutional framework for water management was adapted to better meet the requirements of the EU *Water Framework Directive*. Differences between jurisdictions can pose difficulties for the implementation of integrated water management or water trading schemes, as was the case in establishing Australian water markets and in France in

terms of the challenges of implementing supranational standards at the watershed scale.

Successful reforms may take several attempts over a long period of time. Some of the most successful cases of reform follow earlier setbacks. Australia's National Water Resources Initiative launched in 2004 improved markedly on earlier reforms by dealing with a range of issues that held back earlier reforms, including implementation. Stalled reform attempts can often be viewed in hindsight to have helped set the stage for subsequent, more successful initiatives, often by deepening policymakers' understanding of the problems involved.

Issues for discussion:

- *How can water reform take into account the institutional landscape, so as to promote the likelihood of successful implementation on the ground?*
- *What kind of compensatory measures might be used to address the distributional dilemmas associated with water reform? How can they be implemented in a way that does not compromise the efficiency or effectiveness of the reform?*
- *How can policymakers use the lessons of earlier setbacks to increase the prospects of success of future reforms?*

Water, Agriculture, Energy and Environment Linkages

Governments are increasingly recognising the importance of the linkages between water, agriculture, energy and the environment. A key feature of many water reforms is an effort to better align incentives across these areas. Better allocation of water can be a driver for green growth, in particular by reflecting efficiency gains in water use and allocation by diverting water to value-adding activities (including environmental ones). Improving policy coherence among water-related sectors can encourage policies and institutions that are mutually supportive and avoid inadvertent negative effects.

Addressing the nexus between water, agriculture, energy and the environment requires a co-ordinated approach to address competition between users and reduce the negative effects of one domain on another. Thus, water reforms need to take into account the inherent trade-offs and potential conflicts between competing uses. Competition for water resources can be particularly intense in areas where natural water scarcity and long drought periods intersect with water-intensive industries, such as in the Copiapó Basin, Chile. The complexity of these issues is compounded when river basins are transboundary, for example when hydropower in one country impacts irrigation water in another county downstream, as in the case of Central Asia.

Two complementary responses can mitigate these tensions: increasing the availability of water (through efficiency gains and storage) and improving allocation efficiency. Flexible water allocation mechanisms, such as Australia's water markets, or planning resulting from a managed political process, as in the case of South Africa, can improve allocation efficiency. However, implementing such measures may encounter considerable resistance. For example, establishing water trading may require reforming water rights and adjusting pricing policies. Water entitlements often come to be perceived as acquired rights, especially when they have been held for long periods of time and have formed the basis for significant investments. Australia is a case in point, where water entitlements had initially been used to encourage rural settlement and irrigation development. Also, several practical difficulties may arise in implementation, including measuring water use to establish acceptable baselines; assessing impacts on third parties; valuing ecosystem services and other externalities; and taking into account jurisdictional differences.

The incentives shaping land use regimes which have a significant impact on water quality also need to be considered. Payments for ecosystem services schemes, such as the water conservation funds in Cali and Bogota, Colombia, or New York City's watershed protection program, can positively influence land use decisions. They can also reduce impacts on the environment and provide a lower cost option as compared to investments in capital-intensive water treatment facilities. Water resources can also benefit from the removal of environmentally harmful subsidies (e.g. production-linked agricultural support; energy subsidies for pumping water). Yet, when subsidies have been capitalised into land prices, current owners lose out if those subsidies are removed and transitional compensatory measures may be justified. Improved irrigation technologies and land management practices may also be used to promote water- and energy-efficiency in agriculture.

Water policies alone cannot be expected to provide all the solutions to the water challenge. Water authorities need to build a broad constituency of water users and work at different levels of government (local, basin, state and federal levels). In France, water management is planned at the basin-level, but measures to achieve good ecological status are implemented by local governments whose responsibilities are often broader than just water, and some of them

depend upon other sectoral policies such as agriculture and energy. Innovative approaches are being used to adapt measures to specific local contexts. Significant reforms across sectors are likely to require “whole-of-government” action, whereby an integrated approach to shared goals is pursued. For example, Israel’s Master Plan for Water explicitly addresses co-ordination between policies for water allocations and energy consumption. Appropriate institutions that can overcome fragmentation of responsibilities among various ministries and co-ordinate decision-making at different levels of government are needed.

Issues for discussion:

- *How can policymakers diagnose and address trade-offs and conflicts that impede more efficient allocation of water?*
- *Which approaches have proven effective at improving policy coherence across sectors?*
- *How can policy instruments to improve the efficient allocation of water be designed and implemented, taking into account existing water rights regimes?*

Meeting the Water Supply and Sanitation Challenge

The nature and magnitude of the reform challenge in the water supply and sanitation sector (WSS) varies widely across and within countries. In many developing countries, narrowing the “access gap” to improve access to adequate water supply and sanitation in line with the UN MDG’s remains the overarching priority and the challenge is often underestimated. Improving operational efficiency, increasing cost-effectiveness of service delivery, and achieving financial sustainability are also key aims. In many developed countries, the emphasis is more on replacing and maintaining ageing WSS infrastructures and meeting stringent environmental standards. For all countries, efficiency gains in the delivery of water and sanitation services and adequately treating effluents can reduce overall pressures on water resources. Climate change is projected to have a major impact on water systems (quantity and quality), and presents a novel source of uncertainty. As such, there will be a need to adapt water infrastructures to a range of possible futures.

Adequate financing is essential to improve and extend service delivery and make the required investments in infrastructures. Reducing costs, improving operational efficiency and innovation can reduce overall financing needs. In Uganda, gains in operational efficiency and extending service coverage have been achieved, even with limited financial resources.

Achieving financial sustainability in the water sector requires finding the right mix of revenues from the “3Ts” (tariffs, taxes and transfers). Water tariffs have a key role to play in this mix. Yet, given that in many cases, water has been persistently under-priced, there is often strong public opposition to tariff increases, in part due to affordability concerns. In reality, systemic under-pricing of water does not help the poor and even less so those who lack access to water services. Low tariffs delay or prevent extensions of networks to poorer communities, forcing them to continue paying higher prices for water that may be of inferior quality to piped water. Instead, a well-targeted and well-designed tariff structure can address affordability concerns while still maintaining incentives. Distributional concerns related to water pricing are usually best addressed through targeted social measures. A transparent and participatory tariff setting process can help to determine the appropriate level and structure of tariffs while contributing to broader acceptability. Effective regulation of service providers can ensure the delivery of services for good value.

Engaging the private sector may be a catalyst for change by helping to improve operational performance or bringing much needed investment capital. Armenia is an example of successful engagement with the private sector and the use of performance-based contracts to achieve results. Experience shows that making the best use of private sector participation in the water sector requires a coherent set of policy directions that addresses the allocation of roles, responsibilities and risks, as well as the necessary framework conditions. The OECD *Checklist for Public Action* has been used to this effect in several countries, including Egypt, Lebanon, Mexico and Russia.

OECD experience emphasises the benefits of National Policy Dialogues – a structured process for stakeholder engagement supported by robust and tailored analytical work and by lessons learned from international experience. Expertise is needed to make complex technical and non technical choices and to undertake comprehensive options assessments (e.g. economic and environmental impact assessments). Strategic financial planning can help ensure that the financial realism is factored in early in the process and that options for cost reduction are systematically considered.

Issues for discussion:

- *Which approaches have proven effective at overcoming persistent reluctance to implement or increase water tariffs in line with sustainable cost recovery or the polluter pays principle? How can targeted measures to deal with distributional effects be most effectively applied?*
- *How can users be effectively engaged in the reform process in order to gain broader acceptability and greater accountability of policymakers and service providers? How can the public's right to know be balanced by the need to make changes that may be unpopular, such as the reuse of wastewater for drinking water in water scarce regions?*
- *How can policymakers facilitate the integration of innovative infrastructures (e.g. smart water grids, distributed networks, alternative water sources, etc.) with existing ones (centralised, piped)?*

Suggested Reading

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