

Lessons from reforms of water governance: what can non-EU countries learn from water management reforms in Europe?



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IWRM and water sector reforms

- Pervasive water sector reforms, inspired by
- IWRM calling for a ‘coordinated management of water, land and related resources’ (GWP 2000) across
 - (1) jurisdictions at river basin level,
 - (2) water using sectors,
 - (3) administrative levels,taking the principles of subsidiarity, participation and cost-recovery into account (ICWE 1992)
- In Europe by EU Water Framework Directive

EU WFD as Example for IWRM?

- EU WFD
 - Achieving a good ecological status of European water bodies by 2015
 - Set up of river basin management plans
 - Recovery of environmental and resource costs
 - Public consultation and participation

- An Example for IWRM?
 - In many respects yes (e.g. River Basin Management/ Integration), but
 - No explicit reference to IWRM
 - Specific pollution, floods and droughts regulated separately
 - WFD is a legal requirement for member states, IWRM not
 - Spirit of IWRM but NOT BINDING in that sense

Can Non-EU countries learn from EU reforms?

- WFD: Strict time frame and broad set of principles, intense knowledge back-up on EU level through Common Implementation Strategy => learn from rapid and comprehensive change?
- Approach: compare experiences of countries with similar contextual conditions and test same hypothesis
- Hypothesis derived
 - Principle of fiscal equivalence (Olson 1969):
 - match those who receive a benefit from a collective good with those who pay for and decide on it
 - Where fiscal equivalence complied more efficient and participatory, legitimate water governance
 - Indirectly relevant for WFD objectives (participation & implementation)

⇒ An *abstract* comparison of water reforms in Mongolia and Portugal

Framework Conditions Portugal and Mongolia

Conditions	Portugal	Mongolia
From autocratic centralized to democratic more devolved state	Since 1974	Since 1991
(Semi-)arid climate Water availability (m ³ /c/a)*	6434	13117
External drivers for IWRM/RBM	Role of WFD	Strong role of donors
River basin management	Since 2008	Since 2009

*FAO 2008

Context for Mongolia's water sector reform

- From centralized socialist to market-based democratic state (1991)
- Deconcentration process: “dual governance approach”:
 - Local governing bodies shall “independently regulate the economic and social life combining both self-governance and state-governance” (Constitution of Mongolia, Art. 8.1)
 - Governors under supervision by ministries, own revenues very limited
 - ⇒ A de-concentrated state with fiscal centralization (Lkhagvadorj 2010: 76)
- Limited water availability, rising water demand, outdated infrastructure
- Abolishment of old water ministry in 1992 and new water law in 2004
- Considerable donor influence in the water sector

Challenges of Mongolia's Water Sector Reform

- Water Authority (since 2005):
 - limited staff & capacity & information base,
 - no regional branches;
 - River Basin Councils (since 2009):
 - 16/29 established, but only 5 are financed (by donors)
 - Some stakeholder participation in river basin planning, but lack implementation and fiscal capacity
 - Implementation of measures: unclear division of labor between WA, diverse ministries, RBCs and province/district administration
 - Water prices far from cost-recovery and only partly collected, 40% of environmental fees collected transferred to national government.
- ⇒ Ongoing debate on how to strengthen the sub-national level
- Administrative branches at provincial / district level, or
 - River basin administrations at river basin level

Context for Portugal's water sector reform

- From fascist, centralist state to democratic, centralist state with strong local authorities and deconcentrated regional administration, which until 2008 administered waters under close supervision of central administration
- Some water scarcity in the South
- Slightly diminishing demands from agriculture, increasing demands from industry and urban uses, hydropower
- Water pollution problems from industry
- Continuous adaptation of legal framework to EU legislative requirements
- Minor independent revenues for water authorities (penalties)
- Until 2004: overcome water supply and sanitation problems with EU funds to meet EU water directives – Wastewater, Drinking water, Bathing water directives

Challenges and opportunities of Portugal's Water Sector Reform

- Since 2008: Change of water management set-up
- Authorities for Hydrographic regions, funds from water pricing (bulk 30 – 130%), active user & stakeholder councils for participation
- User council to approve spending and agency's strategy
- New dynamic leadership
- Some voluntary, decentral coordination among Water Administrations, productive and unproductive competition
- disempowered, disoriented, oversized national authority
- General problems of institutional flux:
 - Disorientation in the sector, delay River Basin Plans
 - Problems with registry of water uses
 - Lack of competent staff, monitoring infrastructure in basin authorities
 - Problems to coordinate with land use administrative sectors/ local authorities as different structure, but new emerging links

Possible Lessons Learnt from Portugal

- Importance of fiscal decentralization
 - Devolution of decision-making and planning should go along with devolution of fiscal competencies
- Pricing of water at/close to cost-recovery increases water agency's power
- Fiscally autonomous river basin organizations
 - can increase participation
 - can enhance identification and decentralized dynamics, unleashes innovation
 - enhances competition among water administrations
- Increase in identification and participation by users if they are involved into plan of activities/ budgetary spending of water authorities

Conclusions

- No full congruence between IWRM and WFD
- Fiscal equivalence in spirit of WFD
- Cross-country learning on an abstract level
- Organizational decentralization should go along with fiscal equivalence, more important than shape of reform? (PT)
- Ownership of reformed administration crucial (PT: occasion EU but great national commitment)
- also in Portugal participatory culture in its infancy but developing
- Strong path-dependence (both)
- Reforms require time to “settle” and become effective (both)
- external occasion helps (PT)
- Externally driven questionable (Mon)