



4th MEETING OF THE OECD WATER GOVERNANCE INITIATIVE

24 – 25 November 2014, OECD Headquarters, Paris

HIGHLIGHTS



The [OECD Water Governance Initiative](#) (WGI) is an international multi-stakeholder network of around 100 delegates from public, private and not-for-profit sectors gathering twice a year in a Policy Forum to share on-going reforms, projects, lessons and good practices in support of better governance in the water sector. It was launched on 27-28 March 2013 in Paris and held its 2nd Meeting on 7-8 November 2013 (OECD Headquarters, Paris) and 3rd Meeting on 28-29 April 2014 (Madrid, Spain).

The OECD WGI aims to:

1. **Advise governments** in taking the needed steps for effective water governance reforms through policy dialogue across decision-makers at different levels;
2. Provide a **peer-review platform** to discuss analytical work on water governance and share knowledge and experience;
3. Provide a **consultation mechanism** to raise the profile of governance issues in the **Global Water Agenda** (World Water Forum, Post-2015 Agenda)
4. Support the implementation of the governance targets designed for the 6th World Water Forum (Marseille, 2012) up to the 7th **World Water Forum** (Korea, 2015); and
5. Prepare **OECD Principles on Water Governance** and **OECD Indicators on Water Governance** to engage decision-makers at all levels, within and outside the water sector, commit to action



Opening remarks by Angel Gurría, Secretary-General of the OECD



Opening remarks by Benedito Braga, President of the World Water Council



TABLE OF CONTENTS

KEY HIGHLIGHTS	4
NEXT STEPS	6
SUMMARY RECORD.....	7
Opening Remarks	7
OECD-WGI Contribution to the 7 th World Water Forum.....	7
A dedicated Sustainable Development Goal on water in the post-2015 Agenda	8
Water Governance in Brazil	10
Sharing experience on water governance reforms, initiatives, events and projects	14
Stakeholder Engagement for Inclusive Water Governance.....	19
OECD Principles on Water Governance	21
Breakout sessions of the Thematic Working Groups	26
Roundtable on Water in Cities	28
Key challenges.....	28
Policy responses	30
ACRONYMS	33
CALENDAR OF 2014-2015 WATER-RELATED EVENTS	34

KEY HIGHLIGHTS

1. The 4th WGI meeting was held in Paris, France, in the presence of OECD Secretary General, Angel Gurría, and World Water Council President, Benedito Braga. The meeting gathered more than 110 WGI members and 45 observers (click [here](#) to see the list of participants). In all, 20 countries were represented as well as major stakeholders and organisations within and outside the water community.
2. The meeting had the following objectives (click [here](#) to consult the agenda of the meeting):
 - Discuss recent developments in the **Global Water Agenda**, especially the preparatory process of the 7th World Water Forum (Korea, 12-17 April 2015) and the post-2015 development agenda;
 - **Peer-review** OECD reports on “Water Governance in Brazil”, “Stakeholder Engagement for Inclusive Water Governance” and “Water Policies for Future Cities”;
 - Share views and suggestions on the first draft of **OECD Principles on Water Governance**;
 - Brainstorm on **policy indicators** for each of the 12 principles on water governance; and
 - **Share experience** on water governance reforms, initiatives and events.
3. Delegates **WELCOMED** the progress achieved since the 3rd Meeting of the WGI in terms of:
 - Bringing in **new members**, including from non-OECD countries (i.e. Colombia, India);
 - Keeping the **thematic working groups** active between 2 plenary meetings through webinars, workshops, sessions at international water events (Stockholm World Water Week, IWA World Water Congress), and exchange of draft documents; and
 - Consolidating a first draft of the **Principles on Water Governance** for comments ahead of the 4th WGI meeting, building on the inputs from the working groups
4. Delegates **AGREED** that the first draft of Principles on Water Governance was an excellent basis to support the design and implementation of clear public policies on water:
 - The 12 draft Principles cover **key aspects of water governance**, ranging from allocation of roles and responsibilities, cross-sector coordination and regulatory frameworks, to data, information, capacity, integrity and stakeholder engagement;
 - The **target audience** of the Principles are national and sub-national governments, which are called upon to act in partnerships with a broad range of stakeholders including business and civil society;
 - The **geographical scope** of the Principle is primarily OECD countries but all (accessing or non-member) countries will be invited to adhere to the Principles, and WGI members will be instrumental to monitor implementation and make change happen on the ground;
 - A **step-by-step approach** consists in formulating the Principles on Water Governance before developing an implementation Toolkit to support their operationalization with policy indicators, concrete actions, regional specifics and international good practices;
5. Delegates **SHARED** experience, views and knowledge on:
 - Current **projects on water governance**, including the University of Arizona’s “[Water RAPIDS](#)” project to balance water supply between domestic and ecosystem’s needs and foster resilient water futures in the context of intense drought; [ADB’s Green Cities’ initiative](#) on institutional

strengthening, peer-to-peer learning and facilitating market places for green entrepreneurs in the Asia-Pacific region; SIWI's integrity training programmes in the sub-Saharan Africa, MENA and LAC regions to support high-level decision-makers, the private sector and civil society, and current research on inter-cultural approaches to provide access to water and sanitation for indigenous communities; the World Bank's [global practice on water](#) that supports balance between investments in infrastructure and in governance in the sector; GEF's new funding cycle focusing on forward-looking strategies to integrate issues of biodiversity, land degradation, international waters and large river basins; Transparency International's contribution to the [Hydro-sustainability Assessment Protocol](#) to involve indigenous communities in the development of large water infrastructures; and the Butterfly Effect's efforts to provide a platform for indigenous people at the 7th WWF.

- Recent and up-coming **events on water**. In particular, the [1st International Forum of Water Regulators](#) [22 September 2014, Lisbon] was held to promote cooperation among regulatory authorities and discuss common challenges related to regulatory governance, regulatory impact analysis, and interactions between service and environmental regulators; the Lisbon charter for public policy and effective regulation of drinking water supply, sanitation and wastewater management services was presented at the [IWA World Water Congress](#) [22-26 September 2014, Lisbon] and addresses the roles and responsibilities of key stakeholders in regulation as well as a set of principles to strengthen regulatory frameworks globally; [ADB-OECD Seminar](#) on water security [20-21 August 2014, New Delhi] shared lessons learnt from recent policy reforms and stewardship efforts; NARBO's [10th Anniversary Conference](#) [20 November 2014, Manila] concluded with the adoption of the [Manila Declaration](#) on IWRM that includes a commitment to improve complementarities with other sectors, share experience with other regions, and contribute to the global water community; OSCE 2015 Economic and Environmental Forum on Water Governance will focus on increasing security and stability through water cooperation at transboundary, national and local levels; and the INBO-Europe Conference on the EU Water Framework Directive [12-15 Nov; Bucharest, Romania].
- On-going **reforms and initiatives**:
 - ✓ The **United-Kingdom** is currently reforming the water and sanitation service sector to introduce market competition and spur innovation and better service delivery. England and Wales are also implementing a new water framework at river basin level and are creating cross-sector groups in each catchment working under the mandate of the Environment Agency to implement basin plans. Efficiency gains are also envisaged through a more integrated water management approach.
 - ✓ In **Spain**, the implementation of the ecological flow regime has provided a response to water ecosystem degradation and was achieved through multi-stakeholder consultation and the production of solid data.
 - ✓ In **France**, territorial reforms are under way to address institutional fragmentation at local level and related financial and capacity challenges to manage water services in municipalities. A new law encourages the creation of inter-municipal cooperation to improve water management and flood prevention, and fosters catchment solidarity to ensure complementarity and common strategic objectives between water services and resources management.
 - ✓ **Mexico** has prioritised governance issues in the new National Water Programme and is also considering incorporating the human right to water and sanitation in the legal framework. Reforms also concern water and sanitation services to solve inefficiency

problems through a reallocation of regulatory powers between the Federal and state governments, and capacity building at municipal level.

- ✓ **Japan's** Act on water cycle policy established in 2014 aims to raise public awareness on water issues and encourages strong coordination among the broader range of stakeholders towards sustainable water cycles.
- ✓ The Environmental Protection Agency of the **United States** is developing new rules to engage indigenous tribes in the Clean Water Act, which concerns water protection and supply, and to review eligibility rules for Federal grants to protect tribal watersheds.

NEXT STEPS

- Thematic working groups will progress on the definition of policy indicators; and meet up to the next WGI meeting. In particular:
 - ✓ **WG n°1** will release the report “Stakeholder Engagement for Inclusive Water Governance” at the 7th WWF (12-17 April 2015, Korea);
 - ✓ **WG n°2** will be working in sub-groups to develop indicators for each of the Principles on Water Governance and will finalise the agenda and format of the session at the 7th WWF.
 - ✓ **WG n°3** will gather inputs and good practices on basin governance indicators and catalyse examples for the 7th WWF session; and
 - ✓ **WG n°4** will work on integrity and transparency indicators and progress on the preparation of the session at the 7th WWF.
- The 5th Meeting of the WGI will be held on **26 May 2015** in Edinburg.
- The timeline for the development of the Principles on Water Governance is as follow:
 - ✓ **21 January 2015**: 2nd draft of the Water Governance Principles for WGI comments;
 - ✓ **January-February 2015**: Consultation with OECD Committees and bodies;
 - ✓ **March 2015**: Public consultation
 - ✓ **7th WWF** (12-17 April 2015): Dedicated session on the Water Governance Principles;
 - ✓ **OECD RDPC Meeting** [Regional Development Policy Committee] (29-30 April 2015, Paris) to discuss the draft Principles;
 - ✓ **26 May 2015** : 5th Meeting of the Water Governance Initiative - Discussion of the 1st draft of the report on water governance indicators
 - ✓ **OECD Ministerial Meeting Conference** (3-4 June 2015, Paris): Discussion and endorsement of the Recommendation on Water Governance by OECD member states;
 - ✓ **2015-2016**: Preparation of the implementation Toolkit; regional consultations in the different continents, in co-operation with the Regional Partners of WGI

SUMMARY RECORD

Opening Remarks

6. The Chair welcomed the delegates and shared some up-dates since the last meeting of the WGI (28-29 April 2014):

- Three **new members** have joined the network: the Ministry of Environment of Colombia; the University of Dundee (Scotland), and Arghyam, a donor organisation from India. In addition, the 4th meeting welcomes for the first time the region of Puglia (Italy), the WWF, OSCE, the World Bank and TUAC (Trade Union Advisory Committee of the OECD).
- Several WGI members took part in key **international events on water**, including the International Istanbul Water Forum [27-29 May 2014, Istanbul], the Stockholm World Water Week [31 Aug-5 Sept 2014 Stockholm], and the IWA World Water Congress [21-26 September 2014, Lisbon].
- **Thematic working groups** have been active since the last meeting to move forward on their respective activities as well as strengthen key messages to feed the Principles on Water Governance:
 - ✓ Working Group n°1 on **stakeholder engagement** produced a draft report based on an extensive survey across 215 stakeholders and 69 case studies. A multi-stakeholder workshop on 19 September at OECD and a session at the IWA World Water Congress on 24 September offered opportunities to discuss the report.
 - ✓ Working Group n°2 on the **governance and performance of water and sanitation services** met on 24 September during the IWA World Water Congress to discuss principles and indicators, as well as the contribution to the session of the 7th WWF.
 - ✓ Working Group n°3 on **basin governance** developed and shared in September a draft note on users' participation in basin management to be discussed during the parallel working session.
 - ✓ Working Group n°4 on **integrity and transparency** held a meeting on 3 September as part of the Stockholm World Water Week to reflect on the draft principles and recommendations on water integrity, share a conceptual framework and initial set of indicators for monitoring progress on implementation, and inform new stakeholders about the WGI.

OECD-WGI Contribution to the 7th World Water Forum

7. Benedito Braga, **President of the World Water Council**, shared some welcoming remarks to share his deep appreciation to the OECD Secretary General for having the vision to support the WGI, and to the WGI members for complying with their commitment pledged at the close of the 6th WWF. He recalled that global water security can only be achieved through a considered mix of hydraulic infrastructure and good governance. First, water resources should be secured to ensure sufficient safe water for the livelihoods of populations and to increase the resilience of communities to water-related hazards such as floods or droughts. Second, the political dimensions of water security should be addressed by considering how floods or water shortages might impact the stability of countries, increase regional tensions, and pose a risk to public health and food markets, thus hampering economic growth. Good governance and sustainable solutions for water security should address several issues simultaneously, i.e. the inefficient use of water in various sectors because of aging systems; the minimisation of water wastage and maximisation of water use efficiency through water charges that reflect the real costs of providing water; the pollution of depleting freshwater resources, future climate uncertainties; competing water uses;

and environmental degradation. Infrastructure cannot suffice. Solid institutions to manage water resources efficiently and economic mechanisms to incentivise efficient demand management are needed for achieving water security. The WGI contributes to moving beyond recommendations towards concrete implementation of solution. It paves the way for the water community to act in a coordinated manner to address the challenge of good water governance.

8. Sihyung Lee, **Ambassador of Korea** to the OECD, underlined that 2015 will be a critical year for water with several major events taking place to discuss climate change and development, and which will pave the future of the global community for years to come. Water is an indispensable element to this future. Korea is a water-stressed country with high levels of population density and uneven precipitations, which raises important challenges in terms of conflicting water uses and tensions among stakeholders. Water governance is therefore a topic of crucial importance for the future in Korea, and the country stands ready to support the WGI, as host of the 7th WWF and as co-chair of the 2015 OECD MCM meeting. Both occasions will contribute to the establishment of the Principles on Water Governance and Korea is committed to show leadership in the process.

9. Danielle Gaillard-Picher of the World Water Council provided an up-date on the **preparatory process of the 7th WWF** (12-17 April 2015, Korea). She first reminded that the World Water Forum is an on-going transformational process aiming to catalyse positive change in the field of water, both in terms of improved understanding and improved practices, building on the achievements from previous editions towards a better future. The forums provide open and constructive platforms between stakeholders, and encourage the formulation of concrete proposal for actions and lasting political commitments. She highlighted that the WGI is a model of how Forum's working groups are meant to operate with foresight, continuity, openness and actions of high quality. 6 themes were proposed on governance and interim reports on each session's progress are expected in January 2015. The wider Design Group on effective governance is tasked to develop an implementation roadmap (i.e. objectives, partnerships, and actions for accelerating change on the topic) and final conclusions up to the Forum. The Roadmaps will provide the recipes for what needs to be done to make change happen and improve situations. They will provide the core messages for political decision-makers to encourage appropriate policies and investments, and can be valuable tools in identifying actions to support the implementation of the SDG on water. The Roadmaps should be presented during the concluding sessions of each theme and will be launched online following the Forum. A new action monitoring system will also be put in place to track and review the action progress of the Implementation Roadmaps up to the 8th WWF and beyond. Process coordinators met on 24 October in Marseille to create convergence across processes. Governance will also be part of the political process at different levels, i.e. i) in the Ministerial Declaration, which has benefited from inputs from thematic coordinators and which will be negotiated through a series of PrepComs [17-18 December 2014 and 24-25 February 2015, UNESCO Headquarters]; ii) in high-level roundtables on different themes; and iii) during the parliamentary and local authorities process.

10. As part of the regional process of the 7th WWF, **GWP-Med** will coordinate, along with IME (Institut Méditerranéen de l'Eau) the MENA process. The **2nd Mediterranean Water Forum** was held on 26-27 November in Murcia, Spain, and included a dedicated session on water governance.

A dedicated Sustainable Development Goal on water in the post-2015 Agenda

11. In the framework of the discussion on the **post-2015 Agenda**, a water-related target was proposed (n°6) and calls for ensuring the availability and sustainable management of water and sanitation for all. The Chair stressed that it provides an opportunity for WGI to support the effective implementation of the aspirational goals behind the water SDG through policy guidance and practical tools. OECD Principles on Water Governance and policy indicators under development provide an opportunity to assess how countries are performing in putting a possible water SDG into practice.

12. Gabor Baranyai spoke on behalf of the Hungarian Ministry of Foreign Affairs to provide an update on the status of the [Open Working Group \(OWG\) on Sustainable Development Goals](#). He stressed that the process of developing a proposal for SDGs with the OWG was challenging and the first 6 months proved critical to decide how the group should function and whom it should include. In January 2013, the UN General Assembly provided guidelines as regards the OWG membership, stating it should be limited to 30 members equally representing developed and developing countries, but due to increase interest, a total of 70 countries were represented through various compositions. As co-chairs, Kenya and Hungary had to ensure that this multilateral effort would not be derailed nor generating resentment from member states as it was the case to some extent during the MDG process. The first objective of the OWG was to set-up an inclusive and open method of work supported by robust evidence and science-based discussions. For one year, science and political authorities were invited to provide the needed data and facts to support the debate and the definition of the agenda. The 4 last sessions of the OWG tackled the more challenging topics and a final report was agreed-upon on 19 July 2014. The OWG proposal sets out first 5 goals on human development (i.e. poverty alleviation, gender equity, hunger, etc.) and the first thematic target concerns water. Kenya and Ireland were appointed as co-facilitators to lead transparent consultation throughout 2015 on the post-2015 process and the UN Secretary General will present a thematic synthesis report by the end of 2014 on what has been achieved, building on the OWG's conclusions, a panel on financing and other fora. The final post-2015 development agenda will be shared during an Adoption Summit in September 2015. Then, goals, targets and indicators will be defined, also considering global partnerships in the implementation and monitoring framework. Governance-related discussions proved challenging for the OWG and the topic was finally introduced in the goal n°17 regarding the general implementation framework (i.e. participation of local communities, international aid and capacity building). It was concluded that the OECD Principles on Water Governance have successfully struck a balance between what is needed and what is possible and as such can influence the SDG implementation process. Hungary, although not an OWG co-chair any longer, committed to raise the profile of the Principles in the up-coming water SDG discussions.

13. Gerard Payen, member of UNSGAB, touched upon the content of the **water-related targets and indicators**, and started by underlining that if a water SDG is adopted, it would be an extraordinary governance tool to stimulate improvements globally on water management. All targets suggested by UN-Water earlier in 2014 were included in the OWG proposal for a water goal (i.e. on access to drinking water, sanitation, wastewater management reuse, water resources management and ecosystem protection). These targets are ambitious and in order to be adopted by the UN General Assembly, they need to be backed up by indicators that can measure progress nationally and globally. Organisations such as [UN-Water](#), the [Centre for Sustainable Development](#) and the [Statistical Commission](#) are working to develop these indicators, building also on existing monitoring systems such as the [Joint-monitoring programme of UNICEF](#) on water and sanitation, which can be adapted to contribute to the new targets. Also, the Global Expanding Initiative is working to monitor water resources and wastewater management. However, some challenges will need to be addressed in the months leading to the final adoption: i) the number of goals may be reduced; ii) the number of indicator per target would ideally be one but in practice, some targets are very elaborate and require several indicators, so a difference should be made between indicators to monitor progress, and those to monitor situations; iii) existing indicators used for the MDGs can be valuable but the SDGs are more ambitious and need new ones which can be used as a pretext to set some water targets aside. The SDG framework represents a programme of quantified targets and milestones, supported by measurable progress indicators and a monitoring and reporting system. It should be a model for national water policy framework to also include quantified programmes of actions with clear time schedules and regular reporting, and as such, should be recommended in the OECD Principles on Water Governance.

Group discussion

14. The issue of **transboundary management** is included in the water target 6.5 and a programme, financed by GEF, and implemented by several UN agencies (UNESCO, UNEP) has initiated work to produce indicators and put together a database and an information management system that would help monitor the post-2015 water goal [UNESCO-IHP].

15. The collective link between the SDGs and the **climate change negotiation** seems to be missing. It was mentioned that the SDG and climate discussions were running in parallel and that their outcomes should be reflected in each conclusion. It was advised that the WGI could be more engaged in the climate discussions in view of the up-coming [COP21 meeting](#) in Paris [WBCSD].

16. The efforts and the method of work of the OWG were saluted. The first [Stakeholder Preparatory Forum on the Post-2015 Development Agenda](#) will be held on 16 January 2015 in New York to share their positions and priorities for the intergovernmental negotiations on the post-2015 development agenda. The first round of negotiations will then start on 19 January 2015. Regarding the monitoring framework of the SDGs, there is a **working group on gender responsive indicators** related to water (as part of the WWAP programme) and the first draft indicators will be shared with WGI members in December to ensure that quality indicators are developed [Butterfly Effect].

17. The outcomes of the recent **G20 meeting** in Brisbane called for an anti-corruption action plan, with a focus on corruption in the construction sector. Given the major role that construction has in the water sector, these anti-corruption indicators could be valuable in promoting good water governance and the SDG targets [Transparency International].

18. Some comments were provided on the monitoring framework. **SIWI** stressed that developing and implementing monitoring programmes require investments from governments. **GEF** also called for more connections between the indicators on water, and those related to goals on food and energy, to foster a nexus approach in the implementation of the SDGs.

19. The **7th WWF Ministerial Declaration** that draws the attention of governments on water. Targets, indicators and goals are tools to stimulate country policies. The merit of the SDG process lays in the value added of its indicators to serve as incentives for each country to adopt similar targets. But indicators alone are not enough and the primary focus should be on supporting countries to implement sound public policies that cover legislation, institutions, service quality, capacity building, consumer information, etc. It also raises the question of the implementation of the goals, beyond their definition. This will be the main subject of discussions among government up to the summer 2015 in order to have clear roadmaps for the targets proposed by the OWG. The water community should stand ready to elaborate ways of making the water targets happen on the ground, including at the 7th WWF.

20. The World Water Council can help create more synergies between the water community and the climate negotiations as they mostly remain separated processes. Reopening the proposal of thematic goals would risk breaking down the framework suggested by the OWG but additional substance, such as on anti-corruption, could be added to the water goal, or related to goals n°17 on implementation means. With the new round of discussions only starting, there is an opportunity to help negotiations move forwards.

Water Governance in Brazil

21. The OECD and Brazil started a national policy dialogue on water governance to look into two major issues on the agenda for water reform in the country: better articulate policies taken at Federal and state level; and strengthen the water allocation regime to better cope with future shocks (e.g. on-going droughts in Rio and Sao Paulo). The Policy Dialogue included 3 field visits in March, May and September

2014 as well as 3 case studies at state level: Rio de Janeiro, Paraíba and Rondonia, and 2 cases on water allocation in the San Marcos and San Francisco rivers.

22. Water management in Brazil that is characterised by highly contrasted hydrological situations across the country; and important pressures on the water sector because of population and economic growth, rapid urbanisations, and climate change. There has been significant progress in water governance over the past 20 years (e.g. adoption of the Federal water law, creation of the National Water Agency).

- OECD's assessment sheds light on the blurred lines between the consultative functions of river basin institutions and the lack of implementation of management instruments; as well as on the ongoing reflection in Brazil on whether or not to pursue the decentralised, participatory and basin-shed management as set out in the legal framework. The report suggests policy recommendations for raising the profile of water as a strategic priority at Federal level; strengthening Brazil's National Water Council; strengthening basin governance towards result-oriented outcomes; enhancing cross-sector coordination for greater policy coherence; strengthening the capacity and financial sustainability of states; and fostering continuity and impartiality of public policy.
- Key elements for a well-designed allocation regime are manifold: it should be based on an understanding of water priorities and on an optimisation of how water is allocated, according to shifting conditions. The OECD risk approach can contribute to define the appropriate level of risk to be reflected in water allocation regimes according to what different water users can bear. A series of recommendations is suggested in the draft report and are structured under 3 categories. First, requisites and priority should be set in water resources plans to drive allocation decisions. Second, policy instruments need to combine efficiency and flexibility, with the possibility to explore market-based instruments. Third, there are opportunities to develop more sophisticated monitoring systems for water availability and water use.
- The National Water Pact aims to empower state governments in order to converge towards the overarching goals of the Federal water resource management system. OECD recommendations on the implementation of the Pact advise Brazil to assess the impact of the Pact on the improvement of water governance; foster transparency and information-sharing throughout its implementation; consider options to engage municipalities in state water policy; support result-oriented and inclusive basin governance; create opportunities for experience-sharing across states and basins; as well as consider mechanisms to foster continuity after the 5 year-duration of the Pact.

Insights from peer-reviewers and discussants

23. Peter Gammeltoft, former Head of the Water Unit at the **European Commission** and peer-reviewer for the policy dialogue, stressed the importance of involving basin committees to ensure effective implementation of water management plans on the ground, which entails to strengthen planning capacities as well as the role of states and municipal authorities in the basin committee. The integration of other sectors at Federal and state levels is a challenge in Brazil and a reform of water allocation systems is needed. The continuity of the Pact beyond its 5-year period will depend on political and funding continuity beyond electoral agendas. While the budget associated to the Pact is limited, making its implementation a success can be a powerful way to ask for additional funding to pursue the efforts. A word of caution was given regarding the modification of the water legislation to consider the risks associated with new negotiations.

24. Xavier Ursat, Head of Hydropower at **EDF** and peer reviewer in the policy dialogue, underlined the importance of having connection between water policies and industrial policies, in particular given the importance of hydropower in Brazil. It is one of the countries in the world with the highest rate of renewable energy and there were discussions with the National Water Agency to develop multi-purpose infrastructures that could be used by various sectors such as irrigation, domestic needs, etc. Multi-player

governance of water supply will be key for Brazil in the future and a report on good practices in this regards will be presented at the National Water Council to raise awareness on how multi-purpose infrastructure can successfully work.

25. Francisco Nunes Correia, former Minister of Environment of **Portugal** and an expert involved in the policy dialogue, first outlined 3 main priorities for water governance in Brazil: i) to ensure the continuity of policies and the political visibility of water, including outside the sector; ii) to focus on solving problems rather than developing models; and iii) to strengthen compliance capacities for water management plans to reconcile enforcement powers with implementation. 3 important qualities of Brazil were also highlighted: the richness of human capital; the willingness to change; and the creativity and capacity of Brazilian authorities to question existing models and move forward.

26. Benedito Braga, former Director of the National Water Agency, shared some insights on the development of the 1997 Water Law in Brazil, at the time where he was president of Brazil's Water Resources Association, and explained how critical political conviction is to make water reform happen. There has been a positive evolution of water management in Brazil whereby 26 states and the Federal district have passed and implemented specific water laws. The major challenge Brazil faces today concerns river basin planning and the difficulty to coordinate water management across states. The EU Water Framework Directive (WFD) can be an interesting example that imposes what members have to do. There is also a need to elevate public participation in state water councils and the national water council, in particular in times of drastic drought. The critical situation in Sao Paulo should motivate the political class to take action.

27. Alain Bernard, Head of the IWRM Unit of the **International Network of Basin Organisations** explained that Brazil counts many "data generators" at different levels of government and in different sectors, which often prevents a clear picture of the different users and sources of pollution. Efforts should thus be dedicated to develop governance data that can guide better policies and better tools for water management. There is also room to improve river basin planning, particularly through better cohesion and coordination of the different sectors. In territorial terms, master plans should be better aligned between urban and rural spheres to contribute to geographical cohesion between basins, states, and regional management plans. In the face of climate change, more could be done to incorporate "no-regret" measures in terms of efficient water management, with management plans that are more resource-oriented and better implemented with specific funding. With limited budgets, basin committee have limited implementation capacities. Different sectors, in particular industries, could contribute to finance water resources management in large water basins (e.g. decontamination measures, etc.). The inter-municipal scale is becoming highly relevant for water management and could be the missing link between local and state levels to make water resources management plans happen on the ground. The EU WFD gives directions to countries that have different cultures, climate and socio-economic conditions and there could be valuable lessons for Brazil.

Group discussion

28. Delegates shared some remarks on the draft report and related experience and knowledge:

- The **business community** in Brazil has woken up and realised that water was critical and the corporate sector could be involved in the consultations of the OECD/Brazil policy dialogue in the future [WBCSD].
- The **EU WFD has not solved all issues of water quantity in Europe** because the EU founding treaty considers that unanimity votes are necessary when water quantity is concerned, which has never happened. There could be useful lessons for European countries from Brazil's experience regarding water quantity management [Hungary].

- There are issues of water pricing and water allocation differences between states in Brazil and there could be a stronger connection between the two in the OECD report to contribute to water security for all users. Also, Brazil is known for its successful **pro-poor policies** and these efforts should be extended to the water sector as well [GWOPA].
- The OECD report succeeded in providing a complicated picture of an under-performing system that fails to deliver adequately in terms of water security, equity of allocation and environmental protection. OECD recommendations are voluntary-based but there could be a **stronger case for change** if the report could present a vision of what the water sector would look like if reforms fail to happen [United Kingdom].
- Issues to be potentially addressed in the report include the **link between the national water resource policy**, supported by ANA, **and sectoral policies** such as water supply and sanitation services. They are based on municipal and state companies overseen by state regulators; and on the difficulty to engage municipalities of all sizes [ERSAR].
- **Consortiums** are important as the necessary scale to promote better decentralisation of water policies in Brazil at the level of metropolitan areas. It was recommended that the Brazilian government develop dedicated water budgets to support the implementation of water resources management plans at the basin scale. **Mutual learning** could occur between Brazil and France through cooperation across hydrographic districts of the Oyapock river [CNRS].
- While the state of Rio de Janeiro has had positive developments, electricity companies continue to divert water from Paraíba do Sul without paying abstraction charges. The most fragile issue in Brazil is to make sure that people in low-income urban districts have access to water and more investments are necessary to achieve this objective. There could be a mechanism to be invented at EU level for **decentralised cooperation** to promoted adequate transfers between European and Brazilian cities and metropolitan areas [CNRS].
- Further attention should be paid to pollutions from industries and agriculture, and institutional conflict between states and municipalities on water and sanitation services [UNSGAB].
- Despite the adoption of laws, rules, and monitoring mechanisms to implement the water system, there is **little enforcement** in Brazil. The question was raised regarding the kind of efficient enforcement mechanisms could be implemented in this a Federal setting [Sorbonne University].
- In the case of the Netherlands, **voluntary agreements** proved to be limited in terms of citizen involvement and access to justice when the commitments made through these agreements fail to happen. It was advised that the role of citizens be factored-in when looking at the interest of governments in this type of agreements [Utrecht University].
- Too many expectations should not be placed upon what the national Water Pact can achieve, in particular regarding the connection between **municipalities** and basin committees. It could be envisaged to copy the concept of the Pact to the state level or the basin level and to stimulate the development of regional pacts with the relevant authorities along the same design as the original Pact. These multi-level arrangements could fit the Brazilian context. The double grid that is characteristic of water management in Brazil leads to a lack of mutual dependency and a lack of collaboration and adjustment mechanisms. It was advised to focus recommendations on these issues and think about arrangements that can foster multi-level governance without having to reallocate responsibilities [Rotterdam University].
- In the state of San Paulo, a “[Pacto das Aguas](#)” was set-up as a permutation of the [Istanbul Water Consensus](#). Hundreds of municipalities have signed the pact and are meant to renew their commitment every 3 years. This Pact has had mixed results whereby concrete progress is difficult to achieve because of political discontinuity but it can be a valuable tool to reinforce linkages with local and regional authorities nonetheless [World Water Council].

29. The OECD Secretariat will build on the constructive inputs from the delegates to complement the draft report in the coming months. The revised version will feature the outcomes of discussions held between the OECD and Brazil's national confederation of industry and association of infrastructure industry regarding their role in the water sector and their coordination in basin committees. The preliminary recommendations address the question of the limited PROGESTAO budget and call for matching Federal funding to priorities with conditionalities. Despite limited funding, experience on the ground has shown that it can still trigger improvement (e.g. staff hiring to set-up water user registries). The report, while emphasising water resources management, also pays attention to the role of water and sanitation, including for water charges. Regarding enforcement, the report sheds light on the capacity gaps to carry out monitoring in Brazil and consolidating the information base that can guide decision-making is an important first step. For water allocation, it is advised that enforcement and compliance be built in allocation regimes to fit the capacities to monitor with what is required, while considering the cost (i.e. time and money) of monitoring. The revised report will also look into the role of inter-municipal cooperation, as well as orientations for pro-poor policies for what concerns equity. It will also make a stronger case for reform with data and anecdotes on the consequences of inaction. The revised report will also include an Action Plan to be produced in January 2015 and the final publication will be released in June 2015.

Remarks by the Brazilian delegation

30. João Gilberto Lotufo Conejo, Director of the **National Water Agency of Brazil**, explained that the hydrological and socio-economic diversity of Brazil adds complexity to the management of water resources and requires customised solutions for different realities all the while ensuring compliance with general national principles. The National Water Agency is responsible for coordinating the national water resource management system and it has recently intensified its pursuit of vertical integration with state authorities through the National Water Pact and the PROGESTAO programme. But barriers to the implementation of the national water resource management system showed that changes were necessary, especially regarding governance arrangements and responses to critical situations. ANA has sought partnerships with international organisations (e.g. US Corps of Engineer, US Geological Survey) to improve the performance of its water governance framework and the policy dialogue with the OECD will lead to recommendations that can guide critical improvement.

31. The Brazilian delegation thanked the WGI delegates for their comments and shared some final remarks. Brazil's water resource management system was meant to be built along time and together with all stakeholders. It has proven very successful but has also shown limits in critical and unforeseen situations such as the current drought in Sao Paulo. Solutions associated with water resources are always provisional and must remain flexible and adjustable. Ultimately, it requires finding the balance between the levels of institutional and technical development and the need for essential legal and institutional infrastructure. They must meet the level of maturity in the sector and the political opportunities that present themselves. Therefore, there is a need to adapt, building on the advice and recommendations that arise from the OECD policy dialogue. Efforts are needed to manage the double dominion, to foster inter-sectoral coordination with other Ministries (e.g. sanitation, irrigation), and to keep water high in the political agenda. ANA considers the policy dialogue with the OECD has the starting point of positive change and will set priorities to sequence the implementation of OECD recommendations in the short, medium and long terms.

Sharing experience on water governance reforms, initiatives, events and projects

32. **ERSAR** shared the outcomes of the [1st International Forum of Water Regulators](#) that took place on 22 September 2014 in Lisbon, in the framework of the IWA World Water Congress which gathered around 5500 participants. More and more regulators on water services are established worldwide and face

similar goals and challenges. The Forum was a first opportunity to foster cooperation among regulators and promote an informal network of water regulators. Around 100 regulatory authorities were represented, mainly dealing with issues of service quality, drinking water regulation, public health, environmental protection, as well as energy and transport. Participants discussed issues of regulatory governance and independence, regulatory impact analysis and progressive models for economic regulation. Regulation was mentioned as a tool for implementing the human right to water and sanitation in the context of rapid urban growth, building for instance on ERSAR's dialogue with the UN rapporteur to the human right. The importance of interactions between service and environmental regulators was also highlighted. The Forum concluded with the formulation of Principles for better regulation of water services, and committed to organise a second meeting in 2016, in Brisbane, Australia.

33. **IWA** presented the Lisbon Charter for Public Policy and Effective Regulation of drinking water supply, sanitation and wastewater management services. The Charter is a response to the development and strengthening of regulatory frameworks and regulators globally, and to the greater need for inter-sectoral cooperation amongst public health and environmental regulations, as well as other sectors. The Charter is structured around 4 parts, i.e. purpose; principles; roles and responsibilities of key stakeholders (public administrations, regulatory authorities, service providers, users); and principles for regulatory frameworks. The Principles laid out in the Charter are: i) effective water supply, sanitation and wastewater management make a positive contribution to sustainable development; ii) the provision of services should enshrine accountability and transparency; iii) the economics of service provision should be framed by a long-term infrastructure investments and cost-recovery instruments; iv) service provision should take into account the financial, social and environmental effects of all water resources; and v) effective service provision relies upon the collective actions of interdependent stakeholders. Consultations on the Principles were held during the [IWA World Water Congress](#) and comments from the members of WGI are also welcome. In particular, it will be key to maintain consistency between the messages from the charter with those of WGI, to ensure that the Charter can be a tool to help the implementation of Principles on Water Governance.

34. **OSCE** introduced the [2015 Economic and Environmental Forum on Water Governance](#). The OSCE believes that peace and security sustainability depends, among other issues, on addressing environmental governance and threats (climate change, water disasters, hazardous waste management, etc.). In particular, water is considered a strategic resource for national and regional security and has been featured in OSCE strategic documents, to stress the need for cooperation on natural resources and improvement of environmental governance, with a focus on transboundary water conflicts. Under the Swiss and Serbian Chairmanship for 2014/2015, the OSCE will carry out several activities on water such as the organisation of a Security Day on water diplomacy and an Economic and Environmental Forum on "Water Governance in the OSCE area for increasing security and stability through cooperation", to take place in 2015. The Forum will provide a platform for dialogue on water governance at transboundary, national and local levels, with 4 specific areas of work: i) water governance as a prerequisite for environmental sustainability and for economic stability; ii) promotion of dialogue on water governance within the OSCE area through sharing of best practices and lessons learned; iii) raising awareness of the importance of water governance at all level; and iv) water governance within the context of disaster risk reduction. The Forum will be set-up through 2 preparatory meetings: the first one being scheduled in January 2015 in Vienna, to focus on issues of concept and principles of water governance, transparency, economic instruments, and knowledge and experience sharing. The second meeting to take place in Serbia will address issues of awareness-raising and disaster risk reduction. The Forum will take place in Prague and a Ministerial declaration will be prepared to reinforce OSCE's mandate on water governance. The preparatory meetings and the Forum will be excellent opportunities to present the WGI work.

35. The **University of Arizona** shared recent projects to support the sustainable management of water supply and demand in Arizona, which has been experiencing a 14 year-long drought of the Colorado River. The Water Resources Research Centre (WRRC) in Arizona contributes to the [groundwater](#)

[governance project](#) spear-headed by GEF, UNESCO and FAO, and has conducted a survey on groundwater governance practices across the United States. It has also started a project in Arizona called [Water RAPIDS](#) to help communities balance water supplies between domestic use and ecosystem's need, based on voluntary agreements. Other research has focused on planning for resilient water futures to understand what resources communities have, how water laws and policies impact water use, how resources have changed over time, and how residents plan to use resources in the future to shape their communities. Lastly, the WRRC has conducted a project to encourage a better understanding between technical and scientific information, to eliminate the back box of hydrological modelling and climate down-scaling and to look at situations of a border community in Arizona that is entirely dependent on groundwater for its water supply. The project aims to provide surface and groundwater modelling information to this community so it can better plan for the future.

36. The **United Kingdom** presented the current water reform agenda. Water companies in England were privatised in 1999 and 3 regulators were established for drinking water, price setting and environmental protection. After 25 years, the government coalition currently in power has decided to introduce market reforms and competition in order to spur innovation and better service delivery. The reform was also supported by the publication of a report showing the dis-benefits and inefficiencies from the lack of competition in the water sector. 2 elements make the current reform agenda: i) the introduction of retail competition for non-householder; and ii) from 2019 onwards, the opportunity for up-stream competition. Simultaneously, the government is in the process of reforming the water allocation system and abstraction licences. Another reform under way in England and Wales is the implementation of a water framework at the river basin level. In each of the 84 catchments, the reform plans for setting-up a cross-sector group, overseen by the Environment Agency as the competent authority of basin plans. However, the stakeholders that compose the cross-sector group do not have statutory power or authority which raises challenges for the Environment Agency. Future challenges in England also concern funding, as England and Wales will need to invest over 100 billion pounds over the next 15 years to manage catchments (i.e. flood risks, water companies, environmental agency, etc.). There could be efficiency savings in spending by creating a more integrated approach and getting all stakeholders to think synergistically about how to get better value for money. The key question for the future of the reform agenda will be how the existing governance framework should evolve to simultaneously meet these new challenges, make significant reforms happen and still retain the concept of integrated catchment management and integrated water service delivery.

37. The **ADB** provided an up-date on the [ADB's Green Cities' initiative](#) as well as the [ADB-OECD Seminar](#). According to the 2013 [Asian Development Bank Outlook](#), about 75% of the Asia-Pacific region is water insecure and countries such as India, Bangladesh and Cambodia score particularly low in urban water security. ADB is raising awareness in the region on water security, and is also investing in water sector operations in connection with other key sectors for development like energy. In May 2014, the ADB hosted a regional conference on Enabling Green Cities in Southeast Asia that aimed to present green city actions plans, in close cooperation with the OECD. The ADB has also launched an urban management partnership for institutional strengthening and peer-to-peer learning, and has facilitated a market place for green entrepreneurs and the private sector to present innovative examples of low-carbon technology and financing, and to exchange knowledge with other partners in the region. The ADB is progressing on the development of green city action plans, in particular in Vietnam, and is also looking at Melaka, Malaysia, and Mandalay city, Myanmar in the future. ADB is also working with NARBO and the Japan Water Agency on capacity and knowledge building in river basin management. As part of ADB's water operational plan, targets were set for IWRM and the establishment of river basin organisations. Together with the OECD, Federation of Indian Chambers of Commerce, the 2030 Water Resources Group and the ADB held a seminar in August 2014 on water risks and water stewards in India, with many representatives from the private sector and various ministries, including the Ministry of Water, to raise the profile of water

security in the country. The event is likely to become an annual event to continue providing a platform of dialogue with the corporate sector.

38. **Spain** shared the experience of implementing ecological flow regime as a response to water ecosystem degradation. These regimes are closely linked to the amount of water needed for ecosystem conservation and maintenance, but their implementation can increase water-related conflicts in water-scarce regions. The national Water Law states that river basin management plans should determine the environmental flows, based on seasonal minimal and maximum flows. The legislation also calls for harmonising the implementation of environmental flows with water uses and demands through stakeholder negotiations. It should also be based on information exchange related to the impact of the flows on the different water uses, and the establishment of guarantees regarding irrigation, industrial use and public water supply. Experience has shown that environmental improvement was achieved without affecting water uses.

39. **SIWI** presented recent activities on accountability, inter-culturality and water integrity trainings. In an effort to produce knowledge on how to apply governance in practice, SIWI has endeavoured to bridge capacity gaps in governments through, among others, several training programmes on water integrity in sub-Saharan Africa, in partnership with WIN, [ECOWAS](#), and the [Lake Victoria Basin Commission](#). Trainings are supported by manuals that are adapted to different contexts, different roles and different demands. Similar programmes were set-up in the MENA region through peer-to-peer and professional mentorship, to encourage behavioural change. In collaboration with GWP-Med, the UfM and a number of universities, SIWI is developing trainings for high-level decision-makers, the private sector and civil society in Jordan, Lebanon, Morocco, Palestine and Tunisia. In Latin America, a water integrity risk assessment has helped identify different types of training needs in the region, working in collaboration with Web-Net, the Spanish Government and AECID. Further work on accountability is carried out with UNICEF on investment in WASH infrastructure. Also, with the support of the [MDG Achievement Fund](#) and the Spanish Development Corporation, SIWI has conducted research on access to water and sanitation for indigenous people in an inter-cultural approach, looking at issues of discrimination, inequity, minority rights and fairness. A SIWI publication on the topic looks at research spinoffs on local conflicts between indigenous peoples and types of industries. Finally, it was mentioned that the 25th Stockholm World Water Week will focus on water for development, including topics of governance and viable post-2015 development.

40. The **UfM** explained that the integrity programmes developed in cooperation with SIWI were presented to the member states in October 2014 and should be approved by senior officials to receive UfM-labelling. The UfM will work to commit member states to fund regional events and a workshop to be held at the 2015 Stockholm World Water Week in order to gather stakeholders from the region and discuss findings.

41. The **French Association of EPTB** (i.e. catchment institutions in charge of flood protection, among other aspects) shared some updates on the on-going French territorial and water reforms. The French model, characterised by 6 river basin agencies and water services managed at municipal level is challenged today. The high number of local authorities in France has created a high level of dispersion and raises challenges in terms of financing and technical and human resources. The current reform encourages the grouping of local authorities in order to better manage water services. A new law defines specific obligatory competencies for local authorities and inter-municipal bodies, to improve the management of water and flood prevention. The law fosters the concept of catchment solidarity by strengthening public institutions and ensuring complementarity and strategic visions between water services and resources management with joint objectives across all users. It bears the question of the relevant scale for managing water, which has been at the centre of EPTB's activities in an effort to ensure coordination and consistency across policies. EPTB also support operators and local authorities to engage stakeholders in decision-

making processes with technical know-how, innovative practices, and access to data and information. The 2nd phase of the current reform will address water at the departmental and regional scale.

42. **NARBO** presented the highlights of the [Manila Declaration](#) which was signed on 20 November 2014, for NARBO's 10th anniversary. For the occasion, an event was organised in Manila to introduce NARBO's former Chairperson, Dr. Basuki Hadimoeljono, Director-General for water resources at the Ministry of Public Works of Indonesia; and to look back at NARBO's achievements since its inception (e.g. training programmes, benchmarking, knowledge hubs, etc.). Looking at the future, NARBO will focus on strengthening water governance frameworks, in particular in far-East Asia; improving complementarities with other sectors; and sharing experiences between Asia and other regions. The event closed with the Manila Declaration that includes key elements on the contribution of NARBO to the global water community, in particular the WGI.

43. **Mexico** provided an up-date on the current water reform. The government prioritised water governance as a national security issues in the 2014-2018 national programme. A review of the legal framework for water will incorporate the human right to water and sanitation. The National Water Programme also sets out priorities in terms of institutional framework for managing and financing the sector, including a new form of planning that is complimentary to other areas related to water at Federal level, and for which dedicated resources will be mobilised. There is also an on-going reallocation of services and technical experts to specific areas in need of meteorological services. For the first time in 40 years, the drinking water and sanitation sub-sector is being reformed to solve inefficiency problems. It is proposed that state-level regulators will share regulatory powers with the National Water Commission for what concerns capacity building in municipal water utilities.

44. The **World Bank** informed that a sectoral strategy on water was set-up in 2010 to affirm that water is a key priority and that investments in infrastructure should be coupled with investments in institutions to improve governance. Since July 2014, the World Bank is undergoing a reorganisation to be divided into global practices, including one on water that looks at water resources, irrigation, water supply, and sanitation and flood protection. The global practice will allow a more disciplined view of the water portfolio to ensure a balance between investments in infrastructure and in governance.

45. **Japan** presented the Basic Act on water cycle policy which was established in 2014. It aims to raise public awareness on water issues. Under the Act, the Prime Minister heads the water cycle policy. The Act encourages strong coordination among the broader range of stakeholders. The Act goes beyond domestic water issues and includes elements on international cooperation for sustainable water cycles and will build on the forthcoming OECD Principles on Water Governance. Progress on the implementation of the Act will be presented at the 7th WWF.

46. The **United States** shared the experience of working with indigenous communities within the framework of the [Colombia River Treaty](#). More and more, transboundary issues are dependent not only on water resources, but also on water quality, and supporting ecosystems and livelihoods on both US and Canadian sides for indigenous populations. EPA is developing rules for tribes in the United states to fully engage in the Clean Water Act, which is the main piece of legislation dealing with water protection, water supply, as well as what concerns their eligibility to apply for Federal grants to protect tribal watershed.

47. The **GEF** mentioned a new funding cycle that focuses on forward-looking strategies to integrate focal areas of biodiversity, land degradation, international water and large river basins. There are 3 pilot integrated approaches, including on cities, food security, and commodity supply chain. Work on international waters will focus on coastal fisheries and climate boundary in the nexus sectors.

48. **Transparency International** has been involved in a multi-stakeholder initiative, the Hydro-sustainability Assessment Protocol, on the development of large water infrastructures (e.g. dams) that involve indigenous people. The Protocol is a tool for assessing hydro-power projects according to sustainability factors, such as the impact on indigenous communities. This initiative is led by the hydropower industry and involves the private sector and financial institutions such as the World Bank. It covers emerging countries like China and Brazil, and developed economies such as Germany, Canada and Norway.

49. The **Butterfly Effect** informed that the 7th WWF will include a platform for indigenous communities and organisations to address water issues. It will provide an opportunity for peer-to-peer exchanges. A joint session between indigenous people and other NGOs (IUCN, Butterfly Effect) will tentatively take place at the 7th WWF on how to combine indigenous knowledge with modern science.

Stakeholder Engagement for Inclusive Water Governance

50. This project is an undertaking of the Working Group n°1; a collective outcome from the Secretariat and the taskforce composed of Suez Environnement and WBCSD; and a follow-up to discussions held at the 6th WWF (12-17 March 2012, Marseille) where conclusions called for more evidence-based assessment of what makes engagement processes work or not, and framework conditions to be put in place. It relies on a survey across 215 stakeholders, as well as 69 case studies.

51. The WG n°1 met as part of 2 webinars, as well as a multi-stakeholder workshop (19 September, Paris) and a session at the IWA World Water Congress (24 September, Lisbon) to discuss the draft report and catalyse inputs. The report encompasses some terminology to build consensus around key terms and suggests an analytical framework structured around 5 pillars: i) the key forces (conjunctural and structural) that have driven governments and other stakeholders to engage actors in water policy; ii) mapping stakeholders, their motivations and their degree of connectivity; iii) understanding the obstacles to stakeholder engagement; iv) identifying the (formal and informal) mechanisms for engagement; and v) assessing the effectiveness, costs and benefits (monetary or not). The report concludes with a set of 6 principles and a draft Checklist for action with indicators.

Group discussion

52. The delegates congratulated the Secretariat on the draft report and shared some feedbacks:

- **Disclosing information** to support engagement processes is of critical importance, as well as sharing information to promote knowledge growth and development among actors. Governments should be open to develop new solutions and formats of decision-making to include stakeholders and limit frustration [Dutch Delta Programme].
- The levels of engagement should be adjusted to the intensity of engagement that is needed. Stakeholder mapping often suffer from per-conceptions to engage certain categories of actors but not others and the principles suggested in the report (n°1) should prevent such prejudice. Also, the question of trust should be considered as a critical outcome and result of stakeholder engagement rather than a principle [Butterfly Effect].
- An executive information system was set-up in the Arno river basin (Italy) on river basin management plans that builds on real-time data such as the costs of measures and their potential impact. This system will be integrated within the EU [Blueprint Strategy](#).
- Consideration for the **time scale** is important in stakeholder engagement as different actors work at different pace. It was also emphasised that monitoring and evaluation of policies and projects

should be done jointly with stakeholders, and that stakeholder engagement should remain **issue-centred** [Deltares].

- A joint project carried out between GWP-Med and the OECD in Jordan and Tunisia on the governance bottlenecks to private sector participation, which covered the question of **participatory decision-making**. It underlined the importance of providing opportunities for all stakeholders to raise their concern equally.
- It could be useful to weight stakeholder engagement according to how important each stakeholder's stakes are in the process. It was also advised to reflect more on experiences and lessons from developing countries [Global Water Initiative].
- An UfM regional event is organised every year with countries and stakeholders from the MENA regional to share positive experiences, including lessons from OECD work. It has proven beneficial to develop **synergies between stakeholders**.
- The report should adopt a format that can be easily disseminated to a **broader audience**. It was also mentioned that the "word clouds" in the draft report highlight the importance of good governance, which can be explained by the fact that responses to the survey came from water practitioners but that they may not reflect the general opinion [University of Arizona].
- It is important to know how to strike a balance between maintaining governments' leadership while releasing some power to other actors [Scotland].
- The development of indicators on stakeholder engagement will be challenged by the need to strike a **balance between universal indicators and place-based initiatives**. Also, failed experiences of stakeholder engagement are lacking from the OECD report. There needs to be a reflection on how to promote the work on stakeholder engagement through advocacy and high visibility to ensure it is adopted by a broader audience [Aqua Public Europea].
- There are **many forms of stakeholder engagement** and it would be interesting to conduct follow-up research to further investigate whether some of these forms fit to specific domains or contexts. The point was also raised that while the report focuses on the state perspective on stakeholder engagement, there are also self-organised engagement processes [Rotterdam University].
- There could be additional examples of engagement processes related to **transboundary issues** (e.g. institutional dialogues to build trust among actors, among countries) to help build common data, break pre-conceptions and contribute to negotiations. It was suggested that a summary of key messages from the report be developed to be easily disseminated [GEF].
- Developing success criteria for stakeholder engagement is a difficult task since different actors may perceive success differently. Managing expectations and sharing the constraints of engagement processes is a key steps to avoid frustrations, as well as making sure that stakeholders are invited to contribute to issues they are interested in [United Kingdom].
- Information-sharing and knowledge development are critical to make informed contribution to policy making as a 2-way process whereby promoters of engagement gather and collect information from stakeholders and keep them up-dated. It was also advised to have a thorough reflection on the operationalization of the report and its principles [Water Youth Network].
- Participation of umbrella organisations in stakeholder engagement processes raises important risks of capture when they fail to address important issues when reaching high-level decision-making, as experience shows that the umbrella organisations are particularly at risk of becoming hostage to the interests of incumbency and of resisting change that represents significant overall improvements of welfare. It is important to organise engagement processes in such a way that voices of others than those with incumbency interests are clearly heard. There needs to be more transparency and honesty built into engagement processes [Peter Gammeltoft].

- There needs to be consistency across the many aspects covered in the report as well as coherence across messages [IWRA].
- **Suez Environnement** welcomed the progress achieved since Marseille to respond to the call for professionalising stakeholder engagement. The analytical framework suggested in the report brings value-added to the work and Suez Environnement will incorporate the conclusions of the report in its methodology on stakeholder engagement. Further work could include more in-depth analysis of the stakeholder profiles provided at the end of the report to analyse the absence of certain categories of actors. Also, in-depth thinking is needed on how to promote the work.
- **WBCSD** thanked the contribution of all WGI members who were instrumental to make this project happen by participating in the survey and submitting case studies. It was explained that the report is a starting point and will be used to raise awareness on stakeholder engagement within the business community.

Comments from the WG coordinators

53. Coordinators of **WG n°2** on the governance and performance of water and sanitation commented that further guidance is needed to develop customer engagement in water services and to support utilities' efforts for engagement, in particular when it concerns newcomers. The experience of the customer challenge groups in the United Kingdom can provide some valuable lessons.

54. Coordinators of **WG n°4** on integrity and transparency stressed the importance of stakeholder consultation in large infrastructure projects like dams. It was also stressed that political will in stakeholder engagement is a two-way process and that engagement processes can help to promote it. It is also critical to ensure that the engagement of civil society is supported by a good understanding of the issue at hand.

55. The ambition following the launch of the report is to carry-out policy dialogues that include aspects of stakeholder engagement such as in Korea where the government is committed to develop participatory mechanisms in water infrastructure projects. There will be reflection on the format of the document to facilitate the dissemination of key messages. There will also be opportunities to discuss the conclusions of the work during the 7th WWF [Citizen Forum](#) and as part of the WWC's initiative with parliamentarians.

OECD Principles on Water Governance

56. **Angel Gurría**, Secretary-General of the OECD, opened the session by congratulating WGI delegates and the Steering Committee on their success in moving from discussion to action through evidence-based analysis, multi-stakeholder consultation, and Principles on Water Governance. He underlined the challenging new water reality characterised by population growth, water demand rise, groundwater depletion and the remaining gaps in access to clean water and basic sanitation. He called for an improvement in water governance capacity through: water security to manage trade-offs among divergent objectives; greater policy coherence across nexus sectors; and good governance to help remove barriers to innovation. The OECD can play a valuable role in supporting and advancing these governance solutions and the Principles on Water Governance can be a valuable new tool for policymakers to have concrete, coordinated policy guidance to get institutions right and fit for the water-scarce future. Looking ahead to the 7th WWF, WGI and partner institutions will propose concrete actions to support the implementation of the Principles on Water Governance up to the 8th WWF in Brasilia in 2018. He expressed the full support of the OECD for the WGI and the Principles under development in order to design, deliver and implement better water governance policies for better lives.

57. Peter Wostner, Vice-Chair of **OECD Territorial Development Policy Committee** expressed his full support to the WGI on the road to Principles on Water Governance. Water is a topic of high interest for TDPC as it resonates with many other areas of work regarding the multiplicity of objectives, of stakeholders, and of levels of government involved. It implies delicate trade-offs, complementarities, and interdependencies between policies, places, generations, and government structures. In 2014, the TDPC adopted its first set of [Principles on effective public investment across levels of government](#) and shared some lessons learnt and key success factors to make Principles relevant. They should be kept simple and straightforward. They should be based on sound analytical and empirical work to create a strong and broad knowledge-base in support of their approval. Case studies and regional perspectives are also key to feed the Principles. Strong ownership of all WGI members will be critical to present and convince OECD member states why the Principles on Water Governance have practical meaning and their impact on the ground. An Implementation toolkit will be crucial to translate Principles into policy reforms, and it should target governments and the broader range of stakeholders. The Toolkit should be dynamic and spark continued learning and partnerships to bring more and more relevance to the Principles through good and real practices at all government levels. The TDPC is looking forward to collaborate with the WGI to ensure that the Principles on Water Governance are endorsed.

58. The role of the OECD is to set standards and advise governments to design and implement better policies. The Principles on Water Governance build on the rationale that governance is an instrument to solve problems, and reflect the diversity of situations across the OECD region (i.e. centralised vs. decentralised, etc.) rather than being normative or prescriptive. They include insights on the flexibility needed for institutions to preserve certainty but also cope with future risks and challenges. The Principles call for forms that follow functions and provide guidance to inform public debate and actions, to strengthen the implementation capacity of different countries, to facilitate reform and change and to serve as a framework against which governments can see where they stand.

59. The Principles on Water Governance target governments but encourage them to take concrete actions in partnership with civil society and the corporate sector. The Principles can also be used by stakeholders to hold governments accountable. In addition, beyond OECD member states, any country is invited to adhere to the Principles. The Principles are expected to provide an assessment framework for the good governance targets defined at the 6th WWF.

Group discussion

60. Delegates welcomed unanimously and strongly the first draft of the Principles and shared valuable comments, to be included in the next version.

- Suez Environnement stands ready to support their dissemination within the company and with clients worldwide. There is an eagerness to achieve the target “water for all” with a practical approach of accessible tariffs. In all good policy, **targets and timetables** are crucial, and the Principles on Water Governance should include clear targets, measurements of progress and timetables.
- The Principles on regulatory frameworks could have a **more inclusive scope** that encompasses also water allocation among competing uses, and protection against pollution, to go beyond the regulation of the water industry. It would help to avoid conveying imprecise messages to member countries [AIDA].
- The **3 pillars** that structure the Principles on Water Governance bring focus and assertiveness: “effectiveness” implies reaching the targets; “efficiency” means doing so with parsimonious use of resources; and “trust” refers to building confidence among users namely public authority, private sector, stakeholders, etc. Each principle evokes a variety of ideas and minor overlaps are unavoidable when describing them because some ideas cut across different pillars (e.g. financing).

Regarding principle n°6 on costs, it was advised that it focuses only on cost efficiency while the issue of matching financing to levels of responsibility should be included in principle n°1 and cost recovery should be addressed in principle n°11 [Portugal].

- The rationale underlying the Principles could be strengthened and the importance of **temporal scale** (i.e. different scales across institutions concerning funding, objectives, etc.) could be included. It was suggested to add the use of **participatory monitoring** in principle n°5 and n°12 as a tool to assess complex issues and water systems [Deltares].
- Further reflection is needed on the various **time scales** in water governance, as well as to favour a **problem-shed** rather than water-user scale approach when dealing with spatial scales [AgroParisTech].
- The **terminology** could be clarified in order to better differentiate Principles from tools, as well as to clarify whether they address water resources or water services. It was suggested to include or **further develop certain topics**, such as: consumer protection; institutional cooperation between authorities and regulators of water resources and services, with environment and health; tax policy as a strong economic incentive to promote good consumer behaviour; quantitative and qualitative targets tailored to each country and context; structural efficiency through optimisation of scale (i.e. economies of scale, scope and process); and the relation between water governance and economic activities and growth [ERSAR].
- The Principles on Water Governance should be considered in a systemic way to be **entirely implemented**, rather than a succession of individual principles. On Principle n°10, consultation on water management remains limited and there is ample scope for progress. Regarding Principle n°8, further development is needed on what innovation is, and on how to best channel innovation to overcome barriers such as lengthy permitting requirements. The need for data and information is fundamental to any ex-post evaluation and would deserve to be higher in the list of Principles [Veolia].
- The **open and participatory approach** of the Principles on Water Governance was saluted and should be an inspiration for other decision-making contexts at national and international levels. The draft Principles succeed in reconciling the effective protection of water resources with good cost-recovery, affordability and universal access. The Principles could more strongly emphasise the need to base regulatory decisions on **solid and independent scientific evidence** and **cost-benefit analysis** in order to avoid unjustified and disproportional interventions and potential water price rise. It was also advised that the Principles clearly consider innovation as a means to an end [Aqua Publica Europea].
- Turkey thanked the Secretariat for the work done. As the main inter-governmental organisation producing evidence-based comparative data, the OECD has been making important contributions to address water-related challenges such as parameters on water quality, tariff setting, development assistance as well as private sector participation. In this regard, Turkey expressed readiness to support the efforts on water governance which aim to draw general lines for the creation of synergies among different disciplines and stakeholders, within the mandate of the OECD, rather than duplication of the works carried out in other international institutions and fora. The draft principles rightfully underscores an important point on water governance, that is the **capacity building**, through realisation of policies to strengthen economic instruments for properly addressing affordability concerns. Since this issue is in the mandate of the OECD, the experiences gained here can be important added value for the provision of necessary support and means to developing countries. Turkey also questioned the procedure of incorporating the works of different working groups into the overall water governance principles. In this context, the Turkish Delegation challenged the content of the draft produced by the Working Group 3 on basin governance and recalled their regret that their views were not incorporated in the said paper.

Finally, Turkey underlined the fact that **water issues are complex with various dimensions** and therefore they should be dealt with utmost care. Hence, more time should be provided to national authorities to study the OECD water governance principles documents.

- The Principles could be advertised as the **flagship output of the WGI** as was the [Hashimoto Action Plan](#) for UNSGAB. Principle n°2 would benefit from additional references transboundary governance based on **hydrological realities** and needs, rather than the balance of power between countries. In Principle n°4, the mention of cost recovery within capacity development could be better balanced and articulated with Principle n°6, which would also need to refer to **decentralisation process** when calling for financial resources that match levels of responsibilities. Principles n°11 should make connections to national and government-led planning and investment policies [GWOPA].
- The need for a **problem-solving** and **action-oriented approach** could be better reflected not only to guide policy development but also implementation. Some adjustments in the formulation of the Principles on Water Governance would also be beneficial as would more **consistency** between the 3 pillars (i.e. some principles can fit in several pillars). Editing the description of each Principle could also help to better frame them [SIWI].
- The draft Principles on Water Governance cover the question of sustainability of governance with monitoring and cost recovery but could better foster **environmental sustainability** as well, in particular in the current context of climate change. Principle n°8 could also provide guidance to foster innovation through partnerships with research institutes and universities [Water Youth Network].
- **Politics and power** should be mentioned in the preamble of the Principles on Water Governance to reflect that political actors are intrinsic to the implementation of the Principles and to the construction of policy narratives forming the broader policy scope in which the Principles will be applied. It was also recommended that the Principles refer to mechanisms that privilege certain interests or interest groups. The water-energy-food nexus should also be mentioned in the Principles to link to other international water discourses [Global Water Initiative].
- The core aspects of the current water reform in **Mexico** are well-reflected in the draft Principles on Water Governance. It was advised to address the **knowledge gap** when developing guidance for the implementation of the Principles. Principle n°6 could make a stronger case for cross-sectoral budget resources that cut across levels of governments and Ministries, and are labelled specifically for water management.
- Principle n°5 could refer to the **gap between science and policy-making** as an opportunity rather than a challenge to support better contribution of academics and to get research into practice [GIWEH].
- Principle n°1 could make a clear **distinction between the public authorities** that organise water services **and operators** (be they public or private). Principle n°7 should underline that countries have different ways to organise regulation in the water sector [FP2E].
- The space given to all WGI members to discuss the draft Principles on Water Governance was acknowledged and highly appreciated. Principles n°12 could mention that the process from principles to policy indicators includes also the definition of **targets**. The challenge will lie in the transition from defining project indicators to **overall governance indicators**, and reference to multi-stakeholder monitoring will be important to make sure that civil society and consumers are also involved in assessing the governance performance in the water sector [Transparency International].
- The [UNECE Convention on transboundary waters and international lakes](#) is an instrument for parties to cooperate and establish solid institutions for managing water and could be mentioned in

Principle n°1 in relation to the **basin and transboundary scales**. Principle n°2 could also refer to the transboundary level when calling for joint objectives in managing water. The questions of cost-effectiveness and cost-minimisation are prominent in Principle n°3 but it should be complemented by issues of pertinent management at the basin level. In addition, it was suggested to add a reference to **vulnerable groups** in Principle n°10 and to link the work on policy indicators to the [UNECE Protocol on Water and Health](#) that includes equitable access scorecards as tools to achieve the human right to water and sanitation and measure progress [UNECE].

- It was suggested replacing or complementing the word “trust” in the 3rd cluster towards a **less passive terminology** [Utrecht University; Butterfly Effect, IWRA]. It was proposed to add “**inclusiveness**” or “**legitimacy**”. References to actors that work beyond administrative boundaries (e.g. regional groups, transboundary institutions, basin authorities) are key to bridge the gap between countries and work collectively to implement the Principles. Also, there are a number of treaties and guiding documents that should be referred to and aligned with. Principle n°8 should not call for innovation as such but rather ensure that innovative practices are implemented [Butterfly Effect].
- It was recommended to add the notion of “timely data” in Principle n°5, as well as the importance of **properly using information on water**, and of fostering an effective **2-way interface** between policy makers and the scientific community. Principle n°12 should also encompass learning and adaptation. Overall, the Principles on Water Governance should be better aligned with existing initiatives such as the SDGs, the [UN Watercourses convention](#), etc [IWRA].
- It is critical to continue to interact with the Working Groups to produce the needed expertise supporting the Principles on Water Governance and to ensure **overall consistency**, including across the levels of the Principles from normative to practical. The draft Principles show that the inputs from the Working Groups are connected but they can be **further integrated** (e.g. between transparency, monitoring and information sharing, between economic incentives and integrity, etc.) [Water Integrity Network].
- Ensuring sound water cycles should be presented as the purpose of good water governance. Information and data collected through previous and on-going **OECD questionnaires** on water could contribute to Principle n°12 before a new monitoring system is created for the Principles on Water Governance [Japan].
- The **awareness gap** diagnosed in the OECD report “[Water Governance in the Netherlands: Fit for the Future?](#)” could provide some inspiration to replace the “trust” pillar by a terminology that better involves stakeholders. Also, the Principles on Water Governance could better **link short-term actions to long-term considerations** of climate change and other global changes [The Netherlands].
- The OECD leadership in the work on Principles on Water Governance was saluted and the Secretary General was praised for his personal investment in this work. It was reported that the draft Principles on Water Governance were circulated to all WBCSD members to **build ownership** and ensure that the **corporate sector** can help implement them in different sectors [WBCSD].
- **Cross-sectoral coordination** is one of the most critical issues in the Principles on Water Governance. To achieve this better communication with and among decision-makers in other sectors, including the environment, is needed. Cross-sectoral coordination also needs to cut across basins where water transfers are being considered. Several options exist, encompassing as appropriate all sectors and basins concerned, and they all need to be properly addressed to support informed decision-making. The scope of Principle n°12 should include the evaluation of governance but also of water policies. Principle n°8 could have some references to innovative practices regarding the implementation of **nexus policies** [Peter Gammeltoft].

- **Policy indicators** supporting the Principles on Water Governance should be kept simple. It was also advised that governments should encourage the contribution of the **private sector** with voluntary mechanisms to disclose information, improve transparency, etc. The Principles could also foster progress on **gender equality** in the water sector [GEF].
- The Principles on Water Governance would benefit from terminology on **water security**, building on ADB's work in the Asia-Pacific region through policy dialogues, operational activities and knowledge development. The [Asian Development Bank Outlook](#) for instance, could be referred to as a tool to measure water security. Transboundary water management is a challenging issue to cover and ADB has addressed it through **inter-sectoral coordination** with transport and trade policies for example. ADB is currently developing some guidance on innovation in **nexus practices** and will share the document to complement Principle n°8.

61. The Water Governance Principles are much in line with key messages from the OECD Regional Development Policy Committee, focusing on place-based policies, multi-dimensionality, cross-sector synergies, multi-level governance and regional development. The WGI methodology to develop the Principles is also exemplary and resonates with similar activities being kicked-off to foster better dialogue between central and sub-national governments. The Principles will be discussed at the next TDPC meeting on 29-30 April 2015, following extensive consultations between January and March 2015.

62. Noe van Hulst, Ambassador of the **Netherlands** to the OECD recalled that Dutch water management has evolved in the past 8 centuries and has learnt from successes and failures, including to be fit for future challenges such as climate change. In that sense, the Dutch government has recently made an investment of several billions of Euros over the next decades to adjust the country to worst-case climate scenarios. The Principles on Water Governance can provide guidance for countries to better address water challenges ahead and the Netherlands strongly support this process as Chair of the next OECD Ministerial Council Meeting. WGI members were called upon to support the development and endorsement of the Principles and to raise awareness on their importance to improve governance in the water sector.

Breakout sessions of the Thematic Working Groups

63. Working groups gathered during parallel working sessions to discuss the inclusion of their respective thematic inputs in the overarching Principles on Water Governance; brainstorm on tentative policy indicators for the implementation of the water governance principles; and advance the preparation of their respective sessions at the 7th WWF.

64. WG n°1 on **stakeholder engagement**'s contributors commonly agreed that while some minor revisions will be made on specific aspects (e.g. the importance of stakeholder mapping), the 6 principles on stakeholder engagement suggested in the draft report "Stakeholder Engagement for Inclusive Water Governance" were well-featured in the overarching set of water governance principles. It was advised that when developing the implementation Toolkit for the principles, actions and indicators suggested could be declined into stakeholder groups to lay down practical steps the broader range of actors can take to support the implementation process. Similarly, in addition to the regional consultations to be carried out after the endorsement of the Principles, stakeholder consultations could be conducted to identify areas of work where they could commit. The working group will also refine and finalise the set of indicators on stakeholder engagement that can feed into a draft Water Governance Indicators under development and to be submitted for discussion at the 5th WGI Meeting. Contributors suggested that the implementation Toolkit should address also the broader range of stakeholders (business, academics, etc.) and that different report-back mechanisms be developed accordingly. Indicators should include fact-based and perception-based data to demonstrate actions taken and their impact rather than to compare governance frameworks. It was also proposed that the implementation framework for the Principles include a certification system that

would acknowledge countries that have made positive efforts to implement or comply with the Principles on Water Governance, also building on other experiences in water performance monitoring such as the Japan Water Agency's questionnaires on IWRM. Regarding the session on stakeholder engagement at the 7th WWF, contributors called for a creative session format to disseminate the key messages from the report to be launched. It was also advised that synthetic and visual materials be prepared to easily share the outcomes of the report during the Citizen Forum and for non-expert audience.

65. WG n°2 on the **governance and performance of water services** discussed indicators to support the implementation of the Principles on Water Governance and agreed that they should be realistic, provide clear responsibility-line, be adaptable and relevant to different regions, and be measurable. Contributors reckoned that indicators should be developed for specific principles while others should be defined to monitor several principles at the same time, with a clear distinction between performance and policy indicators. It was agreed that small groups of WG n°2 contributors would focus on a single principle to develop corresponding indicators within the scope of water and sanitation services in the coming months. Regarding the 7th WWF, the agenda of the session will be finalised in the weeks following the 4th meeting of the WGI and the format will be less conventional. It was noted that only a limited number of contributors from WG n°2 will attend the 7th WWF.

66. WG n°3 on **basin governance** focused the discussion on the indicators, building on past presentations on existing set of indicators for water resources management (e.g. INBO, NARBO). There has been an international move towards management at the river basin scale, together with the development of regulatory frameworks and instruments (e.g. water plans, markets, information systems) and indicators can provide means to measure and monitor the progress and performance of river basin management. Contributors discussed the boundaries and scope of river basin management, which are not always clear and complicate the development of indicators. Also, contributors agreed that indicators should be relevant for policy and management, from overarching basin management goals and indicators to more localised indicators. There could be multiple indicators per principles and per themes while also ensuring simplicity. There were discussions on legislative frameworks and implementation issues related to water governance and it was noted that different topics have different audiences, different measurement needs, and different levels of interest within governments. Indicators can also help to establish trust in river basin management systems, and effective stakeholder engagement is crucial in the development of these indicators. Their implementation will require further financial commitments and capacity building. Contributors suggested that there could be different categories of indicators: some on the completeness and effectiveness of legislative frameworks; some on the effectiveness and efficiency of water management (i.e. transparent methods for allocation, sustainable use); some on monitoring and enforcement; and others on conflicts and cooperation. To conclude, contributors committed to keep indicators on basin governance consistent with the scope of indicators on water governance to be developed.

67. WG n°4 on **integrity and transparency** shared further comments on the draft Principles on Water Governance to stress that they apply as a whole-of-government effort rather than as a "shopping list". While actions are not needed on all fronts at the same time, it is important to highlight that the principles are mutually supportive. It was advised to add clarification in the rationale regarding the order of the principles to underline that it does not reflect a ranking of importance (e.g. with the help of a figure). It was also suggested to add references to aspects of human rights, SDGs and other relevant framework in the preamble. Also, the 3 clusters may be misleading in showing a disconnection between integrity and efficiency and should rather reflect that working with integrity and transparency is part of increasing economic efficiency (e.g. in investments). WG n°4 contributors representing governments indicated that indicators on water governance should be identified in terms of their effectiveness and resource requirements, and stressed the importance of harmonising reporting mechanisms for the Principles on Water Governance with the indicators used to monitor the status of the water goal in the post-2015 agenda. An important step in developing indicators will be to define targets against which assessing progress. Ways

to cluster composite or aggregate indicators for policy and strategic process monitoring will be explored. Also, it was noted that there are different sets of indicators for overarching monitoring (i.e. that would help countries to set priorities) and monitoring at national and sub-national levels. Long-term monitoring is costly and the case should also be made for countries to invest in assessing water governance. WG n°4 will submit comments regarding the principles and indicators on water governance to the Secretariat and will progress on the development of the session at the 7th WWF.

Roundtable on Water in Cities

Key challenges

68. The OECD Secretariat presented the preliminary results from an on-going horizontal project that aims to identify the main **challenges and policy responses to manage urban waters** in OECD and emerging cities. Prevailing models in OECD and BRICS cities are characterised by a reliance on large infrastructure, water charges and tariffs on users, and a lack of urban-rural linkages. The sustainability of these features and their ability to face future challenges is questioned by the increasing intensity of climatic events, a rise of costs for managing urban water infrastructure, and other institutional drivers. The OECD is developing a typology of cities, based on their size and governance structures, to help identify policy responses for addressing urban water management challenges. 4 conditions of success were identified:

- **Financing:** many OECD cities are facing a financing conundrum to maintain and adjust infrastructure while traditional sources of finance face severe constraints. Options for the future concern minimising the needs through economies of scale; making the best use of existing resources through innovative means; and tapping into new sources (e.g. rain tax). The private sector will play an important role, such as property developers.
- **Innovation:** it concerns technical and non-technical innovations that need to be deployed and disseminated. It will require retrofitting existing cities and reforming prevailing practices, while addressing the lack of policy coherence (e.g. water and urban planning). Opportunities for innovation in the OECD region include the constant reconstruction of cities (i.e. opportunity to reframe water management); managing water at different scales; business models for service providers and property developers; holistic approach to urban water management; and information campaigns and stakeholder contribution.
- **Urban-rural linkages:** they can help address water quantity and quality issues, and flood risks. In the OECD region, mechanisms such as urban-rural partnerships, contracts and financial transfers, and payments for ecosystem services have been used and have highlighted some critical factors that affect the engagement of cities in rural areas such as the scale of urban water policy, and the role of incentives (i.e. identifying costs and benefits, trust, transparency, etc.).
- **Governance:** metropolitan governance and dedicated regulatory bodies are critical aspects to effective urban water management. A survey across OECD and BRICS cities has investigated the impact of water policy fragmentation at city level, which raises questions of the relevant level to raise awareness on the risks and costs, and to increase the willingness to pay and acceptability of reforms. Results showed that 1/3rd of cities surveyed have set-up metropolitan bodies with prerogatives on water policy design and implementation, as well as a consistent trend in the OECD region to search for efficiency gains through the amalgamation of different levels of government, with an impact on water. The project also provides an inventory of governance tools to manage interdependencies between authorities. Furthermore, regarding economic regulation, there has been a trend in establishing dedicated regulatory bodies overseeing urban water services over the last decade. Where they exist, these bodies are tasked with protecting the public interest, making the service more accountable and user-centric, supporting coordination and ensuring predictability and

credibility of decision-making. A survey carried out with the support of the OECD Network of Economic Regulators has showed that regulators have strongly adopted governance principles and practices, use regulatory policy tools such as consultation, and have embedded clear roles and responsibilities in legal frameworks.

Insights from discussants

69. **Suez Environnement** reacted on the importance of *innovation* in managing urban water. It implies devising a mix of solutions, with different timeframes, that encompass aspects of water use, smart network, demand management, energy recycling, raw materials, and water table storage. Innovative solutions also include decentralisation to allow for water reuse locally, and centralisation to set-up standards for water quality. Innovative solutions also have to be collaborative to address water management not in terms of “cities” but “territories” to foster cooperation among uses (domestic, agricultural, industrial). Innovation should be open, and efforts are needed to encourage new prototypes, and sharing good practices to be tested at small scales before being scaled-up, including on reuse and revitalisation.

70. **CNRS** commented on the question of *financing* urban water management. Full cost recovery, in particular through tariffs, has proven to be challenging for many OECD countries. In addition, examples in the United States and the United Kingdom have shown that ageing water infrastructures imply to increase prices. However, in a context of economic crisis, these challenges cannot be addressed through water bills only. Scenarios to make water utilities more resilient for future financing challenges can be categorised in 3 types: i) up-scaling by merging smaller utilities to achieve economies of scale, such as in Portugal; ii) investing in more technologies, such as in Barcelona and Singapore; iii) and territorial solutions such as in Germany and the Netherlands (e.g. paying farmers to limit diffuse pollution of groundwater). As regards the price of wastewater treatment, the example of France shows that sewerage treatment cannot easily be added to water bills because it would make local authorities less accountable for water discharges. Rather, cities should be encouraged to look at territory-based solutions to reduce costs.

71. **Barcelona** focused on the role of a metropolitan body to foster better *governance* of urban waters. In Barcelona, the metropolitan authority has responsibilities throughout the water cycle from drinking water supply to wastewater treatment and reclaimed water production. It encompasses 9 utilities across 36 municipalities that compose the metropolitan area, 7 wastewater treatment plants and 3 reclaimed water plants. Managing urban waters at the metropolitan level has fostered a wider perspective, at the water cycle level, as well as shared infrastructure and expenses. The Barcelona Metropolitan Authority also encourages customer involvement to learn more about the different needs and expectations across the territory. It also works with the Catalan Water Agency, the basin institution on its territory, but has encountered some financial challenges to pool its own funding for managing reclaimed and wastewater. For the future, Barcelona is looking at alternative water resources and to strengthen management at the water cycle level. To that aim, Aguas de Barcelona was created in 2013, jointly with a large metropolitan utility, to manage drinking, reclaimed and wastewater for all the metropolitan territory.

72. The **Netherlands** shared some experiences in dealing with *rural-urban linkages*. The Dutch water framework at the local level is structured around municipalities and water authorities that cooperate across the water chain in terms of sewer management and wastewater treatment. They also work together on regional development to ensure coherence between urban planning and water management. The Delta Programme has also encouraged coordination at the local level, such as to set-up emergency water storage areas on arable lands used for agriculture around cities. A Toolkit was also developed to tailor regional water storage solutions, including through joint urban-rural management of water.

Group discussion

73. Delegates share knowledge and experience on the following points:

- In Europe, water infrastructure systems are stabilised and difficult to change, such as in Lisbon. It raises challenges of **asset management practices** and the need for **imaginative models**. Cities also have to deal with a decrease in water consumption. ERSAR has established new rules that encourage utilities to develop new or alternative solutions to meet future challenges, rather than raising tariffs, and to reach out to new customers in other sectors.
- **Sustainable drainage systems** were applied in Scotland by the environmental regulator in the transport and urban planning sectors. A set of **technical standards** on the topic was developed for housing developments [University of Dundee].
- Price reforms in the water sector and their impact on the urban poor matters for urban water management, as well as how fixed and variable costs [KAPSARC].
- Fitting urban areas to the future could also be achieved by rehabilitating and renewing cities. It implies harmonising rehabilitation processes with the construction of new parts in the cities, and with innovative practices, both for infrastructure and governance frameworks. EU regional policies have focused on policies at city level and should continue to analyse urban practices and their balance with rural activities [Portugal].
- In the United States, water management in cities is characterised by **integrated planning**, and **links to energy** and **climate change** issues. In particular, the Clean Power Rule pushes for energy efficiency but also sheds lights on the co-benefits of water efficiency. California has also made progress on **groundwater storage**. It was also advised that the draft report looks into **water prices** across OECD cities. As an example, in the United States, 90% of water infrastructures are publicly owned which helps to lower prices, as compared to other countries in the OECD region.
- WBCSD committed to send the draft report to its Sustainable cities group as it often overlooks the issue of water. It was noted that more links should be made between **energy and water**, as well as between **water policies and broader development efforts in cities**.
- The draft report provides stimulus for innovation. Also, future governance challenges include the difficulty to coordinate the responsibilities of river basin authorities with those of cities. It was suggested that the report looks further into non-revenue rate in OECD cities [Association of Dutch Water Authorities].
- Looking at **urban waters** in a holistic way is critical as is making connection with transport for instance. There are also opportunities to link urban planning to water disaster prevention and resilience [The Netherlands].
- For a well-functioning market, there needs to be **robust regulation**. In many cities, water supply comes from groundwater located in rural areas but also in urban hinterlands and groundwater resources stands to be impacted by policies and practices from other segments of cities that do not deal with water (e.g. transport, construction, etc.). Therefore, the **gap between urban land use regulation and water resources regulation** needs to be bridged. This can be achieved through water assessment that cover both water and planning legislation to make sure that policies at city level work toward common purposes [AIDA].

Policy responses

74. The OECD Secretariat presented preliminary **policy responses** that have been identified to meet urban water challenges, according to the typology of cities suggested in the report. They aim to address

issues related to water availability, water security, combining short-term decisions and long-term trajectories, and reconciling different scales for urban water management. Policy responses will also address the question of different water qualities needed in cities, whether for drinking or reused water, to ensure that the appropriate standards are in place. A key question to be investigated in the report is the timing of investments and economies of scale and scope. Governance solutions will play an important role to address urban water challenges to tackle issues of allocation of roles and responsibilities; policy coherence, equity in risk allocation and price setting; setting quality standards; and the role of central governments to set incentives.

Insights from discussants

75. The **United States** shared some experiences from a central government perspective. The Environmental Protection Agency has 10 regional offices that work at city level to support communities in improving infrastructure and drive innovation and technology through grant allocation. Municipalities also partner with the EPA to develop data on water quality and infrastructure, and are provided with economic incentives such as revolving funds on clean water and drinking water. The funds are allocated to the states and go into the development of municipal bonds for various infrastructure needs. Urban water federal partnerships have also been launched with 13 Federal agencies and cities to connect and reconnect degraded urban catchments and rivers because of industrial activities. 2.1 million dollars were awarded in 2014 to 46 organisations in certain US cities, as well as in Porto Rico. Nexus approaches have also been introduced in innovative practices and programmes on climate resiliency in cities. The United States has also developed “water clusters” for academia and corporations to simultaneously develop and support new technologies. Overall, 10 water clusters are ongoing, including one started with the National Laboratory in Cincinnati. At Federal level, the government also provides certification on water related to green buildings regarding conservation, irrigation, and energy production through wastewater. In addition, Guidelines for water reuse were produced in 2012 to set minimum standards for different qualities and uses.

76. In **Scotland**, water charges are geographically harmonised and the governance framework for urban waters is largely centralised. Cities in Scotland face challenges of aging infrastructures such as the wastewater system of Glasgow. A 10 year-long project was undertaken to renew this system and relied on the partnership of the central government with the city to better understand local realities, and extensive data gathering (e.g. water and wastewater flows modelling, etc.). Overall, the project cost around 600 million pounds and costs were brought down through knowledge creation and better alternatives. Synergies were also fostered with the city’s green infrastructure agenda and with strategies on flood protection and wastewater flow management. Lessons learnt include the need to maximise co-benefits through partnerships between central and municipal authorities; engage with all stakeholders involved; and encourage complementarities with the city’s vision.

77. In **Israel**, 2/3rd of the territory is water scarce and the central government has defined water as a priority area, including at city level. Future urban water management will rely on innovative solutions. Among others initiatives, a project on “Water in Smart Cities” was launched. Smart city systems aim to address urban and rural water challenges (i.e. related to irrigation) and support the purification of industrial and domestic waters. Israel has also adopted a National Strategic Plan to recycle and reuse water for agriculture irrigation (i.e. 50% of water used for agriculture is recycled) and in 2014, 50 water recycling centres were established. Government regulation also plays a vital role for better management of water in cities, also in cooperation with the private sector to devise innovative solutions. The legal framework tasks municipalities with building and maintaining recycling facilities, under the oversight of the Ministries of Health, Agriculture, and Economy. Looking forward, Israel will focus on the use of rain runoffs and water capture in city streets. In 2001, municipalities were asked to create professional water and sewage management agencies composed of representatives from local governments and with financial autonomy. These agencies have contributed to improve infrastructure with 30% of revenues from water and sewage

collection invested back into repairs and maintenance. They have also managed to reduce water leakages. Solutions for managing urban water cannot be considered in isolation from national water frameworks. In Israel, the gap between water demand and supply was successfully bridged in 2014 through desalination (i.e. it makes for 41% of the country's annual potable water supply). The national water authority of Israel has also set a 2050 strategic plan for water and sanitation. To conclude, Israel offered to host a future meeting of the WGI.

Group discussion

- UNESCO-IHP has adopted in June 2014 a new plan for the next 6 years on water security that covers 2 main areas: groundwater resources for a sustainable world, and **urban water and human settlements**. Synergies will be made with OECD work on the topic, and in line with discussions to be held at the COP21 meeting in Paris in 2015.
- The OECD report could look into water management practices not only in OECD countries but in **developing countries** to learn from their experience in tackling urban challenges in cities [UfM].
- The [EU Covenant of Mayors](#), launched in 2008, consists in more than 6000 mayors who have committed to a 20% reduction in Co2 emissions by 2020, including cities such as London and Paris. It was also noted that the articulation of national and local water policies is challenged by the diversity of situations and priorities at city level. Also, mayors occupy strategic positions to foster cross-cutting initiatives between energy and water supplies, wastewater treatment and flood prevention. There are also examples of peer-learning among mayors, such as [City Blueprints](#), that should be scaled-up [Peter Gammeltoft].

78. William Tompson of the OECD Urban Policy Programme shared some concluding remarks. **Water and sewage supply has challenged urbanisation** for many years, and has constrained the size of cities, and it remains a critical challenge for cities today. The world will be urbanised by 2.9 billion people between now and 2050. The water sector shares similar challenges with other urban policy areas, mainly the question of the right scale for service delivery, and the issue of integrated planning. They call for **flexible governance approaches** as well as **investments** to meet infrastructure needs. It also raises the question of the timing for investment, in particular regarding innovation, where by developing too fast new technologies, cities may run the risk of being locked in first-generation technologies that quickly become obsolete. In addition, **hydrological uncertainty** needs to be built in discussions on urban planning, in particular in the context of climate change. **Mitigations measures** will need to be developed at the local level. However, it was noted that water uncertainties pose a more complex set of problems than climate change mitigation as they imply a balancing act and a **complex range of policy outcomes**. The draft report will be revised in the coming weeks and discussed during the next meeting of the OECD Working Party on Biodiversity, Water and Ecosystems in February 2015. The final report will be launched at the 7th WWF.

ACRONYMS

ADB	Asian Development Bank
AIDA	International Association for Water Laws
ASTEE	Association Scientifique et Technique pour l'eau et l'environnement
BRICS	Brazil, Russia, India, China and South Africa
EDF	Électricité de France
EPTB	Établissement Public Territorial de Bassin - France
EU	European Union
GIWEH	Global Institute for Water Environment and Health
GWP-Med	Global Water Partnership - Mediterranean
IME	Institut Méditerranéen de l'Eau
INBO	International Network of Basin Organisations
IWA	International Water Association
IWRA	International Water Resources Association
IWRM	Integrated Water Resource Management
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
NARBO	Networks of Asian River Basin Organisations
NGO	Non-Governmental Organisations
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SIWI	Stockholm International Water Institute
SUEN	Turkish Water Institute
UfM	Union for the Mediterranean
UNDP	United Nation Development Programme
UNECE	United National Economic Commission for Europe
UNESCO-IHP	United Nations Educational, Scientific and Cultural Organisation – International Hydrological Programme
WBCSD	World Business Council for Sustainable Development
WWF	World Water Forum

CALENDAR OF 2014-2015 WATER-RELATED EVENTS

Date & Location	Event	Convening organisation
<i>12-16 November 2014</i> Bucharest, Romania	Europe INBO 2014	INBO, MENBO, CEE-NBO
<i>26-27 November 2014</i> Murcia, Spain	2nd Mediterranean Forum on Water	IME
<i>26-27 November 2014</i> Geneva, Switzerland	7th meeting of the Working Group on Water and Health	UNECE
<i>15-17 January 2015</i> Zaragoza, Spain	UN-Water Annual Zaragoza Conference	UN-Water Decade Programme on Advocacy and Communication
<i>12-17 April 2015</i> Daegu, Korea	7th World Water Forum	World Water Council – National Committee for the 7 th WWF
<i>25-29 May 2015</i> Edinburgh, Scotland	IWRA World Water Congress	IWRA
<i>26 May 2015</i> Edinburgh, Scotland	5th Meeting of the OECD Water Governance Initiative	WGI
<i>14-16 September 2015</i> Prague, Czech Republic	23rd OSCE Economic and Environmental Forum “Water governance in the OSCE area – Increasing security and stability through co-operation”	OSCE
<i>22-28 August 2015</i> Stockholm, Sweden	25th Stockholm World Water Week	SIWI
<i>30 Nov – 11 Dec 2015</i> Paris, France	COP21 - 21st session of the Conference of the Parties to the UNFCCC	UNFCC

For more information, please contact water.governance@oecd.org
and visit www.oecd.org/gov/water

