

**DEVELOPMENT ASSISTANCE COMMITTEE**

**MEETING ON WATER RESOURCES MANAGEMENT**

**10-11 MAY 1994**

**CONCLUSIONS**



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Paris 1994

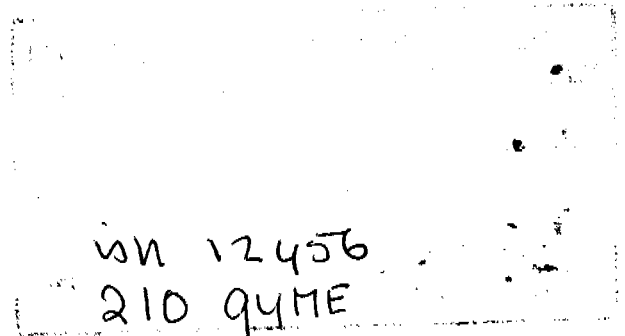
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The conclusions on water resources management were adopted by the Development Assistance Committee (DAC) on 13 October 1994. They are made available to the public on the responsibility of the DAC.

The Development Assistance Committee is the principal body through which the OECD deals with issues related to aid for developing countries. Its mandate is to promote an expansion of the volume of resources to developing countries and to improve the effectiveness of aid provided by Member countries. The DAC Members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New-Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities, together with the International Monetary Fund, the United Nations Development Programme and the World Bank as permanent observers.

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**DAC MEETING ON WATER RESOURCES MANAGEMENT**  
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**CONCLUSIONS**

**I. The Rationale for Improving Water Resources Management Worldwide**

1. Water is essential for life and for a wide range of economic and informal sector activities, many of which are undertaken by women. It is vital for health, agriculture, industry and hydropower. Water is also a vital part of the environment and is home to many forms of life on which human well-being ultimately depends.
2. Demographic pressures, over-exploitation of groundwater and pollution increase stress on the quantity and quality of water. These pressures add to the risk that acute water scarcity, water-borne diseases and conflicts between riparian neighbours over finite water resources will come to represent major security threats.
3. The vital role of water for development received world-wide political attention at the United Nations Water Conference in Mar del Plata in 1977, which led to the International Drinking Water Supply and Sanitation Decade (IDWSSD) (1981-1990). There is now a consensus -- developed at the International Conference on Water and the Environment (Dublin, 1992) and further elaborated at the Earth Summit (Rio de Janeiro, 1992) and the Ministerial Conference on Drinking Water and Environmental Sanitation (Noordwijk, 1994) -- that current practices for managing water resources are unsustainable from both an economic and environmental perspective.
4. In response, the concept of water resources management (WRM) as a unified and cross-sectoral approach to the development and management of water resources has gradually emerged. It is seen as the only realistic answer to the rising threat of water depletion and degradation throughout the globe. Despite this worldwide recognition, however, water resources still do not hold their rightful place on the development agenda. It is the urgent and critical responsibility of DAC Members, individually and collectively, to mobilise the necessary political support in order to implement WRM at all levels.

**II. The New Policy Consensus**

5. The new policy consensus:
  - Acknowledges the health, socioeconomic and environmental costs of poor water management and the interaction between land and water.
  - Recognises the river basin as the "natural context" for managing water resources.
  - Stresses the need for developing an enabling institutional environment which assigns responsibility for management of specific tasks to the lowest appropriate level.

- Ensures the involvement of all stakeholders in policy formulation and provides for the involvement of public, private and other financially autonomous organisations in developing efficient and accountable sector organisations.
- Emphasizes that managing water as an economic good is essential for allocating water more efficiently among users and encouraging its conservation and protection.

### III. Practical Steps for Implementing the Policy Consensus

6. The policy consensus constitutes remarkable progress in conceptualising WRM, yet the more difficult task lies ahead. Implementing the new consensus will take time and strong political commitment: culture, power struggles within and between agencies, perverse incentives and routine behaviour are likely to stand in the way of change. Recipient country governments and DAC Members must be prepared to commit themselves over the long term; consider reallocating aid resources to meet the above requirements; modifying investment patterns and, for some developing countries, tailoring legal, regulatory and institutional measures in support of the principles for good WRM. Building human resources capacity at all levels will remain a priority.

7. The achievement of a unified and cross-sectoral approach to the development and management of water resources requires identification of all the stakeholders involved and improved understanding of the differentiation between them in terms of roles, needs and rights. These include the landless, the poor, women, and indigenous people. The socio-cultural aspects of WRM, and consultation with and participation of those stakeholders, should lead to the adoption of appropriate operational measures such as the development of methodologies and strategies, training and the sharing of concrete experiences.

8. While increased attention to socio-cultural aspects and consultation and participation provide important openings for an increased focus on women, specific attention must be given to gender disaggregation in order to make the particular roles, needs and rights of women more visible to policy-makers and planners.

#### **Adopting a holistic approach to WRM**

9. National policy frameworks and strategies are the first steps for bringing coherence to a sector which suffers from fragmentation of public investment programming and sector management, and often fails to take into account interdependencies among agencies, jurisdictions and sectors. While some Members have already elaborated national policy directives and strategies consistent with the holistic approach advocated at Dublin, others are still in the process of articulating such domestic policies. Unless Members "set their own house in order" they cannot assist developing countries efficiently and effectively. Sharing positive as well as negative experiences between themselves and with developing countries will assist them in the process.

#### ***Recommendations for donors***

- Complete national domestic policy frameworks linking social and economic development with protection of natural ecosystems.
- Systematically check the application of the Dublin Principles in aid programmes and develop operational guidelines for field activities based on those principles.

- Create a "learning culture" in which successes and failures in WRM are shared within and between donor agencies and with recipient countries. This will strengthen co-ordination and upgrade agency staff on complex cross-cutting issues. Consultation mechanisms already exist (World Bank Consultative Groups, United Nations Development Programme Round Tables, the Water Supply and Sanitation Collaborative Council, professional associations, etc.). Members are urged to use them more efficiently and effectively rather than creating new ones.
- Encourage discussion and sharing of experience on socio-cultural aspects and gender between donor and recipient country agencies; and develop operational tools, guidelines and training programmes for strengthening competence in WRM, with particular emphasis on consultation and participation.
- Strengthen country-level collaboration for more effective policy development and project design and management. This will improve and facilitate national priority setting and the harmonization of donors' policies, administrative procedures, procurement practices, etc. which, at present, often conflict with good WRM. Country-level collaboration is also central to the efficient use of scarce national resources and should be encouraged among local institutions, particularly as they gain responsibilities through decentralisation.

### **Water as an economic good**

10. International experience demonstrates clearly the importance of treating water as an economic good. This is necessary from an economic viewpoint, by ensuring that scarce water and scarce money are spent for the highest value uses. It is necessary, from an environmental viewpoint, to ensure that demand management is given adequate attention, and that the costs imposed on third parties are taken into account. It is also necessary for reasons of equity, since it is always the poor who are hurt most by the rationing which accompanies inefficient and uneconomic delivery systems. Accordingly, the Dublin Principles place major emphasis on treating water as an economic good, and on the associated increase in the use of economic instruments, such as abstraction fees and polluter charges, in WRM. Practices in many OECD countries are evolving rapidly and productively in these directions.

### ***Recommendations for donors***

- Encourage the identification of "value" in the different uses of water among all recipient groups, and ensure that economic value is taken into account in allocation and investment decisions.
- Develop an adequate knowledge base on needs, access and rights of groups -- disaggregated in terms of women and men -- for sectoral uses of water resources; and pricing policies that take into account the ability and willingness to pay of all groups.
- Encourage the development and use of user and polluter charges more widely, taking economic, environmental and social considerations into account.
- Improve the methodology for calculating the opportunity cost of water.

### **Creating an "enabling" environment**

11. The development of national policy frameworks will guide WRM decisions and investment programming across sectors. Once the policies are in place, they will have implications for institutions and

individuals at all levels in recipient countries. One challenging task for Members is to assist recipient governments in determining the roles and responsibilities at different levels within river basins in a participatory process that involves all stakeholders. Another is to assist them in developing a legal and regulatory framework for decentralising responsibilities to the lowest appropriate level and transferring service delivery functions from the public sector to financially autonomous entities, private sector organisations and communities. Building the capacity of groups and individuals to meet changing roles and responsibilities is a *sine qua non* for the success of these endeavors.

### ***Recommendations for donors***

- In the policy dialogue with central government, encourage the channeling of aid resources to lower administrative levels and the creation of a regulatory environment that would allow placing greater responsibility in the hands of river basin agencies, the private sector, municipalities, community associations or non-governmental organisations (NGOs), as appropriate. Effective ways to assist those different actors must also be explored.
- Support South/South co-operation and twinning arrangements, e.g. between water authorities of countries within the same region. These are useful instruments for sharing practical experiences and for building capacity and sustainable national networks in which recipient countries assume a leading role. The participation of private sector representatives, NGOs and other bodies in working groups, seminars, etc. should be encouraged. These activities may involve reallocating aid funds or mobilising additional ones.
- Make gender-sensitive inventories of the different user groups, roles, responsibilities and rights the standard approach in order to ensure adequate consultative and participatory processes and the development of capacity for all groups, including both women and men within these groups; and encourage the analysis of existing legal frameworks and sector policies for potential socio-cultural and gender imbalances.

## **IV. Follow-up**

12. One of the major impediments to good WRM is the lack of reliable information on policies, programmes and projects dealing with water resources in developing countries. A suggestion for elaborating a framework for collecting broad multilateral, bilateral and NGO experiences should be transmitted to the United Nations Commission on Sustainable Development (UNCSD) by the DAC. Members should also encourage the CSD to initiate action in which all interested parties could actively participate.

13. The framework would:

- Help to identify and evaluate the elements of both good and bad practices so that systematic learning from such experiences can take place.
- Encourage policy dialogue and co-ordination, including within the DAC.
- Assess the degree to which WRM activities accord with the new consensus.
- Provide a context for the examination of practical experiences through Aid Reviews, Consultative Groups, Round Tables and other relevant mechanisms.

14. The DAC encourages and wishes to follow dialogue with developing countries in the context of this framework. It will monitor selected seminars and similar activities and collaborate with other parts of the OECD. National experiences, South/South collaboration, twinning arrangements, effectiveness of development co-operation, etc. are key areas of interest.

15. The 1994 DAC Chair's Report, the OECD Observer and other media could give wider attention to the outcome of this meeting and the process set in motion. The conclusions of the meeting should be brought to the attention of Senior Officials in Member capitals, multilateral organisations and key institutions. The issue of WRM could be revisited in some three years' time to review progress made and lessons learned.



## LISTE DES PARTICIPANTS / LIST OF PARTICIPANTS

Présidence/Chair: M. James MICHEL (États-Unis/United States)

Allemagne/Germany	Mr. Rainer LOTZ Mr. Thomas SCHURIG	Ministry for Economic Co-operation and Development Permanent Delegation
Autriche/Austria	M. Wolfgang MOSER	Chancellerie fédérale
Belgique/Belgium	M. Jacques SPECHT	Ingénieur, Administration générale de la coopération au développement (AGCD)
Canada	M. Guy CARRIER  M. Ian WRIGHT	Conseiller principal, Politiques, Agence canadienne de développement international (ACDI) Délégation permanente
CE/EC	M. André LIEBAERT	Direction générale du développement
Danemark/Denmark	Mr. Erik Sjørsløv JENSEN	Ministry of Foreign Affairs
Espagne/Spain	Mme Monica CORRALES  Mme Josefina MAESTU UNTURBE	Bureau de planification et d'évaluation, ministère des Affaires étrangères Secrétariat d'Etat à l'environnement et au logement, ministère des Travaux publics, des Transports et de l'Environnement
États-Unis/ United States	Mr. Thomas RHODES  Mr. Dennis BRENNAN	Bureau for Global Programs, Field Support and Research, Office of Environment and Natural Resources, Agency for International Development (AID) Permanent Delegation
France	M. Jean-Pierre DUBREUIL M. Dominique GARDIN M. Hughes LE MASSON  M. Jean-François DONZIER	Vice-président du CAD Ministère des Affaires étrangères Caisse française de développement Directeur général de l'Office international de l'eau
Irlande/Ireland	Mr. Eamon LACEY	Department of Foreign Affairs

Italie/Italy	M. Rodolfo ZOPPIS	Direction générale de la coopération au développement, ministère des Affaires étrangères
	M. Antonio BANDINI	Délégation permanente
Japon/Japan	Mr. Michio NAKAHARA	Technical Adviser, Development Planning Department, Overseas Economic Cooperation Fund (OECE) Tokyo
	Mr. Mitsuo SAKABA	Permanent Delegation
	Ms. Mana KUMEKAWA	Permanent Delegation
	Mr. Hitoshi SHOJI	OECE Paris
Norvège/Norway	Mr. Tore GJØS	Director, Technical Department, Norwegian Agency for Development Co-operation (NORAD)
Pays-Bas/ Netherlands	Mr. J. BLOM	Ministry of Foreign Affairs
Royaume-Uni/ United Kingdom	Mr. Brian JACKSON	Overseas Development Administration
	Mr. Jenkin THOMAS	Permanent Delegation
Suède/Sweden	Mr. Ingvar ANDERSSON	Swedish International Development Authority (SIDA)
	Ms. Carolyn HANNAN-ANDERSSON	SIDA, and Vice-Chair of the DAC Expert Group on Women in Development
	Mr. Fredrik SVEDÄNG	Permanent Delegation
Suisse/Switzerland	M. Roger PASQUIER	Délégation permanente
<b>Observateurs/Observers</b>		
Banque mondiale/ World Bank	Mr. John BRISCOE	Chief, Water and Sanitation Division, Transportation, Water and Urban Development Department
Centre de développement de l'OCDE/ OECD Development Centre	Ms. Carliene BRENNER	

### **Secrétariat/Secretariat**

M. Bernard WOOD

Directeur de la coopération pour  
le développement

M. Carl WAHREN

Chef de la Division de la gestion  
de l'aide (AMD)

Mme Elisabeth THIOLERON

Administrateur, AMD

M. Michel POTIER

Chef de la Division de  
l'économie, Direction de  
l'environnement